YOUSSEF KAMEL & CO.
CHARTERED ACCOUNTANTS - EXPERTS IN TAXATION
Since 1946 - Antoun Atalla

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

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

Consolidated financial statements
For the period ended 31 July 2018
And review report

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

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

Introduction

We have reviewed the accompanying consolidated financial statements of **Al Arafa for Investment and Consultancies (S.A.E)** represented on the consolidated financial position as at 31 July 2018 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and notes, and a summary of significant accounting policies and other explanatory information the consolidated interim financial statements. The Company's management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not presented fairly-in all aspects of the consolidated financial position as at 31 July 2018, its financial performance and its consolidated cash flows for the six months period then ended in accordance with the Egyptian Accounting Standards.

Cairo, 9 th September, 2018

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

Auditor

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

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

Consolidated Financial Position
As at 31 July 2018

	Note No.	31/7/2018 U.S $	31/1/2018 U.S $
Assets			
Non-current assets			
Property, plant and equipment	(8)	51 533 677	53 509 644
Projects in progress	(9)	5 941 334	5 835 940
Goodwill	(10)	30 958 284	33 237 088
Investments available for sale	(11)	2 951 229	2 952 368
Investments in joint ventures	(12)	680 618	623 386
Deferred tax assets	(13)	399 249	493 121
Other assets	(14)	20 270 776	22 570 228
Long-term assets related to Baird group		389 092	425 040
Total non-current assets		113 124 259	119 646 815
Current assets			
Work in progress	(15)	465 612	469 791
Inventories	(16)	105 294 446	107 221 255
Debtors and other debit balances	(17)	132 338 964	137 225 301
Due from related parties	(7-1)	1 087 674	383 826
Debtors on sale of investments - current portion	(18)	35 600 000	35 600 000
Treasury bills (maturing more than three months)		-	11 775 292
Cash and cash equivalents	(19)	61 259 197	28 157 021
Total current assets		336 045 893	320 832 486
Total assets		449 170 152	440 479 301
Shareholders' Equity			
Paid up capital	(20)	94 050 000	94 050 000
Reserves	(21)	99 290 722	99 092 963
Decrease in the book value of net assets acquired over purchase considerations	(22)	(27 651 899)	(27 651 899)
Retained earnings		27 560 915	28 230 744
Total Shareholders' Equity (before net profit for the period / year)		193 249 738	193 721 808
Net profit for the period / year		2 830 983	6 586 682
Total Shareholders' Equity (including net profit for the period / year)		196 080 721	200 308 490
Foreign currency translation adjustments	(23)	(42 949 506)	(42 468 498)
Treasury stock reserve	(24)	890 207	890 207
Treasury stock	(25)	(1 161 530)	(1 161 530)
Net Shareholders' Equity		152 859 892	157 568 669
Non-controlling interests		10 435 383	10 240 744
Total Shareholders' Equity		163 295 275	167 809 413
Liabilities			
Non-current liabilities			
Long-term loans	(26)	30 382 211	22 041 546
Other long-term liabilities	(27)	7 386 699	7 667 600
Total non-current liabilities		37 768 910	29 709 146
Current liabilities			
Provisions	(28)	1 193 105	917 016
Banks - overdraft	(19)	7 025 935	8 055 365
Banks - credit facilities	(29)	118 840 460	102 498 447
Creditors and other credit balances	(30)	56 354 962	62 729 579
Short-term loans	(31)	46 432 429	37 912 573
Long-term loans - current portion	(26)	18 259 076	30 847 762
Total current liabilities		248 105 967	242 960 742
Total liabilities		285 874 877	272 669 888
Total shareholders' equity and liabilities		449 170 152	440 479 301

* The accompanying policies and the notes on pages (6) to (33) form an integral part of these consolidated financial statements.

Chairman and Managing Director **Group Financial Director**

(Dr. Alaa Ahmed Arafa) **(Mohamed Mohamed Mohy Eldeen)**

*** Review report "attached "**

Arafa

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

Consolidated income statement
For the period ended 31 July 2018

	Note No.	Period from 1/2/2018 to 31/7/2018 U.S $	Period from 1/2/2017 to 31/7/2017 U.S $	Period from 1/5/2018 to 31/7/2018 U.S $	Period from 1/5/2017 to 31/7/2017 U.S $
Revenue		117 960 363	114 378 409	62 321 368	60 281 419
Cost of revenue	(32)	(73 948 429)	(71 113 501)	(40 024 532)	(38 461 414)
Gross profit		**44 011 934**	**43 264 908**	**22 296 836**	**21 820 005**
Other revenues	(33)	3 565 027	2 155 326	1 566 100	1 104 042
Distribution expenses		(28 876 523)	(25 793 940)	(14 319 611)	(13 828 329)
General and administrative expenses		(12 362 061)	(9 797 665)	(6 554 675)	(5 822 025)
Other expenses	(34)	(371 773)	(163 994)	(193 205)	(93 751)
Operating profit		**5 966 604**	**9 664 635**	**2 795 445**	**3 179 942**
Joint venture share of results	(12)	57 232	34 688	29 872	(18 837)
Loss of sold investments available for sale		-	(848 095)	-	(848 095)
Finance cost, net	(35)	(2 009 815)	(6 017 418)	(1 015 756)	(2 388 198)
Net profit (loss) for the period before taxes		**4 014 021**	**2 833 810**	**1 809 561**	**(75 188)**
Income tax for the period		(756 374)	(409 855)	(424 361)	(102 899)
Deferred tax	(13)	3 727	(21 244)	(5 633)	(33 156)
Net profit (loss) for the period after taxes		**3 261 374**	**2 402 711**	**1 379 567**	**(211 243)**
Attributable to:					
Owners of the company		2 830 983	2 034 391	883 640	(304 653)
Non-controlling interests		430 391	368 320	495 927	93 410
Net profit (loss) for the period after taxes		**3 261 374**	**2 402 711**	**1 379 567**	**(211 243)**

* The accompanying policies and the notes on pages (6) to (33) form an integral part of these consolidated financial statements.

Arafa HOLDINGS

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

Consolidated comprehensive income statement
For the period ended 31 July 2018

	Period from 1/2/2018 to 31/7/2018 U.S $	Period from 1/2/2017 to 31/7/2017 U.S $	Period from 1/5/2018 to 31/7/2018 U.S $	Period from 1/5/2017 to 31/7/2017 U.S $
Net profit (loss) for the period after taxes	**3 261 374**	**2 402 711**	**1 379 567**	**(211 243)**
Other comprehensive income for the period				
Differences from translation of foreign operations	(481 008)	1 444 013	(1 795 022)	830 416
Changes in the fair value of investment available for sale	-	70 907	-	59 124
Actuarial losses (subsidiary)	(300 656)	-	-	-
Total comprehensive income for the period	**2 479 710**	**3 917 631**	**(415 455)**	**678 297**
Attributable to:				
Owners of the company	2 049 319	3 549 311	(911 382)	584 887
Non-controlling interests	430 391	368 320	495 927	93 410
Total comprehensive income for the period	**2 479 710**	**3 917 631**	**(415 455)**	**678 297**

* The accompanying policies and the notes on pages (6) to (33) form an integral part of these consolidated financial statements.

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

Free Zone

Consolidated Statement of Changrs in Equity

For the period ended 31 July 2018

	Paid up capital	Reserves	Decrease in the book value of net assets acquired over purchase consideration	Cumulative changes in the fair value of investment available for sale	Retained earnings	Treasury stock reserve	Net profit for the year / period	Cumulative translation of foreign operations	Treasury stock	Total
	U.S $	U.S $	U.S $	U.S $	U.S $	U.S $	U.S $	U.S $	U.S $	U.S $
Balance as at the first February 2017	94 050 000	98 326 718	(26 261 873)	(70 907)	25 344 856	890 207	6 573 883	(44 065 422)	(1 161 530)	153 625 932
Total comprehensive income										
Net profit for the period ended 31/7/2017	-	-	-	-	-	-	2 034 391	-	-	2 034 391
Other comprehensive income	-	-	-	70 907	-	-	-	1 444 013	-	1 514 920
Total comprehensive income	-	-	-	70 907	-	-	2 034 391	1 444 013	-	3 549 311
Transactions with holding company owners										
Closing net profits for the year ended 31/1/2017	-	-	-	-	6 573 883	-	(6 573 883)	-	-	-
Dividends the year ended 31/1/2017	-	751 861	-	-	(751 861)	-	-	-	-	-
Adjustments	-	-	-	-	(1 017 662)	-	-	-	-	(1 017 662)
	-	751 861	-	-	4 804 360	-	(6 573 883)	-	-	(1 017 662)
Balance as at 31 July 2017	94 050 000	99 078 579	(26 261 873)		30 149 216	890 207	2 034 391	(42 621 409)	(1 161 530)	156 157 581
Balance as at the first February 2018	94 050 000	99 092 963	(27 651 899)	-	28 230 744	890 207	6 586 682	(42 468 498)	(1 161 530)	157 568 669
Total comprehensive income										
Net profit for the period ended 31/7/2018	-	-	-	-	-	-	2 830 983	-	-	2 830 983
Other comprehensive income	-	-	-	-	(300 656)	-	-	(481 008)	-	(781 664)
Total comprehensive income	-	-	-	-	(300 656)	-	2 830 983	(481 008)	-	2 049 319
Transactions with holding company owners										
Closing net profits for the year ended 31/1/2018	-	-	-	-	6 586 682	-	(6 586 682)	-	-	-
Dividends the year ended 31/1/2018	-	197 759	-	-	(197 759)	-	-	-	-	-
Adjustments	-	-	-	-	(6 758 096)	-	-	-	-	(6 758 096)
	-	197 759	-	-	(369 173)	-	(6 586 682)	-	-	(6 758 096)
Balance as at 31 July 2018	94 050 000	99 290 722	(27 651 899)	-	27 560 915	890 207	2 830 983	(42 949 506)	(1 161 530)	152 859 892

* The accompanying policies and the notes on pages (6) to (33) form an integral part of these consolidated financial statements.

Arafa

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

Consolidated Cash flows statement
For the period ended 31 July 2018

	Note No.	Period from 1/2/2018 to 31/7/2018 U.S $	Period from 1/2/2017 to 31/7/2017 U.S $
Cash flows from operating activities			
Net profit for the period		2 830 983	2 034 391
Adjustments			
Property, plant and equipment depreciation	(8)	2 967 966	2 769 270
Gain on sale fixed assets		(892 965)	(67 954)
Interest and finance expense	(35)	6 129 688	5 289 194
Interest income	(35)	(2 501 584)	(344 087)
Other asstes amortization	(14)	1 301 098	1 041 685
Actuarial losses		(300 656)	-
Adjustments on retained earnings		(6 758 096)	(1 017 662)
Share of results from joint ventures	(12)	(57 232)	(34 688)
Formed provisions	(28)	295 828	92 766
Change in			
Inventories		1 926 809	(3 284 321)
Debetors and other debit balances		5 009 556	(22 013 913)
Due from related parties		(703 848)	(174 340)
Creditors and other credit balances		(3 677 168)	(3 766 060)
Assets deferred tax		(3 727)	21 244
Utilized Provisions		-	(19 540)
Cash generated from (used in) operating activities		**5 566 652**	**(19 474 015)**
Interest and finance cost paid		(5 527 613)	(4 594 576)
Net cash generated from (used in) operating activities		**39 039**	**(24 068 591)**
Cash flows from investing activities			
Payments to purchase property, plant and equipment and projects in progress		(1 641 420)	(4 135 977)
Proceeds from sale of fixed asstes		1 016 796	76 114
Change in Treasury bills maturing after three months		11 775 292	1 440 068
Cash generated from (used in) investing activities		**11 150 668**	**(2 619 795)**
Credit interest collected		2 378 365	220 801
Net cash generated from (used in) investing activities		**13 529 033**	**(2 398 994)**
Cash flows from financing activities			
Change in non-controlling interests		194 639	266 857
Change in long-term loans		8 340 665	(11 251 005)
Change in long-term loans - current portion		(12 588 686)	9 432 025
Change in short term loans		8 519 856	11 773 770
Change in bank-credit facilities		16 342 013	9 121 523
Change in other laibilties		(280 901)	487 052
Change in long-term liabilities - current portion		-	(144 648)
Change in long-term assets private for Baird group		35 948	(26 105)
Net cash generated from financing activities		**20 563 534**	**19 659 469**
Net increase (decrease) in cash and cash equivalents during the period		34 131 606	(6 808 116)
Cash and cash equivalents at beginning of the period		20 101 656	25 875 154
Cash and cash equivalents at end of the period	(19)	**54 233 262**	**19 067 038**

* The accompanying policies and the notes on pages (6) to (33) form an integral part of these consolidated financial statements.

Arafa

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

Notes to the consolidated financial statements
For the period ended 31 July 2018

1- Company background

1-1 Legal status

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

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

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

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

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

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

1-2 The Company's purpose

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

1-3 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

2- Basis of preparation

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards "EAS", and in accordance with the prevailing Egyptian laws.
The consolidated financial statements were approved by the Board of Directors held on 9 September 2018.

2-2 Basis of measurement

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

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

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

Information about critical judgments in applying accounting. policies that have the most significant effect on the amount recognized in the financial statements is included in the following notes:
Note (3-1): Basis of consolidation

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

Note (3-3) : valuation of financial instruments
Note (3-4) : Property, plant and equipment
Note (3-14): Impairment of value
Note (3-17): Provisions
Note (3-21): Deferred tax

3 - Significant accounting policies

3-1 Basis of consolidation

Subsidiaries

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

Acquisitions from entities under common control

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

Associates

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

Investments in joint ventures
Joint ventures are entities established by contractual agreement and requiring unanimous consent for strategic and operating decisions.
Joint ventures are reported using equity method.

Excluded transactions for the consolidation purposes
Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.
As the currency of some subsidiaries is the Egyptian pound and some pound striling the consolidated financial statements of the subsidiaries have been translated to the holding company functional currency which is US$ according to the accounting framework.

3-2 Foreign currency

Foreign currency transaction
The company maintains it`s accounts in US dollar. Transactions dominated in foreign currencies are translated at foreign exchange rate ruling at the date of translations. Monetary assets and liabilities dominated in foreign currencies at the financial position date are translated at the foreign exchange rates ruling at that date. Foreign currency differences a rising on the retranslation are recognized in the income statement.
Assets and liabilities of a non-monetary nature that are carried at historical cost in foreign currencies are translated using the exchange rate at the date of the transaction. Non-monetary items carried at fair value in foreign currency are translated using the exchange rates dominated at the date of determining the fair value.

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

3-3 Financial instruments

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

Non-derivative financial assets and liabilities - Recognition and derecognition - (if any)
The company recognizes loans and receivables and debt instruments issued at the date that they are originated. All financial assets and other financial liabilities are initially recognized on the date of the transaction when the Group becomes a party to the contractual provisions of the financial instrument. The company derecognises a financial asset when the contractual term of the contractual right has expired in obtaining cash flows from the financial asset or has transferred 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 have been transferred. Or if the company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and the Company has not retained control over the transferred asset, recognizing only as an asset or liability arising from the rights or obligations arising or retained at the time of transfer. The company excludes the financial liability when it is terminated either by disposing of, canceling or terminating the contract. A financial asset, a financial liability and a netting of a netting are offset in the financial position when the company now has the enforceable legal right to set-off the amounts recognized and intended to either settle on a net basis or recognize the asset and settle the obligation.

Non-derivative financial assets

Financial assets at fair value through profit or loss

A financial asset is initially recognized at fair value through profit or loss if it is classified as an asset held for trading or is initially designated 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 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 interest or dividend distributions in profit or loss.

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.

Loans and receivables

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

Financial investments 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 recognized in the fair value reserve. Assets The cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss.

Non-derivative financial liabilities

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

3-4 Property, plant and equipment

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

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

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

3-5 Projects in progress

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

3-6 Goodwill

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

3-7 Intangible assets

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

Subsequent expenditure

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

Amortization

Amortization is calculated over the cost of the asset, less its residual value.
Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, and the useful live is as follow:

	Ages estimated
Trademarks	**10-20 years**

3-8 Financial lease

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

3-9 Inventories

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

3-10 Debtors and other receivables

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

3-11 Repurchase of share capital

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

3-12 Treasury Bills

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

3-13 Creditors and other credit balances

Creditors and other credit balances are stated at their cost.

3-14 Impairment

Financial assets

A financial asset is considered to be impaired if there is objective evidence that one or more events has a negative impact on the estimated future cash flows from the asset being used.
An impairment loss relating to a financial asset measured at 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 on a financial asset available for sale are measured using the prevailing fair value.
The impairment test for individually significant financial assets is carried out on an individual basis. For other financial assets, the impairment test is performed at each group level for the remaining financial assets at the level of the groups that share the characteristics of the credit risk. 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.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss is recognized. Financial assets measured at amortized cost and financial assets that are considered to be impaired are recognized in the statement of income. Derecognition of impairment losses on available-for-sale financial assets that are recognized as equity instruments is recognized directly in equity.

Non-financial assets

At the end of each reporting period, the group reviews the carrying amounts of the company's non-financial assets and deferred tax assets (to determine whether there is an impairment index) and, if so, estimates the recoverable amount of the asset. For impairment testing an asset is grouped together into the smallest group of assets that include an asset that generates cash flows that are from continuing use and are largely independent of cash flows from other assets or groups of assets - cash generating units - the recoverable amount of the asset or cash- generating unit In its fair value less costs to sell or its value in use, the asset's useful value is the present value of future cash flows which is expected to occur discounted at a pre-tax discount rate that reflects current market estimates of the time value of money and the specific risks of the asset or cash-generating unit. An impairment loss is recognized if the carrying amount of the asset or cash-generating unit is greater than its recoverable amount. Impairment losses recognized in prior years are reviewed for other assets at the date of the separate interim financial statements. Where there is an indication of impairment, the reversal of the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the value that would have been determined (net of depreciation) if the loss of impairment had not been recognized.

3-15 Non-current assets held for sale

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

3-16 Employee benefits

3-16-1 Pensions contribution plans

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

3-16-2 Short-term employee benefits

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

3-16-3 Employees share in profits:

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

3-17 Provisions

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

3-18 Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

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

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

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

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

3-19 Finance income and expenses

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

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

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

3-20 Income Tax

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

3-21 Deferred tax

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

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

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

3-22 Forward deals

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

3-23 Leases

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

3-24 Segment reporting

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

3-25 Basic earnings per share

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

3-26 Legal reserve

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

4- Fair value measurement

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

-In the absence of an active market for determining the fair value of financial instruments, fair value is estimated using the various valuation techniques taking into account recent transaction prices and being guided by the current fair value of other instruments that are substantially the same - discounted cash flow method - Other evaluations produce reliable values.

- When discounted cash flow method is used as a valuation method, future cash flows are estimated based on the best estimates of management. The discount rate used in the light of the prevailing market price is determined at the reporting date of similar financial instruments in terms of their nature and terms.

4-1 Financial instruments evaluation (forward deals)

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

4-2 Available for sale investments

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

5 - Financial risk management

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

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

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

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

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

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

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

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

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

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

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

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.
The company incurs financial liabilities in order to manage market risks, all such transactions are carried out within the guidelines set by the management

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

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

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

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the company's operations.
The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

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

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

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

There were no changes in the Company's approach to capital management during the period. The company is not subject to externally imposed capital requirements.

6 - Group Entities

The following is a list of the Subsidiaries owned and controlled by the Company as at 31/7/2018 and its ownership percentage:

Subsidiary's Name	Ownership Percentage 31/7/2018	Ownership Percentage 31/1/2018	Country of Incorporation
Swiss Garments Company	98.41 %	98.41 %	Egypt
Egypt Tailoring Garments Company	98.60 %	98.60 %	Egypt
Concrete Garments Company	90.91 %	90.91 %	Egypt
Port Said Garments Company	96.40 %	96.40 %	Egypt
Golden Tex Wool Company *	43.60 %	43.60 %	Egypt
Sbaghy golden Tex (Indirect ownership – Golden Tex Wool Company) *	39.23 %	39.23 %	Egypt
White Head Spinning Company *	43.75 %	43.75 %	Egypt
Euromed for trading & marketing Company	98.42 %	98.42 %	Egypt
Al Arafa for investments in Garments industry	99.2 %	99.2 %	Egypt
Al Arafa for investments in Spinning & Textile industry	99.2 %	99.2 %	Egypt
Al Arafa for investments in Garments Marketing & Retail	99.2 %	99.2 %	Egypt
Fashion Industry	97.81 %	97.81 %	Egypt
Savini Garments Company **	98.8 %	98.8 %	Egypt
Swiss Cotton Garments Company	98.41 %	98.41 %	Egypt
Egypt Portugal Marketing Company	59 %	59 %	Egypt
AI Arafa for real estate investment	98.41 %	98.41 %	Egypt
EP Garments	60 %	60 %	Portugal
Baird Group	98.2 %	98.2 %	United Kingdom
Crystal for Making shirts ***	87.67 %	87.67 %	Egypt

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

** Savini is included within the subsidiaries as it is directly owned by 49.2% through the Holding Company and indirectly through Swiss Garments Company which own 50% of the Savini ownership, this was registered in the commercial register of the Company on 27/1/2010.

*** On 15 October 2017, the company increased its investment in the capital of Crystal for Making shirts without the participation of the foreign partner in the capital increase, which resulted in increasing the company's share in the ownership of the investee company to become ownership ratio 87.67% instead of 59% Accordingly, the investment has been reclassified into investments in subsidiaries instead of investments in joint ventures and the results of its operations have been consolidated since that date.

8 - **Property, plant and equipment**

	Land U.S $	Buildings & Constructions U.S $	Machinery & equipment U.S $	Vehicles U.S $	Tools & Supplies U.S $	Furniture & Office Equipment U.S $	Improvements in leasehold U.S $	Total U.S $
Cost								
Cost as at 1/2/2017	4 980 280	58 679 148	45 660 346	998 075	708 732	48 301 113	576 359	159 904 053
Additions during the period	-	53 969	632 881	27 676	165 401	1 362 742	1 078 949	3 321 618
Disposals during the period	-	-	(3 921)	(11 852)	-	-	-	(15 773)
Translation differences	26 065	102 316	194 953	3 236	1 494	647 745	98 333	1 074 142
Cost as at 31/7/2017	5 006 345	58 835 433	46 484 259	1 017 135	875 627	50 311 600	1 753 641	164 284 040
Cost as at 1/2/2018	5 048 225	59 044 208	48 813 971	1 020 014	1 022 773	51 624 353	2 575 572	169 149 116
Additions during the period	-	114 883	708 377	28 963	26 672	558 898	84 832	1 522 625
Disposals during the period	-	(88 975)	(283 358)	-	-	(1 367)	(12 484)	(386 184)
Translation differences	(16 291)	(63 980)	(218 279)	(2 175)	(1 115)	(1 125 370)	(125 186)	(1 552 396)
Cost as at 31/7/2018	5 031 934	59 006 136	49 020 711	1 046 802	1 048 330	51 056 514	2 522 734	168 733 161
Accumulated depreciation								
Accumulated depreciation as at 1/2/2017	-	22 773 497	39 142 539	711 649	403 325	45 075 975	154 544	108 261 529
Depreciation for the period	-	589 944	955 560	59 427	31 771	795 971	336 597	2 769 270
Accumulated depreciation of disposals	-	-	(3 267)	(4 346)	-	-	-	(7 613)
Translation differences	-	47 644	153 622	2 420	1 258	467 838	78 748	751 530
Accumulated depreciation as at 31/7/2017	-	23 411 085	40 248 454	769 150	436 354	46 339 784	569 889	111 774 716
Accumulated depreciation as at 1/2/2018	-	24 035 144	41 747 411	825 849	530 180	47 650 551	850 337	115 639 472
Depreciation for the period	-	558 696	1 053 179	55 717	39 199	909 404	351 771	2 967 966
Accumulated depreciation of disposals	-	(9 787)	(248 076)	-	-	(743)	(3 747)	(262 353)
Translation differences	-	(30 382)	(193 740)	(1 562)	(837)	(818 995)	(100 085)	(1 145 601)
Accumulated depreciation as at 31/7/2018	-	24 553 671	42 358 774	880 004	568 542	47 740 217	1 098 276	117 199 484
Net cost								
Net cost as at 1/2/2018	5 048 225	35 009 064	7 066 560	194 165	492 593	3 973 802	1 725 235	53 509 644
Net cost as at 31/7/2017	5 006 345	35 424 348	6 235 805	247 985	439 273	3 971 816	1 183 752	52 509 324
Net cost as at 31/7/2018	5 031 934	34 452 465	6 661 937	166 798	479 788	3 316 297	1 424 458	51 533 677

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

	31/7/2018 U.S $	31/1/2018 U.S $
Lands	1 891 183	1 891 183
	1 891 183	**1 891 183**

9 - Projects in progress

	31/7/2018 U.S $	31/1/2018 U.S $
Buildings & Constructions	5 608 631	5 623 853
Machinery and equipment under construction	27 590	27 658
Advance payments to purchase fixed assets	420 588	299 904
Decrease in Projects in progress according to GAFI valuation (subsidiary)	(115 475)	(115 475)
	5 941 334	**5 835 940**

10 - Goodwill

Balance amounted to USD 30 958 284 represents the goodwill resulted from business combinations, the change in the goodwill balance is due to the foreign currency translation adjustments.

11- Investments available for sale

Particulars	Country of Incorporation	Ownership percentage %	Paid percentage %	Cost of Investment as at 31/7/2018 U.S $	Cost of investment as at 31/1/2018 U.S $
Egyptian Company for Trading & Marketing	Egypt	2.62	100	29 472	29 472
10th of Ramadan for Developments & Construction Investments Co.	Egypt	4.036	100	876 179	876 179
Middle East Company (Metco)	Egypt	48.5	100	2 543 467	2 543 467
Other investments				69 234	69 234
				3 518 352	**3 518 352**
Impairment				(44 885)	(44 885)
Impairment in Investments available for sale – according to the valuation of the General Investment Authority (subsidiary)				(9 810)	(9 810)
Effect of foreign currency exchange differences				(512 428)	(511 289)
				2 951 229	**2 952 368**

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

12 - Investments in joint ventures

Particulars	Country of Incorporation	Ownership percentage	Cost of Investment as at 31/7/2018	Cost of investment as at 31/1/2018
		%	U.S $	U.S $
Camegit for Garments Manufacturing	Egypt	49.48	680 618	623 386
			680 618	**623 386**

The following is the movement through the period ended 31/7/2018

	31/7/2018
	U.S $
Balance at the beginning of the period	623 386
Share of results from Camegit for Garments Manufacturing	57 232
	680 618

13 - Deferred tax assets

	31/7/2018	31/1/2018
	U.S $	U.S $
Balance at the beginning of the period / year - (asset)	493 121	379 724
Transaction during the period / year	3 727	(199 702)
Effect of translation differences period / year	(97 599)	313 099
Balance at the end of the period / year - (asset)	**399 249**	**493 121**

14 - Other Assets

	31/7/2018	31/1/2018
	U.S $	U.S $
Balance at the beginning of the period / year	22 570 228	16 606 067
Additions during the period / year	-	7 126 504
Amortization of the period / year	(1 301 098)	(2 309 155)
Change in foreign currency exchange rates	(998 354)	1 146 812
	20 270 776	**22 570 228**

15 - Work in progress

This balance amounted to US $ 465 612 at 31/7/2018 (US $ 469 791 as at 31/1/2018) represents the total contractual consideration to purchase a piece of land in 10th of Ramadan City with an area of 104424.89 square meters including the contractual expenses, such land was acquired to construct residential units according to the National Housing Project specifications.

16 - Inventories

	31/7/2018 U.S $	31/1/2018 U.S $
Raw materials	17 617 653	17 985 374
Spare parts and auxiliary material	3 636 942	3 558 245
Packing materials	537 140	530 837
Work in process	17 399 182	18 234 870
Finished goods	69 034 703	69 799 872
Goods in transit	864 650	249 113
	109 090 270	**110 378 311**
Less : impairment of inventories	(4 535 531)	(4 872 856)
	104 554 739	**105 505 455**
L/C's to purchase goods	739 707	1 715 800
	105 294 446	**107 221 255**

17 - Debtors and other debit balances

	31/7/2018 U.S $	31/1/2018 U.S $
Trade receivables	53 200 870	57 883 170
Less:		
Impairment of trade receivables	(734 629)	(1 713 077)
	52 466 241	**56 170 093**
Notes receivables	1 634 386	1 513 741
	54 100 627	**57 683 834**
Debtors & debit balances (sold companies)	44 595 395	44 543 340
Suppliers & contractors - debit balances	3 161 819	4 092 344
Tax authority	876 017	809 409
Deposits to others	1 725 668	1 811 530
Prepaid expenses	8 606 756	7 062 552
Accrued revenues	11 253 102	10 272 111
Other debit balances	26 877 079	30 899 102
	97 095 836	**99 490 388**
Less:		
Impairment of debtors & other debit balances	(18 857 499)	(19 948 921)
	78 238 337	**79 541 467**
	132 338 964	**137 225 301**

18 - Debtors sale of investments

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

19 - Cash and cash equivalents

	31/7/2018 U.S $	31/1/2018 U.S $
Time deposits & Treasury bills	37 578 003	17 781 758
Current accounts	23 078 900	9 961 396
Cash on hand	602 294	413 867
Cash and cash equivalents	**61 259 197**	**28 157 021**
Overdraft	(7 025 935)	(8 055 365)
Cash and cash equivalents for the purpose of cash flows statement	**54 233 262**	**20 101 656**

20 - Capital

20-1 Authorized capital

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

20-2 Paid up capital

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

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

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

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

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

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

21 - Reserves

	31/7/2018 U.S $	31/1/2018 U.S $
Legal reserve	34 464 521	34 266 762
Special reserve (*)	18 679 727	18 679 727
General reserve	45 415 879	45 415 879
Other reserves	730 595	730 595
	99 290 722	**99 092 963**

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

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

The holding company acquired the shares of some subsidiaries that were under the control of the shareholders of Al Arafa for Investment and Consultancies Company and Swiss Garments Company (Subsidiary). The difference between the acquisition cost and its share in the net of shareholders' equity for these companies was recognized in the shareholders' equity in the consolidated financial statements which amounted to U.S. $ 27 651 899 .

23 - Translation adjustment

	31/7/2018 U.S $	31/1/2018 U.S $
Balance at the beginning of the period / year	(42 468 498)	(44 065 422)
Change during the period /year	(481 008)	1 596 924
Balance at the end of the period / year	**(42 949 506)**	**(42 468 498)**

24 - Treasury stock reserve

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

25 - Treasury stock

The balance amounted to U.S $ 1 161 530 represent in the investments of Concrete Garments Company (subsidiary) in the company's shares, according to the accounting standards, when preparing the consolidated financial statements these investments is classified as treasury stock at consolidated Financial Position.

26 - Long-term Loans, and its current portion

	Long term Loans U.S $	Current portion U.S $	Total U.S $
Al Arafa for Investment and Consultancies			
CIB-Egypt	-	8 864 972	8 864 972
Al Arafa for investments in Garments Marketing & Distribution			
AAIB	18 542 782	2 528 561	21 071 343
Swiss Garments Company			
MIDB	-	1 500 000	1 500 000
Egypt Tailoring Garments Company			
MIDB	-	500 000	500 000
Goldentex Wool Company			
Housing & Development Bank	1 761	5 214	6 975
QNB	-	21 236	21 236
Port-said Garments Company			
NBK	2 463 654	823 884	3 287 538
Swiss Cotton Garments Company			
HSBC	450 000	600 000	1 050 000
ENBD	511 214	1 022 425	1 533 639
Baird Group			
QIB	8 412 800	2 103 200	10 516 000
Crystal for Making shirts			
HSBC	-	289 584	289 584
Balance as at 31/7/2018	**30 382 211**	**18 259 076**	**48 641 287**
Balance as at 31/1/2018	**22 041 546**	**30 847 762**	**52 889 308**

26-1 Terms of loans agreements

Bank	Loan Currency	End of Payment	31 July 2018 Value (Original Currency)	31 July 2018 Value (in U.S $)	31 January 2018 Value (Original Currency)	31 January 2018 Value (in U.S $)
Al Arafa for investment & consultancies						
CIB	U.S $	2018	8 864 972	8 864 972	8 864 972	8 864 972
Al Arafa for investments in Garments Marketing & Distribution						
AAIB	U.S $	2019	21 071 343	21 071 343	21 071 343	21 071 343
Swiss Garments Company						
MIDB	U.S $	2018	1 500 000	1 500 000	3 000 000	3 000 000
Egypt Tailoring Garments						
MIDB	U.S $	2018	500 000	500 000	1 000 000	1 000 000
Goldentex for wool company						
Housing & Development bank	L.E		125 221	6 975	172 029	9 668
QNB	L.E	2018	381 250	21 236	1 143 750	64 279
Port-said Garments Company						
NBK	U.S $	2022	3 287 538	3 287 538	3 699 814	3 699 814

Bank	Loan Currency	End of Payment	31 July 2018 Value (Original Currency)	31 July 2018 Value (in U.S $)	31 January 2018 Value (Original Currency)	31 January 2018 Value (in U.S $)
Swiss Cotton Garments Company						
HSBC Bank	U.S $	2020	1 050 000	1 050 000	1 350 000	1 350 000
ENBD	U.S $	2017	1 533 639	1 533 639	2 044 853	2 044 853
Crystal for Making shirts						
HSBC	Euro	2018	250 000	289 584	375 000	449 980

27 - Other long-term liabilities

	31/7/2018 U.S $	31/1/2018 U.S $
Long term notes payable	766 044	528 822
Other liabilities	6 620 655	7 138 778
	7 386 699	**7 667 600**

28 - Provisions

	Balance as at 31/1/2018 U.S $	Recognized during the period U.S $	Reversed provisions U.S $	Utilized during the period U.S $	Balance as at 31/7/2018 U.S $
Provisions	917 016	295 828	-	-	1 212 844
Exchange rates differences	-	-	-	-	(19 739)
	917 016	**295 828**	-	-	**1 193 105**

29 - Banks – Credit Facilities

Banks – Credit Facilities equivalent to U.S.$ 118 840 460 (US $ 102 498 447 as at 31/1/2018) Were granted to the group's Companies from local banks in different currencies against various guarantees.

30 - Creditors and other Credit balances

	31/7/2018 U.S $	31/1/2018 U.S $
Suppliers and contractors	25 531 136	21 204 652
Notes payable	3 953 331	6 269 028
Accounts receivables – advance payments	562 637	214 837
Deposits from others	578 302	681 622
Tax authority	5 183 881	5 596 059
Un-earned revenue	1 548	692 776
Accrued expenses	5 890 294	11 321 560
Deferred capital gains	5 959 755	6 812 643
Other credit balances	8 694 078	9 936 402
	56 354 962	**62 729 579**

31 - Short-term loans

Short-term loans equivalent to U.S.$ 46 432 429 (US $ 37 912 573 as at 31/1/2018) were granted to the group's companies from local banks in different currencies against various guarantees.

32 - Cost of revenue

	31/7/2018 U.S $	31/7/2017 U.S $
Cost of sales	73 948 429	71 113 501
	73 948 429	**71 113 501**

33 - Other revenues

	31/7/2018 U.S $	31/7/2017 U.S $
Capital gains	1 898 822	1 072 429
Rent	1 364 948	846 642
Earned discounts	76 778	82 831
Revenue from service rendered to other	20 470	23 196
Others	204 009	130 228
	3 565 027	**2 155 326**

34 - Other expenses

	31/7/2018 U.S $	31/7/2017 U.S $
General Authority for Investment fees	59 804	37 825
Recognized the claims provision	295 828	92 766
Others	16 141	33 403
	371 773	**163 994**

35 – Finance cost, net

	31/7/2018 U.S $	31/7/2017 U.S $
Interest and finance expense	(6 129 688)	(5 289 194)
Interest income	2 501 584	344 087
Foreign exchange gain (loss)	1 618 289	(1 072 311)
	(2 009 815)	**(6 017 418)**

36 - Operating segments

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

36 - Segment analysis

36-1 Operating results divided to group company's business activities for the financial period ended 31/7/2018

	Business activities						
	Formal	Causal	Luxury	Real estate Investment	Investment	Eliminations	Total after eliminations
	U.S $	U.S $	U.S $	U.S $	U.S $	U.S $	U.S $
Total Revenues	118 901 529	10 773 249	30 691 667	-	-	-	160 366 445
Sales between companies for the same segment	14 413 675	-	1 845 994	-	-	(16 259 669)	-
Net Revenues	104 487 854	10 773 249	28 845 673	-	-	(26 146 413)	117 960 363
Revenue from external customers	93 415 305	9 030 723	15 514 335	-	-	-	117 960 363
Intercompany group sales	11 072 549	1 742 526	13 331 338	-	-	(26 146 413)	
Total	104 487 854	10 773 249	28 845 673	-	-	(26 146 413)	117 960 363
Cost of Revenue	(71 200 660)	(9 133 660)	(19 760 522)	-	-	26 146 413	(73 948 429)
Gross profit	33 287 194	1 639 589	9 085 151	-	-		44 011 934
Other revenues	2 160 262	380 315	571 966	194 294	2 687 222	(2 429 032)	3 565 027
Distribution expenses	(24 392 871)	(566 561)	(3 927 419)	-	-	10 328	(28 876 523)
General and administrative expenses	(7 920 778)	(651 259)	(2 941 286)	(969 663)	(1 639 131)	1 760 056	(12 362 061)
Other expenses	(196 621)	(102 643)	(11 899)	-	(60 610)	-	(371 773)
Operating profit	2 937 186	699 441	2 776 513	(775 369)	987 481	(658 648)	5 966 604

Arafa HOLDING

36 - Segment analysis

36-2 Operating results divided to group company's business activities for the financial period ended 31/7/2017

	Business activities						
	Formal	Causal	Luxury	Real estate Investment	Investment	Eliminations	Total after eliminations
	U.S$	U.S$	U.S$	U.S$	U.S$	U.S$	U.S$
Total Revenues	121 005 329	7 322 120	29 322 146	-	-	-	157 649 595
Sales between companies for the same segment	13 439 513	-	3 008 759	-	-	(16 448 272)	-
Net Revenues	107 565 816	7 322 120	26 313 387	-	-	(26 822 914)	114 378 409
Revenue from external customers	95 778 513	7 322 120	11 277 776	-	-	-	114 378 409
Intercompany group sales	11 787 303	-	15 035 611	-	-	(26 822 914)	
Total	107 565 816	7 322 120	26 313 387	-	-	(26 822 914)	114 378 409
Cost of Revenue	(72 890 822)	(6 151 780)	(18 893 813)	-	-	26 822 914	(71 113 501)
Gross profit	34 674 994	1 170 340	7 419 574	-	-	-	43 264 908
Other revenues	739 091	339 956	513 731	192 621	2 445 457	(2 075 530)	2 155 326
Distribution expenses	(21 989 113)	(376 663)	(3 436 124)	-	-	7 960	(25 793 940)
General and administrative expenses	(6 999 741)	(439 090)	(2 401 967)	(940 447)	(1 090 243)	2 073 823	(9 797 665)
Other expenses	(21 596)	(61 500)	(46 464)	-	(34 434)	-	(163 994)
Operating profit	6 403 635	633 043	2 048 750	(747 826)	1 320 780	6 253	9 664 635

37 - Capital commitments

The capital commitments of the Group as at 31/7/2018 amounted to U.S $ 1 404 323 .

38 - Contingent liabilities

Letters of guarantee issued by banks to the favor of the company and its subsidiaries as at 31/7/2018 amount to U.S $ 13 963 862 .

39 - Leases

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

Statement	Al Arafa for Investments and Consultancies	Al Arafa for real estate investment	Egypt Tailoring Garments
	U.S $	U.S $	U.S $
Total sales value	7 696 967	10 715 803	5 959 003
Total contractual value	9 757 990	13 634 602	7 578 903
Advance payment	1 158 110	1 607 370	1 225 171
Total Capital gain	5 990 579	6 960 674	4 800 483
Lease expense during the period	753 161	962 900	547 736
Capital gain during the period	468 962	194 002	342 893
Accrued installments until the end of the contract	3 894 603	4 357 259	3 681 792
The end of contract	June 2021	December 2020	June 2022

40 - Taxation

Al Arafa for Investments and Consultancies Company

As mentioned in the Company's tax card , the Company and the company`s profits are not subject to tax laws and duties applied in Egypt (article No. 35 of law No.8 of 1997).

Subsidiaries in Egypt

Subsidiaries in Egypt subject to tax

Subsidiary	Tax status
Concrete Garments Company	Inspected until 31/12/2012.
Port Said Garments Company	Inspected and settled until 31/12/2002
Golden tex wool Company	Inspected and settled until 31/12/2010
Euromed for trading & Marketing Company	Inspected and settled until 31/12/2010
Al Arafa for real estate investment	Not inspected yet
Egypt tailoring company	Inspected until 15/5/2014.
White Head Spinning Company	Inspected until 31/12/2011.

Subsidiaries in Egypt not subject to tax

Subsidiary
Swiss Garments Company
Swiss Cotton garments Company
Al Arafa for investments in Garments industry
Al Arafa for investments in Spinning & Textile industry
Al Arafa for investments in Garments Marketing & Retail
Fashion Industry
Apparel International Ltd. For Marketing & Promotion
Egypt Portugal Marketing Company
Sbaghy golden tax
Saveni garments Company

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

Subsidiaries outside Egypt
Baird Group is subject to UK Corporate tax.
EP Garments Company is subject to Portugal Corporate tax.

41 - Financial instruments and related risks management

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

		Carrying amount	
	Note	**31/7/2018**	**31/1/2018**
		U.S $	**U.S $**
Treasury bills (maturing more than three months)		-	11 775 292
Cash and cash equivalents	(19)	61 259 197	28 157 021
Credit facilities	(29)	118 840 460	102 498 447
Loans	(26,31)	95 073 716	90 801 881

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

		Carrying amount	
		31/7/2018	**31/1/2018**
		U.S $	**U.S $**
Trade receivable	(17)	53 200 870	57 883 170