

Dice for Ready-Made Garments S.A.E

(Dice Sport & Casual Wear)

Consolidated condensed interim financial statements.

For the period ended June 30, 2023

Together with Auditors' report

Limited review report
Originally issued in Arabic

Limited Review Report for the Consolidated Condensed Interim Financial Statements

To: The Board of directors of Dice for Ready-Made Garments

Introduction

We have conducted our limited review for the accompanying consolidated condensed interim financial position of Dice for Ready-Made Garments "S.A.E" - as of June 30, 2023, and the related consolidation condensed interim statements of profits or losses, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidation interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidation condensed interim financial statements based on our review.

Scope of Review

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements (2410) – Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of consolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 condensed consolidated condensed interim financial statements.

Conclusion

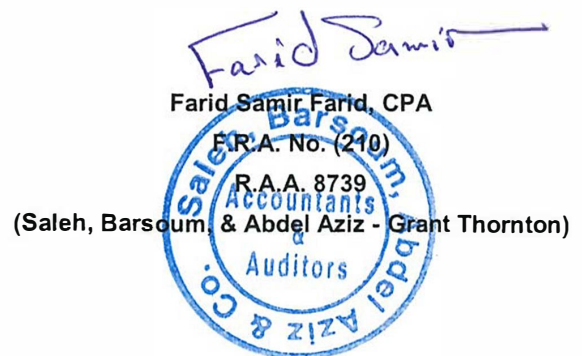
Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements are not prepared, in all material respects, the consolidated financial position of the entity as of June 30, 2023 and of its consolidated financial performance and its consolidated cash flows for the six months period then ended, in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting.

Emphasis of Matter

Without considering what will be discussed in the following paragraphs as a qualified conclusion on the condensed consolidated interim financial statements, as per described on note (26) from the accompanying notes of the consolidation condensed interim financial statement, we draw attention to the following:

- The net accumulated loss of Sweater Ready-made Garments Company (Subsidiary), including the current period profit as of June 30, 2023, exceeded half of the equity of the subsidiary as of that date, which indicates material uncertainty that may cast doubt concerning the Company's ability to continue as a going concern. According to article no. 69 of the Companies' Law no. 159 of 1981 amended by Law no. 4 of 2018, the Subsidiary's Board of Directors should invite to an extraordinary general assembly meeting to convene to discuss going concern.
- The net accumulated loss of Alexandria Factory Ready-made Garments Company (Subsidiary), including the current period profit as of June 30, 2023, exceeded half of the equity of the subsidiary as of that date, which indicates material uncertainty that may cast doubt concerning the Company's ability to continue as a going concern. According to article no. 69 of the Companies' Law no. 159 of 1981 amended by Law no. 4 of 2018, the Subsidiary's Board of Directors should invite to an extraordinary general assembly meeting to convene to discuss going concern.
- The current period losses in addition to the accumulated loss of Alexandria Ready-made Garments Company (Subsidiary), as of June 30, 2023, exceeded half of the equity of the subsidiary as of that date, which indicates material uncertainty that may cast doubt concerning the Company's ability to continue as a going concern. According to article no. 69 of the Companies' Law no. 159 of 1981 amended by Law no. 4 of 2018, the Subsidiary's Board of Directors should invite to an extraordinary general assembly meeting to convene to discuss going concern.

Cairo, August 28, 2023



Dice for Ready-Made Garments S.A.E
(Dice Sport & Casual Wear)

Consolidated condensed interim statement of financial position
As of June 30, 2023

	<u>Note</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>No.</u>	<u>EGP</u>	<u>(Amended)</u>
			<u>EGP</u>
Assets			
Non-current assets			
Property, plant and equipment (net)	(3)	509 969 540	490 069 550
Projects under construction	(4)	13 832 300	21 617 622
Right of use of assets (net)	(25)	53 774 649	56 387 856
Intangible assets (Trade mark)	(3)	200 000	200 000
Total non-current assets		577 776 489	568 275 028
Current assets			
Inventories (net)	(6)	926 121 125	836 035 025
Accounts and notes receivable (net)	(7)	646 769 293	526 051 501
Investment certificate	(8)	2 002 749	--
Treasury bills		--	30 019 061
Debtors and other debit balances (net)	(9)	186 804 912	193 134 412
Cash and cash equivalent	(10)	51 798 292	108 302 303
Total current assets		1 813 494 371	1 693 542 302
Total assets		2 391 270 860	2 261 817 330
Equity and liabilities			
Equity			
Issued and fully paid-up capital	(18)	357 328 956	357 328 956
Treasury shares	(18)	(31 500 000)	--
Legal reserve		30 342 602	22 391 913
Business combination reserve	(19)	570 130	570 130
Retained earnings		153 898 839	40 407 685
Net profit for the period		120 937 780	121 441 843
Equity attributable to owners' of the holding company		631 578 307	542 140 527
Non-controlling interest	(21)	17 837 827	17 607 922
Total equity		649 416 134	559 748 449
Non-current liabilities			
Borrowings non-current portion	(14)	96 986 495	107 581 817
Lease liabilities - non-current portion	(25)	40 068 478	43 028 935
Finance lease liability - non-current portion	(24)	--	3 403 162
Deferred tax liabilities	(20)	37 903 436	36 627 777
Total non-current liabilities		174 958 411	190 641 691
Current liabilities			
Provisions	(11)	42 290 360	41 415 237
Credit banks		3 147 677	2 864 781
Credit facilities	(13)	1 032 638 157	964 843 613
Borrowings - current portion	(14)	86 525 501	89 249 669
Accounts and notes payable	(15)	236 641 751	245 486 263
Due to related parties	(16)	100 209	236 333
Finance lease liability - current portion	(24)	3 788 738	6 946 278
Lease liabilities - current portion	(25)	19 799 921	17 852 818
Creditors and other credit balances	(17)	119 219 301	98 632 675
Income tax payable	(20)	22 744 700	43 899 523
Total current liabilities		1 566 896 315	1 511 427 190
Total equity and liabilities		2 391 270 860	2 261 817 330

The accompanying notes form an integral part of the consolidated condensed interim financial statements and should be read there with.

Chief Finance Officer
Mr. Victor Fakhry

Managing Director
Mr. Nagi Thoma

Auditors' report attached.

Victor

Nagi

Dice for Ready-Made Garments S.A.E
(Dice Sport & Casual Wear)

Consolidated condensed interim statement of profit or loss
For the period ended June 30, 2023

	Notes No.	Three month period ended		Six month period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		EGP	(Amended) EGP	EGP	(Amended) EGP
Sales (net)		759 020 265	519 874 766	1 448 314 995	903 663 893
Less:					
Cost of sales		(516 147 483)	(411 456 278)	(993 332 155)	(732 902 404)
Gross profit		242 872 782	108 418 488	454 982 840	170 761 489
(Deduct) /add:					
Selling and distribution expenses		(22 134 556)	(29 898 956)	(40 271 470)	(44 479 159)
General and administrative expenses		(45 846 115)	(36 674 042)	(88 004 832)	(72 557 643)
Interest expense on lease liabilities	(25)	(1 688 041)	(949 603)	(3 538 428)	(1 864 078)
Amortization of right of use of assets	(25)	(5 352 347)	(3 065 948)	(11 326 356)	(6 013 886)
Expected credit losses recognized on receivables	(12)	149	--	(797 866)	--
Provisions formed	(11)	(1 542 020)	--	(1 542 020)	--
Operating gain		166 309 852	37 829 839	309 501 868	45 846 723
(Deduct) /add:					
Finance costs		(38 045 933)	(22 451 810)	(69 146 731)	(39 301 197)
Interest income		57 224	199 358	134 781	285 577
Investments revenue		32 137	--	1 199 648	--
Other income	(22)	1 195 799	26 708 367	2 544 213	27 174 511
Capital gain		1 669	--	30 758	60 384
Foreign currency exchange differences		(1 466 583)	(9 369 705)	(99 044 561)	(4 818 811)
Net profit for the period before income tax		128 084 165	32 916 049	145 219 976	29 247 187
Income tax	(20)	(23 138 228)	(1 049 441)	(24 052 291)	(3 805 686)
Net profit for the period after income tax		104 945 937	31 866 608	121 167 685	25 441 501
Attributed to:					
owners of the company		104 395 902	32 133 247	120 937 780	25 193 532
Non-controlling interest		550 035	(266 639)	229 905	247 969
		104 945 937	31 866 608	121 167 685	25 441 501
Basic Earning per share of the period (EGP / share)	(23)	0.06	0.06	0.068	0.05
Diluted Earning per share of the Period (EGP / share)	(23)	0.06	0.06	0.069	0.05

The accompanying notes form an integral part of the consolidated condensed interim financial statements and should be read there with.

Chief Finance Officer
Mr. Victor Fakhry



Managing Director
Mr. Nagi Thoma



Dice for Ready-Made Garments S.A.E
(Dice Sport & Casual Wear)
Consolidated condensed interim statement of other comprehensive income
For the period ended June 30, 2023

	<u>Three month period ended</u>		<u>Six month period ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u> <u>(Amended)</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u> <u>(Amended)</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period after income tax	104 945 937	31 866 608	121 167 685	25 441 501
Items of other comprehensive income				
Debit currency valuation differences resulting from the impact of the application of Annex (B) To Egyptian Accounting Standard No. (13) amended 2015	--	--	--	(43 488 722)
Total comprehensive income	104 945 937	31 866 608	121 167 685	(18 047 221)
Attributed to:				
owners of the company	104 395 902	32 133 247	120 937 780	(18 295 190)
Non-controlling interest	550 035	(266 639)	229 905	247 969
	104 945 937	31 866 608	121 167 685	(18 047 221)

The accompanying notes form an integral part of the consolidated condensed interim financial statements and should be read there with.

Chief Finance Officer
Mr. Victor Fakhry



Managing Director
Mr. Nagi Thoma



Dice for Ready-Made Garments S.A.E.
[Dice Sport & Casual Wear]
Consolidated condensed interim statement of cash flow
For the period ended June 30, 2023

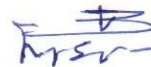
	<u>Notes</u> <u>No.</u>	<u>For the period ended</u> <u>June 30, 2023</u>	<u>For the period ended</u> <u>June 30, 2022</u> <u>(Amended)</u>
		<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities</u>			
Net profit \ (loss) for the year before income tax		145 219 976	(14 241 535)
<u>Adjusted by:</u>			
Depreciation of property, plant and equipment	(3)	20 395 623	19 646 935
Currency differences relating to existing liabilities (Appendix B of Egyptian Accounting Standard No. (13) Amended (2015))		--	(10 743 347)
Amortization of right of use of assets	(25)	11 326 356	6 013 886
Interest expense on lease liabilities	(25)	3 538 428	1 864 078
Formed provisions		1 542 020	--
Expected credit losses recognized on receivables		797 866	--
Used during the year from Expected credit losses in receivables balance		(56 241)	--
Interest income		(134 781)	(285 577)
Finance costs		69 146 731	39 301 197
Capital gain		(30 758)	(60 384)
Operating profit before changes in working capital		251 745 220	41 495 253
(Increase) in Inventories		(90 086 100)	(139 123 988)
(Increase) in accounts and notes receivable		(121 459 417)	(134 943 938)
Decrease \ (increase) in debtors and other debit balances		6 329 500	(58 194 714)
(Decrease) \ increase in accounts payable		(8 844 512)	178 016 042
Increase in creditors and other credit balances		19 008 956	21 191 631
(Decrease) in due to related parties		(136 124)	(1 579 924)
Used Provision		(666 897)	(491 678)
Net Cash flow generated from \ (used in) operating activities		55 890 626	(93 631 316)
Taxes paid		(43 931 455)	(12 718 893)
Interest paid		(67 569 059)	(38 449 108)
Net cash flows generated (used in) operating activities		(55 609 888)	(144 799 317)
<u>Cash flow generated from investing activities</u>			
Proceeds from credit interest		134 781	285 577
(Payments for) purchase of investments certificate		(2 002 749)	(2 499 940)
Proceeds from sale of treasury bills		30 019 061	--
Proceeds from sale of property, plant and equipment		66 840	60 384
(Payments for) purchase of property, plant and equipment *		(28 335 800)	(4 940 732)
(Payments for) projects under construction		(4 210 573)	(1 818 031)
Net cash flows generated from investment activities		(4 328 440)	(8 912 742)
<u>Cash flows from financing activities</u>			
Proceeds from credit facilities		67 794 544	100 723 481
(Payments to) borrowing		(13 319 490)	(1 633 995)
(Payments to) finance lease		(6 560 702)	(1 102 506)
(Payments to) lease liabilities		(13 264 931)	(6 836 025)
(Payments to) purchasing Treasury shares		(31 500 000)	--
Dividends paid		--	(14 040 728)
Net cash flows generated from financing activities		3 149 421	77 110 229
Net change in cash and cash equivalent balances during the year		(56 788 907)	(76 601 830)
Cash and cash equivalent at the beginning of the year		105 437 522	110 947 074
Cash and cash equivalent at the end of the year	(10)	48 648 615	34 345 244

The accompanying notes form an integral part of the consolidated condensed interim financial statements and should be read there with.

* The effect of non-cash transactions represented in the value of projects under construction transferred to fixed assets amounted to EGP 11 995 895 , have been eliminated, in order to reach the amounts paid in cash in the purchase of fixed assets.

Chief Finance Officer
Mr. Victor Fakhry

Managing Director
Mr. Nagl Thoma

Dice for Ready-Made Garments S.A.E.
(Dice Sport & Casual Wear)

Consolidated condensed interim statement of changes in equity
For the period ended June 30, 2023

	Issued and fully paid-up capital	Treasury shares	Legal reserve	Business combination reserve	Retained earnings	Net profit	Owners of the company	Non-controlling interest	Total
	EGP		EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2022	106 000 000	--	21 352 239	576 637	207 939 612	31 828 690	367 696 178	33 080 968	400 777 166
Amendment to retained earnings (change of policy)	--	--	--	--	(61 222 300)	(32 841 312)	(94 063 612)	--	(94 063 612)
Balance as of January 1, 2022 after amendment	106 000 000	--	21 352 239	576 637	146 717 312	(1 012 622)	273 632 566	33 080 968	306 713 554
Transferred to retained earnings	--	--	--	--	(1 012 622)	1 012 622	--	--	--
Transferred to legal reserve	--	--	1 039 672	--	(1 039 672)	--	--	--	--
Transferred to retained earnings as a result of the acquisition of part of the minority equity share of the subsidiary company	--	--	--	--	--	--	--	(1 994 227)	(1 994 227)
Transferred to Business combination reserve as a result of the acquisition of part of the minority equity share of the subsidiary company	--	--	--	(5 507)	--	--	(5 507)	--	(5 507)
Dividends for employees of subsidiaries	--	--	--	--	(1 247 440)	--	(1 247 440)	--	(1 247 440)
Minority equity share of subsidiaries' dividends	--	--	--	--	--	--	--	(12 793 286)	(12 793 286)
Other comprehensive income components :									
Net income after tax	--	--	--	--	--	(18 295 190)	(18 295 190)	247 969	(18 047 221)
Transferred to retained earnings in same date of foreign exchange loss.	--	--	--	--	(43 488 722)	--	(43 488 722)	--	(43 488 722)
Balance as of June 30, 2022	106 000 000	--	22 391 911	570 130	99 928 856	(18 295 190)	210 595 707	18 541 444	229 137 151
Balance as of December 31, 2022	357 328 956	--	22 391 913	570 130	134 471 297	162 068 367	676 830 663	17 607 922	694 438 585
Amendment to retained earnings (change of policy), note 28	--	--	--	--	(94 063 612)	(40 626 524)	(134 690 136)	--	(134 690 136)
Balance as of December 31, 2022 after amendment	357 328 956	--	22 391 913	570 130	40 407 685	121 441 843	542 140 527	17 607 922	559 748 449
Treasury shares	--	(31 500 000)	--	--	--	--	(31 500 000)	--	(31 500 000)
Transferred to retained earnings	--	--	--	--	121 441 843	(121 441 843)	--	--	--
Transferred to legal reserve	--	--	7 960 689	--	(7 960 689)	--	--	--	--
Other comprehensive income components :									
Net income after tax	--	--	--	--	--	120 937 780	120 937 780	229 905	121 167 685
Total comprehensive income	--	--	--	--	--	120 937 780	120 937 780	229 905	121 167 685
Balance as of June 30, 2023	357 328 956	(31 500 000)	30 342 602	570 130	153 898 839	120 937 780	631 578 307	17 837 827	649 416 134

The accompanying notes form an integral part of the consolidated financial statements to be read therewith.

Chief Finance Officer

M. Victor Fahmy

Managing Director

Mr. Nagi Thoma

Dice for Ready – Made Garments “S.A.E”

Notes to the Consolidated condensed interim financial statements

For the period ended as of June 30, 2023

1. General information

Dice for Ready-Made Garments S.A.E (Dice Sport & Casual Wear)

Dice for Ready-Made Garments S.A.E (referred to as 'Dice for Sport & Casual Wear', 'Dice' or 'the Company') was incorporated in accordance with the article of association dated April 12, 1997, pursuant to the provisions of Law No. 159 of 1981 and its Executive Regulations. The Company was registered on August 21, 1997, in Commercial Register under No. 306985.

The Company's purpose is to manufacture all types of ready-made garments, embroidery, printing, importing raw materials, production requirements, machinery, equipment, spare parts and to export the Company's products to foreign markets.

The Company's headquarter is located on Misr Ismailia Desert Road, Industrial Zone, Egypt. The chairman of the Company is Mrs. Sohir Samy Riad.

The consolidated financial statements for the period ended as of June 30, 2023 were approved by the Board of Directors on August 28, 2023

The Group directly owns the following rights in the following subsidiaries:

<u>Company</u>	<u>Direct share percentage</u>	<u>Direct share percentage</u>
	<u>2023</u>	<u>2022</u>
Alexandria for Ready-made Garments Company (1-1)	99.999%	99.999%
Sweeter Ready-made Garments Company (1-1)	99.999%	99.999%
Alexandria Factory Ready-made Garments Company (1-1)	99.999%	99.999%
Master Line for Textile Industries (1-2)	99.999%	99.999%
United Dyers (1-3) *	82.60%	82.60%
Egyptian for Knitting and Ready-made (1-4)	99.999%	99.999%
Textile Print Plus (1-5)**	99.99%	75.99%

(1-1) During October 2014, the Company signed an acquisition contract for Alexandria Ready Made Garments, Alexandria Factory Ready-Made Garments and Sweeter Ready-Made Garments, whereby control over these companies was seized by Dice on the completion of certain obligations as stipulated in the contract, mainly related to the completion of the capital increase of the company. The ownership was transferred to the Company during February 2015.

- On December 25, 2018 the company acquired an additional stock in Alexandria Clothes Company and Alexandria Garment Factory. The acquired share reached 5% of the total capital of both companies for EGP 1 999 360.

- On January 28, 2019 the company acquired an additional stock in Sweeter Ready-Made Garments. The acquired share reached 5% of the total capital of the company for EGP 568.

(1-2) On July 6, 2015, Master Line for Textile Industries was acquired through a share transfer from National Textiles Company and the Touma family (the main shareholders of Dice Ready Made Garments).

(1-3) On July 6, 2015, United dyers Company was acquired through a share acquisition from the old shareholders of United Dyers Company as Dice has acquired the control by obtaining control over the Company's voting rights.

The contract included a condition to reconsider the sale price within one year from the date of acquisition, and accordingly the final price of the target was set at EGP 39.37 million.

(1-4) On September 30, 2014, the Company signed an agreement for the acquisition of the shares of Egyptian Company for knitting and Ready-mades, after the completion of all procedures for the transfer of ownership of shares to the buyer. Ownership was transferred to the Company on September 15, 2015.

On August 18, 2018, The Company has completed the capital of the subsidiary by EGP 3 320 000 and paid in full.

(1-5) On May 30, 2012, the Company established the Textile Print Plus Company, in accordance with the provisions of the Companies Law No. 159 of 1981 and was registered in the Commercial Register under No. 58681 with an issued capital of EGP 3 million. The Company increased its capital by EGP 569 985 which was noted in the commercial register dated April 14, 2016.

** On November 16, 2021, the board of directors accepted the offer from Mr. Bassem Samir Labib – a shareholder in the Textile Print Plus company to purchase all of his shares which represent 24% so the company's shareholding will become 99.998%. On February 28, 2022 "Financial statements subsequent date", the purchase done and amounted to EGP 2 million which has been recognized in the statement of financial position within amounts paid under investments in subsidiaries.

*** At the end of each year, the company's management prepares an impairment study for its investments in subsidiaries based on the business operation of each subsidiary. (Note 5B)

2. Critical accounting judgements and key sources of estimation uncertainty

A. Statement of Compliance

The condensed independent interim financial statements have been prepared in accordance with Egyptian Accounting Standard No. (30) Interim Financial Statements. These condensed independent periodic financial statements do not include all the information required when preparing the annual Consolidated financial statements, and they must be read with the annual independent financial statements on December 31, 2022.

B. Basis of preparation of the separate financial statements

The condensed independent interim financial statements have been prepared according to the historical cost principle, except for the revaluation of financial instruments that are measured at fair value or amortized cost. Historical cost is generally based on the immediate value of the consideration received in exchange of assets.

C. Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Parent Company and the companies that are controlled by the Parent Company (its subsidiaries). Control is presumed to exist when the Parent Company has power over the investee, is exposed to, or has rights in variable returns as a result of its involvement with the investee, and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When a Parent Company's share is less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it a practical ability to direct the related activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over that investee, including:

- Voting rights held by the Parent Company compared to the size and allocation of voting rights held by other parties;
- Potential voting rights held by the Parent Company, compared to those held by other parties;
- Rights arising from other contractual arrangements; and
- Any other facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at decision-making times, including voting patterns at previous shareholders' previous meetings.

Business Combination of a subsidiary starts from the date on which the Parent Company obtains control over the subsidiary, and the consolidation ceases to exist when the Parent Company loses control over the subsidiary. Accordingly, the consolidated statement of profit or loss and other Comprehensive Income for the year include the income and expenses of the subsidiary from the date on which the Parent Company obtains control until the date on which the Parent Company loses control over the subsidiary.

Profit or loss and each other comprehensive income item is attributable to the shareholders of the Parent Company and non-controlling interests, even if total comprehensive income of the subsidiaries in this manner results in a negative balance of the non-controlling interests (deficit).

Where necessary, adjustments are made to the financial statements of a Group entity to bring its accounting policies in line with those used by other members of the Group.

All assets, liabilities, equity, income, expenses and cash flows relating to intra-group transactions are eliminated on consolidation of the financial statements.

Business combination

Business combinations (acquisitions) are accounted for using the acquisition method. The consideration transferred in a business combination transaction is measured at fair value, which is calculated on the basis of the total fair values at the date of acquisition of the assets transferred from the Group and the liabilities incurred by the Group in favour of the former owners of the acquire as well as the equity instruments issued by the Group in exchange for control over the acquire. Costs associated with an acquisition are usually recognized in profit or loss as incurred.

On the acquisition date, the assets acquired, and the liabilities assumed are recognized at fair value on that date except for:

- Deferred tax assets, liabilities or assets relating to employee benefit agreements are recognized and measured respectively in accordance with Egyptian Accounting Standards No. 24, "Income Taxes" and No. 38 "Employee Benefits".
- Liability or equity instruments related to payment agreements based on the acquirer's shares - or those related to share-based payment agreements, the purpose of which is to replace the payment agreements based on the acquirer's shares - are measured at the date of acquisition in accordance with the Egyptian Accounting Standard No. 39 "Share-Based Payments".
- Assets (or disposal current groups) that are classified as held for sale in accordance with Egyptian Accounting Standard No. 32 "Long-term assets held for sale and discontinued operations" where they are measured in accordance with that standard.

Goodwill is measured on the basis that it represents the increase in the total of the consideration transferred, any rights of the non-controlling interest in the acquire and the fair value of the acquirer's interest in the acquirer's equity before the date of acquisition (if any) Assets acquired and liabilities incurred at the date of acquisition.

If, after the revaluation, the net assets acquired and liabilities incurred exceed the total of the transferred consideration, any rights of the non-controlling interests in the acquire and the fair value of the acquirer's interest in the acquirer's equity prior to the date of acquisition (if any), then such increase is recognized directly in profit or loss for the year as a gain from the purchase price.

And as of non-controlling interests that represent current equity interests and entitle their holders to the right to a proportionate share of the net assets of an enterprise if they are liquidated, they can be measured at the initial recognition either at fair value or in the proportionate share of non-controlling interests in the recognized values of the acquirer's net assets. The measurement basis for each acquisition transaction is selected separately. Other types of non-controlling interests are measured either at fair value or on a specific basis in an Egyptian Accounting Standard to which they apply.

When the consideration transferred from the group - in a business combination transaction - consists of assets or liabilities arising from a conditional agreement, the contingent consideration is measured at fair value on the date of acquisition and is included as part of the consideration transferred in the business combination. If any changes occur - from those that meet the definition of adjustments to the measurement period - in the fair value of the contingent consideration, then those changes are adjusted retroactively against goodwill adjustment. Adjustments to the measurement period are defined as adjustments arising from the availability of additional information during the measurement period (which cannot exceed twelve months from the date of acquisition) of facts and events that existed on the date of acquisition.

As for the changes in the fair value of the contingent consideration, which do not meet the definition of the adjustment period, the subsequent accounting depends on how the contingent consideration is classified. If the contingent liability is reversed as equity, it is not re-measured in subsequent periods and subsequent adjustment is accounted for under equity. For a conditional consideration classified as an asset or a financial liability, it is premeasured in subsequent periods in accordance with Egyptian Accounting Standard No. 26 or the Egyptian Accounting Standard No. 28 "Provisions for contingent liabilities and contingent assets", with corresponding gain or loss recognized in profit or loss.

For a business combination that is achieved in a step acquisition, the Group's interest in the acquirer's equity is premeasured at fair value on the date of acquisition (at the date that the Group obtains control) and the gain or loss arising, if any, Profit or loss.

For the amounts that have arisen from the Group's interest in the acquire - in the periods prior to the acquisition date, previously recognized in other comprehensive income, they are reclassified to profit or loss when it is appropriate to follow that treatment if that share is eliminated.

3. Property, plant and equipment (net)

	<u>Land</u>	<u>Buildings, and structures</u>	<u>Decorations</u>	<u>Machinery, and equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Cost as of December 31, 2021	125 265 515	255 749 334	7 960 386	394 836 010	19 567 297	48,561,381	851 939 923
Additions during 2022*	--	2 224 927	1 854 746	7 853 462	--	1 783 328	13 716 463
Currency differences relating to existing liabilities (Appendix B) of Egyptian Accounting Standard No. (13) Amended (2015) *Disclosure No****	--	27 212 570	--	--	--	--	27 212 570
Disposals during 2022	--	--	--	(2 714 254)	(60 240)	(17 094)	(2 791 588)
Cost as of December 31, 2022	125 265 515	285 186 831	9 815 132	399 975 218	19 507 057	50 327 615	890 077 368
Additions until to June 30,2023*	--	987 200	1 381 773	34 240 296	1 929 824	1 792 602	40,331,695.00
Disposals until to June 30,2023	--	--	--	--	--	(285 618)	(285,618.00)
Cost as of June 30, 2023	125 265 515	286 174 031	11 196 905	434 215 514	21 436 881	51 834 599	930 123 445
Accumulated Depreciation							
Accumulated Depreciation as of December 31, 2021	--	47 271 178	4 885 950	266 293 007	6 415 396	37 800 261	362 665 792
Depreciation for year 2022	--	6 141 868	678 256	25 978 606	1 337 509	3 343 125	37 479 364
Depreciation of the fair value difference on assets arising from business combinations as of December 31, 2022	--	608 452	--	1 897 815	--	132 783	2 639 050
Accumulated depreciation of disposals during year 2022	--	--	--	(2 706 845)	(60 240)	(9 303)	(2 776 388)
Accumulated Depreciation as of December 31, 2022	--	54 021 498	5 564 206	291 462 583	7 692 665	41 266 866	400 007 818
Depreciation till June 30,2023	--	3 129 111	665 554	13 546 884	679 703	1 113 760	19 135 012
Depreciation of the fair value difference on assets arising from business combinations To June 30,2023	--	304 226	--	889 994	--	66 391	1 260 611
Accumulated depreciation of disposalsUntil to June 30,2023	--	--	--	--	--	(249 536)	(249 536)
Accumulated depreciation as of June 30, 2023	--	57 454 835	6 229 760	305 899 461	8 372 368	42 197 481	420 153 905
Net book value as of June 30, 2023	125 265 515	228 719 196	4 967 145	128 316 053	13 064 513	9 637 118	509 969 540
Net book value as of December 31, 2022	125 265 515	231 165 333	4 250 926	108 512 635	11 814 392	9 060 749	490 069 550

Depreciation was charged during the year as follows:

	<u>Period ended</u>	<u>Period ended</u>
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Cost of sales	14 436 877	14 041 330
General and administrative expenses	5 293 192	248 035
Marketing and distribution expenses	665 554	5 357 570
	20 395 623	19 646 935

* Property, plant and equipment additions include assets transferred from projects under construction amounted to EGP 11 955 895.

** There is no real estate mortgage on property, plant and equipment and all assets are owned by the company. There are no restrictions on the ownership of property, plant and equipment, and there are no idle assets from production.

*** The of the Intangible assets represents the value of the name and trade mark (Nadin Print) amounted to EGP 200 000 as part of the contract to purchase the assets of Nadine Print as of December 31, 2017

****The amount is the value of the debit currency differences that arose as a result of obtaining a foreign currency loan to finance the acquisition of assets related to the purchase of the Cairo Cotton Factory.

4. **Projects under construction:**

<u>Description</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Machinery and construction work	8 710 373	16 247 476
Land	5 121 927	5 370 146
	<u>13 832 300</u>	<u>21 617 622</u>

5. **Goodwill**

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Goodwill	9 428 315	9 428 315
Impairment in goodwill (Note 12)	<u>(9 428 315)</u>	<u>(9 428 315)</u>
	<u>--</u>	<u>--</u>

The goodwill resulted from the acquisition of Egyptian Company for Knitting and Ready-made by the Company as follows:

<u>Company name</u>	<u>Acquisition date</u>	<u>The Group's shares in the subsidiary's net assets *</u>	<u>Direct and indirect acquisition cost</u>	<u>December 31, 2022</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Egyptian For Knitting & Ready Made	15/9/2015	10 411 660	19 839 975	9 428 315
Total Goodwill				<u>9 428 315</u>

* The fair value of the net assets of the Company has been determined by the market value of the property, plant and equipment in addition to the net book value of the Company's net assets, as the fair value of the subsidiary at the date of acquisition does not differ materially from its recorded amount at Company's books.

The Group tests goodwill for impairment annually, or on a regular basis, if there are indications that goodwill has been impaired.

The recoverable amount of the cash-generating units related to goodwill is calculated using the in-use method. The key assumptions used in calculating value in use relate to discount rates, expected changes in selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units

The Company has recorded an impairment of goodwill, because of the Company's' inability to achieve the expected profits from the date of acquisition.

6. Inventories (net)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Work in progress and finished goods	572 858 138	511 714 718
Raw materials	297 601 829	280 420 960
Spare parts	32 786 673	22 979 986
Packing materials	24 991 325	16 281 377
Held with others (Consignment goods)	2 259 177	30 330
Letter of credit	--	8 983 671
	930 497 142	840 411 042
Less: Write-down of inventories (Note 12)	(4 376 017)	(4 376 017)
	926 121 125	836 035 025

7. Accounts and notes receivable (net):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accounts receivables	555 799 882	464 460 891
Notes receivables	131 020 851	100 900 425
	686 820 733	565 361 316
Less: Expected credit losses (Note 12)	(40 051 440)	(39 309 815)
	646 769 293	526 051 501

8. Investment certificate

The balance of investments amounted to 2 002 749 Egyptian pounds as of June 30, 2023, represented in the value of the investment Securities purchased from the Arab African International Bank (Diamond) Investment Fund, amounting to 17 993 Securities. The price of one Security is approximately 111.307 Egyptian pounds per Security.

9. Debtors and other debit balances (net)

	<u>June 30, 2023</u>	<u>December 31, 2022</u> <u>(Amended)</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Advance payments to suppliers	82 067 704	91 336 605
Tax Authority – Withholding tax	25 911 797	46 063 693
Letters of guarantee – cash margin	26 644 058	18 130 168
Prepaid expenses	14 438 846	11 969 679
Deposits held with others	16 200 419	13 241 747
Tax Authority - Value added tax (previously sales tax)	18 670 733	9 050 213
Tax Authority-Advance payment	3 194 633	4 250 633
Employees' loans	732 887	677 824
Tax Authority-Stamp tax	74 273	25 331
Accrued revenue – Investment certificate	32 137	--
Other debit balances	4 976 506	4 527 600
	192 943 993	199 273 493
Less: Impairment losses recognized in other debit balances (note 12)	(6 139 081)	(6 139 081)
	186 804 912	193 134 412

10. Cash and cash equivalent:

<u>Description</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Cash on hand	11 668 324	11 700 800
Banks current accounts	40 127 968	96 601 503
	<u>51 796 292</u>	<u>108 302 303</u>

For preparing cash flow statement, cash and cash equivalent will be presented as follows:

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Cash and cash equivalent	51 796 292	67 156 408
(Less) Credit banks balance	(3 147 677)	(32 811 164)
	<u>48 648 615</u>	<u>34 345 244</u>

11. Provisions

<u>Description</u>	<u>Movement during the period</u>				<u>Balance as of June 30, 2023</u>
	<u>Balance as of January 1, 2023</u>	<u>Formed</u>	<u>Reversed</u>	<u>Used</u>	
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	
Provisions	41 415 237	1 542 020	--	(666 897)	42 290 360
Total	41 415 237	1 542 020	--	(666 897)	42 290 360

* These provisions represent the amount that have been recognized as the best available estimates against the required amount to settle the current obligation at the reporting date, these provisions relate to expected claims from some parties and authorities in connection with the company's activities.

12. Impairment and write down in assets value.

<u>Description</u>	<u>Movement during the period</u>				<u>Balance as of June 30, 2023</u>
	<u>Balance as of January 1, 2023</u>	<u>Formed</u>	<u>Reversed</u>	<u>Used</u>	
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	
Write-down of inventories (Note 6)	4 376 017	--	--	--	4 376 017
Expected credit losses (Note 7) *	39 309 815	797 866	--	(56 241)	40 051 440
Impairment losses recognized on other debit balances (Note 9)	6 139 081	--	--	--	6 139 081
Impairment in Goodwill (Note 5)	9 428 315	--	--	--	9 428 315

13. Credit Facilities

The following is credit facilities balances on June 30, 2023:

<u>Description</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Arabian African International Bank	214 854 311	267 047 154
Commercial International Bank	430 225 425	342 468 318
Qatar National Bank Al-Ahli	299 287 914	254 750 396
Abu Dhabi Islamic Bank	88 263 841	91 495 054
Attijari wafa bank	6 666	9 082 691
	1 032 638 157	964 843 613

* All credit facilities granted by all banks to the company are guaranteed by supply orders from external clients, and the Company is committed to paying those obligations on a regular basis.

14. Borrowing

<u>Description</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Qatar National Bank – Al Ahli	83 403 795	89 707 075
Commercial International Bank	76 227 804	71 250 942
Abu Dhabi Islamic Bank	23 880 397	35 873 469
Total	183 511 996	196 831 486
Less:		
Loan installments payable during the following year are included in current liabilities	(86 525 501)	(89 249 669)
Non-Current loan Installments	96 986 495	107 581 817

15. Accounts and notes payable.

<u>Description</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Accounts payable	193 394 445	205 820 258
Notes payable	43 247 306	39 666 005
	236 641 751	245 486 263

16. **Related parties transactions**

The significant transactions with related parties during the year are represented as follows:

<u>Company Name</u>	<u>Relationship type</u>	<u>Sales and other</u>		<u>Purchases</u>		<u>Advances to suppliers /</u>		<u>Current accounts (net)</u>	
		<u>revenues</u>		<u>and expenses</u>		<u>suppliers and notes payable</u>			
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>June 30, 2023</u>	<u>Dec 31, 2022</u>	<u>June 30, 2023</u>	<u>Dec 31, 2022</u>
Managing Director	Managing Director	--	--	--	--	--	--	(93 340)	(236 333)
Maged Toma	Shareholder	--	--	--	--	--	--	(6 869)	--
Dice Pack	Associate Company	--	8 772 406	(3 210 373)	(2 073 842)	--	--	--	--
		<u>--</u>	<u>--</u>	<u>(3 210 373)</u>	<u>(2 073 842)</u>	<u>--</u>	<u>--</u>	<u>(100 209)</u>	<u>(236 333)</u>

* Transactions with related parties are carried out on the same basis as dealing with others according to market prices, which are approved by the General Assembly through annual netting contracts

17. Creditors and Other Credit balances

<u>Description</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Advance payments received from customers	27 535 140	21 478 533
Tax Authority – payroll taxes	20 658 462	19 832 067
Accrued expenses	23 801 680	18 095 366
Shipping, customs clearance and service parties' creditors	22 579 244	15 848 035
Comprehensive health insurance	5 474 452	7 361 179
Accrued salaries	6 993 503	5 517 856
Accrued interest	5 950 390	4 372 718
Social insurance	1 796 479	2 211 957
Insurance from others	22 931	22 931
Other Credit Balance	4 407 020	3 892 033
	119 219 301	98 632 674

18. Capital

The authorized capital was amounted to EGP 300 million. The issued and paid-up capital amounted to EGP 53 000 000 distributed over 53 000 000 shares after the General Assembly approved the capital increase of EGP 25 000 000. The Commercial Register was registered on September 7, 2017, increase the number of shares to 53 000 000 shares instead of 28 000 000 shares.

On December 4, 2018, the General Assembly approved the distribution of the issued share capital of the Company by adjusting the nominal value of the share from EGP 1 to 20 piasters, thus making the issued and paid-up capital of EGP 53 million distributed over 265 000 000 shares at a nominal value of 20 piasters per share.

On May 8, 2019, the General Assembly approved the issued capital increase from EGP 53 000 000 to EGP 106 000 000 by amount of EGP 53 000 000 distributed on 265 000 000 shares as the share value is 20 piasters and that is through the issuance of free shares of one free share for each original share, and it was approved to publish the disclosure report for Dice Ready-Made Garments Company related to this increase on August 8, 2019.

On February 12, 2022 "Subsequent to financial statements date", the majority of the attended of the extraordinary assembly meeting has approved the feasibility study provided by the Company's board of directors relating to the increase of authorized share capital from EGP 300 million to EGP 500 million and also for approving the increase of issued capital from EGP 106 million to EGP 371 million with an increase of EGP 265 million in cash financed by inviting old shareholders of subscription for the increase in the Company's shares each according to the contribution in the Company's share capital through issuance of 1 325 million shares to be issued by nominal value of 20 piasters for each share. In the case of not all issued shares not subscribed for, the subscribed shares will be sufficient whether they are fully cover or not. The subscription will be done on a single stage and the subscribed amount cannot be redeemed.

On May 22, 2022, the company received a preliminary approval from the Financial Regulatory Authority (FRA) for the company to publish the invitation to the old shareholders to subscribe to the shares of the company's issued capital increase as described above.

During the prior year, the capital increase process was completed through the subscription of the old shareholders in the increase shares, and the value of the issued capital after the increase amounted to EGP 357 328 956, which was fully paid, distributed over 1 786 644 781 shares, and this was noted in the value of the increase in the company's commercial register on August 4, 2022.

The ownership structure is as follows:

Description	Shares no.	percentage
Nagi Samir Toma Thomas	377 830 000	21.147%
Maged Samir Toma Thomas	155 430 000	8.7%
United Motors & Heavy Equipment C0. L.L.C	96 919 183	5.4%
Total holders of 5% of the company's shares or more	630 179 183	35.27%
Total holders of less than 5% of the company's shares	1 156 465 598	64.72%
Total	1 786 644 781	100%

* The above-recorded figures are based on the names of shareholders issued by Misr El Makasa, depository and centrally registry Company on June 26, 2023.

* On April 4, 2023, and based on the decision of the Board of Directors on March 25, 2023, the company purchased treasury shares amounting to 70 million shares, at an amount of 31,500,000 Egyptian pounds, at a value of 0.45 Egyptian pounds per share. The General Assembly, convened on April 29, 2023, unanimously approved the effects of purchasing treasury shares in terms of increasing the voting rights and ownership percentage of the main shareholders (Mr. Nagy Samir Toma and Mr. Majed Samir Toma) and the parties associated with them for the positive percentage to submit a compulsory purchase offer.

19. Business combination reserve (Common control reserve)

The Group acquired an additional 40% share in the capital of Master Line for Textile Industries (a subsidiary) on September 10, 2015, which resulted in an increase in the Group's share in the subsidiary's capital without affecting the Group's control over it. Gains resulted of the acquisition of this additional stack, amounted to EGP 2 943 242 was included in the Common control reserve.

On December 25, 2018, the Group acquired an additional share of Alexandria Readymade Garments and Alexandria Ready Made Garments Company. The share of the increase was 5% of the total capital of both companies. This resulted in an increase in the Group's share in the subsidiary's capital without changing it. The Group's control over these losses amounted to EGP 2 367 605, which was included in the equity control transactions.

On February 28, 2021, the Group acquired an additional share of Textile Print Plus, and the increase share amounted to 24% of the total capital of the subsidiary, which resulted in an increase in the Group's share in the capital of the subsidiary without changing the principle of the Group's control over it, and the losses resulting from the acquisition of this additional share amounted to EGP 5 507, which were included in Business combination reserve in equity.

20. Income tax

Income tax charged to the statement of profit or loss.

	<u>Period-ended</u> <u>June 30, 2023</u>	<u>Period-ended</u> <u>June 30, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Current income tax	(22 744 700)	3 525 755
Deferred income tax	(1 307 591)	279 931
	<u>(24 052 291)</u>	<u>3 805 686</u>

Deferred tax liabilities.

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
<u>Deferred tax liabilities generated from</u>		
Tax differences between the carrying amount of fixed assets and the tax base of such fixed assets.	37 903 438	36 627 777
Total deferred tax liabilities	<u>37 903 438</u>	<u>36 627 777</u>

21. Non-Controlling interest

<u>Description</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
United Dyers Company	17 917 223	17 687 512
Alexandria Group Companies	(79 965)	(80 161)
Textile print plus Company	7	5
Master Line	546	551
Egyptian for Knitting and Ready-Made	16	15
	<u>17 837 827</u>	<u>17 607 922</u>

22. Other income

	<u>For the period ended</u> <u>June 30, 2023</u>	<u>For the period ended</u> <u>June 30, 2022,</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Other operation income	2 544 213	27 174 511
	<u>2 544 213</u>	<u>27 174 511</u>

23. Earnings per share for the period

	<u>For the period ended</u> <u>June 30, 2023</u>	<u>For the period ended</u> <u>June 30, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period after income tax	121 167 685	25 441 501
<u>Divided by:</u>		
Weighted average number of shares outstanding during the period *	1 786 644 781	530 000 000
Basic Earnings per share of the period (EGP / share) ***	<u>0,068</u>	<u>0,05</u>
Deduct: Treasury shares:		
Weighted average number of shares outstanding including treasury shares during the period **	1 752 611 632	530 000 000
Diluted Earnings per share of the Period (EGP / share)	<u>0,069</u>	<u>0,05</u>

* On February 2022, the extraordinary assembly meeting has approved the feasibility study provided by the company's board of directors relating to the increase of authorized share capital from EGP 300 million to EGP 500 million and also for approving the increase of issued capital from EGP 106 million to EGP 371 million with an increase of EGP 265 million in cash financed by inviting old shareholders to subscribe for the increase in the company's shares each according to the contribution in the company's share capital through issuance of 1 325 million shares to be issued by nominal value of 20 piasters for each share. In the case of not all issued shares not subscribed for, the subscribed shares will be sufficient whether they are fully cover or not. The subscription will be done on a single stage and the subscribed amount cannot be redeemed.

During the prior year, the capital increase process was completed through the subscription of the old shareholders in the increase shares, and the value of the issued capital after the increase amounted to EGP 357 328 956, which was fully paid, distributed over 1 786 644 781 shares, and this was noted in the value of the increase in the company's commercial register on August 4, 2022.

** On April 4, 2023, and based on the decision of the Board of Directors on March 25, 2023, the company purchased treasury shares amounting to 70 million shares, at an amount of 31,500,000 Egyptian pounds, at a value of 0.45 Egyptian pounds per share. The General Assembly, convened on April 29, 2023, unanimously approved the effects of purchasing treasury shares in terms of increasing the voting rights and ownership percentage of the main shareholders (Mr. Nagy Samir Toma and Mr. Majed Samir Toma) and the parties associated with them for the positive percentage to submit a compulsory purchase offer.

*** Until the date of approval of the financial statements, the Company did not prepare a dividend distribution project, which, if prepared, will result into a reduction in the share's share of the net profit for the year due to the reduction of the year's profits after taxes in both the employee's share of the distributions and the remuneration of the members of the Board of Directors.

24. Finance lease creditors

The following is a statement of the finance lease contracts and related commitments that the company agreed on:

- (1) On May 4, 2018, Alexandria Readymade Garments Company sold all lands, buildings and plots of land plots numbers (6B), Block (20) and (15, 16, 17, 18) Block (1), Third Industrial Zone - New Borg Al Arab City The net book value is EGP 4 843 733 with financial leaseback under a finance lease No. (485) contracted between the Hermes Financial Leasing Company (first party - the lessor) and Alexandria Ready Made Garments Company (second party - lessee) and Dice for Ready-Made Garments Company (a second party - a corporate guarantor), the two parties agreed that the total contractual value amounted to USD 989 280 paid in quarterly installments by 20 quarterly installments starting from April 20, 2018 expires on January 20, 2023 and a five-year contract, (amount per installment of USD 49 464)
- (2) On May 4, 2018, Alexandria Ready Made Garments Company sold all lands, buildings and plots of land plot numbers (11, 12) Block (20), the third industrial zone - New Borg El Arab City, with a net book value of EGP 6 571 311, with leaseback. Financing in accordance with a financial leasing contract no. (487) concluded between Hermes Financial Group for financial leasing (first party - lessor) and Alexandria Ready Made Garments Company (second party - lessee) and Dice for Ready-Made Garments Company (second party - guarantor of solidarity), and the two parties agreed to The total contractual value of USD 2 032 320 is to be paid in quarterly installments of 20 quarterly installments that start on April 20, 2018 and end on January 20, 2023 and the contract period is five years, (amount per installment is USD 101 616).

- (3) On March 17, 2020, the Company signed a finance lease contract with BM Financial Leasing, according to which the Company leased the entire area of land and building No. 18 at Al-Hurriya Street - Emad Nasr Land - Industrial Zone - Kilo 18 Cairo Ismailia Road - Al Salam Division - Cairo Governorate for a total rental value of EGP 15 809 980, paid EGP 1 225 000 as a down payment, and the remaining amount at EGP 14 584 980 will be paid on a monthly installments EGP 243 083 each, over a period 60 months.
During the current period, the company has paid the full payment of the financial lease.

Finance lease liabilities contracts:

	<u>Current portion</u> <u>(EGP)</u>	<u>Non - current portion</u> <u>(EGP)</u>	<u>Total</u> <u>(EGP)</u>
Contract No. (485)	1 240 443	--	1 240 443
Contract No. (487)	2 548 295	--	2 548 295
	3 788 738	--	3 788 738

25. Right of use of assets (net)

Right of use of assets balance as of June 30, 2023, is as follows:

	<u>June 30, 2023</u>
	<u>EGP</u>
Cost as of December 31, 2021	46 925 882
Addition during 2022	48 730 926
Disposals during 2022	(12 844 221)
Cost as of December 31, 2022	82 812 587
Additions During June 30, 2023	8 713 149
Cost as of June 30, 2023	91 525 736
<u>Accumulated amortization</u>	
Accumulated amortization as of December 31, 2021	9 164 876
Amortization during the year	18 686 991
Amortization for disposals during the year 2022	(1 427 136)
Accumulated amortization as of December 31, 2022	26 424 731
Amortization During June 30, 2023	11 326 356
Accumulated amortization as of June 30, 2023	37 751 087
Net right of use assets as of June 30, 2023	53 774 649
Net right of use assets as of December 31, 2022	56 387 856

As follows, allocation of the impact of lease liabilities on the statement of financial position and statement of profit or loss during the period:

<u>Description</u>	<u>Statement of financial position</u>		<u>Statement of profit or loss</u>
	<u>Non – current liabilities</u>	<u>Current liabilities</u>	<u>Debit interest</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
The value of the commitment to operating lease at the current discounted value using the Company's additional borrowing rate.	40 068 478	19 799 921	3 538 428

26. Company's going concern.

- The accumulated losses of Sweeter Ready-made Garments Company (Subsidiary) as of June 31, 2023, exceeded half of the equity issued of the subsidiary at that date. Indicating that there is uncertainty concerning the company's going concern according to article no. 69 of Companies law no. 159 of 1981 amended by law no. 4 of 2018, The Subsidiary's board of directors must invite to an extraordinary general assembly to discuss going concern.
- The accumulated losses of Alexandria Factory Ready-made Garments Company (Subsidiary) as of June 30, 2023, exceeded half of the equity issued of the subsidiary at that date. Indicating that there is uncertainty concerning the company's going concern according to article no. 69 of Companies law no. 159 of 1981 amended by law no. 4 of 2018, The Subsidiary's board of directors must invite to an extraordinary general assembly to discuss going concern.
- The accumulated losses of Alexandria Ready-made Garments Company (Subsidiary) as of June 30, 2023, exceeded half of the equity issued of the subsidiary at that date. Indicating that there is uncertainty concerning the company's going concern according to article no. 69 of Companies law no. 159 of 1981 amended by law no. 4 of 2018, The Subsidiary's board of directors must invite to an extraordinary general assembly to discuss going concern.

27. Tax Position

Dice Company:

First: Corporate tax

Years from 1999 to 2009

The tax was inspected, Tax form (19) was issued, and appealed at the specialized internal committee. The decision of the committee was issued and approved, and the dispute was agreed upon with the transfer of the depreciation item due to its relation for the previous years and the interest to the appeal committee. The appeal committee's decision was issued in support of the tax authority in its findings, and the decision was appealed before the court to consider the items of the dispute, and a request was submitted to end the dispute in accordance with Law No. 16 of 2020, and the decision was issued stating the company's right to adopt the item of depreciation of fixed assets, and it is being settled with the reservation department with Pay the due tax in full.

Years from 2010 to 2016

Tax returns were submitted under the provisions of Law 91 of 2005, and tax dues were paid based on submitted returns. The Company has been inspected and form (19) has been appealed and the dispute was referred to the internal committees, some items have been transferred to specialized committee. The committee issued a decision to support the company and transfer the item of fixed assets to the Tax Authority to re-examine the balance of the beginning of the period, with payment of the tax due in full.

Years from 2017 to 2019

The Company has been notified of the inspection, and documents and analysis are being prepared to determine the date of the inspection. The tax returns have been submitted on the legal dates and the tax due by the Company have been paid based on the submitted returns.

Years from 2020 to 2022

The Company has not been notified of an inspection to date. The tax returns have been submitted on legal dates and the tax due by the company shall be paid based on the submitted returns.

Second: Payroll Tax:

From inception date until 2013

The books have been inspected, settled, and paid any differences.

Years from 2014 to 2020

The Company has not been notified of an inspection to date. The tax returns have been submitted on legal dates and the tax due by the company shall be paid based on the submitted returns.

Year 2021 until Year 2022

The company is committed to pay the monthly payroll tax on the legal dates and has not been notified of the inspection to date.

Third: Sales Tax (value added tax):

From inception date until Year 2017

Inspected and settled until 2017. The tax differences due for those years have been paid.

Year 2018 and Year 2020

Tax returns have been submitted on the legal due dates and the Company has been notified to inspection.

Year 2021 and Year 2022

Tax returns have been submitted on the legal due dates.

Fourth: Stamp Tax:

From inception date until December 31, 2016

The stamp tax duty was inspected, tax dues were paid in full.

Year 2017 and Year 2018

The Company's books have been inspected and the tax authority has issued form (19) in which the Company submitted an appeal form.

Year 2019 and Year 2020

The company has not received a notification for inspection.

Fifth: Withholding tax:

From the inception date until 2017

The Company has been inspected for these years and the Company has settled the disputed tax dues.

Years 2018 to 2022

The tax has been paid on the legal dates and the Company has not been notified with any inspection for these years.

Sixth: Property Tax:

The dues have been paid until 2021, and there are no dues for the year 2022, as a request was submitted to exempt factories from paying the property tax.

Seventh: Social Insurance:

On a regular basis, the Company pays monthly on the legal due dates to date.

28. Significant events during the current period and the subsequent period

On February 2, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting, to maintain the rates of the deposit and lending return for one night and the price of the main operation of the Central Bank at the level of 16.25%, 17.25%, and 16.75%, respectively, and the credit rate was maintained. And the discount is at 16.75%.

On March 30, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting, to raise the rates of the one-night deposit and lending return and the price of the main operation of the Central Bank by 200 basis points, to reach 18.25%, 19.25%, and 18.75%, respectively. Credit and discount rate by 200 basis points, reaching 18.75%.

On May 18, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting, to maintain the rates of the one-night deposit and lending return and the price of the main operation of the Central Bank at the level of 18.25%, 19.25%, and 18.75%, respectively, and the credit rate was maintained. And the discount is at the level of 18.75%.

On May 17, 2023, the Prime Minister Issued Decision 1847 of 2023 amending some provisions of Egyptian accounting standards by adding Appendix B to Egyptian Accounting Standard No. (13) amended 2015. The effects of changes in foreign exchange rates, which includes a special accounting treatment to deal with the effects of Movement of foreign exchange rates.

On August 3, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting, to maintain the rates of the one-night deposit and lending return and the price of the main operation of the Central Bank at the level of 19.25%, 20.25%, and 19.75%, respectively. Credit and discount rate by 100 basis points, reaching 19.75%.

29. Fiscal year

The fiscal year begins on January 1 and ends on December 31 of each year.

30. Adjustments at the previous year:

As a result of uncertainty and uncertainty regarding the collection of export subsidies recently, the Board of Directors decided on May 17, 2023, to change the system for recording export subsidy revenue in the company's books from recording subsidies upon maturity to subsidy recording upon collection. This resulted in the following settlements:

Description	Financial Statements	Before amending	After amending	Differences
		EGP	EGP	EGP
Retained Earnings Balance as of December 31, 2022	Owner's Equity	134 471 297	40 407 685	(94 063 612)
Net profit as of December 31, 2022	Owner's Equity	162 068367	121 441 843	(40 626 524)
Debtors and other debit balances Balance as of December 31, 2022	Balance sheet	327 824 548	193.134 412	134 690 136
Net profit for period (Six Months) as of June 30, 2022	Profit or loss	45 293 649	25 441 501	19 852 148
Net profit for period (Three Months) as of June 30, 2022	Profit or loss	35 209 936	31 866 608	3 343 328
Earnings (profit) per share for period (Six Months) as of June 30, 2022	Profit or loss	0,09	0,05	0,04
Earnings (profit) per share for period (Three Months) as of June 30, 2022	Profit or loss	0,07	0,06	0,01

Chief Financial Officer
Mr. Victor Fakhry

Managing Director
Mr. Nagi Toma