

YOUSSEF KAMEL & CO.
CHARTERED ACCOUNTANTS - EXPERTS IN TAXATION

Since 1946 - Antoun Atalla

YOUSSEF KAMEL
(A.R no. 3764)

AMIN SAMY
(A.R no. 4994)

LATIF ZAKHER
(A.R no. 6854)

AMIR NOSHY
(A.R no. 15030)

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

Consolidated financial statements
For the period ended 30 April 2017
And review report

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

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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 30 April 2017 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 30 April 2017, its financial performance and its consolidated cash flows for the three months period then ended in accordance with the Egyptian Accounting Standards.

Cairo, 14th June, 2017



Auditor


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

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

Free Zone

Consolidated Financial Position

As at 30 April 2017

	Note No.	30/4/2017 U.S \$	31/1/2017 U.S \$
Assets			
Non-current assets			
Property, plant and equipment	(8)	52 451 853	51 642 524
Projects in progress	(9)	5 978 469	5 190 076
Goodwill	(10)	30 699 863	29 665 924
Investments available for sale	(11)	3 053 635	3 043 120
Investments in joint ventures	(12)	906 288	852 763
Deferred tax assets	(13)	463 600	379 724
Other assets	(14)	16 886 751	16 606 067
Long-term assets related to Baird group		515 591	500 069
Total non-current assets		110 956 050	107 880 267
Current assets			
Work in progress	(15)	458 924	453 909
Inventories	(16)	95 070 474	93 948 889
Debtors and other debit balances	(17)	134 074 185	119 239 017
Due from related parties	(7-1)	3 501 359	3 373 715
Debtors on sale of investments - current portion	(18)	35 600 000	35 600 000
Treasury bills (maturing more than three months)		1 643 995	1 626 027
Cash and cash equivalents	(19)	27 513 670	32 390 207
Total current assets		297 862 607	286 631 764
Total assets		408 818 657	394 512 031
Shareholders' Equity			
Paid up capital	(20)	94 050 000	94 050 000
Reserves	(21)	98 326 718	98 326 718
Decrease in the book value of net assets acquired over purchase considerations	(22)	(26 261 873)	(26 261 873)
Retained earnings		31 918 739	25 344 856
Total Shareholders' Equity (before net profit for the period / year)		198 033 584	191 459 701
Net profit for the period / year		2 339 044	6 573 883
Total Shareholders' Equity (including net profit for the period / year)		200 372 628	198 033 584
Foreign currency translation adjustments	(23)	(43 451 825)	(44 065 422)
Cumulative changes in the fair value of investment available for sale		(59 124)	(70 907)
Treasury stock reserve	(24)	890 207	890 207
Treasury stock	(25)	(1 161 530)	(1 161 530)
Net Shareholders' Equity		156 590 356	153 625 932
Non-controlling interests		10 443 854	10 073 998
Total Shareholders' Equity		167 034 210	163 699 930
Liabilities			
Non-current liabilities			
Long-term loans	(26)	38 146 135	40 480 294
Other long-term liabilities	(27)	153 789	185 753
Total non-current liabilities		38 299 924	40 666 047
Current liabilities			
Provisions	(28)	700 887	666 346
Banks - overdraft	(19)	6 767 943	6 515 053
Banks - credit facilities	(29)	83 345 843	76 899 262
Creditors and other credit balances	(30)	51 868 299	54 732 092
Short-term loans	(31)	42 271 039	33 508 599
Long-term liabilities - current portion		302 064	144 648
Long-term loans - current portion	(26)	18 228 448	17 680 054
Total current liabilities		203 484 523	190 146 054
Total liabilities		241 784 447	230 812 101
Total shareholders' equity and liabilities		408 818 657	394 512 031

* The accompanying policies and the notes on pages (6) to (32) 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 30 April 2017

	<u>Note No.</u>	<u>Period from 1/2/2017 to 30/4/2017</u>	<u>Period from 1/2/2016 to 30/4/2016</u>
		<u>U.S \$</u>	<u>U.S \$</u>
Revenue		54 096 990	60 176 404
Cost of revenue	(32)	(32 652 087)	(38 862 553)
Gross profit		21 444 903	21 313 851
Other revenues	(33)	1 051 284	1 208 137
Distribution expenses		(11 965 611)	(13 624 684)
General and administrative expenses		(3 975 640)	(7 138 685)
Other expenses	(34)	(70 243)	(126 746)
Operating profit		6 484 693	1 631 873
Joint venture share of results	(12)	53 525	(14 526)
Net (expenses) finance revenues, net	(35)	(3 629 220)	778 315
Net profit for the period before taxes		2 908 998	2 395 662
Income tax for the period		(306 956)	(649 427)
Deferred tax	(13)	11 912	22 600
Net profit for the period after taxes		2 613 954	1 768 835
<u>Attributable to:</u>			
Holding company owners share		2 339 044	1 411 512
Non-controlling interests share		274 910	357 323
Net profit for the period after taxes		2 613 954	1 768 835

* The accompanying policies and the notes on pages (6) to (32) 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 30 April 2017

	Period from 1/2/2017 to 30/4/2017 <u>U.S \$</u>	Period from 1/2/2016 to 30/4/2016 <u>U.S \$</u>
Net profit for the period after taxes	2 613 954	1 768 835
<u>Other comprehensive income for the period</u>		
Differences from translation of foreign operations	613 597	(3 583 973)
Changes in the fair value of investment available for sale	11 783	197 235
Total comprehensive income for the period	3 239 334	(1 617 903)
<u>Attributable to:</u>		
Holding company owners share	2 964 424	(1 975 226)
Non-controlling interests share	274 910	357 323
Total comprehensive income for the period	3 239 334	(1 617 903)

* The accompanying policies and the notes on pages (6) to (32) form an integral part of these consolidated financial statements.



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

Free Zone

Consolidated Statement of Changes in Equity

For the period ended 30 April 2017

	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>	<u>U.S.\$</u>
	Paid up capital	Reserves	Decrease in the book value of net assets acquired over purchase consideration	Cumulative changes in the fair value of investment available for sale	Retained earnings	Treasury stock reserve	Net profit for the year / period	Cumulative translation of foreign operations	Treasury stock	Total		
Balance as at the first February 2016	94 050 000	97 812 267	(26 261 873)	(939 058)	29 433 231	890 207	10 692 790	(18 487 878)	(1 161 530)	186 028 156		
Total comprehensive income												
Net profit for the period ended 30/4/2016	-	-	-	-	-	-	1 411 512	-	-	1 411 512		
Other comprehensive income	-	-	-	197 235	(111 386)	-	-	(3 583 973)	-	(3 386 738)		
Total comprehensive income				197 235	584 457	-	1 411 512	(3 583 973)	-	(1 975 226)		
Transactions with holding company owners												
Closing net profits for the year ended 31/1/2016	-	-	-	-	10 692 790	-	(10 692 790)	-	-	-		
Dividends the year ended 31/1/2016	-	111 386	-	-	(111 386)	-	-	-	-	-		
Adjustments	-	-	-	-	584 457	-	-	-	-	584 457		
	-	111 386	-	-	11 165 861	-	(10 692 790)	-	-	584 457		
Balance as at 30 April 2016	94 050 000	97 923 653	(26 261 873)	(741 823)	40 599 092	890 207	1 411 512	(22 071 851)	(1 161 530)	184 637 387		
Balance as at the first February 2017	94 050 000	98 326 718	(26 261 873)	(70 907)	25 344 856	890 207	6 573 883	(44 065 422)	(1 161 530)	153 625 932		
Total comprehensive income												
Net profit for the period ended 30/4/2017	-	-	-	-	-	-	2 339 044	-	-	2 339 044		
Other comprehensive income	-	-	-	11 783	(111 386)	-	-	613 597	-	625 380		
Total comprehensive income				11 783	584 457	-	2 339 044	613 597	-	2 964 424		
Transactions with holding company owners												
Closing net profits for the year ended 31/1/2017	-	-	-	-	6 573 883	-	(6 573 883)	-	-	-		
	-	-	-	-	6 573 883	-	(6 573 883)	-	-	-		
Balance as at 30 April 2017	94 050 000	98 326 718	(26 261 873)	(59 124)	31 918 739	890 207	2 339 044	(43 451 825)	(1 161 530)	156 590 356		

* The accompanying policies and the notes on pages (6) to (32) 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 30 April 2017

	<u>Note No.</u>	<u>Period from 1/2/2017 to 30/4/2017 U.S \$</u>	<u>Period from 1/2/2016 to 30/4/2016 U.S \$</u>
<u>Cash flows from operating activities</u>			
Net profit for the period		2 339 044	1 411 512
<u>Adjustments</u>			
Property, plant and equipment depreciation	(8)	1 386 104	1 636 335
Gain on sale fixed assets		(6 988)	(20 752)
Interest and finance expense	(35)	2 590 006	2 432 191
Interest income	(35)	(180 374)	(168 677)
Other asstes amortization	(14)	48 648	39 900
Adjustments on retained earnings		-	584 457
Share of results from joint ventures	(12)	(53 525)	14 526
Formed provisions	(28)	44 724	48 750
<u>Change in</u>			
Inventories		(1 121 585)	8 672 552
Debetors and other debit balances		(14 772 632)	1 509 459
Debtors on sale of investments		-	(30 629)
Due from related parties		(127 644)	182 669
Creditors and other credit balances		(4 289 830)	(2 962 735)
Assets deferred tax		(11 912)	(29 776)
Utilized Provisions		(19 750)	-
Cash (used in) generated from operating activities		(14 175 714)	13 319 782
Interest and finance cost paid		(2 216 458)	(2 602 046)
Net cash (used in) generated from operating activities		(16 392 172)	10 717 736
<u>Cash flows from investing activities</u>			
Payments to purchase property, plant and equipment and projects in progress		(2 754 742)	(1 041 209)
Proceeds from sale of fixed asstes		14 575	385 424
Change in Treasury bills maturing after three months		(17 968)	453 221
Cash used in investing activities		(2 758 135)	(202 564)
Credit interest collected		117 838	83 656
Net cash used in investing activities		(2 640 297)	(118 908)
<u>Cash flows from financing activities</u>			
Change in non-controlling interests		369 856	(2 815 500)
Change in long-term loans		(2 334 159)	(3 453 541)
Change in long-term loans - current portion		548 394	562 157
Change in short term loans		8 762 440	(4 548 259)
Change in bank-credit facilities		6 446 581	1 413 719
Change in other laibilities		(31 964)	(245 460)
Change in long-term liabilities - current portion		157 416	(20 790)
Change in long-term assets private for Baird group		(15 522)	(6 567)
Net cash generated from (used in) financing activities		13 903 042	(9 114 241)
Net (decrease) increase in cash and cash equivalents during the period		(5 129 427)	1 484 587
Cash and cash equivalents at beginning of the period		25 875 154	21 759 750
Cash and cash equivalents at end of the period	(19)	20 745 727	23 244 337

* The accompanying policies and the notes on pages (6) to (32) 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 30 April 2017

1- Company background

1-1 Legal status

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

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

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

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

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

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

1-2 The Company's purpose

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

1-3 Registration in the stock exchange

The Company has been registered in the Egyptian Stock Exchange.

2- Basis of preparation

2-1 Statement of compliance

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

The consolidated financial statements were approved by the Board of Directors held on 14 June 2017.

2-2 Basis of measurement

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

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

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

Information about critical judgments in applying accounting. policies that have the most significant effect on the amount recognized in the financial statements is included in the following notes:

Note (3-1): Basis of consolidation

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

Note (3-3) : valuation of financial instruments

Note (3-4) : Property, plant and equipment

Note (3-14): Impairment of value

Note (3-17): Provisions

Note (3-21): Deferred tax

3 - Significant accounting policies

3-1 Basis of consolidation

Subsidiaries

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

Acquisitions from entities under common control

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

Associates

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

Investments in joint ventures

Joint ventures are entities established by contractual agreement and requiring unanimous consent for strategic and operating decisions.

Joint ventures are reported using equity method.

Basis of consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

As the currency of some subsidiaries is the Egyptian pound and some pound striling the consolidated financial statements of the subsidiaries have been translated to the holding company functional currency which is US\$ according to the accounting framework.

3-2 Foreign currency

Foreign currency transaction

The company maintains it's accounts in US dollar. Transactions dominated in foreign currencies are translated at foreign exchange rate ruling at the date of translations. Monetary assets and liabilities dominated in foreign currencies at the financial position date are translated at the foreign exchange rates ruling at that date. Foreign currency differences arising on the retranslation are recognized in the income statement.

Consolidated financial statements translation for the foreign companies

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

3-3 Financial instruments

Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans, receivables and available for sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Company's investments in equity securities and certain debt securities are classified as available for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale equity instruments, are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

Financial assets held for trading

Financial asset held for trading are classified as current assets, and recognized at fair value, and include both resulting gain and loss in the income statement.

Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company has the following non-derivative financial liabilities: loans and borrowings, and bank overdrafts, such financial liabilities are recognised initially at the proceeds received, net of transaction costs incurred. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3-4 Property, plant and equipment

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

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

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

3-5 Projects in progress

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

3-6 Goodwill

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

3-7 Intangible assets

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

Subsequent expenditure

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

Amortization

Amortization is calculated over the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, and the useful life is as follow:

Trademarks	Ages estimated 10-20 years
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3-8 Financial lease

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

3-9 Inventories

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

3-10 Debtors and other receivables

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

3-11 Repurchase of share capital

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

3-12 Treasury Bills

Purchases of treasury bills and certificates of deposit of the central bank proving at nominal value and are included in cash and cash equivalents, treasury bills which deserves more than three months are included in a separate item at statement of financial position in accordance with the requirements of the Egyptian Accounting Standards.

3-13 Creditors and other credit balances

Creditors and other credit balances are stated at their cost.

3-14 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to- maturity investment securities with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in equity, to profit or loss. The cumulative loss that is removed from equity and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized' in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-15 Non-current assets held for sale

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

3-16 Employee benefits

3-16-1 Pensions contribution plans

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

3-16-2 Short-term employee benefits

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

3-16-3 Employees share in profits:

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

3-17 Provisions

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

3-18 Revenue

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

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

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

Management fees are recognized once the service in accordance with the principle of accrual. Credit interests are recognized in the income statement based on the percentage of time.

3-19 Finance income and expenses

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

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

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

3-20 Income Tax

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

3-21 Deferred tax

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

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

3-22 Forward deals

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

3-23 Leases

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

3-24 Segment reporting

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

3-25 Basic earnings per share

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

3-26 Legal reserve

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

4- Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4-1 Financial instruments evaluation (forward deals)

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

4-2 Available for sale investments

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

5 - Financial risk management

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

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

Risk management framework

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

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

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

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

Credit risk

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

Investments

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

Guarantees

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

Liquidity risk

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

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The company incurs financial liabilities in order to manage market risks, all such transactions are carried out within the guidelines set by the management

Foreign currency risk

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

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

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

Operational risk

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

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

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

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

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

Capital management

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

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

6 - Group Entities

The following is a list of the Subsidiaries owned and controlled by the Company as at 30/4/2017 and its ownership percentage:

Subsidiary's Name	Ownership Percentage		Country of Incorporation
	30/4/2017	31/1/2017	
Swiss Garments Company	98.41 %	98.41 %	Egypt
Egypt Tailoring Garments Company	98.60 %	98.60 %	Egypt
Concrete Garments Company	90.91 %	90.91 %	Egypt
Port Said Garments Company	96.40 %	96.40 %	Egypt
Golden Tex Wool Company *	43.60 %	43.60 %	Egypt
Sbaghy golden Tex (Indirect ownership – Golden Tex Wool Company) *	39.23 %	39.23 %	Egypt
White Head Spinning Company *	43.75 %	43.75 %	Egypt
Euromed for trading & marketing Company	98.42 %	98.42 %	Egypt
Al Arafa for investments in Garments industry	99.2 %	99.2 %	Egypt
Al Arafa for investments in Spinning & Textile industry	99.2 %	99.2 %	Egypt
Al Arafa for investments in Garments Marketing & Retail Fashion Industry	99.2 %	99.2 %	Egypt
Savini Garments Company **	97.81 %	97.81 %	Egypt
Swiss Cotton Garments Company	98.8 %	98.8 %	Egypt
Egypt Portugal Marketing Company	98.41 %	98.41 %	Egypt
AI Arafa for real estate investment	59 %	59 %	Egypt
EP Garments	98.41 %	98.41 %	Egypt
Baird Group	60 %	60 %	Portugal
	98.2 %	98.2 %	United Kingdom

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

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

Company's Name	Share Percentage		Country of Incorporation
	30/4/2017	31/1/2017	
Metco (Indirect ownership)	48.5 %	48.5 %	Egypt

The above mentioned companies are out of the consolidation scope, as the Holding Company has entered to management agreement in which the other shareholders practice the control on the financial and operating decisions for those companies.

7- Related parties transactions

Transactions between the company and related subsidiaries are excluded from consolidation and other companies whose its main shareholders are the same shareholders of the company stated hereunder the transactions during the period and balances at the financial position date:

7-1 Due from related parties

Company's Name	Type of transactions	Total value of transactions during the period / year ended		Balance as at	
		30/4/2017	31/1/2017	30/4/2017	31/1/2017
		U.S \$	U.S \$	U.S \$	U.S \$
Crystal for Making shirts	Service	201 312	1 563 353	2 947 580	2 746 268
Crystal for Making shirts	Sales	(42 809)	(1 654 439)	200 037	242 846
Metco	Service	(73 535)	(40)	126 406	199 941
Camegit for Garments Manufacturing	Service	42 230	(210 616)	186 504	144 274
Euro Misr	Sales	446	(294 506)	40 832	40 386
				3 501 359	3 373 715

* All related parties transactions during the period was made at arm's length commercial basis with other parties and all outstanding balances arise from such transactions will be paid within one year.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
 Notes to the consolidated financial statements for the period ended 30 April 2017

8 - Property, plant and equipment

	Land	Buildings & Constructions	Machinery & equipment	Vehicles	Tools & Supplies	Furniture & Office Equipment	Improvements in leasehold	Total
	U.S \$	U.S \$	U.S \$	U.S \$	U.S \$	U.S \$	U.S \$	U.S \$
Cost								
Cost as at 1/2/2016	9 154 075	68 603 478	53 055 819	1 264 985	801 524	49 156 555	3 574 481	185 610 917
Additions during the period	-	42 886	392 434	38 100	2 913	654 566	5 583	1 136 482
Disposals during the period	-	(344 874)	(226 244)	(54 606)	-	(4 437)	-	(630 161)
Translation differences	(491 980)	(1 926 240)	(1 503 496)	(58 967)	(24 729)	100 753	(800 645)	(4 705 304)
Cost as at 30/4/2016	8 662 095	66 375 250	51 718 513	1 189 512	779 708	49 907 437	2 779 419	181 411 934
Cost as at 1/2/2017	4 980 280	58 679 148	45 660 346	998 075	708 732	48 301 113	576 359	159 904 053
Additions during the period	-	8 147	475 364	27 281	161 322	836 433	457 272	1 965 819
Disposals during the period	-	-	-	(11 979)	-	-	-	(11 979)
Translation differences	19 549	76 738	145 492	2 428	1 119	481 663	73 411	800 400
Cost as at 30/4/2017	4 999 829	58 764 033	46 281 202	1 015 805	871 173	49 619 209	1 107 042	162 658 293
Accumulated depreciation								
Accumulated depreciation as at 1/2/2016	-	25 350 323	42 839 617	827 942	464 492	46 019 703	3 052 666	118 554 743
Depreciation for the period	-	385 676	611 246	33 499	12 315	394 682	198 917	1 636 335
Accumulated depreciation of disposals	-	(34 942)	(226 111)	-	-	(4 436)	-	(265 489)
Translation differences	-	(807 934)	(1 360 614)	(43 711)	(22 946)	64 070	(534 894)	(2 706 029)
Accumulated depreciation as at 30/4/2016	-	24 893 123	41 864 138	817 730	453 861	46 474 019	2 716 689	117 219 560
Accumulated depreciation as at 1/2/2017	-	22 773 497	39 142 539	711 649	403 325	45 075 975	154 544	108 261 529
Depreciation for the period	-	296 161	476 019	29 599	15 606	392 710	176 009	1 386 104
Accumulated depreciation of disposals	-	-	-	(4 392)	-	-	-	(4 392)
Translation differences	-	35 248	118 528	1 815	944	347 896	58 768	563 199
Accumulated depreciation as at 30/4/2017	-	23 104 906	39 737 086	738 671	419 875	45 816 581	389 321	110 206 440
Net cost								
Net cost as at 1/2/2017	4 980 280	35 905 651	6 517 807	286 426	305 407	3 225 138	421 815	51 642 524
Net cost as at 30/4/2016	8 662 095	41 482 127	9 854 375	371 782	325 847	3 433 418	62 730	64 192 374
Net cost as at 30/4/2017	4 999 829	35 659 127	6 544 116	277 134	451 298	3 802 628	717 721	52 451 853



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

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Lands	1 891 183	1 891 183
	1 891 183	1 891 183

9 - Projects in progress

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Buildings & Constructions	5 619 067	4 703 266
Advance payments to purchase fixed assets	474 877	602 285
Decrease in Projects in progress according to GAFI valuation (subsidiary)	(115 475)	(115 475)
	5 978 469	5 190 076

10 - Goodwill

Balance amounted to USD 30 699 863 represents the goodwill resulted from business combinations, the change in the goodwill balance is due to the foreign currency translation adjustments.

11- Investments available for sale

Particulars	Country of Incorporation	Ownership percentage	Paid percentage	Cost of Investment	Cost of investment
				as at 30/4/2017	as at 31/1/2017
		%	%	U.S \$	U.S \$
Egyptian Company for Trading & Marketing	Egypt	2.62	100	29 472	29 472
10 th of Ramadan for Developments & Construction Investments Co. Forall *	Egypt	4.036	100	876 179	876 179
Middle East Company (Metco)	Italy	35	100	-	-
Citadel Capital	Egypt	48.5	100	2 543 467	2 543 467
Other investments	Egypt	-	-	3 044 072	3 044 072
				69 234	69 234
				6 562 424	6 562 424
Impairment				(44 885)	(44 885)
Cumulative changes in fair value of financial investments				(59 124)	(70 907)
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				(3 394 970)	(3 393 702)
				3 053 635	3 043 120

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

12 - Investments in joint ventures

Particulars	Country of Incorporation	Ownership percentage	Cost of Investment	Cost of investment
			as at 30/4/2017	as at 31/1/2017
		%	U.S \$	U.S \$
Crystal for Making shirts	Egypt	60	294 845	294 845
Camegit for Garments Manufacturing	Egypt	49.48	611 443	557 918
			906 288	852 763

The following is the movement through the period ended 30/4/2017

	30/4/2017
	U.S \$
Balance at the beginning of the period	852 763
Share of results from Camegit for Garments Manufacturing	53 525
	906 288

13 - Deferred tax assets

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Balance at the beginning of the period / year - (asset)	379 724	579 811
Transaction during the period / year	11 912	32 718
Effect of translation differences period / year	71 964	(232 805)
Balance at the end of the period / year - (asset)	463 600	379 724

14 - Other Assets

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Balance at the beginning of the period / year	16 606 067	4 623 632
Additions during the period / year	-	13 652 521
Amortization of the period / year	(48 648)	(1 251 949)
Change in foreign currency exchange rates	329 332	(418 137)
	16 886 751	16 606 067

15 - Work in progress

This balance amounted to US \$ 458 924 at 30/4/2017 (US \$ 453 909 as at 31/1/2017) represents the total contractual consideration to purchase a piece of land in 10th of Ramadan City with an area of 104424.89 square meters including the contractual expenses, such land was acquired to construct residential units according to the National Housing Project specifications.

16 - Inventories

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Raw materials	15 019 697	17 155 651
Spare parts and auxiliary material	3 294 439	3 337 777
Packing materials	517 547	490 457
Work in process	19 834 594	21 857 413
Finished goods	60 737 563	54 734 158
Goods in transit	254 475	223 934
	99 658 315	97 799 390
Less : impairment of inventories	(5 169 352)	(5 004 625)
	94 488 963	92 794 765
L/C's to purchase goods	581 511	1 154 124
	95 070 474	93 948 889

17 - Debtors and other debit balances

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Trade receivables	59 751 007	49 959 987
Less:		
Impairment of trade receivables	(1 655 178)	(1 495 411)
	58 095 829	48 464 576
Notes receivables	1 210 195	870 834
	59 306 024	49 335 410
Debtors & debit balances (sold companies)	44 548 075	44 542 131
Suppliers & contractors - debit balances	4 250 034	4 084 592
Tax authority	1 417 364	740 433
Deposits to others	1 460 270	1 007 931
Prepaid expenses	6 775 022	7 614 391
Accrued revenues	8 371 649	7 803 933
Other debit balances	27 815 251	23 978 925
	94 637 665	89 772 336
Less:		
Impairment of debtors & other debit balances	(19 869 504)	(19 868 729)
	74 768 161	69 903 607
	134 074 185	119 239 017

18 - Debtors sale of investments

This balance amounted to US \$ 35 600 000 represents accrued installments due to the sales the group share in SRG & Melka International as agreed to collect the sale price over 10 semi - annual equivalent installments.

19 - Cash and cash equivalents

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Time deposits & Treasury bills	11 681 776	11 489 929
Current accounts	15 155 229	20 471 099
Cash on hand	676 665	429 179
Cash and cash equivalents	27 513 670	32 390 207
Overdraft	(6 767 943)	(6 515 053)
Cash and cash equivalents for the purpose of cash flows statement	20 745 727	25 875 154

20 - Capital

20-1 Authorized capital

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

20-2 Paid up capital

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

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

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

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

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

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

21 - Reserves

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Legal reserve	33 543 798	33 543 798
Special reserve (*)	18 665 343	18 665 343
General reserve	45 415 879	45 415 879
Other reserves	701 698	701 698
	98 326 718	98 326 718

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

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

The holding company acquired the shares of some subsidiaries that were under the control of the shareholders of Al Arafa for Investment and Consultancies Company and Swiss Garments Company (Subsidiary). The difference between the acquisition cost and its share in the net of shareholders' equity for these companies was recognized in the shareholders' equity in the consolidated financial statements which amounted to U.S. \$ 26 261 873 .

23 - Translation adjustment

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Balance at the beginning of the period / year	(44 065 422)	(18 487 878)
Change during the period / year	613 597	(25 577 544)
Balance at the end of the period / year	(43 451 825)	(44 065 422)

24 - Treasury stock reserve

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

25 - Treasury stock

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

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the period ended 30 April 2017

26 - Long-term Loans, and its current portion

	Long term Loans U.S \$	Current portion U.S \$	Total U.S \$
Al Arafa for Investment and Consultancies			
CIB-Egypt	8 864 972	-	8 864 972
Al Arafa for investments in Garments Marketing & Retail			
AAIB	15 171 343	5 900 000	21 071 343
Swiss Garments Company			
MIDB	1 500 000	3 000 000	4 500 000
Egypt Tailoring Garments Company			
MIDB	500 000	1 000 000	1 500 000
Goldentex Wool Company			
Housing & Development Bank	8 160	5 139	13 299
QNB	41 861	83 723	125 584
Port-said Garments Company			
AWB	-	5 580 920	5 580 920
Swiss Cotton Garments Company			
HSBC	1 200 000	600 000	1 800 000
NBD	1 533 639	1 022 426	2 556 065
Baird Group			
QIB	9 326 160	1 036 240	10 362 400
Balance as at 30/4/2017	38 146 135	18 228 448	56 374 583
Balance as at 31/1/2017	40 480 294	17 680 054	58 160 348

26-1 Terms of loans agreements

Bank	Loan Currency	End of Payment	31 January 2017		31 January 2017	
			Value (Original Currency)	Value (in U.S \$)	Value (Original Currency)	Value (in U.S \$)
Al Arafa for investment & consultancies						
CIB	U.S \$	2018	8 864 972	8 864 972	8 864 972	8 864 972
Al Arafa for investments in Garments Marketing & Retail						
AAIB	U.S \$	2019	21 071 343	21 071 343	21 071 343	21 071 343
Swiss Garments Company						
MIDB	U.S \$	2018	4 500 000	4 500 000	6 000 000	6 000 000
Egypt Tailoring Garments						
MIDB	U.S \$	2018	1 500 000	1 500 000	2 000 000	2 000 000
Goldentex for wool company						
Housing & Development bank	L.E		242 241	13 299	265 645	14 424
QNB	L.E	2018	2 287 500	125 584	2 668 750	144 914
Port-said Garments Company						
AWB	U.S \$	2017	5 580 920	5 580 920	5 583 430	5 583 430
Swiss Cotton Garments Company						
HSBC Bank	U.S \$	2020	1 800 000	1 800 000	1 950 000	1 950 000
NBD	U.S \$	2017	2 556 065	2 556 065	2 556 065	2 556 065

27 - Other long-term liabilities

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Long term notes payable	140 599	172 701
Other liabilities	13 190	13 052
	153 789	185 753

28 - Provisions

	Balance as at 31/1/2017 U.S \$	Recognized during the period U.S \$	Reversed provisions U.S \$	Utilized during the period U.S \$	Balance as at 30/4/2017 U.S \$
Provisions	666 346	44 724	-	(19 750)	691 320
Exchange rates differences	-	-	-	-	9 567
	666 346	44 724	-	-	700 887

29 - Banks – Credit Facilities

Banks – Credit Facilities equivalent to U.S.\$ 83 345 843 (US \$ 76 899 262 as at 31/1/2017) Were granted to the group's Companies from local banks in different currencies against various guarantees.

30 - Creditors and other Credit balances

	30/4/2017	31/1/2017
	U.S \$	U.S \$
Suppliers and contractors	18 799 737	21 898 065
Notes payable	3 915 429	2 217 586
Accounts receivables – advance payments	109 668	79 272
Deposits from others	1 091 751	1 038 560
Tax authority	2 792 334	4 943 059
Un-earned revenue	685 783	685 783
Accrued expenses	5 740 340	6 059 467
Deferred capital gains	8 287 770	8 632 250
Other credit balances	10 445 487	9 178 050
	51 868 299	54 732 092

31 - Short-term loans

Short-term loans equivalent to U.S.\$ 42 271 039 (US \$ 33 508 599 as at 31/1/2017) were granted to the group's companies from local banks in different currencies against various guarantees.

32 - Cost of revenue

	30/4/2017	30/4/2016
	U.S \$	U.S \$
Cost of sales	32 652 087	38 862 553
	32 652 087	38 862 553

33 - Other revenues

	30/4/2017	30/4/2016
	U.S \$	U.S \$
Capital gains	510 260	447 029
Rent	430 332	490 427
Earned discounts	40 153	44 829
Revenue from service rendered to other	9 997	100 534
Others	60 542	125 318
	1 051 284	1 208 137

34 - Other expenses

	30/4/2017	30/4/2016
	U.S \$	U.S \$
General Authority for Investment fees	21 690	72 417
Recognized the claims provision	44 724	48 750
Others	3 829	5 579
	70 243	126 746

35 – Net finance (expenses) revenues, net

	30/4/2017	30/4/2016
	U.S \$	U.S \$
Interest and finance expense	(2 590 006)	(2 432 191)
Interest income	180 374	168 677
Changes in Present value	-	25 121
Foreign exchange (loss) gain	(1 219 588)	3 016 708
	(3 629 220)	778 315

36 - Operating segments

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

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the period ended 30 April 2017

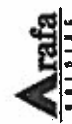
36 - Segment analysis
36-1 Operating results divided to group company's business activities for the financial period ended 30/4/2017

	Business activities						Total after eliminations U.S\$
	Formal U.S\$	Causal U.S\$	Luxury U.S\$	Real estate Investment U.S\$	Investment U.S\$	Eliminations U.S\$	
Total Revenues	57 542 972	4 004 275	14 135 886	-	-	-	75 683 133
Sales between companies for the same segment	8 088 189	-	1 973 039	-	-	(10 061 228)	-
Net Revenues	49 454 783	4 004 275	12 162 847	-	-	(11 524 915)	54 096 990
Revenue from external customers	44 696 041	4 004 275	5 396 674	-	-	-	54 096 990
Intercompany group sales	4 758 742	-	6 766 173	-	-	(11 524 915)	-
Total	49 454 783	4 004 275	12 162 847	-	-	(11 524 915)	54 096 990
Cost of Revenue	(31 930 213)	(3 200 144)	(9 046 645)	-	-	11 524 915	(32 652 087)
Gross profit	17 524 570	804 131	3 116 202	-	-	-	21 444 903
Other revenues	369 522	168 633	233 202	97 346	1 573 314	(1 390 733)	1 051 284
Distribution expenses	(10 514 590)	(231 996)	(1 223 005)	-	-	3 980	(11 965 611)
General and administrative expenses	(3 049 759)	(225 132)	(1 096 336)	(477 522)	(516 712)	1 389 821	(3 975 640)
Other expenses	(17 241)	(30 750)	(1 312)	-	(20 940)	-	(70 243)
Operating profit	4 312 502	484 886	1 028 751	(380 176)	1 035 662	3 068	6 484 693

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the period ended 30 April 2017

36 - Segment analysis
36-2 Operating results divided to group company's business activities for the financial period ended 30/4/2016

	Business activities												
	Formal	Causal	Luxury	Real estate Investment	Investment	Eliminations	Total after eliminations	Formal	Causal	Luxury	Real estate Investment		
	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$		
Total Revenues	61 728 970	5 546 135	22 867 087	-	-	-	90 142 192	9 658 817	-	1 978 542	-	(11 637 359)	-
Sales between companies for the same segment	52 070 153	5 546 135	20 888 545	-	-	-	60 176 404	-	-	-	-	(18 328 429)	60 176 404
Net Revenues	45 954 704	5 539 637	8 953 720	-	-	-	60 448 061	6 115 449	6 498	11 934 825	-	(18 328 429)	(271 657)
Revenue from external customers	52 070 153	5 546 135	20 888 545	-	-	-	60 176 404	-	-	-	-	(18 328 429)	60 176 404
Intercompany group sales	(36 526 153)	(4 721 942)	(15 671 230)	-	-	-	(38 862 553)	15 544 000	824 193	5 217 315	-	(271 657)	21 313 851
Cost of Revenue	15 544 000	824 193	5 217 315	-	-	-	21 313 851	402 628	178 361	154 090	215 750	(212 706)	1 208 137
Gross profit	(10 995 866)	(404 567)	(2 233 251)	-	-	-	(13 624 684)	(4 045 546)	(226 611)	(1 771 577)	(618 940)	160 630	(7 138 685)
Other revenues	(29 560)	(29 550)	(49 034)	-	-	-	(126 746)	875 656	341 826	1 317 543	(403 190)	(314 733)	1 631 873
Distribution expenses													
General and administrative expenses													
Other expenses													
Operating profit													



37 - Capital commitments

The capital commitments of the Group as at 30/4/2017 amounted to U.S \$ 1 229 087 .

38 - Contingent liabilities

Letters of guarantee issued by banks to the favor of the company and its subsidiaries in at 30/4/2017 amount to U.S \$ 34 332 806 .

39 - Leases

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

<u>Statement</u>	<u>Al Arafa for Investments and Consultancies</u> U.S \$	<u>Al Arafa for real estate investment</u> U.S \$	<u>Egypt Tailoring Garments</u> U.S \$
Total sales value	7 696 967	10 715 803	5 959 003
Total contractual value	9 751 990	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
Modifying lease value	-	113 120	83 018
Lease expense during the period	376 581	435 200	273 868
Capital gain during the period	234 480	248 595	171 446
Accrued installments until the end of the contract	5 495 581	6 443 160	4 765 299
The end of contract	June 2021	December 2020	June 2022

40 - Taxation

Al Arafa for Investments and Consultancies Company

As mentioned in the Company's tax card , the Company and the company's profits are not subject to tax laws and duties applied in Egypt (article No. 35 of law No.8 of 1997), Also the company's loan and mortgage contracts related to its activities are exempted from stamp duty tax, license & announcement fees for a period of 10 years from the date of registration in the Commercial Registry form 21/12/2005 to 20/12/2015 (article no.35 of law no.8 of law 1997).

Subsidiaries in Egypt

Subsidiaries in Egypt subject to tax

Subsidiary	Tax status
Concrete Garments Company	Inspected until 31/12/2012.
Port Said Garments Company	Inspected and settled until 31/12/2002
Golden tex wool Company	Inspected and settled until 31/12/2010
Euromed for trading & Marketing Company	Inspected and settled until 31/12/2010
Al Arafa for real estate investment	Not inspected yet
Egypt tailoring company	Inspected until 31/12/2009.
White Head Spinning Company	Inspected until 31/12/2011.

Subsidiaries in Egypt not subject to tax

Subsidiary

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

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

Subsidiaries outside Egypt

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

41 - Financial instruments and related risks management

Credit risk

Exposure to credit risk

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

	Note	Carrying amount	
		30/4/2017	31/1/2017
		U.S \$	U.S \$
Treasury bills (maturing more than three months)		1 643 995	1 626 027
Cash and cash equivalents	(19)	27 513 670	32 390 207
Credit facilities	(29)	83 345 843	76 899 262
Loans	(26,31)	98 645 622	91 668 947

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

		Carrying amount	
		30/4/2017	31/1/2017
		U.S \$	U.S \$
Trade receivable	(17)	59 751 007	49 959 987