

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, 2012
Together With Auditors' Report



Wahid Abdel Ghaffar&Co.
Public Accountants& Consultants

Hassan Mahmoud EL Hashash & Co.
Public Accountants& Consultants

Hassan Mahmoud EL Hashash & Co.

Public Accountants& Consultants

110 A 26 of July St.

Zamalek - Cairo

Wahid Abdel Ghaffar & Co.

Public Accountants& Consultants

17 Mahmoud Hassan

off El - Orouba St. Cairo

Translation from Arabic

AUDITORS' REPORT

**TO THE SHAREHOLDERS OF
ORIENTAL WEAVERS COMPANY FOR CARPETS**

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Oriental Weavers Company For Carpets (S.A.E) which comprise of the consolidated balance sheet as of December 31, 2012 and the income statement ,changes in stockholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of Oriental Weavers Company - United States of America , Oriental Weavers Company – China and Rosetex Modern Factories for Spinning & Weaving Co. "Consolidated subsidiaries". Which statements reflect total assets and revenues for these companies constituting 9.90 % and 12.26 % respectively, of the related to consolidated totals. The financial statements of Oriental Weavers Company-United States of America ,Oriental Weavers Company – China and Rosetex Modern Factories for Spinning & Weaving Co. "consolidated subsidiaries" were audited by other auditors whom issued unqualified audit reports dated February 28,2013, February 6,2013 and February 25,2013 respectively. Our opinion, insofar as it relates to amounts included for these companies, is based on the reports of the other auditors.

Management responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Auditing Standards and in the light of prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements .The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements ,whether due to fraud or error .In making those risk assessments , the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances , but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements referred to above, give a true and fair view of the consolidated financial position of Oriental Weavers Company For Carpets (S.A.E) as of December 31,2012 and of its consolidated financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in compliance with related Egyptian laws and regulations.

Cairo :March 5, 2013

Wahid Abdel Ghaffar

Hassan Mahmoud EL Hashash

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

**Hassan Mahmoud EL Hashash & Co.
Public Accountants& Consultants**

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Financial Position for the company and it's subsidiaries
As of December 31,2012

	Note No.	31/12/2012 LE	31/12/2011 LE
<u>Long Term Assets</u>			
Fixed assets(net)	(5)	1 752 675 173	1 660 251 015
Projects in progress	(6)	501 185 514	625 807 357
Available for sale investments	(7)	102 706 751	102 706 751
Goodwill	(8)	696 835 970	696 835 970
Total Long-term assets		3 053 403 408	3 085 601 093
<u>Current Assets</u>			
Inventory	(9)	1 590 235 579	1 813 592 469
Trades & notes receivable		921 783 464	896 616 764
Debitors and other debit accounts	(10)	219 703 588	202 416 177
Cash & Cash equivalent	(11)	230 724 378	265 378 437
Total current assets		2 962 447 009	3 178 003 847
<u>Current Liabilities</u>			
Provisions	(12)	26 116 289	75 518 138
Banks-Credit accounts	(13)	1 600 703 210	1 618 183 358
Long term liabilities-Current portions	(22)	119 629 981	234 928 473
Suppliers & notes payable		621 710 127	693 881 937
Dividends payable		2 659 852	2 759 439
Creditors & other credit accounts	(14)	157 732 905	145 217 224
Total Current liabilities		2 528 552 364	2 770 488 569
Working Capital		433 894 645	407 515 278
Total Investment to be Financed as follows:		3 487 298 053	3 493 116 371
<u>Shareholders' equity</u>			
Issued and paid up capital	(15)	450 000 000	450 000 000
Reserves	(16)	1 446 181 812	1 437 552 208
Unrealized gain from available for sale investments		451 625	451 625
Retained earnings		585 192 036	556 679 253
Net profit for the year		272 761 511	243 025 559
Exchange differences arising on translation of financial statements		260 885 756	199 732 870
Treasury stocks	(25)	(14 596 505)	(14 596 505)
Total equity attributable to equity holders of the parent		3 000 876 235	2 872 845 010
Minority interest	(17)	211 939 190	227 506 668
Shareholder's equity		3 212 815 425	3 100 351 678
<u>Long-term liabilities</u>			
Long term loans	(18)	267 367 639	389 597 585
Deferred sales taxes installments	(19)	--	88 160
Housing and Development Bank loan	(20)	498 754	557 845
Creditors-Purchase of fixed assets	(21)	259 092	388 638
Deferred tax liabilities	(23)	6 357 143	2 132 465
Total long term liabilities		274 482 628	392 764 693
Total shareholder's equity & long term liabilities		3 487 298 053	3 493 116 371

The accompanying notes from No.(1) to No.(29) 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 31,2012

	Note No.	31/12/2012 LE	31/12/2011 LE
Net sales		4 894 970 047	4 608 942 531
<u>Less:</u>			
Cost of sales		4 431 083 586	4 252 986 620
Gross profit		463 886 461	355 955 911
<u>Less:</u>			
Distribution expenses		38 544 432	36 262 376
General & Administrative expenses		100 948 883	86 108 866
Formated provisions & Impairment		5 500 000	--
		144 993 315	122 371 242
Net income from operation activities		318 893 146	233 584 669
<u>Add / (Less):</u>			
Investment income		677 500	--
Interest Income		6 186 918	12 857 357
Other revenues		165 472 468	156 739 064
Capital Gain		6 385 007	218 386
Financing expenses		(161 719 048)	(87 597 070)
Foreign exchange differences		(10 039 109)	(18 919 134)
		6 963 736	63 298 603
Net profit for the year before income tax		325 856 882	296 883 272
<u>(Less)Add/:</u>			
Current income tax		(35 614 417)	(32 636 217)
Deferred tax		(5 148 867)	(3 528 677)
Income tax for the year		(40 763 284)	(36 164 894)
Net profit for the year after income tax		285 093 598	260 718 378
<u>Attributable to:</u>			
Equity holders of the parent		272 761 511	243 025 559
Minority interest	(17)	12 332 087	17 692 819
		285 093 598	260 718 378
Basic Earning per Share for the year	(24)	2.49	2.21

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

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated statement of changes in Shareholder's Equity for the Company and It's Subsidiaries
for the financial year ended December 31, 2012

	<u>Issued and</u> <u>Paid up capital</u> <u>LE</u>	<u>Legal</u> <u>reserve</u> <u>LE</u>	<u>General</u> <u>reserve</u> <u>LE</u>	<u>Special</u> <u>reserve</u> <u>LE</u>	<u>Capital</u> <u>reserve</u> <u>LE</u>	<u>Unrealized</u> <u>gain from</u> <u>Available for</u> <u>sale Investments</u> <u>LE</u>	<u>Retained</u> <u>earnings</u> <u>LE</u>	<u>Net</u> <u>profit</u> <u>LE</u>	<u>Differences</u> <u>of translation</u> <u>LE</u>	<u>Treasury</u> <u>stocks</u> <u>LE</u>	<u>Total</u> <u>LE</u>
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	--	--	--	--	--	--	--	(217 312 917)	--	--	(217 312 917)
Transferred to retained earning	--	--	--	--	--	--	107 543 636	(107 543 636)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	(1 536 595)	--	--	--	(1 536 595)
Change in translation differences	--	--	--	--	--	--	--	--	55 383 905	--	55 383 905
Net profit for the year	--	--	--	--	--	--	--	243 025 559	--	--	243 025 559
Balance at 31/12/2011	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
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 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
Balance at 31/12/2012	450 000 000	1 026 495 722	352 120 746	59 973 828	7 591 516	451 625	585 192 036	272 761 511	260 885 756	(14 596 505)	3 000 876 235

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

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Cash flow statement for the company and it's subsidiaries
for the financial year ended December 31,2012

	Note No.	31/12/2012 LE	31/12/2011 LE
<u>Cash flows from operating activities</u>			
Net profit for the year before income tax		325 856 882	296 883 272
<u>Adjustments to reconcile net profit to net cash provided by operating activities</u>			
Fixed assets depreciation		229 023 943	214 243 004
Formed provisions & Impairment		5 500 000	--
Financing expenses		161 719 048	87 597 070
Investment income		(677 500)	--
Capital Gain		(6 385 007)	(218 386)
Operating profits before changes in working capital		715 037 366	598 504 960
<u>Change in working capital</u>			
Decrease/(Increase) in inventory		152 153 539	(225 066 559)
(Increase) in trades & notes receivable and debit accounts		(46 702 042)	(166 017 706)
(Decrease) in suppliers & notes payable and other credit accounts		(108 353 020)	(18 278 332)
Cash flows provided by operating activities		712 135 843	189 142 363
Financing expenses paid		(160 336 981)	(88 309 072)
paid income tax		(18 725 024)	(29 503 710)
Net cash flows provided by operating activities		533 073 838	71 329 581
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets and projects in progress		(130 901 819)	(241 271 598)
proceeds from selling of fixed assets		8 490 700	192 829
Net cash flows (used in) investing activities		(122 411 119)	(241 078 769)
<u>Cash flows from financing activities</u>			
(Payments)Proceeds from banks-credit accounts		(15 812 546)	342 156 809
Dividends paid and payments for Minority interest		(182 961 115)	(209 010 693)
(Payment) for long term liabilities		(237 805 235)	(225 186 330)
Net cash flows (used in) financing activities		(436 578 896)	(92 040 214)
Net change in cash and cash equivalents during the year		(25 916 177)	(261 789 402)
Cash and cash equivalents at beginning of the year		263 668 643	530 953 120
Exchange differences arising from translation of financial statements		(7 070 280)	(5 495 075)
Cash and cash equivalents at end of the year	(11)	230 682 186	263 668 643

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

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

Notes to the Consolidated Financial Statements for the Company and Its Subsidiaries
For the Financial Year ended December 31, 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
Rosetex Modern Factories for Spinning & Weaving Co.	99.99

4 – SIGNIFICANT ACCOUNTING POLICIES

4-1 Basis of consolidation

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

4-2 Foreign currency Translation

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

4-3 Translation of Financial Statements of Foreign Companies

Some of the subsidiaries maintain their books of accounts in foreign currency other than Egyptian Pounds. Monetary assets and liabilities of these companies are translated into Egyptian Pound at the Foreign exchange rate at the date of consolidated financial position. Shareholders' equity items are translated at the foreign exchange rate prevailing at the consolidation date. Consolidated income statement items are translated at the average foreign exchange rate of the reporting 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 year.

5- FIXED ASSETS (NET)

	Cost as of	Accumulated depreciation	Net Book	Net Book
	<u>31/12/2012</u>	<u>as of</u>	<u>Value as of</u>	<u>Value as of</u>
	<u>LE</u>	<u>31/12/2012</u>	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Land	159 679 883	--	159 679 883	144 307 206
Buildings & Constructions	932 506 010	275 539 793	656 966 217	555 316 131
Machinery & Equipments	2 739 615 961	1 878 989 229	860 626 732	891 156 980
Vehicles	104 048 479	78 689 110	25 359 369	21 747 907
Tools & Supplies	56 697 897	40 863 864	15 834 033	18 477 121
Showrooms Fixture	29 425 877	26 021 910	3 403 967	3 823 635
Furniture & Office Equipments	63 727 143	42 331 248	21 395 895	20 663 353
Computers and Programs	53 523 858	44 114 781	9 409 077	4 758 682
	<u>4 139 225 108</u>	<u>2 386 549 935</u>	<u>1 752 675 173</u>	<u>1 660 251 015</u>

6- PROJECTS IN PROGRESS

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Buildings under Construction	94 904 419	182 970 607
Machinery & Equipment under installation	382 794 097	390 226 224
Development of computer system	1 216 548	1 734 791
Vehicles	10 031 794	9 423 348
Advance payment for purchasing Fixed assets	12 229 204	40 638 175
Letters of credit for purchasing fixed assets	9 452	814 212
	<u>501 185 514</u>	<u>625 807 357</u>

7- 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 31/12/2012</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>
Oriental Weavers for Textile*	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
				<u>102 657 126</u>	<u>(402 000)</u>	<u>451 625</u>	<u>102 706 751</u>	<u>102 706 751</u>

* The company name has been changed from OW hospitality for carpets to be Oriental Weavers for textile

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

8- GOODWILL

	<u>31/12/2012</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. EFCO	67 551 346	67 551 346
Oriental weavers Co.- U.S.A (OW U.S.A)	4 305 383	4 305 383
	<u>696 835 970</u>	<u>696 835 970</u>

9- INVENTORY

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Raw materials	471 671 120	653 353 869
Spare parts & materials	96 605 413	90 027 983
Work in process	56 743 790	71 050 720
Finished products	924 463 698	983 745 166
Letter of credit for purchasing of raw materials	40 751 558	15 414 731
	<u>1 590 235 579</u>	<u>1 813 592 469</u>

10- DEBITORS AND OTHER DEBIT ACCOUNTS

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Prepaid expenses	13 040 170	11 907 974
Tax authority – debit accounts	63 483 348	62 403 309
Debit accounts – related parties	31 847 548	27 503 321
Letter of guarantee – cash margin	2 212 736	3 165 735
Suppliers – advance payment	18 884 445	22 331 070
Oriental for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	87 911 662	72 781 089
	<u>222 379 909</u>	<u>205 092 498</u>
<u>Less:</u>		
Impairment loss on debtors and other debit accounts	2 676 321	2 676 321
	<u>219 703 588</u>	<u>202 416 177</u>

11- CASH AND CASH EQUIVALENT

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Bank – Time Deposit	41 195 534	108 620 733
Bank – Current Account	186 230 333	149 243 271
Cash on hand	3 298 511	7 514 433
Cash and cash equivalent	<u>230 724 378</u>	<u>265 378 437</u>
<u>Less:</u>		
Time deposits blocked as guarantee to the facilities which granted to the company	42 192	1 709 794
Cash & cash equivalent for cash flows statement purposes	<u>230 682 186</u>	<u>263 668 643</u>

12- Provisions

	Balance as of <u>1/1/2012</u> <u>L.E</u>	Used during The year <u>L.E</u>	Formed during The year <u>L.E</u>	Balance as of <u>31/12/2012</u> <u>L.E</u>
Provisions for Contingent liabilities	75 518 138	(54 901 849)	5 500 000	26 116 289
	<u>75 518 138</u>	<u>(54 901 849)</u>	<u>5 500 000</u>	<u>26 116 289</u>

13- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 600 703 210 as of December 31, 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.

14- CREDITORS AND OTHER CREDIT ACCOUNTS

	<u>31/12/2012</u> <u>L.E</u>	<u>31/12/2011</u> <u>L.E</u>
Trade receivable – advance payment	40 509 559	30 737 704
Accrued expenses	11 185 112	13 511 368
Tax authority – credit accounts	45 672 800	44 344 999
Social insurance authority	7 464 753	5 576 647
Creditors – purchases of fixed assets	1 728 785	3 463 334
Shareholders – credit accounts	2 874 435	3 736 709
Deposits from others	29 936 795	19 343 731
sales taxes instalments	2 258 062	1 925 193
Credit accounts – related parties	64 009	7 325 286
Other credit accounts	16 038 595	15 252 253
	<u>157 732 905</u>	<u>145 217 224</u>

15 -Issued And Paid Up Capital

- 15-1** The company's authorized capital is determined to be L.E 500 Million (five hundred million Egyptian pounds).
- 15-2** The Issued capital is LE 450 000 000 distributed over 90 000 000 shares which 428 403 200 (only four hundred twenty eight million four hundred and three thousand and two hundred Egyptian pounds) are cash shares and 21 596 800 (only twenty one million and five hundred ninety six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of L.E 5 each.
- 15-3** The company's shares are centrally kept at Misr for Central Clearing, Depository and Registry Co. and those shares are traded in Cairo and Alexandria stocks exchange market.

16-Reserves

	<u>31/12/2012</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>

17-MINORITY INTEREST

	Minority interest in shareholder's <u>Equity</u> <u>L.E</u>	Minority interest in the net profit (loss) of <u>Subsidiaries</u> <u>L.E</u>	Balance as of <u>31/12/2012</u> <u>L.E</u>	Balance as of <u>31/12/2011</u> <u>L.E</u>
Oriental Weavers Co. Fibres (O.W.F)	428 540	84 779	513 319	536 048
Oriental Weavers international Co (O.W.I)	73 989	9 920	83 909	76 076
MAC Carpet Mills	169 075 235	6 096 081	175 171 316	193 525 197
Egyptian fibres Co. EFCO	15 738 840	2 908 223	18 647 063	17 351 065
EFCO Modern Fibres	12 710 184	3 078 782	15 788 966	14 500 121
Oriental Weavers – China	541 952	(46 037)	495 915	518 221
New MAC	1 035 363	200 267	1 235 630	996 940
Rosetex Modern Factories for Spinning & Weaving Co.	3 000	72	3 072	3 000
	<u>199 607 103</u>	<u>12 332 087</u>	<u>211 939 190</u>	<u>227 506 668</u>

18- LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in original Currency	Balance	Balance as of 31/12/2012		Balance as of 31/12/2011		Terms of Payment
			of the loan	current portion	long term	current portion	long term	
			as of					
			31/12/2012	due in one year	installments	due in one year	installments	
			L.E.	L.E.	L.E.	L.E.	L.E.	
Export Development Bank of Egypt								
Export Development Bank of Egypt (1)	USD	2 500 000	1 572 500	1 572 500	--	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 inetrest rate 0.75% above libour.
Export Development Bank of Egypt (2)	USD	5 619 556	3 534 701	3 534 701	--	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%.
Export Development Bank of Egypt (3)	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.
			5 107 201	5 107 201	--	39 775 945	4 887 973	
Barcleys Bank	USD	4 000 000	7 551 774	5 032 000	2 519 774	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	10 064 000	5 032 000	5 032 000	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	104 184 415	19 907 850	84 276 565	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
			114 248 415	24 939 850	89 308 565	17 553 315	109 344 270	
NSGB	USD	18 000 000	9 335 212	9 335 212	--	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
Brought forward			136 242 602	44 414 263	91 828 339	71 086 105	130 390 738	

BANK	Loan Currency	Principal of the loan in original Currency	Balance	Balance as of 31/12/2012		Balance as of 31/12/2011		Terms of Payment
			of the loan as of 31/12/2012	current portion due in one year	long term installments	current portion due in one year	long term installments	
			L.E.	L.E.	L.E.	L.E.	L.E.	
Carried Forward			136 242 602	44 414 263	91 828 339	71 086 105	130 390 738	
Crédit Agricole Egypt Bank	USD	25 000 000	--	--	--	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	4 764 715	28 675 716	6 383 916	22 291 800	--	46 463 166	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Alexandria bank	USD	25 000 000	14 216 964	14 216 964	--	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	197 032 500	43 785 000	153 247 500	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	2 688 147	2 688 147	--	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 libour, the interst and commission shall be calculated and paid upon its due.
BNP Paribas Bank (4)	USD	5 000 000	7 862 500	7 862 500	--	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 libour.
Total			10 550 647	10 550 647	--	25 087 607	10 106 305	
			386 718 429	119 350 790	267 367 639	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

19 - DEFERRED SALES TAXES INSTALMENTS

	Note	<u>31/12/2012</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.		88 160	478 393
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(22)	(88 160)	(390 233)
		<u>--</u>	<u>88 160</u>

20- HOUSING AND DEVELOPMENT BANK LOAN

	Note	<u>31/12/2012</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.		560 239	622 920
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(22)	(61 485)	(65 075)
		<u>498 754</u>	<u>557 845</u>

21- CREDITORS – PURCHASE OF FIXED ASSETS

	Note No	<u>31/12/2012</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.	(22)	(129 546)	(2 753 999)
		<u>259 092</u>	<u>388 638</u>

22- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note No	<u>31/12/2012</u> <u>L.E</u>	<u>31/12/2011</u> <u>L.E</u>
Long-term loan instalment	(18)	119 350 790	231 719 166
Deferred sales taxes instalment	(19)	88 160	390 233
Housing and development bank loan	(20)	61 485	65 075
Creditors purchase of fixed assets	(21)	129 546	2 753 999
		<u>119 629 981</u>	<u>234 928 473</u>

23- DEFERRED TAX

Deferred tax Assets and liabilities

	<u>31/12/2012</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)	15 201 508	--	22 178 772	--
Fixed assets	--	(21 558 651)	--	(24 311 237)
Total deferred tax assets / (liabilities)	<u>15 201 508</u>	<u>(21 558 651)</u>	<u>22 178 772</u>	<u>(24 311 237)</u>
Net deferred tax (liabilities)		<u>(6 357 143)</u>		<u>(2 132 465)</u>

24- BASIC EARNING PER SHARE FOR THE YEAR

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

	<u>31/12/2012</u> <u>L.E</u>	<u>31/12/2011</u> <u>L.E</u>
Net profit for the year	272 761 511	243 025 559
Less:		
Employee profit share	48 619 777	43 363 378
Member board bonus	3 282 462	3 599 414
	220 859 272	196 062 767
Weighted average number of shares available during the year	88 680 969	88 680 969
Basic earning per share for the year	2.49	2.21

25- TREASURY STOCKS

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

26- CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of December 31, 2012 amounted to L.E 12 560 641 Also Contingent liabilities from L.C'S in that date amounted to L.E 176 232 146.

27- CAPITAL COMMITMENTS

The capital commitments as of December 31, 2012 amounted to L.E 13 130 290 Represents the value of new extension related to show Rooms and completion of construction in progress.

28- TAX POSITION

28-1 Corporate Tax

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

28-2 Salaries & Wages Tax

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

28-3 Sales Tax

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

28-4 Stamp Duty Tax

- The company 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.

29- FINANCIAL INSTRUMENTS AND RISK MANAGMENT

29-1 Financial instruments fair value

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

29-2 Interest rate risk

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

29-3 Credit Risk

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

29-4 Foreign Currency Risk

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