EDITA FOOD INDUSTRIES (S.A.E.)
AND ITS SUBSIDIARIES

REVIEW REPORT AND
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2022

EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES

Consolidated interim financial statements - For the three months period ended 31 March 2022

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Review Report

To: The Board of Directors of Edita Food Industries Company (S.A.E)

Introduction

We have reviewed the accompanying consolidated interim financial statements of Edita Food Industries (S.A.E) comprised of the consolidated interim financial position as of March 31, 2022, and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

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

The Company's consolidated interim financial statements for the period ended March 31, 2021 have been reviewed by another auditor who issued his unqualified review report dated May 10, 2021 on the consolidated interim financial statements for the period ended March 31, 2021.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects the consolidated interim financial position of Edita Food Industries (S.A.E) as of March 31, 2022; and of its consolidated interim financial performance and its consolidated interim cash flows for the three-months then ended in accordance with Egyptian Accounting Standards.

Cairo, May 31, 2022

K. Saleh

Kamel M. Saleh FCA
F.E.S.A.A. (R.A.A. 8510)

Saleh Barsoum Abdel Aziz & Co.
Accountants & Auditors

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated interim statement of financial position - As of 31 March 2022

(All amounts in Egyptian Pounds)	Note	31 March 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment and projects under constructions	5	2 160 251 623	2 165 626 284
Right of use assets	6	51 313 934	55 651 129
Intangible assets	7	179 572 144	180 713 178
Investment in joint ventures	9	70 070 865	70 140 650
Total non-current assets		**2 461 208 566**	**2 472 131 241**
Current assets			
Inventories	8	506 530 720	526 494 164
Trade receivables	10	34 984 096	26 320 002
Debtors and Other Debit Balance	11	196 486 576	176 124 987
Due from related parties	32.a	12 611 623	16 472 067
Treasury Bills	12	846 170 545	769 965 310
Investments at Fair value through profit or loss	13	66 125 663	76 403 685
Cash and bank balances	14	216 567 823	159 565 557
Total current assets		**1 879 477 046**	**1 751 345 772**
Total assets		**4 340 685 612**	**4 223 477 013**
Equity and liabilities			
Equity attributable to owners of the parent			
Paid up capital	15	144 611 688	144 611 688
Legal reserve	16	78 953 630	78 953 630
Cumulative translation reserve		(10 919 258)	1 562 479
Transactions with non-controlling interest	17.a	(32 132 098)	(32 132 098)
Retained earnings		2 080 302 380	1 917 983 230
Total equity		**2 260 816 342**	**2 110 978 929**
Non-controlling interest	17.b	795 047	689 847
Total equity		**2 261 611 389**	**2 111 668 776**
Liabilities			
Non-current liabilities			
Borrowings	18	624 800 696	587 634 700
Deferred government grants	18	9 145 593	9 897 288
Employee benefit obligations	19	25 603 494	24 103 494
Deferred tax liabilities	20	204 092 663	205 882 770
Lease liabilities	21	52 938 534	55 125 122
Total non-current liabilities		**916 580 980**	**882 643 374**
Current liabilities			
Provisions	22	34 820 100	33 978 251
Bank overdraft	23	213 028 372	400 676 904
Trade and notes payables	24	395 876 247	379 874 874
Creditors and other credit balances	25	207 676 712	173 894 718
Current portion of borrowings	18	207 273 059	197 005 383
Deferred government grants	18	4 461 153	4 465 546
Current income tax liabilities	26	89 867 693	30 584 092
Lease liabilities	21	9 489 907	8 685 095
Total current liabilities		**1 162 493 243**	**1 229 164 863**
Total liabilities		**2 079 074 223**	**2 111 808 237**
Total equity and liabilities		**4 340 685 612**	**4 223 477 013**

- The accompanying notes on pages 7 to 61 form an integral part of these consolidated interim financial statements.

- Auditor's review report attached

Mr. Sameh Naguib
Vice President - Finance

Eng. Hani Berzi
Chairman

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated interim statement of profit or loss
For the three months period ended 31 March 2022

(All amounts in Egyptian Pounds)

	Note	31 March 2022	31 March 2021
Revenue		1 558 959 966	1 166 337 710
Cost of sales	31	(996 201 782)	(762 233 997)
Gross profit		**562 758 184**	**404 103 713**
Other income / expense	27	(3 690 829)	(2 855 639)
Distribution cost	31	(214 784 343)	(179 745 693)
Administrative expenses	31	(90 377 387)	(82 392 136)
Inventory write-down provision	8	(975 000)	(500 000)
Provisions	22	(1 030 386)	(1 404 759)
Emoplyee Benefit Obligations provision	19	(1 500 000)	(1 500 000)
Finance Income	28.a	23 618 738	16 501 733
Finance cost - Net	28.b	(27 204 330)	(14 018 368)
Fair value gain on investments at fair value throught profit or loss	13	(22 172 000)	-
Share of net loss of joint ventures accounted for using the equity method		(3 266 394)	(1 020 107)
Profit before income tax		**221 376 253**	**137 168 744**
Income tax expense	29	(58 951 903)	(33 685 788)
Net profit for the period		**162 424 350**	**103 482 956**
Profit is attributable to			
Owners of the parent		162 319 150	103 352 462
Non-controlling interest		105 200	130 494
Net profit for the period		**162 424 350**	**103 482 956**
Basic and Diluted earnings per share	30	**0.22**	**0.14**

- The accompanying notes on pages 7 to 61 form an integral part of these consolidated interim financial statements.

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated interim statement of comprehensive income
For the three months period ended 31 March 2022

(All amounts in Egyptian Pounds)

	31 March 2022	31 March 2021
Net profit for the period	162 424 350	103 482 956
Other comprehensive income		
Items that may be reclassified to profit or loss :-		
Exchange differences on translation of foreign operations	(12 481 737)	(1 219 453)
Total comprehensive income for the period	**149 942 613**	**102 263 503**
Attributable to		
Owners of the parent	149 837 413	102 133 009
Non-controlling interest	105 200	130 494
Total comprehensive income for the period	**149 942 613**	**102 263 503**

- The accompanying notes on pages 7 to 61 form an integral part of these consolidated interim financial statements.

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated interim statement of changes in equity - For the three months period ended 31 March 2022

(All amounts in Egyptian Pounds)

	Paid up capital	Legal reserve	Cumulative translation reserve	Transactions with non-controlling interest	Treasury Shares	Retained earnings	Total Owners of the parent	Non-controlling interest	Total owners' equity
Balance at 1 January 2021	145 072 580	78 629 880	1 991 407	(32 132 098)	(22 556 296)	1 608 789 056	1 779 794 529	36 197 534	1 815 992 063
Change of equity in 2021									
Net profit for the period	-	-	-	-	-	103 352 462	103 352 462	130 494	103 482 956
Other comprehensive income for the period	-	-	(1 219 453)	-	-	-	(1 219 453)	-	(1 219 453)
Total comprehensive income for the period	-	-	(1 219 453)	-	-	103 352 462	102 133 009	130 494	102 263 503
Shareholders transactions									
Dividends distribution for 2020	-	-	-	-	-	(194 650 000)	(194 650 000)	-	(194,650,000)
Total shareholders transactions	-	-	-	-	-	(194 650 000)	(194 650 000)	-	(194,650,000)
Balance at 31 March 2021	145 072 580	78 629 880	771 954	(32 132 098)	(22 556 296)	1 517 491 518	1 687 277 538	36 328 028	1 723 605 566
Balance at 1 January 2022	144 611 688	78 953 630	1 562 479	(32 132 098)	-	1 917 983 230	2 110 978 929	689 847	2 111 668 776
Change of equity in 2022									
Net profit for the period	-	-	-	-	-	162 319 150	162 319 150	105 200	162 424 350
Other comprehensive income for the period	-	-	(12 481 737)	-	-	-	(12 481 737)	-	(12 481 737)
Total comprehensive income for the period	-	-	(12 481 737)	-	-	162 319 150	149 837 413	105 200	149 942 613
Balance at 31 March 2022	144 611 688	78 953 630	(10 919 258)	(32 132 098)	-	2 080 302 380	2 260 816 342	795 047	2 261 611 389

- The accompanying notes on pages 7 to 61 form an integral part of these consolidated interim financial statements.

EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES

Consolidated interim statement of cash flows
For the three months period ended 31 March 2022

(All amounts in Egyptian Pounds)

	Notes	31 March 2022	Restated 31 March 2021
Cash flows from operating activities			
Profit for the period before income tax		**221 376 119**	**137 168 744**
Adjustments for:			
Provisions	22	1 030 386	1 404 759
Employee benefit obligation	19	1 500 000	1 500 000
Interest expense	28	19 153 284	19 808 053
Interest expense - Leases assets		2 739 239	-
Fair value gain on financial assets at fair value throught profit or loss		22 172 000	-
Share of net loss of joint ventures accounted for using the equity method		3 266 394	-
Government Grant		(756 088)	-
Translation reserve		(12 481 737)	(2 514 414)
Deferred Grant income		(1 101 909)	(744 103)
Interest income	28	(23 618 738)	(16 501 733)
Depreciation and amortization		53 582 400	52 571 740
Provision of slow moving inventory	8	975 000	500 000
Gain from sale of property, plant and equipment	35	14 411	(188 278)
Foreign exchange gains		(10 176 924)	2 900 852
		277 673 837	**195 905 620**
Inventories		19 030 599	(2 252 884)
Trade receivables and other debit balances		(30 144 200)	(41 594 078)
Trade and other payables		49 492 299	19 568 604
Provision utilized		(188 537)	-
Inventory provision used		(42 155)	(607 102)
Payments of employee benefit obligations		-	(1 825 378)
Dividends paid to Company's employees		-	(2 400 000)
Cash generated from operating activities		**315 821 843**	**166 794 782**
Interest paid		(19 153 284)	(19 188 123)
Income tax paid		-	(2 363 054)
Net cash flows generated from operating activities		**296 668 559**	**145 243 605**
Cash flows from investing activities			
Prepayments on future investments in subsidiary			
Payment for purchase of property, plant and equipment and Intangible assets		(43 400 591)	(39 870 853)
Proceeds from sale of property, plant and equipment	35	656 669	198 470
Interest received		23 618 738	4 961 596
Payment for purchase of treasury bills		(316 453 970)	(36 474 400)
Proceeds from sale of Treasury Bills		240 248 735	34,651,317
Net cash flows used in investing activities		**(95 330 419)**	**(36 533 870)**
Cash flows from financing activities			
Dividends paid to shareholders			
Lease Payments		(4 121 015)	(1 084 004)
Repayments of borrowings		(1 193 082)	(55 055 809)
Proceeds from borrowings		48 626 754	9 582 548
Net cash flows used in financing activities		**43 312 657**	**(46 557 265)**
Net increase in cash and cash equivalents		**244 650 798**	**62 152 470**
Cash and cash equivalents at beginning of the period	14	(241 111 347)	(303 263 817)
Cash and cash equivalents at end of the period	14	**3 539 451**	**(241 111 347)**

	31 March 2022	31 March 2021
Non-cash transaction		
Dividends declared not yet settled	-	194,650,000

- The accompanying notes on pages 7 to 61 form an integral part of these consolidated interim financial statements.

1. General information

Edita Food Industries S.A.E. was established in July 9, 1996, under the investment Law No. 230 of 1989 which had been replaced by law No. 8 of 1997 and the money market Law No. 95 of 1992 and is registered in the commercial register under number 692 Cairo. The company's period is 25 years , and the company's period have been extended by 25 years ending July 7, 2046.

The Group provides manufacturing, producing and packing of all food products and producing and packing of juices, jams, readymade food, cakes, pastry, milk products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients.

The Group's financial year start on 1 January and ends on 31 December each year.

These consolidated financial statements have been approved by Chairman on 31 May 2022.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, these policies have been consistently applied for all the years presented, unless otherwise stated.

A. Basis of preparation

These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and applicable related laws and regulations. The consolidated financial statements have been prepared under the historical cost convention except for employees' post-employment defined benefit obligations that are measured at the present value of the obligation using the projected credit unit method.

The preparation of consolidated financial statements in conformity with Egyptian Accounting Standards (EAS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (4).

Egyptian Accounting Standards (EAS) requires referring to the International Financial Reporting Standards (IFRS) in treating certain balances and transactions, which have not been covered in any Egyptian Accounting Standards or legal requirements.

Percentage of ownership in subsidiaries

The group consists of the below companies as of 31 March 2022 and 31 December 2021 unless otherwise was noted and the percentage of the Group's share of the companies in is the direct ownership of the ordinary shares of the paid-up capital only.

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

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 31 March 2022	Ownership interest held by the group 31 March 2021	Ownership interest held by non-controlling interests 31 March 2022	Ownership interest held by non-controlling interests 31 March 2021
Digma for trading	Egypt	99.8%	99.8%	0.2%	0.2%
Edita Confectionery Industries	Egypt	99.98%	99.98%	0.02%	0.02%
Edita participation limited	Cyprus	100%	100%	-	-

B. Basis of consolidation

1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

1.1 Acquisition method

The group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any

asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiring on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquirer's identifiable net assets at the date of acquisition. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.3 Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss for the parent company.

1.4 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.5 Measurement period:

The measurement period is the period after the acquisition date which provides the acquirer with a reasonable time to obtain the information necessary to identify and measure all items arisen from an acquisition of a subsidiary. The measurement period shall not exceed one year from the acquisition date, If the group has identified a new facts or circumstances regarding the acquisition during the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date.

2) Investment in Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

2.1 Equity accounting method

Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition from the change of the group's share from the joint venture's net assets. The group's share of post-acquisition profit or loss is recognized in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. with the group's share of the changes in equity after acquisition date.

2.2 Changes in owner's equity

If an entity's ownership interest in an associate or a joint venture is reduced, but the investment continues to be classified either as an associate or a joint venture respectively, the entity shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.3 The losses of a joint venture

When the group's share of losses in an joint venture equals or exceeds its interest in the joint venture, the group does not recognise further losses, and after the group's share reduced to zero, any additional losses and liabilities are recognized only to the limit it has incurred legal or constructive obligations or made payments on behalf of the joint venture, When the joint venture start to generate profits in the upcoming periods, the group continues to recognize their share in these profits, only after their share of profits equals their share of unrecognized losses .

2.4 Transactions with joint venture

Profits and losses resulting from upstream and downstream transactions between the group (including the subsidiaries) and the joint venture are recognised in the group's financial statements only to the extent of other investor's interests in the joint venture.

2.5 Goodwill arisen from investments in joint venture

Goodwill represents the excess of the consideration transferred, of the group's share in the fair value of the net identifiable assets and liabilities acquired at the acquisition date

Goodwill arises from the investment in joint venture is included within the cost of the investment in joint venture after deduction of impairment losses in joint venture and it does not presented separately, and the goodwill impairment is not tested separately, In addition to the impairment test is performed on the carrying amount of total investments – as an individual asset, by comparing the carrying value with the recoverable amount of the asset, and the impairment losses recognized at this case are not allocated to any asset, therefore, any reversed settlement for the impairment losses are recognized to the extent that the recoverable amount will increase to the extent it will not exceed the amount of the impairment losses previously recognized.

C. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). All entities in Egyptian Pound except for Edita Participation Limited which is in Euro.

(2) Transactions and balances

Transactions in foreign currency during the period are recognised at the initial recognition with the functional currency of the group on the basis of translation of foreign currency which is the transaction is recorded with using the exchange intraday prevailing rate between the functional currency and the foreign currency at the date of the transaction, as well as monetary items translated or translation of items in foreign currency using the closing rate at the end of each fiscal period. And the group recognizes foreign currency revaluation differences resulting from the settlement of monetary items or for the translation of monetary items - by using the exchange rates different from those used in the translation at initial recognition in the same period or in previous financial statements - and within profit or loss in the period in terms of where these differences arise except when the postponement of the currency translation differences on the nature of the non-monetary items in the other comprehensive income, which is an effective part of the process to cover the net investment in a foreign currency or the effective portion of cash flow to cover the risk.

The Group recognize Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve within other comprehensive income.

(3) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;

Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

All resulting exchange differences are recognised in other comprehensive income.

In the consolidated financial statements, it is recognized in the statement of comprehensive income the value of the currency revaluation differences resulting from the translation of the net investment in foreign entities, as well as loans or financial instruments assigned to cover this investment in foreign currency differences and when the investment in the foreign entity excluding the currency differences stage to property rights are recognized As part of the profits and losses on disposal of this investment

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

D. Property, plant and equipment

The group applies the historical cost model at measuring Property, plant and equipment. All property, plant, and equipment are stated at historical cost less accumulated depreciation Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition by the group's management

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated by using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful lives of assets except land, which is not depreciated.

Estimated useful lives of assets are as follows:

Buildings	25 - 50 years
Machinery	20 years
Vehicles	5 - 8 years
Tools and equipment	3 - 5 years
Furniture & office equipment	4 - 5 years

Salvage value and useful lives are reviewed and changed if necessary, by the groups at the end of each fiscal year.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, and this will be considered as an impairment loss.

Gains and losses on disposals for an item of fixed assets items are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the statement of profit or loss from the disposition of fixed assets.

Projects under construction are stated at cost less realised impairment losses. Cost includes all expenses associated with the acquisition of the asset and make it usable. When the assets are ready for its intended use, it is transferred from project under construction to the appropriate category under property, plant and equipment and depreciated in accordance with group policy.

E. Intangible assets

Intangible assets (Trademarks & know how) have indefinite useful lives as there is no foreseeable limit of time over which the brands are expected to exist and generate cash flows to the group and are carried at cost less impairment losses. Historical cost includes all expenses associated with the acquisition of an intangible asset, The trademark and know how is recognized as an indefinite intangible asset as the license are perpetual, irrevocable and exclusive including the trademark in the territory related to cake products. The brand has an established presence in the territory since 1990s. In addition, the group has a strong historic financial track-record and forecasts continued growth also, the know-how of perpetual license not exposed to typical obsolescence as it relates to food products. The brand remains popular in the Middle East and the group does not foresee any decline in the foreseeable future.

Computer software

Separately acquired software licences are shown at cost less the accumulated amortization and the accumulated impairment losses. The Group charges the amortization amount of the software licences consistently over their estimated useful lives of four years using the straight-line method.

The costs of the acquisition of computer software licenses that are not considered an integral part of computers are recognized as intangible assets on the basis of costs related to preparing the asset for use in the purpose for which it was acquired.

F. Inventories

Inventories are stated at the lower of cost or net realizable value, Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. And the provision for obsolete inventory is created in accordance to the management's assessment. The following basis is used in determining the cost of all the inventories categories:

i. **Raw and packaging materials**

Cost is determined using the weighted moving average method.

ii. **Spare parts**

Cost is determined using the weighted moving average method.

iii. **Finished products and work in progress**

The cost of finished goods and work in progress comprises raw materials, packing materials, direct labor, direct utilities, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Cost is determined applying the standard cost method, and variances between standard and actual cost are accounted for.

G. Financial instruments

Financial assets and financial liabilities are recognized in the Company's separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in separate statement of profit or loss.

G.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. all recognized financial assets are subsequently measured in their entirety at amortized cost or fair value through other comprehensive or fair value through profit and loss, depending on the classification of the financial assets.

G.1.1 Classification of financial assets

(i) Debt instruments designated at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

Amortized cost and effective interest rate method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

(ii) Debt instruments designated at FVTOCI

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to separate statement of profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in separate statement of profit or loss in accordance with EAS 47 unless the dividends clearly represent a recovery of part of the cost of the investment.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the separate statement of profit or loss.

G.1.2 Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortized cost or at FVTOCI, trade and other receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognizes lifetime ECL for trade and other receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyze the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company. For trade receivables, the average credit terms are 30-90 days.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

significant financial difficulty of the issuer or the borrower;

a breach of contract, such as a default or past due event;

the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company recognizes an impairment gain or loss in separate statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the separate statement of financial position.

(v) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

G.1.3 Derecognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in separate statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to separate statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to separate statement profit or loss but is transferred to retained earnings.

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized where:

the contractual rights to receive cash flows from the asset have expired.

the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

G.2 Financial liabilities

All financial liabilities are measured either at FVTPL or at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the separate statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the separate statement profit or loss incorporates any interest

paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in separate statement of comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch separate statement of in profit or loss. The remaining amount of change in the fair value of liability is recognized in separate statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in separate statement of comprehensive income are not subsequently reclassified to separate statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in separate statement of profit or loss.

Financial liabilities measured at amortized cost

Financial liabilities, that are not designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in separate statement of profit or loss.

H. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand which is characterized by fluctuating bank balance from a positive balance to an overdraft balance, bank overdrafts are shown in current liabilities in the consolidated statement of financial position.

I. Share capital

I.1 Ordinary shares

Ordinary shares are classified as equity. The bonus shares and rights issued during the year are shown as an addition to the share capital. Issue of bonus shares are deducted from the accumulated retained earnings of the Company. Any share premium on rights issue is accounted in compliance with local statutory requirements.

I.1 Dividend on ordinary share capital

Dividend distributions to the Company's shareholders are recognized as a liability in the separate financial statements in the period in which the dividend is approved by the shareholders. Dividend for the year that are approved after the reporting date of the separate financial statements are considered as an event after the reporting date.

J. Treasury Shares

When any Group entity purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled or reissued. Repurchased shares are classified as treasury shares and are presented in equity. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included within equity.

K. Leases

The group leases various properties, Rental contracts are typically made for fixed periods of 3 to 7 years lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate

- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

L. Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those Loans.

The Group recognizes all other borrowing costs in profit or loss in the period in which they are incurred.

M. Current and deferred income tax

The group recognizes the tax expense for the period, comprises current and deferred tax. in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management annually evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

The deferred income tax is not accounted for if it arises from initial recognition of goodwill or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

N. Employee benefits

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

a. Pension obligations

Defined contribution plan

For defined contribution plans, the group pays contributions to social insurance authority on a mandatory basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Defined benefit plan

The Group has a defined benefit plan which is a plan that defines an amount of benefits to be provided in the form of half month payment for each year they had worked for the Group for employees who reach the age of sixty, according to the following criteria:

- The contribution is to be paid to employees for their working period at the Group only.
- The working period must be not less than ten years.
- The maximum contribution is 12 months' salary.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government bonds, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to retirement plans are recognized in other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

b. Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Egyptian accounting standard no (28) and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c. Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

O. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group recognizes the necessary commitments for restructuring and non-related activities of the Group in the provision for restructuring costs.

Contingent liability is a present obligation that arises from past events but is not recognized because it is not probable that an out flow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed in the consolidated financial statement and not recognized.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. And it is expected for the outflow of resources is necessary to settle all the elements of commitment.

When the time value of money assumption is significant, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss.

When it is expected to re-charge some or all required expenses to settle a provision to a third party outside the group, the Group recognize the recovered amount when it is certain that the recovery will take place if the group has to settle the obligation, and treats recovery as a separate asset in the statement of financial position, and shall not exceed the value that is recognized to recover the amount of the provision.

P. Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Q. Revenue recognition

Revenue is measured in accordance with the new Egyptian Standard No. (48) "Revenue from contracts with customers" on the basis of the consideration specified in the contract with the customer. The Company recognizes revenue from contracts with customers when control of the goods or services is transferred to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The company recognizes revenue from contracts with customers based on the five steps model set out as follows:

Step 1: identify the contract(s) with a customer:

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: identify the performance obligations in the contract:

A performance obligation is a premise in a contract with a customer to transfer a good or services to the customer.

Step 3: Determine the transaction price:

The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract:

For a contract that has more than one performance obligation, the company will allocate the transaction price to each performance obligation in an amount depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation:

An entity shall consider the terms of the contract, as well as any laws that apply to the contract, when evaluating whether it has an enforceable right to payment for performance completed to date.

For assessing the existence and enforceability of a right to payment and whether an entity's right to payment would entitle the entity to be paid for its performance completed to date.

Sales Revenue

Performance obligations are when they are satisfied at a point in time as the company fulfills the performance obligation at a point in time. To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, the entity shall consider the requirements for control. In addition, an entity shall consider indicators of the transfer of control, which include, but are not limited to, the following:

The entity has a present right to payment for the asset.

The customer has legal title to the asset.

The entity has transferred physical possession of the asset.

The customer has the significant risks and rewards of ownership of the asset.

The customer has accepted the asset.

Sales of goods – wholesale

Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesalers, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of damage and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The products is often sold with retrospective volume discounts for export sales based on aggregate sales over a 3 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, based on actual volume, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 90 days, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(1) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount.

(2) Dividend income

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

(3) Export Subsidy

The Company obtains a subsidy against exporting some of its production. The subsidy is calculated based on a percentage from the total exports invoices determined by the Export Development Fund related to the Commercial and Industry Ministry. Export subsidy is recognized in the statement of profit or loss as other income after meeting all required criteria.

R. Dividend Distribution

Dividend distribution is recorded in the consolidated financial statements in the period in which they are approved by the Group's shareholders.

S. Government Grants

The Group receives government grants in form of loan at below market rate of interest. Government grants are initially recognized within other liabilities at fair value when there is reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant. Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

T. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for the group. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer for the holding company.

3. Financial risk management

(1) Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The group's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The group's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Egyptian pounds	Cash flow forecasting. Sensitivity analysis	by local banks that the Company deals with in official rates and the rest from its exports in US Dollars
Market risk – interest rate	Long-term borrowing at variable rates	Sensitivity analysis	Investment in short term treasury bills
Market risk – security prices	No investment in a quoted equity securities.	Not applicable	Not applicable
Credit risk	Cash and cash equivalents, trade receivables and held-to-maturity investments	Aging analysis. Credit ratings	Diversification of bank deposits, credit limits and governmental treasury bills
Liquidity risk	Loans and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(A) Market risk

(i) Foreign currency exchange risk

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group covers part of its imports of raw materials in foreign currency by local banks that the group deals within official rates and the rest from its exports in US Dollars.

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

During the period, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	31 March 2022	31 March 2021
Amounts recognised in profit or loss		
Net foreign exchange (loss) / gain included in finance cost	(5 311 807)	5 789 685
	(5 311 807)	**5 789 685**
Net losses recognised in comprehensive income		
Foreign currency translation reserve net of tax	(12 481 737)	(1 219 453)
	(12 281 737)	**(1 219 453)**

At period-end, major financial assets / liabilities in foreign currencies were as follows:

	31 March 2022			31 December 2021
	Assets	Liabilities	Net	Net
Euros	109 627 650	(55 577 083)	**54 050 567**	**28 215 850**
US Dollars	12 416 882	(308 480 614)	**(296 063 732)**	**(128 088 981)**

Amounts recognised in profit or loss

During the period, the following foreign-exchange related amounts were recognized in profit or loss and other comprehensive income:

Sensitivity analysis

As shown in the table above, the group is primarily exposed to changes in US/EGP and Euro/EGP exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from Euro and US-dollars denominated financial instruments and the impact on profit got the period components arises from contracts designated financial liabilities.

Euro/EGP

At 31 March 2022, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the period would have been EGP 5 405 056 (31 December 2021: EGP 2 821 585) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

USD/EGP

At 31 March 2022, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the period would have been EGP 29 606 373 (31 December 2021: EGP 12 808 898) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

The Group has no investments in quoted equity securities, so it's not exposed to the fair value risk due to changes in the prices.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term treasury bills which are renewed with the applicable interest rate at the time of renewal. Borrowings measured at amortized cost with fixed rates do not expose the company to fair value interest rate risk.

At 31 March 2022, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 1% higher/lower with all other variables held constant, post-tax profit for the period would have been EGP 7 231 341 (31 December 2021: EGP 9 065 038) lower/higher interest expense on floating rate borrowings.

Borrowings at the financial position date with variable interest rate amounted to EGP 510 105 805 (31 December 2021: EGP 505 826 911)

Overdraft at the balance sheet on 31 March 2022 amounted to EGP 213 028 372 (31 December 2021: EGP 400 676 904).

(B) Credit risk

(i) Risk management

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, treasury bills, as well as credit exposures to customers, including outstanding receivables

(ii) Security

For banks and financial institutions, the Group is dealing with the banks with good reputation and subject to rules of the Central Bank of Egypt.

For the customers, the Group assesses the credit quality of the customers, taking into account its financial position, and their market reputation, past experience and other factors.

(iii) Credit quality

For Treasury bills, the Group deals with government which are considered with a high credit rating (Egypt B+).

For corporate Bonds the Group deals with EFG Hermes which are considered with a high credit rating (A +)

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

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties except for the impairment of accounts receivables presented in (Note 10).

The maximum exposure to credit risk is the amount of receivables, cash balances and Treasury Bills.

The group sells to retail customers which are required to be settled in cash, therefore there is no significant concentration of credit risk.

The Group does not sell more than 10% of the total sales to a single customer.

Trade receivables

Counter parties without external credit rating:

	31 March 2022	31 December 2021
Trade and notes receivables	34 984 096	26 340 558
Total	**34 984 096**	**26 340 558**

Outstanding trade receivables are current and not impaired.

Cash at bank and short-term bank deposits:

All current accounts and deposits are held at Egyptian banks subject to the supervision of the Central Bank of Egypt.

(C) Liquidity risk

Management monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants) on any of its borrowing facilities. Such forecasting takes into consideration the group debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets.

The table below summarizes the maturities of the Group's undiscounted financial liabilities at 31 March 2022 based on contractual payment dates and current interest rates as we had excluded the taxes payable, advances from customers and social insurance:

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
At 31 March 2022				
Loans	118 553 862	88 719 198	185 315 318	439 485 377
Creditors and other credit balances	207 676 712	-	-	-
Bank overdraft	213 028 372	-	-	-
Trade and notes payable	395 876 247	-	-	-
Lease liabilities	4 476 982	5 012 925	15 940 219	36 998 315
Total	**939 612 175**	**93 732 123**	**201 255 537**	**476 483 692**

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

At 31 December 2021				
Loans	102 687 477	94 317 908	180 382 885	407 251 816
Financial guarantee contract	120 455 801	-	-	-
Creditors and other credit balances	173 894 718	-	-	-
Bank overdraft	400 676 904	-	-	-
Trade and notes payable	379 874 874	-	-	-
Lease liabilities	3 442 385	5 242 710	16 202 748	38 922 374
Total	**1 181 032 159**	**99 560 618**	**196 585 633**	**446 174 190**

The amount of unused credit facility amounted to EGP 328 729 261 as of 31 March 2022 (31 December 2021: EGP 578 476 085).

(2) Capital risk management

The group's objectives when managing capital is to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt represents all loans and overdraft less cash and cash equivalents. Total capital is calculated as equity, plus net debts.

The gearing ratio at 31 March 2022 and 31 December 2021 were as follows:

	31 March 2022	31 December 2021
Total borrowings	832 073 755	784 640 083
Bank Overdraft	213 028 372	400 676 904
Total Loans and overdraft	**1 045 102 127**	**1 185 316 987**
Less: Cash and bank balances	(216 567 823)	(159 565 557)
Net debt	**828 534 304**	**1 025 751 430**
Total equity	2 261 611 389	2 111 668 776
Total capital	**3 090 083 247**	**3 137 420 206**
Gearing ratio	**27%**	**33%**

Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- The debt to equity ratio must be not more than 1:1.
- Debt service ratio shall not fall below 1.25
- Leverage ratio shall not exceed 1.5:1.
- Current ratio shall not be less than 1
- Liabilities to Tangible Net Worth Ratio of not more than 1.5;
- Net Financial Debt to EBITDA Ratio of not more than 1.8;
- Adjusted PPE to Financial Debt Ratio of not less than 2.2; and
- Days Payable Ratio of not more than 75 days

(3) Fair value estimation

The fair value of financial assets or liabilities with maturities date less than one year is assumed to approximate their carrying value. The fair value of financial liabilities is estimates by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgments

(A) Critical accounting estimates and assumptions

Estimates and adjustments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Recognition of revenue

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Principal versus agent

Significant judgments are made by management when concluding whether the Company is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Company. The assessment requires an analysis of key indicators, specifically whether the Company:

- carries any inventory risk;
- has the primary responsibility for providing the goods or services to the customer;
- has the latitude to establish pricing; and
- bears the customer's credit risk.

These indicators are used to determine whether the Company has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. For example, any sale relating to inventory that is held by the Company, not on consignment, is a strong indicator that the Company is acting as a principal.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Provisions

In respect of provisions including decommissioning provision, the Company provides for anticipated outflows of resources considered probable. Estimates are used in assessing the likely amount of the settlement. The ultimate liability may vary from the amounts provided and would be dependent on the eventual outcome. See Note 22 for details.

ii. Useful lives for property and equipment

The annual depreciation and amortization charge is sensitive to the estimated lives allocated to each type of asset. Assets lives are assessed annually and changed where necessary to reflect current circumstances in light of technological change, network investment plans and physical conditions of the assets concerned.

iii. Write-down in inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

iv. Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. The Company believes that sufficient taxable profit will be available to allow or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

v. Impairment of infinite life intangible assets (Trademark & Know How)

The Company tests whether infinite life intangible assets have suffered any impairment on an annual basis.

The recoverable amount of a cash generating unit (CGU) is determined based on a value in use calculations which require the use of assumptions (Note 7).

vi. Employee benefit retirement obligation

The present value of employees' defined benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost of employees' benefits include the discount rate of future cash outflows and any changes in these assumptions will impact the carrying amount of employees' benefits.

The Company determines the appropriate discount rate of cash flows at the end of each financial period. The discount rate is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefits obligations. The Company considers the discount rate at the end of the financial period on market returns on the government bonds denominated in the currency and the period estimated for the defined benefits obligations.

Note (19) shows the main assumptions used to estimate the employees' benefit obligation

Determining the lease term

Extension and termination options are included in a number of property leases across the group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of termination options held are exercisable only by the group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a termination option. Years after termination options are only included in the lease term if the lease is reasonably certain not to be terminated.

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

5. Property, plant and equipment and projects under constructions

	Land	Buildings	Machinery and equipment	Vehicles	Tools and equipment	Furniture and office equipment	Projects under construction *	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost								
As of January 1,2021	**120 908 260**	**972 406 587**	**1 258 816 257**	**337 789 755**	**179 717 274**	**128 126 497**	**170 246 386**	**3 168 011 016**
Transferred from projects under constructions	-	4 680 216	167 983 168	-	28 023 177	10 405 909	(212 248 054)	**(1 155 584)**
Additions	-	-	782 745	9 141 677	8 442 517	4 176 229	130 590 250	**153 133 418**
Disposals	-	-	(66 264)	(18 695 559)	(679 265)	(725 963)	-	**(20 167 051)**
As of December 31, 2021	**120 908 260**	**977 086 803**	**1 427 515 906**	**328 235 873**	**215 503 703**	**141 982 672**	**88 588 582**	**3 299 821 799**
Accumulated depreciation								
As of January 1,2021	-	(205 676 310)	(419 993 066)	(158 080 691)	(103 089 733)	(85 241 057)	-	**(972 080 857)**
Depreciation for the year	-	(39 340 037)	(66 377 923)	(32 117 738)	(25 670 347)	(16 538 201)	-	**(180 044 246)**
Accumulated depreciation of disposals	-	-	22 113	16 686 289	665 934	555 252	-	**17 929 588**
As of December 31, 2021	-	**(245 016 347)**	**(486 348 876)**	**(173 512 140)**	**(128 094 146)**	**(101 224 006)**	-	**(1 134 195 515)**
Net book value as of December 31, 2021	**120 908 260**	**732 070 456**	**941 167 030**	**154 723 733**	**87 409 557**	**40 758 666**	**88 588 582**	**2 165 626 284**

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

Cost								
As of January 1, 2022	**120 908 260**	**977 086 803**	1 427 515 906	**328 235 873**	**215 503 703**	**141 982 672**	**88 588 582**	**3 299 821 799**
Transferred from projects under constructions	-	6 918 501	-	-	-	-	(6 918 501)	-
Additions	-	-	74 482	3 215 062	1 840 331	2 503 645	35 767 071	**43 400 591**
Disposals	-	-	-	(789 000)	-	(38 918)	-	**(827 918)**
As of March 31, 2022	**120 908 260**	**984 005 304**	1 427 590 388	**330 661 935**	**217 344 034**	**144 447 399**	**117 437 152**	**3 342 394 472**
Accumulated depreciation								
As of January 1, 2022	-	**(245 016 347)**	(486 348 876)	**(173 512 140)**	**(128 094 146)**	**(101 224 006)**	-	**(1 134 195 515)**
Depreciation for the period	-	(9 853 336)	(17 150 776)	(9 794 440)	(7 360 773)	(3 944 847)	-	**(48 104 171)**
Accumulated depreciation of disposals	-	-	-	117 919	-	38 918	-	**156 837**
As of March 31, 2022	-	**(254 869 683)**	(503 499 652)	**(183 188 661)**	**(135 454 919)**	**(105 129 935)**	-	**(1 182 142 849)**
Net book value as of March 31, 2022	**120 908 260**	**729 135 621**	924 090 736	**147 473 274**	**81 889 115**	**39 317 465**	**117 437 152**	**2 160 251 623**

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

Depreciation included in the consolidation statement of profit or loss is as follows:

	31 March 2022	31 December 2021
Cost of sales	32 496 125	124 881 929
Distribution costs	10 222 552	37 121 915
Administrative expenses	5 385 494	18 040 402
	48 104 171	**180 044 246**

* The project under construction represents the following Categories:

	31 March 2022	31 December 2021
Buildings	6 783 789	9 201 456
Machinery and equipment	73 392 624	53 757 848
Tools and equipment	17 926 235	15 632 136
Technical and other installations	19 334 504	9 997 142
	117 437 152	**88 588 582**

During the period, the group has capitalized borrowings costs amounting to EGP 1,535,280 on qualified assets. The capitalization rate used to determine the amount of borrowing cost to be capitalized is the interest rate applicable to the group's specific borrowings during the period was 6.5%

6. Right of use assets

	31 March 2022	31 December 2021
		-
Opening at 1 January	55 651 129	67 343 105
Additions during the period / Year	-	1 319 215
Amortization expenses	(4 337 195)	(13 011 191)
Balance as period / Year	**51 313 934**	**55 651 129**

Right of use assets represent properties rented by the group.

7. Intangible assets

	31 March 2022			
	Trademark (A)	Know how (B)	Software (C)	Total
Cost	131 480 647	31 430 995	17 801 536	**180 713 178**
Amortisation for the period	-	-	(1 141 034)	**(1 141 034)**
Balance as of	**131 480 647**	**31 430 995**	**16 660 502**	**179 572 144**

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

	31 December 2021			
	Trademark (A)	Know how (B)	Software (C)	Total
Cost	131 480 647	31 430 995	6 271 638	**169 183 280**
Accumulated amortization	-	-	(2 630 701)	**(2 630 701)**
Transfer from projects under construction (Note 5)	-	-	1 155 584	**1 155 584**
Additions	-	-	15 495 981	**15 495 981**
Amortisation for the year	-	-	(2 490 966)	**(2 490 966)**
Balance as of	**131 480 647**	**31 430 995**	**17 801 536**	**180 713 178**

A. Trademark

	31 March 2022	31 December 2021
Cost		
HOHOS, Twinkies & Tiger Tail	131 480 647	131 480 647
Balance as of	**131 480 647**	**131 480 647**

The intangible assets in the amount of ten million US Dollars equivalent to EGP 68 618 658 paid against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) and the consequences of this acquisition of the trademark in the countries of Egypt, Jordan, Libya and Palestine .These rights do not have a definite time, and on the 16th of April 2015, the Group had signed a new contract for the expanding the scope of the rights to the trademarks (Hohos, Twinkies, and Tiger Tail) to include Algeria, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, United Arab Emirates and this trademarks have infinite useful lives, and the this is against USD 8 Million equivalent to EGP 62 861 989.

B. Know how

	31 March 2021	31 December 2021
Cost		
Technical assistance for certain Hostess products	31 430 995	31 430 995
Balance as of	**31 430 995**	**31 430 995**

On the 16 April 2015 ,the Group had signed a "License and Technical Assistance Agreement" with the owner of the know-how with purpose to acquire the license, know-how and technical assistance for certain Hostess Brands products in the countries Egypt, Libya, Palestine, Jordan, Algeria, Bahrain, Iraq, Jordan, Lebanon, Kuwait, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, and the United Arab Emirates, and this is against an amount of USD 4 Million equivalent to EGP 31 430 995.

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

C. Software

	31 March 2022	31 December 2021
Opening balance	17 801 536	3 640 937
Transfer from projects under construction	-	1 155 584
Additions	-	15 495 981
Amortization expense for the period / year	(1 141 034)	(2 490 966)
Balance as of	**16 660 502**	**17 801 536**

8. Inventories

	31 March 2022	31 December 2021
Raw and packaging materials	365 905 658	410 652 760
Finished goods	72 385 873	50 032 903
Spare parts	45 163 780	44 616 150
Work in process	20 098 420	18 827 641
Consumables	8 138 399	6 593 275
Total	**511 692 130**	**530 722 729**
Less: write-down for slow moving and obsolete inventory	(5 161 410)	(4 228 565)
Net	**506 530 720**	**526 494 164**

Write-down for slow moving and obsolete inventory:

	31 March 2022	31 December 2021
Balance at 1 January	4 228 565	2 834 224
Charged during the period / year	975 000	2000 000
Utilized during the period / year	(42 155)	(605 659)
Ending Balance as of the period / year	**5 161 410**	**4 228 565**

9. Investment in joint venture

Investment in joint venture represents the Group's investment in Edita Food Industries Morocco. The Group's shareholding in Edita Food Industries Morocco and the carrying value of the investment in joint venture as of 31 March 2022 and 31 December 2021 are as follows:

	Ownership %	March 31 ,2022	Ownership %	December 31 ,2021
Edita Food Industries Morocco	69.6%	70 070 865	69.6%	70 140 650
		70 070 865		**70 140 650**

In April 2021, the group acquired additional 112,500 shares (25%) in Edita Food Industries Morocco from La Marocaine De Distribution De Logistiqus (Dislog S.A) against consideration of EGP 31 529 057, of which 7.4% was subject to a call option exercisable at any point until April 2022 by the Dislog.A. Due to the terms of the call option, the 7.4% was not considered as a purchase as the Dislog.A retained the beneficial interest. The amount paid under the call option was considered a receivable from the minority interest and if not exercised will be accounted for as purchase of 7.4% at that date.

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

Immediately prior to the purchase, the carrying amount of the 17.6% of the net assets in Edita Food Industries Morocco was EGP 12 325 493, the receivable related to the 7.4% call option has been included in due from related parties Note 32(a), the excess of consideration paid over the acquired 17.6% share of the net assets has been allocated on a provisional basis as follows:

	1 April 2021
Consideration paid to acquire 17.6% of the net assets	18 917 434
Deduct:	
Group's share in fair value of net asset at the date of acquisition *	(12 325 493)
Notional goodwill arises from the cost additional interest in joint venture	**6 591 941**

* Fair value of net assets have been determined on a provisional basis until the group finalise the purchase price allocation process with in the measurement period are as follows:

	Fair value on a provisional basis 30 April 2021
	EGP
Fixed assets	148 679 885
Right of use	18 161 655
Deferred tax assets	2 500 246
Trade and notes receivable and other receivables	56 405 947
Cash and bank balances	6 545 269
Due to related parties	(936 362)
Bank borrowings and overdraft	(93 138 800)
Trade and notes payable and other payables	(49 037 637)
Lease liability	(19 148 991)
Fair value of acquired net assets	**70 031 212**
Group's share in fair value of net assets at the date of acquisition of joint venture	**12 325 493**

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

Summarized financial information for the joint venture

The tables below provide summarized financial information for the joint venture. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts.

Summarized Financial position	**31 March 2022**	**31 December 2021**
	EGP	**EGP**
Non-current assets	**237 892 813**	**214 874 379**
Current assets:		
Cash and cash equivalents	14 511 493	20 139 112
Other current assets	54 801 414	34 911 633
Total current assets	**69 312 907**	**55 050 745**
Non-Current liabilities:	**150 672 434**	**124 677 108**
Current liabilities:		
Financial liabilities	20 220 005	17 922 352
Other non-current liabilities	45 885 937	38 798 750
Total Current liabilities	**66 105 942**	**56 721 102**
Net assets	**90 427 344**	**88 526 914**

The Group has provided a financial guarantee to the bank for the joint venture's borrowing amounting to Nil and 120,455,802 as at 31 March 2022 and 31 December 2021 respectively.

Reconciliation to carrying amounts:	**March 31, 2022**	**December 31, 2021**
	EGP	**EGP**
Opening net assets 1 January	**88 526 914**	**70 673 129**
Amounts paid under Capital increase	-	26 264 520
Losses and other comprehensive income for the period / year	1 900 430	(8 410 735)
Closing net assets	**90 427 344**	**88 526 914**
Group's share in %	69.6%	69.6%
Group's share in EGP	62 937 431	60 640 936
Goodwill	7 133 434	6 591 941
Other reconciling items	-	2 907 773
Carrying amount	**70 070 865**	**70 140 650**

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

Summarized statement of profit or loss	Three months ending March 31, 2022	Year ended December 31,2021
Revenue	20 469 542	5 737 016
Cost of sales	(19 938 978)	(14 270 790)
Other income	-	9 919
Distribution cost	(1 493 958)	(601 983)
Administrative expenses	(3 065 301)	(3 905 881)
Finance cost	(564 576)	842 249
Income tax expense	351 200	3 778 735
Total loss for the year	**(4 242 071)**	**(8 410 735)**

10. Trade and other receivables

	31 March 2022	31 December 2021
Trade receivables	34 205 373	26 178 949
Notes receivable	799 279	161 609
Total	**35 004 652**	**26 340 558**
Less: Expected credit loss of trade receivables	(20 556)	(20 556)
	34 984 096	**26 320 002**

11. Debtors and other debit balances

	31 March 2022	31 December 2021
Advances to suppliers	145 737 410	96 826 414
Prepaid expenses	20 525 630	43 596 818
Deposits with others	15 896 538	15 896 538
Other current assets	13 880 892	19 475 334
Letters of credit	125 000	125 000
Employee loans	321 106	204 883
Total	**196 486 576**	**176 124 987**

12. Treasury bills

	31 March 2022	31 December 2021
Treasury bills par value		
91 Days maturity	90 000 000	233 250 000
250 - 364 Days maturity	784 900 000	572 400 000
	874 900 000	**805 650 000**
Unearned interest	(28 729 455)	(35 684 690)
Treasury bills balance	**846 170 545**	**769 965 310**

The average effective interest rate related to treasury bills is 13 %.

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

The Group has adopted 12-month ECL approach, based on management assessment, there will be immaterial impact on treasury bills due to the following factors:

- It is issued and guaranteed by Government of Egypt.
- There is no history of default.
- Incorporating forward-looking information would not result in an increase in Expected default rate.

13. Investments at fair value through profit or loss

The Group has signed an Investment Solution Agreement with EFG Hermes with a leverage feature and the investment value will be calculated by EFG Hermes at market - to market. The contractual terms of the instrument would not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, therefore it has been classified as Investment at fair value through profit or loss.

Fair value losses of EGP 22 172 000 was recognized in the consolidated interim statement of profit or loss during the period.

	Significant other observable inputs (Level 2)
Investment Solution	66 125 663
Total	**66 125 663**

14. Cash and bank balances

	31 March 2022	**31 December 2021**
Cash at banks and on hand	79 772 383	83 775 717
Time deposit – Foreign currency	136 795 440	75 789 840
Cash and bank balances	**216 567 823**	**159 565 557**

For the purpose of preparation of the interim consolidation cash flow statements, cash and cash equivalents consist of:

	31 March 2022	**31 December 2021**
Cash and bank balances	216 567 823	159 565 557
Bank overdraft (Note 23)	(213 028 372)	(400 676 904)
Total	**3 539 451**	**(241 111 347)**

15. Share capital

Authorized capital EGP 360 000 000 (1 800 000 000 share, par value EGP 0.2 per share).

Previously, The issued and paid-up capital amounted to EGP 72 536 290 after trading distributed on 362 681 450 shares (par value EGP 0.2 per share) were distributed as follow:

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

On 30 March 2016, an Extra Ordinary General Assembly meeting held in which the shareholders approved the increase of issued and paid up capital from 72 536 290 EGP to be 145 072 580 EGP. An increase amounted to 72 536 290 EGP distributed on 362 681 450 shares with a par value of LE 0.2 per share financed from the dividends of the year ended 31 December 2015 distributed as a free share for each original share which has been registered in the commercial register on 9 May 2016.

Currently the issued and paid-up capital amounted to EGP 144 611 688 (par value EGP 0.2 per share) as of 31 March 2022:

Treasury shares

According to Board of Director resolution on 5 April 2020, the group purchased 2 304 461 shares from the stock market and held in treasury for a total consideration of EGP 22 556 296, the consideration paid has been accounted for as reserve in the statement of shareholders' Equity.

On 4 April 2021, the extra ordinary general assembly meeting approved to write off the treasury shares. Accordingly, the share capital has been reduced by the par value of the treasury shares and the difference between the par value and the consideration paid to acquire those shares was absorbed in retained earnings.

16. Legal reserve

In accordance with Company Law No. 159 of 1981 and the Company's Articles of Association, 5% of annual net profit is transferred to the legal reserve. The Group may stop such transfers when the legal reserve reaches 50% of the issued capital. The reserve is not eligible for distribution to shareholders.

17. Transactions with non-controlling interest

17.a Changes in ownership interest in subsidiaries without change in control

On 6 March 2019, Edita food industries signed an official agreement with Confidel LTD for the acquisition of 2,279,287 shares (22.27%) which is their total ownership in Edita Confectionary Industries for the total consideration of EGP 55,297,782. The acquisition was completed in June 2019 and accordingly Edita Food Industries' share in Edita Confectionary Industries increased from 77.71% to 99.98%. The effect on the equity attributable to the owners of Parent during the period is summarised as follows:

	31 March 2022	31 December 2021
Carrying amount of non-controlling interest acquired	23 165 685	23 165 685
Consideration paid to non-controlling interest	(55 297 783)	(55 297 783)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(32 132 098)**	**(32 132 098)**

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

17.b Non-controlling interest

	Paid up capital	Legal reserves	Assets revaluation reserve	Retained earnings	31 March 2022	31 December 2021
Balance at 1 January	30 460	593 605	38 162	**27 620**	689 847	559 353
Non-controlling share in profit of subsidiaries	-	-	-	105 200	105 200	130 494
Total comprehensive income for the period / year	-	-	-	**105 200**	105 200	130 494
Balance at period / year end	30 460	593 605	38 162	**132 820**	795 047	689 847

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

18. Loans

	31 March 2022			31 December 2021		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Loans	207 273 059	624 800 696	**832 073 755**	197 005 383	587 634 700	**784 640 083**
	207 273 059	**624 800 696**	**832 073 755**	**197 005 383**	**587 634 700**	**784 640 083**

The due dates for current portion loans according to the following schedule:

	31 March 2022	31 December 2021
Balance due within 1 year	199 431 450	191 696 203
Accrued interest	7 841 609	5 309 180
	207 273 059	**197 005 383**

(1) IFC loan obtained by Edita food industries and ECI

	2022			2021		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
IFC loan	77 595 151	219 840 000	**297 435 151**	64 589 303	189 120 000	**253 709 303**
	77 595 151	219 840 000	**297 435 151**	64 589 303	189 120 000	**253 709 303**

The due short-term portion is according to the following schedule:

	2022	2021
Balance due within 1 year	73 280 000	63 040 000
Accrued interest	4 315 151	1 549 303
	77 595 151	**64 589 303**

On June 2019, the group signed an agreement with a financial institution to obtain a loan amounting to USD 20,000,000.

Terms of payments:
The group is obligated to pay USD 20,000 000 on 10 equal semi-annual instalments; each instalment amounts to USD 20 000 000. The first instalment is due in May 2021 and the last in November 2025.

Interest:
The interest rate is 4% above the USD Libor rate – 6 months.

Fair value:
Fair value is approximately equal the carrying amount since the loan is bearing variable interest rate that approximate the market prevailing rates

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

(2) Edita Food Industries

	31 March 2022			31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
First loan	9 447 813	-	9 447 813	9 221 688	-	9 221 688
Second loan	16 045 466	-	16 045 466	16 044 582	-	16 044 582
Third loan	40 050 000	40 000 000	80 050 000	40 050 000	60 000 000	100 050 000
Fourth loan	9 726 169	80 797 379	90 523 548	9 567 069	78 616 366	88 183 435
Fifth loan	10 158 307	59 498 392	69 656 699	12 935 925	57 904 510	70 840 435
Sixth loan	72 295	73 943 648	74 015 943	75 198	61 763 341	61 838 539
Seventh loan	-	79 996 856	79 996 856	26 754	52 824 954	52 851 708
Total	**85 500 050**	**334 236 275**	**419 736 325**	**87 921 216**	**311 109 171**	**399 030 387**

The due short-term portion loans according to the following schedule:

	31 March 2022	31 December 2021
Balance due within 1 year	84 789 239	87 293 990
Accrued interest	710 811	627 226
Total	**85 500 050**	**87 921 216**

Borrower	Type of debt	Guaranties	Currency	Interest rate
First loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 90,000,000	EGP	1 % above lending rate of Central Bank of Egypt.
Second loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 202,234,888	EGP/USD	1% above mid corridor rate of Central Bank of Egypt and 4.5% above the Libor rate 1 month.
Third loan	Loan	None	USD	3.85% above the USD Libor rate 3 months.
Fourth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %
Fifth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %
Sixth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8%
Seventh Loan	Loan	None	EGP	8%

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

(3) Digma For Trading

	31 March 2022			31 December 2021		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
First Loan	36 148 301	66 724 421	102 872 722	36 330 058	83 405 529	119 735 587
	36 148 301	**66 724 421**	**102 872 722**	**36 330 058**	**83 405 529**	**119 735 587**

The due current portion is according to the following schedule:

	31 March 2022	31 December 2021
Balance due within 1 year	33 362 211	33 362 211
Accrued interest	2 786 090	2 967 847
	36 148 301	**36 330 058**

The company obtained a loan from a financial institution based on a cross corporate guarantee issued from Edita Food Industries Company amounted to EGP 155 million. The loan outstanding balance at 31 March 2021 amounted to EGP 102.87 million in addition to accrued interests.

Terms of payments:

Digma is obligated to pay the loan on 9 semi-annual instalments amounted to 16 681 106 and the first instalments is due on 27 August 2021 and the last instalments is due on 27 February 2025

Interest:

The rate is 1% above Central Bank of Egypt mid corridor rate.

Fair value:

Fair value is approximately equal to book value.

(4) Edita Confectionery Industries Company

	31 March 2022			31 December 2021		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
First Loan	8 029 556	4 000 000	**12 029 556**	8 164 806	4 000 000	**12 164 806**
	8 029 556	**4 000 000**	**12 029 556**	**8 164 806**	**4 000 000**	**12 164 806**

The due current portion is according to the following schedule:

	31 March 2022	31 December 2021
Balance due within 1 year	8 000 000	8 000 000
Accrued interest	29 556	164 806
	8 029 556	**8 164 806**

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

Deferred government grant

The Group obtained a loan facility of EGP 201 million from commercial banks under the central bank of Egypt initiative to support the Egyptian manufacturing companies, according to the initiative, the loan was obtained at interest rate of 8 % that is lower than the prevailing market rate of similar loans ,and recognized in the profit or loss over the year necessary to match them with the costs that they are intended to compensate.

The Deferred government grants is according to the following schedule:

	31 March 2022			31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Fourth loan	2 138 736	3 463 047	**5 601 783**	2 517 521	4 931 993	**7 449 514**
Fifth loan	1 007 585	2 046 584	**3 054 169**	1 055 416	2 277 069	**3 332 485**
Sixth loan	586 361	1 587 592	**2 173 953**	497 621	1 476 828	**1 974 449**
Seventh loan	728 471	2 048 370	**2 776 841**	394 988	1 211 398	**1 606 386**
	4 461 153	**9 145 593**	**13 606 746**	**4 465 546**	**9 897 288**	**14 362 834**

19. Employee retirement benefit obligations

Employees of the Group are entitled upon their retirement based on a defined benefit plan. The entitlement is based on the length of service and final remuneration package of the employee upon retirement. The defined benefit obligation is calculated using the projected credit unit method takes into consideration the principal actuarial assumptions as follows:

	31 March 2022	31 December 2021
Discount rate	14.5%	14.5%
Average salary increase rate	10%	10%
Turnover rate	20%	20%
Life table	49-52	49-52

The amounts recognized at the statement of financial position date are determined as follows:

	31 March 2022	31 December 2021
Present value of obligations	25 603 494	24 103 494
Liability at the statement of financial position	**25 603 494**	**24 103 494**

Movement in the liability recognized in the statement of financial position:

	31 March 2022	31 December 2021
Balance at beginning of the period / year	**24 103 494**	**20 164 016**
Interest expenses	873 752	2 923 783
Current service cost	626 248	489 744
Total amount recognised in profit or loss	**1 500 000**	**3 413 527**
Remeasurements: -		
Loss from change in assumptions	-	2 476 661
Total amount recognised in other comprehensive income	**-**	**2 476 661**
Paid during the period / year	-	(1 950 710)
Balance at end of the period / year	**25 603 494**	**24 103 494**

Sensitivity in Defined Benefit Obligation: -

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 7%	Increase by 12%

The above sensitivity analyses are based on a change in discount rate while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Consolidated balance sheet statement.

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

20. Deferred income tax liability

Deferred income tax represents tax expenses on the temporary differences arising between the tax based of assets and their carrying amounts in the interim consolidated financial statements:

					Net deferred tax liabilities	
	Fixed assets	Acquiring Digma Company for Trading	Other provisions	Unrealized foreign exchange loss	31 March 2022	31 December 2021
Deferred tax assets						
Balance at 1 January	-		8 634 652	4 377 787	13 012 439	19 696 105
Deferred tax benefit	-		1 294 836	-	1 294 836	(6 683 666)
Ending balance	-		9 929 488	4 377 787	14 307 275	13 012 439
Deferred tax liabilities						
Balance at 1 January	(216 521 540)	(2 373 669)	-	-	(218 895 209)	(193 810 025)
Deferred tax benefit	435 165	60 106	-	-	495 271	(25 085 184)
Ending balance	(216 086 375)	(2 313 563)	-	-	(218 399 938)	(218 895 209)
Net deferred tax liabilities	(216 086 375)	(2 313 563)	9 929 488	4 377 787	(204 092 663)	(205 882 770)
Balance at 1 January	(216 521 540)	(2 373 669)	8 634 652	4 377 787	(205 882 770)	(174 113 920)
Charged to statement of profit or loss (Note 29)	435 165	(60 106)	1 294 836	-	1 790 107	(31 768 850)
Ending balance	(216 086 375)	(2 313 563)	9 929 488	4 377 787	(204 092 663)	(205 882 770)

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

21. Lease Liabilities

	31 March 2022	31 December 2021
Commitments in relation to leases are payable as follows:		
Within one year	16 655 482	16 241 272
Later than one year	46 970 292	49 246 852
Later than five year	36 501 274	38 759 940
Minimum lease payments	**100 127 048**	**104 248 064**
The present value of lease liabilities are as follows:		
Within one year	9 489 907	8 685 095
Later than one year	34 538 178	29 113 764
Later than five year	18 400 356	26 011 358
Present Value of Minimum Lease Payments	**62 428 441**	**63 810 217**

22. Provision

	31 March 2022	31 December 2021
Balance at 1 January	33 978 251	34 413 053
Additions during the period / year	1 030 386	10 178 161
Utilized during the period / year	(188 537)	(10 554 328)
Provision no longer required	-	(58 635)
Ending Balance as of	**34 820 100**	**33 978 251**

Provisions related to claims expected to be made by a third party in connection with the Group's operations. These provisions are reviewed by management every period and the amount provided is adjusted based on latest development, discussions and agreements with the third party.

23. Bank overdraft

	31 March 2022	31 December 2021
Bank overdraft	213 028 372	400 676 904
Total	**213 028 372**	**400 676 904**

Bank overdraft is an integral part of the Group cash management to finance its working capital. The average interest rate for bank overdraft was 9.25 % as of 31 March 2022 (31 December 2021: 8.05%).

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

24. Trade and notes payables

	31 March 2022	31 December 2021
Trade payables	294 202 418	287 618 623
Fixed assets payables	29 363 082	50 060 453
Notes payable	72 310 747	42 195 798
	395 876 247	**379 874 874**

Trade payables are unsecured and are usually paid within an average of 45 days of recognition.

25. Creditors and other credit balances

	31 March 2022	31 December 2021
Other credit balances	27 393 111	30 452 840
Accrued expenses	110 377 898	66 800 968
Taxes payable	36 578 193	41 859 345
Social insurance	9 106 818	7 358 709
Dividends payable	1 097 065	1 097 065
Contract liabilities – accrued customer rebates	14 429 504	12 634 941
Advances from customers	8 694 123	13 690 850
Total	**207 676 712**	**173 894 718**

26. Current income tax liabilities

	31 March 2022	31 December 2021
Balance at 1 January	30 584 092	29 897 178
Income tax paid during the period / year	-	(48 319 265)
Withholding tax receivable	-	(7 130 574)
Income tax for the period / year (Note 29)	60 742 010	131 675 762
Corporate income tax – advance payments	-	(63 709 382)
Tax on Treasury bills	(1 458 409)	(8 982 821)
Accrued interest – advance payments	-	(2 846 806)
Balance at	**89 867 693**	**30 584 092**

27. Other income / expense

	31 March 2022	31 March 2021
Export subsidies	796 906	-
Gain / Loss from disposal of property plant and Equipment	(14 412)	188 278
Income from government grant	1 101 909	744 103
Solidarity contribution	(7 051 045)	(5 273 315)
Other income	1 475 813	1 485 295
Net	**(3 690 829)**	**(2 855 639)**

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

28. Finance income / (cost) – net

	31 March 2022	31 March 2021
28.a Finance income		
Interest income	23 618 738	16 501 733
	23 618 738	**16 501 733**
28.b Finance cost		
Interest expense	(19 153 284)	(16 757 915)
Lease interest expenses	(2 739 239)	(3 050 138)
Foreign exchange gains	(5 311 807)	5 789 685
	(27 204 330)	**(14 018 368)**

29. Income tax expense

The group is subject to the corporate income tax according to tax law No. 91 of 2005 and as per tax law No. 96 of 2015 amendments.

	31 March 2022	31 March 2021
Income tax for the period	60 742 010	27 668 961
Deferred tax expense / (income)for the period	(1 790 107)	6 016 827
Total	**58 951 903**	**33 685 788**

30. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

	31 March 2022	31 March 2021
Profit attributed to owners of the parent*	162 319 150	103 352 462
Weighted average number of ordinary shares in issue		
Ordinary shares	723 058 439	725 362 900
Treasury shares (Note 15)	-	(2 304 461)
	723 058 439	**723 058 439**
Basic earnings per share	**0.22**	**0.14**

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

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

31. Expenses by nature

	31 March 2022	Restated 31 March 2021
Cost of sales	996 201 782	762 233 997
Distribution cost	214 784 343	179 745 693
Administrative expenses	90 377 387	82 392 136
	1 301 363 512	**1 024 371 826**
Raw and packaging materials used	804 280 837	584 829 255
Salaries and wages	173 285 660	144 668 897
Advertising expense	103 136 407	81 080,234
Depreciation and amortization	53 581 314	53 208 001
Employees benefits	28 734 728	31 811 121
Other expenses	23 817 477	19 943 379
Gas, water and electricity	25 240 587	25 266 783
Company share in social insurance	15 730 253	15 501 808
Rent expense	18 012 464	17 858 285
Transportation expense	15 861 212	15 233 759
Vehicle expense	17 525 116	15 290 852
Maintenance	12 407 ,610	11 778 535
Consumable materials	9 749 847	7 900 917
Total cost of sales, distribution costs, and administrative expenses	**1 301 363 512**	**1 024 371 826**

32. Related parties

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 arrangement 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 period, and the balances due at the date of the financial statements.

a. Due from related parties

	31 March 2022	31 December 2021
Edita food industries Morocco	-	3 860 444
La Marocaine De Distribution De Logistiqus (Dislog S.A)	12 611 623	12 611 623
Total	**12 611 623**	**16 472 067**

The nature of transaction is represented in secured financing against shares subject to call option (Note 9)

La Marocaine De Distribution De Logistiqus (Dislog S.A) is considered a related party as the Company is a Joint controlling shareholder in Edita Food Industries Morocco (Joint venture).

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

33. Key management compensation

During the period ended 31 March 2022, the Group incurred an amount of EGP 27 827 177 as benefits to the key management members (31 March 2021: EGP 26 617 643).

	31 March 2022		31 March 2021	
	Non-executive / independent board members	Key management personnel	Non-executive / independent board members	Key management personnel
Salaries and compensation	-	26 182 094	600 000	24 902 687
Allowances	-	360 600	700 000	360 600
Other benefit	1 225 000	59 483	-	54 356

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

34. Segment reporting

Edita operates across five segments in Egyptian snack food market offering nine distinct brands:

Segment	Brand	Product
Cake	Tiger tail, Twinkies, Todo and HOHOS	Traditional rolled filled and layered cake as well as brownies and packaged donut
Croissants	Molto	Sweet and savoury croissants and strudels
Rusks	Bake Rolz, Bake Stix	Baked wheat salty snack
Wafer	Freska	Filled wafers
Candy	Mimix	Hard, soft and jelly candy and lollipops

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Bake		Wafer		Candy		Biscuits		Other		Total	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Revenue	704 035	501 180	460 384	403 874	92 864	61 329	243 058	151 290	44 258	39 618	14 186	8 750	175	296	**1 558 960**	**1 166 338**
Gross profit	267 449	188 700	163 945	137 923	31 372	18 775	85 765	50 575	9 556	6 281	4 589	1 607	82	243	**562 758**	**404 104**
Profit from operations.	**163 026**	**106 281**	**49 470**	**45 927**	**16 328**	**1 236**	**30 977**	**(5 718)**	**2 477**	**(2 619)**	**(15 218)**	**(10 689)**	**74**	**267**	**247 134**	**134 685**

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

Operating profit reconciles to net profit as follows:

	31 March 2022	Restated 31 March 2021
Operating profit	247 134	134,685
Finance cost	(49 376)	(14 019)
Finance income	23 619	16 502
Income tax	(58 952)	(33 686)
Net profit	**162 425**	**103 483**

The segment in formation disclosed in the table above represents the segment information provided to the chief operating decision makers of the Group.

Management has determined the operating segments based on the information reviewed by the chief operating decision makers of the group for the purpose of allocating and assessing resources.

The chief operating decision makers consider the business from products perspective. Although Rusks, Wafer, and Candy do not meet the quantitative threshold required by EAS 41 for reportable segments, management has concluded that these segments should be reported as it is closely monitored by the chief operating decision makers as it is expected to materially contribute to the Group revenue in the future.

The chief operating decision makers assesses the performance of the operating segments based on their operating profit.

There were no inter-segment sales made during the period.

Finance income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function which manage the cash position of the group.

35. Cash flow information

Non-cash Investing and Finance Activities: -

Transfer to Property, Plant and Equipment from Projects under construction. (Refer note 5).

Acquisition of Right-of-Use-Assets. ((Refer note 6).

Purchase of property, plant and equipment on credit. (Refer note 24).

Dividends declared not yet settled

The proceeds from disposal of fixed assets amount in the cash flow comprise as follows:

	31 March 2022	31 December 2021
Net book value of the assets disposed	671 081	2 237 463
Gain on disposal of property, plant and equipment (Note 27)	(14 412)	17 846 453
	656 669	**20 083 916**

36. Contingent liability

(1) Edita Food Industries Company

The Company guarantees Digma for Trading company and Edita Confectionary Industries against third parties in borrowing from Egyptian Banks.

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business amounted to EGP as at 31 March 2022 ,EGP157 887 483 (31 December 2021: EGP 39 835 555).

(2) Digma for Trading Company

The Company guarantees Edita Food Industries against third parties in borrowing from Egyptian Banks.

The Company had contingent liabilities in respect of letters of guarantee and letters of credit as at 31 March 2022 EGP 250 000 (31 December 2021:EGP 250 000).

(3) Edita Confectionary Industries Company

At 31 March 2022, the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business amounted to EGP 4 698 022 (31 December: EGP 1 340 572).

37. Commitments

Capital commitments

The Group has capital commitments as of 31 March 2022 of EGP 168.7 M (31 December 2021: EGP 79 M) in respect of capital expenditure.

38. Restatement

In 2019 and 2020, the investment in Edita Food Industries Morocco "Edita Morocco" was accounted for as an investment in a subsidiary and consolidated on the basis that the Group held 51% and provided the Group with control. One of the minority shareholders held a 45% interest in Edita Morocco and was afforded certain veto rights. In April 2021, the Group acquired an additional interest of 25% from this minority shareholder in the Edita Food Industries Morocco, of which 7.5% was subject to a call option exercisable at any point until April 2022 by the minority shareholder. As a result of assessing the accounting implications of the acquisition and the call option, it was noted that the minority interest had substantive veto rights on certain reserved matters, even subsequent to the acquisition of the additional interest, the reserved matters would continue to prevent the Group from having the current ability to direct the relevant activities of Edita Morocco.

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

Based on the substantive nature of the veto rights, the Company has joint control according to the requirements of EAS 42, 'Consolidated Financial Statements' and EAS 43 'Joint Arrangements'. As a consequence, the Company has accounted for the investment in Edita Food Industries Morocco as investment in joint ventures using the equity method and, accordingly, has restated the comparative financial information in these consolidated interim financial statements. This restatement has resulted in the following changes:

Extract from the statement of profit or loss:	**2021**	**Profit increase / (decrease)**	**Restated 2021**
Cost of sales	(763 490 413)	1 256 416	(762 233 997)
Distribution cost	(180 034 477)	288 784	(179 745 693)
Administrative expenses	(82 523 011)	130 875	(82 392 136)
Share of net loss of joint ventures accounted for using the equity method	-	(1 020 107)	(1 020 107)
Income tax expense	(34 009 923)	324 135	(33 685 788)

Extract from the statement of cash flow:	**2021**	**Cash increase / (decrease)**	**Restated 2021**
Net cash flows generated from operating activities	147 652 787	(2 409 182)	145 243 605
Net cash flows used in investing activities	(76 869 847)	40 335 977	(36 533 870)
Net cash flows used in financing activities	(34 697 099)	(63 781 532)	(98 478 631)

Basic and diluted earnings per share:

Basic and diluted earnings per share for the prior period have not been restated. Since there was no effect on the net profit attributable to the owners of the parent company for the period ended 31 March .2021

39. Tax position

Due Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the group as of the date of the consolidated interim financial statements date.

Edita Food Industries Company

a) Corporate tax

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2012 and all due tax amounts paid.
- For the years 2013-2016; the company finalized the tax inspection and all due tax amounts paid.

- For the years 2017 – 2021 the Company submitted the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

b) Payroll tax

- The payroll tax inspection was performed till 31 December 2019 and company paid tax due.
- As for the years 2020 till 2021 the tax inspection has not been performed and the company is submitting the quarterly tax return on due time to the Tax Authority.

c) Value added tax

- The sales tax inspection was performed till 31 December 2019 and tax due was paid.

d) Stamp duty tax

- The stamp duty tax inspection was performed till 2018 and all due tax amounts paid.
- The years from 2019 to 2021 tax inspection has not been performed.

<u>Digma for Trading Company</u>

a) Corporate tax

- The company is subject to the corporate income tax according to tax law No, 91 of 2005 and amendments.
- The tax inspection was performed by the Tax Authority for the year from the Company's inception until year 2019 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2018 to 2021 Company submits its tax returns on due dates according to law No, 91 for the year 2005.

b) Payroll tax

- The tax inspection was performed until 31 December 2014 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2015 to 2019 the company finalized the tax inspection and the difference was transferred to the internal committee.

c) Value added tax

- The tax inspection was performed until 31 December 2020 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The year 2021 the Company submits its monthly sales VAT return on due date.

d) Stamp tax

- The tax inspection was performed for the year from the Company's inception until 31 December 2020 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority
- For the year 2021 the Company paid the tax due.

<u>Edita Confectionary Industries Company</u>

a) Corporate tax

- The Company is subject to the corporate income tax according to tax Law No. 91 of 2005 and adjustments.
- The corporate tax inspection was performed for the years from 2009 to 2016 and the difference was transferred to an internal committee.
- The company hasn't been inspected for the years from 2017 to 2021 and the Company submitted its tax returns to Tax Authority on due dates.

b) **Payroll Tax**

- The payroll tax inspection was performed for the years from 2009 to 2019 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year from 2020 to 2021.

c) **Value added tax**

- The tax inspection was performed for the year from the Company's inception until 2018 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The company hasn't been inspected for 2021 and the Company submits its monthly VAT tax return on due date.

d) **Stamp Tax**

- The stamp tax inspection was performed from 2009 to 2020 and the tax due was paid to the Tax Authority.
- The Company has not been inspected for the year from 2021.

40. Subsequent events

- On April 27, 2022, the Prime Minister issued the Ministerial decree No. (1568) for the year 2022 to amend some provisions of the Egyptian Accounting Standards by adding Annex (B) to the Egyptian Accounting Standard No. 13 "The Effects of Changes in Foreign Exchange Rates".

  This annex aims to setting a special accounting treatment for the implications resulted from the Exceptional Economic Decision pertaining to the movement of the foreign currencies exchange rates through setting a temporary additional option to paragraph (28) of the Egyptian Accounting Standard No (13) – "The Effects of Changes in Foreign Exchange Rates" which requires the recognition of the foreign exchange difference in the statement of profit or loss for the period in which they incur. Alternatively, an entity that has outstanding liabilities in foreign currency on the date of the movement of the exchange rates that are related to property plant and equipment, investment property, intangible assets (other than goodwill) or mining assets to revalue its related liabilities during the period from the beginning of January 2020 until the date of the movement of the exchange rate, and recognize the foreign exchange differences resulted from the revaluation of related liabilities at the date of movement of the exchange rates as a part of the acquisition costs. Also, this treatment permits an entity to recognize foreign exchange gain or loss resulting from the revaluation of the monetary balances in foreign currencies that are outstanding on the movement date of the exchange rates to be recognized in the other comprehensive income in accordance with paragraph 9 of the annex.
- On April 14, 2022, the ordinary general assembly of the company's shareholders was held, and it approved the financial statements for the year ended December 31, 2021 and approved the dividends distribution of EGP 0.277 per share.