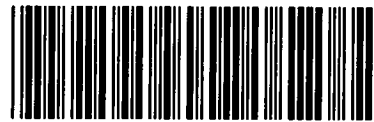


REGISTERED NUMBER: 09996310 (England and Wales)

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2024
for
Kazareen Textile Group Ltd

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COMPANIES HOUSE

Merali's
Chartered Accountants & Statutory Auditors
Scottish Provident House
76-80 College Road
Harrow
Middlesex
HA1 1BQ

Kazareen Textile Group Ltd

Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2024

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Kazareen Textile Group Ltd
Company Information
for the Year Ended 31 December 2024

DIRECTORS:

Oussama M Abboud
Daniel M Bricken
El Mouhtaz El Sawaf
Toufic Khoueiri
Karim A N Naim
Luc A E Rigouzzo

REGISTERED OFFICE:

147 Chiswick High Road
London
W4 2DT

REGISTERED NUMBER:

09996310 (England and Wales)

AUDITORS:

Merali's
Chartered Accountants & Statutory Auditors
Scottish Provident House
76-80 College Road
Harrow
Middlesex
HA1 1BQ

Kazareen Textile Group Ltd
Group Strategic Report
for the Year Ended 31 December 2024

The directors present their strategic report of the company and the group for the period ended 31st December 2024 with brief observation on 2025.

REVIEW OF BUSINESS

2024 was a transformative year for the group highlighted by two main and key drivers: the near completion of the investment by Amethis in the group which closed on 4th February, 2025 and secondly the business reaping the benefits of its pivot and restructuring which was completed the previous two years driving the group business to continue executing and preparing for the next phase of growth and profits supported by the investment by and partnership with Amethis.

After the signing of the LOI in February of 2024 between KTG and Amethis, the management was quite involved in the various streams of due diligence undertaken by the investor. The due diligence covered legal, tax, commercial financial and ESG matters that, in conclusion, were satisfactory to the investor covering the period March 2024 to August 2024. Thereafter the group, its management and advisers were heavily involved in finalizing the SHA and SSPA which were signed in November 2024. The deal did actually close on February 04, 2025, with the same conditions as described in the Strategic Report for the year ending December 31, 2023.

The group business in 2024 can be divided into the Egypt Manufacturing part and the German wholesale and distribution part.

The Egyptian manufacturing business consists of Apparel manufacturing, Fabric manufacturing and Hospitality Linen manufacturing servicing a very diverse group of customers spread across many markets, geographies and product lines. All verticals performed in 2024 with a focus on EBITDA margins and lowering of bank debt. In 2024 the Egyptian operation achieved a top line sale of USD \$29.6m with an EBITDA of USD \$6m. More specifically, the company increased its focus and push to grow its Hospitality business in the GCC and MENA regions which is seeing an unprecedented boom in New Hotel openings and various rebranding and refurbishing of existing hotels. Fabric Sales and commission dying to local and foreign Non-Vertical Manufacturing clients in Egypt continued to show solid demand as the Asia supply chain continues to see various disruptions in the Red Sea and other parts of the world. The near shoring to the US and EH markets continued to show significant push in 2024 with Egypt being the biggest beneficiary of this initiative especially as geopolitics heated up in various parts of the world especially between China, Russia, the USA and the EU. Major Turkish investors and others from Asia moved apparel and textile operations from their countries to Egypt leading foreign direct investment in 2024. The Group Egyptian manufacturing operations added the Inditex Group (Zara, Massimo Dutti, Pull & Bear, etc) as a client in 2024 in addition to H&M and many other global brands that onboarded the manufacturing units over a period of not less than 12 months. The management also succeeded to work with the Marriott Group in trying to establish and list KTC Egypt as a key regional supplier for all the hotel properties under the Marriott brand.

The German Operation Promodoro Fashion sells Promodoro branded clothing to companies looking to decorate their logo or brands on clothing as a uniform or promotional item. The company continued to execute and grow in 2024 resulting in top line sales of USD \$25.2m and an EBITDA of \$3.6m. The company continued to invest in key staff covering sales, marketing and operations. The product range was also enhanced to include certain new products that are moving well in the B2B space which Promodoro specializes in. Due to the success of the German operation and Amethis investment near completed in 2024, Promodoro started working with buy side investment advisers to look for opportunities for a Bolt On acquisition in the EU market further positioning the company as a major player in the uniform, promotional and merchandising space. As the EU economy adjusted to new global realities including competition from Asia as well as heated geopolitics corporate business and investment in Germany and much of Europe saw a sudden slowdown affecting the company's results in the fourth quarter of 2024 which was mitigated by the strong first three quarters of the year.

In summary, 2024 was year full of positive developments for the group. The investment deal with Amethis signed in November of 2024 and completed in February 2025 was a major pivot that set the Group on a course of long-term sustainable growth.

Results and Dividends:	YE 31/12/2024	YE 31/12/2023
	£	£
Turnover from continued operations	41,995,651	44,153,816
GP Margin	48%	49%
Profit/(Loss) before tax from continued operations	43,095	2,397,272
Shareholders' Equity	2,368,195	3,938,775

The Egyptian units achieved a record EBITDA result in 2024 driven by strong sales in Hospitality as well as savings in Labour, Overhead, and raw materials costs due to the currency devaluation as the manufacturing units export 90% of their products in foreign currency (USD). Net profit was affected by equity losses caused by the devaluation in the currency causing USD debt to grow year over year in EGP. Profit also continued to suffer due to the fact that capacity was not fully utilized during the year due to a shortage in working capital and high bank debt.

Dividend paid in 2024 £64,712 to non-controlling interest

Kazareen Textile Group Ltd
Group Strategic Report
for the Year Ended 31 December 2024

PRINCIPAL RISKS AND UNCERTAINTIES

Market - The company's earnings are largely dependent on the volume of textiles, garments and hospitality products sold and the selling price obtained in each of markets it operates in. These are determined by market supply and demand. However, the company had always tried to diversify its markets and product ranges in order not to have any risk of concentration in any one sector or geography. We are in the GCC/MENA, EU, North America. We sell apparel, fabrics hospitality and hospital textiles and linens. We continue to be laser focused on diversifying our portfolio of customers so as to avoid concentration risk and in the process limiting any one customer to make up more than 10% of group sales and capacity.

Competition - The company operates in an extremely competitive market and if it fails to compete effectively, its business, results of operations and financial condition could be adversely affected. Major competition comes from Bangladesh, Cambodia, Turkey and Vietnam in the Apparel category. China, India, Turkey and Pakistan in the Hospitality Linen product lines. Egypt is fortunate to have DUTY FREE arrangements with most of the markets it sells into which none of the competing countries have. Additionally, having Egypt as the base of operations for the manufacturing division provides a great advantage over suppliers in Asia trying to sell to the same markets. Transit times for shipments and cost of shipping became a huge factor in sourcing and apparel production and being in close proximity to most key markets make Egypt a preferred source of production over countries in southeast Asia and south Asia. The currency devaluation that took place in 2022 and 2023 made labour rates and generally the cost of production in Egypt at a very favourable level compared to our competitors. Finally, the Tariffs imposed by the US government only affected Egypt to the tune of 10% while affecting other competing countries anywhere from 25% to 50%. Orders, production and investment in textile and apparel production in Egypt is seeing a boom never seen in the history of the industry.

Contingency and security of supply - The company is committed to widening its supply base geographically to increase contingency of supply to mitigate risks of disruption caused by adverse patterns or political disruptions. We source our raw materials from various places like India, China, Vietnam, Turkey and Egypt. We do not leave our supply chain exposed to any one source or one country. 2024 saw an increased investment in raw material supply in Egypt by the public and private sectors and that provided manufacturers like us an added advantage of quickly sourcing raw materials instead of relying on Asian suppliers that continue to suffer from a variety of political and supply chain issues.

Customers - The company's customer base consists primarily of retailers, (US, European and GCC) B2B in-printable apparel suppliers, hotel chains, hospitals, commercial laundries, speciality distributors and wholesalers. The increasing concentration of customers can increase credit risk. Changes in the trading relationships with major customers or of their procurement policies could positively or adversely affect the operations and profitability of the company. KTG and its operating companies have maintained a very nice balance between customers geographically, vertically and horizontally. No reliance on one customer is permitted. We sell a variety of apparel to differing channels that always give us a hedge against seasonality and economic slowdown. We also started to manufacture woven products that command a higher price point and involve a value-add process.

Foreign exchange / currency - Some of the company's sales and purchases are transacted in currencies other than sterling. The company mitigates these risks by mirroring transactions in that currency. Exception to this is the fact that the Egyptian currency leaves the company exposed to Net Debt revaluation as sales, receivables and debts are in USD, but results have to be reported in EGP. The Egyptian operations profit from the devaluation of the local currency but take an FX loss when USD denominated debt gets revaluated in EGP. To mitigate some of the effects of this revaluation, the Egyptian Government allowed in early 2023 most of the companies to revalue their FIXED ASSETS to capture back some of the losses attributed to revaluation of debts and liabilities. This rule necessitates the revaluation to be done, and we have just completed the 2025 revaluation of the fixed assets.

Credit - The company limits undue counterparty exposure by ensuring robust procedures are followed prior to starting trade with a new customer and ongoing exposure is monitored on an ongoing basis. Due to COVID 19 and its impact on cash and profits and due to the volatile raw materials prices since 2021, the company and its subsidiaries started dealing on mainly a Cash Basis with most customers in addition to requiring cash deposits before starting production on orders. Some of the customers pay as high as (50%) deposits upon placement of programs and orders especially in the Hospitality business and some of the apparel business. The company and its subsidiaries in Egypt are also working with customers on the basis that customers supply and pay for the raw materials.

Sustainability - The company is committed to operating in a sustainable way across all its business activities and these are conducted in an ethical and responsible way. The company recognizes the risks involved and regularly conducts audits with its suppliers to ensure compliance. Additionally, customers of KTG continuously audit all company divisions to ensure that the KTG Group and its subsidiaries are certified in the highest standards of Social Responsibility, Environmental, Quality Management, Health & Safety and Sustainability. During 2024, various components of the Group were able to obtain prestigious global ESG certifications like the Step 2 by Oekotex, Better Work, BSCI and many other high-profile certifications. Finally, the company did sign an ESG agreement with its investor Amethis, bringing operations to full EU compliant ESG standards. Investor and company work regularly to monitor progress in fulfilling said agreement.

People - The company is dependent on the continuing commitment of its management. The loss of such key personnel without adequate replacement could have a negative impact on the performance of the company. Management is aligned and has been dedicated to the company and its goals. The management team has considerable experience in managing all these risks while delivering sustainable profit growth. Company structure provides a very coherent management structure that works together very effectively to produce the key objectives of the company. During 2024 and 2025, the company acquired various talented senior managers in production management, quality control, HR, Legal and a new CFO for the Group.

Kazareen Textile Group Ltd
Group Strategic Report
for the Year Ended 31 December 2024

Having outlined the above, we need to mention that the company was faced with the significant ramifications of the COVID 19 epidemic during the year 2020 and 2021. This epidemic took the world by storm and fundamentally shut down business globally and impacted everyone on the planet. The management has worked very hard to restructure capacity, cut costs significantly, engage stakeholders to ensure that the business remains operating smoothly and profitably. We have been successful in executing a total restructuring in the last 36 months that we believe will prepare the business for the coming years. We have also weathered the impact of the regional conflicts in the last two years as the company and its management were resilient enough to ensure sales and production remained unaffected by any regional conflicts.

Our immediate goal is to continue executing our plans with our investor and partner Amethis. Our growth targets remain very high and all global, regional and local indication point to the fact that Egypt and its manufacturing and textile exports will see an explosive growth over the next five years. Germany and EU business will remain very stable and predictable offering our German subsidiaries much room to grow and invest.

SECTION 172(1) STATEMENT

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its members.

Having regard to the likely consequences of any decision in the long term

The directors of the company initiated, supported and completed a major investment in the company in 2024 and 2025 enabling the group to reduce debt, invest in human capital and set itself for significant growth supported by management and staff that are fully aligned with company's mission and vision. The investment deal with Amethis, led by the directors, was executed over a period of 16 months with much focus on the long-term consequences of this investment as they relate to the benefit of its members.

Having regard to the interests of the Company's employees

We treat all our employees equally and have No Gender pay gaps in the Group. Our Company Policy is to treat all employees equally and irrespective of gender, race, colour, and other differences.

We have in place training programs for all levels of manufacturing employees. We believe in cross functional rotations of key and promising personnel. We believe in promoting always from within as we invest in our promising stars. Around 4% of the Labour Cost Budget is dedicated to training, development, and other employee growth initiatives.

The Board also receives information on the working conditions of the employees, and this is reviewed regularly in the Board Meetings. Presentations are prepared by our Systems and Compliance Departments that show how the company is dealing with worker well-being and our sustainability goals. A team of professionals at the manufacturing facilities is dedicated to compliance with international best-in-class codes of conduct and sustainable business practices.

KTG relies on intensive labour methods in manufacturing due to the nature of the products we make. Technological and other automation initiatives have threatened or disrupted this sector as it has in other manufacturing sectors. Having said this, robots are being tested that will replace labourers for certain steps of clothing manufacturing. However, we believe that this is years away from becoming a threat to the high labour nature of the business.

Having regard to the need to foster the Company's business relationships with suppliers, customers and others

Customers

The management receives information about customer feedback, and this is mainly reviewed during Board Meetings as management usually updates the board on customers.

Management with its dynamic nature is always aware of the latest developments in our markets and products. This happens through trade shows, exhibits, conferences, being members of the various textiles and apparel associations in Egypt, Europe and the USA. Being a group with a global footprint and subsidiaries in Europe and North America gives us continuous exposure and intelligence to the latest innovations and possible disruptions. Board is always updated in Board Meetings about any of these matters.

Competitor activity is tracked through the various federations and associations that track performance. We also track this through credit agencies that share certain information about these companies and through public information if the competitor is a publicly listed company. All this information is reported to the board through our regular quarterly board meetings.

Suppliers

The Board reviews the relationship with the suppliers on a quarterly basis and management is responsible to make sure that the company is dealing with suppliers who are compliant with the ethical standards as the company is regularly audited by the customers and global certifying bodies for adhering to best-in-class supplier relationships.

Kazareen Textile Group Ltd
Group Strategic Report
for the Year Ended 31 December 2024

Having regard to the impact of the Company's operations on the community and the environment

Community

We impact the communities where we manufacture and where we sell our products. We are aware of our workers and their communities and the customers we sell to and their respective communities. However, due to the nature of the products and the geography we manufacture in, we believe that the most impact is on the communities where we manufacture our products. We see first-hand the impact because of the size of the operations and number of workers that we employ and their impact on their communities.

The Board is very aware and very invested in our impact on the communities we engage with. At each company or subsidiary level, we have a clear CSR initiative and other community specific engagements. Examples will be regular donations to community-based charities, vocational school support and the like. In 2022, the KTC Manufacturing subsidiary of KTG, signed a cooperation protocol with Al Khalil Charity Group in Atfeeh South Giza, Egypt to set up garment manufacturing training schools for locals. Project now has around 150 students being trained that graduated into the work force in 2023 and we have expanded this to be around 250 for the fiscal year ended 2024.

We set up a long-term arrangement with many vocational schools in our manufacturing geographies where we bring the students to train on clothing and textiles production and then offer them full time work after graduation. We had to invest in full training centres for this initiative, in specialized management to oversee the program and administration staff to follow up with the students and their colleges during and after training.

Environment

We have been awarded many Environmental certifications that reflect our commitment to climate change and environmentally friendly production and business methods at all our facilities. We have completed many studies that have measured our carbon footprint and always work on reducing same in every decision we make at all levels of the operations. We believe climate change is the most important challenge to business everywhere. Every business needs to do its part in measuring its carbon footprint and work on ways to reduce it.

The Board has instructed management to ensure that the environment and climate change are at the centre of any strategy for the respective businesses) The Board is kept aware of developments in environmental legislation through the Board Meetings in which any governmental or legislative changes are reviewed, discussed and analysed.

Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct

KTG and its companies are regularly audited by each of its customers for the highest standards in ethical sourcing and responsible manufacturing. This is maintained yearly through announced and unannounced audits and visits to the various places of business. In addition, the company and its facilities have been awarded the following international certifications that relate to ethical sourcing and responsible manufacturing: Oekotex WRAP, ISO 18001, FLA Affiliation, Better Work, GOTS, Think Green Initiative.

Having regard to the need to act fairly as between members of the Company

The company has just one class of share in issue and therefore, all the shareholders benefit from the same rights as set out in the company's articles of association.

ON BEHALF OF THE BOARD

Oussama M Abbon Director



Date: 03/11/2025

Kazareen Textile Group Ltd

Report of the Directors **for the Year Ended 31 December 2024**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2024.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of manufacturing, trading and exporting of textiles and accessories of clothing.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2024.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2024 to the date of this report.

- Oussama M Abboud
- Husam Faisal Sorour – resigned 4 February 2025
- Bassem Nicolas Ziade – resigned 4 February 2025
- Daniel M Bricken – appointed 4 February 2025
- El Mouhtaz El Sawaf – appointed 4 February 2025
- Toufic Khoueiri – appointed 4 February 2025
- Karim A N Naim – appointed 4 February 2025
- Luc A E Rigouzzo – appointed 4 February 2025

STREAMLINED ENERGY AND CARBON REPORTING

Due to the size of the individual parent holding company in the UK and energy consumption less than 40,000 kWh in UK, we are availing ourselves of the exemption from reporting requirement under SECR.

We are conscious of the contribution even small actions can help in reducing our carbon footprint.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

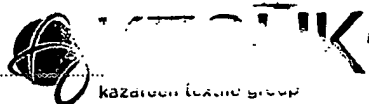
AUDITORS

In the absence of a notice proposing that the appointment be terminated, the auditors, Merali's, are deemed to be reappointed for the next financial year.

ON BEHALF OF THE BOARD:

Oussama M Abboud, Director

Date: 03/11/2025



Report of the Independent Auditors to the Members of Kazareen Textile Group Ltd

Qualified Opinion

We have audited the financial statements of Kazareen Textile Group Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Company Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the UK and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is qualified solely with respect to the comparative financial information, as described in the Basis for Qualified Opinion section of our report.

Basis for qualified opinion

The comparative information presented in these consolidated financial statements includes trade and other receivables of £7,684,263 as at 31 December 2023. We were unable to obtain sufficient appropriate audit evidence regarding the recoverability of those receivables and the adequacy of the related expected credit loss provision. Consequently, we were unable to determine whether any adjustment might have been necessary to the comparative trade and other receivables balance, the related impairment provision, or the comparative profit and loss for the year then ended. Our opinion on the current year's consolidated financial statements is not modified in respect of this matter.

The Group's accumulated losses as at 31 December 2023 include provisions of £3,208,193 relating to a significant component in the group, in our view, should have been recognised in the 2023 statement of profit or loss. The Group has not adjusted the 2023 comparative amounts. Consequently, the net profit for 2023 is overstated by £3,208,193. Our opinion on the current year's consolidated financial statements is not modified in respect of this matter.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going-concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Report of the Independent Auditors to the Members of Kazareen Textile Group Ltd

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Report of the Independent Auditors to the Members of Kazareen Textile Group Ltd

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring with management and component auditors including obtaining and reviewing supporting documentation concerning the company's policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the group controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- performing analytical procedures on subsidiaries, and overall, on the group level to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- discussing among the engagement team including tax regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- obtaining an understanding of the legal and regulatory framework that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company. The key laws and regulations we considered in this context included the Companies Act 2006 and Tax legislation.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition (completeness and cut-off), inventory (cut-off, existence, completeness, and valuation), and provisions as key audit matters.

We shared audit instructions letters with the significant components auditors to ensure the risks identified at group level have been addressed at subsidiary level and subsequently reviewed the working papers of components auditors specifically the audit workings, findings and conclusions of the significant risk areas.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mahmud Merali FCA (Senior Statutory Auditor)
for and on behalf of Merali's
Chartered Accountants & Statutory Auditors
Scottish Provident House
76-80 College Road
Harrow
Middlesex
HA1 1BQ
Date: 03/11/2025.....

KAZAREEN TEXTILE GROUP LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2024

	Note No.	2024 £	2023 £
CONTINUED OPERATIONS			
Revenue	(4)	41,995,651	44,153,816
Cost of sales		<u>(21,869,378)</u>	<u>(22,605,605)</u>
GROSS PROFIT		20,126,273	21,548,211
Other operating income	(8-a)	126,509	153,796
Distribution costs	(5)	(3,207,979)	(1,120,460)
Administrative expenses	(6)	(11,012,646)	(13,582,279)
Net impairment losses on financial and contract assets		(232,232)	(13,308)
Other operating expenses	(8-b)	<u>(1,723,012)</u>	<u>(1,397,222)</u>
OPERATING PROFIT		4,076,913	5,588,738
Finance costs	(7)	<u>(4,033,818)</u>	<u>(3,191,466)</u>
PROFIT BEFORE TAXATION		43,095	2,397,272
Income tax	(9)	(689,256)	(1,531,498)
(LOSS) /PROFIT FROM CONTINUED OPERATIONS		<u>(646,161)</u>	<u>865,774</u>
DISCONTINUED OPERATION			
(Loss)/profit from discontinued operation , net of tax	(10)	(113,638)	5,230
(LOSS) /PROFIT FOR THE YEAR		<u>(759,799)</u>	<u>871,004</u>
<u>(LOSS)/ PROFIT ATTRIBUTABLE TO:</u>			
Owners of the parent		(2,996)	721,293
Non-controlling interests		<u>(756,803)</u>	<u>149,711</u>
		<u>(759,799)</u>	<u>871,004</u>

The notes form part of these financial statements

KAZAREEN TEXTILE GROUP LTD

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the financial year ended 31 December 2024

	2024	2023
	£	£
(LOSS) /PROFIT FOR THE YEAR	(759,799)	871,004
<u>OTHER COMPREHENSIVE INCOME</u>		
Items that will to be reclassified to profit or loss		
Foreign operations – foreign currency translation differences	1,067,193	659,780
Revaluation of property, plant and equipment	(2,526,270)	13,829,475
Income tax relating to items that will not be reclassified to profit or loss	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR,NET OF TAX	(1,459,077)	14,489,255
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,218,876)	15,360,259
TOTAL COMPREHENSIVE (LOSS)I /NCOME ATTRIBUTABLE TO:		
Owners of the Company	(624,367)	15,261,636
Non-controlling interests	(1,594,509)	98,623
	(2,218,876)	15,360,259

The notes form part of these financial statements

KAZAREEN TEXTILE GROUP LTD (Registered number: 09996310)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note No.	31/12/2024 £	31/12/2023 £
NON-CURRENT ASSETS			
Goodwill	(11)	3,679,703	3,679,703
Intangible assets	(12)	2	2
Property plant and equipment	(13)	15,935,136	21,931,747
Investments	(14)	53,864	-
Loans and other financial assets	(15)	274,820	286,344
Deferred tax assets	(27)	702,464	776,763
Total non-current assets		20,645,989	26,674,559
CURRENT ASSETS			
Inventories	(16)	14,480,396	16,688,796
Trade and other receivables	(17)	6,086,092	8,747,895
Loans and other financial assets	(18)	613,406	193,806
Tax receivable		230,485	253,556
Cash and cash equivalents	(19)	1,133,510	1,045,616
Total current assets		22,543,889	26,929,669
Total assets		43,189,878	53,604,228
EQUITY			
Called up share capital	(20)	3,219,490	3,219,490
Unrealised forex reserve	(22)	2,970,703	3,411,346
Revaluation of Assets Reserve	(22)	7,130,068	13,381,997
Accumulated losses	(22)	(10,952,066)	(16,074,058)
Equity attributable to owners of the company		2,368,195	3,938,775
Non-controlling interest	(21)	2,758,728	3,732,702
TOTAL EQUITY		5,126,923	7,671,477
NON-CURRENT LIABILITIES			
Borrowings	(24)	3,697,286	2,138,123
Lease liabilities	(13-b)	2,407,185	3,346,743
Provisions	(26)	657,906	1,119,427
Total non-current liabilities		6,762,377	6,604,293
CURRENT LIABILITIES			
Trade and other payables	(23)	12,720,486	18,081,499
Borrowings	(24)	16,553,638	17,431,664
Lease liabilities	(13-b)	929,028	1,208,523
Tax payables		21,372	-
Provisions	(26)	1,076,054	2,606,772
Total current liabilities		31,300,578	39,328,458
Total liabilities		38,062,955	45,932,751
Total Equity and liabilities		43,189,878	53,604,228

The financial statements were approved by the Board of Directors and authorized for issue on and were signed on its behalf by:

Director
Oussama M. Abboud



The notes form part of these financial statements

Date :03/11/2025

KAZAREEN TEXTILE GROUP LTD (Registered number: 09996310)

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note No.	31/12/2024	31/12/2023
		£	£
NON-CURRENT ASSETS			
Investments	(14)	11,649,195	11,649,195
Loans and other financial assets	(15)	1,592,661	1,631,488
Total non-current assets		13,241,856	13,280,683
CURRENT ASSETS			
Trade and other receivables	(17)	368,271	116,829
Cash and cash equivalents	(19)	15,546	28,827
Total current assets		383,817	145,656
Total assets		13,625,673	13,426,339
EQUITY			
Called up share capital	(20)	3,219,490	3,219,490
Accumulated losses		(1,593,739)	(1,094,853)
TOTAL EQUITY		1,625,751	2,124,637
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings	(24)	8,653,244	7,999,302
Financial liabilities			
Total non-current liabilities		8,653,244	7,999,302
CURRENT LIABILITIES			
Trade and other payables	(23)	369,001	205,193
Financial liabilities - borrowings	(24)	2,977,677	3,097,207
Financial liabilities			
Total current liabilities		3,346,678	3,302,400
Total liabilities		11,999,922	11,301,702
Total Equity and liabilities		13,625,673	13,426,339

The financial statements were approved by the Board of Directors and authorized for issue on and were signed on its behalf by:

Director
Oussama M. Soboud



Date :03/11/2025

The notes form part of these financial statements

KAZAREEN TEXTILE GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

	Called up share capital	Unrealised forex reserve	Revaluation of Assets Reserve	Accumulated losses	Equity attributable to owners of the company	Non-controlling interest	Total equity
	£	£	£	£	£	£	£
Balance as at January 1, 2023 -as previously reported	3,219,490	1,797,695	-	(12,638,593)	(7,621,408)	3,230,066	(4,391,342)
Prior year adjustment	-	953,871	-	(4,156,758)	(3,202,887)	(37,685)	(3,240,572)
Balance as at January 1, 2023 -as restated	3,219,490	2,751,566	-	(16,795,351)	(10,824,295)	3,192,381	(7,631,914)
Comprehensive income							
Profit for the year	-	-	-	721,293	721,293	149,711	871,004
Other comprehensive income	-	659,780	13,381,997	-	14,041,777	447,478	14,489,255
Total comprehensive income	-	659,780	13,381,997	721,293	14,763,070	597,189	15,360,259
Contributions and distribution							
Issue of share capital	-	-	-	-	-	-	-
Refund payment under capital increase	-	-	-	-	-	(56,868)	(56,868)
Total contributions and distribution	-	-	-	-	-	(56,868)	(56,868)
Balance as at December 31, 2023	3,219,490	3,411,346	13,381,997	(16,074,058)	3,938,775	3,732,702	7,671,477
Balance as at January 1, 2024	3,219,490	3,411,346	13,381,997	(16,074,058)	3,938,775	3,732,702	7,671,477
Comprehensive income							
(Loss) for the year	-	-	-	(2,996)	(2,996)	(756,803)	(759,799)
Other comprehensive income	-	561,024	(1,182,395)	-	(621,371)	(837,706)	(1,459,077)
Total comprehensive income	-	561,024	(1,182,395)	(2,996)	(624,367)	(1,594,509)	(2,218,876)
Contributions and distribution							
Deconsolidation of a foreign operation	-	(50,493)	-	49,533	(960)	(135,759)	(136,719)
Change in control	-	(951,174)	(4,869,864)	4,988,477	(832,561)	832,561	-
IFRS 16 adjustments	-	-	-	(112,692)	(112,692)	(11,555)	(124,247)
Disposal of revaluated assets	-	-	(199,670)	199,670	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	(64,712)	(64,712)
Total contributions and distribution	-	(1,001,667)	(5,069,534)	5,124,988	(946,213)	620,535	(325,678)
Balance as at December 31, 2024	3,219,490	2,970,703	7,130,068	(10,952,066)	2,368,195	2,758,728	5,126,923

The notes form part of these financial statements

KAZAREEN TEXTILE GROUP LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

	Called up share capital	Accumulated losses	Total equity
	£	£	£
Balance as at January 1, 2023	3,219,490	(1,980,079)	1,239,411
<u>Changes in equity</u>			
Total comprehensive income	-	885,226	885,226
Balance as at December 31, 2023	<u>3,219,490</u>	<u>(1,094,853)</u>	<u>2,124,637</u>
Balance as at January 1, 2024	3,219,490	(1,094,853)	2,124,637
<u>Changes in equity</u>			
Other comprehensive income	-	(498,886)	(498,886)
Balance as at December 31, 2024	<u>3,219,490</u>	<u>(1,593,739)</u>	<u>1,625,751</u>

The notes form part of these financial statements

KAZAREEN TEXTILE GROUP LTD

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note No.	2024 £	2023 £
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
(LOSS) /PROFIT FOR THE YEAR		(759,799)	871,004
<u>Adjustments for:</u>			
Depreciation and amortization charges	(13)	1,847,193	1,345,190
Debit interest	(7)	3,501,726	3,193,923
Profit on disposal of fixed assets		23,722	-
Forex (gain)/loss		1,634,752	927,902
Interest income	(7)	(11,815)	-
Impairment losses on investments in subsidiaries	(14)	12,794	-
Loss/(profit) from discontinued operation , net of tax		113,638	(5,230)
Income tax	(9)	689,256	1,531,498
		7,051,467	7,864,287
<u>Changes in:</u>			
Inventories		2,208,400	(109,523)
Trade and other receivables		555,228	(828,040)
Financial assets		(419,600)	-
Provisions		(1,992,239)	1,264,415
Trade and other payables		(858,596)	1,208,054
Cash generated from operations		6,544,660	9,399,193
Income tax paid		(469,678)	(22,045)
Interest paid		(3,314,290)	(2,981,708)
Net cash from operating activities		2,760,692	6,395,440
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payment to purchase of property plant and equipment		(758,079)	(1,715,838)
Proceeds from sale of property, plant and equipment		471,189	40,742
Net cash from investing activities		(286,890)	(1,675,096)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Net borrowings		681,137	(2,823,825)
Lease payment		(1,362,048)	(916,822)
Dividend to non-controlling interest		(64,712)	-
Payments to Non-controlling interest		-	(56,868)
Net cash from financing activities		(745,623)	(3,797,515)
Net change in cash and cash equivalents		1,728,179	922,829
Effect of movements in exchange rates on cash held		(1,634,752)	(883,799)
Deconsolidated cash		(5,533)	-
Cash and cash equivalents at the beginning of the year	(19)	1,045,616	1,006,586
Cash and cash equivalents at the end of the year		1,133,510	1,045,616

The notes form part of these financial statements

KAZAREEN TEXTILE GROUP LTD
COMPANY STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note No.	2024 £	2023 £
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
(LOSS) /PROFIT FOR THE YEAR		(498,886)	885,226
<u>Adjustments for:</u>			
Forex (gain)/loss		(372,210)	(257,759)
Finance costs	(7)	238,387	230,312
Finance income	(7)	(11,815)	(1,064,868)
		(644,524)	(207,089)
<u>Changes in:</u>			
Due from related parties		38,827	70,844
Due to related parties		534,412	197,066
Trade and other receivables		(251,442)	(19,828)
Trade and other payables		163,808	(80,193)
Cash generated from operations		(158,919)	(39,200)
Income tax paid			
Interest paid		(238,387)	(271,577)
Net cash from operating activities		(397,306)	(310,777)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		11,815	27,003
Net cash from investing activities		11,815	27,003
Net change in cash and cash equivalents		(385,491)	(283,774)
Effect of movements in exchange rates on cash held		372,210	257,758
Cash and cash equivalents at the beginning of the year	(19)	28,827	54,843
Cash and cash equivalents at the end of the year		15,546	28,827

The notes form part of these financial statements

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements **for the Year Ended 31 December 2024**

1. STATUTORY INFORMATION

Kazareen Textile Group Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparation

(i) Compliance with IFRS

The consolidated financial statements of the Kazareen Textile Group Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the United Kingdom and with the Companies Act 2006 as applicable to companies reporting under IFRS.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- > certain financial assets and liabilities (including derivative instruments), property, plant and equipment at fair value; and
- > assets held for sale - measured at fair value less costs to sell

(iii) New standards

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024 :

- > Amendments to IAS 1 - Classification of Liabilities as Current or Non-current. Clarifies the criteria for classifying liabilities as current or non-current, focusing on the entity's rights at the end of the reporting period.
- > Amendments to IFRS 16 Lease Liability in a Sale and Leaseback. Specifies how to measure the lease liability in a sale and leaseback transaction to ensure consistent application of IFRS 16.
- > Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements Enhances disclosure requirements about an entity's use of supplier finance arrangements, helping users understand their effects on liabilities and cash flows.

The Group evaluated the requirement of the standards and determined that there is no impact on adoption of above amendments.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- > IFRS 18 Presentation and Disclosure in Financial Statements
- > IFRS 19 Subsidiaries without Public Accountability: Disclosures.
- > Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments.

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

(v) Going concern

The directors have assessed the Group's financial position and principal risks, including foreign currency fluctuations, the net current asset deficit, and the net loss for the year. Despite these factors, the financial statements have been prepared on a going concern basis. This assessment reflects the following:

- The devaluation of the Egyptian pound did not negatively impact gross profit.
- In February 2025, Amethis, a French private equity firm, acquired a 56% stake in the Group. A capital injection of US\$22 million was made, of which US\$6 million was used to increase KTC Egypt's capital, US\$10 million to reduce bank working capital facilities, and the remainder to support operational liquidity.
- The Group expects improved financial performance in 2025 due to capital restructuring and reduced financing costs.
- Demand for Egyptian textiles has increased following US tariffs on imports from India, China, Vietnam, and Bangladesh.
- In August 2025, the Group commenced expansion of its manufacturing capacity in Egypt to meet rising demand.
- Forecasts indicate healthy turnover growth and stabilization of foreign exchange rates in Egypt.

Based on these factors, the directors have a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2024**

2.ACCOUNTING POLICIES - continued

Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of controls as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of KTG.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Revenue recognition

Sale of Goods

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. Revenue is measured net of returns, trade discount and volume rebates.

Rendering of Services

Revenue from the sale of services is recognised when the performance obligations are met under the customer contract.

In accordance with IFRS 15, the Group evaluates the representation of the underlying contracts (if any), and considers whether any performance obligations are required to be met under the customer contract.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2024

2.ACCOUNTING POLICIES - continued

Property, plant and equipment

(i) Recognition and measurement

Fixed assets are remeasured using the revaluation model in accordance with IAS 16 - Property, Plant, and Equipment. Under this model, assets are carried at fair value, less any subsequent accumulated depreciation and impairment losses. Fair values are determined based on market-based evidence.

Revaluations are conducted with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values at the reporting date. Fair values may be determined either by independent professional valuers or by internal valuations performed by management, using observable market data where available and appropriate valuation techniques. The company engages independent valuers when necessary to ensure the reliability of fair value estimates

Any revaluation surplus is recognized in Other Comprehensive Income (OCI) and accumulated in equity under a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to the income statement. A revaluation deficit is recognized in profit or loss to the extent it exceeds the amount of any previously recognized revaluation surplus on the same asset.

When revalued assets are sold or retired, the revaluation surplus included in equity may be transferred directly to retained earnings. No transfer is made through the income statement."

(ii) Subsequent expenditure

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 charged on the revalued amount of the assets, less their residual value, over their estimated useful lives using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

The estimated useful lives for current period are as follows:

Assets description	Years
Buildings and Constructions	10 - 50
Machinery and Equipment	4 - 20
Transport Units	4 - 10
Furniture and Computers	2 - 8
Tools	10
Leasehold Improvements	3 - 5
Trade marks	3 - 7

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

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2024**

2.ACCOUNTING POLICIES - continued

Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- > those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- > those to be measured at amortised cost.

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

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

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, whose market value can be reliably determined, are measured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where market value can not be reliably determined, such investments are stated at historic cost less impairment.

Investment in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in statement of comprehensive income for the period.

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

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

The group subsequently measures debt instruments, based on the group's business model and the cashflow characteristics of their assets, at amortised cost.

Nonetheless, subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- > **Amortised cost**: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- > **FVOCI**: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2024**

2. ACCOUNTING POLICIES - continued

> **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. The group's management has elected to present fair value gains and losses on equity investments in OCI and there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the (First in First out) principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2024**

2. ACCOUNTING POLICIES - continued

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Great British Pound (GBP), which is KTG's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis, within 'other gains/(losses)'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper - inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- > assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- > income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- > all resulting exchange differences are recognised in other comprehensive income.
- > Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2024**

2. ACCOUNTING POLICIES - continued

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- > fair values of the assets transferred;
- > liabilities incurred to the former owners of the acquired business;
- > equity interests issued by the group;
- > fair value of any asset or liability resulting from a contingent consideration arrangement; and
- > fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- > consideration transferred;
- > amount of any non-controlling interest in the acquired entity; and
- > acquisition date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2024**

2.ACCOUNTING POLICIES - continued

Leases

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset within property, plant & equipment and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- > fixed payments (including in-substance fixed payments), less any lease incentives receivable
- > variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- > amounts expected to be payable by the group under residual value guarantees
- > the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- > payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- > where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- > uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases and
- > makes adjustments specific to the lease, eg term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- > the amount of the initial measurement of lease liability
- > any lease payments made at or before the commencement date less any lease incentives received
- > any initial direct costs, and
- > restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2024**

2.ACCOUNTING POLICIES - continued

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is 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 provision due to the passage of time is recognised as interest expense.

Kazareen Textile Group Ltd

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2024**

2.ACCOUNTING POLICIES – continued

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligations

The group operates various post-employment schemes, including defined contribution pension plans.

Pension obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Contributed equity

Ordinary shares are classified as equity.

Mandatorily redeemable preference shares are classified as Liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Earnings per share

Earnings per share figures have not been disclosed within the financial statements as the Group and Company are outside the scope of IAS 33 on the basis that its ordinary shares are not traded on a public market or intending to issue its ordinary shares in a public market.

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's (loss) for the financial year was £531,224 (For 2023 - profit £855,226).

3. EMPLOYEES AND DIRECTORS

	2024	2023
	£	£
Wages and salaries	<u>7,044,754</u>	<u>7,704,456</u>
Total	<u>7,044,754</u>	<u>7,704,456</u>

The average number of employees during the year was as follows:

	2024	2023
KTG Group	<u>2,250</u>	<u>2,395</u>

	YE31/12/2024	YE31/12/2023
	£	£
Directors' Remuneration	<u>767,874</u>	<u>514,685</u>

4. GEOGRAPHICAL REVENUE

	2024	2023
	£	£
<u>Country</u>		
Egypt	16,288,241	17,698,060
Canada	3,902,487	3,394,873
Germany	19,499,861	20,002,518
France	<u>2,305,062</u>	<u>3,058,365</u>
	<u>41,995,651</u>	<u>44,153,816</u>

5. DISTRIBUTION COSTS

	2024	2023
	£	£
Selling & Distribution	2,646,346	503,560
Commissions	<u>561,633</u>	<u>616,900</u>
Total	<u>3,207,979</u>	<u>1,120,460</u>

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

6. ADMINISTRATIVE EXPENSES

	2024	2023
	£	£
Employees and directors salaries	7,027,864	7,608,210
Depreciation & amortisation	1,847,193	1,289,064
Freight Expenses	754,258	690,801
Travel and Advertising	530,631	1,057,554
Consulting fees	242,649	7,745
Professional Fees	179,802	515,406
Rent and leasing	132,798	360,600
Auditors' remuneration	56,950	49,500
Insurance	14,717	106,843
Repair and Maintenance	10,686	68,766
Utilities	7,227	6,019
Office and general expenses	4,294	7,105
Telephone	3,960	4,022
Courier and Delivery	864	1,051
Automobile and transportation	-	101,292
Fines and penalties	-	2,000
Miscellaneous	198,753	1,706,301
Total	<u>11,012,646</u>	<u>13,582,279</u>

7. NET FINANCE COST

	2024	2023
	£	£
Unwinding interest	(11,815)	-
Bank interest and charges	3,579,098	2,693,170
Interest payable -non trade	279,099	286,081
Leasing interest	187,436	212,215
Total	<u>4,033,818</u>	<u>3,191,466</u>

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

8. NET OTHER OPERATING INCOME /(EXPENSES)

	2024	2023
	£	£
<u>a) Other operating income</u>		
Other Revenue	81,518	153,796
Provision for risks charges - no longer required	44,991	-
Total	126,509	153,796
<u>b) Other operating (expenses)</u>		
Provision for risks charges	-	(303,207)
Inventory obsolescence	(75,466)	(166,114)
Impairment losses on investments in subsidiaries	(12,794)	-
Foreign exchange differences	(1,634,752)	(927,901)
Total	(1,723,012)	(1,397,222)
Net	(1,596,503)	(1,243,426)

9. TAXATION

Analysis of the tax charge

The tax charge on the profit or loss for the year was as follows:

	2024	2023
	£	£
Foreign income tax charges	24,319	-
Deferred tax	664,937	1,531,498
Tax on profit/(loss)	689,256	1,531,498

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

The tax charge on the profit or loss for the year was as follows:

	2024	2023
	£	£
PROFIT BEFORE TAXATION	43,095	2,397,272
Multiplied by the standard rate of corporation tax in the UK	25%	25%
	10,774	599,318
<u>Effects of:</u>		
Different tax rates applicable to overseas components	13,545	(599,318)
Deferred tax movement applicable to overseas components	664,937	1,531,498
Tax expense	689,256	1,531,498

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

10. DISCONTINUED OPERATION

In August 2024, the shareholders of the subsidiary, Wah Lung, decided at an Extraordinary General Meeting (EGM) to cease the company's operations and put it under liquidation. The parent company loses control of Wah Lung, and thus deconsolidates the subsidiary, on December 31, 2024, to the appointed liquidator whom he gains substantive power to direct the subsidiary's liquidation activities

The comparative consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations. Although intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation before the disposal in a way that reflects the continuance of these transactions, because management believes this is useful to the users of the financial statements. To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales .

a) Result of discontinued operation

	2024	2023
	£	£
Revenue	449,386	502,883
Elimination of intercompany sales	(117,171)	(106,408)
External revenue	<u>332,215</u>	<u>396,476</u>
Expenses included cost of sales	(449,450)	(494,472)
Elimination of expenses related to intercompany sales	117,171	106,408
External expenses	<u>(332,279)</u>	<u>(388,065)</u>
Net operation result	(64)	8,411
Income tax	(113,574)	(3,181)
(Loss) / profit of discontinued operation	<u><u>(113,638)</u></u>	<u><u>5,230</u></u>

11. GOODWILL

Group

	2024	2023
	£	£
<u>COST</u>		
At January 01,	3,679,703	3,679,703
At December 31,	<u>3,679,703</u>	<u>3,679,703</u>
<u>NET BOOK VALUE</u>		
At December 31,	<u><u>3,679,703</u></u>	<u><u>3,679,703</u></u>

Goodwill is reviewed for impairment at each year end. We allocate goodwill to our operating subsidiaries. These are the lowest level within the group at which the management monitors goodwill for internal purposes.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Management determines the recoverable amount of the group's CGUs, by using the higher of the fair value of the CGUs assets less cost of disposal and value in use.

As a result of a assessment through impairment tests conducted on the Cash Generating Units (CGUs) within the group, it has been determined that no impairment charge for the financial year ended December 31,2024 (For 2023 : Nil)

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

12. INTANGIBLE ASSETS

Group

	<u>Other Intangibles</u>	
	2024	2023
	£	£
<u>COST</u>		
At January 01,	25,913	25,360
Exchange differences	-	553
At December 31,	<u>25,913</u>	<u>25,913</u>
<u>AMORTISATION</u>		
At January 01,	(25,911)	(25,357)
Exchange differences	-	(554)
At December 31,	<u>(25,911)</u>	<u>(25,911)</u>
<u>NET BOOK VALUE</u>		
At December 31,	<u>2</u>	<u>2</u>

13. PROPERTY PLANT AND EQUIPMENT

Group

	2024	2023
	£	£
<u>COST</u>		
At January 01,		
As previously reported	34,328,550	23,233,828
Prior year adjustment	-	(351,111)
As restated	<u>34,328,550</u>	<u>22,882,717</u>
Exchange differences	(8,156,056)	(2,545,288)
Additions	993,731	2,555,615
Disposals	(393,623)	(40,742)
Adjustment of accumulated depreciation for assets revaluation	(763,995)	(2,353,227)
Revaluation of assets *	<u>2,523,562</u>	<u>13,829,475</u>
At December 31,	<u>28,532,169</u>	<u>34,328,550</u>
<u>DEPRECIATION</u>		
At January 01,		
As previously reported	(12,396,803)	(14,253,231)
Prior year adjustment	-	117,037
As restated	<u>(12,396,803)</u>	<u>(14,136,194)</u>
Exchange differences	675,726	672,291
Charge for year	(1,560,442)	(1,323,394)
Eliminated on disposal	(205,680)	37,267
Adjustment of accumulated depreciation for assets revaluation	763,995	2,353,227
Other adjustments	<u>126,171</u>	<u>-</u>
At December 31,	<u>(12,597,033)</u>	<u>(12,396,803)</u>
<u>NET BOOK VALUE</u>		
At December 31,	<u>15,935,136</u>	<u>21,931,747</u>

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

PROPERTY, PLANT AND EQUIPMENT-continued

* The fair values of property, plant, and equipment have been determined by independent professional valuers using a market approach based on recent transactions for similar assets in addition to depreciated replacement cost approach as of December 31,2024. These valuations will be performed at regular intervals to ensure that the carrying amount does not differ materially from the fair value

LEASE CONTRACTS

a.) RIGHT-OF-USE ASSETS

Included in the above property plant and equipment are right-of-use assets

	2024	2023
	£	£
<u>COST</u>		
At January 01,		
As previously reported	9,452,162	8,963,496
Prior year adjustment	-	(351,111)
As restated	9,452,162	8,612,385
Additions	235,652	839,777
At December 31,	9,687,814	9,452,162
<u>DEPRECIATION & AMORTISATION</u>		
At January 01,		
As previously reported	(5,804,596)	(5,686,012)
Prior year adjustment	-	117,037
As restated	(5,804,596)	(5,568,975)
Charge for year	(808,767)	(235,621)
At December 31,	(6,613,363)	(5,804,596)
<u>NET BOOK VALUE</u>		
At December 31,	3,074,451	3,647,566

b.) LEASE LIABILITIES

	2024	2023
	£	£
At January 01,		
As previously reported	4,555,266	4,074,969
Prior year adjustment	-	(267,999)
As restated	4,555,266	3,806,970
Additions	235,652	839,777
Interest charged for the year	187,436	212,215
Exchange differences	(153,922)	613,126
Adjustment	(126,171)	-
Payments during the year	(1,362,048)	(916,822)
At December 31,	3,336,213	4,555,266

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

PROPERTY, PLANT AND EQUIPMENT-continued

LEASE LIABILITIES -continued

	2024	2023
	£	£
<u>Classified as follows:</u>		
Current	929,028	1,208,523
Non-current	2,407,185	3,346,743
At December 31,	<u>3,336,213</u>	<u>4,555,266</u>

	1 year or less	2-5 years	More than 5 years	Total
Lease liability	929,028	2,407,185	-	3,336,213
Total	<u>929,028</u>	<u>2,407,185</u>	<u>-</u>	<u>3,336,213</u>

14. INVESTMENTS

Group

	Unconsolidated subsidiaries
	2024
	£
<u>COST</u>	
Unconsolidated subsidiaries on January 1, 2024	32,342
Unconsolidated subsidiaries on 31 December 2024	66,658
At December 31,	<u>99,000</u>
<u>IMPAIRMENT</u>	
For unconsolidated subsidiaries on January 1, 2024	(32,342)
For unconsolidated subsidiaries on 31 December 2024	(12,794)
At December 31,	<u>(45,136)</u>
<u>NET BOOK VALUE</u>	
At December 31,	<u>53,864</u>

Company

	Shares in Group undertakings	Unlisted investments	Total
	£	£	£
<u>COST</u>			
At January 1, 2023	11,614,683	34,512	11,649,195
At December 31, 2024	11,614,683	34,512	11,649,195
<u>NET BOOK VALUE</u>			
At December 31, 2024	11,614,683	34,512	11,649,195
At December 31, 2023	11,614,683	34,512	11,649,195

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

INVESTMENTS - continued

Kazareen Textile Group Ltd acquired subsidiaries as follows:

Date	Subsidiary name	Purchase Price in GBP equivalent as at date of acquisition
20-Dec-2017	Casareen France	£ 44,767
01-Mar-2018	Canaren Inc -Canada	£ 559,966
19-Nov-2018	Promodoro and its subsidiary -(see below)	£ 889,070
18-Nov-2019	Promodoro - KTG increased shareholding by 6.75% - (see below)	£ 5,278,664
13-Dec-2018	Kazareen Textile Company and its subsidiary -(see below)	£ 4,179,126
10-Aug-2021	Casareen France - KTG increased shareholding by 8.07% (see below)	£ 663,090
		£ 11,614,683

Subsidiaries

Parent Entity	Ownership percentage	Name of subsidiary	Country of Incorporation
Kazareen Textile Group Ltd	98.00 %	Casareen France	France
Kazareen Textile Group Ltd	100.00 %	Canaren Inc -Canada	Germany
Kazareen Textile Group Ltd	90.70 %	Promodoro Fashion GmbH	Germany
> Promodoro Fashion GmbH	100.00 %	Casual by Promodoro GmbH	Germany
> Promodoro Fashion GmbH	11.00 %	Kazareen Dyeing Company	Egypt
Kazareen Textile Group Ltd	63.03 %	Kazareen Textile Company	Egypt
> Kazareen Textile Company	89.00 %	Kazareen Dyeing Company	Egypt
> Kazareen Textile Company	98.00 %	Wan LOO (new incorporation during year 2024)	Egypt
> Kazareen Textile Company	52.00 %	Wah Lung for clothing accessories *	Egypt
> Kazareen Textile Company	99.00 %	Al Huda for ready made clothes *	Egypt
> Kazareen Textile Company	51.00 %	3F Fashion *	Canada

* Ceased activities or under liquidation process

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

15. LOANS AND OTHER FINANCIAL ASSETS

Group

	2024	2023
	£	£
Other receivables - Khalil Mehanna	<u>274,820</u>	<u>286,344</u>

Company

	Loans to group undertakings	Investments in preference shares	Total
	£	£	£
At January 1,2024	448,842	1,182,646	1,631,488
Other movement	<u>35,584</u>	<u>(74,411)</u>	<u>(38,827)</u>
At December 31, 2024	<u>484,426</u>	<u>1,108,235</u>	<u>1,592,661</u>

16. INVENTORIES

Group

	2024	2023
	£	£
Finished products	11,146,900	13,807,260
Others	3,583,201	3,156,432
Less: value of obsolete and slow moving inventories	<u>(249,705)</u>	<u>(274,896)</u>
Net	<u>14,480,396</u>	<u>16,688,796</u>

17. TRADE AND OTHER RECEIVABLES

	<i>Group</i>		<i>Company</i>	
	2024	2023	2024	2023
	£	£	£	£
Trade debtors	2,463,316	1,536,138	132,648	95,636
Accrued income	1,347,741	2,359,127	-	-
VAT	964,460	1,379,546	44,935	20,067
Prepayments	499,319	534,043	59,200	-
Advances paid to suppliers	445,058	2,607,481	-	-
Credit tax	156,307	25,728	128,880	-
Staff Loans	104,528	148,573	-	-
Deposit with others	94,248	147,377	-	-
Due from ultimate shareholders	2,607	1,126	2,608	1,126
Other debtors	<u>8,508</u>	<u>8,756</u>	<u>-</u>	<u>-</u>
Total	<u>6,086,092</u>	<u>8,747,895</u>	<u>368,271</u>	<u>116,829</u>

There are no contract assets within trade and other receivables.

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

18. LOANS AND OTHER FINANCIAL ASSETS

Group

	2024	2023
	£	£
Other loans receivables - Ousama Abboud	<u>613,406</u>	<u>193,806</u>

19. CASH AND CASH EQUIVALENTS

	<i>Group</i>		<i>Company</i>	
	2024	2023	2024	2023
	£	£	£	£
Cash at bank-current accounts	941,226	850,432	15,546	28,827
Cash on hand	<u>192,284</u>	<u>195,184</u>	<u>-</u>	<u>-</u>
Total	<u>1,133,510</u>	<u>1,045,616</u>	<u>15,546</u>	<u>28,827</u>

20. CALLED UP SHARE CAPITAL

Allotted and issued

Number:	Class:	Nominal value	2024	2023
			£	£
32,194,900	Share capital 1	0.1	<u>3,219,490</u>	<u>3,219,490</u>

21. NON-CONTROLLING INTEREST

Kazareen Textile Group Limited recognises non-controlling interests in all its subsidiaries at the non-controlling interests' proportionate share of the subsidiaries net identifiable assets shown as follows:

	2024	2023
	£	£
At January 01,		
As previously reported	3,732,702	621,471
Reclass the additional capital contribution by shareholders *	-	2,608,595
Prior year adjustment	-	(37,685)
As restated	<u>3,732,702</u>	<u>3,192,381</u>
Adjustments	685,247	(56,868)
Dividends	(64,712)	-
Profit/(loss) for the year	(756,803)	149,711
Other comprehensive income	<u>(837,706)</u>	<u>447,478</u>
At December 31,	<u>2,758,728</u>	<u>3,732,702</u>

* During year 2022, Mr El Mouhtaz El Sawaf, Mr Bassem Nicola Ziyada, and Mrs Kafa Saad Oun collectively injected a total of USD 3.5 million into KTC Egypt, equivalent to GBP 2,608,595 for the issuance of new shares in the company. The formal share issue process were finalised during 2024.

** During year 2023, an amount of GBP 56,868 has been refunded from payment under capital increase to non-controlling shareholders of subsidiary "Wah Lung for clothing accessories company-Egypt"

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

22. RESERVE

Group

	Accumulated losses	Unrealised forex reserve	Revaluation of Assets Reserve	Total
	£	£	£	£
At January 1, 2024	(16,074,058)	3,411,346	13,381,997	719,285
(Loss) for the year	(2,996)	-	-	(2,996)
Movement in the year	5,124,988	(440,643)	(6,251,929)	(1,567,584)
At December 31, 2024	<u>(10,952,066)</u>	<u>2,970,703</u>	<u>7,130,068</u>	<u>(851,295)</u>

Company

	Accumulated losses
	£
At January 1, 2024	(1,094,853)
(Loss) for the year	<u>(498,886)</u>
At December 31, 2024	<u>(1,593,739)</u>

23. TRADE AND OTHER PAYABLES

	<i>Group</i>		<i>Company</i>	
	2024	2023	2024	2023
	£	£	£	£
Accounts and notes payables	6,512,497	9,348,898	222,000	60,693
Advances from customers	1,891,888	4,283,614	-	-
Social security and other taxes	2,128,788	2,723,487	-	-
Accrued expenses	776,891	697,532	147,001	144,500
Deposits from others	5,291	9,079	-	-
Due to Wah Lung	348,399	-	-	-
Other creditors	<u>1,056,732</u>	<u>1,018,889</u>	<u>-</u>	<u>-</u>
Total	<u>12,720,486</u>	<u>18,081,499</u>	<u>369,001</u>	<u>205,193</u>

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

24. BORROWINGS

	<i>Group</i>		<i>Company</i>	
	2024	2023	2024	2023
	£	£	£	£
<u>Current</u>				
Bank loans and overdraft	15,259,923	17,431,664	-	-
Roots Group' loan	1,293,715	-	-	-
Other loans	-	-	2,977,677	3,097,207
	<u>16,553,638</u>	<u>17,431,664</u>	<u>2,977,677</u>	<u>3,097,207</u>
<u>Non-current</u>				
Other loans	-	-	8,653,244	7,999,302
Preference shares	1,521,271	1,622,114	-	-
Notes payables - Suppliers	1,723,371	-	-	-
Bank loans - 1-2 years	452,644	516,009	-	-
	<u>3,697,286</u>	<u>2,138,123</u>	<u>8,653,244</u>	<u>7,999,302</u>
Total borrowings	<u>20,250,924</u>	<u>19,569,787</u>	<u>11,630,921</u>	<u>11,096,509</u>

Terms and debt repayment schedule

<i>Group</i>	1 year or less	2-5 years	More than 5 years	Total
	£	£	£	£
Bank loans and overdraft	15,259,923	452,644	-	15,712,567
Roots Group' loan	1,293,715	-	-	1,293,715
Notes payables - Suppliers	-	1,723,371	-	1,723,371
Preference shares	-	1,521,271	-	1,521,271
Total	<u>16,553,638</u>	<u>3,697,286</u>	<u>-</u>	<u>20,250,924</u>
<i>Company</i>	1 year or less	2-5 years	More than 5 years	Total
	£	£	£	£
Other loans	2,977,677	8,653,244	-	11,630,921
Total	<u>2,977,677</u>	<u>8,653,244</u>	<u>-</u>	<u>11,630,921</u>

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

BORROWINGS -continued

Borrowings security:

a.) Commercial International Bank, Egypt - Overdraft

- First preferred commercial mortgage on the company's plant and machinery.
- Personal Guarantee from Mouhtaz Sawwaf and Osama Aboud.

b.) Export Development Bank of Egypt - Overdraft

- Secured against the Kazareen Textile Company's properties in 10th Ramadan city.

c.) Qatar national Bank, Egypt - Overdraft

- Personal Guarantee from Osama Aboud.

d.) Arab International Bank, Egypt - Overdraft

- Secured against the Kazareen Textile Company's properties in 6th October city.

e.) Fransabank, Germany - Overdraft

- Guarantee provided by Kazareen Textile Group Ltd , UK.

f.) Darlehen Sparkasse Bank - Term loan

- This is a Covid loan guaranteed by local government
- Personal Guarantee from Khalil Mehanna

g.) Fransabank, France - Term loan

- Personal Guarantee from Mouhtaz Sawwaf.

g.) Royal Bank of Canada - Overdraft

- Secured by first charge on all corporate assets of the Canaren Inc.

Preference shares:

- Preference shares represent 3,075 (2023: 3,075) non-voting shares, redeemable at the option of the holder or the company at the rate of CAD 1,000 per share, with a non-cumulative annual dividend of 8% of the redemption price.

Roots Group' loan

- Interest bearing unsecured loan entered on 5th August 2024 payable in 2025.

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In common with other businesses, the Group is exposed to the risk that arises from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information is found throughout these consolidated financial statements.

Credit risk:

The Group's exposure to credit risk arises mainly from counter party's failure to meet its obligation to settle a financial asset. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, trade receivables, foreign exchange transactions and other financial instruments.

Forex risk:

Fluctuations in the exchange rates between the GBP, EURO, EGP, CAD and other currencies may impact the expenses as well as the revenue, and consequently have an impact on margin and the reported operating results. The Group continuously monitors these fluctuations and have strategies in place to mitigate these risks.

Liquidity risk:

Responsibility for liquidity risk management rests with Group financial management team and The Board, who have formulated liquidity management tools to service this requirement. Management of liquidity risk is achieved by monitoring budgets, forecasts and actual cashflows.

Interest rate risk:

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates which the management monitors on a constant basis and evaluates appropriate actions to be taken where necessary to mitigate such risk.

26. PROVISIONS

Provisions for risks & charges analysed as follows:

Group

	Current		Non-current	
	2024	2023	2024	2023
	£	£	£	£
Balance at January 01,	2,606,772	3,784,575	1,119,427	1,213,992
Provided during the year	-	303,207	-	-
No longer required during the year	(44,991)	-	-	-
Utilized during the year	(1,485,727)	(1,481,010)	(461,521)	(94,565)
Balance at December 31,	1,076,054	2,606,772	657,906	1,119,427

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

27. DEFERRED TAX

Group

	2024	2023
	£	£
At January 01,	776,763	2,534,573
Provided during the year	<u>(74,299)</u>	<u>(1,757,810)</u>
At December 31,	<u><u>702,464</u></u>	<u><u>776,763</u></u>

28. RELATED PARTIES DISCLOSURES

Group

Balances with related parties are as follows:

Related Party	Relationship	Description	YE 31/12/2024	YE 31/12/2023
			£	£
Khalil Mehanna	Director at component level	Receivables	274,820	286,344
Ousama Abboud	Key management personal	Receivables	<u>613,406</u>	<u>193,806</u>
			<u><u>888,226</u></u>	<u><u>480,150</u></u>
Roots Group	Under common control	Payables	1,293,715	-
Mouhtaz Sawwaf	Key management personal	Payables	724,545	760,755
Khalil Mehanna	Key management personal	Payables	<u>75,091</u>	<u>63,953</u>
			<u><u>2,093,352</u></u>	<u><u>824,708</u></u>

Company

The company has control and influence over all its direct and indirect subsidiaries.

Balances between the company with its subsidiaries are as follows:

Related Party	Relationship	Description	YE 31/12/2024	YE 31/12/2023
			£	£
Casual by Promodoro GmbH	- Germany	Subsidiary	484,426	448,842
Canaren Inc	- Canada	Subsidiary	<u>1,108,235</u>	<u>1,182,646</u>
Total			<u><u>1,592,661</u></u>	<u><u>1,631,488</u></u>
Kazareen Textile Company	- Egypt	Subsidiary	11,084,012	10,555,538
Promodoro Fashion GmbH	- Germany	Subsidiary	<u>546,909</u>	<u>540,971</u>
Total			<u><u>11,630,921</u></u>	<u><u>11,096,509</u></u>

KAZAREEN TEXTILE GROUP LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS- continued
For the financial year ended 31 December 2024

RELATED PARTIES DISCLOSURES -continued

Other transaction with related parties:

- Kazareen Textile Group Ltd charged management fees amounting to £250,000 (2023:£250,000) to its subsidiaries for services rendered in accordance with the management agreement.
- Management fees charges of £210,070(2023:£281,095) represent the recharges of management costs incurred by Kazareen Textile Company, Egypt, to Kazareen Textile Group Ltd, UK, in accordance with the management agreement .
- Albion Pavement Ltd related by common control charged office rent and other office expenses amounting to £75,000.(2023:£75,000).

29. SUBSEQUENT EVENTS

In February 2025, Amethis, a French private equity investor, acquired a 56% controlling stake in the Group. As part of the capital reorganisation transaction, shareholders (both existing and new) injected US\$22 million into the business. The proceeds were deployed as follows: US\$6 million was contributed to increase the share capital of KTC Egypt, US\$10 million was used to pay down bank working capital facilities, and the remaining US\$6 million was provided to bolster day to day operational liquidity.

This transaction occurred after the reporting period and is therefore treated as a non adjusting event.

30. ULTIMATE PARENT COMPANY

Immediate parent company is Kazareen Textile Group Ltd. The ultimate parent is Engineering Consulting Limited, a company registered in Guernsey, by virtue of holding 54% of Kazareen Textile Group Ltd. The ultimate controlling party of the Group is Mr Mouhtaz Sawwaf, by virtue of holding 70% of the Group via Engineering Consulting Ltd, Waha Industries Ltd & Maymouna Ltd.

Group financial statements are prepared by Kazareen Textile Group Ltd in the UK. No group accounts are prepared by the Ultimate parent, Engineering Consulting Ltd in Guernsey.

31. COMPARITIVE FIGURES

To ensure consistency in the presentation of its consolidated financial statements, the comparative figures may be reclassified to be consistent with the changes in the presentation used for the current year.