

**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, 2013**  
**Together With limited review report**

*Translation from Arabic*

Limited Review Report  
**To The Members of Boards of Directors Of**  
**ORIENTAL WEAVERS COMPANY FOR CARPETS**

**Introductory**

We have reviewed the accompanying consolidated financial position of Oriental Weavers Company for Carpets "S.A.E" at June 30, 2013, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review. We did not review the financial statements of Oriental Weavers Company-United States of America , China and Rosetex Modern Factories for Spinning & Weaving Co (owned subsidiaries).These statements reflect total assets and revenues constituting 10 % and 12.10 % respectively of the related consolidated totals.Those statements were reviewed by other auditors.

**Scope of limited review**

We conducted our review in accordance with the Egyptian Standard on Review Engagements (2410). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view for the consolidated financial position of the Company as of June 30, 2013, and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

**Cairo: 14 August ,2013**

**Wahid Abdel Ghaffar**

**B.T. Wahid Abdel Ghaffar&Co.**  
**Public Accountants& Consultants**

**Oriental Weavers Company for Carpets**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Financial Position for the company and it's subsidiaries**  
**As of 30, June 2013**

	<b>Note No.</b>	<b>30/6/2013 LE</b>	<b>31/12/2012 LE</b>
<b><u>Long Term Assets</u></b>			
Fixed assets(net)	(5)	2 267 955 335	1 752 675 173
Projects in progress	(6)	67 689 403	501 185 514
Available for sale investments	(7)	102 706 751	102 706 751
Goodwill	(8)	696 835 970	696 835 970
<b>Total Long-term assets</b>		<b>3 135 187 459</b>	<b>3 053 403 408</b>
<b><u>Current Assets</u></b>			
Inventory	(9)	1 793 286 600	1 590 235 579
Trades & notes receivable		961 595 158	921 783 464
Debitors and other debit accounts	(10)	238 246 674	219 703 588
Cash & Cash equivalent	(11)	422 293 589	230 724 378
<b>Total current assets</b>		<b>3 415 422 021</b>	<b>2 962 447 009</b>
<b><u>Current Liabilities</u></b>			
Provisions	(12)	25 847 673	26 116 289
Banks-Credit accounts	(13)	1 692 135 563	1 600 703 210
Long term liabilities-Current portions	(22)	96 016 201	119 629 981
Suppliers & notes payable		761 171 129	621 710 127
Dividends payable		44 876 685	2 659 852
Creditors & other credit accounts	(14)	210 937 988	157 732 905
<b>Total Current liabilities</b>		<b>2 830 985 239</b>	<b>2 528 552 364</b>
<b>Working Capital</b>		<b>584 436 782</b>	<b>433 894 645</b>
<b>Total Investment to be Financed as follows:</b>		<b>3 719 624 241</b>	<b>3 487 298 053</b>
<b><u>Shareholders' equity</u></b>			
Issued and paid up capital	(15)	450 000 000	450 000 000
Reserves	(16)	1 457 285 386	1 446 181 812
Unrealized gain from available for sale investments		451 625	451 625
Retained earnings		665 853 006	585 192 036
Net profit for the period / year		210 060 029	272 761 511
Exchange differences arising on translation of financial statements		468 094 290	260 885 756
Treasury stocks	(25)	( 14 596 505)	(14 596 505)
<b>Total equity attributable to equity holders of the parent</b>		<b>3 237 147 831</b>	<b>3 000 876 235</b>
Minority interest	(17)	220 969 710	211 939 190
<b>Shareholder's equity</b>		<b>3 458 117 541</b>	<b>3 212 815 425</b>
<b><u>Long-term liabilities</u></b>			
Long term loans	(18)	256 132 169	267 367 639
Housing and Development Bank loan	(20)	468 010	498 754
Creditors-Purchase of fixed assets	(21)	259 092	259 092
Deferred tax liabilities	(23)	4 647 429	6 357 143
<b>Total long term liabilities</b>		<b>261 506 700</b>	<b>274 482 628</b>
<b>Total shareholder's equity &amp; long term liabilities</b>		<b>3 719 624 241</b>	<b>3 487 298 053</b>

The accompanying notes from No.(1) to No.(29) form an integral part of these consolidated financial statements.

Limited Review Report Attached

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CFO & Board Member

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 30,2013

	From 2013/4/1	From 2013/1/1	From 2012/4/1	From 2012/1/1
Note	To 2013/6/30	To 2013/6/30	To 2012/6/30	To 2012/6/30
No.	LE	LE	LE	LE
Net sales	1 382 431 002	2 751 276 786	1 141 485 159	2 338 740 701
<b>Less:</b>				
Cost of sales	1 231 593 162	2 424 189 663	1 035 720 241	2 105 332 220
<b>Gross profit</b>	<b>150 837 840</b>	<b>327 087 123</b>	<b>105 764 918</b>	<b>233 408 481</b>
<b>Less:</b>				
Distribution expenses	9 422 193	19 587 356	9 143 917	18 268 315
General & Administrative expenses	31 666 134	57 429 313	25 745 931	49 338 912
	<b>41 088 327</b>	<b>77 016 669</b>	<b>34 889 848</b>	<b>67 607 227</b>
<b>Net income from operation activities</b>	<b>109 749 513</b>	<b>250 070 454</b>	<b>70 875 070</b>	<b>165 801 254</b>
<b>Add / (Less):</b>				
Investment income	--	--	400 000	400 000
Interest Income	777 404	2 246 049	1 163 400	3 491 191
Other revenues	45 621 491	84 076 784	21 097 188	60 226 741
Capital Gain	1 616 455	1 616 455	5 412 301	5 412 301
Financing expenses	( 31 415 794)	( 61 328 738)	( 41 000 329)	( 76 163 408)
Foreign exchange differences	( 7 503 990)	( 29 626 072)	3 811 975	2 870 423
	<b>9 095 566</b>	<b>( 3 015 522)</b>	<b>( 9 115 465)</b>	<b>( 3 762 752)</b>
<b>Net profit for the period before income tax</b>	<b>118 845 079</b>	<b>247 054 932</b>	<b>61 759 605</b>	<b>162 038 502</b>
<b>(Less)Add/:</b>				
Current income tax	( 12 907 346)	( 27 746 842)	( 8 572 082)	( 19 134 663)
Deferred tax	( 967 035)	( 147 763)	1 475 561	2 499 365
<b>Income tax for the period</b>	<b>( 13 874 381)</b>	<b>( 27 894 605)</b>	<b>( 7 096 521)</b>	<b>( 16 635 298)</b>
<b>Net profit for the period after income tax</b>	<b>104 970 698</b>	<b>219 160 327</b>	<b>54 663 084</b>	<b>145 403 204</b>
<b>Attributable to:</b>				
Equity holders of the parent	98 514 840	210 060 029	50 403 340	136 836 532
Minority interest	(17) 6 455 858	9 100 298	4 259 744	8 566 672
	<b>104 970 698</b>	<b>219 160 327</b>	<b>54 663 084</b>	<b>145 403 204</b>
<b>Basic Earning per Share for the period</b>	(24) <b>1.11</b>	<b>2.37</b>	<b>0.57</b>	<b>1.54</b>

The accompanying notes from No.(1) to No.(29) form an integral part of these consolidated financial statements.

**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, 2013**

	<u>Issued and</u> <u>Paid up capital</u> <u>LE</u>	<u>Legal</u> <u>reserve</u> <u>LE</u>	<u>General</u> <u>reserve</u> <u>LE</u>	<u>Special</u> <u>reserve</u> <u>LE</u>	<u>Capital</u> <u>reserve</u> <u>LE</u>	<u>Unrealized</u> <u>gain from</u> <u>Available for</u> <u>sale Investments</u> <u>LE</u>	<u>Retained</u> <u>earnings</u> <u>LE</u>	<u>Net</u> <u>profit</u> <u>LE</u>	<u>Differences</u> <u>of translation</u> <u>LE</u>	<u>Treasury</u> <u>stocks</u> <u>LE</u>	<u>Total</u> <u>LE</u>
<b>Balance at 1/1/2012</b>	<b>450 000 000</b>	<b>1 017 970 166</b>	<b>352 120 746</b>	<b>59 973 828</b>	<b>7 487 468</b>	<b>451 625</b>	<b>556 679 253</b>	<b>243 025 559</b>	<b>199 732 870</b>	<b>( 14 596 505)</b>	<b>2 872 845 010</b>
Transferred to reserves	--	8,525,556	--	--	104,048	--	--	( 8 629 604)	--	--	--
Dividends for the year 2011	--	--	--	--	--	--	--	(180 856 832)	--	--	( 180 856 832)
Transferred to retained earnings	--	--	--	--	--	--	53,539,123	(53 539 123)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	2,581,080	--	--	--	2 581 080
Change in translation differences	--	--	--	--	--	--	--	--	8 845 355	--	8 845 355
Net profit for the period	--	--	--	--	--	--	--	136 836 532	--	--	136 836 532
<b>Balance at30/6/2012</b>	<b>450 000 000</b>	<b>1 026 495 722</b>	<b>352 120 746</b>	<b>59 973 828</b>	<b>7 591 516</b>	<b>451 625</b>	<b>612 799 456</b>	<b>136 836 532</b>	<b>208 578 225</b>	<b>( 14 596 505)</b>	<b>2 840 251 145</b>
<b>Balance at 1/1/2013</b>	<b>450 000 000</b>	<b>1 026 495 722</b>	<b>352 120 746</b>	<b>59 973 828</b>	<b>7 591 516</b>	<b>451 625</b>	<b>585 192 036</b>	<b>272 761 511</b>	<b>260 885 756</b>	<b>( 14 596 505)</b>	<b>3 000 876 235</b>
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 earning	--	--	--	--	--	--	76 734 245	( 76 734 245)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	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
<b>Balance at 30/6/2013</b>	<b>450 000 000</b>	<b>1 036 219 323</b>	<b>352 120 746</b>	<b>59 973 828</b>	<b>8 971 489</b>	<b>451 625</b>	<b>665 853 006</b>	<b>210 060 029</b>	<b>468 094 290</b>	<b>( 14 596 505)</b>	<b>3 237 147 831</b>

The accompanying notes from No.(1) to No.(29) form an integral part of these consolidated financial statements.

**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 30,2013**

	Note <u>No.</u>	30/6/2013 <u>LE</u>	31/06/2012 <u>LE</u>
<b><u>Cash flows from operating activities</u></b>			
Net profit for the period before income tax		<b>247 054 932</b>	<b>162 038 502</b>
<b><u>Adjustments to reconcile net profit to net cash provided by operating activities</u></b>			
Fixed assets depreciation		140 141 970	106 257 091
Financing expenses		61 328 738	76 163 408
Investment income		--	( 400 000)
Capital Gain		(1 616 455)	(5 412 301)
<b>Operating profits before changes in working capital</b>		<b>446 909 185</b>	<b>338 646 700</b>
<b><u>Change in working capital</u></b>			
(Increase)/ Decrease in inventory		( 203 051 021)	( 20 368 923)
(Increase) in trades & notes receivable and debit accounts		( 62 884 792)	( 74 980 352)
increase (Decrease) in suppliers & notes payable and other credit accounts		205 442 481	29 102 247
<b>Cash flows provided by operating activities</b>		<b>386 415 853</b>	<b>272 399 672</b>
Financing expenses paid		( 62 753 786)	( 76 163 408)
paid income tax		(30 384 647)	(25 009 361)
<b>Net cash flows provided by operating activities</b>		<b>293 277 420</b>	<b>171 226 903</b>
<b><u>Cash flows from investing activities</u></b>			
(Payments) for purchase of fixed assets and projects in progress		( 22 346 356)	( 82 116 582)
proceeds from selling of fixed assets		1 742 021	4 255 225
proceeds from available for sale investments		--	400 000
<b>Net cash flows (used in) investing activities</b>		<b>(20 604 335)</b>	<b>(77 461 357)</b>
<b><u>Cash flows from financing activities</u></b>			
proceeds from banks-credit accounts		91 431 028	102 287 508
Dividends paid and payments for Minority interest		(146 948 957)	(145 973 150)
(Payment) for long term liabilities		( 34 879 994)	( 93 161 701)
<b>Net cash flows (used in) financing activities</b>		<b>(90 397 923)</b>	<b>(136 847 343)</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>182 275 162</b>	<b>(43 081 797)</b>
Cash and cash equivalents at beginning of the period		230 682 186	263 668 643
Exchange differences arising from translation of financial statements		9 292 724	10 887 436
<b>Cash and cash equivalents at end of the period</b>	(11)	<b>422 250 072</b>	<b>231 474 282</b>

The accompanying notes from No.(1) to No.(29) 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, 2013**

**1- BACK GROUND INFORMATION**

- Oriental 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:-

<b><u>Subsidiary name</u></b>	<b><u>Percentage of participations</u></b> <b><u>2013</u></b> <b><u>%</u></b>
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
Oriental Weavers Company Fibers Co.	99.00
MAC Carpet Mills	53.08
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

#### **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 period. 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:

<b><u>Description</u></b>	<b><u>Estimated useful life</u></b>
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 period 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 period.

**5- FIXED ASSETS (NET)**

	<b>Cost as of</b>	<b>Accumulated depreciation</b>	<b>Net Book</b>	<b>Net Book</b>
	<b>as of</b>	<b>as of</b>	<b>Value as of</b>	<b>Value as of</b>
	<b><u>2013/6/30</u></b>	<b><u>2013/6/30</u></b>	<b><u>2013/6/30</u></b>	<b><u>31/12/2012</u></b>
	<b><u>LE</u></b>	<b><u>LE</u></b>	<b><u>LE</u></b>	<b><u>LE</u></b>
Land	169 328 175	--	169 328 175	159 679 883
Buildings & Constructions	1 051 821 858	311 784 091	740 037 767	656 966 217
Machinery & Equipments	3 417 384 588	2 148 677 363	1 268 707 225	860 626 732
Vehicles	123 638 327	85 612 885	38 025 442	25 359 369
Tools & Supplies	60 674 915	45 033 105	15 641 810	15 834 033
Showrooms Fixture	29 495 246	27 089 730	2 405 516	3 455 074
Furniture & Office Equipments	66 641 571	46 428 391	20 213 180	21 344 788
Computers and Programs	62 508 216	48 911 996	13 596 220	9 409 077
	<b><u>4 981 492 896</u></b>	<b><u>2 713 537 561</u></b>	<b><u>2 267 955 335</u></b>	<b><u>1 752 675 173</u></b>

**6- PROJECTS IN PROGRESS**

	<b><u>2013/6/30</u></b>	<b><u>31/12/2012</u></b>
	<b><u>LE</u></b>	<b><u>LE</u></b>
Buildings under Construction	38 710 016	94 904 419
Machinery & Equipment under installation	24 866 809	382 794 097
Development of computer system	204 881	1 216 548
Vehicles	170 534	10 031 794
Advance payment for purchasing Fixed assets	3 737 163	12 229 204
Letters of credit for purchasing fixed assets	--	9 452
	<b><u>67 689 403</u></b>	<b><u>501 185 514</u></b>

## **7- AVAILABLE FOR SALE INVESTMENTS**

	<b><u>No. of owned</u></b>	<b><u>Percentage of participation</u></b>	<b><u>Par value for each Share</u></b>	<b><u>Acquisition cost</u></b>	<b><u>Accumulated Impairment losses</u></b>	<b><u>Accumulated Unrealized Gain</u></b>	<b><u>balance as Of 30/6/2013</u></b>	<b><u>balance as Of 31/12/2012</u></b>
	<b><u>Shares</u></b>	<b><u>%</u></b>		<b><u>L.E</u></b>	<b><u>L.E</u></b>	<b><u>L.E</u></b>	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Oriental Weavers for Textile	112 500	45	USD 100	64 820 211	--	--	64 820 211	64 820 211
10 <sup>th</sup> of Ramadan for Spinning Industries	524 000	28.5	L.E 10	5 304 365	--	--	5 304 365	5 304 365
Modern Spinning Company	81 677	30.8	L.E 10	1 433 607	--	--	1 433 607	1 433 607
Oriental for Industrial Development	800 000	8	L.E 10	4 200 000	--	--	4 200 000	4 200 000
Oriental Petrochemicals	2 802 000	11.7	L.E 5	14 295 000	--	--	14 295 000	14 295 000
Piraeus Bank*	782 167	1.2	L.E 15.58	12 188 193	--	451 625	12 639 818	12 639 818
Egyptian for Trade and Marketing	4 000	2.08	L.E 100	402 000	(402 000)	--	--	--
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
				<b><u>102 657 126</u></b>	<b><u>(402 000)</u></b>	<b><u>451 625</u></b>	<b><u>102 706 751</u></b>	<b><u>102 706 751</u></b>

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

## **8- GOODWILL**

	<b><u>2013/6/30</u></b>	<b><u>31/12/2012</u></b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Oriental weavers international (OWI)	51 258 912	51 258 912
MAC Mills (MAC)	573 720 329	573 720 329
Egyptian Fibbers Co. EFCO	67 551 346	67 551 346
Oriental weavers Co.- U.S.A (OW U.S.A)	4 305 383	4 305 383
	<b><u>696 835 970</u></b>	<b><u>696 835 970</u></b>

## **9- INVENTORY**

	<b><u>30/6/2013</u></b>	<b><u>31/12/2012</u></b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Raw materials	518 621 032	471 671 120
Spare parts & materials	102 711 177	96 605 413
Work in process	79 268 842	56 743 790
Finished products	1 051 862 614	924 463 698
Letter of credit for purchasing of raw materials	40 822 935	40 751 558
	<b><u>1 793 286 600</u></b>	<b><u>1 590 235 579</u></b>

## **10- DEBITORS AND OTHER DEBIT ACCOUNTS**

	<b><u>30/6/2013</u></b>	<b><u>31/12/2012</u></b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Prepaid expenses	21 697 435	13 040 170
Tax authority – debit accounts	63 720 539	63 483 348
Debit accounts – related parties	29 749 248	31 847 548
Letter of guarantee – cash margin	2 797 506	2 212 736
Suppliers – advance payment	22 732 133	18 884 445
Oriental for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	95 226 134	87 911 662
	<b><u>240 922 995</u></b>	<b><u>222 379 909</u></b>
<b><u>Less:</u></b>		
Impairment loss on debtors and other debit accounts	2 676 321	2 676 321
	<b><u>238 246 674</u></b>	<b><u>219 703 588</u></b>

## **11- CASH AND CASH EQUIVALENT**

	<b><u>30/6/2013</u></b>	<b><u>31/12/2012</u></b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Bank – Time Deposit	1 273 748	41 195 534
Bank – Current Account	414 274 730	186 230 333
Cash on hand	6 745 111	3 298 511
<b>Cash and cash equivalent</b>	<b><u>422 293 589</u></b>	<b><u>230 724 378</u></b>
<b><u>Less:</u></b>		
Time deposits blocked as guarantee to the facilities which granted to the company	43 517	42 192
Cash & cash equivalent for cash flows statement purposes	<b><u>422 250 072</u></b>	<b><u>230 682 186</u></b>

## **12- Provisions**

	<b>Balance as of</b> <b><u>1/1/2013</u></b> <b><u>L.E</u></b>	<b>Used during</b> <b><u>The period</u></b> <b><u>L.E</u></b>	<b>Balance as of</b> <b><u>2013/6/30</u></b> <b><u>L.E</u></b>
Provisions for Contingent liabilities	26 116 289	(268 616)	25 847 673
	<u>26 116 289</u>	<u>(268 616)</u>	<u>25 847 673</u>

## **13- BANKS – CREDIT ACCOUNTS**

Banks – credit accounts amounting to L.E 1 692 135 563 as of June 30, 2013 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.

## **14- CREDITORS AND OTHER CREDIT ACCOUNTS**

	<b><u>30/6/2013</u></b> <b><u>L.E</u></b>	<b><u>31/12/2011</u></b> <b><u>L.E</u></b>
Trade receivable – advance payment	56 975 056	40 509 559
Accrued expenses	7 693 037	11 185 112
Tax authority – credit accounts	37 537 900	45 672 800
Social insurance authority	10 395 728	7 464 753
Creditors – purchases of fixed assets	1 570 110	1 728 785
Shareholders – credit accounts	21 252 206	2 874 435
Deposits from others	56 500 326	29 936 795
sales taxes instalments	16 741	2 258 062
Credit accounts – related parties	64 009	64 009
Other credit accounts	18 932 875	16 038 595
	<u>210 937 988</u>	<u>157 732 905</u>

## **15 -Issued And Paid Up Capital**

- 15-1** The company's authorized capital is determined to be L.E 500 Million (five hundred million Egyptian pounds).
- 15-2** 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.
- 15-3** 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.



## **16-Reserves**

	<b><u>30/6/2013</u></b>	<b><u>31/12/2012</u></b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Legal reserve	1 036 219 323	1 026 495 722
General reserve	352 120 746	352 120 746
Special reserve	59 973 828	59 973 828
Capital reserve	8 971 489	7 591 516
	<b><u>1 457 285 386</u></b>	<b><u>1 446 181 812</u></b>

## **17-MINORITY INTEREST**

	<b>Minority interest in shareholder's <u>Equity</u> <u>L.E</u></b>	<b>Minority interest in the net profit (loss) of <u>Subsidiaries</u> <u>L.E</u></b>	<b>Balance as of <u>30/6/2013</u> <u>L.E</u></b>	<b>Balance as of <u>31/12/2012</u> <u>L.E</u></b>
Oriental Weavers Co. Fibres (O.W.F)	432 778	75 572	508 350	513 319
Oriental Weavers international Co (O.W.I)	86 255	7 904	94 159	83 909
MAC Carpet Mills	178 373 887	1 885 036	180 258 923	175 171 316
Egyptian fibres Co. EFCO	17 031 218	2 574 818	19 606 036	18 647 063
EFCO Modern Fibres	13 995 833	4 360 414	18 356 247	15 788 966
Oriental Weavers – China	567 339	(32 348)	534 991	495 915
New MAC	1 379 030	228 892	1 607 922	1 235 630
Rosetex Modern Factories for Spinning & Weaving Co.	3 072	10	3 082	3 072
	<b><u>211 869 412</u></b>	<b><u>9 100 298</u></b>	<b><u>220 969 710</u></b>	<b><u>211 939 190</u></b>

# 18- LONG TERM LOANS

BANK	Loan Currency	Principal of	Balance	Balance as of 2013/6/30		Balance as of 31/12/2012		Terms of Payment
		the loan in	of the loan	current portion	long term	current portion	long term	
		original	as of					
		30/6/2013	due in one year	installments	due in one year	installments		
Currency	Currency	L.E.	L.E.	L.E.	L.E.	L.E.		
Export Development Bank of Egypt								
Export Development Bank of Egypt (1)	USD	2 500 000	--	--	--	1 572 500	--	The principal of the loan shall be settled over 10 equal semi annual installments starting from 30/11/2008 till 31/5/2013 the interest and commissions,shall be computed and paid upon settlement of installments at inetrest rate 0.75% above libour.
Export Development Bank of Egypt (2)	USD	5 619 556	--	--	--	3 534 701	--	The principal of the loan shall be settled over 10 equal semi annual installments starting from 31/12/2008 till 31/12/2013, the interest and commissions shall be computed and paid upon settlement of installments at interest rate 8.5%.
			--	--	--	5 107 201	--	
Barcleys Bank	USD	4 000 000	5 616 000	5 616 000	--	5 032 000	2 519 774	medium term loan to be paid over 10 equal installments semi annual for june and december in every year. The first installment will be accrued within december 2009 with interest rate 3% above libour.
HSBC (1)	USD	4 000 000	8 424 000	5 616 000	2 808 000	5 032 000	5 032 000	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	107 018 144	23 329 216	83 688 928	19 907 850	84 276 565	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
			115 442 144	28 945 216	86 496 928	24 939 850	89 308 565	
NSGB	USD	18 000 000	5 209 088	5 209 088	--	9 335 212	--	The principal of the loan shall be settled over 10 equal semi annual installments starting from 26/4/2009 till 26/10/2013 , the interest and commission shall be computed and paid annually at an interest rate 10.25% including highest debit Balance commission while Draw
Brought forward								
			126 267 232	39 770 304	86 496 928	44 414 263	91 828 339	

Oriental Weavers Company for Carpets

Notes to the Consolidated Financial Statements For the Company and Its Subsidiaries

For the Financial Period Ended June 30, 2013

Translation from arabic

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan	Balance as of 2013/6/30		Balance as of 31/12/2012		Terms of Payment
			as of 30/6/2013	current portion due in one year	long term installments	current portion due in one year	long term installments	
			L.E.	L.E.	L.E.	L.E.	L.E.	
<b>Carried Forward</b>			<b>126 267 232</b>	<b>39 770 304</b>	<b>86 496 928</b>	<b>44 414 263</b>	<b>91 828 339</b>	
<b>Loans from other banks</b>	<b>USD</b>	<b>4 764 715</b>	<b>29 149 707</b>	<b>6 919 766</b>	<b>22 229 941</b>	<b>6 383 916</b>	<b>22 291 800</b>	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
<b>Alexandria bank</b>	<b>USD</b>	<b>25 000 000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>14 216 964</b>	<b>--</b>	The principal of the loan shall be settled over 11 equal quarter installments starting from 1/8/2010 till 1/2/2013 , the interest and commission shall be computed and paid upon its due date.
<b>Audi Bank</b>	<b>USD</b>	<b>35 000 000</b>	<b>196 540 400</b>	<b>49 135 100</b>	<b>147 405 300</b>	<b>43 785 000</b>	<b>153 247 500</b>	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.
<b>BNP Paribas Bank</b>								
BNP Paribas Bank (1)	USD	3 836 316	--	--	--	2 688 147	--	The principal of the loan shall be settled over 18 equal quarter installments starting from february 2009 with at interest rate 1.25% over libour, the interst and commission shall be calculated and paid upon its due.
BNP Paribas Bank (2)	USD	5 000 000	--	--	--	7 862 500	--	medium term loan to be paid over 8 equal semi annual installments for January and July in every year. The first installment will be accrued within January 2010 with interest rate 2.4% above libour.
<b>Total</b>			<b>351 957 339</b>	<b>95 825 170</b>	<b>256 132 169</b>	<b>119 350 790</b>	<b>267 367 639</b>	

-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

**19 - DEFERRED SALES TAXES INSTALMENTS**

	Note <u>No</u>	<u>2013/6/30</u> <u>L.E</u>	<u>31/12/2012</u> <u>L.E</u>
Deferred sales tax instalments represents the accrued sales tax on the plants machinery and equipment which will be paid on seven equal annual instalments, after a grace period of three years, against the letter of guarantee covering these amounts issued in favour of sales tax authority as a security for the settlement of these liabilities on due dates.		--	88 160
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(22)	--	(88 160)
		<u>--</u>	<u>--</u>

**20- HOUSING AND DEVELOPMENT BANK LOAN**

	Note <u>No</u>	<u>2013/6/30</u> <u>L.E</u>	<u>31/12/2012</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 <sup>th</sup> of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.		529 495	560 239
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>468 010</u>	<u>498 754</u>

## **21- CREDITORS – PURCHASE OF FIXED ASSETS**

	Note No	<u>2013/6/30</u> <u>L.E</u>	<u>31/12/2012</u> <u>L.E</u>
Balance of this item represents the remaining amount due to 10 <sup>th</sup> of Ramadan city organization in return of purchasing a piece of land in 10 <sup>th</sup> of Ramadan city.		388 638	388 638
Instalments due within the year were classified as part of the current liabilities in the balance sheet under the item of long term liabilities – Due within one year.	(22)	(129 546)	(129 546)
		<u>259 092</u>	<u>259 092</u>

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

	Note No	<u>2013/6/30</u> <u>L.E</u>	<u>31/12/2012</u> <u>L.E</u>
Long-term loan instalment	(18)	95 825 170	119 350 790
Deferred sales taxes instalment	(19)	--	88 160
Housing and development bank loan	(20)	61 485	61 485
Creditors purchase of fixed assets	(21)	129 546	129 546
		<u>108 561 872</u>	<u>119 629 981</u>

## **23- DEFERRED TAX**

### **Deferred tax Assets and liabilities**

	<u>2013/6/30</u>	<u>31/12/2012</u>
	<u>Assets</u> <u>L.E</u>	<u>Assets</u> <u>L.E</u>
	<u>(Liabilities)</u> <u>L.E</u>	<u>(Liabilities)</u> <u>L.E</u>
Temporary tax differences – O.W. (USA)	17 058 984	15 201 508
Fixed assets	(21 706 413)	--
<b>Total deferred tax assets / (liabilities)</b>	<u>17 058 984</u>	<u>15 201 508</u>
<b>Net deferred tax (liabilities)</b>	<u>(4 647 429)</u>	<u>(6 357 143)</u>

## **24- BASIC EARNING PER SHARE FOR THE PERIOD**

Basic earning per share determined in the period profits as follows:-

	<u>From 1/4/2013</u> <u>To 30/6/2013</u>	<u>From 1/1/2013</u> <u>To 30/6/2013</u>	<u>From 1/4/2012</u> <u>To 30/6/2012</u>	<u>From 1/1/2012</u> <u>To 30/6/2012</u>
		<u>L.E</u>	<u>L.E</u>	
Net profit for the period	98 514 840	210 060 029	50 403 340	136 836 532
Weighted average number of shares available during the period	88 680 969	88 680 969	88 680 969	88 680 969
Basic earning per share for the period	<u>1.11</u>	<u>2.37</u>	<u>0.57</u>	<u>1.54</u>

## **25- TREASURY STOCKS**

	<u>2013/6/30</u>		<u>31/12/2012</u>	
<u>Description</u>	<u>No. of</u> <u>Stocks</u>	<u>Amount</u> <u>L.E</u>	<u>No. of</u> <u>Stocks</u>	<u>Amount</u> <u>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

## **26- CONTINGENT LIABILITIES**

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of June 30, 2013 amounted to L.E 12 061 357 Also Contingent liabilities from L.C'S in that date amounted to L.E 195 721 030.

## **27- CAPITAL COMMITMENTS**

The capital commitments as of June 30, 2013 amounted to L.E 10 887 033 Represents the value of new extension related to show Rooms and completion of construction in progress.

## **28- TAX POSITION**

### **28-1 Corporate Tax**

- The company has been inspected till December 31, 2008 and the assessed tax differences were paid.
- The company submits its annual tax return regularly on legal dates.

### **28-2 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.

### **28-3 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.

### **28-4 Stamp Duty Tax**

- The company has been inspected till December 31, 2007 and the assessed tax differences were paid.
- The financial years 2008, 2009 is being inspected
- The company submits the tax return on the legal dates.

## **29- FINANCIAL INSTRUMENTS AND RISK MANAGMENT**

### **29-1 Financial instruments fair value**

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

### **29-2 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.

### **29-3 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.

### **29-4 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.