

ORIENTAL WEAVERS COMPANY FOR CARPETS

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For The Financial Period ended March 31, 2017

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" as of March 31, 2017 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian accounting standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We did not review the financial statements of Oriental Weavers Company-United States of America and Oriental Weavers Company - China (owned subsidiaries). Which their total assets represents 14.92% and their total revenues represents 22.54% of total assets and revenues of the consolidated financial statements respectively,. 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) "Review of Interim Financial Statements Performed by the 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 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 March 31, 2017 and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Cairo: May 11, 2017

Auditor

Wahid Abdel Ghaffar

Baker Tilly Wahid Abdel Ghaffar & Co.

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
As of March 31, 2017

	Note <u>№</u>	31/3/2017 <u>LE</u>	31/12/2016 <u>LE</u>
<u>Non Current Assets</u>			
Fixed assets (net)	(6)	4 943 171 245	5 051 525 310
Projects in progress	(7)	273 359 827	256 118 299
Available for sale investments	(8)	130 160 356	131 450 798
Goodwill	(9)	286 239 174	286 239 174
Total non current assets		5 632 930 602	5 725 333 581
<u>Current Assets</u>			
Inventory	(10)	3 042 777 706	3 041 520 516
Trades & notes receivable	(11)	2 259 461 071	2 195 325 684
Debitors and other debit accounts	(12)	293 051 706	335 796 427
Treasury Bills	(13)	777 492 239	652 697 091
Cash & Cash equivalent	(14)	301 534 653	336 231 158
Total current assets		6 674 317 375	6 561 570 876
Total Assets		12 307 247 977	12 286 904 457
<u>Equity</u>			
Issued and paid up capital	(15)	450 000 000	450 000 000
Reserves	(16)	1 625 703 200	1 610 076 274
Retained earnings		1 334 122 457	907 255 467
Net profit for the period / year		235 221 777	484 207 848
Exchange differences arising on translation of financial statements		4 295 255 270	4 359 002 703
Treasury stocks	(17)	(14 596 505)	(14 596 505)
Total equity attributable to the parent company		7 925 706 199	7 795 945 787
Non controlling interest	(18)	700 474 877	700 129 675
Total equity		8 626 181 076	8 496 075 462
<u>Non Current liabilities</u>			
Long term loans	(19)	193 881 638	197 483 980
Housing and Development Bank loan	(20)	277 713	288 411
Deferred tax liabilities	(22)	116 133 442	116 705 797
Total Non Current liabilities		310 292 793	314 478 188
<u>Current Liabilities</u>			
Provisions	(23)	73 785 951	49 149 018
Banks-Credit accounts	(24)	1 737 851 852	1 997 577 251
Long term liabilities-Current portions	(21)	50 230 873	104 589 545
Suppliers & notes payable	(25)	969 287 485	915 834 260
Dividends payable		49 683 620	10 991 402
Creditors & other credit accounts	(26)	423 959 493	252 110 633
Tax payable		65 974 834	146 098 698
Total Current Liabilities		3 370 774 108	3 476 350 807
Total equity and liabilities		12 307 247 977	12 286 904 457

The accompanying notes from №.(1) to №. (31) 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 Statement of Income
For The Financial period ended March 31, 2017

	Note <u>№</u>	<u>31/3/2017</u> <u>LE</u>	<u>31/3/2016</u> <u>LE</u>
Net sales		2 524 245 181	1 457 667 563
<u>Less:</u>			
Cost of sales		2 124 988 493	1 267 436 559
Gross profit		399 256 688	190 231 004
<u>Add / (Less):</u>			
Financial investments revenues		--	150 000
Capital Gain		274 835	3 740
Other revenues		39 149 652	57 446 994
Treasury Bills returns		31 981 602	3 815 062
Interest Income		1 644 529	4 909 610
Distribution expenses		(15 585 254)	(12 515 654)
General & Administrative expenses		(74 771 132)	(34 727 863)
Formed provisions & Impairment		(28 917 688)	(20 000 000)
Financing expenses		(37 044 435)	(22 090 984)
Foreign exchange differences		577 138	(50 423 797)
Net profit for the period before income tax		316 565 935	116 798 112
<u>(Less) / Add :</u>			
Current income tax		(59 801 001)	(25 458 683)
Deferred tax		834 903	2 828 047
Income tax for the period		(58 966 098)	(22 630 636)
Net profit for the period after income tax		257 599 837	94 167 476
<u>Attributable to:</u>			
The parent company		235 221 777	103 334 522
Non controlling interest		22 378 060	(9 167 046)
		257 599 837	94 167 476
Basic earnings per share in the separate financial statements	(27)	0.23	0.15

The accompanying notes from №.(1) to №. (31) form an integral part of these consolidated financial statements.

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

Consolidated Statement of Comprehensive Income
For The Financial period ended March 31, 2017

	<u>31/3/2017</u>	<u>31/3/2016</u>
	<u>LE</u>	<u>LE</u>
Net profit for the period	257 599 837	94 167 476
Other Comprehensive Income		
Translation exchange differences	(67 532 799)	371 544 144
Total Other Comprehensive (loss) income after deduction Tax	<u>(67 532 799)</u>	<u>371 544 144</u>
Total Comprehensive Income for the period	<u>190 067 038</u>	<u>465 711 620</u>
<u>Attributable to:</u>		
The parent company	171 474 344	468 145 291
Non controlling interest	18 592 694	(2 433 671)
	<u>190 067 038</u>	<u>465 711 620</u>

The accompanying notes from №.(1) to №. (31) form an integral part of these consolidated financial statements.

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Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial period ended March 31, 2017

	Issued and Paid up capital	Reserves	Retained earnings	Net profit	Differences of translation	Treasury stocks	Equity holders of the parent	Non controlling interest	Total equity
	LE	LE	LE	LE	LE	LE			LE
Balance at 1/1/2016	450 000 000	1 525 067 672	823 478 382	356 302 735	717 455 280	(14 596 505)	3 857 707 564	380 633 138	4 238 340 702
Transferred to reserves	--	382 362	--	(382 362)	--	--	--	--	--
Transferred to retained earnings	--	--	355 920 373	(355 920 373)	--	--	--	--	--
Adjustments related to consolidated statements	--	--	87 421	--	--	--	87 421	(79 515)	7 906
Total Comprehensive income for the period	--	--	--	103 334 522	364 810 769	--	468 145 291	(2 433 671)	465 711 620
Balance at 31/3/2016	450 000 000	1 525 450 034	1 179 486 176	103 334 522	1 082 266 049	(14 596 505)	4 325 940 276	378 119 952	4 704 060 228
Balance at 1/1/2017	450 000 000	1 610 076 274	907 255 467	484 207 848	4 359 002 703	(14 596 505)	7 795 945 787	700 129 675	8 496 075 462
Transferred to reserves	--	15 626 926	--	(15 626 926)	--	--	--	--	--
Transferred to retained earning	--	--	468 580 922	(468 580 922)	--	--	--	--	--
Dividends	--	--	(41 793 446)	--	--	--	(41 793 446)	(18 167 978)	(59 961 424)
Adjustments related to consolidated statements	--	--	79 514	--	--	--	79 514	(79 514)	--
Total Comprehensive income for the period	--	--	--	235 221 777	(63 747 433)	--	171 474 344	18 592 694	190 067 038
Balance at 31/3/2017	450 000 000	1 625 703 200	1 334 122 457	235 221 777	4 295 255 270	(14 596 505)	7 925 706 199	700 474 877	8 626 181 076

The accompanying notes from №.(1) to №. (31) form an integral part of these consolidated financial statements.

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Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Statement of Cash flow
For The Financial period ended March 31, 2017

	Note <u>№</u>	31/3/2017 <u>LE</u>	31/3/2016 <u>LE</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		316 565 935	116 798 112
<u>Adjustments to reconcile net profit to net cash provided by operating activities</u>			
Fixed assets depreciation		144 858 746	86 568 913
Formed provisions & Impairment		28 917 688	20 000 000
Interest income		(1 644 529)	(4 909 610)
Financing expenses		37 044 435	22 090 984
Financial investments revenues		--	(150 000)
Capital (gain)		(274 835)	(3 740)
Exchange differences arising from translation of financial statements		(399 209)	125 008 723
Operating profits before changes in working capital		525 068 231	365 403 382
<u>Change in working capital</u>			
(Increase) in inventory		(27 322 164)	(65 975 319)
(Increase) in trades & notes receivable and debit accounts		(49 066 802)	(138 656 597)
Increase in suppliers & notes payable and credit accounts		97 990 804	2 522 042
Cash flows provided by operating activities		546 670 069	163 293 508
Proceeds from interest income		1 644 529	5 910 547
Financing expenses paid		(37 044 435)	(22 090 984)
Net cash flows provided by operating activities		511 270 163	147 113 071
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets and projects in progress		(102 083 034)	(31 637 472)
Proceeds from selling of fixed assets		1 599 530	13 200
Proceeds (Payments) from Treasury Bills		98 812 642	(3 246 133)
Net cash flows (used in) investing activities		(1 670 862)	(34 870 405)
<u>Cash flows from financing activities</u>			
(Payments) Proceeds for banks-credit accounts		(243 700 062)	96 963 005
Dividends paid and payments for non controlling interest		(21 269 206)	--
(Payments) for long term liabilities		(54 570 938)	(64 890 079)
Net cash flows (used in) provided by financing activities		(319 540 206)	32 072 926
Net change in cash and cash equivalents during the period		190 059 095	144 315 592
Cash and cash equivalents at the beginning of the period		890 061 388	431 042 515
Translation exchange differences related to cash and cash equivalents		(1 149 297)	22 871 955
Cash and cash equivalents at end of the period		1 078 971 186	598 230 062
Cash & Cash equivalent	(14)	301 478 947	483 858 894
Treasury Bills	(13)	777 492 239	233 943 106
Treasury Bills due more than three months		--	(119 571 938)
Cash & Cash equivalent		1 078 971 186	598 230 062

The accompanying notes from №.(1) to №. (31) form an integral part of these consolidated financial statements.

Chairman & CEO

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Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Notes to the Consolidated Financial Statements

For the Financial Period ended March 31, 2017

1 – BACK GROUND INFORMATION

1-1 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.

1-2 Commercial Register

Commercial Register No 44139 dated November 16, 1981.

1-3 Company's objective

Producing, selling and exporting ready – made carpets and importing related production supplies, equipment, machinery, or materials.

1-4 Company Life time is 25 periods start from November 15, 2006 to November 14, 2031.

1-5 The Company listed in Egyptian exchange stock market in Cairo and Alexandria

1-6 Company's Headquarter

The Company located at Tenth of Ramadan city – Industrial zone – Sharkia.

2 – BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and in the light of Egyptian laws and regulations.
- The Egyptian Accounting Standards requires refer to the International Financial Reporting Standards when no Egyptian accounting standard or legal requirements illustrate how to treat specific balances or transaction.

2-2 Basis of measurement

- The consolidated financial statements have been prepared using historical cost, modified by the results of revaluation differences of financial assets and liabilities at fair value through profit and loss as shown in the accounting policies mentioned below.

3 – USE OF JUDGMENTS AND ESTIMATES

- The preparation of consolidated financial statements according to the Egyptian Accounting Standard 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The note no. (5) From the notes of the financial statements indicates the items and the elements that have significant accounting estimates.
- Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3-1 Fair Value Measurement

- The fair value of the financial instruments is determined based on the quoted price for the financial instrument or similar instruments at the financial statement date. The financial assets value are determined based on current purchase price for these assets; while the financial liabilities value are determined based on current prices for which these liabilities settled.
- In the absence of an active market, the fair value is determined using various valuation techniques taking into consideration the transactions recent prices, current fair value for the other similar instruments substantially, discounted cash flows or any other valuation technique which resulting in reliable values.
- When using the discounted cash flow method as a valuation technique, the future cash flows are estimated based on management's best estimates. The discount rate used is determined in the light of the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

4 – SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Financial Statements include companies in which Oriental Weavers Company for Carpets participates in 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>31/3/2017</u> %
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
MAC Carpet Mills	58.29
Egyptian Fibers Co. EFCO	67.87
Oriental Weavers Co.- China	99.67
New Mac	52.02
Oriental Weavers Textile *	71.44

* On September 29, 2016 Rosetex Modern Factories for Spinning and Weaving Company (which was 99.99% owned by Oriental Weavers Company for Carpets & classified as subsidiary company) had been merged into Oriental Weavers Textile Company (which was 45% owned by Oriental Weavers Company for Carpets & classified as investments available for sale). Accordingly, Oriental Weavers Company for Carpets' stake of new textile entity (after the merge) represents 71.44%. It is worth mentioning that December 31, 2013 was the valuation date of assets and liabilities of both merger and merged companies.

5 – SIGNIFICANT ACCOUNTING POLICIES

5-1 Basis of consolidation

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

A– Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

B– Non-controlling interest

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

C– Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss, any interest retained in the former subsidiary is measured at fair value when control is lost.

D– Transactions eliminated in 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.

5-2 Foreign currency Translation

a-Presentation and Transaction Currency

The Financial Statements are presented in Egyptian pound which represents the company presentation and transaction currency.

b- Transaction and Balances

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 year.

c-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.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

5-3 Fixed Assets and Depreciation

a-Recognition and Initial Measurement

Fixed assets are recognized initially at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses-if exist.

b-Subsequent Cost

The Company recognizes the carrying amount of Parts of some Items of Fixed assets may require replacement, the cost of replacing part of such an item is recognized when criteria are met and after derecognition the carrying amount of those parts that are replaced and when replacement have probable future economic benefits and can be measured reliable, any other costs are recognize at income statement.

c-Depreciation

Depreciable value is determined based on fixed asset cost less its residual value .Residual value is representing the net value resulting from dispose-off the asset, if the asset were in its condition after its useful life.

Depreciation of assets is charged in the income statement on a straight-line basis over the estimated useful lives of each part of fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Description	<u>Estimated useful life</u> (Year)
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

Useful lives, depreciation method and residual value of assets are reviewed annually, and amendments are applied if there is a significant change in the earning of the economic benefits generated from these assets.

5-4 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.

5-5 Financial assets Available for sale

Financial assets available for sale are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value (Except for the investments that do not have a quoted price in an active market, which shall be measured at cost less impairment loss) and changes therein, other than impairment losses and foreign currency differences on debt instrument, are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or losses. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment losses previously recognized in profit or loss.

If the fair value of an impaired available for sale debt security subsequently increase and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss.

The impairment loss that recognized in profit or loss for the equity instruments classified as available for sale is not reversed to profit or loss.

5-6 Goodwill

Goodwill is measured as the excess of the consideration transferred and the amount of any non-controlling interest in the acquire and the acquisition date fair value of the acquirer's previously held equity interest in the acquire in a business combination achieved in stages over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is reviewed on regular basis, an impairment loss of goodwill is recognized if the carrying amount of the asset or its cash generating unit is exceeds its recoverable amount.

5-7 Inventory

Inventory is valued at the end of the year 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.

5-8 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset shall be capitalized. Capitalization of interest and commission should be ceased when the assets are substantially ready for intended use.

Other borrowing costs shall recognize as an expense in the period in which it incurs them in the finance expenses account using the effective interest rate method.

Capitalization of borrowing costs should be suspended during extended periods in which it suspends active development of a qualifying asset. Capitalization of borrowing costs should be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

5-9 Debtors and other debit accounts

Debtors and other debit accounts are stated at amortization cost using the effective interest rate 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 period are classified as non-current assets.

5-10 Treasury Bills

Treasury Bills are recorded at face value, where the unearned revenue is recorded in the liabilities, accordingly the net treasury bills presented after deducting the unearned revenue.

5-11 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.

5-12 Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will inflow to the entity and the amount of revenue can be measured reliably. Revenue shall be measured at the fair value of the consideration received or receivable less the amount of any trade discounts, volume rebates by the entity, sales tax or fees.

- 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 period. 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.

5-13 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.

5-14 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.

5-15 Impairment

A- Financial assets

The financial assets is impaired if there is objective evidence indicates that there is one or more event which has a negative impact on the estimated future cash flows from using of the asset.

The amount of the impairment loss of the financial assets carried at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the impairment loss of the financial assets available for sale is measured using the prevailing fair value.

All individually significant financial assets are individually assessed for impairment and for other financial assets that are in groups in the light of credit risk characteristics are collectively assessed for impairment, collective

assessment is carried out by grouping together assets with similar credit risk characteristics.

All impairment losses are recognized in income statement, impairment loss on available for sale investment are recognized by reclassifying the losses accumulated in the equity to income statement if the decline in value indicates the occurrence of impairment.

The impairment loss is reversed if it is can be related objectively to an event occurring after the impairment loss was recognized. For the financial assets carried at amortized cost and the financial assets which considered debt instruments the impairment is reversed in the income statement and for the financial assets available for sale which is considered equity instruments the impairment is reversed directly in equity.

B- Non-Financial assets

At each financial statement date, the company reviews the carrying amounts of its non-financial assets other than the investment properties, inventory and deferred tax assets, if any to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount, cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, impairment loss are recognized in income statement.

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

Impairment losses of the other assets that are recognized in the previous periods are reviewed at the financial statements date to determine whether there is any indication of impairment.

An impairment loss is reversed if there is change in estimates used in determining of the recoverable value. An impairment loss is reversed only to extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5-16 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 outside profit or loss which is recorded whether in other comprehensive income or recorded directly in equity.

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

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.

5-17 Employees' pension

A- Social Insurance and 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.

B- Employees' profit share

The Company contributes an employees' profit share of 10% from net profit for the year after deducting the legal reserve and the accumulated losses, if any, not to exceed the total salaries for the year and the employees' profit share is recognized as liabilities when it is approved by the general assembly.

5-18 Contingent liabilities and commitments

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

5-19 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.

5-20 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, time deposits for a period not more than three months and treasury bills for a period not more than three months.

5-21 Comparative Figures

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

6- Fixed assets (net)

	Land	Buildings	Machinery		Tools	Showrooms	Furniture	Computers	
	LE	Constructions	Equipments	Vehicles	Supplies	Fixture	Office Equipments	and Programs	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE
Cost as of 1/1/2016	316 823 335	1 460 084 771	3 960 745 355	143 254 017	71 328 413	41 851 692	73 703 883	78 150 146	6 145 941 612
Additions	--	123 781 181	382 487 264	16 671 366	5 849 690	4 506 969	3 121 841	6 547 558	542 965 869
Disposals	(1 043 398)	(3 578 076)	(40 213 901)	(2 588 385)	(688 288)	--	(24 530)	(40 450)	(48 177 028)
Adjustments *	254 321 626	298 890 888	178 090 320	7 733 475	7 056 896	--	3 746 506	3 140 901	752 980 612
Translation exchange differences	134 024 305	971 135 332	4 195 949 955	108 166 780	32 926 352	--	38 001 931	65 256 955	5 545 461 610
Cost as of 31/12/2016	704 125 868	2 850 314 096	8 677 058 993	273 237 253	116 473 063	46 358 661	118 549 631	153 055 110	12 939 172 675
Additions	--	1 659 800	73 002 637	310 060	2 235 876	357 454	995 129	2 362 862	80 923 818
Disposals	--	(1 091 500)	(613 775)	--	--	--	--	--	(1 705 275)
Translation exchange differences	(5 561 024)	(22 928 412)	(84 089 723)	(2 315 478)	(750 345)	--	(784 815)	(1 349 092)	(117 778 889)
Cost as of 31/3/2017	698 564 844	2 827 953 984	8 665 358 132	271 231 835	117 958 594	46 716 115	118 759 945	154 068 880	12 900 612 329
Accumulated Depreciation as of 1/1/2016	--	452 037 185	2 794 020 075	109 662 332	56 478 954	31 421 575	57 425 724	67 593 179	3 568 639 024
Depreciation of year	--	96 591 466	477 467 862	20 594 676	6 628 996	4 828 185	5 139 613	9 033 562	620 284 360
Disposals of Accumulated Depreciation	--	(889 385)	(21 490 900)	(2 245 968)	(593 675)	--	(5 508)	--	(25 225 436)
Adjustments *	--	66 138 406	58 198 398	5 975 483	4 734 006	--	3 432 749	3 118 753	141 597 795
Translation exchange differences	--	349 903 547	3 040 528 271	73 537 811	27 663 985	--	34 179 351	56 538 657	3 582 351 622
Accumulated Depreciation as of 31/12/2016	--	963 781 219	6 348 723 706	207 524 334	94 912 266	36 249 760	100 171 929	136 284 151	7 887 647 365
Depreciation of period	--	26 081 560	108 285 120	4 541 199	1 271 013	1 338 717	1 473 404	1 867 733	144 858 746
Disposals of Accumulated Depreciation	--	(233 036)	(147 544)	--	--	--	--	--	(380 580)
Translation exchange differences	--	(8 193 450)	(62 271 584)	(1 667 604)	(617 888)	--	(729 168)	(1 204 753)	(74 684 447)
Accumulated Depreciation as of 31/3/2017	--	981 436 293	6 394 589 698	210 397 929	95 565 391	37 588 477	100 916 165	136 947 131	7 957 441 084
Net book value as of 31/3/2017	698 564 844	1 846 517 691	2 270 768 434	60 833 906	22 393 203	9 127 638	17 843 780	17 121 749	4 943 171 245
Net book value as of 31/12/2016	704 125 868	1 886 532 877	2 328 335 287	65 712 919	21 560 797	10 108 901	18 377 702	16 770 959	5 051 525 310

* Adjustments represents the cost and accumulated depreciation of Oriental Weavers Textile Company due to the merge with Rosetex Modern Factories for Spinning and Weaving Company (Note no. 4).

7- PROJECTS IN PROGRESS

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Buildings under Construction	139 991 848	122 349 829
Machinery & Equipment under installation	69 510 462	66 179 516
Development of computer system	34 269 327	32 578 940
Letters of Credit for assets purchases	13 343	2 316 618
Advance payment for purchasing Fixed assets	33 492 535	32 693 396
	<u>277 277 515</u>	<u>256 118 299</u>
Less : Impairment in projects in progress	3 917 688	--
	<u>273 359 827</u>	<u>256 118 299</u>

8- AVAILABLE FOR SALE INVESTMENTS

	<u>Acquisition cost</u>	<u>Accumulated Impairment (losses)</u>	<u>Accumulated Unrealized Gain</u>	<u>balance as Of 31/3/2017</u>	<u>balance as Of 31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
<u>Unlisted investments at Egyptian Exchange</u>					
Egyptian Propylene & Polypropylene Company "E.P.P"	113 316 788	--	--	113 316 788	114 607 230
Alahli bank of Kuwait- Egypt	12 188 193	--	451 625	12 639 818	12 639 818
Oriental for Industrial Development	4 200 000	--	--	4 200 000	4 200 000
Cambridge Weavers	3 750	--	--	3 750	3 750
Trading for Development Export	10 000	(10 000)	--	--	--
10 th of Ramadan for Spinning Industries	5 304 365	(5 304 365)	--	--	--
Modern Spinning Company	1 433 607	(1 433 607)	--	--	--
Egyptian for Trade and Marketing	402 000	(402 000)	--	--	--
	<u>136 858 703</u>	<u>(7 149 972)</u>	<u>451 625</u>	<u>130 160 356</u>	<u>131 450 798</u>

9- GOODWILL

	<u>Investment cost</u>	<u>Company's share of the fair value for Net assets</u>	<u>Good will Impairment</u>	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>	<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	51 258 912
MAC Carpet Mills (MAC)	750 697 752	400 022 873	120 000 000	230 674 879	230 674 879
Oriental weavers Co.- U.S.A (OW U.S.A)	127 127 706	122 822 323	--	4 305 383	4 305 383
	<u>1 605 874 901</u>	<u>1 199 635 727</u>	<u>120 000 000</u>	<u>286 239 174</u>	<u>286 239 174</u>

10- INVENTORY

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Raw materials	1 182 140 216	1 151 043 369
Spare parts & materials	309 454 213	313 580 091
Work in process	145 463 308	155 061 980
Finished products	1 334 504 390	1 376 888 308
Letter of credit for purchasing of raw materials	73 278 982	47 033 669
	3 044 841 109	3 043 607 417
Less: Impairment in inventory	2 063 403	2 086 901
	3 042 777 706	3 041 520 516

11- TRADES & NOTES RECEIVABLE

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Trades receivables	1 888 151 810	1 938 704 067
Less: Impairment in Trades receivables	132 047 806	132 514 647
	1 756 104 004	1 806 189 420
Notes Receivable	503 357 067	389 136 264
	2 259 461 071	2 195 325 684

– Trades & Notes Receivable include amount of 335 066 820 LE due from Related Parties at March 31, 2017 result from sales carpets.

12- DEBTORS AND OTHER DEBIT ACCOUNTS

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Prepaid expenses	45 962 766	36 907 733
Tax authority – debit accounts	71 736 510	53 666 371
Debit balances – related parties	9 229 741	9 271 770
Accrued revenues	23 512 460	39 805 282
Letter of guarantee & Letter of credit – cash margin	7 164 482	7 690 847
Suppliers – advance payment	63 041 882	97 752 201
Oriental for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	74 003 945	92 302 303
	299 651 786	342 396 507
Less:		
Impairment in debtors and other debit accounts	6 600 080	6 600 080
	293 051 706	335 796 427

13- TREASURY BILLS

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Treasury bills (mature in 90 days)	784 623 488	571 851 807
Treasury bills (mature in more than 90 days)	--	100 000 000
	784 623 488	671 851 807
Less: Unearned revenue	7 131 249	19 154 716
	<u>777 492 239</u>	<u>652 697 091</u>

14- CASH AND CASH EQUIVALENT

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Banks – Time Deposits	72 759 383	96 449 715
Banks – Current Accounts	223 297 832	234 627 178
Checks under collection	--	1 300 266
Cash on hand	5 477 438	3 853 999
Cash and cash equivalent	301 534 653	336 231 158
Less:		
Time deposits blocked as guarantee to the facilities which granted to the group	55 706	54 219
Cash & cash equivalent for cash flows statement purposes	<u>301 478 947</u>	<u>336 176 939</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 450 000 000 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 1 each.
- 15-3** The company's shares are centrally kept at Misr for Central Clearing, Depositary and Registry Co. and those shares are traded in Cairo and Alexandria stocks exchange market.

16- Reserves

	<u>Note</u> <u>no</u>	<u>31/3/2017</u> <u>L.E</u>	<u>31/12/2016</u> <u>L.E</u>
Legal reserve		1 067 598 903	1 052 795 408
General reserve		324 620 280	324 620 280
Special reserve		59 973 828	59 973 828
Net assets revaluation reserve	(4)	65 767 457	65 767 457
Capital reserve		107 291 107	106 467 676
Unrealized gain from available for sale investments		451 625	451 625
		<u>1 625 703 200</u>	<u>1 610 076 274</u>

17- TREASURY STOCKS

	<u>31/3/2017</u>		<u>31/12/2016</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."	6 595 155	14 596 505	6 595 155	14 596 505

- According to the Egyptian Financial Supervisory Authority Board of Directors decision No. 83 dated July 26, 2016 concerning companies that have previously purchased their shares through a subsidiary or companies under their effective control, the Company should dispose these shares to others in a maximum period of one year, the previously mentioned decision stated that the end of this year was on March 23, 2017. Currently, the company is taking the necessary procedures to adjust its situation and to execute treasury stocks.

18- Non-Controlling interest

	<u>Non</u> <u>controlling</u> <u>interest in</u> <u>Equity</u> <u>L.E</u>	<u>Non controlling</u> <u>interest in</u> <u>comprehensive</u> <u>income</u> <u>L.E</u>	<u>Balance as</u> <u>31/3/2017</u> <u>L.E</u>	<u>Balance as</u> <u>of</u> <u>31/12/2016</u> <u>L.E</u>
Oriental Weavers international Co (O.W.I)	269 169	2 764	271 933	285 710
MAC Carpet Mills	340 320 390	13 452 314	353 772 704	348 948 653
Egyptian fibres Co. EFCO	88 202 107	5 658 404	93 860 511	97 012 937
Oriental Weavers – China	833 467	(43 081)	790 386	833 467
New MAC	4 623 094	151 516	4 774 610	4 623 092
Oriental Weavers Textile	247 633 956	(629 223)	247 004 733	248 425 816
	<u>681 882 183</u>	<u>18 592 694</u>	<u>700 474 877</u>	<u>700 129 675</u>

19- LONG TERM LOANS

BANK	Loan	Principal of the loan in original Currency	Balance		Balance as of 31/3/2017		Balance as of 31/12/2016		Terms of Payment
			of the loan as of 31/3/2017 L.E.	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.		
<u>Loans from other banks</u>	USD	19 868 663	139 249 549	24 244 295	115 005 254	27 742 296	119 199 288	Other loans in US dollar granted to Oriental Weavers Co. U.S.A	
<u>Qatar national bank alahli</u>	USD	4 500 000	12 797 734	12 797 734	--	18 490 684	--	The principal of the loan shall be settled over 41 equal monthly starting from 31/3/2015 till 31/7/2018, the interest and commission shall be computed at interest rate 3.75% above libour.	
<u>Alex. bank</u>	EUR	6 500 000	92 022 442	13 146 058	78 876 384	26 094 879	78 284 692	The principal of the loan shall be settled over 9 equal half annually installments starting from 4/10/2016 till 4/10/2020 , the interest and commission shall be computed at interest rate 3.25% above libour .	
<u>Audi Bank</u>	USD	35 000 000	--	--	--	32 218 900	--	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.	

20- HOUSING AND DEVELOPMENT BANK LOAN

	Note	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>No</u>	<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.		320 499	331 197
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(21)	(42 786)	(42 786)
		<u>277 713</u>	<u>288 411</u>

21- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>No</u>	<u>L.E</u>	<u>L.E</u>
Long-term loan instalment	(19)	50 188 087	104 546 759
Housing and development bank loan	(20)	42 786	42 786
		<u>50 230 873</u>	<u>104 589 545</u>

22- DEFERRED TAX LIABILITIES

Deferred tax Assets and liabilities

	<u>31/3/2017</u>		<u>31/12/2016</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)	23 054 988	--	23 317 536	--
Fixed assets	--	(139 188 430)	--	(140 023 333)
Total deferred tax assets / (liabilities)	<u>23 054 988</u>	<u>(139 188 430)</u>	<u>23 317 536</u>	<u>(140 023 333)</u>
Net deferred tax (liabilities)		<u>(116 133 442)</u>		<u>(116 705 797)</u>

23- Provisions

	Balance as of	Formed during	Used during	Balance as of
	<u>1/1/2017</u>	<u>The Period</u>	<u>The Period</u>	<u>31/3/2017</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provisions for Contingent liabilities	49 149 018	25 000 000	(363 067)	73 785 951
	<u>49 149 018</u>	<u>25 000 000</u>	<u>(363 067)</u>	<u>73 785 951</u>

24- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 737 851 852 as of March 31, 2017 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.

25- SUPPLIERS & NOTES PAYABLE

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Suppliers	787 448 813	836 260 817
Notes Payable	181 838 672	79 573 443
	<u>969 287 485</u>	<u>915 834 260</u>

- Suppliers and notes payable includes the amount of 25 657 633 LE is the value of balances due to related parties at March 31, 2017 resulting from the purchase and operation of the raw materials

26- CREDITORS AND OTHER CREDIT ACCOUNTS

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Accrued expenses	22 602 952	23 689 565
Tax authority	134 257 350	25 782 137
Social insurance authority	14 089 588	10 784 116
Trade receivable – advance payment	126 062 335	89 153 290
Creditors – purchases of fixed assets	1 126 130	3 353 091
Shareholders – credit balances	4 724 002	5 697 016
Credit balances – related parties	15 562 718	15 738 877
Deposits from others	58 898 931	40 108 700
Other credit accounts	46 635 487	37 803 841
	<u>423 959 493</u>	<u>252 110 633</u>

27- Basic earnings per share in the separate financial statements

The basic earnings per share in the separate financial statements were determined as follows:-

	<u>31/3/2017</u>	<u>31/3/2016</u>
	<u>L.E</u>	<u>L.E</u>
Net profit for the period in the separate financial statements	104 885 555	68 696 873
Average of shares number available during the period	450 000 000	450 000 000
Basic earnings per share in the separate financial statements	<u><u>0,23</u></u>	<u><u>0,15</u></u>

28- CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of March 31, 2017 amounted to L.E 29 612 812 Also Contingent liabilities from L.C'S in that date amounted to L.E 557 690 854.

29- CAPITAL COMMITMENTS

The capital commitments as of March 31, 2017 amounted to L.E 115 461 195 represents the value of new extension related to show Rooms and completion of construction in progress.

30- TAX POSITION

30-1 Corporate Tax

- The company has been inspected till December 31, 2013 and the assessed tax differences were paid.
- The company submits its annual tax return regularly on legal dates.

30-2 Salaries & Wages Tax

- The company has been inspected till December 31, 2012 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

30-3 Sales Tax

- The company has been inspected till December 31, 2013 and the assessed tax differences were paid.
- The company submits the monthly tax return on the legal dates.

30-4 Stamp Duty Tax

- The company was inspected till December 31, 2013 and the assessed tax differences were paid.
- The company submits the tax return on the legal dates.

31- FINANCIAL INSTRUMENTS AND RISK MANAGMENT

A- Credit Risk

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

The company's management has established a credit policy under which each customer is analysed individually for creditworthiness and these limits are reviewed on an on-going basis

The maximum exposure to credit risk at the date of the consolidated financial statements as follows:

	Note	31/3/2017	31/12/2016
	<u>No</u>	<u>L.E</u>	<u>L.E</u>
Trades & notes receivable	(11)	2 259 461 071	2 195 325 684
Debtors and other debit accounts	(12)	293 051 706	335 796 427
		<u>2 552 512 777</u>	<u>2 531 122 111</u>

B- Liquidity risk

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

The company confirmed it is acquired enough amount of cash to meet operating expenses. In addition, the company to preserve the credit facility granted to it by banks.

C- Market risk

The risk of market price changes that arise from changes in exchange rates and interest rates of securities that may affect the Group's income or the cost of retaining financial instruments – if any.

Exchange rate risk

This risk is in the fluctuations in the value of financial instruments as a result of fluctuations in foreign currency exchange rates and that of financial assets and liabilities denominated in foreign currencies resident.

This risk is considered acceptable because of the assets in foreign currency correspond to the company's obligations in foreign currencies.

Interest rate risk

Interest rate risk is the risk that changes in interest rate on the banks facility granted to the company; to minimize these risks, the Company obtains the available best condition in the banking market for the credit facilities and reviews the prevailing interest rate in banking market on on-going basis which is resulted in minimizing the risk of changes in interest rate.

D – Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders and other beneficiaries who's using the financial statements through the optimal use of equity and provide and maintain the best capital structure for the purpose of reducing the cost of capital and to maintain a better capital structure Management change the value of dividends paid to shareholders or capital reduction or issuing a new shares of capital or reduce the debt granted to the Group.