

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

Consolidated financial statements
For the period ended 31 July 2019
And review report

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

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YOUSSEF KAMEL & CO.

CHARTERED ACCOUNTANTS - EXPERTS IN TAXATION

Since 1946 - Antoun Atalla

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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 2019 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 2019, its financial performance and its consolidated cash flows for the six months period then ended in accordance with the Egyptian Accounting Standards.

Cairo, 20th October, 2019



Auditor

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

Consolidated Financial Position
As at 31 July 2019

	Note No.	31/7/2019	31/1/2019
		USD	USD
Assets			
Non-current assets			
Property, plant and equipment	(8)	49 144 343	50 832 385
Projects in progress	(9)	4 949 502	5 897 691
Goodwill	(10)	28 830 899	30 918 257
Investments available for sale	(11)	2 848 511	2 952 379
Investments in joint ventures	(12)	-	650 076
Investment in sister company	(13)	5 006 993	-
Deferred tax assets	(14)	-	21 238
Intangible Assets - Trademarks	(15)	17 972 614	19 647 606
Long-term assets related to Baird group		3 626 337	294 045
Total non-current assets		112 379 199	111 213 677
Current assets			
Work in progress	(16)	501 556	465 612
Inventories	(17)	100 046 558	115 014 313
Debtors and other debit balances	(18)	140 496 341	132 587 549
Due from related parties	(7-1)	614 862	541 538
Debtors on sale of investments - current portion	(19)	35 600 000	35 600 000
Treasury bills (maturing more than three months)		1 798 818	1 645 434
Cash and cash equivalents	(20)	82 267 189	62 365 014
Total current assets		361 325 324	348 219 460
Total assets		473 704 523	459 433 137
Shareholders' Equity			
Paid up capital	(21)	94 050 000	94 050 000
Reserves	(22)	100 300 526	100 151 148
Decrease in the book value of net assets acquired over purchase considerations	(23)	(27 897 640)	(27 651 899)
Retained earnings		33 812 056	30 562 594
Net profit for the period/year		7 694 005	3 398 840
Total Shareholders' Equity		207 958 947	200 510 683
Foreign currency translation adjustments	(24)	(45 635 717)	(45 273 280)
Treasury stock	(25)	(1 161 530)	(1 161 530)
Net Shareholders' Equity		161 161 700	154 075 873
Non-controlling interests		2 891 759	9 622 697
Total Shareholders' Equity		164 053 459	163 698 570
Liabilities			
Non-current liabilities			
Long-term loans	(26)	20 058 157	21 011 106
Other long-term liabilities	(27)	9 324 585	5 577 648
Deferred tax liabilities	(14)	14 215	-
Total non-current liabilities		29 396 957	26 588 754
Current liabilities			
Provisions	(28)	1 498 998	1 866 164
Banks - overdraft		6 360 393	6 858 858
Banks - credit facilities	(29)	209 462 830	189 081 553
Creditors and other credit balances	(30)	54 029 725	60 837 130
Income tax for the period / year		497 747	1 177 510
Long-term loans - current portion	(26)	8 404 414	9 324 598
Total current liabilities		280 254 107	269 145 813
Total liabilities		309 651 064	295 734 567
Total shareholders' equity and liabilities		473 704 523	459 433 137

* The accompanying policies and the notes on pages (6) to (40) form an integral part of these consolidated financial statements

Chairman and Managing Director

(Dr. Alaa Ahmed Arafa)

Group Financial Director

(Mohamed Mohamed Mohy Eldeen)

* Review report "attached"



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

Consolidated income statement
For the period ended 31 July 2019

	<u>Note No.</u>	<u>Period from 1/2/2019 to 31/7/2019</u>	<u>Period from 1/2/2018 to 31/7/2018</u>	<u>Period from 1/5/2019 to 31/7/2019</u>	<u>Period from 1/5/2018 to 31/7/2018</u>
		<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Revenue		104 307 819	117 960 363	55 039 760	62 321 368
Cost of revenue	(31)	(66 994 647)	(73 948 429)	(36 003 851)	(40 024 532)
Gross profit		37 313 172	44 011 934	19 035 909	22 296 836
Other revenues	(32)	2 143 554	3 565 027	1 070 506	1 566 100
Distribution expenses	(33)	(24 923 718)	(28 876 523)	(12 452 030)	(14 319 611)
General and administrative expenses	(34)	(11 623 043)	(12 362 061)	(5 256 681)	(6 554 675)
Other expenses	(35)	(211 852)	(371 773)	(114 392)	(193 205)
Operating profit		2 698 113	5 966 604	2 283 312	2 795 445
Joint venture share of results	(12)	42 199	57 232	28 985	29 872
Sister company share of result		(213 536)	-	(81 796)	-
Finance cost	(36)	(6 875 543)	(6 129 688)	(3 992 489)	(3 074 409)
Finance income	(37)	12 608 961	4 119 873	8 186 598	2 058 653
Net profit for the period before taxes		8 260 194	4 014 021	6 424 610	1 809 561
Income tax for the period		(497 747)	(756 374)	(270 876)	(424 361)
Deferred tax	(14)	(4 383)	3 727	(31 119)	(5 633)
Net profit for the period after taxes		7 758 064	3 261 374	6 122 615	1 379 567
<u>Attributable to:</u>					
Holding company owners		7 694 005	2 830 983	6 062 062	883 640
Non-controlling interests		64 059	430 391	60 553	495 927
Net profit for the period after taxes		7 758 064	3 261 374	6 122 615	1 379 567

* The accompanying policies and the notes on pages (6) to (40) form an integral part of these consolidated financial statements.



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

Consolidated comprehensive income statement
For the period ended 31 July 2019

	<u>Note</u> <u>No.</u>	<u>Period</u> <u>from 1/2/2019</u> <u>to 31/7/2019</u> <u>USD</u>	<u>Period</u> <u>from 1/2/2018</u> <u>to 31/7/2018</u> <u>USD</u>	<u>Period</u> <u>from 1/5/2019</u> <u>to 31/7/2019</u> <u>USD</u>	<u>Period</u> <u>from 1/5/2018</u> <u>to 31/7/2018</u> <u>USD</u>
Net profit for the period after taxes		7 758 064	3 261 374	6 122 615	1 379 567
<u>Other comprehensive income for the period</u>					
Differences from translation of foreign operations	(24)	(362 437)	(481 008)	(2 059 464)	(1 795 022)
Actuarial losses (Baird group)		-	(300 656)	-	-
Total comprehensive income for the period		7 395 627	2 479 710	4 063 151	(415 455)
<u>Attributable to:</u>					
Holding company owners		7 331 568	2 049 319	4 002 598	(911 382)
Non-controlling interests		64 059	430 391	60 553	495 927
Total comprehensive income for the period		7 395 627	2 479 710	4 063 151	(415 455)

* The accompanying policies and the notes on pages (6) to (40) form an integral part of these consolidated financial statements.



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

Free Zone

Consolidated Statement of Changes in Equity
For the period ended 31 July 2019

	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	Paid up capital	Reserves	The difference resulting from acquisition of subsidiaries (under joint control)	Retained earnings	Net profit for the period / year	Translation differences of financial statements	Treasury stock	Total	
Balance as at 1 February 2018	94 050 000	99 983 170	(27 651 899)	28 230 744	6 586 682	(42 468 498)	(1 161 530)	157 568 669	
Total comprehensive income									
Net profit for the period ended 31 July 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 *	-	197 759	-	(369 173)	(6 586 682)	-	-	(6 758 096)	
Balance as at 31 July 2018	94 050 000	100 180 929	(27 651 899)	27 560 915	2 830 983	(42 949 506)	(1 161 530)	152 859 892	
Balance as at 1 February 2019	94 050 000	100 151 148	(27 651 899)	30 562 594	3 398 840	(45 273 280)	(1 161 530)	154 075 873	
Total comprehensive income									
Net profit for the period ended 31 July 2019	-	-	-	-	7 694 005	-	-	7 694 005	
Other comprehensive income	-	-	-	-	-	(362 437)	-	(362 437)	
Total comprehensive income	-	-	-	-	7 694 005	(362 437)	-	7 331 568	
Transactions with holding company owners									
Closing net profits for the year ended 31/1/2019	-	-	-	3 398 840	(3 398 840)	-	-	-	
Dividends the year ended 31/1/2019	-	149 378	-	(149 378)	-	-	-	-	
The effect of transforme an investment into an investment in a subsidiary	-	-	(245 741)	-	-	-	-	(245 741)	
Balance as at 31 July 2019	94 050 000	100 300 526	(27 897 640)	33 812 056	7 694 005	(45 635 717)	(1 161 530)	161 161 700	

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

* The accompanying policies and the notes on pages (6) to (40) form an integral part of these consolidated financial statements.

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

Consolidated Cash flows statement
For the period ended 31 July 2019

	<u>Note No.</u>	<u>Period</u> <u>from 1/2/2019</u> <u>to 31/7/2019</u> <u>USD</u>	<u>Period</u> <u>from 1/2/2018</u> <u>to 31/7/2018</u> <u>USD</u>
<u>Cash flows from operating activities</u>			
Net profit for the period		7 694 005	2 830 983
<u>Adjustments</u>			
Property, plant and equipment depreciation	(8)	2 849 373	2 967 966
Gain on sale fixed assets		(18 228)	(892 965)
Interest and finance expense	(36)	6 875 543	6 129 688
Interest income	(37)	(3 781 346)	(2 501 584)
Intangible Assets amortization - Trademarks	(15)	1 119 879	1 301 098
Actuarial losses (subsidiary)		-	(300 656)
Adjustments on retained earnings		-	(6 758 096)
Share of results from joint ventures	(12)	(42 199)	(57 232)
Sister company share of result		213 536	-
Formed provisions	(28)	66 704	295 828
<u>Change in</u>			
Inventories	(17)	1 833 163	1 926 809
Debetors and other debit balances	(18)	(15 833 830)	5 009 556
Due from related parties	(7)	(73 324)	(703 848)
Creditors and other credit balances	(30)	(3 270 437)	(3 677 168)
Assets deferred tax	(14)	4 383	(3 727)
Utilized Provisions	(28)	(274 216)	-
Cash (used in) generated from operating activities		(2 636 994)	5 566 652
Interest and finance cost paid		(6 277 895)	(5 527 613)
Net cash (used in) generated from operating activities		(8 914 889)	39 039
<u>Cash flows from investing activities</u>			
Payments to purchase property, plant and equipment and projects in progress	(8),(9)	(2 820 151)	(1 641 420)
Proceeds from sale of fixed asstes		1 142 713	1 016 796
(Payments to) Proceeds from Treasury bills maturing after three months		(153 384)	11 775 292
Cash (used in) generated from investing activities		(1 830 822)	11 150 668
Credit interest collected		3 657 557	2 378 365
Net cash generated from investing activities		1 826 735	13 529 033
<u>Cash flows from financing activities</u>			
Change in non-controlling interests		(5 477)	194 639
Net payments for long-term loans	(26)	(1 873 133)	(4 248 021)
Net Proceeds from bank-credit facilities	(29)	30 395 210	24 861 869
Net proceeds from (payments to) other long-term liabilities	(27)	3 746 937	(280 901)
Change in long-term assets private for Baird group		(3 565 250)	35 948
Net cash generated from financing activities		28 698 287	20 563 534
Net increase in cash and cash equivalents during the period		21 610 133	34 131 606
The impact of the transfer of subsidiary investments to sister companies		(1 209 493)	-
Cash and cash equivalents at beginning of the period		55 506 156	20 101 656
Cash and cash equivalents at end of the period	(20)	75 906 796	54 233 262

* The accompanying policies and the notes on pages (6) to (40) form an integral part of these consolidated financial statements

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

Notes to the consolidated financial statements
For the period ended 31 July 2019

1- Company background

1-1 Legal status

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

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

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

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

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

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

The Company's Chairman and Managing Director is Dr. Alaa Ahmed Abd Al Maksood Arafa.

The Company is considered the holding company.

1-2 The Company's purpose

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

1-3 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

2- Basis of preparation the consolidated financial statements

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards "EAS", and in accordance with the prevailing Egyptian laws.

The consolidated financial statements were approved by the Board of Directors held on 20 October 2019.

2-2 Basis of measurement

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

Estimates Actual results may differ from these estimates.

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

2-5 Fair value measurement

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

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

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

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

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

3 - Applied accounting policies

3-1 Business combinations

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

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

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

a. Subsidiaries

Subsidiaries are entities controlled by the holding company.

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

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

b. Non-controlling interests

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

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

c. Loss of control

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

d. Investments are accounted for using the equity method

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

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

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

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

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

e. Exclusions from consolidated financial statements

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

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

f. Acquisition of companies under joint control

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

3-2 Foreign currency

a. Translation of transactions in foreign currency

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

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

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

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

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

b. Financial statements of subsidiaries in foreign currencies

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

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

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

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

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

3-3 Property, plant and equipment

a. Recognition and measurement

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

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

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

b. Subsequent costs on acquisition

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

c. Depreciation

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

Land is not depreciated.

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

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

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

3-4 Projects in progress

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

3-5 Intangible assets

a. Recognition and measurement

Goodwill

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

Other intangible assets

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

b. Subsequent expenditure

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

c. Amortization

Amortization is calculated as the cost of intangible assets less their estimated scrape value using the straight-line method over the estimated useful lives of those assets and the cost of depreciation is recognized as an expense in the consolidated statement of income. It should also be noted that Goodwill is not amortized.

3-6 Financial instruments

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

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

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

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

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

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

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

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

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

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

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

3-6-2-2 Assets held to maturity

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

3-6-2-3 Loans and receivables

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

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

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

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

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

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

3-7 Work in progress

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

3-8 Inventories

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

3-9 Assets held for sale

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

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

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

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

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

3-10 Debtors and other receivables

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

3-11 Treasury Bills

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

3-12 Cash and cash equivalents

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

3-13 Impairment

a. Non-derivative financial assets

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

Financial assets carried at amortized cost

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

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

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

Financial assets available for sale

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

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

Investments accounted for using the equity method

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

b. Non-financial assets

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

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

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

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

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

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

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

3-14 Financial lease

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

3-15 Provisions

Provisions are recognized when there is an existing or estimated legal obligation as a result of an event in the past that is probable to result in an inflow of economic benefits to be used to settle that obligation and a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, the unwinding of the discount is recognized as finance cost. Then check the balance of provision in the date of financial statements and adjusted when necessary to show current best estimate.

3-16 Loans and credit facilities

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

3-17 Creditors and other credit balances

Creditors and other credit balances are stated at their cost.

3-18 Capital

a. Ordinary Shares

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

b. Re-buy and re-issue capital shares

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

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

c. Dividends

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

3-19 Revenue

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

a. Revenue from sale of goods

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

b. Return on investments

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

c. Gain on sale of investments

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

d. Credit benefits

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

3-20 Expenses

a. Lease payments

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

b. Borrowing cost

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

c. Insurance and pension system

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

d. Income tax

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

e. Deferred tax

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

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

3-21 Reserves

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

4 - Financial risk management

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

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

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

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

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

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

Credit risk

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

Customers and debtors

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

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

Investments

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

Guarantees

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

Liquidity risk

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

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

Market risk

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

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

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the company's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

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

5 - Capital management

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

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

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

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

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6 - Group Entities

The following is a list of the Subsidiaries owned and controlled by the Company as at 31/7/2019 and its ownership percentage:

Subsidiary's Name	Ownership Percentage		Country of Incorporation
	31/7/2019	31/1/2019	
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
White Head Spinning Company *	43.75 %	43.75 %	Egypt
Euromed for trading & marketing Company	98.42 %	98.42 %	Egypt
Al Arafa for investments in Garments industry	99.2 %	99.2 %	Egypt
Al Arafa for investments in Spinning & Textile industry	99.2 %	99.2 %	Egypt
Al Arafa for investments in Garments Marketing & Retail Fashion Industry	99.2 %	99.2 %	Egypt
Savini Garments Company *	98.8 %	98.8 %	Egypt
Swiss Cotton Garments Company	98.41 %	98.41 %	Egypt
Egypt Portugal Marketing Company	59 %	59 %	Egypt
Al 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
Camegit for Garments Manufacturing **	99.48 %	49.50 %	Egypt

* ketan 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.

** 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 %.

Sister companies have not been accounted for using the equity method

Company's Name	Share Percentage		Country of Incorporation
	31/7/2019	31/1/2019	
Metco (Indirect ownership)	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.

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7- Related parties transactions

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

7-1 Due from related parties

Company's Name	Type of transactions	Total value of transactions during the period / year ended		Balance as at	
		31/7/2019	31/1/2019	31/7/2019	31/1/2019
		USD	USD	USD	USD
Metco	Service	94	38	200 122	200 028
Camegit for Garments Manufacturing	Service	(290 896)	148 859	-	290 896
Euro Misr	Sales	3 967	8 815	54 581	50 614
Golden Tex Wool Company	Service	360 159	-	360 159	-
		73 324	157 712	614 862	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.

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8 - Property, plant and equipment

	Land	Buildings & Constructions	Machinery & equipment	Vehicles	Tools & Supplies	Furniture & Office Equipment	Improvements in leasehold	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cost								
Cost as at 1/2/2018	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	51 050 514	2 522 734	168 733 161
Cost as at 1/2/2019	5 031 934	59 112 399	49 613 115	1 098 469	1 067 613	51 633 309	3 044 176	170 601 015
Additions during the period	-	108 254	1 960 742	43 604	8 218	423 703	381 874	2 926 395
The impact of transfer subsidiary investments to sister companies	(137 098)	(2 118 368)	(5 196 528)	(115 398)	(93 673)	(300 553)	(10 992)	(7 972 610)
The impact of transfer Investments in joint ventures to subsidiary investments	-	-	408 393	-	26 021	20 928	5 157	460 499
Disposals during the period	-	-	(446 565)	(11 007)	-	(808 452)	-	(1 266 024)
Translation differences	140 100	530 875	276 381	15 908	10 356	898 217	287 920	2 159 757
Cost as at 31/7/2019	5 034 936	57 633 160	46 615 538	1 031 576	1 018 535	51 867 152	3 708 135	166 909 032
Accumulated depreciation								
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
Accumulated depreciation as at 1/2/2019	-	25 103 421	43 116 732	934 057	608 901	48 625 496	1 380 023	119 768 630
Depreciation for the period	-	515 570	1 034 873	21 784	38 217	554 803	684 126	2 849 373
The impact of transfer subsidiary investments to sister companies	-	(947 157)	(4 429 277)	(91 959)	(66 993)	(273 960)	(10 992)	(5 820 338)
The impact of transfer Investments in joint ventures to subsidiary investments	-	-	373 582	-	17 754	19 681	4 801	415 818
Accumulated depreciation of disposals	-	-	(46 048)	(11 007)	-	(84 484)	-	(141 539)
Translation differences	-	92 314	43 759	13 862	7 544	390 992	144 274	692 745
Accumulated depreciation as at 31/7/2019	-	24 764 148	40 093 621	866 737	605 423	49 232 528	2 202 232	117 764 689
Net cost								
Net cost as at 1/2/2019	5 031 934	34 008 978	6 496 383	164 412	458 712	3 007 813	1 664 153	50 832 385
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
Net cost as at 31/7/2019	5 034 936	32 869 012	6 521 917	164 839	413 112	2 634 624	1 505 903	49 144 343
Assets that were depreciated by the books and are still operating as at 31/7/2019	-	1 595 847	17 753 150	465 704	191 132	3 959 332	1 472 397	25 437 562

9 - Projects in progress

	31/7/2019	31/1/2019
	USD	USD
Buildings & Constructions	4 704 301	5 482 450
Machinery and equipment under construction	26 309	25 723
Advance payments to purchase fixed assets	334 367	504 993
Decrease in Projects in progress according to GAFI valuation (subsidiary)	(115 475)	(115 475)
	4 949 502	5 897 691

10 - Goodwill

Balance amounted to USD 28 830 899 (USD 30 918 257 as at 31/1/2019) 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 31/7/2019	Cost of investment as at 31/1/2019
		%	%	USD	USD
Egyptian Company for Trading & Marketing	Egypt	2.62	100	29 472	29 472
10 th of Ramadan for Developments & Construction Investments Co.	Egypt	4.036	100	554 854	876 179
Middle East Company (Metco)	Egypt	48.5	100	2 543 467	2 543 467
Other investments				67 669	69 234
				3 195 462	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				(292 256)	(511 278)
				2 848 511	2 952 379

- The company wasn't able to measure the fair value of financial investments available for sale the absence of an active market can be dependable as shown accounting policy (3-6).

12 - Investments in joint ventures

Particulars	Country of Incorporation	Ownership percentage	Cost of Investment as at 31/7/2019	Cost of investment as at 31/1/2019
		%	USD	USD
Camegit for Garments Manufacturing	Egypt	49.48	-	650 076
			-	650 076

The following is the movement through the period ended 31/7/2019

	31/7/2019
	USD
Balance at the beginning of the period	650 076
Share of results from Camegit for Garments Manufacturing	42 199
The impact of transfer Investments in joint ventures to subsidiary investments	(692 275)
	-

- On 27/6/2019, the company acquired 50% of the shares of Camigit for Garments Manufacturing Company, in addition to 49.5% indirect ownership through its subsidiary - Al Arafa for investments in Garments Marketing & Retail.

13 - Investments in sister company

Particulars	Country of Incorporation	Ownership percentage	Cost of Investment as at	Cost of investment as at
			31/7/2019	31/1/2019
		%	USD	USD
Golden Tex Wool Company	Egypt	43.6	5 006 993	-
			5 006 993	-

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 sister company on 1 February 2019 (expiration date of the management contract).

14 - Deferred tax (liabilities) assets

	31/7/2019	31/1/2019
	USD	USD
Balance at the beginning of the period / year - asset	21 238	493 121
Transaction during the period / year	(4 383)	(286 111)
The impact of transfer subsidiary investments to sister companies	121 753	-
Effect of translation differences period / year	(152 823)	(185 772)
Balance at the end of the period / year - (liability) asset	(14 215)	21 238

15 - Intangible Assets - Trademarks

	31/7/2019	31/1/2019
	USD	USD
Balance at the beginning of the period / year	19 647 606	22 570 228
Amortization of the period / year	(1 119 879)	(2 622 459)
Change in foreign currency exchange rates	(555 113)	(300 163)
	17 972 614	19 647 606

- Trademarks are amortized over 20 years.

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16 - Work in progress

This balance amounted to USD 501 556 at 31/7/2019 (USD 465 612 as at 31/1/2019) represents the total contractual consideration to purchase a piece of land in 10th of Ramadan City with an area of 104424.89 square meters including the contractual expenses, such land was acquired to construct residential units according to the National Housing Project specifications.

17 - Inventories

	31/7/2019	31/1/2019
	USD	USD
Raw materials	20 475 116	21 853 040
Spare parts and auxiliary material	3 024 376	3 604 950
Packing materials	628 764	683 698
Work in process	15 363 226	19 525 530
Finished goods	59 487 440	70 431 328
Goods in transit	353 571	1 064 114
	99 332 493	117 162 660
Less : impairment of inventories	(2 897 389)	(3 237 356)
	96 435 104	113 925 304
L/C's to purchase goods	3 611 454	1 089 009
	100 046 558	115 014 313

18 - Debtors and other debit balances

	31/7/2019	31/1/2019
	USD	USD
Trade receivables	53 686 304	55 903 222
Less:		
Impairment of trade receivables	(183 138)	(691 122)
	53 503 166	55 212 100
Notes receivables	754 687	2 012 033
	54 257 853	57 224 133
Debtors & debit balances (sold companies)	44 644 121	44 624 447
Suppliers & contractors - debit balances	5 115 017	3 154 207
Tax authority	1 259 556	1 468 321
Deposits to others	1 861 841	1 131 848
Prepaid expenses	11 147 005	6 915 792
Accrued revenues	11 162 952	10 517 452
Other debit balances	29 885 063	26 399 917
	105 075 555	94 211 984
Less:		
Impairment of debtors & other debit balances	(18 837 067)	(18 848 568)
	86 238 488	75 363 416
	140 496 341	132 587 549

19 - Debtors sale of investments

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

20 - Cash and cash equivalents

	31/7/2019	31/1/2019
	USD	USD
Time deposits & Treasury bills	67 002 719	49 477 340
Current accounts	14 635 101	12 483 946
Cash on hand	629 369	403 728
Cash and cash equivalents	82 267 189	62 365 014
Overdraft	(6 360 393)	(6 858 858)
Cash and cash equivalents for the purpose of cash flows statement	75 906 796	55 506 156

21 - Capital

21-1 Authorized capital

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

21-2 Paid up capital

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

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

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

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

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

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

22 - Reserves

	31/7/2019	31/1/2019
	USD	USD
Legal reserve	34 584 118	34 434 740
Special reserve	18 679 727	18 679 727
General reserve	45 415 879	45 415 879
Treasury stock reserve	890 207	890 207
Other reserves	730 595	730 595
	100 300 526	100 151 148

Legal reserve

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

Special Reserve

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

General Reserve

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

Treasury stock reserves

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

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

The holding company acquired the shares of some subsidiaries that were under the control of the shareholders of Al Arafa for Investment and Consultancies Company and Swiss Garments Company (Subsidiary). The difference between the acquisition cost and its share in the net of shareholders' equity for these companies was recognized in the shareholders' equity in the consolidated financial statements which amounted to USD 27 897 640 .

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Notes to the consolidated financial statements for the period ended 31 July 2019

24 - Translation adjustment

	31/7/2019	31/1/2019
	USD	USD
Balance at the beginning of the period / year	(45 273 280)	(42 468 498)
Change during the period / year	(362 437)	(2 804 782)
Balance at the end of the period / year	(45 635 717)	(45 273 280)

25 - Treasury stock

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

26 - Long-term Loans, and its current portion

	Long term Loans USD	Current portion USD	Total USD
Al Arafa for investments in Garments Marketing & Retail			
AAIB	13 907 087	4 635 695	18 542 782
Port-said Garments Company			
NBK	1 605 672	859 826	2 465 498
Swiss Cotton Garments Company			
HSBC	-	450 000	450 000
ENBD	-	511 213	511 213
Baird Group			
QIB	4 545 398	1 947 680	6 493 078
Balance as at 31/7/2019	20 058 157	8 404 414	28 462 571
Balance as at 31/1/2019	21 011 106	9 324 598	30 335 704

26-1 Terms of loans agreements

Bank	Loan Currency	End of Payment	31 July 2019		31 January 2019	
			Value (Original Currency)	Value (in USD)	Value (Original Currency)	Value (in USD)
Al Arafa for investments in						
Garments Marketing & Retail						
AAIB	USD	2021	18 542 782	18 542 782	18 542 782	18 542 782
Port-said Garments Company						
NBK	USD	2022	2 465 498	2 465 498	2 876 397	2 876 397
Swiss Cotton Garments Company						
HSBC Bank	USD	2020	450 000	450 000	750 000	750 000
ENBD	USD	2019	511 213	511 213	1 022 425	1 022 425
Crystal for Making shirts						
HSBC	Euro	2019	-	-	125 000	142 158

27 - Other long-term liabilities

	31/7/2019	31/1/2019
	USD	USD
Long term notes payable	2 920 715	1 030 924
Other liabilities	6 403 870	4 546 724
	9 324 585	5 577 648

28 - Provisions

	Balance as at 31/1/2019 USD	Recognized during the period USD	Reversed provisions USD	Utilized during the period USD	Balance as at 31/7/2019 USD
Provisions	1 866 164	66 704	-	(274 216)	1 658 652
The impact of transfer subsidiary investments to sister companies	-	-	-	-	(120 162)
Exchange rates differences	-	-	-	-	(39 492)
	1 866 164	66 704	-	(274 216)	1 498 998

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

29 - Banks – Credit Facilities

Banks – Credit Facilities equivalent to USD 209 462 830 (USD 189 081 553 as at 31/1/2019) Were granted to the group's Companies from several local and foreign banks in different currencies.

30 - Creditors and other Credit balances

	31/7/2019	31/1/2019
	USD	USD
Suppliers and contractors	25 712 196	26 070 755
Notes payable	7 186 808	8 298 400
Accounts receivables – advance payments	569 087	121 714
Deposits from others	789 689	704 616
Tax authority	2 710 760	3 581 168
Un-earned revenue	11 507	7 548
Accrued expenses	5 899 878	10 634 225
Deferred capital gains	4 380 578	5 340 179
Other credit balances	6 769 222	6 078 525
	54 029 725	60 837 130

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Notes to the consolidated financial statements for the period ended 31 July 2019

31 - Cost of revenue

	31/7/2019	31/7/2018
	USD	USD
Cost of sales	66 994 647	73 948 429
	66 994 647	73 948 429

32 - Other revenues

	31/7/2019	31/7/2018
	USD	USD
Capital gains	1 028 918	1 898 822
Rent	468 992	1 364 948
Earned discounts	84 279	76 778
Revenue from service rendered to other	54 214	20 470
Others	507 151	204 009
	2 143 554	3 565 027

33 - Distribution expenses

	31/7/2019	31/7/2018
	USD	USD
Wages and salaries	11 015 503	13 866 622
Fixed assets depreciation	1 130 141	999 158
Export expenses	1 531 762	1 434 609
Rents	5 211 607	5 060 956
Advertising	1 242 936	2 015 733
Others	4 791 769	5 499 445
	24 923 718	28 876 523

34 - General and administrative expenses

	31/7/2019	31/7/2018
	USD	USD
Wages and salaries	4 729 510	5 605 163
Fixed assets depreciation	1 407 778	724 797
Rents	292 989	319 774
Finance lease payments	2 165 358	3 098 985
Others	3 027 408	2 613 342
	11 623 043	12 362 061

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

35 - Other expenses

	31/7/2019	31/7/2018
	USD	USD
General Authority for Investment fees	98 049	59 804
Recognized the claims provision	66 704	295 828
Others	47 099	16 141
	211 852	371 773

36 – Finance cost

	31/7/2019	31/7/2018
	USD	USD
Interest and finance expense	6 875 543	6 129 688
	6 875 543	6 129 688

37 – Finance income

	31/7/2019	31/7/2018
	USD	USD
Interest income	3 781 346	2 501 584
Foreign exchange gain	8 827 615	1 618 289
	12 608 961	4 119 873

38 - Leases

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

<u>Statement</u>	<u>Al Arafa for Investments and Consultancies</u>	<u>Al Arafa for real estate investment</u>	<u>Egypt Tailoring Garments</u>
	USD	USD	USD
The leased asset	Buildings	Buildings	Land
Estimated useful life	50 years	50 years	-
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	946 958	465 239
Capital gain during the period	468 962	198 835	342 893
Accrued installments until the end of the contract (Less than 5 years)	2 567 371	3 006 808	2 723 028
The end of contract	June 2021	December 2020	June 2022

39 - Capital commitments

The capital commitments of the Group as at 31/7/2019 amounted to U.S \$ 203 400.

40 - Contingent liabilities

Letters of guarantee issued by banks to the favor of the company and its subsidiaries in at 31/7/2019 amount to U.S \$ 11 409 671.

41 - 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.

41 - Segment analysis

41-1 Operating results divided to group company's business activities for the financial period ended 31/7/2019

	Business activities						
	Formal	Causal	Luxury	Real estate Investment	Investment	Eliminations	Total after eliminations
	USD	USD	USD	USD	USD	USD	USD
Total Revenues	106 400 867	10 391 441	34 559 040	-	-	-	151 351 348
Sales between companies for the same segment	9 830 233	-	1 450 250	-	-	(11 280 483)	-
Net Revenues	96 570 634	10 391 441	33 108 790	-	-	(35 763 046)	104 307 819
Revenue from external customers	81 490 227	7 839 581	14 978 011	-	-	-	104 307 819
Intercompany group sales	15 080 407	2 551 860	18 130 779	-	-	(35 763 046)	-
Total	96 570 634	10 391 441	33 108 790	-	-	(35 763 046)	104 307 819
Cost of Revenue	(68 421 605)	(8 856 376)	(25 479 712)	-	-	35 763 046	(66 994 647)
Gross profit	28 149 029	1 535 065	7 629 078	-	-	-	37 313 172
Other revenues	636 697	209 172	631 911	198 835	597 129	(130 190)	2 143 554
Distribution expenses	(20 938 752)	(468 852)	(3 526 442)	-	-	10 328	(24 923 718)
General and administrative expenses	(5 817 453)	(638 868)	(3 515 241)	(951 437)	(2 149 650)	1 449 606	(11 623 043)
Other expenses	-	(52 215)	(70 562)	-	(89 075)	-	(211 852)
Operating profit (loss)	2 029 521	584 302	1 148 744	(752 602)	(1 641 596)	1 329 744	2 698 113
Group's share of results of joint ventures	-	-	42 199	-	-	-	42 199
Sister company share of result	(213 536)	-	-	-	-	-	(213 536)
Finance (expenses) income, (net)	(1 621 604)	(378 961)	(629 878)	162 523	8 233 806	(32 468)	5 733 418
Net profit (loss) for the period - before tax	194 381	205 341	561 065	(590 079)	6 592 210	1 297 276	8 260 194
Income tax for the period	(51 543)	-	(446 204)	-	-	-	(497 747)
Deferred tax	(135)	3 930	(8 178)	-	-	-	(4 383)
Net profit (loss) for the period - after tax	142 703	209 271	106 683	(590 079)	6 592 210	1 297 276	7 758 064
Attributable to:							
Holding company owners	206 092	193 238	(9 400)	(585 411)	6 592 210	1 297 276	7 694 005
Non-controlling interests	(63 389)	16 033	116 083	(4 668)	-	-	64 059
Net profit (loss) for the period	142 703	209 271	106 683	(590 079)	6 592 210	1 297 276	7 758 064

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
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41 - Segment analysis

41-1 Operating results divided to group company's business activities for the financial period ended 31/7/2018

	Business activities							Total after eliminations US \$
	Formal	Causal	Luxury	Real estate Investment	Investment	Eliminations		
	US \$	US \$	US \$	US \$	US \$	US \$		
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 (loss)	2 937 186	699 441	2 776 513	(775 369)	987 481	(658 648)	5 966 604	
Group's share of results of joint ventures	-	-	57 232	-	-	-	57 232	
Finance expenses (net)	(2 079 083)	(542 412)	(1 883 475)	(9 609)	2 499 878	4 886	(2 009 815)	
Net profit (loss) for the period - before tax	858 103	157 029	950 270	(784 978)	3 487 359	(653 762)	4 014 021	
Income tax for the period	(464 264)	-	(292 110)	-	-	-	(756 374)	
Deferred tax	7 542	(717)	(3 098)	-	-	-	3 727	
Net profit (loss) for the period - after tax	401 381	156 312	655 062	(784 978)	3 487 359	(653 762)	3 261 374	
Attributable to								
Holding company owners share	19 329	155 120	601 683	(778 746)	3 487 359	(653 762)	2 830 983	
Non-controlling interests share	382 052	1 192	53 379	(6 232)	-	-	430 391	
Net profit (loss) for the period	401 381	156 312	655 062	(784 978)	3 487 359	(653 762)	3 261 374	

42 - Financial instruments

Credit risk

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

	Carrying amount	
	31/7/2019	31/1/2019
	USD	USD
Investments available for sale	2 848 511	2 952 379
Debtors on sale of investments	35 600 000	35 600 000
Debtors and other debit balances	128 089 780	124 203 436
Due from related parties	614 862	541 538
Cash and cash equivalents	82 267 189	62 365 014

Liquidity risk

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

	Carrying amount	Due date	
		Within one year	2-5 Years
	USD	USD	USD
Banks - credit facilities	209 462 830	209 462 830	-
Creditors and other credit balances	46 938 387	46 938 387	-
Long-term loans	28 462 571	8 404 414	20 058 157
Long-term liabilities	9 324 585	-	9 324 585

Foreign exchange risk

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

	31/7/2019	31/1/2019
	Surplus (Deficit)	Surplus (Deficit)
US dollars	104 367 993	111 096 889
Euro	(15 815 240)	(22 294 010)
Sterling Pound	(1 666 309)	(1 841 260)
Egyptian Pound	1 117 281 465	868 062 451

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

	Closing Rate		Average exchange rate	
	31/7/2019	31/1/2019	31/7/2019	31/1/2019
Euro	1.1292	1.1371	1.1306	1.2277
Sterling Pound	1.2173	1.3127	1.2882	1.4008
Egyptian Pound	0.0600	0.0557	0.0567	0.0564

43 - Taxation

Al Arafa for Investments and Consultancies Company

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

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

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

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

Subsidiaries in Egypt subject to tax

Concrete Garments Company

Fund companies tax

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

Salaries tax

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

Stamp tax

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

Value-added tax

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

Port Said Garments Company

Fund companies tax

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

Salaries tax

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

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Stamp tax

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

Golden tex wool Company

Fund companies tax

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

Salaries tax

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

Stamp tax

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

Value-added tax

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

Euromed for trading & Marketing Company

Fund companies tax

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

Salaries tax

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

Stamp tax

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

Value-added tax

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

Al Arafa for real estate investment

Fund companies tax

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

Salaries tax

To date, tax inspection has not been conducted.

Stamp tax

To date, tax inspection has not been conducted.

Value-added tax

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

Egypt tailoring company

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

Fund companies tax

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

Salaries tax

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

Stamp tax

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

Value-added tax

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

White Head Spinning Company

Fund companies tax

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

Salaries tax

- Company provides tax returns on legal dates and payment the tax dues from these returns. until 2016. All the dues were paid.
- Tax inspection was carried out until 2008 and all the dues were paid.
- The years from 2009 until 2013 are under review.
- The following years to date were not examined.

Stamp tax

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

Value-added tax

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

Crystal for Making shirts

Fund companies tax

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

Salaries tax

To date, tax inspection has not been conducted.

Stamp tax

To date, tax inspection has not been conducted.

Value-added tax

To date, tax inspection has not been conducted.

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

Swiss Garments Company

Swiss Cotton garments Company

Al Arafa for investments in Garments industry

Al Arafa for investments in Spinning & Textile industry

Al Arafa for investments in Garments Marketing & Retail

Fashion Industry

Apparel International Ltd. For Marketing & Promotion

Egypt Portugal Marketing Company

Sbaghy golden tax

Saveni Garments

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

Subsidiaries outside Egypt

Baird Group is subject to UK Corporate tax.

EP Garments Company is subject to Portugal Corporate tax.

44- Important events

The extraordinary general assembly of the shareholders of the company held its meeting on 4/8/2019 unanimously approved the following resolutions:

- 1- Merging of Al Arafa for investments in spinning and Textile Industry "SAE", Al Arafa for investments in Garments industry "SAE" and Al Arafa for investments in Garments Marketing and Retail "SAE" At Al Arafa for Investment and Consultancies "SAE" on the basis of the book value of the merging company and merged companies in accordance with the financial statements of the companies on 31/10/2018, which is the date of the merger, while maintaining the issued and paid up capital of Al Arafa for Investment and Consultancies (Merging company) before the merger amounting to 94 050 000 US dollars as it is after the merger with spare the difference between The issued share capital of the company (94 050 000 US dollars) and the total net Equity of the merging company and the merged companies (111 083 697 US dollars) are calculated in the reserves of the merging company.
- 2- Approving of the report of the committee formed by the decision of Prof. Dr. / Minister of Investment No. (95) for the year 2018 on the merger, which was adopted by Mr. / Chief Executive Officer of the General Authority for Investment and Free Zones on 1/7/2019.
- 3- Approving of the merger process as follows:
 - Maintaining the authorized capital of Al Arafa for Investment and Consultancies Company (the merging company) before the merger amounting to US \$ 150 million, as well as the issued and paid up capital of Al Arafa for Investment and Consultancies Company (the merging company) before the merger amounting to US \$ 94 050 000 as it is after the merger, with spare the difference between the issued capital of the company (94 050 000 US dollars) and the total net Equity of the merging company and the merged companies (111 083 697 US dollars) in the reserves account of the merging company.
 - Transfer all the rights and obligations of the merged companies to Al Arafa for Investment and Consultancies Company (the merging company) so that the merging company will replace the three merged companies with their assets and financial & moral assets and their obligations and rights, after the decision authorized to merge and registration in the commercial register of the merging company by merging.
 - Authorization of Dr. / Alaa Ahmed Abdel Maksoud Arafa - Chairman of the Board of Directors and Managing Director - to take all the necessary measures to complete the merger and make any amendments that may be seen by government agencies to the Assembly's decisions in accordance with the provisions of the law.
- 4- Approving of the adoption of the merger contract and authorization of Dr. / Alaa Ahmed Abdel Maksoud Arafa - Chairman and Managing Director - to sign the merger contract.
- 5- Approving the amendment of articles (21, 40, 41) of the company's articles of association.

45 - Comparative figures

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 February 1, 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 period ending 31 July 2019.

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

1- Consolidated Financial Position

	31/1/2019
	USD
Property, plant and equipment	1 930 592
Projects in progress	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

2- Consolidated income statement

	31/7/2018
	USD
Revenue	6 866 962
Cost of revenue	5 674 297
Other revenues	910 153
Distribution expenses	210 935
General and administrative expenses	603 309
Finance cost	459 509
Deferred tax	7 668