

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, 2012
Together With Limited Review Report



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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, 2012, 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 and China (owned subsidiaries).These statements reflect total assets and revenues constituting 9.63 % and 11.8 % 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, 2012, and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo: Aug 14 ,2012

Wahid Abdel Ghaffar

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Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Financial Position for the company and it's subsidiaries
As of June 30,2012

	Note <u>No.</u>	30/6/2012 <u>LE</u>	31/12/2011 <u>LE</u>
<u>Long Term Assets</u>			
Fixed assets(net)	(5)	1 582 660 984	1 624 174 417
Projects in progress	(6)	641 259 278	625 807 357
Investments in subsidiaries companies	(7)	39 997 000	39 997 000
Available for sale investments	(8)	102 706 751	102 706 751
Goodwill	(9)	696 835 970	696 835 970
Deferred tax assets	(24)	522 225	--
Total Long-term assets		<u>3 063 982 208</u>	<u>3 089 521 495</u>
<u>Current Assets</u>			
Inventory	(10)	1 833 961 393	1 813 592 469
Trades & notes receivable		940 032 951	896 616 764
Debitors and other debit accounts	(11)	224 218 251	198 492 775
Cash & Cash equivalent	(12)	234 444 665	265 378 437
Total current assets		<u>3 232 657 260</u>	<u>3 174 080 445</u>
<u>Current Liabilities</u>			
Provisions	(13)	60 363 571	75 518 138
Banks-Credit accounts	(14)	1 721 731 455	1 618 183 358
Long term liabilities-Current portions	(23)	171 018 474	234 928 473
Suppliers & notes payable		688 834 481	693 881 937
Dividends payable		39 647 815	2 759 439
Creditors & other credit accounts	(15)	181 806 358	145 217 224
Total Current liabilities		<u>2 863 402 154</u>	<u>2 770 488 569</u>
Working Capital		<u>369 255 106</u>	<u>403 591 876</u>
Total Investment to be Financed as follows:		<u>3 433 237 314</u>	<u>3 493 113 371</u>
<u>Shareholders' equity</u>			
Issued and paid up capital	(16)	450 000 000	450 000 000
Reserves	(17)	1 446 181 812	1 437 552 208
Unrealized gain from available for sale investments		451 625	451 625
Retained earnings		612 799 456	556 679 253
Net profit for the period / year		136 836 532	243 025 559
Exchange differences arising on translation of financial statements		208 578 225	199 732 870
Treasury stocks	(26)	(14 596 505)	(14 596 505)
Total equity attributable to equity holders of the parent		<u>2 840 251 145</u>	<u>2 872 845 010</u>
Minority interest	(18)	231 605 643	227 503 668
Shareholder's equity		<u>3 071 856 788</u>	<u>3 100 348 678</u>
<u>Long-term liabilities</u>			
Long term loans	(19)	360 503 778	389 597 585
Deferred sales taxes installments	(20)	88 160	88 160
Housing and Development Bank loan	(21)	529 496	557 845
Creditors-Purchase of fixed assets	(22)	259 092	388 638
Deferred tax liabilities	(24)	--	2 132 465
Total long term liabilities		<u>361 380 526</u>	<u>392 764 693</u>
Total shareholder's equity & long term liabilities		<u>3 433 237 314</u>	<u>3 493 113 371</u>

The accompanying notes from No.(1) to No.(30) form an integral part of these consolidated financial statements.

Limited Review Report Attached

Chairman & CEO

CFO & Board Member

Salah Abdel Aziz Abdel Moteleb

Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Income statement for the company and it's subsidiaries

For the financial period ended June 30,2012

	Note	From 1/4/2012	From 1/1/2012	From 1/4/2011	From 1/1/2011
	No.	To 30/6/2012	To 30/6/2012	To 30/6/2011	To 30/6/2011
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Net sales		1 141 485 159	2 338 740 701	1 132 041 039	2 097 946 138
<u>Less:</u>					
Cost of sales		1 035 720 241	2 105 332 220	1 059 863 430	1 905 246 872
Gross profit		105 764 918	233 408 481	72 177 609	192 699 266
<u>Less:</u>					
Distribution expenses		9 143 917	18,268,315	8 738 197	16 851 855
General & Administrative expenses		25 745 931	49,338,912	20 688 920	39 941 872
		34 889 848	67 607 227	29 427 117	56 793 727
Net income from operation activities		70 875 070	165 801 254	42 750 492	135 905 539
<u>Add / (Less):</u>					
Investment income		400 000	400 000	--	--
Interest Income		1 163 400	3 491 191	3 262 036	8 461 293
Other revenues		21 097 188	60 226 741	54 609 906	75 834 897
Capital Gain		5 412 301	5 412 301	--	--
Financing expenses		(41 000 329)	(76 163 408)	(20 554 628)	(36 988 443)
Foreign exchange differences		3 811 975	2 870 423	(8 782 278)	(22 672 646)
		(9 115 465)	(3 762 752)	28 535 036	24 635 101
Net profit for the period before income tax		61 759 605	162 038 502	71 285 528	160 540 640
<u>(Less)Add/:</u>					
Current income tax		(8 572 082)	(19 134 663)	(10 431 931)	(18 460 705)
Deferred tax		1 475 561	2 499 365	1 432 886	2 471 130
Income tax for the period		(7 096 521)	(16 635 298)	(8 999 045)	(15 989 575)
Net profit for the period after income tax		54 663 084	145 403 204	62 286 483	144 551 065
<u>Attributable to:</u>					
Equity holders of the parent		50 403 340	136 836 532	58 025 548	135 661 010
Minority interest	(18)	4 259 744	8 566 672	4 260 935	8 890 055
		54 663 084	145 403 204	62 286 483	144 551 065
Basic Earning per Share for the period	(25)	0.57	1.54	0.65	1.53

The accompanying notes from No.(1) to No.(30) 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, 2012

	Issued and Paid up capital	Legal reserve	General reserve	Special reserve	Capital reserve	Unrealized gain from Available for sale Investments	Retained earnings	Net profit	Differences of translation	Treasury stocks	Total LE
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance at 1/1/2011	450 000 000	1 007 737 454	352 120 746	59 973 828	408 872	451 625	450 672 212	342 167 861	144 348 965	(14 596 505)	2 793 285 058
Transferred to reserves	--	10 232 712	--	--	7 078 596	--	--	(17 311 308)	--	--	--
Dividends for the year 2010	--	--	--	--	--	--	--	(217 293 193)	--	--	(217 293 193)
Transferred to retained earning	--	--	--	--	--	--	107 563 360	(107 563 360)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	(2 268 720)	--	--	--	(2 268 720)
Change in translation differences	--	--	--	--	--	--	--	--	43 658 569	--	43 658 569
Net profit for the period	--	--	--	--	--	--	--	135 661 010	--	--	135 661 010
Balance at 30/6/2011	450 000 000	1 017 970 166	352 120 746	59 973 828	7 487 468	451 625	555 966 852	135 661 010	188 007 534	(14 596 505)	2 753 042 724
Balance at 1/1/2012	450 000 000	1 017 970 166	352 120 746	59 973 828	7 487 468	451 625	556 679 253	243 025 559	199 732 870	(14 596 505)	2 872 845 010
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 earning	--	--	--	--	--	--	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
Balance at 30/6/2012	450 000 000	1 026 495 722	352 120 746	59 973 828	7 591 516	451 625	612 799 456	136 836 532	208 578 225	(14 596 505)	2 840 251 145

The accompanying notes from No.(1) to No.(30) 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 30,2012

	Note No.	30/6/2012 LE	30/6/2011 LE
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		162 038 502	160 540 640
<u>Adjustments to reconcile net profit to net cash provided by operating activities</u>			
Fixed assets depreciation		106 257 091	107 323 825
Financing expenses		76 163 408	36 988 443
Capital Gain		(5 412 301)	--
Operating profits before changes in working capital		339 046 700	304 852 908
<u>Change in working capital</u>			
(Increase) in inventory		(20 368 923)	(232 517 777)
(Increase) in trades & notes receivable and debit accounts		(74 980 352)	(46 266 792)
Increase in suppliers & notes payable and other credit accounts		29 102 247	104 410 779
Cash flows provided by operating activities		272 799 672	130 479 118
Financing expenses paid		(76 163 408)	(36 988 443)
paid income tax		(25 009 361)	(29 503 710)
Net cash flows provided by operating activities		171 626 903	63 986 965
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets and projects in progress		(82 116 582)	(52 272 453)
proceeds from selling of fixed assets		4 255 225	--
Net cash flows (used in) investing activities		(77 861 357)	(52 272 453)
<u>Cash flows from financing activities</u>			
Proceeds from banks-credit accounts		102 287 508	155 385 364
Dividends paid and payments for Minority interest		(145 973 150)	(194 785 419)
(Payment) for long term liabilities		(93 161 701)	(105 825 772)
Net cash flows (used in) financing activities		(136 847 343)	(145 225 827)
Net change in cash and cash equivalents during the period		(43 081 797)	(133 511 315)
Cash and cash equivalents at beginning of the period		263 668 643	530 953 120
Exchange differences arising from translation of financial statements		10 887 436	(66 104 426)
Cash and cash equivalents at end of the period	(12)	231 474 282	331 337 379

The accompanying notes from No.(1) to No.(30) 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, 2012

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:-

<u>Subsidiary name</u>	<u>Percentage of participations</u> <u>2012</u> <u>%</u>
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

4 – SIGNIFICANT ACCOUNTING POLICIES

4-1 Basis of consolidation

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

4-2 Foreign currency Translation

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

4-3 Translation of Financial Statements of Foreign Companies

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

4-4 Fixed Assets and Depreciation

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

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

4-5 Projects in Progress

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

4-6 Valuation of Available for sale Investment

Available for sale investments are valued at fair market value on an investment by investment basis with gains and losses being recognized as part of the equity under unrealized gains (losses) from Available for sale investments.

In the event of impairment the value of the investment is reduced by the impairment value which is offset against the unrealized gains recorded in the equity with excess losses being charged to the income statement.

The fair value of the available for sale investments which are not listed in the Securities Exchange Market and for which there are no possible methods for reliably determining its value, can be determined by cost less the value of impairment (if any) and recognizing the losses in the income statement.

If in a subsequent period to the impairment the fair value of the investment increases the increase will be recognized in the income statement to the extent of the impairment losses which have been previously recognized and any excess recognizes in the equity, except in the case of equity securities for which the losses cannot be reversed unless sold or disposed of.

4-7 Goodwill

Goodwill represents in the increase in the acquisition cost of some shares of the subsidiary companies through swap of shares, and the company's interest in the fair value of the acquired net assets of these subsidiaries on the acquisition date.

Goodwill acquired shall not be amortized. Instead of that the company shall test it for impairment annually or periodically if events or changes in circumstances indicate that it might be impaired, and in case there is impairment such impairment shall recognize in the income statement for the period.

4-8 Inventory

Inventory is valued at the end of the 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.

4-9 Debtors & other debit accounts

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

4-10 Provisions

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

4-11 Borrowing Cost

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

4-12 Income tax

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

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

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against extent that it is no longer probable that the related tax benefit will realize.

4-13 Revenue Recognition

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

4-14 Legal reserve

According to the company's statutes the Company is required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual net profit until it reaches 50% of the issued share capital.

4-15 Treasury Stocks

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

4-16 Impairment of financial assets other than investment

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

4-17 Employees' pension

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

4-18 Contingent liability and commitment

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

4-19 Related parties transactions

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

4-20 Cash flow statement

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

4-21 Comparative Figures

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

5- FIXED ASSETS (NET)

	Cost as of	Accumulated depreciation	Net Book	Net Book
	30/6/2012	as of	Value as of	Value as of
	<u>LE</u>	30/6/2012	30/6/2012	31/12/2011
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Land	137 671 510	--	137 671 510	136 293 435
Buildings & Constructions	775 063 990	257 565 175	517 498 815	527 253 304
Machinery & Equipments	2 611 237 031	1 748 258 616	862 978 415	890 157 902
Vehicles	96 287 488	74 766 016	21 521 472	21 747 907
Tools & Supplies	54 772 272	37 960 340	16 811 932	18 477 121
Showrooms Fixture	27 727 376	24 962 242	2 765 134	3 823 635
Furniture & Office Equipments	58 036 312	39 158 141	18 878 171	21 613 591
Computers and Programs	46 586 204	42 050 669	4 535 535	4 807 522
	<u>3 807 382 183</u>	<u>2 224 721 199</u>	<u>1 582 660 984</u>	<u>1 624 174 417</u>

6- PROJECTS IN PROGRESS

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Buildings under Construction	195 490 939	182 970 607
Machinery & Equipment under installation	403 691 820	390 226 224
Development of computer system	2 172 278	1 734 791
Vehicles	8 845 352	9 423 348
Advance payment for purchasing Fixed assets	30 792 059	40 638 175
Letters of credit for purchasing fixed assets	266 830	814 212
	<u>641 259 278</u>	<u>625 807 357</u>

7- Investments in subsidiaries

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Rosetex Modern Factories for Spinning & Weaving Co.	<u>39 997 000</u>	<u>39 997 000</u>

8- AVAILABLE FOR SALE INVESTMENTS

	<u>No. of owned</u>	<u>Percentage of participation</u>	<u>Par value for each Share</u>	<u>Acquisition cost</u>	<u>Accumulated Impairment losses</u>	<u>Accumulated Unrealized Gain</u>	<u>balance as Of 30/6/2012</u>	<u>balance as Of 31/12/2011</u>
	<u>Shares</u>	<u>%</u>		<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
OW hospitality for carpets	112 500	45	USD 100	64 820 211	--	--	64 820 211	64 820 211
10 th 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	3 202 000	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
				102 657 126	(402 000)	451 625	102 706 751	102 706 751

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

9- GOODWILL

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Oriental weavers international (OWI)	51 258 912	51 258 912
MAC Mills (MAC)	573 720 329	573 720 329
Egyptian Fibbers Co. EFCCO	67 551 346	67 551 346
Oriental weavers Co.- U.S.A (OW U.S.A)	4 305 383	4 305 383
	696 835 970	696 835 970

10- INVENTORY

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Raw materials	570 527 255	653 353 869
Spare parts & materials	92 777 039	90 027 983
Work in process	64 011 829	71 050 720
Finished products	1 050 349 858	983 745 166
Letter of credit for purchasing of raw materials	56 295 412	15 414 731
	<u>1 833 961 393</u>	<u>1 813 592 469</u>

11- DEBITORS AND OTHER DEBIT ACCOUNTS

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Prepaid expenses	22 514 339	11 907 974
Tax authority – debit accounts	64 616 195	62 403 309
Debit accounts – related parties	30 298 364	27 503 321
Letter of guarantee – cash margin	2 387 379	3 165 735
Suppliers – advance payment	26 958 426	22 331 070
Accrued revenue	3 210 104	163 012
Oriental for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	71 909 765	68 694 675
	<u>226 894 572</u>	<u>201 169 096</u>
Less:		
Impairment loss on debtors and other debit accounts	2 676 321	2 676 321
	<u>224 218 251</u>	<u>198 492 775</u>

12- CASH AND CASH EQUIVALENTS

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Bank – Time Deposit	59 804 217	108 620 733
Bank – Current Account	170 488 924	149 243 271
Cash on hand	4 151 524	7 514 433
Cash and cash equivalents	<u>234 444 665</u>	<u>265 378 437</u>
Less:		
Time deposits blocked as guarantee to the facilities which granted to the company	2 970 383	1 709 794
	<u>231 474 282</u>	<u>263 668 643</u>

13- Provisions

	Balance as of <u>1/1/2012</u> <u>L.E</u>	Used during <u>The year</u> <u>L.E</u>	Balance as of <u>30/6/2012</u> <u>L.E</u>
Provisions for Contingent liabilities	75 518 138	15 154 567	60 363 571
	<u>75 518 138</u>	<u>15 154 567</u>	<u>60 363 571</u>

14- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 721 731 455 as of June 30,2012 represents short term facilities granted by banks at relatively fixed interest rate, a part of facilities is guaranteed by notes receivable deposited at these banks for collection.

15- CREDITORS AND OTHER CREDIT ACCOUNTS

	<u>30/6/2012</u> <u>L.E</u>	<u>31/12/2011</u> <u>L.E</u>
Trade receivable – advance payment	58 302 136	30 737 704
Accrued expenses	18 253 901	13 511 368
Tax authority – credit accounts	24 614 263	44 344 999
Social insurance authority	6 418 573	5 576 647
Creditors – purchases of fixed assets	1 920 638	3 463 334
Shareholders – credit accounts	20 756 633	3 736 709
Deposits from others	26 245 164	19 343 731
sales taxes instalments	1 925 759	1 925 193
Credit accounts – related parties	3 404 384	7 325 286
Other credit accounts	19 964 907	15 252 253
	<u>181 806 358</u>	<u>145 217 224</u>

16-Issued And Paid Up Capital

- 16-1** The company's authorized capital is determined to be L.E 500 Million (five hundred million Egyptian pounds).
- 16-2** 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 and it had been registered at the commercial register at July 14, 2010.
- 16-3** 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.

17-Reserves

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Legal reserve	1 026 495 722	1 017 970 166
General reserve	352 120 746	352 120 746
Special reserve	59 973 828	59 973 828
Capital reserve	7 591 516	7 487 468
	<u>1 446 181 812</u>	<u>1 437 552 208</u>

18-MINORITY INTEREST

	Minority interest in shareholder's Equity	Minority interest in the net profit of Subsidiaries	Balance as of 2012/6/30	Balance as of 31/12/2011
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Oriental Weavers Co. Fibres (O.W.F)	428 540	45 449	473 989	536 048
Oriental Weavers international Co (O.W.I)	71 809	4 726	76 535	76 076
MAC Carpet Mills	192 573 409	6 191 002	198 764 411	193 525 197
Egyptian fibres Co. EFCO	15 738 840	1 268 887	17 007 727	17 351 065
EFCO Modern Fibres	12 710 184	928 945	13 639 129	14 500 121
Oriental Weavers – China	520 331	(19 881)	500 450	518 221
New MAC	995 858	147 544	1 143 402	996 940
	<u>223 038 971</u>	<u>8 566 672</u>	<u>231 605 643</u>	<u>227 503 668</u>

19- LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in the original Currency	Balance	Balance as of 30/6/2012		Balance as of 31/12/2011		Terms of Payment
			of the loan as of 30/6/2012 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.	
Export Development Bank of Egypt								
	USD	2 500 000	3 025 000	3 025 000	--	3 010 000	1 505 000	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 interest rate 0.75% above libour.
	USD	5 619 556	6 799 663	6 799 663	--	6 765 945	3 382 973	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%.
	USD	25 000 000	--	--	--	30 000 000	--	The principal of the loan shall be settled over 10 equal quarter annual installments starting from 31/3/2010 till 30/6/2012, the interest and commissions shall be computed and paid upon its due date.
			9 824 663	9 824 663	--	39 775 945	4 887 973	
Barcleys Bank								
	USD	4 000 000	12 100 000	4 840 000	7 260 000	4 822 020	7 224 000	medium term loan to be paid over 10 equal installments semi annual for june and december in every year. The first installment will be accrued within december 2009 with interest rate 3% above libour.
HSBC (1)								
	USD	4 000 000	9 684 840	4 840 000	4 844 840	4 816 000	9 632 000	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	107 655 717	15 424 979	92 230 738	12 737 315	99 712 270	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
			117 340 557	20 264 979	97 075 578	17 553 315	109 344 270	
NSGB								
	USD	18 000 000	13 468 694	8 979 350	4 489 344	8 934 825	8 934 495	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
			152 733 914	43 908 992	108 824 922	71 086 105	130 390 738	
Brought forward								

<u>BANK</u>	<u>Loan</u>	<u>Principal of the loan in original Currency</u>	<u>Balance of the loan as of 30/6/2012</u>		<u>Balance as of 31/12/2011</u>		<u>Terms of Payment</u>	
			<u>current portion due in one year</u>	<u>long term installments</u>	<u>current portion due in one year</u>	<u>long term installments</u>		
								<u>L.E.</u>
Carried Forward			152 733 914	43 908 992	108 824 922	71 086 105	130 390 738	
Crédit Agricole Egypt Bank	USD	25 000 000	30 235 000	30 235 000	--	60 000 000	--	The principal of the loan shall be settled over 10 equal quarter installments starting from 1/9/2010 till 1/12/2012 , the interest and commission shall be computed and paid upon its due date.
Loans from other banks	USD	12 995 139	78 581 606	--	78 581 606	--	46 463 166	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Alexandria bank	USD	25 000 000	41 230 561	41 230 561	--	54 545 454	13 637 376	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.
Audi Bank	USD	35 000 000	211 645 000	42 329 000	169 316 000	21 000 000	189 000 000	The principal of the loan shall be settled over 20 equal quarter installments starting from 31/8/2012 till 31/5/2017 , the interest and commission shall be computed and paid upon its due date.
BNP Paribas Bank								
BNP Paribas Bank (1)	USD	20 000 000	--	--	--	10 000 002	--	The principal of the loan shall be settled over 12 equal quarter installments starting from 30/6/2009 till 31/3/2012.the interest and commissions shall be computed and paid up on its due date.
BNP Paribas Bank (2)	LE	12 000 000	--	--	--	2 400 000	--	The principal of the loan shall be settled over 10 equal quarter installments with a grace period of six months starting from the end of grace period at annual interest 11.5%.
BNP Paribas Bank (3)	USD	3 846 316	5 171 157	5 171 157	--	5 162 605	2 581 305	The principal of the loan shall be settled over 18 equal quarter installments starting from february 2009 with at interest rate 1.25% over labour, the interst and commission shall be calculated and paid upon its due.
BNP Paribas Bank (4)	USD	5 000 000	11 343 750	7 562 500	3 781 250	7 525 000	7 525 000	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 labour.
Total			16 514 907	12 733 657	3 781 250	25 087 607	10 106 305	
			530 940 988	170 437 210	360 503 778	231 719 166	389 597 585	

-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

20- DEFERRED SALES TAXES INSTALMENTS

	Note	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>No</u>	<u>L.E</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.		478 393	478 393
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(23)	(390 233)	(390 233)
		<u>88 160</u>	<u>88 160</u>

21- HOUSING AND DEVELOPMENT BANK LOAN

	Note	<u>30/6/2012</u>	<u>31/12/2011</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.		590 981	622 920
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(23)	(61 485)	(65 075)
		<u>529 496</u>	<u>557 845</u>

22- CREDITORS – PURCHASE OF FIXED ASSETS

	Note <u>No</u>	<u>30/6/2012</u> <u>L.E</u>	<u>31/12/2011</u> <u>L.E</u>
Balance of this item represents the remaining amount due to 10 th of Ramadan city organization in return of purchasing a piece of land in 10 th of Ramadan city.		388 638	3 142 637
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.	(23)	(129 546)	(2 753 999)
		<u>259 092</u>	<u>388 638</u>

23- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note <u>No</u>	<u>30/6/2012</u> <u>L.E</u>	<u>31/12/2011</u> <u>L.E</u>
Long-term loan instalment	(19)	170 437 210	231 719 166
Deferred sales taxes instalment	(20)	390 233	390 233
Housing and development bank loan	(21)	61 485	65 075
Creditors purchase of fixed assets	(22)	129 546	2 753 999
		<u>171 018 474</u>	<u>234 928 473</u>

24- DEFERRED TAX

Deferred tax Assets and liabilities

	<u>30/6/2012</u>		<u>31/12/2011</u>	
	<u>Assets</u> <u>L.E</u>	<u>(Liabilities)</u> <u>L.E</u>	<u>Assets</u> <u>L.E</u>	<u>(Liabilities)</u> <u>L.E</u>
Temporary tax differences – O.W. (USA)	22 352 506		22 178 772	--
Fixed assets	--	(21 830 281)	--	(24 311 237)
Total deferred tax assets / (liabilities)	<u>22 352 506</u>	<u>(21 830 281)</u>	<u>22 178 772</u>	<u>(24 311 237)</u>
Net deferred tax assets / (liabilities)	<u>522 225</u>			<u>(2 132 465)</u>

25- BASIC EARNING PER SHARE FOR THE PERIOD

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

	From 1/4/2012 To 30/6/2012 <u>L.E</u>	From 1/1/2012 To 30/6/2012 <u>L.E</u>	From 1/4/2011 To 30/6/2011 <u>L.E</u>	From 1/1/2011 To 30/6/2011 <u>L.E</u>
Net profit for the period	50 403 340	136 836 532	58 025 548	135 661 010
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><u>0.57</u></u>	<u><u>1.54</u></u>	<u><u>0.65</u></u>	<u><u>1.53</u></u>

26- TREASURY STOCKS

<u>Description</u>	<u>30/6/2012</u>		<u>31/12/2011</u>	
	<u>No. of Stocks</u>	<u>Amount L.E</u>	<u>No. of Stocks</u>	<u>Amount L.E</u>
The owned Shares by Oriental weavers Co.- U.S.A (OW U.S.A) " Subsidiary Co."	1 319 031	14 596 505	1 319 031	14 596 505

27- CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of June 30, 2012 amounted to L.E 8 616 944 Also Contingent liabilities from L.C'S in that date amounted to L.E 195 407 156.

28- CAPITAL COMMITMENTS

The capital commitments as of June 30, 2012 amounted to L.E 18 989 031 Represents the value of new extension related to show Rooms and completion of construction in progress.

29- TAX POSITION

29-1 Corporate Tax

- The company has been inspected till December 31, 2006 and the assessed tax differences were paid.
- The financial years 2007, 2008 is being inspected
- The company submits its annual tax return regularly on legal dates.

29-2 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.

29-3 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.

29-4 Stamp Duty Tax

- The company was 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.

30- FINANCIAL INSTRUMENTS AND RISK MANAGMENT

30-1 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.

30-2 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.

30-3 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.

30-4 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.