

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

Consolidated financial statements
For the year ended 31 January 2019
And Auditor's report

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

Contents

Auditor's report	
Consolidated financial position	1
Consolidated income statement	2
Consolidated comprehensive income statement	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	6 - 38
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YOUSSEF KAMEL & CO.

CHARTERED ACCOUNTANTS - EXPERTS IN TAXATION

Since 1946 - Antoun Atalla

YOUSSEF KAMEL

(A.R no. 3764)

AMIN SAMY

(A.R no. 4994)

LATIF ZAKHER

(A.R no. 6854)

AMIR NOSHY

(A.R no. 15030)

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 financial position as at 31 January 2019, and the consolidated statements of income, comprehensive 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.

YOUSSEF KAMEL & CO.

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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 2019, 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.

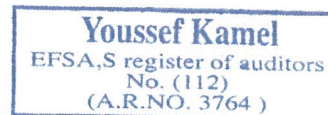
Cairo, 21th April, 2019

Auditor



YOUSSEF KAMEL

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



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

Consolidated Financial Position
As at 31 January 2019

	Note No.	31/1/2019 USD	31/1/2018 USD
Assets			
Non-current assets			
Property, plant and equipment	(8)	50 832 385	53 509 644
Projects in progress	(9)	5 897 691	5 835 940
Goodwill	(10)	30 918 257	33 237 088
Investments available for sale	(11)	2 952 379	2 952 368
Investments in joint ventures	(12)	650 076	623 386
Deferred tax assets	(13)	21 238	493 121
Intangible Assets - Trademarks	(14)	19 647 606	22 570 228
Long-term assets related to Baird group		294 045	425 040
Total non-current assets		111 213 677	119 646 815
Current assets			
Work in progress	(15)	465 612	469 791
Inventories	(16)	115 014 313	107 221 255
Debtors and other debit balances	(17)	132 587 549	137 225 301
Due from related parties	(7-1)	541 538	383 826
Debtors on sale of investments - current portion	(18)	35 600 000	35 600 000
Treasury bills (maturing more than three months)		1 645 434	11 775 292
Cash and cash equivalents	(19)	62 365 014	28 157 021
Total current assets		348 219 460	320 832 486
Total assets		459 433 137	440 479 301
Shareholders' Equity			
Paid up capital	(20)	94 050 000	94 050 000
Reserves	(21)	100 151 148	99 983 170
Decrease in the book value of net assets acquired over purchase considerations	(22)	(27 651 899)	(27 651 899)
Retained earnings		30 562 594	28 230 744
Net profit for the year		3 398 840	6 586 682
Total Shareholders' Equity		200 510 683	201 198 697
Foreign currency translation adjustments	(23)	(45 273 280)	(42 468 498)
Treasury stock	(24)	(1 161 530)	(1 161 530)
Net Shareholders' Equity		154 075 873	157 568 669
Non-controlling interests		9 622 697	10 240 744
Total Shareholders' Equity		163 698 570	167 809 413
Liabilities			
Non-current liabilities			
Long-term loans	(25)	21 011 106	22 041 546
Other long-term liabilities	(26)	5 577 648	7 667 600
Total non-current liabilities		26 588 754	29 709 146
Current liabilities			
Provisions	(27)	1 866 164	917 016
Banks - overdraft	(19)	6 858 858	8 055 365
Banks - credit facilities	(28)	189 081 553	140 411 020
Creditors and other credit balances	(29)	60 837 130	61 756 485
Income tax for the year		1 177 510	973 094
Long-term loans - current portion	(25)	9 324 598	30 847 762
Total current liabilities		269 145 813	242 960 742
Total liabilities		295 734 567	272 669 888
Total shareholders' equity and liabilities		459 433 137	440 479 301

* The accompanying policies and the notes on pages (6) to (38) form an integral part of these consolidated financial statements.

Chairman and Managing Director

(Dr. Alaa Ahmed Arafa)

* Auditor's report "attached "

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Group Financial Director

(Mohamed Mohamed Mohy Eldeen)

Arafa
HOLDING

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

Consolidated income statement
For the year ended 31 January 2019

	<u>Note</u> <u>No.</u>	Year from 1/2/2018 to 31/1/2019	Year from 1/2/2017 to 31/1/2018
		<u>USD</u>	<u>USD</u>
Revenue		236 554 009	239 936 989
Cost of revenue	(30)	(151 616 597)	(150 401 887)
Gross profit		84 937 412	89 535 102
Other revenues	(31)	5 374 054	4 457 992
Distribution expenses	(32)	(55 846 822)	(53 793 253)
General and administrative expenses	(33)	(25 941 998)	(21 717 084)
Other expenses	(34)	(1 404 061)	(378 875)
Operating profit		7 118 585	18 103 882
Joint venture share of results	(12)	26 690	65 468
Loss of sold investments available for sale		-	(851 134)
Finance cost	(35)	(12 572 011)	(10 917 901)
Finance income	(36)	9 975 159	1 809 963
Net profit for the year before taxes		4 548 423	8 210 278
Income tax for the year		(1 177 510)	(973 094)
Deferred tax	(13)	(286 111)	(199 702)
Net profit for the year after taxes		3 084 802	7 037 482
<u>Attributable to:</u>			
Holding company owners		3 398 840	6 586 682
Non-controlling interests		(314 038)	450 800
Net profit for the year after taxes		3 084 802	7 037 482

* The accompanying policies and the notes on pages (6) to (38) form an integral part of these consolidated financial statements.



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

Consolidated comprehensive income statement
For the year ended 31 January 2019

	<u>Note</u> <u>No.</u>	Year from 1/2/2018 to 31/1/2019 <u>USD</u>	Year from 1/2/2017 to 31/1/2018 <u>USD</u>
Net profit for the year after taxes		3 084 802	7 037 482
<u>Other comprehensive income for the vaer</u>			
Differences from translation of foreign operations	(23)	(2 804 782)	1 596 924
Changes in the fair value of investment available for sale		-	70 907
The effect of hedge cash flows (Baird group)		1 616 883	(2 854 739)
Actuarial profit (Baird group)		3 081 205	-
Total comprehensive income for the yaer		4 978 108	5 850 574
<u>Attributable to:</u>			
Holding company owners		5 292 146	5 399 774
Non-controlling interests		(314 038)	450 800
Total comprehensive income for the year		4 978 108	5 850 574

* The accompanying policies and the notes on pages (6) to (38) form an integral part of these consolidated financial statements.



AlArafa for Investment and Consultancies (S.A.E)

Free Zone

Consolidated Statement of Changes in Equity
For the year ended 31 January 2019

	Paid up capital	Reserves	The difference resulting from acquisition of subsidiaries (under joint control)	Cumulative changes in the fair value of investment available for sale	Retained earnings	Net profit for the year	Translation differences of financial statements	Treasury stock	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as at 1 February 2017	94 050 000	99 216 925	(26 261 873)	(70 907)	25 344 856	6 573 883	(44 065 422)	(1 161 530)	153 625 932
Total comprehensive income	-	-	-	-	-	6 586 682	-	-	6 586 682
Net profit for the year ended 31 January 2018	-	-	(1 390 026)	-	-	-	-	-	(1 390 026)
The effect of transforme an investment in a joint venture into an investment in a subsidiary	-	-	(1 390 026)	70 907	(2 854 739)	-	1 596 924	-	(1 186 908)
Other comprehensive income	-	-	(1 390 026)	70 907	(2 854 739)	6 586 682	1 596 924	-	4 009 748
Total comprehensive income	-	-	-	-	-	-	-	-	-
Transactions with holding company owners	-	-	-	-	6 573 883	(6 573 883)	-	-	-
Closing net profits for the year ended 31/1/2017	-	-	-	-	(766 245)	-	-	-	-
Dividends the year ended 31/1/2017	-	766 245	-	-	(67 011)	-	-	-	(67 011)
Adjustments *	-	766 245	-	-	5 740 627	(6 573 883)	-	-	(67 011)
Balance as at 31 January 2018	94 050 000	99 983 170	(27 651 899)	-	28 230 744	6 586 682	(42 468 498)	(1 161 530)	157 568 669
Total comprehensive income	-	-	-	-	-	3 398 840	-	-	3 398 840
Net profit for the year ended 31 January 2019	-	-	-	-	4 698 088	-	(2 804 782)	-	1 893 306
Other comprehensive income	-	-	-	-	4 698 088	3 398 840	(2 804 782)	-	5 292 146
Total comprehensive income	-	-	-	-	-	-	-	-	-
Transactions with holding company owners	-	-	-	-	6 586 682	(6 586 682)	-	-	-
Closing net profits for the year ended 31/1/2018	-	167 978	-	-	(1 167 978)	-	-	-	-
Dividends the year ended 31/1/2018	-	-	-	-	(8 784 942)	-	-	-	(8 784 942)
Adjustments	-	167 978	-	-	(2 366 238)	(6 586 682)	-	-	(8 784 942)
Balance as at 31 January 2019	94 050 000	100 151 148	(27 651 899)	-	30 562 594	3 398 840	(45 273 280)	(1 161 530)	154 075 873

* In accordance with the decision of the board of directors of the Swiss garment company (subsidiary). Balances relating to previous years have been closed in the retained earnings, which were approved by the general assembly of the company.

* The accompanying policies and the notes on pages (6) to (38) form an integral part of these consolidated financial statements.

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

Consolidated Cash flows statement
For the year ended 31 January 2019

	<u>Note No.</u>	<u>Year</u> <u>from 1/2/2018</u> <u>to 31/1/2019</u> <u>USD</u>	<u>Year</u> <u>from 1/2/2017</u> <u>to 31/1/2018</u> <u>USD</u>
<u>Cash flows from operating activities</u>			
Net profit for the year		3 398 840	6 586 682
<u>Adjustments</u>			
Property, plant and equipment depreciation	(8)	5 882 515	5 721 300
Gain on sale fixed assets		(927 809)	-
Interest and finance expense	(35)	12 572 011	10 793 887
Interest income	(36)	(5 679 842)	(1 809 963)
Decrease in the book value of net assets acquired over purchase consideration		-	(1 390 026)
Other asstes amortization	(14)	2 622 459	2 309 155
Loss of sold investments available for sale		-	851 134
The effect of hedge cash flows (subsidiary)		1 616 883	(2 854 739)
Actuarial profit		3 081 205	-
Adjustments on retained earnings		(8 784 942)	(67 011)
Share of results from joint ventures	(12)	(26 690)	(65 468)
Reversed provisions	(27)	(132 566)	
Formed provisions	(27)	1 158 647	240 788
<u>Change in</u>			
Inventories	(16)	(7 793 058)	(13 272 366)
Debetors and other debit balances	(17)	5 106 699	(17 735 931)
Due from related parties	(7)	(157 712)	2 989 889
Creditors and other credit balances	(29)	(4 678 456)	1 826 216
Assets deferred tax	(13)	286 111	199 702
Utilized Provisions	(27)	(54 351)	(20 809)
Cash generated from (used in) operating activities		7 489 944	(5 697 560)
Interest and finance cost paid		(8 125 635)	(10 190 062)
Net cash used in operating activities		(635 691)	(15 887 622)
<u>Cash flows from investing activities</u>			
Payments to purchase property, plant and equipment and projects in progress	(8),(9)	(4 015 196)	(6 640 361)
Proceeds from sale of fixed asstes		1 174 709	47 192
Proceeds from sale of investments available for sale		-	112 359
Proceeds from (Payments to) Treasury bills maturing after three months		10 129 858	(10 149 265)
Cash generated from (used in) investing activities		7 289 371	(16 630 075)
Credit interest collected		5 210 895	1 559 610
Net cash generated from (used in) investing activities		12 500 266	(15 070 465)
<u>Cash flows from financing activities</u>			
Change in non-controlling interests		(618 047)	166 746
Net payments for long-term loans	(25)	(22 553 604)	(5 271 040)
Net Proceeds from bank-credit facilities	(28)	48 670 533	30 003 159
Net (payments to) proceeds from other long-term liabilities	(26)	(1 958 957)	285 724
Net cash generated from financing activities		23 539 925	25 184 589
Net increase (decrease) in cash and cash equivalents during the year		35 404 500	(5 773 498)
Cash and cash equivalents at beginning of the year		20 101 656	25 875 154
Cash and cash equivalents at end of the year	(19)	55 506 156	20 101 656

* The accompanying policies and the notes on pages (6) to (38) 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 2019

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 the consolidated financial statements

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 21 April 2019.

2-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for Investments available for sale are measured at fair value and financial assets classified at fair value through other comprehensive income

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

Notes to the consolidated financial statements for the year ended 31 January 2019

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.

Estimates and assumptions relating to them in the light of past experience and other factors are reasonable in the circumstances of their application.

The results of estimates and assumptions represent the basis for the composition of the personal judgment of the carrying amounts of assets and liabilities in a more significant manner than other sources.

Estimates Actual results may differ from these estimates.

Changes in accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period or the period of change or future periods if the change affects both.

2-5 Fair value measurement

The fair value of financial instruments is determined on the basis of the market value of the financial instrument or similar instruments at the reporting date, without discounting any estimated future selling costs. Financial asset values are determined at the current purchase prices of those assets, while the value of the financial liabilities is determined at the current rates at which such liabilities can be settled.

In the absence of an active market to determine the fair value of financial instruments, fair value is estimated using the various valuation techniques, taking into account the prices of recent transactions and being guided by the current fair value of other instruments that are substantially the same

Discounted cash flow method - or any other valuation method that results in reliable values.

When discounted cash flow method is used as a valuation method, future cash flows are estimated based on best management estimates.

The discount rate used in the light of the prevailing market price is determined at the date of the financial statements of similar financial instruments in terms of their nature and terms.

3 - Applied accounting policies

3-1 Business combinations

Business combinations is accounted for using the acquisition method when control is transferred to the group, Both of the transferred financial consideration and the net values of the acquiree's identifiable assets at the time of the acquisition are measured at fair value.

An impairment test is performed annually for goodwill arising from the acquisition and any losses recognized immediately in profit or loss.

Acquisition costs are recognized as an expense in the period in which they arise, except for the issuance of securities against debt or equity.

a. Subsidiaries

Subsidiaries are entities controlled by the holding company.

The holding company controls the investee when it is exposed or is entitled to variable returns through its participation and its ability to influence the returns through its control of the investee.

The consolidated financial statements include the subsidiaries controlled by the holding company from the date of control.

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

Notes to the consolidated financial statements for the year ended 31 January 2019

b. Non-controlling interests

The share of the non-controlling interests in the subsidiaries is presented as a separate component of equity in the consolidated financial position, equal to their share in the carrying amount of the net assets of the subsidiaries as of the date of the consolidated financial statements.

The share of the non-controlling interests in the net profit of the subsidiaries after tax is shown separately in the consolidated statement of income.

c. Loss of control

When the holding company loses control of the subsidiary, it derecognises the assets, liabilities and non-controlling interests and its other comprehensive income items, recognizing any gains or losses arising from loss of control in the consolidated statement of income. Any remaining investment in the subsidiary is recognized at fair value at the date of loss of control.

d. Investments are accounted for using the equity method

Investments accounted for in the equity method consist of equity in associates and joint ventures.

Associates are companies in which the Group has significant influence without control over its financial and operating policies.

A joint venture is an arrangement in which the holding company has joint control and rights in the net assets associated with a contractual agreement.

Investments in associates and joint ventures are accounted for using the equity method, with the initial recognition of the cost including the costs associated with the acquisition.

Subsequent measurement in the consolidated financial statements is made by increasing or decreasing the carrying amount of the investment by the Group's share in the profit or loss and other comprehensive income items of the investee.

e. Exclusions from consolidated financial statements

The value of the holding company's investment in subsidiaries is eliminated in exchange for the addition of the assets and liabilities of the subsidiaries in full and showing the share of the non-controlling interests within the equity in the consolidated financial position.

Transactions and balances between the Group companies are eliminated as well as unrealized gains and losses arising from the Group's transactions, taking into account that the losses may indicate a deterioration in the mutual assets that may require recognition in these consolidated financial statements.

f. Acquisition of companies under joint control

In the case of acquisitions of subsidiaries under joint control, the difference between the cost of the acquisition and the holding company's share in the fair value of the net assets of the subsidiary at the date of acquisition is recognized directly in the difference item resulting from the acquisition of subsidiaries under joint control.

3-2 Foreign currency

a. Translation of transactions in foreign currency

The company maintains its accounts in US dollar. The translation of foreign currency transactions in the functional currency at the exchange rate at the dates of the transactions.

Assets and liabilities of a monetary nature in foreign currencies are translated into the functional currency at the exchange rate at the date of preparation of the financial statements.

Assets and liabilities that can be measured at fair value are translated at the exchange rate used when determining the fair value.

Non-monetary assets and liabilities that can be measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Currency differences are recognized in the consolidated statement of income except as recognized in the statement of comprehensive income.

b. Financial statements of subsidiaries in foreign currencies

The accounts of some of the subsidiaries are held in Egyptian Pound, Euro and British Pound. For the purpose of preparing the consolidated financial statements, the assets and liabilities of these companies are translated into US Dollars at the closing price at the date of preparing the consolidated financial statements.

Income statement items are translated using the average exchange rate during the year prepared by the consolidated statement of income.

Translation differences are recognized in the statement of comprehensive income and the cumulative balance of equity in the consolidated financial statements is included in the translation differences item in foreign currencies except for foreign currency translation differences that have been allocated to non-controlling interests.

When a subsidiary is disposed of wholly or partially, such as loss of control or influence, the cumulative difference in the equity interest in that subsidiary must be reclassified to the consolidated statement of income as part of the disposal gains and losses.

If the Group excluded a portion of its interest in a subsidiary with the control remaining, the partial share of the portion of the difference in the amount of the accumulated currency differences of the non-controlling interests shall be returned.

3-3 Property, plant and equipment

a. Recognition and measurement

Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment in value.

If the basic components of an item of asset items with different useful lives, they are accounted for as separate items (major components) within those assets.

Gains and losses arising from the disposal of fixed assets are recognized in the consolidated statement of income.

b. Subsequent costs on acquisition

Subsequent expenditure is capitalized on an asset only if it is expected to generate future economic benefits and increase the future economic benefits of the asset. All other expenses are recognized in the consolidated statement of income as an expense.

c. Depreciation

Depreciation of fixed assets - which is the cost of an asset less its scrap value - is amortized over the estimated useful life of each type of fixed asset and the depreciation is charged to the consolidated statement of income.

Land is not depreciated.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

The following are the estimated useful lives, for each class of assets for the financial year and the year comparison.

	years
* Buildings and construction	5-50
* Machinery & equipment	3.3-10
* Tools & Supplies	2-10
* Transport & Transportation Vehicles	5
* Office furniture and equipment	2-16.67
* Computers	3-4
* Improvements in leased places	5-10

The depreciation method, useful lives and scrap values of assets are reviewed at each financial year end and adjusted if necessary.

3-4 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.

3-5 Intangible assets

a. Recognition and measurement

Goodwill

Goodwill arises from the acquisition of subsidiaries and is recognized at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed later, In the case of gain on bargain purchase, It is recognized directly in the statement of income.

Other intangible assets

Intangible assets with a useful life are recognized at cost less amortization and accumulated impairment losses.

b. Subsequent expenditure

Subsequent expenditure is recognized as an asset only if it results in increased future economic benefits and is reliably related to the asset, All other expenses including expenses to create an internal goodwill or a trademark are recognized as an expense when realized.

c. Amortization

Amortization is calculated as the cost of intangible assets less their estimated scrape value using the straight-line method over the estimated useful lives of those assets and the cost of depreciation is recognized as an expense in the consolidated statement of income.

It should also be noted that Goodwill is not amortized.

3-6 Financial instruments

The Group calculates non-derivative financial assets among the following categories : financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available-for-sale financial assets.

The Group sets non-derivative financial liabilities between the following categories : financial liabilities at fair value through profit or loss and other financial liabilities.

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

Notes to the consolidated financial statements for the year ended 31 January 2019

3-6-1 Non-derivative financial assets and liabilities - recognition and derecognition

The Group recognizes initial loans, receivables and debt instruments issued at the date of their inception. All other financial assets and liabilities are initially recognized on the date of the transaction when the Group becomes a party to the financial instrument's contractual provisions.

The Group derecognises a financial asset when the contractual term of the contractual right expires in obtaining cash flows from the financial asset or reverses the contractual right to receive cash flows from the financial asset in a transaction in which substantially all the risks and rewards of the financial asset are transferred. Or if the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and the Group has not retained the transferred asset, recognizing only as an asset or liability arising from the rights or obligations arising or retained on conversion.

The Group excludes the financial liability when it is terminated either by disposing of, canceling or terminating the contract.

A financial asset and a liability are offset and the netting of the netting is recognized in the financial position when the Group has only the enforceable legal right to set-off the recognized amounts and either intends to settle on a net basis or recognize the asset and settle the obligation.

3-6-2 Non-derivative financial assets - measurement

3-6-2-1 Financial assets at fair value through profit or loss

Financial assets are stated at fair value through profit or loss if they are classified as held for trading or are initially recognized at fair value through profit or loss. The cost of the transaction directly attributable to the acquisition or issue of the financial asset is recognized directly in profit or loss. Losses incurred.

Financial assets measured at fair value through profit or loss are measured at fair value and changes in fair value are recognized including any dividend or dividend in profit or loss.

3-6-2-2 Assets held to maturity

These assets are measured at initial recognition at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. After initial recognition, they are measured at amortized cost using the effective interest method.

3-6-2-3 Loans and receivables

These assets are measured at initial recognition at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. After initial recognition, they are measured at amortized cost using the effective interest method.

3-6-2-4 Financial assets available for sale

These assets are measured at initial recognition at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. After initial recognition, they are measured at fair value (except for unlisted investments). Changes in fair value other than impairment losses and effects of changes in foreign exchange rates on debt instruments are recognized in other comprehensive income and the cumulative balance of equity is included in the reserve item Fair value, and for the disposal of these assets, the cumulative gain or loss recognized in other comprehensive income items is reclassified to profit or loss.

3-6-3 Non-derivative financial liabilities – measurement

A financial liability is recognized at fair value through profit or loss if it is classified as a liability held for trading or impaired at initial recognition at fair value through profit or loss. The cost of the transaction directly attributable to the acquisition or issue of the financial liability is recognized directly in profit or loss. Losses incurred.

Financial liabilities measured at fair value through profit or loss are measured and changes in fair value are recognized including any interest expense on profit or loss. Other non-derivative financial liabilities are measured initially at fair value less any cost directly attributable to the acquisition or issue of the obligation. After initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3-7 Work in progress

All costs associated with work in progress are consolidated until completion of the work and the value of the work in progress is recognized at the consolidated financial position at cost.

3-8 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.

3-9 Assets held for sale

Non-current assets or disposal groups that include assets and liabilities held for sale are classified as highly likely to be recovered principally through sale rather than continuing to be used.

These assets or groups of assets that are disposed of are generally measured at their carrying amount or fair value less costs to sell, whichever is less.

Goodwill is initially charged to any impairment loss related to the disposal group and the rest of the loss is charged to the balance of the assets and liabilities. The impairment losses on inventory, financial assets and deferred tax assets are not carried forward and are continued to be measured in accordance with the Group's other accounting policies.

Impairment losses on the first tranche of assets held for sale or distribution as well as subsequent gains or losses on remeasurement are recognized in the consolidated statement of income.

On the tab as assets held for sale, no depreciation is made to fixed assets or amortized intangible assets and the equity method is discontinued for investments that are accounted for using the equity method.

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 Treasury Bills

Purchases of treasury bills and certificates of deposit of the central bank proving at nominal value and are included in a separate item in the financial position, The amounts due within three months from the date of purchase shall be added to cash at the Fund and at banks to reach cash value In order to prepare the statement of cash flows in accordance with the requirements of the Egyptian Accounting Standards.

3-12 Cash and cash equivalents

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents include bank balances, cash and demand deposits not exceeding three months and bank overdraft balances payable on demand and forming an integral part of the Company's management system.

3-13 Impairment

a. Non-derivative financial assets

Unquoted financial assets measured at fair value through profit or loss including shares accounted for using the equity method, At the end of each financial year, the Group assesses whether there is objective evidence of impairment.

Financial assets carried at amortized cost

Impairment loss on a financial asset measured at amortized cost is measured as the difference between the carrying amount and the present value of estimated future cash flows using the effective interest rate of the asset. Impairment losses relating to a financial asset available for sale are measured using the prevailing fair value.

The impairment test for individually significant financial assets is carried out at each asset level separately. For other financial assets, the impairment test is performed at each group level for the remaining financial assets at the group level that share the credit risk characteristics.

All impairment losses are recognized in the income statement. The cumulative loss of a financial asset available for sale recognized in equity is transferred to the statement of income.

Financial assets available for sale

Impairment losses on available-for-sale financial assets are recognized as reclassified to previously recognized comprehensive income and recognized in profit or loss and the amount of the consolidated loss represents the difference between the acquisition cost (net) and fair value less any impairment previously recognized its profits and losses.

When the fair value of a debt classified as available-for-sale increases in any subsequent period and the increase is objectively related to an event occurring after the impairment loss is recognized, the impairment loss is reversed in profit or loss.

Investments accounted for using the equity method

Impairment losses on investments that are accounted for using the equity method are measured by comparing the carrying amount with the recoverable amount. Impairment losses are recognized in profit or loss. Impairment loss is reversed when preferential changes are made in the estimates used to determine the recoverable amount.

b. Non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of the Company's non-financial assets and deferred tax assets to determine whether there is an indication of impairment. If so, the Company makes an estimate of the recoverable amount of the asset. The impairment test is performed annually.

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

Notes to the consolidated financial statements for the year ended 31 January 2019

To test for impairment of an asset, assets are grouped together into the smallest group of assets that include an asset that generates cash inflows from continuing use and is largely independent of cash flows from other assets or asset classes (cash-generating units).

Goodwill acquired upon consolidation of the business is allocated to the cash generating units or group of these units to the acquiree and is expected to benefit from the consolidation process.

The recoverable amount of the asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. The useful value of the asset is the present value of estimated future cash flows discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset or generating unit Cash.

An impairment loss is recognized if the carrying amount of the asset or cash-generating unit is greater than its recoverable amount.

The impairment loss is recognized in profit or loss and is first allocated to reduce the carrying amount of the goodwill allocated to the cash generating units and then to reduce the other assets proportionally based on the carrying amount of each asset in the unit.

Loss on impairment of goodwill is not reversed in a subsequent period. For other assets, impairment losses are reversed for the period that does not exceed the carrying amount that would have been determined for the asset (net) unless impairment losses are recognized in prior years.

3-14 Financial lease

The lease value payable on finance leases is recognized as operating leases (after deducting any deductions and taking into consideration periods) as expenses in the consolidated statement of income over the life of the contract.

3-15 Provisions

Provisions are recognized when there is an existing or estimated legal obligation as a result of an event in the past that is probable to result in an inflow of economic benefits to be used to settle that obligation and a reliable estimate of the amount of 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.

3-16 Loans and credit facilities

Loans are measured at initial recognition at fair value plus related costs. After initial recognition, they are measured at amortized cost using the effective interest method.

3-17 Creditors and other credit balances

Creditors and other credit balances are stated at their cost.

3-18 Capital

a. Ordinary Shares

Direct costs relating to the issue of ordinary shares and options for subscription to shares are recognized as a reduction in equity.

b. Re-buy and re-issue capital shares

Upon repurchase of the issued share capital, the consideration for the repurchase of all direct and repurchase costs is recognized as treasury shares and presented as a reduction of equity.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

When the treasury shares are sold or reissued, the amount received is recognized as an increase in shareholders' equity and the surplus or deficit resulting from the transaction within the reserves.

c. Dividends

Dividends are recognized as a liability in the period in which the distribution is declared by a decision of the General Assembly of the Company.

3-19 Revenue

Revenue is measured at the fair value of the consideration received or receivable to the enterprise when there is a reasonable expectation that future economic benefits will flow to the entity and that the revenue can be measured accurately and revenue is not recognized if there is no certainty of recovery of the revenue or associated costs.

a. Revenue from sale of goods

Revenue is recognized when the risks and rewards relating to the ownership of the goods sold to the buyer are transferred to the buyer after reliable measurement of the revenue and the recovery of the value of the goods and the estimated costs associated with them as well as the reliably recoverable amount. . In case of export sales, the transfer of risks and benefits of the goods sold is determined according to the terms of shipment.

b. Return on investments

Dividend income is recognized in the statement of income on the date that the right to receive the dividends of the investee companies is established and is recognized after the date of acquisition.

c. Gain on sale of investments

Gains and losses arising from the sale of financial investments are recognized in the statement of income on the date of the sale by dividing the cost and the sale price less selling expenses and commissions.

d. Credit benefits

Interest income is recognized in the statement of income on a time proportion basis, taking into consideration the target rate of return on the asset based on the accrual basis.

3-20 Expenses

a. Lease payments

Lease payments are recognized in the consolidated statement of income over the life of the contract.

b. Borrowing cost

Interest bearing interest bearing loans and borrowings are recognized in the consolidated statement of income using the effective interest method based on the accrual basis.

c. Insurance and pension system

The Group contributes to the social security system for the benefit of its employees according to the social insurance law. The employees and the group contribute according to this law in the system with a fixed rate of wages. The company's commitment is limited to the value of its contribution and the company's contributions are charged to the income statement according to the accrual basis.

d. Income tax

Current tax is recognized as an expense in consolidated profit or loss, except for cases where a tax related to equity items is recognized directly in equity.

e. 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.

3-21 Reserves

In accordance with the requirements of the Companies Law and the Articles of Association of the Group companies, 5% of the net profit is deducted annually to form a non-distributable statutory reserve. Such amounts shall be discontinued when the balance of the statutory reserve equals 50% of the issued share capital of the company. When the reserve balance falls below the mentioned rate, it is necessary to go back to deducting it again.

4 - Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information on the Group's exposure to each of the above risks, as well as the Group's objectives, policies and methods for measuring and managing the risk, as well as the Group's capital management, as well as some additional disclosures included in these financial statements.

The Group's Board of Directors is fully responsible for the development and monitoring of the overall risk management framework of the Group and identifies and analyzes risks to the Group to identify and monitor risk levels and appropriate controls.

The Group's management aims to establish a disciplined and disciplined regulatory environment in which all employees are aware of and understand their role and commitment.

The Audit Committee assists the Board of Directors of the Holding Company in its supervisory role in the regular and sudden examination of controls and policies related to risk management.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to meet its obligations and cause the other party to incur a financial loss. The risk arises mainly from customers and receivables.

Customers and debtors

The Group's exposure to credit risk is primarily affected by the characteristics of each customer. The Group's customer base, including the risk of industry failure, has a lower impact on credit risk.

The Group's management develops credit policies whereby the credit analysis required for each customer is carried out against contract and delivery terms.

Investments

The Group's management reduces its exposure to credit risk by investing in time deposits with the best return available in the banking market.

Guarantees

The Group's policy is to provide financial guarantees for wholly owned subsidiaries only.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

The Group ensures that it has sufficient cash to meet its 30-day operating expenses, including the servicing of financial liabilities, excluding the potential impact of unusual circumstances that can not reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk of changes in market prices such as foreign exchange rates, interest rates and equity price instruments that may affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters and to regulate returns.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group'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 Group 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

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

Notes to the consolidated financial statements for the year ended 31 January 2019

- 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 Group 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 Group.

5 - Capital management

The Group's policy is to maintain strong capital in order to maintain the confidence of investors, creditors and the market as well as to meet the future developments of the activity.

The Board of Directors of the Holding Company shall monitor the return on capital as determined by the management as the net profit for the year divided by the total shareholders' equity. The Board of Directors of the Holding Company shall also monitor the level of dividends to the shareholders.

The board of directors of the holding company seeks to balance the higher returns that can be achieved with the levels of interest and the advantages and guarantees provided by maintaining a sound capital position.

There are no changes in the Group's capital management strategy during the year. The Group is not subject to any external requirements imposed on its own capital.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

6 - Group Entities

The following is a list of the Subsidiaries owned and controlled by the Company as at 31/1/2019 and its ownership percentage:

Subsidiary's Name	Ownership Percentage		Country of Incorporation
	31/1/2019	31/1/2018	
Swiss Garments Company	98.41 %	98.41 %	Egypt
Egypt Tailoring Garments Company	98.60 %	98.60 %	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
Crystal for Making shirts	98.2 %	98.2 %	United Kingdom
	87.67 %	87.67 %	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 27/1/2010.

Sister companies have not been accounted for using the equity method

Company's Name	Share Percentage		Country of Incorporation
	31/1/2019	31/1/2018	
Metco (Indirect ownership)	48.5 %	48.5 %	Egypt

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.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

7- Related parties transactions

The related parties are the shareholders of the Company and the companies in which they own shares, whether directly or indirectly, and the senior management members of the Company, which gives them significant influence or control over these companies. The following is a summary of the most important transactions concluded during the current period between the company and the related parties.

7-1 Due from related parties

Company's Name	Type of transactions	Total value of transactions during the year ended		Balance as at	
		31/1/2019	31/1/2018	31/1/2019	31/1/2018
		USD	USD	USD	USD
Metco	Service	38	49	200 028	199 990
Camegit for Garments Manufacturing	Service	148 859	(2 237)	290 896	142 037
Euro Misr	Sales	8 815	1 413	50 614	41 799
		157 712	(775)	541 538	383 826

* 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 2019

3 - Property, plant and equipment

	Land	Buildings & Constructions	Machinery & equipment	Vehicles	Tools & Supplies	Furniture & Office Equipment	Improvements in leasehold	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cost								
Cost as at 1/2/2017	4 980 280	58 679 148	45 660 346	998 075	708 732	48 301 113	576 359	159 904 053
Opening balances of assets of acquired companies	-	-	785 085	-	130 933	106 703	163 344	1 186 065
Additions during the year	6 040	122 060	1 973 145	31 577	175 134	2 149 925	1 663 766	6 121 647
Disposals during the year	-	-	(32 592)	(17 325)	-	(285 060)	(29 737)	(364 714)
Translation differences	61 905	243 000	427 987	7 687	7 974	1 351 672	201 840	2 302 065
Cost as at 31/1/2018	5 048 225	59 044 208	48 813 971	1 020 014	1 022 773	51 624 353	2 575 572	169 149 116
Cost as at 1/2/2018	5 048 225	59 044 209	48 813 971	1 020 014	1 022 773	51 624 352	2 575 572	169 149 116
Additions during the year	-	220 828	1 701 667	80 635	45 955	1 247 580	607 667	3 904 332
Disposals during the year	-	(88 658)	(680 943)	-	-	(54 422)	(12 440)	(836 463)
Translation differences	(16 291)	(63 980)	(221 580)	(2 180)	(1 115)	(1 184 201)	(126 623)	(1 615 970)
Cost as at 31/1/2019	5 031 934	59 112 399	49 613 115	1 098 469	1 067 613	51 633 309	3 044 176	170 601 015
Accumulated depreciation								
Accumulated depreciation as at 1/2/2017	-	22 773 497	39 142 539	711 649	403 325	45 075 975	154 544	108 261 529
Accumulated depreciation of assets of acquired companies	-	-	357 986	-	54 176	49 794	45 606	507 562
Depreciation for the year	-	1 150 029	1 957 404	118 245	67 858	1 897 347	530 417	5 721 300
Accumulated depreciation of disposals	-	-	(31 938)	(9 792)	-	(246 054)	(29 737)	(317 521)
Translation differences	-	111 618	321 420	5 747	4 821	873 489	149 507	1 466 602
Accumulated depreciation as at 31/1/2018	-	24 035 144	41 747 411	825 849	530 180	47 650 551	850 337	115 639 471
Accumulated depreciation as at 1/2/2018	-	24 035 144	41 747 411	825 849	530 180	47 650 550	850 337	115 639 471
Depreciation for the year	-	1 108 411	2 101 980	109 770	79 558	1 847 962	634 834	5 882 515
Accumulated depreciation of disposals	-	(9 752)	(536 336)	-	-	(39 741)	(3 734)	(589 563)
Translation differences	-	(30 382)	(196 323)	(1 562)	(837)	(833 275)	(101 414)	(1 163 793)
Accumulated depreciation as at 31/1/2019	-	25 103 421	43 116 732	934 057	608 901	48 625 496	1 380 023	119 768 630
Net cost								
Net cost as at 31/1/2018	5 048 225	35 009 064	7 066 560	194 165	492 593	3 973 802	1 725 235	53 509 644
Net cost as at 31/1/2019	5 031 934	34 008 978	6 496 383	164 412	458 712	3 007 813	1 664 153	50 832 385
Assets that were depreciated by the books and are still operating as at 31/1/2019	-	1 080 973	17 232 831	414 542	188 267	3 800 624	1 364 120	24 081 357

* The book value of assets does not differ materially from their fair value.

* There are no assets temporarily disabled.

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

Notes to the consolidated financial statements for the year ended 31 January 2019

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.

	31/1/2019	31/1/2018
	USD	USD
Lands	1 891 183	1 891 183
	1 891 183	1 891 183

9 - Projects in progress

	31/1/2019	31/1/2018
	USD	USD
Buildings & Constructions	5 482 450	5 623 853
Machinery and equipment under construction	25 723	27 658
Advance payments to purchase fixed assets	504 993	299 904
Decrease in Projects in progress according to GAFI valuation (subsidiary)	(115 475)	(115 475)
	5 897 691	5 835 940

10 - Goodwill

Balance amounted to USD 30 918 257 (USD 33 237 088 as at 31/1/2018) 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	Cost of investment
				as at 31/1/2019	as at 31/1/2018
		%	%	USD	USD
Egyptian Company for Trading & Marketing	Egypt	2.62	100	29 472	29 472
10 th of Ramadan for Developments & Construction Investments Co.	Egypt	4.036	100	876 179	876 179
Middle East Company (Metco)	Egypt	48.5	100	2 543 467	2 543 467
Other investments				69 234	69 234
				3 518 352	3 518 352
Impairment				(44 885)	(44 885)
Impairment in Investments available for sale – according to the valuation of the General Investment Authority (subsidiary)				(9 810)	(9 810)
Effect of foreign currency exchange differences				(511 278)	(511 289)
				2 952 379	2 952 368

- 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 (3-6).

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

12 - Investments in joint ventures

Particulars	Country of Incorporation	Ownership percentage	Cost of Investment	Cost of investment
			as at 31/1/2019	as at 31/1/2018
		%	USD	USD
Camegit for Garments Manufacturing	Egypt	49.48	650 076	623 386
			650 076	623 386

The following is the movement through the year ended 31/1/2019

	31/1/2019
	USD
Balance at the beginning of the year	623 386
Share of results from Camegit for Garments Manufacturing	26 690
	650 076

13 - Deferred tax assets

	31/1/2019	31/1/2018
	USD	USD
Balance at the beginning of the year - (asset)	493 121	379 724
Transaction during the year	(286 111)	(199 702)
Effect of translation differences year	(185 772)	313 099
Balance at the end of the year - (asset)	21 238	493 121

14 - Intangible Assets - Trademarks

	31/1/2019	31/1/2018
	USD	USD
Balance at the beginning of the year	22 570 228	16 606 067
Additions during the year	-	7 126 504
Amortization of the year	(2 622 459)	(2 309 155)
Change in foreign currency exchange rates	(300 163)	1 146 812
	19 647 606	22 570 228

Trademarks are amortized over 20 years as described in accounting policy (3-5).

15 - Work in progress

This balance amounted to USD 465 612 at 31/1/2019 (USD 469 791 as at 31/1/2018) 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.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

16 - Inventories

	31/1/2019	31/1/2018
	USD	USD
Raw materials	21 853 040	17 985 374
Spare parts and auxiliary material	3 604 950	3 558 245
Packing materials	683 698	550 837
Work in process	19 525 530	18 234 870
Finished goods	70 431 328	69 799 872
Goods in transit	1 064 114	249 113
	117 162 660	110 378 311
Less : impairment of inventories	(3 237 356)	(4 872 856)
	113 925 304	105 505 455
L/C's to purchase goods	1 089 009	1 715 800
	115 014 313	107 221 255

17 - Debtors and other debit balances

	31/1/2019	31/1/2018
	USD	USD
Trade receivables	55 903 222	57 883 170
Less:		
Impairment of trade receivables	(691 122)	(1 713 077)
	55 212 100	56 170 093
Notes receivables	2 012 033	1 513 741
	57 224 133	57 683 834
Debtors & debit balances (sold companies)	44 624 447	44 543 340
Suppliers & contractors - debit balances	3 154 207	4 092 344
Tax authority	1 468 321	809 409
Deposits to others	1 131 848	1 811 530
Prepaid expenses	6 915 792	7 062 552
Accrued revenues	10 517 452	10 272 111
Other debit balances	26 399 917	30 899 102
	94 211 984	99 490 388
Less:		
Impairment of debtors & other debit balances	(18 848 568)	(19 948 921)
	75 363 416	79 541 467
	132 587 549	137 225 301

18 - Debtors sale of investments

This balance amounted to USD 35 600 000 represents accrued installments due to the sales the group share in SRG & Melka International.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

19 - Cash and cash equivalents

	31/1/2019	31/1/2018
	USD	USD
Time deposits & Treasury bills	49 477 340	17 781 758
Current accounts	12 483 946	9 961 396
Cash on hand	403 728	413 867
Cash and cash equivalents	62 365 014	28 157 021
Overdraft	(6 858 858)	(8 055 365)
Cash and cash equivalents for the purpose of cash flows statement	55 506 156	20 101 656

20 - Capital

20-1 Authorized capital

The authorized capital amounted to U.S.D 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.D 18 115 510 distributed over 18 115 510 shares the nominal value of each is U.S.D 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.D 13 884 490 to become U.S.D 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.D 15 500 000 to become U.S.D 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.D 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.D 52 250 000 (which is within the limits of authorized capital 150 million U.S.D) 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.D 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.D 62 700 000 (which is within the limits of authorized capital 150 million U.S.D) 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.

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

Notes to the consolidated financial statements for the year ended 31 January 2019

The ordinary Shareholders Meeting dated on 18/6/2012 decided to increase the capital by U.S.D 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.D 94 050 000 (which is within the limits of authorized capital 150 million U.S.D) 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

	31/1/2019	31/1/2018
	USD	USD
Legal reserve	34 434 740	34 266 762
Special reserve	18 679 727	18 679 727
General reserve	45 415 879	45 415 879
Treasury stock reserve	890 207	890 207
Other reserves	730 595	730 595
	100 151 148	99 983 170

Legal reserve

In accordance with the requirements of the Companies Law and the Company's Articles of Association, 5% of the annual net profit is to be allocated to the statutory reserve up to 50% of the issued capital. This reserve is not distributed but can be used to increase capital or reduce losses.

Special Reserve

The balance represents the remaining value of the share capital increase of 77.5 million shares, after deducting USD 23 529 959 which was adjusted to the statutory reserve. On 2/10/2012, the share capital was increased by free shares amounting to USD 31 350 000 American funding from the Special Reserve.

General Reserve

The general reserve is the value of the absentee from the profits of companies in previous years in accordance with the General Assembly resolution of shareholders. This reserve is used by a decision of the General Assembly on the proposal of the Board of Directors in the event of fulfilling the interests of the company.

Treasury stock reserves

The balance consists of the sale of treasury shares of 11 396 111 shares that were sold in 2008 to the holding company.

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 which amounted to USD 27 651 899 .

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone*Notes to the consolidated financial statements for the year ended 31 January 2019***23 - Translation adjustment**

	31/1/2019	31/1/2018
	USD	USD
Balance at the beginning of the year	(42 468 498)	(44 065 422)
Change during the year	(2 804 782)	1 596 924
Balance at the end of the year	(45 273 280)	(42 468 498)

24 - Treasury stock

The balance amounted to U.S.D 1 161 530 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.

25 - Long-term Loans, and its current portion

	Long term Loans USD	Current portion USD	Total USD
Al Arafa for investments in Garments Marketing & Retail			
AAIB	13 907 087	4 635 695	18 542 782
Port-said Garments Company			
AWB	2 052 397	824 000	2 876 397
Swiss Cotton Garments Company			
HSBC	150 000	600 000	750 000
ENBD	-	1 022 425	1 022 425
Baird Group			
QIB	4 901 622	2 100 320	7 001 842
Crystal for Making shirts			
HSBC	-	142 158	142 158
Balance as at 31/1/2019	21 011 106	9 324 598	30 335 704
Balance as at 31/1/2018	22 041 546	30 847 762	52 889 308

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

25-1 Terms of loans agreements

Bank	Loan Currency	End of Payment	31 January 2019 Value (Original Currency)	31 January 2019 Value (in USD)	31 January 2018 Value (Original Currency)	31 January 2018 Value (in USD)
Al Arafa for investment & consultancies						
CIB	USD	2018	-	-	8 864 972	8 864 972
Al Arafa for investments in						
Garments Marketing & Retail						
AAIB	USD	2021	18 542 782	18 542 782	21 071 343	21 071 343
Swiss Garments Company						
MIDB	USD	2018	-	-	3 000 000	3 000 000
Egypt Tailoring Garments						
MIDB	USD	2018	-	-	1 000 000	1 000 000
Goldentex for wool company						
Housing & Development bank	L.E		-	-	172 029	9 668
QNB	L.E	2018	-	-	1 143 750	64 279
Port-said Garments Company						
AWB	USD	2022	2 876 397	2 876 397	3 699 814	3 699 814
Swiss Cotton Garments Company						
HSBC Bank	USD	2020	750 000	750 000	1 350 000	1 350 000
ENBD	USD	2019	1 022 425	1 022 425	2 044 852	2 044 852
Crystal for Making shirts						
HSBC	Euro	2019	125 000	142 158	375 000	449 980

26 - Other long-term liabilities

	31/1/2019 USD	31/1/2018 USD
Long term notes payable	1 030 924	528 822
Other liabilities	4 546 724	7 138 778
	5 577 648	7 667 600

27 - Provisions

	Balance as at 31/1/2018 USD	Recognized during the year USD	Reversed provisions USD	Utilized during the year USD	Balance as at 31/1/2019 USD
Provisions	917 016	1 158 647	(132 566)	(54 351)	1 888 746
Exchange rates differences	-	-	-	-	(22 582)
	917 016	1 158 647	(132 566)	(54 351)	1 866 164

The usual disclosure information in accordance with IAS 28 (Provisions, Contingent Assets and Liabilities) has not been disclosed because the Group's management believes that doing so could severely affect the outcome of negotiations with these parties.

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

Notes to the consolidated financial statements for the year ended 31 January 2019

28 - Banks – Credit Facilities

Banks – Credit Facilities equivalent to USD 189 081 553 (USD 140 411 020 as at 31/1/2018) Were granted to the group's Companies from local banks in different currencies against various guarantees.

29 - Creditors and other Credit balances

	31/1/2019	31/1/2018
	USD	USD
Suppliers and contractors	26 070 755	21 204 652
Notes payable	8 298 400	6 269 028
Accounts receivables – advance payments	121 714	214 837
Deposits from others	704 616	681 622
Tax authority	3 581 168	5 596 059
Un-earned revenue	7 548	692 776
Accrued expenses	10 634 225	11 321 560
Deferred capital gains	5 340 179	6 812 643
Other credit balances	6 078 525	9 936 402
	60 837 130	62 729 579

30 - Cost of revenue

	31/1/2019	31/1/2018
	USD	USD
Cost of sales	151 616 597	150 401 887
	151 616 597	150 401 887

31 - Other revenues

	31/1/2019	31/1/2018
	USD	USD
Capital gains	2 938 138	2 024 578
Rent	1 634 186	1 713 702
Earned discounts	196 842	173 708
Revenue from service rendered to other	75 641	53 737
Utilized provisions	132 566	-
Others	396 681	492 267
	5 374 054	4 457 992

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

32 - Distribution expenses

	31/1/2019	31/1/2018
	USD	USD
Wages and salaries	22 791 751	22 140 668
Fixed assets depreciation	2 246 271	2 174 787
Export expenses	3 323 340	2 174 946
Others	27 484 460	26 302 852
	55 846 822	53 793 253

33 - General and administrative expenses

	31/1/2019	31/1/2018
	USD	USD
Wages and salaries	8 059 897	6 459 077
Fixed assets depreciation	818 974	782 026
Rents for lease financing	4 312 166	4 457 408
Others	12 750 961	10 018 573
	25 941 998	21 717 084

34 - Other expenses

	31/1/2019	31/1/2018
	USD	USD
General Authority for Investment fees	136 558	92 912
Recognized the claims provision	1 158 647	240 788
Others	108 856	45 175
	1 404 061	378 875

35 – Finance cost

	31/1/2019	31/1/2018
	USD	USD
Interest and finance expense	(12 572 011)	(10 793 887)
Foreign exchange loss	-	(124 014)
	(12 572 011)	(10 917 901)

36 – Finance income

	31/1/2019	31/1/2018
	USD	USD
Interest income	5 679 842	1 809 963
Foreign exchange gain	4 295 317	-
	9 975 159	1 809 963

37 - 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.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
 Notes to the consolidated financial statements for the year ended 31 January 2019

37 - Segment analysis

37-1 Operating results divided to group company's business activities for the financial year ended 31/1/2019

	Business activities							Total after eliminations
	Formal	Causal	Luxury	Real estate Investment	Investment	Eliminations		
	USD	USD	USD	USD	USD	USD	USD	
Total Revenues	245 202 084	19 294 168	66 545 138	-	-	-	331 041 390	
Sales between companies for the same segment	25 192 910	-	2 954 748	-	-	(28 147 658)	-	
Net Revenues	220 009 174	19 294 168	63 590 390	-	-	(66 339 723)	236 554 009	
Revenue from external customers	191 613 410	14 834 859	30 105 740	-	-	-	236 554 009	
Intercompany group sales	28 395 764	4 459 309	33 484 650	-	-	(66 339 723)	-	
Total	220 009 174	19 294 168	63 590 390	-	-	(66 339 723)	236 554 009	
Cost of Revenue	(156 329 273)	(17 640 418)	(45 548 122)	-	-	67 901 216	(151 616 597)	
Gross profit	63 679 901	1 653 750	18 042 268	-	-	1 561 493	84 937 412	
Other revenues	2 572 860	740 071	1 160 253	386 624	4 358 174	(3 843 928)	5 374 054	
Distribution expenses	(46 635 750)	(1 246 287)	(7 985 441)	-	-	20 656	(55 846 822)	
General and administrative expenses	(14 772 881)	(1 534 843)	(6 111 157)	(1 900 795)	(3 896 787)	2 274 465	(25 941 998)	
Other expenses	(64 447 827)	(180 829)	(99 977)	(509)	(124 919)	63 450 000	(1 404 061)	
Operating profit (loss)	(59 603 697)	(568 138)	5 005 946	(1 514 680)	336 468	63 462 686	7 118 585	
Group's share of results of joint ventures	-	-	26 690	-	-	-	26 690	
Finance cost (net)	(3 974 654)	(1 291 466)	(3 383 364)	(9 072)	6 057 476	4 228	(2 596 852)	
Net profit (loss) for the year - before tax	(63 578 351)	(1 859 604)	1 649 272	(1 523 752)	6 393 944	63 466 914	4 548 423	
Income tax for the year	(334 403)	-	(843 107)	-	-	-	(1 177 510)	
Deferred tax	(232 559)	(2 188)	(51 364)	-	-	-	(286 111)	
Net profit (loss) for the year - after tax	(64 145 313)	(1 861 792)	754 801	(1 523 752)	6 393 944	63 466 914	3 084 802	
Attributable to:								
Holding company owners share	(63 703 694)	(1 845 178)	598 517	(1 511 663)	6 393 944	63 466 914	3 398 840	
Non-controlling interests share	(441 619)	(16 614)	156 284	(12 089)	-	-	(314 038)	
Net profit (loss) for the year	(64 145 313)	(1 861 792)	754 801	(1 523 752)	6 393 944	63 466 914	3 084 802	

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
 Notes to the consolidated financial statements for the year ended 31 January 2019

37 - Segment analysis

37-2 Operating results divided to group company's business activities for the financial year ended 31/1/2018

	Business activities							Total after eliminations
	Formal	Causal	Luxury	Real estate Investment	Investment	Eliminations		
	USD	USD	USD	USD	USD	USD	USD	
Total Revenues	247 199 975	15 216 225	64 601 601	-	-	1 754 200	328 772 001	
Sales between companies for the same segment	24 850 009	-	5 958 444	-	-	(30 808 453)	-	
Net Revenues	222 349 966	15 216 225	58 643 157	-	-	(58 026 559)	239 936 989	
Revenue from external customers	198 267 252	14 299 393	25 616 144	-	-	1 754 200	239 936 989	
Intercompany group sales	24 082 714	916 832	33 027 013	-	-	(58 026 559)	-	
Total	222 349 966	15 216 225	58 643 157	-	-	(58 026 559)	239 936 989	
Cost of Revenue	(154 435 323)	(13 034 411)	(41 881 852)	-	-	58 949 699	(150 401 887)	
Gross profit	67 914 643	2 181 814	16 761 305	-	-	2 677 340	89 535 102	
Other revenues	1 624 891	690 800	1 032 505	386 623	5 295 723	(4 572 550)	4 457 992	
Distribution expenses	(45 590 105)	(665 431)	(7 558 226)	-	-	20 509	(53 793 253)	
General and administrative expenses	(14 158 637)	(934 944)	(6 024 386)	(1 864 798)	(2 377 197)	3 642 878	(21 717 084)	
Other expenses	(209 317)	(48 669)	(33 222)	-	(87 667)	-	(378 875)	
Operating profit (loss)	9 581 475	1 223 570	4 177 976	(1 478 175)	2 830 859	1 768 177	18 103 882	
Group's share of results of joint ventures	-	-	65 468	-	-	-	65 468	
Loss of sold investments available for sale	-	-	(851 134)	-	-	-	(851 134)	
Finance cost (net)	(5 069 961)	(733 115)	(2 355 481)	(28 199)	(904 998)	(16 184)	(9 107 938)	
Net profit (loss) for the year - before tax	4 511 514	490 455	1 036 829	(1 506 374)	1 925 861	1 751 993	8 210 278	
Income tax for the year	(517 203)	-	(455 891)	-	-	-	(973 094)	
Deferred tax	(11 023)	(1 742)	(187 110)	173	-	-	(199 702)	
Net profit (loss) for the year - after tax	3 983 288	488 713	393 828	(1 506 201)	1 925 861	1 751 993	7 037 482	
Attributable to:								
Holding company owners share	3 581 776	485 182	336 133	(1 494 263)	1 925 861	1 751 993	6 586 682	
Non-controlling interests share	401 512	3 531	57 695	(11 938)	-	-	450 800	
Net profit (loss) for the year	3 983 288	488 713	393 828	(1 506 201)	1 925 861	1 751 993	7 037 482	

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

Notes to the consolidated financial statements for the year ended 31 January 2019

38 - Capital commitments

The capital commitments of the Group as at 31/1/2019 amounted to USD 206 090 .

39 - Contingent liabilities

Letters of guarantee issued by banks to the favor of the company and its subsidiaries in at 31/1/2019 amount to USD 16 058 409 .

40 - 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>Egypt Tailoring Garments</u>
	USD	USD	USD
	Buildings	Buildings	Land
The leased asset	50 years	50 years	-
Estimated useful life	7 696 967	10 715 803	5 959 003
Total sales value	9 757 990	13 634 602	7 578 903
Total contractual value	1 158 110	1 607 370	1 225 171
Advance payment	5 990 579	6 960 674	4 800 483
Total Capital gain	1 506 322	1 874 614	931 230
Lease expense during the year	937 923	386 623	685 783
Capital gain during the year	3 230 987	3 436 352	3 176 866
Accrued installments until the end of the contract (Less than 5 years)			
The end of contract	June 2021	December 2020	June 2022

41 - Financial instruments

Credit risk

The maximum exposure to credit risk in USD at the date of the consolidated financial statements

	Carrying amount	
	31/1/2019	31/1/2018
	USD	USD
Investments available for sale	2 952 379	2 952 368
Debtors on sale of investments	35 600 000	35 600 000
Debtors and other debit balances	124 203 436	129 353 340
Due from related parties	541 538	383 826
Cash and cash equivalents	62 365 014	28 157 021

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

Liquidity risk

The contractual terms of the USD financial liabilities are as follows:

	Carrying amount		Due date	
	USD	USD	Within	2-5 Years
			one year	USD
Banks - credit facilities	189 081 553	189 081 553	-	-
Creditors and other credit balances	51 915 783	51 915 783	-	-
Long-term loans	30 335 704	9 234 598	21 011 106	
Long-term liabilities	5 577 648	-	5 577 648	

Foreign exchange risk

The Group is exposed to foreign exchange risk at 31 January 2019 according to amounts in currencies as follows:

	31/1/2019	31/1/2018
	Surplus (Deficit)	Surplus (Deficit)
US dollars	111 096 889	214 754 770
Euro	(22 294 010)	11 355 919
Sterling Pound	(1 841 260)	(4 756 772)
Egyptian Pound	868 062 451	481 363 068

The following is a statement of foreign exchange rates against the USD

	Closing Rate		Average exchange rate	
	31/1/2019	31/1/2018	31/1/2019	31/1/2018
Euro	1.1371	1.2000	1.1816	1.1286
Sterling Pound	1.3127	1.4168	1.3285	1.3002
Egyptian Pound	0.0557	0.0562	0.0560	0.0560

42 - 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 witch replaced by article No. 41 of law 72 of 2017.

The company was checked about the salaries tax from the beginning of the activity until 2013, and the final tax incidence was made.

The years 2014-2017 are under review by the competent Tax Office. The tax deducted is paid monthly on legal dates.

The company pays the discount and the addition tax to the central administration of the deduction and addition under the tax calculation in legal times.

Subsidiaries in Egypt subject to tax

Concrete Garments Company

Fund companies tax

- Years from the date of beginning of the activity until 20 February 2005 (date of merger), Tax inspection was carried out and all taxes due were paid.
- From 21 February 2005 to 31 December 2008, the Company was not included in the tax inspection sample.
- The years 2009/2012, tax inspection was carried out, and the company was notified with forms (19). It was objected to them in legal times and was referred to the internal committee.
- The tax inspection has not been conducted for the following years and the company provides tax returns on legal dates and payment the tax dues from these returns.

Salaries tax

Tax inspection was carried out until 2013. All the dues were paid and the following years to date were not examined.

Stamp tax

Tax inspection was carried out until 31/7/2006 and all the dues were paid. The following years have not been examined.

Value-added tax

Tax inspection was carried out until 2015 and all dues were paid. The following years have not been examined.

Port Said Garments Company

Fund companies tax

- Tax inspection was carried out until 2002 and all dues were paid.
- Tax inspection has not been conducted for the following years. Company provides tax returns on legal dates and payment the tax dues from these returns.

Salaries tax

- Tax inspection was carried out until 2016. All the dues were paid.
- The following years to date were not examined.

Stamp tax

- Tax inspection was carried out until 31/7/2001 and all the dues were paid.
- Tax inspection was carried out until 2004. The company was not exposed to tax differences for those years.
- The following years have not been examined.

Golden tex wool Company

Fund companies tax

- Tax inspection was carried out until 2004 and all dues were paid.
- The years 2005/2010, tax inspection was carried out, and the company was notified with forms (19). It was objected to them in legal times and the dispute has not yet been resolved.
- The tax inspection has not been conducted for the following years and the company provides tax returns on legal dates and payment the tax dues from these returns.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

Salaries tax

- Tax inspection was carried out until 2006. All the dues were paid.
- The following years to date were not examined.

Stamp tax

- Tax inspection was carried out until 2008 and all the dues were paid.
- The following years have not been examined.

Value-added tax

- Tax inspection was carried out until 2010 and all the dues were paid.
- The years 2011/2012, tax inspection was carried out, and the company was not notified with form (15) after modification.
- The following years have not been examined.

Euromed for trading & Marketing Company

Fund companies tax

- Tax inspection was carried out until 2010 and all dues were paid.
- Tax inspection has not been conducted for the following years. Company provides tax returns on legal dates and payment the tax dues from these returns.

Salaries tax

- Tax inspection was carried out until 2013. All the dues were paid.
- The following years to date were not examined.

Stamp tax

- Tax inspection was carried out until 30/7/2006 and all the dues were paid.
- The following years have not been examined.

Value-added tax

- Tax inspection was carried out until 2016 and all the dues were paid.
- The following years have not been examined.

Al Arafa for real estate investment

Fund companies tax

To date, tax inspection has not been conducted. Company provides tax returns on legal dates and payment the tax dues from these returns.

Salaries tax

To date, tax inspection has not been conducted.

Stamp tax

To date, tax inspection has not been conducted.

Value-added tax

The Company is not subject to Value-added tax in accordance with Law 11 of 1991 which replaced by Law 67 of 2016.

Egypt tailoring company

In accordance with the merger decision, the merging company replaces the merged company with the rights and obligations. The merged company has submitted a notice of discontinuation of the merger and has been deregistered from the commercial register.

Fund companies tax

- Years from the date of beginning of the activity until 2007, Tax inspection was carried out and no tax differences have been due for those years.
- From 2008 until 31 May 2014 (date of merger), tax inspection was carried out, and the company was notified with forms (19). It was objected to them in legal times and has not obtained a decision to re-examine to date.
- The tax inspection was not carried out from 31 May 2014 (the date of the merger) to date, Company provides tax returns on legal dates and payment the tax dues from these returns.

Salaries tax

- Tax inspection was carried out until 2005. All the dues were paid.
- The following years to date were not examined.

Stamp tax

- Tax inspection was carried out until 2013 and all the dues were paid.
- The following years have not been examined.

Value-added tax

- Tax inspection was carried out until 2016 and all the dues were paid.
- The following years have not been examined.

White Head Spinning Company

Fund companies tax

- The company benefited from tax exemption for ten years ended on 31/12/2013.
- Tax inspection was carried out 2014, and the company was notified with forms (19). It was objected to them in legal time.
- The following years have not been examined.

Salaries tax

- Tax inspection was carried out until 2016. All the dues were paid.
- The years from 2009 until 2013 are under review.
- The following years to date were not examined.

Stamp tax

- Tax inspection was carried out until 2017 and all the dues were paid.
- The following years have not been examined.

Value-added tax

- Tax inspection was carried out until 2014 and all the dues were paid.
- The following years have not been examined.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the year ended 31 January 2019

Crystal for Making shirts

Fund companies tax

To date, tax inspection has not been conducted. Company provides tax returns on legal dates and payment the tax dues from these returns.

Salaries tax

To date, tax inspection has not been conducted.

Stamp tax

To date, tax inspection has not been conducted.

Value-added tax

To date, tax inspection has not been conducted.

Subsidiaries in Egypt not subject to tax (free zone system)

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 Garments

These Companies 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.

43 - Comparative figures

Comparative figures are reclassified as necessary to conform to changes in presentation used in the current year.