

Al Arafa for Investment and Consultancies (S.A.E.)-Free Zone
Consolidated financial statements
for the year ended 31 January 2016
And Auditor's report

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

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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 2016, 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 in the 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.

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 2016, 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, 5/5/2016

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. 3746)

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

Consolidated Balance Sheet

As at 31 January 2016

	Note No.	31/1/2016 U.S \$	31/1/2015 U.S \$
Long-term assets			
Property, plant and equipment	(8)	67 056 174	71 371 751
Projects in progress	(9)	6 745 462	7 992 658
Deferred tax assets	(29)	579 811	688 999
Goodwill	(10)	34 441 823	37 234 223
Investments available for sale	(11)	41 611 934	42 054 156
Debtors on sale of investments	(12)	7 013 059	13 956 631
Investments in joint ventures	(13)	832 521	1 241 285
Other assets	(14)	4 623 632	4 863 230
Long-term assets private for Baird group		283 137	390 150
Total Long - term assets		163 187 553	179 793 083
Current assets			
Work in progress	(15)	1 067 479	1 171 134
Inventories	(16)	109 092 898	115 925 265
Debtors and other debit balances	(17)	124 751 195	113 692 893
Due from related parties	(7-1)	3 977 176	2 409 411
Debtors on sale of investments -Current portion	(12)	28 400 000	21 200 000
Treasury bills (maturing more than three months)		3 832 870	-
Cash and cash equivalents	(18)	29 193 880	38 606 401
Total current assets		300 315 498	293 005 104
Current liabilities			
Provisions	(19)	1 022 077	907 258
Banks - overdraft	(18)	7 434 130	8 200 800
Banks - credit facilities	(20)	63 439 342	60 720 243
Creditors and other credit balances	(21)	52 649 143	48 274 739
Short-term loans	(22)	44 831 089	40 004 435
Long-term liabilities - Current portion		629 659	192 894
Long-term loans- Current portion	(23)	19 133 762	21 605 412
Total current liabilities		189 139 202	179 905 781
Working capital		111 176 296	113 099 323
Total investments		274 363 849	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		29 433 231	27 469 686
Total Shareholders' Equity (before net profit for the year)		195 033 625	193 584 225
Net profit for the year		10 692 790	10 388 699
Total Shareholders' Equity (including net profit for the year)		205 726 415	203 972 924
Foreign currency translation adjustments	(27)	(18 487 878)	(16 509 619)
Cumulative changes in the fair value of investment available for sale		(939 058)	(943 871)
Treasury stock reserve	(28)	890 207	890 207
Treasury stock		(1 161 530)	(1 161 530)
Net shareholders' Equity		186 028 156	186 248 111
Non controlling interest		20 431 722	23 265 639
Total Shareholders' Equity		206 459 878	209 513 750
Long-term liabilities			
Banks - credit facilities long - term	(20)	12 011 278	11 741 220
Long - term loans	(23)	51 688 068	70 881 522
Other long - term liabilities	(30)	4 204 625	755 914
Total long-term liabilities		67 903 971	83 378 656
Total shareholders' equity and long-term liabilities		274 363 849	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
(Mahmoud Mohy)

Auditor's report "attached "

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

Consolidated income statement
For the year ended 31 January 2016

	<u>Note</u>	Financial year from 1/2/2015 to 31/1/2016	Financial year from 1/2/2014 to 31/1/2015
	<u>No.</u>	<u>U.S \$</u>	<u>U.S \$</u>
Revenue	(31)	269 920 111	266 000 965
Cost of Revenue		(177 220 450)	(176 242 560)
Gross profit		92 699 661	89 758 405
Other operating revenues	(32)	4 974 042	6 452 633
Distribution expenses		(51 747 170)	(53 596 305)
General and administrative expenses		(23 453 848)	(25 673 003)
Other operating expenses	(33)	(1 028 648)	(830 302)
Operating profit		21 444 037	16 111 428
Joint venture share of results	(13)	(408 764)	(74 013)
Investments held for trading - gain			26 460
Finance expense (net)	(34)	(5 708 698)	(774 972)
Net profit for the year before taxes		15 326 575	15 288 903
Income tax for the year		(2 915 527)	(2 913 585)
Deferred tax	(29)	41 293	32 671
Net profit for the year after taxes		12 452 341	12 407 989
<u>Attributable to:</u>			
Holding Company		10 692 790	10 388 699
Non controlling interest		1 759 551	2 019 290
Net profit for the year after taxes		12 452 341	12 407 989

*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 year ended 31 January 2016

Note No.	Financial year from 1/2/2015 to 31/1/2016 U.S \$	Financial year from 1/2/2014 to 31/1/2015 U.S \$
Cash flows from operating activities		
	10 692 790	10 388 699
Net profit for the year		
Adjustments to reconcile net profit with cash flow from operating activities		
Property, plant and equipment depreciation	6 979 485	7 230 524
Gain on sale fixed assets	(30 443)	(209 224)
Interest and finance expense	9 764 523	10 008 530
Interest income	(1 026 735)	(1 407 044)
Investments held for trading - gain	-	(26 460)
Other asstes amortization	172 122	184 880
Actuarial Loss (subsidiary)	(460 006)	(284 681)
Adjustments on retained earnings	(2 474 575)	(2 320 216)
Share of results from joint ventures	408 764	74 013
Formed provisions	186 340	115 000
Gains of operating activities before changes in working capital items	24 212 265	23 754 021
Change in working capital items		
Change in inventories	5 684 149	(647 797)
Change in debetors and other debit balances	(10 627 676)	(6 694 165)
Change in Debtors on sale of investments	(256 428)	(285 724)
Change in due from related parties	(1 567 765)	960 934
Change in creditors and other credit balances	5 178 197	(2 846 400)
Change in assets deferred tax	109 188	143 419
Utilized Provisions	(1 400)	(102 065)
Cash generated from operating activities	22 730 530	14 282 223
Interest and finance cost paid	(9 150 295)	(9 856 403)
Net cash generated from operating activities	13 580 235	4 425 820
Cash flows from investing activities		
Payments to purchase property, plant and equipment and projects in progress	(4 003 642)	(8 084 748)
Proceeds from sale of fixed asstes	56 288	15 883 791
Payments to purchase investments	-	(29 834 805)
Payments to purchase investments held for trading	-	(997 911)
Proceeds from sale investments held for trading	-	1 024 371
Change in Treasury bills maturing after three months	(3 832 870)	13 477 259
Cash used in investing activities	(7 780 224)	(8 532 043)
Credit interest collected	596 109	1 001 927
Net cash used in investing activities	(7 184 115)	(7 530 116)
Cash flows from financing activities		
Change in minority interest	(2 833 917)	1 150 360
Change in long-term loans	(19 193 454)	20 878 407
Change in current portion of the long term loans	(2 471 650)	(5 556 044)
Change in short term loans	4 826 654	3 110 093
Change in bank-credit facilities	2 989 157	9 659 837
Change in other laibilities	3 448 711	(468 429)
Change in current portion of the other laibilities	436 765	(10 393)
Dividends during the year	(2 351 250)	-
Change in long-term assets private for Baird group	107 013	167 349
Net cash (used in) generated from financing activities	(15 041 971)	28 931 180
Net (Decrease) increase in cash and cash equivalents during the year	(8 645 851)	25 826 884
Cash and cash equivalents at beginning of the year	30 405 601	4 578 717
Cash and cash equivalents at end of the year	(18) 21 759 750	30 405 601

*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 year ended 31 January 2016

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 meeting dated on 5th May 2016

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 year. 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 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 life is as follow:

Trademarks	Ages estimated 10-20 years
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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 year 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 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 year 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 year 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 year, using tax rates enacted or substantially enacted at the financial position date, and any adjustment to tax payable in respect of previous year.

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 year attributable to the Holding company by the weighted average number of outstanding ordinary shares during the year.

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

Risk management framework

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board is assisted in its oversight role by Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D.

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 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 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 January 2016 and it's ownership percentage:

Subsidiary's Name	Ownership Percentage		Country of Incorporation
	31/1/2016	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 Fashion Industry	99.2%	99.2%	Egypt
**Savini Garments Company	97.81%	97.81%	Egypt
Swiss Cotton Garments Company	98.8%	98.8%	Egypt
Egypt Portugal Marketing Company	98.41%	98.41%	Egypt
AI Arafa for real estate investment	59%	59%	Egypt
EP Garments	98.41%	98.41%	Egypt
Baird Group	60%	60%	Portugal
Egyptian Fashion	98.2%	98.2%	United Kingdon
	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
	31/1/2016	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 year 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		Balance as at	
		31/1/2016	31/1/2015	31/1/2016	31/1/2015
		U.S \$	U.S \$	U.S \$	U.S \$
Crystal for Making shirts	Service	(235 999)	(669 770)	1 182 915	946 916
Crystal for Making shirts	Sales	675 352	(146 594)	1 897 285	1 221 933
Metco	Sales	(20 660)	17 785	-	20 660
Metco	Service	79 585	(244 906)	199 981	120 396
Camegit for Garments Manufacturing	Service	270 616	67 319	354 890	84 274
Youro Misr	Sales	334 892	-	334 892	-
Forall Group	Service	(8 019)	15 232	7 213	15 232
				3 977 176	2 409 411

- * All related parties transactions during the year 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.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2016

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 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	-	655 035	1 106 354	150 911	183 404	1 849 432	909 359	4 854 495
Disposals	-	-	(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

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 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
Net book value as at 31 January 2016	9 154 075	43 253 155	10 216 202	437 043	337 032	3 136 852	521 815	67 056 174
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.

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Lands	1 891 183	1 891 183
	1 891 183	1 891 183

9- Projects in progress

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Buildings & Constructions	6 061 368	7 663 570
Plant and machinery under installation	49 524	232 874
Advance payments to purchase fixed assets	634 570	96 214
	6 745 462	7 992 658

10- Goodwill

Balance amounted to USD 34 441 823 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 as at	Cost of investment as at
				31/1/2016	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				(939 058)	(943 871)
Effect of foreign currency exchange differences				(2 056 815)	(1 609 780)
				41 611 934	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).

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	(186 941)	--	(186 941)
Balance at 31/1/2016	7 013 059	28 400 000	35 413 059
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 31/1/2016	Cost of investment as at 31/1/2015
			U.S \$	U.S \$
Crystal for Making shirts	Egypt	60	294 845	808 443
Camegit for Garments Manufacturing	Egypt	49.48	537 676	432 842
			832 521	1 241 285

The following is the movement through the ended year dated 31/1/2016

	31/1/2016 U.S \$
Balance at the beginning of the year	1 241 285
Share of results from Crystal for Making shirts	(513 598)
Share of results from Camegit for Garments Manufacturing	104 834
	832 521

14- Other Assets

	31/1/2016 U.S \$	31/1/2015 U.S \$
Balance at the beginning of the year	4 863 230	5 139 911
Amortization of the year	(172 122)	(184 880)
Change in foreign currency exchange rates	(67 476)	(91 801)
	4 623 632	4 863 230

15- Work in progress

This balance amounted to US \$1 067 479 at 31/1/2016 (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

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Raw materials	17 732 381	19 162 210
Spare parts and auxiliary material	4 298 728	4 487 261
Packing materials	516 545	421 645
Work in process	28 180 810	28 199 473
Finished goods	61 913 181	66 520 471
Goods in transit	434 729	238 025
	113 076 374	119 029 085
Less: impairment of inventories	(4 953 535)	(3 747 500)
	108 122 839	115 281 585
L/C's to purchase goods	970 059	643 680
	109 092 898	115 925 265

17- Debtors and other debit balances

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Trade receivables	53 943 143	52 080 543
Less: Impairment of trade receivables	(2 517 178)	(2 823 208)
	51 425 965	49 257 335
Notes receivables	2 030 768	1 520 629
	53 456 733	50 777 964
Debtors attributable to sold companies	44 541 301	44 483 738
Suppliers & contractors - debit balances	4 109 390	3 940 856
Tax authority	1 166 212	1 104 724
Deposits with others	1 449 509	1 458 044
Prepaid expenses	7 961 004	5 889 072
Accrued revenues	9 837 768	6 913 170
Other debit balances	22 192 840	19 104 907
	91 258 024	82 894 511
Less: Impairment of debtors & other debit balances	(19 963 562)	(19 979 582)
	71 294 462	62 914 929
	124 751 195	113 692 893

18- Cash and cash equivalents

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Time deposits & Treasury bills	11 297 464	19 075 295
Current accounts	17 392 718	18 636 671
Cheques under collection	2 890	24 618
Cash on hand	500 808	869 817
Cash and cash equivalents	29 193 880	38 606 401
Overdraft	(7 434 130)	(8 200 800)
Cash and cash equivalents for the purpose of cash flows statement	21 759 750	30 405 601

19- Provisions

	Balance as at 31/1/2015 U.S \$	Recognized during the year U.S \$	Reversed provisions U.S \$	Utilized during the year U.S \$	Balance as at 31/1/2016 U.S \$
Provisions	907 258	186 340	--	(1 400)	1 092 198
Exchange rates differences	--	--	--	--	(70 121)
	907 258	186 340	--	(1 400)	1 022 077

20- Banks – Credit Facilities

Banks – Credit Facilities equivalent to U.S.\$ 63 439 342 (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.\$ 12 011 278

21- Creditors and other Credit balances

	Note	31/1/2016	31/1/2015
		U.S \$	U.S \$
Suppliers and contractors		20 370 716	18 372 976
Notes payable		4 103 898	2 966 293
Accounts receivables – advance payments		203 608	2 433
Deposits from others		1 425 046	998 289
Tax authority		6 684 138	6 339 514
Un-earned revenue		7 092	36 914
Accrued expenses		6 637 270	6 225 128
Deferred capital gains		7 931 636	9 977 418
Other credit balances		5 286 526	3 355 774
		52 649 930	48 274 739

22- Short – term loans

Short – term loans equivalent to U.S.\$ 44 831 089 (US \$ 40 004 435 as at 31/1/2015) Were granted to the group's Companies from local banks in different currencies against various guarantees,

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	4 900 000	25 971 343
Swiss Garments Company			
MIDB	6 000 000	3 000 000	9 000 000
Egyptian Fashion Company			
MIDB	2 000 000	1 000 000	3 000 000
Goldentex Wool Company			
Housing & Development Bank	33 889	11 954	45 843
QNB	340 799	194 743	535 542
Port-said Garments Company			
AWB	3 723 022	3 723 022	7 446 044
Swiss Cotton Garments Company			
HSBC	1 950 000	600 000	2 550 000
NBD	1 704 043	1 704 043	3 408 086
Balance as at 31/1/2016	51 688 068	19 133 762	70 821 830
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 January 2016		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	25 971 343	25 971 343	29 971 343	29 971 343
Swiss Garments Company						
CIB	U.S\$	2015	-	-	7 500 000	7 500 000
MIDB	U.S\$	2018	9 000 000	9 000 000	12 000 000	12 000 000

Bank	Loan Currency	End of Payment	31 January 2016		31 January 2015	
			Value (Original Currency)	Value (in U.S \$)	Value (Original Currency)	Value (in U.S \$)
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		358 993	45 843	453 174	63 490
QNB	L.E	2018	4 193 750	535 542	5 718 750	801 196
Port-said Garments Company						
AWB	U.S\$	2017	7 446 044	7 446 044	11 173 804	11 173 804
Swiss Cotton Garments Company						
HSBC Bank	U.S\$	2020	2 550 000	2 550 000	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

	31/1/2016	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

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Balance at the beginning of the year	(16 509 619)	(14 893 422)
Change during the year	(1 978 259)	(1 616 197)
Balance at the end of the year	(18 487 878)	(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

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Balance at the beginning of the year - (asset)	688 999	832 418
Transaction during the year	41 293	32 671
Effect of foreign currency exchange differences	(150 481)	(176 090)
Balance at the end of the year - (asset)	579 811	688 999

30- Other long-term liabilities

	31/1/2016	31/1/2015
	U.S \$	U.S \$
New Urban Community Authority	-	192 894
Long term notes payable	160 258	529 005
Worth to Corplease company	4 021 512	-
Other liabilities	22 855	34 015
	4 204 625	755 914

31- Revenue

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Sales	269 920 111	266 000 965
	269 920 111	266 000 965

32- Other operating revenue

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Capital gains	1 675 307	2 597 765
Rent	1 997 893	2 136 917
Earned discounts	414 289	455 611
Revenue from service rendered to other	404 652	450 733
Others	481 901	811 607
	4 974 042	6 452 633

33- Other operating expense

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Technical support expenses	688 808	498 856
General Authority for Investment fees	130 239	120 132
Trade fines discounted by the customers	--	48 856
Recognized the claims provision	186 340	115 000
Others	23 261	47 458
	1 028 648	830 302

34- Finance expense (net)

	31/1/2016	31/1/2015
	U.S \$	U.S \$
Interest and finance expense	(9 764 523)	(10 008 530)
Interest income	1 026 735	1 407 044
Changes in Present value	220 936	241 038
Foreign exchange gain	2 808 154	7 585 476
	(5 708 698)	(774 972)

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 year ended 31/1/2016

	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	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	205 243 037	23 860 579	40 714 788	-	-	-	269 818 404
Intercompany group sales	30 903 562	325 857	43 962 598	-	-	(75 090 310)	101 707
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 operating 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 operating 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
Group's share of results of joint ventures	-	-	104 834	-	(513 598)	-	(408 764)
Finance expense (net)	(3 455 615)	(748 946)	(2 641 056)	633 425	462 665	40 829	(5 708 698)
Net profit before tax	10 157 107	373 256	5 908 134	(492 281)	(873 173)	253 532	15 326 575
Income tax for the year	(1 052 397)	-	(1 863 130)	-	-	-	(2 915 527)
Deferred tax	12 254	-	29 028	11	-	-	41 293
Net profit for the year	9 116 964	373 256	4 074 032	(492 270)	(873 173)	253 532	12 452 341
Attributable to:							
Holding Company	7 855 946	370 270	3 575 636	(489 421)	(873 173)	253 532	10 692 790
Minority interest	1 261 018	2 986	498 396	(2 849)	-	-	1 759 551
Net profit for the year	9 116 964	373 256	4 074 032	(492 270)	(873 173)	253 532	12 452 341

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

The dividends from the Formal , Luxury and Investment sectors 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

35- Segment analysis

35-2 Operating results divided to group company's business activities for the financial year ended 31/1/2015

	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	281 988 670	23 203 459	95 825 004	-	-	-	401 017 133
Sales between companies for the same segment	39 341 697	-	6 319 866	-	-	(45 661 563)	-
Net Revenues	242 646 973	23 203 459	89 505 138	-	-	(89 354 605)	266 000 965
Revenue from external customers	207 916 649	23 125 924	37 789 823	-	-	-	268 832 396
Intercompany group sales	34 730 324	77 535	51 715 315	-	-	(89 354 605)	(2 831 431)
Total	242 646 973	23 203 459	89 505 138	-	-	(89 354 605)	266 000 965
Cost of Revenue	(177 917 197)	(20 277 351)	(64 569 954)	-	(1 232)	86 523 174	(176 242 560)
Gross profit	64 729 776	2 926 108	24 935 184	-	(1 232)	(2 831 431)	89 758 405
Other operating income	2 654 146	432 242	485 832	974 928	2 578 513	(673 028)	6 452 633
Distribution expenses	(42 705 155)	(1 288 565)	(9 657 025)	-	-	54 440	(53 596 305)
General and administrative expenses	(13 849 495)	(916 077)	(6 669 110)	(2 208 574)	(2 811 786)	782 039	(25 673 003)
Other operating expenses	(36 720)	(115 000)	(80 913)	-	(597 669)	-	(830 302)
Operating profit	10 792 552	1 038 708	9 013 968	(1 233 646)	(832 174)	(2 667 980)	16 111 428
Group's share of results of joint ventures	-	-	(71 379)	-	(2 634)	-	(74 013)
Investments held for trading - gain	-	-	-	-	26 460	-	26 460
Finance expense (net)	(4 371 525)	(378 638)	(1 907 339)	242 701	5 624 123	15 706	(774 972)
Net profit before tax	6 421 027	660 070	7 035 250	(990 945)	4 815 775	(2 652 274)	15 288 903
Income tax for the year	(524 427)	-	(2 389 158)	-	-	-	(2 913 585)
Deferred tax	(12 098)	-	(1 166)	45 935	-	-	32 671
Net profit for the year	5 884 502	660 070	4 644 926	(945 010)	4 815 775	(2 652 274)	12 407 989
Attributable to:							
Holding Company	5 148 419	654 790	3 360 636	(938 647)	4 815 775	(2 652 274)	10 388 699
Minority interest	736 083	5 280	1 284 290	(6 363)	-	-	2 019 290
Net profit for the year	5 884 502	660 070	4 644 926	(945 010)	4 815 775	(2 652 274)	12 407 989

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

The dividends from the Formal , Luxury and Investment sectors which amount U.S\$ 4 369 141

The rents from the real estate investment sector which amount U.S\$ 150 156 and its cost amount U.S\$ 544

36- Capital commitments

The capital commitments of the Group as at 31/1/2016 amounted to U.S\$ 697 210

37- Contingent liabilities

Letters of guarantee issued by banks to the favor of the company and its subsidiaries in at 31/1/2016 amount to U.S \$ 34 352 282.

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 year	1 110 189	1 947 800
Capital gain during the year	650 482	994 382
Accrued installments until the end of the contract	5 383 730	8 590 880
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	
		31/1/2016	31/1/2015
		U.S \$	U.S \$
Treasury bills (maturing more than three months)		3 832 870	--
Cash and cash equivalents	(18)	29 193 880	38 606 401
Credit facilities	(20)	75 450 620	72 461 463
Loans	(22),(23)	115 652 919	132 491 369

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

	Carrying amount	
	31/1/2016	31/1/2015
	U.S \$	U.S \$
Trade receivable	53 943 143	52 080 543