

DRAFT

ORIENTAL WEAVERS COMPANY FOR CARPETS
(An Egyptian Joint Stock Company)

Consolidated Financial Statements
For the Company and its Subsidiaries
For The Financial period ended June 30, 2014
Together With limited review report

draft

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)

Consolidated Financial Position for the company and it's subsidiaries
As of June 30,2014

	Note No.	30/6/2014 LE	31/12/2013 LE
<u>Long Term Assets</u>			
Fixed assets(net)	(5)	2 631 106 053	2 753 447 469
Projects in progress	(6)	77 126 164	57 484 717
Available for sale investments	(7)	81 673 779	81 673 779
Goodwill	(8)	473 790 520	473 790 520
Total Long-term assets		3 263 696 516	3 366 396 485
<u>Current Assets</u>			
Inventory	(9)	1 616 667 541	1 523 335 196
Trades & notes receivable	(10)	1 017 705 755	945 669 198
Debitors and other debit accounts	(11)	277 643 746	211 849 502
Cash & Cash equivalent	(12)	408 236 722	324 866 214
Total current assets		3 320 253 764	3 005 720 110
<u>Current Liabilities</u>			
Provisions	(13)	34 990 642	35 847 673
Banks-Credit accounts	(14)	1 337 191 330	1 388 215 798
Long term liabilities-Current portions	(22)	91 200 205	89 138 296
Suppliers & notes payable	(15)	771 895 852	624 423 822
Dividends payable		46 158 709	8 151 624
Creditors & other credit accounts	(16)	244 784 693	206 309 685
Total Current liabilities		2 526 221 431	2 352 086 898
Working Capital		794 032 333	653 633 212
Total Investment to be Financed as follows:		4 057 728 849	4 020 029 697
<u>Shareholders' equity</u>			
Issued and paid up capital	(17)	450 000 000	450 000 000
Reserves	(18)	1 458 569 265	1 412 960 966
Unrealized gain from available for sale investments		451 625	451 625
Retained earnings		735 851 081	664 191 959
Net profit for the period / year		239 861 825	347 488 068
Exchange differences arising on translation of financial statements		504 060 199	448 119 302
Treasury stocks	(24)	(14 596 505)	(14 596 505)
Total equity attributable to equity holders of the parent		3 374 197 490	3 308 615 415
Minority interest	(19)	365 777 166	357 129 839
Shareholder's equity		3 739 974 656	3 665 745 254
<u>Long-term liabilities</u>			
Long term loans	(20)	179 163 983	209 724 851
Housing and Development Bank loan	(21)	406 524	437 269
Deferred tax liabilities	(23)	138 183 686	144 122 323
Total long term liabilities		317 754 193	354 284 443
Total shareholder's equity & long term liabilities		4 057 728 849	4 020 029 697

The accompanying notes from No.(1) to No.(28) form an integral part of these consolidated financial statements.

Limited review report attached.

Chairman & CEO

CFO & Board Member

Salah Abdel Aziz Abdel Moteleb

Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Income statement for the company and it's subsidiaries
for the financial period ended June 30,2014

draft

	Note No.	from 1/4/2014	from 1/1/2014	from 1/4/2013	from 1/1/2013
		Till 30/6/2014	Till 30/6/2014	Till 30/6/2013	Till 30/6/2013
		<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Net sales		1 428 662 693	2 844 705 043	1 382 431 002	2 751 276 786
Less:					
Cost of sales		1 255 798 820	2 467 153 850	1 231 593 162	2 424 189 663
Gross profit		<u>172 863 873</u>	<u>377 551 193</u>	<u>150 837 840</u>	<u>327 087 123</u>
Less:					
Distribution expenses		9 228 716	20 586 851	9 422 193	19 587 356
General & Administrative expenses		38 125 304	68 164 669	31 666 134	57 429 313
Formatted provisions & Impairment		--	10 000 000	--	--
		<u>47 354 020</u>	<u>98 751 520</u>	<u>41 088 327</u>	<u>77 016 669</u>
Net income from operation activities		<u>125 509 853</u>	<u>278 799 673</u>	<u>109 749 513</u>	<u>250 070 454</u>
Add / (Less):					
Interest Income		1,717,725	3 934 632	777 404	2 246 049
Other revenues		31,042,122	74 422 985	45 621 491	84 076 784
Capital Gain		--	46 211	1 616 455	1 616 455
Financing expenses		(23,911,214)	(47 859 023)	(31 415 794)	(61 328 738)
Foreign exchange differences		(15,140,034)	(14 599 108)	(7 503 990)	(29 626 072)
		<u>(6 291 401)</u>	<u>15 945 697</u>	<u>9 095 566</u>	<u>(3 015 522)</u>
Net profit for the period before income tax		<u>119 218 452</u>	<u>294 745 370</u>	<u>118 845 079</u>	<u>247 054 932</u>
(Less)Add:					
Current income tax		(25,558,363)	(49 461 995)	(12 907 346)	(27 746 842)
Deferred tax		3,266,936	5 736 632	(967 035)	(147 763)
Income tax for the period		<u>(22 291 427)</u>	<u>(43 725 363)</u>	<u>(13 874 381)</u>	<u>(27 894 605)</u>
Net profit for the period after income tax		<u>96 927 025</u>	<u>251 020 007</u>	<u>104 970 698</u>	<u>219 160 327</u>
Attributable to:					
Equity holders of the parent		96 725 245	239 861 825	98 514 840	210 060 029
Minority interest	(19)	201 780	11 158 182	6 455 858	9 100 298
		<u>96 927 025</u>	<u>251 020 007</u>	<u>104 970 698</u>	<u>219 160 327</u>

The accompanying notes from No.(1) to No.(28) form an integral part of these consolidated financial statements.

draft

Translation from arabic.

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated statement of changes in Shareholder's Equity for the Company and It's Subsidiaries
for the financial period ended June 30, 2014

	Issued and Paid up capital LE	Legal reserve LE	General reserve LE	Special reserve LE	Capital reserve LE	Unrealized gain from sale of Investments LE	Retained earnings LE	Net profit LE	Differences of translation LE	Treasury stocks LE	Total LE
Balance at 1/1/2013	450 000 000	1 026 495 722	352 120 746	59 973 828	7 591 516	451 625	585 192 036	272 761 511	260 885 756	(14 596 505)	3 000 876 235
Transferred to reserves	--	9 723 601	--	--	1 379 973	--	--	(11 103 574)	--	--	--
Dividends for the year 2012	--	--	--	--	--	--	--	(184 923 692)	--	--	(184 923 692)
Transferred to retained earnings	--	--	--	--	--	--	76 734 245	(76 734 245)	--	--	--
Adjustments on retained earnings	--	--	--	--	--	--	3 926 725	--	--	--	3 926 725
Change in translation differences	--	--	--	--	--	--	--	--	207 208 534	--	207 208 534
Net profit for the period	--	--	--	--	--	--	--	210 060 029	--	--	210 060 029
Balance at 30/6/2013	450 000 000	1 036 219 323	352 120 746	59 973 828	8 971 489	451 625	665 853 006	210 060 029	468 094 290	(14 596 505)	3 237 147 831
Balance at 1/1/2014	450 000 000	1 018 796 049	328 236 096	59 973 828	5 954 993	451 625	664 191 959	347 488 068	448 119 302	(14 596 505)	3 308 615 415
Transferred to reserves	--	12 798 817	--	--	32 809 482	--	--	(45 608 299)	--	--	--
Dividends for the year 2013	--	--	--	--	--	--	--	(230 282 542)	--	--	(230 282 542)
Transferred to retained earnings	--	--	--	--	--	--	71 597 227	(71 597 227)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	61 895	--	--	--	61,895
Change in translation differences	--	--	--	--	--	--	--	--	55 940 897	--	55 940 897
Net profit for the period	--	--	--	--	--	--	--	239 861 825	--	--	239 861 825
Balance at 30/6/2014	450 000 000	1 031 594 866	328 236 096	59 973 828	38 764 475	451 625	735 851 081	239 861 825	504 060 199	(14 596 505)	3 374 197 490

The accompanying notes from No.(1) to No.(28) form an integral part of these consolidated financial statements.

draft

Translation from arabic

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Cash flow statement for the company and it's subsidiaries
for the financial period ended June 30,2014

	Note <u>No.</u>	30/6/2014 <u>LE</u>	30/6/2013 <u>LE</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		294 745 370	247 054 932
<u>Adjustments to reconcile net profit to net cash provided by operating activities</u>			
Fixed assets depreciation		155 411 010	140 141 970
formed provisions & Impairment		10 000 000	--
Financing expenses		47 859 023	61 328 738
capital gain		(46 211)	(1 616 455)
Operating profits before changes in working capital		507 969 192	446 909 185
<u>Change in working capital</u>			
(Increase) in inventory		(93 332 345)	(203 051 021)
(Increase) in trades & notes receivable and debit accounts		(146 025 636)	(62 884 792)
increase in suppliers & notes payable and other credit accounts		183 836 650	205 442 481
Cash flows provided by operating activities		452 447 861	386 415 853
Financing expenses paid		(47 859 023)	(62 753 786)
paid Current income tax		(50 036 159)	(30 384 647)
Net cash flows provided by operating activities		354 552 679	293 277 420
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets and projects in progress		(33 069 078)	(22 346 356)
proceeds from selling of fixed assets		46 211	1 742 021
Net cash flows (used in) investing activities		(33 022 867)	(20 604 335)
<u>Cash flows from financing activities</u>			
(Payment) proceeds for banks-credit accounts		(51 025 078)	91 431 028
Dividends paid and payments for Minority interest		(195 748 975)	(146 948 957)
(Payment) for long term liabilities		(28 529 704)	(34 879 994)
Net cash flows (used in) financing activities		(275 303 757)	(90 397 923)
Net change in cash and cash equivalents during the period		46 226 055	182 275 162
Cash and cash equivalents at beginning of the period		324 821 295	230 682 186
Exchange differences arising from translation of financial statements		37 143 843	9 292 724
Cash and cash equivalents at end of the period	(12)	408 191 193	422 250 072

The accompanying notes from No.(1) to No.(28) form an integral part of these consolidated financial statements.

**Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)**

**Notes to the Consolidated Financial Statements for the Company and Its Subsidiaries
For the Financial period ended June 30, 2014**

1 - BACK GROUND INFORMATION

- Rental Weavers Company for Carpets was established in November 16, 1981 as a Limited Liability Company according to Law No. 43 of 1974 which was replaced by Law No.32 of 1977. On November 2, 1991 the Legal status of the company was changed to be an Egyptian Joint Stock Company (S.A.E) under Law No. 230 of 1989 and Law No. 95 of 1992.
- Company's objective
- Producing, selling and exporting ready – made carpets and importing related production supplies, equipment, machinery, or materials.

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- The financial statements have been prepared in accordance with Egyptian Accounting Standards and in the light of Egyptian laws and regulations.
- The preparation of financial statements requires making limited accounting estimates in addition to that the management makes another accounting estimates about choosing and implementing the company's accounting policies. The note no. (4) from the notes of the financial statements indicates the items and the elements that have significant accounting estimates.

3 - SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Financial Statements include companies in which Oriental Weavers Company for Carpets participates at a percentage greater than 50% of their capitals and has control thereon. Subsidiaries included in the consolidated financial statements are as follows:-

<u>Subsidiary name</u>	<u>Percentage of participations</u> <u>2014</u> %
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
MAC Carpet Mills	58.29
Egyptian Fibers Co.(EFCO)	79.60
Oriental Weavers Co.- China	99.65
New Mac	52.02
Modern EFCO	57.57
Rosetex Modern Factories for Spinning & Weaving Co.	99.99

**The extra ordinary general assembly meeting held on March 30,2013 has initially approved the merge that took place between Modern Efco (a subsidiary company subject to law no.8 for the year 1997) ,the merged company and Egyptian Fibers Co Efco, the merger company that is subject to law no. 159 for the year 1981.

The meeting has also approved the net asset value of both companies to be the base for the merging process and to present the financial and technical valuation reports to the General Authority for Investment and Free Zone and to consider December 31, 2012 to be the date for the merge.

4 - SIGNIFICANT ACCOUNTING POLICIES

4-1 Basis of consolidation

- Consolidated current financial position are prepared by combining similar items of assets, liabilities, equity, revenues and expenses stated in the financial statements of the holding company and its subsidiaries.
- The carrying amount of the holding company's investment in each subsidiary and the holding company's portion in the equity of each subsidiary are eliminated.
- All inter-company balances, transactions, and material unrealized gains are eliminated.
- Minority interest in the net equity and net profits of subsidiaries controlled by the holding company are included in a separate line item under the shareholders equity in the consolidated financial position "minority interest" and it represents the minority share in the net assets of the subsidiaries.

4-2 Foreign currency Translation

- The company and some of its subsidiaries maintain their books of accounts in Egyptian Pound. Transactions denominated in foreign currencies are recorded at the prevailing exchange rates at the date of the transaction. At consolidated financial position date monetary assets and liabilities denominated in foreign currencies are revaluated at the exchange rates declared by the company's bank and its subsidiaries' bank at that date. The exchange differences are recorded in the consolidated income statement for the period.

4-3 Translation of Financial Statements of Foreign Companies

- Some of the subsidiaries maintain their books of accounts in foreign currency other than Egyptian Pounds. Monetary assets and liabilities of these companies are translated into Egyptian Pound at the Foreign exchange rate at the date of consolidated financial position. Shareholders' equity items are translated at the foreign exchange rate prevailing at the consolidation date. Consolidated income statement items are translated at the average foreign exchange rate of the reporting year. The holding company's portion in accumulated differences arising from retranslation of foreign entities is presented as a separate item in shareholders' equity in the consolidated financial position.

4-4 Fixed Assets and Depreciation

- Fixed assets are stated in the consolidated financial position at cost after deduction of the related accumulated depreciation and impairment losses and are depreciated using the straight – line method over their estimated useful lives for each asset as follows:

<u>Description</u>	<u>Estimated useful life</u>
Buildings & Constructions	25-50
Machinery & Equipments	10
Vehicles	5-8
Tools & Supplies	5
Show-room Fixture	3
Furniture & office equipment	5-10
Computers & programs	3-5

4-5 Projects in Progress

Costs relating to purchase and construction of fixed assets are initially recorded as project in progress. When the asset is completed and becomes ready for the intended use, then, they are transferred to fixed assets.

4-6 Valuation of Available for sale Investment

- Available for sale investments are valued at fair market value on an investment by investment basis with gains and losses being recognized as part of the equity under unrealized gains (losses) from Available for sale investments.
- In the event of impairment the value of the investment is reduced by the impairment value which is offset against the unrealized gains recorded in the equity with excess losses being charged to the income statement.
- The fair value of the available for sale investments which are not listed in the Securities Exchange Market and for which there are no possible methods for reliably determining its value, can be determined by cost less the value of impairment (if any) and recognizing the losses in the income statement.
- If in a subsequent period to the impairment the fair value of the investment increases the increase will be recognized in the income statement to the extent of the impairment losses which have been previously recognized and any excess recognizes in the equity, except in the case of equity securities for which the losses cannot be reversed unless sold or disposed of.

4-7 Goodwill

- Goodwill represents in the increase in the acquisition cost of some shares of the subsidiary companies through swap of shares, and the company's interest in the fair value of the acquired net assets of these subsidiaries on the acquisition date.
- Goodwill acquired shall not be amortized. Instead of that the company shall test it for impairment annually or periodically if events or changes in circumstances indicate that it might be impaired, and in case there is impairment such impairment shall recognize in the income statement for the period.

4-8 Inventory

Inventory is valued at the end of the period at which is lower of cost or net realizable value according to the following basis:

- Raw materials, Spare parts, packaging materials, are determined using the moving average method.
- Cost of work in process is determined at industrial cost which include materials used in its production and direct wages in addition to its related direct and indirect industrial expenses up to the production stage that have been reached.
- Cost of finished products at which is lower of cost or net realizable value includes all the direct and indirect industrial expenses.

4-9 Debtors & other debit accounts

Debtors & other debit accounts are stated at nominal value less impairment loss of any amounts expected to be uncollected, and are classified as current assets. Amounts that are expected to be collected after more than one year are classified as long term assets.

4-10 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, and it is probable that an out flow of economic benefits will be required to settle the obligation, and the obligation can be reasonably estimated, and if there is a significant effect of the monetary time value, the provisions are determined after deduction of future cash flow that are related to the obligation of payment by using the relevant deduction rate to take this effect into consideration. Provisions are reviewed at the financial position date and amended when necessary to reflect the best current estimate.

4-11 Borrowing Cost

Borrowing cost is charged as expense to the consolidated income statement for the year when incurred by the company or its subsidiaries. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset should be capitalized as part of the cost of that asset.

4-12 Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except for the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the consolidated financial position date, and any adjustment to tax payable in respect of previous year.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amount 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 consolidated 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 extent that it is no longer probable that the related tax benefit will realize.

4-13 Revenue Recognition

- Revenue from sales is recognized when goods- related rewards and risks are transferred to the buyer upon the delivery of the products and invoicing.

- Interest income is recognized in the income statement using the effective interest method. The effective interest method is used for discounting the expected future cash flows and allocating the related interest income over the maturity year. The effective interest is calculated taking in consideration the contractual arrangements.
- Income from available for sale investment is recognized when the cash distribution declared by the Investee Company and received.
- The gains or losses resulted from selling investment are recognized when the transaction is completed which is represented in the date of benefits and risk transfer to the buyer.

4-14 Legal reserve

According to the company's statutes the Company is required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital. 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 net profit until it reaches 50% of the issued share capital.

4-15 Treasury Stocks

Treasury stocks are stated at cost, and shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Consideration paid or received shall be recognized directly in equity.

4-16 Impairment of financial assets other than investment

- The carrying amounts of the company's financial assets other than investments are reviewed at each financial position date to determine whether there is any indication of impairment. If such indication exists, these losses are estimated on the basis of the increase of carrying amount of the asset than the present value for the expected future cash flows or net realizable value of these assets which ever is greater. Impairment losses are charged to the income statement, and in case of the increase of the value it will be charged to the income statement to the limit of that charged to the income statement during the previous year.
- An impairment loss of goodwill is estimated annually at each financial position date regardless of presence of any indications of impairment or not.

4-17 Employees' pension

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law no 79 of 1975 and its modifications. Limited Contributions are charged to income statement using the accrual basis of accounting.

4-18 Contingent liability and commitment

Contingent liabilities and commitments shown out of the financial position as it is not represented actual assets or liabilities at the financial position date.

4-19 Related parties transactions

Transactions with Related parties that are undertaken by the Company in the course of its ordinary transactions are recorded according to the conditions laid down by the company's management on the same bases of dealing with third party.

4-20 Cash flow statement

Consolidated Cash flow statement is prepared using the indirect method. For purpose of preparing the consolidated statement of cash flows, Cash and cash equivalents include cash and time deposits for a year not more than three months.

4-21 Comparative Figures

Comparative figures are reclassified whenever necessary to confirm with the current classification in the current year.

5- **FIXED ASSETS (NET)**

	Cost as of 30/6/2014	Accumulated Depreciation as of 30/6/2014	Net Book Value as of 30/6/2014	Net Book Value as of 31/12/2013
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Land	285 292 471	--	285 292 471	274 728 925
Buildings & Constructions	1 360 114 975	355 342 497	1 004 772 478	1 010 866 971
Machinery & Equipments	3 586 505 068	2 329 747 410	1 256 757 658	1 375 292 303
Vehicles	131 263 542	91 938 048	39 325 494	42 492 335
Tools & Supplies	62 753 229	49 162 553	13 590 676	15 163 532
Showrooms Fixture	31 230 114	28 661 299	2 568 815	3 369 831
Furniture & Office Equipments	67 375 321	50 166 533	17 208 788	18 690 384
Computers and Programs	66 175 905	54 586 232	11 589 673	12 843 188
	<u>5 590 710 625</u>	<u>2 959 604 572</u>	<u>2 631 106 053</u>	<u>2 753 447 469</u>

6- **PROJECTS IN PROGRESS**

	30/6/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Buildings under Construction	54 236 049	40 859 417
Machinery & Equipment under installation	13 802 411	14 659 533
Development of computer system	592 011	166 450
Vehicles	1 079 700	264 670
Advance payment for purchasing Fixed assets	5 604 353	1 534 647
Letter of credit for purchasing assets	1 811 640	--
	<u>77 126 164</u>	<u>57 484 717</u>

7- AVAILABLE FOR SALE INVESTMENTS

	No. of owned Shares	Percentage of participation %	Par value for each Share	Acquisition cost	Accumulated Impairment losses	Accumulated Unrealized Gain	balance as of 30/6/2014	balance as of 31/12/2013
	<u>L.E</u>		<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Oriental Weavers for Textile	112 500	45	USD 100	64 820 211	--	--	64 820 211	64 820 211
Oriental for Industrial Development	800 000	8	L.E 10	4 200 000	--	--	4 200 000	4 200 000
Piraeus Bank*	782 167	1.2	L.E 15.58	12 188 193	--	451 625	12 639 818	12 639 818
Trading for Development Export	100	--	L.E 100	10 000	--	--	10 000	10 000
Cambridge Weavers	1500	1.5	L.E 10	3 750	--	--	3 750	3 750
10 th of Ramadan for Spinning Industries	524 000	28.5	L.E 10	5 304 365	(5 304 365)	--	--	--
Modern Spinning Company	81 677	30.8	L.E 10	1 433 607	(1 433 607)	--	--	--
Oriental Petrochemicals	2 802 000	11.7	L.E 5	14 295 000	(14 295 000)	--	--	--
Egyptian for Trade and Marketing	4 000	2.08	L.E 100	402 000	(402 000)	--	--	--
				102 657 126	(21 434 972)	451 625	81 673 779	81 673 779

* During year 2010 the shares of Piraeus Bank has been cancelled from Stock Exchange Market.

8- GOODWILL

	Investment Cost	The company's share in present value of the net assets	Goodwill
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Oriental weavers international (OWI)	728 049 443	676 790 531	51 258 912
MAC Mills (MAC)*	750 697 752	400 022 873	350 674 879
Egyptian Fibbers Co. EFCO	109 175 359	41 624 013	67 551 346
Oriental weavers Co.- U.S.A (OW U.S.A)	127 127 706	122 822 323	4 305 383
	1 715 050 260	1 241 259 740	473 790 520
			31/12/2013
			30/6/2014
			31/12/2013

9- INVENTORY

	<u>30/6/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Raw materials	499 526 642	420 293 081
Spare parts & materials	117 891 632	110 858 111
Work in process	62 228 021	60 094 987
Finished products	972 674 975	964 357 266
Letter of credit for purchasing of raw materials	26 652 712	30 038 192
	<u>1 678 973 982</u>	<u>1 585 641 637</u>
Less: Impairment in inventory	62 306 441	62 306 441
	<u>1 616 667 541</u>	<u>1 523 335 196</u>

10- TRADES & NOTES RECEIVABLE

	<u>30/6/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Trades	871 906 362	787 488 246
Less: Impairment in Trades	48 602 289	48 474 302
	<u>823 304 073</u>	<u>739 013 944</u>
Notes Receivable	194 401 682	206 655 254
	<u>1 017 705 755</u>	<u>945 669 198</u>

11- DEBITORS AND OTHER DEBIT ACCOUNTS

	<u>30/6/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Prepaid expenses	25 195 846	11 163 277
Tax authority – debit accounts	72 912 136	71 974 061
Debit accounts – related parties	31 205 067	30 001 446
Letter of guarantee – cash margin	7 001 497	2 706 335
Suppliers – advance payment	30 405 160	23 796 053
Oriental for Building materials (Orocom)	5 000 000	5 000 000
Purchase of land Down Payments	489 396	489 396
Other debit accounts	157 229 197	118 513 487
	<u>329 438 299</u>	<u>263 644 055</u>
Less:		
Impairment loss on debtors and other debit accounts	51 794 553	51 794 553
	<u>277 643 746</u>	<u>211 849 502</u>

The other accounts receivable includes an amount of 35.8 million Egyptian pound which represents the value of claim compensation for damages resulting from the fire, which broke out on March 14, 2014 wards to one of the processing of the carpet(Mac Mills Company's).

12- CASH AND CASH EQUIVALENT

	<u>30/6/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Bank – Time Deposit	31 298 590	51 263 525
Bank – Current Account	374 574 988	269 559 681
Cash on hand	2 363 144	4 043 008
Cash and cash equivalent	408 236 722	324 866 214
Less:		
Time deposits blocked as guarantee to the facilities which granted to the company	45 529	44 919
Cash & cash equivalent for cash flows statement purposes	408 191 193	324 821 295

13- Provisions

	<u>Balance as of 1/1/2014</u>	<u>Used during The period</u>	<u>Formed during The period</u>	<u>Balance as of 30/6/2014</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provisions for Contingent liabilities	35 847 673	(10 857 031)	10 000 000	34 990 642
	<u>35 847 673</u>	<u>(10 857 031)</u>	<u>10 000 000</u>	<u>34 990 642</u>

14- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 337 191 330 as of June 30,2014 represents short term facilities granted by banks at relatively fixed interest rate, a part of facilities is guaranteed by notes receivable deposited at these banks for collection.

15- SUPPLIERS & NOTES PAYABLE

	<u>30/6/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Suppliers	537 736 894	466 487 195
Notes Payable	234 158 958	157 936 627
	<u>771 895 852</u>	<u>624 423 822</u>

16- CREDITORS AND OTHER CREDIT ACCOUNTS

	<u>30/6/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivable – advance payment	58 882 616	43 217 490
Accrued expenses	7 188 076	13 058 487
Tax authority – credit accounts	63 801 091	74 920 661
Social insurance authority	8 711 988	7 535 670
Creditors – purchases of fixed assets	931 100	2 285 173
Shareholders – credit accounts	30 814 011	2 884 726
Deposits from others	43 936 189	42 588 992
Credit accounts – related parties	--	64 009
Other credit accounts	30 519 622	19 754 477
	<u>244 784 693</u>	<u>206 309 685</u>

17 -Issued And Paid Up Capital

- 17-1 The company's authorized capital is determined to be L.E 500 Million (five hundred million Egyptian pounds).
- 17-2 The Issued capital is LE 450 000 000 distributed over 90 000 000 shares which 428 403 200 (only four hundred twenty eight million four hundred and three thousand and two hundred Egyptian pounds) are cash shares and 21 596 800 (only twenty one million and five hundred ninety six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of L.E 5 each.
- 17-3 According to the Extra general assembly meeting held on April 10, 2014 it was agreed unanimously on stock split with a coefficient 1-5 (every share split into 5 shares) also agreed the changes in the company statutes article no 6&7. The process is under way .
- 17-4 The company's shares are centrally kept at Misr for Central Clearing, Depository and Registry Co. and those shares are traded in Cairo and Alexandria stocks exchange market.

18-Reserves

	<u>30/6/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Legal reserve	1 031 594 866	1 018 796 049
General reserve	328 236 096	328 236 096
Special reserve	59 973 828	59 973 828
Capital reserve	38 764 475	5 954 993
	<u>1 458 569 265</u>	<u>1 412 960 966</u>

19-MINORITY INTEREST

	Minority interest in shareholder's Equity	Minority interest in the net profit (loss) of Subsidiaries	Balance as of 30/6/2014	Balance as of 31/12/2013
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Oriental Weavers international Co (O.W.I)	99 320	9 851	109 171	98 257
MAC Carpet Mills	312 503 700	2 529 517	315 033 217	311 517 788
Egyptian fibres Co. EFCO	19 966 911	3 065 198	23 032 109	21 741 929
EFCO Modern Fibres	19 805 230	5 482 341	25 287 571	21 586 475
Oriental Weavers – China	518 641	(35 104)	483 537	508 446
New MAC	1 722 091	106 369	1 828 460	1 673 853
Rosetex Modern Factories for Spinning & Weaving Co.	3 091	10	3 101	3 091
	<u>354 618 984</u>	<u>11 158 182</u>	<u>365 777 166</u>	<u>357 129 839</u>

draft

Translation from arabic.

20 - LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 30/6/2014 L.E.	Balance as of 2014/6/30		Balance as of 31/12/2013	
				current portion due in one year L.E.	long term Installments L.E.	current portion due in one year L.E.	long term Installments L.E.
Barcleys Bank	USD	4 000 000	--	--	2 778 776	--	--
							medium term loan to be paid over 10 equal installments semi annual for June and december in every year. The first installment will be accuetd within december 2009 with interest rate 3% above libour.
HSBC (1)	USD	4 000 000	2 856 000	--	5 552 000	--	--
							Medium term loan to be paid over 10 equal installments semi annual for June and december in every year. The first installment will be required within June,2010 with interest rate 3% above libour.
HSBC (2)	USD	21 100 000	85 119 508	29 754 083	55 365 415	25 259 863	69 556 150
							The principal of the loan shall be settled over 73 monthly installments began at december,2010 till december,2016 . The interest and commissions shall be computed at interest rate 3% above libour
Loans from other banks	USD	4 764 715	32 177 195	8 478 627	55 365 415	30 811 863	69 556 150
							Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Audi Bank	USD	35 000 000	150 150 000	50 050 000	100 100 000	48 636 000	121 590 000
							The principal of the loan shall be settled over 20 equal quarter installments starting from 31/8/2012 till 31/5/2017 , the interest and commission shall be computed and paid upon its due date.
			270 302 703	91 138 720	179 163 983	89 076 811	209 724 851

-The loans are granted to the company against a first class commercial pledge on machinery , equipments and all tangible and intangible assets of the company

21- **HOUSING AND DEVELOPMENT BANK LOAN**

	Note	<u>30/6/2014</u>	<u>31/12/2013</u>
	No	<u>L.E</u>	<u>L.E</u>
Balance of this item represents the remaining amount due to bank of housing and development against purchasing housing units for employees in 10 th of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.		468 009	498 754
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(22)	(61 485)	(61 485)
		<u>406 524</u>	<u>437 269</u>

22 - **LONG TERM LIABILITIES – CURRENT PORTIONS**

	Note	<u>30/6/2014</u>	<u>31/12/2013</u>
	No	<u>L.E</u>	<u>L.E</u>
Long-term loan instalment	(20)	91 138 720	89 076 811
Housing and development bank loan	(21)	61 485	61 485
		<u>91 200 205</u>	<u>89 138 296</u>

23 - **DEFERRED TAX**

Deferred tax Assets and liabilities

	<u>30/6/2014</u>		<u>31/12/2013</u>	
	<u>Assets</u>	<u>(Liabilities)</u>	<u>Assets</u>	<u>(Liabilities)</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Temporary tax differences – O.W. (USA)	10 273 420	--	9 983 178	--
Fixed assets	--	(148 457 106)	--	(154 105 501)
Total deferred tax assets / (liabilities)	<u>10 273 472</u>	<u>(148 457 106)</u>	<u>9 983 178</u>	<u>(154 105 501)</u>
Net deferred tax (liabilities)		<u>(138 183 686)</u>		<u>(144 122 323)</u>

24 - **TREASURY STOCKS**

<u>Description</u>	<u>30/6/2014</u>		<u>31/12/2013</u>	
	<u>No. of Stocks</u>	<u>Amount L.E</u>	<u>No. of Stocks</u>	<u>Amount L.E</u>
The owned Shares by Oriental weavers Co.- U.S.A (OW U.S.A) " Subsidiary Co."	1 319 031	14 596 505	1 319 031	14 596 505

25 - **CONTINGENT LIABILITIES**

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of June 30, 2014 amounted to L.E 13 226 347 Also Contingent liabilities from L.C'S in that date amounted to L.E 287 141 460 .

26 - **CAPITAL COMMITMENTS**

The capital commitments as of June 30, 2014 amounted to L.E 8 981 233 Represents the value of new extension related to show Rooms and completion of construction in progress.

27 - **TAX POSITION**

27-1 Corporate Tax

- The company has been inspected till December 31, 2008 and the assessed tax differences were paid.
- The company has been inspected years 2009/2010 and the company did not received the forms.
- The company submits its annual tax return regularly on legal dates.

27-2 Salaries & Wages Tax

- The company has been inspected till December 31, 2010 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

27-3 Sales Tax

- The company has been inspected till December 31, 2010 and the assessed tax differences were paid.
- The company submits the monthly tax return on the legal dates.

27-4 Stamp Duty Tax

- The company was inspected till December 31, 2011 and the assessed tax differences were paid.
- The company submits the tax return on the legal dates.

28 - FINANCIAL INSTRUMENTS AND RISK MANAGMENT

28-1 Financial instruments fair value

The company's financial instruments represents the balances of cash and cash equivalent debtors and creditors and bank –credit accounts. The carrying amounts of these financial instruments represent a reasonable estimate of their fair value.

28-2 Interest rate risk

Interest rate risk represents an adverse effect of the interest rate changes on its operational results and cash flows and the company depends in financing its working capital on short-term loans at an almost fixed interested rate.

28-3 Credit Risk

Credit risk is represents the ability of customers granted credit facilities to pay the balances due from them. This risk is controlled by the company through credit selling to a limited number of reputable customers of strong credit position and governmental bodies. Further, The Company obtains notes receivable from the customers against the debts due to the company; therefore, the company consider this risk relatively limited.

28-4 Foreign Currency Risk

The foreign currency risk basically represents the risk of fluctuations in exchange rates which affects expenditures and disbursements in foreign currencies as well as the valuation of assets and liabilities in foreign currencies. The company considered this risk to be low where the company pays the obligations in foreign currencies.