Translated From Arabic

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Under Public Free Zone)

Consolidated Financial Statements for
the financial Year Ended January 31, 2020
and Auditors' Reports

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Under Public Free Zone)

Consolidated Financial Statements for the financial Year Ended January 31, 2020 and Auditors' Reports

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KPMG

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AUDITOR'S REPORT

To \ The Shareholders of Al Arafa for Investment and Consultancies (An Egyptian Joint company – Under Public Free Zone)

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Al Arafa for Investment and Consultancies (An Egyptian Joint company – Under Public Free Zone), which comprise the consolidated statement of financial position as of January 31, 2020, 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 consolidated 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 the 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 and 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 to comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

The consolidated financial statements of the merging company as of January 31, 2019 were audited by another auditor a report was issued with an unqualified opinion on these financial statements as of April 21, 2019, and the financial statements of the merged companies on December 10, 2019 were audited by another auditor and a report was issued with an unqualified opinion on those financial statements, Taking into consideration the financial reporting framework requirements for the comparative figures.

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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 purpose of 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, the consolidated financial position of Al Arafa for Investment and Consultancies (An Egyptian Joint company – Public Free Zone) as of January 31, 2020 and of its financial performance and its consolidated cash flows for the financial 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.

Emphasis of matters

Without qualifying our aforementioned opinion, we draw attention to the following :

As detailed in notes No. (1-4) of the notes to the consolidated financial statements, the decree of the formed committee was issued by the General Authority for Investment and Free Zones, approved on the first of July 2019 to the initial assessment of the assets and liabilities of the following companies for the purpose of merging Al Arafa for Investment and Consultancies Company (An Egyptian joint stock company – public free zone) a merging company, with both Al Arafa for investments in Garments industry merged company, Al Arafa for investments in Spinning & Textile industry Company merged company, Al Arafa for investments in Garments Marketing & Retail Company (merged company) with the book values according to the financial statements as of October 31, 2018 for both the merging company and the merged companies taken as the basis for the merger.

According to the decree of the Extraordinary General Assembly of the merging company (Al Arafa for Investment and Consultancies Company) as of August 4, 2019 and the approval of the Financial Regulatory Authority as of November 25, 2019, it was agreed to determine the authorized capital of the merging company amounting USD 150 million (one hundred and fifty million USD) and as of issued and paid-up capital were determined amounting 94 050 000 USD (ninety-four million fifty thousand USD) distributed over 470 250 000 shares (four hundred seventy million two hundred and fifty thousand shares) the value of each share is 20 US cents. It is represented in the total of net of owner's equity of the merging company, Al Arafa for Investment and Consultancies Company and the net minority rights in the merged companies according to the report of the formed committee by the General Authority for Investment and Free Zones. The Executive Chairman of the General Authority for Investment and Free Zones No. 85 of 2019 issued an authorization to merger, and this was notified in the commercial register of the company on December 10, 2019 authorizing the merger, as well as transferring all the rights and obligations of the merged companies to Al Arafa for Investment and Consultancies Company on that date and the financial statements presented include the financial implications arising from this merger.

***KPMG* Hazem Hassan**
Public Accountants and Consultants

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and consultants

Alexandria on May 21, 2020

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(A.R no. 3764)	(A.R no. 4994)	(A.R no. 15030)	(A.R no. 14697)

Translated From Arabic

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 January 31, 2020 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 in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements, 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 purpose of 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.

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Translated From Arabic

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects on the consolidated financial position of Al Arafa for Investment and Consultancies Company (S.A.E) as of January 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the financial 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, May 21, 2020

Auditor

Youssef Kamel
EFSA,S register of auditors
No. (112)
(A.R.NO. 3764)

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

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Public Free Zone)
Consolidated statement of financial position as of January 31, 2020

	Note No.	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Assets			
Non-current assets			
Property, plant & equipment (net)	(39-4), (12)	54 306 950	50 832 385
Projects under construction	(39-5), (13)	5 324 800	5 897 691
Goodwill	(39-6), (14)	30 714 267	30 918 257
Financial investments	(39-7-2), (15)	2 616 479	2 757 557
Investments in joint ventures	(16)	--	650 076
Investments in associate companies	(39-7-1), (17)	4 940 454	--
Deferred tax assets	(39-22-v), (18)	20 985	21 238
Intangible assets	(39-6), (19)	19 756 510	19 647 606
Other long-term assets – English Baird group retirement system		4 757 757	294 045
Total non-current assets		**122 438 202**	**111 018 855**
Current Assets			
Work in progress	(39-9), (20)	4 245 111	465 612
Inventories	(39-12), (21)	108 343 568	115 014 313
Trade receivables and debtors	(39-13),(22)	90 065 371	105 286 456
Due from related parties	(36)	1 489 887	541 538
Financial investments (treasury bills) more than three months	(39-10)	--	1 645 434
Cash in banks and on hand	(39-14), (23)	85 404 454	62 365 014
Total current assets		**289 548 391**	**285 318 367**
Total assets		**411 986 593**	**396 337 222**
Equity			
Issued and Paid up capital	(39-17), (33-1-2)	94 050 000	94 050 000
Treasury stocks		--	(1 161 530)
Reserves	(39-23), (33-1-3)	35 109 480	29 741 876
Retained Earnings		27 517 144	37 109 061
The difference arising from the acquisition and change in the ownership interests of subsidiary companies (under joint control)	(39-1-V)	(28 103 401)	(27 651 899)
Foreign entities translation differences	(39-3)	(52 468 825)	(45 273 280)
Net profit for the year		15 082 576	3 398 840
		91 186 974	**90 213 068**
Non-controlling interests	(39-1- ii)	3 512 111	10 081 904
Total Equity		**94 699 085**	**100 294 972**

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Public Free Zone)
Cont: Consolidated statement of financial position as of January 31, 2020

	Note No	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Liabilities			
Non-current liabilities			
long-term loans	(39-18), (24)	12 409 305	21 011 106
Long-term notes payable	(39-19)	3 500 853	1 030 924
Other long-term liabilities	(39-19), (25)	12 613 053	4 546 724
Total non-current liabilities		**28 523 211**	**26 588 754**
Current liabilities			
provisions	(39-20), (27)	665 082	1 866 164
Banks – credit balances	(39-14)	215 101 416	195 940 411
Trade payables and other credit balances	(39-19), (26)	61 584 978	61 144 813
Income tax - due	(39-22-iv)	771 090	1 177 510
Loans installments and credit facilities due within one year	(39-18), (24)	10 641 731	9 324 598
Total current liabilities		**288 764 297**	**269 453 496**
Total equity and liabilities		**411 986 593**	**396 337 222**

- The notes on pages (13) to (66) are an integral part of these consolidated financial statements.
- Auditor's Reports "attached"
- Date: May 21, 2020

Financial Manager

Accountant / Mohamed Mohamed Mohy Eldeen

Chairman and Managing Director

Dr / Alaa Ahmed Abdel-Maksoud Arafa

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Public Free Zone)
Consolidated Income statement for the financial year Ended January 31, 2020

	Note No	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Operation revenues	(39-21), (4)	224 997 100	236 554 009
Operation cost	(39-22), (5)	(146 813 989)	(151 616 597)
Gross profit of operation		**78 183 111**	**84 937 412**
Other income	(6)	3 437 915	5 374 054
Selling and distribution expenses	(39-22), (7)	(52 778 654)	(55 846 822)
General and administrative expenses	(39-22), (8)	(21 133 734)	(25 941 998)
Other expenses	(39-22), (9)	(435 271)	(1 404 061)
Profit from operating activities		**7 273 367**	**7 118 585**
Share of the group from results of joint ventures activities	(39-1- v)	28 726	26 690
Share of the group from results of associate companies activities	(39-1- v)	(280 012)	--
Finance revenues	(39-21- iv), (10)	21 920 291	9 975 159
Finance expenses	(39-22- ii), (11)	(12 971 759)	(12 572 011)
Net Profit before tax		**15 970 613**	**4 548 423**
Income tax	(39-22- iv)	(771 098)	(1 177 510)
Deferred tax	(39-22- v)	5 796	(286 111)
Net profit for the year after tax		**15 205 311**	**3 084 802**
Distributed as follows:			
Share of holding company's shareholders		15 082 576	3 398 840
Share of Non – controlling interests		122 735	(314 038)
Net profit for the year		**15 205 311**	**3 084 802**

- The notes on pages (13) to (66) are an integral part of these consolidated financial statements.

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Public Free Zone)
Consolidated Comprehensive Income statement for the financial year ended January 31, 2020

	Note No	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Net profit for the year		15 205 311	3 084 802
Other comprehensive income items:			
The Effect of a Cash Flow Hedge Tool (English Baird Group)		(340 160)	1 616 883
Actuarial profit for the private retirement system (English Baird Group)		186 705	3 081 205
Foreign entities translation differences	(39-3)	(7 195 545)	(2 804 782)
Total comprehensive income for the year		**7 856 311**	**4 978 108**
Distributed as follows:			
Share of holding company's shareholders		7 733 558	5 292 146
Share of Non – controlling interest		122 753	(314 038)
Total comprehensive income for the year		**7 856 311**	**4 978 108**

- The notes on pages (13) to (66) are an integral part of these consolidated financial statements.

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Public Free Zone)
Consolidated statement of changes in equity for the financial year ended January 31, 2020

	Issued and Paid up Capital USD	Treasury stocks USD	reserves USD	Retained earnings USD	The difference arising from the acquisition and change in the ownership interests of subsidiary companies (under joint control) USD	Foreign entities translation differences USD	Net profits for the year USD	Net equity of the holding company USD	Non-controlling interest USD	Total USD
Balance as of February 1ST, 2018	**94 050 000**	**(1 161 530)**	**99 983 170**	**28 230 744**	**(27 651 899)**	**(42 468 498)**	**6 586 682**	**157 568 669**	**10 240 744**	**167 809 413**
Transactions with company's shareholders										
Closing profits of the financial year ended January 31, 2018	--	--	--	6 586 682	--	--	(6 586 682)	--	--	--
Cash dividends for the financial year ended January 31, 2018	--	--	167 978	(167 978)	--	--	--	--	--	--
adjustments	--	--	--	(8 784 942)	--	--	--	(8 784 942)	--	(8 784 942)
Total Transactions with company's shareholders	**--**	**--**	**167 978**	**(2 366 238)**	**--**	**--**	**(6 586 682)**	**(8 784 942)**	**--**	**(8 784 942)**
Comprehensive income items										
Net profit on January 31, 2019	--	--	--	--	--	--	3 398 840	3 398 840	--	3 398 840
Other comprehensive income items	--	--	--	4 698 088	--	(2 804 782)	--	1 893 306	--	1 893 306
Non-controlling interests shares in subsidiaries companies	--	--	--	--	--	--	--	--	(618 047)	(618 047)
Total comprehensive income	**--**	**--**	**--**	**4 698 088**	**--**	**(2 804 782)**	**3 398 840**	**5 292 146**	**(618 047)**	**4 674 099**
Net balance as of January 31,2019	**94 050 000**	**(1 161 530)**	**100 151 148**	**30 562 594**	**(27 651 899)**	**(45 273 280)**	**3 398 840**	**154 075 873**	**9 622 697**	**163 698 570**

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Public Free Zone)
Consolidated Statement of changes in equity for the financial year Ended January 31, 2020

	Issued and Paid up Capital USD	Treasury stocks USD	reserves USD	Retained earnings USD	The difference arising from the acquisition and change in the ownership interests of subsidiary companies (under joint control) USD	Foreign entities translation differences USD	Net profit for the year USD	Net equity of the holding company USD	Non-controlling interests USD	Total USD
Balance as of February 1ST, 2019	**94 050 000**	**(1 161 530)**	**100 151 148**	**30 562 594**	**(27 651 899)**	**(45 273 280)**	**3 398 840**	**154 075 873**	**9 622 697**	**163 698 570**
General Authority for Investment adjustments	--	--	(70 409 272)	6 546 467	--	--	--	(63 862 805)	459 207	(63 403 598)
Balance as of February 1ST, 2019 after General Authority for Investment adjustments	**94 050 000**	**(1 161 530)**	**29 741 876**	**37 109 061**	**(27 651 899)**	**(45 273 280)**	**3 398 840**	**90 213 068**	**10 081 904**	**100 294 972**
Transactions with company's shareholders										
Closing profits of the financial year ended January 31, 2019	--	--	--	3 398 840	--	--	(3 398 840)	--	--	--
Sale of treasury stocks	--	1 161 530	(890 207)	--	--	--	--	271 323	--	271 323
The effect of the acquisition of subsidiaries shares	--	--	--	--	(205 761)	--	--	(205 761)	--	(205 761)
the effect of transforming an investment in a joint venture to subsidiary company	--	--	--	--	(245 741)	--	--	(245 741)	--	(245 741)
Adjustments on General Authority for Investment	--	--	6 257 811	(11 060 761)	--	--	--	(4 802 950)	--	(4 802 950)
Adjustments on retained earnings (subsidiary company)	--	--	--	(1 776 541)	--	--	--	(1 776 541)	--	(1 776 541)
Total Transactions with company's shareholders	**--**	**1 161 530**	**5 367 604**	**(9 438 462)**	**(451 502)**	**--**	**(3 398 840)**	**(6 759 670)**	**--**	**(6 759 670)**
Comprehensive income items										
Net profits on 31 January 31, 2020	--	--	--	--	--	--	15 082 576	15 082 576	--	15 082 576
Other comprehensive income items	--	--	--	(153 455)	--	(7 195 545)	--	(7 349 000)	--	(7 349 000)
Non-controlling interests shares in subsidiaries companies	--	--	--	--	--	--	--	--	(6 569 793)	(6 569 793)
Total comprehensive income	**--**	**--**	**--**	**(153 455)**	**--**	**(7 195 545)**	**15 082 576**	**7 733 576**	**(6 569 793)**	**1 163 783**
Net balance as of January 31,2020	**94 050 000**	**--**	**35 109 480**	**27 517 144**	**(28 103 401)**	**(52 468 825)**	**15 082 576**	**91 186 974**	**3 512 111**	**94 699 085**

- The notes on pages (13) to (66) are an integral part of these consolidated financial statements.

Al Arafa for Investment and Consultancies
(An Egyptian Joint company – Public Free Zone)
Consolidated Statement of cash flows for the financial year Ended January 31, 2020

	Note No	January 31,2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Cash flows from operating activities:			
Profit for the year before tax and non-controlling interests		15 082 576	3 398 840
Adjustments for the followings :			
Property, plant and equipment depreciation	(12)	5 695 007	5 882 515
Capital gain from sale of Property, plant and equipment	(6)	(664 555)	(927 809)
Foreign currency exchange differences	(10)	(810 121)	--
Adjustments arising from lease contracts	(25)	(3 952 220)	--
Effect of transformation – associate companies		1 930 592	--
Effect of transformation – subsidiary companies		(44 205)	--
Impairment of goodwill	(14)	203 990	--
Change in available for sale investments	(15)	(181 815)	--
Deferred tax assets	(18)	253	286 111
Impairment of trade receivables and debtors	(22)	(505 462)	19 539 690
Provisions formed during the year	(27)	86 400	1 158 647
Utilized provisions	(27)	(1 287 483)	(54 351)
Provisions reversed	(27)	--	(132 566)
Foreign entities translation differences	(39-3)	(7 195 545)	--
The difference arising from the acquisition of subsidiary companies (under joint control)	(33-1-4)	(451 502)	--
Adjustments		--	(8 784 942)
Interest and finance expenses	(11)	12 971 759	12 572 011
Amortization of intangible assets – trademarks		--	2 622 459
Actuarial profits		--	3 081 205
The share of the group from joint ventures activities		--	(26 690)
The effect of Cash Flow Hedge Tool		--	1 616 883
Credit interest revenues	(10)	(6 971 801)	(5 679 842)
		13 905 868	**34 552 161**
Change in inventories	(21)	6 670 744	(7 793 058)
Change in trade receivables, debtors and due from related parties	(22)	14 778 198	(14 590 703)
Change Work in progress	(20)	(3 779 499)	--
Change in trade payable, other credit balances and due to related parties	(26)	(6 411 917)	(3 705 362)
Net cash provided from operating activities		**25 163 394**	**8 463 038**
Interest and finance expense paid	(11)	(12 971 759)	(8 125 635)
Paid income tax		(1 177 510)	(973 094)
Net cash flows provided from / (used in) operating activities		**11 014 125**	**(635 691)**
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment and projects under construction	(12), (13)	(6 133 562)	(4 015 196)
Proceeds from sale of property, plant and equipment	(12)	1 077 391	1 147 709
Available for sale investments	(15)	322 893	--
Investments in joint ventures	(16)	650 076	--
Investments in associate companies	(17)	(4 940 454)	--
Payments of intangible assets – trademarks	(19)	(108 904)	--
Other long-term assets –English baird group		(4 463 712)	--
Proceeds / (payments) from treasury bills due after three months		1 645 434	10 129 858
Interest revenues collected	(10)	6 971 801	5 238 393
Net cash flows (used in) / provided from investing activities		**(4 979 037)**	**12 500 764**
Cash flows from financing activities			
Long term loans	(24)	(8 601 801)	(22 553 604)
Change in non-controlling interest		(6 569 793)	(618 047)
Net proceeds from banks credit facilities	(23)	19 192 215	48 670 055
Notes payable – long term	(26)	2 469 929	--
Sale of treasury stocks		1 161 530	--
Loans installments and credit facilities due within one year	(24)	1 317 133	--
Other long-term liabilities	(25)	8 066 329	(1 958 957)
Net cash flows provided from financing activities		**17 035 542**	**23 539 447**
Net change in cash and cash equivalents during the year		**23 070 630**	**35 404 520**
Cash and cash equivalents at the beginning of the year	**(23)**	**55 506 176**	**20 101 656**
Cash and cash equivalents at the end of the year	**(23)**	**78 576 806**	**55 506 176**

- The notes on pages (13) to (66) are an integral part of these consolidated financial statements.

1- Background and activities

1-1 Legal entity

- Al Arafa for Investment and Consulting Company – An Egyptian Joint Stock Company – was established in accordance with the provisions of the safeguards law and investment incentives No. (8) for the year (1997), which are replaced by law (72) for the year (2017) with the free zones system.

- The Board of Directors of Swiss Garments Company (S.A.E.) – Free Zone (subsidiary company) proposed in its meeting held on the 18th of June 2005 to separate the Company into two Joint Stock Companies (main Company and Spin-off Company) operating according to the Free Zones System with the same shareholders and the same participation percentage in the issued capital company's as at of separation 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 separation. As 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 As the company's Extraordinary General Assembly at its session held on October 14,2005 agreed on the mentioned board of director's proposal, as a final approval on the issuance of the separation decision was taken by the general Authority for Investment and Free Zones as of November 24,2005.

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

- The company's amendment has been registered in the commercial registry with no. 17426 on 16/1/2006.

- According to the merging company's main statute, the company's financial year start from the first of February from each year and ends at 31 January from the next year, rule 55.

- The Company term is 25 years, Starting from the date of this amendment registration to the commercial register.

- Company's location: Nasr city free zone, Cairo, Arab Republic of Egypt.

- The Company's Chairman and Managing Director is Dr / Alaa Ahmed Abdel-Maksoud Arafa

- The consolidated financial statements were approved for issuance by the company's board of directors on May 21, 2020.

1-2 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.

1-4 Merger of both Al Arafa for Investment and Consultancies Company (S. A. E.) with the General Free Zone System (merging company) and Al Arafa for Investment in Garments industry Company (merged company), Al Arafa for Investment in Spinning and Textile Industry Company (merged company), and Al Arafa for Investments in Garments Marketing and Retail Company (merged company)

The decision of the formed committee was issued by the General Authority for Investment and Free Zones, approved on the first of July 2019 to enquire the initial assessment of the assets and liabilities of the following companies for the purpose of merging with the Al Arafa for Investment and Consultancies Company (S. A. E.) merging company with both Al Arafa for Investment in Spinning and Textile Industry Company (S. A. E.) (free zone), and Al Arafa for Investment in Garments industry Company (S. A. E.) (free zone) and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) in book values according to the financial statements of the merging company and the merged companies on October 31, 2018. Mainly taken as a basis for the merger.

And establishing the net equity of Al Arafa for Investment and Consultancies Company (merging company) on October 31, 2018 amounting of 146 935 721 USD (one hundred forty six million nine hundred thirty five thousand seven hundred and twenty one USD) and the net non-controlling interest in the Al Arafa for Investment in Garments industry Company (merged company) deficit of USD 31 971 885 (thirty one million nine hundred seventy one thousand eight hundred eighty five USD) and the Al Arafa for Investment in Spinning and Textile Industry Company (merged company) The amounting 16 753 USD (sixteen thousand seven hundred and fifty three USD) after excluding the value of the investments of Al Arafa for Investment and Consultancies Company (the merging company) in Al Arafa for Investment in Spinning and Textile Industry Company (merged company) amounting 2 077 340 USD (two million and seventy seven thousand and three hundred and forty USD), and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (merged company) deficit of USD 3 896 892 (three million eight hundred ninety six thousand eight hundred and ninety two USD).

According to the decision of the extraordinary general assembly of the company on 4 August, 2019, it was agreed to specify the authorized capital of the merging company Amounting 150 million USD (one hundred and fifty million USD) as the issued and paid-up capital of the company in the amounting 94 050 000 USD (ninety four million fifty thousand USD) distributed over the amounting 470 250 000 shares (four hundred seventy million two hundred and fifty thousand shares) each share value is 20 US cents. It is represented by the total equity in the merging company, Al Arafa for Investment and Consultancies Company and the equity of non-controlling interest in the merged companies according to the report of the committee formed by the General Authority for Investment and Free Zones and according to the decision of the Executive chairman of the General Authority for Investment and Free Zones No. 85 of 2019 regarding licensing the merger of each of the Al Arafa for Investment in Spinning and Textile Industry Company (S. A. E.), and Al Arafa for Investment in Garments industry Company (S. A. E.) and Al Arafa for Investments in Garments Marketing and Retail Company (S. A. E.) (free zone) (merged companies) in Al Arafa for Investment and Consultancies Company (S. A. E.) merging company in the public free zones system in Nasr City, and this was notified in the company's commercial registry on December 10, 2019.

1-5 Subsidiary Companies

Subsidiary's Name	Legal Entity	Ownership Percentage 31/1/2020	31/1/2019
Direct contribution			
Concrete Garments Company	(S.A.E.)	91.64 %	91.64 %
Swiss Cotton Garments Company	(S.A.E. Free Zone)	99.20 %	99.20 %
Egypt Tailoring Garments Company	(S.A.E)	99.40 %	99.40 %
Crystal for Making shirts *	(S.A.E.)	99.90 %	87.67 %
Fashion Industry	(S.A.E Free Zone.)	89.80 %	89.80 %
Camegit for Garments Manufacturing **	(S.A.E.)	99.50 %	49.50 %
Egypt Portugal Marketing Company	(S.A.E Free Zone.)	59 %	59 %
EP Garments	(S.A.P.)	60 %	60 %
Euromed for trading & marketing Company	(S.A.E.)	96.97 %	96.97 %
White Head Spinning Company	(S.A.E.)	44.10 %	44.10 %
Port Said Garments Company	(S.A.E.)	97.17 %	97.17 %
Swiss Garments Company	(S.A.E Free Zone.)	99.20 %	99.20 %
Baird Group	(U.K)	98.15 %	98.15 %
AI Arafa for real estate investment	(S.A.E.)	98.48 %	98.48 %
Indirect contribution			
Savini Garments Company ***	(S.A.E)	49.20 %	49.20 %

* On 4 September 2019, Al Arafa for Investment and Consultancies Company purchased 11.22 % of the shares of Crystal For Making Shirts Company, making the shareholding capital of the company 99.9% instead of 87.67%.

** On 27 June 2019, Al Arafa for Investment and Consultancies Company acquired 50 % of the shares of Camegit for Garments Manufacturing Company in addition to 49.5 % ownership through Al Arafa for investments in Garments Marketing & Retail to become the combined contribution ratio is 99.48 %.

*** Kithan is listed as a subsidiary as it is 49.2% owned directly by Al Arafa for Investment and Consultancies and indirectly through Swiss Garments Company with 50% investment.

The name of the company was also changed to "Savini Garments Company – S.A.E", this was registered in the commercial register of the Company on 27/1/2010.

Associate companies have not been accounted for using the equity method

	Share Percentage 31/1/2020	31/1/2019	Country
Metco (Indirect ownership) Indirect contribution	48.5 %	48.5 %	Egypt

Metco has not been accounted for using the equity method as a result of a management contract whereby other shareholders retain full control over the financial and operating policies of the Company and the Group does not have voting rights on the Board of Directors.

1-5-1 Concrete Garments Company

- Concrete Cotton Products (S.A.E.) was established in accordance with the provisions of the Investment Law No. 8 of 1997 regarding investment guarantees and incentives. The company was registered in the commercial registry under No. 5365 on September 1st , 2003.
- Concrete Cotton Products Company (merged company) was merged into Concrete Garments Company (merging Company) based on the approval of the Extraordinary General Assembly on September 29, 2003 to merge Concrete Garments Company - S.A.E. (Merged Company) into Concrete Products Company Cotton (merging company) on the basis of the financial position of each of the two companies on 31 July, 2003, and the approval of the extraordinary general assembly in its session held on 25 December, 2004 on the result of the evaluation prepared by the committee formed by the Capital Market Authority to Ministerial Resolution No. 106 of 2004 and has been indicated the merger in commercial register on 22 February, 2005.
- The company name was changed to Concrete Garments Company based on the decision of the Extraordinary General Assembly on December 25, 2004 and it was indicated in the company's commercial register on February 22, 2005.
- According to article (5) of the company's bylaws, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.
- The company is located at 37 Gamaet Eldewal Elarabia Street - Giza.
- The Chairman of the Board is Eng. Maha Hashem Mohamed Kamal
- Establishing and operating a factory to manufacture garments of all shapes, varieties, types, accessories, ties, and the production of fabrics necessary for its manufacture, embroidery, furnishing and import.
- The company may have an interest or participate in any way with companies and others that carry out similar activities with its business or that help it achieve its purpose in Egypt or abroad, what it is permissible for them to merge or buy or join them in the previous authorities in accordance with the provisions of the law and its executive regulations.

1-5-2 Swiss Cotton Garments Company

- The company was established under the name "Swiss Cotton Garments Company - S.A.E. with a Special Free Zones System, in accordance with the provisions of the laws in the Arab Republic of Egypt under the provisions of the Investment Guarantees and Incentives Law Issued by Law No. 8 of 1997 and Law No. 159 of 1981 issuing the Law of Joint Stock Companies and Companies Recommend the shares and limited liability companies and their executive regulations, and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations, and the decision of the President of the General Authority for Investment and Free Zones No. 748 / T of 2007 regarding licensing the establishment of the company in the special free zones system.
- The company duration is twenty-five years, starting from the date of its registration in the commercial registry on May 22, 2007.
- Company is located at plot from (6-191) to plot (6-198) medium industries area - Bayad Al Arab - New Beni Suef city - east of the Nile.
- The Chairman of the Board of Directors is Mrs. Hala Mohamed Kamal Hashem, and the Managing Director of the Board is Mr. Basem Mohamed Fadel Sultan.

1-5-3 Egypt Tailoring Garments Company

- The company was established under the name "Egyptian Fashion Garments Company - S.A.E." according to the provisions of the laws in the Arab Republic of Egypt under the provisions of the Investment Guarantees and Incentives Law issued by Law No. 8 of 1997 and taking into account the provisions of Law No. 95 of 1992 to issue the Capital Market Law and its executive regulations, and chairman decision of the General Authority for Investment and Free Zones No. 506 / T on May 12, 2014.

- On May 15, 2016, the Extraordinary General Assembly of the shareholders of Egyptian Fashion Garments Company - S.A.E. (merging company) decided unanimously to take the following decisions:

  A- Approval unanimously to amend the merger contract of Egypt Tailoring Garments Company - S.A.E. (merged company) in Egyptian Fashion Garments - Company - S.A.E. (merging company) as of 1 June, 2014, signed on 15 May, 2015 in light of the amendments by the association Extraordinary General Assembly held on 5 March, 2016 and approved by the General Authority for Investment and Free Zones on 20 April, 2016.

  B- Approval unanimously amending Articles No. (2), (3), (4), (5), (6), (7) of the bylaws.

  C- of the company in the company registration sheet in the commercial registry on June 26, 2016.

- According to the provision of Article (5) of the company's bylaws, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.

- The extraordinary general assembly of the company, held on May 15, 2016, decided to amend the company's duration to become the following:
  Twenty-five years starting from the date of indicated the merger contract in the company's commercial register on June 26, 2016.

- The name of the company has been modified to become Egypt Trailoring Company - S.A.E. according to the Extraordinary General Assembly Resolution dated March 5, 2016 and it was indicated in the Commercial Register on August 11, 2016.

- The company's located in Plot No. (1) east of Industrial Zone (A-1) in 10th of Ramadan City - Sharkeya

- Chairman of the Board of Directors Mrs. Sherine Ahmed Abdel Maksoud Arafa.

- According to the provision of Article (3) of the company's bylaws, the purpose of the company is to set up and operate a factory to produce ready-made garments of all kinds and export them, and the company may have an interest or participate in any way with companies and others that perform businesses similar to its business or that help them achieve their purpose in Egypt or abroad, and it is also permissible for them to merge, buy, or attach to the aforementioned bodies, according to the provisions of the law and its executive regulations.

- Establishing and operating a factory for the production of ready-made clothes of all shapes, varieties and types and exporting outside the country, subject to the provisions of applicable laws, regulations and decisions, and with the condition that the necessary licenses be issued to practice these activities.

- The company may have an interest or participate in any way with companies and others that carry out similar activities with its business or that help it achieve its purpose in Egypt or abroad, what it is permissible for them to merge or buy or join them in the previous authorities in accordance with the provisions of the law and its executive regulations.

- The amendment of Article (3) of the bylaws of the company was announced in the company registration sheet in the commercial registry on June 26, 2016.

1-5-4 <u>Crystal for Making shirts</u>

- The company was established in accordance with the provisions of the laws in the Arab Republic of Egypt in the framework of the provisions of the Investment Guarantees and Incentives Law promulgated by Law No. 8 of 1997 and Law No. 159 of 1981 regarding the issuance of the Law of Joint Stock Companies and Partnerships in Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of the Capital Market Law Issued by Law No. 59 of 1992 and its executive regulations, and decision of the president of the General Authority for Investment and Free Zones No. 1430 / T of 2010 regarding licensing the establishment of the company and registered in the commercial registry under No. 49900 Commercial Investment Registry of Cairo on January 3, 2011.

- According to the decision issued by the General Authority for Investment and Free Zones No. 481 / p on 21 March, 2011 regarding licensing to replace the text of the fourth article of the company’s bylaws, the company’s registration sheet was canceled in the previous commercial registry and a new registration sheet was issued in the commercial register under No. 51066 Commercial Investment Registry On March 28,2011.

- The company manufactures men's and children's ready-made clothes from woven fabrics, women’s and girls' ready-made clothes, and general children's ready-made clothes.

- On October 10, 2011, the Extraordinary General Assembly of the Company's shareholders decided to add the activities of various bedding groups to the purpose of the company, this addition was indicated in the company's registration sheet in the commercial registry on December 25, 2011.

- The company located in 12 Abu Jaafar Al-Nahhas Street - Heliopolis - Cairo. The activity site will be one of the approved industrial zones in all parts of the Arab Republic of Egypt except for North and South Sinai and East Qantara, The approval of the commission is required in advance, taking into account what was stated in Prime Minister decision No. 350 of 2007 and taking into account the decision of the President of the Arab Republic of Egypt No. 356 of 2008.

- On February 15, 2011 the extraordinary general assembly of the company's shareholders decided to amend the company's head office and activity site to become the company's main center and legal location and activity site is an area of 15815 square meters in the medium industries area of the new city of Beni Suef - Beni Suef, and leased from the Swiss Cotton Garments Company, This was indicated in the company registration sheet in the commercial registry according to the decision issued by the General Authority for Investment and Free Zones No. 481 / p dated 21 March, 2011.

1-5-5 <u>Fashion Industry</u>

- The company was established in the name of Koreni Egypt Garments - S.A.E. - operating in the public free zone system in Nasr City - according to the provisions of Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations and Law No. 159 of 1981 Issuing the Law of Joint Stock Companies and Partnerships in Shares and Limited Liability Companies and its executive regulations and decision of the Chairman of the General Authority for Investment and Free Zones No. 360 of 2006 regarding licensing the establishment of the company and was registered in the commercial registry under No. 18631 the Office of Commercial Unified Commercial Registry Office - Cairo - on 3 May, 2006 and was published its primary contract and bylaws in the newspaper Investment No. (1950) on May 17, 2006.

- On August 2, 2012, the extraordinary general assembly of the company decided to change the company name to become "Fashion Industry Garments". The General Authority for Investment and Free Zones Decision No. 118 / M of 2013 was issued regarding licensing the amendment of Article No. (2) of the bylaws of the company, and this was indicated in the company's newspaper in the commercial registry under No. 18683 on September 2, 2013.

- The purpose of the company is to undertake in the public free zone in Nasr City to engage in marketing activity in the Italian market and to provide fabrics and production requirements for the production of ready-made clothes and operate them with others outside the public free zone in Nasr City in the local market or other free zones and return the full product to the free zone and then re-export 100% out of the country.

1-5-6 Camegit for Garments Manufacturing

- Camegit for Garments Manufacturing - S.A.E. was established in the Arab Republic of Egypt in accordance with the provisions of Law 159 of 1981 and its executive regulations and the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and its executive regulations.

- The company's duration is twenty-five years, starting from the date of its registration in the commercial register. The company was registered in the commercial registry on November 19, 2011 under No. 55880.

- According to the provision of Article (5) of the company's bylaws, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.

- Company is located at the middle industries zone - New Beni Suef City.

- The Chairman of the Board Mrs. Hala Mohamed Kamal Hashem.

- The purpose of the company is to set up and operate a factory to manufacture ready-made clothes and shirts, manufacture production requirements, and export and distribute all of the company's products.

1-5-7 Egypt Portugal Marketing Company

- Egypt Portugal for trade and Marketing garments Company - S.A.E. - operating in the public free zone system in Nasr City in accordance with the provisions of Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations and Law No. 159 of 1981 Issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations, and it was registered in the commercial register under No. 27037 Unified investment and Commercial Registry Office - Cairo on September 4, 2007.

- The purpose of the company is to market all types of ready-made clothes globally and trade all kinds of ready-made clothes between Egypt and the markets globally and distribute them directly in various parts of the world with a commitment to export 100% of the volume of activity outside the Arab Republic of Egypt.

- The main center of the company and the activity site is the area leased from Al-Arafa for Investment and Consultancies Company - S.A.E. in Nasr City - Arab Republic of Egypt.

- Egypt Portugal for trade and Marketing garments Company - S.A.E. is a subsidiary of Al Arafa Investment and Consulting - S.A.E. - established in accordance with the provisions of Law No. 8 of 97 and registered in the commercial registry under No. 17426 on January 17, 2006 the Unified Investment Office in Cairo.

1-5-8 Euromed for trading & marketing Company

- Euromed for trading & marketing Company (S.A.E.) was established in accordance with the provisions of the Law on Joint Stock Companies and stock limited companies and Limited Liability Companies issued in Law No. 159 of 1981 and its executive regulations. The company was registered in the commercial registry on May 30, 2005.

- On 26 June, 2005, the extraordinary general assembly of Euromed for trading & marketing Company (S.A.E.) decided to approve the merger of Brands for trading & marketing Company (Alaa Ahmed Arafa & Co.) - a a limited partnership company - in it, on the basis of the financial position of two companies on June 30, 2005. Also, the Extraordinary General Assembly decided on December 1st, 2005 to approve the report of the evaluation committee formed by Ministerial decree No. 181/4 of 2005 and registered in the commercial registry on August 6, 2006.

- The Chairman of the General Authority for Investment and Free Zones No. 418 of 2006 were issued, and the previous ministerial decree was also published with the merger contract and the company's bylaws which includes amending articles No. (4), (6), (7) in the journal of investment - No. 1183 on 27 April, 2006.

- According to the provision of Article (5) of the company's bylaws, the company's duration shall be twenty-five years, starting from the date of its registration in the commercial register.

- The company is located at 37 Gamaet Eldewal Elarabia Street – Giza governate - 7th floor.
- The Chairman of the Board Dr. Alaa Ahmed Abdel Maksoud Arafa.

1-5-9 White Head Spinning Company

- White Head Spinning Company " S.A.E." was established according to the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and its executive regulations and Law No. 159 of 1981 issuing the law of joint-stock companies and stock limited companies and limited liability companies and its executive regulations, and the decree of the President of the General Authority for Investment No. 2587 of 2002 Regarding licensing the establishment of White Head Spinning Company (S.A.E.) with the internal investment system, the company has been registered in the Commercial Registry Office under No. (3353) on October 20, 2002.

- Establishing and operating wool spinning and weaving factory and wool yarn mixed with synthetic and natural fibers and acrylic yarn after mixing it with tobs filaments.

1-5-10 <u>Port Said Garments Company</u>

- Port Said Garments Company (S.A.E.) - was established by the system of internal investment in accordance with the provisions of Law No. 43 of 1974 by the Arab and Foreign Money Investment System and Free Zones amended by Law No. 230 of 1989 and its executive regulations and replaced by Law No. 8 of 1997 to issue the Investment Guarantees and Incentives Law and its executive regulations and applicable laws The contract and the bylaws and taking into consideration the provisions of Law No. 159 of 1981 and its executive regulations. The company was registered in the commercial registry under No. 23177 Port Said office on January 15,1984.

- The company is located at plot No. (1) east of Industrial Zone (A-1) in 10th of Ramadan City, Sharkeya governorate

- Chairman of the Board Dr. Alaa Ahmed Abdel Maksoud Arafa.

- The purpose of the company was specified in its primary contract and its bylaws "Manufacturing men's ready-made clothes", but the company stopped engaging in industrial production activity stipulated for the purpose of its establishment, based on the decree of the extraordinary general assembly in its session on January 30, 2000, which decided to contribute to the capital of the Middle East Company "Metco" by 50% performed in the form of machines in the factory, the factory buildings and its accessories were leased to the investee company as well as the transfer of labor to it

- The extraordinary general assembly of the company decided in its session on March 30, 2006 to amend the company’s location to become the third industrial zone (A-1) 10th of Ramadan City in Sharkia, and amend the text of Article (4) of the company's bylaws accordingly, Articles No. 20 and 30 of the company’s bylaws regarding the formation of the board of directors and determining the venue of the general assembly have also been amended, and this has been published in Investment Journal No. 2796 of August 29, 2006. And it was re-registered in the commercial registry - Ismailia - which the company’s activity site belongs after the amendment to the 10th of Ramadan City, accordingly under No. 1120 of the Ismailia Investment Office - on September 12, 2006.

- The extraordinary general assembly of the company decided in its session on December 8, 2013 to amend Article No. (20) of the bylaws, and the Chairman of the General Authority for Investment and Free Zones was approved by Resolution No. 251 / p of 2014 and amending the bylaws based on this decision.

1-5-11 Swiss Garments Company

- Swiss Garments Company (S.A.E.) - operates under free zones system in accordance with the provisions of Law No. 8 of 1997 issuing the Law of Investment Guarantees and Incentives and its executive regulations and registered in the commercial registry under No. (715) on January 4, 2006 the Office of Commercial Investment Registry – Ismailia governorate.

- The company is located in the third industrial zone A-1, 10th of Ramadan City - Sharkia. The company has a branch management branch located at 12 Abu Jaafar El-Nahhas St. - Ard El- Golf -Cairo governorate, and it is indicated in the company's commercial registry sheet.

- The purpose of the company is to carry out in the special free zone the activity of manufacturing all types of ready-made clothes and storing ready-made clothes in the local market inside the country and the free zones for the purpose of fully exporting those 100% outside the country.

- The company duration is twenty-five years, starting from the date of its registration in the commercial register.

1-5-12 Baird Group

- Bird Holding Company was established in England and Wales No. (07374226) on September 13, 2010 and the group consists of the following subsidiaries:

Company's Name	Establishment Country	Establishment Date	Establishment No.
Baird Group ltd	England and Wales	21 November 2008	06755436
BMB Group ltd	England and Wales	13 October 2000	04060218
BMB Clothing ltd	England and Wales	13 October 2000	04090249
BS Europe B.V	Holland	21 January 2019	859648114
BS Europe GmbH	Germany	9 January 2019	HRB 23879
Racing Green ltd	England and Wales	13 October 2000	04090241
Addison & Steele ltd	England and Wales	11 May 2000	03990225
Alexander of England ltd	England and Wales	16 November 1987	02194235
Worth Valley Meanswear ltd	England and Wales	5 March 1976	01247419

- The purpose of the company is to sell formal and casual men's clothing through many of the group's stores, in addition to the franchise rights in many supermarkets in the United Kingdom and European Union. The group owns many distinctive brands such as : Ben Sherman, Gibson London, Alexander and Jeff Bank.

- The company is located in Leeds, UK

- The Group CEO Mark Cotter.

1-5-13 AI Arafa for real estate investment

- Al-Arafa Real Estate Investment Company (S.A.E.) was established in accordance with the provisions of the laws in force in the Arab Republic of Egypt in light of the provisions of the Investment Guarantees and Incentives Law promulgated by Law No. 8 of 1997 and Law No. 159 of 1981 issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and their executive regulations and observing the provisions of the law No. 95 of 1992 issuing the Capital Market Law and its executive regulations and Chairman of the General Authority for Investment and Free Zones No. 322 / T of 2007 regarding licensing the establishment of the company in the internal investment system, and registered in the commercial registry under No. 27353 unified investment Commercial Registry Office of - Cairo on September 20, 2007.

- The company is located in 12 Abu Jaafar Al-Nahhas Street - Ard El-Golf - Heliopolis - Cairo.

- Activity site: New cities, urban communities, remote areas, and areas outside the old valley in all parts of the Republic, except for North and South Sinai and Qantara East. The approval of the commission is required in advance, taking into account what was stated in Prime Minister decree No. 350 of 2007.

- Chairman of the Board Dr. Alaa Ahmed Abdel Maksoud Arafa.

1-5-14 Savini Garments Company

- The company was established in the system of private free zones and in accordance with the provisions of the laws in force in the Arab Republic of Egypt in the framework of the provisions of the Investment Guarantees and Incentives Law promulgated by Law No. 8 of 1997 and Law No. 159 of 1981 issuing the Law of Joint Stock Companies and stock limited companies and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Market Law and its executive regulations, and the decree of the President of the General Authority for Investment and Free Zones No. 725 / T for the year 2007 regarding licensing the establishment of the company in the special free zones system, and registered in the commercial register under No. 24591 Commercial Investment Registry of Cairo - dated May16 , 2007.

- The purpose of the company is to manufacture all types of garments.

- The main center and site of activity in the intermediate industries zone - the new Beni Suef city with an area of 20 thousand square meters leased from the Swiss Cotton Garments Company (S.A.E.- private free zone) - Beni Suef.

- The company duration is twenty-five years, starting from the date of its registration in the commercial register.

2- Basis of preparation of the financial statements

2-1 Statement of compliance

The Consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) and relevant Egyptian laws and regulations.

2-2 Functional and presentation currency

The consolidated financial statements are presented in the USD and all the financial information included are in USD.

2-3 Use of estimates and judgments

The preparation of The Consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors and the actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed periodically.

changes to accounting estimates are recognized in the period in which the estimates are changed if the change affects only that period or in the period of the change and future periods if the change affects both current and future periods.

The following are the most important accounts and notes that uses estimates and personal judgment:-

1- Property, plant and equipment useful lives (Note 39-4iii).
2- Impairment in the value of investments in associate companies and available for sale investments (Note 15,17).
3- Impairment in the value of trade receivables and other debtors (Note 22).
4- Recognition of deferred tax assets and contingent liabilities (Note 18, 38).
5- Provisions (Note 27).
6- Financial instruments (Note 28).

2-4 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.
- The financial assets are valued at current purchase prices for these assets, while the financial liabilities are valued at current settlement costs of these liabilities.
- In case of absence of an active market to determine the value of the financial instruments, the fair value shall be determined using other valuation techniques taking into consideration recent transactions prices and using the guidance of current fair value as similar instruments. The discount cash flow method is used primarily or any other technique, which may result in a reliable value.
- When using the discounted cash flow method as a valuation method, the future cash flows are calculated using the management's most probable expectations. The discount rate used is the prevailing rate for a similar instrument in the market similar in nature and condition, on the date of the financial statements

3- Segment reporting

3-1 Operating results of the business activities of the group companies for the financial year Ended January 31,2020

	Note No.	Garments manufacturing segment USD	Retail segment USD	Real estate Investment USD	Investments USD	Eliminations USD	Total after eliminations USD
Total Revenues	(4)	195 463 161	147 644 145	17 667	1 416 365	--	344 541 338
Sales between companies for the same segment		(92 041 470)	(857 839)	--	--	(92 899 309)	--
Net Revenues		**103 421 691**	**146 786 306**	**17 667**	**1 416 365**	**(22 935 598)**	**228 706 431**
Revenue from external clients		80 741 837	146 530 562	17 667	1 416 365	(3 709 331)	224 997 100
Intercompany group sales		22 679 854	255 744	--	--	(22 935 598)	--
Total		**103 421 691**	**146 786 306**	**17 667**	**1 416 365**	**(26 644 929)**	**224 997 100**
Cost of operation	(5)	(88 184 923)	(82 999 577)	(23 474)	--	24 393 985	(146 813 989)
Gross profit		**15 236 768**	**63 786 729**	**(5 807)**	**1 416 365**	**(2 250 944)**	**78 183 111**
Other revenues	(6)	2 444 973	1 186 115	--	238 289	(431 462)	3 437 915
Distribution expenses	(7)	(5 803 339)	(47 079 566)	--	--	104 251	(52 778 654)
General and administrative expenses	(8)	(5 650 895)	(13 390 302)	(306 989)	(2 059 568)	274 020	(21 133 734)
Other expenses	(9)	(223 069)	(70 094)	(44)	(142 064)	--	(435 271)
Operating profit		**6 004 438**	**4 432 882**	**(312 840)**	**(546 978)**	**(2 304 135)**	**7 273 367**
Share of the group from results of joint ventures activities		--	--	--	28 726	--	28 726
Share of the group from results of associates activities		--	--	--	(280 012)	--	(280 012)
Finance expenses (net)	(11)	(3 229 622)	(2 727 964)	571 235	14 405 427	(70 544)	8 948 532
Net Profit for the year before tax		**2 774 816**	**1 704 918**	**258** 395	**13 607 163**	**(2 374 679)**	**15 970 613**
Income tax		(258 621)	(512 477)	--	--	--	(771 098)
Deferred tax		48 669	(42 873)	--	--	--	5 796
Net profit for the year after tax		**2 564 864**	**1 149 568**	**258 395**	**13 607 163**	**(2 374 679)**	**15 205 311**
Distributed as follows:							
Share of holding company's shareholders		2 579 262	1 014 502	256 328	13 607 163	(2 374 679)	15 082 576
Share of Non – controlling interest		(14 398)	135 066	2 067	--	--	122 735
Net profit for the year		**2 564 864**	**1 149 568**	**258 395**	**13 607 163**	**(2 374 679)**	**15 205 311**

3-2 Operating results of the business activities of the group companies for the financial year Ended January 31,2019

	Note No.	Garments manufacturing segment USD	Retail segment USD	Real estate Investment USD	Investments USD	Eliminations USD	Total after eliminations USD
Total Revenues	(4)	167 764 036	163 277 354	16 491	863 844	--	331 921 725
Sales between companies for the same segment		(70 048 961)	(1 067 287)	--	--	(71 116 248)	--
Net Revenues		**97 715 075**	**162 210 067**	**16 491**	**863 844**	**(23 371 133)**	**237 434 344**
Revenue from external clients		75 477 373	161 076 636	16 491	863 844	(880 335)	236 554 009
Intercompany group sales		22 237 702	1 133 431	--	--	(23 371 133)	--
Total		**97 715 075**	**162 210 067**	16 491	863 844	**(24 251 468)**	**236 554 009**
Cost of operation	(5)	(80 340 522)	(96 208 701)	(3 805)	--	24 936 431	(151 616 597)
Gross profit		**17 374 553**	**66 001 366**	**12 686**	**863 844**	**684 963**	**84 937 412**
Other revenues	(6)	3 685 797	487 387	386 624	4 658 174	(3 843 928)	5 374 054
Distribution expenses	(7)	(5 228 983)	(50 638 495)	--	--	20 656	(55 846 822)
General and administrative expenses	(8)	(8 312 094)	(14 019 908)	(1 900 795)	(3 983 666)	2 274 465	(25 941 998)
Other expenses	(9)	(639 771)	(620 787)	(509)	(142 994)	--	(1 404 061)
Operating profit		**6 879 502**	**1 209 563**	(1 501 994)	1 395 358	**(863 844)**	**7 118 585**
Share of the group from results of joint ventures activities		--	--	--	26 690	--	26 690
Finance expenses (net)	(11)	(4 671 408)	(2 849 460)	(9 072)	4 928 860	4 228	(2 596 852)
Net Profit for the year before tax		**2 208 094**	**(1 639 897)**	**(1 511 066)**	**6 350 908**	**(859 616)**	**4 548 423**
Income tax		(592 465)	(585 045)	--	--	--	(1 177 510)
Deferred tax		1 960	(288 071)	--	--	--	(286 111)
Net profit for the year after tax		**1 617 589**	**(2 513 013)**	**(1 511 066)**	**6 350 908**	**(859 616)**	**3 084 802**
Distributed as follows:							
Share of holding company's shareholders		1 466 695	(2 568 327)	(1 498 977)	6 859 065	(859 616)	3 398 840
Share of Non – controlling interest		150 894	55 314	(12 089)	(508 157)	--	(314 038)
Net profit for the year		**1 617 589**	**(2 513 013)**	**(1 511 066)**	**6 350 908**	**(859 616)**	**3 084 802**

4- Operation revenues

	Note No.	31/1/2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Operations revenues		224 997 100	236 554 009
		224 997 100	**236 554 009**

5- Operation cost

	Note No.	31/1/2020 USD	January 31, 2019 USD
Raw material and supplies		63 489 778	42 830 331
Goods held for sale		37 454 066	65 506 228
Packing and wrapping material		2 090 104	1 546 815
Industrial wages		18 046 313	14 126 048
Property, plant and equipment depreciation	(12)	2 012 936	2 718 270
Industrial expenses		10 726 374	15 124 213
Other expenses		15 486 207	18 375 937
		149 305 778	**160 227 842**
deduct			
Export subsidy revenues		(3 878 857)	(4 920 600)
Change in Finished goods and Work in process		1 387 068	(3 690 645)
		146 813 989	**151 616 597**

6- Other revenues

	Note No.	31/1/2020 USD	January 31, 2019 USD
Collected Rents		851 856	1 634 186
Capital gains		664 551	2 938 138
Earned discounts		115 507	196 842
Revenue from service rendered to other		105 727	75 641
Provision reversed	(27)	293 763	132 566
others		1 406 511	396 681
		3 437 915	**5 374 054**

7- Selling and distribution expenses

	Note No.	31/1/2020 USD	January 31, 2019 USD
Wages and salaries		20 825 781	22 792 751
Rents		10 140 317	10 246 716
Sales commissions		5 617 012	4 765 528
Advertising		2 464 106	3 662 414
Property, plant and equipment depreciation	(12)	2 259 917	2 246 271
Export expenses		4 324 298	3 323 340
others		7 147 223	8 809 802
		52 778 654	**55 846 822**

8- General and administrative expenses

	Note No.	31/1/2020 USD	January 31, 2019 After General Authority For Investment adjustments USD
Wages and salaries		9 659 539	8 059 897
Rents (General and administrative)		737 694	717 782
Property, plant and equipment depreciation	(12)	1 833 120	818 974
Finance lease payments		478 481	4 312 166
others		8 424 900	12 033 179
		21 133 734	**25 941 998**

9- Other expenses

General Authority for Investment fees		142 064	136 558
Provisions formed during the year	(27)	86 400	1 158 647
Others		206 807	108 856
		435 271	**1 404 061**

10- Finance revenues

Credit interest revenues	(39-21-iv)	6 971 801	5 679 842
Foreign currency exchange differences for balances and transactions with foreign currencies	(39-2)	14 948 490	4 295 317
		21 920 291	**9 975 159**

11- Finance expenses

Debit interest, commissions and bank charges	(39-22-ii)	12 971 759	12 572 011
		12 971 759	**12 572 011**

12- Property, plant and equipment (net)

	Note No.	Land USD	Buildings & Constructions USD	Machinery & equipment USD	Vehicles USD	Tools & Supplies USD	Furniture & Office Equipment USD	Improvements in leasehold places USD	Total USD
Cost as of February 1st ,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**
Adjustments resulting from lease contracts	(39-16)	1 537 384	2 725 405	–	–	–	––	–	4 262 789
Additions during the year		-	352 932	3 748 477	44 061	31 881	1 005 129	1 523 973	6 706 453
The effect of transfer in subsidiary investments to associate companies		(137 098)	(2 096 137)	(5 218 840)	(115 398)	(93 673)	(311 212)	(10 992)	(7 983 350)
Disposals during the year		–	(266 850)	(1 629 957)	(11 332)	(3 552)	(2 652 531)	(372 130)	(4 936 352)
The effect of transfer of Investments in joint ventures to subsidiary companies		–	–	403 629	–	25 717	20 684	5 097	455 127
Difference of foreign currency exchange		192 769	614 527	230 322	17 163	18 082	96 629	708 429	1 877 921
Cost as of January 31, 2020		**6 624 989**	**60 442 276**	**47 146 746**	**1 032 963**	**1 046 068**	**49 792 008**	**4 898 553**	**170 983 603**
Accumulated depreciation as of February 1st ,2019			25 103 421	43 116 732	934 057	608 901	48 625 496	1 380 023	119 768 630
Adjustments resulting from lease contracts	(39-16)	–	310 569	–	–	–	–	–	310 569
Depreciation for the year		–	1 030 802	2 064 997	42 038	41 085	1 855 434	660 651	5 695 007
The effect of transfer in subsidiary investments to associate companies		–	(996 225)	(4 592 706)	(102 648)	(70 831)	(279 356)	(10 992)	(6 052 758)
Accumulated depreciation of disposals		–	(64 488)	(1 259 284)	(11 331)	(3 552)	(2 713 078)	(471 783)	(4 523 516)
The effect of transfer of Investments in joint ventures to subsidiary companies		–	-	369 223	–	17 547	19 451	4 745	410 966
Difference of foreign currency exchange		–	339 709	126 049	10 941	11 772	191 427	387 857	1 067 755
Accumulated depreciation as of January 31, 2020		**–**	**25 723 788**	**39 825 011**	**873 057**	**604 922**	**47 699 374**	**1 950 501**	**116 676 653**
Net book value as of January 31, 2020		**6 624 989**	**34 718 488**	**7 321 735**	**159 906**	**441 146**	**2 092 634**	**2 948 052**	**54 306 950**
Net book value as of January 31, 2019		**5 031 934**	**34 008 978**	**6 496 383**	**164 412**	**458 712**	**3 007 813**	**1 664 153**	**50 832 385**
Fully depreciated property, plant and equipment and still working		**–**	**1 723 147**	**19 278 695**	**697 733**	**256 324**	**4 424 656**	**2 558 279**	**28 938 834**
Cost as of February 1st ,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)
Difference of foreign currency exchange		(16 291)	(63 980)	(221 580)	(2 180)	(1 115)	(1 184 201)	(126 623)	(1 615 970)
Cost as of January 31, 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 as of February 1st ,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)
Difference of foreign currency exchange		–	(30 382)	(196 323)	(1 562)	(837)	(833 275)	(101 414)	(1 163 793)
Accumulated depreciation as of January 31, 2019		**–**	**25 103 421**	**43 116 732**	**934 057**	**608 901**	**48 625 496**	**1 380 023**	**119 768 630**
Net book value as of January 31, 2019		**5 031 934**	**34 008 978**	**6 496 383**	**164 412**	**458 712**	**3 007 813**	**1 664 153**	**50 832 385**

***The land item in the consolidated financial statements includes the following:**

-The cost of buying a plot of land number (from 6/191 to 6/198) in the medium industries zone - Bayad Al Arab - the new city of Beni suef (east of the Nile) in Beni Suef, with an area of 152 981.40 square meters purchased from the New Urban Communities Authority on July 19, 2007 with a total amount of 10 775 973 EGP equivalent to an amount of 1 891 183 USD and the registration in the real estate registery is underway.

13- Projects under constructions

	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Building and constructions	5 085 055	5 482 450
Machinery and equipment under construction	75 318	25 723
Advance payments to purchase plant, property and equipment	279 902	504 993
	5 440 275	**6 013 166**
Decrease in Projects under constructions according to general authority for investment valuation (subsidiary	(115 475)	(115 475)
	5 324 800	**5 897 691**

14- Goodwill

Balance amounted to 30 714 267 USD as of January 31, 2020 (30 918 257 USD as of January 31, 2019) represents the goodwill recognized in the financial statements of subsidiaries and the change in balance during the year is a result of the change in exchange rates.

	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Baird Group	28 930 337	29 190 510
Concrete Garments Company	497 280	441 097
Swiss Garments Company	1 286 650	1 286 650
	30 714 267	**30 918 257**

15- Available for Sale Investments

Company Name investee	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
The value of the holding company's contribution to the capital of El Asher Company for Development and Real Estate Investment (SAE) (the contribution percentage is 2.62% of the capital)	554 854	876 179
The value of the holding company's contribution to the capital of the Egyptian Company for Trade and Marketing (SAE) the contribution percentage is 4.036% of the capital)	29 472	29 472
The value of the holding company’s contribution to the capital of the Middle East Company (METCO) (the contribution percentage is 48.5% of the capital)	2 543 467	2 543 467
Other investments	67 669	69 237
	3 195 462	**3 518 355**
Less:		
Impairment of value	(44 885)	(44 885)
Impairment of Investments available for sale – according to the valuation of the General authority for investment (subsidiary)	(204 632)	(204 632)
Effect of foreign currency exchange differences	(329 466)	(511 281)
Total Investments	**2 616 479**	**2 757 557**

- 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 (2-4).

16- Investments in joint ventures

Company Name investee	Country of Incorporation	Ownership percentage %	Cost of Investment as of 31/1/2020 USD	Cost of investment as of 31/1/2019 USD
Camegit for Garments Manufacturing	Egypt	49.48	-	650 076
			-	**650 076**

The following is the movement through the year ended January 31, 2020

	31/1/2020 USD
Balance as of 31/1/2019	650 076
Add / (deduct) :	
The group's share in the results from Camegit for Garments Manufacturing	42 199
The effect of transforming the Investment to subsidiary investments	(692 275)
Balance as of 31/1/2020	--

- On 27 June 2019, Al Arafa Investment and Consultancies Company acquired 50% of the shares of Camegit for Garments Manufacturing Company (S.A.E), in addition to the 49.5% ownership by Al Arafa for investments in Garments Marketing & Retail to become the combined share 99.48%.

17- Investments in associate companies

Company Name investee	Country of Incorporation	Ownership percentage %	Cost of Investment as of 31/1/2020 USD	Cost of investment as of 31/1/2019 USD
Golden Tex Wool Company	Egypt	43.6	4 940 454	--
			4 940 454	--

As a result of the expiry of the management contract between Al Arafa for Investment and Consultancies (Holding Company) and Golden Tex Wool, The control of Al Arafa Investment and Consultancies Company has been lost on the financial and operating policies of Golden Tex Wool and consequently the investment has been reclassified from subsidiaries to Investment in associate company on 1 February 2019 (expiration date of the management contract).

The following is the movement through the year ended January 31, 2020

	31/1/2020 USD
Balance as of 31/1/2019	--
The effect of transforming Investments in a subsidiary to an associate company	5 220 466
The group's share in the results from Golden Tex Wool Company	(280 012)
Balance as of January 31, 2020	**4 940 454**

18- Deferred tax assets

	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Balance as of 31/1/2019	21 238	493 121
Transaction during the year	5 796	(286 111)
The effect of transforming subsidiary investments to associate companies	121 753	--
Foreign exchange differences for the year	(127 802)	(185 772)
Balance at the end of the year - asset	**20 985**	**21 238**

19- Intangible assets- (trademarks)

Balance at the beginning of the year	19 647 606	22 570 228
Additions during the year	2 690 595	--
Amortization during the year	(2 482 151)	(2 622 459)
Effect of foreign exchange differences	(99 540)	(300 163)
	19 756 510	**19 647 606**

- The intangible assets are the trademark of the Al Arafa for Investment and Consultancies Company (Holding Company) and Baird Holding Group in England and Trademarks are amortized over 20 years

20- Work in progress

This balance amounted to 4 245 111 USD on 31/1/2020 (465 612 USD for the comparative year) represents value of the advance payment for a plot of land in the tenth of Ramadan City at 10% of the value to modify the activity of an area of about 100 acres of national housing for other activities in accordance with the decision of the New Urban Communities Authority No. (125) issued on 4 March, 2019.

21- Inventories

	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Raw materials	25 010 732	21 853 040
Packing and wrapping materials	612 150	683 698
Spare parts	3 083 089	3 604 950
Work in process	16 034 630	19 525 530
Finished goods	62 206 331	70 431 328
Goods in transit	760 585	1 064 114
L/C's to purchase raw materials and supplies	2 188 320	1 089 009
	109 895 837	**118 251 669**
Less:		
Write-downs of inventories	(1 552 269)	(3 237 356)
	108 343 568	**115 014 313**

22- Trade receivables and debtors

Trade receivables	54 225 486	55 903 222
Notes receivables	1 770 411	2 012 033
Trade payables - debit balances	4 096 704	3 154 207
Deposits held with others	1 931 411	1 131 848
Tax authority	1 366 048	1 468 321
Prepaid expenses	8 115 925	6 915 792
Accrued revenues	13 529 091	11 381 296
Debtors (sold companies)	44 580 084	44 624 447
Other debit balances	6 456 537	25 207 078
	136 071 697	**151 798 244**
Less:		
Impairment of trade receivables & debtors	(46 006 326)	(46 511 788)
	90 065 371	**105 286 456**
***Impairment of trade receivables & debtors**		
Impairment of trade receivables	237 024	691 122
Impairment of debtors & other debit balances	45 769 302	45 820 666
	46 006 326	**46 511 788**

23- Cash and cash equivalents

	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Current accounts	12 324 720	12 483 946
Time deposits & Treasury bills	72 629 804	49 477 340
Cash on hand	449 930	403 728
Cash and cash equivalents	**85 404 454**	**62 365 014**
For the purpose of consolidated cash flows statements		
Less:		
Overdraft	(6 827 648)	(6 858 858)
Cash and cash equivalents for the purpose of consolidated cash flows statement	**78 576 806**	**55 506 156**

24- Long-term loans and facilities in local currency

	End of Payment	Long term Loans USD	Current portion USD	Total USD
Al Arafa for investment and Consultancies				
AAIB	2021	6 321 403	7 585 684	13 907 087
Port-said Garments Company				
NBK	2022	1 228 667	824 447	2 053 114
Swiss Cotton Garments				
HSBC	2020	--	150 000	150 000
Baird Group				
QIB	2021	4 859 235	2 081 600	6 940 835
Balance as of 31/1/2020		**12 409 305**	**10 641 731**	**23 051 036**
Balance as of 31/1/2019		**21 011 106**	**9 324 598**	**30 335 704**

25- Other long-term liabilities

	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Installments liabilities for lease contracts	5 012 611	--
Liabilities against the right to use a trademark (Baird Group)	7 600 442	4 546 724
	12 613 053	**4 546 724**

26- Trade payables and other Credit balances

	January 31, 2020 USD	January 31, 2019 After General Authority for Investment adjustments USD
Trade payables	21 817 713	26 070 755
Notes payable	10 091 797	8 298 400
Trade receivables - credit balances	709 751	121 714
Accrued expenses	13 135 430	10 599 336
Deposits from others	2 568 181	699 616
Tax authority	3 032 911	3 581 168
Rents received in advance	6 648	7 548
Deferred capital gains	-	5 340 179
Lease contracts liabilities	5 041 217	--
Symbiotic contribution for the comprehensive health insurance system *	206 807	104 218
Other credit balances	4 974 523	6 321 879
	61 584 978	**61 144 813**

- On 11 January, 2018 Law No. (2) of 2018 was issued to issue the Comprehensive Health Insurance Law, to be implemented from the day following the expiration of six months from the date of its issuance, and the executive regulations for mentioned law were issued on 8 May, 2018, and the Holding company's management and subsidiary companies calculate and record the value of the contribution in accordance with its current interpretation of the text of the law and its executive regulations.

27- Provisions

	Balance as at 1/2/2019 USD	Recognized during the year USD	Reversed provisions USD	Utilized during the year USD	Balance as at 31/1/2020 USD
Taxes and claims provision *	1 866 164	86 400	(856 064)	(287 182)	809 318
The effect of transforming subsidiary investments to associate companies	--	--	--	--	(120 162)
Effect of foreign exchange differences	--	--	--	--	(24 074)
	1 866 164	**86 400**	**(856 064)**	**(287 182)**	**665 082**

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

28- Financial instruments and risk management related thereto

The company's main financial instruments consist of interest-bearing loans, credit facilities, treasury bills, savings certificates and time deposits. The primary purpose of these financial instruments is to provide financing for the company's activities. The holding company and its subsidiaries have various other financial instruments such as trade payables and trade receivables arising directly from the company's activities.

The main risks from the activities of the holding company and its subsidiaries are foreign currency risk, interest rate risk and credit risk.

29- Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate as a result of changes in foreign exchange rates.
The holding company and its subsidiaries are exposed to foreign currency risk when purchasing from overseas suppliers and foreign currency loans. The US dollar, the euro, and the British pound sterling are the major currencies that lead to this risk.

The group was exposed to foreign currency risk on 31 January, 2020 in foreign currencies as follows:

Foreign currency	**31/1/2020**	**31/1/2019**
	Surplus (Deficit)	**Surplus (Deficit)**
Euro	(8 598 202)	(22 294 010)
Egyptian Pound	1 289 817 577	868 062 451
Sterling Pound	(1 031 197)	(1 841 260)

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

	Closing Rate		**Average exchange rate**	
	31/1/2020	**31/1/2019**	**31/1/2020**	**31/1/2019**
Euro	1.1087	1.1371	1.1200	1.2277
Sterling Pound	1.3010	1.3127	1.2788	1.4008
Egyptian Pound	0.0621	0.0557	0.0593	0.0564

30- Interest rate risk

The interest rate risk is the risk that the financial instrument will fluctuate as a result of the change in the market interest rate.

The change in the interest rates on the debt of the holding company and the subsidiaries of the banks, which are the balances of loans and credit facilities and creditor banks, whose balance on 31 January, 2020 amounted to 238 152 452 USD (226 276 115 USD as of January 31, 2019), and the included interest and financing expenses in The consolidated financial statements related to these balances amounted to 12 971 759 USD (12 572 011 USD during the comparative year).

While the balance of time deposits, treasury bills, current accounts with interest and savings certificates - if any - as of January 31, 2020 amounted to 85 404 454 USD (62 365 014 USD as of January 31, 2019), and the credit interest included in the consolidated financial statements related to those deposits and treasury bills amounted to 6 971 801 USD (5 679 842 USD during the comparative year).

The holding company and its subsidiaries are exposed to risk of interest on term deposits, treasury bills and savings certificates - if any. These deposits are of a short-term nature.

To reduce these risks, the management of the holding company and its subsidiaries is working to obtain the best available conditions in the banking market for credit facilities and loans balances, with replacing loans and credit facilities with a medium-term joint financing loan in accordance with the Holding Company's financing policy, and it is reviewing the prevailing interest rates In the banking market periodically.

31- Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and expose the other party to financial losses.

The Group's financial assets consist of trade receivables, which are the amounts due from them, time deposits, savings certificates and balances of financial investments. These financial assets are not a significant focus of risk. Trade receivables are spread over various segments. There are strict credit control and impairment losses are recognized adequately recognized. The company manages the credit risk related to investments by making sure that the investments are formed after a careful evaluation of the credit risk of these investments.

Term deposits are linked to commercial banks after careful evaluation of the credit risk of these banks.

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

	Carrying Value	
	January 31, 2020	January 31, 2019 After General Authority for Investment adjustments
	USD	USD
Investments available for sale	2 616 479	2 757 557
Debtors and other debit balances	80 583 398	96 896 804
Due from related parties	1 489 887	541 538
Cash and cash equivalents	85 404 454	62 365 014

32- Fair value of financial instruments

Fair value is the exchange value of an asset or the value of a liability settlement between parties willing to exchange, knowing the facts and dealing with free will.

The book value approximates the fair values of other financial instruments of the holding company other than investments not listed on the Stock Exchange and classified as available for sale and recognized at cost, less impairment losses, due to the lack of a reliable estimate of fair values.

- **Estimate fair values**

Below is a summary of the main methods used to estimate the present values of financial instruments.

- **Investments**

Investments in associate companies that are not listed on the stock exchange are recognized at cost less impairment losses, and the fair value of the investments listed on the stock exchange is determined on the basis of market prices announced at the consolidated financial position date without deduction of transaction related costs.

- **Interest facilities and loans**

The fair value is calculated based on discounting the cash flows value of the principal and the expected future interest.

- **Debtors and creditors**

The nominal value of debtors and creditors whose remaining value is less than one year old reflects it’s fair value.

- **Interest rate used to determine the fair value**

The holding company uses the effective rate of return on 31 January 2020 in addition to a regular credit distribution to discount financial instruments.

33- Shareholders' Equity

33-1 Capital

33-1-1 Authorized capital

The authorized capital amounted to U.S.D 150 million (one hundred and fifty million U.S Dollar, as registered in the commercial register on 13/11/2006**.**

33-1-2 Issued and Paid up capital

The issued and paid-up capital of the company consists of 470 250 000 nominal shares, at a value of 20 US cents per share, and the issued capital amounted 94 050 000 USD is fully paid, which is the sum of the net equity in the merging company, according to the report of the committee formed by the General Authority for Investment and Free Zones under a Chief Executive Officer decree of the General Authority for Investment and Free Zones No. 127 of the year 2019.

The decree of the formed committee was issued by the General Authority for Investment and Free Zones, approved on the first of July 2019, authorizing the merger of Al Arafa for Investment and Consultancies Company (S.A.E.) - merging company, with both of Al Arafa for investments in Spinning & Textile industry Company (S.A.E. free zone) (merged company), Al Arafa for investments in Garments industry Company (S.A.E. free zone) (merged company), and Al Arafa for investments in Garments Marketing & Retail Company (S.A.E. free zone), (merged company) with book values According to the financial statements of the merging company and the merged companies on 31 October, 2018. Mainly taken basis for the merger. And determine the net equity of Al Arafa for Investment and Consultancies Company (merging company) on 31 October, 2018 with an amount of 146 935 721 USD (one hundred forty six million nine hundred thirty five thousand seven hundred twenty one USD) and the net Non-controlling interests in Al Arafa for investments in Garments industry Company (merged company) deficit with an amount of 31 971 885 USD (thirty-one million nine hundred seventy-one eight hundred eighty five USD) and Al Arafa for investments in Spinning & Textile industry Company (merged company) with an amount of 16 753 USD (sixteen thousand seven hundred and fifty-three USD) after excluding the value of the investments of the Al Arafa for Investment and Consultancies Company (merging company) in Al Arafa for investments in Spinning & Textile industry Company (merged company), which amounted to 2 077 340 USD (only two million and seventy seven thousand three hundred and forty USD) and Al Arafa for investments in Garments Marketing & Retail Company (merged company), deficit with an amount of 3 896 892 USD (three million eight hundred ninety six thousand eight ninety two USD).

According to the decree of the extraordinary general assembly of the company on 4 August, 2019, in which the decree of the committee formed by the authority was approved on the basis of the book values of the merging and merged companies on 31 October, 2018, which is the date taken mainly for the merger, and approval to keep the authorized capital for the Al Arafa for Investment and Consultancies Company (merging company) before the merger of 150 million USD, as well as the issued and paid up capital of Al Arafa for Investment and Consultancies Company (merging company) before the merger of 94 050 000 USD for the company and between the total value of the net equity of each of the merging company and the merged companies with a value of 111 083 697 USD, the difference amounted 17 033 697 USD included in the account of reserves of the merging company reserves.

33-1-3 Reserves

	31/1/2020 USD	31/1/2019 USD
Legal reserve	23 783 023	17 525 212
General reserve	10 584 039	10 584 039
Treasury stocks reserve	-	890 207
Other reserves	742 418	742 418
	35 109 480	**29 741 876**

Legal reserve

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

General Reserve

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

Treasury stocks reserves

The balance of the comparative year represents the remaining profits from the sale of treasury stocks that were sold in 2008.

33-1-4 The difference resulting from the acquisition of subsidiaries (under joint control)

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 shareholders' equity for these companies was recognized in the shareholders' equity in the consolidated financial statements which amounted to USD 28 103 401.

34- Tax position

34-1 Al Arafa for Investments and Consultancies Company

As mentioned in the Company's tax card, the Company and dividends are not subject to tax laws and duties applied in Egypt under article No. 35 of law No.8 of 1997 which replaced by article No. 41 of law 72 of 2017.

The company was inspected for the payroll tax from the beginning of the activity to 2013, and the final tax assessment was made.
The years 2014-2017 are under inspection by the appropriate taxing authority. The tax deducted is paid monthly on legal dates.

The company provides the withholding tax to the Central Department of withholding tax under the tax account in the legal dates

Subsidiaries in Egypt subject to tax

34-2 Concrete Garments Company

Corporate income tax

- Years from the date of incorporation till February 20, 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 2009/2015, tax inspection was carried out, and the company was notified with forms (19). objection was filed in legal date 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 pay the tax due from these tax returns.

payroll 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.

34-3 Port Said Garments Company

Corporate income 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.

payroll tax

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

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.

34-4 Euromed for trading & Marketing Company

Corporate income 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.

Payroll 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.

34-5 Al Arafa for real estate investment

Corporate income tax

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

Payroll tax

- Tax inspection has not been conducted to date.

Stamp tax

- Tax inspection has not been conducted to date.

Value-added tax

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

34-6 Egypt tailoring company

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

Corporate income 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 due was estimated. It objected in legal times and a decision to re-examine has not obtained 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.

payroll tax

- Tax inspection was carried out until 2009. 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 2014 and all the dues were paid.
- The following years have not been examined.

34-7 White Head Spinning Company

Corporate income 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 objected to them in legal time.
- The following years have not been examined.

payroll tax

- Company provides tax returns on legal dates and payment the tax dues from these returns. until 2016. All the dues were paid.
- The years from 2009 until 2013 are under inspection.

- The following years to date were not examined.

Stamp tax

- Tax inspection was carried out until 2017 and all the dues were paid.
- To date, 2018 has 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.

34-8 Crystal for Making shirts

Corporate income tax

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

payroll tax

To date, tax inspection has not been conducted.

Value-added tax

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

34-9 Subsidiaries in Egypt that are 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 for Trade and Marketing garments Company
- Sbaghy golden tax
- Savini Garments

These Companies pays a duty, 1% of revenues, to the General Authority for Investment and Free Zone,

34-10 Subsidiaries outside Egypt

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

35- 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.

Due from related parties

Company's Name	Type of transactions	Total value of transactions during the year ended		Balance as at	
		31/1/2020	**31/1/2019**	**31/1/2020**	**31/1/2019**
		USD	**USD**	**USD**	**USD**
Metco	Service	400 298	38	600 326	200 028
Camegit for Garments Manufacturing	Service	(290 896)	148 859	-	290 896
Euro Misr	Sales	6 188	8 815	56 802	50 614
Golden Tex Wool Company	Service & current account	832 759	-	832 759	-
				1 489 887	**541 538**

* 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.

36- Capital commitments

The value of capital commitments as of January 31, 2020 was 235 980 USD.

37- Contingent liabilities

In addition to the sums taken into account in the elements of the consolidated financial statements, there are potential obligations represented in the value of letters of credit and letters of guarantee issued by the holding company and subsidiary companies in favor of others existing at the end of the year in the amount of 49 557 937 USD .

38- Comparative figures

38-1 Comparative figures included in the statement of financial position that includes the holding company's balances on January 31, 2019, after affecting the balances of the merging companies and the accounting adjustments of the General Authority for Investment and Free Zones for the merger. Taking the financial statements of the merging and merged companies on 31 October 2018 the basis of the merger with the book values and the consolidated income statement represents the approved numbers according to the financial statements as of 31 January 2019.

38-2 As a result of the expiry of the management contract concluded between Al Arafa for Investments and Consultancy (Holding Company) and Golden Tex Wool Company on First of February 2019, the loss of Al Arafa for Investments and Consultations is in control of the financial and operating policies of the said company. Accordingly, the investment has been reclassified from investments in subsidiaries to investments in associates and Golden Tex Wool was excluded from the consolidation procedures in the financial year ended 31 January 2020.

The comparative figures included the following amounts of Golden Tex Wool.

38-2-1 <u>Consolidated Financial Position</u>

	31/1/2019 **USD**
Property, plant and equipment	1 930 592
Projects under construction	1 086 313
Investments available for sale	127 868
Inventories	13 134 592
Debtors and other debit balances	8 048 827
Cash and cash equivalents	1 029 493
Provisions	120 162
Banks - credit facilities	10 013 933
Creditors and other credit balances	2 824 409
Deferred tax liabilities	121 753

38-2-2 <u>Consolidated income statement</u>

	31/1/2019 **USD**
Sales	12 983 289
Cost of sales	(11 323 861)
Other revenues	1 127 997
Selling and distribution expenses	(392 079)
General and administrative expenses	(1 194 649)
Finance expenses	(923 080)
Income tax	(84 965)
Deferred tax for the year	(9536)

39- Applied accounting policies

The accounting policies set out below have been applied consistently during the financial years presented in these consolidated financial Statements and for all the group companies.

39-1 Business consolidation

Business consolidation 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.

i. 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.

ii. 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.

iii. Loss of control

When the holding company loses control of the subsidiary, it derecognizes 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.

iv. 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.

v. eliminations 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.

vi. 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.

39-2 Translation of transactions in foreign currency

The company maintains it`s 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.

39-3 Translation of the 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.

39-4 Property, plant and equipment

i. 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 property, plants and equipments are recognized in the consolidated statement of income.

ii. 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.

iii. Depreciation

Depreciation of property, plant and equipments - 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.

The following are the estimated useful lives

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

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

39-5 Projects under construction

Projects under construction 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.

39-6 Intangible assets

i. 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.

ii. 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.

39-7 Investments

39-7-1 Investments in associate companies

Investments in associate companies are investments in companies in which the company has a significant influence, but it is not a subsidiary, nor is it a stake in a joint venture, and the influence is influenced when the company possesses, directly or indirectly, through its subsidiaries 20% or more of the rights Voting in the investee company, with the exception of those two cases in which it clearly shows that that ownership does not represent effective influence or vice versa if the investor owns directly through subsidiary companies less than 20% of the voting right from the investee company, so it is assumed that the investor does not have a strong influence With it unless it is proven that this effect exists and it is noted that the ownership of a large part of the company by an investor does not necessarily preclude that another investor has a strong influence on the investee company.

Investments in associate companies are accounted for in the independent financial statements at cost, including the acquisition cost. In the event of an impairment in the value of those investments, the carrying amount is adjusted for the value of this impairment and is included in the income statement for each investment separately. The impairment losses may be refunded to the extent that the book value of the asset the carrying values exceed those that would have been calculated if the impairment losses were not taken into account.

39-7-2 Financial investments available for sale

Initial recognition of available-for-sale investments is carried out at fair value. At the date of the consolidated financial statements, the change in the fair value is recognized, whether it is profit or loss, directly in the consolidated equity, except for impairment losses in the investment value that are recognized in the consolidated statement of income and in the case of excluding the investment, profits are included Consolidated losses that were previously recognized directly in the consolidated equity in the consolidated statement of income. The fair value of available-for-sale investments is determined according to the exchange price in an active market at the date of the consolidated financial position. As for investments that do not have a trading price in an active market and the information necessary to evaluate them is not available through one of the technical evaluation methods, they are proven at cost.

39-8 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.

38-8-1 Non-derivative financial assets and liabilities - recognition and measurements

The Group recognizes initial loans, debts 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 derecognizes 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.

38-8-2 Non-derivative financial assets - measurement

38-8-2-1 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.

38-8-2-2 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.

38-8-2-3 Loans and debts

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.

38-8-2-4 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.

38-8-3 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.

39-9 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.

39-10 Financial investments (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.

39-11 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 classification of 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.

39-12 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.

39-13 Debtors and other receivables

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

39-14 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.

39-15 Impairment

i. 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.

ii. 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.

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.

39-16 Lease contracts

Financial leasing contracts (sales and lease back operations):
If the facility (the leased seller) transfers the asset to another facility (the leased buyer) and rents this asset again, the facility must determine whether the transfer of the asset is accounted for whether or not a sale of this asset is.

In the event that transferring the original is not practical:
The leasing seller must continue to recognize the transferred asset, and it must recognize a financial liability equal to the transfer proceeds.

39-17 Capital

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

ii. 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 stocks and presented as a reduction of equity.

When the treasury stocks 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.

iii. 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.

39-18 Loans

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.

39-19 Creditors and other credit balances

Creditors and other credit balances are stated at their cost.

39-20 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.

39-21 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.

i. 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.

ii. 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.

iii. 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.

iv. 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.

39-22 Expenses

i. Lease payments

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

ii. Borrowing cost

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

iii. 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.

iv. 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.

v. 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.

39-23 Reserves

In accordance with the requirements of the Companies Law and the bylaws 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.

40- Events subsequent to the date of the financial statements

Most countries of the world, including Egypt, were exposed during the first quarter of 2020 to the spread of the emerging (Covid-19) pandemic, which caused disturbances in most commercial and economic activities in general, so it is likely that this will have a fundamental impact on the elements of assets, liabilities and the recoverable value of them as well as The results of the business on the company's financial statements during the coming periods, in addition to the potential impact on the provision of raw materials and supplies necessary for production, operations, and demand on the company's products and the liquidity available to them, and the company is currently evaluating and determining the size of this impact on its current financial statements, except that in light of the instability and condition Uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the expected extent, the period of time at which that event is expected to end and its implications, which is difficult to determine at the present time.

41- New issues and amendments to the Egyptian Accounting Standards

On 18 March, 2019, the Minister of Investment and International Cooperation issued Resolution No. 69 of 2019 amending some provisions of the Egyptian Accounting Standards issued by Minister of Investment Decision No. 110 of 2015 which includes some new accounting standards and amendments to some of the existing standards. The Egyptian facts were published on 7 April, 2019.

New or Amended Standards	A Summary of The Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.

New or Amended Standards	A Summary of The Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
	3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL)Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- based on the requirements of this standard the following standards were amended : a) Egyptian Accounting Standard No. (1)"Presentation of Financial Statements" as amended in 2019] b) Egyptian Accounting Standard No. (4) -"Statement of Cash Flows". c) Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. d) Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "		-These ammendments are effective as of the date of implementing Standard No. (47)]

New or Amended Standards	A Summary of The Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: a- Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b- Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. **1-** For revenue recognition, Control Model is used instead of Risk and Rewards Model. **2-** incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met. **3-** the standard requires that contract must have a commercial substance in order for revenue to be recognized. **4-** Expanding in the presentation and disclosure requirements	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted

New or Amended Standards	A Summary of The Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (49) "Lease Contracts	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015. 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilites, taking into account that the lease contracts are not classified in respect of the leassee as operating l or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease , the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract . 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is 2019. Except for the above-mentioned date of enforcement, Standard No. (49) 2019 applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.

New or Amended Standards	A Summary of The Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (38) as ammended "Employees Benefits "	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as ammended "Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: - (ESA 15) Related Party Disclosures - (ESA17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. - The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019

New or Amended Standards	A Summary of The Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (22) as ammended " Earnings per Share	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as ammended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.