YOUSSEF KAMEL	AMIN SAMY	LATIF ZAKHER	AMIR NOSHY
(A.R no. 3764)	(A.R no. 4994)	(A.R no. 6854)	(A.R no. 15030)

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

Consolidated financial statements
For the year ended 31 January 2017
And Auditor's report

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

Contents

Auditor's report

To: The Shareholders of Al Arafa for Investment and Consultancies company (S.A.E).

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Al Arafa for Investment and Consultancies Company (S.A.E) which comprise the consolidated balance sheet as at 31 January 2017, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing ,implementing and maintaining internal control relevant to preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and the in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

41, Sherif Pacha Street, Cairo, Egypt.
Tel: (02) 23939633 - 23939372 - 23937108 - 23930660
Fax: (02) 23927137
E-mail : acc@antonatalla-co.com
Website: www.antonatalla-co.com

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects on the financial position of Al Arafa for Investment and Consultancies Company (S.A.E) as at 31 January 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Cairo, 23 th April, 2017

Auditor

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

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 January 2017

	Note No.	31/1/2017 U.S $	31/1/2016 U.S $
Assets			
Non-current assets			
Property, plant and equipment	(8)	51 642 524	67 056 174
Projects in progress	(9)	5 190 076	6 745 462
Goodwill	(10)	29 665 924	34 441 823
Investments available for sale	(11)	3 043 120	41 611 934
Debtors on sale of investments	(12)	-	7 013 059
Investments in joint ventures	(13)	852 763	832 521
Deferred tax assets	(14)	379 724	579 811
Other assets	(15)	16 606 067	4 623 632
Long-term assets related to Baird group		500 069	283 137
Total non-current assets		107 880 267	163 187 553
Current assets			
Work in progress	(16)	453 909	1 067 479
Inventories	(17)	93 948 889	109 092 898
Debtors and other debit balances	(18)	119 239 017	124 751 195
Due from related parties	(7-1)	3 373 715	3 977 176
Debtors on sale of investments - current portion	(12)	35 600 000	28 400 000
Treasury bills (maturing more than three months)		1 626 027	3 832 870
Cash and cash equivalents	(19)	32 390 207	29 193 880
Total current assets		286 631 764	300 315 498
Total assets		394 512 031	463 503 051
Shareholders' Equity			
Paid up capital	(20)	94 050 000	94 050 000
Reserves	(21)	98 326 718	97 812 267
Decrease in the book value of net assets acquired over purchase considerations	(22)	(26 261 873)	(26 261 873)
Retained earnings		25 344 856	29 433 231
Total Shareholders' Equity (before net profit for the year)		191 459 701	195 033 625
Net profit for the year		6 573 883	10 692 790
Total Shareholders' Equity (including net profit for the year)		198 033 584	205 726 415
Foreign currency translation adjustments	(23)	(44 065 422)	(18 487 878)
Cumulative changes in the fair value of investment available for sale		(70 907)	(939 058)
Treasury stock reserve	(24)	890 207	890 207
Treasury stock	(25)	(1 161 530)	(1 161 530)
Net Shareholders' Equity		153 625 932	186 028 156
Non-controlling interests		10 073 998	20 431 722
Total Shareholders' Equity		163 699 930	206 459 878
Liabilities			
Non-current liabilities			
Banks - long-term credit facilities	(26)	-	12 011 278
Long-term loans	(27)	40 480 294	51 688 068
Other long-term liabilities	(28)	185 753	4 204 625
Total non-current liabilities		40 666 047	67 903 971
Current liabilities			
Provisions	(29)	666 346	1 022 077
Banks - overdraft	(19)	6 515 053	7 434 130
Banks - credit facilities	(26)	76 899 262	63 439 342
Creditors and other credit balances	(30)	54 732 092	52 649 143
Short-term loans	(31)	33 508 599	44 831 089
Long-term liabilities - current portion		144 648	629 659
Long-term loans - current portion	(27)	17 680 054	19 133 762
Total current liabilities		190 146 054	189 139 202
Total liabilities		230 812 101	257 043 173
Total shareholders' equity and liabilities		394 512 031	463 503 051

* The accompanying policies and the notes on pages (6) to (32) form an integral part of these consolidated financial statements.

Chairman and Managing Director

(Dr. Alaa Ahmed Arafa)

Group Financial Director

(Mohamed Mohamed Mohy Eldeen)

* **Auditor's report "attached "**

Arafa

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

Consolidated income statement
For the year ended 31 January 2017

	Note No.	Year from 1/2/2016 to 31/1/2017 U.S $	Year from 1/2/2015 to 31/1/2016 U.S $
Revenue		240 877 551	269 920 111
Cost of revenue	(32)	(159 335 368)	(177 220 450)
Gross profit		**81 542 183**	**92 699 661**
Other revenues	(33)	5 480 515	4 974 042
Distribution expenses		(52 200 039)	(51 747 170)
General and administrative expenses		(26 678 195)	(23 453 848)
Other expenses	(34)	(196 168)	(1 028 648)
Operating profit		**7 948 296**	**21 444 037**
Joint venture share of results	(13)	20 242	(408 764)
Net finance revenues (expenses), net	(35)	1 579 145	(5 708 698)
Net profit for the year before taxes		**9 547 683**	**15 326 575**
Income tax for the year		(1 777 641)	(2 915 527)
Deferred tax	(14)	32 718	41 293
Net profit for the year after taxes		**7 802 760**	**12 452 341**
Attributable to:			
Holding company owners share		6 573 883	10 692 790
Non-controlling interests share		1 228 877	1 759 551
Net profit for the year after taxes		**7 802 760**	**12 452 341**

* The accompanying policies and the notes on pages (6) to (32) form an integral part of these consolidated financial statements.

Arafa
HOLDINGS

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

Consolidated comprehensive income statement
For the year ended 31 January 2017

	Year from 1/2/2016 to 31/1/2017 U.S $	Year from 1/2/2015 to 31/1/2016 U.S $
Net profit for the year after taxes	**7 802 760**	**12 452 341**
Other comprehensive income for the year		
Differences from translation of foreign operations	(25 577 544)	(1 978 259)
Changes in the fair value of investment available for sale	868 151	4 813
The effect of application of Egyptian Accounting Standard supplement no. 13	(471 210)	-
Total comprehensive income for the year	**(17 377 843)**	**10 478 895**
Attributable to:		
Holding company owners share	(18 606 720)	8 719 344
Non-controlling interests share	1 228 877	1 759 551
Total comprehensive income for the year	**(17 377 843)**	**10 478 895**

* The accompanying policies and the notes on pages (6) to (32) form an integral part of these consolidated financial statements.

Arafa HOLDING

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

Free Zone

Consolidated Statement of Changrs in Equity

For the year ended 31 January 2017

	Paid up capital	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	Cumulative translation of foreign operations	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 January 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
Total comprehensive income										
Net profit for the year ended 31/1/2016	-	-	-	-	-	-	10 692 790	-	-	10 692 790
Other comprehensive income	-	-	-	4 813	-	-	-	(1 978 259)	-	(1 973 446)
Total comprehensive income	-	-	-	4 813	-	-	10 692 790	(1 978 259)	-	8 719 344
Transactions with holding company owners										
Dividends the year ended 31/1/2015	-	634 073	-	-	4 898 126	-	(10 388 699)	-	-	(4 856 500)
Actuarial losses (employees' fund - subsidiary)	-	-	-	-	(460 006)	-	-	-	-	(460 006)
Adjustments	-	(1 148 218)	-	-	(2 474 575)	-	-	-	-	(3 622 793)
	-	(514 145)	-	-	1 963 545	-	(10 388 699)	-	-	(8 939 299)
Balance as at 31 January 2016	94 050 000	97 812 267	(26 261 873)	(939 058)	29 433 231	890 207	10 692 790	(18 487 878)	(1 161 530)	186 028 156
Total comprehensive income										
Net profit for the year ended 31/1/2017	-	-	-	-	-	-	6 573 883	-	-	6 573 883
Other comprehensive income	-	-	-	868 151	(471 210)	-	-	(25 577 544)	-	(25 180 603)
Total comprehensive income	-	-	-	868 151	(471 210)	-	6 573 883	(25 577 544)	-	(18 606 720)
Transactions with holding company owners										
Dividends the year ended 31/1/2016	-	7 514 451	-	-	3 178 339	-	(10 692 790)	-	-	-
The effect of GAFI valuation for the net assets of merged companies	-	-	-	-	(3 898 240)	-	-	-	-	(3 898 240)
Adjustments	-	(7 000 000)	-	-	(2 897 264)	-	-	-	-	(9 897 264)
	-	514 451	-	-	(3 617 165)	-	(10 692 790)	-	-	(13 795 504)
Balance as at 31 January 2017	94 050 000	98 326 718	(26 261 873)	(70 907)	25 344 856	890 207	6 573 883	(44 065 422)	(1 161 530)	153 625 932

* The accompanying policies and the notes on pages (6) to (32) form an integral part of these consolidated financial statements.

Arafa

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

Consolidated Cash flows statement
For the year ended 31 January 2017

	Note No.	Year from 1/2/2016 to 31/1/2017 U.S $	Year from 1/2/2015 to 31/1/2016 U.S $
Cash flows from operating activities			
Net profit for the year		6 573 883	10 692 790
Adjustments			
Property, plant and equipment depreciation	(8)	6 674 067	6 979 485
Gain on sale fixed assets		(51 845)	(30 443)
Interest and finance expense	(35)	9 476 190	9 764 523
Interest income	(35)	(646 622)	(1 026 735)
Other asstes amortization	(15)	1 251 949	172 122
Loss from sale of investments available for sale	(32)	3 046 048	-
Actuarial losses (subsidiary)		-	(460 006)
Adjustments on retained earnings		(2 897 264)	(2 474 575)
Share of results from joint ventures	(13)	(20 242)	408 764
The effect of application of Egyptian Accounting Standard supplement no. 13		(471 210)	-
Formed provisions	(29)	72 074	186 340
Change in			
Inventories		15 144 009	5 684 149
Debetors and other debit balances		2 935 293	(10 627 676)
Debtors on sale of investments		(186 941)	(256 428)
Due from related parties		603 461	(1 567 765)
Creditors and other credit balances		(12 754 619)	5 178 197
Assets deferred tax		(32 718)	109 188
Used Provisions		-	(1 400)
Cash generated from operating activities		**28 715 513**	**22 730 530**
Interest and finance cost paid		(9 237 479)	(9 150 295)
Net cash generated from operating activities		**19 478 034**	**13 580 235**
Cash flows from investing activities			
Payments to purchase property, plant and equipment and projects in progress		(5 678 779)	(4 003 642)
Proceeds from sale of fixed asstes		1 550 119	56 288
Proceeds from sale of investments available for sale		23 729 260	-
Change in Treasury bills maturing after three months		2 206 843	(3 832 870)
Cash generated from (used in) investing activities		**21 807 443**	**(7 780 224)**
Credit interest collected		380 354	596 109
Net cash generated from (used in) investing activities		**22 187 797**	**(7 184 115)**
Cash flows from financing activities			
Change in non-controlling interests		(10 294 282)	(2 833 917)
Change in long-term loans		(11 207 774)	(19 193 454)
Change in long-term loans - current portion		(1 453 708)	(2 471 650)
Change in short term loans		(11 322 490)	4 826 654
Change in bank-credit facilities		1 448 642	2 989 157
Change in other laibilties		(4 018 872)	3 448 711
Change in long-term liabilities - current portion		(485 011)	436 765
Dividends paid		-	(2 351 250)
Change in long-term assets private for Baird group		(216 932)	107 013
Net cash used in financing activities		**(37 550 427)**	**(15 041 971)**
Net increase (decrease) in cash and cash equivalents during the year		4 115 404	(8 645 851)
Cash and cash equivalents at beginning of the year		21 759 750	30 405 601
Cash and cash equivalents at end of the year	(19)	**25 875 154**	**21 759 750**

* The accompanying policies and the notes on pages (6) to (32) form an integral part of these consolidated financial statements

Notes to the consolidated financial statements
For the period ended 31 January 2017

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.
The consolidated financial statements were approved by the Board of Directors held on 23 April 2017.

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

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 striling 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 it`s 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 a rising 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, 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-far-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). Deprecation 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 overhand 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 live 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

- Inventories are measured at the lower of cost and net recoverable value. The cost of inventories is based on the first-in, first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.
- Net recoverable value is the estimated selling price, in the ordinary course of business, less the estimated costs of completion and selling expenses.
- 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 recoverable value.
- Finished production is measured at the lower of manufacturing cost or net recoverable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

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 imperilment 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 Employee benefits

3-16-1 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.

3-16-2 Short-term employee benefits

Short-term employee benefits are recognized as an expense when providing the relevant service. And it is expected to recognize the amount paid as a liability when the Company has a legal or constructive obligation to pay this amount as a result of the employees make an earlier service can be incredibly commitment to support the estimate.

3-16-3 Employees share in profits:

The company distributes 10 % of the profits to be decided in cash distribution to the employees of the company in accordance with the rules established by the Board of Directors and approved by the General Assembly shall not exceed the total annual wage of employees. Recognizes working in earnings in equity and as a liability when it relies share of the Ordinary General Assembly of the shareholders of the company. And it is not to recognize any obligations of workers in undistributed profits share.

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.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Investments
The Company limits its exposure to credit risk by only investing in liquid securities and securities with high credit ratings.

Guarantees
The Company's policy is to provide financial guarantees only to its subsidiaries.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit:

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 yaer 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 programme 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 year.
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 31/1/2017 and its ownership percentage:

Subsidiary's Name	Ownership Percentage 31/1/2017	Ownership Percentage 31/1/2016	Country of Incorporation
Swiss Garments Company	98.41 %	98.41 %	Egypt
Egypt Tailoring Garments Company	98.60 %	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
AI Arafa for real estate investment	98.41 %	98.41 %	Egypt
EP Garments	60 %	60 %	Portugal
Baird Group	98.2 %	98.2 %	United Kingdom

* 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 27/1/2010.

Company's Name	Share Percentage 31/1/2017	Share Percentage 31/1/2016	Country of Incorporation
Metco (Indirect ownership)	48.5 %	48.5 %	Egypt
Forall Group	-	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 year ended 31/1/2017 U.S $	31/1/2016 U.S $	Balance as at 31/1/2017 U.S $	31/1/2016 U.S $
Crystal for Making shirts	Service	1 563 353	235 999	2 746 268	1 182 915
Crystal for Making shirts	Sales	(1 654 439)	675 352	242 846	1 897 285
Metco	Service	(40)	79 585	199 941	199 981
Camegit for Garments Manufacturing	Service	(210 616)	270 616	144 274	354 890
Euro Misr	Sales	(294 506)	334 892	40 386	334 892
Forall Group	Service	(7 213)	(8 019)	-	7 213
				3 373 715	**3 977 176**

* 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.

Arafa

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 $
Cost								
Cost as at 1/2/2015	9 558 085	69 530 256	54 499 240	1 448 919	638 322	48 545 369	3 638 688	187 858 879
Additions during the year	-	655 035	1 106 354	150 911	183 404	1 849 432	909 359	4 854 495
Disposals during the year	-	-	(837 917)	(274 647)	-	(101 852)	(210 476)	(1 424 892)
Translation differences	(404 010)	(1 581 813)	(1 711 858)	(60 198)	(20 202)	(1 136 394)	(763 090)	(5 677 565)
Cost as at 31/1/2016	**9 154 075**	**68 603 478**	**53 055 819**	**1 264 985**	**801 524**	**49 156 555**	**3 574 481**	**185 610 917**
Cost as at 1/2/2016	9 154 075	68 603 478	53 055 819	1 264 985	801 524	49 156 555	3 574 481	185 610 917
Additions during the year	-	171 528	1 039 985	56 746	27 418	2 750 472	308 901	4 355 050
Disposals during the year	(1 158 520)	(363 102)	(356 920)	(37 024)	-	(738 240)	(109 445)	(2 763 251)
Decrease in assets value according to GAFI valuation of merged subsidiaries	(623 795)	(369 449)	-	-	-	-	-	(993 244)
Translation differences	(2 391 480)	(9 363 307)	(8 078 538)	(286 632)	(120 210)	(2 867 674)	(3 197 578)	(26 305 419)
Cost as at 31/1/2017	**4 980 280**	**58 679 148**	**45 660 346**	**998 075**	**708 732**	**48 301 113**	**576 359**	**159 904 053**
Accumulated depreciation								
Accumulated depreciation as at 1/2/2015	-	24 383 860	42 558 640	1 012 269	432 698	45 367 293	2 732 368	116 487 128
Depreciation for the year	-	1 565 034	2 551 711	145 925	49 667	1 669 960	997 188	6 979 485
Accumulated depreciation of disposals	-	-	(818 348)	(272 040)	-	(98 805)	(209 854)	(1 399 047)
Translation differences	-	(598 571)	(1 452 386)	(58 212)	(17 873)	(918 745)	(467 036)	(3 512 823)
Accumulated depreciation as at 31/1/2016	-	**25 350 323**	**42 839 617**	**827 942**	**464 492**	**46 019 703**	**3 052 666**	**118 554 743**
Accumulated depreciation as at 1/2/2016	-	25 350 323	42 839 617	827 942	464 492	46 019 703	3 052 666	118 554 743
Depreciation for the year	-	1 446 530	2 250 099	131 628	50 374	2 110 233	685 203	6 674 067
Accumulated depreciation of disposals	-	(96 045)	(317 836)	(35 445)	-	(707 540)	(108 111)	(1 264 977)
Translation differences	-	(3 927 311)	(5 629 341)	(212 476)	(111 541)	(2 346 421)	(3 475 214)	(15 702 304)
Accumulated depreciation as at 31/1/2017	-	**22 773 497**	**39 142 539**	**711 649**	**403 325**	**45 075 975**	**154 544**	**108 261 529**
Net cost								
Net cost as at 31/1/2016	**9 154 075**	**43 253 155**	**10 216 202**	**437 043**	**337 032**	**3 136 852**	**521 815**	**67 056 174**
Net cost as at 31/1/2017	**4 980 280**	**35 905 651**	**6 517 807**	**286 426**	**305 407**	**3 225 138**	**421 815**	**51 642 524**

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 in process.

	31/1/2017 U.S $	31/1/2016 U.S $
Lands	1 891 183	1 891 183
	1 891 183	**1 891 183**

9 - Projects in progress

	31/1/2017 U.S $	31/1/2016 U.S $
Buildings & Constructions	4 703 266	6 061 368
Plant and machinery under installation	-	49 524
Advance payments to purchase fixed assets	602 285	634 570
Decrease in Projects in progress according to GAFI valuation (subsidiary)	(115 475)	-
	5 190 076	**6 745 462**

10 - Goodwill

Balance amounted to USD 29 665 924 represents the goodwill resulted from business combinations, the change in the goodwill balance is due to the foreign currency translation adjustments.

11- Investments available for sale

Particulars	Country of Incorporation	Ownership percentage %	Paid percentage %	Cost of Investment as at 31/1/2017 U.S $	Cost of investment as at 31/1/2016 U.S $
Egyptian Company for Trading & Marketing	Egypt	2.62	100	29 472	29 472
10th of Ramadan for Developments & Construction Investments Co.	Egypt	4.036	100	876 179	876 179
Forall *	Italy	35	100	-	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
				6 562 424	**44 652 692**
Impairment				(44 885)	(44 885)
Cumulative changes in fair value of financial investments				(70 907)	(939 058)
Impairment in Investments available for sale – according to the valuation of the General Investment Authority (subsidiary)				(9 810)	-
Effect of foreign currency exchange differences				(3 393 702)	(2 056 815)
				3 043 120	**41 611 934**

- The Group has sold its whole share in its investment in Forall Italian group, amounting to 35% of the group shares to foreigner investor on 28 July 2016 .
- 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 semi - annual equivalent installments	-	35 600 000	35 600 000
Balance at 31/1/2017	**-**	**35 600 000**	**35 600 000**
Balance at 31/1/2016	**7 013 059**	**28 400 000**	**35 413 059**

13 - Investments in joint ventures

Particulars	Country of Incorporation	Ownership percentage %	Cost of Investment as at 31/1/2017 U.S $	Cost of investment as at 31/1/2016 U.S $
Crystal for Making shirts	Egypt	60	294 845	294 845
Camegit for Garments Manufacturing	Egypt	49.48	557 918	537 676
			852 763	**832 521**

The following is the movement through the year ended 31/1/2017

	31/1/2017 U.S $
Balance at the beginning of the year	832 521
Share of results from Camegit for Garments Manufacturing	20 242
	852 763

14 - Deferred tax assets

	31/1/2017 U.S $	31/1/2016 U.S $
Balance at the beginning of the year - (asset)	579 811	688 999
Transaction during the year	32 718	41 293
Effect of translation differences	(232 805)	(150 481)
Balance at the end of the year - (asset)	**379 724**	**579 811**

15 - Other Assets

	31/1/2017 U.S $	31/1/2016 U.S $
Balance at the beginning of the year	4 623 632	4 863 230
Additions during the year (*)	13 652 521	-
Amortization of the year	(1 251 949)	(172 122)
Change in foreign currency exchange rates	(418 137)	(67 476)
	16 606 067	**4 623 632**

- The additions during the year are represents acquiring of intellectual property rights of Marco Azzali and Borromeo Uomo trademarks in additional to usage of the brand Ben Sherman for five years through out the group companies.

16 - Work in progress

This balance amounted to US $ 453 909 at 31/1/2017 (US $ 1 067 479 as at 31/1/2016) 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.

17 - Inventories

	31/1/2017 U.S $	31/1/2016 U.S $
Raw materials	17 155 651	17 732 381
Spare parts and auxiliary material	3 337 777	4 298 728
Packing materials	490 457	516 545
Work in process	21 857 413	28 180 810
Finished goods	54 734 158	61 913 181
Goods in transit	223 934	434 729
	97 799 390	**113 076 374**
Less: impairment of inventories	(5 004 625)	(4 953 535)
	92 794 765	**108 122 839**
L/C's to purchase goods	1 154 124	970 059
	93 948 889	**109 092 898**

18 - Debtors and other debit balances

	31/1/2017 U.S $	31/1/2016 U.S $
Trade receivables	49 959 987	53 943 143
Less:		
Impairment of trade receivables	(1 495 411)	(2 517 178)
	48 464 576	**51 425 965**
Notes receivables	870 834	2 030 768
	49 335 410	**53 456 733**
Debtors & debit balances (sold companies)	44 542 131	44 541 301
Suppliers & contractors - debit balances	4 084 592	4 109 390
Tax authority	740 433	1 166 212
Deposits to others	1 007 931	1 449 509
Prepaid expenses	7 614 391	7 961 004
Accrued revenues	7 803 933	9 837 768
Other debit balances	23 978 925	22 192 840
	89 772 336	**91 258 024**
Less:		
Impairment of debtors & other debit balances	(19 868 729)	(19 963 562)
	69 903 607	**71 294 462**
	119 239 017	**124 751 195**

19 - Cash and cash equivalents

	31/1/2017 U.S $	31/1/2016 U.S $
Time deposits & Treasury bills	11 489 929	11 297 464
Current accounts	20 471 099	17 392 718
Cheques under collection	-	2 890
Cash on hand	429 179	500 808
Cash and cash equivalents	**32 390 207**	**29 193 880**
Overdraft	(6 515 053)	(7 434 130)
Cash and cash equivalents for the purpose of cash flows statement	**25 875 154**	**21 759 750**

20 - Capital

20-1 Authorized capital

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

20-2 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. $ 32 million, 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 became 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.

21 - Reserves

	31/1/2017 U.S $	31/1/2016 U.S $
Legal reserve	33 543 798	33 087 100
Special reserve (*)	18 665 343	18 665 343
General reserve	45 415 879	45 415 879
Other reserves	701 698	643 945
	98 326 718	**97 812 267**

(*) 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, 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.

22 - 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.

23 - Translation adjustment

	31/1/2017 U.S $	31/1/2016 U.S $
Balance at the beginning of the year	(18 487 878)	(16 509 619)
Change during the year	(25 577 544)	(1 978 259)
Balance at the end of the year	**(44 065 422)**	**(18 487 878)**

24 - 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.

25 - Treasury stock

The balance represent in the investments of Concrete Garments Company (subsidiary) in the company's shares, according to the accounting standards, when preparing the consolidated financial statements these investments is classified as treasury stock at consolidated Financial Position.

26 - Banks – Credit Facilities

Banks – Credit Facilities equivalent to U.S.$ 76 899 262 (US $ 63 439 342 as at 31/1/2016) Were granted to the group's Companies from local banks in different currencies against various guarantees, the group hasn't any long – term credit facilities (US $ 12 011 278 as at 31/1/2016)

27 - 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	8 864 972	-	8 864 972
Al Arafa for investments in Garments Marketing & Retail			
AAIB	15 171 343	5 900 000	21 071 343
Swiss Garments Company			
MIDB	3 000 000	3 000 000	6 000 000
Egypt Tailoring Garments Company			
MIDB	1 000 000	1 000 000	2 000 000
Goldentex Wool Company			
Housing & Development Bank	9 341	5 083	14 424
QNB	62 106	82 808	144 914
Port-said Garments Company			
AWB	-	5 583 430	5 583 430
Swiss Cotton Garments Company			
HSBC	1 350 000	600 000	1 950 000
NBD	2 044 852	511 213	2 556 065
Baird Group			
QIB	8 977 680	997 520	9 975 200
Balance as at 31/1/2017	**40 480 294**	**17 680 054**	**58 160 348**
Balance as at 31/1/2016	**51 688 068**	**19 133 762**	**70 821 830**

27-1 Terms of loans agreements

Bank	Loan Currency	End of Payment	31 January 2017 Value (Original Currency)	31 January 2017 Value (in U.S $)	31 January 2016 Value (Original Currency)	31 January 2016 Value (in U.S $)
Al Arafa for investment & consultancies						
CIB	U.S $	2018	8 864 972	8 864 972	18 864 972	18 864 972
Al Arafa for investments in Garments Marketing & Retail						
AAIB	U.S $	2019	21 071 343	21 071 343	25 971 343	25 971 343
Swiss Garments Company						
MIDB	U.S $	2018	6 000 000	6 000 000	9 000 000	9 000 000
Egypt Tailoring Garments						
MIDB	U.S $	2018	2 000 000	2 000 000	3 000 000	3 000 000
Goldentex for wool company						
Housing & Development bank	L.E		265 645	14 424	358 993	45 843
QNB	L.E	2018	2 668 750	144 914	4 193 750	535 542
Port-said Garments Company						
AWB	U.S $	2017	5 583 430	5 583 430	7 446 044	7 446 044
Swiss Cotton Garments Company						
HSBC Bank	U.S $	2020	1 950 000	1 950 000	2 550 000	2 550 000
NBD	U.S $	2017	2 556 065	2 556 065	3 408 086	3 408 086

28 - Other long-term liabilities

	31/1/2017 U.S $	31/1/2016 U.S $
Long term notes payable	172 701	160 258
Due to Corplease company	-	4 021 512
Other liabilities	13 052	22 855
	185 753	**4 204 625**

29 - Provisions

	Balance as at 31/1/2016 U.S $	Recognized during the year U.S $	Reversed provisions U.S $	Utilized during the year U.S $	Balance as at 31/1/2017 U.S $
Provisions	1 022 077	72 074	-	-	1 094 151
Exchange rates differences	-	-	-	-	(427 805)
	1 022 077	**72 074**	-	-	**666 346**

30 - Creditors and other Credit balances

	31/1/2017 U.S $	31/1/2016 U.S $
Suppliers and contractors	21 898 065	20 370 716
Notes payable	2 217 586	4 103 898
Accounts receivables – advance payments	79 272	203 608
Deposits from others	1 038 560	1 425 046
Tax authority	4 943 059	6 684 138
Un-earned revenue	685 783	7 092
Accrued expenses	6 059 467	6 637 270
Deferred capital gains	8 632 250	7 931 636
Other credit balances	9 178 050	5 285 739
	54 732 092	**52 649 143**

31 - Short-term loans

Short-term loans equivalent to U.S.$ 33 508 599 (US $ 44 831 089 as at 31/1/2016) were granted to the group's companies from local banks in different currencies against various guarantees.

32 - Cost of revenue

	31/1/2017 U.S $	31/1/2016 U.S $
Cost of sales	156 285 523	177 220 450
Cost of investment activity *	3 049 845	-
	159 335 368	**177 220 450**

(*) Cost of investment activity includes an amount of 3 046 048 U.S $ represents the losses of sold group investment in Forall Italian group to foreigner investor on 28 July 2016 .

33 - Other revenue

	31/1/2017 U.S $	31/1/2016 U.S $
Capital gains	2 389 634	1 675 307
Rent	1 945 004	1 997 893
Earned discounts	382 690	414 289
Revenue from service rendered to other	156 793	404 652
Others	606 394	481 901
	5 480 515	**4 974 042**

34 - Other expense

	31/1/2017 U.S $	31/1/2016 U.S $
Technical support expenses	-	688 808
General Authority for Investment fees	105 010	130 239
Recognized the claims provision	72 074	186 340
Others	19 084	23 261
	196 168	**1 028 648**

35 – Net finance revenues (expenses), net

	31/1/2017 U.S $	31/1/2016 U.S $
Interest and finance expense	(9 476 190)	(9 764 523)
Interest income	646 622	1 026 735
Changes in Present value	166 815	220 936
Foreign exchange gain	10 241 898	2 808 154
	1 579 145	**(5 708 698)**

36 - Operating segments

Operating 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.

36 - Segment analysis

36-1 Operating results divided to group company's business activities for the financial year ended 31/1/2017

	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	254 100 252	13 330 360	77 257 463	-	-	-	344 688 075
Sales between companies for the same segment	33 774 274	-	5 778 801	-	-	(39 553 075)	-
Net Revenues	220 325 978	13 330 360	71 478 662	-	-	(64 257 449)	240 877 551
Revenue from external customers	192 480 872	13 274 804	34 547 427	-	-	-	240 303 103
Intercompany group sales	27 845 106	55 556	36 931 235	-	-	(64 257 449)	574 448
Total	220 325 978	13 330 360	71 478 662	-	-	(64 257 449)	240 877 551
Cost of Revenue	(156 807 117)	(12 348 830)	(52 776 463)	-	-	62 597 042	(159 335 368)
Gross profit	63 518 861	981 530	18 702 199	-	-	(1 660 407)	81 542 183
Other income	1 623 099	931 505	1 287 569	739 097	1 858 998	(959 753)	5 480 515
Distribution expenses	(43 092 386)	(670 996)	(8 479 348)	-	-	42 691	(52 200 039)
General and administrative expenses	(12 793 906)	(1 135 681)	(8 675 105)	(2 530 809)	(2 568 798)	1 026 104	(26 678 195)
Other expenses	(102 198)	(3 000)	(49 301)	-	(41 669)	-	(196 168)
Operating profit	9 153 470	103 358	2 786 014	(1 791 712)	(751 469)	(1 551 365)	7 948 296

* For the purpose of presentation the following figures were excluded :
The dividends from the formal and luxury sector which amount U.S $ 6 006 656
The rents from the real estate investment sector which amount U.S $ 115 632 and its cost amount U.S $ 6 590

36 - Segment analysis

36-2 Operating results divided to group company's business activities for the financial year ended 31/1/2016

	Business activities						
	Formal U.S $	Causal U.S $	Luxury U.S $	Real estate Investment U.S $	Investment U.S $	Eliminations U.S $	Total after eliminations U.S $
Total Revenues	275 317 200	24 186 436	90 943 802	-	-	-	390 447 438
Sales between companies for the same segment	39 170 601	-	6 266 416	-	-	(45 437 017)	-
Net Revenues	236 146 599	24 186 436	84 677 386	-	-	(75 090 310)	269 920 111
Revenue from external customers	214 275 206	24 057 353	52 238 595	-	-	-	290 571 154
Intercompany group sales	21 871 393	129 083	32 438 791	-	-	(75 090 310)	(20 651 043)
Total	236 146 599	24 186 436	84 677 386	-	-	(75 090 310)	269 920 111
Cost of Revenue	(170 487 905)	(20 925 016)	(61 107 023)	-	-	75 299 494	(177 220 450)
Gross profit	65 658 694	3 261 420	23 570 363	-	-	209 184	92 699 661
Other income	1 983 659	407 643	594 516	900 046	2 156 520	(1 068 342)	4 974 042
Distribution expenses	(40 768 419)	(1 527 933)	(9 499 289)	-	-	48 471	(51 747 170)
General and administrative expenses	(13 157 777)	(903 728)	(6 164 053)	(2 025 752)	(2 225 928)	1 023 390	(23 453 848)
Other expenses	(103 435)	(115 200)	(57 181)	-	(752 832)	-	(1 028 648)
Operating profit	13 612 722	1 122 202	8 444 356	(1 125 706)	(822 240)	212 703	21 444 037

* For the purpose of presentation the following figures were excluded :
The dividends from the formal sector which amount U.S $ 6 613 133
The rents from the real estate investment sector which amount U.S $ 141 490 and its cost amount U.S $ 5 288

37 - Capital commitments

The capital commitments of the Group as at 31/1/2017 amounted to U.S $ 952 668

38 - Contingent liabilities

Letters of guarantee issued by banks to the favor of the company and its subsidiaries in at 31/1/2017 amount to U.S $ 44 903 817.

39 - 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 :

Statement	Al Arafa for Investments and Consultancies	Al Arafa for real estate investment	Egypt Tailoring Garments
	U.S $	U.S $	U.S $
Total sales value	7 696 967	10 715 803	5 959 003
Total contractual value	9 751 990	13 634 602	7 578 903
Advance payment	1 158 110	1 607 370	1 225 171
Total Capital gain	5 990 579	6 960 674	4 800 483
Modifying lease value	-	113 120	83 018
Lease expense during the year	1 473 311	1 970 424	1 127 035
Capital gain during the year	913 970	994 382	685 783
Accrued installments until the end of the contract	5 885 451	6 963 200	4 992 218
The end of contract	June 2021	December 2020	June 2022

40 - 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	Tax status
Concrete Garments Company	Inspected until 31/12/2012.
Port Said Garments Company	Inspected and settled until 31/12/2002
Golden tex wool Company	Inspected and settled until 31/12/2010
Euromed for trading & Marketing Company	Inspected and settled until 31/12/2010
Al Arafa for real estate investment	Not inspected yet
Egypt tailoring company	Inspected until 31/12/2009.
White Head Spinning Company	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.

41 - 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;

		Carrying amount	
	Note	**31/1/2017**	**31/1/2016**
		U.S $	**U.S $**
Treasury bills (maturing more than three months)		1 626 027	3 832 870
Cash and cash equivalents	(19)	32 390 207	29 193 880
Credit facilities	(26)	76 899 262	75 450 620
Loans	(27,31)	91 668 947	115 652 919

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

		Carrying amount	
		31/1/2017	**31/1/2016**
		U.S $	**U.S $**
Trade receivable	(18)	49 959 987	53 943 143