

**DRAFT**

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

**Consolidated Financial Statements**  
**For the Company and its Subsidiaries**  
**For The Financial Year ended December 31, 2013**  
**Together With Auditors' Report**

**Oriental Weavers Company for Carpets**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Financial Position for the company and it's subsidiaries**  
**As of December 31, 2013**

	Note <u>No.</u>	31/12/2013 <u>LE</u>	31/12/2012 <u>LE</u>
<b><u>Long Term Assets</u></b>			
Fixed assets(net)	(5)	2 753 447 469	1 752 675 173
Projects in progress	(6)	57 484 717	501 185 514
Available for sale investments	(7)	81 673 779	102 706 751
Goodwill	(8)	473 790 520	696 835 970
<b>Total Long-term assets</b>		<b><u>3 366 396 485</u></b>	<b><u>3 053 403 408</u></b>
<b><u>Current Assets</u></b>			
Inventory	(9)	1 523 335 196	1 590 235 579
Trades & notes receivable	(10)	945 669 198	921 783 464
Debitors and other debit accounts	(11)	211 849 502	219 703 588
Cash & Cash equivalent	(12)	324 866 214	230 724 378
<b>Total current assets</b>		<b><u>3 005 720 110</u></b>	<b><u>2 962 447 009</u></b>
<b><u>Current Liabilities</u></b>			
Provisions	(13)	35 847 673	26 116 289
Banks-Credit accounts	(14)	1 388 215 798	1 600 703 210
Long term liabilities-Current portions	(24)	89 138 296	119 629 981
Suppliers & notes payable	(15)	624 423 822	621 710 127
Dividends payable		8 151 624	2 659 852
Creditors & other credit accounts	(16)	206 309 685	157 732 905
<b>Total Current liabilities</b>		<b><u>2 352 086 898</u></b>	<b><u>2 528 552 364</u></b>
<b>Working Capital</b>		<b><u>653 633 212</u></b>	<b><u>433 894 645</u></b>
<b>Total Investment to be Financed as follows:</b>		<b><u>4 020 029 697</u></b>	<b><u>3 487 298 053</u></b>
<b><u>Shareholders' equity</u></b>			
Issued and paid up capital	(17)	450 000 000	450 000 000
Reserves	(18)	1 412 960 966	1 446 181 812
Unrealized gain from available for sale investments		451 625	451 625
Retained earnings		664 191 959	585 192 036
Net profit for the period / year		347 488 068	272 761 511
Exchange differences arising on translation of financial statements		448 119 302	260 885 756
Treasury stocks	(26)	( 14 596 505)	(14 596 505)
<b>Total equity attributable to equity holders of the parent</b>		<b><u>3 308 615 415</u></b>	<b><u>3 000 876 235</u></b>
Minority interest	(19)	357 129 839	211 939 190
<b>Shareholder's equity</b>		<b><u>3 665 745 254</u></b>	<b><u>3 212 815 425</u></b>
<b><u>Long-term liabilities</u></b>			
Long term loans	(20)	209 724 851	267 367 639
Housing and Development Bank loan	(22)	437 269	498 754
Creditors-Purchase of fixed assets	(23)	--	259 092
Deferred tax liabilities	(25)	144 122 323	6 357 143
<b>Total long term liabilities</b>		<b><u>354 284 443</u></b>	<b><u>274 482 628</u></b>
<b>Total shareholder's equity &amp; long term liabilities</b>		<b><u>4 020 029 697</u></b>	<b><u>3 487 298 053</u></b>

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

Auditor's 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 year ended December 31,2013**

	Note	<u>2013/12/31</u>	<u>2012/12/31</u>
	<u>No.</u>	<u>LE</u>	<u>LE</u>
Net sales		5 521 302 186	4 894 970 047
<b><u>Less:</u></b>			
Cost of sales		4 953 548 574	4 431 083 586
<b>Gross profit</b>		<u>567 753 612</u>	<u>463 886 461</u>
<b><u>Less:</u></b>			
Distribution expenses		41 171 280	38,544,432
General & Administrative expenses		119 098 696	100,948,883
Formated provisions & Impairment		20 480 940	5,500,000
		<u>180 750 916</u>	<u>144 993 315</u>
<b>Net income from operation activities</b>		<u>387 002 696</u>	<u>318 893 146</u>
<b><u>Add / (Less):</u></b>			
Investment income		--	677 500
Interest Income		3 177 008	6 186 918
Other revenues		150 913 182	165 472 468
Capital Gain		35 299 373	6 385 007
Financing expenses		(112 852 353)	(161 719 048)
Foreign exchange differences		(22 994 324)	(10 039 109)
		<u>53 542 886</u>	<u>6 963 736</u>
<b>Net profit for the year before income tax</b>		<u>440 545 582</u>	<u>325 856 882</u>
<b><u>(Less)Add/:</u></b>			
Current income tax		(59 365 994)	(35 614 417)
Deferred tax		(12 057 580)	(5 148 867)
<b>Income tax for the period</b>		<u>( 71 423 574)</u>	<u>( 40 763 284)</u>
<b>Net profit for the year after income tax</b>		<u>369 122 008</u>	<u>285 093 598</u>
<b><u>Attributable to:</u></b>			
Equity holders of the parent		347 488 068	272 761 511
Minority interest	(19)	21 633 940	12 332 087
		<u>369 122 008</u>	<u>285 093 598</u>

The accompanying notes from No.(1) to No.(31) 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 year ended December 31, 2013**

	Issued and Paid up capital LE	Legal reserve LE	General reserve LE	Special reserve LE	Capital reserve LE	Unrealized gain from sale Investments LE	Retained earnings LE	Net profit LE	Differences of translation LE	Treasury stocks LE	Total LE
<b>Balance at 1/1/2012</b>	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 earnings	--	--	--	--	--	--	53,539,123	(53 539 123)	--	--	--
Adjustments on retained earning	--	--	--	--	--	--	(27 607 420)	--	--	--	(27 607 420)
Adjustments related to consolidated statements	--	--	--	--	--	--	2 581 080	--	--	--	2 581 080
Change in translation differences	--	--	--	--	--	--	--	--	61 152 886	--	61 152 886
Net profit for the year	--	--	--	--	--	--	--	272 761 511	--	--	272 761 511
<b>Balance at 31/12/2012</b>	<b>450 000 000</b>	<b>1 026 495 722</b>	<b>352 120 746</b>	<b>59 973 828</b>	<b>7 591 516</b>	<b>451 625</b>	<b>585 192 036</b>	<b>272 761 511</b>	<b>260 885 756</b>	<b>(14 596 505)</b>	<b>3 000 876 235</b>
<b>Balance at 1/1/2013</b>	<b>450 000 000</b>	<b>1 026 495 722</b>	<b>352 120 746</b>	<b>59 973 828</b>	<b>7 591 516</b>	<b>451 625</b>	<b>585 192 036</b>	<b>272 761 511</b>	<b>260 885 756</b>	<b>(14 596 505)</b>	<b>3 000 876 235</b>
Transferred to reserves	--	9 723 601	--	--	1 379 973	--	--	(11 103 574)	--	--	--
Dividends for the year 2012	--	--	--	--	--	--	--	(184 923 692)	--	--	(184 923 692)
Transferred to retained earning	--	--	--	--	--	--	76 734 245	(76 734 245)	--	--	--
Adjustments related to consolidated statements	--	(17 423 274)	(23 884 650)	--	(3 016 496)	--	2 265 678	--	--	--	(42 058 742)
Change in translation differences	--	--	--	--	--	--	--	--	187 233 546	--	187 233 546
Net profit for the year	--	--	--	--	--	--	--	347 488 068	--	--	347 488 068
<b>Balance at 31/12/2013</b>	<b>450 000 000</b>	<b>1 018 796 049</b>	<b>328 236 096</b>	<b>59 973 828</b>	<b>5 954 993</b>	<b>451 625</b>	<b>664 191 959</b>	<b>347 488 068</b>	<b>448 119 302</b>	<b>(14 596 505)</b>	<b>3 308 615 415</b>

The accompanying notes from No.(1) to No.(31) 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 year ended December 31,2013**

	Note <u>No.</u>	31/12/2013 <u>LE</u>	31/12/2012 <u>LE</u>
<b><u>Cash flows from operating activities</u></b>			
Net profit for the year before income tax		<b>440 545 582</b>	<b>325 856 882</b>
<b><u>Adjustments to reconcile net profit to net cash provided by operating activities</u></b>			
Fixed assets depreciation		286 947 225	229 023 943
Formed provisions & Impairment		20 480 940	5 500 000
Financing expenses		112 852 353	161 719 048
Investment income		--	( 677 500)
Capital Gain		(35 299 373)	(6 385 007)
<b>Operating profits before changes in working capital</b>		<b>825 526 727</b>	<b>715 037 366</b>
<b><u>Change in working capital</u></b>			
(Increase)/ Decrease in inventory		( 66 406 058)	152 153 539
(Increase) in trades & notes receivable and debit accounts		( 90 679 450)	(46 702 042)
increase (Decrease) in suppliers & notes payable and other credit accounts		41 807 586	(108 353 020)
<b>Cash flows provided by operating activities</b>		<b>710 248 805</b>	<b>712 135 843</b>
Financing expenses paid		( 114 329 640)	(160 336 981)
paid income tax		(30 384 647)	(18 725 024)
<b>Net cash flows provided by operating activities</b>		<b>565 534 518</b>	<b>533 073 838</b>
<b><u>Cash flows from investing activities</u></b>			
(Payments) for purchase of fixed assets and projects in progress		( 58 094 036)	(130 901 819)
proceeds from selling of fixed assets		46 601 503	8 490 700
<b>Net cash flows (used in) investing activities</b>		<b>(11 492 533)</b>	<b>(122 411 119)</b>
<b><u>Cash flows from financing activities</u></b>			
(Payment) for banks-credit accounts		( 212 490 139)	(15 812 546)
Dividends paid and payments for Minority interest		(181 467 438)	(182 961 115)
(Payment) for long term liabilities		( 88 195 958)	(237 805 235)
<b>Net cash flows (used in) financing activities</b>		<b>(482 153 535)</b>	<b>(436 578 896)</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>71 888 450</b>	<b>(25 916 177)</b>
Cash and cash equivalents at beginning of the year		230 682 186	263 668 643
Exchange differences arising from translation of financial statements		22 250 659	(7 070 280)
<b>Cash and cash equivalents at end of the year</b>	(12)	<b>324 821 295</b>	<b>230 682 186</b>

The accompanying notes from No.(1) to No.(31) 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 Year ended December 31, 2013**

**1- BACK GROUND INFORMATION**

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

**2- BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

**3- SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Financial Statements include companies in which Oriental Weavers Company for Carpets participates at a percentage greater than 50% of their capitals and has control thereon.

Subsidiaries included in the consolidated financial statements are as follows:-

<b><u>Subsidiary name</u></b>	<b><u>Percentage of participations</u></b> <b><u>2013</u></b> <b><u>%</u></b>
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
Oriental Weavers Company Fibers Co.	99.00
MAC Carpet Mills	58.29
Egyptian Fibers Co.(EFCO)	79.60
Oriental Weavers Co.- China	99.65
New Mac	52.02
Modern EFCO	57.57
Rosetex Modern Factories for Spinning & Weaving Co.	99.99

\*Based on the resolutions of the extraordinary general assembly meetings of Mac Mills & Oriental Weavers Co. Fibers (O.W.F) - merged company (subsidiary companies) dated September 9th , 2013. the merge between Oriental Weavers Co. Fibers (O.W.F) ( merged company) and Mac Mills (merger company) was approved considering June 30<sup>th</sup> 2012 to be the date of valuing the net assets of both companies. The General Authority for Investment and Free Zone has officially approved the merge according to the resolution number 411/2 for the year 2013 which was recorded in the commercial register on the 31<sup>st</sup> of December 2013. The merge resulted in erasing the Oriental Weavers Co. Fibers (O.W.F) from commercial register dated December 25, 2013 and increasing the Percentage of participation of Oriental Weavers Company for Carpets in the Capital of Mac Mills by 5.21%



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

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

#### **4 – SIGNIFICANT ACCOUNTING POLICIES**

##### **4-1 Basis of consolidation**

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

##### **4-2 Foreign currency Translation**

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

##### **4-3 Translation of Financial Statements of Foreign Companies**

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

##### **4-4 Fixed Assets and Depreciation**

Fixed assets are stated in the consolidated financial position at cost after deduction of the related accumulated depreciation and impairment losses and

are depreciated using the straight – line method over their estimated useful lives for each asset as follows:

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

#### **4-5 Projects in Progress**

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

#### **4-6 Valuation of Available for sale Investment**

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

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

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

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

#### **4-7 Goodwill**

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

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



impairment such impairment shall recognize in the income statement for the period.

#### **4-8 Inventory**

Inventory is valued at the end of the 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 year.



**5- FIXED ASSETS (NET)**

	<b>Cost as of 31/12/2013</b>	<b>Accumulated Depreciation as of 31/12/2013</b>	<b>Net Book Value as of 31/12/2013</b>	<b>Net Book Value as of 31/12/2012</b>
	<b><u>LE</u></b>	<b><u>LE</u></b>	<b><u>LE</u></b>	<b><u>LE</u></b>
Land	274 728 925	--	274 728 925	159 679 883
Buildings & Constructions	1 334 779 459	323 912 488	1 010 866 971	656 966 217
Machinery & Equipments	3 538 798 575	2 163 506 272	1 375 292 303	860 626 732
Vehicles	128 336 608	85 844 273	42 492 335	25 359 369
Tools & Supplies	61 896 820	46 733 288	15 163 532	15 834 033
Showrooms Fixture	31 216 621	27 846 790	3 369 831	3 455 074
Furniture & Office Equipments	66 689 635	47 999 251	18 690 384	21 344 788
Computers and Programs	63 753 649	50 910 461	12 843 188	9 409 077
	<b><u>5 500 200 292</u></b>	<b><u>2 746 752 823</u></b>	<b><u>2 753 447 469</u></b>	<b><u>1 752 675 173</u></b>

**6- PROJECTS IN PROGRESS**

	<b><u>31/12/2013</u></b>	<b><u>31/12/2012</u></b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Buildings under Construction	40 859 417	94 904 419
Machinery & Equipment under installation	14 659 533	382 794 097
Development of computer system	166 450	1 216 548
Vehicles	264 670	10 031 794
Advance payment for purchasing Fixed assets	1 534 647	12 229 204
Letters of credit for purchasing fixed assets	--	9 452
	<b><u>57 484 717</u></b>	<b><u>501 185 514</u></b>

**7- AVAILABLE FOR SALE INVESTMENTS**

	No. of owned Shares	Percentage of participation %	Par value for each Share	Acquisition cost		Accumulated Impairment losses		Accumulated Unrealized Gain		balance as Of	
				L.E	L.E	L.E	L.E	L.E	L.E	31/12/2013	31/12/2012
Oriental Weavers for Textile	112 500	45	USD 100	64 820 211	--	--	--	64 820 211	64 820 211	64 820 211	
10 <sup>th</sup> of Ramadan for Spinning Industries	524 000	28.5	L.E 10	5 304 365	(5 304 365)	--	--	--	--	5 304 365	
Modern Spinning Company	81 677	30.8	L.E 10	1 433 607	(1 433 607)	--	--	--	--	1 433 607	
Oriental for Industrial Development	800 000	8	L.E 10	4 200 000	--	--	--	4 200 000	4 200 000	4 200 000	
Oriental Petrochemicals	2 802 000	11.7	L.E 5	14 295 000	(14 295 000)	--	--	--	--	14 295 000	
Piraeus Bank*	782 167	1.2	L.E 15.58	12 188 193	--	--	451 625	12 639 818	12 639 818	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	10 000	
Cambridge Weavers	1 500	1.5	L.E 10	3 750	--	--	--	3 750	3 750	3 750	
				<b>102 657 126</b>	<b>(21 434 972)</b>		<b>451 625</b>	<b>81 673 779</b>	<b>102 706 751</b>		

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

**8- GOODWILL**

	Investment		The company's share in present		Goodwill	
	Cost L.E	value of the net assets L.E	31/12/2013	31/12/2012	L.E	L.E
Oriental weavers international (OWI)	728 049 443	676 790 531	51 258 912	51 258 912	51 258 912	
MAC Mills (MAC)*	750 697 752	400 022 873	350 674 879	573 720 329	573 720 329	
Egyptian Fibbers Co. EFCCO	109 175 359	41 624 013	67 551 346	67 551 346	67 551 346	
Oriental weavers Co.- U.S.A (OW U.S.A)	127 127 706	122 822 323	4 305 383	4 305 383	4 305 383	
	<b>1 715 050 260</b>	<b>1 241 259 740</b>	<b>473 790 520</b>	<b>696 835 970</b>		

\* The goodwill was reduced by EGP 223 045 450 to reflect the increase in the fair value of Mac Mills' net assets due to the merge that took place between the merger company and Oriental Weavers Co. Fibbers (O.W.F) in December 31, 2013. The merge resulted in erasing the Oriental Weavers Co. Fibbers (O.W.F) from commercial register dated December 25, 2013 and increasing the percentage of participation of Oriental Weavers Company for Carpets in the Capital of Mac Mills by 5.21 % .

**9- INVENTORY**

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Raw materials	420 293 081	471 671 120
Spare parts & materials	110 858 111	96 605 413
Work in process	60 094 987	56 743 790
Finished products	964 357 266	924 463 698
Letter of credit for purchasing of raw materials	30 038 192	40 751 558
	<u>1 585 641 637</u>	<u>1 590 235 579</u>
Less: Impairment in inventory	62 306 441	--
	<u>1 523 335 196</u>	<u>1 590 235 579</u>

**10- TRADES & NOTES RECEIVABLE**

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Trades	787 488 246	750 960 999
Less: Impairment in Trades	48 474 302	26 577 074
	<u>739 013 944</u>	<u>724 383 925</u>
Notes Receivable	206 655 254	197 399 539
	<u>945 669 198</u>	<u>921 783 464</u>



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

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Prepaid expenses	11 163 277	13 040 170
Tax authority – debit accounts	71 974 061	63 483 348
Debit accounts – related parties	30 001 446	31 847 548
Letter of guarantee – cash margin	2 706 335	2 212 736
Suppliers – advance payment	23 796 053	18 884 445
Oriental for Building materials (Orocom)	5 000 000	5 000 000
purchase Down Payments	489 396	--
Other debit accounts	118 513 487	87 911 662
	<u>263 644 055</u>	<u>222 379 909</u>
<b><u>Less:</u></b>		
Impairment loss on debtors and other debit accounts	51 794 553	2 676 321
	<u>211 849 502</u>	<u>219 703 588</u>

## **12- CASH AND CASH EQUIVALENT**

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Bank – Time Deposit	51 263 525	41 195 534
Bank – Current Account	269 559 681	186 230 333
Cash on hand	4 043 008	3 298 511
<b>Cash and cash equivalent</b>	<u>324 866 214</u>	<u>230 724 378</u>
<b><u>Less:</u></b>		
Time deposits blocked as guarantee to the facilities which granted to the company	44 919	42 192
Cash & cash equivalent for cash flows statement purposes	<u>324 821 295</u>	<u>230 682 186</u>

## **13- Provisions**

	<b>Balance as of 1/1/2013</b>	<b>Used during The year</b>	<b>Formed during The year</b>	<b>Balance as of 31/12/2013</b>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provisions for Contingent liabilities	26 116 289	(268 616)	10 000 000	35 847 673
	<u>26 116 289</u>	<u>(268 616)</u>	<u>10 000 000</u>	<u>35 847 673</u>

**14- BANKS – CREDIT ACCOUNTS**

Banks – credit accounts amounting to L.E 1 388 215 798 as of December 31,2013 represents short term facilities granted by banks at relatively fixed interest rate, a part of facilities is guaranteed by notes receivable deposited at these banks for collection.

**15- SUPPLIERS & NOTES PAYABLE**

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Suppliers	466 487 195	481 679 577
Notes Payable	157 936 627	140 030 550
	<u>624 423 822</u>	<u>621 710 127</u>

**16- CREDITORS AND OTHER CREDIT ACCOUNTS**

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivable – advance payment	43 217 490	40 509 559
Accrued expenses	13 058 487	11 185 112
Tax authority – credit accounts	74 920 661	45 672 800
Social insurance authority	7 535 670	7 464 753
Creditors – purchases of fixed assets	2 285 173	1 728 785
Shareholders – credit accounts	2 884 726	2 874 435
Deposits from others	42 588 992	29 936 795
sales taxes instalments	--	2 258 062
Credit accounts – related parties	64 009	64 009
Other credit accounts	19 754 477	16 038 595
	<u>206 309 685</u>	<u>157 732 905</u>

**17- Issued And Paid Up Capital**

- 17-1 The company's authorized capital is determined to be L.E 500 Million (five hundred million Egyptian pounds).
- 17-2 The Issued capital is LE 450 000 000 distributed over 90 000 000 shares which 428 403 200 (only four hundred twenty eight million four hundred and three thousand and two hundred Egyptian pounds) are cash shares and 21 596 800 (only twenty one million and five hundred ninety six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of L.E 5 each.
- 17-3 The company's shares are centrally kept at Misr for Central Clearing, Depository and Registry Co. and those shares are traded in Cairo and Alexandria stocks exchange market.

**18-Reserves**

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Legal reserve	1 018 796 049	1 026 495 722
General reserve	328 236 096	352 120 746
Special reserve	59 973 828	59 973 828
Capital reserve	5 954 993	7 591 516
	<u>1 412 960 966</u>	<u>1 446 181 812</u>

**19-MINORITY INTEREST**

	Minority interest in shareholder's Equity	Minority interest in the net profit (loss) of Subsidiaries	Balance as of 31/12/2013	Balance as of 31/12/2012
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Oriental Weavers international Co (O.W.I)	84 935	13 322	98 257	83 909
MAC Carpet Mills	302 529 235	8 988 553	311 517 788	175 171 316
Egyptian fibres Co. EFCO	17 031 218	4 710 711	21 741 929	18 647 063
EFCO Modern Fibres	13 914 973	7 671 502	21 586 475	15 788 966
Oriental Weavers – China	569 147	(60 701)	508 446	495 915
New MAC	1 363 319	310 534	1 673 853	1 235 630
Rosetex Modern Factories for Spinning & Weaving Co.	3 072	19	3 091	3 072
Oriental Weavers Co. Fibres (O.W.F)*	--	--	--	513 319
	<u>335 495 899</u>	<u>21 633 940</u>	<u>357 129 839</u>	<u>211 939 190</u>

\*On the 31st of December 2013 the merging process took place between Oriental Weavers Co. Fibbers (O.W.F) (the merged company) and Mac Mills the merger company.



**20- LONG TERM LOANS**

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2013 L.E.	Balance as of 2013/12/31		Balance as of 31/12/2012	
				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.
<b>Export Development Bank of Egypt</b>							
Export Development Bank of Egypt (1)	USD	2 500 000	--	--	1 572 500	--	--
Export Development Bank of Egypt (2)	USD	5 619 556	--	--	3 534 701	--	--
			--	--	<b>5 107 201</b>	--	--
<b>Barclays Bank</b>	USD	4 000 000	2 778 776	2 778 776	5 032 000	2 519 774	
<b>HSBC (1)</b>	USD	4 000 000	5 552 000	5 552 000	5 032 000	5 032 000	
<b>HSBC (2)</b>	USD	21 100 000	94 816 013	25 259 863	19 907 850	84 276 565	
			<b>100 368 013</b>	<b>30 811 863</b>	<b>24 939 850</b>	<b>89 308 565</b>	
<b>MSGB</b>	USD	18 000 000	--	--	9 335 212	--	
			<b>103 146 789</b>	<b>33 590 639</b>	<b>44 414 263</b>	<b>91 828 339</b>	

Brought forward

**Terms of Payment.**

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.

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%.

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.

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.

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

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 down

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2013 L.E.	Balance as of 2013/12/31		Balance as of 31/12/2012		Terms of Payment
				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.	
<i>Carried Forward</i>			103 146 789	33 590 639	69 556 150	44 414 263	91 828 339	
Loans from other banks	USD	4 764 715	25 428 873	6 850 172	18 578 701	6 383 916	22 291 800	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Alexandria bank	USD	25 000 000	--	--	--	14 216 904	--	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	170 226 000	48 636 000	121 590 000	43 785 000	153 247 500	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	3 896 316	--	--	--	2 688 147	--	The principal of the loan shall be settled over 18 equal quarter installments starting from february 2009 with at interest rate 1.25% over libour, the interest and commission shall be calculated and paid upon its due.
BNP Paribas Bank (2)	USD	5 000 000	--	--	--	7 862 500	--	medium term loan to be paid over 8 equal semi annual installments for January and July in every year. The first installment will be accrued within January 2010 with interest rate 2.4% above libour.
<b>Total</b>			<b>288 801 662</b>	<b>89 076 811</b>	<b>209 724 851</b>	<b>119 350 790</b>	<b>267 367 639</b>	

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



**21 - DEFERRED SALES TAXES INSTALMENTS**

	Note	<u>31/12/2013</u>	<u>31/12/2012</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.		--	88 160
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(24)	--	(88 160)
		-----	-----
		--	--
		=====	=====

**22- HOUSING AND DEVELOPMENT BANK LOAN**

	Note	<u>31/12/2013</u>	<u>31/12/2012</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 <sup>th</sup> of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.		498 754	560 239
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(24)	(61 485)	(61 485)
		-----	-----
		437 269	498 754
		=====	=====

**23- CREDITORS – PURCHASE OF FIXED ASSETS**

	Note No	<u>31/12/2013</u> <u>L.E</u>	<u>31/12/2012</u> <u>L.E</u>
Balance of this item represents the remaining amount due to 10 <sup>th</sup> of Ramadan city organization in return of purchasing a piece of land in 10 <sup>th</sup> of Ramadan city.		--	388 638
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.	(24)	--	(129 546)
		<u>--</u>	<u>259 092</u>

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

	Note No	<u>31/12/2013</u> <u>L.E</u>	<u>31/12/2012</u> <u>L.E</u>
Long-term loan instalment	(20)	89 076 811	119 350 790
Deferred sales taxes instalment	(21)	--	88 160
Housing and development bank loan	(22)	61 485	61 485
Creditors purchase of fixed assets	(23)	--	129 546
		<u>89 138 296</u>	<u>119 629 981</u>

**25 - DEFERRED TAX**

**Deferred tax Assets and liabilities**

	<u>31/12/2013</u>		<u>31/12/2012</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)	9 983 178	--	15 201 508	--
Fixed assets	--	(154 105 501)	--	(21 558 651)
<b>Total deferred tax assets / (liabilities)</b>	<u>9 983 178</u>	<u>(154 105 501)</u>	<u>15 201 508</u>	<u>(21 558 651)</u>
<b>Net deferred tax (liabilities)</b>		<u>(144 122 323)</u>		<u>(6 357 143)</u>



–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.

### **31 - Subsequent event**

On the 14<sup>th</sup> of March 2014 a fire broke out in the preparation ward on the third floor in one of Mac Mills Company's factories (subsidiary company.) Although that ward is specialized in packing some of the produced carpets ready to be delivered yet it contains valueless tools and equipment . The company is in the process of determining the losses after the fire has been distinguished.