

Translated from Arabic

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

Consolidated Interim Financial Statements
For the Financial Period Ended July 31, 2022
and Auditors' limited review Reports



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Translated from Arabic

Report on limited review of interim consolidated financial statements

To: The members of Board of Directors of Al Arafa for Investment and Consultancies (An Egyptian Joint stock company – Under Public Free Zones)

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Al Arafa for Investment and Consultancies (An Egyptian Joint stock company – Under Public Free Zones) as of 31 July 2022 and the related interim consolidated statements of profit or loss, Interim statement of other comprehensive income, Interim statement of cash flows and Interim statement of changes in equity for the six months ended at that date, 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 interim consolidated financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (2410) "Limited Review of Interim Consolidated Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim Consolidated 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 limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the company as of 31 July 2022, and of its financial performance and its cash flows for the six months ended at that date in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
Public Accountants and Consultants

KPMG Hazem Hassan

Cairo, September 12, 2022



YOUSSEF KAMEL & CO.

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Since 1946 - Antoun Atalla

YOUSSEF KAMEL

(A.R no. 3764)

AMIN SAMY

(A.R no. 4994)

AMIR NOSHY

(A.R no. 15030)

SABRY BEBAWE

(A.R no. 14697)

Translated From Arabic

Limited review's Report **On Review Of Consolidated Interim Financial Statements**

To: The Board of Directors

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

Introduction

We have reviewed the accompanying consolidated periodic financial statements of Al Arafa for Investment and Consultancies (An Egyptian Joint company – Under Public Free Zone) represented on the Consolidated periodic statement of financial position as of July 31, 2022 and the related consolidated periodic profit and loss statement, comprehensive income, changes in equity and cash flows for the six months period then ended, notes, and a summary of significant accounting policies and other explanatory information the consolidated periodic financial statements. The Company's management is responsible for the preparation and fair presentation of these consolidated periodic financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on these consolidated periodic financial statements based on our review.

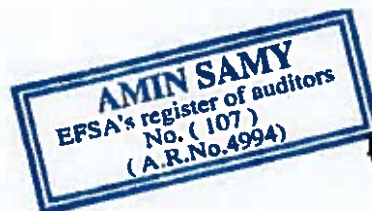
Scope of Review

We conducted our review in accordance with the Egyptian Standard on review engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we don't express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated periodic financial statements are not presented fairly-in all aspects of the consolidated periodic financial position as of July 31, 2022, its financial performance and its consolidated cash flows for the six months period then ended in accordance with the Egyptian Accounting Standards.

Cairo, September 12, 2022



Auditor
amin samy
AMIN SAMY
EFSA's register of auditors no. (107)
(A.R no. 2994)

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Under Public Free Zone)
Consolidated interim Statement of Financial Position as of July 31, 2022

Translated From Arabic

	Note No	31 July 2022 USD	31 January 2022 USD
Assets			
Non-current assets			
Property, plant and equipment (net)	(12) • (37-6)	46 969 148	48 099 116
Projects under construction	(13) • (37-7)	5 270 807	6 071 831
Goodwill	(14) • (37-9)	28 835 863	31 682 324
Financial Investments at fair value through other comprehensive Income	(15) • (37-10-2)	5 870 150	5 065 326
Equity investments (Associates companies)	(16) • (37-10-1)	4 771 674	4 135 081
Deferred tax assets	(17) • (37-21)	-	177 763
Intangible assets	(18) • (37-9)	12 992 361	14 772 735
Right of use assets (net)	(19-1) • (37-8)	18 220 824	23 245 951
Long term deferred interest		9 654	34 552
Other Long-term assets - Baird group retirement system		5 065 955	4 731 259
Total non-current assets		128 006 436	138 015 938
Current assets			
Work in progress	(20) • (37-11)	6 483 585	7 511 918
Inventory	(21) • (37-14)	106 700 798	98 900 978
Trade receivables and debtors	(22) • (37-15)	59 696 413	63 746 512
Due from related parties	(34-1)	1 403 538	1 130 053
Cash in banks & on hand	(23) • (37-16)	39 019 901	64 567 774
Total current assets		213 304 235	235 857 235
Total assets		341 310 671	373 873 173
Equity and Liabilities			
Equity			
Issued and Paid up capital	(30-2) • (37-17)	94 050 000	94 050 000
Reserves	(31) • (37-22)	36 023 807	36 023 807
Retained earnings		6 846 089	12 321 070
The difference arising from the acquisition and change in ownership interests of subsidiary companies (under joint control)	(32) • (37-1)	(28 103 401)	(28 103 401)
Foreign entities translation differences	(37-3)	(46 740 860)	(47 878 509)
Net (loss) for the period/year		(4 717 569)	(5 474 981)
Net Equity of the Parent Company		57 358 066	60 937 986
Non-controlling interests	(37-1)	3 499 307	3 783 793
Total Equity		60 857 373	64 721 779
Liabilities			
Non-Current Liabilities			
Long-term loans	(24) • (37-4)	7 101 229	24 684 829
Long term notes Payable		306 498	388 622
Long term commercial lease contract liabilities	(19-2) • (37-8)	14 427 593	15 388 464
Deferred tax liabilities	(17) • (37-21)	77 098	-
Other Long term liabilities	(25)	5 278 008	8 405 360
Total non-current liabilities		27 190 426	48 867 275
Current Liabilities			
Provisions	(27) • (37-19)	266 342	353 473
Bank credit balances		192 500 743	191 251 635
Trade payables and other credit balances	(26) • (37-18)	56 405 528	65 052 095
Due to related parties	(34-2)	507 172	168 573
Income tax - Due		583 087	958 343
Loan installments and credit facilities due within one year	(24) • (37-4)	3 000 000	2 500 000
Total current liabilities		253 262 872	260 284 119
Total shareholders' equity and liabilities		341 310 671	373 873 173

• The notes on pages (8) to (63) are an integral part of these consolidated financial statements.

• Auditors' Limited review Reports "Attached "

• Date : September 12, 2022

Group Financial Manager
Mohamed Mohy

Group CFO
Mohamed Morsy

Vice-Chairman and Managing Director
Dr / Alaa Arafa

Chairperson
Maria Luisa Cicognani

Consolidated Interim Statement of Profit or Loss for the financial period ended 31 July 2022

	Note No.	Financial period ended at 31 July 2022 USD	Financial period from 1 May till 31 July 2022 USD	period ended at 31 July 2021 USD	period from 1 May till 31 July 2021 USD
Operating Revenues	(4) • (37-20)	110 779 861	53 308 387	67 040 223	38 267 026
Cost from operating activity	(5) • (37-21)	(64 570 166)	(26 012 818)	(49 232 602)	(27 441 928)
Gross profit from operating activities		46 209 695	27 295 569	17 807 621	10 825 098
Other income	(6) • (37-20)	1 221 699	860 597	512 616	123 738
Selling and Distribution expenses	(7) • (37-21)	(25 451 494)	(16 149 835)	(16 194 826)	(6 828 511)
General and Administrative expenses	(8) • (37-21)	(12 065 405)	(5 780 427)	(11 882 183)	(5 636 443)
Other expenses	(9) • (37-21)	(713 211)	(244 413)	(892 080)	(497 696)
results of operating activities		9 201 284	5 981 491	(10 648 852)	(2 013 814)
Share of the group in associate companies activities results	(16) • (37-1)	636 593	406 751	16 280	9 478
Profit of financial investments at fair value	(37-1)	-	-	187 608	164 923
Finance incomes	(10) • (37-20)	1 569 594	724 494	3 968 003	1 990 620
Finance cost	(11) • (37-21)	(15 549 787)	(5 704 551)	(5 955 483)	(2 930 124)
Net (loss) for the period before tax		(4 142 316)	1 408 185	(12 432 444)	(2 778 917)
Income tax	(37-21)	(583 088)	(501 877)	(372 338)	(274 717)
Deferred tax	(17) • (37-21)	237 165	27 205	(89 246)	62 894
Net (loss) for the period after tax		(4 488 239)	933 513	(12 894 028)	(2 990 740)
<u>Distributed as follows :</u>					
Share of holding company's shareholders		(4 717 569)	839 988	(12 826 369)	(3 035 545)
Share of non-controlling interests		229 330	93 525	(67 659)	44 805
Net (loss) for the period after tax		(4 488 239)	933 513	(12 894 028)	(2 990 740)

• The notes on pages (8) to (63) are an integral part of these consolidated financial statements.

Consolidated interim Comprehensive Income Statement for the financial period ended 31 July 2022

	<u>Financial period ended at 31 July 2022</u> USD	<u>Financial period from 1 May till 31 July 2022</u> USD	<u>Financial period ended at 31 July 2021</u> USD	<u>Financial period from 1 May till 31 July 2021</u> USD
Net (loss) for the period	(4 488 239)	933 513	(12 894 028)	(2 990 740)
Other comprehensive income items				
Items will not be reclassified later to Profit or loss:				
Foreign entities translation differences	1 137 649	(1 200 177)	907 828	1 595 767
Total comprehensive income for the period	(3 350 590)	(266 664)	(11 986 200)	(1 394 973)
Distributed as follows :				
Share of holding company's shareholders	(3 579 920)	(360 189)	(11 918 541)	(1 439 778)
Share of non-controlling interests	229 330	93 525	(67 659)	44 805
Total comprehensive income for the period	(3 350 590)	(266 664)	(11 986 200)	(1 394 973)

• The notes on pages (8) to (63) are an integral part of these consolidated financial statements.

Consolidated interim Statement of Changes in Equity for the financial period ended 31 July 2022

	Issued and Paid up Capital USD	Reserves USD	Retained earnings USD	The difference arising from the acquisition and change in ownership interests of subsidiary companies (under joint control) USD	Foreign entities translation differences USD	Net (loss) for the year/period USD	Total Equity of the holding company USD	Non controlling interests USD	Total USD
Balance as of February 1, 2021	94 050 000	35 926 534	26 187 389	(28 103 401)	(50 463 940)	(6 813 379)	70 783 203	3 971 510	74 754 713
The application of EAS (47) impact * Financial Instruments*			(6 648 387)				(6 648 387)	(317 064)	(6 965 451)
Balance as of February 1, 2021 (Adjusted)	94 050 000	35 926 534	19 539 002	(28 103 401)	(50 463 940)	(6 813 379)	64 134 816	3 654 446	67 789 262
Transactions with company's shareholders									
Closing Net (loss) for the financial year ended January 31, 2021 in retained earnings	-	-	(6 813 379)	-	-	6 813 379	-	-	-
Transferred to reserves	-	97 273	(97 273)	-	-	-	-	-	-
Total Transactions with company's shareholders	-	97 273	(6 910 652)	-	-	6 813 379	-	-	-
Comprehensive income:									
Net (loss) for the financial period ended July 31, 2021	-	-	-	-	-	(12 826 369)	(12 826 369)	-	(12 826 369)
Other comprehensive income items	-	-	-	-	907 828	-	907 828	-	907 828
Non-controlling interests share	-	-	-	-	-	-	-	(74 668)	(74 668)
Total comprehensive income	-	-	-	-	907 828	(12 826 369)	(11 918 541)	(74 668)	(11 993 209)
Balance as of July 31, 2021	94 050 000	36 023 807	12 628 350	(28 103 401)	(49 556 112)	(12 826 369)	52 216 275	3 579 778	55 796 053
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 Net (loss) for the financial year ended January 31, 2022 in retained earnings	-	-	(5 474 981)	-	-	5 474 981	-	-	-
Adjustments on retained earnings	-	-	-	-	-	-	-	-	-
Non-controlling interests share	-	-	-	-	-	-	-	(513 816)	(513 816)
Total Transactions with company's shareholders	-	-	(5 474 981)	-	-	5 474 981	-	(513 816)	(513 816)
Comprehensive income:									
Net (loss) for the financial period ended July 31, 2022	-	-	-	-	-	(4 717 569)	(4 717 569)	-	(4 717 569)
Other comprehensive income items	-	-	-	-	1 137 649	-	1 137 649	-	1 137 649
Non-controlling interests share	-	-	-	-	-	-	-	229 330	229 330
Total comprehensive income	-	-	-	-	1 137 649	(4 717 569)	(3 579 920)	229 330	(3 350 590)
Balance as of July 31, 2022	94 050 000	36 023 807	6 846 089	(28 103 401)	(46 740 860)	(4 717 569)	57 358 066	3 499 307	60 857 373

* The notes on pages (8) to (63) are an integral part of these consolidated financial statements.

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Under Public Free Zone)
Consolidated interim Statement of Cash flows for the financial period ended 31 July 2022

Translated From Arabic

	Note No.	31 July 2022 USD	31 July 2021 USD
<u>Cash flows from operating activities</u>			
Net (loss) for the year		(4 717 569)	(12 826 369)
<u>Adjustments for the followings :</u>			
Property, plant and equipment depreciation	(12)	2 407 625	2 704 349
Right of use lease amortization	(7),(8)	3 056 505	1 005 729
Capital (gain) from sale of Property, plant and equipment	(6)	(15 680)	-
Interest and finance expenses	(11)	5 590 925	5 541 837
Credit Interest	(10)	(1 569 594)	(1 944 383)
Differences from change in current value of lease liabilities	(11)	805 557	413 646
Amortization of Intangible Assets - Trademarks	(18)	1 563 045	1 662 526
Group's share in associate companies activities results	(16)	(636 593)	(16 280)
Provisions formed during the period	(27)	34 246	60 022
Impairment loss in related parties	(9)	-	692 456
Profit (Loss) of financial investments at fair value		-	(187 608)
Foreign currency exchange balances & transactions translation differences	(11)	6 843 013	-
Allowance for expected Credit loss	(9)	168 953	-
Cash flows generated from / (used in) operating activities		13 530 433	(2 894 075)
Inventory	(21)	(7 799 820)	9 283 001
Work in progress	(20)	1 028 333	(2 765 369)
Trade receivables and debtors	(22)	4 386 346	10 895 092
Due from related parties	(34-1)	(273 485)	(748 124)
Creditors and other credit balances	(26)	(8 299 352)	(8 181 325)
Due to related parties	(34-2)	338 599	(1 341 118)
Provisions used	(27)	(105 613)	-
Liabilities / Assets deferred tax	(17)	(237 165)	89 246
cash available from operating activities		2 568 276	4 337 328
rentals paid	(19-2)	(1 683 342)	(1 229 904)
Interest and finance cost paid		(5 590 925)	(5 702 500)
Net cash (used in) operating activities		(4 705 991)	(2 595 076)
<u>Cash flows from investing activities</u>			
Payments for acquisition of property, plant and equipment and projects under construction	(12),(13)	(1 958 952)	(2 331 442)
Proceeds from sale of property, plant and equipment	(12)	(9 448)	-
Payments for acquisition of Financial Investments at fair value through other comprehensive (Payments) / Proceeds from treasury bills due after three months	(15)	(804 824)	(248 721)
Payments for acquisition of Financial investments at fair value through profit and loss		-	577 789
Proceeds from sale of Financial investments at fair value through profit and loss		-	(832 658)
Collected credit interest		1 569 594	1 944 383
Net cash available from/ (used in) investing activities		(1 203 630)	129 617
<u>Cash flows from financing activities</u>			
Change in non-controlling interest	(37-1-D)	(284 486)	(74 668)
Change in Notes payable - Long term		(82 124)	(1 859 672)
Net payments for Long-term loans	(24)	(1 500 000)	(2 082 716)
Net (payments) proceeds from banks-credit facilities		(14 334 492)	4 976 373
Net (payments) proceeds from other long-term liabilities	(25)	(3 127 352)	(3 317 308)
Change in Long term deferred interest		24 898	-
Change in Other Long-term assets - Baird group		(334 696)	(616 799)
Net cash (used in) financing activities		(19 638 252)	(2 974 790)
Net change in cash and cash equivalents during the period		(25 547 873)	(5 440 249)
Cash and cash equivalents at the beginning of the period	(23)	64 567 774	76 065 948
Cash and cash equivalents at the end of the period	(23)	39 019 901	70 625 699

• The notes on pages (8) to (63) are an integral part of these consolidated financial statements.

Al Arafa for Investment and Consultancies

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

Notes to the Interim consolidated financial statements for the financial period ended 31 July 2022

1- Background and activities

1-1 Legal entity

- Al Arafa for Investment and Consultancies Company – An Egyptian Joint Stock Company – was established in accordance with the provisions of the investment guarantees and incentives law No. (8) for the year (1997), which is replaced by law (72) for the year (2017) with the free zones system.
- The Board of Directors of Swiss Garments Company (S.A.E.) – Free Zone (subsidiary company) proposed in its meeting held on the 18th of June 2005 to split the Company into two Joint Stock Companies (parent Company and Spin-off Company) operating according to the Free Zones System with the same shareholders and the same participation percentage in the issued capital companies as at of split date. The Board also proposed using the book value of the assets and liabilities, as of the 30th of June 2005 as a basis for the separation. As the purpose of the parent company will be competent in investing in financial instruments and the spin-off company will be specialized in manufacturing ready-made garments as the company's Extraordinary General Assembly at its session held on 14 October 2005 agreed on the mentioned board of director's proposal, as a final approval on the issuance of the split off decision was taken by the general Authority for Investment and Free Zones as of 24 November 2005.
- The parent Company's name was changed to Al Arafa for Investment and Consultancies Company, and the commercial register was amended accordingly on 11 January 2006.
- The company's amendment has been registered in the commercial registry with no. 17426 on 16 January 2006.
- According to the merging company's main statute, the company's financial year start from the first of February from each year and ends on 31 January from the next year, rule (55).
- The Company term is 25 years, Starting from the date of this amendment registration to the commercial register.
- Company's location: Nasr city - free zone, Cairo, Arab Republic of Egypt.
- The Company's Chairman is Maria Luisa Cicognani.
- The Company's Vice Chairman and Managing Director is Dr / Alaa Ahmed Abdel-Maksoud Arafa.
- The consolidated financial statements were approved for issuance by the company's board of directors on September 12,2022.

Al Arafa for Investment and Consultancies

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

Notes to the Interim consolidated financial statements for the financial period ended 31 July 2022

1-2 Company's purpose

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

1-3 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

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 31 October 2018. Mainly taken as a basis for the merger.

And determining the net equity of Al Arafa for Investment and Consultancies Company (merging company) on 31 October 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 Al Arafa for Investment in Spinning and Textile Industry Company (merged company) amounting to USD 16 753 (sixteen thousand seven hundred and fifty three USD) after excluding the value of the investments of Al Arafa for Investment and Consultancies Company (the merging company) in Al Arafa for Investment in Spinning and Textile Industry Company (merged company) amounting to USD 2 077 340 (two million and seventy seven thousand and three hundred and forty USD), and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (merged company) deficit of USD 3 896 892 (three million eight hundred ninety six thousand eight hundred and ninety two USD).

According to the decision of the extraordinary general assembly of the company on August 4, 2019, it was agreed to specify the authorized capital of the merging company amounted to USD 150 million (one hundred and fifty million USD) and the issued and paid-up capital of the company amounted to USD 94 050 000 (ninety four million fifty thousand USD) distributed over the amounting 470 250 000 shares (four hundred seventy million two hundred and fifty thousand shares) each share value is 20 US cents. It is represented by the total equity in the merging company, Al Arafa for Investment and Consultancies Company and the equity of non-controlling interest in the merged companies according to the report of the committee formed by the General Authority for Investment and Free Zones and according to the decision of the Executive chairman

Al Arafa for Investment and Consultancies**(An Egyptian Joint stock company – Under Public Free Zones)****Notes to the Interim consolidated financial statements for the financial period ended 31 July 2022**

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 10 December 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 financial statements:

Subsidiary's Name	Legal Entity	Ownership Percentage	
		31 July 2022	31 January 2022
<u>Direct contribution</u>			
• Concrete Garments Company	(S.A.E.)	91.64 %	91.64 %
• Swiss Cotton Garments Company	(S.A.E. Free Zone)	99.2 %	99.2 %
• Egypt Tailoring Garments Company	(S.A.E)	99.40 %	99.40 %
• Crystal for Making shirts *	(S.A.E.)	99.50 %	99.50 %
• Fashion Industry	(S.A.E Free Zone.)	89.80 %	89.80 %
• Camegit for Garments Manufacturing **	(S.A.E.)	99.50 %	99.50 %
• Egypt Portugal Marketing Company	(S.A.E Free Zone.)	59 %	59 %
• EP Garments Company	(S.A.P.)	60 %	60 %
• Euromed for trading & marketing Company	(S.A.E.)	97.21 %	97.21 %
• White Head Spinning Company	(S.A.E.)	44.10 %	44.10 %
• Port Said Garments Company	(S.A.E.)	97.17 %	97.17 %
• Swiss Garments Company	(S.A.E Free Zone.)	99.20 %	99.20 %
• Baird Group	(U.K)	98.15 %	98.15 %
• Al Arafa for real estate investment	(S.A.E.)	99.2 %	99.2 %
• FC trading company	(U.A.E)	100 %	100 %
<u>Indirect contribution</u>			
Savini Garments Company ***	(S.A.E)	49.20 %	49.20 %

* On 4 September 2019, Al Arafa for Investment and Consultancies Company purchased 11.22 % of the shares of Crystal for Making Shirts Company, making the shareholding capital of the company 99.5% instead of 87.67%.

** On 27 June 2019, Al Arafa for Investment and Consultancies Company acquired 50 % of the shares of Camegit for Garments Manufacturing Company in addition to 49.5 % ownership

Al Arafa for Investment and Consultancies**(An Egyptian Joint stock company – Under Public Free Zones)****Notes to the Interim consolidated financial statements for the financial period ended 31 July 2022**

through Al Arafa for investments in Garments Marketing & Retail to become the combined contribution ratio is 99.5 %.

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

Associate companies have not been accounted for using the equity method**Ownership Percentage**

<u>Subsidiary's Name</u>	<u>Country</u>	<u>31 July 2022</u>	<u>31 January 2022</u>
Middle East clothing (Metco) - Indirect contribution	Egypt	48,5 %	48,5 %

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

1-5-1 Concrete Garments Company

- Concrete Cotton Products (S.A.E.) was established in accordance with the provisions of the Investment Law No. 8 of 1997 regarding investment guarantees and incentives. The company was registered in the commercial registry under No. 5365 on September 1st, 2003.
- Concrete Cotton Products Company (merged company) was merged into Concrete Garments Company (merging Company) based on the approval of the Extraordinary General Assembly on 29 September 2003 to merge Concrete Garments Company - S.A.E. (Merged Company) into Concrete Cotton Products Company (merging company) on the basis of the financial position of each of the two companies on 31 July 2003, and the approval of the extraordinary general assembly in its session held on 25 December 2004 on the result of the evaluation prepared by the committee formed by the Capital Market Authority to Ministerial Resolution No. 106 of 2004 and has been indicated the merger in commercial register on 22 February 2005.
- The company name was changed to Concrete Garments Company based on the decision of the Extraordinary General Assembly on 25 December 2004 and it was indicated in the company's commercial register on 22 February 2005.
- According to article (5) of the company's articles of association, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.
- The Company is located at 37 Gamaet Eldewal Elarabia Street - Giza.
- The Chairman of the Board of directors is Eng. Maha Hashem Mohamed Kamal

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- Establishing and operating a factory to manufacture garments of all shapes, varieties, types and accessories, manufacturing ties, and the production of fabrics necessary for its manufacture, furnishing embroidery and import.
- The company may have an interest or participate in any way with companies and others that carry out similar activities with its business or that help it achieve its purpose in Egypt or abroad, it is also permissible for it to merge or buy or join the aforementioned entities in accordance with the provisions of the law and its executive regulations.

1-5-2 Swiss Cotton Garments Company

- The Company was established under the name "Swiss Cotton Garments Company - S.A.E. under the Special Free Zones System, in accordance with the provisions of the laws in the Arab Republic of Egypt under the provisions of the Investment Guarantees and Incentives Law Issued by Law No. 8 of 1997 and Law No. 159 of 1981 issuing the Law of Joint Stock Companies and stock limited companies and limited liability companies and their executive regulations, and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations, and the decision of the President of the General Authority for Investment and Free Zones No. 748 / T of 2007 regarding licensing the establishment of the company under the private free zones system.
- The company duration is twenty-five years, starting from the date of its registration in the commercial registry on 22 May 2007.
- Company is located at plot from (6-191) to plot (6-198) medium industries area - Bayad Al Arab - New Beni Suef city - east of the Nile.
- The Chairman of the Board of Directors is Mr. Bassem Mohamed Fadel Sultan.
- Producing all kinds of readymade clothes and storing the readymade clothes incoming from the domestic market within the country and free zones as well as producing all kinds of bags, sleeping bags and tents made from woven fabrics for 100% full re-export to abroad, and producing furnishings (bed sheets-pillow cases-blanket cases) for full export to abroad.
- Producing all kinds of medical protective clothing (face masks - medical gown - head coverings - medical coats - scrubs) for the purpose of exporting 50% abroad and selling 50% to the local market.
- The company may have an interest or participate in any way with companies and others that carry out similar activities with its business or that help it achieve its purpose in Egypt or abroad, it is also permissible for it to merge or buy or join the aforementioned entities in accordance with the provisions of the law and its executive regulations.

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1-5-3 Egypt Tailoring Garments Company

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

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mentioned entities, according to the provisions of the law and its executive regulations.

- The amendment of Article (3) of the articles of association was indicated in the company registration sheet in the commercial registry on 26 June 2016.

1-5-4 Crystal for Making shirts

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

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1-5-5 Fashion Industry

- The company was established in the name of Koreni Egypt Garments - S.A.E. - operating in the public free zone system in Nasr City - according to the provisions of Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations and Law No. 159 of 1981 Issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations and decision of the Chairman of the General Authority for Investment and Free Zones No. 360 of 2006 regarding licensing the establishment of the company and was registered in the commercial registry under No. 18631 Unified Investment Commercial Registry Office - Cairo - on May 3, 2006 and was published its primary contract and articles of association in the Investment gazette No. (1950) on 17 May 2006.
- On 2 August 2012, the extraordinary general assembly of the company decided to change the company name to become "Fashion Industry Garments". The General Authority for Investment and Free Zones Decision No. 118 / M of 2013 was issued regarding licensing the amendment of Article No. (2) of the of company's articles of association, and this was indicated in the company's sheet in the commercial registry under No. 18683 on 2 September 2013.
- The purpose of the company is to undertake in the public free zone in Nasr City to engage in marketing activity in the Italian market and to provide fabrics and production requirements for the production of ready-made clothes and operate them with others outside the public free zone in Nasr City in the local market or other free zones and return the full product to the free zone and then re-export 100% out of the country.
- Chairman of the Board of Directors is Mrs. Hala Mohamed Kamal Hashem.

1-5-6 Camegit for Garments Manufacturing

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

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1-5-7 Egypt Portugal Marketing Company

- Egypt Portugal for trade and Marketing garments Company - S.A.E. - operating under the public free zone system in Nasr City in accordance with the provisions of Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations and Law No. 159 of 1981 Issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations, and it was registered in the commercial register under No. 27037 Unified investment Commercial Registry Office - Cairo on 4 September 2007.
- The purpose of the company is to market all types of ready-made clothes globally and trade all kinds of ready-made clothes between Egypt and the markets globally and distribute them directly in various parts of the world with a commitment to export 100% of the volume of activity outside the Arab Republic of Egypt.
- The main center of the company and the activity site is the area leased from Al-Arafa for Investment and Consultancies Company - S.A.E. in Nasr City - Arab Republic of Egypt.
- Egypt Portugal for trade and Marketing garments Company - S.A.E. is a subsidiary of Al Arafa Investment and Consultancies - S.A.E. - established in accordance with the provisions of Law No. 8 of 97 and registered in the commercial registry under No. 17426 on 17 January 2006 the Unified Investment Office in Cairo.
- The Chairman of the Board of directors is Eng. Maha Hashem Mohamed Kamal.

1-5-8 Euromed for trading & marketing Company

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

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- The Company is located at 37 Gamaet Eldewal Elarabia Street – Giza governate - 7th floor.
- The Chairman of the Board of directors is Eng. Maha Hashem Mohamed Kamal.
- The company's purpose is trading and marketing ready-made clothing in all its types and forms wholesale or retail, import, export and commercial agents.
- The company may have an interest or participate in any way with companies and others that carry out similar activities with its business or that help it achieve its purpose in Egypt or abroad, what it is permissible for it to merge or buy or join them in the aforementioned entities in accordance with the provisions of the law and its executive regulations.

1-5-9 White Head Spinning Company

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

1-5-10 Port Said Garments Company

- Port Said Garments Company (S.A.E.) - was established by the system of internal investment in accordance with the provisions of Law No. 43 of 1974 by the Arab and Foreign Money Investment System and Free Zones amended by Law No. 230 of 1989 and its executive regulations and replaced by Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and applicable laws The contract and the articles of association and taking into consideration the provisions of Law No. 159 of 1981 and its executive regulations. The company was registered in the commercial registry under No. 23177 Port Said office on 15 January 1984.
- The company is located at plot No. (1) east of Industrial Zone (A-1) in 10th of Ramadan City, Sharkeya governorate.
- The purpose of the company was specified in its primary contract and its articles of association "Manufacturing men's ready-made clothes", but the company stopped engaging in industrial production activity stipulated for the purpose of its establishment, based on the decree of the extraordinary general assembly in its session on 30 January 2000, which decided to contribute to the capital of the Middle East Company "Metco" by 50% performed in the form of machines in the factory, the factory buildings and its accessories were leased to the investee company as well as the transfer of labor to it

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- The extraordinary general assembly of the company decided in its session on 30 March 2006 to amend the company's location to become the third industrial zone (A-1) 10th of Ramadan City in Sharkia, and amend the text of Article (4) of the company's articles of association accordingly, Articles No. 20 and 38 of the company's articles of association regarding the formation of the board of directors and determining the venue of the general assembly have also been determined, and this has been published in Investment gazette No. 2796 of 29 August 2006. And it was re-registered in the commercial registry - Ismailia - which the company's activity site belongs to after the amendment to the 10th of Ramadan City accordingly under No. 1120 of the Ismailia Investment Office - on 12 September 2006.
- The extraordinary general assembly of the company decided in its session on 8 December 2013 to amend Article No. (20) of the company's articles of association, and the Chairman of the General Authority for Investment and Free Zones was approved by Resolution No. 251 / p of 2014 and amending the articles of association based on this decision.
- The Chairman of the Board of directors is Mr. Ahmed Nader Mohamed Elaasar.

1-5-11 Swiss Garments Company

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

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

Company's Name	Establishment Country	Establishment Date	Establishment No.
▪ Baird Group ltd	UK and Wales	21 November 2008	06755436
▪ BMB Group ltd	UK and Wales	13 October 2000	04090218
▪ BMB Clothing ltd	UK and Wales	13 October 2000	04090249
▪ BS Europe B.V	Netherlands	21 January 2019	859648114
▪ BS Europe GmbH	Germany	9 January 2019	HRB 23879
▪ Racing Green ltd	UK and Wales	13 October 2000	04090241
▪ Addison & Steele ltd	UK and Wales	11 May 2000	03990225
▪ Alexander of England ltd	UK and Wales	16 November 1987	02194235
▪ Worth Valley Meanswear ltd	UK and Wales	5 March 1976	01247419

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

1-5-13 Al Arafa for real estate investment

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

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- Chairman of the Board of directors is Mr. Ashraf Kamel Mohamed.
- Real estate investment in cities, new urban communities, remote areas, and areas outside the old valley.
- The company may have an interest or participate in any way with companies and others that carry out similar activities with its business or that help it achieve its purpose in Egypt or abroad, what it is permissible for it to merge or buy or join them in the aforementioned entities in accordance with the provisions of the law and its executive regulations.

1-5-14 Savini Garments Company

- The company was established in the system of private free zones and in accordance with the provisions of the laws in force in the Arab Republic of Egypt in the framework of the provisions of the Investment Guarantees and Incentives Law issued by Law No. 8 of 1997 and Law No. 159 of 1981 issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations, and the decree of the President of the General Authority for Investment and Free Zones No. 725 / T for the year 2007 regarding licensing the establishment of the company in the private free zones system, and registered in the commercial register under No. 24591 Investment Commercial Registry of Cairo - dated 16 May 2007.
- The purpose of the company is to manufacture all types of garments.
- The main center and site of activity in the medium industries zone - the new Beni Suef city with an area of 20 thousand square meters leased from the Swiss Cotton Garments Company (S.A.E.- private free zone) - Beni Suef.
- The company duration is twenty-five years, starting from the date of its registration in the commercial register.

1-5-15 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 (DMCC).
- Head office, Dubai, United Arab Emirates.

2- Basis of preparation of the consolidated financial statements

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards "EAS", and in accordance with the prevailing Egyptian laws and regulations.

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2-2 Functional and presentation currency

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

2-3 Use of estimates and judgments

The preparation of separate financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions related to the prevailing experience and other variable elements as actual results may differ from these estimates.

Estimates and related assumptions are reviewed Periodically.

Changes in accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period or the period of change or future periods if the change affects both.

Information on significant estimates on the application of accounting policies that have an important impact on the amounts included in the consolidated financial statements.

Information on important provisions on the application of accounting policies that have an important impact on the amounts included in the consolidated financial statements is presented in accordance with the following policy:

Policy No. (37-8): Leases.

The following are the most significant items and notes related to them, and these estimates and assumptions are used :

- 1- Useful life of fixed assets (Note No. 37-6-c)
- 2- Impairment loss in the value of investment in associates and investment available for sale (Note 15,16)
- 3- Impairment loss in the value of receivables and debtors (Note No. 22)
- 4- Deferred tax assets, liabilities, and contingent liabilities (Note No.17, 37-21e)
- 5- Provisions (Note No. 27)
- 6- Financial instruments (Note No. 37-4).

2-4 Fair value measurement

The fair value of financial instruments is determined based on the market value of financial instruments or similar financial instruments at the date of the consolidated financial statements without deducting any estimated future costs of sale. Financial assets values are determined at current prices for the purchase of those assets, while determining the value of financial liabilities at the current prices, which would settle those liabilities.

In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration recent transactions prices,

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guided by the current fair value of other substantially similar instruments - discounted cash flow method - or any other methods to produce reliable results.

When using the discounted cash flow method as a method of evaluation, future cash flows are estimated based on the best estimate of the management. Discount rate used is determined in the light of the prevailing market price at the date of the financial statements for financial instruments similar in nature and terms.

Consolidated Financial Statements have been prepared on the basis of historical cost, with the exception of a number of company accounting policies and disclosures requiring the measurement of the fair value of certain financial and non-financial assets and liabilities of the company as a consistent control framework for the measurement of fair values. This includes the evaluation team, which has overall responsibility for overseeing all important fair value measurements, including for level 3 for the determination of fair values, and for reporting directly to the Finance Director.

The evaluation team continuously reviews important inputs and adjustments resulting from the evaluation. If information from third parties, such as broker prices or pricing services, is used to measure fair values, the evaluation team will evaluate evidence obtained from third parties to ensure that such assessments meet the requirements of Egyptian accounting standards, including determining the level of the fair value hierarchy where it should be classified.

The group audit committee is informed of the value of deviations from the fair evaluation of the item

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level (1)** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level (2)** Inputs other than 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)** Other inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

3- Segment reporting

3-1 Operating results of the business activities of the group companies for the financial period ended July 31, 2022

	Garments manufacturing segment	Retail segment	Real estate Investment	Investments	Eliminations	Total after Eliminations
	USD	USD	USD	USD	USD	USD
Operating revenue	115 555 683	66 432 659	8 718	-	-	181 997 060
Sales between companies for the same segment	62 943 929	180 431	-	-	(63 124 360)	-
Net operating revenue	52 611 754	66 252 228	8 718	-	(8 083 169)	110 779 861
Revenue from external clients	44 531 050	66 249 763	8 718	-	(9 670)	110 779 861
Intercompany group sales	8 080 704	2 465	-	-	(8 083 169)	-
Total	52 611 754	66 252 228	8 718	-	(8 092 839)	110 779 861
Cost of activity	(41 456 207)	(31 221 408)	(10 141)	-	8 117 590	(64 570 166)
Gross profit/(loss)	11 155 547	35 030 820	(1 423)	-	24 751	46 209 695
Other revenues	2 195 156	94 266	6 566	168 795	(1 243 084)	1 221 699
Selling and distribution expenses	(2 565 783)	(23 368 268)	-	-	482 557	(25 451 494)
General and administrative expenses	(2 957 568)	(7 669 648)	(17 821)	(2 121 104)	700 736	(12 065 405)
Other expenses	(416 932)	(79 309)	-	(779 403)	562 433	(713 211)
Operating profit/(loss)	7 410 420	4 007 861	(12 678)	(2 731 712)	527 393	9 201 284
Share of the group in the associates activities results	-	-	-	636 593	-	636 593
Net Finance (cost) /income	(2 415 208)	(842 213)	(84 673)	(9 974 268)	(663 831)	(13 980 193)
Net (loss) /profit for the period before tax	4 995 212	3 165 648	(97 351)	(12 069 387)	(136 438)	(4 142 316)
Income tax	(20 399)	(562 689)	-	-	-	(583 088)
Deferred tax	7 488	62 749	166 928	-	-	237 165
Net (loss)/profit for the period after tax	4 982 301	2 665 708	69 577	(12 069 387)	(136 438)	(4 488 239)
Distributed as follows:						
Share of holding company's shareholders	4 907 512	2 511 724	69 020	(12 069 387)	(136 438)	(4 717 569)
Share of Non – controlling interest	62 143	166 630	557	-	-	229 330
Net (loss)/profit for the period after tax	4 969 655	2 678 354	69 577	(12 069 387)	(136 438)	(4 488 239)

3- Segment reporting

3-2 Operating results of the business activities of the group companies for the financial period ended July 31, 2021

	Garments manufacturing segment	Retail segment	Real estate Investment	Investments	Eliminations	Total after Eliminations
	USD	USD	USD	USD	USD	USD
Operating revenue	45 509 805	45 443 108	9 727	-	-	90 962 640
Sales between companies for the same segment	18 274 678	516 152	-	-	(18 790 830)	-
Net operating revenue	<u>27 235 127</u>	<u>44 926 956</u>	<u>9 727</u>	<u>-</u>	<u>(5 131 587)</u>	<u>67 040 223</u>
Revenue from external clients	22 129 535	44 918 902	9 727	-	-	67 058 164
Intercompany group sales	5 105 592	8 054	-	-	(5 131 587)	(17 941)
Total	<u>27 235 127</u>	<u>44 926 956</u>	<u>9 727</u>	<u>-</u>	<u>(5 131 587)</u>	<u>67 040 223</u>
Cost of activity	(27 371 787)	(27 420 173)	(11 315)	-	5 570 673	(49 232 602)
Gross profit/(loss)	<u>(136 660)</u>	<u>17 506 783</u>	<u>(1 588)</u>	<u>-</u>	<u>439 086</u>	<u>17 807 621</u>
Other revenues	2 518 837	99 095	-	183 254	(2 288 570)	512 616
Selling and distribution expenses	(1 734 239)	(14 576 274)	-	-	115 687	(16 194 826)
General and administrative expenses	(2 419 134)	(7 551 659)	(32 122)	(1 995 095)	115 827	(11 882 183)
Other expenses	(356 585)	(443 816)	-	(38 063)	(53 616)	(892 080)
Operating (loss)/profit	<u>(2 127 781)</u>	<u>(4 965 871)</u>	<u>(33 710)</u>	<u>(1 849 904)</u>	<u>(1 671 586)</u>	<u>(10 648 852)</u>
Change in Financial Investments at fair value	-	-	-	187 608	-	187 608
Share of the group in the associates activities results	-	-	-	16 280	-	16 280
Net Finance income / (cost)	<u>(3 209 145)</u>	<u>(1 362 873)</u>	<u>15 268</u>	<u>2 569 257</u>	<u>13</u>	<u>(1 987 480)</u>
Net (loss)/ Profit for the period before tax	<u>(5 336 926)</u>	<u>(6 328 744)</u>	<u>(18 442)</u>	<u>923 241</u>	<u>(1 671 573)</u>	<u>(12 432 444)</u>
Income tax	(5 528)	(366 810)	-	-	-	(372 338)
Deferred tax	(24 654)	(60 891)	(3 701)	-	-	(89 246)
Net (loss)/ profit for the period after tax	<u>(5 367 108)</u>	<u>(6 756 445)</u>	<u>(22 143)</u>	<u>923 241</u>	<u>(1 671 573)</u>	<u>(12 894 028)</u>
Distributed as follows:						
Share of holding company's shareholders	(5 334 917)	(6 721 154)	(21 966)	923 241	(1 671 573)	(12 826 369)
Share of Non – controlling interest	(32 191)	(35 291)	(177)	-	-	(67 659)
Net (loss) / profit for the period after tax	<u>(5 367 108)</u>	<u>(6 756 445)</u>	<u>(22 143)</u>	<u>923 241</u>	<u>(1 671 573)</u>	<u>(12 894 028)</u>

Al Arafa for Investment and Consultancies

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

Notes to the Interim consolidated financial statements for the financial period ended 31 July 2022

4- Operating Revenue

		Financial period ended at 31 July 2022	Financial period from 1 May till 31 July 2022	Financial period ended at 31 July 2021	Financial period from 1 May till 31 July 2021
	Note No.	USD	USD	USD	USD
Operating Revenue	(37-20)	110 779 861	53 308 387	67 040 223	38 267 026
		<u>110 779 861</u>	<u>53 308 387</u>	<u>67 040 223</u>	<u>38 267 026</u>

5- Cost from operating activities

		Financial period ended at 31 July 2022	Financial period from 1 May till 31 July 2022	Financial period ended at 31 July 2021	Financial period from 1 May till 31 July 2021
	Note No.	USD	USD	USD	USD
Raw material and supplies	(37-21)	34 921 972	14 254 195	19 997 537	9 891 481
Goods held for sale		19 175 725	6 929 519	17 104 499	10 928 418
Packing and wrapping material		1 166 209	507 043	495 033	211 581
Industrial wages		7 299 053	2 202 811	5 284 257	2 961 215
Property, plant and equipment depreciation	(12)	1 195 815	525 590	1 450 744	733 287
Industrial expenses		5 069 255	2 898 190	4 031 887	2 180 819
		<u>68 828 029</u>	<u>27 317 348</u>	<u>48 363 957</u>	<u>26 906 801</u>
Less:					
Export subsidy revenues		(3 807 559)	(1 839 128)	(830 203)	(399 822)
Change in Finished goods and Work in process		(450 304)	534 598	1 698 848	934 949
		<u>64 570 166</u>	<u>26 012 818</u>	<u>49 232 602</u>	<u>27 441 928</u>

6- Other revenues

		Financial period ended at 31 July 2022	Financial period from 1 May till 31 July 2022	Financial period ended at 31 July 2021	Financial period from 1 May till 31 July 2021
		USD	USD	USD	USD
Collected Rents		133 122	69 350	387 768	52 454
Capital gains		15 680	(10 760)	--	(827)
Discounts		135 541	29 543	19 081	14 134
Revenue from service rendered to others		--	--	49 313	28 830
Others		937 356	772 464	56 454	29 147
		<u>1 221 699</u>	<u>860 597</u>	<u>512 616</u>	<u>123 738</u>

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Notes to the Interim consolidated financial statements for the financial period ended 31 July 2022

7- Selling and Distribution expenses

		Financial period	Financial period	Financial period	Financial period
		ended at	from 1 May	ended at	from 1 May
	Note	31 July 2022	till 31 July 2022	31 July 2021	till 31 July 2021
	<u>No.</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Wages and salaries		8 554 684	5 212 752	5 150 440	2 554 254
Rents		1 837 036	853 712	1 937 586	318 593
Sales commissions		3 101 426	1 071 403	2 772 491	1 011 798
Advertising		2 453 382	1 467 802	1 754 110	900 626
Export expenses		1 554 020	512 191	1 415 359	705 290
Amortization of right of use assets (Lease)	(19-1)	2 911 115	1 296 748	904 169	474 285
Property, plant and equipment depreciation	(12)	452 526	199 213	547 108	274 253
Loss of early termination of lease contracts		–	–	219 280	219 280
Others		4 587 305	5 536 014	1 494 283	370 132
		<u>25 451 494</u>	<u>16 149 835</u>	<u>16 194 826</u>	<u>6 828 511</u>

8- General and Administrative expenses

		Financial period	Financial period	Financial period	Financial period
		ended at	from 1 May	ended at	from 1 May
	Note	31 July 2022	till 31 July 2022	31 July 2021	till 31 July 2021
	<u>No.</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Wages and salaries		5 519 308	2 601 225	4 879 188	2 501 478
Property, plant and equipment depreciation	(12)	759 284	452 576	706 497	470 217
Amortization of right of use assets (Lease)	(19-1)	145 390	95 553	101 560	50 559
Rents (GA)		256 311	251 683	207 566	99 732
Payment of lease contracts		343 093	188 233	393 706	164 102
Others		5 042 019	2 191 157	5 593 666	2 350 355
		<u>12 065 405</u>	<u>5 780 427</u>	<u>11 882 183</u>	<u>5 636 443</u>

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Notes to the Interim consolidated financial statements for the financial period ended 31 July 2022

9- Other expenses

		Financial period ended at 31 July 2022	Financial period from 1 May till 31 July 2022	Financial period ended at 31 July 2021	Financial period from 1 May till 31 July 2021
Note No.		USD	USD	USD	USD
Allowance for expected credit loss - Receivables	(22)	168 953	(98 899)	--	--
Provisions formed during the period	(27)	34 246	23 446	60 022	38 422
GAFI fees		217 944	109 016	83 825	66 959
Impairment on related parties		--	--	692 456	403 884
Others		292 068	210 850	55 777	(11 569)
		<u>713 211</u>	<u>244 413</u>	<u>892 080</u>	<u>497 696</u>

10- Finance income

		Financial period ended at 31 July 2022	Financial period from 1 May till 31 July 2022	Financial period ended at 31 July 2021	Financial period from 1 May till 31 July 2021
Note No.		USD	USD	USD	USD
Credit interest		1 569 594	724 494	1 944 383	1 028 876
Foreign currency exchange balances & transactions translation differences	(37-2)	--	--	2 023 620	961 744
		<u>1 569 594</u>	<u>724 494</u>	<u>3 968 003</u>	<u>1 990 620</u>

11- Finance Cost

		Financial period ended at 31 July 2022	Financial period from 1 May till 31 July 2022	Financial period ended at 31 July 2021	Financial period from 1 May till 31 July 2021
Note No.		USD	USD	USD	USD
Interest expense, bank commission and expenses		5 590 925	2 926 990	5 541 837	2 710 608
Differences results from remeasurement of PV of lease liabilities	(19-2)	805 557	374 282	413 646	219 516
Foreign currency exchange balances & transactions translation differences	(37-2)	9 153 305	2 403 279	--	--
		<u>15 549 787</u>	<u>5 704 551</u>	<u>5 955 483</u>	<u>2 930 124</u>

Notes to the consolidated interim financial statements for the financial period ended 31 July 2022

12- Property, plant and equipment (Net)

	Land	Buildings and Constructions	Machinery and equipment	Vehicles	Tools and Supplies	Furniture and Office Equipment	Improvements in leasehold	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cost as of February 1, 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	-	107 304	595 902	29 939	23 241	1 608 521	395 069	2 759 976
Disposals during the period	-	-	(283 031)	(46 148)	-	(8 071)	-	(337 250)
Foreign currency translation differences	(383 345)	(497 047)	(743 779)	(28 617)	(37 569)	(918 601)	(1 204 894)	(3 813 852)
Cost as of July 31, 2022	6 292 757	57 033 704	48 570 923	1 093 145	1 075 580	42 203 006	2 616 612	158 885 727
Accumulated depreciation as of February 1, 2022	-	25 498 643	42 147 502	720 081	690 158	40 158 077	2 963 276	112 177 737
Depreciation for the period	-	424 366	1 006 205	52 139	16 572	629 864	278 479	2 407 625
Accumulated depreciation of disposals	-	-	(208 508)	(46 148)	-	(8 071)	(99 651)	(362 378)
Foreign currency translation differences	-	(277 296)	(554 870)	(25 093)	(31 546)	(604 379)	(813 221)	(2 306 405)
Accumulated depreciation as of July 31, 2022	-	25 645 713	42 390 329	700 979	675 184	40 175 491	2 328 883	111 916 579
Net Book value as of July 31, 2022	6 292 757	31 387 991	6 180 594	392 166	400 396	2 027 515	287 729	46 969 148
Net Book value as of January 31, 2022	6 676 102	31 924 804	6 854 329	417 890	399 750	1 363 080	463 161	48 099 116
Fully depreciated assets and still working as of July 31, 2022	-	2 559 553	22 824 386	441 015	386 973	4 681 506	5 942 118	36 835 551
Cost as of February 1, 2021	6 668 800	57 211 769	47 462 570	1 077 249	1 066 283	41 072 341	4 038 555	158 597 567
Additions during the period	-	15 674	1 127 629	29 905	8 761	1 008 379	40 448	2 230 796
Disposals during the period	-	-	(108 594)	-	-	(1 084 768)	(573 197)	(1 766 559)
Foreign currency translation differences	7 302	9 468	34 077	545	659	170 588	40 235	262 874
Cost as of July 31, 2021	6 676 102	57 236 911	48 515 682	1 107 699	1 075 703	41 166 540	3 546 041	159 324 678
Accumulated depreciation as of February 1, 2021	-	24 638 746	41 002 231	875 218	649 052	40 563 742	1 982 965	109 711 954
Depreciation for the period	-	444 534	1 097 125	28 070	18 173	359 694	756 753	2 704 349
Accumulated depreciation of disposals	-	-	(46 346)	-	-	(946 228)	(99 651)	(1 092 225)
Foreign currency translation differences	-	4 875	17 939	403	495	160 154	494 369	678 235
Accumulated depreciation as of July 31, 2021	-	25 088 155	42 070 949	903 691	667 720	40 137 362	3 134 436	112 002 313
Net Book value as of July 31, 2021	6 676 102	32 148 756	6 444 733	204 008	407 983	1 029 178	411 605	47 322 365
Fully depreciated assets and still working as of July 31, 2021	-	2 067 090	22 968 449	663 945	354 553	4 582 325	2 782 098	33 418 460

* The book value of the assets is not materially different from their fair value

* There are no temporarily suspended assets.

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

The cost of buying a plot of land number (from 6/191 to 6/198) in the medium industries zone - Bayad Al Arab - the new city of Beni Suef (east of the Nile) in Beni Suef, with an area of 152 981.40 square meters purchased from the New Urban Communities Authority new Beni Suef city authority on July 19, 2007 with a total amount of L.E 10 708 698 equivalent to an amount of USD 1 897 223 and the registration in the real estate registry is underway.

13- Projects under constructions

	31 July 2022	31 January 2022
	USD	USD
Building and constructions	4 442 434	5 109 787
Machinery and equipment under construction	32 931	--
Advance payments to purchase plant, property and equipment	910 917	1 077 519
	5 386 282	6 187 306
<u>Less:</u>		
Impairment in Projects under constructions	(115 475)	(115 475)
	5 270 807	6 071 831

14- Goodwill

Balance amounted to USD 28 835 863 as of July 31, 2022 (USD 31 682 324 as of January 31, 2022) represents the goodwill recognized in the financial statements of subsidiaries and the change in balance during the period / year is a result of the change in exchange rates.

	31 July 2022	31 January 2022
	USD	USD
Baird Group	27 060 205	29 804 251
Concrete Garments Company	489 008	591 423
Swiss Garments Company	1 286 650	1 286 650
	28 835 863	31 682 324

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 31 July 2022****15- Financial Investments at fair value through other comprehensive income**

	31 July 2022 USD	31 January 2022 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)	29 472	29 472
▪ the contribution percentage is 4.036% of the capital)		
▪ The value of the holding company's contribution to the capital of the Middle East Company (METCO), (the contribution percentage is 48.5% of the capital)	2 543 467	2 543 467
▪ The cost of investing in "Mada Capital" Fund (subsidiary company)	3 254 271	2 449 447
▪ Other investments	67 669	67 669
Total Investments	6 449 733	5 644 909
Less:		
Impairment in value	(44 885)	(44 885)
Impairment of Investments available for sale (subsidiary)	(204 632)	(204 632)
Effect of foreign currency exchange differences	(330 066)	(330 066)
Total Investments	5 870 150	5 065 326

* The group was unable to calculate the fair value of financial investments available for sale due to the lack of reliable active market (Note No. 2-4)

16- Investments in associates

Company's Name investee	Country of Incorporation	Ownership percentage %	31 July 2022 USD	31 January 2022 USD
• Golden Tex. Wool *	Egypt	43,60 %	4 771 674	4 135 081
			4 771 674	4 135 081

* As a result of the termination of the management contract between Al Arafa for Investment and Consultancies (Holding Company) and Golden Tex Wool, the control of Al Arafa Investment and Consultancies Company has been lost on the financial and operating policies of Golden Tex Wool and

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 31 July 2022**

consequently the investment has been reclassified from subsidiaries to Investment in associate company on 1 February 2019 (expiration date of the management contract).

The following is the movement through the period/year:

	Note No	31 July 2022 USD	31 January 2022 USD
Balance at the beginning of the period / year		4 135 081	4 094 528
The group's share in the results from Golden Tex Wool Company	(37-1)	636 593	40 553
Balance at the end of the period/year		4 771 674	4 135 081

17- Deferred tax assets / liabilities

	31 July 2022 USD	31 January 2022 USD
Balance at the beginning of the period/year	177 763	231 253
Change during the period/year	237 165	(1 609)
Foreign exchange translation differences for the period/year	(492 026)	(51 881)
Balance at the end of the period / year – Deferred tax (liability)/asset	(77 098)	177 763

18- Intangible assets

	31 July 2022 USD	31 January 2022 USD
Balance at the beginning of the period / year	14 772 735	17 484 763
Amortization during the period /year	(1 563 045)	(3 350 560)
Effect of foreign exchange differences	(217 329)	638 532
	12 992 361	14 772 735

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

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Notes to the consolidated interim financial statements for the financial period ended 31 July 2022

19- **Right- of- use assets – lease contracts (Net)**19-1 **Right- of- use assets arising from Commercial lease contracts**

	31 July 2022	31 January 2022
	USD	USD
Contracts from the first of April 2021 to the end of April 2022	737 720	883 872
Contracts from the first of April 2021 to the end of April 2023	3 446 158	3 785 616
Contracts from the first of April 2021 to the end of April 2024	4 624 354	4 553 407
Contracts from the first of April 2021 to the end of April 2025	5 004 806	5 499 357
Contracts from the first of April 2021 to the end of April 2026	4 912 577	5 329 459
Contracts from the first of April 2021 to the end of April 2027	3 183 008	3 738 345
Contracts from the first of April 2021 to the end of April 2028	979 192	1 173 183
Contracts from the first of April 2021 to the end of April 2029	3 571 769	4 279 383
Contracts from the first of April 2021 to the end of April 2030	662 436	793 673
Contracts from the first of April 2021 to the end of April 2031	5 251 054	5 821 999
Total Contracts	32 373 074	35 858 294
Differences arising from a change in the present value	(6 281 446)	(7 092 410)
Total lease contracts measured at the present value	26 091 628	28 765 884
Amortization charged on consolidated statement of profit or loss for the period/year	(3 056 505)	(5 521 902)
Accumulated amortization	(4 812 656)	--
Earned rental discount differences	(1 643)	1 969
Net lease contracts measured at the present value	18 220 824	23 245 951

19-2 **Lease liabilities**

	31 July 2022	31 January 2022
	USD	USD
Lease liabilities arising from commercial lease contracts	20 039 660	28 765 884
Lease liabilities arising from commercial lease contracts during the period	983 979	--
Earned discount	3 379	(1 969)
Add:		
Differences arising from a change in the present value that charged on consolidated statement of profit or loss	805 557	1 685 672
	21 832 575	30 449 587
Less:		
Payment of lease liabilities within the period / year	(1 683 342)	(6 945 633)
	20 149 233	23 503 954
Less:		
Current portion of lease liabilities arising from commercial lease contracts during the period	(5 721 640)	(6 708 778)
Notes payable (Due installments) within the period/ year	--	(1 018 090)
Total current lease liabilities	(5 721 640)	(7 726 868)
Less:		
Non-current portion of lease liabilities arising from commercial lease contracts presented in the statements of financial position as below:		
Non-Current portion of lease liabilities arising from commercial lease contracts	(14 427 593)	(15 388 464)
Notes payable – Non current portion	--	(388 622)
Total Non-current lease liabilities	(14 427 593)	(15 777 086)

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 31 July 2022****20- Work in progress**

This item amounted to USD 6 483 585 as of July 31, 2022 represents value of the advance payment for a plot of land in the tenth of Ramadan City at 15% of the value to modify the activity of an area of about 100 acres of national housing for other activities in accordance with the decision of the New Urban Communities Authority No. (149) issued on 11 January 2021.

21- Inventory

	31 July 2022	31 January 2022
	USD	USD
Raw materials	42 380 756	32 838 185
Packing and wrapping materials	1 210 769	932 115
Spare parts	2 989 233	2 983 475
Work in process	6 259 361	5 953 048
Finished goods	55 921 335	57 317 446
Goods in transit	464 531	1 676 814
L/C's to purchase raw materials and supplies	936 654	544 600
	110 162 639	102 245 683
Less:		
Impairment in inventories	(3 461 841)	(3 344 705)
	106 700 798	98 900 978

22- Trade receivables and debtors

	31 July 2022	31 January 2022
	USD	USD
Trade receivables	35 279 669	48 471 184
Notes receivables	826 928	188 692
Trade payables - debit balances	6 537 194	6 462 724
Deposits held with others	1 733 347	1 542 876
Tax authority	2 396 765	2 249 555
Prepaid expenses	4 140 433	2 309 239
Accrued revenues	7 139 897	5 824 960
Debtors (sold companies)	44 580 084	44 580 084
Other debit balances	5 803 087	7 235 741
	108 437 404	118 865 055
Less:		
Impairment of trade receivables and debtors	(45 927 510)	(46 524 895)
Allowance for expected credit loss *	(2 813 481)	(8 593 648)
	59 696 413	63 746 512

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 31 July 2022****23- Cash in banks and on hand**

	31 July 2022 USD	31 January 2022 USD
Current accounts	4 398 324	8 169 629
Time deposits	33 804 223	56 113 748
Cash on hand	817 354	284 397
	<u>39 019 901</u>	<u>64 567 774</u>

24- Long-term loans and facilities

	End of Payment	Non-current portion USD	Current portion USD	Total USD
▪ <u>Arafa for Investments and Consultancies</u>				
Arab African Bank: The remaining value of the medium-term loan amounting to 29 971 343 dollars 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. adult loan \$13 907 087 as of March 1, 2021 in nine unequal semi-annual instalments ending in June 2025	2025	7 101 229	3 000 000	10 101 229
▪ <u>Baird Group</u>				
QIB Bank*		-	-	-
Balance on 31 July 2022		<u>7 101 229</u>	<u>3 000 000</u>	<u>10 101 229</u>
Balance on 31 January 2022		<u>24 684 829</u>	<u>2 500 000</u>	<u>27 184 829</u>

* As of February 16, 2022, the terms of the loan granted by QIB Bank to the English Baird Group were modified to become a revolving facility to finance the operating cycle of the Baird Group, and the facility is renewed annually.

25- Other long-term liabilities

	31 July 2022 USD	31 January 2022 USD
Lease liabilities Installments	4 414 009	5 262 356
Liabilities against the right to use a trademark (Baird Group)	863 999	3 143 004
	<u>5 278 008</u>	<u>8 405 360</u>

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 31 July 2022****26- Trade payables and creditors**

	31 July 2022 USD	31 January 2022 USD
Trade payables	23 217 944	24 274 215
Accrued expenses	10 075 969	9 088 316
Tax authority	5 486 862	4 346 194
Notes payable	3 371 363	4 234 795
Lease liabilities	3 867 144	4 103 545
Lease liabilities commercial stores – noncurrent portion	5 721 640	6 708 778
Deposits from others	994 138	1 287 316
Trade receivables – credit balance	364 115	100 441
Other credit balances	3 306 353	10 908 495
	56 405 528	65 052 095

27- Provisions

	Balance on 1 February 2022 USD	Add During the period USD	Utilized During the period USD	Balance on 31 July 2022 USD
Tax and claims provisions*	353 473	34 246	(105 613)	282 106
The effect of the change in exchange rates	–	–	–	(15 764)
	353 473	34 246	(105 613)	266 342

* 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.

28- Financial instruments and risk management

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

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

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Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk is the change in foreign exchange rates that affects payments and receipts in foreign currencies as well as the translation of monetary assets and liabilities in foreign currencies. The Company's exposure to foreign exchange risk on 31 July 2022 was in accordance with the amounts in foreign currencies are as follows:

	31 July 2022	31 January 2022
	Surplus (Deficit)	Surplus (Deficit)
	USD	USD
USD	(4 694 227)	(1 620 500)
Egyptian Pound	878 635 636	972 277 489
EURO	(18 226 603)	(7 647 632)
Sterling Pound	8 730 290	9 204 651

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

	<u>Closing Rate</u>		<u>Average exchange rate</u>	
	<u>31 July 2022</u>	<u>31 January 2022</u>	<u>31 July 2022</u>	<u>31 July 2021</u>
Egyptian Pound	0.0530	0,0634	0.0570	0.0636
Euro	1.0529	1,1161	1.0866	1.2063
Sterling Pound	1.2169	1,3403	1.2646	1.3924
AED	0.2723	0.2723	0.2723	0.2723

ii. Interest rate risk

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

It is represented in the change in interest rates on the indebtedness of the holding company and subsidiaries of banks, which are represented in the balances of loans, credit facilities and creditor banks, whose balance on 31 July 2022 amounted to 202 601 972 USD (for an amount of 218 436 464 USD on 31 January 2022), and the interests and financing expenses included in the consolidated financial statements related to these balances amounted to 5 590 925 USD (compared to 5 541 837 USD during the prior period 31 July 2021).

While the balance of time deposits, treasury bills, current accounts with interest and savings certificates on 31 July 2022 amounted to the amount of 38 202 547 USD (compared to 64 283 377 USD on 31 January 2022), and the credit interests included in the consolidated financial statements related to those deposits and treasury bills amounted to 1 569 594 USD (compared to 1 944 383 US dollars during the comparable period 31 July 2021).

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To reduce these risks, the management of the holding company and its subsidiaries is working to obtain the best conditions available in the banking market for the balances of credit facilities and loan balances with the substitution of the medium-term joint financing loan in place of loans and credit facilities in accordance with the policy of the financing holding company, and it is also reviewing the prevailing interest rates periodically in the banking market.

iii. Credit risk

Credit risk is the risk that one party to a financial instrument will not fulfill its obligations and expose the other party to financial losses.

The Group's financial assets consist of customers represented in amounts due from them, time deposits, savings certificates and financial investment balances. These financial assets do not represent a significant concentration of risk. Clients are spread over a variety of sectors. Strict credit control is in place and impairment losses are adequately recognized. The Company manages the credit risk related to investments by ensuring that investments are constituted after careful assessment of the credit risk of these investments.

Term deposits with commercial banks are linked after careful assessment of the credit risk of these banks.

Maximum exposure to credit risk in US dollars at the date of the consolidated financial statements.

	<u>Carrying amount</u>	
	31 July 2022	31 January 2022
	<u>USD</u>	<u>USD</u>
Investments available for sale	5 870 150	5 065 326
Debtors and other debit balances	53 159 215	59 187 718
Due from related parties	1 403 538	1 130 053
Cash at banks and on hand	39 019 901	64 567 774

29- Fair value of financial instruments

A fair value is the reciprocal value of an asset or the value of an obligation settlement between parties wishing to exchange and knowing the facts and dealing with free will.

The book value converges the fair values of other financial instruments of the holding company other than investments not listed in the stock exchange and classified as available for sale and recognized at cost, less impairment loss, due to the lack of reliable estimate of fair values.

- **Fair Value recognition**

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

Investments

Investments in associates not listed in stock market are recognized at cost, less impairment loss except for a fair value of investments listed in stock market is determined on the basis of the declared market rates at the date of the financial position, without deducting transaction-related costs.

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Interest facilities and loans

Fair value is calculated on the basis of deduction of cash flow for the principal amount and expected future interest.

Debtors and creditors

The nominal value of debtors and creditors with a residual useful life of less than one year reflects the fair value.

Interest rate used to determine fair value

The company uses the rate of return applicable on 31 July 2022 as well as a regular credit distribution to deduct the financial instruments.

30- Capital

30-1 The Authorized Capital

The authorized capital is 150 million US dollars (one hundred and fifty million US dollars), 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 US cents per share and the issued capital amounting to 94 050 000 US dollars 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 (merged company) and Al Arafa Company for Investment in the Marketing and Distribution of Readymade Garments (Egyptian Joint Stock Company) Free Zone (merged 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 Consultancies, 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 merged 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 consultancies (the merged 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) (merged company) a deficit of

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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 merged 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.

31- Reserves

	Note	Balance on 1 February 2022	Add During the period	Utilized During the period	Balance on 31 July 2022
	No.	USD	USD	USD	USD
Statutory reserve	(31-1)	24 666 360	-	-	24 666 360
General reserve		10 615 029	-	-	10 615 029
Other reserves (treasury bills reserve)	(31-2)	742 418	-	-	742 418
		36 023 807	-	-	36 023 807

31-1 Statutory 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.

31-2 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.

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

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 - 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 28 103 401 US dollars.

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33- Tax position

33-1 Al Arafa for Investments and Consultancies Company

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

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

The years 2014-2018 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.

Subsidiaries in Egypt subject to tax

33-2 Concrete Garments Company

Corporate income tax

- The Company submits its corporate tax returns annually on legal dates, it also pays the due tax according to returns – if any. In all cases, and in light of the tax system applied in Egypt, the final obligation that due to the tax authority will not be accurately determined except after the tax inspection by the tax authority and the final assessment is reached either through internal committees, appeal committees, or the judiciary.
- Years from the date of incorporation till February 20, 2005 (date of merger), Tax inspection and final assessment was carried out in accordance with the agreement with the appropriate authority and all tax differences were paid , there is no tax due for this year.
- From February 21, 2005 to December 31, 2008, the Company was not included in the tax inspection sample so, The tax due and paid by tax returns for these years is final and there are no taxes due for this year.
- Years from January 1 ,2009 to December 31, 2012, Tax inspection was carried out and taxes due has been paid, and there is no any taxes due for this period
- Years from January 1 ,2013 to December 31, 2015, and the company was notified with forms (19) taxes for the estimate of the obsolescence circumstances. Objection was filed on legal dates and was referred to the Center's internal committee to issue a decision to examine the books and accounts of the company for lack of inspection by the Center.
- Years from 2016 to 2020, the company was notified with forms (19) taxes without examining the books and accounts of the company, Objection was filed on legal dates and performing an examination committee is in process for these years.

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- The company submits tax returns on legal dates and pays the tax due from these tax returns in accordance with the provisions of the law and there are no taxes due for these years.

payroll tax

- Tax inspection was carried out and the taxes due were paid, until December 31, 2019 and there are no taxes due
- The company pays the tax deducted from employees monthly to the key taxpayers Center and submits quarterly tax returns on legal dates and there is no tax due for this period.

Stamp tax

- Tax inspection was carried out and all the tax due differences were fully paid until July 31, 2006
- Tax inspection wasn't carried out for the period from August 1, 2006 to date and there are no tax due for this period

Value-added tax

- Tax inspection was carried out until December 31, 2015 and all the dues were paid.
- The company submits value-added tax returns on legal dates and the tax due was paid till the end of June 2022
- Tax inspection was not carried out for the period from January 1, 2016 to date.

Social Insurance

- The Company has paid all the insurance obligations owed by the Company in full until the end of June 2022 and there are no dues to the authority.

33-3 Port Said Garments Company

Corporate income tax

- The company submitted its tax return for the years from its inception until the end of the fiscal year ended 31/12/2021 to the tax authority. Taxes due from these returns were paid
- The company's accounts have been tax-inspected for the years up to 31/12/2002 and tax due differences for those years have been fully paid. The company received tax form (19) about the authority's estimate of the notification of the tax assessment elements for the years 2014/2016 and was challenged on legal dates. Company's accounts have not been tax-inspected for the following years until 31/12/2021.

Payroll tax

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

Stamp tax

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

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33-4 Euromed for trading & Marketing Company

Corporate income tax

- The Company submits its corporate tax returns annually on legal dates, it also pays the due tax according to returns – if any. In all cases, and in light of the tax system applied in Egypt, the final obligation that due to the tax authority will not be accurately determined except after the tax inspection by the tax authority and the final assessment is reached either through internal committees, appeal committees, or the judiciary.
- Years from the date of establishment till June 30, 2005 (date of merger), Tax inspection was carried out and all taxes due were paid.
- Years from date of merger to date
The company's tax inspection was carried out from the beginning of the activity until 31 December 2010 and the tax forms were notified and all taxes due were fully paid.
- Years 2011/2012: Tax form (19) was received, Objection was made on legal dates and the submission to Internal Committee is in progress
- Years 2013/2014: no tax forms were notified to the company for those years
- Years 2015/2016: Tax form (19) was received, Objection was made on legal dates and the submission to Internal Committee is in progress
- Years 2017/2021: neither tax inspection have been carried out nor tax forms notification for the company and the company submits tax returns on legal dates and pays the tax from these returns if any.

Payroll tax

- Tax inspection was carried out and the taxes due were paid, until December 31, 2013 and there are no taxes due till that date.
- Tax inspection wasn't carried out for the period from January 1, 2014 to date according to the report of the independent tax advisor of the company, The Company submits its tax returns on legal dates, it also pays the due tax according to returns – if any.

Stamp tax

- Tax inspection was carried out until July 30, 2006 and all tax dues were paid.
- Tax inspection wasn't carried out for the period from August 1, 2006 to date and there is no tax due on it.

Value-added tax

- Tax inspection was carried out until December 31, 2016 and all tax dues were paid.
- Tax inspection wasn't carried out for the period from January 1, 2017 to date as the company submits value-added tax returns on legal dates

33-5 Al Arafa for real estate investment

Corporate income tax

- The Company submits its corporate tax returns annually on legal dates, it also pays the due tax according to returns – if any. In all cases, and in light of the tax system applied in Egypt, the final obligation that due to the tax authority will not be accurately determined except after the tax inspection by the tax authority and the final assessment is reached either through internal committees, appeal committees, or the judiciary.

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- The Company subjects to tax on the profits of legal persons in accordance with the provisions of the Income Tax Law promulgated by Law No. 91 of 2005 and its Executive Regulation.
- Tax inspection has not been carried out from the date of inception to date.

Payroll tax

- Tax inspection has not been carried out from the date of inception to date.

Stamp tax

- Tax inspection has not been carried out from the date of inception to date.

Value-added tax

- The Company is not subject to Value-added tax in accordance with Law 11 of 1991 replaced by Law No. (67) of 2016.

33-6 Egypt Tailoring Company

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

Corporate income tax

- The Company submits its corporate tax returns annually on legal dates, it also pays the due tax according to returns – if any. In all cases, and in light of the tax system applied in Egypt, the final obligation that due to the tax authority will not be accurately determined except after the tax inspection by the tax authority and the final assessment is reached either through internal committees, appeal committees, or the judiciary
- Years 2008-2009, the company was charged, the dispute has been referred to the Appeal Committee and the Committee's decision was issued. The decision was appealed to the Administrative Court.
- Years from 2010 to 31 May 2014 were tax inspected and the dispute was referred to the Appeals Committee.
- Period from June 2014 to 2015 , the Company was not included in the tax inspection sample.
- In 2016, tax authority charged the company in an estimable manner to the obsolescence circumstances and notified the company with Tax form (19) Corporate tax and objection was made on legal dates
- Years 2017-2021, the company regularly submits the tax returns on legal dates and pays the tax dues from these returns.

Payroll tax

- Tax inspection and assessment was carried out until May 31,2014. All tax dues were paid. And no tax dues for the company.
- Period from June 2014 till the end of 2019, the authority inspected the company in an estimable manner and the objection was made on legal dates, internal committee formulation is in progress.
- The company submits quarterly and annually tax returns and pays the tax due from these returns according to the Law 91 of 2005.

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Stamp tax

- Tax was paid and assessment was made from the beginning of the activity until May 31,2014. And there are no tax dues on the company.
- Tax inspection hasn't been made from the merger date (May 31,2014) to date.

Value-added tax

- The Company submits its value-added tax returns on legal dates, it also fully pays the tax due
- Tax inspection hasn't been made from the beginning of the activity till December 31,2016, the company was charged by the authority and the tax was paid.
- Tax inspection hasn't been made from the year 2017 to date.

33-7 White Head Spinning Company

Corporate income tax

Years from the beginning of the activity till 2021

- The company benefited from tax exemption for ten years starting form 1/1/2004 (the following fiscal year of the beginning of the activity date ended on March 26, 2003) ended on December 31, 2013 in accordance with the Law provisions No. 8 for 1997 for issuing Law of Investment guarantees and incentives and in consistent with the company's tax card and the final settlement has been made with the tax authority till 2011
- Certain elements of the company's revenue included in the statement of profits or losses may be taxed in case of existence of Separate tax bases during the period of tax exemption in accordance with Act No. 91 of 2005 and its Executive Regulations.
- As of 1/1/2014, the company is subject to Corporate tax in accordance with the provisions of Act No. 91 of 2005.
- Tax inspection was carried out for the years 2012 to 2014 and All tax dues were paid.

Payroll tax

- Annual settlements have been submitted from the date of inception until year 2016. All tax dues were paid.
- Tax inspection was carried out until 2008 and tax differences due were fully paid.
- The years from 2009 until 2013 are under inspection.

Stamp tax

Years from the beginning of the activity till 2021

- The final settlement has been carried out with the appropriate tax authority till 31/12/2019 and all tax differences have been fully paid.
- The years from 2020 until 2021 are under inspection.

Value-added tax

Years from the beginning of the activity till 2021

- The Company submits its value-added tax returns on legal dates, it also fully pays the tax due
- Tax settlement was carried out until 2014 and all tax dues were paid.
- Tax inspection was carried from 2015 till 2019 and form (15) was received, and the differences are being paid

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 31 July 2022****33-8 Crystal for Making shirts****Corporate income tax**

- The Company subject to tax on the profits of legal persons and is subject to the provisions of the Income Tax Law promulgated by Law No. 91 of 2005 and its Executive Regulations. Tax inspection has not been conducted to date, and the company submits tax returns on legal dates and pays the tax dues from these returns.

Payroll tax

- Tax inspection has not been conducted to date.

Value-added tax

- The company submits value -added tax returns on legal dates and pays the tax dues from these returns.
- Tax inspection was carried out until 2020.

33-9 Subsidiaries in Egypt that are not subject to tax (free zone system)

- Swiss Garments Company
- Swiss Cotton garments Company
- Fashion Industry
- Apparel International Ltd. For Marketing & Promotion
- Egypt Portugal for Trade and Marketing garments Company
- Sbaghy golden tax
- Savini Garments company
- These companies pay 1% of their revenues to the General Authority for Investment and Free Zone.

33-10 Subsidiaries outside Egypt

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

34- Related Parties

The related parties are the shareholders of the Company and the companies in which they own shares, whether directly or indirectly, and the senior management members of the Company, which gives them significant influence or control over these companies.

The following is a description of the volume and type of transaction conducted with those parties during the period as well as the related balances as of 31 July 2022 included in the consolidated balance sheet

34-1 Due from related parties

Company's Name	Type of Relationship	Type of transactions	Value of transactions for period/year		Balance on	
			31 July 2022 USD	31 January 2022 USD	31 July 2022 USD	31 January 2022 USD
• METCO	Associate	Service	282 322	1 150	1 358 933	1 076 611
• Euro Egypt	Associate	Sales	(8 837)	4 647	44 605	53 442
					<u>1 403 538</u>	<u>1 130 053</u>

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34-2 Due to related parties

Company's Name	Type of Relationship	Type of transactions	Value of transactions for period/year		Balance on	
			31 July 2022 USD	31 January 2022 USD	31 July 2022 USD	31 January 2022 USD
• GTW	Associate	Current	338 599	(1 172 545)	507 172	168 573
					<u>507 172</u>	<u>168 573</u>

- All related parties' transactions were performed with the same basis of interacting with other parties and the balances from these transactions will be paid during the within a year of the date of the consolidated financial statements.

35- Capital commitments

The value of capital commitments as of July 31, 2022 amounted to USD 1 511 968.

36- 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 43 100 075.

37- Significant accounting policies

The accounting policies set out below have been applied consistently during the financial periods presented in these consolidated financial Statements.

37-1 Business combination

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

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

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

i. Subsidiaries

Subsidiaries are entities controlled by the holding company.

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

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

ii. Non-controlling interests

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

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

iii. Loss of control

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

iv. Investments are accounted for using the equity method

Investments accounted for in the equity method consist of equity in associates and joint ventures.

Associates are companies in which the Group has significant influence without control over its financial and operating policies.

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

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

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

v. Eliminations from consolidated financial statements

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

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

vi. Acquisition of companies under joint control

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

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37-2 Translation of transactions in foreign currency

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

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

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

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

Currency differences are recognized in the consolidated statement of profit or loss except for what have been recognized in the statement of comprehensive income.

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

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

Statement of profit or loss items are translated using the average exchange rate during the year for which the consolidated statement of profit or loss is prepared.

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

When a subsidiary is disposed of wholly or partially, such as loss of control or influence, the cumulative currency differences in the equity of that subsidiary must be reclassified to the consolidated statement of profit or loss as part of the disposal gains and losses. and in case that the group disposed part of its share in a subsidiary keeping its control interests, the partial share of the disposed portion of the accumulated currency differences must be returned to non-controlling interests

37-4 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 Company becomes a party to the contractual provisions of the instrument.

Upon initial recognition, an entity shall measure the financial asset or financial liability at its fair value added or deduct it, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that can be directly attributable to the acquisition or issuance of the financial

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asset or financial liabilities, with the exception of the due from trade receivables who, if the amounts owed to them do not include a significant financing component.

2) Classification and subsequent measurement

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 company 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)
- 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 company 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.

The company classifies financial assets into one of the following classifications:

- Loans and debts
- At fair value through 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 the statement of profit or loss.

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3) Derecognition

Financial assets

The company 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 company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company 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 company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The company 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 paid and the actual amounts paid (including any non-monetary assets transferred or liabilities incurred) 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 company 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.

37-5 Impairment

A) A Financial asset

1) Non-derivative financial assets

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

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

The Company 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.

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- 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 Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

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

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

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); or
- The financial asset according to the terms of payment and the nature of each sector for individual customers and considering the study of expected credit losses prepared by the company.

- The Company 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.

- 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 Company 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 Company expects to receive).

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

Credit-impaired financial assets

At each reporting date, the Company 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 120 days past due; The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; It is

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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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company 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 Company 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 Company 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 Company's procedures for recovery of amounts due.

B) Non-financial assets

At each reporting date, the Company 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.

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C) Financial liabilities

The method of accounting for financial liabilities remains largely the same as it was in accordance with Egyptian Accounting Standard No. (26), except for the treatment of gains or losses arising from the company's credit risk and related to commitments designated at fair value through profit or loss. Such changes are presented in other comprehensive income without subsequent reclassification to profit or loss.

• Creditors and other credit balances

Payables and other credit balances are stated at cost and liabilities (accruals) are recognized for amounts to be paid in the future for goods and services received. Payables are classified as current liabilities if the payment is due within a year or less (or within the normal operating cycle of the business, whichever is longer), otherwise, they are classified as non-current liabilities.

• Loans and credit facilities

Loans and credits are initially recognized at fair value, net of costs incurred. Subsequently, loans and credit facilities are stated at amortized cost, and the differences between the amount collected (net of the transaction cost) and the recovered value are calculated in the consolidated statement of profit or loss during the borrowing period using the effective interest rate method.

The cost of granting loans is calculated within the costs of loan operations to the extent that it is possible to withdraw all or some of these facilities. In this case, these expenses are deferred until the loans are withdrawn. When there is no evidence that some or all of the loans will be drawn down, these expenses are capitalized as advances to liquidity services and amortized over the term of the loans to which they relate.

Financial liabilities are derecognized when the obligation in exchange for the obligation is canceled or expires. When existing financial obligations are replaced by others from the same lender on substantially different terms, or the terms of existing financial obligations are substantially modified. A replacement or change is treated as derecognition of the liability asset and the inclusion of a new liability, and the difference between the related carrying amount is recognized in the statement of profit or loss.

5) Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is included in the statement of financial position only if there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

37-6 Property, plant and equipment

a. Recognition and measurement

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

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

profit and loss resulted from disposal of assets are recognized within consolidated statement of profit or loss

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The costs subsequent to acquisition are capitalized on the assets only if it is probable that it will generate and increase the future economic benefits of the assets. As all the other expenses are recognized in the consolidated profit or loss Statement as an expense when incurred.

c. Depreciation

Depreciation of fixed assets - which is the cost of an asset deducting its residual value – according to the straight-line method over the estimated useful life of each type of fixed asset and the depreciation is charged to the consolidated statement of profit or loss.

The following are the estimated useful lives:-

<u>Fixed assets</u>	<u>Useful life</u> <u>Years</u>
* Buildings	5 - 50
* Machinery	3,3 - 10
* Transport & Transportation Vehicles	5
* Tools	2 - 10
* Office furniture and equipment	2-16.67
* Leasehold improvements	5 - 10

The depreciation method, useful lives and residual values of fixed assets are reviewed at the end of each fiscal year and modified if necessary.

37-7 Projects under construction

Projects in progress are recognized at cost. The cost includes all the expenses directly related to preparing the asset to the state in which it is operated and for the purpose for which it was acquired. Projects under construction are transferred to fixed assets when they are completed and available for use.

37-8 Lease contracts**Group (as lessee):****Operating lease:**

The company has assessed whether the contracts are lease contracts or contain lease contracts if the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration, taking into account the following:

- Determining the asset, the subject of the lease contract, for which the right of use was granted by a lessor to a lessee, which is usually stated clearly in the contract.
- The right to direct control and obtain nearly all of the economic benefits from the use of the asset over the life of the use.
- The right to direct how and for what purpose the asset will be used throughout the period of use.
- The right to operate the asset for the duration of the contract without the lessor having the right to change the operating instructions.

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Right-of-use assets - lease contract

Initial recognition:

A right-of-use asset is measured as the amount equal to the lease liability initially measured, adjusted for pre-contract lease payments, initial direct cost and lease incentives, and the discounted value of the estimated costs of dismantling and removing the asset. In the subsequent measurement, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the right of use assets or the lease term - whichever is less.

Subsequent measurement:

The right-of-use is then amortized using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company at the end of the lease term or if the cost of the right-of-use asset reflects that the company will exercise the purchase option. In this case, the right of use is amortized over the useful life of the underlying asset, which is determined on the same basis as the assets and equipment. In addition, the right-of-use is reduced periodically by impairment losses, if any, and adjusted according to the measurement of the firm's actual lease liabilities.

Lease liability

Lease liabilities are first measured at the present value of the lease payments unpaid on that date and related services fixed over the lease term, and the lease payments must be discounted using the incremental borrowing rate. Generally, the company uses the incremental borrowing rate as the discount rate. The lease liability is then measured at amortized cost using the effective interest rate method.

The lease payments included in the measurement of the lease liability include the following:

- Fixed payments.
- Variable lease payments that depend on an index or a rate and are initially measured using the index or rate at the commencement date of the lease.
- Amounts expected to be paid under residual value guarantees.
- The exercise price of the purchase option if the lessee would reasonably exercise the option.
- Penalty payments for termination of the lease contract if the lease term reflects the lessee's exercise of the option to terminate the lease.

Lease payments are measured at amortized cost using the effective interest method. It is remeasured when there is a change in:

- future lease payments arising from a change in an index or price,
- If there is a change in the company's estimate of the amount expected to be paid under a residual value guarantee,
- If the Company changes its assessment of whether to exercise the option to purchase, extend, or terminate or,
- If there is a modification in the content of fixed lease payments.

The right-of-use assets and lease liability will be subsequently remeasured if one of the following events occurs:

- The change in the rental price due to the linkage to the prices or the rate that became effective during the period.
- Amendments to the lease agreement.
- Reassess the lease term.

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Leases of non-core assets not related to the Company's principal operating activities, which are by nature short-term (less than 12 months including renewal options) and leases of low-value commodities are recognized in profit or loss as incurred.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes lease payments associated with these leases as an expense on a straight line basis over the term of the lease.

Financial Leasing:

Financial lease contracts (sales and leaseback operations):

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

If the transfer of the asset is not operational:

The lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

37-9 Intangible assets

A- recognition and measurement

Goodwill

Goodwill arises from the acquisition of subsidiaries and is recognized at cost less accumulated impairment losses. The impairment losses in the value of goodwill are not refunded later, and in the case of a gain on bargain purchase, it is recognized directly in the consolidated statement of profit or loss.

Other intangible assets

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

B- Subsequent expenses

Subsequent expenditures are recognized as an asset only if they result in increased future economic benefits and are reliably related to the asset. All other expenditures, including expenditures to create internal goodwill or a brand, are recognized as an expense when incurred.

37-10 Investments

37-10-1 Equity investments (associate companies)

Investments in associate companies are investments in companies in which the company has significant influence, but it is not a subsidiary company, nor is it a share in a joint venture. The presence of significant influence is assumed when the company, either directly or indirectly through its subsidiaries, owns 20% or more of the rights Voting in the investee company, except in those cases in which it is clearly shown that such ownership does not represent significant influence, or vice versa, if the investor directly owns through subsidiaries less than 20% of the voting right of the investee company, it is assumed that the investor does not have a strong influence It is only if this influence is proven and it is

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noted that an investor's ownership of a large part of the company does not necessarily prevent another investor from having a strong influence on the investee company.

Investments in associate companies are accounted for in the consolidated financial statements at cost, including the cost of acquisition. For the asset do not exceed the carrying values that would have been calculated if the impairment losses had not been taken into account.

37-10-2 Financial investments at fair value through other comprehensive Income

Initial recognition of available-for-sale investments is carried out at fair value. On the date of the consolidated financial statements, the change in the fair value, whether it was a gain or loss, is included in the consolidated equity directly, except for impairment losses in the value of the investment, which are recognized in the consolidated statement of profit or loss. Including the cumulative profits and losses that were previously recognized directly in the cumulative equity in the consolidated statement of profits or losses. The fair value of investments available for sale is determined according to the trading price in the stock exchange in an active market at the date of the consolidated financial position. As for investments that do not have a trading price in an active market and the necessary information is not available for their evaluation by one of the technical evaluation methods, they are stated at cost.

37-11 Work in progress

All costs associated with work-in-progress are aggregated until these works are completed, and the value of work-in-progress is recorded in the consolidated financial position at cost.

37-12 Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered through a sale transaction rather than through continued use. To meet this condition, the sale must be highly probable, and the asset must be available for immediate sale in its current condition. Management must also be committed to a plan to sell the asset, as the expected period to complete the sale should be within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount or their fair value less costs to complete the sale. Intangible assets are not depreciated when classified as held for sale. Assets classified as available for sale are presented separately under current assets in the statement of financial position.

When the Company commits to a sale plan involving loss of control of a subsidiary, all assets and liabilities of the subsidiary are classified as held for sale when the conditions described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When assets are no longer classified as held for sale, those assets are measured at either of the following values, whichever is lower:

a- The carrying amount before the asset was classified as held for sale, after adjusting for any depreciation or revaluation that would have been recognized had the asset not been classified as held for sale.

b- The recoverable amount as on the date of the subsequent decision not to sell.

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37-13 Discontinuous operations

Discontinued operations represent a component of the Group that has been disposed of or classified as held for sale, which:

- Represents a significant activity or a separate geographical segment.
- It is part of a coordinated plan to eliminate a significant activity or separate geographic segment.
- Includes subsidiaries acquired principally for the purpose of subsequent sale.

These operations are classified as discontinued operations upon sale or when the classification conditions are met as discontinued operations, whichever occurs first.

Revenue and expenses related to discontinued operations are recognized separately from revenue and expenses related to continuing operations in the statement of profit or loss.

37-14 Inventory

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

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

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

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

37-15 Trade receivables, Debtors, and notes receivables

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

37-16 Cash and cash equivalent

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

37-17 Capital

i. Common shares

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

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ii. Re-buy and re-issue capital shares

Upon repurchase of the issued share capital, The amount paid for the re-purchase is recognized, which includes all direct costs related to the repurchase as treasury stocks and presented as a reduction of equity.

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

iii. Dividends

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

37-18 Trade payables and other credit balances

Trade payables and other credit balances are stated at their cost.

37-19 Provisions

Provisions are recognized when there is an existing or estimated legal obligation as a result of an event in the past that is probable to result in an inflow of economic benefits to be used to settle that obligation and a reliable estimate of the amount of the obligation. If the effect of the time value of money is material then 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, If appropriate. Then review the balance of provision in the date of financial statements and adjusted when necessary to show current best estimate.

37-20 Revenue recognition

Revenue from contracts concluded with customers is recognized when control of units or services is transferred to the customer in an amount that reflects the consideration that the company expects to be entitled to in exchange for those goods or services. The Company has generally concluded that it is the principal party to its revenue contract arrangements, as it typically controls units or services before transferring control to the customer.

The group applies a five-step model as follows to calculate revenue from contracts as specified in Egyptian Accounting Standard No. (48) - "Revenue from contracts with customers":

- **Step One:** Defining the Contract with the Customer - A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each contract that must be fulfilled.
- **Step Two:** Determine the performance obligations in the contract - the performance obligation is a promise in the contract with the customer to sell goods or perform services to the customer.

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- **Step Three:** Determine the transaction price - the transaction price is the consideration to which the company expects to be entitled to sell the agreed goods or perform services to the customer, excluding amounts collected on behalf of parties outside the contract.
- **Step Four:** Allocate the transaction price to the performance obligations in the contract - For a contract that contains more than one performance obligation, the Company will allocate the transaction price to each performance obligation up to the amount that represents the amount of consideration that the Company expects to be entitled to in exchange for meeting that performance obligation.
- **Fifth step:** Recognize revenue when (or as) the company satisfies the performance obligation.

The application of Egyptian Accounting Standard (48) requires management to use the following provisions: -

- Fulfillment of performance obligations
- Determining transaction prices
- Allocating the transaction price to performance obligations
- Fulfill performance obligations and transfer control in contracts with clients

Determine performance obligations

At the inception of the contract, the company evaluates the goods or services promised in the contract with the customer and identifies each undertaking to transfer a distinct good or service or a series of goods or unique services and largely identical goods or services that are transferred to the customer in the same style to be a performance obligation over time.

Determining the transaction price

The company takes into account the terms of the contract and its usual business practices to determine the transaction price, and the transaction price is the amount of consideration that the company expects to be entitled to in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of

When determining the transaction price, the company takes into account the effects of all of the following:

- Variable consideration promised in the contract.
- Restrictions on estimates of variable consideration.
- The presence of an important financing component in the contract.
- Non-cash consideration, in which the customer pledges a consideration in a non-cash form, so the company measures the non-cash consideration (or pledge in a non-cash consideration) at the fair value.
- The consideration is payable to the customer.

Allocating the transaction price to the performance obligations

The Company allocates the transaction price to each performance obligation in an amount that reflects the amount of consideration to which the Company expects to be entitled in exchange for the promised goods or services to the customer.

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Fulfilling performance obligations and transferring control in contracts with clients

When the company fulfills a performance obligation by delivering promised goods or providing services, it creates a contract asset based on the amount of consideration for the contract obtained from performance, when the amount of consideration for the contract received from the customer exceeds the amount of revenue generated resulting in advance payments from the customer (obligation of the contract).

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs can be measured reliably, where appropriate.

Revenue is recognized for the performance obligations at a point in time when the units or land are received by the customer. Therefore, the company takes into consideration the indications for the transfer of control that include, but are not limited to, the following: -

- If the company has an immediate right to collect the consideration for the asset.
 - If the customer has the legal title to have the ability to direct the use of the asset, and if the company retains the legal title just to protect against the customer's failure to pay, these rights of the company do not prevent the customer from obtaining control.
 - If the company transfers the physical possession of the asset.
 - If the customer has the substantial risks and benefits related to the ownership of the asset.
 - The customer's acceptance of the asset.
- The group chooses the input method in distributing the transaction price to the performance obligations so that the revenues are recognized at a point in time. The company consider using the input method which require recognizing revenues based on the efforts of the company in fulfilling the performance obligation as a best reference for the actual revenues and while applying the input method ,the company assess the efforts or inputs to satisfy the performance obligation in addition to the cost of fulfilling the contractual obligation with customers.

- The company recognizes contract obligations for the consideration received related to performance obligations that have not been met, and these amounts are included like other obligations in the statement of financial position. Similarly, if the company satisfies the performance obligations before receiving the consideration, it recognizes either contract assets or receivables in the statement of financial position according to whether there are criteria other than the passage of time before the consideration becomes due.

The additional costs of obtaining the contract with the customer are capitalized as incurred as the company expects to recover these costs, and those costs are not incurred if the contract is not obtained. Sales commissions incurred by the company are recognized as an expense if the amortization period for those costs is less than one year.

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Contract aggregation

The Group combines two or more contracts concluded at the same time or close to it with the same customer (or parties related to the customer) and accounting for those contracts as a single contract if one or more of the following criteria are met:

- 1- Contracts are negotiated as a single transaction with a single commercial objective; or
- 2- The amount of consideration to be paid in a contract depends on the price or performance of another contract, or
- 3- The goods or services promised in the contracts (or some goods or services promised in each of the contracts) is a single performance obligation.

Contract modification

The Group accounts for the contract modification as a separate contract if the following two conditions are met:

- 1- The scope of the contract increases due to the addition of unique/special promised goods or services.
- 2- The contract price shall be increased by an amount that reflects the selling prices of the facility for the additional promised goods or services, with any appropriate adjustments being made to that price to reflect the conditions of this contract.

The company's sources of revenue are from the following activities:

I. Return on investments

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

II. iii. Gain on sale of investments

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

III. iv. Credit interest

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

37-21 Expense

I. Lease payments

Lease payments are recognized in the consolidated statement of profit or loss over the life of the contract.

II. Borrowing cost

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

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III. Insurance and pension plan

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

IV. Income tax

Current tax is recognized as an expense in the consolidated statement of profit and loss, except for cases that result in tax related to items of equity, which are recognized directly in equity.

V. Deferred tax

Deferred tax liabilities are recognized in the financial position arising from the temporary time differences between the carrying amounts of assets and liabilities according to the accounting basis and the amounts according to tax base. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

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

37-22 Reserves

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

38- Significant events

Most countries of the world, including Egypt, were exposed during the first half of 2020 to the spread of the new Corona virus (Covid-19), which caused disturbances in most commercial and economic activities in general. So it is likely to have an impact substantially on asset elements, liabilities and value redemption them, as well as works in the financial statements company results in the coming periods as well as likely to affect demand for the company's services and liquidity available to it, the company is currently assessing and determining the size of this effect on the financial statements present. However, in the event of instability and uncertainty as a result of current events, the magnitude of the impact of that event depends mainly on the expected duration and the period of time at which the end of that period is expected and the consequences thereof this is difficult to determine at the present time.