

Translated from Arabic

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

Separate Interim Financial Statements  
For the Financial Period Ended October 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 October 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 October 2022 and the related Interim statements of profit or loss, Separate Interim statement of other comprehensive income, Interim statement of changes in equity and Interim statement of cash flows for the nine 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 October 2022, and of its financial performance and its cash flows for the nine months ended at that date in accordance with Egyptian Accounting Standards.

**KPMG Hazem Hassan**  
Public Accountants and Consultants

Cairo, 15 January 2023



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

YOUSSEF KAMEL (A.R no. 3764)	AMIN SAMY (A.R no. 4994)	AMIR NOSHY (A.R no. 15030)	SABRY BEBAWE (A.R no. 14697)
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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 October 31, 2022 and the related separate periodic profit and loss statement, comprehensive income, changes in equity and cash flows for the nine 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 October 31, 2022, its financial performance and its separate cash flows for the nine months period then ended in accordance with the Egyptian Accounting Standards.

Cairo, January 15, 2023



*Amin Samy*  
Auditor  
**AMIN SAMY**  
BFSAs' register of auditors no. (107)  
(A.R no. 4994)

Al Arafa for Investment and Consultancies  
(An Egyptian Joint stock company - Under Public Free Zone)  
Separate Interim Statement of Financial Position as of October 31, 2022

Translated From Arabic

	Note No.	31 October 2022 USD	31 January 2022 USD
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (net)	(9) (29-2)	1 890 857	1 967 140
Intangible Assets	(10)	8 073 530	8 073 530
Investments at Equity method (associate companies)	(11) (29-6)	4 626 957	4 404 077
Investments in subsidiaries	(12) (29-6)	116 252 038	116 200 646
Financial investments at fair value through other comprehensive income	(13)	30 860	30 860
<b>Total non-current assets</b>		<b>130 874 242</b>	<b>130 676 253</b>
<b>Current assets</b>			
Debtors and other debit balances	(14) (29-9)	452 374	850 945
Due from related parties	(27-1)	8 987 189	13 362 798
Cash and cash equivalents	(15) (29-10)	23 275 931	55 915 948
<b>Total current assets</b>		<b>32 715 494</b>	<b>70 129 691</b>
<b>Total assets</b>		<b>163 589 736</b>	<b>200 805 944</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Issued and Paid up capital	(22-2) (29-13)	94 050 000	94 050 000
Reserves	(23) (29-18)	19 078 938	19 078 938
Retained Losses/-Earnings		..(15,053 454)	.. 3,488 436
Net(Loss)/profit for the period / year		(3 637 438)	545 053
<b>Total Equity</b>		<b>94 438 046</b>	<b>117 162 427</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Medium-term loans	(16) (29-11)	7 101 229	8 601 229
Lease liabilities - Non current portion	(19) (29-3)	-	758 817
<b>Total non-current liabilities</b>		<b>7 101 229</b>	<b>9 360 046</b>
<b>Current liabilities</b>			
Medium-term installments / loans	(16) (29-11)	3 000 000	2 500 000
Lease liabilities - Current portion	(19) (29-3)	1 002 883	714 466
Banks - credit facilities	(17) (29-11)	28 112 004	54 541 222
Due to related parties	(27-2)	29 294 978	16 100 130
Creditors and other credit balances	(18) (29-12)	640 596	427 653
<b>Total current liabilities</b>		<b>62 050 461</b>	<b>74 283 471</b>
<b>Total liabilities</b>		<b>69 151 690</b>	<b>83 643 517</b>
<b>Total equity and liabilities</b>		<b>163 589 736</b>	<b>200 805 944</b>

- The notes on pages (8) to (35) are an integral part of these separate financial statements.
- Auditors' limited review reports "attached "
- Date :15 January 2023

Financial Director

Mohamed Mohy

CFO

Mohamed Morsy

Vice-Chairman and Managing Director

Dr/Alaa Arafa

Board Chairperson

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 October 31, 2022**

	Note No.	Financial period ended at 31 October 2022 USD	Financial period from 1 August till 31 October 2022 USD	Financial period ended at 31 October 2021 USD	Financial period from 1 August till 31 October 2021 USD
<b>Operating revenue</b>					
Technical Support Services Revenue	(29-15-C)	133 485	42 350	130 250	34 925
Gain / (Loss) on sale of financial investments at fair value	(29-15-B)	-	-	22 685	
Dividends revenue	(3)-(29-15-i)	-	-	950 000	950 000
<b>Gross profit from operating revenue</b>		<b>133 485</b>	<b>42 350</b>	<b>1 102 935</b>	<b>984 925</b>
<b>Other revenues</b>					
Other revenues	(4)	113 071	35 411	131 566	43 637
<b>General and administrative expenses</b>					
General and administrative expenses	(6)-(29-16)	( 2 818 866)	( 764 507)	( 2 795 364)	( 919 566)
<b>Other expenses</b>					
Other expenses	(5)-(29-16)	( 1 077 419)	( 298 016)	( 66 059)	( 27 996)
<b>(Losses)/Profit from operating</b>		<b>(3 649 729)</b>	<b>(984 762)</b>	<b>(1 626 922)</b>	<b>81 000</b>
<b>Finance cost</b>					
Finance cost	(7)-(29-16-A)	( 2 197 269)	( 773 331)	( 1 885 558)	( 693 088)
<b>Finance income</b>					
Finance income	(8)-(29-15-D)	2 209 560	672 640	3 782 047	( 29 928)
<b>Net finance (expense)/income</b>		<b>12 291</b>	<b>( 100 691)</b>	<b>1 896 489</b>	<b>( 723 016)</b>
<b>Net (Loss)/ profit for the period</b>		<b>(3 637 438)</b>	<b>(1 085 453)</b>	<b>269 567</b>	<b>( 642 016)</b>
<b>Earnings Per Share (USD/share)</b>	(25)-(29-17)	<b>(. 0 077)</b>	<b>(. 0 023)</b>	<b>. 0 006</b>	<b>(. 0 014)</b>

The notes on pages (8) to (35) 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 October 31, 2022**

	Financial period ended at 31 October 2022 USD	Financial period from 1 August till 31 October 2022 USD	Financial period ended at 31 October 2021 USD	Financial period from 1 August till 31 October 2021 USD
Net (Loss)/ profit for the period	( 3 637 438)	( 1 085 453)	269 567	( 642 016)
Other comprehensive income items				
The Application of Egyptian Accounting Standard (13) -The Effects of Changes in Foreign Exchange Rates	(19 086 943)	(7 809 102)	-	-
<b>Total comprehensive income for the period</b>	<b>(22 724 381)</b>	<b>(8 894 555)</b>	<b>269 567</b>	<b>( 642 016)</b>

The notes on pages (8) to (35) 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 Changes in Equity for the Financial period ended October 31, 2022

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	Issued and Paid up		Reserves		Retained Earnings/Losses		Net Profit/(Loss) for the period		Total	
	Capital	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of 1 February 2021	94 050 000	94 050 000	18 981 666	18 981 666	1 680 688	1 680 688	1 945 436	1 945 436	116 657 790	116 657 790
The application of EAS(47) impact "Financial Instruments"	-	-	-	-	(40 416)	(40 416)	-	-	(40 416)	(40 416)
Balance as of 1 February 2021 (amended)	94 050 000	94 050 000	18 981 666	18 981 666	1 640 272	1 640 272	1 945 436	1 945 436	116 617 374	116 617 374
<u>Transactions with company's shareholders</u>										
Closing profits for the financial year ended on 31 January 2021 in retained earnings	-	-	-	-	1 945 436	1 945 436	(1 945 436)	(1 945 436)	-	-
Transferred to reserves	-	-	97 272	97 272	(97 272)	(97 272)	-	-	-	-
Total transactions with company's shareholders	-	-	97 272	97 272	1 848 164	1 848 164	(1 945 436)	(1 945 436)	-	-
<u>Comprehensive income</u>										
Net Profit for the financial period ended 31 October 2021	-	-	-	-	-	-	269 567	269 567	269 567	269 567
Total comprehensive income	-	-	-	-	-	-	269 567	269 567	269 567	269 567
Balance as of 31 October 2021	94 050 000	94 050 000	19 078 938	19 078 938	3 488 436	3 488 436	269 567	269 567	116 886 941	116 886 941
Balance as of 1 February 2022	94 050 000	94 050 000	19 078 938	19 078 938	3 488 436	3 488 436	545 053	545 053	117 162 427	117 162 427
<u>Transactions with company's shareholders</u>										
Closing profits for the financial year ended on 31 January 2022 in retained earnings	-	-	-	-	545 053	545 053	(545 053)	(545 053)	-	-
Total transactions with company's shareholders	-	-	-	-	545 053	545 053	(545 053)	(545 053)	-	-
<u>Comprehensive income</u>										
The Application of Egyptian Accounting Standard (13) -The Effects of Changes in Foreign Exchange Rates	-	-	-	-	(19 086 943)	(19 086 943)	-	-	(19 086 943)	(19 086 943)
Net Loss for the financial period ended 31 October 2022	-	-	-	-	-	-	(3 637 438)	(3 637 438)	(3 637 438)	(3 637 438)
Total comprehensive income	-	-	-	-	(19 086 943)	(19 086 943)	(3 637 438)	(3 637 438)	(22 724 381)	(22 724 381)
Balance as of 31 October 2022	94 050 000	94 050 000	19 078 938	19 078 938	(15 053 454)	(15 053 454)	(3 637 438)	(3 637 438)	94 438 046	94 438 046

The notes on pages (8) to (35) 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 Cash flows for the Financial period ended October 31, 2022

	Note No.	October 31, 2022 USD	October 31, 2021 USD
<b><u>Cash flows from operating activities</u></b>			
Net (Loss)/profit for the period		(3 637 438)	269 567
<b><u>Adjustments for the followings</u></b>			
Property, plant and equipment depreciation	(9)	154 495	109 786
Interest and finance cost	(7)	2 197 269	1 885 558
Expected Credit Loss	(5)	995 642	-
Credit interest	(8)	(2 209 560)	(2 773 345)
(Profit) on sale of financial investments at fair value		-	(22 685)
Capital gain	(4)	(10 920)	-
Foreign currency exchange balances and transactions translation differences		-	(177 707)
<b>Cash flows (used in) operating activities</b>		<b>(2 510 512)</b>	<b>(708 826)</b>
<b><u>Change in :-</u></b>			
Debtors and other debit balances	(14)	398 571	(639 051)
Due from related parties	(27-1)	3 379 967	(1 006 062)
Creditors and other credit balances	(18)	(3 003)	217 336
Due to related parties	(27-2)	13 194 848	2 594 872
<b>Cash resulted from /(used in) operating activities</b>		<b>14 459 871</b>	<b>458 269</b>
Interest and finance cost paid		(1 981 323)	(2 571 930)
<b>Net cash (used in) operating activities</b>		<b>12 478 548</b>	<b>(2 113 661)</b>
<b><u>Cash flows from investing activities</u></b>			
Cash Payments for Acquisition of property, plant and equipment	(9)	(78 212)	(313 616)
Payments for Acquisition of investments in subsidiaries	(12)	(51 392)	-
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
Payments for Acquisition of investments at equity method (associate companies)	(11)	(222 880)	-
Proceeds from sale of property, plant and equipment		10 920	138 088
Collected Credit interest		2 209 560	2 773 345
<b>Net cash resulted from investing activities</b>		<b>1 867 996</b>	<b>2 620 582</b>
<b><u>Cash flows from financing activities</u></b>			
Change in bank-credit facilities	(17)	(26 429 218)	559 609
Payments for medium-term loans	(16)	(1 000 000)	(1 805 858)
Lease payments		(470 400)	(420 878)
<b>Net cash (used in) financing activities</b>		<b>(27 899 618)</b>	<b>(1 667 127)</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>(13 553 074)</b>	<b>(1 160 286)</b>
Cash and cash equivalents at beginning of the period	(15)	55 915 948	59 150 274
Foreign currency differences resulting from unrealized foreign currency translation		(19 086 943)	-
<b>Cash and cash equivalents at end of the period</b>	(15)	<b>23 275 931</b>	<b>57 989 988</b>

The notes on pages (8) to (35) are an integral part of these separate financial statements.

**Al Arafa for Investment and Consultancies**

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

**Notes to the separate Interim financial statements for the Financial Period ended October 31, 2022**

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**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 85 and 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 Chairperson 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 15 January 2023.

**Al Arafa for Investment and Consultancies**

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

**Notes to the separate Interim financial statements for the Financial Period ended October 31, 2022**

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**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 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 in the total net equity of the merging company, Al Arafa for Investment and Consultancies Company and the net equity of non-controlling interest of 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.

**Al Arafa for Investment and Consultancies**

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

**Notes to the separate Interim financial statements for the Financial Period ended October 31, 2022**

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**1-3 Company's purpose**

Providing financial and management consultancy services, investing in Capitals of other Egyptian and Foreign Companies and participating in restructuring companies and providing them with 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 interim 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.

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. 29-2-iii)
- 2- Provisions (Note No. 29-14)
- 3- Impairment loss in the value of financial and non-financial assets (Note No. 29-5)
- 4- Financial instruments (Note No. 29-4).

**Al Arafa for Investment and Consultancies**

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

**Notes to the separate Interim financial statements for the Financial Period ended October 31, 2022**

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**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 using the 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 number of company's 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 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.

## Al Arafa for Investment and Consultancies

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

Notes to the separate Interim financial statements for the Financial Period ended October 31, 2022

3- Investments revenues

	Financial period Ended at	Financial period From first of August Till 31 October 2022	Financial period Ended at	Financial period From first of August Till 31 October 2021
Note	31 October 2022	Till 31 October 2022	31 October 2021	Till 31 October 2021
No.	USD	USD	USD	USD
Company's share in FC Trading revenue	--	--	950 000	950 000
	<u>--</u>	<u>--</u>	<u>950 000</u>	<u>950 000</u>

4- Other revenues

	Financial period Ended at	Financial period From first of August Till 31 October 2022	Financial period Ended at	Financial period From first of August Till 31 October 2021
Note	31 October 2022	Till 31 October 2022	31 October 2021	Till 31 October 2021
No.	USD	USD	USD	USD
Services Revenue rendered to other	--	--	73 762	24 449
Rental income	102 151	35 411	51 960	17 240
Capital gain	10 920	--	--	--
Others	--	--	5 844	1 948
	<u>113 071</u>	<u>35 411</u>	<u>131 566</u>	<u>43 637</u>

5- Other expenses

	Financial period Ended at	Financial period From first of August Till 31 October 2022	Financial period Ended at	Financial period From first of August Till 31 October 2021
Note	31 October 2022	Till 31 October 2022	31 October 2021	Till 31 October 2021
No.	USD	USD	USD	USD
50 % on rent	51 076	17 706	25 980	8 620
1 % on revenue	24 561	7 504	40 079	19 376
Symbiotic contribution expense	6 140	1 876	--	--
Expected credit loss	995 642	270 930	--	--
	<u>1 077 419</u>	<u>298 016</u>	<u>66 059</u>	<u>27 996</u>

**Al Arafa for Investment and Consultancies**  
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**Notes to the separate Interim financial statements for the Financial Period ended October 31, 2022**

**6- General and Administrative expenses**

	Financial period Ended at Note No.	Financial period From first of August Till 31 October 2022 USD	Financial period Ended at 31 October 2021 USD	Financial period From first of August Till 31 October 2021 USD
Wages and salaries		97 053	30 478	35 710
Property, plant and equipment depreciation	(9)	154 495	52 202	36 192
Payments of lease contracts		550 663	207 569	25 166
Others		2 016 655	474 258	822 498
		<u>2 818 866</u>	<u>764 507</u>	<u>919 566</u>

**7- Finance costs**

	Note No.	Financial period Ended at 31 October 2022 USD	Financial period From first of August Till 31 October 2022 USD	Financial period Ended at 31 October 2021 USD	Financial period From first of August Till 31 October 2021 USD
Debit Interest, bank commission and expenses	(29-16-i)	2 197 269	773 332	1 885 558	693 088
		<u>2 197 269</u>	<u>733 332</u>	<u>1 885 558</u>	<u>693 088</u>

**8- Finance income**

	Note No.	Financial period Ended at 31 October 2022 USD	Financial period From first of August Till 31 October 2022 USD	Financial period Ended at 31 October 2021 USD	Financial period From first of August Till 31 October 2021 USD
Credit interest		2 209 560	672 640	2 773 345	908 966
Foreign currency exchange balances and transactions translation differences	(29-15)	-	-	1 008 702	(938 894)
		<u>2 209 560</u>	<u>672 640</u>	<u>3 782 047</u>	<u>(29 928)</u>

Al Arafia for Investment and Consultancies  
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Notes to the Separate Interim financial statements for the financial period ended October 31, 2022

9- Property, plant and equipment (Net)	Buildings & Constructions resulting from lease contracts		Vehicles		Furniture & Office Equipment		Improvements in leasehold		Total
	USD	USD	USD	USD	USD	USD	USD	USD	
Cost									
Cost as of February 1, 2022	1 551 523	473 684	368 234	562 606	2 956 047				
Additions during the period	-	-	56 323	21 889	78 212				
Disposals during the period	-	(27 281)	-	-	(27 281)				
Cost as of October 31, 2022	1 551 523	446 403	424 557	584 495	3 006 978				
Accumulated depreciation as of February 1, 2022	248 243	140 201	292 048	308 415	988 907				
Depreciation for the period	23 273	60 341	27 443	43 438	154 495				
Accumulated depreciation of disposals	-	(27 281)	-	-	(27 281)				
Accumulated depreciation as of October 31, 2022	271 516	173 261	319 491	351 853	1 116 121				
Net book value as of October 31, 2022	1 280 007	273 142	105 066	232 642	1 890 857				
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 October 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	-	283 228	14 398	15 990	313 616				
Disposals during the period	(155 383)	-	-	-	(155 383)				
Cost as of October 31, 2021	1 551 523	659 485	355 167	552 353	3 118 528				
Accumulated depreciation as of February 1, 2021	232 350	269 446	288 628	253 440	1 023 864				
Depreciation for the period	25 431	26 273	17 002	41 080	109 786				
Accumulated depreciation of disposals	(17 295)	-	-	-	(17 295)				
Accumulated depreciation as of October 31, 2021	240 486	295 719	285 630	294 520	1 116 355				
Net book value as of October 31, 2021	1 311 037	363 766	69 537	257 833	2 002 173				
Fully depreciated fixed assets and still working as of October 31, 2021	-	222 333	255 577	-	477 910				

According to the assurance 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.



## Al Arafa for Investment and Consultancies

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Notes to the separate Interim financial statements for the financial period ended October 31, 2022

10- Intangible assets

	31 October 2022	31 January 2022
	USD	USD
Trademarks	8 073 530	8 073 530
	<u>8 073 530</u>	<u>8 073 530</u>

11- Investments in Associates

	Ownership percentage	31 October 2022	31 January 2022
		USD	USD
Golden Textile Wool Company	48,95 %	4 616 057	4 393 177
Italian Shirts DMCC Company	40 %	10 900	10 900
		<u>4 626 957</u>	<u>4 404 077</u>

12- Investments in subsidiaries

Company's Name investee	Legal form	Percentage In capital %	Paid Percentage From participation value %	Cost of Investment as of 31 October 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.)	52.32	100	366 811	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
				<u>116 252 038</u>	<u>116 200 646</u>

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

\* 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.

**13- Financial Investments at Fair Value through other Comprehensive Income\***

Company's Name investee	Legal form %	Percentage In capital on 31 October 2022 %	Paid Percentage From participation value %	Cost of Investment as of 31 October 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
				<u>30 860</u>	<u>30 860</u>

\* 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.

**14- Debtors and other debit balances**

	31 October 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	6 505	9 986
Prepaid expenses	11 767	48 028
Deposits with others	1 082	1 661
Letters of guarantee Insurance	15 762	17 430
Other debit balances	1 362 204	1 718 786
	<u>46 030 478</u>	<u>46 429 049</u>
<b>Less:</b>		
Impairment loss in debtors and debit balances	(44 580 084)	(44 580 084)
Impairment loss in other debit balances	(998 020)	(998 020)
	<u>452 374</u>	<u>850 945</u>

**15- Cash and cash equivalents**

	31 October 2022 USD	31 January 2022 USD
Bank - Time deposits	22 056 054	55 473 098
Bank - Current accounts	1 003 749	369 891
Cash on hand	216 128	72 959
	<u>23 275 931</u>	<u>55 915 948</u>

## Al Arafa for Investment and Consultancies

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Notes to the separate Interim financial statements for the financial period ended October 31, 2022

**16- 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	7 101 229	3 000 000	10 101 229
The rescheduling of that loan payment has been activated with an amount of \$13,907,087 from March 1, 2021 on nine unequal semi-annual installments ending June 2025.			
<b>Balance on 31 October 2022</b>	<b>7 101 229</b>	<b>3 000 000</b>	<b>10 101 229</b>
<b>Balance on 31 January 2022</b>	<b>8 601 229</b>	<b>2 500 000</b>	<b>11 101 229</b>

**17- Banks - Credit facilities**

	31 October 2022 USD	31 January 2022 USD
Banks - Credit facilities *	28 112 004	54 541 222
	28 112 004	54 541 222

\* The credit facilities item amounting to USD 28 112 004 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.

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**Notes to the separate Interim financial statements for the financial period ended October 31, 2022**

**18- Creditors and other credit balances**

	31 October 2022	31 January 2022
	USD	USD
Deposits from others	91 146	77 008
Accrued expenses	87 719	76 582
General Authority for Investment	--	44 823
Notes payable	18 855	72 846
Accrued interest – Lease contracts	101 030	98 525
Accrued Debit interest	256 635	40 689
Other Credit balances	85 211	17 180
	<u>640 596</u>	<u>427 653</u>

**19- Lease contracts liabilities**

	Note	31 October 2022	31 January 2022
	No.	USD	USD
Total lease contracts liabilities	(20)	1 002 883	1 473 283
<b>Less:</b>			
Installments due in a year		(1 002 883)	(714 466)
<b>The balance of long-term Lease contracts</b>			<u>758 817</u>

**20- Lease contracts (Sale and lease-back 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	Accrued interest	Contract duration	Purchase value at the contract end	The quarter Value
	USD	USD	Month	USD	USD
The contract from 20 November 2021 to 20 August 2023	1 639 344	166 061	22	1	223 548

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The financial lease payments within the general and administrative expenses included in the profit or loss statement, with an amount of 550 663 US dollars during the period includes the value of the interest due for the above-mentioned contract in addition to the amount of 456 908 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 6).

**21- Financial instruments****21-1 Financial Risk Management**

Financial instruments are represented in cash balances in banks, cash on hand, Trade receivables, debtors, Trade payables, notes payable, creditors, loans, credit facilities and financial lease obligations. 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 October 2022 USD	31 January 2022 USD
Financial Investments at fair value through OCI	30 860	30 860
Debtors and other debit balances	387 533	749 843
Due from related parties	8 987 189	13 362 798
Cash and cash equivalents	23 275 931	55 915 948

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

	31 October 2022 USD	31 January 2022 USD
Balances not due	1 771 421	3 850 489
Balances due from 0 to 90 days	246 950	765 888
Balances due from 91 to 180 days	19 589	4 027 347
Balances due from 181 to 270 days	2 199 600	1 961 277
Balances due from 271 to 365 days	427 493	13 072
Balances due over one year	5 641 196	3 068 143
	<u>10 306 249</u>	<u>13 686 216</u>

**Al Arafa for Investment and Consultancies****(An Egyptian Joint stock company – Under Public Free Zones)****Notes to the separate Interim financial statements for the financial period ended October 31, 2022****ii. Liquidity risk**

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

	Book value USD	Due date	
		Within year USD	2 – 5 years USD
Banks - credit facilities	28 112 004	28 112 004	–
Creditors and other credit balances	640 596	640 596	–
Due to related parties	29 294 978	29 294 978	–
Lease contract obligations	1 002 883	1 002 883	–
Medium-term loan	10 101 229	3 000 000	7 101 229

**iii. Foreign exchange risk**

Foreign currency risk is the risk of financial instrument's value fluctuation due to changes in foreign exchange rates.

Foreign currency risk is the risk of foreign currency exchange fluctuation which will affect the payments and receipts in foreign currency as well as the foreign currency translation of monetary assets and liabilities.

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

<u>Foreign currencies</u>	31 October 2022	31 January 2022
	<u>Surplus/ (Deficit)</u>	<u>Surplus/ (Deficit)</u>
Euro	(984 755)	(986 151)
Sterling Pound	(2 076 803)	(1 680 439)
Egyptian Pound	678 107 901	1 024 445 138

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

	Closing Rate		Average exchange rate	
	31 October 2022	31 January 2022	31 October 2022	31 October 2021
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Euro	0.9935	1.1161	1.0435	1.1909
Sterling Pound	1.1539	1.3403	1.2211	1.3858
Egyptian Pound	0.0413	0.0634	0.0528	0.0636

**21-2 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.

**Al Arafa for Investment and Consultancies**

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**Notes to the separate Interim financial statements for the financial period ended October 31, 2022**

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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 flows 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.

**22- Capital**

**22-1 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 of 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.

**22-2 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.

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**Notes to the separate Interim financial statements for the financial period ended October 31, 2022**

**23- Reserves**

	Note No.	31 October 2022 USD	31 January 2022 USD
Legal reserve	(23-1)	18 157 741	18 157 741
General reserve		30 990	30 990
Other reserves (treasury bills reserve)	(23-2)	890 207	890 207
		<u>19 078 938</u>	<u>19 078 938</u>

**23-1 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

**23-2 Treasury bills reserve**

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

**24- 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).

**24-1 Payroll tax**

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

**24-2 Withholding Tax**

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

**24-3 Stamp tax**

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

**24-4 Real estate tax**

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

**25- Earnings Per Share**

Earnings per share for the Financial period ending on 31 October 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 October 2022 USD	31 October 2021 USD
Net (Loss) /profit for the period		(3 637 438)	269 567
Weighted-average number of paid ordinary shares	(Share)	470 250 000	47 250 000
Earnings per share	(USD/Share)	<u>(0.0077)</u>	<u>0.0006</u>



**Al Arafa for Investment and Consultancies****(An Egyptian Joint stock company – Under Public Free Zones)****Notes to the separate Interim financial statements for the financial period ended October 31, 2022****26- 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.

**27- 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:

**27-1 Due from related parties**

<u>Company's Name</u>	<u>Nature of transactions</u>	<u>Value of transactions USD</u>	<u>Balance on 31 October 2022 USD</u>	<u>Balance on 31 January 2022 USD</u>
• Swiss Cotton Garments Company	Financial transactions	(1 253 869)	--	1 253 869
• AI Arafa for real estate investment *	Financial transactions	(288 519)	5 000 096	5 288 615
• Golden Tex Wool Company	Financial transactions	(564 697)	2 009 251	2 573 948
• Camegit for Garments Manufacturing	Financial transactions	(100 881)	802 090	902 971
• Crystal for Making shirts	Financial transactions	(1 549)	118 091	119 640
• Egypt Portugal Marketing Company	Financial transactions	(2 869)	19 944	22 813
• Italian Shirts DMCC	Financial transactions	--	5 538	5 538
• EP Garments	Financial transactions	(551)	5 099	5 650
• FC Trading	Financial transactions	(813 072)	521 076	1 334 148
• Euromed For Trade and Marketing	Financial transactions and Technical Support	(226)	1 999	2 225
• Port said for Readymade Garments	Financial transactions	(353 638)	1 822 886	2 176 524
• White Head	Financial transactions	(96)	179	275
			<u>10 306 249</u>	<u>13 686 216</u>
	Allowance for expected credit losses		<u>(1 319 060)</u>	<u>(323 418)</u>
			<u>8 987 189</u>	<u>13 362 798</u>

\* 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 (Disclosures 6,20).

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**27-2 Due to related parties**

<u>Company's Name</u>	<u>Nature of transactions</u>	<u>Value of transactions USD</u>	<u>Balance on 31 October 2022 USD</u>	<u>Balance on 31 January 2022 USD</u>
• Swiss Garments Company	Financial transactions	4 674 266	9 994 127	5 319 861
• Egypt Tailoring Company	Financial transactions	(1 387 555)	3 806 168	5 193 723
• Savini Garments Company	Financial transactions	(1 802)	2 382 412	2 384 214
• Fashion Industry	Financial transactions	3 530	948 520	944 990
• Concrete Company	Financial transactions and Technical Support	111 073	111 192	119
• Baird Group	Financial transactions	119 902	2 377 125	2 257 223
• Swiss Cotton Garments Company	Financial transactions	9 675 434	9 675 434	–
			<u>29 294 978</u>	<u>16 100 130</u>

- 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.

**28- 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 October 2022 amounting 9 001 324 USD.

**29- Significant accounting policies**

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

**29-1 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 separate other comprehensive income.

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**Notes to the separate Interim financial statements for the financial period ended October 31, 2022**

**29-2 Property, plant and equipment**

**a. Initial recognition and measurement**

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

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

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

**c. Depreciation**

Depreciation of fixed assets applicable to be depreciated - 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 for each type of fixed assets as of the current financial period and the comparative one.

**The following are the estimated useful lives.**

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

**29-3 Lease contracts**

**29-3-1 Financial Lease contracts (sale and lease-back)**

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.

**29-3-2 In the case of transferring the asset is not a sale:**

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

**29-4 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 deducted, in the case of a financial asset or financial liability not at fair value through profit

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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, 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 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 is 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.

**29-5 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

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- 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.

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**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.

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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.

**29-6 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.

**29-7 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.

**29-8 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.

**29-9 Debtors and other debit balances**

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).

**29-10 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.

**29-11 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.

**29-12 Creditors and other credit balances**

Creditors and other credit balances recognized at their cost.



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**29-13 Capital**

**i. Common shares**

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

**ii. Repurchase and re-issuance of capital share**

When issued capital shares are 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

**29-14 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.

**29-15 Revenue**

**i. Return on investments**

Dividend income is recognized in the income statement 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**

Credit interest 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.

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**29-16 Expenses**

**i. Cost of borrowing**

Debit interest 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.

**29-17 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.

**29-18 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

**29-19 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 company'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. This risk arises mostly from the company's debtors.

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**Debtors**

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 fully 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 28 112 004 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.

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**Second treatment: foreign exchange differences:**

As an exception to the requirements of paragraph No. 28 of the amended Egyptian Accounting Standard No. 13 (“Effects of Changes in Foreign Exchange Rates” for currency differences, an entity whose business results were affected by net profits or losses of currency differences as a result of moving the unusual foreign exchange rate, whether If the currency of its entry is the Egyptian pound or any other foreign currency, it must recognize within the items of other comprehensive income the debit and credit currency differences resulting from the retranslation of the balances of the items of a monetary nature existing at the end of December 31, 2022 or at the end of the day of the closing date of the financial statements for the financial period To apply this accounting treatment, if it was previously using the closing price on the same date, minus any currency translation differences that were recognized within the cost of assets according to the initial treatment of this appendix, considering that these differences were mainly caused by the decision to move the unusual foreign exchange rate.

The amount of currency differences resulting from the retranslation of monetary items presented in other comprehensive income items is included in the profit or retained losses at the end of the same financial period to apply the special accounting treatment in this appendix.

**The impact of the special accounting treatment to deal with the effects of the liberalization of foreign exchange rates:**

The group’s management has applied some of the special accounting treatments mentioned in Appendix (C) of the Egyptian Accounting Standard No. (13) amended in 2015 “The Effects of Changes in Foreign Exchange Rates” issued on December 27,2022 by the Minister of Investment Decision No. (4 705) for the year 2022, which deals with the special accounting treatment to deal with the effects of the liberalization of foreign exchange rates, and these treatments are as follows:

Recognizing within the items of other comprehensive income, the translation differences of monetary items existing in foreign currencies on the date of liberalization of the exchange rate (October 27, 2022) and including these differences within the items of other comprehensive income in the statement of comprehensive income and then transferring them in the same fiscal year to the retained earnings or losses.