

Translated from Arabic

Al Arafah for Investment and Consultancies
(An Egyptian Joint stock company – Under Public Free Zone)
Consolidated Interim Financial Statements
For the Financial Period Ended July 31, 2020
and Limited review Reports

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Under Public Free Zone)

Consolidated Interim Financial Statements
For the Financial Period Ended July 31 2020

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**Independent Auditor's Report
On Review Of Consolidated Interim Financial Statements**

**To: The Board of Directors
Al Arafa for Investment and Consultancies (S.A.E) - Free Zone**

Introduction

We have reviewed the accompanying consolidated periodic financial statements of Al Arafa for Investment and Consultancies (S.A.E) represented on the consolidated financial position as of July 31, 2020 and the related consolidated periodic statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and notes, and a summary of significant accounting policies and other explanatory information the consolidated periodic financial statements. The Company's management is responsible for the preparation and fair presentation of these consolidated periodic financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on these consolidated periodic financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Egyptian Standard on review engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of consolidated periodic 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 Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we don't express an audit opinion.

The comparative figures included in each of the consolidated periodic financial statements of the consolidated income and the consolidated comprehensive income and the consolidated cash flows and the consolidated changes in equity for the financial period from February 1, 2019 to July 31, 2019 were inspected by another auditor and his report dated October 20, 2019 was issued with an unqualified conclusion on the consolidated periodic financial statements, taking into consideration that the requirements of the financial reporting framework for the comparative figures have been taken into account.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated periodic financial statements are not presented fairly-in all aspects of the consolidated financial position as of July 31, 2020, its financial performance and its consolidated cash flows for the six months period then ended in accordance with the Egyptian Accounting Standards.



Hazem Hassan

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Emphasis of matters

Without qualifying our aforementioned opinion, as detailed in note No. (38-1) of the notes to the consolidated periodic financial statements, Most of the world including Egypt were exposed to the spread of the pandemic virus (COVID-19) throughout the first quarter from 2020, accordingly disorders took place at most of the commercial and economic activities in general, as most properly this could have a significant impact on the elements of Assets ,Liabilities and the recovery value of it, as well as business outcomes in the company's consolidated periodic financial statements throughout the period and the upcoming periods, in addition to the potential impact on providing the raw materials , the essential supplies for production and operating processes, the demand of our end markets and the liquidity available in the company. As currently the company is evaluating and specifying magnitude of this impact on the current consolidated periodic financial statements, as in case of instability and lack of assurance as a result of the current situations, as the magnitude of this impact of that event depends mainly on extent envisioned and the duration of ending this event and its implications, which is difficult to specify meanwhile.

KPMG Hazem Hassan

Public accountants and consultants

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants

(26)

Cairo, 15 September 2020

YOUSSEF KAMEL & CO.

CHARTERED ACCOUNTANTS - EXPERTS IN TAXATION

Since 1946 - Antoun Atalla

YOUSSEF KAMEL

(A.R no. 3764)

AMIN SAMY

(A.R no. 4994)

AMIR NOSHY

(A.R no. 15030)

SABRY BEBAWE

(A.R no. 14697)

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Independent Auditor's Report On Review Of Consolidated Interim Financial Statements

To: The Board of Directors

Al Arafa for Investment and Consultancies (S.A.E) - Free Zone

Introduction

We have reviewed the accompanying consolidated periodic financial statements of Al Arafa for Investment and Consultancies (S.A.E) represented on the consolidated financial position as of July 31, 2020 and the related consolidated periodic statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and notes, and a summary of significant accounting policies and other explanatory information the consolidated periodic financial statements. The Company's management is responsible for the preparation and fair presentation of these consolidated periodic financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on these consolidated periodic financial statements based on our review.

Scope of Review

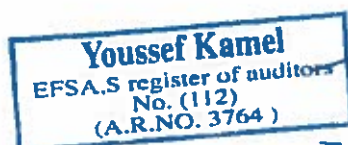
We conducted our review in accordance with the Egyptian Standard on review engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of consolidated periodic financial statements consists of making inquiries, primarily of persons responsible 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 Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we don't express an audit opinion. Please be noted that the financial statements of the company Baird (subsidiary) were prepared in accordance with the UK accounting principles, the financial statements of the company were added in the financial statements of the Group taking into consideration that there may be differences in some applications between each of the Egyptian Accounting Standards and the UK Standards.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated periodic financial statements are not presented fairly-in all aspects of the consolidated financial position as of July 31, 2020, its financial performance and its consolidated cash flows for the six months period then ended in accordance with the Egyptian Accounting Standards.

Cairo, September 15, 2020

Auditor



[Signature]
YOUSSEF KAMEL
EFSA's register of auditors no. (112)
(A.R no. 3764)

Translated From Arabic

Al Arafa for Investment and Consultancies

(An Egyptian Joint company – Under Public Free Zone)

Consolidated Interim Statement of Financial Position as of July 31, 2020

	<u>Note No.</u>	<u>July 31, 2020</u>	<u>January 31, 2020</u>
		<u>USD</u>	<u>USD</u>
<u>Assets</u>			
<u>Non-current assets</u>			
Property, plant and equipment	(37-4), (12)	52 476 311	54 306 950
Projects under construction	(37-5), (13)	6 410 933	5 324 800
Goodwill	(37-6), (14)	30 610 694	30 714 267
Financial Investments available for sale	(37-7-2), (15)	2 615 879	2 616 479
Investment in associate companies	(37-1-iv), (37-7-1), (16)	4 300 502	4 940 454
Deferred tax assets	(37-22-v), (17)	-	20 985
Intangible assets	(37-6), (18)	18 437 751	19 756 510
Other Long-term assets - English Baird group retirement system		4 741 301	4 757 757
Total non-current assets		119 593 371	122 438 202
<u>Current assets</u>			
Work in progress	(37-9), (19)	4 476 907	4 245 111
Inventories	(37-12), (20)	112 521 504	108 343 568
Trade receivables and debtors	(37-13), (21)	77 056 363	90 065 371
Due from related parties	(33-1)	1 243 228	1 489 887
Financial investments (Treasury bills) more than three months	(37-10)	981 833	-
Cash in banks and on hand	(37-14), (22)	72 066 906	85 404 454
Total current assets		268 346 741	289 548 391
Total assets		387 940 112	411 986 593
<u>Equity</u>			
Issued and Paid up capital	(37-17), (29-2)	94 050 000	94 050 000
Reserves	(37-23), (30)	49 895 544	35 109 480
Retained earnings		27 971 159	27 517 144
The difference arising from the acquisition and change in ownership interests of subsidiary companies (under joint control)	(37-1-vi), (31)	-	-
Foreign entities translation differences	(37-3)	(55 312 131)	(52 468 825)
Net (loss) profit for the period / year		(10 720 170)	15 082 576
		77 781 001	91 186 974
Non-controlling interests	(37-1-ii)	3 485 246	3 512 111
Total Equity		81 266 247	94 699 085

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Al Arafa for Investment and Consultancies

(An Egyptian Joint company – Under Public Free Zone)

Consolidated Interim Statement of Financial Position as of July 31, 2020

	<u>Note No.</u>	<u>July 31, 2020</u> <u>USD</u>	<u>January 31, 2020</u> <u>USD</u>
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Long-term loans	(37-18), (23)	12 185 645	12 409 305
Long-term notes payable	(37-19)	2 657 526	3 500 853
Deferred tax liabilities	(17)	130 936	-
Other long-term liabilities	(37-19), (24)	11 392 347	12 613 053
Total non-current liabilities		26 366 454	28 523 211
<u>Current liabilities</u>			
Provisions	(37-20), (26)	631 676	665 082
Banks - credit balances	(37-14)	198 085 180	215 101 416
Trade payables and other credit balances	(37-19), (25)	70 119 819	61 584 978
Income tax - Due	(37-22-iv)	836 802	771 090
Loan installments and credit facilities due within one year	(37-18), (23)	10 633 934	10 641 731
Total current liabilities		280 307 411	288 764 297
Total shareholders' equity and liabilities		387 940 112	411 986 593

* The notes on pages (11) to (58) are an integral part of these consolidated interim financial statements

* Independent Auditors' Limited Review Reports "attached "

* Date : September 15, 2020

Group Financial Manager

Mohamed Mohy

Group CFO

Mohamed Morsi

Chairman and Managing Director

Dr / Alaa Arafa

Al Arifa for Investment and Consultancies

(An Egyptian Joint company – Under Public Free Zone)

Consolidated Interim Income Statement for the financial period ended July 31, 2020

	Note No.	Financial Period ended at 31/7/2020 USD	Financial Period from May 1, 2020 to 31/07/2020 USD	Financial Period ended at 31/7/2019 USD	Financial Period from May 1, 2019 to 31/07/2019 USD
Operation Revenues	(37-21), (4)	55 744 619	15 467 971	104 307 819	55 039 760
Operation Cost	(37-22), (5)	(42 493 417)	(13 251 481)	(66 994 647)	(36 003 851)
Gross profit of operation		13 251 202	2 216 490	37 313 172	19 035 909
Other income	(37-21), (6)	4 658 609	321 026	2 143 554	1 070 506
Selling and Distribution expenses	(37-22), (7)	(15 486 065)	(6 061 109)	(24 923 718)	(12 452 030)
General and administrative expenses	(37-22), (8)	(11 694 068)	(4 680 296)	(11 623 043)	(5 256 681)
Other expenses	(37-22), (9)	(220 571)	(111 187)	(211 852)	(114 392)
(Loss) Profit from operating activities		(9 490 893)	(8 315 076)	2 698 113	2 283 312
Share of the group from results of Joint venture activities	(37-1-vi)	-	-	42 199	28 985
Share of the group from results of associate companies activities	(37-1-vi), (10)	(639 952)	(759 109)	(213 536)	(81 796)
Change in the fair value of financial investments at fair value through profit and loss		-	71 708	-	-
(Loss) from sale of financial investments at fair value		(963 529)	(963 529)		
Finance expenses	(37-22-ii), (11)	(5 934 716)	(2 436 839)	(6 875 543)	(3 992 489)
Finance revenues	(37-21-iv), (10)	7 330 383	1 733 901	12 608 961	8 186 598
Net (loss)/profit for the period before tax		(9 698 707)	(10 668 944)	8 260 194	6 424 610
Income tax	(37-22-iv)	(836 802)	103 959	(497 747)	(270 876)
Deferred tax	(37-22-v)	(151 427)	22 058	(4 383)	(31 119)
Net (loss)/profit for the period after tax		(10 686 936)	(10 542 927)	7 758 064	6 122 615
Distributed as follows :					
Share of holding company's shareholders		(10 720 170)	(10 411 757)	7 694 005	6 062 062
Share of non-controlling interests		33 234	(131 170)	64 059	60 553
Net (loss)/profit for the period		(10 686 936)	(10 542 927)	7 758 064	6 122 615

* The notes on pages (11) to (58) are an integral part of these consolidated interim financial statements.

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Al Arafa for Investment and Consultancies

(An Egyptian Joint company – Under Public Free Zone)

Consolidated Interim Comprehensive Income Statement for the financial period ended July 31, 2020

		Financial Period ended at 31/7/2020	Financial Period from May 1, 2020 to 31/07/2020	Financial Period ended at 31/7/2019	Financial Period from May 1, 2019 to 31/07/2019
	<u>Note No.</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Net (loss)/profit for the period		(10 686 936)	(10 542 927)	7 758 064	6 122 615
<u>Other comprehensive income items</u>					
Foreign entities translation differences	(37-3)	(2 843 306)	(1 146 205)	(362 437)	(2 059 464)
Total comprehensive income for the period		(13 530 242)	(11 689 132)	7 395 627	4 063 151
<u>Distributed as follows :</u>					
Share of holding company's shareholders		(13 563 476)	(11 557 962)	7 331 568	4 002 598
Share of non-controlling interests		33 234	(131 170)	64 059	60 553
Total comprehensive income for the period		(13 530 242)	(11 689 132)	7 395 627	4 063 151

* The notes on pages (11) to (58) are an integral part of these consolidated interim financial statements.

Al Arafa for Investment and Consultancies

(An Egyptian Joint company – Under Public Free Zone)

Consolidated Interim Statement of Changes in Equity for the financial period ended July 31, 2020

Translated From Arabic

	Issued and Paid up Capital	Treasury stock	Reserves	Retained earnings	The difference resulting from the acquisition and change in ownership interests of subsidiary companies (under joint control)	Foreign entities translation differences	Net profits for the year	Net Equity of the holding company	Non controlling interests	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of February 1, 2019	94 050 000	(1 161 530)	100 151 148	30 562 594	(27 651 899)	(45 273 280)	3 398 840	154 075 873	9 622 697	163 698 570
General Authority for Investment adjustments	-	-	(70 409 272)	6 546 467	-	-	-	(63 862 805)	459 207	(63 403 598)
Balance as of February 1, 2019 - After General Authority for Investment adjustments	94 050 000	(1 161 530)	29 741 876	37 109 061	(27 651 899)	(45 273 280)	3 398 840	90 213 068	10 081 904	100 294 972
Transactions with company's shareholders										
Closing profits for the financial year ended January 31, 2019	-	-	-	3 398 840	-	-	(3 398 840)	-	-	-
Sale of treasury stocks	-	1 161 530	(890 207)	-	-	-	-	271 323	-	271 323
The effect of the acquisition of a subsidiaries shares	-	-	-	-	(205 761)	-	-	(205 761)	-	(205 761)
The effect of transforming an investment in a joint venture to subsidiary company	-	-	-	-	(245 741)	-	-	(245 741)	-	(245 741)
Adjustments on General Authority for Investment	-	-	6 257 811	(11 060 761)	-	-	-	(4 802 950)	-	(4 802 950)
Adjustments on retained earnings (subsidiary company)	-	-	-	(1 776 541)	-	-	-	(1 776 541)	-	(1 776 541)
Total Transactions with company's shareholders	-	1 161 530	5 367 604	(9 438 462)	(451 502)	-	(3 398 840)	(6 759 670)	-	(6 759 670)
Comprehensive Income Items										
Net profits on January 31, 2020	-	-	-	-	-	-	15 082 576	15 082 576	-	15 082 576
Other comprehensive income items	-	-	-	(153 455)	-	(7 195 545)	-	(7 349 000)	-	(7 349 000)
Non-controlling interests share in subsidiary companies	-	-	-	-	-	-	-	-	(6 569 793)	(6 569 793)
Total comprehensive income	-	-	-	(153 455)	-	(7 195 545)	15 082 576	7 733 576	(6 569 793)	1 163 783
Net balance as of January 31, 2020	94 050 000	-	35 109 480	27 517 144	(28 103 401)	(52 468 825)	15 082 576	91 186 974	3 512 111	94 699 085

* The notes on pages (11) to (58) are an integral part of these consolidated interim financial statements.

Al Arafa for Investment and Consultancies

(An Egyptian Joint company – Under Public Free Zone)

Consolidated Interim Statement of Changes in Equity for the financial period ended July 31, 2020

	Issued and Paid up Capital	Reserves	Retained earnings	The difference resulting from the acquisition and change in ownership interests of subsidiary companies (under joint control)	Foreign entities translation differences	Net profits (losses) for the period / year	Net Equity of the holding company	Non controlling interests	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of February 1, 2020	94 050 000	35 109 480	27 517 144	(28 103 401)	(52 468 825)	15 082 576	91 186 974	3 512 111	94 699 085
Transactions with company's shareholders									
Closing profits for the financial year ended January 31, 2020 in retained earnings	-	-	15 082 576	-	-	(15 082 576)	-	-	-
Adjustments to retained earnings	-	-	232 936	-	-	-	232 936	-	232 936
Transferred to the reserves and dividends	-	14 786 064	(14 861 497)	-	-	-	(75 433)	-	(75 433)
Total Transactions with company's shareholders	-	14 786 064	454 015	-	-	(15 082 576)	157 503	-	157 503
Comprehensive income items									
Net loss for the financial period ended July 31, 2020	-	-	-	-	-	(10 720 170)	(10 720 170)	-	(10 720 170)
Other comprehensive income items	-	-	-	-	(2 843 306)	-	(2 843 306)	-	(2 843 306)
Non-controlling interests share	-	-	-	-	-	-	-	(26 865)	(26 865)
Total comprehensive income	-	-	-	-	(2 843 306)	(10 720 170)	(13 563 476)	(26 865)	(13 590 341)
Net balance as of July 31, 2020	94 050 000	49 895 544	27 971 159	(28 103 401)	(55 312 131)	(10 720 170)	77 781 001	3 485 246	81 266 247

* The notes on pages (11) to (58) are an integral part of these consolidated interim financial statements.

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Under Public Free Zone)
Consolidated Interim Statement of Cash flows for the financial period ended July 31, 2020

Translated From Arabic

	Note No.	31/7/2020 USD	31/7/2019 USD
<u>Cash flows from operating activities</u>			
Net (losses)/profits for the period		(10 720 170)	7 694 005
<u>Adjustments for the followings :</u>			
Property, plant and equipment depreciation	(12)	2 803 505	2 849 373
Capital gain from sale of Property, plant and equipment	(6)	(3 819 887)	(18 228)
Interest and finance expenses	(11)	5 934 716	6 875 543
Credit Interest	(10)	(3 218 641)	(3 781 346)
Amortization of Intangible Assets - Trademarks	(18)	1 456 658	1 119 879
Adjustments to retained earnings		232 936	-
The share of the group from joint ventures activities		-	(42 199)
The share of the group from results of associate companies activities	(16)	639 952	213 536
Provisions <u>formed</u> during the period	(26)	43 200	66 704
Loss from sale of financial investments at fair value		963 529	-
		<u>(5 684 202)</u>	<u>14 977 267</u>
<u>Change in:</u>			
Change in inventories		(4 177 936)	1 833 163
Change in Work in progress		(231 796)	-
Change in trade receivables and other debit balances	(21)	14 204 946	(15 833 830)
Change in due from related parties	(33-1)	246 659	(73 324)
Change in trade payables and other credit balances		1 177 082	(3 270 437)
Provisions used	(26)	(62 931)	(274 216)
Deferred tax liabilities / assets		151 427	4 383
Net cash provided from (used in) operating activities		<u>5 623 249</u>	<u>(2 636 994)</u>
Interest and finance expense paid	(11)	<u>(1 437 721)</u>	<u>(6 277 895)</u>
Net cash provided from (used in) operating activities		<u>4 185 528</u>	<u>(8 914 889)</u>
<u>Cash flows from investing activities</u>			
Payments for acquisition of property, plant and equipment and projects under construction	(12),(13)	(2 692 538)	(2 820 151)
Proceeds from sale of property, plant and equipment	(12)	4 419 256	1 142 713
Change in Treasury bills due after three months		(981 833)	(153 384)
Payments for acquisition of Financial investments at fair value through profit and loss		(32 927 745)	-
Proceeds from sale of Financial investments at fair value through profit and loss		31 959 216	-
Credit interest collected	(10)	<u>2 022 703</u>	<u>3 657 557</u>
Net cash provided from investing activities		<u>1 799 059</u>	<u>1 826 735</u>
<u>Cash flows from financing activities</u>			
Change in non-controlling interest	(37-1-ii)	(26 865)	(5 477)
Change in Notes payable - Long term		(843 327)	-
Net payments for Long-term loans	(23)	(231 457)	(1 873 133)
Net (Payments for) Proceeds from banks-credit facilities	(23)	(17 016 236)	30 395 210
Net change in other long-term liabilities	(24)	(1 220 706)	3 746 937
Change in Other Long-term assets - English Baird group		16 456	(3 565 250)
Net cash provided from (used in) financing activities		<u>(19 322 135)</u>	<u>28 698 287</u>
Net change in cash and cash equivalents during the period		<u>(13 337 548)</u>	<u>21 610 133</u>
The impact of converting investments in subsidiary companies to associate companies		-	(1 209 493)
Cash and cash equivalents at the beginning of the period	(22)	<u>85 404 454</u>	<u>55 506 156</u>
Cash and cash equivalents at the end of the period	(22)	<u>72 066 906</u>	<u>75 906 796</u>

* The notes on pages (11) to (58) are an integral part of these consolidated interim financial statements.

**Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Public Free Zone)**

Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1- Background and activities

1-1 Legal entity

- Al Arafa for Investment and Consulting Company – An Egyptian Joint Stock Company – was established in accordance with the provisions of the safeguards law and investment incentives No. (8) for the year (1997), which are replaced by law (72) for the year (2017) with the free zones system.
- The Board of Directors of Swiss Garments Company (S.A.E.) – Free Zone (subsidiary company) proposed in its meeting held on the 18th of June 2005 to separate the Company into two Joint Stock Companies (main Company and Spin-off Company) operating according to the Free Zones System with the same shareholders and the same participation percentage in the issued capital company's as at of separation date. The Board also proposed using the book value of the assets and liabilities, as of the 30th of June 2005 as a basis for the separation. As the purpose of the main company will be specialized in investing in financial instruments and the spin-off company will be specialized in manufacturing ready-made garments As the company's Extraordinary General Assembly at its session held on October 14, 2005 agreed on the mentioned board of director's proposal, as a final approval on the issuance of the separation decision was taken by the general Authority for Investment and Free Zones as of November 24, 2005.
- The main Company's name was changed to Al Arafa for Investment and Consultancies Company, and the commercial register was amended accordingly on January 11, 2006.
- The company's amendment has been registered in the commercial registry with no. 17426 on 16/1/2006.
- According to the merging company's main statute, the company's financial year start from the first of February from each year and ends at 31 January from the next year, rule 55.
- The Company term is 25 years, Starting from the date of this amendment registration to the commercial register.
- Company's location: Nasr city free zone, Cairo, Arab Republic of Egypt.
- The Company's Chairman and Managing Director is Dr / Alaa Ahmed Abdel-Maksoud Arafa
- The financial statements were approved for issuance by the company's board of directors on September 15, 2020.

1-2 Company's purpose

Providing financial and management consultancy services, investing in Capitals of Egyptian and Foreign Companies and participating in restructuring companies and providing technical and management support.

1-3 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

**Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Public Free Zone)**

Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1-4 Merger of both Al Arafa for Investment and Consultancies Company (S. A. E.) under the General Free Zone System (merging company) and Al Arafa for Investment in Garments industry Company (merged company), Al Arafa for Investment in Spinning and Textile Industry Company (merged company), and Al Arafa for Investments in Garments Marketing and Retail Company (merged company)

The decision of the formed committee was issued by the General Authority for Investment and Free Zones, approved on the first of July 2019 to enquire the initial assessment of the assets and liabilities of the following companies for the purpose of merging with the Al Arafa for Investment and Consultancies Company (S. A. E.) merging company with both Al Arafa for Investment in Spinning and Textile Industry Company (S. A. E.) (free zone), and Al Arafa for Investment in Garments industry Company (S. A. E.) (free zone) and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) in book values according to the financial statements of the merging company and the merged companies on October 31, 2018. Mainly taken as a basis for the merger.

And establishing the net equity of Al Arafa for Investment and Consultancies Company (merging company) on October 31, 2018 amounting to USD 146 935 721 (one hundred forty six million nine hundred thirty five thousand seven hundred and twenty one USD) and the net non-controlling interest in the Al Arafa for Investment in Garments industry Company (merged company) deficit of USD 31 971 885 (thirty one million nine hundred seventy one thousand eight hundred eighty five USD) and the Al Arafa for Investment in Spinning and Textile Industry Company (merged company) amounting to USD 16 753 (sixteen thousand seven hundred and fifty three USD) after excluding the value of the investments of Al Arafa for Investment and Consultancies Company (the merging company) in Al Arafa for Investment in Spinning and Textile Industry Company (merged company) amounting to USD 2 077 340 (two million and seventy seven thousand and three hundred and forty USD), and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (merged company) deficit of USD 3 896 892 (three million eight hundred ninety six thousand eight hundred and ninety two USD).

According to the decision of the extraordinary general assembly of the company on August 4, 2019, it was agreed to specify the authorized capital of the merging company amounted to USD 150 million (one hundred and fifty million USD) and the issued and paid-up capital of the company amounted to USD 94 050 000 (ninety four million fifty thousand USD) distributed over the amounting 470 250 000 shares (four hundred seventy million two hundred and fifty thousand shares) each share value is 20 US cents. It is represented by the total equity in the merging company, Al Arafa for Investment and Consultancies Company and the equity of non-controlling interest in the merged companies according to the report of the committee formed by the General Authority for Investment and Free Zones and according to the decision of the Executive chairman of the General Authority for Investment and Free Zones No. 85 of 2019 regarding licensing the merger of each of the Al Arafa for Investment in Spinning and Textile Industry Company (S. A. E.), and Al Arafa for Investment in Garments industry Company (S. A. E.) and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) in Al Arafa for Investment and Consultancies Company (S. A. E.) merging company in the public free zones system in Nasr City, and this was registered in the company's commercial registry on December 10, 2019.

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Public Free Zone)

Translated From Arabic

Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1-5 Subsidiary Companies

The following is a statement of the percentage of investments in the subsidiaries of Al Arafa for Investment and Consultancies Company, which have been included in the consolidated Interim financial statements:

Subsidiary's Name	Legal Entity	Ownership Percentage	
		31/7/2020	31/1/2020
<u>Direct contribution</u>			
Concrete Garments Company	(S.A.E.)	91.64 %	91.64 %
Swiss Cotton Garments Company	(S.A.E. Free Zone)	99.20 %	99.20 %
Egypt Tailoring Garments Company	(S.A.E)	99.40 %	99.40 %
Crystal for Making shirts *	(S.A.E.)	99.90 %	99.90 %
Fashion Industry	(S.A.E Free Zone.)	89.80 %	89.80 %
Camegit for Garments Manufacturing **	(S.A.E.)	99.50 %	99.50 %
Egypt Portugal Marketing Company	(S.A.E Free Zone.)	59 %	59 %
EP Garments	(S.A.P.)	60 %	60 %
Euromed for trading & marketing Company	(S.A.E.)	96.97 %	96.97 %
White Head Spinning Company	(S.A.E.)	44.10 %	44.10 %
Port Said Garments Company	(S.A.E.)	97.17 %	97.17 %
Swiss Garments Company	(S.A.E Free Zone.)	99.20 %	99.20 %
Baird Group	(U.K)	98.15 %	98.15 %
Al Arafa for real estate investment	(S.A.E.)	98.48 %	98.48 %
<u>Indirect contribution</u>			
Savini Garments Company ***	(S.A.E)	49.20 %	49.20 %

* On 4 September 2019, Al Arafa for Investment and Consultancies Company purchased 11.22 % of the shares of Crystal For Making Shirts Company, making the shareholding capital of the company 99.9% instead of 87.67%.

** On 27 June 2019, Al Arafa for Investment and Consultancies Company acquired 50 % of the shares of Camegit for Garments Manufacturing Company in addition to 49.5 % ownership through Al Arafa for investments in Garments Marketing & Retail to become the combined contribution ratio is 99.9 %.

*** Kithan is listed as a subsidiary as it is 49.2% owned directly by Al Arafa for Investment and Consultancies and indirectly through Swiss Garments Company with 50% investment. The name of the company was also changed to "Savini Garments Company – S.A.E", this was registered in the commercial register of the Company on January 27, 2010.

Associate companies have not been accounted for using the equity method

	Share Percentage		Country
	31/7/2020	31/1/2020	
Middle East clothing (Metco) Indirect contribution	48.5 %	48.5 %	Egypt

Metco has not been accounted for using the equity method as a result of a management contract whereby other shareholders retain full control over the financial and operating policies of the Company and the Group does not have voting rights on the Board of Directors.

**Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Public Free Zone)**

Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1-5-1 Concrete Garments Company

- Concrete Cotton Products (S.A.E.) was established in accordance with the provisions of the Investment Law No. 8 of 1997 regarding investment guarantees and incentives. The company was registered in the commercial registry under No. 5365 on September 1st, 2003.
- Concrete Cotton Products Company (merged company) was merged into Concrete Garments Company (merging Company) based on the approval of the Extraordinary General Assembly on September 29, 2003 to merge Concrete Garments Company - S.A.E. (Merged Company) into Concrete Cotton Products Company (merging company) on the basis of the financial position of each of the two companies on July 31, 2003, and the approval of the extraordinary general assembly in its session held on December 25, 2004 on the result of the evaluation prepared by the committee formed by the Capital Market Authority to Ministerial Resolution No. 106 of 2004 and has been indicated the merger in commercial register on February 22, 2005.
- The company name was changed to Concrete Garments Company based on the decision of the Extraordinary General Assembly on December 25, 2004 and it was indicated in the company's commercial register on February 22, 2005.
- According to article (5) of the company's articles of association, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.
- The company is located at 37 Gamaet Eldewal Elarabia Street - Giza.
- The Chairman of the Board of directors is Eng. Maha Hashem Mohamed Kamal
- Establishing and operating a factory to manufacture garments of all shapes, varieties, types and accessories, manufacturing ties, and the production of fabrics necessary for its manufacture, furnishing embroidery and import.
- The company may have an interest or participate in any way with companies and others that carry out similar activities with its business or that help it achieve its purpose in Egypt or abroad, it is also permissible for it to merge or buy or join the aforementioned entities in accordance with the provisions of the law and its executive regulations.

1-5-2 Swiss Cotton Garments Company

- The company was established under the name "Swiss Cotton Garments Company - S.A.E. under the Special Free Zones System, in accordance with the provisions of the laws in the Arab Republic of Egypt under the provisions of the Investment Guarantees and Incentives Law Issued by Law No. 8 of 1997 and Law No. 159 of 1981 issuing the Law of Joint Stock Companies and stock limited companies and limited liability companies and their executive regulations, and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations, and the decision of the President of the General Authority for Investment and Free Zones No. 748 / T of 2007 regarding licensing the establishment of the company under the special free zones system.
- The company duration is twenty-five years, starting from the date of its registration in the commercial registry on May 22, 2007.
- Company is located at plot from (6-191) to plot (6-198) medium industries area - Bayad Al Arab - New Beni Suef city - east of the Nile.
- The Chairman of the Board of Directors is Mrs. Hala Mohamed Kamal Hashem, and the Managing Director of the Board of directors is Mr. Basem Mohamed Fadel Sultan.

**Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Public Free Zone)**

Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1-5-3 Egypt Tailoring Garments Company

- The company was established under the name "Egyptian Fashion Garments Company - S.A.E." according to the provisions of the laws in the Arab Republic of Egypt under the provisions of the Investment Guarantees and Incentives Law issued by Law No. 8 of 1997 and taking into account the provisions of Law No. 95 of 1992 to issue the Capital Market Law and its executive regulations, and chairman decision of the General Authority for Investment and Free Zones No. 506 / T on May 12, 2014.
- On May 15, 2016, the Extraordinary General Assembly of the shareholders of Egyptian Fashion Garments Company - S.A.E. (merging company) decided unanimously to take the following decisions:
 - A- Approval unanimously to amend the merger contract of Egypt Tailoring Garments Company - S.A.E. (merged company) in Egyptian Fashion Garments - Company - S.A.E. (merging company) as of June 1, 2014, signed on May 15, 2015 in light of the amendments of the Extraordinary General Assembly held on March 5, 2016 and approved by the General Authority for Investment and Free Zones on April 20, 2016.
 - B- Approval unanimously to amend Articles No. (2), (3), (4), (5), (6), (7) of the company's articles of association, in the company registration sheet in the commercial registry on June 26, 2016.
- According to the provision of Article (5) of the company's articles of association, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.
- The extraordinary general assembly of the company, held on May 15, 2016, decided to amend the company's duration to become the following:
Twenty-five years starting from the date of indicated the merger contract in the company's commercial register on June 26, 2016.
- The name of the company has been modified to Egypt Tailoring Company - S.A.E. according to the Extraordinary General Assembly Resolution dated March 5, 2016 and it was indicated in the Commercial Register on August 11, 2016.
- The company's located in Plot No. (1) east of Industrial Zone (A-1) in 10th of Ramadan City - Sharkeya
- Chairman of the Board of Directors is Mrs. Sherine Ahmed Abdel Maksoud Arafa.
- According to the provision of Article (3) of the company's articles of association, the purpose of the company is to set up and operate a factory to produce ready-made garments of all kinds and export them, and the company may have an interest or participate in any way with companies and others that perform businesses similar to its business or that help them achieve their purpose in Egypt or abroad, and it is also permissible for it to merge, buy, or attach to the aforementioned entities, according to the provisions of the law and its executive regulations.
- Establishing and operating a factory for the production of ready-made clothes of all shapes, varieties and types and exporting outside the country, subject to the provisions of applicable laws, regulations and decisions, and with the condition that the necessary licenses be issued to practice these activities.
- The company may have an interest or participate in any way with companies and others that carry out similar activities with its business or that help it achieve its purpose in Egypt or abroad, what it is permissible for it to merge or buy or join them in the aforementioned entities in accordance with the provisions of the law and its executive regulations.
- The amendment of Article (3) of the articles of association was indicated in the company registration sheet in the commercial registry on June 26, 2016.

**Al Arafa for Investment and Consultancies
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Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1-5-4 Crystal for Making shirts

- The company was established in accordance with the provisions of the laws in the Arab Republic of Egypt in the framework of the provisions of the Investment Guarantees and Incentives Law issued by Law No. 8 of 1997 and Law No. 159 of 1981 regarding the issuance of the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations and taking into account the provisions of the Capital Market Law Issued by Law No. 59 of 1992 and its executive regulations, and decision of the president of the General Authority for Investment and Free Zones No. 1430 / T of 2010 regarding licensing the establishment of the company and registered in the commercial registry under No. 49900 Commercial Investment Registry of Cairo on January 3, 2011.
- According to the decision issued by the General Authority for Investment and Free Zones No. 481 / p on March 21, 2011 regarding licensing to replace the text of the fourth article of the company's articles of association, the company's registration sheet was canceled in the previous commercial registry and a new registration sheet was issued in the commercial register under No. 51066 Commercial Investment Registry, Cairo on March 28, 2011.
- The company manufactures men's and children's ready-made clothes from woven fabrics, women's and girls' ready-made clothes, and general children's ready-made clothes.
- On October 10, 2011, the Extraordinary General Assembly of the Company's shareholders decided to add the activities of various bedding groups to the purpose of the company, this addition was indicated in the company's registration sheet in the commercial registry on December 25, 2011.
- The company located in 12 Abu Jaafar Al-Nahhas Street - Heliopolis - Cairo. The activity site will be one of the approved industrial zones in all parts of the Arab Republic of Egypt except for North and South Sinai and East Qantara, The approval of the commission is required in advance, taking into account what was stated in Prime Minister decision No. 350 of 2007 and taking into account the decision of the President of the Arab Republic of Egypt No. 356 of 2008.
- On February 15, 2011 the extraordinary general assembly of the company's shareholders decided to amend the company's head office and activity site to become the company's main center and legal location and activity site is an area of 15815 square meters in the medium industries area of the new city of Beni Suef - Beni Suef Governorate, and leased from the Swiss Cotton Garments Company, This was indicated in the company registration sheet in the commercial registry according to the decision issued by the General Authority for Investment and Free Zones No. 481 / p dated March 21, 2011.

1-5-5 Fashion Industry

- The company was established in the name of Koreni Egypt Garments - S.A.E. - operating in the public free zone system in Nasr City - according to the provisions of Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations and Law No. 159 of 1981 Issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations and decision of the Chairman of the General Authority for Investment and Free Zones No. 360 of 2006 regarding licensing the establishment of the company and was registered in the commercial registry under No.

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Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

18631 Unified Investment Commercial Registry Office - Cairo - on May 3, 2006 and was published its primary contract and articles of association in the Investment newspaper No. (1950) on May 17, 2006.

- On August 2, 2012, the extraordinary general assembly of the company decided to change the company name to become "Fashion Industry Garments". The General Authority for Investment and Free Zones Decision No. 118 / M of 2013 was issued regarding licensing the amendment of Article No. (2) of the of company's articles of association, and this was indicated in the company's sheet in the commercial registry under No. 18683 on September 2, 2013.
- The purpose of the company is to undertake in the public free zone in Nasr City to engage in marketing activity in the Italian market and to provide fabrics and production requirements for the production of ready-made clothes and operate them with others outside the public free zone in Nasr City in the local market or other free zones and return the full product to the free zone and then re-export 100% out of the country.

1-5-6 Camegit for Garments Manufacturing

- Camegit for Garments Manufacturing - S.A.E. was established in the Arab Republic of Egypt in accordance with the provisions of Law 159 of 1981 and its executive regulations and the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and its executive regulations.
- The company's duration is twenty-five years, starting from the date of its registration in the commercial register on November 19, 2011 under No. 55880.
- According to the provision of Article (5) of the company's articles of association, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.
- Company is located at the middle industries zone - New Beni Suef City.
- The Chairman of the Board of directors is Mrs. Hala Mohamed Kamal Hashem.
- The purpose of the company is to set up and operate a factory to manufacture ready-made clothes and shirts, manufacture production requirements, and export and distribute all of the company's products.

1-5-7 Egypt Portugal Marketing Company

- Egypt Portugal for trade and Marketing garments Company - S.A.E. - operating under the public free zone system in Nasr City in accordance with the provisions of Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations and Law No. 159 of 1981 Issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations, and it was registered in the commercial register under No. 27037 Unified investment Commercial Registry Office - Cairo on September 4, 2007.

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- The purpose of the company is to market all types of ready-made clothes globally and trade all kinds of ready-made clothes between Egypt and the markets globally and distribute them directly in various parts of the world with a commitment to export 100% of the volume of activity outside the Arab Republic of Egypt.
- The main center of the company and the activity site is the area leased from Al-Arafa for Investment and Consultancies Company - S.A.E. in Nasr City - Arab Republic of Egypt.
- Egypt Portugal for trade and Marketing garments Company - S.A.E. is a subsidiary of Al Arafa Investment and Consulting - S.A.E. - established in accordance with the provisions of Law No. 8 of 97 and registered in the commercial registry under No. 17426 on January 17, 2006 the Unified Investment Office in Cairo.

1-5-8 Euromed for trading & marketing Company

- Euromed for trading & marketing Company (S.A.E.) was established in accordance with the provisions of the Law on Joint Stock Companies and stock limited companies and Limited Liability Companies issued in Law No. 159 of 1981 and its executive regulations. The company was registered in the commercial registry on May 30, 2005.
- On June 26, 2005, the extraordinary general assembly of Euromed for trading & marketing Company (S.A.E.) decided to approve the merger of Brands for trading & marketing Company (Alaa Ahmed Arafa & Co.) - a limited partnership company - in it, on the basis of the financial position of two companies on June 30, 2005. Also, the Extraordinary General Assembly also decided on December 1st, 2005 to approve the report of the evaluation committee formed by Ministerial decree No. 181/4 of 2005 and registered in the commercial registry on August 6, 2006.
- The Chairman of the General Authority for Investment and Free Zones No. 418 of 2006 were issued, and the previous ministerial decree was also published with the merger contract and the company's articles of association which includes amending articles No. (4), (6), (7) in the journal of investment - No. 1183 on April 27, 2006.
- According to the provision of Article (5) of the company's articles of association, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.
- The company is located at 37 Gamaet Eldewal Elarabia Street – Giza governate - 7th floor.
- The Chairman of the Board of directors is Dr. Alaa Ahmed Abdel Maksoud Arafa.

1-5-9 White Head Spinning Company

- White Head Spinning Company " S.A.E." was established according to the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and its executive regulations and Law No. 159 of 1981 issuing the law of joint-stock companies and stock limited companies and limited liability companies and its executive regulations, and the decree of the President of the General Authority for Investment No. 2587 of 2002 Regarding licensing the establishment of White Head Spinning Company (S.A.E.) with the internal investment system, the company has been registered in the Commercial Registry Office under No. (3353) on October 20, 2002.
- Establishing and operating wool spinning, and weaving factory and wool yarn mixed with synthetic and natural fibers and acrylic yarn after mixing it with tops filaments.

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Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1-5-10 Port Said Garments Company

- Port Said Garments Company (S.A.E.) - was established by the system of internal investment in accordance with the provisions of Law No. 43 of 1974 by the Arab and Foreign Money Investment System and Free Zones amended by Law No. 230 of 1989 and its executive regulations and replaced by Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and applicable laws The contract and the articles of association and taking into consideration the provisions of Law No. 159 of 1981 and its executive regulations. The company was registered in the commercial registry under No. 23177 Port Said office on January 15, 1984.
- The company is located at plot No. (1) east of Industrial Zone (A-1) in 10th of Ramadan City, Sharkeya governorate
- The Chairman of the Board of directors is Dr. Alaa Ahmed Abdel Maksoud Arafa.
- The purpose of the company was specified in its primary contract and its articles of association "Manufacturing men's ready-made clothes", but the company stopped engaging in industrial production activity stipulated for the purpose of its establishment, based on the decree of the extraordinary general assembly in its session on January 30, 2000, which decided to contribute to the capital of the Middle East Company "Metco" by 50% performed in the form of machines in the factory, the factory buildings and its accessories were leased to the investee company as well as the transfer of labor to it
- The extraordinary general assembly of the company decided in its session on March 30, 2006 to amend the company's location to become the third industrial zone (A-1) 10th of Ramadan City in Sharkia, and amend the text of Article (4) of the company's articles of association accordingly, Articles No. 20 and 38 of the company's articles of association regarding the formation of the board of directors and determining the venue of the general assembly have also been amended, and this has been published in Investment Journal No. 2796 of August 29, 2006. And it was re-registered in the commercial registry - Ismailia - which the company's activity site belongs to after the amendment to the 10th of Ramadan City accordingly under No. 1120 of the Ismailia Investment Office - on September 12, 2006.
- The extraordinary general assembly of the company decided in its session on December 8, 2013 to amend Article No. (20) of the company's articles of association, and the Chairman of the General Authority for Investment and Free Zones was approved by Resolution No. 251 / p of 2014 and amending the articles of association based on this decision

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Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1-5-11 Swiss Garments Company

- Swiss Garments Company (S.A.E.) - operates under the private free zones system in accordance with the provisions of Law No. 8 of 1997 issuing the Law of Investment Guarantees and Incentives and its executive regulations and registered in the commercial registry under No. (715) on January 4, 2006 the Office of Commercial Investment Registry – Ismailia governorate.
- The company is located in the third industrial zone A-1, 10th of Ramadan City - Sharkia. The company has a management branch located at 12 Abu Jaafar El-Nahhas St. - Ard El-Golf -Cairo governorate, and it is indicated in the company's commercial registry sheet.
- The purpose of the company is to carry out in the special free zone the activity of manufacturing all types of ready-made clothes and storing ready-made clothes in the local market inside the country and the free zones for the purpose of fully exporting those 100% outside the country.
- The company duration is twenty-five years, starting from the date of its registration in the commercial register.

1-5-12 Baird Group

- Baird Holding Company was established in England and Wales No. (07374226) on September 13, 2010 and the group consists of the following subsidiaries:

Company's Name	Establishment Cou	Establishment D	Establishment
Baird Group ltd	England and Wales	21 November 2008	06755436
BMB Group ltd	England and Wales	13 October 2000	04060218
BMB Clothing ltd	England and Wales	13 October 2000	04090249
BS Europe B.V	Holland	21 January 2019	859648114
BS Europe GmbH	Germany	9 January 2019	HRB 23879
Racing Green ltd	England and Wales	13 October 2000	04090241
Addison & Steele ltd	England and Wales	11 May 2000	03990225
Alexander of England ltd	England and Wales	16 November 1987	02194235
Worth Valley Meanswear ltd	England and Wales	5 March 1976	01247419

- The purpose of the company is to sell formal and casual men's clothing through many of the group's stores, in addition to the franchise rights in many supermarkets in the United Kingdom and European Union. The group owns many distinctive brands such as: Ben Sherman, Gibson London, Alexander and Jeff Bank.
- The company is located in Leeds, UK
- The Group CEO is Mark Cotter.

**Al Arafa for Investment and Consultancies
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Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

1-5-13 Al Arafa for real estate investment

- Al-Arafa Real Estate Investment Company (S.A.E.) was established in accordance with the provisions of the laws in force in the Arab Republic of Egypt in light of the provisions of the Investment Guarantees and Incentives Law issued by Law No. 8 of 1997 and Law No. 159 of 1981 issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and their executive regulations and observing the provisions of the law No. 95 of 1992 issuing the Capital Market Law and its executive regulations and Chairman of the General Authority for Investment and Free Zones No. 322 / T of 2007 regarding licensing the establishment of the company in the internal investment system, and registered in the commercial registry under No. 27353 unified investment Commercial Registry Office of - Cairo on September 20, 2007.
- The company is located in 12 Abu Jaafar Al-Nahhas Street - Ard El-Golf - Heliopolis - Cairo.
- Activity site: New cities, urban communities, remote areas, and areas outside the old valley in all parts of the Republic, except for North and South Sinai and Qantara East. The approval of the commission is required in advance, taking into account what was stated in Prime Minister decree No. 350 of 2007.
- Chairman of the Board of directors is Dr. Alaa Ahmed Abdel Maksoud Arafa.

1-5-14 Savini Garments Company

- The company was established in the system of private free zones and in accordance with the provisions of the laws in force in the Arab Republic of Egypt in the framework of the provisions of the Investment Guarantees and Incentives Law promulgated by Law No. 8 of 1997 and Law No. 159 of 1981 issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations, and the decree of the President of the General Authority for Investment and Free Zones No. 725 / T for the year 2007 regarding licensing the establishment of the company in the special free zones system, and registered in the commercial register under No. 24591 Commercial Investment Registry of Cairo - dated May16 , 2007.
- The purpose of the company is to manufacture all types of garments.
- The main center and site of activity in the intermediate industries zone - the new Beni Suef city with an area of 20 thousand square meters leased from the Swiss Cotton Garments Company (S.A.E.- private free zone) - Beni Suef.
- The company duration is twenty-five years, starting from the date of its registration in the commercial register.

Al Arafa for Investment and Consultancies

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Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

2- Basis of preparation of the consolidated Interim financial statements

2-1 Statement of compliance

The Consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) and relevant Egyptian laws and regulations.

2-2 Functional and presentation currency

The consolidated financial statements are presented in the USD and all the financial information included are in USD.

2-3 Use of estimates and judgments

The preparation of The Consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors and the actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed Periodically.

changes to accounting estimates are recognized in the period in which the estimates are changed if the change affects only that period or in the period of the change and future periods if the change affects both current and future periods.

The following are the most important accounts and notes that uses estimates and personal judgment: -

- 1- Property, plant and equipment useful lives (Note 37-4iii).
- 2- Impairment in the value of investments in associate companies and available for sale investments (Note 15,16).
- 3- Impairment in the value of trade receivables and other debtors (Note 21).
- 4- Recognition of deferred tax assets and contingent liabilities (Note 17, 35).
- 5- Provisions and contingent liabilities (Note 26).
- 6- Financial instruments (Note 27).

2-4 Fair value measurement

- The fair value of financial instruments is determined on the basis of the market value of the financial instrument or similar instruments at the reporting date, without discounting any estimated future selling costs.
- The financial assets are valued at current purchase prices for these assets, while the financial liabilities are valued at current settlement costs of these liabilities.
- In case of absence of an active market to determine the value of the financial instruments, the fair value shall be determined using other valuation techniques taking into consideration recent transactions prices and using the guidance of current fair value as similar instruments. The discount cash flow method is used primarily or any other technique, which may result in a reliable value.
- When using the discounted cash flow method as a valuation method, the future cash flows are calculated using the management's most probable expectations. The discount rate used is the prevailing rate for a similar instrument in the market similar in nature and condition, on the date of the financial statements.

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Notes to the consolidated Interim financial statements for the financial period ended July 31, 2020

3- Segment reporting

3-1 Operating results of the business activities of the group companies for the financial period ended July 31, 2020

	Note No.	Garments manufacturing segment USD	Retail segment USD	Real estate Investment USD	Investments USD	Eliminations USD	Total after eliminations USD
Total Revenues	(4)	54 207 312	30 572 555	9 670	--	--	84 789 537
Sales between companies for the same segment		(22 730 103)	(566 331)	--	--	(23 296 434)	--
Net Revenues		31 477 209	30 006 224	9 670	--	(5 748 484)	55 744 619
Revenue from external clients		25 906 209	29 838 410	9 670	--	--	55 754 289
Intercompany group sales		5 571 000	167 814	--	--	(5 748 484)	(9 670)
Total		31 447 209	30 006 224	9 670	--	(5 748 484)	55 744 619
Cost of operation	(5)	(30 422 462)	(17 896 775)	(11 209)	--	5 837 029	(42 493 417)
Gross profit (loss)		1 054 747	12 109 449	(1 539)	--	88 545	13 251 202
Other revenues	(6)	816 479	4 002 347	--	85 194	(245 411)	4 658 609
Selling and distribution expenses	(7)	(2 066 215)	(13 526 166)	--	--	106 316	(15 486 065)
General and administrative expenses	(8)	(2 523 151)	(7 172 309)	(28 037)	(1 978 902)	8 331	(11 694 068)
Other expenses	(9)	(81 065)	(15 693)	--	(48 452)	(75 361)	(220 571)
Operating profit (losses)		(2 799 205)	(4 602 372)	(29 576)	(1 942 160)	(117 580)	(9 490 893)
Loss from sale of financial investments at fair value through profit and loss		--	--	--	(963 529)	--	(963 529)
Share of the group from results of associates activities		--	--	--	(639 952)	--	(639 952)
Finance revenues / (expenses) (net)	(10,11)	(1 566 705)	(1 321 781)	202 207	3 964 366	117 580	1 395 667
Net (loss) for the period before tax		(4 365 910)	(5 924 153)	172 631	418 725	--	(9 698 707)
Income tax		(18 501)	(818 301)	--	--	--	(836 802)
Deferred tax		(56 030)	(91 712)	(3 685)	--	--	(151 427)
Net (loss) for the period after tax		(4 440 441)	(6 834 166)	168 946	418 725	--	(10 686 936)
Distributed as follows:							
Share of holding company's shareholders		(4 431 847)	(6 874 642)	167 594	418 725	--	(10 720 170)
Share of Non – controlling interest		(8 594)	40 476	1 352	--	--	33 234
Net (loss) for the period		(4 440 441)	(6 834 166)	168 946	418 725	--	(10 686 936)

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3-2 Operating results of the business activities of the group companies for the financial period ended July 31, 2019

	Note No.	Garments manufacturing segment USD	Retail segment USD	Real estate Investment USD	Investments USD	Eliminations USD	Total after eliminations USD
Total Revenues	(4)	79 945 691	71 405 657	8 481	2 220 659	—	153 580 488
Sales between companies for the same segment		(35 531 714)	(406 054)	—	—	(35 937 768)	—
Net Revenues		44 413 977	70 999 603	8 481	2 220 659	(11 105 761)	106 536 959
Revenue from external clients		33 449 853	70 857 966	8 481	2 220 659	(2 229 140)	104 307 819
Intercompany group sales		10 964 124	141 637	—	—	(11 105 761)	—
Total		44 413 977	70 999 603	8 481	2 220 659	(13 334 901)	104 307 819
Cost of operation	(5)	(38 654 131)	(39 446 277)	(1 957)	—	11 107 718	(66 994 647)
Gross profit		5 759 846	31 553 326	6 524	2 220 659	(2 227 183)	37 313 172
Other revenues	(6)	1 187 507	290 273	198 835	597 129	(130 190)	2 143 554
Selling and distribution expenses	(7)	(2 296 484)	(22 637 562)	—	—	10 328	(24 923 718)
General and administrative expenses	(8)	(3 026 910)	(6 896 932)	(951 437)	(2 197 370)	1 449 606	(11 623 043)
Other expenses	(9)	(107 471)	(6 120)	—	(98 261)	—	(211 852)
Operating profit (loss)		1 516 488	2 302 985	(746 078)	522 157	(897 439)	2 698 113
Share of the group from results of joint ventures activities		—	—	—	—	42 199	42 199
Share of the group from results of associate companies		—	—	—	—	(213 536)	(213 536)
Finance revenues / (expenses) (net)	(10,11)	(1 437 548)	(1 269 099)	162 523	8 310 010	(32 468)	5 733 418
Net Profit (loss) for the period before tax		78 940	1 033 886	(583 555)	8 832 167	(1 101 244)	8 260 194
Income tax		(51 543)	(446 204)	—	—	—	(497 747)
Deferred tax		12 310	(16 693)	—	—	—	(4 383)
Net Profit (loss) for the period after tax		39 707	570 989	(583 555)	8 832 167	(1 101 244)	7 758 064
Distributed as follows:							
Share of holding company's shareholders		85 577	463 726	(578 887)	8 824 833	(1 101 244)	7 694 005
Share of Non – controlling interest		(45 870)	107 263	(4 668)	7 334	—	64 059
Net profit (loss) for the period		39 707	570 989	(583 555)	8 832 167	(1 101 244)	7 758 064

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4- Operation revenues

	Note	Financial Period ended July 31, 2020	Financial Period from May 1, 2020 to July 31, 2020	Financial Period ended July 31, 2019	Financial Period from May 1, 2019 to July 31, 2019
	No.	USD	USD	USD	USD
Operations revenues		55 744 619	15 467 971	104 307 819	55 039 760
		<u>55 744 619</u>	<u>15 467 971</u>	<u>104 307 819</u>	<u>55 039 760</u>

5- Operation cost

Raw material and supplies		22 866 538	4 900 552	25 921 483	13 348 022
Goods held for sale		7 792 256	4 339 915	28 025 160	16 864 512
Packing and wrapping material		766 845	580 844	715 516	347 298
Industrial wages		7 954 656	3 035 713	7 355 317	3 197 970
Property, plant and equipment depreciation	(12)	1 006 621	433 064	1 604 290	962 727
Industrial expenses		5 608 146	2 476 810	5 493 970	3 007 842
		<u>45 995 062</u>	<u>15 766 898</u>	<u>69 115 736</u>	<u>37 728 371</u>
<u>deduct</u>					
Export subsidy revenues		(705 624)	36 721	(2 069 726)	(1 136 841)
Change in Finished goods and Work in process		(2 796 021)	(2 552 138)	(51 363)	(587 679)
		<u>42 493 417</u>	<u>13 251 481</u>	<u>66 994 647</u>	<u>36 003 851</u>

6- Other revenues

Collected Rents		678 763	303 998	468 992	30 019
Capital gains		3 819 887	(18 190)	1 028 918	515 306
Earned discounts		16 626	968	84 279	20 537
Revenue from service rendered to other		47 600	23 800	54 214	43 033
Others		95 733	10 450	507 151	461 611
		<u>4 658 609</u>	<u>321 026</u>	<u>2 143 554</u>	<u>1 070 506</u>

7- Selling and distribution expenses

Wages and salaries		5 051 845	1 666 124	11 015 503	5 495 888
Rents		4 927 710	2 207 491	5 211 607	2 653 499
Sales commissions		918 297	229 543	1 316 318	174 282
Advertising		752 829	298 619	1 242 936	630 792
Property, plant and equipment depreciation	(12)	735 569	314 200	1 130 141	575 612
Export expenses		1 497 152	324 415	1 531 762	612 080
Others		1 602 663	1 020 717	3 475 451	2 309 877
		<u>15 486 065</u>	<u>6 061 109</u>	<u>24 923 718</u>	<u>12 452 030</u>

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8- General and administrative expenses

Wages and salaries	4 288 862	1 769 304	4 729 510	2 355 698
Rents (General and administrative)	305 186	153 304	292 989	188 349
Property, plant and equipment depreciation	1 061 315	670 956	1 407 778	715 376
Lease payments	487 048	117 580	2 165 358	1 095 762
Others	5 551 657	1 969 152	3 027 408	901 496
	<u>11 694 068</u>	<u>4 680 296</u>	<u>11 623 043</u>	<u>5 256 681</u>

9- Other expenses

General Authority for Investment fees	116 921	93 164	98 049	57 450
Provisions formed during the year	43 200	21 600	66 704	36 089
Others	60 450	(3 577)	47 099	20 853
	<u>220 571</u>	<u>111 187</u>	<u>211 852</u>	<u>114 392</u>

10- Finance revenues

Credit interest revenues (37-21-iv)	3 218 641	1 697 608	3 781 346	2 073 484
Foreign currency exchange differences for balances and transactions with foreign currencies (37-2)	4 111 742	36 293	8 827 615	6 113 114
	<u>7 330 383</u>	<u>1 733 901</u>	<u>12 608 961</u>	<u>8 186 598</u>

11- Finance expenses

Debit interest, commissions and bank charges (37-22-ii)	5 934 716	2 436 839	6 875 543	3 992 489
	<u>5 934 716</u>	<u>2 436 839</u>	<u>6 875 543</u>	<u>992 489</u>

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12 - Property, plant and equipment

	Land	Buildings & Constructions	Machinery & equipment	Vehicles	Tools & Supplies	Furniture & Office Equipment	Improvements in leasehold	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cost as of February 1, 2020	6 624 989	60 442 275	47 146 746	1 032 963	1 046 068	49 792 009	4 898 553	170 983 603
Additions during the period	-	131 181	1 165 046	98 819	7 768	151 236	27 501	1 581 551
Disposals during the period	-	(1 160 580)	-	-	-	-	(34 021)	(1 194 601)
Foreign currency translation differences	(14 604)	(20 917)	(27 664)	(1 090)	(1 340)	14 263	(90 706)	(142 058)
Cost as of July 31, 2020	6 610 385	59 391 959	48 284 128	1 130 692	1 052 496	49 957 508	4 801 327	171 228 495
Accumulated depreciation as of February 1, 2020	-	25 723 788	39 825 011	873 057	604 922	47 699 374	1 950 501	116 676 653
Depreciation for the period	-	525 072	1 063 720	28 598	21 512	766 477	398 126	2 803 505
Accumulated depreciation of disposals	-	(495 581)	-	-	-	-	(99 651)	(595 232)
Foreign currency translation differences	-	(14 478)	(18 598)	(911)	(1 124)	(45 812)	(51 819)	(132 742)
Accumulated depreciation as of July 31, 2020	-	25 738 801	40 870 133	900 744	625 310	48 420 039	2 197 157	118 752 184
Net cost as of July 31, 2020	6 610 385	33 653 158	7 413 995	229 948	427 186	1 537 469	2 604 170	52 476 311
Net cost as of January 31, 2020	6 624 989	34 718 487	7 321 735	159 906	441 146	2 092 635	2 948 052	54 306 950
Fully depreciated assets and still working	-	1 839 143	19 220 139	686 389	272 151	4 455 412	2 541 963	29 015 197

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	Land	Buildings & Constructions	Machinery & equipment	Vehicles	Tools & Supplies	Furniture & Office Equipment	Improvements in leasehold	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cost as of February 1, 2019	5 031 934	59 112 399	49 613 115	1 098 469	1 067 613	51 633 309	3 044 176	170 601 015
Additions during the period	-	108 254	1 960 742	43 604	8 218	423 703	381 874	2 926 395
The effect of transfer of subsidiary investments to associate companies	(137 098)	(2 118 368)	(5 196 528)	(115 398)	(93 673)	(300 553)	(10 992)	(7 972 610)
The effect of transfer of investments in joint ventures to subsidiary companies	-	-	408 393	-	26 021	20 928	5 157	460 499
Disposals during the period	-	-	(446 565)	(11 007)	-	(808 452)	-	(1 266 024)
Foreign currency translation differences	140 100	530 875	276 381	15 908	10 356	898 217	287 920	2 159 757
Cost as of July 31, 2019	5 034 936	57 633 160	46 615 538	1 031 576	1 018 535	51 867 152	3 708 135	166 909 032
Accumulated depreciation as of February 1, 2019	-	25 103 421	43 116 732	934 057	608 901	48 625 496	1 380 023	119 768 630
Depreciation for the period	-	515 570	1 034 873	21 784	38 217	554 803	684 126	2 849 373
The effect of transfer of subsidiary investments to associate companies	-	(947 157)	(4 429 277)	(91 959)	(66 993)	(273 960)	(10 992)	(5 820 338)
The effect of transfer of investments in joint ventures to subsidiary companies	-	-	373 582	-	17 754	19 681	4 801	415 818
Accumulated depreciation of disposals	-	-	(46 048)	(11 007)	-	(84 484)	-	(141 539)
Foreign currency translation differences	-	92 314	43 759	13 862	7 544	390 992	144 274	692 745
Accumulated depreciation as of July 31, 2019	-	24 764 148	40 093 621	866 737	605 423	49 232 528	2 202 232	117 764 689
Net cost as of July 31, 2019	5 034 936	32 869 012	6 521 917	164 839	413 112	2 634 624	1 505 903	49 144 343
Net cost as of January 31, 2019	5 031 934	34 008 978	6 496 383	164 412	458 712	3 007 813	1 664 153	50 832 385
Fully depreciated assets and still working	-	1 595 847	17 753 150	465 704	191 132	3 959 332	1 472 397	25 437 562

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• **The land item in the consolidated financial statements includes the following:**

The cost of buying a plot of land number (from 6/191 to 6/198) in the medium industries zone - Bayad Al Arab - the new city of Beni Suef (east of the Nile) in Beni Suef, with an area of 152 981.40 square meters purchased from the New Urban Communities Authority on July 19, 2007 with a total amount of L.E 10 775 973 equivalent to an amount of USD 1 891 183 and the registration in the real estate registry is underway.

13- Projects under constructions

	July 31, 2020	January 31, 2020
	USD	USD
Building and constructions	5 097 995	5 085 055
Machinery and equipment under construction	1 138 603	75 318
Advance payments to purchase plant, property and equipment	289 810	279 902
	<u>6 526 408</u>	<u>5 440 275</u>
Impairment in Projects under constructions according to general authority for investment valuation (subsidiary)	(115 475)	(115 475)
	<u>6 410 933</u>	<u>5 324 800</u>

14- Goodwill

Balance amounted to USD 30 610 694 as of July 31, 2020 (USD 30 714 267 as of January 31, 2020) represents the goodwill recognized in the financial statements of subsidiaries and the change in balance during the year is a result of the change in exchange rates.

	July 31, 2020	January 31, 2020
	USD	USD
Baird Group	28 830 271	28 930 337
Concrete Garments Company	493 773	497 280
Swiss Garments Company	1 286 650	1 286 650
	<u>30 610 694</u>	<u>30 714 267</u>

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15- Available for Sale Investments

Company Name investee	July 31, 2020 USD	January 31, 2020 USD
The value of the holding company's contribution to the capital of El Asher Company for Development and Real Estate Investment (SAE) (the contribution percentage is 2.62% of the capital)	554 854	554 854
The value of the holding company's contribution to the capital of the Egyptian Company for Trade and Marketing (SAE) (the contribution percentage is 4.036% of the capital)	29 472	29 472
The value of the holding company's contribution to the capital of the Middle East Company (METCO) (the contribution percentage is 48.5% of the capital)	2 543 467	2 543 467
Other investments	67 669	67 669
	<u>3 195 462</u>	<u>3 195 462</u>
Less:		
Impairment of value	(44 885)	(44 885)
Impairment of Investments available for sale – according to the valuation of the General authority for investment (subsidiary)	(204 632)	(204 632)
Effect of foreign currency exchange differences	(330 066)	(329 466)
Total Investments	<u>2 615 879</u>	<u>2 616 479</u>

- The company wasn't able to measure the fair value of financial investments available for sale the absence of an active market can be dependable as shown accounting policy (2-4).

16- Investments in associate companies

<u>Company Name investee</u>	Country of Incorporation	Ownership percentage %	Cost of Investment as of 31/7/2020 USD	Cost of investment as of 31/1/2020 USD
Golden Tex Wool Company	Egypt	43.6	4 300 502	4 940 454
			<u>4 300 502</u>	<u>4 940 454</u>

As a result of the expiry of the management contract between Al Arafa for Investment and Consultancies (Holding Company) and Golden Tex Wool, The control of Al Arafa Investment and Consultancies Company has been lost on the financial and operating policies of Golden Tex Wool and consequently the investment has been reclassified from subsidiaries to Investment in associate company on February 1, 2019 (expiration date of the management contract).

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The following is the movement through the period ended July 31, 2020

	Note No.	July 31, 2020 USD
Balance as of January 31, 2020		4 940 454
The group's share in the results from Golden Tex Wool Company	(37-1-iv)	(639 952)
Balance as of July 31, 2020		<u>4 300 502</u>

17- Deferred tax assets / liabilities

	July 31, 2020	January 31, 2020
	USD	USD
Balance at the beginning of the period / year	20 985	21 238
Change during the period / year	(151 427)	5 796
The effect of transforming subsidiary investments to associate companies	-	121 753
Foreign exchange differences for the period / year	(494)	(127 802)
Balance at the end – (liability) asset	<u>(130 936)</u>	<u>20 985</u>

18- Intangible assets

	July 31, 2020	January 31, 2020
	USD	USD
Balance at the beginning of the period / year	19 756 510	19 647 606
Additions during the period / year	-	2 690 595
Amortization during the period / year	(1 456 658)	(2 482 151)
Effect of foreign exchange differences	137 899	(99 540)
	<u>18 437 751</u>	<u>19 756 510</u>

- The intangible assets are the trademark of the Al Arafa for Investment and Consultancies Company (Holding Company) and Baird Holding Group in England and Trademarks are amortized over 20 years

19- Work in progress

This balance amounted to USD 4 476 907 as of July 31, 2020 (USD 4 245 111 as of January 31, 2020) represents value of the advance payment for a plot of land in the tenth of Ramadan City at 10% of the value to modify the activity of an area of about 100 acres of national housing for other activities in accordance with the decision of the New Urban Communities Authority No. (125) issued on 4 March, 2019.

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20- Inventories

	July 31, 2020 USD	January 31, 2020 USD
Raw materials	25 679 617	25 010 732
Packing and wrapping materials	672 083	612 150
Spare parts	3 186 369	3 083 089
Work in process	16 118 340	16 034 630
Finished goods	64 918 642	62 206 331
Goods in transit	1 058 286	760 585
L/C's to purchase raw materials and supplies	2 631 088	2 188 320
	<u>114 264 425</u>	<u>109 895 837</u>
<u>Less:</u>		
Write-downs of inventories	(1 742 921)	(1 552 269)
	<u>112 521 504</u>	<u>108 343 568</u>

21- Trade receivables and debtors

	July 31, 2020 USD	January 31, 2020 USD
Trade receivables	45 222 487	54 225 486
Notes receivables	1 269 695	1 770 411
Trade payables - debit balances	5 760 273	4 096 704
Deposits held with others	1 622 000	1 931 411
Tax authority	1 474 264	1 366 048
Prepaid expenses	7 316 409	8 115 925
Accrued revenues	10 269 361	13 529 091
Debtors (sold companies)	44 580 084	44 580 084
Other debit balances	5 821 566	6 456 537
	<u>123 336 139</u>	<u>136 071 697</u>
<u>Less:</u>		
Impairment of trade receivables & debtors	(46 279 776)	(46 006 326)
	<u>77 056 363</u>	<u>90 065 371</u>
* Impairment of trade receivables & debtors		
Impairment of trade receivables	511 331	237 024
Impairment of debtors & other debit balances	45 768 445	45 769 302
	<u>46 279 776</u>	<u>46 006 326</u>

22- Cash in banks and hand

Current accounts	24 099 443	12 324 720
Time deposits & Treasury bills	47 382 275	72 629 804
Cash on hand	585 188	449 930
Cash and cash equivalents	<u>72 066 906</u>	<u>85 404 454</u>

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23- Long-term loans and facilities

	End of Payment	Long term Loans USD	Current portion USD	Total USD
<u>Al Arafa for investment and Consultancies</u>				
AAIB	2021	6 321 403	7 585 684	13 907 087
<u>Port-said Garments Company</u>				
NBK	2022	1 021 814	823 850	1 845 664
<u>Swiss Cotton Garments Company</u>				
HSBC	2020	--	150 000	150 000
<u>Baird Group</u>				
QIB	2021	4 842 428	2 074 400	6 916 828
Balance as of 31/7/2020		12 185 645	10 633 934	22 819 579
Balance as of 31/1/2020		12 409 305	10 641 731	23 051 036

24- Other long-term liabilities

	July 31, 2020 USD	January 31, 2020 USD
Installments liabilities for lease contracts	3 737 811	5 012 611
Liabilities against the right to use a trademark (Baird Group)	7 654 536	7 600 442
	11 392 347	12 613 053

25- Trade payables and other Credit balances

Trade payables	29 661 343	21 817 713
Notes payable	12 643 151	10 091 797
Trade receivables - credit balances	618 929	709 751
Accrued expenses	10 106 650	13 135 430
Deposits from others	2 326 563	2 568 181
Tax authority	4 636 666	3 032 911
Rents received in advance	3 283	6 648
Lease contracts liabilities	5 090 928	5 041 217
Symbiotic contribution for the comprehensive health insurance system *	382 927	206 807
Other credit balances	4 649 379	4 974 523
	70 119 819	61 584 978

- On January 11, 2018 Law No. (2) of 2018 was issued to issue the Comprehensive Health Insurance Law, to be implemented from the day following the expiration of six months from the date of its issuance, and the executive regulations for mentioned law were issued on May 8, 2018, and the Holding company's management and subsidiary companies calculate and record the value of the contribution in accordance with its current interpretation of the text of the law and its executive regulations.

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26- Provisions

	Balance as at 1/2/2020 USD	Formed during the period USD	Used during the period USD	Balance as at 31/7/2020 USD
Taxes and claims provision *	665 082	43 200	(62 931)	645 351
Effect of foreign exchange differences	--	--	--	(13 675)
	665 082	43 200	(62 931)	631 676

- The usual disclosure information in accordance with IAS 28 (Provisions, contingent assets and liabilities) has not been disclosed because the Group's management believes that doing so could severely affect the outcome of negotiations with these parties.

27- Financial instruments and risk management related thereto

The company's main financial instruments consist of interest-bearing loans, credit facilities, treasury bills, savings certificates and time deposits. The primary purpose of these financial instruments is to provide financing for the company's activities. The holding company and its subsidiaries have various other financial instruments such as trade payables and trade receivables arising directly from the company's activities.

The main risks from the activities of the holding company and its subsidiaries are foreign currency risk, interest rate risk and credit risk.

i- Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate as a result of changes in foreign exchange rates.

The holding company and its subsidiaries are exposed to foreign currency risk when purchasing from overseas suppliers and foreign currency loans. The US dollar, the euro, and the British pound sterling are the major currencies that lead to this risk.

The group was exposed to foreign currency risk on July 31, 2020 in foreign currencies as follows:

<u>Foreign currency</u>	<u>31/7/2020</u>	<u>31/1/2020</u>
	Surplus (Deficit)	Surplus (Deficit)
US Dollar	(1 655 896)	3 860 075
Egyptian Pound	(1 115 210 508)	1 289 817 577
Euro	(5 676 714)	(8 598 202)
Sterling Pound	(1 048 566)	(1 031 197)

The following is a statement of foreign exchange rates against the USD

	<u>Closing Rate</u>		<u>Average exchange rate</u>	
	<u>31/7/2020</u>	<u>31/1/2020</u>	<u>31/7/2020</u>	<u>31/7/2019</u>
Egyptian Pound	0.0617	0.0621	0.0630	0.0567
Euro	1.1196	1.1087	1.1028	1.1306
Sterling Pound	1.2965	1.3010	1.2525	1.2882

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ii- Interest rate risk

The interest rate risk is the risk that the financial instrument will fluctuate as a result of the change in the market interest rate.

The change in the interest rates on the debt of the holding company and the subsidiaries of the banks, which are the balances of loans and credit facilities and creditor banks, whose balance on July 31, 2020 amounted to USD 220 904 759 (USD 238 152 452 as of January 31, 2020), and the included interest and financing expenses in The consolidated financial statements related to these balances amounted to USD 5 934 716 (USD 6 875 543 during the comparative period).

While the balance of time deposits, treasury bills, current accounts with interest and savings certificates - if any - as of July 31, 2020 amounted to USD 72 463 551 (USD 84 954 524 as of January 31, 2020), and the credit interest included in the consolidated financial statements related to those deposits and treasury bills amounted to USD 3 218 641 (USD 3 781 346 during the comparative period).

The holding company and its subsidiaries are exposed to risk of interest on term deposits, treasury bills and savings certificates - if any. These deposits are of a short-term nature.

To reduce these risks, the management of the holding company and its subsidiaries is working to obtain the best available conditions in the banking market for credit facilities and loans balances, with replacing loans and credit facilities with a medium-term joint financing loan in accordance with the Holding Company's financing policy, and it is reviewing the prevailing interest rates in the banking market Periodically.

iii- Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and expose the other party to financial losses.

The Group's financial assets consist of trade receivables, which are the amounts due from them, time deposits, savings certificates and balances of financial investments. These financial assets are not a significant focus of risk. Trade receivables are spread over various segments. There is strict credit control and impairment losses are recognized adequately recognized. The company manages the credit risk related to investments by making sure that the investments are formed after a careful evaluation of the credit risk of these investments.

Term deposits are linked to commercial banks after careful evaluation of the credit risk of these banks.

The maximum exposure to credit risk in USD at the date of the consolidated Interim financial statements

	Carrying Value	
	July 31, 2020	January 31, 2020
	<u>USD</u>	<u>USD</u>
Investments available for sale	2 615 879	2 616 479
Debtors and other debit balances	77 056 363	90 065 371
Due from related parties	1 243 228	1 489 887
Cash on hand and at banks	72 066 906	85 404 454

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28- Fair value of financial instruments

Fair value is the exchange value of an asset or the value of a liability settlement between parties willing to exchange, knowing the facts and dealing with free will.

The book value approximates the fair values of other financial instruments of the holding company other than investments not listed on the Stock Exchange and classified as available for sale and recognized at cost, less impairment losses, due to the lack of a reliable estimate of fair values.

- Estimate fair values

Below is a summary of the main methods used to estimate the present values of financial instruments.

- Investments

Investments in associate companies that are not listed on the stock exchange are recognized at cost less impairment losses, and the fair value of the investments listed on the stock exchange is determined on the basis of market prices announced at the consolidated financial position date without deduction of transaction related costs.

- Interest facilities and loans

The fair value is calculated based on discounting the cash flows value of the principal and the expected future interest.

- Debtors and creditors

The nominal value of debtors and creditors whose remaining value is less than one year old reflects its fair value.

- Interest rate used to determine the fair value

The holding company uses the effective rate of return on July 31, 2020 in addition to a regular credit distribution to discount financial instruments.

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29- Capital

29-1 Authorized capital

The authorized capital amounted to U.S.D 150 million (one hundred and fifty million U.S Dollar, as registered in the commercial register on 13/11/2006.

29-2 Issued and Paid up capital

The issued and paid-up capital of the company consists of 470 250 000 nominal shares, at a value of 20 US cents per share, and the issued capital amounted to USD 94 050 000 is fully paid, which is the sum of the net equity in the merging company, according to the report of the committee formed by the General Authority for Investment and Free Zones under a Chief Executive Officer decree of the General Authority for Investment and Free Zones No. 127 of the year 2019.

The decree of the formed committee was issued by the General Authority for Investment and Free Zones, approved on the first of July 2019, authorizing the merger of Al Arafa for Investment and Consultancies Company (S.A.E.) - merging company, with both of Al Arafa for investments in Spinning & Textile industry Company (S.A.E. free zone) (merged company), Al Arafa for investments in Garments industry Company (S.A.E. free zone) (merged company), and Al Arafa for investments in Garments Marketing & Retail Company (S.A.E. free zone), (merged company) with book values According to the financial statements of the merging company and the merged companies on October 31, 2018. Mainly taken basis for the merger. And determine the net equity of Al Arafa for Investment and Consultancies Company (merging company) on October 31, 2018 with an amount of USD 146 935 721 (one hundred forty six million nine hundred thirty five thousand seven hundred twenty one USD) and the net Non-controlling interests in Al Arafa for investments in Garments industry Company (merged company) deficit with an amount of USD 31 971 885 (thirty-one million nine hundred seventy-one eight hundred eighty five USD) and Al Arafa for investments in Spinning & Textile industry Company (merged company) with an amount of USD 16 753 (sixteen thousand seven hundred and fifty-three USD) after excluding the value of the investments of the Al Arafa for Investment and Consultancies Company (merging company) in Al Arafa for investments in Spinning & Textile industry Company (merged company), which amounted to USD 2 077 340 (only two million and seventy seven thousand three hundred and forty USD) and Al Arafa for investments in Garments Marketing & Retail Company (merged company), deficit with an amount of USD 3 896 892 (three million eight hundred ninety six thousand eight ninety two USD).

According to the decree of the extraordinary general assembly of the company on August 4, 2019, in which the decree of the committee formed by the authority was approved on the basis of the book values of the merging and merged companies on October 31, 2018, which is the date taken mainly for the merger, and approval to keep the authorized capital for the Al Arafa for Investment and Consultancies Company (merging company) before the merger of 150 million USD, as well as the issued and paid up capital of Al Arafa for Investment and Consultancies Company (merging company) before the merger of USD 94 050 000 for the company and between the total value of the net equity of each of the merging company and the merged companies with a value of USD 111 083 697, the difference amounted to USD 17 033 697 included in the account of reserves of the merging company.

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30- Reserves

	July 31, 2020	January 31, 2020
	<u>USD</u>	<u>USD</u>
Legal reserve	24 569 087	23 783 023
General reserve	24 584 039	10 584 039
Other reserves	742 418	742 418
	<u>49 895 544</u>	<u>35 109 480</u>

Legal reserve

In accordance with the requirements of the Companies Laws and the Company's articles of association for the group, 5% of the annual net profit is to be allocated to the legal reserve up to 50% of the issued capital. This reserve is not distributed but can be used to increase capital or reduce losses.

General Reserve

The general reserve is the value set aside from the profits of the group's companies in previous years in accordance with the General Assembly decree of shareholders of these companies. This reserve is used by a decree of the General Assembly on the proposal of the Board of Directors in the event of fulfilling the interests of the company.

31- The difference resulting from the acquisition of subsidiaries (under joint control)

The holding company acquired the shares of some subsidiaries that were under the control of the shareholders of Al Arafa for Investment and Consultancies Company and Swiss Garments Company (Subsidiary). The difference between the acquisition cost and its share in the net shareholders' equity for these companies was recognized in the shareholders' equity in the consolidated Interim financial statements which amounted to USD 28 103 401.

32- Tax position

31-1 Al Arafa for Investments and Consultancies Company

As mentioned in the Company's tax card, the Company and dividends are not subject to tax laws and duties applied in Egypt under article No. 35 of law No.8 of 1997 which replaced by article No. 41 of law 72 of 2017.

The company was inspected for the payroll tax from the beginning of the activity to 2013, and the final tax assessment was made.

The years 2014-2017 are under inspection by the appropriate taxing authority. The tax deducted is paid monthly on legal dates.

The company provides the withholding tax to the Central Department of withholding tax under the tax account on legal dates

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Subsidiaries in Egypt subject to tax

31-2 Concrete Garments Company

Corporate income tax

- Years from the date of incorporation till February 20, 2005 (date of merger), Tax inspection was carried out and all taxes due were paid.
- From February 21, 2005 to December 31, 2008, the Company was not included in the tax inspection sample.
- The years 2009/2015, tax inspection was carried out, and the company was notified with forms (19). Objection was filed in legal date and was referred to the internal committee.
- The tax inspection has not been conducted for the following years and the company submits tax returns on legal dates and pays the tax due from these tax returns.

payroll tax

Tax inspection was carried out until 2013. All the dues were paid and the following years to date have not been inspected.

Stamp tax

Tax inspection was carried out until July 31, 2006 and all the dues were paid. The following years to date have not been inspected.

Value-added tax

Tax inspection was carried out until 2015 and all the dues were paid.
The following years to date have not been inspected.

31-3 Port Said Garments Company

Corporate income tax

- Tax inspection was carried out until 2002 and all tax dues were paid.
- Tax inspection has not been conducted for the following years to date.
The company submits tax returns on legal dates and pays the tax dues from these returns.

payroll tax

- Tax inspection was carried out until 2016. All tax dues were paid.
- The following years to date have not been inspected.

Stamp tax

- Tax inspection was carried out until July 31, 2001 and all tax dues were paid.
- Tax inspection was carried out for the following periods until year 2004. The company was not notified with tax differences for those years.
- The following years to date have not been inspected.

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31-4 Euromed for trading & Marketing Company

Corporate income tax

- Tax inspection was carried out until 2010 and all tax dues were paid.
Tax inspection has not been conducted for the following years, and the company submits tax returns on legal dates and pays the tax dues from these returns.

Payroll Tax

- Tax inspection was carried out until 2013. All tax dues were paid.
- The following years to date have not been inspected.

Stamp tax

- Tax inspection was carried out until July 31, 2006 and all tax dues were paid.
- The following years to date have not been inspected.

Value-added tax

- Tax inspection was carried out until 2016 and all tax dues were paid.
- The following years to date have not been inspected.

31-5 Al Arafa for real estate investment

Corporate income tax

Tax inspection has not been conducted to date, and the company submits tax returns on legal dates and pays the tax dues from these returns.

Payroll tax

- Tax inspection has not been conducted to date.

Stamp tax

- Tax inspection has not been conducted to date.

Value-added tax

- The Company is not subject to Value-added tax in accordance with Law 11 of 1991 replaced by Law 67 of 2016.

31-6 Egypt tailoring company

In accordance with the merger decision, the merging company substitutes for the merged company with the rights and obligations. The merged company has submitted a notice of discontinuation for the merger and has been unregistered from the commercial register.

Corporate income tax

- Tax inspection was carried out for the years from the date of beginning of the activity until 2007, and no tax differences have been due for those years.
- From 2008 until May 31, 2014 (date of merger), tax due was estimated, and the company appealed in the legal time and a decision to re-inspect has not been obtained to date.

The tax inspection was not carried out from May 31, 2014 (the date of the merger) to date, and the company submits tax returns on legal dates and pays the tax dues from these returns.

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payroll tax

- Tax inspection was carried out until 2009. All tax dues were paid.
- The following years to date have not been inspected.

Stamp tax

- Tax inspection was carried out until 2013. All tax dues were paid.
- The following years to date have not been inspected.

Value-added tax

- Tax inspection was carried out until 2014. All tax dues were paid.
- The following years to date have not been inspected.

31-7 White Head Spinning Company

Corporate income tax

- The company benefited from tax exemption for ten years ended on December 31, 2013.
- Tax inspection was carried out for the year 2014, and the company was notified with forms (19) and it was objected on in the legal time.
- The following years to date have not been inspected.

Payroll tax

- Annual settlements have been submitted from the date of inception until year 2016. All tax dues were paid.
- Tax inspection was carried out until 2008. All tax dues were paid.
- The years from 2009 until 2013 are under inspection.
- The following years to date have not been inspected.

Stamp tax

- Tax inspection was carried out until 2017 and all tax dues were paid.
- From year 2018 to date has not been inspected.

Value-added tax

- Tax inspection was carried out until 2014 and all tax dues were paid.
- The following years to date have not been inspected.

31-8 Crystal for Making shirts

Corporate income tax

Tax inspection has not been conducted to date, and the company submits tax returns on legal dates and pays the tax dues from these returns.

Payroll tax

- Tax inspection has not been conducted to date.

Value-added tax

- Tax inspection was carried out until 2015 and all tax dues were paid.
- The following years to date have not been inspected.

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31-9 Subsidiaries in Egypt that are not subject to tax (free zone system)

- Swiss Garments Company
- Swiss Cotton garments Company
- Al Arafa for investments in Garments industry
- Al Arafa for investments in Spinning & Textile industry
- Al Arafa for investments in Garments Marketing & Retail
- Fashion Industry
- Apparel International Ltd. For Marketing & Promotion
- Egypt Portugal for Trade and Marketing garments Company
- Sbaghy golden tax
- Savini Garments

These companies pay 1% of their revenues to the General Authority for Investment and Free Zone.

31-10 Subsidiaries outside Egypt

- Baird Group is subject to UK Corporate tax.
- EP Garments Company is subject to Portugal Corporate tax.

33- Related parties transactions

The related parties are the shareholders of the Company and the companies in which they own shares, whether directly or indirectly, and the senior management members of the Company, which gives them significant influence or control over these companies.
The following is a summary of the most significant transactions concluded during the current period between the company and the related parties.

32-1 Due from related parties

Company's Name	Type of transactions	Total value of transactions during the period / year		Balance as at	
		31/7/2020 USD	31/1/2020 USD	31/7/2020 USD	31/1/2020 USD
Metco	Service	444 984	400 298	1 045 310	600 326
Euro Misr	Sales	(181)	6 188	56 621	56 802
Golden Tex Wool Company	Service & current account	(691 462)	832 759	141 297	832 759
				<u>1 243 228</u>	<u>1 489 887</u>

* All related parties transactions during the year was made at arm's length commercial basis with other parties and all outstanding balances that result from such transactions will be paid within one year from the date of the consolidated financial position.

34- Capital commitments

The value of capital commitments as of June 31, 2020 amounted to USD 113 760.

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35- Contingent liabilities

In addition to amounts taken into account in the elements of the consolidated Interim financial statements, there are contingent liabilities represented in the value of letters of credit and letters of guarantee issued by the banks of the holding company and subsidiary companies in favor of others outstanding at the end of the financial period amounted to USD 43 368 190.

36- Comparative figures

Comparative figures included in the statement of financial position includes the holding company's balances on January 31, 2020, after being affected by the balances of the merged companies, and the accounting adjustments of the General Authority for Investment and Free Zones for the merger, and taking the financial statements of the merging and merged companies on October 31, 2018 as the basis of the merger with the book values and the consolidated Interim income statement represents the approved numbers according to the financial statements as of July 31, 2019.

37- Applied accounting policies

The accounting policies set out below have been applied consistently during the financial years presented in these consolidated financial Statements and for all the group companies.

37-1 Business consolidation

Business consolidation is accounted for using the acquisition method when control is transferred to the group, both of the transferred financial consideration and the net values of the acquiree's identifiable assets at the time of the acquisition are measured at fair value.

An impairment test is performed annually for goodwill arising from the acquisition and any losses recognized immediately in profit or loss.

Acquisition costs are recognized as an expense in the period in which they arise, except for the issuance of securities against debt or equity.

i. Subsidiaries

Subsidiaries are entities controlled by the holding company.

The holding company controls the investee when it is exposed or is entitled to variable returns through its participation and its ability to influence the returns through its control of the investee.

The consolidated financial statements include the subsidiaries controlled by the holding company from the date of control.

ii. Non-controlling interests

The share of the non-controlling interests in the subsidiaries is presented as a separate component of equity in the consolidated financial position, equal to their share in the carrying amount of the net assets of the subsidiaries as of the date of the consolidated financial statements.

The share of the non-controlling interests in the net profit of the subsidiaries after tax is shown separately in the consolidated statement of income.

iii. Loss of control

When the holding company loses control of the subsidiary, it derecognizes the assets, liabilities and non-controlling interests and its other comprehensive income items, recognizing any gains or losses arising from loss of control in the consolidated statement of income. Any remaining investment in the subsidiary is recognized at fair value at the date of loss of control.

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iv. Investments are accounted for using the equity method

Investments accounted for in the equity method consist of equity in associates and joint ventures. Associates are companies in which the Group has significant influence without control over its financial and operating policies.

A joint venture is an arrangement in which the holding company has joint control and rights in the net assets associated with a contractual agreement.

Investments in associates and joint ventures are accounted for using the equity method, with the initial recognition of the cost including the costs associated with the acquisition.

Subsequent measurement in the consolidated financial statements is made by increasing or decreasing the carrying amount of the investment by the Group's share in the profit or loss and other comprehensive income items of the investee.

v. Eliminations from consolidated financial statements

The value of the holding company's investment in subsidiaries is eliminated in exchange for the addition of the assets and liabilities of the subsidiaries in full and showing the share of the non-controlling interests within the equity in the consolidated financial position.

Transactions and balances between the Group companies are eliminated as well as unrealized gains and losses arising from the Group's transactions, taking into account that the losses may indicate a deterioration in the mutual assets that may require recognition in these consolidated financial statements.

vi. Acquisition of companies under joint control

In the case of acquisitions of subsidiaries under joint control, the difference between the cost of the acquisition and the holding company's share in the fair value of the net assets of the subsidiary at the date of acquisition is recognized directly in the difference item resulting from the acquisition of subsidiaries under joint control.

37-2 Translation of transactions in foreign currency

The company maintains its accounts in US dollar. The translation of foreign currency transactions in the functional currency at the exchange rate at the dates of the transactions.

Assets and liabilities of a monetary nature in foreign currencies are translated into the functional currency at the exchange rate at the date of preparation of the financial statements.

Assets and liabilities that can be measured at fair value are translated at the exchange rate used when determining the fair value.

Non-monetary assets and liabilities that can be measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Currency differences are recognized in the consolidated statement of income except as recognized in the statement of comprehensive income.

37-3 Translation of the financial statements of subsidiaries in foreign currencies

The accounts of some of the subsidiaries are held in Egyptian Pound, Euro and British Pound. For the purpose of preparing the consolidated financial statements, the assets and liabilities of these companies are translated into US Dollars at the closing price at the date of preparing the consolidated financial statements.

Income statement items are translated using the average exchange rate during the year prepared by the consolidated statement of income.

Translation differences are recognized in the statement of comprehensive income and the cumulative balance of equity in the consolidated financial statements is included in the translation differences item in foreign currencies except for foreign currency translation differences that have been allocated to non-controlling interests.

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When a subsidiary is disposed of wholly or partially, such as loss of control or influence, the cumulative difference in the equity interest in that subsidiary must be reclassified to the consolidated statement of income as part of the disposal gains and losses.

If the Group excluded a portion of its interest in a subsidiary with the control remaining, the partial share of the portion of the difference in the amount of the accumulated currency differences of the non-controlling interests shall be returned.

37-4 Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment in value.

If the basic components of an item of asset items with different useful lives, they are accounted for as separate items (major components) within those assets.

Gains and losses arising from the disposal of property, plants and equipment are recognized in the consolidated statement of income.

ii. Subsequent costs on acquisition

Subsequent expenditure is capitalized on an asset only if it is expected to generate future economic benefits and increase the future economic benefits of the asset.

All other expenses are recognized in the consolidated statement of income as an expense.

iii. Depreciation

Depreciation of property, plant and equipment - which is the cost of an asset less its scrap value - is amortized over the estimated useful life of each type of fixed asset and the depreciation is charged to the consolidated statement of income.

The following are the estimated useful lives

	years
* Buildings and construction	5-50
* Machinery & equipment	3.3-10
* Transport & Transportation Vehicles	5
* Tools & Supplies	2-10
* Office furniture and equipment	2-16.67
* Improvements in leasehold places	5-10

The depreciation method, useful lives and scrap values of assets are reviewed at each financial year end and adjusted if necessary.

37-5 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditure directly attributable to bringing the asset to working condition for intended use. Property and equipment in progress are transferred to property and equipment caption when they are completed and are ready for their intended use.

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37-6 Intangible assets

i. Recognition and measurement

Goodwill

Goodwill arises from the acquisition of subsidiaries and is recognized at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed later, In the case of gain on bargain purchase; it is recognized directly in the statement of income.

Other intangible assets

Intangible assets with a useful life are recognized at cost less amortization and accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is recognized as an asset only if it results in increased future economic benefits and is reliably related to the asset, All other expenses including expenses to create an internal goodwill or a trademark are recognized as an expense when realized.

37-7 Investments

37-7-1 Investments in associate companies

Investments in associate companies are investments in companies in which the company has a significant influence, but it is not a subsidiary, nor is it a stake in a joint venture, and the influence is influenced when the company possesses, directly or indirectly, through its subsidiaries 20% or more of the rights Voting in the investee company, with the exception of those two cases in which it clearly shows that that ownership does not represent effective influence or vice versa if the investor owns directly through subsidiary companies less than 20% of the voting right from the investee company, so it is assumed that the investor does not have a strong influence With it unless it is proven that this effect exists and it is noted that the ownership of a large part of the company by an investor does not necessarily preclude that another investor has a strong influence on the investee company.

Investments in associate companies are accounted for in the independent financial statements at cost, including the acquisition cost. In the event of an impairment in the value of those investments, the carrying amount is adjusted for the value of this impairment and is included in the income statement for each investment separately. The impairment losses may be refunded to the extent that the book value of the asset the carrying values exceed those that would have been calculated if the impairment losses were not taken into account.

37-7-2 Financial investments available for sale

Initial recognition of available-for-sale investments is carried out at fair value. At the date of the consolidated financial statements, the change in the fair value is recognized, whether it is profit or loss, directly in the consolidated equity, except for impairment losses in the investment value that are recognized in the consolidated statement of income and in the case of excluding the investment, profits are included Consolidated losses that were previously recognized directly in the consolidated equity in the consolidated statement of income. The fair value of available-for-sale investments is determined according to the exchange price in an active market at the date of the consolidated financial position. As for investments that do not have a trading price in an active market and the information necessary to evaluate them is not available through one of the technical evaluation methods, they are proven at cost.

37-8 Financial instruments

The Group calculates non-derivative financial assets among the following categories: Financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available-for-sale financial assets.

The Group sets non-derivative financial liabilities between the following categories: Financial liabilities at fair value through profit or loss and other financial liabilities.

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37-8-1 Non-derivative financial assets and liabilities - recognition and measurements

The Group recognizes initial loans, debts and debt instruments issued at the date of their inception. All other financial assets and liabilities are initially recognized on the date of the transaction when the Group becomes a party to the financial instrument's contractual provisions.

The Group derecognizes a financial asset when the contractual term of the contractual right expires in obtaining cash flows from the financial asset or reverses the contractual right to receive cash flows from the financial asset in a transaction in which substantially all the risks and rewards of the financial asset are transferred. Or if the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and the Group has not retained the transferred asset, recognizing only as an asset or liability arising from the rights or obligations arising or retained on conversion.

The Group excludes the financial liability when it is terminated either by disposing of, canceling or terminating the contract.

A financial asset and a liability are offset and the netting of the netting is recognized in the financial position when the Group has only the enforceable legal right to set-off the recognized amounts and either intends to settle on a net basis or recognize the asset and settle the obligation.

37-8-2 Non-derivative financial assets - measurement

37-8-2-1 Financial assets at fair value through profit or loss

Financial assets are stated at fair value through profit or loss if they are classified as held for trading or are initially recognized at fair value through profit or loss. The cost of the transaction directly attributable to the acquisition or issue of the financial asset is recognized directly in profit or loss. Losses incurred.

Financial assets measured at fair value through profit or loss are measured at fair value and changes in fair value are recognized including any dividend or dividend in profit or loss.

37-8-2-2 Assets held to maturity

These assets are measured at initial recognition at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. After initial recognition, they are measured at amortized cost using the effective interest method.

37-8-2-3 Loans and debts

These assets are measured at initial recognition at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. After initial recognition, they are measured at amortized cost using the effective interest method.

37-8-2-4 Financial assets available for sale

These assets are measured at initial recognition at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. After initial recognition, they are measured at fair value (except for unlisted investments). Changes in fair value other than impairment losses and effects of changes in foreign exchange rates on debt instruments are recognized in other comprehensive income and the cumulative balance of equity is included in the reserve item Fair value, and for the disposal of these assets, the cumulative gain or loss recognized in other comprehensive income items is reclassified to profit or loss.

37-8-3 Non-derivative financial liabilities – measurement

A financial liability is recognized at fair value through profit or loss if it is classified as a liability held for trading or impaired at initial recognition at fair value through profit or loss.

The cost of the transaction directly attributable to the acquisition or issue of the financial liability is recognized directly in profit or loss. Losses incurred.

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37-9 Work in progress

All costs associated with work in progress are consolidated until completion of the work and the value of the work in progress is recognized at the consolidated financial position at cost.

37-10 Financial investments (treasury bills)

Purchases of treasury bills and certificates of deposit of the central bank proving at nominal value and are included in a separate item in the financial position, The amounts due within three months from the date of purchase shall be added to cash at the Fund and at banks to reach cash value In order to prepare the statement of cash flows in accordance with the requirements of the Egyptian Accounting Standards.

37-11 Assets held for sale

Non-current assets or disposal groups that include assets and liabilities held for sale are classified as highly likely to be recovered principally through sale rather than continuing to be used.

These assets or groups of assets that are disposed of are generally measured at their carrying amount or fair value less costs to sell, whichever is less.

Goodwill is initially charged to any impairment loss related to the disposal group and the rest of the loss is charged to the balance of the assets and liabilities. The impairment losses on inventory, financial assets and deferred tax assets are not carried forward and are continued to be measured in accordance with the Group's other accounting policies.

Impairment losses on the first tranche of assets held for sale or distribution as well as subsequent gains or losses on remeasurement are recognized in the consolidated statement of income.

On the classification of assets held for sale, no depreciation is made to fixed assets or amortized intangible assets and the equity method is discontinued for investments that are accounted for using the equity method.

37-12 Inventories

Inventories are measured at the lower of cost and net recoverable value. The cost of inventories is based on the first-in, first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net recoverable value is the estimated selling price, in the ordinary course of business, less the estimated costs of completion and selling expenses.

The inventory of work in process is measured at the lower of cost, which is determined based on the last process the work in process reached, or net recoverable value.

Finished production is measured at the lower of manufacturing cost or net recoverable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

37-13 Debtors and other receivables

Trade and other receivables are stated at their nominal value less an allowance for any doubtful debts.

37-14 Cash and cash equivalents

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents include bank balances, cash and demand deposits not exceeding three months and bank overdraft balances payable on demand and forming an integral part of the Company's management system.

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37-15 Impairment

i. Non-derivative financial assets

Unquoted financial assets measured at fair value through profit or loss including shares accounted for using the equity method, At the end of each financial year, the Group assesses whether there is objective evidence of impairment.

Financial assets carried at amortized cost

Impairment loss on a financial asset measured at amortized cost is measured as the difference between the carrying amount and the present value of estimated future cash flows using the effective interest rate of the asset. Impairment losses relating to a financial asset available for sale are measured using the prevailing fair value.

The impairment test for individually significant financial assets is carried out at each asset level separately. For other financial assets, the impairment test is performed at each group level for the remaining financial assets at the group level that share the credit risk characteristics.

All impairment losses are recognized in the income statement. The cumulative loss of a financial asset available for sale recognized in equity is transferred to the statement of income.

Financial assets available for sale

Impairment losses on available-for-sale financial assets are recognized as reclassified to previously recognized comprehensive income and recognized in profit or loss and the amount of the consolidated loss represents the difference between the acquisition cost (net) and fair value less any impairment previously recognized its profits and losses.

When the fair value of a debt classified as available-for-sale increases in any subsequent period and the increase is objectively related to an event occurring after the impairment loss is recognized, the impairment loss is reversed in profit or loss.

Investments accounted for using the equity method

Impairment losses on investments that are accounted for using the equity method are measured by comparing the carrying amount with the recoverable amount. Impairment losses are recognized in profit or loss. Impairment loss is reversed when preferential changes are made in the estimates used to determine the recoverable amount.

ii. Non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of the Company's non-financial assets and deferred tax assets to determine whether there is an indication of impairment. If so, the Company makes an estimate of the recoverable amount of the asset. The impairment test is performed annually.

To test for impairment of an asset, assets are grouped together into the smallest group of assets that include an asset that generates cash inflows from continuing use and is largely independent of cash flows from other assets or asset classes (cash-generating units).

Goodwill acquired upon consolidation of the business is allocated to the cash generating units or group of these units to the acquiree and is expected to benefit from the consolidation process.

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The recoverable amount of the asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. The useful value of the asset is the present value of estimated future cash flows discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset or generating unit Cash.

An impairment loss is recognized if the carrying amount of the asset or cash-generating unit is greater than its recoverable amount.

The impairment loss is recognized in profit or loss and is first allocated to reduce the carrying amount of the goodwill allocated to the cash generating units and then to reduce the other assets proportionally based on the carrying amount of each asset in the unit.

Loss on impairment of goodwill is not reversed in a subsequent period. For other assets, impairment losses are reversed for the period that does not exceed the carrying amount that would have been determined for the asset (net) unless impairment losses are recognized in prior years.

37-16 Lease contracts

Financial leasing contracts (sales and lease back operations):

If the facility (the leased seller) transfers the asset to another facility (the leased buyer) and rents this asset again, the facility must determine whether the transfer of the asset is accounted for whether or not a sale of this asset is.

In the event that transferring the original is not practical:

The leasing seller must continue to recognize the transferred asset, and it must recognize a financial liability equal to the transfer proceeds.

37-17 Capital

i. Common stocks

Direct costs relating to the issue of common shares and options for subscription to shares are recognized as a reduction in equity.

ii. Re-buy and re-issue capital shares

Upon repurchase of the issued share capital, the consideration for the repurchase of all direct and repurchase costs is recognized as treasury stocks and presented as a reduction of equity.

When the treasury stocks are sold or reissued, the amount received is recognized as an increase in shareholders' equity and the surplus or deficit resulting from the transaction within the reserves.

iii. Dividends

Dividends are recognized as a liability in the period in which the distribution is declared by a decision of the General Assembly of the Company.

37-18 Loans

Loans are measured at initial recognition at fair value plus related costs. After initial recognition, they are measured at amortized cost using the effective interest method.

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37-19 Creditors and other credit balances

Creditors and other credit balances are stated at their cost.

37-20 Provisions

Provisions are recognized when there is an existing or estimated legal obligation as a result of an event in the past that is probable to result in an inflow of economic benefits to be used to settle that obligation and a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, the unwinding of the discount is recognized as finance cost. Then check the balance of provision in the date of financial statements and adjusted when necessary to show current best estimate.

37-21 Revenue

Revenue is measured at the fair value of the consideration received or receivable to the enterprise when there is a reasonable expectation that future economic benefits will flow to the entity and that the revenue can be measured accurately and revenue is not recognized if there is no certainty of recovery of the revenue or associated costs.

i. Revenue from sale of goods

Revenue is recognized when the risks and rewards relating to the ownership of the goods sold to the buyer are transferred to the buyer after reliable measurement of the revenue and the recovery of the value of the goods and the estimated costs associated with them as well as the reliably recoverable amount. In case of export sales, the transfer of risks and benefits of the goods sold is determined according to the terms of shipment.

ii. Return on investments

Dividend income is recognized in the statement of income on the date that the right to receive the dividends of the investee companies is established and is recognized after the date of acquisition.

iii. Gain on sale of investments

Gains and losses arising from the sale of financial investments are recognized in the statement of income on the date of the sale by dividing the cost and the sale price less selling expenses and commissions.

iv. Credit interest

Interest income is recognized in the statement of income on a time proportion basis, taking into consideration the target rate of return on the asset based on the accrual basis.

37-22 Expenses

i. Lease payments

Lease payments are recognized in the consolidated statement of income over the life of the contract.

ii. Borrowing cost

Interest-bearing loans and borrowings are recognized in the consolidated statement of income using the effective interest method based on the accrual basis.

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iii. Insurance and pension system

The Group contributes to the social security system for the benefit of its employees according to the social insurance law. The employees and the group contribute according to this law in the system with a fixed rate of wages. The company's commitment is limited to the value of its contribution and the company's contributions are charged to the income statement according to the accrual basis.

iv. Income tax

Current tax is recognized as an expense in consolidated profit or loss, except for cases where a tax related to equity items is recognized directly in equity.

v. Deferred tax

Deferred tax is recognized using the financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

37-23 Reserves

In accordance with the requirements of the Companies Law and the bylaws of the Group companies, 5% of the net profit is deducted annually to form a non-distributable statutory reserve. Such amounts shall be discontinued when the balance of the statutory reserve equals 50% of the issued share capital of the company. When the reserve balance falls below the mentioned rate, it is necessary to go back to deducting it again.

38- Events subsequent to the date of the financial statements

- 1- Most countries of the world, including Egypt, were exposed during the first quarter of 2020 to the spread of the emerging (Covid-19) pandemic, which caused disturbances in most commercial and economic activities in general, so it is likely that this will have a fundamental impact on the elements of assets, liabilities and the recoverable value of them as well as The results of the business on the company's financial statements during the coming periods, in addition to the potential impact on the provision of raw materials and supplies necessary for production, operations, and demand on the company's products and the liquidity available to them, and the company is currently evaluating and determining the size of this impact on its current financial statements, except that in light of the instability and condition Uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the expected extent, the period of time at which that event is expected to end and its implications, which is difficult to determine at the present time.
- 2- BMB - one of the English Baird Group companies - (a subsidiary of Al Arafa for Investments and Consulting), during the financial period following the date of the financial statements, proceeded with the procedures for the voluntary restructuring of creditors' balances (CVA) Corporate Voluntary Agreement, according to which the company in agreement with stakeholders of common interests It has, including the British government, to develop a future work plan with all the parties dealing with it and that includes settling previous dues for them. This step comes by the company to face the severe effects resulting from the Corona virus pandemic and the consequent stoppage of the markets in the United Kingdom and according to the estimates of the company's management it is expected That the creditors' restructuring will have a positive impact on the group's business and its implications, which is difficult to determine at the present time.

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39- New issues and amendments to the Egyptian Accounting Standards

On 18 March, 2019, the Minister of Investment and International Cooperation issued Resolution No. 69 of 2019 amending some provisions of the Egyptian Accounting Standards issued by Minister of Investment Decision No. 110 of 2015 which includes some new accounting standards and amendments to some of the existing standards. The Egyptian facts were published on 7 April, 2019.

In its statement issued on April 12, 2020, the Financial Supervisory Authority decided to postpone the application of the new Egyptian accounting standards and the accompanying amendments issued by Ministerial Resolution No. 69 of 2019 to the Interim (quarterly) financial statements that will be issued during the year 2020 provided that companies apply these standards and these amendments On the annual financial statements of these companies at the end of the fiscal year, and the combined effect should be fully included at the end of the year, with the companies' commitment to adequate disclosure in their Interim lists in 2020 about this fact and its accounting implications, if any.

The council of minister decision was issued on September 17, 2020 to replace the date of applying the Egyptian accounting standards no (47,48,49) until January 1, 2021 and the following are the most important of these amendments:

<u>New or Amended Standards</u>	<u>A Summary of The Most Significant Amendments</u>	<u>The Possible Impact on the Financial Statements</u>	<u>Date of Implementation</u>
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1 st , 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.
	2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.		

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<u>New or Amended Standards</u>	<u>A Summary of The Most Significant Amendments</u>	<u>The Possible Impact on the Financial Statements</u>	<u>Date of Implementation</u>
	<p>3- When measuring the impairment of financial assets, the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- based on the requirements of this standard the following standards were amended:</p> <p>a) Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019]</p> <p>b) Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".</p> <p>c) Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.</p> <p>d) Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".</p> <p>e) Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "</p>		-These amendments are effective as of the date of implementing Standard No. (47)]
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<p>1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</p> <p>a- Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</p> <p>b- Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No (48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted</p>

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<u>New or Amended Standards</u>	<u>A Summary of The Most Significant Amendments</u>	<u>The Possible Impact on the Financial Statements</u>	<u>Date of Implementation</u>
The new Egyptian Accounting Standard (49) "Lease Contracts"	<ol style="list-style-type: none"> 1-For revenue recognition, Control Model is used instead of Risk and Rewards Model. 2-incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met. 3-The standard requires that contract must have a commercial substance in order for revenue to be recognized. 4-Expanding in the presentation and disclosure requirements <ol style="list-style-type: none"> 1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015. 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating lease or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and 	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p> <p>The company has applied the Egyptian Accounting Standard No. 49 of 2019 for leasing contracts that were subject to Law 95 of 1995 and its amendments, which were canceled and replaced by Law 176 of 2018.</p>	<p>This standard No. (49) applies to financial periods beginning after January 1st, 2020, and early implementation there permitted if Egyptian Accounting Standard No. (48) "Revenue Contracts with Customers" 2019.</p> <p>Except for the above-mentioned date of enforcement, Standard (49) 2019 applies to contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and treated according to Egyptian Accounting Standard No. "Accounting rules and standards related to financial leasing as well as the finance lease contracts that arise under and are subject to Law No. 176 of 2018 in the effect of regulating both financial leasing and factoring as starting from the beginning of the annual reporting period in Law No. (95) of 1995 was repealed and Law No. (176) of 2018 issued.</p>

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Egyptian Accounting Standard No. (38) as amended "Employees Benefits "	<p>present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p> <p>A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>
Egyptian Accounting Standard No. (42) as amended "Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> - (ESA 15) Related Party Disclosures - (ESA17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Interim Financial Statements - EAS (44) Disclosure of Interests in Other Entities. 	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>- The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p>

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<u>New or Amended Standards</u>	<u>A Summary of The Most Significant Amendments</u>	<u>The Possible Impact on the Financial Statements</u>	<u>Date of Implementation</u>
Egyptian Accounting Standard No. (42) as amended "Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> - (ESA 15) Related Party Disclosures - (ESA17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Interim Financial Statements - EAS (44) Disclosure of Interests in Other Entities. 	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p>
Issuance of Egyptian Accounting Interpretation No. (1) "Public Service Concession Arrangements"	<p>This interpretation provides guidance on accounting by operators for public service concession arrangements from a public entity to a private entity, for the construction, operation and maintenance of public utility infrastructure such as roads, bridges, tunnels, hospitals, airports, water distribution facility, power supplies, telecommunications networks, etc.</p> <p>This interpretation gives the option to continue applying the previous treatment of public service concession arrangements existing before January 1, 2019, to establishments that were recognizing and measuring the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. (10) "fixed assets and their depreciations" until their term expires.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This Interpretation No. (1) applies to financial periods beginning on or after January 1st, 2020.</p>

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<u>New or Amended Standards</u>	<u>A Summary of The Most Significant Amendments</u>	<u>The Possible Impact on the Financial Statements</u>	<u>Date of Implementation</u>
Egyptian Accounting Standard No. (22) as amended "Earnings per Share	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as amended "Statement of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (34) "Real Estate Investment"	The use of the fair value model option has been canceled for all establishments upon subsequent measurement of their real estate investments and adherence only to the cost model, with real estate investment funds only obligated to use the fair value model upon subsequent measurement of all their real estate assets. Based on this amendment, both of: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (32) "Non-current assets held for the purpose of sale and discontinued operations. - Egyptian Accounting Standard No. (31) "impairment of assets" 	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.