

Al Arafa for Investment and Consultancies (S.A.E.)-Free Zone
Consolidated financial statements
for the period ended 31 October 2015
And review report

Al Arafa for Investment and Consultancies (S.A.E.)- Free Zone

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Independent Auditor's Report
On Review Of Consolidated Interim Financial Statements

To: The Board of Directors
Al Arafa for Investment and Consultancies (S.A.E) - Free Zone

Introduction

We have reviewed the accompanying consolidated financial statements of Al Arafa for Investment and Consultancies (S.A.E) represented on the consolidated financial position as at 31 October 2015 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the nine months period ended at that date, and notes, include a summary of significant accounting policies and other explanatory information the consolidated interim financial statements. The Company's management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Egyptian Standard on review engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we don't express an audit opinion.

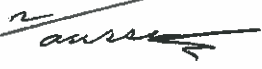
Please be noted that the financial statements of the company Baird (subsidiary) were prepared in accordance with the UK accounting principles, the financial statements of the company were added in the financial statements of the Group taking into consideration that there may be differences in some applications between each of the Egyptian Accounting Standards and the UK Standards.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not presented fairly-in all aspects of the consolidated financial position as at 31 October 2015, its financial performance and its consolidated cash flows for the nine months period ended at that date in accordance with the Egyptian Accounting Standards.

Cairo, 12/12/2015



Auditor

YOUSSEF KAMEL
EFSA's register of auditors no. (112)
(A.R no. 3764)

Al Arafa for Investment and Consultancies (S.A.E)- Free Zone

Consolidated Financial Position

As at 31 October 2015

| | <u>Note No.</u> | <u>31/10/2015</u> <u>U.S \$</u> | <u>31/1/2015</u> <u>U.S \$</u> |
|--------------------------------------------------------------------------------|-----------------|------------------------------------|-----------------------------------|
| Long-term assets | | | |
| Property, plant and equipment | (8) | 67 389 962 | 71 371 751 |
| Projects in progress | (9) | 7 181 065 | 7 992 658 |
| Deferred tax assets | (29) | 769 128 | 688 999 |
| Goodwill | (10) | 36 845 097 | 37 234 223 |
| Investments available for sale | (11) | 41 618 288 | 42 054 156 |
| Debtors on sale of investments | (12) | 6 982 027 | 13 956 631 |
| Investments in joint ventures | (13) | 888 037 | 1 241 285 |
| Other assets | (14) | 4 730 632 | 4 863 230 |
| Long-term assets private for Baird group | | 389 130 | 390 150 |
| Total Long - term assets | | 166 793 366 | 179 793 083 |
| Current assets | | | |
| Work in progress | (15) | 1 069 151 | 1 171 134 |
| Inventories | (16) | 110 749 514 | 115 925 265 |
| Debtors and other debit balances | (17) | 118 638 805 | 113 692 893 |
| Due from related parties | (7-1) | 2 478 679 | 2 409 411 |
| Debtors on sale of investments -Current portion | (12) | 28 400 000 | 21 200 000 |
| Treasury bills (maturing more than three months) | | 6 413 115 | - |
| Cash and cash equivalents | (18) | 24 771 254 | 38 606 401 |
| Total current assets | | 292 520 518 | 293 005 104 |
| Current liabilities | | | |
| Provisions | (19) | 923 266 | 907 258 |
| Banks - overdraft | (18) | 7 973 350 | 8 200 800 |
| Banks - credit facilities | (20) | 59 908 964 | 60 720 243 |
| Creditors and other credit balances | (21) | 51 435 907 | 48 274 739 |
| Short-term loans | (22) | 39 874 038 | 40 004 435 |
| Long-term liabilities - Current portion | | 806 032 | 192 894 |
| Long-term loans- Current portion | (23) | 25 967 107 | 21 605 412 |
| Total current liabilities | | 186 888 664 | 179 905 781 |
| Working capital | | 105 631 854 | 113 099 323 |
| Total investments | | 272 425 220 | 292 892 406 |
| Financed as follows: | | | |
| Shareholders' Equity | | | |
| Paid up capital | (24) | 94 050 000 | 94 050 000 |
| Reserves | (25) | 97 812 267 | 98 326 412 |
| Decrease in the book value of net assets acquired over purchase considerations | (26) | (26 261 873) | (26 261 873) |
| Retained earnings | | 29 504 125 | 27 469 686 |
| Total Shareholders' Equity (before net profit for the period / year) | | 195 104 519 | 193 584 225 |
| Net profit for the period / year | | 5 081 125 | 10 388 699 |
| Total Shareholders' Equity (including net profit for the period / year) | | 200 185 644 | 203 972 924 |
| Foreign currency translation adjustments | (27) | (17 711 902) | (16 509 619) |
| Cumulative changes in the fair value of investment available for sale | | (936 807) | (943 871) |
| Treasury stock reserve | (28) | 890 207 | 890 207 |
| Treasury stock | | (1 161 530) | (1 161 530) |
| Net shareholders' Equity | | 181 265 612 | 186 248 111 |
| Non controlling interest | | 20 172 589 | 23 265 639 |
| Total Shareholders' Equity | | 201 438 201 | 209 513 750 |
| Long-term liabilities | | | |
| Banks - credit facilities long - term | (20) | 14 645 022 | 11 741 220 |
| Long - term loans | (23) | 51 890 431 | 70 881 522 |
| Other long - term liabilities | (30) | 4 451 566 | 755 914 |
| Total long-term liabilities | | 70 987 019 | 83 378 656 |
| Total shareholders' equity and long-term liabilities | | 272 425 220 | 292 892 406 |

*The accompanying policies and the notes on pages (5) to (33) form an integral part of these consolidated financial statements.

Chairman and Managing Director
(Dr. Alaa Arafa)

Group Financial
Director
(Mohamed Mohy)

*Review report "attached "

Al Arafa for Investment and Consultancies (S.A.E)- Free Zone

**Consolidated income statement
As at 31 October 2015**

| | <u>Note</u> | Period from 1/2/2015 to 31/10/2015 | Period from 1/2/2014 to 31/10/2014 | Period from 1/8/2015 to 31/10/2015 | Period from 1/8/2014 to 31/10/2014 |
|-----------------------------------------------|-------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|
| | <u>No.</u> | <u>U.S \$</u> | <u>U.S \$</u> | <u>U.S \$</u> | <u>U.S \$</u> |
| Revenue | (31) | 199 747 741 | 196 737 022 | 63 681 467 | 69 264 490 |
| Cost of Revenue | | (132 795 856) | (128 811 398) | (41 579 189) | (46 576 308) |
| Gross profit | | 66 951 885 | 67 925 624 | 22 102 278 | 22 688 182 |
| Other operating revenues | (32) | 3 857 003 | 4 260 920 | 1 143 489 | 1 131 393 |
| Distribution expenses | | (38 738 603) | (39 593 271) | (12 547 518) | (13 992 423) |
| General and administrative expenses | | (17 944 996) | (17 801 416) | (6 052 018) | (5 827 367) |
| Other operating expenses | (33) | (762 818) | (505 856) | (269 722) | (138 812) |
| Operating profit | | 13 362 471 | 14 286 001 | 4 376 509 | 3 860 973 |
| Joint venture share of results | (13) | (353 248) | 284 287 | (190 244) | 162 607 |
| investments held for trading - gain | | - | 17 217 | - | 17 217 |
| Finance expense (net) | (34) | (4 548 150) | (5 580 812) | (1 050 735) | (1 742 094) |
| Net profit for the period before taxes | | 8 461 073 | 9 006 693 | 3 135 530 | 2 298 703 |
| Income tax for the period | | (2 009 092) | (1 867 637) | (102 243) | (445 085) |
| Deferred tax | (29) | 56 158 | 45 706 | 28 858 | (893) |
| Net profit for the period after taxes | | 6 508 139 | 7 184 762 | 3 062 145 | 1 852 725 |
| Attributable to: | | | | | |
| Holding Company | | 5 081 125 | 5 618 803 | 2 582 961 | 1 826 524 |
| Non controlling interest | | 1 427 014 | 1 565 959 | 479 184 | 26 201 |
| Net profit for the period after taxes | | 6 508 139 | 7 184 762 | 3 062 145 | 1 852 725 |

*The accompanying policies and the notes on pages (5) to (33) form an integral part of these consolidated financial statements.

AlArafa for Investment and Consultancies (S.A.E)- Free Zone

Consolidated Statement of Changes in Equity

As at 31 October 2015

| | U.S.\$ | Reserves | Decrease in the book value of net assets acquired over purchase consideration | Cumulative changes in the fair value of investment available for sale | Retained earnings | Treasury stock reserve | Net profit for the year/ period | Cummulative translation adjustments | Treasury stock | Total |
|-----------------------------------------------------------------------|------------|-------------|-------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------|------------------------|---------------------------------|-------------------------------------|----------------|--------------|
| | U.S.\$ | U.S.\$ | U.S.\$ | U.S.\$ | U.S.\$ | U.S.\$ | U.S.\$ | U.S.\$ | U.S.\$ | U.S.\$ |
| Balance as at 31/1/2014 | 94 050 000 | 97 986 742 | (9 586 793) | (742 788) | 25 949 686 | 890 207 | 4 464 567 | (14 893 422) | (1 161 530) | 196 956 669 |
| Closing net profits for the year ended 31/1/2014 | - | - | - | - | 4 464 567 | - | (4 464 567) | - | - | - |
| Dividends the year ended 31/1/2014 | - | 339 670 | - | - | (339 670) | - | - | - | - | - |
| Cumulative changes in the fair value of investment available for sale | - | - | - | (201 083) | - | - | - | - | - | (201 083) |
| Exchange differences of foreign operation | - | - | - | - | - | - | - | (1 616 197) | - | (1 616 197) |
| Effect of shares acquisition in subsidiaries | - | - | (16 675 080) | - | - | - | - | - | - | (16 675 080) |
| Actuarial Loss (Employees pension fund of subsidiary) | - | - | - | - | (284 681) | - | - | - | - | (284 681) |
| Adjustments | - | - | - | - | (2 320 216) | - | - | - | - | (2 320 216) |
| Net profit for the year ended 31/1/2015 | - | - | - | - | - | - | 10 388 699 | - | - | 10 388 699 |
| Balance as at 31/1/2015 | 94 050 000 | 98 326 412 | (26 261 873) | (943 871) | 27 469 686 | 890 207 | 10 388 699 | (16 509 619) | (1 161 530) | 186 248 111 |
| Closing net profits for the year ended 31/1/2015 | - | - | - | - | 10 388 699 | - | (10 388 699) | - | - | - |
| Dividends the year ended 31/1/2015 | - | 634 073 | - | - | (5 490 573) | - | - | - | - | (4 856 500) |
| Cumulative changes in the fair value of investment available for sale | - | - | - | 7 064 | - | - | - | - | - | 7 064 |
| Exchange differences of foreign operation | - | - | - | - | - | - | - | (1 202 283) | - | (1 202 283) |
| Adjustments | - | (1 148 218) | - | - | (2 863 687) | - | - | - | - | (4 011 905) |
| Net profit for the period ended 31/10/2015 | - | - | - | - | - | - | 5 081 125 | - | - | 5 081 125 |
| Balance as at 31/10/2015 | 94 050 000 | 97 812 267 | (26 261 873) | (936 807) | 29 504 125 | 890 207 | 5 081 125 | (17 711 902) | (1 161 530) | 181 265 612 |

*The accompanying policies and the notes on pages (5) to (33) form an integral part of these consolidated financial statements.

Consolidated Cash flows statement
For the period ended 31 October 2015

| Note No. | Period from 1/2/2015 to 31/10/2015 U.S \$ | Period from 1/2/2014 to 31/10/2014 U.S \$ |
|-------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Cash flows from operating activities | | |
| | 5 081 125 | 5 618 803 |
| Net profit for the period | | |
| Adjustments to reconcile net profit with cash flow from operating activities | | |
| | 5 290 729 | 5 556 364 |
| | (78 257) | (95 486) |
| | 7 265 189 | 7 656 572 |
| | (730 274) | (1 064 651) |
| | 130 382 | 141 364 |
| | (2 863 687) | (1 052 921) |
| | 353 248 | (284 287) |
| | 86 400 | - |
| | 14 534 855 | 16 475 758 |
| Gains of operating activities before changes in working capital items | | |
| Change in working capital items | | |
| | 4 027 533 | (2 583 873) |
| | (4 679 506) | (5 503 086) |
| | (225 396) | (81 012) |
| | (69 268) | 283 176 |
| | (844 022) | 2 822 644 |
| | (80 129) | (16 467) |
| | - | (102 298) |
| | - | - |
| | 12 664 067 | 11 294 842 |
| | (6 120 132) | (7 925 023) |
| | 6 543 935 | 3 369 819 |
| Net cash generated from operating activities | | |
| Cash flows from investing activities | | |
| | (2 853 890) | (7 988 677) |
| | 102 015 | 6 261 884 |
| | - | (29 834 805) |
| | - | (997 911) |
| | (6 413 115) | 3 129 282 |
| | (9 164 990) | (29 430 227) |
| | 463 868 | 871 492 |
| | (8 701 122) | (28 558 735) |
| Net cash used in investing activities | | |
| Cash flows from financing activities | | |
| | (3 093 050) | (732 472) |
| | (18 991 091) | 2 020 109 |
| | 4 361 695 | 12 447 668 |
| | (130 397) | 6 559 361 |
| | 2 092 523 | 19 615 430 |
| | 3 695 652 | (434 426) |
| | 613 138 | 71 936 |
| | 1 020 | 13 540 |
| | (11 450 510) | 39 561 146 |
| Net cash (used in) generated from financing activities | | |
| | (13 607 697) | 14 372 230 |
| | 30 405 601 | 4 578 717 |
| | (18) | 16 797 904 |
| | 16 797 904 | 18 950 947 |
| Cash and cash equivalents at end of the period | | |

*The accompanying policies and the notes on pages (5) to (33) form an integral part of these consolidated financial statements

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements
For the period ended 31 October 2015

1- Company background

1-1 Legal status

Arafa for Investment and Consultancies Company- on Egyptian Joint Stock Company- was founded on 16 January 2006, in accordance with investment incentives and guarantees Law No.8 of 1997, operating under the Free Zone decree.

The Board of Directors of Swiss Garments Company (S.A.E.) -Free Zone proposed in its meeting held on the 18th of June 2005 to split the Company into two Joint Stock Companies (main Company and Spin-off Company) operating under the Free Zones System with the same shareholders and the same shareholding percentage as at the splitting date. The Board also proposed using the book value of the assets and liabilities, as of the 30th of June 2005 as a basis for the split. The purpose of the main company will be specialized in investing in financial instruments and the spin-off company will be specialized in manufacturing ready made garments.

The Extraordinary General Assembly agreed on its meeting held on the 14th of July 2005 on the above- mentioned Board of Directors proposals. The final approval of the splitting decision was issued from the General Authority for Investment and Free Zones on 24 November 2005.

The main Company's name was changed to Al Arafa for Investment and Consultancies Company, and the commercial register was amended accordingly on 11 January 2006.

The company has been registered in the commercial registry with no. 17426 on 16/1/2006. The company's period is 25 years from the registration in the commercial registry date.

Company's location: Nasr city free zone, Cairo, Arab Republic of Egypt.
The Company's Chairman and Managing Director is Dr. Alaa Ahmed Abd Al Maksood Arafa.

The Company is considered the holding company.

1-2 The Company's purpose

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

1-3 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

2- Basis of preparation

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards "EAS", and in accordance with the prevailing Egyptian laws.

2-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the financial position:

- available-for-sale financial assets are measured at fair value
- Forward deals at fair value.

The methods used to measure the fair values are disclosed further in note 4.

2-3 Functional and presentation currency

The consolidated financial statements are presented in the US \$ and all the financial information include are in US dollar unless indicated otherwise.

2-4 Use of estimates and judgments

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting. policies that have the most significant effect on the amount recognized in the financial statements is included in the following notes:

Note (3-1): Basis of consolidation

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial statements are included in the following notes:

Note (3-3) : valuation of financial instruments

Note (3-4) : Property, plant and equipment

Note (3-14): Impairment of value

Note (3-17): Provisions

Note (3-21): Deferred tax

3- Significant accounting policies

The accounting policies set out below have been applied consistently to presented in these consolidated financial statements.

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as of the acquisition date. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of equity. Any cash paid for the acquisition and exceeds its carrying amounts is recognized directly in equity.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in joint ventures

Joint ventures are entities established by contractual agreement and requiring unanimous consent for strategic and operating decisions.

Joint ventures are reported using equity method.

Basis of consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

As the currency of some subsidiaries is the Egyptian pound and some pound sterling the consolidated financial statements of the subsidiaries have been translated to the holding company functional currency which is US\$ according to the accounting framework.

3-2 Foreign currency

Foreign currency transaction

The company maintains its accounts in US dollar. Transactions dominated in foreign currencies are translated at foreign exchange rate ruling at the date of translations. Monetary assets and liabilities dominated in foreign currencies at the financial position date are translated at the foreign exchange rates ruling at that date. Foreign currency differences arising on the retranslation are recognized in the income statement.

Consolidated financial statements translation for the foreign companies

The assets and liabilities of foreign operations are translated to U.S \$ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at average foreign exchange rate during the reporting period. The parent company's share in accumulated difference arising from re-evaluation of foreign entity is presented as a separate item in shareholders' equity in the consolidated financial position.

3-3 Financial instruments

Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of

ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Held -to -maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Company's investments in equity securities and certain debt securities are classified as available for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale equity instruments, are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

Financial assets held for trading

Financial asset held for trading are classified as current assets, and recognized at fair value, and include both resulting gain and loss in the income statement.

Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or

cancelled or expire. The Company has the following non-derivative financial liabilities: loans and borrowings, and bank overdrafts, such financial liabilities are recognised initially at the proceeds received, net of transaction costs incurred. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3-4 Property, plant and equipment

Property, plant and equipment are stated at historical cost and presented in the financial position net of accumulated depreciation and impairment (note 3-14). Depreciation is charged to the income statement over the estimated useful life of each asset using the straight – line method. The following are the estimated useful lives, for each class of assets ,for depreciation calculation purposes :

| | Estimated useful lives year |
|---------------------------------------|-----------------------------------|
| * Buildings and construction | 5-50 |
| * Machinery & equipment | 3.3-10 |
| * Tools & Supplies | 2-10 |
| * Transport & Transportation Vehicles | 4-10 |
| * Office equipment: | |
| - Office equipment | 2-16.6 |
| - Computers | 3-4 |
| * Improvements in leased places | 5-10 |

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

3-5 Projects in progress

Projects in progress are recognized initially at cost. Cost includes all expenditure directly attributable to bringing the asset to working condition for intended use. Property and equipment in progress are transferred to property and equipment caption when they are completed and are ready for their intended use.

3-6 Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the Group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed.

3-7 Intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses (note: 3-14).

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is calculated over the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, and the useful life is as follow:

| | |
|-------------------|-----------------------|
| | Ages estimated |
| Trademarks | 10-20 years |

3-8 Financial lease

Leases are classified as operating leases, rental payments (After deducting any discounts and taking any grace periods into consideration) are recognized as rent expense in the income statement on straight line basis over the lease contract period. The accrued amounts of the operating lease contracts..

3-9 Inventories

The inventory of work in process is measured at the lower of cost, which is determined based on the last process the work in process reached, or net realizable value.

Finished production is measured at the lower of manufacturing cost or net realizable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price, in the ordinary course of business, Less the estimated costs of completion and selling expenses.

3-10 Debtors and other receivables

Trade and other receivables are stated at their nominal value less an allowance for any doubtful debts.

3-11 Repurchase of share capital

When the company purchase it's own shares, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity

3-12 Treasury Bills

Purchases of treasury bills and certificates of deposit of the central bank proving at nominal value and are included in cash and cash equivalents, treasury bills which deserves more than three months are included in a separate item at statement of financial position in accordance with the requirements of the Egyptian Accounting Standards.

3-13 Creditors and other credit balances

Creditors and other credit balances are stated at their cost.

3-14 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-

maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in equity, to profit or loss. The cumulative loss that is removed from equity and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

(For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-15 Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group are re measured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, and deferred tax assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

3-16 Pensions contribution plans

The company contributes to the government social insurance system for the benefit of its employees according to the social Insurance law No.79 of 1975 and its amendments , the company`s contributions are recognized in the consolidated income statement using the accrual basis of accounting .The company`s obligation in respect of employees` pensions is confined to the amount of aforementioned contributions .

3-17 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, the unwinding of the discount is recognized as finance cost. Then check the balance of provision in the date of financial statements and adjusted when necessary to show current best estimate.

3-18 Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Income from investments is recognized when the shareholders of the Company have the right to receive dividends that have been established from the associates and available for sale in the financial period in which these dividends is approved by the general assemblies meeting of the investee companies.

Gains and losses resulting from the sale of financial investments is proofed in the date of a process and that the difference between cost and selling price minus the expenses and sales commissions

Management fees are recognized once the service in accordance with the principle of accrual.

Credit interests are recognized in the income statement based on the percentage of time.

3-19 Finance income and expenses

Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Dividend income received from investments is recognized in profit or loss on the date of collection.

Construction or production of a qualifying asset is recognized in profit or loss using the effective interest method.

3-20 Income Tax

Income tax on profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly on equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the financial position date, and any adjustment to tax payable in respect of previous period.

3-21 Deferred tax

Deferred tax is recognized using the financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3-22 Forward deals

Forward deals are recognized by the fair value (market value) of these deals in the date of conclusion of the deal and these deals are reevaluated in the date of the consolidated financial statements. Gains and losses resulted from the reevaluation of these deals are recognized in consolidated income statement.

3-23 Leases

Leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3-24 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), which is subject to risks and rewards that are different from those of other segments. The group's main format for segment reporting is based on business segments.

3-25 Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to the Holding company by the weighted average number of outstanding ordinary shares during the period.

3-26 Legal reserve

According to the Companies Law requirements and the statutes of the Company, 5% of the annual net profit transferred to a legal reserve until the accumulated reserve reaches 50% of the issued share capital. The reserve is, un-distributable; however, it can be used to increase the share capital or to offset losses. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital. Legal reserve is not available for distribution cash dividend.

4- Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Financial instruments evaluation (forward deals)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4.2 Available for sale investments

The investment securities and certain debt securities are recognized at its net fair value.

5- Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk
- Foreign currency risk
- Operational risk

Market risk

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

The company incurs financial liabilities in order to manage market risks, all such transactions are carried out within the guidelines set by the management

Foreign currency risk

The Company is exposed to currency risk on sales, purchases and loans, which are handled in a currency other than the functional currency of the company, mainly Egyptian Pound.

The Company uses direct exchange contracts to cover foreign currency risk and which have maturities less than a year from the date of preparation of the report

With regard to other financial assets and liabilities and residents in foreign currencies, and net value of the exposure to these risks, it is still at an acceptable level by buying or selling foreign exchange rates prevailing at a particular time and, when necessary, to address any imbalance short-term

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is Supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with Company standards is supported by a program of periodic reviews undertaken by management. The results of Management reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to externally imposed capital requirements.

6- Group Entities

The following is a list of the Subsidiaries owned and controlled by the Company as at 31 October 2015 and its ownership percentage:

| Subsidiary's Name | Ownership Percentage | | Country of Incorporation |
|--------------------------------------------------------------------|----------------------|-----------|--------------------------|
| | 31/10/2015 | 31/1/2015 | |
| Swiss Garments Company | 98.41% | 98.41% | Egypt |
| ***Egypt Tailoring Garments Company | 98.41% | 98.41% | Egypt |
| Concrete Garments Company | 90.91% | 90.91% | Egypt |
| Port Said Garments Company | 96.40% | 96.40% | Egypt |
| * Golden Tex Wool Company | 43.60% | 43.60% | Egypt |
| * Sbaghy golden Tex (Indirect ownership – Golden Tex Wool Company) | 39.23% | 39.23% | Egypt |
| * White Head Spinning Company | 43.75% | 43.75% | Egypt |
| Euromed for trading & marketing Company | 98.42% | 98.42% | Egypt |
| Al Arafa for investments in Garments industry | 99.2% | 99.2% | Egypt |
| Al Arafa for investments in Spinning & Textile industry | 99.2% | 99.2% | Egypt |
| Al Arafa for investments in Garments Marketing & Retail | 99.2% | 99.2% | Egypt |
| Fashion Industry | 97.81% | 97.81% | Egypt |
| **Savini Garments Company | 98.8% | 98.8% | Egypt |
| Swiss Cotton Garments Company | 98.41% | 98.41% | Egypt |
| Egypt Portugal Marketing Company | 59% | 59% | Egypt |
| Al Arafa for real estate investment | 98.41% | 98.41% | Egypt |
| EP Garments | 60% | 60% | Portugal |
| Baird Group | 98.2% | 98.2% | United Kingdom |
| Egyptian Fashion | 98.41% | 98.41% | Egypt |

- * Arafa for Investment and Consultancies has entered into a management Contract dated 1 January 2007, according to this contract the Company has the right to control the operating and financial policies of Golden Tex group and White Head spinning companies.

- ** Savini is included within the subsidiaries as it is directly owned by 49.2% through the Holding Company and indirectly through Swiss Garments Company which own 50% of the Savini ownership, this was registered in the commercial register of the Company on 27 April 2010.
- *** The company results been compiled until May 31, 2014 due to the integration of the company in the company Egyptian Fashion Garments (SAE) (the acquirer) in the history of 1/6/2014.

| Company's Name | Share Percentage | | Country of Incorporation |
|----------------------------|------------------|-----------|--------------------------|
| | 31/10/2015 | 31/1/2015 | |
| Metco (Indirect ownership) | 48.5% | 48.5% | Egypt |
| Forall Group | 35% | 35% | Italy |

The above mentioned companies are out of the consolidation scope, as the Holding Company has entered to management agreement in which the other shareholders practice the control on the financial and operating decisions for those companies.

7- Related parties transactions

Transactions between the company and related subsidiaries are excluded from consolidation and other companies whose its main shareholders are the same shareholders of the company stated hereunder the transactions during the period and balances at the financial position date:

7-1 Due from related parties

| Company's Name | Type of Transactions | Total value of transactions during the period / year ended | | Balance as at | |
|---------------------------|----------------------|------------------------------------------------------------|-----------|------------------|------------------|
| | | 31/10/2015 | 31/1/2015 | 31/10/2015 | 31/1/2015 |
| | | U.S \$ | U.S \$ | U.S \$ | U.S \$ |
| Crystal for Making shirts | Service | 25 710 | (669 770) | 972 626 | 946 916 |
| Crystal for Making shirts | Sales | (371 015) | (146 594) | 850 918 | 1 221 933 |
| Metco | Sales | (20 660) | 17 785 | - | 20 660 |
| Metco | Service | (3 391) | (244 906) | 117 005 | 120 396 |
| Camegit for Garments | Service | (12 727) | 67 319 | 71 547 | 84 274 |
| Euro Misr | Sales | 368 072 | - | 368 072 | - |
| Forall Group | Service | 83 279 | 15 232 | 98 511 | 15 232 |
| | | | | 2 478 679 | 2 409 411 |

- * All related parties transactions during the period was made at arm's length commercial basis with other parties and all outstanding balances arise from such transactions will be paid within one year.

8- Property, plant and equipment

| Cost | Land | Buildings & Constructions | Machinery & equipment | Vehicles | Tools & Supplies | Furniture & Office Equipment | Improvements in leasehold | Total |
|------------------------------|------------------|---------------------------------|-----------------------------|------------------|------------------------|------------------------------------|------------------------------|--------------------|
| | U.S \$ | U.S \$ | U.S \$ | U.S \$ | U.S \$ | U.S \$ | U.S \$ | U.S \$ |
| Cost as at 31/1/2014 | 10 666 991 | 72 641 270 | 55 358 419 | 1 409 569 | 600 570 | 48 115 805 | 2 885 987 | 191 678 611 |
| Additions | - | 1 914 878 | 1 748 074 | 117 326 | 45 175 | 1 738 721 | 1 055 848 | 6 620 022 |
| Disposals | (902 119) | (4 124 537) | (1 290 772) | (53 833) | - | (212 455) | - | (6 583 716) |
| Translation differences | (206 787) | (901 355) | (1 316 481) | (24 143) | (7 423) | (1 096 702) | (303 147) | (3 856 038) |
| Cost as at 31/1/2015 | 9 558 085 | 69 530 256 | 54 499 240 | 1 448 919 | 638 322 | 48 545 369 | 3 638 688 | 187 858 879 |
| Additions | - | 497 447 | 800 471 | 152 069 | 182 535 | 1 441 905 | 104 226 | 3 178 653 |
| Disposals | - | - | (728 555) | (276 754) | - | (78 014) | (212 091) | (1 295 414) |
| Translation differences | (397 495) | (1 657 253) | (1 365 204) | (59 228) | (19 875) | (210 339) | (430 412) | (4 139 806) |
| Cost as at 31/10/2015 | 9 160 590 | 68 370 450 | 53 205 952 | 1 265 006 | 800 982 | 49 698 921 | 3 100 411 | 185 602 312 |

8- Property, plant and equipment

| | Land | Buildings & Constructions | Machinery & equipment | Vehicles | Tools & Supplies | Furniture & Office Equipment | Improvements in leasehold | Total |
|-------------------------------------------------|-----------|---------------------------------|-----------------------------|-----------|------------------------|------------------------------------|------------------------------|-------------|
| | U.S \$ | U.S \$ | U.S \$ | U.S \$ | U.S \$ | U.S \$ | U.S \$ | U.S \$ |
| Depreciation | | | | | | | | |
| Accumulated depreciation as at 31/1/2014 | - | 23 156 308 | 42 134 910 | 948 512 | 403 262 | 44 601 435 | 1 995 336 | 113 239 763 |
| Depreciation for the year | - | 1 596 773 | 2 741 213 | 134 567 | 35 120 | 1 804 186 | 918 665 | 7 230 524 |
| Accumulated depreciation of disposals | - | (141 085) | (1 286 582) | (50 206) | - | (171 438) | - | (1 649 311) |
| Translation differences | - | (228 136) | (1 030 901) | (20 604) | (5 684) | (866 890) | (181 633) | (2 333 848) |
| Accumulated depreciation as at 31/1/2015 | - | 24 383 860 | 42 558 640 | 1 012 269 | 432 698 | 45 367 293 | 2 732 368 | 116 487 128 |
| Depreciation for the period | - | 1 177 017 | 1 926 062 | 108 392 | 35 973 | 1 278 007 | 765 278 | 5 290 729 |
| Accumulated depreciation of disposals | - | - | (712 651) | (274 128) | - | (73 413) | (211 464) | (1 271 656) |
| Translation differences | - | (588 917) | (1 060 046) | (57 274) | (17 585) | (179 221) | (390 808) | (2 293 851) |
| Cost as at 31/10/2015 | | 24 971 960 | 42 712 005 | 789 259 | 451 086 | 46 392 666 | 2 895 374 | 118 212 350 |
| Net book value as at 31 October 2015 | 9 160 590 | 43 398 490 | 10 493 947 | 475 747 | 349 896 | 3 306 255 | 205 037 | 67 389 962 |
| Net book value as at 31 January 2015 | 9 558 085 | 45 146 396 | 11 940 600 | 436 650 | 205 624 | 3 178 076 | 906 320 | 71 371 751 |

8-1 Some of the Group's property, plant and equipments were purchased through initial contracts, the legal procedures to legalize and register such contracts are currently being undertaken.

| | 31/10/2015 | 31/1/2015 |
|-------|------------------|------------------|
| | U.S \$ | U.S \$ |
| Lands | 1 891 183 | 1 891 183 |
| | 1 891 183 | 1 891 183 |

9- Projects in progress

| | 31/10/2015 | 31/1/2015 |
|-------------------------------------------|------------------|------------------|
| | U.S \$ | U.S \$ |
| Buildings & Constructions | 6 510 511 | 7 663 570 |
| Plant and machinery under installation | -- | 232 874 |
| Advance payments to purchase fixed assets | 670 554 | 96 214 |
| | 7 181 065 | 7 992 658 |

10- Goodwill

Balance amounted to USD 36 845 097 represents the goodwill resulted from business combinations, the change in the goodwill balance is due to the change in foreign currencies exchange differences

11- Investments available for sale

| Particulars | Country of Incorporation | Ownership percentage | Paid percentage | Cost of Investment | Cost of investment |
|----------------------------------------------------------------------------------|--------------------------|----------------------|-----------------|--------------------|--------------------|
| | | | | as at | as at |
| | | % | % | 31/10/2015 | 31/1/2015 |
| | | | | U.S \$ | U.S \$ |
| Egyptian Company for Trading & Marketing | Egypt | 2.62 | 100 | 29 472 | 29 472 |
| 10 th of Ramadan for Developments & Construction Investments Company. | Egypt | 4.036 | 100 | 876 179 | 876 179 |
| Forall | Italy | 35 | 100 | 38 090 268 | 38 090 268 |
| Middle East Company (Metco) | Egypt | 48.5 | 100 | 2 543 467 | 2 543 467 |
| Citadel Capital | Egypt | - | - | 3 044 072 | 3 044 072 |
| Other investments | - | - | - | 69 234 | 69 234 |
| | | | | 44 652 692 | 44 652 692 |
| Impairment | | | | (44 885) | (44 885) |
| Cumulative changes in fair value of financial investments | | | | (936 807) | (943 871) |
| Effect of foreign currency exchange differences | | | | (2 052 712) | (1 609 780) |
| | | | | 41 618 288 | 42 054 156 |

The company wasn't able to measure the fair value of financial investments available for sale the absence of an active market can be dependable as shown accounting policy (3-3).

The company wasn't able to measure the fair value of financial investments available for sale the absence of an active market can be dependable as shown accounting policy (3-3).

12- Debtors sale of investments

| | Long term assets U.S \$ | Current portion U.S \$ | Total U.S \$ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------|-------------------|
| Accrued installments due to the sales the group share in SRG & Melka International as agreed to collect the sale price over 10 equivalent installments ending by Oct,11, 2017 | 7 200 000 | 28 400 000 | 35 600 000 |
| Less : Change in present value | (217 973) | -- | (217 973) |
| Balance at 31/10/2015 | 6 982 027 | 28 400 000 | 35 382 027 |
| Balance at 31/1/2015 | 13 956 631 | 21 200 000 | 35 156 631 |

13- Investments in joint ventures

| Particulars | Country of Incorporation | Ownership percentage % | Cost of Investment as at 31/10/2015 | Cost of investment as at 31/1/2015 |
|------------------------------------|-----------------------------|------------------------------|----------------------------------------------|---------------------------------------------|
| | | | U.S \$ | U.S \$ |
| Crystal for Making shirts | Egypt | 60 | 454 127 | 808 443 |
| Camegit for Garments Manufacturing | Egypt | 49.48 | 433 910 | 432 842 |
| | | | 888 037 | 1 241 285 |

The following is the movement through the ended period dated 31/10/2015

| | 31/10/2015 U.S \$ |
|----------------------------------------------------------|----------------------|
| Balance at the beginning of the period | 1 241 285 |
| Share of results from Crystal for Making shirts | (354 316) |
| Share of results from Camegit for Garments Manufacturing | 1 068 |
| | 888 037 |

14- Other Assets

| | 31/10/2015 U.S \$ | 31/1/2015 U.S \$ |
|-----------------------------------------------|----------------------|---------------------|
| Balance at the beginning of the period / year | 4 863 230 | 5 139 911 |
| Amortization of the period / year | (130 382) | (184 880) |
| Change in foreign currency exchange rates | (2 216) | (91 801) |
| | 4 730 632 | 4 863 230 |

15- Work in progress

This balance amounted to US \$1 069 151 at 31/10/2015 (US \$1 171 134 as at 31/1/2015) represents the total contractual consideration to purchase a piece of land in 10th of Ramadan City with an area of 104424.89 square meters including the contractual expenses, such land was acquired to construct residential units according to the National Housing Project specifications.

16- Inventories

| | 31/10/2015 | 31/1/2015 |
|----------------------------------------|--------------------|--------------------|
| | U.S \$ | U.S \$ |
| Raw materials | 16 608 904 | 19 162 210 |
| Spare parts and auxiliary material | 4 229 532 | 4 487 261 |
| Packing materials | 475 669 | 421 645 |
| Work in process | 27 286 290 | 28 199 473 |
| Finished goods | 65 294 579 | 66 520 471 |
| Goods in transit | 375 862 | 238 025 |
| | 114 270 836 | 119 029 085 |
| Less: impairment of inventories | (5 000 378) | (3 747 500) |
| | 109 270 458 | 115 281 585 |
| L/C's to purchase goods | 1 479 056 | 643 680 |
| | 110 749 514 | 115 925 265 |

17- Debtors and other debit balances

| | 31/10/2015 | 31/1/2015 |
|---------------------------------------------------------------|---------------------|---------------------|
| | U.S \$ | U.S \$ |
| Trade receivables | 52 818 530 | 52 080 543 |
| Less: Impairment of trade receivables | (2 723 620) | (2 823 208) |
| | 50 094 910 | 49 257 335 |
| Notes receivables | 1 146 146 | 1 520 629 |
| | 51 241 056 | 50 777 964 |
| Debtors attributable to sold companies | 44 553 496 | 44 483 738 |
| Suppliers & contractors - debit balances | 4 059 160 | 3 940 856 |
| Tax authority | 1 250 374 | 1 104 724 |
| Deposits with others | 1 557 017 | 1 458 044 |
| Prepaid expenses | 7 145 425 | 5 889 072 |
| Accrued revenues | 7 139 598 | 6 913 170 |
| Other debit balances | 21 656 500 | 19 104 907 |
| | 87 361 570 | 82 894 511 |
| Less: Impairment of debtors & other debit balances | (19 963 821) | (19 979 582) |
| | 67 397 749 | 62 914 929 |
| | 118 638 805 | 113 692 893 |

18- Cash and cash equivalents

| | 31/10/2015 | 31/1/2015 |
|--------------------------------------------------------------------------|-------------------|-------------------|
| | U.S \$ | U.S \$ |
| Time deposits & Treasury bills | 9 652 761 | 19 075 295 |
| Current accounts | 14 628 854 | 18 636 671 |
| Cheques under collection | 7 180 | 24 618 |
| Cash on hand | 482 459 | 869 817 |
| Cash and cash equivalents | 24 771 254 | 38 606 401 |
| Overdraft | (7 973 350) | (8 200 800) |
| Cash and cash equivalents for the purpose of cash flows statement | 16 797 904 | 30 405 601 |

19- Provisions

| | Balance as at 31/1/2015 U.S \$ | Recognized during the period U.S \$ | Reversed provisions U.S \$ | Utilized during the period U.S \$ | Balance as at 31/10/2015 U.S \$ |
|----------------------------|-----------------------------------------|----------------------------------------------|----------------------------------|--------------------------------------------|------------------------------------------|
| Provisions | 907 258 | 86 400 | -- | -- | 993 658 |
| Exchange rates differences | -- | -- | -- | -- | (70 392) |
| | 907 258 | 86 400 | -- | -- | 923 266 |

20- Banks – Credit Facilities

Banks – Credit Facilities equivalent to U.S.\$ 59 908 964 (US \$ 60 720 243 as at 31/1/2015) Were granted to the group's Companies from local banks in different currencies against various guarantees, one of the subsidiaries (Barid Group) has a long – term credit facilities maturing within one year amounting U.S.\$14 645 022

21- Creditors and other Credit balances

| | Note | 31/10/2015 | 31/1/2015 |
|-----------------------------------------|------|-------------------|-------------------|
| | | U.S \$ | U.S \$ |
| Suppliers and contractors | | 17 844 318 | 18 372 976 |
| Notes payable | | 4 202 529 | 2 966 293 |
| Accounts receivables – advance payments | | 353 021 | 2 433 |
| Deposits from others | | 930 988 | 998 289 |
| Tax authority | | 3 786 563 | 6 339 514 |
| Un-earned revenue | | 33 430 | 36 914 |
| Accrued expenses | | 8 022 779 | 6 225 128 |
| Deferred capital gains | | 8 321 919 | 9 977 418 |
| Other credit balances | | 7 940 360 | 3 355 774 |
| | | 51 435 907 | 48 274 739 |

22- Short – term loans

This balance represents short – term loans granted to one of the group companies in order to finance its activities:

| | 31/10/2015 | 31/1/2015 |
|----------------------------------|-------------------|-------------------|
| | U.S \$ | U.S \$ |
| Swiss Garments Company | | |
| CIB | 19 995 128 | 18 733 189 |
| HSBC Bank | 1 918 890 | 1 282 154 |
| Credit Agricole Egypt | 5 886 021 | 8 001 800 |
| Export Development Bank of Egypt | 131 165 | 131 165 |
| Arab Bank | 1 498 255 | 1 625 910 |
| QNB | 6 499 915 | 6 970 432 |
| NBD | 427 414 | 457 785 |
| Concrete Garments Company | | |
| CIB | 3 517 250 | 2 802 000 |
| | 39 874 038 | 40 004 435 |

23- Long-term Loans, and its current portion

| | Long term Loans U.S \$ | Current portion U.S \$ | Total U.S \$ |
|--------------------------------------------------------------------|------------------------------|------------------------------|-------------------|
| Al Arafa for Investment and Consultancies | | | |
| CIB-Egypt | 14 864 972 | 4 000 000 | 18 864 972 |
| Al Arafa for investments in Garments Marketing & Retail | | | |
| AAIB | 21 071 343 | 8 900 000 | 29 971 343 |
| Swiss Garments Company | | | |
| CIB-Egypt | -- | 2 500 000 | 2 500 000 |
| MIDB | 6 000 000 | 3 333 000 | 9 333 000 |
| Egyptian Fashion Company | | | |
| MIDB | 2 000 000 | 1 000 000 | 3 000 000 |
| Goldentex Wool Company | | | |
| Housing & Development Bank | 36 935 | 11 973 | 48 908 |
| QNB | 390 095 | 195 048 | 585 143 |
| Port-said Garments Company | | | |
| AWB | 3 723 043 | 3 723 043 | 7 446 086 |
| Swiss Cotton Garments Company | | | |
| HSBC | 2 100 000 | 600 000 | 2 700 000 |
| NBD | 1 704 043 | 1 704 043 | 3 408 086 |
| Balance as at 31/10/2015 | 51 890 431 | 25 967 107 | 77 857 538 |
| Balance as at 31/1/2015 | 70 881 522 | 21 605 412 | 92 486 934 |

23-1 Terms of loans agreements

| Bank | Loan Currency | End of Payment | 31 October 2015 | | 31 January 2015 | |
|--------------------------------------------------------------------|------------------|-------------------|---------------------------------|----------------------|---------------------------------|----------------------|
| | | | Value (Original Currency) | Value (in U.S \$) | Value (Original Currency) | Value (in U.S \$) |
| Al Arafa for investment & consultancies | | | | | | |
| CIB | U.S\$ | 2018 | 18 864 972 | 18 864 972 | 18 864 972 | 18 864 972 |
| Al Arafa for investments in Garments Marketing & Retail | | | | | | |
| AAIB | U.S\$ | 2019 | 29 971 343 | 29 971 343 | 29 971 343 | 29 971 343 |
| Swiss Garments Company | | | | | | |
| CIB | U.S\$ | 2015 | 2 500 000 | 2 500 000 | 7 500 000 | 7 500 000 |
| MIDB | U.S\$ | 2018 | 9 333 000 | 9 333 000 | 12 000 000 | 12 000 000 |
| Egyptian Fashion company | | | | | | |
| MIDB | U.S\$ | 2018 | 3 000 000 | 3 000 000 | 4 000 000 | 4 000 000 |
| Goldentex for wool company | | | | | | |
| Housing & Development bank | L.E | | 382 397 | 48 908 | 453 174 | 63 490 |
| QNB | L.E | 2018 | 4 575 000 | 585 143 | 5 718 750 | 801 196 |
| Port-said Garments Company | | | | | | |
| AWB | U.S\$ | 2017 | 7 446 086 | 7 446 086 | 11 173 804 | 11 173 804 |
| Swiss Cotton Garments Company | | | | | | |
| HSBC Bank | U.S\$ | 2020 | 2 700 000 | 2 700 000 | 3 000 000 | 3 000 000 |
| NBD | U.S\$ | 2017 | 3 408 086 | 3 408 086 | 5 112 129 | 5 112 129 |

24- Capital

24-1 Authorized capital

The authorized capital amounted to US\$ 150 million, as registered in the commercial register on 13/11/2006.

24-2 Paid up capital

The Company's issued and paid up capital amounted to U.S. \$ 18 115 510 distributed over 18 115 510 shares the nominal value of each is U.S. \$ 1, prior to the capital increase referred to in the following paragraphs:

The Company's issued share capital had been increased in cash, by U.S. \$ 13 884 490 to become U.S. \$ 32million, each share was split into five shares and accordingly the par value of each share became 20 cent. The share capital increase and the share split were approved by the General Authority for Investment and Free Zone by virtue of decree No.1724/2 of 2006.

The Extraordinary Shareholders Meeting held on 16 November, 2006 approved increasing the capital by U.S. \$ 15 500 000 to become U.S.\$ 47 500 000 represented in 237 500 000 shares, the nominal value of each share is 20 cent, and this was by subscription on two categories, the first is public subscription and the second is private subscription by the fair value of the share and the subscription made for the full increase. This was registered in the commercial register of the Company on 18 December 2006.

The ordinary Shareholders Meeting dated on 23/5/2010 decided to increase the capital by U.S. 4 750 000 represented in 23 750 000 shares, the nominal value of each share is 20 cent financed from retained earnings the capital become after the increase amount U.S.\$ 52 250 000 (which is within the limits of authorized capital \$ 150 million U.S.\$) represented in 261 250 000 the nominal value of each share is 20 cent, This was registered in the commercial register of the Company on 29 September 2010.

The ordinary Shareholders Meeting dated on 25/5/2011 decided to increase the capital by U.S. 10 450 000 represented in 52 250 000 shares, the nominal value of each share is 20 cent financed from retained earnings the capital become after the increase amount U.S. \$ 62 700 000 (which is within the limits of authorized capital \$ 150 million U.S. \$) represented in 313 500 000 the nominal value of each share is 20 cent, This was registered in the commercial register of the Company on 27 July 2011.

The ordinary Shareholders Meeting dated on 18/6/2012 decided to increase the capital by U.S. 31 350 000 represented in 156 750 000 shares, the nominal value of each share is 20 cent financed from special reserve the capital become after the increase amount U.S. \$ 94 050 000 (which is within the limits of authorized capital \$ 150 million U.S. \$) represented in 470 250 000 the nominal value of each share is 20 cent, This was registered in the commercial register of the Company on 2 October 2012.

25- Reserves

| | 31/10/2015 | 31/1/2015 |
|------------------|-------------------|-------------------|
| | U.S \$ | U.S \$ |
| Legal reserve | 33 087 100 | 32 470 910 |
| *Special reserve | 18 665 343 | 18 665 343 |
| General reserve | 45 415 879 | 46 564 098 |
| Other reserves | 643 945 | 626 061 |
| | 97 812 267 | 98 326 412 |

*Special reserve

This balance represents share premium of the capital increase amounted to U.S. \$ 76 450 000 for the issuance of 77.5 million shares during 2006, after deducting, an amount of U.S. \$ 23 529 959 to maintain the 50% of the legal reserve from the paid up capital and the deduction of a transaction cost related to this capital increase amounted to U.S. \$ 2 904 698, as of 2 October 2012 the capital increase which amounted to U.S. \$31 350 000 has been financed through Special reserve.

26- Decrease in the book value of net assets acquired over purchasing consideration

The holding company acquired the shares of some subsidiaries that were under the control of the shareholders of Al Arafa for Investment and Consultancies Company and Swiss

Garments Company (Subsidiary). The difference between the acquisition cost and its share in the net of shareholders' equity for these companies was recognized in the shareholders' equity in the consolidated financial statements.

27- Translation adjustment

| | 31/10/2015 | 31/1/2015 |
|-----------------------------------------------|---------------------|---------------------|
| | U.S \$ | U.S \$ |
| Balance at the beginning of the period / year | (16 509 619) | (14 893 422) |
| Change during the period / year | (1 202 283) | (1 616 197) |
| Balance at the end of the period / year | (17 711 902) | (16 509 619) |

28- Treasury stock reserve

Balance amounted to U.S \$ 890 207 represents the gains on sale of 11 396 151 treasury shares. Treasury stock reserve not for distribution.

29- Deferred tax assets

| | 31/10/2015 | 31/1/2015 |
|---------------------------------------------------------|----------------|----------------|
| | U.S \$ | U.S \$ |
| Balance at the beginning of the period / year - (asset) | 688 999 | 832 418 |
| Transaction during the period / year | 56 158 | 32 671 |
| Effect of foreign currency exchange differences | 23 971 | (176 090) |
| Balance at the end of the period / year - (asset) | 769 128 | 688 999 |

30- Other long-term liabilities

| | 31/10/2015 | 31/1/2015 |
|-------------------------------|------------------|----------------|
| | U.S \$ | U.S \$ |
| New Urban Community Authority | -- | 192 894 |
| Long term notes payable | 172 727 | 529 005 |
| Accrued to "Corblees" | 4 248 431 | -- |
| Other liabilities | 30 408 | 34 015 |
| | 4 451 566 | 755 914 |

31- Revenue

| | 31/10/2015 | 31/10/2014 |
|-------|--------------------|--------------------|
| | U.S \$ | U.S \$ |
| Sales | 199 747 741 | 196 737 022 |
| | 199 747 741 | 196 737 022 |

32- Other operating revenue

| | 31/10/2015 | 31/10/2014 |
|----------------------------------------|------------------|------------------|
| | U.S \$ | U.S \$ |
| Capital gains | 1 311 905 | 1 344 335 |
| Rent | 1 514 534 | 1 613 179 |
| Earned discounts | 366 159 | 408 414 |
| Revenue from service rendered to other | 301 823 | 350 405 |
| Others | 362 582 | 544 587 |
| | 3 857 003 | 4 260 920 |

33- Other operating expense

| | 31/10/2015 | 31/10/2014 |
|-----------------------------------------|----------------|----------------|
| | U.S \$ | U.S \$ |
| Technical support expenses | 553 523 | 331 563 |
| General Authority for Investment fees | 105 315 | 106 465 |
| Trade fines discounted by the customers | -- | 48 856 |
| Recognized the claims provision | 86 400 | -- |
| Others | 17 580 | 18 972 |
| | 762 818 | 505 856 |

34- Finance expense (net)

| | 31/10/2015 | 31/10/2014 |
|------------------------------|--------------------|--------------------|
| | U.S \$ | U.S \$ |
| Interest and finance expense | (7 265 189) | (7 656 572) |
| Interest income | 730 274 | 1 064 651 |
| Changes in Present value | 192 833 | 60 484 |
| Foreign exchange gain | 1 793 932 | 950 625 |
| | (4 548 150) | (5 580 812) |

35 - Segment report

Segment reports were prepared on the basis of the sector's activities in accordance with the organizational and administrative structure of the company and its subsidiaries.

35- Segment analysis

35-1 Operating results divided to group company's business activities for the financial period ended 31/10/2015

| | Business activities | | | | | | | Total after eliminations U.S\$ |
|----------------------------------------------|---------------------|--------------|--------------|---------------------------|-------------|--------------|---------------|-----------------------------------|
| | Formal | Causal | Luxury | Real estate Investment | Investment | Eliminations | | |
| | U.S\$ | U.S\$ | U.S\$ | U.S\$ | U.S\$ | U.S\$ | | |
| Total Revenues | 203 104 173 | 17 983 648 | 66 445 696 | - | - | - | 287 533 517 | |
| Sales between companies for the same segment | 28 965 255 | - | 4 458 467 | - | - | (33 423 722) | - | |
| Net Revenues | 174 138 918 | 17 983 648 | 61 987 229 | - | - | (54 362 054) | 199 747 741 | |
| Revenue from external customers | 152 267 525 | 17 854 565 | 29 548 438 | - | - | - | 199 670 528 | |
| Intercompany group sales | 21 871 393 | 129 083 | 32 438 791 | - | - | (54 362 054) | 77 213 | |
| Total | 174 138 918 | 17 983 648 | 61 987 229 | - | - | (54 362 054) | 199 747 741 | |
| Cost of Revenue | (126 097 442) | (15 969 998) | (45 167 683) | - | - | 54 439 267 | (132 795 856) | |
| Gross profit | 48 041 476 | 2 013 650 | 16 819 546 | - | - | 77 213 | 66 951 885 | |
| Other operating income | 1 602 243 | 309 905 | 423 881 | 680 330 | 1 513 847 | (673 203) | 3 857 003 | |
| Distribution expenses | (30 794 650) | (1 125 028) | (6 847 286) | - | - | 28 361 | (38 738 603) | |
| General and administrative expenses | (10 380 668) | (668 995) | (4 567 572) | (1 516 740) | (1 560 994) | 749 973 | (17 944 996) | |
| Other operating expenses | (19 842) | (86 400) | (57 177) | - | (599 399) | - | (762 818) | |
| Operating profit | 8 448 559 | 443 132 | 5 771 392 | (836 410) | (646 546) | 182 344 | 13 362 471 | |
| Group's share of results of joint ventures | - | - | 1 068 | - | (354 316) | - | (353 248) | |
| Finance expense (net) | (3 085 885) | (585 623) | (1 953 881) | 628 673 | 378 156 | 70 410 | (4 548 150) | |
| Net profit before tax | 5 362 674 | (142 491) | 3 818 579 | (207 737) | (622 706) | 252 754 | 8 461 073 | |
| Income tax for the period | (755 250) | - | (1 253 842) | - | - | - | (2 009 092) | |
| Deferred tax | 15 546 | - | 40 570 | 42 | - | - | 56 158 | |
| Net profit for the period | 4 622 970 | (142 491) | 2 605 307 | (207 695) | (622 706) | 252 754 | 6 508 139 | |
| Attributable to: | | | | | | | | |
| Holding Company | 3 562 371 | (141 352) | 2 236 932 | (206 874) | (622 706) | 252 754 | 5 081 125 | |
| Minority interest | 1 060 599 | (1 139) | 368 375 | (821) | - | - | 1 427 014 | |
| Net profit for the period | 4 622 970 | (142 491) | 2 605 307 | (207 695) | (622 706) | 252 754 | 6 508 139 | |

* For the purpose of presentation the following figures were excluded :-

The dividends from the Formal, luxury and investment sectors which amount U.S\$ 5935982

The rents from the real estate investment sector which amount U.S\$ 106518 and its cost amount U.S\$ 1387

35- Segment analysis

35-2 Operating results divided to group company's business activities for the financial period ended 31/10/2014

| | Business activities | | | | | | |
|----------------------------------------------|---------------------|--------------|--------------|---------------------------|-------------|--------------|-----------------------------|
| | Formal | Causal | Luxury | Real estate Investment | Investment | Eliminations | Total after eliminations |
| | U.S\$ | U.S\$ | U.S\$ | U.S\$ | U.S\$ | U.S\$ | U.S\$ |
| Total Revenues | 207 482 381 | 16 909 465 | 69 487 193 | - | - | - | 293 879 039 |
| Sales between companies for the same segment | 28 596 673 | - | 4 938 147 | - | - | (33 534 820) | - |
| Net Revenues | 178 885 708 | 16 909 465 | 64 549 046 | - | - | (63 607 197) | 196 737 022 |
| Revenue from external customers | 153 453 192 | 16 834 459 | 26 449 371 | - | - | - | 196 737 022 |
| Intercompany group sales | 25 432 516 | 75 006 | 38 099 675 | - | - | (63 607 197) | - |
| Total | 178 885 708 | 16 909 465 | 64 549 046 | - | - | (63 607 197) | 196 737 022 |
| Cost of Revenue | (130 470 886) | (14 739 118) | (47 207 359) | - | (1 232) | 63 607 197 | (128 811 398) |
| Gross profit | 48 414 822 | 2 170 347 | 17 341 687 | - | (1 232) | - | 67 925 624 |
| Other operating income | 1 790 321 | 320 418 | 352 128 | - | 2 220 905 | (422 852) | 4 260 920 |
| Distribution expenses | (31 537 874) | (999 509) | (7 086 494) | - | - | 30 606 | (39 593 271) |
| General and administrative expenses | (10 365 870) | (753 981) | (5 021 389) | (173 084) | (1 952 630) | 465 538 | (17 801 416) |
| Other operating expenses | (30 244) | - | (80 934) | - | (394 678) | - | (505 856) |
| Operating profit | 8 271 155 | 737 275 | 5 504 998 | (173 084) | (127 635) | 73 292 | 14 286 001 |
| Group's share of results of joint ventures | - | - | (322) | - | 284 609 | - | 284 287 |
| investments held for trading - gain | - | - | - | - | 17 217 | - | 17 217 |
| Finance expense (net) | (3 790 831) | (267 553) | (1 480 736) | 2 172 | (60 429) | 16 565 | (5 580 812) |
| Net profit before tax | 4 480 324 | 469 722 | 4 023 940 | (170 912) | 113 762 | 89 857 | 9 006 693 |
| Income tax for the period | (320 794) | - | (1 546 843) | - | - | - | (1 867 637) |
| Deferred tax | 22 839 | - | 34 677 | (11 810) | - | - | 45 706 |
| Net profit for the period | 4 182 369 | 469 722 | 2 511 774 | (182 722) | 113 762 | 89 857 | 7 184 762 |
| Attributable to: | | | | | | | |
| Holding Company | 3 742 407 | 465 965 | 1 388 658 | (181 846) | 113 762 | 89 857 | 5 618 803 |
| Minority interest | 439 962 | 3 757 | 1 123 116 | (876) | - | - | 1 565 959 |
| Net profit for the period | 4 182 369 | 469 722 | 2 511 774 | (182 722) | 113 762 | 89 857 | 7 184 762 |

* For the purpose of presentation the following figures were excluded :-

The dividends from the Formal, luxury and investment sectors which amount U.S\$ 4 345 058

The rents from the real estate investment sector which amount U.S\$ 112 327 and its cost amount U.S\$ 39 098

36- Capital commitments

The capital commitments of the Group as at 31/10/2015 amounted to U.S\$ 346 376

37- Contingent liabilities

Letters of guarantee issued by banks to the favor of the company and its subsidiaries in at 31/10/2015 amount to U.S \$ 37 509 839.

38- Leases

Some of the group companies have entered into finance lease contracts under sale & lease back conditions for some of its properties and a summary of these contracts are as follows :

| <u>Statement</u> | <u>Al Arafa for Investments and Consultancies</u> | <u>Al Arafa for real estate investment</u> |
|----------------------------------------------------|---------------------------------------------------|--------------------------------------------|
| | U.S \$ | U.S \$ |
| Total sales value | 6 104 895 | 10 715 803 |
| Total contractual value | 7 771 319 | 13 634 602 |
| Advance payment | 919 299 | 1 607 370 |
| Total Capital gain | 4 553 372 | 6 960 674 |
| Lease expense during the period | 832 642 | 1 460 850 |
| Capital gain during the period | 487 861 | 745 787 |
| Accrued installments until the end of the contract | 5 628 445 | 9 020 424 |
| The end of contract | June 2021 | December 2020 |

39- Taxation

Al Arafa for Investments and Consultancies Company

As mentioned in the Company's tax card , the Company and the company`s profits are not subject to tax laws and duties applied in Egypt (article No. 35 of law No.8 of 1997), Also the company's loan and mortgage contracts related to its activities are exempted from stamp duty tax, license & announcement fees for a period of 10 years from the date of registration in the Commercial Registry form 21/12/2005 to 20/12/2015 (article no.35 of law no.8 of law 1997).

Subsidiaries in Egypt

Subsidiaries in Egypt subject to tax

Subsidiary

Concrete Garments Company

Port Said Garments Company

Golden tex wool Company

Euromed for trading & Marketing Company

Al Arafa for real estate investment

Egyptian Fashion

Egypt tailoring company

White Head Spinning Company

Tax status

Inspected until 31/12/2012.

Inspected and settled until 31/12/2002

Inspected and settled until 31/12/2010

Inspected and settled until 31/12/2010

Not inspected yet

Not inspected yet

Inspected until 31/12/2009.

Inspected until 31/12/2011.

Subsidiaries in Egypt not subject to tax

Subsidiary

Swiss Garments Company

Swiss Cotton garments Company

Al Arafa for investments in Garments industry

Al Arafa for investments in Spinning & Textile industry

Al Arafa for investments in Garments Marketing & Retail

Fashion Industry
 Apparel International Ltd. For Marketing & Promotion
 Egypt Portugal Marketing Company
 Sbaghy golden tax
 Saveni (Kitan Company previously)

The Companies are established according to the Investment Incentives and Guarantee Law No. (8) Of 1997 under the Free Zone System. According to this system the Company pays a duty, 1% of revenues, to the General Authority for Investment and Free Zone,

Subsidiaries outside Egypt

Baird Group is subject to UK Corporate tax.
 Ep Garments Company is subject to Portugal Corporate tax.

40- Financial instruments and related risks management

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

| | Note | Carrying amount | |
|--------------------------------------------------|-----------|-----------------|-------------|
| | | 31/10/2015 | 31/1/2015 |
| | | U.S \$ | U.S \$ |
| Treasury bills (maturing more than three months) | | 6 413 115 | -- |
| Cash and cash equivalents | (18) | 24 771 254 | 38 606 401 |
| Credit facilities | (20) | 74 553 986 | 72 461 463 |
| Loans | (22),(23) | 117 731 576 | 132 491 369 |

The maximum exposure to credit risk for trade receivable at the financial position date as follows:

| | Carrying amount | |
|------------------|-----------------|------------|
| | 31/10/2015 | 31/1/2015 |
| | U.S \$ | U.S \$ |
| Trade receivable | 52 818 530 | 52 080 543 |