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

REVIEW REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(IFRS)

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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 balance sheet of Edita Food Industries Company (S.A.E.) as at 30 September 2021 and the related Consolidated statements of Profit or loss, comprehensive income for the three months and nine months period then ended, and the related consolidated statement of changes in equity and cash flows for the nine months period then ended, and notes comprising 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 International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of 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 International 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.

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 financial position of Edita Food Industries Company (S.A.E.) as at 30 September 2021, and of its financial performance and its cash flows for the nine months period then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

PricewaterhouseCoopers – Egypt

2 November 2021

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

Consolidated balance sheet - At 30 September 2021

(All amounts in Egyptian Pounds)

	Note	30 September 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	5	2,344,924,764	2,331,299,024
Right of use assets	6	66,321,750	75,179,823
Intangible assets	7	165,705,675	166,552,579
Total non-current assets		**2,576,952,189**	**2,573,031,426**
Current assets			
Inventories	8	426,042,634	315,275,148
Trade and other receivables	10	215,182,804	162,342,342
Financial assets at amortized cost	11	690,192,707	499,232,147
Financial assets at fair value through profit or loss	12	75,074,278	-
Cash and bank balances	13	114,176,127	218,340,350
Total current assets		**1,520,668,550**	**1,195,189,987**
Total assets		**4,097,620,739**	**3,768,221,413**
Liabilities and Equity			
Non-current liabilities			
Borrowings	14	717,161,179	743,202,000
Deferred government grants	14	9,277,655	9,271,911
Deferred tax liabilities	15	194,177,722	172,258,866
Employee benefit obligations	16	22,706,604	20,164,016
Lease liabilities	17	72,847,284	77,321,204
Total non-current liabilities		**1,016,170,444**	**1,022,217,997**
Current liabilities			
Trade and other payables	18	660,485,107	622,043,836
Current income tax liabilities	19	1,669,593	29,897,178
Borrowings	14	198,384,430	195,769,320
Bank overdraft	20	300,745,343	80,364,773
Lease liabilities	17	7,741,015	6,498,317
Provisions	21	37,300,108	34,413,053
Total current liabilities		**1,206,325,596**	**968,986,477**
Total liabilities		**2,222,496,040**	**1,991,204,474**
Equity			
Share capital	22	144,611,688	145,072,580
Legal reserve	23	78,629,880	78,629,880
Cumulative translation reserve		1,615,240	2,268,451
Transactions with non-controlling interest	24	(46,229,227)	(32,132,098)
Treasury shares	22	-	(22,556,296)
Retained earnings		1,675,027,250	1,569,981,034
		1,853,654,831	**1,741,263,551**
Non-controlling interests	24	21,469,868	35,753,388
Net equity		**1,875,124,699**	**1,777,016,939**
Total liabilities and equity		**4,097,620,739**	**3,768,221,413**

- The above consolidated balance sheet should be read in conjunction with the accompanying notes.
- Review report attached

Mr. Sameh Naguib
Vice President - Finance

Eng. Hani Berzi
Chairman

2 November 2021
Giza

Consolidated statement of profit or loss "IFRS"
For the nine months period ended 30 September 2021

(All amounts in Egyptian Pounds)

	Note	The nine months period ended 30 September 2021	The nine months period ended 30 September 2020	The three months period ended 30 September 2021	The three months period ended 30 September 2020
Revenue		3,711,805,959	2,791,780,188	1,394,672,047	1,058,964,280
Cost of goods sold	31	(2,564,659,383)	(1,850,354,130)	(983,995,047)	(696,413,310)
Gross profit		**1,147,146,576**	**941,426,058**	**410,677,000**	**362,550,970**
Distribution cost	31	(538,158,200)	(469,478,193)	(180,819,368)	(152,660,941)
General and administrative expenses	31	(251,487,920)	(244,405,283)	(79,576,132)	(79,078,914)
Other income	25	48,906,328	65,161,700	8,823,297	25,017,422
Other losses - net	26	(28,381,603)	(32,777,414)	(10,516,790)	(12,027,723)
Profit from operations		**378,025,181**	**259,926,868**	**148,588,007**	**143,800,814**
Finance income	27	62,501,426	60,584,070	24,742,128	20,300,042
Finance cost	27	(65,498,543)	(77,461,085)	(23,056,571)	(19,424,837)
Finance cost, net		**(2,997,117)**	**(16,877,015)**	**1,685,557**	**875,205**
Profit before income tax		**375,028,064**	**243,049,853**	**150,273,564**	**144,676,019**
Income tax expense	28	(98,861,863)	(68,058,768)	(37,836,934)	(37,155,275)
Net profit for the period		**276,166,201**	**174,991,085**	**112,436,630**	**107,520,744**
Net Profit is attributable to					
Shareholders' equity		277,141,620	176,983,459	112,750,706	108,025,889
Non-controlling interest		(975,419)	(1,992,374)	(314,076)	(505,145)
Net profit for the period		**276,166,201**	**174,991,085**	**112,436,630**	**107,520,744**
Earnings per share (expressed in EGP per share):					
Basic earnings per share	30	0.38	0.24	0.16	0.15
Diluted earnings per share	30	0.38	0.24	0.16	0.15

- The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

EDITA FOOD INDUSTRIES (S.A.E.)

Consolidated statement of comprehensive income
For the nine months period ended 30 September 2021

(All amounts in Egyptian Pounds)

	The nine months period ended 30 September		The three months period ended 30 September	
	2021	**2020**	**2021**	**2020**
Profit for the period	276,166,201	174,991,085	112,436,633	107,520,744
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operation	(1,785,384)	2,155,957	(596,041)	2,827,332
Total comprehensive income for the period	**274,380,817**	**177,147,042**	**111,840,592**	**110,348,076**
Total comprehensive income is attributable to				
Owners of the parent	276,488,409	178,057,547	111,507,548	110,006,004
Non-controlling interest	(2,107,592)	(910,505)	333,044	342,072
Total comprehensive income for the period	**274,380,817**	**177,147,042**	**111,840,592**	**110,348,076**

- The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

EDITA FOOD INDUSTRIES (S.A.E.)

Consolidated statement of changes in equity
For the nine months period ended 30 September 2021

(All amounts in Egyptian Pounds)

	Paid up capital	Legal reserve	Cumulative translation reserve	Transactions with non-controlling interest	Treasury shares	Retained earnings	Total Owners' Equity: Total shareholders	Non-controlling interest	Total owners' equity
Balance at 1 January 2020	145,072,580	78,233,972	(202,760)	(32,132,098)	-	1,414,038,957	1,605,010,651	36,220,697	1,641,231,348
Net profit for the period	-	-	-	-	-	176,983,459	176,983,459	(1,992,374)	174,991,085
Other comprehensive income for the period	-	-	1,074,088	-	-	-	1,074,088	1,081,869	2,155,957
Total other comprehensive income for the period	-	-	1,074,088	-	-	176,983,459	178,057,547	(910,505)	177,147,042
Acquisition of treasury shares	-	-	-	-	(22,556,297)	-	(22,556,297)	-	(22,556,297)
Declared dividends distribution for 2019	-	-	-	-	-	(145,072,580)	(145,072,580)	-	(145,072,580)
Balance at 30 September 2020	145,072,580	78,233,972	871,328	(32,132,098)	(22,556,297)	1,445,949,836	1,615,439,321	35,310,192	1,650,749,513
Balance at 1 January 2021	145,072,580	78,629,880	2,268,451	(32,132,098)	(22,556,296)	1,569,981,034	1,741,263,551	35,753,388	1,777,016,939
Net profit for the period	-	-	-	-	-	277,141,620	277,141,620	(975,419)	276,166,201
Other comprehensive income for the period	-	-	(653,211)	-	-	-	(653,211)	(1,132,173)	(1,785,384)
Total other comprehensive income for the period	-	-	(653,211)	-	-	277,141,620	276,488,409	(2,107,592)	274,380,817
Treasury shares write-off	(460,892)				22,556,296	(22,095,404)	-	-	-
Purchase of non-controlling interest share in subsidiary (Note 24)	-	-	-	(14,097,129)	-	-	(14,097,129)	(17,431,928)	(31,529,057)
Declared dividends distribution for 2020	-	-	-	-	-	(150,000,000)	(150,000,000)	-	(150,000,000)
Increase in non-contorlling interest in a subsidiary	-	-	-	-	-	-	-	5,256,000	5,256,000
Balance at 30 September 2021	144,611,688	78,629,880	1,615,240	(46,229,227)	-	1,675,027,250	1,853,654,831	21,469,868	1,875,124,699

- The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the nine months period ended 30 September 2021

(All amounts in Egyptian Pounds)

	Notes	30 September 2021	30 September 2020
Cash flows from operating activities			
Cash inflow operations	32	470,918,349	339,832,500
Interest paid		(71,033,602)	(62,667,006)
Income tax paid		(105,170,592)	(117,292,202)
Net cash inflow operating activities		**294,714,155**	**159,873,292**
Cash flows from investing activities			
Payment for property, plant and equipment	5	(214,320,749)	(296,739,210)
Payment for intangible assets		-	(906,630)
Proceeds from sale of property, plant and equipment		19,971,345	3,766,780
Interest received		41,708,209	59,827,341
Payment for purchase of treasury bills		(516,076,516)	(58,079,400)
Proceeds from treasury bills		287,526,296	476,336,397
Payments for purchase of financial assets at fair value through profit or loss		(70,174,135)	-
Net cash (outflow) / inflow investing activities		**(451,365,550)**	**184,205,278**
Cash flows from financing activities			
Dividends paid to Shareholders		(156,145,803)	(145,072,580)
Payments to acquire non-controlling interest		(31,529,057)	-
Proceeds from increase in non-controlling interest in a subsidiary		5,256,000	-
Lease payments		(4,885,699)	(11,963,421)
Acquisition of treasury shares		-	(22,556,297)
Proceeds from borrowings		141,007,975	278,866,518
Repayments of borrowings		(166,347,667)	(163,436,310)
Net cash outflow financing activities		**(212,644,251)**	**(64,162,090)**
Net (decrease) / increase in cash and cash equivalents		**(369,295,646)**	**279,916,480**
Cash and cash equivalents at beginning of the period		296,078,133	93,538,206
Effects of exchange rate on cash and cash equivalents		(2,665,567)	(2,749,130)
Cash and cash equivalents at end of the period	13	**(75,883,080)**	**370,705,556**

- The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements
For the nine months period ended 30 September 2021

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

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 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.

The main shareholders are Quantum Investment BV which owns 41.95% of the Company's share capital and the Bank of New York Mellon "depositary bank for shares traded in London Stock Exchange" which manages 11.96% of the Company share capital and Kingsway Fund Frontier Consumer Franchises which owns 6.31% of Company's share capital and other shareholders owning 39.78% of company's share capital.

These consolidated financial statements have been approved by Chairman and Managing Director on 2 November 2021. taking into consideration that the General Assembly of Shareholders has the authority to amend the financial statements after being issued

Consolidated financial statements of the Group comprise financial statements of Edita Food Industries Company (S.A.E.) and its subsidiaries (together referred to as the "Group").

Edita Food Industries:
Edita food industries is the holding company. The company provides manufacturing, producing and packing of all food products and producing and packing of readymade food, cakes, pastry, milk, chocolate and other food products with all necessary ingredients and sell the products to Digma for Trading.

The group's principal subsidiaries at 30 September 2021are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Digma for Trading:
Digma for trading main activity is wholesale and retail trading in consumable goods. The Company also acts as a distributor for local and foreign factories and companies producing these goods and also imports and exports, in accordance with laws and regulations. The company buys from Edita confectionery industries and Edita food industries and distributes to others.

Edita Confectionery Industries:
The company's purpose is to build and operate a factory for production, sales of distributions of Sweets, Toofy, Jelly and Caramel other nutrition materials and sell the products to Digma for Trading.

Edita participation limited:
The principal activities of the company are the provision of services and the holding of investments.

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

General information (continued)

Edita Food Industries Morocco:
The company's main purpose is to build and operate a factory for production, sales and distribution of cakes, pastry, wafer and other confectionary products. Edita Morocco incorporated in 2019, with 76% majority stake owned by Edita Food Industries (S.A.E.).

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 30 September 2021	Ownership interest held by the group 31 December 2020	Ownership interest held by non-controlling interests 30 September 2021	Ownership interest held by non-controlling interests 31 December 2020
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%	-	-
Edita Food Industries Morocco	Morocco	76%	51%	24%	49%

Financial information about the subsidiaries of the group as at 30 September 2021 and 30 September 2020:

Name of subsidiary	Total Assets 2021	Total liabilities 2021	Total equity 2021	Total sales 2021	Net (loss)/ Profit 2021
Digma for Trading	423,510,211	283,228,684	140,281,527	3,524,155,715	4,738,940
Edita Confectionery Industries	204,681,952	70,593,977	134,087,975	104,373,400	5,314,490
Edita Participation limited	169,549,455	177,916,796	(8,367,341)	-	(1,906,569)
Edita Food Industries Morocco	247,981,837	156,971,065	91,010,772	-	(4,108,165)

Name of subsidiary	Total assets 2020	Total liabilities 2020	Total equity 2020	Total sales 2020	Net (loss)/ Profit 2020
Digma for trading	447,544,957	307,897,728	139,647,228	2,613,698,849	(50,828,124)
Edita Confectionery Industries	206,422,428	79,464,378	126,958,050	110,642,876	7,182,672
Edita participation limited	41,212,027	47,185,275	(5,973,248)	-	(1,500,172)
Edita Food Industries Morocco	114,891,215	43,711,385	71,179,831	-	(3,861,538)

The above-mentioned financial information is related to amounts as included in the separate financial statements which have been used in the consolidation.

2. Summary of significant 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 to all the years presented, unless otherwise stated.

A. Basis of preparation

I. Compliance with IFRS

The consolidated financial statements of Edita food industries and its subsidiaries "the group" have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

II. Historical cost convention

These financial statements have been prepared under the historical cost basis except for the defined benefit obligation which is recognized at the present value of future obligation using the projected credit unit method.

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 can affect those returns through its power to direct the activities of the 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.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2. Changes in ownership interests

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.

C. Principles of consolidation and equity accounting

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 recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

D. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer. The board of Edita Food Industries has appointed a chief operating decision-maker who assess the financial performance and position of the group and makes strategic decisions. Which has been identified as the chief executive officer.

E. Foreign currency translation

(1) Functional and presentation currency
These consolidation financial statements are presented in EGP "Egyptian Pounds" which is the group presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss, they are deferred in equity if they are attributable to part of the net investment in foreign operations.

Foreign exchange gains and losses that relate to loans and cash and cash equivalents are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within 'other gains / (losses) – net'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary 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 and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income.

Foreign currency translation (continued)

(3) Group companies
The results and financial position of foreign operations (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:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each statement of profit or loss and statement of comprehensive income 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.

(c) All resulting exchange differences are recognized in other comprehensive income.
On consolidation, exchange differences arising from translation of the net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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 recognized in other comprehensive income.

F. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

Revenue recognition (continued)

The products are often sold with retrospective volume discounts 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.

G. Interest income

Interest income is recognized using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

H. Dividend income

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

I. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset 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 is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in 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.

J. 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 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.

K. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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 remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

L. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

M. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of nine 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. In the consolidated balance sheet, bank overdrafts are shown in current liabilities in the balance sheet.

N. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

O. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials, direct labour, other direct costs and an appropriate proportion of variable and fixed overhead expenditures, the latter being allocated on the basis of normal operating capacity but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and estimated costs necessary to make the sale, and the provision for obsolete inventory is created in accordance to the management's assessment.

P. Financial assets under IFRS 9

(1) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost. The Group's financial asset at amortised cost comprise of trade receivables, other debit balances and treasury bills.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets under IFRS 9 (continued)

(2) Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments – treasury bills
Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. According to the group business model the group subsequently measure debt instruments at amortised cost for Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(3) Impairment
The group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Q. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only 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. All other repairs and maintenance are charged to the statements of Profit or loss during the financial period in which they are incurred.

Land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual value over their estimated useful lives, as follows:

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

Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains / (losses) in the statement of profit or loss.

Projects under construction are stated at cost less realized 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.

R. 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.

S. Intangible assets

Intangible assets (Trademarks & know how) have indefinite useful lives as there is no foreseeable limit on the period over which the brands are expected to exist and generate cash Flows 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 knowhow of perpetual license not exposed to typical obsolescence as it relates to a food product. The brand remain 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.

T. Trade and other payables

These amounts represent liabilities for goods or services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

U. Borrowing

Borrowing are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the Loans using the effective interest method.

Established fees "transaction cost"
Loans are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

V. Borrowing 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.

Investment income earned on the temporary investment of specific Loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are recognized in profit or loss in the period in which they are incurred.

W. Provisions

Provisions are recognized 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. Provisions are not recognized for future operating losses.

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. 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.

Provisions (continued)

Provisions are measured at the present value of management's best estimate to the expenditures required to settle the obligation at the end of the period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

X. 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.

Y. Employee benefits

(1) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other current employee benefit obligations in the balance sheet.

(2) Post-employment obligation
Pension obligations

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Employee benefits (continued)

The defined benefit plan defines an amount of benefits to be provided in the form of 15 working days payment for each year they had worked for the company 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 Company only
- The working period must be not less than ten years.
- The maximum contribution is 12 months' salary.

For defined contribution plans, the group pays fixed 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 recognized as employee benefit expense when they are due.

(3) 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 an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

(4) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when 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 IAS 37 and involves the payment of terminations 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 and in accordance with labour law. Falling due more than 12 months after the end of the reporting period are discounted to present value.

Z. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

AA. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

BB. Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group excluding any costs of servicing equity other than ordinary shares by the weight average number of ordinary shares in issue during the year excluding ordinary shares purchase by the Group and held as treasury shares.

(2) Diluted earnings per share

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.

CC. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

DD. Government export subsidy

The government of Egypt operates an export subsidy program managed by the Export Development Fund. The scheme was established under law 155 of 2002 to create incentives for Egyptian companies to grow exports. The Group operates in a qualifying sector and the subsidy represents a percentage of the export value depending on a set of variables including the percentage of local components, location of the factory, export destination and amongst others. The subsidy on export sales is recognized when there is proper evidence that the group will deserve this subsidy under the prevailing rules and conditions. The subsidy is recognised under other income in the statement of profit or loss.

EE. Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7 (Phase 2 amendments) that address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

For floating interest loans, as a practical expedient, for changes to cash flows that relate directly to the Reform to be treated as changes to a floating interest rate, i.e., the EIR is updated to reflect the change in an interest rate benchmark from IBOR to an RFR without adjusting the carrying amount. In effect, the change is treated as akin to a movement in the market rate of interest. The use of the practical expedient is subject to two conditions:

- First, the change in the basis for determining contractual cash flows must be a 'direct consequence of the Reform'
- Second, the new basis for determining the contractual cash flows must be 'economically equivalent' to the previous basis immediately preceding the change.

Based on the above, management does not expect material adjustment to the carrying value of the loans.

3. Financial risk management

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 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 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 Company deals with in official rates and the rest from its exports in US Dollars.

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Egyptian pounds, was as follows:

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

Financial risk management (continued)

At period end, major financial Assets (liabilities) in foreign currencies were as follows:

	Assets	Liabilities	Net 30 September 2021	Net 31 December 2020
Euros	53,912,169	(64,305,455)	**(10,393,286)**	**(139,455,014)**
MAD	28,650,582	(131,419,134)	**(102,768,552)**	**(101,519,445)**
United States Dollars	50,340,623	(334,674,452)	**(284,333,829)**	**(226,161,717)**

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:

	30 September 2021	30 September 2020
Amounts recognised in profit or loss		
Net foreign exchange gain included in finance cost	6,066,314	3,584,814
	6,066,314	**3,584,814**
Net (losses) / income recognised in other comprehensive income		
Foreign currency translation reserve	(1,785,384)	2,155,957
	(1,785,384)	**2,155,957**

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

Euro/EGP
At 30 September 2021, 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 1,039,329 (31 December 2020: EGP 13,945,501) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

MAD/EGP
At 30 September 2021, if the Egyptian Pounds had weakened / strengthened by 10% against the MAD with all other variables held constant, post-tax profit for the period would have been EGP 10,276,855 (31 December 2020: EGP 10,151,944) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

Financial risk management (continued)

USD/EGP

At 30 September 2021, 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 28,433,383 (31 December 2020: EGP 22,616,171) 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 variable rates do not expose the group to fair value interest rate risk.

At 30 September 2021, 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 8,753,843 (31 December 2020: EGP 9,034,284) lower/higher interest expense on floating rate borrowings.

Borrowings at the balance sheet date with variable interest rate amounted to EGP 574,638,908 (31 December 2020: EGP 823,063,650).

Overdraft at the balance sheet on 30 September 2021 amounted to EGP 300,745,343 (31 December 2020: EGP 80,364,773).

(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.

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

Financial risk management (continued)

(iii) Credit quality

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

For corporate Bonds and financial assets at fair value through profit or loss the Group deals with EFG Hermes which are considered with a high credit rating (A +)

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).

For the wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account its financial position, and their market reputation, past experience and other factors.

For retail customers there is no credit risk since all sales are in cash.

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:

	30 September 2021	31 December 2020
Trade and notes receivables	22,662,633	26,790,768
Total	**22,662,633**	**26,790,768**

Outstanding trade receivables are current and not impaired

The table below summarizes the maturities of the Company's trade receivables at 30 September 2021 and 31 December 2020:

	30 September 2021	31 December 2020
Less than 30 days	13,498,252	17,515,460
From 31 to 60 days	8,315,412	7,384,288
From 61 to 90 days	743,726	1,675,765
More than 90 days	105,243	215,255
	22,662,633	**26,790,768**

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

Financial risk management (continued)

The provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	30 September 2021	31 December 2020
Impairment of trade receivables	20,556	20,556
	20,556	**20,556**

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

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 except for the group's Banks in EPL and Morocco.

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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 company debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 30 September 2021 based on contractual payment dates and current interest rates.

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
At 30 September 2021				
Borrowings	92,692,432	105,691,998	221,355,723	495,805,456
Future interest payments	18,096,358	27,483,311	45,996,432	73,681,163
Trade and other payables	546,245,473	-	-	-
Bank overdraft	300,745,343	-	-	-
Notes payable	55,255,087	-	-	-
Lease liability	8,619,090	8,940,069	17,733,575	103,296,681
Total	**1,021,653,783**	**142,115,378**	**285,085,730**	**672,783,300**

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

Financial risk management (continued)

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
At 31 December 2020				
Borrowings	98,786,478	89,135,701	419,898,728	323,303,272
Future interest payments	19,079,409	29,859,086	48,164,589	64,359,895
Trade and other payables	502,640,540	-	-	-
Bank overdraft	80,364,773	-	-	-
Notes payable	66,785,982	-	-	-
Lease liability	8,600,624	8,563,031	17,717,315	115,408,626
Total	**776,257,806**	**127,557,818**	**485,780,632**	**503,071,793**

The amount of unused credit facility amounted to EGP 761,397,484 as of 30 September 2021 (31 December 2020: 980,171,050) also the Company will have future interest payments related to Loans amounted to EGP 165,257,264 31 December 2020: EGP 161,462,979).

(1) Capital 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 borrowings and bank overdraft less cash and cash equivalents. Total capital is calculated as equity, plus net debts.

	30 September 2021	31 December 2020
Total borrowings	915,545,609	938,971,320
Bank overdraft	300,745,343	80,364,773
Total borrowings and loans	**1,216,290,952**	**1,019,336,093**
Less: Cash and bank balances	(114,176,127)	(218,340,350)
Net debt	**1,102,114,825**	**800,995,743**
Net equity	1,875,124,699	1,777,016,939
Total capital	**2,977,239,524**	**2,578,012,682**
Gearing ratio	37%	31 %

Financial risk management (continued)

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

As of 30 September 2021, the Group was in compliance with the debt covenants.

(2) Fair value estimation

The fair value of financial assets or liabilities with maturities date less than one period is assumed to approximate their carrying value. The fair value of financial liabilities – for disclosure purposes – 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

1. 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 period are outlined below:

Impairment of infinite life intangible assets (trademark and know how)
The group 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 of in use calculations which require the use of assumptions (Note 7).

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.

Critical accounting estimates and judgments (continued)

The Group 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 Group 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 (15) shows the main assumptions used to estimate the employees' benefit obligation.

2. Critical judgments in applying the group's accounting policies

Revenue recognition

The Group, based on past performance, are confident that the quality of products is such that the expiry and dissatisfaction rate will be below 1%. Management has determined that it is highly probable that there will be no reversal of revenue recognized and a significant reversal in the amount of revenue will not occur.

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

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 1 January 2020								
Cost	120,908,260	938,791,751	1,130,316,854	273,635,023	133,342,261	105,966,235	99,271,101	2,802,231,485
Accumulated depreciation	-	(167,127,236)	(362,417,657)	(114,493,083)	(84,561,889)	(79,786,523)	-	(808,386,388)
Net book amount	**120,908,260**	**771,664,515**	**767,899,197**	**159,141,940**	**48,780,372**	**26,179,712**	**99,271,101**	**1,993,845,097**
Year ended 31 December 2020								
Opening net book amount	120,908,260	771,664,515	767,899,197	159,141,940	48,780,372	26,179,712	99,271,101	1,993,845,097
Additions	-	-	1,894,261	69,851,032	14,032,601	10,044,100	419,186,150	515,008,144
Depreciation charge	-	(38,549,074)	(57,662,673)	(49,256,189)	(21,549,753)	(14,027,700)	-	(181,045,389)
Disposals	-	-	(87,264)	(5,696,300)	(3,029,352)	(9,430,664)	-	(18,243,580)
Accumulated depreciation of disposals	-	-	87,264	5,668,581	3,021,909	8,554,867	-	17,332,621
Translation of foreign operations	-	-	-	-	-	9,689	4,392,442	4,402,131
Transfers from Projects under construction	-	33,614,836	126,692,406		35,371,764	21,680,686	(217,359,692)	-
Closing net book amount	**120,908,260**	**766,730,277**	**838,823,191**	**179,709,064**	**76,627,541**	**43,010,690**	**305,490,001**	**2,331,299,024**
At 31 December 2020								
Cost	120,908,260	972,406,587	1,258,816,257	337,789,755	179,717,274	128,270,046	305,490,001	3,303,398,180
Accumulated depreciation	-	(205,676,310)	(419,993,066)	(158,080,691)	(103,089,733)	(85,259,356)	-	(972,099,156)
Net book amount	**120,908,260**	**766,730,277**	**838,823,191**	**179,709,064**	**76,627,541**	**43,010,690**	**305,490,001**	**2,331,299,024**
Period ended 30 September 2021								
Opening net book amount	**120,908,260**	**766,730,277**	**838,823,191**	**179,709,064**	**76,627,541**	**43,010,690**	**305,490,001**	**2,331,299,024**
Additions	-	-	693,234	5,628,578	8,501,938	2,424,412	144,121,859	161,370,021
Depreciation charge	-	(29,487,206)	(49,245,103)	(35,905,225)	(19,243,800)	(12,548,569)	-	(146,429,903)
Disposals	-	-	-	(18,461,559)	(530,977)	(399,980)	-	(19,392,516)
Accumulated depreciation of disposals	-	-	-	16,452,289	520,785	273,950	-	17,247,024
Translation of foreign operations	-	-	-	-	-	(20,208)	2,006,906	1,986,698
Transfers from Projects under construction	-	1,319,087	163,634,862	-	13,174,676	8,988,954	(188,273,163)	(1,155,584)
Closing net book amount	**120,908,260**	**738,562,158**	**953,906,184**	**147,423,147**	**79,050,163**	**41,729,249**	**263,345,603**	**2,344,924,764**
At 30 September 2021								
Cost	120,908,260	973,725,674	1,423,144,353	324,956,774	200,862,911	139,253,535	263,345,603	3,446,197,110
Accumulated depreciation	-	(235,163,516)	(469,238,169)	(177,533,627)	(121,812,748)	(97,524,286)	-	(1,101,272,346)
Net book amount	**120,908,260**	**738,562,158**	**953,906,184**	**147,423,147**	**79,050,163**	**41,729,249**	**263,345,603**	**2,344,924,764**

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

Property, plant and equipment (continued)

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

	30 September 2021	31 December 2020
Charged to cost of sales	93,127,565	112,385,796
Charged to distribution costs	39,623,364	49,272,195
Charged to administrative expenses	13,678,974	19,387,398
	146,429,903	**181,045,389**

The projects under construction represent:

	30 September 2021	31 December 2020
Buildings	126,163,692	144,882,823
Machinery & equipment	100,648,523	141,109,379
Tools and equipment	14,208,140	7,027,383
Technical and other installations	22,325,248	12,470,416
	263,345,603	**305,490,001**

During the period, the group has capitalized borrowings costs amounting to EGP 7,163,476 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%

6. Right of use assets

	30 September 2021	31 December 2020
Opening net book amount at 1 January	75,179,823	61,432,524
Additions during the period	1,319,215	24,038,703
Amortization expenses	(9,804,691)	(11,604,852)
Translation of foreign operations	(372,597)	1,313,448
Balance	66,321,750	75,179,823

Right of use assets represent properties rented by the group.

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

7. Intangible assets

	30 September 2021			
	Trademark (A)	**Know how (B)**	**Software (C)**	**Total**
Cost	**131,480,647**	**31,430,995**	**3,640,937**	**166,552,579**
Amortisation for the period	-	-	(2,002,488)	(2,002,488)
Transfers from projects under construction (Note 5)	-	-	1,155,584	1,155,584
Balance as of	**131,480,647**	**31,430,995**	**2,794,033**	**165,705,675**

	31 December 2020			
	Trademark (A)	**Know how (B)**	**Software (C)**	**Total**
Cost	131,480,647	31,430,995	5,365,008	**168,276,650**
Additions	-	-	906,630	906,630
Amortisation for the year	-	-	(2,630,701)	(2,630,701)
Balance as of	**131,480,647**	**31,430,995**	**3,640,937**	**166,552,579**

A. Trademark

	Trademark (HOHOS, Twinkies & Tiger Tail)	
	30 September 2021	**31 December 2020**
Cost		
Opening Balance	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 life. On the 16th of April 2015 the Group had signed a new contract for 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 indefinite useful lives, and this is against USD 8 Million equivalent to EGP 62,861,989.

B. Know how

	Know How	
	30 September 2021	**31 December 2020**
Cost		
Opening balance	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 some 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)

Intangible assets (continued)

C. Software

	Software	
	30 September 2021	**31 December 2020**
Cost		
Opening balance	**3,640,937**	5,365,008
Additions	-	906,630
Transfers from Projects under construction (Note 5)	1,155,584	-
Amortization expense for the period / year	(2,002,488)	(2,630,701)
Balance as of	**2,794,033**	**3,640,937**

8. Inventories

	30 September 2021	31 December 2020
Raw and packaging materials	297,506,715	202,257,766
Finished goods	64,067,640	52,027,070
Spare parts	43,579,277	43,228,256
Work in process	17,028,685	13,086,923
Consumables	8,051,266	7,509,357
Total	**430,233,583**	**318,109,372**
Less: allowance for decline in value	(4,190,949)	(2,834,224)
Net	**426,042,634**	**315,275,148**

The cost of individual items of inventory are determined using moving average cost method.

During the period ended 30 September 2021, there has been a slow moving and obsolete inventory amounted to EGP 1,500,000 (30 September 2020: EGP 616,500) (Note 26) and the cost of write down amounted to EGP 143,275 (30 September 2020: EGP 717,116).

The cost of inventory recognized as an expense and included in cost of sales amounted to EGP 2,009,911,362 during the period ended 30 September 2021 (30 September 2020: EGP 1,350,474,082).

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

9. Financial instruments by category

The Group holds the following financial instruments:

	Financial assets at amortised cost		Financial assets at fair value through profit or loss	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Financial assets				
Trade and other receivables (excluding non-financial assets)* (Note 10)	58,365,244	63,849,504	-	-
Cash and bank balances (Note 13)	114,176,127	218,340,350	-	-
Financial assets at amortized cost (Note 11)	690,192,707	499,232,147	-	-
Financial assets at fair value through profit or loss (Note 12)	-	-	75,074,278	-
Total	**862,734,078**	**781,422,001**	**75,074,278**	**-**

	Financial liabilities at amortised cost		Financial liabilities at fair value through profit or loss	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Borrowings (Note 14)	915,545,609	938,971,320	-	-
Trade and other payables (excluding non-financial liabilities)* (Note 18)	601,500,560	569,426,522	-	-
Bank overdraft (Note 20)	300,745,343	80,364,773	-	-
Lease liabilities (Note 17)	80,588,299	83,819,521	-	-
Total	**1,898,379,811**	**1,672,582,136**	**-**	**-**

* At the Balance sheet date, the carrying value of all short-term financial assets and liabilities approximates the fair value. Long-term borrowings also approximate the fair value as the loans bears a variable interest rate, so the fair value equals the principal amount.

Trade and other receivables presented above excludes prepaid expenses, advances to supplies and taxes.

Trade and other payables presented above excludes taxes payables, advances from customers, social insurances and deferred government grants.

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

10. Trade and other receivables

	30 September 2021	31 December 2020
Trade receivables	21,207,891	18,952,818
Notes receivable	1,454,742	7,837,950
Total	**22,662,633**	**26,790,768**
Less: Provision for impairment of trade receivables	(20,556)	(20,556)
	22,642,077	**26,770,212**
Advances to suppliers	107,333,151	77,745,743
Prepaid expenses	35,038,248	20,747,095
Deposits with others	16,692,645	16,673,936
Due from related parties (Note 33)	5,187,232	7,344,004
VAT receivable	14,446,161	-
Other current assets	13,468,976	12,702,493
Letters of credit	125,167	125,167
Employee loans	249,147	233,692
Total	**215,182,804**	**162,342,342**

Classification of trade receivables
Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in Note (3B).

Other current assets
These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed nine months. Collateral is not normally obtained.

Impairment of trade receivables
Information about the impairment of trade receivables and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note (3B).

Trade receivables are due for settlement within 90 days therefore there is no significant financing component.

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

11. Financial assets at amortised cost

	30 September 2021	31 December 2020
Treasury bills	635,593,940	448,889,188
Corporate bonds	54,598,767	50,342,959
	690,192,707	**499,232,147**

11.1) Treasury bills

	30 September 2021	31 December 2020
Treasury bills par value		
91 Days maturity	112,000,000	159,850,000
250 - 273 Days maturity	572,400,000	314,675,000
	684,400,000	**474,525,000**
Unearned interest	(59,843,064)	(32,297,095)
Amount of treasury bills paid	**624,556,936**	**442,227,905**
Interest income recognized to profit or loss	11,037,004	6,661,283
Treasury bills balance	**635,593,940**	**448,889,188**

The average effective interest rate related to treasury bills is 12.91 %.

The group has adopted 12-month ECL model, 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.

11.2) Corporate Bonds

	30 September 2021	31 December 2020
Corporate bonds		
More than 90 Days maturity	50,000,000	50,000,000
Interest income recognized to profit or loss	4,598,767	342,959
	54,598,767	50,342,959

On December 2020 the group purchased Corporate bonds from EFG-Hermes amounted to EGP 50 million, the bond will mature on December 2021 and carry an effective interest rate of 11.38%.

The carrying value of the bonds approximate the fair value at initial recognition since the bonds bear a prevailing market rate of interest

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

12. Financial assets at fair value through profit or loss

The group has invested in treasury bills with a leverage feature which carries an average net return of 18%. 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 financial assets at fair value through profit or loss.

Fair value gain of EGP 4,900,143 was recognized in the statement of profit or loss during the period.

	Significant other observable inputs (Level 2)
Leverage Egyptian T-bills	75,074,278
Total	**75,074,278**

Fair value measurement:
Fair value was determined using specific valuation techniques using quoted prices for similar instruments in active market.

13. Cash and bank balances

	30 September 2021	31 December 2020
Cash at banks and on hand	73,704,447	80,668,150
Time deposit – Foreign currency	40,471,680	137,672,200
Cash and bank balances (excluding bank overdrafts)	**114,176,127**	**218,340,350**

The average rate on time deposit in USD is 1% with a maturity of less than a month.
For the purpose of preparation of the cash flow statements, cash and cash equivalents consist of:

	30 September 2021	30 September 2020
Cash and bank balances	114,176,127	122,210,779
Treasury bills with maturities of 3 months or less	110,686,136	455,471,528
Bank overdraft (Note 20)	(300,745,343)	(206,976,751)
Total	**(75,883,080)**	**370,705,556**

Notes to the consolidated financial statements
For the nine months period ended 30 September 2021

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

14. Borrowings

	30 September2021			31 December 2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	198,384,430	717,161,179	915,545,609	195,769,320	743,202,000	938,971,320
	198,384,430	**717,161,179**	**915,545,609**	**195,769,320**	**743,202,000**	**938,971,320**

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

	30 September 2021	31 December 2020
Balance due within 1 year	188,908,872	187,922,179
Accrued interest	9,475,558	7,847,141
	198,384,430	**195,769,320**

(1) Edita Food Industries Company

	30 September 2021			31 December 2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	10,187,943	-	**10,187,943**
Second loan	18,900,750	-	**18,900,750**	18,675,563	9,000,000	**27,675,563**
Third loan	16,346,338	7,949,586	**24,295,924**	16,479,208	26,396,659	**42,875,867**
Fourth loan	40,072,257	76,342,412	**116,414,669**	40,086,373	132,747,039	**172,833,412**
Fifth loan	-	-	-	16,831	4,136,902	**4,153,733**
Sixth loan	64,998,509	56,736,000	**121,734,509**	57,229,635	222,323,200	**279,552,835**
Seventh loan	172,096	89,576,753	**89,748,849**	112,762	82,798,473	**82,911,235**
Eighth loan	4,613,661	48,365,719	**52,979,380**	31,465	32,964,970	**32,996,435**
Ninth loan	234,470	44,746,933	**44,981,403**	-	-	-
Tenth loan	14,499	28,821,726	**28,836,225**	-	-	-
Total	**145,352,580**	**352,539,129**	**497,891,709**	**142,819,780**	**510,367,243**	**653,187,023**

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

	30 September 2021	31 December 2020
Balance due within 1 year	141,793,370	139,130,748
Accrued interest	3,559,210	3,689,032
Total	**145,352,580**	**142,819,780**

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

Borrowings (continued)

Borrower	Type of debt	Guaranties	Currency	Interest rate
First loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 185,000,000	EGP/USD	1% above mid corridor rate of Central Bank of Egypt and 2.5% above the Libor rate 3 months.
Second loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 90,000,000	EGP	1 % above lending rate of Central Bank of Egypt.
Third 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.
Fourth loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 220,000,000 and 6,000,000 Euro	EGP/USD	0.5% above mid corridor rate of Central Bank of Egypt and average 4% above USD Libor rate 6 months.
Fifth loan	Loan		USD	3.85% above the USD Libor rate 3 months.
Sixth loan	Loan		USD	4% above the USD Libor rate – 6 months.
Seventh loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %
Eighth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %
Ninth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %
Tenth loan	Loan		EGP	8%

Ninth loan

During the period, the group obtained a loan facility of EGP 90 million from one of the 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, The group utilised EGP 32.3 million from the total facility up to 30 September 2021.

Terms of payments:

Edita is obligated to pay the loan on 10 semi-annual installments and the first instalment is due on Septemper 2023.

Fair value:

The fair value of the loan at initial recognition has been calculated by discounting the future cash outflows using the prevailing market rate of interest which is determined to be 9.25% , the difference between the fair value and loan proceed has been accounted for as deferred government grant to be amortised over the loan's term.

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

Borrowings (continued)

Tenth loan

During the period, the group obtained a loan facility of EGP 150 million from one of the 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, The group utilised EGP 28.8 million from the total facility up to 30 September 2021.

Terms of payments:

Edita is obligated to pay the loan on 11 semi-annual installments and the first instalment is due in July 2023.

Fair value:

The fair value of the loan at initial recognition has been calculated by discounting the future cash outflows using the prevailing market rate of interest which is determined to be 9.75 % , the difference between the fair value and loan proceed has been accounted for as deferred government grant to be amortised over the loan's term.

(2) Digma For Trading

	30 September 2021			31 December 2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First Loan	36,580,419	83,405,529	119,985,948	37,095,943	116,242,805	153,338,748
	36,580,419	**83,405,529**	**119,985,948**	**37,095,943**	**116,242,805**	**153,338,748**

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

	30 September 2021	31 December 2020
Balance due within 1 year	33,362,211	33,212,231
Accrued interest	3,218,208	3,883,712
	36,580,419	**37,095,943**

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 30 September 2021 amounted to EGP 116,767,740 million in addition to accrued interests.

Terms of payments:

Digma is obligated to pay the loan on 7 semi-annual installments amounted to 16,681,106 and the first installments is due on 27 February 2022 and the last installments 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.

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

Borrowings (continued)

(3) Edita Confectionery Industries Company

	30 September 2021			31 December 2020		
	Short-term portion	**Long-term portion**	**Total**	**Short-term portion**	**Long-term portion**	**Total**
First Loan	8,031,556	8,000,000	16,031,556	8,049,556	12,000,000	20,049,556
	8,031,556	**8,000,000**	**16,031,556**	**8,049,556**	**12,000,000**	**20,049,556**

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

	30 September 2021	**31 December 2020**
Balance due within 1 year	8,000,000	8,000,000
Accrued interest	31,556	49,556
	8,031,556	**8,049,556**

(4) Edita Food Industries Morocco

	30 September 2021			31 December 2020		
	Short-term portion	**Long-term portion**	**Total**	**Short-term portion**	**Long-term portion**	**Total**
First Loan	5,753,290	109,312,521	**115,065,811**	-	74,275,152	**74,275,152**
	5,753,290	**109,312,521**	**115,065,811**	-	**74,275,152**	**74,275,152**

The company obtained a loan facility of MAD 80 million from one of the commercial banks to finance the new factory construction project in Morocco. The group utilised MAD 66,293,605 (equivalent EGP 115,065,811) from the total facility up to 30 September 2021.

The assets and tools of the financed project is considered collateral in return for this loan which value amounted to MAD 115 M.

Terms of payments:
Edita Food Industries Morocco is obligated to pay the loan on 20 quarter installments and the first instalment is due on August 2022.

Interest:
The interest rate is 6%.

Fair value:
Fair value is approximately equal to book value.

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

Borrowings (continued)

(5) Edita participation limited

	30 September 2021			31 December 2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First Loan	2,666,585	163,904,000	166,570,585	7,804,041	30,316,800	38,120,841
	2,666,585	**163,904,000**	**166,570,585**	**7,804,041**	**30,316,800**	**38,120,841**

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

	30 September 2021	31 December 2020
Balance due within 1 year	-	7,579,200
Accrued interest	2,666,585	224,841
	2,666,585	**7,804,041**

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 2,000,000. The first instalment is due on May 2021 and the last on November 2025.

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

Fair value:
Fair value is approximately equal to book value

Deferred government grants
The group obtained a loan facility of EGP 441 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 period necessary to match them with the costs that they are intended to compensate.

The deferred government grants is according to the following schedule:

	30 September 2021			31 December 2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Edita Seventh loan	2,357,337	5,488,626	7,845,963	2,244,311	7,159,895	9,404,206
Edita Eighth loan	892,870	2,234,205	3,127,075	700,853	2,112,016	2,812,869
Edita Ninth loan	387,921	1,254,837	1,642,758	-	-	-
Edita Tenth loan	89,893	299,987	389,880	-	-	-
	3,728,021	**9,277,655**	**13,005,676**	**2,945,164**	**9,271,911**	**12,217,075**

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

15. Deferred tax liability

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

	Fixed assets	Acquiring Digma Company for Trading	Other provisions	Carry forward tax losses	Unrealized foreign exchange loss	Net deferred tax liabilities 30 September 2021	Net deferred tax liabilities 31 December 2020
Deferred tax assets							
Balance at 1 January	-	-	**7,600,800**	**13,664,967**	**285,392**	**21,551,159**	7,745,391
Charged to statement of profit or loss	-	-	2,796,553	(9,632,069)	120,897	**(6,714,619)**	13,369,620
Charged to statement of comprehensive income	-	-	-	-	(116,280)	**(116,280)**	1,058,471
Translation of foreign operations	-	-	-	-	-	-	(622,323)
Ending balance	-	-	**10,397,353**	**4,032,898**	**290,009**	**14,720,260**	21,551,159
Deferred tax liabilities							
Balance at 1 January	**(191,195,932)**	**(2,614,093)**	-	-	-	**(193,810,025)**	(175,546,138)
Charged to statement of profit or loss	(15,268,275)	180,318	-	-	-	**(15,087,957)**	(18,263,887)
Ending balance	**(206,464,207)**	**(2,433,775)**	-	-	-	**(208,897,982)**	(193,810,025)
Net deferred tax liabilities	**(206,464,207)**	**(2,433,775)**	**10,397,353**	**4,032,898**	**290,009**	**(194,177,728)**	(172,258,866)
Balance at 1 January	**(191,195,932)**	**(2,614,093)**	**7,600,800**	**13,664,967**	**285,392**	**(172,258,866)**	(167,800,747)
Charged to statement of comprehensive income	-	-	-	-	(116,280)	**(116,280)**	436,148
Charged to statement of profit or loss (Note 28)	(15,268,275)	180,318	2,796,553	(9,632,069)	120,897	**(21,802,576)**	(4,894,267)
Ending balance	**(206,464,207)**	**(2,433,775)**	**10,397,353**	**4,032,898**	**290,009**	**(194,177,722)**	(172,258,866)

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

16. Employee benefit obligations

Employees of the company 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:

	30 September 2021	31 December 2020
Discount rate	14.2%	14.2%
Average salary increase rate	10%	10%
Turnover rate	21%	21%
Life table	49-52	49-52

The amounts recognized at the balance sheet date are determined as follows:

	30 September 2021	31 December 2020
Present value of obligations	22,706,604	20,164,016
Liability at the balance sheet	**22,706,604**	**20,164,016**

Movement in the liability recognized in the balance sheet:

	30 September 2021	31 December 2020
Balance at beginning of the period / year	**20,164,016**	**11,600,000**
Interest expenses	2,147,468	1,647,200
Current service cost	2,352,532	2,648,486
Total amount recognised in profit or loss (Note 26)	**4,500,000**	**4,295,686**
Remeasurements: -		
Loss from change in assumptions	-	4,704,314
Total amount recognised in other comprehensive income	-	**4,704,314**
Paid during the period / year	(1,957,412)	(435,984)
Balance at end of the period / year	**22,706,604**	**20,164,016**

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)

17. Lease liabilities

	30 September 2021	31 December 2020
Commitments in relation to leases are payable as follows:		
Within one year	17,559,159	17,163,655
Later than one period and less than five years	58,075,386	61,017,047
Later than five years	62,954,870	72,108,894
Minimum lease payments	**138,589,415**	**150,289,596**
The present value of lease liabilities are as follows:		
Within one year	7,741,015	6,498,317
Later than one year and less than five years	37,714,403	30,781,874
Later than five years	35,132,881	46,539,330
Present Value of Minimum Lease Payments	**80,588,299**	**83,819,521**

18. Trade and other payables

	30 September 2021	31 December 2020
Trade payables	301,072,382	195,676,712
Accrued expenses	140,138,258	143,853,612
Creditors to purchase of property, plant and equipment	52,893,176	113,007,380
Notes payable	55,255,087	66,785,982
Other credit balances	37,717,897	31,933,051
Taxes payable	29,432,697	29,134,394
Social insurance	14,937,138	10,871,532
Dividends payable	1,097,065	7,242,868
Deferred government grants (Note 14)	3,728,021	2,945,164
Contract liabilities – accrued rebates	13,326,695	10,926,917
Contract liabilities – Advances from customers	10,886,691	9,666,224
Total	**660,485,107**	**622,043,836**

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

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

19. Current income tax liabilities

	30 September 2021	31 December 2020
Balance at 1 January	29,897,178	63,186,112
Income tax paid during the period	(48,319,265)	(75,107,022)
Withholding tax receivable	(4,635,187)	(4,984,531)
Income tax for the period (Note 28)	77,059,287	102,066,776
Corporate income tax – advance payments	(44,286,889)	(37,342,974)
Tax on Treasury bills	(8,045,531)	(15,820,937)
Accrued interest – advance payments	-	(2,100,246)
Balance at end of period	**1,669,593**	**29,897,178**

20. Bank overdraft

	30 September 2021	31 December 2020
Bank overdraft	300,745,343	80,364,773
Total	**300,745,343**	**80,364,773**

Bank overdraft is an integral part of the Company's cash management to finance its working capital. The average interest rate for bank overdraft was 8.06 % as of 30 September 2021 (31 December 2020: 9.29%).

21. Provisions

	Other provisions	
	30 September 2021	31 December 2020
Balance at 1 January	34,413,053	21,221,845
Additions during the period (Note 26)	5,730,878	19,350,683
Utilized during the period	(2,843,823)	(3,024,540)
Provision no longer required	-	(3,134,935)
Balance at end of period	**37,300,108**	**34,413,053**

Other provisions relate to claims expected to be made by a third party in connection with the Group's operations. The information usually required by the International Financial Reporting Standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with that party. 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.

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

22. Share capital

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

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

Shareholders	No. of shares	Shares value	Percentage of ownership
Berco Ltd.	151,654,150	30,330,830	41.815%
Exoder Ltd.	47,056,732	9,411,346	12.975%
Africa Samba B.V.	54,402,233	10,880,447	15.000%
Others (Public stocks)	109,568,335	21,913,667	30.210%
	362,681,450	**72,536,290**	**100%**

On the 30 March 2016, an extra ordinary general assembly meeting was 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.

The issued capital amounted to EGP 144,611,688 (par value EGP 0.2 per share) is distributed as follows as of 30 September 2021:

Shareholders	No. of shares	Shares value	Percentage of ownership
Quantum Investment BV	303,308,300	60,661,660	41.95%
The Bank of New York Mellon "depositary bank for shares traded in London Stock Exchange"	86,470,530	17,294,106	11.96%
Kingsway Fund Frontier Consumer Franchises	45,623,461	9,124,692	6.31%
Others (Public stocks)	287,656,148	57,531,230	39.78%
	723,058,439	**144,611,688**	**100%**

The issued capital amounted to EGP 145,072,580 (par value LE 0.2 per share) is distributed as follows as of 31 December 2020:

Shareholders	No. of shares	Shares value	Percentage of ownership
Quantum Investment BV	303,308,300	60,661,660	41.815%
The Bank of New York Mellon "depositary bank for shares traded in London Stock Exchange"	86,749,655	17,349,931	11.959%
Kingsway Fund Frontier Consumer Franchises	59,553,461	11,910,692	8.210%
Treasury shares	2,304,461	460,892	0.318 %
Others (Public stocks)	273,447,023	54,689,405	37.698%
	725,362,900	**145,072,580**	**100%**

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

Share capital (continued)

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 a 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.

23. Legal reserve

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

24. Non-controlling interest

Transaction with non-controlling interest

A) On 6 March 2019, the company signed an official agreement with Confindel 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 of 2019 and accordingly Edita Food Industries' share in Edita Confectionary Industries increased from 77.71% to 99.98%.

B) In April 2021, the group acquired an additional of 112,500 shares (25%) in Edita Food Industries Morocco for EGP 31,529,057. Immediately prior to the purchase, the carrying amount of the existing 25% non-controlling interest in Edita Food Industries Morocco was EGP 17,431,928. The difference was recognised within share-holders equity.

The effect on the equity attributable to the owners of Parent is summarised as follows:

	30 September 2021	31 December 2020
A)		
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)**
B)		
Carrying amount of non-controlling interest acquired	17,431,928	-
Consideration paid to non-controlling interest	(31,529,057)	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(14,097,129)**	-
Balance at end of period / year	**(46,229,227)**	**(32,132,098)**

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

Non-controlling interest (continued)

	Share capital	Paid under capital increase	Legal reserves	Assets revaluation reserve	Currency translation differences	(Accumulated losses)	Total 30 September 2021	Total 31 December 2020
Balance at 1 January	**37,724,135**	-	**593,605**	**38,162**	**1,375,651**	**(3,978,165)**	**35,753,388**	36,220,697
Non-controlling share in loss of subsidiaries	-	-	-	-	-	(975,419)	(975,419)	(2,839,404)
Currency translation differences	-	-	-	-	(1,132,173)	-	(1,132,173)	2,372,174
Total comprehensive loss for the period	-	-	-	-	**(1,132,173)**	**(975,419)**	**(2,107,592)**	(467,230)
Transfer to legal reserve	-	-	-	-	-	-	-	(79)
Purchase of non-controlling interest share in subsidiary	(19,231,334)	-	-	-	(666,319)	2,465,725	(17,431,928)	-
Paid under capital increase in subsidiary	-	5,256,000	-	-	-	-	5,256,000	-
Balance at end of year	**18,492,801**	**5,256,000**	**593,605**	**38,162**	**(422,841)**	**(2,487,859)**	**21,469,868**	35,753,388

During September 2021, the group and Dislog Co. -Non-controlling shareholder- has agreed to increase the share capital of Edita Food Industries -Morocco- -subsidiary-. Accordingly, the group contributed an amount of EGP 19,973,484 while Dislog Co. contributed an amount of EGP 5,256,000. This amount has been recognized as an increase in non-controlling interest balance within shareholder's equity

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

25. Other income

	30 September 2021	30 September 2020
Export incentive (Note 10)	22,917,146	59,421,625
Gain on sale of property, plant and equipment	17,825,853	3,759,338
Other income	8,163,329	1,914,323
Provisions no longer required	-	66,414
Net	**48,906,328**	**65,161,700**

26. Other losses, net

	30 September 2021	30 September 2020
Provisions	(5,730,878)	(12,950,114)
Provision for slow moving inventory	(1,500,000)	(616,500)
Provision for employee benefit obligation	(4,500,000)	(6,750,000)
Solidarity contribution	(16,650,725)	(12,460,800)
Net	**(28,381,603)**	**(32,777,414)**

27. Finance cost - net

	30 September 2021	30 September 2020
Finance income		
Interest income	56,435,112	56,999,256
Foreign exchange gain	6,066,314	3,584,814
	62,501,426	**60,584,070**
Finance expense		
Interest expenses	(57,445,445)	(69,214,879)
Finance lease interest expense	(8,053,098)	(8,246,206)
	(65,498,543)	**(77,461,085)**
Net	(2,997,117)	(16,877,015)

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

28. Income tax expense

The Group is subject to the corporate income tax according to tax law No. 91 of 2005 and its amendments No. 96 of 2015.

	30 September 2021	30 September 2020
Income tax for the period	77,059,287	69,188,909
Deferred tax expense	21,802,576	(1,130,141)
Total	**98,861,863**	**68,058,768**
Profit before tax	**375,028,064**	**243,049,853**
Tax calculated based on applicable tax rates	84,381,314	54,686,217
Tax losses for which no deferred income tax asset was recognized		(845,851)
Tax effect of non- deductible expenses	14,480,549	14,218,402
Income tax expense	**98,861,863**	**68,058,768**

The decrease in effective tax rate due to the tax effect of the non-deductible expense.

29. Revenue from contracts with customers

A. Disaggregation of revenue from contracts with costumers

The Group derives revenue from the transfer of goods at a point in time. The Group disaggregate revenue by products line as disclosed in note (36) segment reporting.

B. The Group has recognised the following contracts' liabilities

	30 September 2021	30 September 2020
Contract liabilities – accrued rebates	13,326,695	8,668,889
Contract liabilities – advances from customers	10,886,691	9,550,524
Total contract liabilities	**24,213,386**	**18,219,413**

C. The increase in contracts' liabilities mainly due to the increase in the advance payments made by the export customers during the period.

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

30. Earnings per share

Basic

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

	30 September 2021	30 September 2020
Profit attributed to owners of the parent	**277,141,620**	**176,983,459**
Weighted average number of ordinary shares in issue		
Ordinary shares	723,058,439	725,362,900
Treasury shares	-	(1,280,256)
	723,058,439	**724,082,644**
Basic earnings per share	**0.38**	**0.24**

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 Company 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.

31. Expenses by nature

	30 September 2021	30 September 2020
Cost of goods sold	2,564,659,383	1,850,354,130
Distribution cost	538,158,200	469,478,193
General and administrative expenses	251,487,920	244,405,283
	3,354,305,503	**2,564,237,606**
Raw materials used	2,009,911,362	1,350,474,082
Salaries and wages	451,073,682	408,906,804
Advertising and marketing	207,978,621	158,171,344
Depreciation and amortization	158,237,082	144,164,658
Gas, oil, water and electricity	76,023,489	68,907,991
Other Expenses	70,001,180	89,989,483
Employee benefits	85,967,156	79,665,067
Rent	53,885,046	47,121,115
Profit share employee	46,130,690	31,472,457
Transportation expenses	44,164,349	41,117,236
Maintenance	36,059,081	29,413,574
Vehicle expense	45,032,882	44,931,292
Consumable materials	23,486,530	28,082,448
Company share in social insurance	46,354,353	41,820,055
	3,354,305,503	**2,564,237,606**

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

32. Cash Flow Information

32.1) Cash generated from operations

	30 September 2021	30 September 2020
Profit for the period before tax	375,028,064	243,049,853
Adjustments for:		
Provisions	5,730,878	12,950,114
Provision no longer required	-	(66,414)
Provision for employee benefit obligation	4,500,000	6,750,000
Interest expense	57,445,445	69,214,879
Interest expense – leased assets	8,053,098	8,246,206
Interest income	(56,435,112)	(56,999,256)
Interest income – corporate tax payment	-	-
Depreciation of property, plant and equipment	156,234,594	133,210,106
Amortization	2,002,488	10,954,552
Provision for slow moving and obsolete inventory	1,500,000	616,500
Gain on disposal of property, plant and equipment	(17,825,853)	(3,759,338)
Deferred grant income	(2,808,806)	-
Finance lease adjustment	-	-
Foreign exchange loss	3,484,315	(5,416,778)
	536,909,111	**418,750,424**
Change in working capital		
Inventories	(112,124,211)	(21,956,250)
Trade and other receivables	(52,840,462)	(37,036,305)
Trade and other payables	103,918,421	(18,804,537)
Provisions used	(2,987,098)	(813,152)
Payments of employee benefit obligations	(1,957,412)	(307,680)
Cash generated from operations	**470,918,349**	**339,832,500**

32.2) Net debt reconciliation

	30 September 2021	30 September 2020
Cash and cash equivalent	(75,883,080)	370,705,556
Borrowings – repayable within one year	(198,384,430)	(169,529,380)
Borrowing – repayable within after one year	(717,161,179)	(725,949,748)
Total	**(991,428,689)**	**(524,773,572)**

	Cash & cash equivalent	Borrowing due within 1 year	Borrowing due after 1 year	Total
Net debt as at 1 January 2021	93,538,206	(185,887,584)	(605,756,771)	**(698,106,149)**
Cash flows	(166,755,719)	(11,734,487)	(108,593,672)	**(287,083,878)**
Foreign exchange adjustment	(2,665,567)	(762,359)	(2,810,736)	**(6,238,662)**
Net debt as at 30 September 2021	**(75,883,080)**	**(198,384,430)**	**(717,161,179)**	**(991,428,689)**

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

Cash Flow Information (continued)

32.3) 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 18).
Dividends declared not yet settled

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	30 September 2021	30 September 2020
Net book value	2,145,492	7,442
Gain on disposal of property, plant and equipment	17,825,853	3,759,338
Proceeds from disposal of property, plant and equipment	**19,971,345**	**3,766,780**

During the period, the group has capitalized borrowings costs amounting to EGP 7,163,476 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%

33. Related parties

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in IAS 24, "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

	30 September 2021	31 December 2020
La Marocaine De Distribution De Logistiqus (Dislog S.A)	5,187,232	7,344,004
Total	**5,187,232**	**7,344,004**

The nature of transaction during the period ended 30 September 2021 is represented in sale of finished goods amounting to EGP 4,434,325 (30 September 2020: EGP 10,953,610).

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

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

Related parties (continued)

b. Key management compensation

During the period ended 30 September 2021, the group paid an amount of EGP 75,339,888 as benefits to the key management members (30 September 2020: EGP 67,913,764).

	30 September 2021		30 September 2020	
	Non-executive / independent board members	Key management personnel	Non-executive / independent board members	Key management personnel
Salaries and compensation	2,450,000	71,640,291	2,025,000	62,270,839
Allowances	-	1,081,800	2,520,000	961,650
Other benefit	-	167,797	-	136,275

34. Tax position

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 financial statements date.

Edita Food Industries Company

a) Corporate tax

b) 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 2016 and all due tax amounts paid.
- For the years 2017 – 2020 the Company submitted the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

c) Payroll tax

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

d) VAT & Sales tax

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

e) Stamp duty tax

- The stamp duty tax inspection was performed till 2018 and company paid tax due.
- For 2019 tax inspection has not been performed.

Tax position (continued)

Digma for Trading Company

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 2014 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2015 to 2020 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 2020 the Company submitted its quarter tax returns to Tax Authority on due dates.

c) VAT & Sales tax

- The tax inspection was performed until 31 December 2015 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2016-2020 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 2016 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority
- For the years 2017 and 2020 the Company paid the tax due.

Edita Confectionary Industries Company

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 2020 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.

c) VAT & Sales 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 2019 and the Company submits its monthly VAT tax return on due date.

Tax position (continued)

d) Stamp Tax

- The stamp tax inspection was performed from 2009 to 2014 and the tax due was paid to the Tax Authority.
- The Company has not been inspected for the year from 2015 to 2019.

35. 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 91,976,190 as at 30 September 2021
(31 December 2020: 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 amounted to EGP 125,000 as at 30 September 2021 (31 December 2020: Nil).

(3) Edita Confectionary Industries Company

At 30 September 2021, the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business amounted to EGP 3,165,114 (31 December 2020: EGP 1,340,572).

36. Commitments

Capital commitments

The Group has capital commitments as of 30 September 2021 of EGP 172 M (31 December 2020: EGP 79 M) in respect of capital expenditure.

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

37. 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		Rusks		Wafer		Candy		Other		Total	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Revenue	1,589,796	1,214,582	1,369,779	1,015,776	201,267	207,647	422,767	225,137	113,409	117,534	14,788	11,104	3,711,806	2,791,780
Gross profit	538,865	471,318	413,498	331,254	56,884	58,035	118,331	52,009	17,722	27,828	1,847	893	1,147,147	941,337
Profit from operations.	262,511	223,921	112,768	57,310	18,208	10,973	4,422	(13,668)	(5,156)	(12,276)	(14,729)	(6,333)	378,024	259,927

Operating profit reconciles to net profit as follows:

	30 September 2021	30 September 2020
Operating profit	378,025	259,927
Finance income	62,502	60,584
Finance cost	(65,499)	(77,461)
Income tax	(98,862)	(68,059)
Net profit	**276,166**	**174,991**

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

Segment reporting (continued)

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 who is the chief executive officer 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 IFRS 8 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.

38. Earnings before interest, taxes, depreciation and amortization

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measure and disclosure by other entities.

The information disclosed in the table below represents the earnings before interest, taxes, depreciation & amortization according to the internal reports prepared by the group's management, and the earnings before interest, taxes, depreciation & amortization for the period end 30 September 2021 and 30 September 2020 were as follows:

	30 September 2021	30 September 2020
Net profit for the period	276,166,201	174,991,085
Income tax	98,861,863	68,058,768
Debit interest	65,498,543	77,461,085
Credit interest	(56,435,112)	(56,999,256)
Gain on sale of property, plant and equipment	(17,825,853)	(3,759,338)
Foreign exchange (gains)/losses	(6,066,314)	(3,584,814)
Donation and one-off	11,026,273	4,672,350
Other provision addition	3,750,000	7,875,004
Depreciation and amortization	158,289,638	144,164,658
Solidarity contribution	16,650,725	12,460,800
Total	**549,915,964**	**425,340,342**