

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

Cairo, 3rd July, 2019

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

Auditor


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

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

Consolidated Financial Position
As at 30 April 2019

	Note No.	30/4/2019 USD	31/1/2019 USD
Assets			
Non-current assets			
Property, plant and equipment	(8)	49 478 562	50 832 385
Projects in progress	(9)	4 793 300	5 897 691
Goodwill	(10)	30 550 035	30 918 257
Investments available for sale	(11)	2 824 511	2 952 379
Investments in joint ventures	(12)	663 290	650 076
Investment in sister company	(13)	5 088 789	-
Deferred tax assets	(14)	134 180	21 238
Intangible Assets - Trademarks	(15)	18 942 775	19 647 606
Long-term assets related to Baird group		3 859 295	294 045
Total non-current assets		116 334 737	111 213 677
Current assets			
Work in progress	(16)	480 658	465 612
Inventories	(17)	101 320 514	115 014 313
Debtors and other debit balances	(18)	133 491 284	132 587 549
Due from related parties	(7-1)	341 036	541 538
Debtors on sale of investments - current portion	(19)	35 600 000	35 600 000
Treasury bills (maturing more than three months)		1 730 542	1 645 434
Cash and cash equivalents	(20)	66 718 143	62 365 014
Total current assets		339 682 177	348 219 460
Total assets		456 016 914	459 433 137
Shareholders' Equity			
Paid up capital	(21)	94 050 000	94 050 000
Reserves	(22)	100 178 233	100 151 148
Decrease in the book value of net assets acquired over purchase considerations	(23)	(27 651 899)	(27 651 899)
Retained earnings		33 934 349	30 562 594
Net profit for the period/year		1 631 943	3 398 840
Total Shareholders' Equity		202 142 626	200 510 683
Foreign currency translation adjustments	(24)	(43 576 253)	(45 273 280)
Treasury stock	(25)	(1 161 530)	(1 161 530)
Net Shareholders' Equity		157 404 843	154 075 873
Non-controlling interests		2 899 476	9 622 697
Total Shareholders' Equity		160 304 319	163 698 570
Liabilities			
Non-current liabilities			
Long-term loans	(26)	20 562 934	21 011 106
Other long-term liabilities	(27)	9 887 904	5 577 648
Total non-current liabilities		30 450 838	26 588 754
Current liabilities			
Provisions	(28)	1 475 692	1 866 164
Banks - overdraft		6 768 988	6 858 858
Banks - credit facilities	(29)	193 326 045	189 081 553
Creditors and other credit balances	(30)	54 370 441	60 837 130
Due to related parties	(7-2)	423 384	-
Income tax for the year		226 871	1 177 510
Long-term loans - current portion	(26)	8 670 336	9 324 598
Total current liabilities		265 261 757	269 145 813
Total liabilities		295 712 595	295 734 567
Total shareholders' equity and liabilities		456 016 914	459 433 137

* The accompanying policies and the notes on pages (6) to (34) form an integral part of these consolidated financial statements.

Chairman and Managing Director

Group Financial Director

(Dr. Alaa Ahmed Arafa)

(Mohamed Mohamed Mohy Eldeen)

* Auditor's report "attached"

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

Consolidated income statement
For the period ended 30 April 2019

	<u>Note</u> <u>No.</u>	Period from 1/2/2019 to 30/4/2019	Period from 1/2/2018 to 30/4/2018
		<u>USD</u>	<u>USD</u>
Revenue		49 268 059	55 638 995
Cost of revenue	(31)	(30 990 796)	(33 923 897)
Gross profit		18 277 263	21 715 098
Other revenues	(32)	1 073 048	1 998 927
Distribution expenses	(33)	(12 471 688)	(14 556 912)
General and administrative expenses	(34)	(6 366 362)	(5 807 386)
Other expenses	(35)	(97 460)	(178 568)
Operating profit		414 801	3 171 159
Joint venture share of results	(12)	13 214	27 360
Sister company share of result		(131 740)	-
Finance cost	(36)	(2 883 054)	(3 055 279)
Finance income	(37)	4 422 363	2 061 220
Net profit for the period before taxes		1 835 584	2 204 460
Income tax for the period		(226 871)	(332 013)
Deferred tax	(14)	26 736	9 360
Net profit for the period after taxes		1 635 449	1 881 807
<u>Attributable to:</u>			
Holding company owners		1 631 943	1 947 343
Non-controlling interests		3 506	(65 536)
Net profit for the period after taxes		1 635 449	1 881 807

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

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

Consolidated comprehensive income statement
For the period ended 30 April 2019

	<u>Note</u> <u>No.</u>	<u>Period</u> <u>from 1/2/2019</u> <u>to 30/4/2019</u>	<u>Period</u> <u>from 1/2/2018</u> <u>to 30/4/2018</u>
		<u>USD</u>	<u>USD</u>
Net profit for the period after taxes		1 635 449	1 881 807
<u>Other comprehensive income for the period</u>			
Differences from translation of foreign operations	(24)	1 697 027	1 314 014
Actuarial losses (Baird group)		-	(300 656)
Total comprehensive income for the period		3 332 476	2 895 165
<u>Attributable to:</u>			
Holding company owners		3 328 970	2 960 701
Non-controlling interests		3 506	(65 536)
Total comprehensive income for the period		3 332 476	2 895 165

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



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

Free Zone

**Consolidated Statement of Changes in Equity
For the period ended 30 April 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 30 April 2018	-	-	-	-	1 947 343	-	-	1 947 343	
Other comprehensive income	-	-	-	(300 656)	-	1 314 014	-	1 013 358	
Total comprehensive income	-	-	-	(300 656)	1 947 343	1 314 014	-	2 960 701	
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	-	63 550	-	(63 550)	-	-	-	-	
Adjustments *	-	-	-	(6 758 096)	-	-	-	(6 758 096)	
	-	63 550	-	(234 964)	(6 586 682)	-	-	(6 758 096)	
Balance as at 30 April 2018	94 050 000	100 046 720	(27 651 899)	27 695 124	1 947 343	(41 154 484)	(1 161 530)	153 771 274	
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 30 April 2019	-	-	-	-	1 631 943	-	-	1 631 943	
Other comprehensive income	-	-	-	-	-	1 697 027	-	1 697 027	
Total comprehensive income	-	-	-	-	1 631 943	1 697 027	-	3 328 970	
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	-	27 085	-	(27 085)	-	-	-	-	
	-	27 085	-	3 371 755	(3 398 840)	-	-	-	
Balance as at 30 April 2019	94 050 000	100 178 233	(27 651 899)	33 934 349	1 631 943	(43 576 253)	(1 161 530)	157 404 843	

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

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



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

Consolidated Cash flows statement
For the period ended 30 April 2019

	<u>Note No.</u>	<u>Period</u> <u>from 1/2/2019</u> <u>to 30/4/2019</u> <u>USD</u>	<u>Period</u> <u>from 1/2/2018</u> <u>to 30/4/2018</u> <u>USD</u>
<u>Cash flows from operating activities</u>			
Net profit for the period		1 631 943	1 947 343
<u>Adjustments</u>			
Property, plant and equipment depreciation	(8)	1 375 729	1 484 441
Gain on sale fixed assets		(11 032)	(43 966)
Interest and finance expense	(35)	2 883 054	3 055 279
Interest income	(36)	(1 707 862)	(1 079 346)
Intangible Assets - Trademarks - amortization	(14)	558 516	718 610
Actuarial losses (subsidiary)		-	(300 656)
Adjustments on retained earnings		-	(6 758 096)
Share of results from joint ventures	(12)	(13 214)	(27 360)
Sister company share of result		131 740	-
Formed provisions	(27)	30 615	141 389
<u>Change in</u>			
Inventories	(16)	559 207	(2 415 709)
Debetors and other debit balances	(17)	(8 837 446)	790 550
Due from related parties	(7)	200 502	(666 995)
Creditors and other credit balances	(29)	(3 272 463)	(2 356 685)
Assets deferred tax	(13)	(26 736)	(9 360)
Due to related parties	(7)	423 384	-
Utilized Provisions	(27)	(290 194)	-
Cash used in operating activities		(6 364 257)	(5 520 561)
Interest and finance cost paid		(2 943 523)	(2 528 099)
Net cash used in operating activities		(9 307 780)	(8 048 660)
<u>Cash flows from investing activities</u>			
Payments to purchase property, plant and equipment and projects in progress	(8),(9)	(1 657 775)	(956 552)
Proceeds from sale of fixed assets	(8)	1 207 172	85 287
(Payments to) Proceeds from Treasury bills maturing after three months		(85 108)	11 775 292
Cash (used in) generated from investing activities		(535 711)	10 904 027
Credit interest collected		1 592 746	612 897
Net cash generated from investing activities		1 057 035	11 516 924
<u>Cash flows from financing activities</u>			
Change in non-controlling interests		2 240	256 381
Net payments for long-term loans	(25)	(1 102 434)	(3 371 699)
Net Proceeds from bank-credit facilities	(28)	14 258 425	17 058 694
Net (payments to) proceeds from other long-term liabilities	(26)	4 310 256	(279 639)
Change in long-term assets private for Baird group		(3 565 250)	18 603
Net cash generated from financing activities		13 903 237	13 682 340
Net increase in cash and cash equivalents during the period		5 652 492	17 150 604
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)	59 949 155	37 252 260

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

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

Notes to the consolidated financial statements
For the period ended 30 April 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 3 July 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 30/4/2019 and its ownership percentage:

Subsidiary's Name	Ownership Percentage		Country of Incorporation
	30/4/2019	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 **	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	60 %	60 %	Portugal
Baird Group	98.2 %	98.2 %	United Kingdom
Crystal for Making shirts	87.67 %	87.67 %	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.

Sister companies have not been accounted for using the equity method

Company's Name	Share Percentage		Country of Incorporation
	30/4/2019	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.

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	
		30/4/2019	31/1/2019	30/4/2019	31/1/2019
		USD	USD	USD	USD
Metco	Service	72 822	38	127 206	200 028
Camegit for Garments Manufacturing	Service	77 066	148 859	213 830	290 896
Euro Misr	Sales	50 614	8 815	-	50 614
		200 502	157 712	341 036	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.

7-2 Due to related parties

Company's Name	Type of transactions	Total value of transactions during the period / year ended		Balance as at	
		30/4/2019	31/1/2019	30/4/2019	31/1/2019
		USD	USD	USD	USD
Golden Tex Wool Company	Purchases	423 384	-	423 384	-
		423 384	-	423 384	-

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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	USD	USD	USD	USD	USD	USD	USD	USD
Cost																
Cost as at 1/2/2018	5 048 225	59 044 209	48 813 971	1 020 014	1 022 773	51 624 352	2 575 572	169 149 116								
Additions during the period	-	50 598	376 537	28 064	1 025	401 755	7 902	865 881								
Disposals during the period	-	-	(273 583)	-	-	(919)	(12 529)	(287 031)								
Translation differences	13 033	51 184	(10 517)	1 364	893	(469 094)	(32)	(413 169)								
Cost as at 30/4/2018	5 061 258	59 145 991	48 906 408	1 049 442	1 024 691	51 556 094	2 570 913	169 314 797								
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	-	11 842	1 313 904	15 211	1 911	84 596	349 484	1 776 948								
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)								
Disposals during the period	-	-	(239 364)	(10 816)	-	(819 580)	-	(1 069 760)								
Translation differences	58 646	372 228	593 586	6 726	4 335	637 628	188 666	1 861 815								
Cost as at 30/4/2019	4 953 482	57 378 101	46 084 713	994 192	980 186	51 235 400	3 571 334	165 197 408								
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	-	284 007	526 800	28 170	19 232	460 781	165 451	1 484 441								
Accumulated depreciation of disposals	-	-	(241 657)	-	-	(293)	(3 760)	(245 710)								
Translation differences	-	26 118	(25 159)	1 250	671	(340 534)	(12 581)	(350 235)								
Accumulated depreciation as at 30/4/2018	-	24 345 269	42 007 395	855 269	550 083	47 770 505	999 447	116 527 968								
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	-	260 886	496 827	11 204	18 942	439 668	148 202	1 375 729								
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)								
Accumulated depreciation of disposals	-	-	-	-	(10 816)	-	(84 484)	(95 300)								
Translation differences	-	123 901	139 642	5 803	3 158	126 160	91 461	490 125								
Accumulated depreciation as at 30/4/2019	-	24 541 051	39 323 924	859 105	553 192	48 917 364	1 524 210	115 718 846								
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 30/4/2018	5 061 258	34 860 722	6 899 013	194 173	474 608	3 785 589	1 571 466	52 786 829								
Net cost as at 30/4/2019	4 953 482	32 837 050	6 760 789	135 087	426 994	2 318 036	2 047 124	49 478 562								
Assets that were depreciated by the books and are still operating as at 30/4/2019	-	1 175 196	17 345 038	462 063	189 221	3 855 554	1 410 621	24 437 693								

9 - Projects in progress

	30/4/2019	31/1/2019
	USD	USD
Buildings & Constructions	4 528 578	5 482 450
Machinery and equipment under construction	25 968	25 723
Advance payments to purchase fixed assets	354 229	504 993
Decrease in Projects in progress according to GAFI valuation (subsidiary)	(115 475)	(115 475)
	4 793 300	5 897 691

10 - Goodwill

Balance amounted to USD 30 550 035 (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 30/4/2019	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				(316 256)	(511 278)
				2 824 511	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 30/4/2019	Cost of investment as at 31/1/2019
		%	USD	USD
Camegit for Garments Manufacturing	Egypt	49.48	663 290	650 076
			663 290	650 076

The following is the movement through the period ended 30/4/2019

	30/4/2019 USD
Balance at the beginning of the period	650 076
Share of results from Camegit for Garments Manufacturing	13 214
	<u>663 290</u>

13 - Investments in sister company

Particulars	Country of Incorporation	Ownership percentage %	Cost of Investment as at 30/4/2019 USD	Cost of investment as at 31/1/2019 USD
Golden Tex Wool Company	Egypt	43.6	5 088 789	-
			<u>5 088 789</u>	<u>-</u>

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 assets

	30/4/2019 USD	31/1/2019 USD
Balance at the beginning of the period / year - (asset)	21 238	493 121
Transaction during the period / year	26 736	(286 111)
The impact of transfer subsidiary investments to sister companies	121 753	-
Effect of translation differences period / year	(35 547)	(185 772)
Balance at the end of the period / year - (asset)	<u>134 180</u>	<u>21 238</u>

15 - Intangible Assets - Trademarks

	30/4/2019 USD	31/1/2019 USD
Balance at the beginning of the period / year	19 647 606	22 570 228
Amortization of the period / year	(558 516)	(2 622 459)
Change in foreign currency exchange rates	(146 315)	(300 163)
	<u>18 942 775</u>	<u>19 647 606</u>

Trademarks are amortized over 20 years.

16 - Work in progress

This balance amounted to USD 480 658 at 30/4/2019 (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.

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17 - Inventories

	30/4/2019	31/1/2019
	USD	USD
Raw materials	18 986 487	21 853 040
Spare parts and auxiliary material	3 042 650	3 604 950
Packing materials	629 253	683 698
Work in process	16 140 925	19 525 530
Finished goods	62 765 742	70 431 328
Goods in transit	241 981	1 064 114
	101 807 038	117 162 660
Less : impairment of inventories	(3 318 983)	(3 237 356)
	98 488 055	113 925 304
L/C's to purchase goods	2 832 459	1 089 009
	101 320 514	115 014 313

18 - Debtors and other debit balances

	30/4/2019	31/1/2019
	USD	USD
Trade receivables	51 276 951	55 903 222
Less:		
Impairment of trade receivables	(175 594)	(691 122)
	51 101 357	55 212 100
Notes receivables	755 158	2 012 033
	51 856 515	57 224 133
Debtors & debit balances (sold companies)	44 637 068	44 624 447
Suppliers & contractors - debit balances	4 400 265	3 154 207
Tax authority	1 229 636	1 468 321
Deposits to others	1 690 364	1 131 848
Prepaid expenses	11 379 482	6 915 792
Accrued revenues	10 859 131	10 517 452
Other debit balances	26 270 532	26 399 917
	100 466 478	94 211 984
Less:		
Impairment of debtors & other debit balances	(18 831 709)	(18 848 568)
	81 634 769	75 363 416
	133 491 284	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

	30/4/2019	31/1/2019
	USD	USD
Time deposits & Treasury bills	55 073 118	49 477 340
Current accounts	11 097 430	12 483 946
Cash on hand	547 595	403 728
Cash and cash equivalents	66 718 143	62 365 014
Overdraft	(6 768 988)	(6 858 858)
Cash and cash equivalents for the purpose of cash flows statement	59 949 155	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

	30/4/2019	31/1/2019
	USD	USD
Legal reserve	34 461 825	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
	100 178 233	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 27 651 899 .

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Notes to the consolidated financial statements for the period ended 30 April 2019

24 - Translation adjustment

	30/4/2019 USD	31/1/2019 USD
Balance at the beginning of the period / year	(45 273 280)	(42 468 498)
Change during the period / year	1 697 027	(2 804 782)
Balance at the end of the period / year	(43 576 253)	(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	1 818 450	850 628	2 669 078
Swiss Cotton Garments Company			
HSBC	-	600 000	600 000
ENBD	-	511 213	511 213
Baird Group			
QIB	4 837 397	2 072 800	6 910 197
Balance as at 30/4/2019	20 562 934	8 670 336	29 233 270
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	30 April 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	2 669 078	2 669 078	2 876 397	2 876 397
Swiss Cotton Garments Company						
HSBC Bank	USD	2020	600 000	600 000	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

	30/4/2019	31/1/2019
	USD	USD
Long term notes payable	3 072 345	1 030 924
Other liabilities	6 815 559	4 546 724
	9 887 904	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 30/4/2019 USD
Provisions	1 866 164	30 615	-	(290 194)	1 606 585
The impact of transfer subsidiary investments to sister companies	-	-	-	-	(120 162)
Exchange rates differences	-	-	-	-	(10 731)
	1 866 164	30 615	-	(290 194)	1 475 692

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 193 326 045 (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

	30/4/2019	31/1/2019
	USD	USD
Suppliers and contractors	25 522 908	26 070 755
Notes payable	8 587 617	8 298 400
Accounts receivables – advance payments	369 148	121 714
Deposits from others	701 959	704 616
Tax authority	3 587 168	3 581 168
Un-earned revenue	11 349	7 548
Accrued expenses	5 055 207	10 634 225
Deferred capital gains	4 997 147	5 340 179
Other credit balances	5 537 938	6 078 525
	54 370 441	60 837 130

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the period ended 30 April 2019

31 - Cost of revenue

	30/4/2019	30/4/2018
	USD	USD
Cost of sales	30 990 796	33 923 897
	30 990 796	33 923 897

32 - Other revenues

	30/4/2019	30/4/2018
	USD	USD
Capital gains	513 612	547 238
Rent	438 973	1 232 622
Earned discounts	63 742	59 161
Revenue from service rendered to other	11 181	12 310
Others	45 540	147 596
	1 073 048	1 998 927

33 - Distribution expenses

	30/4/2019	30/4/2018
	USD	USD
Wages and salaries	5 519 615	5 897 650
Fixed assets depreciation	554 529	564 754
Export expenses	919 682	767 189
Others	5 477 862	7 327 319
	12 471 688	14 556 912

34 - General and administrative expenses

	30/4/2019	30/4/2018
	USD	USD
Wages and salaries	2 373 812	2 289 742
Fixed assets depreciation	692 402	742 821
Rents for lease financing	1 069 596	1 066 280
Others	2 230 552	1 708 543
	6 366 362	5 807 386

35 - Other expenses

	30/4/2019	30/4/2018
	USD	USD
General Authority for Investment fees	40 599	32 296
Recognized the claims provision	30 615	141 389
Others	26 246	4 883
	97 460	178 568

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Notes to the consolidated financial statements for the period ended 30 April 2019

36 – Finance cost

	30/4/2019	30/4/2018
	USD	USD
Interest and finance expense	2 883 054	3 055 279
	2 883 054	3 055 279

37 – Finance income

	30/4/2019	30/4/2018
	USD	USD
Interest income	1 707 862	1 079 346
Foreign exchange gain	2 714 501	981 874
	4 422 362	2 061 220

38 - 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.

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>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	376 580	460 209	232 807
Capital gain during the period	243 480	96 655	171 445
Accrued installments until the end of the contract (Less than 5 years)	2 854 407	2 976 143	2 944 095
The end of contract	June 2021	December 2020	June 2022

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 Notes to the consolidated financial statements for the period ended 30 April 2019

38 - Segment analysis

38-1 Operating results divided to group company's business activities for the financial period ended 30/4/2019

	Business activities							Total after eliminations USD
	Formal	Causal	Luxury	Real estate investment	Investment	Eliminations		
	USD	USD	USD	USD	USD	USD		
Total Revenues	50 720 295	4 949 701	14 924 398	-	-	-	70 594 394	
Sales between companies for the same segment	5 986 127	-	1 089 104	-	-	(6 875 726)	199 505	
Net Revenues	44 734 168	4 949 701	13 835 294	-	-	(14 450 609)	49 268 059	
Revenue from external customers	38 792 168	4 157 677	6 118 709	-	-	199 505	49 268 059	
Intercompany group sales	5 942 000	792 024	7 716 585	-	-	(14 450 609)		
Total	44 734 168	4 949 701	13 835 294	-	-	(14 251 104)	49 268 059	
Cost of Revenue	(30 727 494)	(4 180 837)	(10 533 074)	-	-	14 450 609	(30 990 796)	
Gross profit	14 006 674	768 864	3 302 220	-	-	199 505	18 277 263	
Other revenues	341 077	105 086	290 260	97 912	304 797	(66 084)	1 073 048	
Distribution expenses	(10 579 191)	(220 709)	(1 676 952)	-	-	5 164	(12 471 688)	
General and administrative expenses	(3 174 772)	(370 346)	(1 652 442)	(460 201)	(972 010)	263 409	(6 366 362)	
Other expenses	-	(30 615)	(26 246)	-	(40 599)	-	(97 460)	
Operating profit (loss)	593 788	252 280	236 840	(362 289)	(707 812)	401 994	414 801	
Group's share of results of joint ventures	-	-	13 214	-	-	-	13 214	
Sister company share of result	(131 740)	-	-	-	-	-	(131 740)	
Finance income (net)	(888 279)	(234 457)	74 546	65 962	2 536 336	(14 799)	1 539 309	
Net profit (loss) for the period - before tax	(426 231)	17 823	324 600	(296 327)	1 828 524	387 195	1 835 584	
Income tax for the period	(31 436)	-	(195 435)	-	-	-	(226 871)	
Deferred tax	(66)	2 193	24 609	-	-	-	26 736	
Net profit (loss) for the period - after tax	(457 733)	20 016	153 774	(296 327)	1 828 524	387 195	1 635 449	
Attributable to:								
Holding company owners	(416 845)	19 612	107 437	(293 980)	1 828 524	387 195	1 631 943	
Non-controlling interests	(40 888)	404	46 337	(2 347)	-	-	3 506	
Net profit (loss) for the period	(457 733)	20 016	153 774	(296 327)	1 828 524	387 195	1 635 449	

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the period ended 30 April 2019

38 - Segment analysis

38-2 Operating results divided to group company's business activities for the financial period ended 30/4/2018

	Business activities						
	Formal	Causal	Luxury	Real estate Investment	Investment	Eliminations	Total after eliminations
	USD	USD	USD	USD	USD	USD	USD
Total Revenues	54 428 154	5 668 720	14 650 706	-	-	-	74 747 580
Sales between companies for the same segment	7 583 213	-	1 061 357	-	-	(8 644 570)	-
Net Revenues	46 844 941	5 668 720	13 589 349	-	-	(10 464 015)	55 638 995
Revenue from external customers	42 724 450	4 747 328	8 167 217	-	-	-	55 638 995
Intercompany group sales	4 120 491	921 392	5 422 132	-	-	(10 464 015)	-
Total	46 844 941	5 668 720	13 589 349	-	-	(10 464 015)	55 638 995
Cost of Revenue	(30 604 462)	(4 584 005)	(9 541 603)	-	-	10 806 173	(33 923 897)
Gross profit	16 240 479	1 084 715	4 047 746	-	-	342 158	21 715 098
Other revenues	1 226 644	204 157	309 931	97 346	1 404 792	(1 243 943)	1 998 927
Distribution expenses	(12 126 432)	(312 340)	(2 123 304)	-	-	5 164	(14 556 912)
General and administrative expenses	(3 683 478)	(311 701)	(1 413 291)	(464 009)	(834 723)	899 816	(5 807 386)
Other expenses	(91 089)	(52 986)	(4 883)	-	(29 610)	-	(178 568)
Operating profit (loss)	1 566 124	611 845	816 199	(366 663)	540 459	3 195	3 171 159
Group's share of results of joint ventures	-	-	27 360	-	-	-	27 360
Finance cost (net)	(1 041 892)	(335 751)	(953 035)	2 606	1 338 283	(4 270)	(994 059)
Net profit (loss) for the period - before tax	524 232	276 094	(109 476)	(364 057)	1 878 742	(1 075)	2 204 460
Income tax for the period	(223 905)	-	(108 108)	-	-	-	(332 013)
Deferred tax	2 236	(2 612)	9 736	-	-	-	9 360
Net profit (loss) for the period - after tax	302 563	273 482	(207 848)	(364 057)	1 878 742	(1 075)	1 881 807
Attributable to:							
Holding company owners	381 457	271 719	(222 330)	(361 170)	1 878 742	(1 075)	1 947 343
Non-controlling interests	(78 894)	1 763	14 482	(2 887)	-	-	(65 536)
Net profit (loss) for the period	302 563	273 482	(207 848)	(364 057)	1 878 742	(1 075)	1 881 807

40 - Financial instruments

Credit risk

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

	Carrying amount	
	30/4/2019	31/1/2019
	USD	USD
Investments available for sale	2 824 511	2 952 379
Debtors on sale of investments	35 600 000	35 600 000
Debtors and other debit balances	120 882 166	124 203 436
Due from related parties	341 036	541 538
Cash and cash equivalents	66 718 143	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	193 326 045	193 326 045	-
Creditors and other credit balances	45 786 126	45 786 126	-
Long-term loans	29 233 270	8 670 336	20 562 934
Long-term liabilities	9 887 904	-	9 887 904

Foreign exchange risk

The Group is exposed to foreign exchange risk at 30 April 2019 according to amounts in currencies as follows:

	30/4/2019	31/1/2019
	Surplus (Deficit)	Surplus (Deficit)
US dollars	101 701 219	111 096 889
Euro	(21 561 394)	(22 294 010)
Sterling Pound	(1 689 331)	(1 841 260)
Egyptian Pound	989 596 895	868 062 451

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

	Closing Rate		Average exchange rate	
	30/4/2019	31/1/2019	30/4/2019	31/1/2019
Euro	1.1229	1.1371	1.1365	1.2277
Sterling Pound	1.2955	1.3127	1.3080	1.4008
Egyptian Pound	0.0575	0.0557	0.0566	0.0564

41 - 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.

Al Arafa for Investment and Consultancies (S.A.E) – Free Zone
Notes to the consolidated financial statements for the period ended 30 April 2019

Salaries tax

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

Stamp tax

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

Value-added tax

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

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.

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

Notes to the consolidated financial statements for the period ended 30 April 2019

42 - 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 30 April 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

	30/4/2018
	USD
Revenue	2 776 303
Cost of revenue	2 432 387
Other revenues	22 592
Distribution expenses	90 714
General and administrative expenses	268 329
Finance cost	205 028
Deferred tax	2 297