Translated from Arabic

Al Arafa for Investment and Consultancies

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

Consolidated interim financial statements for the

Financial period ended April 30, 2023

And it's Limited Review Report

Translated from Arabic

Al Arafa for Investment and Consultancies
(An Egyptian Joint stock company – Under Public Free Zone)
Consolidated interim financial statements for the Financial period ended April 30, 2023
And it's Limited Review Report

Contents	**Page**

KPMG

Hazem Hassan
Public Accountants & Consultants

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

Telephone : (203) 485 32 51 / 485 32 52
Telefax : (203) 485 32 50

Translated from Arabic

Limited Review Report

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

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Al Arafa for Investment and Consultancies (An Egyptian Joint company – Under Public Free Zone) as of April 30, 2023 and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410), "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of 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 interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of April 30, 2023 and of its financial performance and its cash flows for the three-month period then ended in accordance with Egyptian Accounting Standards.

Ehab Mohamed Fouad Abo El Magd

KPMG **Hazem Hassan**
Public Accountants and Consultants

Alexandria June 25, 2023

KPMG Hazem Hassan
Public Accountants and consultants

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Under Public Free Zone)
Consolidated Statement of Financial Position as of April 30, 2023

Translated From Arabic

	Note No	30 April 2023 USD	31 January 2023 USD
Assets			
Non-current assets			
Property, plant and equipment	(14)	44 906 523	46 758 187
Projects under construction	(15)	4 720 787	5 332 576
Intangible assets	(19)	38 506 299	38 805 510
Financial Investments at fair value through other comperhensive Income	(16)	3 128 183	1 484 716
Equity-accounted investees	(17)	2 672 580	3 343 030
Right of use assets	(20-1)	14 877 553	17 592 362
Work in progress	(21)	21 250 504	26 494 443
Employee Benefits	(38)	25 300 397	24 797 447
Deferred tax assets	(18)	1 726 820	-
Total non-current assets		**157 089 646**	**164 608 271**
Current assets			
Inventory	(22)	106 990 643	109 446 109
Trade receivables and debtors	(23)	40 372 965	49 945 933
Due from related parties	(35-1)	2 484 722	2 479 273
Cash and cash equivalents	(24)	17 678 953	24 316 398
Total current assets		**167 527 283**	**186 187 713**
Total assets		**324 616 929**	**350 795 984**
Equity and Liabilities			
Equity			
Issued and Paid up capital	(30)	94 050 000	94 050 000
Reserves	(31)	36 023 807	36 023 807
Retained (losses)		(24 088 031)	(28 190 563)
The difference arising from the acquisition and Change in corporate ownership shares	(32)	(28 103 401)	(28 103 401)
Foreign entities translation differences		(50 779 995)	(55 896 824)
Net (loss) / profit for the period / year		(82 302)	11 316 906
Net Equity of the Parent Company		**27 020 078**	**29 199 925**
Non-controlling interests	(33)	**2 424 693**	**2 859 572**
Total Equity		**29 444 771**	**32 059 497**
Liabilities			
Non-Current Liabilities			
Loans	(25)	32 382 191	32 811 760
Notes payables	(20-2)	32 010	79 876
lease liabilities	(20-2)	10 785 019	12 578 555
Employee Benefits Liabilities	(38-2)	22 521 416	21 220 442
Deferred tax liabilities	(18)	-	531 366
Other liabilities	(26)	25 203 292	28 559 828
Total non-current liabilities		**90 923 928**	**95 781 827**
Current Liabilities			
Provisions	(28)	750 632	783 486
Bank credit balances	(24)	133 905 703	141 968 676
Trade and other payables	(27)	56 434 394	63 774 768
Current income tax	(18)	147 353	1 130 666
Other liabilities	(26)	8 763 636	10 934 196
Loan installments and credit facilities due within one year	(25)	4 246 512	4 362 868
Total current liabilities		**204 248 230**	**222 954 660**
Total liabilities		**295 172 158**	**318 736 487**
Total shareholders' equity and liabilities		**324 616 929**	**350 795 984**

- **The notes on pages (7) to (65) are an integral part of these consolidated interim financial statements.**
- **Limited Review Report "Attached "**

Group Financial Manager	Group CFO	Vise-Chairman and Managing Director	Chairperson
Mohamed Mohamed Mohy El-Din	Mohamed Ahmed Morsi	Dr / Alaa Ahmed Abdel-Maqsoud Arafa	Maria Luisa Cicognani

Al Arafa for Investment and Consultancies **Translated From Arabic**

(An Egyptian Joint company – Under Public Free Zone)

Consolidated Statement of Profit or Loss for the financial period ended April 30, 2023

	Note No.	30 April 2023 USD	30 April 2022 USD
Operation Revenues	(4)	53 721 772	57 471 474
Operation Cost	(5)	(31 809 662)	(38 557 348)
Gross profit		**21 912 110**	**18 914 126**
Other income	(6)	222 356	361 102
Selling and Distribution expenses	(7)	(12 070 699)	(9 301 659)
General and Administrative expenses	(8)	(5 084 777)	(6 284 978)
reversal of \ Impairment (losses) in financial assets	(9)	512 913	(267 852)
Other expenses	(10)	(980 728)	(200 946)
Profit from operating activities		**4 511 175**	**3 219 793**
Share of the group in associate companies activities outcomes	(11)	389 306	229 842
Finance Income	(12)	371 862	845 100
Finance expenses	(13)	(5 211 123)	(9 845 236)
Net profit / (loss) for the period before tax		**61 220**	**(5 550 501)**
Income tax expense	(18)	(163 568)	128 749
Net (loss) for the period		**(102 348)**	**(5 421 752)**
Distributed as follows :			
Share of holding company's shareholders		(82 302)	(5 557 557)
Share of non-controlling interest		(20 046)	135 805
Net (loss) for the period after tax		**(102 348)**	**(5 421 752)**
Basic and diluted Earnings per share (USD)/ (share)	(41)	**(0.0002)**	**(0.012)**

▪ **The notes on pages (7) to (65) are an integral part of these consolidated interim financial statements.**

Consolidated Comprehensive Income Statement for the financial period ended April 30, 2023

	Note No.	30 April 2023 USD	30 April 2022 USD
Net (loss) for the period		**(102 348)**	**(5 421 752)**
Other comprehensive income items			
Items that will not be reclassified to Profit or loss:			
Share of the holding company in the comprehensive income of sister companies		(1 059 759)	-
Application of Egyptian Accounting Standard No. 13 Impact of Foriegn Exchange Rate Change	(40)	(6 154 615)	-
Impact of deffered Tax		1 602 611	-
		(5 714 111)	**(5 421 752)**
Items that or may be reclassified subsequently to profit or loss:			
Foreign entities translation differences		5 116 829	2 337 826
Total comprehensive income for the period		**(597 282)**	**(3 083 926)**
Deduct			
Transferred to retained earnings / (losses)		5 611 763	**-**
		5 014 481	**(3 083 926)**
Distributed as follows :			
Share of holding company's shareholders		5 034 528	(3 219 731)
Share of non-controlling interest		(20 047)	135 805
		5 014 481	**(3 083 926)**

- **The notes on pages (7) to (65) are an integral part of these consolidated interim financial statements.**

Consolidated Statement of Changes in Equity for the financial period ended April 30, 2023

	Issued and Paid up Capital USD	Reserves USD	Retained earnings / losses USD	The difference resulting from the acquisition and change in ownership interests of subsidiary companies USD	Foreign entities translation differences USD	Net (loss) / Profit for the period USD	Total Equity of the holding company USD	Non controlling interest USD	Total USD
Balance as of February 1, 2022	**94 050 000**	**36 023 807**	**12 321 070**	**(28 103 401)**	**(47 878 509)**	**(5 474 981)**	**60 937 986**	**3 783 793**	**64 721 779**
Transactions with company's shareholders									
Closing Net (loss) for the financial year ended January 31,2022 in retained earnings	-	-	(5 474 981)	-	-	5 474 981	-	-	-
Non-controlling interest share	-	-	-	-	-	-	-	(404 612)	(404 612)
Total Transactions with company's shareholders	**-**	**-**	**(5 474 981)**	**-**	**-**	**5 474 981**	**-**	**(404 612)**	**(404 612)**
Comprehensive income:									
Net loss for the financial period ended April 30,2022	-	-	-	-	-	(5 557 557)	(5 557 557)	-	**(5 557 557)**
Other comprehensive income items	-	-	-	-	2 337 826	-	2 337 826	-	**2 337 826**
Non-controlling interests share	-	-	-	-	-	-	-	135 805	**135 805**
Total comprehensive income	**-**	**-**	**-**	**-**	**2 337 826**	**(5 557 557)**	**(3 219 731)**	**135 805**	**(3 083 926)**
Balance as of April 30, 2022	**94 050 000**	**36 023 807**	**6 846 089**	**(28 103 401)**	**(45 540 683)**	**(5 557 557)**	**57 718 255**	**3 514 986**	**61 233 241**
Balance as of February 1, 2023	**94 050 000**	**36 023 807**	**(28 190 563)**	**(28 103 401)**	**(55 896 824)**	**11 316 906**	**29 199 925**	**2 859 572**	**32 059 497**
Transactions with company's shareholders									
Closing Net profit for the financial year ended January 31,2022 in retained earnings	-	-	11 316 906	-	-	(11 316 906)	-	-	-
Total Transactions with company's shareholders	**-**	**-**	**11 316 906**	**-**	**-**	**(11 316 906)**	**-**	**-**	**-**
Comprehensive income:									
Net loss for the financial period ended April 30,2023	-	-	-	-	-	(82 302)	(82 302)	-	**(82 302)**
Other comprehensive income items	-	-	-	-	5 116 829	-	5 116 829	-	**5 116 829**
Foreign currencies translation differences	-	-	(7 214 374)	-	-	-	(7 214 374)	-	**(7 214 374)**
Non-controlling interests share	-	-	-	-	-	-	-	(434 879)	**(434 879)**
Total comprehensive income	-	-	**(7 214 374)**	-	**5 116 829**	**(82 302)**	**(2 179 847)**	**(434 879)**	**(2 614 726)**
Balance as of April 30, 2023	**94 050 000**	**36 023 807**	**(24 088 031)**	**(28 103 401)**	**(50 779 995)**	**(82 302)**	**27 020 078**	**2 424 693**	**29 444 771**

▪ **The notes on pages (7) to (65) are an integral part of these consolidated interim financial statements.**

Consolidated Statement of Cash flows for the financial period ended April 30, 2023

	Note No.	30 April 2023 USD	30 April 2022 USD
Cash flows from operating activities			
Net Profit/(loss) for the period before tax		61 220	(5 557 557)
Adjustments for the followings :			
Property, plant and equipment depreciation	(14)	1 242 552	1 230 246
Right of use amortization	(20)	1 373 889	1 664 204
Capital (gain) from sale of Property, plant and equipment	(6)	(8 125)	(26 440)
Interest and finance lease expenses	(13)	632 087	2 663 935
Interest and finance expenses	(13)	4 579 036	(845 100)
Credit Interest	(12)	(330 047)	431 275
Amortization of Intangible Assets - Trademarks	(20)	803 302	794 574
The Group's share of the results of the business of associate companies	(11)	(389 306)	(229 842)
Expected Credit Loss in trade receivables	(9)	(512 913)	--
Net Interest Cost and Current Service of the Employee Benefits System	(38),(12)	(41 915)	--
Reverse of impairment of inventory	(5)	497 399	6 750 026
Profit of financial investments at fair value		--	267 852
		7 907 279	**7 143 173**
Change in:			
Inventory	(22)	1 958 067	4 772 241
Work in progress		5 855 728	915 221
Debtors and other debit balances		10 085 881	3 205 136
Due from related parties		(5 449)	(598 635)
Creditors and other credit balances		(5 234 136)	(9 314 483)
Due to related parties		--	(168 573)
Provisions	(28)	(32 854)	(67 430)
cash provided from operating activities		**20 534 516**	**5 886 650**
Rentals paid		(668 737)	(1 024 997)
Interest and finance expense paid		(4 579 036)	(2 663 935)
Net cash flows provided from operating activities		**15 286 743**	**2 197 718**
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment and projects under construction		(120 298)	(650 762)
Proceeds from sale of property, plant and equipment		16 250	100 732
Payments for the purchase of intangible assets	(19)	(210 060)	--
Payments to aquire financial investments at fair value through profit and loss		(1 643 467)	(804 824)
proceed from credit interest		371 862	845 100
Net cash flows (used in) received investing activities		**(1 585 713)**	**(509 754)**
Cash flows from financing activities			
Change in Notes payable		(47 866)	125 801
change in banks-credit facilities and Loans		(8 608 898)	(14 683 903)
change in other long-term liabilities		(5 527 096)	(3 185 302)
Employee Benefits Payments	(38)	--	(397 341)
Net cash flows (used in) financing activities		**(14 183 860)**	**(18 140 745)**
Net change in cash and cash equivalents during the period		(482 830)	(16 452 781)
Impact of the change in foreign currencies on cash and cash equivalents		(6 154 615)	--
Cash and cash equivalents at the beginning of the period		24 316 398	64 567 774
Cash and cash equivalents at the end of the period	**(24)**	**17 678 953**	**48 114 993**

- **The notes on pages (7) to (65) are an integral part of these consolidated interim financial statements.**

1- Background and activities

1-1 Legal entity

- Al Arafa for Investment and consultancies Company – An Egyptian Joint Stock Company (Swiss garments company -previous) – was established in accordance with the provisions of the safeguards law and investment incentives No. (8) for the year (1997), with the free zones system.

- The Board of Directors of Swiss Garments Company (S.A.E.) – Free Zone (subsidiary company) proposed in its meeting held on June 18, 2005, to separate the Company into two Joint Stock Companies (main Company and Spin-off Company) operating according to the Free Zones System with the same shareholders and the same participation percentage in the issued capital companies as at of separation date. The Board also proposed using the book value of the assets and liabilities, as of June 30, 2005, as a basis for the separation. As the purpose of the 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 Zones 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 the investment gazette on January 16, 2006.

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

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

- The company's duration is 25 years, Starting from the date of this amendment registration to the commercial register.

- The Company's head office is located in: Nasr city - free zone, Cairo, Arab Republic of Egypt.

- The Company's Chairperson is Maria Luisa Cicognani.

- The Company's Vice Chairman and Managing Director is Dr / Alaa Ahmed Abdel-Maksoud Arafa.

1-2 Company's purpose

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

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

1-3 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

1-4 Merger of both Al Arafa for Investment and Consultancies Company (S. A. E.) under the General Free Zone System (merging company) and Al Arafa for Investment in Garments industry Company (merged company), Al Arafa for Investment in Spinning and Textile Industry Company (merged company), and Al Arafa for Investments in Garments Marketing and Retail Company (merged company)

- The decision of the formed committee was issued by the General Authority for Investment and Free Zones, approved on the first of July 2019 to enquire the initial assessment of the assets and liabilities of the following companies for the purpose of merging with the Al Arafa for Investment and Consultancies Company (S. A. E.) merging company with both Al Arafa for Investment in Spinning and Textile Industry Company (S. A. E.) (free zone), and Al Arafa for Investment in Garments industry Company (S. A. E.) (free zone) and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) in book values according to the financial statements of the merging company and the merged companies on October 31, 2018. Mainly taken as a basis for the merger. And establishing the net equity of Al Arafa for Investment and Consultancies Company (merging company) on October 31, 2018 amounting to USD 146 935 721 (one hundred forty six million nine hundred thirty five thousand seven hundred and twenty one USD) and the net non-controlling interest in the Al Arafa for Investment in Garments industry Company (merged company) deficit of USD 31 971 885 (thirty one million nine hundred seventy one thousand eight hundred eighty five USD) and the Al Arafa for Investment in Spinning and Textile Industry Company (merged company) amounting to USD 16 753 (sixteen thousand seven hundred and fifty three USD) after excluding the value of the investments of Al Arafa for Investment and Consultancies Company (the merging company) in Al Arafa for Investment in Spinning and Textile Industry Company (merged company) amounting to USD 2 077 340 (two million and seventy seven thousand and three hundred and forty USD), and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (merged company) deficit of USD 3 896 892 (three million eight hundred ninety six thousand eight hundred and ninety two USD).

According to the decision of the extraordinary general assembly of the company on August 4, 2019, it was agreed to specify the authorized capital of the merging company amounted to USD 150 million (one hundred and fifty million USD) and the issued and paid-up capital of the company amounted to USD 94 050 000 (ninety four million fifty thousand USD) distributed over the amounting 470 250 000 shares (four hundred seventy million two hundred and fifty thousand shares) each share value is 20 US cents. It is represented by the total equity in the merging company, Al Arafa for Investment and Consultancies Company and the equity of non-controlling interest in the merged companies according to the report of the committee formed by the General Authority for Investment and Free Zones and according to the decision of the Executive chairman of the General Authority for Investment and Free Zones No. 85 of 2019 regarding licensing the merger of each of the Al Arafa for Investment in Spinning and Textile Industry Company (S. A. E.), and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) and Al Arafa for Investment in Garments industry Company (S. A. E.) in Al Arafa for Investment and Consultancies Company (S. A. E.) merging company in the public free zones system in Nasr City, and this was registered in the company's commercial registry on December 10, 2019.

1-5 Subsidiary Companies

The following is a statement of the percentage of investments in the subsidiaries of Al Arafa for Investment and Consultancies Company, which have been included in the consolidated interim financial statements:

			Direct and Indirect contribution Percentage	
Subsidiary's Name	**Company's purpose**	**Country**	**April 30, 2023**	**January 31, 2023**
• Concrete Garments Company	Garments	Egypt	91.64 %	91.64 %
• Swiss Cotton Garments Company	Garments	Egypt	99.20 %	99.20 %
• Egypt Tailoring Garments Company	Garments	Egypt	99.40 %	99.40 %
• Crystal for Making shirts *	Garments	Egypt	99.50 %	99.50 %
• Fashion Industry garments company	Garments	Egypt	89.80 %	89.80 %
• Egypt Portugal Marketing Company	Marketing and trading	Egypt	59 %	59 %
• EP Garments Company	Garments	Portugal	60 %	60 %
• Euromed for trading and marketing Company	Marketing and trading	Egypt	97.21 %	97.21%
• White Head Spinning Company	Garments	Egypt	52.32 %	44.10 %
• Port Said Garments Company	Garments	Egypt	97.17 %	97.17 %
• Swiss Garments Company	Garments	Egypt	99.20 %	99.20 %
• Baird Group*	Marketing and trading	England	98.15 %	98.15 %
• AI Arafa for real estate investment	Real estate investment	Egypt	99.2 %	99.2 %
• FC trading company**	Trading	U.A.E	100 %	100 %
• Savini Garments Company	Garments	Egypt	99.2 %	99.2 %

* **Baird Group**

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

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

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

** **FC Trading Company**

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

1-6 Investment in Associate through equity method:

		contribution Percentage	
Company's Name	**Country**	**April 30, 2023**	**January 31, 2023**
Goldentex-direct contribution	Egypt	48.59 %	48.59 %

2- Basis of preparation of the consolidated interim financial statements

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

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

The consolidated interim financial statements were approved for issuance by the company board of director on June 25, 2023.

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

2-1 Statement of compliance

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

2-2 Presentation currency

The consolidated interim financial statements are presented in the USD.

2-3 Use of estimates and judgments

The preparation of the consolidated interim financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the implementation of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

i. 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:

- Notes No. (39-16) Revenue Recognition: the revenue is recognized according to the detailed accounting policies applied.

- Notes No. (39-1) investment in associates through owners' equity: if the group has significant influence in the investee companies.

- Notes No. (39-9) Lease contract classification

ii. Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties at April 30, 2023 that might have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Notes No. (39-15) Recognition and measurement of provisions and contingent liabilities: Key assumptions about the likelihood and magnitude of an outflow of resources.

Notes No. (39-6) ECL measurement for cash on banks, Account Receivables, Notes Receivables and other current assets.

iii. Use of estimates and assumptions

The Group makes estimates and assumptions regarding the future, and the resulting accounting estimates are rarely equal to the relevant actual results, and the following are the estimates and assumptions that are subject to material risks that may lead to a significant adjustment in the book values of assets and liabilities during the subsequent financial period.

Impairment of non-financial assets

The Company evaluates the asset at the date of the financial reporting, if there is an indication that the asset value has decreased. If any indication is found, the Company evaluates the net realizable value of the asset, the realizable value of the asset is the asset fair value less cost of sale or its value is use which is higher. When evaluating the used value, the estimated future cash flows of the asset are discounted to its present value using a discount rate reflects current market valuation of the time value of money and the risks specific to the asset. When determining the fair value deducted by the costs of sale, recent market transactions are considered.

If the realizable value of the asset is estimated to be less than its carrying amount, the asset carrying amount is reduced to its collectable amount, the impairment loss is recognized directly in the statement of profit or loss.

If the impairment loss is subsequently reversed, the asset carrying amount is increased to the adjusted value of the collectable amount, but only to the extent the carrying amount do not exceed the carrying amount that could have been determined in the absence of an impairment loss of the carrying amount of the asset in previous years, The reversed impairment loss is recognized directly in the consolidated statement of profit or loss.

Expected credit losses for commercial customers

The Group uses provision record to calculate expected credit losses for commercial customers, the provision rates are based on the customer Company's delay days.

The provision record is initially based on the observed historical Group default rates, the Group calculates the matrix accurately to adjust the historical credit loss experiment with forward-looking information. For example, if the expected economic conditions (i.e. GDP and the overall inflation rate) are expected to deteriorate over the next year, which may increase the number of defaults in the industrial sector, the historical default rates are adjusted. At each reporting date, the historical default rates are updated and observed and changes in future-oriented estimates are analyzed.

The assessment of the relationship between the historical default rates that are observed, the expected economic conditions and the expected credit losses is a significant estimate. The experiment of the historical credit loss and expectations of the Group's economic conditions may not represent the actual default of the customer's payment in the future.

Provisions

Provisions are recognized when the Company has legal or constructive obligation from past event, and settlement of obligations is probable, and its value can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation, when the provision is measured using the estimated cash flows to settle the current obligation, its carrying amount is the present value of those cash flows.

In case of expectation of recovery of some or all economic benefits required to settle any of the provisions from third party, the amount due is recognized as an asset if it is certain to be recovered and can be measured in a reliable manner.

Useful life of property, plant and equipment and intangible assets

The Company's management determines the estimated useful life of the property, plant and equipment for the purpose of calculating depreciation, which is calculated after consideration of the expected use of the asset or actual useful life. The department regularly reviews estimated remaining life at least annually and the method of depreciation to ensure that the method and depreciation amount are agreed with the expected pattern of economic benefits of assets.

Lease contracts – estimation of the incremental borrowing rate

The Company cannot easily determine the implied interest rate in the lease contract, and therefore uses the incremental borrowing rate to measure the lease obligations. The incremental borrowing rate is the interest rate that the Company must pay to assume the necessary financing over a similar period and with a similar guarantee to obtain an asset with the same value as the "right of use" in a similar economic environment. Therefore, the incremental borrowing rate reflects what the Company "must pay", which requires an estimation when there are no declared rates or when it needs to be modified to reflect the terms and conditions of the lease contract.

Allowance for slow moving and obsolete inventories

Inventory is stated at the lower of cost or net realizable value. When inventory becomes old or obsolete, an estimate is made of net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of age or obsolescence of the inventory.

Estimating the net realizable value of the work in progress

Plots of land held for development and properties classified as work-in-progress are stated at cost or net realizable value, whichever is lower. Net realizable value is evaluated with reference to selling prices, costs of completion, advance payments received, development plans and market conditions existing at the end of the financial year. For some properties, net present value is determined by the Group based on appropriate external indicators and considering recent market transactions, when applicable. Available on appropriate external indicators and considering recent market transactions, when available.

Net realizable value in respect of work-in-progress is assessed with reference to market prices at the reporting date for similar completed properties, net of the estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money, if material.

Retirement benefits plan

The cost of defined benefit plan and the present value of the assets and liabilities by Baird group (one of the group subsidiaries) are determined using actuarial valuations. The actuarial valuations involve making various assumptions that may differ from actual development in the future, includes determining the discount rates, salary increases, mortality rates and employee turnover, because the complexities involved in valuation and its long-term nature, the defined benefits asset and liability is highly sensitive to change in these assumptions.

All assumptions are reviewed in the history of each financial position.

The factor that most subjected to change is the discount rate, while determining the appropriate discount rate, the management takes into consideration the high quality market return on (Company / governmental) bonds the mortality rate depends on the morality tables available in the country these morality tables change at internals in response to demographics change future salaries increase depend on the expected future inflation rates.

IV Fair value measurement

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

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

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

3- Segment reporting

3-1 Operating results of the business activities of the group companies for the financial period ended April 30, 2023

	Garments manufacturing segment	Retail segment	Real estate Investment	Investments	Eliminations	Total after Eliminations
	USD	USD	USD	USD	USD	USD
Operating revenue	33 466 060	24 996 794	3 963	-	-	58 466 817
Sales between companies for the same segment	(104 514)	(107 794)	-	-	(212 308)	-
Net operating revenue	**33 361 546**	**24 889 000**	**3 963**	-	**(4 532 737)**	**53 721 772**
Revenue from external clients	28 778 778	24 889 000	3 963	-	-	**53 671 741**
Intercompany group sales	4 582 768	-	-	-	(4 532 737)	**50 031**
Total	**33 361 546**	**24 889 000**	**3 963**	**-**	**(4 532 737)**	**53 721 772**
Cost of operation	(23 875 043)	(12 522 657)	(2 909)	-	4 590 947	**(31 809 662)**
Gross profit	**9 486 503**	**12 366 343**	**1 054**	**-**	**58 210**	**21 912 110**
Other revenues	607 906	34 124	-	89 710	3 529	**735 269**
Selling and distribution expenses	(977 239)	(11 111 079)	-	-	17 619	**(12 070 699)**
General and administrative expenses	(1 093 620)	(3 425 976)	(2 650)	(591 139)	28 608	**(5 084 777)**
Other expenses	(810 900)	(549 415)	(2 409)	(382 665)	764 661	**(980 728)**
Operating profit /(Loss)	**7 212 650**	**(2 686 003)**	**(4 005)**	**(884 094)**	**872 627**	**4 511 175**
Share of the group in the associates activities outcomes	-	-	-	389 306	-	**389 306**
Finance revenues / (expenses) (net)	(3 333 614)	(935 972)	14	(441 819)	(127 870)	**(4 839 261)**
Net (loss)/ Profit for the period before tax	**3 879 036**	**(3 621 975)**	**(3 991)**	**(936 607)**	**744 757**	**61 220**
Income tax	(73 665)	(73 688)	-	-	-	**(147 353)**
Deferred tax	(15 310)	(905)	-	-	-	**(16 215)**
Net (loss) / profit for the period after tax	**3 790 061**	**(3 696 568)**	**(3 991)**	**(936 607)**	**744 757**	**(102 348)**
Distributed as follows:						
Share of holding company's shareholders	3 760 026	(3 646 518)	(3 960)	(936 607)	744 757	**(82 302)**
Share of Non – controlling interest	30 035	(50 050)	(31)	-	-	**(20 046)**
Net (loss) / profit for the period after tax	**3 790 061**	**(3 696 568)**	**(3 991)**	**(936 607)**	**744 757**	**(102 348)**

3- Segment reporting

3-2 Operating results of the business activities of the group companies for the financial period ended April 30, 2022

	Garments manufacturing segment USD	Retail segment USD	Real estate Investment USD	Investments USD	Eliminations USD	Total after Eliminations USD
Operating revenue	58 931 757	31 119 740	4 756	--	--	**90 056 253**
Sales between companies for the same segment	(29 157 030)	(138 549)	--	--	(29 295 579)	--
Net operating revenue	**29 774 727**	**30 981 191**	**4 756**	**--**	**(3 289 200)**	**57 471 474**
Revenue from external clients	26 495 347	30 976 407	4 756	--	(5 036)	57 471 474
Intercompany group sales	3 279 380	4 784	--	--	(3 284 164)	--
Total	**29 774 727**	**30 981 191**	**4 756**	**--**	**(3 289 200)**	**57 471 474**
Cost of operation	(24 145 251)	(17 710 096)	(5 533)	--	3 303 532	(38 557 348)
Gross profit / (loss)	**5 629 476**	**13 271 095**	**(777)**	**--**	**14 332**	**18 914 126**
Other revenues	501 389	51 950	--	85 620	(277 857)	361 102
Selling and distribution expenses	(1 376 449)	(8 038 040)	--	-	112 830	**(9 301 659)**
General and administrative expenses	(1 477 829)	(3 853 505)	(12 310)	(1 128 674)	187 340	**(6 284 978)**
Other expenses	(312 413)	(269 304)	--	(503 772)	616 691	**(468 798)**
Operating profit / (loss)	**2 964 174**	**1 162 196**	**(13 087)**	**(1 546 826)**	**653 336**	**3 219 793**
Share of the group in the associates activities outcomes	--	--	--	229 842	--	229 842
Finance revenues / (expenses) (net)	(467 193)	(306 866)	(1 502)	(8 196 123)	(28 452)	(9 000 136)
Net (loss) / profit for the period before tax	**2 496 981**	**855 330**	**(14 589)**	**(9 513 107)**	**624 884**	**(5 550 501)**
Income tax	(6 024)	(75 187)	-	--	--	(81 211)
Deferred tax	8 445	17 248	184 267	--	--	209 960
Net loss for the period after tax	**2 499 402**	**797 391**	**169 678**	**(9 513 107)**	**624 884**	**(5 421 752)**
Distributed as follows:						
Share of holding company's shareholders	2 461 306	701 039	168 321	(9 513 107)	624 884	(5 557 557)
Share of Non – controlling interest	38 096	96 352	1 357	--	--	135 805
Net (loss) / profit for the period after tax	**2 499 402**	**797 391**	**169 678**	**(9 513 107)**	**624 884**	**(5 421 752)**

4- Revenues

	Note No.	Financial period ended April 30, 2023 USD	April 30, 2022 USD
Tailoring Sales		28 778 777	26 495 067
Retail sales		24 938 264	30 976 407
Other Revenues		4 731	--
		53 721 772	**57 471 474**

5- Cost of sales

	Note No.	April 30, 2023 USD	April 30, 2022 USD
Raw material and supplies		19 646 057	20 667 777
Goods held for sale		7 107 062	12 246 206
Packing materials		746 997	659 166
Industrial wages		2 625 350	5 096 242
Property, plant and equipment depreciation	(14)	584 985	670 225
Industrial expenses		2 350 801	2 171 065
		33 061 252	**41 510 681**
Less/Add:			
Export subsidy revenues		(2 637 918)	(1 968 431)
Change in Finished goods and Work in process		1 386 328	(984 902)
		31 809 662	**38 557 348**

6- Other revenues

	Note No.	April 30, 2023 USD	April 30, 2022 USD
Rental Revenue		70 400	63 772
Capital gains		8 125	26 440
Discounts		5 269	105 998
Other		138 562	164 892
		222 356	**361 102**

7- Selling and Distribution expenses

	Note No.	Financial period ended April 30, 2023 USD	April 30, 2022 USD
Wages and salaries		4 181 341	3 341 932
Sales commissions		1 049 169	1 266 205
Advertising		1 422 633	985 580
Export expenses		549 133	1 041 829
Amortization of right of use assets	(20)	1 307 646	1 614 367
Property, plant and equipment depreciation	(14)	242 371	253 313
Others		3 318 406	798 433
		12 070 699	**9 301 659**

8- General and Administrative expenses

Wages and salaries		2 127 308	2 918 083
Property, plant and equipment depreciation	(14)	415 196	306 708
Amortization of right of use assets	(20)	66 243	49 837
Others		2 476 030	3 010 350
		5 084 777	**6 284 978**

9- Impairment losses in financial assets

(Reversal of) / Expected credit losses on Trade receivables	(23)	(512 913)	267 852
		(512 913)	**267 852**

10- Other expenses

	Note No.	Financial period ended April 30, 2023 USD	April 30, 2022 USD
Formed Provisions	(28)	57 144	10 800
GAFI fees		276 221	108 928
Others		647 363	81 218
		980 728	**200 946**

11- Company's Share in results of associate companies' business

Company's Share in results of golden tex company's business		389 306	229 842
		389 306	**229 842**

12- Finance income

Credit interest		371 862	845 100
Total of finance income generated from financial assets		**371 862**	**845 100**

13- Finance Expenses

Interest expense, bank commission and expenses		4 579 036	2 663 935
Interest of lease contracts		632 087	431 275
Foreign currencies translation differences		--	6 750 026
Finance Expenses		**5 211 123**	**9 845 236**

14- Property, plant and equipment

	Land USD	Buildings and Constructions USD	Machinery and equipment USD	Vehicles USD	Tools and Supplies USD	Furniture and Office Equipment USD	Improvements in leasehold USD	Total USD
Cost as of February 1, 2023	**7 115 742**	**56 745 842**	**48 799 845**	**1 071 582**	**1 087 134**	**42 316 200**	**1 349 128**	**158 485 473**
Additions during the period	-	14 274	37 999	713	-	67 312	-	**120 298**
Disposals during the period	-	-	(112 515)	-	-	-	-	**(112 515)**
Foreign currency translation differences	(355 426)	(378 703)	(304 056)	(29 073)	(26 830)	(32 770)	(771 681)	**(1 898 539)**
Cost as of April 30, 2023	**6 760 316**	**56 381 413**	**48 421 273**	**1 043 222**	**1 060 304**	**42 350 742**	**577 447**	**156 594 717**
Accumulated depreciation as of February 1, 2023	**-**	**25 705 843**	**43 225 495**	**720 321**	**670 814**	**40 182 480**	**1 222 333**	**111 727 286**
Depreciation for the period	-	194 591	564 002	24 726	7 826	360 471	90 936	**1 242 552**
Accumulated depreciation of disposals	-	-	(104 390)	-	-	-	-	**(104 390)**
Foreign currency translation differences	-	(120 559)	(119 342)	(20 900)	(24 464)	(73 217)	(818 772)	**(1 177 254)**
Accumulated depreciation as of April 30, 2023	**-**	**25 779 875**	**43 565 765**	**724 147**	**654 176**	**40 469 734**	**494 497**	**111 688 194**
Net Book value as of April 30,2023	**6 760 316**	**30 601 538**	**4 855 508**	**319 075**	**406 128**	**1 881 008**	**82 950**	**44 906 523**
Fully depreciated assets and still working	**-**	**2 777 111**	**25 663 547**	**415 066**	**393 904**	**5 672 152**	**5 187 348**	**40 109 128**
Cost as of February 1, 2022	**6 676 102**	**57 423 447**	**49 001 831**	**1 137 971**	**1 089 908**	**41 521 157**	**3 426 437**	**160 276 853**
Additions during the period	-	39 291	186 650	25 164	8 185	815 092	101 577	**1 175 959**
Disposals during the period	-	-	(275 595)	(46 148)	-	(7 378)	-	**(329 121)**
Foreign currency translation differences	(324 931)	(421 307)	(619 105)	(24 256)	(31 994)	(745 734)	(1 006 359)	**(3 173 686)**
Cost as of April 30, 2022	**6 351 171**	**57 041 431**	**48 293 781**	**1 092 731**	**1 066 099**	**41 583 137**	**2 521 655**	**157 950 005**
Accumulated depreciation as of February 1, 2022	-	**25 498 643**	**42 147 502**	**720 081**	**690 158**	**40 158 077**	**2 963 276**	**112 177 737**
Depreciation for the period	-	213 706	496 184	26 200	8 640	336 744	148 772	**1 230 246**
Accumulated depreciation of disposals	-	-	(201 303)	(46 148)	-	(7 378)	-	**(254 829)**
Foreign currency translation differences	-	(235 330)	(464 569)	(21 320)	(26 778)	(498 216)	(774 652)	**(2 020 865)**
Accumulated depreciation as of April 30, 2022	**-**	**25 477 019**	**41 977 814**	**678 813**	**672 020**	**39 989 227**	**2 337 396**	**111 132 289**
Net Book value as of April 30, 2022	**6 351 171**	**31 564 412**	**6 315 967**	**413 918**	**394 079**	**1 593 910**	**184 259**	**46 817 716**

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

- The cost of two plots of land number (10 ,9) in the west of industrial zone (A1) at 10th ramadan city amounted to L.E 6,4 million with an area of 17 534 square meters, 40 477 square meters to establish housing units form employees .

- The cost of buying a plot of land number (from 6/191 to 6/198) in the medium industries zone - Bayad Al Arab - the new city of Beni Suef (east of the Nile) in Beni Suef, with an area of 152 981.40 square meters purchased from the New Urban Communities Authority new Beni Suef city authority, with a total amount of L.E 10,7 Million equivalent to an amount of USD 1,9 Million and the registration in the real estate registry is in progress.

15- Projects under constructions

	April 30, 2023 USD	January 31, 2023 USD
Building and constructions	4 255 533	4 731 656
Advance payments to purchase plant, property and equipment	580 729	716 395
	4 836 262	**5 448 051**
Less:		
Impairment losses in Projects under constructions	(115 475)	(115 475)
	4 720 787	**5 332 576**

16- Financial Investments at fair value through Other comprehensive income

	April 30, 2023 USD	January 31, 2023 USD
▪ The value of the holding company's contribution to the capital of El Asher Company for Development and Real Estate Investment (SAE) (the contribution percentage is 2.62% of the capital)	554 854	554 854
▪ The value of the holding company's contribution to the capital of the Egyptian Company for Trade and Marketing (SAE) the contribution percentage is 4.036% of the capital)	29 472	29 472
▪ The value of the holding company’s contribution to the capital of the Middle East Company (METCO) (the contribution percentage is 48.95% of the capital)	2 543 467	2 543 467
▪ The cost of investing in funds	3 097 628	1 454 161
▪ Other investments	67 669	67 669
Total Investments	**6 293 090**	**4 649 623**
Less:		
Impairment losses in investments*	(3 164 907)	(3 164 907)
	3 128 183	**1 484 716**

17- Equity - accounted investees (associates companies)

Company's Name investee	Country of Incorporation	Ownership percentage %	April 30, 2023 USD	January 31, 2023 USD
• Golden Tex. Wool	Egypt	48.59 %	2 672 580	3 343 030
			2 672 580	**3 343 030**

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

	April 30, 2023 Equivalent to USD	January 31, 2023 Equivalent to USD
Total Assets	26 076 687	29 012 290
Total Liabilities	(24 597 132)	(25 398 228)
Net Assets	**1 479 555**	**3 614 062**
Total Revenues	4 959 954	18 895 662
Total operating cost	(4 158 748)	(13 607 023)
Net Profit after tax	**2 280 761**	**8 902 701**

	April 30, 2023 USD	January 31, 2023 USD
Investment Balance at the beginning of the period/year	**3 343 030**	**4 135 081**
The group's share in associate company's profit	389 306	1 085 375
The effect of applying accounting standard (13) on owner's equity	(1 059 756)	(2 100 305)
The cost of buying additional share in the company	--	222 879
Investment Balance at the end of the period/year	**2 672 580**	**3 343 030**

18- Tax

a) Income Tax expense

	April 30, 2023 USD	April 30, 2022 USD
Current income tax expense	147 353	81 211
Deferred tax	16 215	(209 960)
	163 568	**(128 749)**

b) Deferred tax Assets and liabilities

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

	January 31, 2023 Assets / (liabilities) USD	Recognized in the Profit Or Loss Statement USD	Recognized in the other Comprehensive income statement USD	Foreign currency Translation differences USD	April 30, 2023 Assets/ (liabilities) USD
Company's share in comprehensive income of associate company	472 569	--	238 446	--	711 015
Actuarial gains/ losses of retirement benefit	278 614	--	--	--	278 614
Fixed Assets	(3 207 405)	(16 215)	--	671 790	(2 551 830)
Retained tax losses	1 422 024	--	--	--	1 422 024
The effect of applying accounting standard (13)	502 832	--	1 364 165	--	1 866 997
Deferred Tax During the period	**(531 366)**	**(16 215)**	**1 602 611**	**671 790**	**1 726 820**

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

c) Deferred tax assets – not recognized

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

d) Deferred tax liabilities - not recognized

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

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

Second: Regarding the undistributed profits of companies subject to the distribution tax in Egypt, the management of the holding company controls the timing of disbursing these distributions, and the applied policy is to keep all the distributable profits to be reinvested instead of resorting to financing as a result of the high interest rates, which exceeded 17.25%. Thus, there is no possibility of making dividends in the foreseeable future. Accordingly, the group's policy, according to EAS 24 "Income tax", is to recognize the deferred tax related to the profits expected to be distributed within the limits of the distribution tax on the amounts that are planned to be distributed by the holding company in the coming years.

19- Intangible assets

	Trademarks and programs USD	Goodwill USD	Total USD
Cost at February 1, 2023	35 152 812	30 395 674	65 548 486
Additions during the period	210 060	--	210 060
Total cost	**35 362 872**	**30 395 674**	**65 758 546**
Deduct			
Accumulated Amortization	(23 319 032)	--	(23 319 032)
Amortization during the period	(803 302)	--	(803 302)
Foreign entities translation differences	(737 495)	(2 392 418)	(3 129 913)
Net book value at April 30, 2023	**10 503 043**	**28 003 256**	**38 506 299**
Cost at February 1, 2022	34 389 860	30 395 674	64 785 534
Additions during the year	762 952	--	762 952
Total cost	**35 152 812**	**30 395 674**	**65 548 486**
Deduct			
Accumulated Amortization	(20 330 633)	--	(20 330 633)
Amortization during the year	(2 988 399)	--	(2 988 399)
Foreign entities translation differences	(805 913)	(2 618 031)	(3 423 944)
Net book value at January 31, 2023	**11 027 867**	**27 777 643**	**38 805 510**

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

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

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

	April 30, 2023 USD	January 31, 2023 USD
Total lease contracts measured at the present value	**27 852 922**	**27 763 381**
Amortization charged on consolidated statement of profit or loss	(1 373 889)	(6 087 974)
Accumulated depreciation of disposals	--	514 911
Accumulated depreciation	(11 600 876)	(5 521 902)
Translation differences	(604)	953 048
Earned rental discount differences	--	(29 102)
Net lease contracts measured at the present value	**14 877 553**	**17 592 362**

20-2 Lease liabilities

	April 30, 2023 USD	January 31, 2023 USD
Lease liabilities arising from commercial lease contracts	19 279 881	23 503 954
New contracts during the period / year	73 905	4 032 535
Add:		
Differences arising from a change in the present value that charged on consolidated statement of profit or loss	3 252 896	3 252 896
	22 606 682	**30 789 385**
Less:		
Translation differences	(8 275 996)	(5 540 809)
Payment of lease liabilities within the period / year	(668 737)	(5 968 695)
	13 661 949	**19 279 881**
Less:		
Current portion of lease liabilities arising from commercial leasing contracts	(2 059 746)	(5 726 197)
Notes payable (Due installments) during the period / year	(785 174)	(895 253)
Total current lease liabilities	**(2 844 920)**	**(6 621 450)**
Less:		
Non-current portion of lease liabilities presented in the statements of financial position as below:		
Non- Current portion of lease liabilities arising from commercial lease contracts	(10 785 019)	(12 578 555)
Long term notes payable (Due installments)	(32 010)	(79 876)
Total Non-current lease liabilities	**(10 817 029)**	**(12 658 431)**

21- Work in progress – non current

This balance amounted to USD 21 250 504 for a plot of land in the tenth of Ramadan City of an area of about 100 acres of national housing for other activities in accordance with the decision of the New Urban Communities Authority and its licenses are being finalized as well as the engineering and architectural works of the project.

22- Inventory

	April 30, 2023 USD	January 31, 2023 USD
Raw materials	44 467 448	44 696 686
Packing materials	1 116 716	1 186 921
Spare parts	3 110 876	2 966 441
Work in process	8 902 826	9 536 616
Finished goods	50 873 971	52 335 115
Goods in transit	1 012 597	912 471
L/C's to purchase raw materials and supplies	896 769	705 020
	110 381 203	**112 339 270**
Less:		
Write off inventory	(3 390 560)	(2 893 161)
	106 990 643	**109 446 109**

23- Trade receivables and debtors

	April 30, 2023 USD	January 31, 2023 USD
Trade receivables	22 131 790	33 798 256
Notes receivables	333 048	380 623
Trade payables - debit balances	3 634 089	7 060 620
Deposits held with others	580 380	732 444
Tax authority	1 584 494	1 911 505
Prepaid expenses	3 441 192	2 568 108
Accrued revenues	9 725 867	8 844 687
Debtors (sold companies)	--	44 580 084
Other debit balances	4 269 581	6 429 180
	45 700 441	**106 305 507**
Less:		
Expected credit loss of trade receivables and debtors*	(5 327 476)	(56 359 574)
	40 372 965	**49 945 933**

	Balance on February 1, 2023 USD	Used During the period USD	Balance on April 30, 2023 USD
Expected credit loss of trade receivables and debtors	56 359 574	(51 032 098)	5 327 476
	56 359 574	**(51 032 098)**	**5 327 476**

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

24- Cash and cash equivalents

	April 30, 2023 USD	January 31, 2023 USD
Current accounts	8 252 377	8 880 513
Time deposits	8 865 950	14 813 513
Cash on hand	560 626	622 372
	17 678 953	**24 316 398**

- The credit facilities granted from the banks to companies group amounted 133 905 703 USD at April 30, 2023 (against 14 1 968 676 USD at January 31, 2023).

25- Long-term loans and facilities

	End of Payment	Non-current portion USD	Current portion USD	Total USD
▪ **Arafa for Investments and Consultancies**				
Arab African Bank: The remaining value of the medium-term loan amounting to USD 29 971 343 granted to the company by the Arab African International Bank "SAE" to finance the purchase of 38% of the capital of Concrete Company for Ready-made Garments, and the rescheduling of the repayment of this balance has been activated. adult loan USD 13 907 087 as of March 1, 2021 in nine unequal semi-annual installments ending in June 2025	2025	5 601 229	3 000 000	8 601 229
▪ **Swiss Garments Company**				
Commercial International Bank: A medium-term loan amounting to USD 23 919 453 granted to the company to re-transfer part of the company's existing obligations to the bank. The balance of this loan is paid in seventeen unequal semi-annual installments, due on August 30 and February 28 of each year. The first of which is due on August 30, 2024, and ends on August 30, 2032	2032	23 919 453	--	23 919 453
▪ **Egypt Tailoring Garments Company**				
On October 26, 2022, a scheduling contract for a credit facility contract was concluded with Mashreq Bank - Egypt, in order to schedule indebtedness according to the following: - Medium-term financing of 4.3 million Egyptian pounds, to be paid in 36 monthly installments - Medium-term financing of USD 4.9 million, to be paid in 36 monthly installments These loans are under a joint guarantee from Al-Arafa Investments and Consulting Company	2025	2 861 509	1 246 512	4 108 021
Balance on April 30, 2023		**32 382 191**	**4 246 512**	**36 628 703**
Balance on January 31, 2023		**32 811 760**	**4 362 868**	**37 174 628**

26- Other liabilities

	April 30, 2023 USD	January 31, 2023 USD
Installments liabilities for lease contracts (sales and lease back)	16 439 657	17 625 632
Urban Communities Authority*	17 527 271	21 868 392
	33 966 928	**39 494 024**
Deduct		
Due for payments during the year to urban communities	(8 763 636)	(10 934 196)
Balance of other non-current liabilities	**25 203 292**	**28 559 828**

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

27- Trade payables and creditors

	April 30, 2023 USD	January 31, 2023 USD
Trade payables	17 625 313	18 602 633
Accrued expenses	11 714 764	11 166 032
Tax authority	4 081 745	3 348 565
Notes payable	3 257 983	2 547 844
Lease contracts liabilities	2 059 746	5 726 197
Deposits from others	716 540	1 842 052
Receivables – credit balance	4 128 724	3 368 080
Other credit balances	12 849 579	17 173 365
	56 434 394	**63 774 768**

28- Provisions

	Balance on February 1, 2023 USD	Formed During the period USD	Utilized During the period USD	Foreign Exchange Difference during the period USD	Balance on April 30, 2023 USD
Tax and claims provisions*	783 486	57 144	(73 810)	(16 118)	750 632
	783 486	**57 144**	**(73 810)**	**(16 118)**	**750 632**

	Balance on February 1, 2022 USD	Formed During the period USD	Utilized During the period USD	Foreign Exchange Difference during the period USD	Balance on January 31, 2023 USD
Tax and claims provisions*	353 473	569 457	(121 112)	(18 332)	783 486
	353 473	**569 457**	**(121 112)**	**(18 332)**	**783 486**

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

29- Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk.

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

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board also is responsible for identifying and analyzing the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group management aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Parent Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables.

Trade and other receivables

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

The Group Management has established credit policies under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment basis. No previous impairment loss was resulted from transactions with trade receivables.

Investments

The Group limits its exposure to credit risk by only investing in active and liquid securities. Management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

Liquidity risk

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

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Egyptian Pound.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into.

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

Interest rate risk

The Group adopts a policy of ensuring that the exposure to changes in interest rates on borrowings is on fixed rate basis. The Company does not enter into interest rate swap.

Other market price risk

Equity price risk arises from equity instruments measured at fair value through other comprehensive income and management of the Group monitors the equity securities in its investment portfolio based on market indices.

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

The primary goal of the Group'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 investments because their performance is actively monitored, and they are managed on a fair value basis.

Capital management

The Group policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business.

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the period divided by total shareholders' equity, the Board of Directors also monitors the level of dividends to shareholders.

The Board of the Parent Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the period; the Parent Company is not subject to externally imposed capital requirements.

i) Foreign exchange risk

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

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

The Company's exposure to foreign exchange risk on 30 April 2023 was in accordance with the amounts in foreign currencies are as follows:

April 30, 2023

	Surplus / (Deficit) April 30, 2023 USD	Surplus / (Deficit) January 31, 2023 USD
USD	(57 642 005)	(26 876 400)
EGP	83 511 403	54 179 765
EURO	(8 454 469)	(3 944 971)
GBP	11 101 755	10 870 150

The following is the average exchange rates during the period:

	Closing exchange rate		Average exchange rate	
	April 30, 2023	January 31, 2023	April 30, 2023	April 30, 2022
EGP	0.0323	0.0403	0.0324	0.0622
EURO	1.1024	1.0640	1.0833	1.1228
GBP	1.2576	1.2326	1.2337	1.3265
AED	0.2723	0.2723	0.2723	0.2723

i) Interest rate risk

The general interest rate structure for the Group's financial instruments at the date of the consolidated financial statements is shown as follows: -

	April 30, 2023 USD	January 31, 2023 USD
Financial liabilities at fixed rate	12 844 765	18 304 752
Financial liabilities at variable rate	278 098 295	192 406 068
	290 943 060	**210 710 820**

To Limit these risks, the management of the Holding Company and its subsidiaries is working to obtain the best conditions available in the banking market for credit facility balances and loan balances, while replacing loans and credit facilities with a medium-term syndicated financing loan in accordance with the Holding Company's financing policy, and it also periodically reviews the prevailing interest rates in the banking market.

ii) Credit risk

Credit risk is the risk that one of the parties to the financial instruments will not fulfill its obligations and expose the other party to financial losses.

The Group's financial assets consist of clients represented in the amounts owed by them, term deposits, savings certificates and financial investment balances. These financial assets do not represent a significant risk focus. Customers are distributed in a variety of sectors. There is strict credit control and impairment losses are appropriately recognized. The Company manages the credit risk related to investments by ensuring that the investments are formed after careful assessment of the credit risk of those investments.

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

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

	April 30, 2023 USD	January 31, 2023 USD
Financial investments at fair value through other comprehensive income	3 128 183	1 484 716
Debtors and other debit balances	35 347 279	45 466 320
Due from related parties	2 484 722	2 479 273
Cash at banks and in safe	17 118 327	23 694 026

30- Capital

30-1 The Authorized Capital

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

30-2 Issued and paid-up capital

The issued and paid-up capital of the company consists of 470,250,000 nominal shares with a value of 20 USD cents per share and the issued capital amounting to 94,050 000 USD is fully paid, which is the sum of the net equity in the merging company according to the report of the committee formed by the General Authority for Investment and Free Zones pursuant to a decision Mr. / CEO of the General Authority for Investment and Free Zones No. 127 of 2019.

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

And in accordance with the decision of the company's extraordinary general assembly on August 4, 2019, in which the decision of the committee formed by the authority was approved on the basis of the book values of the merging and merged companies on October 31, 2018, which is the date taken as the basis for the merger and the approval to keep the authorized capital of Arafa Investments and Consulting (the merging company) before the merger, amounting to 150 million US dollars, as well as the issued and paid-in capital of the Arafa Investments and Consulting Company (the merging company) before the merger, amounting to 94 050 000 US dollars, and the total net equity value of each of the merging company and the merging companies amounting to an amount of 111 083 697 US dollars and the difference of 17,033,697 US dollars is calculated in the merging company's reserves.

31- Reserves

	Balance on April 30, 2023 USD	Balance on January 31, 2023 USD
Legal reserve	24 666 360	24 666 360
General reserve	10 615 029	10 615 029
Other reserves (treasury bills reserve)	742 418	742 418
	36 023 807	**36 023 807**

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

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

Translation differences reserve

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

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

The company purchased the shares of some of its subsidiaries, which were controlled by the shareholders of the holding company and the Swiss Company for Ready-made Garments - a subsidiary - and the difference between the purchase cost and its share in the net shareholders' equity of these companies was treated in the equity statement in the consolidated financial statements with a value of 28 103 401 USD.

33- Non – controlling interest

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

Subsidiary's name	Controlling percentage April 30, 2023	Controlling percentage January 31, 2023
Concrete Garments Company	8.36%	8.36%
Swiss Cotton Garments	0.8%	0.8%
Egypt Tailoring Garments company	0.6%	0.6%
Crystal for Making shirts	0.09%	0.09%
Fashion Industry garments company	10.2%	10.2%
Egypt Portugal Marketing Company	41%	41%
EP Garments Company	40%	40%
Euromed for trading & marketing Company	2.79%	2.79%
White Head Spinning Company	55.9%	55.9%
Port Said Garments Company	2.83%	2.83%
Swiss Garments Company	0.8%	0.8%
Baird Group	1.85%	1.85%
AI Arafa for real estate investment	0.8%	0.8%
Savini Garments Company	0.8%	0.8%

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

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

	Retained earnings USD	Total USD
The balance at the beginning of February 2022	**3 783 793**	**3 783 793**
Comprehensive income for the period	135 805	135 805
Dividends	(404 612)	(404 612)
The balance at April 30, 2022	**3 514 986**	**3 514 986**
The balance at the beginning of February 2023	**2 859 572**	**2 859 572**
Comprehensive income for the period	(434 879)	(434 879)
The balance at April 30, 2023	**2 424 693**	**2 424 693**

34- Tax position

Al Arafa for Investments and Consultancies Company

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

The company was inspected for the payroll tax from the beginning of the activity to 2013, and the final tax assessment was made. The years 2014-2018 are under inspection and the tax due has been paid, the tax deducted is paid monthly on legal dates.

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

35- Related Parties

The related parties are the shareholders of the Company and the associate companies in which they own shares, whether directly or indirectly, and the senior management members of the Company, which gives them significant influence or control over these companies. The group companies carry out many transactions with related parties and these transactions are carried out in accordance with the conditions set by the board of directors in those companies which do not differ with the count parts of those transactions with others.

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

35-1 Due from related parties

Company's Name	Type of transactions	Value of transactions 30 April 2023 USD	 31 January 2023 USD	Balance on Balance on 30 April 2023 USD	 Balance on 31 January 2023 USD
• METCO	Service	(312 518)	164 557	599 536	912 054
• Euro Egypt	Sales	(6 733)	19 525	27 184	33 917
• GTW	Current	324 700	--	1 858 002	1 533 302
				2 484 722	**2 479 273**

36- Capital commitments

The capital commitments as of April 30, 2023 with amount 1 403 315 USD.

37- Contingent liabilities

In addition to amounts taken into account in the elements of the consolidated financial statements, there are contingent liabilities represented in the value of letters of credit and letters of guarantee issued by the banks of the holding company and subsidiary companies in favor of others outstanding at the end of the fiscal period amounted to USD 18 257 672.

38- Retirement benefit

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

38-1 Employees retirement benefits

	April 30, 2023 USD	January 31, 2023 USD
Net Assets of Employees Defined benefits plan	25 300 397	24 797 447
Total assets of employees benefit	**25 300 397**	**24 797 447**
Net liabilities of Employees Defined benefits plan	22 521 416	21 220 442
Total liabilities of employees benefit	**22 521 416**	**21 220 442**
Non-Current	22 521 416	21 220 442
Current	--	--

38-2 Employees Benefit movement assets / (liabilities)

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

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

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

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

	Assets USD	Liabilities USD	Net USD
Actuarial profit/(losses)	(11 760 181)	8 829 831	(2 930 350)
Translation differences	(3 390 839)	2 846 516	(544 323)
Balance at January 31, 2023	**24 797 447**	**(21 220 440)**	**3 577 007**
Company's share	--	--	--
Benefits payments	--	--	--
	24 797 447	**(21 220 440)**	**3 577 007**

Amounts recognized in the profit or loss statement at April 30, 2023

Current service cost	--	--	--
Interest cost	283 903	(242 088)	41 815
	283 903	**(242 088)**	**41 815**

Amount recognized in the other comprehensive income statement at April 30, 2023:

	Assets USD	Liabilities USD	Net USD
Actuarial profit/(losses)	--	--	--
Translation differences	219 047	(1 100 703)	(881 656)
Balance at April 30, 2023	**219 047**	**(1 100 703)**	**(881 656)**

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

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

39- Significant accounting policies applied

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

39-1 Basis of consolidation

Business combinations

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately.
- Acquisition costs (Transaction costs) are expensed as incurred and services received, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationships between the acquirer and acquired entity. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group.

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

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

Non-controlling interests

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

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

Loss of control

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

Equity – accounted investees

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

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

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

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

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

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

Transactions eliminated on consolidation

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

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

39-2 Foreign currency transactions

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

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

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

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

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

- The financial obligations that have been designated as a risk coverage tool to cover the risk of net investment in a foreign activity, as long as the coverage is effective.

- Hedging instruments used for cash flow risk as long as the hedge is effective.

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

Foreign operations

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

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

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

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

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

39-3 Financial instruments

1) Recognition and initial measurement

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

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

2) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

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

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

Financial assets- Business Model Assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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

<u>Financial liabilities – Classification, subsequent measurement and gains and losses</u>

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

3) Derecognition

Financial assets

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

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

Financial liabilities

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

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

4) Offsetting

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

39-4 Financial Derivatives and Hedge Accounting

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

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

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

39-5 Share capital

Ordinary shares

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

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

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

Dividends

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

39-6 Impairment

1) Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:
- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 120 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

2) Non-financial assets

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

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

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

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

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

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

39-7 Property, plant & equipment &Depreciation

i) Recognition and measurement

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

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

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

ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives for each type of property, plant and equipment, and is generally recognized in consolidated statement of income and other comprehensive income. Land is not depreciated.

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

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

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

39-8 Projects under construction

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

39-9 Lease contracts

1- Determining whether the arrangement contains a lease contract or not

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

2- Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Group, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.
Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Group's statement of financial position.

3- Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.
The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

4- Lessor books

When the Group acts as a lessor, it determines at the inception of the lease whether each lease is or not a lease or operating lease.
To classify each lease, the Group makes an overall assessment of whether the lease has been transferred substantially all the risk and reward incidental to ownership of the underlying asset.

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

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

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

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

39-10 Operating profit

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

39-11 Fair value measurement

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

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

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

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

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

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

39-12 Intangible assets

Recognition and measurement

Goodwill

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

Trademarks and Other intangible assets

Other intangible assets are recognized, including deferred income expenditures, the right to use, other assets in which they have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Research and development

Expenditure on research activities is recognized as expense when incurred.

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

Subsequent expenditures

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

Amortization

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

39-13 Works in progress

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

39-14 Inventory

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

39-15 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the carrying amount of the provision resulting from the use of the discount to figure out the present value, which reflects the passage of time, is recognized as a finance cost.

39-16 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

Satisfaction of performance obligation

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

Determine the transaction price

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

Control transfer in contracts with customers

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

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

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

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

Other matters to be considered

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

The significant funding component

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

Revenue recognition

Sale of goods revenue

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

Services revenue

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

Rental income

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

Gain on sale of investments

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

39-17Expenses

i) Cost of Borrowing

- The borrowing cost represented in interest expense and bank charges are recognized in the consolidated profits or losses statement for using prevailing interest rate (available) based on the accrual basis.
- Borrowing costs which are directly related to acquisition, construction or production of fixed asset are capitalized as part of the assets carrying value and depreciated over its estimated useful life, the cost of borrowing is capitalized as a part of the fixed asset cost when the actual expenditure of the asset starts and during the period the company incurs such costs, the borrowing costs capitalization ceases during the year where the preparation of the asset temporarily stops or when the asset is ready for its intended use.

ii) Social insurance contribution

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

iii) Income tax

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

Current income tax

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognized for all temporary differences that are expected to be taxed except for the following:

- Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profits or losses.
- Temporary differences relating to investments in subsidiaries, associates, and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits that allows for the deferred tax asset to be absorbed.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when using tax rates enacted or substantively enacted at the reporting date.

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

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

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

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

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

Past service cost is recognized as an expense on one of the following dates, whichever comes first:
- When a modification or downsizing of the system occurs. And
- When the entity recognizes related restructuring costs.

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

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

39-19 Basic / diluted earnings per share of losses

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

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

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

39-21 Finance income and costs

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

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.
The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

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

39-22 Reserves

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

40- 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 accounting treatment This special optional accounting treatment issued in this appendix is not considered an amendment to the amended Egyptian Accounting Standards currently in force, beyond the time period for the validity of this appendix, and these treatments are as follows:

1- An entity that, prior to the date of the abnormal exchange rate movements, may acquire fixed assets and/or real estate investments and/or exploration and evaluation assets and/or intangible assets (other than goodwill) and/or 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 A foreign entity may recognize within the items of other comprehensive income the debit and credit currency differences resulting from the retranslation of the existing balances of monetary items at the end of the fiscal year using the closing rate on the same date, minus any currency translation differences that were recognized within the cost of assets in accordance with the previous paragraph. Considering that these differences were mainly caused by the decision of the unusual foreign exchange rate movements.

The company's management decided to apply accounting treatment No. (2), as the currency differences charged to the statement of comprehensive income amounted to USD 6 154 615 on April 30, 2023.

41- Losses per share

The losses per share was determined from the net loss for the financial period ended April 30, 2023 as follows:-

		April 30, 2023	April 30, 2022
Net (Loss) for the period		(102 348)	(5 421 752)
Average number of outstanding shares		470 250 000	470 250 000
losses per share	**(USD/Share)**	**(0.0002)**	**(0.012)**

42- New Editions and Amendments to Egyptian Accounting Standards:

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

The following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. - This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows: − Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". − Egyptian Accounting Standard No. (24) "Income Taxes" − Egyptian Accounting Standard No. (30) "Interim Financial Reporting" − Egyptian Accounting Standard No. (31) "Impairment of Assets" − Egyptian Accounting Standard No. (49) "Leasing Contracts"	Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the revaluation model are effective for financial periods starting **on or after January 1, 2023, retrospectively**, 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**

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested. − 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.	Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.	**the first time**. These amendments are effective for annual financial periods starting **on or after January 1, 2023, retrospectively**, 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**.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property ".	1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. 2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows: − 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"	Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the fair value model are effective for financial periods starting **on or after January 1, 2023** **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.**

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. 2- The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.	Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the revaluation model are effective for financial periods starting **on or after January 1, 2023, retrospectively**, 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.**

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".	This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).	Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.	These amendments are effective for annual financial periods starting **on or after January 1, 2023 retrospectively**, 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.**

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".	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: − Egyptian Accounting Standard No. (10) "Fixed Assets ". − Egyptian Accounting Standard No. (23) "Intangible Assets". − Egyptian Accounting Standard No. (34) " Investment property ".	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.