Year end 31 January 2010
Earnings Release

Cairo: May 02nd, 2010 | Al Arafa for Investments & Consultancies (Arafa Holding) announced its yearend consolidated results.

Results highlights

- The decline in global economic activity over the last half of 2008 continued through 2009 and operating results in 2009/2010 were significantly impacted by those declines. Earnings in 2009/2010 of all of group operations declined compared to the prior year. The effects from the economic recession resulted in either lower or at best flat sales volumes, revenues and profit margins as consumers significantly curtailed spending particularly for discretionary items.
- GBP/US$ average rate (1.5733) for FYE 2009/2010 is 12.79% less than last year average rate of (1.8040) noting that group sales in GBP is approximately 40% of total group revenue.
- Group revenue of US$ 332 million reflected a decrease of 14.5% compared to same period last year.

Financial Performance Year to Date

- 12 months results reflected revenues of US$ 332 million, a decrease of 14.5% compared to last year. The results were negatively impacted by currency devaluation against the US$ in key operations, with GBP devaluating against the US$ by 12.79% (UK based retail, account for approximately 40% of Al Arafa's consolidated revenues, while total Baird operations account for approximately 65%).
- EBITDA for 12 months ended January 2010 reached US$ 12.3 million, compared to US$ 36.7 million for the comparable period. The figure reflects a 5.7% decrease in EBITDA margin to be 3.7% versus 9.4% for the comparable period.
- Net profit for the period was US$ 10.1 million compared to US$ 27.05 million for the comparable period. Nonetheless it is noteworthy to mention that 2009 benefited from a onetime FX gain for US$ 9.16 million.

Market overview

The UK retail market – remained dependent by the overhanging state of the UK economy at large. Despite low interest rates and inflation that is boosting disposable income; consumers continued to be cautious in terms of spending. Nonetheless, despite the estimated 1.5% contraction in the menswear market and 0.4% declined in the overall retail market, during FYE 2009, consumer confidence partially recovered during the pre and post Christmas season. However, the prospect of increased VAT post the May 2010 elections continue a sense of uncertainty.

Al Arafa
for Investment and Consultancies
public free zone - naser city

NASR CITY PUBLIC FREE ZONE – 15 ST. NEAR NORTH ... AREA, CAIRO - EGYPT FAX : (02) 22731125
TEL. (02) 22731093 /95 /98 - 22731123 / 28
المنطقة الحرة العامة – مدينة نصر شارع 15 بجوار ...
القاهرة – مصر فاكس : (02) 22731125
تليفون : (02) 22731093 /95 /98 - 22731123 /28

Year end 31 January 2010
Earnings Release

The UK retail market - retail estimated growth for 2010/2011 has been placed at 1.30%.

US apparel market – imports of apparel by the USA declined by almost 7.5% during 2009.

US apparel market - retail growth estimates for FYE 2010 have been placed at approximately 2.30% and LFL January & February 2010 figures registered 5.7% growth compared to last year.

Local retail market - despite lack of accurate data, anecdotal evidence suggest a soft performance during 2009, with major brands faring better than others. If we are to benchmark the market on CONCRETE, then 2010 should be a good year with growth estimates in excess of 5%.

In response to the global crises, governments around the world have taken measures to stabilize financial institutions, and stimulate economic activity. While we believe that general economic conditions will improve over time, the ultimate impact of these actions is still not clear at this moment in time. Nonetheless, early indications are for an improved retail confidence that has been confirmed by figures for January & February 2010.

Yearend January 2010 Segment Results:

Apparel & Tailoring Segment

Apparel & Tailoring revenues of US$ 108.7 million for the year end January 2010 reflect a decline of just 7.18% compared to last year. Nonetheless, sales in terms of volumes output increased from approximately 2.4 million to 2.7 million Suits Equivalent Units (SEU).

The decline in top line was a function of the following variables;

- Decline in the GBP and Euro against the Dollar during the year, with 12.79% and 5.64%of segment revenues derived in the aforementioned currencies;
- Better synergy with increased inter-group sales;
- Shift towards casual wear VS formal wear as the former is registering a further growth rate.

Despite the reduced revenues, segment operating profit for the year end January 2010 was US$ 12.4 million reflecting an increase of 8.86% compared to US$ 11.4 million for the previous year. The improvement was the outcome of increased government incentives to export industries.

Year end 31 January 2010
Earnings Release

Segment net profit for the year end January 2010 was US$ 12.6 million compared to US$ 23.5 million for the comparable period. However, it is noteworthy to mention that 2009 benefited from a onetime FX gain for US$ 9.16 million.

Textile Segment

Textile segment sales reached US$ 16.5 million for the year end January 2010, a decline of 12.49% compared to last year. The decline was mainly attributed to a 31.87% decline in fabric meters sold and 17.24% decline in yarn sales.

4Q09 revenues were US$ 4 million reflecting an increase of 5.11% compared to 4Q2008 which was driven by an increase in export sales volume of 9.12% also signaling, a recovery in global markets.

Operating profit for the year end January 2010 was US$ 2.5 million compared to US$ 3.8 million for the comparable period last year, confirming the group's lower utilization rate and under pinning its high operating average.

Segment net profit for the year end January 2010 was US$ 3.2 million compared to US$ 2.6 for the previous year which was negatively influenced FX losses equivalent to US$ 1.55 million.

Retail segment

Revenues for the retail segment amounted to US$ 251.9 million a decline of 12.66% compared to last year.

Gross profit amounted to US$ 111.7 million reflecting a gross profit margin of 44.4% for the year end 2010 which is slightly below last year's figures 46.22%.

It is worth mentioning that 3Q& 4Q09 witnessed a 3% improvement in retail sales margins attributed to the restructure of retail operations in the UK.

The segment reported an operating loss of US$ 5.6 million during the yearend January 2010. Nonetheless, 4Q09 reported an operating profit of US$ 3.9 million compared to an operating loss of US$ 1.3 million for the 3Q09, a significant improvement in segment performance reflecting the impact of the restructure process of the Baird Group.

AL Arafa
For Investment and Consultancies
public free zone - nasr city

Year end 31 January 2010
Earnings Release

About Al Arafa for Investment & Consultancies

Arafa for Investment and Consultancies is a leading player in the textiles industry operating a vertically integrated business model that places it as one of the largest export oriented and integrated apparel and textiles manufacturers in Egypt and the Middle East, and a prominent apparel retailer and wholesaler in Egypt, the UK and Scandinavia.

Our local retail operations include 45-stores under Concrete brand in Egypt, while our foreign retail operations include the Baird Group as a sub-holding Company that holds a market share of 20% of the UK suits market through its ownership stakes in BMB the largest men's clothing concessionaire in the United Kingdom, Specialty Retail Group Limited (SRG) one of UK's leading menswear retail chains with a nationwide coverage running 76 stores across the UK and MELKA Trading, a Swedish pan European men's casual wear business.

Al Arafa's international presence was further solidified by the acquisition of a 35% stake in Forall Group the owner of several prestigious brands including "PAL ZILERI" and "LAB by PAL ZILERI" among others.

Al Arafa
for Investment and Consultancies
public free zone - naser city