Translated from Arabic

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

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

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

Separate 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 separate interim 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 separate interim 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 statements of profit or loss, Separate 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 separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim 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 Separate interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the company and applying analytical and other review procedures. A 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 separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the financial position of the company as at 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

KPMG Hazem Hassan
Public Accountants and Consultants
27

YOUSSEF KAMEL & CO.
CHARTERED ACCOUNTANTS - EXPERTS IN TAXATION
Since 1946 - Antoun Atalla

YOUSSEF KAMEL	AMIN SAMY	AMIR NOSHY	SABRY BEBAWE
(A.R no. 3764)	(A.R no. 4994)	(A.R no. 15030)	(A.R no. 14697)

Translated From Arabic

Limited review's Report
On Review Of Separate Interim Financial Statements

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

Introduction

We have reviewed the accompanying separate periodic financial statements of **Al Arafa for Investment and Consultancies (An Egyptian Joint stock company – Under Public Free Zone)** represented on the separate periodic statement of financial position as of July 31, 2022 and the related separate 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 separate periodic financial statements. The Company's management is responsible for the preparation and fair presentation of these separate periodic financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on these separate 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 separate 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 separate periodic financial statements are not presented fairly-in all aspects of the separate periodic financial position as of July 31, 2022, its financial performance and its separate cash flows for the six months period then ended in accordance with the Egyptian Accounting Standards.

Cairo, September 12, 2022

AMIN SAMY
EFSA's register of auditors
No. (107)
(A.R.No.4994)

Auditor
Amin Samy
AMIN SAMY
EFSA's register of auditors no. (107)
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Al Arafa for Investment and Consultancies

(An Egyptian Joint stock company - Under Public Free Zone)

Translated From Arabic

Separate Interim Statement of Financial Position as of July 31, 2022

	Note No.	31 July 2022 USD	31 January 2022 USD
Assets			
Non-current assets			
Property, plant and equipment (net)	(8)(28-2)	1 939 789	1 967 140
Intangible Assets	(9)	8 073 530	8 073 530
Investment in associates	(10)(28-6)	4 404 077	4 404 077
Investment in subsidiaries	(11)(28-6)	116 200 646	116 200 646
Financial investments at fair value through other comperhensive income	(12)	30 860	30 860
Total non-current assets		**130 648 902**	**130 676 253**
Current assets			
Debtors and other debit balances	(13)(28-9)	546 871	850 945
Due from related parties	(26-1)	9 792 046	13 362 798
Cash and cash equivalents	(14)(28-10)	37 714 707	55 915 948
Total current assets		**48 053 624**	**70 129 691**
Total assets		**178 702 526**	**200 805 944**
Equity and Liabilities			
Equity			
Issued and Paid up capital	(21-2)(28-13)	94 050 000	94 050 000
Reserves	(22)(28-18)	19 078 938	19 078 938
Retained earnings		4 033 489	3 488 436
Net(Loss)/profit for the period / year		(13 829 825)	545 053
Total Equity		**103 332 602**	**117 162 427**
Liabilities			
Non-current liabilities			
Medium-term installments / loan	(15)(28-11)	7 101 229	8 601 229
Lease liabilities - Non current portion	(18)(28-3)	261 327	758 817
Total non-current liabilities		**7 362 556**	**9 360 046**
Current liabilities			
Medium-term installments / loan	(15)(28-11)	3 000 000	2 500 000
Lease liabilities - Current portion	(18)(28-3)	977 914	714 466
Banks - credit facilities	(16)(28-11)	37 447 944	54 541 222
Due to related parties	(26-2)	26 030 925	16 100 130
Creditors and other credit balances	(17)(28-12)	550 585	427 653
Total current liabilities		**68 007 368**	**74 283 471**
Total liabilities		**75 369 924**	**83 643 517**
Total equity and liabilities		**178 702 526**	**200 805 944**

- The notes on pages (8) to (34) are an integral part of these separate financial statements.
- Auditors' limited review reports "attached "
- Date :September 12,2022

Group Financial Director	Group CFO	Vise-Chairman and Manging Director	Chairperson
Mohamed Mohy	Mohamed Morsy	Dr/Alaa Arafa	Maria Luisa Cicognani

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company - Under Public Free Zone)
Separate Interim statement of profit or loss for the Financial period ended July 31, 2022

	Note No.	Financial period ended at 31 July 2022 USD	Financial period from 1 May till 31 July 2022 USD	Financial period ended at 31 July 2021 USD	Financial period from 1 May till 31 July 2021 USD
Operating revenue					
Technical Support Services Revenue	(28-15-C)	91 135	43 890	95 325	47 675
Gain / (Loss) on sale of financial investments at fair value	(28-15-B)	-	-	22 685	-
Gross profit from operating revenue		**91 135**	**43 890**	**118 010**	**47 675**
Other revenues	(3)	77 660	39 285	87 929	51406
General and administrative expenses	(5)،(28-16)	(2 054 359)	(992 428)	(1 875 798)	(1 018 711)
Other expenses	(4)،(28-16)	(779 403)	(275 631)	(38 063)	(21 197)
(Losses) from operating		**(2 664 967)**	**(1 184 884)**	**(1 707 922)**	**(940 827)**
Finance cost	(6)،(28-16-A)	(12 701 778)	(2 485 555)	(1 192 470)	(608 843)
Finance income	(7)،(28-15-D)	1 536 920	707 410	3 811 975	1940923
Net finance (expense)/income		**(11 164 858)**	**(1 778 145)**	**2 619 505**	**1 332 080**
Net (Loss)/ profit for the period		**(13 829 825)**	**(2 963 029)**	**911 583**	**391 253**
Earnings Per Share (USD/share)	(24)،(28-17)	**(. 0 294)**	**(. 0 063)**	**. 0 019**	**. 0 008**

The notes on pages (8) to (34) are an integral part of these separate financial statements.

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company - Under Public Free Zone)
Separate Interim Statement of Comprehensive Income for the Financial period ended July 31, 2022

	Financial period ended at 31 July 2022 USD	Financial period from 1 May till 31 July 2022 USD	Financial period ended at 31 July 2021 USD	Financial period from 1 May till 31 July 2021 USD
Net (Loss)/ profit for the period	(13 829 825)	(2 963 029)	911 583	391 253
Other comprehensive income items	-	-	-	-
Total comprehensive income for the period	(13 829 825)	(2 963 029)	911 583	391 253

The notes on pages (8) to (34) are an integral part of these separate financial statements.

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Separate Interim Statement of Changes in Equity for the Financial period ended July 31, 2022

	Issued and Paid up Capital USD	Reserves USD	Retained Earnings USD	Net Profit/(Loss) for the period USD	Total USD
Balance as of 1 February 2021	94 050 000	18 981 666	1 680 688	1 945 436	116 657 790
The application of EAS(47) impact "Financial Instruments"	-	-	(40 416)	-	(40 416)
Balance as of 1 Februery 2021 (amended)	94 050 000	18 981 666	1 640 272	1 945 436	116 617 374
Transactions with company's shareholders					
Closing profits for the financial year ended on 31 January 2021 in retained earnings	-	-	1 945 436	(1 945 436)	-
Transferred to reserves	-	97 272	(97 272)	-	-
Total transactions with company's shareholders	-	97 272	(97 272)		-
Comprehensive income					
Net Profit for the financial period ended 31 July 2021	-	-	-	911 583	911 583
Total comprehensive income	-	-	-	911 583	911 583
Balance as of 31 July 2021	94 050 000	19 078 938	1 543 000	2 857 019	117 528 957
Balance as of 1 February 2022	94 050 000	19 078 938	3 488 436	545 053	117 162 427
Transactions with company's shareholders					
Closing profits for the financial year ended on 31 January 2022 in retained earnings	-	-	545 053	(545 053)	-
Total transactions with company's shareholders	-	-	545 053	(545 053)	-
Comperhensive income					
Net Loss for the financial period ended 31 July 2022	-	-	-	(13 829 825)	(13 829 825)
Total comprehensive income	-	-	-	(13 829 825)	(13 829 825)
Balance as of 31 July 2022	94 050 000	19 078 938	4 033 489	(13 829 825)	103 332 602

The notes on pages (8) to (34) are an integral part of these separate financial statements.

Translated From Arabic

Al Arafa for Investment and Consultancies

(An Egyptian Joint stock company - Under Public Free Zone)

Separate Interim Statement of Cash flows for the Financial period ended July 31, 2022

Cash flows from operating activities	**Note No.**	**July 31, 2022 USD**	**July 31, 2021 USD**
Net (Loss)/profit for the period		(13 829 825)	911 583
Adjustments for the followings			
Property, plant and equipment depreciation	(8)	102 293	73 594
Interest and finance cost	(6)	1 423 938	1 192 470
Expected Credit Loss	(4)	724 712	-
Credit interest	(7)	(1 536 920)	(1 864 379)
Profit on sale of financial investments at fair value			(22 685)
Capital gain	(3)	(10 920)	-
Foreign currency exchange balances translation differences		(10 187 695)	(177 707)
Cash flows (used in) / generated from operating activities		**(23 314 417)**	**112 876**
Change in :-			
Debtors and other debit balances	(13)	304 074	(584 352)
Due from related parties	(26-1)	2 846 040	(198 076)
Creditors and other credit balances	(17)	10 287 157	311 824
Due to related parties	(26-2)	9 930 795	(489 536)
Cash (used in) operating activities		**53 649**	**(847 264)**
Interest and finance cost paid		(1 400 468)	(2 085 842)
Net cash (used in) operating activities		**(1 346 819)**	**(2 933 106)**
Cash flows from investing activities			
Payments for Acqusition of property, plant and equipment	(8)	(74 942)	(38 055)
Payments for Acquisition of financial investments at fair value through profit and loss		-	(997 581)
Proceeds from sale of financial investments at fair value through profit and loss		-	1 020 266
Proceeds from sale of property, plant and equipment		10 920	-
Collected Debit interest		1 536 920	1 864 379
Net cash resulted from investing activities		**1 472 898**	**1 849 009**
Cash flows from financing activities			
Change in bank-credit facilities	(16)	(17 093 278)	663 232
Payments for medium-term loans	(15)	(1 000 000)	(1 805 858)
Lease payments		(234 042)	-
Net cash (used in) financing activities		**(18 327 320)**	**(1 142 626)**
Net change in cash and cash equivalents during the period		**(18 201 241)**	**(2 226 723)**
Cash and cash equivalents at beginning of the period	(14)	**55 915 948**	**59 150 274**
Cash and cash equivalents at end of the period	(14)	**37 714 707**	**56 923 551**

The notes on pages (8) to (34) are an integral part of these separate financial statements.

1- Company's Background and activities

1-1 Legal entity

- Al Arafa for Investment and Consultancies Company - an Egyptian Joint Stock Company, was established in accordance with investment incentives 85and guarantees Law No.8 of 1997, operating under the Free Zone decree.

- The Board of Directors of Swiss Garments Company (S.A.E.) -Free Zone (subsidiary company) proposed in its meeting held on the 18th of June 2005 to separate the Company into two Joint Stock Companies (main Company and Spin-off Company) operating according to the Free Zone System with the same shareholders and the same participation percentage in the company's issued capital as of the separation date. The Board also proposed using the book value of the assets and liabilities, as of the 30th of June 2005 as a basis for the separation. As the purpose of the main company will be specialized in investing in financial instruments and the spin-off company will be specialized in manufacturing ready made garments, As the company's Extraordinary General Assembly at its session held on October 14,2005 agreed on the mentioned board of director's proposal, as a final approval on the issuance of the separation decision was taken by the general Authority for Investment and Free Zone as of November 24,2005.

- The main Company's name was changed to Al Arafa for Investment and Consultancies Company, and

  the commercial register was amended accordingly on January 11, 2006.

- The company's amendment has been registered in the commercial registry with no. 17426 on 16/1/2006.

- According to the merging company's main statute, the company's financial year start from the first of February from each year and ends at 31 January from the next year, rule (55).

- Company's Duration is 25 years starting from the date of registering this amendment in the commercial register.

- Company's location: Nasr city free zone, Arab Republic of Egypt.

- The Company's Chairman is Mrs. Maria Luisa Cicognani

- The Company's vice Chairman and Managing Director is Dr Alaa Ahmed Abd El Maksoud Arafa

- The separate financial statements were approved for issuance by the company's board of directors on September 12, 2022

1-2 Merger of both Al Arafa for Investment and Consultancies Company (S. A. E.) with 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 Zone, approved on the first of July 2019 to enquire the initial assessment of the assets and liabilities of the following companies for the purpose of merging with the Al Arafa for Investment and Consultancies Company (S. A. E.) merging company with both Al Arafa for Investment in Spinning and Textile Industry Company (S. A. E.) (free zone), and Al Arafa for Investment in Garments industry Company (S. A. E.) (free zone) and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) in book values according to the financial statements of the merging company and the merged companies on October 31, 2018. Mainly taken as a basis for the merger. And establishing the net equity of Al Arafa for Investment and Consultancies Company (merging company) on October 31, 2018 amounting USD 146 935 721 (one hundred forty six million nine hundred thirty five thousand seven hundred and twenty one USD) and the net non-controlling interest in the Al Arafa for Investment in Garments industry Company (merged company) deficit of USD 31 971 885 (thirty one million nine hundred seventy one thousand eight hundred eighty five USD) and the Al Arafa for Investment in Spinning and Textile Industry Company (merged company) The amounting 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 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 amounting USD 150 million (one hundred and fifty million USD) as the issued and paid-up capital of the company was established amounting USD 94 050 000 (ninety four million fifty thousand USD) distributed over 470 250 000 shares (four hundred seventy million two hundred and fifty thousand shares) each share value is USD 20 cents. It is represented by the total net equity in the merging company, Al Arafa for Investment and Consultancies Company and the equity of net non-controlling interest in the merged companies according to the report of the committee formed by the General Authority for Investment and Free Zone and according to the decision of the Executive chairman of the General Authority for Investment and Free Zone No. 85 of 2019 regarding licensing the merger of each of the Al Arafa for Investment in Spinning and Textile Industry Company (S. A. E.), and Al Arafa for Investment in Garments industry Company (S. A. E.) and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) in Al Arafa for Investment and Consultancies Company (S. A. E.) merging company in the public free Zone system in Nasr City, and this was notified in the company's commercial registry on December 10, 2019.

1-3 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.

1-4 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

2- Basis of preparation of the separate periodic financial statements

2-1 Statement of compliance

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

2-2 Basis of measurement

The separate financial statements have been prepared on the historical cost basis except for Investments available for sale are measured at fair value and financial assets classified at fair value through other comprehensive income

2-3 Functional and presentation currency

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

2-4 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.

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

1- Useful life of fixed assets (Note No. 28-2-iii)
2- Provisions (Note No. 28-14)
3- Impairment loss in the value of financial and non-financial assets (Note No. 28-5)
4- Financial instruments (Note No. 28-4).

2-5 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 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, 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.

Separate 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.

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- Other revenues

	Note No.	Financial period Ended at 31 July 2022 USD	Financial period From first of May Till 31 July 2022 USD	Financial period Ended at 31 July 2021 USD	Financial period From first of May Till 31 July 2021 USD
Services Revenue rendered to other		--	--	49 313	28 829
Rental income		66 740	39 285	34 720	20 629
Capital gain		10 920	--	--	--
Others		--	--	3 896	1 948
		77 660	**39 285**	**87 929**	**51 406**

4- Other expenses

	Note No.	Financial period Ended at 31 July 2022 USD	Financial period From first of May Till 31 July 2022 USD	Financial period Ended at 31 July 2021 USD	Financial period From first of May Till 31 July 2021 USD
50 % on rent		33 370	19 642	17 360	10 314
1 % on revenue		17 057	7 906	20 703	10 883
Symbiotic contribution expense		4 264	1 976	--	--
Expected credit loss		724 712	246 107	--	--
		779 403	**275 631**	**38 063**	**21 197**

5- General and Administrative expenses

	Note No.	Financial period Ended at 31 July 2022 USD	Financial period From first of May Till 31 July 2022 USD	Financial period Ended at 31 July 2021 USD	Financial period From first of May Till 31 July 2021 USD
Wages and salaries		66 575	31 267	56 415	33 099
Property, plant and equipment depreciation	(8)	102 293	51 945	73 594	36 864
Payments of lease contracts		343 094	188 234	393 706	164 102
Others		1 542 397	720 982	1 352 083	784 646
		2 054 359	**992 428**	**1 875 798**	**1 018 711**

6- Finance Expenses

	Note No.	Financial period Ended at 31 July 2022 USD	Financial period From first of May Till 31 July 2022 USD	Financial period Ended at 31 July 2021 USD	Financial period From first of May Till 31 July 2021 USD
Interest expense, bank commission and expenses		(1 423 938)	(745 890)	(1 192 470)	(608 843)
Foreign currency translation differences	(28-1)	(11 277 840)	(1 739 665)	–	--
		(12 701 778)	**(2 485 555)**	**(1 192 470)**	**(608 843)**

7- Finance income

	Note No.	Financial period Ended at 31 July 2022 USD	Financial period From first of May Till 31 July 2022 USD	Financial period Ended at 31 July 2021 USD	Financial period From first of May Till 31 July 2021 USD
Credit interest		1 536 920	707 410	1 864 379	989 192
Foreign currency translation differences	(28-1)	--	--	1 947 596	951 731
		1 536 920	**707 410**	**3 811 975**	**1 940 923**

8- Property, plant and equipment (Net)

Cost	Buildings & Constructions resulting from lease contracts USD	Vehicles USD	Furniture & Office Equipment USD	Improvements in leasehold USD	Total USD
Cost as of February 1, 2022	1 551 523	473 684	368 234	562 606	2 956 047
Additions during the period	-	-	53 052	21 890	74 942
Disposals during the period	-	(27 281)	-	-	(27 281)
Cost as of July 31, 2022	1 551 523	446 403	421 286	584 496	3 003 708
Accumulated depreciation as of February 1, 2022	248 243	140 201	292 048	308 415	988 907
Depreciation for the period	15 515	40 530	17 422	28 826	102 293
Accumulated depreciation of disposals	-	(27 281)	-	-	(27 281)
Accumulated depreciation as of January 31, 2022	263 758	153 450	309 470	337 241	1 063 919
Net book value as of July 31, 2022	1 287 765	292 953	111 816	247 255	1 939 789
Net book value as of January 31, 2022	1 303 280	333 483	76 186	254 191	1 967 140
Fully depreciated fixed assets and still working as of July 31, 2022	-	50 195	259 155	-	309 350
Cost as of February 1, 2021	1 706 906	376 257	340 769	536 363	2 960 295
Additions during the period	-	11 448	10 617	15 990	38 055
Cost as of July 31, 2021	1 706 906	387 705	351 386	552 353	2 998 350
Accumulated depreciation as of February 1, 2021	232 350	269 446	268 628	253 440	1 023 864
Depreciation for the period	17 069	18 005	11 232	27 288	73 594
Accumulated depreciation as of July 31, 2021	249 419	287 451	279 860	280 728	1 097 458
Net book value as of July 31, 2021	1 457 487	100 254	71 526	271 625	1 900 892
Fully depreciated fixed assets and still working as of July 31, 2021	-	222 333	255 577	-	477 910

According to the assurances provided by the company's management :

* There are no restrictions on the company's ownership of the assets and no encumbered assets as collateral against liabilities.
* The book value of assets does not differ materially from their fair value.
* There are no assets suspended in books.
* There are no contractual commitments for the acquisition of fixed assets in the future.

9- Intangible assets

	31 July 2022 USD	31 January 2022 USD
Trademarks	8 073 530	8 073 530
	8 073 530	**8 073 530**

10- Investments in Associates

	Ownership percentage	31 July 2022 USD	31 January 2022 USD
Golden Textile Wool Company	43,60 %	4 393 177	4 393 177
Italian Shirts DMCC Company	40 %	10 900	10 900
		4 404 077	**4 404 077**

11- Investments in subsidiaries

Company's Name investee	Legal form %	Percentage In capital %	Paid Percentage From participation value %	Cost of Investment as of 31 July 2022 USD	Cost of Investment as of 31 January 2022 USD
• Concrete Garments	(S.A.E.)	91.64	100	31 771 464	31 771 464
• Swiss Cotton Garments	(S.A.E.) Free Zone	99.20	100	7 065 223	7 065 223
• Egypt Tailoring Garments	(S.A.E.)	99.40	100	16 008 060	16 008 060
• Crystal for Making Shirts	(S.A.E.)	99.90	100	1 888 764	1 888 764
• Savini Garments *	(S.A.E.)	49.20	25	1 181 090	1 181 090
• Fashion Industry	(S.A.E.) Free Zone	89.80	33.18	731 313	731 313
• Camegit for Garments Manufacturing	(S.A.E.)	99.50	100	961 036	961 036
• Egypt Portugal Marketing	(S.A.P.) Free Zone	59	100	40 445	40 445
• EP Garments	(S.A.P.)	60	100	39 777	39 777
• Euromed for Trading and Marketing	(S.A.E.)	97.21	100	970 180	970 180
• White Head Spinning Company	(S.A.E.)	44.10	100	315 419	315 419
• Port Said Garments	(S.A.E.)	97.17	100	1 150 820	1 150 820
• Swiss Garments	(S.A.E.) Free Zone	99.20	100	18 848 000	18 848 000
• Baird Group	England	98.15	100	35 215 430	35 215 430
• Al Arafa for real estate Investment **	(S.A.E.)	99.20	100	1	1
• FC Trading	Emirates	100	100	13 624	13 624
				116 200 646	**116 200 646**

* The company owns 49.2 % of the capital of Savini for ready-made Garments Company, in addition to 50 % indirect ownership through the subsidiary - Swiss for ready-made Garments Company.

** The investments in Al Arafa for real estate Investment Company amounting USD 1, after deducting the impairment losses of the Authority, which was previously formed in previous years.

12- Financial Investments at Fair Value through other Comprehensive Income*

Company's Name investee	Legal form %	Percentage In capital on 31 July 2022 %	Paid Percentage From participation value %	Cost of Investment as of 31 July 2022 USD	Cost of Investment as of 31 January 2022 USD
• Al Asher for Real Estate Development and investment	(S.A.E.)	1	100	30 860	30 860
				30 860	**30 860**

* Financial Investments at Fair Value through other Comprehensive Income are not listed in the Egyptian Exchange and are stated at cost due to the difficulty in determining their fair value reliably.

13- Debtors and other debit balances

	31 July 2022 USD	31 January 2022 USD
Tax authority	53 074	53 074
Debtors and other debit balances (sold companies)	44 580 084	44 580 084
Notes receivables	11 674	9 986
Prepaid expenses	17 714	48 028
Deposits held by others	1 378	1 661
Letters of guarantee Insurance	16 275	17 430
Other debit balances	1 444 776	1 718 786
	46 124 975	**46 429 049**
Less:		
Impairment debtors and debit balances	(44 580 084)	(44 580 084)
Impairment in other debit balances	(998 020)	(998 020)
	546 871	**850 945**

14- Cash and cash equivalents

	31 July 2022 USD	31 January 2022 USD
Time deposits	37 105 618	55 473 098
Current accounts	534 663	369 891
Cash on hand	74 426	72 959
	37 714 707	**55 915 948**

15- Medium-term loan

	Medium-term loan Non-current portion USD	Medium-term installments/ loan Current portion USD	Total USD
The remaining of the medium-term loan granted to the company by Arab African International Bank (AAIB) with an amount of $29,971,343 to finance the purchase of 38% of Concrete's ready Made Garments capital The rescheduling of the loan has been activated to the remaining balance equivalent to $13,907,087 from March 1, 2021 on nine unequal semi-annual installments ending June 2025 .	7 101 229	3 000 000	10 101 229
Balance on 31 July 2022	**7 101 229**	**3 000 000**	**10 101 229**
Balance on 31 January 2022	**8 601 229**	**2 500 000**	**11 101 229**

16- Banks - Credit facilities

	31 July 2022 USD	31 January 2022 USD
Banks - Credit facilities *	37 447 944	54 541 222
	37 447 944	**54 541 222**

* The credit facilities item amounting to USD 37 447 944 is represented in withdrawals from short-time current facilities with a term deposit guarantee granted by local banks in USD based on an interest rate linked to the LIBOR rate on the amounts withdrawn in USD.

17- Creditors and other credit balances

	31 July 2022 USD	31 January 2022 USD
Deposits from others	91 146	77 008
Accrued expenses	92 034	76 582
General Authority for Investment	14 156	44 823
Notes payable	25 737	72 846
Accrued interest – Lease contracts	105 425	98 525
Accrued Debit interest	64 159	40 689
Other Credit balances	157 928	17 180
	550 585	**427 653**

18- Lease contracts liabilities

	Note No.	31 July 2022 USD	31 January 2022 USD
Total lease contracts liabilities	(19)	1 239 241	1 473 283
Less:			
Installments due in a year		(977 914)	(714 466)
The balance of long-term Lease contracts		**261 327**	**758 817**

19- Lease contracts (Sale and re-leased system).

The company has sold and re-leased the administrative building of the company's headquarters in the public free zone in Nasr City, with a financial lease contract established with Corp Lease Egypt (SAE), according to the provisions of the law No. 95 of 1995, its executive regulations and amendments, and the data for these contracts are as follows:

On 12 June 2014, the company sold and re- leased its administrative building in the public free zone in Nasr City according to a Financial lease.

On 3 August 2021, the company's management canceled this contract and concluded a new contract with the remaining balance from the previous contract, and its statement is as follows:

Contract No. 5963 - selling and re- leased the administrative building in the public free zone in Nasr City:

Description	Contract value USD	Accrued interest USD	Contract duration Month	Purchase value at the contract end USD	The quarter Value USD
The contract from 20 November 2021 to 20 August 2023	1 639 344	166 061	22	1	223 548

The financial lease payments within the general and administrative expenses included in the profit or loss statement, and the amount of 343 094 US dollars during the period includes the value of the interest premium due for the above-mentioned contract in addition to the amount of 279 404 US dollars, the value of the first and second quarter of the contracts transferred from Al-Arafa for Real Estate Company (a subsidiary) (Note no 5).

20- Financial instruments

20-1 Financial Risk Management

Financial instruments represent cash balances with banks, the cash on hand, customers, debtors, suppliers, notes payable, creditors, loans, credit facilities and obligations of financial lease contracts. The book value of these financial instruments does not differ materially from their fair value on the date of the financial position.

i. Credit risk

The book value of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the date of the separate financial statements is as follows:

	31 July 2022 USD	31 January 2022 USD
Investments at fair value through OCI	30 860	30 860
Debtors and other debit balances	476 083	749 843
Due from related parties	9 792 046	13 362 798
Cash and cash equivalents	37 714 707	55 915 948

The following is the analysis of the aging for Al-Arafa Investments and Consulting Company, as follows:

	31 July 2022 USD	31 January 2022 USD
Balances not due	1 157 422	3 850 489
Balances due from 0 to 90 days	24 949	765 888
Balances due from 91 to 180 days	2 243 432	4 027 347
Balances due from 181 to 270 days	635 889	1 961 277
Balances due from 271 to 365 days	3 215 904	13 072
Balances due over one year	3 562 580	3 068 145
	10 840 176	**13 686 218**

ii. **Liquidity risk**

The following statement shows the contractual terms of the company's financial obligations on 31 July 2022:

		Due date	
	Book value USD	**Within year USD**	**2 – 5 years USD**
Banks - credit facilities	37 447 944	37 447 944	–
Creditors and other credit balances	550 585	550 585	–
Due to related parties	26 030 925	26 030 925	–
Lease contract Liabilities	1 239 241	977 914	261 327
Medium-term loan	10 101 229	3 000 000	7 101 229

iii. **Foreign exchange risk**

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

The Company's exposure to foreign exchange risk on 31 July 2022 was in accordance with the amounts in foreign currencies are as follows:

Foreign currencies	**31 July 2022 Surplus/ (Deficit)**	**31 January 2022 Surplus/ (Deficit)**
Euro	(992 451)	(986 151)
Sterling Pound	(2 205 755)	(1 680 439)
Egyptian Pound	916 874 359	1 024 445 138

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

	Closing Rate		**Average exchange rate**	
	31 July 2022	**31 January 2022**	**31 July 2022**	**31 July 2021**
	USD	**USD**	**USD**	**USD**
Euro	1.0222	1.1161	1.0709	1.183
Sterling Pound	1.2169	1.3403	1.2646	1.3820
Egyptian Pound	0.0526	0.0634	0.0552	0.0635

20-2 Fair value estimate

An approximation of nominal fair value less any estimated credit adjustments to financial assets and liabilities with maturity dates of less than one year is assumed. For disclosure purposes, the company's interest rates for similar financial instruments are used to deduct future contractual cash flows to assess the fair value of financial obligations.

To assess the fair value of non-current financial instruments, the company uses many methods and makes the assumptions set out on market conditions at the date of each financial position statement. Market prices and customer prices for financial management or similar instrument are used for long-term debt. Other methods, such as the estimated current value of future cash flows, are used to determine the fair value of the rest of the financial instruments. At year end, the fair value of non-current obligations is not materially different from their book value.

Investments
a Fair value is determined on the basis of the declared market rates at the date of the financial position, without deducting transaction-related costs, except for investments in equity recognized at cost and mentioned above, less impairment loss (if any).

Interest-bearing facilities
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 in the history of the financial position as well as a regular credit distribution to deduct the financial instruments.

21- Capital

21-1 The Authorized Capital

The authorized capital of the company amounting USD 150 million (one hundred and fifty million US dollars), and the issued capital of the company is the sum of the net equity in the merging company according to the report of the formed committee by the General Authority for Investment and Free Zone according to the decision of the CEO of the General Investment Authority And the free Zone No. 127 of 2019, and this was indicated in the company's commercial register in the commercial registry on 15 December 2019.

21-2 Issued and paid-up capital

The issued and paid-up capital after the amendment has reached according to the decision of the extraordinary general assembly of the company.
The issued and paid-up capital of the company consists of 470 250 000 nominal shares, at a value of 20 cents per share, and the issued capital amounting to 94 050 000 USD is fully paid, which is the sum of the net equity in the merging company, according to the report of the formed committee by the General Authority for Investment and Free Zone in accordance with the decision of the CEO of the General Authority for Investment and Free Zone No. 127 of 2019.

22- Reserves

	Note No.	31 July 2022 USD	31 January 2022 USD
Legal reserve	(22-1)	18 157 741	18 157 741
General reserve		30 990	30 990
Other reserves (treasury bills reserve)	(22-2)	890 207	890 207
		19 078 938	**19 078 938**

22-1 Legal reserve

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

22-1 Treasury bills reserve

The balance represents profit from sale of treasury bills amounting 11 396 151 shares sold in 2008.

23- Tax status

As mentioned in the Company's tax card, the Company and the company`s dividends are not subject to tax laws and charges applied in Republic of Egypt (article No. 35 of law No.8 of 1997 which replaced by Article 41 of Law 72 of 2017).

23-1 Payroll tax

The payroll tax has been inspected from the beginning of the activity until 2018. The tax deducted is paid monthly on legal dates.

23-2 Withholding Tax

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

23-3 Stamp tax

The company is obligated to pay tax on advertisements, and there are no taxes due from the company.

23-4 Real estate tax

The company is exempt according to the provisions of the law 72 for the year 2017.

24- Earnings Per Share

Earnings per share for the Financial period ending on 31 July 2022 was calculated on the basis of the profit for shareholders holding ordinary shares and the weighted average for the number of shares outstanding during the period as follows:

		31 July 2022 USD	31 July 2021 USD
Net (Loss) /profit for the period		(13 829 825)	911 583
Weighted-average number of paid ordinary shares	(Share)	470 250 000	470 250 000
Earnings per share	(USD/Share)	**(0.0294)**	**0.0019**

25- Insurance and Pension Plan

The Company contributes to the governmental social insurance scheme for the benefit of its employees in accordance with the social insurance law no. 148 of 2019 and its amendments. Contributions are charged to the income statement according to the accrual basis.

26- Related Parties

Transactions with related parties represent the company's transactions with company's shareholder and the companies owned by the shareholders whether directly or indirectly and the company's top management as they have a significant influence and control, as the following:

26-1 Due from related parties

Company's Name	Nature of transactions	Value of transactions USD	Balance on 31 July 2022 USD	Balance on 31 January 2022 USD
• Swiss Cotton Garments Company	Financial transactions	(1 253 869)	—	1 253 869
• Al Arafa for real estate investment *	Financial transactions	(112 148)	5 176 467	5 288 615
• Golden Tex Wool Company	Financial transactions	(465 390)	2 108 558	2 573 948
• Camegit for Garments Manufacturing	Financial transactions	(76 164)	826 807	902 971
• Crystal for Making shirts	Financial transactions	(16 570)	103 070	119 640
• Egypt Portugal Marketing Company	Financial transactions	(1 506)	21 307	22 813
• Italian Shirts DMCC	Financial transactions		5 538	5 538
• EP Garments	Financial transactions	(337)	5 313	5 650
• FC Trading	Financial transactions	(813 072)	521 076	1 334 148
• Euromed For Trade and Marketing	Financial transactions and Technical Support	1 070	3 295	2 225
• Port said for Readymade Garments	Financial transactions	(108 007)	2 068 517	2 176 524
• White Head	Financial transactions	(47)	228	275
			10 840 176	**13 686 216**
Allowance for expected credit losses			(1 048 130)	(323 418)
			9 792 046	**13 362 798**

* Arafa Investments and Consultations Company bears all obligations arising from the financial leasing contracts of Arafa Real Estate Investment Company and transferred to Arafa Investments and Consultations, its contracts with the company are being concluded and documented in accordance with the agreement concluded regarding the transfer of the right under which Arafa Investments and Consulting Company bears all the obligations arising from these contracts (Disclosure 5,19).

26-2 Due to related parties

Company's Name	Nature of transactions	Value of transactions USD	Balance on 31 July 2022 USD	Balance on 31 January 2022 USD
• Swiss Garments Company	Financial transactions	6 780 089	12 099 950	5 319 861
• Egypt Tailoring Company	Financial transactions	(370 863)	4 822 860	5 193 723
• Savini Garments Company	Financial transactions	(869)	2 383 345	2 384 214
• Fashion Industry	Financial transactions	(92)	944 898	944 990
• Concrete Company	Financial transactions and Technical Support	8 505	8 624	119
• Baird Group	Financial transactions	135 310	2 392 533	2 257 223
• Swiss Cotton Garments Company	Financial transactions	3 378 715	3 378 715	–
			26 030 925	**16 100 130**

- All related parties' transactions during the period were performed with the same basis of interacting with other.
- There are no transactions with the top management.

27- Contingent liabilities

The value of the letters of guarantee issued by banks on behalf of the company and some of its subsidiaries and on behalf of others on 31 July 2022 amounting 9 406 759 USD.

28- Significant accounting policies

The accounting policies set out below have been applied consistently during the financial year presented in these Separate financial Statements

28-1 Translation of transactions in foreign currencies

The company maintains its accounts in USD. Foreign transactions are translated in the functional currency at the exchange rate prevailing on the transaction dates. Assets and liabilities of a monetary nature in foreign currencies are translated into the functional currency at the exchange rate at the date of the preparation of the separate financial statements.

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

Non-monetary assets and liabilities that measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
Exchange rate differences are recognized in profits and losses except for the exchange rate differences arising from translation of foreign transactions of what is recognized in other separate comprehensive income.

28-2 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 of property, plant and equipment.
profit and loss resulted from disposal of assets are recognized within separate income statement

b. Subsequent acquisition costs

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 and of the assets. As all the other expenses are recognized in the separate income Statement as an expense.

c. Depreciation

Depreciation of fixed assets - which is the cost of an asset deducting its scrap 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 separate income statement. Land is not depreciated.

The following are the estimated useful lives.

Fixed assets	Useful life Years
* Buildings	50
* Transport & Transportation Vehicles	5
* Office furniture and equipment	2-16.66
* Leasehold improvements	10

28-3 Lease contracts

28-3-1 Financial leasing contracts (sales and re-lease operations)

If the entity (the lessee) transfers the asset to another entity (the lessor) and re-leases this asset, the entity must determine whether the transfer of the asset is accounted for whether or not a sale of this asset.

28-3-2 In the case of transferring the asset is not a sale:

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

28-4 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 asset or financial liabilities, with the exception of the due from customers 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.

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 extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting
Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the 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.

28-5 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.
- 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 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.

2) 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.

28-6 Investments in subsidiary and associate companies

Investments in subsidiary and associate companies are recorded at cost and in the event of a permanent decline in the market value or the value of assets calculated from their book value - according to the studies carried out in this regard.

The book value is adjusted for the value of impairment losses in the value of assets and charged to the separate income statement for each investment separately, and the value of the impairment previously recorded in previous year is reversed so that the book value of these investments does not exceed the net original value before recording the impairment losses in the value of the assets.

28-7 Investments in joint ventures:

Joint ventures are companies that have been established under contractual agreements and require a majority approval to undertake strategic financial and management decisions.

28-8 Financial investments (Treasury Bills)

Treasury bills purchases-if any-are stated at nominal value less returns and are included in a separate item in the statement of financial position, the amounts due within three months from the date of purchase is added to cash and banks to achieve cash and cash equivalents at the date of statement of financial position value in order to prepare the cash flows statement in accordance with the requirements of the Egyptian Accounting Standards.

28-9 Trade receivables, debtors and note receivables

Trade receivables, debtors and note receivable are included as current assets unless they are contractually due over more than twelve months after the financial statements date in which case they are classified as non-current assets in the financial statements. These assets are recognized initially at fair value plus any directly attributable transaction costs.
Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less impairment losses (28-5-i).

28-10 Cash and cash equivalents

For making cash flow statement, then cash and cash equivalents contains cash in bank and box balances time deposits, which do not exceed three months and banks overdrafts that are repayable on demand and form an integral part of the company's cash management.

28-11 Loans and credit facilities

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

28-12 Creditors and other credit balances

Creditors and other credit balances recognized at their cost.

28-13 Capital

i. Common shares
Incremental costs directly attributable to the issue of common stock and underwriting options are recognized as a deduction from shareholders' equity.

ii. Repurchase and re-issuance of capital share
When capital share recognized as equity is repurchased, the amount of consideration paid against repurchase, including directly attributable costs, is recognized and it will be classified as treasury bills, presenting the treasury bills as a deduction from total equity.

When the treasury shares are sold or reissued, the amount proceed 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 they are declared and approved by company's general assembly

28-14 Provisions

A provision is recognized when the company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reasonably estimated. If the effect is material, 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, where appropriate, the risks specific to the liability, as the provisions balance is audited at the financial statement date, amending the balance if necessary, for an optimal estimation.

28-15 Revenue

i. Return on investments
Dividend income is recognized in the statement of income on the date of establishing the company's right to receive the dividends of the investee companies is established and is recognized after the date of acquisition.

ii. Profits (losses) on sale of investments
Gains and losses arising from the sale of financial investments are recognized in the separate statement of income at the date of disposal, by the difference between the cost and the selling price deducting expenses and commissions.

iii. Management fees and technical support services
Management fees and technical support services are recognized as the service is provided in accordance with the accrual basis.

iv. Interest income

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

28-16 Expenses

i. Cost of borrowing

Interest expenses associated with loans and bank credit facilities are recognized in the income statement using the effective interest rate method on an accrual basis.

ii. Social insurance contribution and Pension Plan

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

28-17 Earnings per share

Earnings per share is calculated by dividing the profit or loss relating to shareholders by their common shares in the Company by the weighted average to the number of shares outstanding during the period.

28-18 Legal reserve

According to the Company's bylaws, 5% of the net profit is set aside to form a legal reserve. The transfer to legal reserve ceases once the reserve reaches 50% of the issued share capital, if the reserve falls below the defined percentage then the Company is required to continue setting aside more reserves

28-19 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information on the Group's exposure to each of the above risks, the Company's objectives, policies, and methods for measuring and managing the risk, as well as the Company's capital management, as well as some additional disclosures included in these financial statements.

The Board of Directors is fully responsible for the development and monitoring of the overall risk management framework of the Company and identifies and analyzes risks to the Company to identify and monitor risk levels and appropriate controls.

The Company's management aims to establish a disciplined and disciplined regulatory environment in which all employees are aware of and understand their role and commitment.

The Audit Committee assists the Board of Directors of the Holding Company in its supervisory role in the regular and sudden examination of controls and policies related to risk management.

Credit risk
Credit risk is the risk that one party of a financial instruments will fail to discharge his obligation and cause to incur financial losses to the other party.

Trade, notes receivables and other debit balances
The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer as almost all the company's debtors is represented in related parties which not comprise a material concern to the credit risk on the basis of the transactions that took place during the year, and there are not any losses resulted from it.

Guarantees
The Company's policy is to provide financial guarantees for owned subsidiaries only.

Liquidity risk
The Liquidity risk is the risk that the company will not be able to meet its contracted financial obligations.

The company's approach to manage its liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company reputation. The company maintains sufficient cash balance to meet the expected operating expenses for a relevant period including financial liabilities and excluding the effect of unpredictable circumstances such as natural disasters.

The company holds 37 447 944 USD in credit facilities with a guarantee of 3% interest rate over the LIBOR to the USD.

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

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

Capital risk management
The Board of Directors policy is to maintain substantive capital in order to maintain the confidence of investors, creditors and the market as well as to meet the future developments of the activity.

The Board of Directors of the Company will monitor the return on capital as determined by the management as the net profit for the year divided by the total shareholders' equity. The Board of Directors of the Company will also monitor the level of dividends to the shareholders.

The board of directors of the company endeavor to balance the higher returns that can be achieved with the levels of interest and the advantages and guarantees provided by maintaining appropriate capital position.

There are no changes in the Company's capital management strategy during the period. The Company is not subject to any external requirements imposed on its own capital.

29- 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.