

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, 2023
and it's independent Auditors' report on
review of separate interim financial statements

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Hazem Hassan

Public Accountants & Consultants

12, Noh Effendi St., from Sultan Hussein St.,
El Pharaana
Alexandria

Telephone: (203) 485 32 51 / 485 32 52
Telefax : (203) 485 32 50
E-mail : alex@kpmg.com

Independent Auditors' report on review of separate interim financial statements

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

Introduction

We have reviewed the accompanying separate statement of financial position of Al Arafa for Investment and Consultancies (An Egyptian Joint company – Under Public Free Zone) as of October 31, 2023, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these 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 review in accordance with Egyptian Standard on Review Engagements No. (2410), "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of 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 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 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 separate financial position of the Company as of October 31, 2023 and its separate financial performance and its separate cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Public accountants and consultants

Alexandria on December 18, 2023


KPMG Hazem Hassan
Public Accountants and consultants

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

	Note	October 31, 2023 USD	January 31, 2023 USD
	No		
Assets			
Non-Current Assets			
Property, plant & equipment	(12)	1 694 286	1 840 855
Investments in subsidiaries	(14)	113 277 767	112 386 790
Amounts paid on account of the acquisition of investments in subsidiaries		-	859 065
Investments in associates	(13)	4 616 057	4 616 057
Total Non-Current Assets		119 588 110	119 702 767
Current Assets			
Due from related parties	(28-1)	11 454 085	31 081 688
Debtors and other debit balances	(16)	270 552	378 072
Cash and cash equivalents	(17)	1 301 977	15 111 718
Total Current Assets		13 026 614	46 571 478
Total Assets		132 614 724	166 274 245
Equity and Liabilities			
Equity			
Issued & paid up Capital	(23-2)	94 050 000	94 050 000
Reserves	(24)	19 106 191	19 106 191
Retained losses		(24 116 771)	(20 793 795)
Net (loss) for the period / year		(5 039 881)	(4 167 825)
Total Equity		83 999 539	88 194 571
Liabilities			
Non-current liabilities			
Loans	(18)	4 101 229	5 601 229
Total non-current liabilities		4 101 229	5 601 229
Current liabilities			
Banks – credit facilities	(19)	3 240 164	22 694 974
Loans	(18)	3 000 000	3 000 000
Lease liabilities	(21)	-	762 419
Creditors and other credit balances	(20)	542 369	18 445 610
Due to related parties	(28-2)	37 475 668	27 322 009
Provisions	(25)	255 755	253 433
Total current liabilities		44 513 956	72 478 445
Total liabilities		48 615 185	78 079 674
Total Equity and Liabilities		132 614 724	166 274 245

- The notes and accounting policies on pages (7) to (44) are an integral part of these separate interim financial statements and to be read these with.
- Independent auditor's report on review of separate interim financial statements.

Financial Manager

Mohamed Mohy

CFO

Mohamed Morsy

Vice-Chairman and
Managing Director

Dr / Alaa Arafa

Chairperson

Maria Luisa Cicognani

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

	Note	<u>Financial period</u>			
		From 1/2/2023	From 1/8/2023	From 1/2/2022	From 1/8/2022
		To 31/10/2023	To 31/10/2023	To 31/10/2022	To 31/10/2022
<u>No</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	
Operating Revenue					
Technical support services revenue	(28),(20)	109 125	38 275	133 485	42 350
Total		109 125	38 275	133 485	42 350
Other revenue	(6)	128 235	42 321	113 071	35 411
Other expenses	(7)	(72 494)	(23 555)	(81 777)	(27 086)
Expected credit loss in the value of financial assets	(8)	(1 744 828)	(376 069)	(995 642)	(270 930)
General and administrative expenses	(9)	(2 133 646)	(802 629)	(2 268 203)	(556 938)
Operating (losses)		(3 713 608)	(1 121 657)	(3 099 066)	(777 193)
Finance income	(10)	691 467	111 022	2 209 560	672 640
Finance cost	(11)	(2 017 740)	(431 853)	(2 747 932)	(980 900)
Net finance cost		(1 326 273)	(320 831)	(538 372)	(308 260)
Net (losses) for the period		(5 039 881)	(1 442 488)	(3 637 438)	(1 085 453)
Basic and diluted (losses) per share (USD/Share)	(27)	(0.0107)	(0.0031)	(0.0077)	(0.0023)

▪ The notes and accounting policies on pages (7) to (44) are an integral part of these separate interim financial statements and to be read these with.

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

	Note	<u>Financial period</u>			
		From 1/2/2023	From 1/8/2023	From 1/2/2022	From 1/8/2022
	To 31/10/2023	To 31/10/2023	To 31/10/2022	To 31/10/2022	
	<u>No</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	
Net (losses) for the period		(5 039 881)	(1 442 488)	(3 637 438)	(1 085 453)
<u>Other comprehensive income items:</u>					
Items that will not be reclassified to profit or loss					
Gain / (losses) Foreign currency differences	(32)	844 849	269 748	(19 086 943)	(7 809 102)
Transferred to retained (Losses)		<u>(844 849)</u>	<u>(269 748)</u>	<u>19 086 943</u>	<u>7 809 102</u>
Total comprehensive income for the period		<u>(5 039 881)</u>	<u>(1 442 488)</u>	<u>(3 637 438)</u>	<u>(1 085 453)</u>

- The notes and accounting policies on pages (7) to (44) are an integral part of these separate interim financial statements and to be read these with.

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

	<u>Note No.</u>	<u>Issued and Paid up Capital USD</u>	<u>Reserves USD</u>	<u>Retained earnings / (Losses) USD</u>	<u>Net (losses) / profit for the period/year USD</u>	<u>Total USD</u>
Balance as of February 1, 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 January 31, 2022 in retained earnings		--	--	545 053	(545 053)	--
Total transactions with company's shareholders		--	--	545 053	(545 053)	--
Comprehensive income						
Applying the Egyptian Accounting Standard No. (13) "The Effect of Change in Exchange Rates"	(32)	--	--	(19 086 943)	--	(19 086 943)
Net loss for the financial period ended October 31, 2022		--	--	--	(3 637 438)	(3 637 438)
Total comprehensive income		--	--	(19 086 943)	(3 637 438)	(22 724 381)
Balance as of October 31, 2022		94 050 000	19 078 938	(15 053 454)	(3 637 438)	94 438 046
Balance as of February 1, 2023		94 050 000	19 106 191	(20 793 795)	(4 167 825)	88 194 571
Transactions with company's shareholders						
Closing losses for the financial year ended on January 31, 2023 in retained losses		--	--	(4 167 825)	4 167 825	--
Total transactions with company's shareholders		--	--	(4 167 825)	4 167 825	--
Comprehensive income						
Applying the Egyptian Accounting Standard No. (13) "The Effect of Change in Exchange Rates"	(32)	--	--	844 849	--	844 849
Net Loss for the financial period ended October 31, 2023		--	--	--	(5 039 881)	(5 039 881)
Total comprehensive income		--	--	844 849	(5 039 881)	(4 195 032)
Balance as of October 31, 2023		94 050 000	19 106 191	(24 116 771)	(5 039 881)	83 999 539

▪ The notes and accounting policies on pages (7) to (44) are an integral part of these separate interim financial statements and to be read these with.

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

	Note No.	October 31, 2023 USD	October 31, 2022 USD
<u>Cash flows from operating activities</u>			
Net (loss) for the period		(5 039 881)	(3 637 438)
<u>Adjustments for the following:</u>			
Property, plant & equipment Depreciation	(12)	157 457	154 495
Expected credit losses in the value of financial assets	(8)	1 744 828	995 642
Interest and finance cost	(11)	1 590 388	2 197 269
Credit interest	(10)	(691 467)	(2 209 560)
Capital gain		--	(10 920)
		<u>(2 238 675)</u>	<u>(2 510 512)</u>
<u>Changes in :-</u>			
Debtors and other debit balances	(16)	107 520	398 571
Due from related parties	(28-1)	17 882 775	3 379 967
Creditors and other credit balances	(20)	(17 903 241)	(3 003)
Due to related parties	(28-2)	10 153 659	13 194 848
Provisions	(25)	2 322	--
		<u>8 004 360</u>	<u>14 459 871</u>
Interest and finance cost paid		(1 590 388)	(1 981 323)
Net cash generated from operating activities		<u>6 413 972</u>	<u>12 478 548</u>
<u>Cash flows from investing activities</u>			
Cash Payments for Acquisition of property, plant and equipment	(12)	(10 888)	(78 212)
Investment in associate companies		--	(222 880)
Proceeds from sale of property, plant and equipment		--	10 920
Collected Credit interest	(10)	691 467	2 209 560
Investment in subsidiaries companies		(31 912)	(51 392)
Net cash generated from investing activities		<u>648 667</u>	<u>1 867 996</u>
<u>Cash flows from financing activities</u>			
Net payments for bank-credit facilities	(19)	(19 454 810)	(26 429 218)
Payment for midterm loans	(18)	(1 500 000)	(1 000 000)
Lease payments	(21)	(762 419)	(470 400)
Net Cash (Used In) Financing Activities		<u>(21 717 229)</u>	<u>(27 899 618)</u>
Net change in cash and cash equivalent during the period		<u>(14 654 590)</u>	<u>(13 553 074)</u>
The effect of changes in currency exchange rates on cash and cash equivalents		844 849	55 915 948
Cash & cash equivalents at the beginning of the period		15 111 718	(19 086 943)
Cash & cash equivalents at the end of the period	(17)	<u><u>1 301 977</u></u>	<u><u>23 275 931</u></u>

- The notes and accounting policies on pages (7) to (44) are an integral part of these separate interim financial statements and to be read these with.

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, 2023

1- Company's Background and activities

1-1 Legal entity

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

- The Board of Directors of Swiss Garments Company (S.A.E.) -Free Zone 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 and was approved on general gazette on January 16, 2006.

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

- According to the merging company's 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, article (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

Al Arafa for Investment and Consultancies

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

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, 2023

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

- The attached separate interim financial statements are prepared in accordance with Egyptian accounting standards issued by Minister of Investment Decision No. 110 of 2015 and applied from January 1, 2016 and amended by Minister's Decision No. 69 of 2019 and relevant Egyptian laws and regulations.
- Egyptian accounting standards require reference to international financial reporting standards for events and transactions for which an Egyptian accounting standard or legal requirements have not been issued explaining how to deal with them.
- The separate interim financial statements for the period ended October 31, 2023 were approved for issuance by the company's board of directors on December 18th, 2023.
- Details of the company's accounting policies have been included in Note No. (31).

3- Basis of measurement

The separate interim financial statements have been prepared according to the historical cost principle, with the exception of financial instruments that are measured at amortized cost or at fair value, which are as follows:

- Financial derivatives.
- Financial instruments at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income.

Investments in subsidiaries and associate companies have been presented in the separate financial statements on the basis of cost, which represents the company's direct share in the ownership and not on the basis of business results and net assets of the investee companies. The consolidated financial statements provide a more comprehensive understanding of the consolidated financial position, business results and consolidated cash flows of the Company and its subsidiaries (the Group).

4- Functional and presentation currency

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

5- Use of estimates and judgments

- In preparing the separate interim financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on experience and various factors.
- Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.
- The estimates and underlying assumptions are reviewed on an ongoing basis. differences in accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

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, 2023

A- Judgments

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

- **Revenue recognition**

Revenue is recognized as detailed in the accounting policies applied.

- **Equity-accounted investees and associates Companies:**

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

- **Review of contractual agreements**

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

- **Classification of properties**

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

- **Lease contract classification - Company as lessor**

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

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

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

Al Arafa for Investment and Consultancies

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

B- Assumptions and estimation uncertainties

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

- **Provisions and contingent liabilities**

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

- **Calculation of Expected credit loss**

The Company assesses the impairment of its financial assets based on the expected credit loss (“ECL”) model. Under the ECL model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting year to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments.

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

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

Properties classified under property, plant and equipment and projects under construction are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out to determine the recoverable amount which considers the fair value of the property under consideration.

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

Al Arafa for Investment and Consultancies

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

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

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

C- Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinarily transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its best and best use or selling it to another participant who will use the asset in its best and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities that are measured or disclosed in the separate financial statements at fair value are categorized in fair value hierarchy categories. This is described, as follows, based on the lowest level input that is significant to the entire fair value measurement as a whole:

- **Level 1:** Quoted prices (unadjusted) in an active market for identical assets or liabilities.
- **Level 2:** Evaluation techniques in which the lowest level inputs considered significant for the entire measurement are directly or indirectly observable.
- **Level 3:** Assessment techniques in which the lowest level input considered significant for the entire measurement is unobserved.

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, 2023

6- Other revenues

	Note No.	Financial period from 1/2/2023 to 31/10/2023 USD	Financial period from 1/8/2023 to 31/10/2023 USD	Financial period from 1/2/2022 to 31/10/2022 USD	Financial period from 1/8/2022 to 31/10/2022 USD
Rental income		121 769	42 321	102 151	35 411
Capital gain and others		6 466	--	10 920	--
		128 235	42 321	113 071	35 411

7- Other expenses

50 % on rent*		60 884	21 160	51 076	17 706
1 % on revenue*		9 288	1 916	24 561	7 504
Provision for claims	(25)	2 322	479	6 140	1 876
		72 494	23 555	81 777	27 086

* The amounts due to the general authority for investments and freezones are 50% of rent income and 1% of the total revenue.

8- Impairment losses in the value of financial assets

	Note No.	Financial period from 1/2/2023 to 31/10/2023 USD	Financial period from 1/8/2023 to 31/10/2023 USD	Financial period from 1/2/2022 to 31/10/2022 USD	Financial period from 1/8/2022 to 31/10/2022 USD
Expected credit losses in related parties	(28-1)	1 744 828	376 069	995 642	270 930
		1 744 828	376 069	995 642	270 930

9- General and Administrative expenses

	Note No.	Financial period from 1/2/2023 to 31/10/2023 USD	Financial period from 1/8/2023 to 31/10/2023 USD	Financial period from 1/2/2022 to 31/10/2022 USD	Financial period from 1/8/2022 to 31/10/2022 USD
Wages and salaries		74 367	25 272	97 053	30 478
Property, plant and equipment depreciation	(12)	157 457	52 536	154 495	52 202
Others		1 901 822	724 821	2 016 655	474 258
		2 133 646	802 629	2 268 203	556 938

10- Finance income

Credit interest		691 467	111 022	2 209 560	672 640
		691 467	111 022	2 209 560	672 640

11- Finance costs

Debit interest on lease contracts		427 352	132 764	550 663	207 569
Debit Interest, bank commission and expenses		1 590 388	299 089	2 197 269	773 331
		2 017 740	431 853	2 747 932	980 900

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12- Property, plant and equipment

	Building and Constructions USD	Vehicles USD	Furniture and office equipment USD	Improvements in premises USD	Total USD
Cost as of February 1, 2023	1 551 523	446 403	426 870	584 494	3 009 290
Additions during the period	--	--	--	10 888	10 888
Cost as of October 31, 2023	<u>1 551 523</u>	<u>446 403</u>	<u>426 870</u>	<u>595 382</u>	<u>3 020 178</u>
Accumulated Depreciation as of February 1, 2023	279 274	193 070	329 628	366 463	1 168 435
Depreciation during the period	23 273	59 431	30 553	44 200	157 457
Accumulated Depreciation as of October 31, 2023	<u>302 547</u>	<u>252 501</u>	<u>360 181</u>	<u>410 663</u>	<u>1 325 892</u>
Net book value as of October 31, 2023	<u>1 248 976</u>	<u>193 902</u>	<u>66 689</u>	<u>184 719</u>	<u>1 694 286</u>
Net book value as of January 31, 2023	<u>1 272 249</u>	<u>253 333</u>	<u>97 242</u>	<u>218 031</u>	<u>1 840 855</u>
Fully Depreciated Assets and still in use as of October 31, 2023	<u>--</u>	<u>50 195</u>	<u>266 359</u>	<u>--</u>	<u>316 554</u>
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	<u>1 551 523</u>	<u>446 403</u>	<u>424 557</u>	<u>584 495</u>	<u>3 006 978</u>
Accumulated Depreciation as of February 1, 2022	248 243	140 201	292 048	308 415	988 907
Depreciation during the period	23 273	60 341	27 443	43 438	154 495
Accumulated depreciation of disposals during the period	--	(27 281)	--	--	(27 281)
Accumulated Depreciation as of October 31, 2022	<u>271 516</u>	<u>173 261</u>	<u>319 491</u>	<u>351 853</u>	<u>1 116 121</u>
Net book value as of October 31, 2022	<u>1 280 007</u>	<u>273 142</u>	<u>105 066</u>	<u>232 642</u>	<u>1 890 857</u>
Net book value as of January 31, 2022	<u>1 303 280</u>	<u>333 483</u>	<u>76 186</u>	<u>254 191</u>	<u>1 967 140</u>
Fully Depreciated Assets and still in use as of October 31, 2022	<u>--</u>	<u>50 195</u>	<u>259 155</u>	<u>--</u>	<u>309 350</u>

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13- Investments in Associates

	Contribution Percentage	October 31, 2023 USD	January 31, 2023 USD
Golden Textile Wool Company	48.59 %	4 616 057	4 616 057
Italian Shirts DMCC Company*	40 %	--	10 900
		4 616 057	4 626 957
Less:			
Impairment in Investments in associates		--	(10 900)
		4 616 057	4 616 057

* The investment in Italian shirts DMCC and its impairment have been disposed according to the Dubai multi commodities center authority's decision issued on August 15, 2023 to dissolve the Italian shirts DMCC from December 31, 2018.

14- Investments in subsidiaries

Investee company's name	Country	Percentage Of Contribution In capital as of October 31, 2023	Paid Percentage From Contribution value	Cost of Investment as of October 31, 2023	Cost of Investment as of January 31, 2023
		%	%	USD	USD
• Concrete for Readymade Garments	Egypt	91.64	100	31 771 464	31 771 464
• Swiss Cotton Garments	Egypt	99.40	100	7 065 223	7 065 223
• Egypt Tailoring For Ready – Made Garments	Egypt	99.40	100	16 008 060	16 008 060
• Crystal for Making Shirts	Egypt	99.80	100	3 708 867	2 849 800
• Savini for Readymade Garments *	Egypt	49.20	100	1 181 090	1 181 090
• Fashion Industry	Egypt	89.80	100	731 313	731 313
• Egypt Portugal for trading and Marketing for Readymade Garments	Egypt	59	100	40 445	40 445
• EP Garments	Portugal	60	100	39 777	39 777
• Euromed for Trading and Marketing	Egypt	97.21	100	970 180	970 180
• White Head Spinning Company	Egypt	52.32	100	366 811	366 811
• Port Said for Readymade Garments	Egypt	97.46	100	1 182 730	1 150 820
• Swiss for Readymade Garments	Egypt	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	Egypt	99.20	100	2 186 160	2 186 160
• FC Trading	Emirates	100	100	13 625	13 625
				119 329 175	118 438 198
• Less : Impairment in subsidiaries				(6 051 408)	(6 051 408)
				113 277 767	112 386 790

* 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.

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15- Financial Investments at Fair Value through other Comprehensive Income

Investee company's name	Legal Form %	Contribution percentage in capital %	Paid Percentage From contribution value %	Cost of Investment as of October 31, 2023 USD	Cost of Investment as of January 31, 2023 USD
• Al Asher for Real Estate Development and investment	(S.A.E.)	1	100	30 860	30 860
<u>Less:</u>					
Impairment in Investments				(30 860)	(30 860)
				--	--

16- Debtors and other debit balances

	October 31, 2023 USD	January 31, 2023 USD
Tax authority	53 074	53 074
Notes receivables	5 216	16 178
Prepaid expenses	18 002	40 924
Letters of guarantee insurance	16 305	16 499
Other debit balances*	177 955	45 829 501
	270 552	45 956 176
<u>Less:</u>		
Expected credit losses on debit balances*	--	(45 578 104)
	270 552	378 072

* The Ordinary General Assembly of the Company dated on May 30, 2023 approved the proposal submitted by the Board of Directors held on January 15, 2023 regarding the write off of the obsolete debit balances from previous years which have impairment previously formed in the full amount of 45 578 104 USD.

17- Cash and cash equivalents

	October 31, 2023 USD	January 31, 2023 USD
Bank - Time deposits	387 600	14 243 922
Bank - Current accounts	827 962	621 683
Cash on hand	86 415	246 113
Cash and cash equivalents	1 301 977	15 111 718

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18- Medium-term loan

	Medium-term loan Non-current portion USD	Medium-term 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 USD 29 971 343 to finance the purchase of 38% of Concrete ready Made Garments capital.	4 101 229	3 000 000	7 101 229
The rescheduling of that loan payment has been activated with an amount of USD 13 907 087 from March 1, 2021 on nine unequal semi-annual installments ending June 2025.			
Balance on October 31, 2023	4 101 229	3 000 000	7 101 229

The following table shows the reconciliation of the loan movement during the period / year to arrive at the net cash generated from borrowing activities:

	October 31, 2023 USD	January 31, 2023 USD
The balance at the beginning of the period	8 601 229	11 101 229
Current borrowing	3 000 000	2 500 000
Non-current borrowing	5 601 229	8 601 229
Payments for borrowing	(1 500 000)	(2 500 000)
Balance	7 101 229	8 601 229
Current borrowing	(3 000 000)	(3 000 000)
Non-current borrowing	4 101 229	5 601 229

19- Banks - Credit facilities

	Balance at October 31, 2023 USD	Balance at January 31, 2023 USD
Bank credit facilities*	3 240 164	22 694 974
	3 240 164	22 694 974

- * The credit facilities is represented in withdrawals from short-time current facilities of which a portion is fully secured with term deposits guarantee and the remaining portion is unsecured 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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20- Creditors and other credit balances

	October 31, 2023	January 31, 2023
	USD	USD
Deposits from others	97 764	111 758
Accrued expenses	129 311	91 547
General Authority for Investment	3 389	36 361
Notes payable	14 620	18 022 634
Accrued interest – Lease contracts	62 703	87 859
Accrued Debit interest	180 420	53 741
Other Credit balances	54 162	41 710
	542 369	18 445 610

21- Lease contracts liabilities

Total lease contracts liabilities	--	762 419
<u>Less:</u>		
Installments due within a year	--	(762 419)
The balance of non-current Lease contracts	--	--

Lease contracts (Sale and lease-back system)

The company has sold and leased back 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:

Contract No. 5963 – sale and lease back of the administrative building in the public free zone in Nasr City:

<u>Description</u>	Contract value	Accrued interest	Contract duration	Purchase value at the contract end
	USD	USD	Month	USD
The contract from 20 November 2021 to 20 August 2023	1 639 344	166 061	22	1

Finance expense included in the profit or loss statement, with an amount of 427 352 USD during the period represents the value of the installment interest due for the above-mentioned contract in addition to the amount of 393 342 USD, the value of interest of the contracts transferred from Al-Arafa for Real Estate Company (a subsidiary) (Note no 11).

The company paid all obligations due under the contract on the due date.

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22- Financial instruments

22-1 Financial risk management

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

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

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

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

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

A) Credit risk

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

Trade and other receivables

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

Investments

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

Guarantees

The group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM).

B) Liquidity risk

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

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

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

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C) Market risk

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

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

D) Currency risk

The Company is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in Euro, sterling and EGP.

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

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

The company does not enter into hedging contracts for foreign currencies.

E) Interest rate risk

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

F) Other market price risk

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

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

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

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

G) Credit risk

Credit risk exposure

The carrying amount of financial assets represents the maximum exposure to credit risk, which amounted as of the date of the separate financial position date as follows:

	Note	31/10/2023	31/1/2023
	No.	USD	USD
Due from related parties	(28-1)	14 041 845	31 924 620
Cash and cash equivalents	(17)	1 301 977	15 111 718
Debtors and other debit balances		54 864	284 074
		15 398 686	47 320 412

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

Due from related parties

	October 31, 2023 USD	January 31, 2023 USD
Balances not due	9 648 470	23 058 356
Balances due from 0 to 90 days	503 379	819 370
Balances due from 91 to 180 days	22 165	224 495
Balances due from 181 to 270 days	885 711	--
Balances due from 271 to 365 days	595 494	1 778 491
Balances due over one year	2 386 626	6 043 908
	14 041 845	31 924 620

H) Liquidity risk

The following are the contractual terms of financial liabilities:

<u>October 31, 2023</u>	Carrying amount USD	Less than 1 year USD	1-2 years USD	2-5 years USD
Loans	7 101 229	3 000 000	4 101 229	--
Bank credit facilities	3 240 164	3 240 164	--	--
Other creditors	542 368	542 368	--	--
Due to related parties	37 475 668	37 475 668	--	--
	48 359 429	44 258 200	4 101 229	--
<u>January 31, 2023</u>	Carrying amount USD	Less than 1 year USD	1-2 years USD	2-5 years USD
Loans	8 601 229	3 000 000	3 551 000	2 050 229
Lease contracts liabilities	762 419	762 419	--	--
Bank credit facilities	22 694 974	22 694 974	--	--
Other creditors	18 445 610	18 445 610	--	--
Due to related parties	27 322 009	27 322 009	--	--
	77 826 241	72 225 012	3 551 000	2 050 229

I) Currency risk

Exposure to currency risk

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

<u>Foreign currency</u>	<u>October 31, 2023 Surplus / (deficit)</u>	<u>January 31, 2023 Surplus / (deficit)</u>
Euro	(1 786 905)	(1 791 791)
Sterling pound	81 203	67 756
EGP	68 302 902	(52 674 732)

The following is the exchange rates during the period:

	Average exchange rate during the period		Spot rate at the financial statements date	
	31/10/2023	31/1/2023	31/10/2023	31/1/2023
	USD	USD	USD	USD
EURO	1.0800	1.0435	1.0658	1.0836
Sterling pound	1.2218	1.2211	1.2182	1.2326
EGP	0.0323	0.0528	0.0323	0.0331

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, 2023****Sensitivity Analysis**

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

	Profit or Loss	
	Increase	(Decrease)
Euro	(89 345)	89 345
Sterling pound	4 060	(4 060)
EGP	3 415 145	(3 415 145)

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

	Profit or Loss	
	Increase	(Decrease)
Euro	(89 589)	89 589
Sterling pound	3 387	(3 387)
EGP	(2 633 737)	2 633 737

J) Interest rate risk

At the date of separate interim financial statements, the interest rate profile of the Company's financial instruments was as follows: -

	Carrying amount	
	31/10/2023	31/1/2023
	USD	USD
<u>Financial instruments with a fixed rate</u>		
Financial assets – Time deposits	387 600	14 243 922
Financial liabilities – loans	7 101 229	8 601 229
Lease liabilities	--	762 419
	<u>7 488 829</u>	<u>23 607 570</u>
<u>Financial instruments with a variable rate</u>		
Financial liabilities – banks credit facilities	3 240 164	22 694 974
	<u>3 240 164</u>	<u>22 694 974</u>

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

22-2 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.

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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 present 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 discounted of cash flows for the principal amount and expected future interest.

Debtors and creditors

The nominal value of debtors and creditors with maturity 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.

23- Capital

23-1 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 December 15, 2019.

23-2 Issued and paid-up capital

The issued and paid-up capital after the amendment has reached USD 94 050 000 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 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.

24- Reserves

	October 31, 2023	January 31, 2023
	USD	USD
Legal reserve	18 184 994	18 184 994
General reserve	30 990	30 990
Other reserves (treasury shares reserve)	890 207	890 207
	19 106 191	19 106 191

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, 2023****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

Treasury shares reserve

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

25- Provisions

	Balance at 1/02/2023	Formed during the period	Balance at 31/10/2023
	USD	USD	USD
Provision for claims	253 433	2 322	255 755
	<u>253 433</u>	<u>2 322</u>	<u>255 755</u>

- The claims provision represents the value of claims for obligations of an unspecified timing or amount related to the company's activities. The management reviews these provisions annually and adjusts the amount of the provision according to the latest developments, discussions and agreements with those parties. The formed provisions are included in the separate profit or loss statement.
- The usual information about provisions was not disclosed in accordance with Egyptian Accounting Standard No. (28) amended "Provisions, Contingent Assets and Liabilities" because the company's management believes that doing so may severely affect the final settlement of those potential claims.

26- 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 for the year of 1997 which replaced by Article 41 of Law 72 for the year of 2017).

26-1 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.

26-2 Withholding Tax

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

26-3 Stamp tax

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

26-4 Real estate tax

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

27- Basic (losses) per share

Basic (losses) per share was calculated as follows:

		October 31, 2023	October 31, 2022
Net (Loss) for the period	USD	(5 039 881)	(3 637 438)
Weighted-average number of paid ordinary shares	(Share)	470 250 000	470 250 000
Basic (losses) per share	(USD/Share)	<u>(0.0107)</u>	<u>(0.0077)</u>

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28- Transactions with related parties

Transactions with related parties represent the company's transactions with company's shareholders 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:

28-1 Due from related parties

Company's Name	Nature of transactions	Value of transactions USD	Balance as of October 31, 2023 USD	Balance as of January 31, 2023 USD
• Al Arafa for real estate investment *	Financial transactions	(16 784 362)	10 578 356	27 362 718
• Golden Tex Wool Company	Financial transactions	44 658	1 956 487	1 911 829
• Crystal for Making shirts	Financial transactions	19 505	99 853	80 348
• Egypt Portugal for Trading and Marketing Ready- Made Garments Company	Financial transactions	297	18 914	18 617
• Italian Shirts DMCC	Financial transactions	(5 538)	--	5 538
• EP Garments	Financial transactions	(46)	5 120	5 166
• FC Trading	Financial transactions	(662 075)	--	662 075
• Baird Group	Financial transactions	(14 485)	108 711	123 196
• Euromed For Trade and Marketing	Financial transactions	21 986	23 498	1 512
	Technical Support	21 825		
• Concrete For Ready – Made Garments Company	Financial transactions	136 536	217 591	81 055
	Technical Support	87 300		
• Port said for Readymade Garments	Financial transactions	(639 247)	1 033 175	1 672 422
• White Head spinning company	Financial transactions	(4)	140	144
			14 041 845	31 924 620
Expected credit losses			(2 587 760)	(842 932)
			11 454 085	31 081 688

* Al-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, which 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 and notes payables were issued against these liabilities (Notes 21,11).

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- **Expected credit losses in the value of related parties**

	Balance as of 1/02/2023 USD	Formed during the period USD	Balance as of 31/10/2023 USD
Expected credit losses in the value of related parties	842 932	1 744 828	2 587 760
	842 932	1 744 828	2 587 760

28-2 Due to related parties

Company's Name	Nature of transactions	Value of transactions USD	Balance as of October 31, 2023 USD	Balance as of January 31, 2023 USD
• Swiss For Ready – Made Garments Company	Financial transactions	(262 725)	6 452 524	6 715 249
• Egypt Tailoring For Ready – Made Garments Company	Financial transactions	526 436	7 542 207	7 015 771
• Savini For Ready – Made Garments Company	Financial transactions	(60)	2 381 635	2 381 695
• Fashion Industry	Financial transactions	(6 637)	938 327	944 964
• Swiss Cotton Garments Company	Financial transactions	360 773	10 625 103	10 264 330
• FC Trading	Financial transactions	9 535 872	9 535 872	--
			37 475 668	27 322 009

- There are no transactions with the top management.

29- 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 October 31, 2023 amounting USD 9 476 780.

30- Capital Commitments

There are no capital commitments on October 31, 2023.

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31- Significant accounting policies

The separate interim financial statements have been prepared by following the same accounting policies that are applied continuously when preparing the company's annual separate financial statements.

31-1 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. On the date of the separate financial statements, assets and liabilities of monetary nature in foreign currencies are translated into USD according to the prevailing exchange rates on that date, and the resulting currency differences are included in the separate profit or loss statement. Assets and liabilities of a non-monetary nature denominated at historical cost in foreign currency are translated using the prevailing exchange rates at the date of the transaction, and the currency differences resulting from transactions during the period and from revaluation at the date of the separate financial statements are included in the separate profit or loss statement.

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

31-2 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.

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Profit and losses resulted from disposal of fixed assets are recognized within separate profits or losses 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 profits or losses statement as an expense when incurred, maintenance and repair costs are also charged to the profit or loss statement for the fiscal year in which they occurred

c. Depreciation

Depreciation of fixed assets applicable to be depreciated - which is the cost of an asset deducting its scrap value – is according to the straight-line method and this is over the estimated useful life of each type of fixed asset and the depreciation is charged to the separate profit or loss statement. Land is not depreciated – if any.

The residual value, useful life, and method of depreciation of assets are reviewed on the date of the financial statements, taking into account that the effect of any changes in those estimates is accounted for on a future basis.

The book value of an item of fixed assets is excluded from the books upon its disposal or in the event that no future economic benefits are expected from its use. The profits or losses resulting from the disposal of an item of fixed assets are included in the separate statement of profits or losses, and are determined on the basis of the difference between the net disposal proceeds and the book value of the item.

The following are the estimated useful lives for each type of fixed assets.

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

31-3 Lease contracts

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 as a sale of this asset or not.

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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.

31-4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the company's independent financial statements using the cost method, so that investments in subsidiaries are recorded at acquisition cost, minus impairment in value. Impairment is estimated for each investment separately and is recorded in the profit or loss statement. Subsidiaries are companies controlled by the company when the investor achieves all of the following:

- Power over the investee.
- Exposure or right to variable returns through its participation in the investee.
- The ability to use its power over the investee to affect the amount of returns it obtains from it.

The Company shall reassess control over the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned above.

31-5 Investments in associate companies

An associate company is an entity over which the company has significant influence through participation in the financial and operating decisions of that entity, but it does not amount to control or joint control. Investments in associate companies are accounted for at cost, unless they are classified as non-current investments held for sale, in this case they are measured at book value or fair value minus costs necessary for sale, whichever is less. The company does not follow the equity method in accounting for its investments in associate companies in the attached separate financial statements in application of Paragraph (44) of Egyptian Accounting Standard No. (18), provided that in the event that some indications and indicators appear on the possibility of impairment losses in the value of investments in associate companies on the date of the separate financial statements, the book value of those investments is reduced to its recoverable value, and the resulting impairment losses are immediately included in the separate profit or loss statement.

31-6 Impairment in the value of non-financial assets

At the end of each fiscal year, or whenever necessary, the company reviews the book values of the company's non-financial assets and intangible assets to determine whether there is an indication of impairment. If this is the case, the company makes an estimate of the recoverable value of the asset.

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 group of assets - CGUs.

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The recoverable amount of an asset or CGU is the greater of its value in use or its fair value less costs to sell. Value in use is based on present value of the estimated future cash flow discounted 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. Other assets in the CGU are reduced pro rata based on the carrying amount for each asset in the unit.

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 and amortization), if no impairment loss had been recognized in the previous years.

31-7 Financial Instruments:

Financial assets

Classification

The company classifies its financial assets into the following measurement categories:

- Those that will subsequently be measured at fair value (either through other comprehensive income or through profit or loss), and
- Those that will be measured at amortized cost.

The classification depends on the company's business model for managing those financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in the statement of profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable selection at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies its investments when and only when its business model for managing those assets changes.

a- Recognition and exclusion

The usual way of buying and selling financial assets, on the trade-off date, which is the date on which the company is committed to buying or selling the financial asset. A financial asset is derecognized when the contractual rights to obtain cash flows from the financial asset expire, or those rights are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

b- Measurement

On initial recognition, the Company measures the financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are recognized as an expense in the statement of profit or loss. Financial assets that contain embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

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Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories by which the company classifies debt instruments:

- Amortized cost : Assets held to maturity to collect contractual cash flows, as those cash flows represent only payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in financing income using the effective interest method. Any profits or losses resulting from the disposal of investments are recognized directly in the statement of profits or losses, and are classified under other income / other expenses. Impairment losses are presented as a separate item in the statement of profit or loss.

- Fair value through other comprehensive income: Assets that are held for the purpose of collecting contractual cash flows and also for the purpose of selling financial assets, where the assets' cash flows represent only payments of principal and interest, are measured at fair value through other comprehensive income. Changes in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When a financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the statement of profit or loss and recognized in other income/expenses. Any interest income from these financial assets is included in financing income using the effective interest rate method, and impairment expenses are presented as a separate item in the profit or loss statement.

- FVTPL : Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented net under other income/expenses in the period in which they arise.

Equity tools

Subsequently, the Company measures all investments in equity instruments at fair value. And when the company's management chooses to present fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposing of the investment. Dividends from these investments shall continue to be recognized in the profit or loss statement as other income when the company's right to receive such distributions is established.

Changes in the fair value of financial assets at fair value through profits or losses are recognized in the other income / expenses item in the profit or loss statement, as the case may be. Impairment losses (and the reversal of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

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Impairment

a. Financial asset

1) Non-derivative financial assets

Financial instruments and contract assets

The company recognizes loss allowances for ECLs for:

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

The company measures loss allowances at an amount equal to the ECLs over the life of the financial asset, except for the following, which are measured at an amount equal to ECLs for 12 months:

- 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 of the 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.

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Measurement of ECLs

It is 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 and 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 entirety or a portion of it. 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.

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31-8 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.

31-9 Provisions

The provision is recognized when the company has a current obligation (legal or constructive) as a result of past events and it is likely that the settlement of that obligation will result in an outflow from the company in the form of resources that include economic benefits. The estimated costs to meet these obligations are likely to occur and it is possible to estimate the value of the obligation in a reliable manner. The value recognized as a provision represents the best available estimate of the consideration required to settle the present obligation at the date of the independent financial statements, if the risks and uncertainties surrounding that obligation are taken into account. When a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount of the provision represents the present value of those flows. If the cash flows are discounted, the book value of the provision increases in each period to reflect the time value of money resulting from the period's lapse. This increase in the provision is recognized within the financing expenses in the separate profit or loss statement.

31-10 Revenue

Revenue is recognized at the fair value of the consideration received or due to the company, after excluding any discounts.

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.

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ii. Profits (losses) on sale of investments

Gains and losses arising from the sale of financial investments are recognized in the separate statement of profits or losses 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 over a period of time according to contracts concluded with subsidiaries and sister companies according to the accrual principle in the separate profit or loss statement, to the extent that the company is considered to have performed the services in accordance to the contracts. Revenue, total flow of economic benefit entering the company, and the rate of completion of transactions can be measured accurately.

iv. Interest income

Credit interest is recognized in the separate profit or loss statement based on the accrual basis on a time proportion basis, taking into consideration principle amount outstanding and the effective interest rate applied for the period until the maturity date.

31-11 Expenses

i. Cost of borrowing

Loans are recognized first at fair value less the cost of obtaining loans and later at amortized cost. The separate profit or loss statement is charged with the difference between the proceeds less the cost of obtaining the loan and the value that will be met over the loan period using the effective interest rate method. Loans are classified as short-term unless the company has unconditional rights to postpone the settlement of obligations at least 12 months after the date of the independent financial statements. Borrowing costs include currency differences arising from foreign currency borrowing to the extent that these differences are an adjustment to the interest cost. Those profits or losses that are considered an adjustment to interest cost include interest rate differences between the cost of borrowing in the functional currency and borrowing in the foreign currency.

A specific borrowing may be invested temporarily until it is spent on assets eligible for capitalization. In such a case, the income earned from the temporary investment of that borrowing is deducted from the borrowing costs within the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the separate statement of profit or loss in the period in which they are invested. incurred therein.

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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 law. Under this law, the employees and the employer contribute into the system on a fixed percentage of salaries basis. The company's liability is confined to the amount of its contribution. Contributions are charged to the income statement according to the accrual basis.

31-12 Basic 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.

31-13 Legal reserve

In accordance with the requirements of companies' law and the company's bylaws, 5% of the net profit is set aside to form a legal reserve not available for distribution of individuals. 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.

31-14 Employees' share in profit

According to its bylaws the company pays a minimum percentage of 10% from cash dividends as employees share in profit on condition not to exceed total annual employee's salaries. Employees' share in profit is recognized as dividends within changes in equity statement and as a liability during the financial year whereas the company's shareholders approved these dividends. Since the distributions of profits is an inherent right of the company's shareholders, the obligation towards the employees is not recognized in the profits whose distribution is announced until the date of the independent financial statements.

31-15 Statement of cash flows

The standalone statement of cash flows is prepared using the indirect method.

31-16 Sources of deriving fair value

The application of the above accounting policies requires management to use estimates and assumptions to determine the carrying amount of assets and liabilities that cannot be reliably measured from other sources.

The fair value of the financial instruments traded in the active market depends on the declared market prices for those instruments on the date of the independent financial statements. While the fair value of financial instruments that have not been traded in an active market is determined by using valuation methods that use appropriate inputs and assumptions based on market conditions at the date of the independent financial statements, with adjustment whenever necessary in accordance with the events and circumstances surrounding the company and its transactions with third parties.

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32- Currency differences charged to the statement of comprehensive income

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

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

The company's management decided to apply accounting treatment No. (2), as the currency differences charged to the statement of comprehensive income amounted to USD 844 849 on October 31, 2023.

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33- Subsequent events

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

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

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

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33- New Editions and Amendments to Egyptian Accounting Standards:

- On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets and their depreciation" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<p>1- These standards were reissued in 2023, allowing the use of revaluation model upon subsequent measurement of fixed assets and intangible assets.</p> <p>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	<p>The impact is not significant on the independent financial statements.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023, retrospectively</u>, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company</p>

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

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

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

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

Al Arafa for Investment and Consultancies

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

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

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