

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Under Public Free Zone)
Consolidated interim financial statements for the
Financial period ended October 31, 2023
and Independent Auditors' Report on Review of
Consolidated Interim Financial Statements

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Translated from Arabic

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Independent Auditors' Report on Review of Consolidated Interim Financial Statements

To \ The board of directors of Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Under Public Free Zone)

Introduction

We have reviewed the accompanying consolidated statement of financial position of Al Arafa for Investment and Consultancies (An Egyptian Joint company – Under Public Free Zone) as of October 31, 2023 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410), "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, 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 do not express an audit opinion on these consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of October 31, 2023 and its consolidated financial performance and its consolidated cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
Public accountants and consultants

KPMG Hazem Hassan

KPMG Hazem Hassan

Public Accountants and consultants

Alexandria on December 18, 2023

Translated from Arabic

Al Arafa for Investments and Consultancies
(An Egyptian Joint stock company - Under Public Free Zone)
Consolidated statement of Financial Position as of October 31, 2023

	Note No	October 31, 2023 USD	January 31, 2023 USD
Assets			
Non-Current Assets			
Property, plant and equipment	(14)	42 684 496	46 758 187
Projects under construction	(15)	3 794 019	5 332 576
Intangible assets	(19)	35 596 987	38 805 510
Financial Investments at fair value through other comprehensive Income	(16)	1 484 716	1 484 716
Equity-accounted investees	(17)	2 710 458	3 343 030
Right of use assets	(20-1)	13 363 457	17 592 362
Work in progress	(21)	21 281 512	26 494 443
Defined employee benefits plan assets	(38)	25 332 774	24 797 447
Deferred tax assets	(18)	80 956	-
Total Non-Current Assets		146 329 375	164 608 271
Current Assets			
Inventory	(22)	109 792 973	109 446 109
Trade receivables and debtors	(23)	38 567 959	49 945 933
Due from related parties	(35-1)	3 216 384	2 479 273
Assets held for sale		1 748 363	-
Cash and cash equivalents	(24)	11 300 989	24 316 398
Total Current Assets		164 626 668	186 187 713
Total Assets		310 956 043	350 795 984
Equity and Liabilities			
Equity			
Issued and paid-up Capital	(30-2)	94 050 000	94 050 000
Reserves	(31)	36 023 807	36 023 807
The difference arising from the acquisition and change in corporate ownership shares	(32)	(28 120 115)	(28 103 401)
Foreign entities translation differences		(55 463 182)	(55 896 824)
Net (losses) /profit for the period/year		(3 359 387)	11 316 906
Retained (losses)		(17 123 175)	(28 190 563)
Net Equity of the Parent Company		26 007 948	29 199 925
Non-controlling interests	(33)	2 844 336	2 859 572
Total Equity		28 852 284	32 059 497
Liabilities			
Non-current liabilities			
Loans	(25)	41 703 128	32 811 760
Due to related parties	(35-2)	7 971 209	-
Notes payable	(20-2)	-	79 876
Lease liabilities	(20-2)	9 498 007	12 578 555
Defined employee Benefits plan liabilities	(38)	22 590 225	21 220 442
Deferred tax liabilities	(18)	-	531 366
Other liabilities	(26)	22 561 026	28 559 828
Total non-current liabilities		104 323 595	95 781 827
Current liabilities			
Provisions	(28)	752 508	783 486
Bank credit balances	(24)	104 624 478	141 968 676
Trade and other payables	(27)	53 469 743	63 774 768
Current income tax payable	(18)	1 371 019	1 130 666
Other liabilities	(26)	8 763 636	10 934 196
Loan installments and credit facilities due within one year	(25)	8 798 780	4 362 868
Total current liabilities		177 780 164	222 954 660
Total liabilities		282 103 759	318 736 487
Total shareholders' equity and liabilities		310 956 043	350 795 984

- The notes and accounting policies on pages (7) to (63) are an integral part of these consolidated interim financial statements.
- Independent Auditor's Report on Reviewing the consolidated interim Financial Statements – attached,

Financial Manager
Mouhamed Mohy

CFO
Mohamed Morsy

Vice-Chairman and
Managing Director
Dr / Alaa Arafa

Chairperson
Maria Luisa Cicognani

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Under Public Free Zone)
Consolidated statement of profit or loss for the financial period ended October 31, 2023

	Note	Financial period From 1/2/2023 To 31/10/2023 <u>USD</u>	Financial period From 1/8/2023 To 31/10/2023 <u>USD</u>	Financial period From 1/2/2022 To 31/10/2022 <u>USD</u>	Financial period From 1/8/2022 To 31/10/2022 <u>USD</u>
	<u>No</u>				
Operating Revenue	(4)	155 623 917	47 622 886	165 899 455	55 119 594
Operation Cost	(5)	(89 660 803)	(27 047 063)	(97 281 305)	(32 711 139)
Gross profit		65 963 114	20 575 823	68 618 150	22 408 455
Other income	(6)	645 582	121 596	2 643 032	1 421 333
Selling and distribution expenses	(7)	(34 082 840)	(9 797 131)	(37 743 762)	(12 292 268)
General and administrative expenses	(8)	(17 619 838)	(6 738 041)	(16 210 943)	(4 145 538)
Reversal of / impairment (losses) in financial assets	(9)	214 164	16 208	(99 568)	69 385
Other expenses	(10)	(1 938 041)	(489 945)	(861 398)	(317 140)
Profit from operating activities		13 182 141	3 688 510	16 345 511	7 144 227
Share of profit of equity – accounted investees, net of tax	(11)	943 871	284 932	875 958	239 365
Finance income	(12)	764 153	151 596	4 325 544	2 755 950
Finance expenses	(13)	(16 415 232)	(5 359 554)	(10 594 785)	(4 198 303)
Net (loss) / profit for the period before tax		(1 525 067)	(1 234 516)	10 952 228	5 941 239
Income tax expense	(18)	(1 849 556)	(679 834)	(1 299 305)	(953 382)
Net (losses) / profit for the period		(3 374 623)	(1 914 350)	9 652 923	4 987 857
<u>Distributed as follows :</u>					
Share of holding company's shareholders		(3 359 387)	(1 886 862)	9 343 020	4 907 284
Share of non-controlling interest		(15 236)	(27 488)	309 903	80 573
Net (loss)/profit for the period after tax		(3 374 623)	(1 914 350)	9 652 923	4 987 857
Basic and diluted losses / earning per share (USD / share)	(41)	(0.007)	(0.004)	0.021	0.0106

▪The notes and accounting policies on pages (7) to (63) are an integral part of these consolidated interim financial statements.

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company - Under Public Free Zone)
Consolidated Statement of Comprehensive Income for the Financial period ended October 31, 2023

	Financial period	Financial period	Financial period	Financial period
	From 1/2/2023	From 1/8/2023	From 1/2/2022	From 1/8/2022
Note	To 31/10/2023	To 31/10/2023	To 31/10/2022	To 31/10/2022
No	USD	USD	USD	USD
Net (losses)/profit for the period	(3 374 623)	(1 914 350)	9 652 923	4 987 857
<u>Other comprehensive income items</u>				
<u>Items that will not be reclassified to Profit or loss:</u>				
Share of the holding company in the comprehensive income items of associate companies	(1 576 444)	(419 712)	(748 859)	--
Application of Egyptian Accounting Standard No. 13 "Impact of Foreign Exchange Rate Change" (40)	(1 934 374)	366 817	(19 086 943)	(7 809 102)
Impact of deferred Tax (18)	339 164	(438 869)	168 493	--
	(6 546 277)	(2 406 114)	(10 014 386)	(2 821 245)
<u>Items that are or may not be reclassified subsequently to profit or loss:</u>				
Foreign entities translation differences	940 040	(759 244)	1 957 008	819 359
Total comprehensive income for the period	(5 606 237)	(3 165 358)	(8 057 378)	(2 001 886)
<u>Add:-</u>				
Transferred to retained earnings / (losses)	2 231 614	1 251 008	17 710 301	6 989 743
	(3 374 623)	(1 914 350)	9 652 923	4 987 857
<u>Distributed as follows :</u>				
Share of holding company's shareholders	(3 359 387)	(1 886 862)	9 343 020	4 907 284
Share of non-controlling interest	(15 236)	(27 488)	309 903	80 573
Total comprehensive income for the period	(3 374 623)	(1 914 350)	9 652 923	4 987 857

- The notes and accounting policies on pages (7) to (63) are an integral part of these consolidated interim financial statements.

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company - Under Public Free Zone)
Consolidated statement of Changes in Equity for the Financial period ended October 31, 2023

	Issued and Paid up Capital USD	Reserves USD	Retained Earnings / (Losses) USD	The difference arising from the acquisition and change in corporate ownership shares USD	Foreign entities Translation differences USD	Net profit / (losses) for the period/year USD	Total equity of the holding company USD	Non Controlling interest USD	Total USD
Balance as of February 1, 2022	94 050 000	36 023 807	12 321 070	(28 103 401)	(47 878 509)	(5 474 981)	60 937 986	3 783 793	64 721 779
Transactions with company's shareholders									
Closing (losses) for the financial year ended on January 31, 2022 in retained earnings	--	--	(5 474 981)	--	--	5 474 981	--	--	--
Non-controlling interests share	--	--	--	--	--	--	--	(690 941)	(690 941)
Total transactions with company's shareholders	--	--	(5 474 981)	--	--	5 474 981	--	(690 941)	(690 941)
Comprehensive income									
Net profit for the financial period ended October 31, 2022	--	--	--	--	--	9 343 020	9 343 020	--	9 343 020
Other comprehensive income items	--	--	--	--	1 957 008	--	1 957 008	--	1 957 008
Applying the Egyptian Accounting Standard No. (13) "The Effect of Changes in Exchange Rates"	--	--	(19 086 943)	--	--	--	(19 086 943)	--	(19 086 943)
Non-controlling interests share	--	--	--	--	--	--	--	309 903	309 903
Total comprehensive income	--	--	(19 086 943)	--	1 957 008	9 343 020	(7 786 915)	309 903	(7 477 012)
Balance as of October 31, 2022	94 050 000	36 023 807	(12 240 854)	(28 103 401)	(45 921 501)	9 343 020	53 151 071	3 402 755	56 553 826
Balance as of February 1, 2023	94 050 000	36 023 807	(28 190 563)	(28 103 401)	(55 896 824)	11 316 906	29 199 925	2 859 572	32 059 497
Transactions with company's shareholders									
Closing profits for the financial year ended on January 31, 2023 in retained earnings	--	--	11 316 906	--	--	(11 316 906)	--	--	--
Total transactions with company's shareholders	--	--	11 316 906	--	--	(11 316 906)	--	--	--
Comprehensive income									
Net loss for the financial period ended October 31, 2023	--	--	--	--	--	(3 359 387)	(3 359 387)	--	(3 359 387)
Other comprehensive income items	--	--	--	--	433 642	--	433 642	--	433 642
Acquisition of share in a subsidiary	--	--	--	(16 714)	--	--	(16 714)	--	(16 714)
Foreign currencies translation differences	--	--	(249 518)	--	--	--	(249 518)	--	(249 518)
Non-controlling interests share	--	--	--	--	--	--	--	(15 236)	(15 236)
Total comprehensive income	--	--	(249 518)	(16 714)	433 642	(3 359 387)	(3 191 977)	(15 236)	(3 207 213)
Balance as of October 31, 2023	94 050 000	36 023 807	(17 123 175)	(28 120 115)	(55 463 182)	(3 359 387)	26 007 948	2 844 336	28 852 284

▪ The notes and accounting policies on pages (7) to (63) are an integral part of these consolidated interim financial statements.

Al Arafa for Investments and Consultancies
(An Egyptian Joint stock company - Under Public Free Zone)
Consolidated statement of cash flows for the financial period ended October 31, 2023

	Note No.	October 31, 2023 USD	October 31, 2022 USD
<u>Cash flows from operating activities</u>			
Net (loss) / profits for the period before tax		(1 525 067)	10 952 228
<u>Adjustments for the following:</u>			
Property, plant & equipment Depreciation	(14)	3 788 374	3 648 007
Right of use amortization	(20)	3 980 029	4 564 419
Capital (gain) from sale of Property, plant and equipment	(6)	(32 848)	(21 201)
Interest and finance lease expenses	(13)	2 904 057	1 171 955
Interest and finance expenses	(13)	13 511 175	9 422 830
Credit Interest	(12)	(764 153)	(2 267 708)
Amortization of Intangible Assets - Trademarks	(19)	2 249 832	2 234 686
The Group's share of the results of the business of associate companies	(11)	(943 871)	(875 958)
Expected Credit Loss in trade receivables	(9)	(214 164)	99 568
		22 953 364	28 928 826
<u>Change in :-</u>			
Inventory	(22)	(346 864)	(5 428 639)
Work in progress		5 212 931	(26 482 746)
Debtors and other debit balances		11 623 138	1 228 531
Due from related parties		(737 111)	(1 674 070)
Creditors and other credit balances		(10 942 009)	(141 857)
Due to related parties		7 971 209	(168 573)
Provisions	(28)	(30 978)	(56 963)
Cash provided from operating activities		35 703 680	(3 795 491)
Rentals paid		(1 343 442)	(5 010 523)
Interest and finance expense paid		(13 511 175)	(9 422 830)
Net cash flows provided from/ (used in) operating activities		20 849 063	(18 228 844)
<u>Cash flows from Investing Activities</u>			
(Payments) for acquisition of property, plant and equipment and projects under construction		(1 549 853)	(3 052 120)
Proceeds from sale of property, plant and equipment and intangible asset		850 067	68 636
(Payments) for the purchase of intangible assets	(19)	(562 765)	(476 229)
(Payments) to acquire financial investments at fair value through other comprehensive income		--	(804 824)
Proceed from credit interest		764 153	2 267 708
Change in equity – accounted investees (associates companies)		--	(222 879)
Net cash flows (used in) investing activities		(498 398)	(2 219 708)
<u>Cash flows from financing activities</u>			
Change in Notes payables		(79 876)	(235 030)
Change in credit facilities and loans		(24 016 918)	(31 086 677)
Change in other liabilities		(8 169 362)	35 635 879
Change in Employee Benefits	(38)	834 456	176 816
Net Cash (used in) / provided from Financing Activities		(31 431 700)	4 490 988
Net change in cash and cash equivalent during the period		(11 081 035)	(15 957 564)
The effect of changes in currency exchange rates on cash and cash equivalents		(1 934 374)	(19 086 943)
Cash & cash equivalents at the beginning of the period		24 316 398	64 567 774
Cash & cash equivalents at the end of the period	(24)	11 300 989	29 523 267

- The notes and accounting policies on pages (7) to (63) are an integral part of these consolidated interim financial statements.
- The value of transactions that represent non-cash transaction have been excluded as shown in note no.(42)

Al Arafa for Investment and Consultancies

(An Egyptian Joint stock company – Under Public Free Zones)

Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

1- Background and activities

1-1 Legal entity

- Al Arafa for Investment and consultancies Company – An Egyptian Joint Stock Company (Swiss garments company -previous) – was established in accordance with the provisions of the safeguards law and investment incentives No. (8) for the year (1997), 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 June 18, 2005, to separate the Company into two Joint Stock Companies (Demerging Company and Demerged Company) operating according to the Free Zones System with the same shareholders and the same participation percentage in the issued capital companies as at of separation date. The Board also proposed using the book value of the assets and liabilities, as of June 30, 2005, as a basis for the separation. As the purpose of the Demerging company will be specialized in investing in financial instruments and the Demerged 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 Demerging Company's name was changed to Al Arafa for Investment and Consultancies Company, and the commercial register was amended accordingly on January 11, 2006, and the investment gazette on January 16, 2006.
- The company's amendment has been registered in the commercial registry with no. 17426 on January 16, 2006.
- According to the merging company's bylaws, the company's financial year start from the first of February from each year and ends on 31 January from the next year, rule (55).
- The company's duration is 25 years, Starting from the date of this amendment registration to the commercial register.
- The Company's head office is located in: Nasr city - free zone, Cairo, Arab Republic of Egypt.
- The Company's Board of Directors Chairperson is Maria Luisa Cicognani.
- The Company's Vice Chairman and Managing Director is Dr / Alaa Ahmed Abdel-Maksoud Arafa.

Al Arafa for Investment and Consultancies

(An Egyptian Joint stock company – Under Public Free Zones)

Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

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.

The consolidated interim financial statements comprise of the financial statements of Al Arafa for Investment and consultancies (the Parent Company) and its subsidiaries (referred to as the “Group”) and the Group's share in the profits and losses of its associates is also included. The Group is involved in several activities which are represented in establishing and operating factories for the manufacture of ready-made garments, Textile production necessary for their manufacture in all their forms, varieties, types, and supplies, exporting them abroad or selling them in the local market, manufacturing all types of medical protective clothing, trading, and marketing ready-made garments of all kinds and forms wholesale or sectoral, import, export, and commercial agencies. As well as the establishment and operation of a factory Wool yarn and weaving and wool spinning mixed with industrial, synthetic, and natural fibers and acrylic yarn after being cut from the bristle's tops, as well as real estate investment in cities and new urban communities, remote areas, and areas outside the old valley.

1-3 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

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).

Al Arafa for Investment and Consultancies

(An Egyptian Joint stock company – Under Public Free Zones)

Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

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 Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) and Al Arafa for Investment in Garments industry Company (S. A. E.) 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.

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:

<u>Subsidiary's Name</u>	<u>Company's purpose</u>	<u>Country</u>	Direct and Indirect contribution Percentage	
			<u>October 31, 2023</u>	<u>January 31, 2023</u>
• Concrete for Readymade Garments	Garments	Egypt	91.64 %	91.64 %
• Swiss Cotton Garments	Garments	Egypt	99.20 %	99.20 %
• Egypt Tailoring For Ready – Made Garments	Garments	Egypt	99.40 %	99.40 %
• Crystal for Making Shirts	Garments	Egypt	99.50 %	99.50 %
• Fashion Industry garments company	Garments	Egypt	89.80 %	89.80 %
• Egypt Portugal for trading and Marketing for Readymade Garments	Marketing and trading	Egypt	59 %	59 %
• EP Garments	Garments	Portugal	60 %	60 %
• Euromed for Trading and Marketing	Marketing and trading	Egypt	97.21 %	97.21 %
• White Head Spinning Company	Garments	Egypt	52.32 %	44.10 %
• Port Said for Readymade Garments	Garments	Egypt	97.46 %	97.17 %
• Swiss for Readymade Garments	Garments	Egypt	99.20 %	99.20 %
• Baird Group	Marketing and trading	England	98.15 %	98.15 %
• Al Arafa for real estate Investment	Real estate investment	Egypt	99.2 %	99.2 %
• FC Trading	Trading	U.A.E	100 %	100 %
• Savini for Readymade Garments *	Garments	Egypt	99.2 %	99.2 %

Al Arafa for Investment and Consultancies

(An Egyptian Joint stock company – Under Public Free Zones)

Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

* **Baird Group**

- Baird Holding Company was established in England and Wales and the group consists of the following subsidiaries:

<u>Company's Name</u>	<u>Establishment Country</u>
▪ Baird Group ltd	England and Wales
▪ BMB Group ltd	England and Wales
▪ BMB Clothing ltd	England and Wales
▪ BS Europe B.V	Netherlands
▪ BS Europe GmbH	Germany
▪ Racing Green ltd	England and Wales
▪ Addison & Steele ltd	England and Wales
▪ Alexander of England ltd	England and Wales
▪ Worth Valley Meanswear ltd	England and Wales

- 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 countries. The group owns many distinctive brands such as: Ben Sherman, Gibson London, Alexander and Jeff Bank.

** **FC Trading Company**

- The company was established under the free zone system of the United Arab Emirates, license number DMCC-767843 issued by the Dubai Multi Commodities Center (DMCC) of the Government of Dubai.
- The purpose of the company is trading for proprietary account on regulated exchange for property securities in accordance with Dubai Multi Commodities Center (DMCC).

1-6 Equity – accounted investees:

Company's Name	Country	Contribution Percentage	
		<u>October 31, 2023</u>	<u>January 31, 2023</u>
Goldentex-direct contribution	Egypt	48.59 %	48.59 %

2- Basis of preparation of the consolidated interim financial statements

The consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards "EAS", EAS has been issued by the Minister of investment under No. 243 of the year 2006 and in accordance with the prevailing Egyptian Laws and Regulation.

The Egyptian Accounting standard (EAS) requires a reference to the international financial reporting standard (IFRS) for events and transaction for which EAS or legal requirements have not been issued or how to account for.

The consolidated interim financial statements for the period ended October 31, 2023 were approved for issuance by the company board of director on December 18, 2023.

Details of the Group accounting policies are included in Note No. (39).

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

2-1 Measurement basis

The consolidated interim financial statements have been prepared in accordance to historical cost basis except for assets and liabilities which are recognized at its fair value, financial assets and liabilities at fair value through profit or loss or other comprehensive income and amortized cost.

2-2 Presentation currency

The consolidated interim financial statements are presented in the USD which is the functional currency and all the financial information included are in USD, unless otherwise indicated in the consolidated interim financial statements or in the note disclosures.

2-3 Use of estimates and judgments

In preparing the consolidated interim financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.

Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the period of the revision and future periods if the revision affects both current and future periods.

A- Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Revenue recognition

Revenue is recognized as detailed in the accounting policies applied.

- Equity-accounted investees and common control entities:

Determining whether the Group has significant influence over Companies and investees.

- Review of contractual agreements

The management reviews its judgmental assumptions and estimates, including what used in determining the extent to which the Group enjoys absolute or joint control or influential influence over the investee companies whenever a material event or an effective amendment occurs to the terms contained in its contractual agreements.

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

- Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Group develops criteria in order to exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in EAS 2, EAS 49, and EAS 10, and in particular, the intended usage of property as determined by management.

- Lease contract classification - Group as lessor - (If any)

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

- Recognition of current and deferred tax assets and liabilities and their measurement

Income taxes, whether current or deferred, are determined by each subsidiary of the Group in accordance with the tax law requirements of each country in which the subsidiary of the Group operates.

Some of the group's Al Arafa for investments and consultancies is not subject to income tax as it is an Egyptian joint stock company – under public free zones profit is subject to income tax, which requires using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the year, the Group record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arising between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current year and to be considered as change in accounting estimates.

For recognition of deferred tax assets, management uses assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

This process requires the use of multiple and complex estimates in estimating and determining the taxable pool and temporary deductible taxable differences resulting from the difference between the accounting basis and the tax basis for some assets and liabilities. In addition to estimating the extent to use deferred tax assets arising from carry forward tax losses, in the light of making estimates of future taxable profits and future plans for each of the activities of the subsidiaries of the Group.

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

- **Incremental Borrowing Rates (IBRs) applied in right of use calculation**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

B- Assumptions and estimation uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- **Provisions and contingent liabilities**

Management assess events and circumstances that might led to a commitment on the Group's side from performing its normal economic activities, management uses in this primary estimates and assumptions to judge the extend on which the provision's recognition conditions have been met at the financial statement date, and analyze information to assume whether past events lead to current liability against the Group and estimate the future cash outflows and timing to settle this obligation, in addition, selecting the method which enable the management to measure the value of the commitment reliably.

- **Calculation of expected credit losses**

The Group assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the ECL model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting year to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

- **Estimation of net realizable value for inventory, and work in progress**

Inventory, and properties classified under work in progress are stated at the lower of cost or net realizable value ("NRV"). NRV is assessed with reference to sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available. NRV for completed units available for sale is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same market serving the same real estate segment.

NRV in respect of work in progress is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

- **Impairment of property, plant and equipment and projects under construction**

Properties classified under property, plant and equipment and projects under construction are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out to determine the recoverable amount which takes into account the fair value of the property under consideration. The fair value of Club Houses properties and fixed assets classified under property, plant and equipment is determined by an independent expert.

The recoverable amount is determined using fair value model.

The fair values are compared to the carrying amounts to assess any probable impairment.

- **Useful lives of property, plant and equipment and intangible assets**

Management reviews the residual values and estimates useful lives of property, plant and equipment and intangible assets at the end of each annual reporting year. Management determined that the current period's expectations do not differ from previous estimates based on its review.

C- Fair value measurement

Certain number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to fair values measurement. This includes the presence valuation team that has overall responsibility for Review of all fair values according to the different levels in the hierarchies referred to below, and a report of those values and methods of measuring them will be issued directly to the board of directors. A report on the material matters related to the evaluation process will be issued to the Internal Audit Committee.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy :

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

3- Segment reports

3-1 Operating results and business activities of group companies

	<u>Garments manufacturing segment</u>		<u>Retail segment</u>		<u>Real estate Investment</u>		<u>Investments</u>		<u>Eliminations</u>		<u>Total after Eliminations</u>	
	31/10/2023 USD	31/10/2022 USD	31/10/2023 USD	31/10/2022 USD	31/10/2023 USD	31/10/2022 USD	31/10/2023 USD	31/10/2022 USD	31/10/2023 USD	31/10/2022 USD	31/10/2023 USD	31/10/2022 USD
Revenue from external clients	83 564 450	71 326 256	72 054 735	94 575 004	11 941	12 562	--	--	--	(14 367)	155 631 126	165 899 455
Intercompany group sales	12 180 004	12 476 294	5 696	4 424	--	--	--	--	(12 192 909)	(12 480 718)	(7 209)	--
Total	95 744 454	83 802 550	72 060 431	94 579 428	11 941	12 562	--	--	(12 192 909)	(12 495 085)	155 623 917	165 899 455
Cost of operation	(68 485 523)	(65 954 616)	(34 894 112)	(43 843 447)	(8 647)	(14 758)	--	--	13 727 479	12 531 516	(89 660 803)	(97 281 305)
Gross profit	27 258 931	17 847 934	37 166 319	50 735 981	3 294	(2 196)	--	--	1 534 570	36 431	65 963 114	68 618 150
Other revenues	2 882 365	5 088 342	135 766	185 604	650	5 790	237 360	246 556	(2 184 439)	(2 883 260)	1 071 702	2 643 032
Selling and distribution expenses	(3 011 750)	(4 175 574)	(31 144 976)	(34 459 963)	--	--	--	--	73 886	891 775	(34 082 840)	(37 743 762)
General and administrative expenses	(4 419 208)	(4 338 900)	(11 158 903)	(9 818 853)	(10 992)	(24 019)	(2 133 944)	(2 885 611)	103 209	856 440	(17 619 838)	(16 210 943)
Other expenses	(3 083 109)	(515 064)	(870 809)	11 572	--	--	(1 844 322)	(1 077 419)	3 648 243	619 945	(2 149 997)	(960 966)
Operating profit / (Loss)	19 627 229	13 906 738	(5 872 603)	6 654 341	(7 048)	(20 425)	(3 740 906)	(3 716 474)	3 175 469	(478 669)	13 182 141	16 345 511
Share of the group in the associates activities outcomes	--	--	--	--	--	--	943 871	875 958	--	--	943 871	875 958
Finance revenues / (expenses) (net)	(11 105 626)	(4 716 608)	(3 413 334)	(1 705 322)	30	(281 659)	(1 326 593)	1 202 883	194 444	(768 535)	(15 651 079)	(6 269 241)
Net (loss)/ Profit for the period before tax	8 521 603	9 190 130	(9 285 937)	4 949 019	(7 018)	(302 084)	(4 123 628)	(1 637 633)	3 369 913	(1 247 204)	(1 525 067)	10 952 228
Income tax	(250 680)	(80 855)	(1 120 339)	(937 338)	--	--	--	--	--	--	(1 371 019)	(1 018 193)
Deferred tax	247 274	(151 115)	(723 938)	(125 188)	(1 873)	(4 809)	--	--	--	--	(478 537)	(281 112)
Net (loss) / profit for the period after tax	8 518 197	8 958 160	(11 130 214)	3 886 493	(8 891)	(306 893)	(4 123 628)	(1 637 633)	3 369 913	(1 247 204)	(3 374 623)	9 652 923
Distributed as follows:												
Share of holding company's shareholders	8 457 563	8 858 008	(11 054 415)	3 674 287	(8 820)	(304 438)	(4 123 628)	(1 637 633)	3 369 913	(1 247 204)	(3 359 387)	9 343 020
Share of Non – controlling interest	60 634	100 152	(75 799)	212 206	(71)	(2 455)	--	--	--	--	(15 236)	309 903
Net (loss) / profit for the period after tax	8 518 197	8 958 160	(11 130 214)	3 886 493	(8 891)	(306 893)	(4 123 628)	(1 637 633)	3 369 913	(1 247 204)	(3 374 623)	9 652 923

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

4- Operating revenues

	Note	Financial period from 1/2/2023 to 31/10/2023	Financial period from 1/8/2023 to 31/10/2023	Financial period from 1/2/2022 to 31/10/2022	Financial period from 1/8/2022 to 31/10/2022
	No.	USD	USD	USD	USD
Revenues	(3)	155 623 917	47 622 886	165 899 455	55 119 594
		155 623 917	47 622 886	165 899 455	55 119 594

5- Operating cost

Raw material and supplies		55 824 672	22 915 644	56 412 022	21 490 050
Goods held for sale		19 293 925	3 327 326	25 178 419	6 002 694
Packing materials		1 845 179	439 988	1 952 102	785 893
Industrial wages		7 554 306	2 386 418	10 700 807	3 401 754
Property, plant and equipment depreciation	(14)	1 819 736	731 513	1 953 366	757 551
Manufacturing costs		6 892 093	2 380 637	7 577 259	2 508 004
		93 229 911	32 181 526	103 773 975	34 945 946
(Less)/Add:					
Export subsidy revenues		(5 862 672)	(1 513 404)	(6 431 640)	(2 624 081)
Change in Finished goods and Work in process		2 293 564	(3 621 059)	(61 030)	389 274
		89 660 803	27 047 063	97 281 305	32 711 139

6- Other income

Rental Revenue		179 974	61 155	200 766	67 644
Net capital gains / (losses)		32 848	(115 877)	21 201	5 521
Discounts		9 757	2 244	174 236	38 695
Revenue from services to others		6 001	6 001	--	--
Other		417 002	168 073	2 246 829	1 309 473
		645 582	121 596	2 643 032	1 421 333

7- Selling and Distribution expenses

	Notes	Financial period from 1/2/2023 to 31/10/2023	Financial period from 1/8/2023 to 31/10/2023	Financial period from 1/2/2022 to 31/10/2022	Financial period from 1/8/2022 to 31/10/2022
	No.	USD	USD	USD	USD
Wages and salaries		10 968 499	3 893 198	12 433 990	3 879 306
Sales commissions		2 783 168	708 103	3 644 082	542 656
Advertising		4 183 250	1 131 381	3 885 696	1 432 314
Export expenses		1 797 479	571 951	3 002 706	1 448 686
Amortization of right of use assets	(20)	3 721 540	1 147 341	4 367 051	1 455 936
Property, plant and equipment depreciation	(14)	739 159	112 963	558 056	105 530
Others		9 889 745	2 232 194	9 852 181	3 427 840
		34 082 840	9 797 131	37 743 762	12 292 268

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

8- General and Administrative expenses

	Notes	Financial period from 1/2/2023 to 31/10/2023	Financial period from 1/8/2023 to 31/10/2023	Financial period from 1/2/2022 to 31/10/2022	Financial period from 1/8/2022 to 31/10/2022
	No.	USD	USD	USD	USD
Wages and salaries		5 476 696	1 880 598	6 958 249	1 438 941
Property, plant and equipment depreciation	(14)	1 229 479	382 040	1 136 585	377 301
Amortization of right of use assets	(20)	258 489	86 387	197 368	51 978
Others		10 655 174	4 389 016	7 918 741	2 277 318
		17 619 838	6 738 041	16 210 943	4 145 538

9- Reversal of /Impairment losses in financial assets

(Reversal of) / Expected credit losses on Trade receivables	(23)	(214 164)	(16 208)	99 568	(69 385)
		(214 164)	(16 208)	99 568	(69 385)

10- Other expenses

Formed Provisions	(28)	95 129	21 343	48 650	14 404
GAFI fees		666 632	176 653	492 133	274 189
Others		1 176 280	291 949	320 615	28 547
		1 938 041	489 945	861 398	317 140

11- Share of profit of equity – accounted investee

Company's Share in results of golden tex company's business		943 871	284 932	875 958	239 365
		943 871	284 932	875 958	239 365

12- Finance income

Credit interest		764 153	151 596	2 267 708	698 114
Foreign currencies translation differences		--	--	2 057 836	2 057 836
Total of finance income generated from financial assets		764 153	151 596	4 325 544	2 755 950

13- Finance Expenses

Interest expense, bank commission and expenses		13 511 175	4 419 838	9 422 830	3 831 905
Interest of lease contracts		2 904 057	939 716	1 171 955	366 398
		16 415 232	5 359 554	10 594 785	4 198 303

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

14- Property, plant and equipment

<u>Description</u>	<u>Land*</u> <u>USD</u>	<u>Buildings and</u> <u>Constructions</u> <u>USD</u>	<u>Machinery</u> <u>and equipment</u> <u>USD</u>	<u>Vehicles</u> <u>USD</u>	<u>Tools and</u> <u>Supplies</u> <u>USD</u>	<u>Furniture and</u> <u>Office</u> <u>Equipment</u> <u>USD</u>	<u>Improvements</u> <u>in leasehold</u> <u>USD</u>	<u>Total</u> <u>USD</u>
Cost as of February 1st, 2023	7 115 742	56 745 842	48 799 845	1 071 582	1 087 134	42 316 200	1 349 128	158 485 473
Additions during the period	--	259 990	405 682	1 633	43 835	411 823	217 084	1 340 047
Disposals during the period	--	(52 606)	(2 437 377)	(3 957)	--	(226 260)	(14 991)	(2 735 191)
Foreign currency translation differences	(355 426)	(378 703)	(391 452)	(24 381)	(32 408)	(476 596)	(1 190 399)	(2 849 365)
Cost as of October 31, 2023	6 760 316	56 574 523	46 376 698	1 044 877	1 098 561	42 025 167	360 822	154 240 964
Accumulated Depreciation								
Accumulated Depreciation as of February 1st, 2023	--	25 705 843	43 225 495	720 321	670 814	40 182 480	1 222 333	111 727 286
Depreciation during the period	--	586 387	1 097 642	73 705	24 133	1 691 642	314 865	3 788 374
Accumulated depreciation of disposals during the period	--	(52 606)	(2 284 530)	--	--	(213 276)	--	(2 550 412)
Foreign currency translation differences	--	(220 524)	(282 938)	(20 892)	(24 454)	(231 840)	(628 132)	(1 408 780)
Accumulated Depreciation as of October 31, 2023	--	26 019 100	41 755 669	773 134	670 493	41 429 006	909 066	111 556 468
Net Book value as of October 31, 2023	6 760 316	30 555 423	4 621 029	271 743	428 068	596 161	(548 244)	42 684 496
Fully Depreciated Assets and still in use as of October 31, 2023	--	1 994 379	14 631 536	298 060	377 784	10 070 389	1 000 000	28 372 148
Cost as of February 1st, 2022	6 676 102	57 423 447	49 001 831	1 137 971	1 089 908	41 521 157	3 426 437	160 276 853
Additions during the period	--	196 339	762 751	47 751	58 013	2 005 639	652 610	3 723 103
Disposals during the period	--	--	(263 504)	(46 148)	--	(8 071)	--	(317 723)
Foreign currency translation differences	(456 363)	(591 723)	(907 676)	(35 460)	(46 233)	(1 162 353)	(1 455 499)	(4 655 307)
Cost as of October 31, 2022	6 219 739	57 028 063	48 593 402	1 104 114	1 101 688	42 356 372	2 623 548	159 026 926
Accumulated Depreciation								
Accumulated Depreciation as of February 1st, 2022	--	25 498 643	42 147 502	720 081	690 158	40 158 077	2 963 276	112 177 737
Depreciation during the period	--	628 320	1 489 653	78 097	25 369	975 176	451 392	3 648 007
Accumulated depreciation of disposals during the period	--	--	(216 582)	(46 148)	--	(7 558)	--	(270 288)
Foreign currency translation differences	--	(331 306)	(674 004)	(30 084)	(37 909)	(740 665)	(1 070 361)	(2 884 329)
Accumulated Depreciation as of October 31, 2022	--	25 795 657	42 746 569	721 946	677 618	40 385 030	2 344 307	112 671 127
Net Book value as of October 31, 2022	6 219 739	31 232 406	5 846 833	382 168	424 070	1 971 342	279 241	46 355 799

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

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

- The cost of two plots of land number (10 ,9) in the west of industrial zone (A1) at 10th Ramadan City amounted to L.E 6,4 million with an area of 17 534 square meters, 40 477 square meters to establish housing units form employees .
- 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 new Beni Suef city authority, with a total amount of L.E 10,7 Million equivalent to an amount of USD 1,9 Million and the registration in the real estate registry is in progress.

15- Projects under constructions

	October 31, 2023	January 31, 2023
	USD	USD
Building and constructions	3 332 610	4 731 656
Machinery and equipment under installation	44 224	--
Advance payments to purchase plant, property and equipment	532 660	716 395
	3 909 494	5 448 051
<u>Less:</u>		
Impairment losses in Projects under constructions	(115 475)	(115 475)
	3 794 019	5 332 576

16- Financial Investments at fair value through other comprehensive income

	October 31, 2023	January 31, 2023
	USD	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 48.95% of the capital)	2 543 467	2 543 467
▪ The cost of investing in Mada Global Fund for In Opportunities in UAE	1 454 161	1 454 161
▪ Other investments	67 669	67 669
Total Investments	4 649 623	4 649 623
<u>Less:</u>		
Impairment losses in investments	(3 164 907)	(3 164 907)
	1 484 716	1 484 716

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

17- Equity - accounted investees (associates companies)

<u>Investee Company's Name</u>	<u>Country of Incorporation</u>	<u>Ownership percentage %</u>	<u>October 31, 2023 USD</u>	<u>January 31, 2023 USD</u>
• Golden Tex. Wool	Egypt	48.59 %	2 710 458	3 343 030
			<u>2 710 458</u>	<u>3 343 030</u>

The following table shows the investment movement in golden tex during the financial period ended:

	<u>October 31, 2023</u> <u>Equivalent to USD</u>	<u>January 31, 2023</u> <u>Equivalent to USD</u>
Total Assets	52 172 844	29 012 290
Total Liabilities	(23 782 497)	(25 398 228)
Net Assets	28 390 347	3 614 062
Total Revenues	16 419 502	18 895 662
Total operating cost	(14 765 517)	(13 607 023)
Net Profit after tax	1 653 985	5 288 639
	<u>October 31, 2023 USD</u>	<u>January 31, 2023 USD</u>
Investment Balance at the beginning of the period/year	3 343 030	4 135 081
The group's share in associate company's profit	943 872	1 085 375
The effect of applying accounting standard (13) on owner's equity	(1 576 444)	(2 100 305)
The cost of buying additional share in the company	--	222 879
Investment Balance at the end of the period/year	2 710 458	3 343 030

18- Tax**a) Income Tax expense**

	<u>October 31, 2023 USD</u>	<u>October 31, 2022 USD</u>
Current income tax expense	1 371 019	1 018 193
Deferred tax	478 537	281 112
	<u>1 849 556</u>	<u>1 299 305</u>

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b) **Deferred tax Assets and liabilities**

- **The balance of the deferred tax assets and liabilities represent the following:**

	January 31, 2023	<u>Recognized in the Profit Or Loss Statement</u>	<u>Recognized in the other Comprehensive income statement</u>	<u>Foreign currency Translation differences</u>	October 31, 2023
	<u>Assets / (liabilities)</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>Assets/ (liabilities)</u>
	USD	USD	USD	USD	USD
Company's share in comprehensive income of associate company	472 569	--	354 700	--	827 269
Actuarial gains/ losses of retirement benefit	278 614	--	--	--	278 614
Fixed Assets	(3 207 405)	(478 537)	--	751 695	(2 934 247)
Retained tax losses	1 422 024	--	--	--	1 422 024
The effect of applying accounting standard (13)	502 832	--	(15 536)	--	487 296
Deferred Tax During the period	(531 366)	(478 537)	339 164	751 695	80 956

	January 31, 2022	<u>Recognized in the Profit Or Loss Statement</u>	<u>Recognized in the other Comprehensive income statement</u>	<u>Foreign currency Translation differences</u>	January 31, 2023
	<u>Assets / (liabilities)</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>Assets/ (liabilities)</u>
	USD	USD	USD	USD	USD
Company's share in comprehensive income of associate company	--	--	472 569	--	472 569
Actuarial gains/ losses of retirement benefit	(380 714)	--	659 328	--	278 614
Fixed Assets	(2 624 360)	(471 196)	--	(111 849)	(3 207 405)
Retained tax losses	1 605 304	--	--	(183 280)	1 422 024
The effect of applying accounting standard (13)	--	--	502 832	--	502 832
Deferred Tax During the year	(1 399 770)	(471 196)	1 634 729	(295 129)	(531 366)

c) **Deferred tax assets – not recognized**

Deferred tax assets related to tax losses and deductible temporary differences have not been recognized due to the lack of an appropriate degree to ensure that there are sufficient future tax profits through which these assets can be utilized.

d) **Deferred tax liabilities - not recognized**

Deferred tax liabilities related to the temporary differences of the undistributed profits of some subsidiaries have not been recognized based on the following:

First: Most of the undistributed retained profits do not have a distribution tax, as they are related to profits made in exempt companies (companies under the free zone system and companies outside Egypt).

Second: Regarding the undistributed profits of companies subject to the distribution tax in Egypt, the management of the holding company controls the timing of disbursing these distributions, and the applied policy is to keep all the distributable profits to be reinvested instead of resorting to financing as a result of the high interest rates. Thus, there is no possibility of making dividends in the foreseeable future. Accordingly, the group's policy, according to EAS 24 "Income tax", is to recognize the deferred tax related to the profits expected to be distributed within the limits of the distribution tax on the amounts that are planned to be distributed by the holding company in the coming years.

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19- Intangible assets

	Trademarks and programs USD	Goodwill USD	Total USD
Cost at February 1, 2023	35 152 812	30 395 674	65 548 486
Additions during the period	562 765	--	562 765
Disposals during the period	(14 999 347)	--	(14 999 347)
Total cost	20 716 230	30 395 674	51 111 904
<u>Deduct</u>			
Accumulated Amortization	(23 319 032)	--	(23 319 032)
Amortization during the period	(2 249 832)	--	(2 249 832)
Accumulated depreciation of disposals	14 366 907	--	14 366 907
Foreign entities translation differences	(1 041 588)	(3 271 372)	(4 312 960)
Net book value at October 31, 2023	8 472 685	27 124 302	35 596 987
Cost at February 1, 2022	34 389 860	30 395 674	64 785 534
Additions during the year	762 952	--	762 952
Total cost	35 152 812	30 395 674	65 548 486
<u>Deduct</u>			
Accumulated Amortization	(20 330 633)	--	(20 330 633)
Amortization during the year	(2 988 399)	--	(2 988 399)
Foreign entities translation differences	(805 913)	(2 618 031)	(3 423 944)
Net book value at January 31, 2023	11 027 867	27 777 643	38 805 510

- Trademarks are represented in the value of the right to use trademarks in some of the group companies.

20- Right- of- use assets – lease contracts (Net)

20-1 Right- of- use assets arising from commercial leasing contracts

	October 31, 2023 USD	January 31, 2023 USD
Total lease contracts measured at the present value	25 272 443	27 763 381
<u>(Deduct):-</u>		
Amortization charged on consolidated statement of profit or loss	(3 980 029)	(6 087 974)
Accumulated depreciation of disposals	1 521 411	514 911
Accumulated amortization of lease contracts	(9 440 236)	(5 521 902)
Translation differences	(1 227)	953 048
Earned rental discount differences	(8 905)	(29 102)
Net lease contracts measured at the present value	13 363 457	17 592 362

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023**20-2 Lease liabilities**

	October 31, 2023	January 31, 2023
	USD	USD
Lease liabilities arising from commercial lease contracts	15 506 008	23 503 954
New contracts during the period / year	287 435	4 032 535
<u>Add:</u>		
Differences arising from a change in the present value that charged on consolidated statement of profit or loss	--	3 252 896
	15 793 443	30 789 385
<u>Less:</u>		
Translation differences	(1 785 085)	(5 540 809)
Payment of lease liabilities within the period / year	(1 343 442)	(5 968 695)
	12 664 916	19 279 881
<u>Less:</u>		
Current portion of lease liabilities arising from commercial leasing contracts	(2 605 390)	(5 726 197)
Notes payable (Due installments) during the period / year	(561 519)	(895 253)
Total current lease liabilities	(3 166 909)	(6 621 450)
<u>Less:</u>		
Non-current portion of lease liabilities presented in the statements of financial position as below:		
Non- Current portion of lease liabilities arising from commercial lease contracts	(9 498 007)	(12 578 555)
Long term notes payable (Due installments)	--	(79 876)
Total Non-current lease liabilities	(9 498 007)	(12 658 431)

21- Work in progress – non current

This balance amounted to USD 21 281 512 for a plot of land in the tenth of Ramadan City of an area of about 100 acres of national housing for other activities in accordance with the decision of the New Urban Communities Authority and its licenses are being finalized as well as the engineering and architectural works of the project.

22- Inventory

	October 31, 2023	January 31, 2023
	USD	USD
Raw materials	45 841 554	44 696 686
Packing materials	1 085 489	1 186 921
Spare parts	3 140 509	2 966 441
Work in process	6 612 158	9 536 616
Finished goods	55 453 010	52 335 115
Goods in transit	320 183	912 471
L/C's to purchase raw materials and supplies	872 712	705 020
	113 325 615	112 339 270
<u>Less:</u>		
Write off inventory	(3 532 642)	(2 893 161)
	109 792 973	109 446 109

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023**23- Trade receivables and debtors**

	October 31, 2023	January 31, 2023
	<u>USD</u>	<u>USD</u>
Trade receivables	22 628 654	33 798 256
Notes receivables	288 463	380 623
Trade payables - debit balances	3 417 579	7 060 620
Deposits held with others	587 106	732 444
Tax authority	1 921 577	1 911 505
Prepaid expenses	2 814 405	2 568 108
Accrued revenues	9 515 089	8 844 687
Other debit balances	2 723 094	51 009 264
	<u>43 895 967</u>	<u>106 305 507</u>
<u>Less:</u>		
Expected credit loss of trade receivables and debtors	(5 328 008)	(56 359 574)
	<u>38 567 959</u>	<u>49 945 933</u>

	Balance on February 1, 2023	Formed During the period	Reversal expected credit loss	Used During the period	Balance on October 31, 2023
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Expected credit loss of trade receivables and debtors	56 359 574	211 956	(426 120)	(50 817 402)	5 328 008
	<u>56 359 574</u>	<u>211 956</u>	<u>(426 120)</u>	<u>(50 817 402)</u>	<u>5 328 008</u>

24- Cash and cash equivalents

	October 31, 2023	January 31, 2023
	<u>USD</u>	<u>USD</u>
Current accounts	9 964 451	8 880 513
Time deposits	736 505	14 813 513
Cash on hand	600 033	622 372
	<u>11 300 989</u>	<u>24 316 398</u>

- The credit facilities granted from the banks to companies group amounted 104 624 478 USD at October 31, 2023 (against 141 968 676 USD at January 31, 2023).

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25- Long-term loans and facilities

	<u>End of Payment</u>	<u>Non- current portion USD</u>	<u>Current portion USD</u>	<u>Total USD</u>
<p>▪ <u>Arafa for Investments and Consultancies</u> Arab African Bank: The remaining value of the medium-term loan amounting to USD 29 971 343 granted to the company by the Arab African International Bank “SAE” to finance the purchase of 38% of the capital of Concrete Company for Ready-made Garments, and the rescheduling of the repayment of this balance has been activated amounting to USD 13 907 087 as of March 1, 2021 in nine unequal semi-annual installments ending in June 2025</p>	2025	4 101 229	3 000 000	7 101 229
<p>▪ <u>Swiss Garments Company</u> Commercial International Bank: A medium-term loan amounting to USD 23 919 453 granted to the company to re-transfer part of the company’s existing obligations to the bank. The balance of this loan is paid in seventeen unequal semi-annual installments, due on August 30 and February 28 of each year. The first of which is due on August 30, 2024, and ends on August 30, 2032</p>	2032	22 825 703	1 093 750	23 919 453
<p>▪ <u>Arab Bank:</u> A medium-term loan paid in quarterly installment, the first installment to be paid on April 19, 2023 until January 19, 2028.</p>	2028	8 838 299	2 525 242	11 363 541
<p>▪ <u>Egypt Tailoring Garments Company</u> On October 26, 2022, a scheduling contract for a credit facility contract was concluded with Mashreq Bank - Egypt, in order to schedule indebtedness according to the following: - Medium-term financing of 4.3 million Egyptian pounds, to be paid in 36 monthly installments - Medium-term financing of USD 4.9 million, to be paid in 36 monthly installments. These loans are under a joint guarantee from Al-Arafa Investments and Consulting Company</p>	2025	5 937 897	2 179 788	8 117 685
Balance on October 31, 2023		<u>41 703 128</u>	<u>8 798 780</u>	<u>50 501 908</u>
Balance on January 31, 2023		<u>32 811 760</u>	<u>4 362 868</u>	<u>37 174 628</u>

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26- Other liabilities

	October 31, 2023	January 31, 2023
	<u>USD</u>	<u>USD</u>
Installments liabilities for lease contracts (sales and lease back)	11 811 200	17 625 632
Urban Communities Authority*	19 513 462	21 868 392
	<u>31 324 662</u>	<u>39 494 024</u>
<u>Deduct</u>		
Due for payments during the year to urban communities	(8 763 636)	(10 934 196)
Balance of other non-current liabilities	<u>22 561 026</u>	<u>28 559 828</u>

* This item represents the total due for a plot of land in the Al-Maarefah area on the 10th of Ramadan, according to the New Urban Communities Authority Resolution No. (149) dated January 11, 2021.

27- Trade payables and creditors

	October 31, 2023	January 31, 2023
	<u>USD</u>	<u>USD</u>
Trade payables	18 555 468	18 602 633
Accrued expenses	11 783 510	11 166 032
Tax authority	3 081 538	3 348 565
Notes payable	3 925 191	2 547 844
Lease contracts liabilities	2 605 390	5 726 197
Deposits from others	1 238 980	1 842 052
Receivables – credit balance	897 480	3 368 080
Other credit balances	4 552 940	17 173 365
Prepaid rents	6 829 246	--
	<u>53 469 743</u>	<u>63 774 768</u>

28- Provisions

	Balance on February 1, 2023 <u>USD</u>	Formed During the period <u>USD</u>	Utilized During the period <u>USD</u>	Foreign Exchange Difference during the period <u>USD</u>	Balance on October 31, 2023 <u>USD</u>
Tax and claims provisions*	783 486	95 129	(105 896)	(20 211)	752 508
	<u>783 486</u>	<u>95 129</u>	<u>(105 896)</u>	<u>(20 211)</u>	<u>752 508</u>
	Balance on February 1, 2022 <u>USD</u>	Formed During the period <u>USD</u>	Utilized During the period <u>USD</u>	Foreign Exchange Difference during the period <u>USD</u>	Balance on January 31, 2023 <u>USD</u>
Tax and claims provisions*	353 473	569 457	(121 112)	(18 332)	783 486
	<u>353 473</u>	<u>569 457</u>	<u>(121 112)</u>	<u>(18 332)</u>	<u>783 486</u>

* The usual published information about provisions in accordance with Egyptian Accounting Standard No. 28 "Provisions, Contingent Assets and Liabilities" was not disclosed because the Group's management believes that doing so may severely affect the outcome of negotiations with those parties.

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

29- Financial risk management and financial instruments

The Group is exposed to the following risks from its use of financial instruments:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Currency risk
- E. Interest rate risk
- F. Other market price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, as well as the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits.

The Group aims to develop a disciplined and constructive control environment through which all employees understand their rules and obligations.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial losses. This risk is mainly associated with the Company's customers and other receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the demographics of the Group's customer base, which includes the default risk of the industry which has less influence on credit risk.

All of the Group's revenues is attributable to sales transactions with a vast group of customers. Therefore, demographically, there is no concentration of credit risk.

Investments

The Company limits its exposure to credit risk by conducting detailed investment studies which are reviewed by the Board of Directors. The Company's management does not expect any counterparty to fail to meet their obligations.

Guarantees

The group's policy is to provide financial guarantee to subsidiaries company only extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM).

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due.

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The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate year including the cost of servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

d) Currency risk

The Group is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in EGP, EUR and GBP.

In respect of monetary assets and liabilities denominated in other foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Company's investments in its subsidiaries are not hedged as those currency positions are considered long-term in nature.

The Parent Company does not enter into hedging contracts for foreign currencies.

e) Interest rate risk

The Company adopts a policy to limit the company's exposure for interest risk, therefore the company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost are periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

f) Other market price risk

Equity price risk arises from available-for-sale equity securities, the management of the Group monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buying and selling decisions are approved by the Company's Board of Directors.

The primary goal of the Company's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023**29-1 Credit risk**

The carrying amount of financial assets represents the maximum exposure to credit risk as at October 31, 2023, as follows:

	Note No.	31/10/2023 USD	31/1/2023 USD
Financial investment of fair value through other comprehensive income	(16)	1 484 716	1 484 716
Trade receivable and debtors		35 742 406	45 466 320
Due from related parties	(35-1)	3 216 384	2 479 273
Cash and cash equivalents	(24)	11 300 989	24 316 398
		51 744 495	73 746 707

29-2 Liquidity risk

The following are the contractual terms of financial liabilities:

<u>October 31, 2023</u>	<u>Carrying amount USD</u>	<u>Less than 1 year USD</u>	<u>2-5 years USD</u>
Loans installments and credit facilities	155 126 386	113 423 258	41 703 128
Due to related parties	7 971 209	--	7 971 209
Other liabilities	31 324 662	8 763 636	22 561 026
Trade and other payable and other leased contracts liability	62 967 750	53 469 743	9 498 007
Employee benefits liabilities	22 590 225	--	22 590 225
	279 980 232	175 656 637	104 323 595
<u>January 31, 2023</u>	<u>Carrying amount USD</u>	<u>Less than 1 year USD</u>	<u>2-5 years USD</u>
Loans installments and credit facilities	179 143 304	146 331 544	32 811 760
Other liabilities	39 494 024	10 934 196	28 559 828
Trade and other payable and other leased contracts liability	76 353 323	63 774 768	12 578 555
Employee benefits liabilities	21 220 442	--	21 220 442
	316 211 093	221 040 508	95 170 585

29-3 Currency risk**Exposure to currency risk**

The Group's exposure to foreign currency risk for main currencies was as follows:

	<u>Surplus / (deficit) October 31, 2023</u>	<u>Surplus / (deficit) January 31, 2023</u>
EGP	330 220 749	54 179 765
Euro	(8 354 352)	(3 944 971)
GBP	11 139 645	10 860 150

The following is the average exchange rates during the period:

	<u>Average exchange rate during the period</u>		<u>Spot rate at the financial statements date</u>	
	<u>31/10/2023</u>	<u>31/1/2023</u>	<u>31/10/2023</u>	<u>31/1/2023</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
EGP	0.0324	0.0553	0.0323	0.0403
Euro	1.0820	1.0571	1.0658	1.0640
GBP	1.2218	1.2211	1.2182	1.2326

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023**Sensitivity Analysis**

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against USD As of October 31, 2023, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Increase	(Decrease)
EGP	16 511 037	(16 511 037)
Euro	(417 717)	417 717
Sterling pound	556 982	(556 982)

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against USD As of January 31, 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Increase	(Decrease)
EGP	2 708 988	(2 708 988)
Euro	(197 248)	197 248
Sterling pound	543 007	(543 007)

29-4 Interest rate risk

At the date of consolidated financial statements, the interest rate profile of the Group's financial instruments was as follows: -

	Carrying amount	
	31/10/2023	31/1/2023
<u>Financial instruments with a fixed rate</u>	<u>USD</u>	<u>USD</u>
Financial assets – Time deposit	736 505	14 813 513
Financial liabilities - Loan	50 501 908	37 174 628
Financial liabilities- lease liabilities	12 664 916	19 279 881
	<u>63 903 329</u>	<u>71 268 022</u>
<u>Financial instruments with a variable rate</u>		
Financial liabilities-Bank credit facilities	104 624 478	141 968 676
	<u>104 624 478</u>	<u>141 968 676</u>
	<u>168 527 807</u>	<u>213 236 698</u>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the consolidated financial statements date would not affect the consolidated statement of profit or loss.

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30- Capital

30-1 The Authorized Capital

The authorized capital is 150 million USD (one hundred and fifty million USD), and this was noted in the commercial registry on November 13, 2006.

30-2 Issued and paid-up capital

The issued and paid-up capital of the company consists of 470,250,000 nominal shares with a value of 20 USD cents per share and the issued capital amounting to 94,050 000 USD 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 pursuant to a decision Mr. / CEO of the General Authority for Investment and Free Zones No. 127 of 2019.

The decision of the committee formed by the General Authority for Investment and Free Zones approved on July 1, 2019 was issued licensing the merger of Al-Arafa Investments and Consulting Company (an Egyptian joint stock company) a merging company with the Arafa Company for Investment in the Spinning, Weaving and Textiles Industry (an Egyptian joint stock company) a free zone (merged company). Al Arafa Company for Investment in the Ready-made Garments Industry (Egyptian Joint Stock Company) Free Zone (merging company) and Al Arafa Company for Investment in the Marketing and Distribution of Readymade Garments (Egyptian Joint Stock Company) Free Zone (merging company) with book values according to the financial statements of the merging and merging companies on 31 October 2018. taken as a basis for the merger. The net equity of Arafa Investments and Consulting, the merging company, on October 31, 2018, was determined at an amount of 146 935 721 US dollars (one hundred forty-six million nine hundred thirty-five thousand seven hundred and twenty-one US dollars), and the net minority interest in the Arafa Company for Investment in the Ready-made Garments Industry, a merging company, a deficit in the amount of 31 971 885 US dollars (thirty-one million nine hundred seventy-one eight hundred and eighty-five US dollars) and Al-Arafa Company for Investment in the Spinning, Weaving and Fabrics Industry, a merged company, an amount of 16,753 US dollars (sixteen thousand seven hundred and fifty-three US dollars) after excluding the value of the investments of Al-Arafa Investments And consultancy (the merging company) in the Arafa Company for Investment in the Spinning, Weaving and Fabrics Industry (the merged company), amounting to 2, 077,340 US dollars (only two million seventy-seven thousand three hundred and forty US dollars, and Al-Arafa Investment Company in the marketing and distribution of ready-made garments (Egyptian joint stock company) (merging company) a deficit of 3,896,892 US dollars (three million eight hundred ninety-six thousand eight hundred ninety-two US dollars).

And in accordance with the decision of the company's extraordinary general assembly on August 4, 2019, in which the decision 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 as the basis for the merger and the approval to keep the authorized capital of Arafa Investments and Consulting (the merging company) before the merger, amounting to 150 million US dollars, as well as the issued and paid-in capital of the Arafa Investments and Consulting Company (the merging company) before the merger, amounting to 94 050 000 US dollars, and the total net equity value of each of the merging company and the merging companies amounting to an amount of 111 083 697 US dollars and the difference of 17,033,697 US dollars is calculated in the merging company's reserves.

Al Arafa for Investment and Consultancies**(An Egyptian Joint stock company – Under Public Free Zones)****Notes to the consolidated interim financial statements for the financial period ended October 31, 2023****31- Reserves**

	Balance on October 31, 2023 <u>USD</u>	Balance on January 31, 2023 <u>USD</u>
Legal reserve	24 666 360	24 666 360
General reserve	10 615 029	10 615 029
Other reserves (treasury shares reserve)	742 418	742 418
	<u>36 023 807</u>	<u>36 023 807</u>

Legal reserve

According to the requirements of the companies' laws and the articles of association of the group companies, 5% of the annual net profit of the companies is set aside to form the statutory reserve until it reaches 50% of the issued capital of each company. No distribution is made from this reserve, but it can be used to increase capital or reduce losses.

General reserve

The general reserve represents the value set aside from the profits of the group companies in previous years in accordance with the decision of the general assembly of the shareholders of those companies. This reserve is used by a decision of the general assembly based on the proposal of the board of directors of each company in what fulfills the interests of the company.

Translation differences reserve

The translation differences reserve represents the value of the accumulated differences resulting from the translation of the financial statements of the subsidiaries from foreign currencies to US dollars in addition to their share in the accumulated translation differences listed in the equity of affiliate companies.

32- The difference arising from the acquisition and change in corporate ownership shares

The company purchased the shares of some of its subsidiaries, which were controlled by the shareholders of the holding company and the Swiss Company for Ready-made Garments (a subsidiary company) and the difference between the purchase cost and its share in the net shareholders' equity of these companies was treated in the equity statement in the consolidated financial statements with a value of 28 120 115 USD.

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023**33- Non – controlling interest**

The following table provides information about each subsidiary with non – controlling interests that are material to the group:

<u>Subsidiary's name</u>	<u>Controlling percentage</u>	
	<u>October 31, 2023</u>	<u>January 31, 2023</u>
Concrete for Readymade Garments	8.36%	8.36%
Swiss Cotton Garments	0.8%	0.8%
Egypt Tailoring For Ready – Made Garments	0.6%	0.6%
Crystal for Making Shirts	0.09%	0.5%
Fashion Industry garments company	10.2%	10.2%
Egypt Portugal for trading and Marketing for Readymade Garments	41%	41%
EP Garments	40%	40%
Euromed for Trading and Marketing	2.79%	2.79%
White Head Spinning Company	55.9%	55.9%
Port Said for Readymade Garments	2.54%	2.83%
Swiss for Readymade Garments	0.8%	0.8%
Baird Group	1.85%	1.85%
Al Arafa for real estate Investment	0.8%	0.8%
Savini for Readymade Garments *	0.8%	0.8%

- The voting rights percentage of the non – controlling shares are the same as the ownership percentage of the non – controlling shares.

The following is the movement of the non – controlling interest:

	<u>Retained earnings USD</u>	<u>Total USD</u>
The balance at the beginning of February 2022	3 783 793	3 783 793
Comprehensive income for the period	309 903	309 903
Dividends	(690 941)	(690 941)
The balance at October 31, 2022	3 402 755	3 402 755
The balance at the beginning of February 2023	2 859 572	2 859 572
Comprehensive income for the period	(15.236)	(15.236)
The balance at October 31, 2023	2 337 938	2 337 938

34- Tax position**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 2014-2018 are under inspection and the tax due has been paid, 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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The related parties are the shareholders of the Company and the associate 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 group companies carry out many transactions with related parties and these transactions are carried out in accordance with the conditions set by the board of directors in those companies which do not differ with the count parts of those transactions with others.

The following is a summary of the nature and volume of transactions concluded with related parties during the current period between the company and the related parties.

35-1 Due from related parties

<u>Company's Name</u>	<u>Type of transactions</u>	<u>Value of transactions</u>		<u>Balance on</u>	
		<u>31 October 2023</u>	<u>31 January 2023</u>	<u>Balance on 31 October 2023</u>	<u>Balance on 31 January 2023</u>
		<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
• METCO	Service	(167 598)	114 557	744 456	912 054
• Euro Egypt	Sales	(6 733)	19 525	27 184	33 917
• GTW	Current	911 442	1 533 302	2 444 744	1 533 302
				<u>3 216 384</u>	<u>2 479 273</u>

35-2 Due to related parties (Long term)

<u>Company's Name</u>	<u>Type of transactions</u>	<u>Value of transactions</u>		<u>Balance on</u>	
		<u>31 October 2023</u>	<u>31 January 2023</u>	<u>Balance on 31 October 2023</u>	<u>Balance on 31 January 2023</u>
		<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
• Dr. Alaa Abd El Maasoud Arafa (Finance to Baird Group)	Finance	7 971 209	--	7 971 209	--
				<u>7 971 209</u>	<u>--</u>

36- Capital commitments

The capital commitments as of October 31, 2023 with amount 1 403 315 USD.

37- Contingent liabilities

In addition to amounts taken into account in the elements of the consolidated 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 fiscal period amounted to USD 15 322 253.

38- Retirement benefit

Based on the decision of the management of Baird Group Company (subsidiary), it has been decided to adopt a retirement benefits system for employees of Baird Group in England (one of the subsidiaries) so that the company's employees benefit from it at the end of their service period in the company, in accordance with the conditions specified in the regulations approved by the company's management.

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38-1 Employees retirement benefits

	October 31, 2023 USD	January 31, 2023 USD
Net Assets of Employees Defined benefits plan	25 332 774	24 797 447
Total assets of employees benefit	25 332 774	24 797 447
Net liabilities of Employees Defined benefits plan	22 590 225	21 220 442
Total liabilities of employees benefit	22 590 225	21 220 442
Non-Current	22 590 225	21 220 442
Current	--	--

38-2 Employees Benefit movement assets / (liabilities)

	Assets USD	Liabilities USD	Net USD
Balance at February 1, 2022	39 741 235	(33 432 443)	6 308 792
Company's share	613 216	--	613 216
Employees' share	--	--	--
Benefits payments	(1 173 110)	1 173 110	--
	39 181 341	(32 259 333)	6 922 008

Amounts recognized in the profit and loss statement at January 31, 2023

Current service cost	--	--	--
Interest cost	767 126	(637 454)	129 672
	767 126	(637 454)	129 672

Amount recognized at the other comprehensive income statement at January 31, 2023

	Assets USD	Liabilities USD	Net USD
Actuarial profit/(losses)	(11 760 181)	8 829 831	(2 930 350)
Translation differences	(3 390 839)	2 846 514	(544 323)
Balance at January 31, 2023	24 797 447	(21 220 442)	3 577 007
Company's share	--	--	--
Benefits payments	--	--	--
	24 797 447	(21 220 442)	3 577 007

Amounts recognized in the profit or loss statement at October 31, 2023

Current service cost	--	--	--
Interest cost	827 464	(705 590)	121 874
	827 464	(705 590)	121 874

Amount recognized in the other comprehensive income statement at October 31, 2023:

	Assets USD	Liabilities USD	Net USD
Actuarial profit/(losses)	--	--	--
Translation differences	(292 137)	(664 195)	(956 332)
Balance at October 31, 2023	25 332 774	(22 590 225)	2 742 549

38-3 Important actuarial assumptions used in calculating benefits according to the actuary's study

- | | | |
|-----------------|-------|-------|
| • Discount rate | 4.60% | 2.15% |
| • Inflation | 3.10% | 3.60% |

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023

39- Significant accounting policies applied

The Group has consistently applied the following accounting policies during all financial periods presented in these consolidated financial statements.

39-1 Basis of consolidation

Business combinations

- The Group accounts for business combinations using the acquisition method when the combinations of the activities and assets acquired meets the definition of a business and control is transferred to the group when determining whether a particular combination of activities and assets represent a commercial activity. The group evaluate whether the set of acquired assets and activities that includes, at a minimum, and significant inputs and process and whether the acquired group has the ability to produce outputs.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately.
- The consideration transferred in the acquisition is generally measured at fair value, as are net values of the assets acquired where identifiable, any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase is recognized as profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries controlled are included in the consolidated financial statements from the date of obtaining control until the date that control lost.

Non-controlling interests

Non-controlling interest are measured initially at their proportionate share of the acquirer's identifiable net acquired assets.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other comprehensive income. Any resulting gain or loss is recognized in profit or loss. Any interests retained in the former subsidiary is measured at fair value when control is lost.

Equity – accounted investees

The Group's equity-accounted investees comprise interests in associates Companies and joint ventures.

And has no rights to the assets, and obligations for the liabilities, relating to an arrangement.

Associate Companies are companies in which the Group has significant influence over financial and operating policies but does not extend to be a control or a joint venture.

A joint venture is when the Group has rights only to the net assets of the arrangements.

Investments in associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The cost of the investments includes transaction costs.

Subsequent measurement in the consolidated financial statements by increasing or decreasing the carrying value of the investment by the Group's share of the profit or loss and OCI items of the equity-accounted investees, until the date that significant influence ceases\ joint control is stopped.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of transferred asset value.

39-2 Foreign currency transactions

Foreign transactions in the functional currency of the group companies are translated at the exchange rate on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at the date of preparing the financial statements.

Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate used when determining the fair value.

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

Generally, currency differences are recognized in the consolidated statement of income. Excluding, currency differences arising from translation are recognized in other comprehensive income:

- The financial obligations that have been designated as a risk coverage tool to cover the risk of net investment in a foreign activity, as long as the coverage is effective.
- Hedging instruments used for cash flow risk as long as the hedge is effective.

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- On an exceptional basis, the Egyptian Cabinet agreed to deal with the exceptional economic decision related to moving the exchange rate by setting an additional option for Paragraph No. (28) of the amended Egyptian Accounting Standard No. (13) “The Effects of Changes in Foreign Exchange Rates,” which requires recognition of currency differences. Within the statement of profits or losses for the period in which these differences arise, so that the standard allows the recognition of debit and credit currency differences on the translation of assets and liabilities of monetary nature in foreign currencies existing at the end of the fiscal year within the items of other comprehensive income in accordance with Paragraph No. (9) of the appendix to the standard amendment, Paragraph No. (10) of the amendment also made it possible to include the amount of currency differences resulting from the retranslation of monetary items, which were presented in the items of other comprehensive income in accordance with Paragraph No. (9) of this appendix, in the retained earnings or losses at the end of the financial period for applying The specific treatment contained in this Appendix.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and adjustments arising on acquisition, are translated at the exchange rates at the reporting date. Revenues and expenses of foreign operations are translated into US Dollar at the exchange rates at dates of the transactions.

Foreign currency differences are recognized in OCI items and the accumulated balance in the translation differences reserve, excluding the translation differences allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated income statement as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated income statement.

39-3 Financial instruments

1) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets .
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

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- How the performance of the portfolio is evaluated and reported to the Group's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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Notes to the consolidated interim financial statements for the financial period ended October 31, 2023**Financial assets – Subsequent measurement and gains and losses**

Financial assets classified at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition**Financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

39-4 Financial Derivatives and Hedge Accounting

The Group holds derivative financial instruments to hedge foreign currency and interest rate risks. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Following initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge against the variability in cash flows associated with forecast transactions with a high probability resulting from changes in foreign exchange rates and interest rates and some derivatives and non-derivative financial liabilities as a hedge of foreign exchange risk on a net investment in a foreign operation.

39-5 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24 "Income Tax".

Repurchase and re-issue of ordinary share (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

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Dividends

Dividends are recognized as a liability in the period in which they are declared.

39-6 Impairment

1) Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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2) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, work in progress, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in the previous years.

39-7 Property, plant & equipment & Depreciation

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property and equipment is recognized in consolidated statement of income.

ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the group all other expenses are presented in consolidated statement of profit or loss as an expense when incurred.

Al Arafa for Investment and Consultancies**(An Egyptian Joint stock company – Under Public Free Zones)****Notes to the consolidated interim financial statements for the financial period ended October 31, 2023****iii) Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives for each type of property, plant and equipment, and is generally recognized in consolidated statement of income and other comprehensive income.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

<u>Asset</u>	<u>Years</u>
Buildings & constructions	5–50
Machinery & equipment	3.3 – 10
Vehicles and transportation	5
Tools & supplies	2 – 10
Furniture & office equipment	2 – 16.67
Lease improvements	5–10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

39-8 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the assets to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

39-9 Lease contracts**1- Determining whether the arrangement contains a lease contract or not**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

Initially or when evaluating any arrangement that contains a contract lease, the Group separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements based on their relative fair values. If the Group concludes with a finance lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability is reduced when the payments is fulfilled, and the finance cost calculated on the obligation is recognized using the Group's additional borrowing rate.

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2- Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Group, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.

Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Group's statement of financial position.

3- Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

4- Lessor books

When the Group acts as a lessor, it determines at the inception of the lease whether each lease is or not a lease or operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease has been transferred substantially all the risk and reward incidental to ownership of the underlying asset.

If so, the lease is an indirect lease; If not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is in place for the principal part of the economic age of the asset.

Where the Group is an intermediate lessor, it accounts for its share of the main lease and sublease separately. It assesses the classification of a sublease with reference to the right-of-use asset arising from the main lease, not with reference to the underlying asset. If the lease is a short-term lease for which the Group applies the above exemption, then the sublease is classified as an operating lease. If the arrangement contains lease and non-lease components, the Group applies IFRS 15 to the consideration allocation in the contract.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The Group also regularly reviews the unsecured estimates of the residual values used in calculating the total investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

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39-10 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, the share equity-accounted investees, and income taxes.

39-11 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

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39-12 Intangible assets

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries. Goodwill is measured at cost less any accumulated impairment losses. Impairment of goodwill is not reversed subsequently. In case of gain on bargain purchase it is directly recognized immediately in the profit or loss statement.

Goodwill is examined to verify the extent which it is exposed to impairment in the fourth quarter of fiscal year or when there are indications of impairment.

Trademarks and Other intangible assets

Trademarks and Other intangible assets are recognized in which they have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Research and development

Expenditure on research activities is recognized as expense when incurred.

Development expenditure is capitalized only if the expenditure attributable to the intangible asset during the development period can be measured reliably, a technical feasibility study is available to complete the intangible asset, making it available for sale or to use, future economic benefits are probable from the intangible asset, and the availability of sufficient technical, financial, and other resources to complete development and to use or sell the intangible asset. Intent availability to complete the intangible asset to use or sell, the ability to use or sell the intangible asset. Otherwise, it is recognized as expense when incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditures

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits which relates to research and development projects under implementation that recognized as an intangible asset. All other expenditures including expenditure on internally generated goodwill and brands are expensed as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statement of income. Goodwill is not amortized.

the software and right of use trademarks are amortized over 10 years.

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39-13 Works in progress

All expenditures directly attributable to works in process are included in work in process account till the completion of these works. They are transferred to completed residential units ready for sale caption when they are completed. Work in process are stated at the balance sheet date at lower of cost and net realizable value. It includes all direct costs that related to preparation of units to sell it and in the assigned purpose.

39-14 Inventory

Inventories are measured at lower of cost and net realizable value. The cost of inventories is based on the moving average principle and cost includes expenditure incurred in acquiring the inventories and bringing it to its existing location and condition. Cost of finished goods and work in process inventories includes an appropriate share of production overheads.

39-15 Provisions

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 increase in the carrying amount of the provision resulting from the use of the discount to figure out the present value, which reflects the passage of time, is recognized as a finance cost.

39-16 Revenue recognition

Revenue from contracts with customers is recognized by the group based on five step modules as identified in EAS No. 48:

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the Group expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Group will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Group expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

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The Group satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -

- a) Group performance does not arise any asset that has an alternative use of the Group and the Group has an enforceable right to pay for completed performance until the date.
- b) The Group arise or improves a customer-controlled asset when the asset is arise or improved.
- c) The customer receives and consumes the benefits of Group performance at the same time as soon as the group has performed.

For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the Group satisfies performance obligation.

When the Group satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)

Revenue is recognized to the extent that is potential for the flow of economic benefits to the Group, revenue and costs can be measured reliably, where appropriate.

The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

Satisfaction of performance obligation

The Group should assess all contracts with customers to determine whether performance obligations are satisfied over a period of time or at a point in time in order to determine the appropriate method for revenue recognition. The Group estimated that, and based on the agreement with customers, the Group does not arise asset has alternative use to the Group and usually has an enforceable right to pay it for completed performance to the date.

In these circumstances, the Group recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price

The Group has to determine the price of the transaction in its agreement with customers, using this judgement, the Group estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

Control transfer in contracts with customers

If the Group determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.

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In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

Allocation of the transaction price of performance obligation in contracts with customers

The Group elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Group considers the use of the input method, which requires recognition of revenue based on the Group's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Group estimates efforts or inputs to satisfy a performance obligation, In addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Group shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Group estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. this method is applied consistently throughout the contract and for identical types of contracts.

The significant funding component

The Group shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

Revenue recognition

Sale of goods revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

Services revenue

Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.

Rental income

Rental income is recognized on a straight-line basis over the lease term.

Gain on sale of investments

Gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and its carrying amount at the date of the sale.

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39-17 Expenses

i) Cost of Borrowing

- The borrowing cost represented in interest expense and bank charges are recognized in the consolidated profits or losses statement for using prevailing interest rate (available) based on the accrual basis.

ii) Social insurance contribution

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employer contribute into the system on a fixed percentage - of - salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to the consolidated profits or losses statement according to the accrual basis.

iii) Income tax

The Group has determined that interest and penalties related to income taxes, including uncertain tax liabilities, do not meet the definition of income taxes and are therefore accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current income tax

Current taxes for the current and prior periods which have not yet been paid are recognized as a liability. If the taxes were actually paid in the current and prior periods exceed the amount due for these periods, then this increase is recognized as an asset. The value of current tax liabilities (assets) for the current and prior periods are measured by the value expected to be paid to (recovered from) the tax authority. Using the applicable tax rates (and effective tax laws) or in the process of being issued on the financial period ended. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Taxable temporary differences arising on the initial recognition of goodwill., temporary differences relating to the right of use assets and lease liabilities for a specific lease contract as a net package “lease contract” for the purpose of deferred tax recognition.
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
 - a. A business combination.
 - b. And not affects neither accounting nor taxable profit or loss.

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Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Company. deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

39-18 Defined benefit plan (Baird Group – subsidiary)

Baird Group (a subsidiary based in England) operates a defined benefit plan for its employees. This plan is funded. The cost of providing benefits under a benefit plan is determined using the projected unit credit method.

Re-measurements, which include actuarial gains or losses, are recognized immediately in the statement of financial position and the counterparty is either a debit or credit of the retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service cost is recognized as an expense on one of the following dates, whichever comes first:

- When a modification or downsizing of the system occurs. And
- When the entity recognizes related restructuring costs.

The Company calculates the net interest expense by applying a discount rate to the benefits asset and liability. The company recognizes the changes in the assets and liabilities of the following benefits under “cost of revenue” and “administrative and general expenses” in the profit or loss statement (according to the functional classification):

- Service costs, which include current service costs, past service costs, curtailment gains and losses, non-routine adjustments
- Net interest expense.

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39-19 Basic / diluted earnings per share of losses

Basic / diluted earnings per share of profit is calculated by dividing the profit attributable to ordinary shareholders of the Company (After excluding the employees' profit share and the remuneration of the Board of Directors members) by the weighted average number of ordinary shares outstanding during the period.

39-20 The General Authority for Investment and Free Zones (GAFI) fees

For the Group Companies which established under the provisions of the Investment law and according to the Free Zone System, their profits are not subject to income tax. However, according to the Investment Law, a charge of 1% of the total revenues of these Companies is due to the General Authority for investment and is calculated and charged on the consolidated income statement according to the accrual basis.

39-21 Finance income and costs

The Group's finance income and finance costs include:

- Interest income.
- Interest expense.
- Dividends paid
- Net gain or loss on disposal of investments in debt securities measured at FVOCI
- Net gain or loss on financial assets at FVTPL.
- Foreign currency gains or losses from financial assets and financial liabilities. Impairment losses (and recoveries) on investments in debt securities carried at amortized cost or other comprehensive income.
- Loss of the fair value of the contingent consideration classified as a financial liability.
- Ineffective hedge recognized in profit or loss. And
- Reclassification of net gains and losses previously recognized in other comprehensive income on cash flow hedges of interest rate risk and foreign currency risk

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

39-22 Reserves

- In accordance with the requirements of the companies' law and the bylaw of the Group companies, 5% of the net profit is deducted annually to form a non-distributed 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.

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On December 27, 2022, Prime Minister Decision No. 1568 of 2022 was issued to amend some provisions of the Egyptian Accounting Standards, represented in the issuance of Appendix C to Egyptian Accounting Standard No. (13), amended in 2015, "The Effects of Changes in Foreign Currency Exchange Rates," which deals with accounting treatment. This special optional accounting treatment issued in this appendix is not considered an amendment to the amended Egyptian Accounting Standards currently in force, beyond the time period for the validity of this appendix, and these treatments are as follows:

- 1- An entity that, prior to the date of the abnormal exchange rate movements, may acquire fixed assets and/or real estate investments and/or exploration and evaluation assets and/or intangible assets (other than goodwill) and/or right of use assets on lease contracts, funded by existing obligations. On that date in foreign currencies, to recognize within the cost of those assets the currency differences resulting from retranslating the balance of the outstanding liability related to them on the date of moving the exchange rate using the exchange rate on the date of moving the exchange rate. The facility can apply this option for each asset separately.
- 2- As an exception to the requirements of Paragraph No. 28 of the amended Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Currency Exchange Rates" regarding the recognition of currency differences, an enterprise whose business results were affected by net profits or losses of currency differences as a result of moving the currency exchange rate. A foreign entity may recognize within the items of other comprehensive income the debit and credit currency differences resulting from the retranslation of the existing balances of monetary items at the end of the fiscal year using the closing rate on the same date, minus any currency translation differences that were recognized within the cost of assets in accordance with the previous paragraph. Considering that these differences were mainly caused by the decision of the unusual foreign exchange rate movements.

The company's management decided to apply accounting treatment No. (2), as the currency differences charged to the statement of comprehensive income amounted to USD 2 301 191 on October 31, 2023.

41- Basic and diluted losses / earning per share

The(losses) / earnings per share was determined from the net (loss) / profit for the financial period ended October 31, 2023 as follows:-

		<u>October 31,</u> <u>2023</u>	<u>October 31,</u> <u>2022</u>
Net (Loss) / Profit for the period	(USD)	(3 374 623)	9 652 923
Average number of outstanding shares	(Share)	470 250 000	470 250 000
(Losses) / Earnings per share	(USD/Share)	<u>(0.007)</u>	<u>0.021</u>

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For the purposes of preparing the consolidated statement of cash flows, the following have been excluded from the values of assets and liabilities that don't represent a change in cash as follows a statement of the non-cash transactions referred to above:

	<u>31/10/2023</u>	<u>31/10/2022</u>
	<u>USD</u>	<u>USD</u>
Projects under construction	1 748 363	--
Assets held for sale	(1 748 363)	--

43- Subsequent events

Dated on November 22nd, 2023, the company's extraordinary general assembly meeting approved the submitted proposal by the company's board of directors to horizontally demerge the company based on the book value according to the financial statements issued on January 31st, 2023 which is the date determined for the demerger into two entities (demerging and new demerged entity) whereby al Arafa for investments and consultancies SAE the demerging company shall remain as is and its issued capital shall be reduced by reducing the par value of the shares and amending its name to be (concrete fashion group for commercial and industrial investments SAE) the company will continue to maintain its purpose. In addition the company's extraordinary general assembly meeting approved the economic performance report issued by the general authority for investments and free zones added to net equity of demerging and demerged company based on the book value provided on January 31st, 2023 taken as basis for evaluation . the net equity for the company before demerge was USD 50 157 720 divided between the demerging and demerged company as follows;

- 1- Demerging company's net equity on January 31st, 2023 amounting to USD 32 981 870.
- 2- Demerged company's net equity on January 31st, 2023 amounting to USD 17 175 850.

The company's extraordinary general assembly meeting approved on demerging al Arafa for investments and consultancies SAE in all its material and non material components into two companies concrete fashion group for commercial and industrial investments SAE (demerging entity) and G-TEX for commercial and industrial investments SAE (demerged entity) this includes the transfer of all assets, liabilities, share holder's equity, revenues and expenses between the two companies based on the financial statements as of January 31st, 2023.

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44- New Editions and Amendments to Egyptian Accounting Standards:

- On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards.

The following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. - This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023, retrospectively</u> , cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.

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New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <ul style="list-style-type: none"> - The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented. - The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented. 	<p>Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.</p>	<p>These amendments are effective for annual financial <u>on or after</u> periods starting <u>January 1, 2023,</u> <u>retrospectively,</u> cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p>

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New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property" .	1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. 2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	The impact is not significant on the consolidated financial statements.	The amendments of adding the option to use the fair value model are effective for financial periods starting <u>on or after January 1, 2023</u> retrospectively , cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.

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Notes to the consolidated interim financial statements for the financial year ended October 31, 2023

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (36) amended 2023</p> <p>"Exploration for and Evaluation of Mineral Resources"</p>	<p>1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets.</p> <p>2- The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>The impact is not significant on the consolidated financial statements.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023,</u> <u>retrospectively,</u> cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>

Al Arafa for Investment and Consultancies

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Notes to the consolidated interim financial statements for the financial year ended October 31, 2023

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".	This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).	The impact is not significant on the consolidated financial statements.	These amendments are effective for annual financial periods starting <u>on or after January 1, 2023</u> <u>retrospectively</u> , cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.

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New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (50) "Insurance Contracts".	<ol style="list-style-type: none"> 1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows. 2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". 3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). 4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets ". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property ". 	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <u>on or after July 1, 2024</u> , and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.