

DRAFT

ORIENTAL WEAVERS COMPANY FOR CARPETS
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For the Company and its Subsidiaries
For The Financial period ended September 30, 2014
Together With limited review report

Draft

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Financial Position for the company and it's subsidiaries
As of September 30,2014

	Note №	30/9/2014 LE	31/12/2013 LE
Long Term Assets			
Fixed assets(net)	(5)	2 584 519 562	2 753 447 469
Projects in progress	(6)	62 693 980	57 484 717
Available for sale investments	(7)	81 673 779	81 673 779
Goodwill	(8)	473 790 520	473 790 520
Total Long-term assets		3 202 677 841	3 366 396 485
Current Assets			
Inventory	(9)	1 642 580 105	1 523 335 196
Trades & notes receivable	(10)	1 055 506 074	945 669 198
Debitors and other debit accounts	(11)	247 844 132	211 849 502
Cash & Cash equivalent	(12)	445 471 574	324 866 214
Total current assets		3 391 401 885	3 005 720 110
Current Liabilities			
Provisions	(13)	44 340 642	35 847 673
Banks-Credit accounts	(14)	1 347 360 354	1 388 215 798
Long term liabilities-Current portions	(22)	93 836 579	89 138 296
Suppliers & notes payable	(15)	743 705 605	624 423 822
Dividends payable		12 194 032	8 151 624
Creditors & other credit accounts	(16)	253 001 064	206 309 685
Total Current liabilities		2 494 438 276	2 352 086 898
Working Capital		896 963 609	653 633 212
Total Investment to be Financed as follows:		4 099 641 450	4 020 029 697
Shareholders' equity			
Issued and paid up capital	(17)	450 000 000	450 000 000
Reserves	(18)	1 458 569 265	1 412 960 966
Unrealized gain from available for sale investments		451 625	451 625
Retained earnings		735 851 081	664 191 959
Net profit for the period / year		308 684 882	347 488 068
Exchange differences arising on translation of financial statements		503 491 230	448 119 302
Treasury stocks	(24)	(14 596 505)	(14 596 505)
Total equity attributable to equity holders of the parent		3 442 451 578	3 308 615 415
Minority interest	(19)	368 148 341	357 129 839
Shareholder's equity		3 810 599 919	3 665 745 254
Long-term liabilities			
Long term loans	(20)	155 116 033	209 724 851
Housing and Development Bank loan	(21)	391 152	437 269
Deferred tax liabilities	(23)	133 534 346	144 122 323
Total long term liabilities		289 041 531	354 284 443
Total shareholder's equity & long term liabilities		4 099 641 450	4 020 029 697

The accompanying notes from No.(1) to № (28) form an integral part of these consolidated financial statements.
Limited review report attached.

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Income statement for the company and its subsidiaries

for the financial period ended September 30, 2014

Draft

Note №	from 1/7/2014	from 1/1/2014	from 1/7/2013	from 1/1/2013
	Till 30/9/2014	Till 30/9/2014	Till 30/9/2013	Till 30/9/2013
	LE	LE	LE	LE
Net sales	1 504 312 680	4 349 017 723	1 279 194 098	4 030 470 884
Less:				
Cost of sales	1 338 363 672	3 805 517 522	1 156 721 570	3 580 911 233
Gross profit	165 949 008	543 500 201	122 472 528	449 559 651
Less:				
Distribution expenses	10 668 673	31 255 524	10 376 132	29,963,488
General & Administrative expenses	34 063 986	102 228 655	36 971 750	94,401,063
Formed provisions & Impairment	20 000 000	30 000 000	--	--
	64 732 659	163 484 179	47 347 882	124 364 551
Net income from operation activities	101 216 349	380 016 022	75 124 646	325 195 100
Add / (Less):				
Investment income	--	--	96 000	96 000
Interest Income	1 115 899	5 050 531	324 584	2 570 633
Other revenues	37 369 504	111 792 489	34 521 943	118 598 727
Capital Gain	613 458	659 669	--	1 616 455
Financing expenses	(21 385 567)	(69 244 590)	(30 259 921)	(91 588 659)
Foreign exchange differences	(23,284,984)	(37 884 092)	5 323 693	(24 302 379)
	(5 571 690)	10 374 007	10 006 299	6 990 777
Net profit for the period before income tax	95 644 659	390 390 029	85 130 945	332 185 877
(Less)Add/:				
Current income tax	(29,099,711)	(78 561 706)	(13 727 749)	(41 474 591)
Deferred tax	4,649,340	10 385 972	852 328	704 565
Income tax for the period	(24 450 371)	(68 175 734)	(12 875 421)	(40 770 026)
Net profit for the period after income tax	71 194 288	322 214 295	72 255 524	291 415 851
Attributable to:				
Equity holders of the parent	68 823 057	308 684 882	65 001 568	275 061 597
Minority interest	(19) 2 371 231	13 529 413	7 253 956	16 354 254
	71 194 288	322 214 295	72 255 524	291 415 851

The accompanying notes from No.(1) to № (28) form an integral part of these consolidated financial statements.

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated statement of changes in Shareholder's Equity for the Company and its Subsidiaries
for the financial period ended September 30, 2014

Draft

	Issued and Paid up capital LE	Legal reserve LE	General reserve LE	Special reserve LE	Capital reserve LE	Unrealized gain from Available for sale investments LE	Retained earnings LE	Net profit LE	Differences of translation LE	Treasury stocks LE	Total LE
Balance at 1/1/2013	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
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 earnings	--	--	--	--	--	--	76 734 245	(76 734 245)	--	--	--
Adjustments on retained earning	--	--	--	--	--	--	3 926 725	--	--	--	3 926 725
Change in translation differences	--	--	--	--	--	--	--	--	171 779 985	--	171 779 985
Net profit for the period	--	--	--	--	--	--	--	275 061 597	--	--	275 061 597
Balance at 30/9/2013	450 000 000	1 036 219 323	352 120 746	59 973 828	8 971 489	451 625	665 853 006	275 061 597	432 665 741	(14 596 505)	3 266 720 850
Balance at 1/1/2014	450 000 000	1 018 796 049	328 236 096	59 973 828	5 954 993	451 625	664 191 959	347 488 068	448 119 302	(14 596 505)	3 308 615 415
Transferred to reserves	--	12 798 817	--	--	32 809 482	--	--	(45 608 299)	--	--	--
Dividends for the year 2013	--	--	--	--	--	--	--	(230 282 542)	--	--	(230 282 542)
Transferred to retained earning	--	--	--	--	--	--	71 597 227	(71 597 227)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	61 895	--	--	--	61 895
Change in translation differences	--	--	--	--	--	--	--	--	55 371 928	--	55 371 928
Net profit for the period	--	--	--	--	--	--	--	308 684 882	--	--	308 684 882
Balance at 30/9/2014	450 000 000	1 031 594 866	328 236 096	59 973 828	38 764 475	451 625	735 851 081	308 684 882	503 491 230	(14 596 505)	3 442 451 578

The accompanying notes from No.(1) to No.(28) form an integral part of these consolidated financial statements.

Chairman & CEO

CFO & Board Member

Salah Abdel Aziz Abdel Moteleb

Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Cash flow statement for the company and its subsidiaries
for the financial period ended September 30,2014

Draft

	Note	30/9/2014	30/9/2013
	№	LE	LE
Cash flows from operating activities			
Net profit for the period before income tax		390 390 029	332 185 877
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		242 549 451	212 839 224
formed provisions & Impairment		30 000 000	--
Financing expenses		69 244 590	91 588 659
Investment income		--	(96 000)
capital gain		(659 669)	(1 616 455)
Operating profits before changes in working capital		731 524 401	634 901 305
Change in working capital			
(Increase) in inventory		(119 244 909)	(221 243 076)
(Increase) in trades & notes receivable and debit accounts		(154 026 341)	(149 104 608)
increase in suppliers & notes payable and other credit accounts		123 898 915	131 135 845
Cash flows provided by operating activities		582 152 066	395 689 466
Financing expenses paid		(69 244 590)	(93 006 938)
paid Current income tax		(50 036 159)	(30 384 647)
Net cash flows provided by operating activities		462 871 317	272 297 881
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(48 813 371)	(30 001 455)
proceeds from selling of fixed assets		16 964 833	1 829 802
Net cash flows (used in) investing activities		(31 848 538)	(28 171 653)
Cash flows from financing activities			
(Payment) proceeds for banks-credit accounts		(40 857 325)	128 243 327
Dividends paid and payments for Minority interest		(229 499 504)	(181 932 231)
(Payment) for long term liabilities		(49 956 652)	(60 716 230)
Net cash flows (used in) financing activities		(320 313 481)	(114 405 134)
Net change in cash and cash equivalents during the period		110 709 298	129 721 094
Cash and cash equivalents at beginning of the period		324 821 295	230 682 186
Exchange differences arising from translation of financial statements		9 894 181	5 469 801
Cash and cash equivalents at end of the period	(12)	445 424 774	365 873 081

The accompanying notes from No.(1) to № (28) form an integral part of these consolidated financial statements.

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CFO & Board Member

Mohamed Kattary Abdallah

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 September 30, 2014

1 – BACK GROUND INFORMATION

- Rental 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>2014</u> %
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
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

*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:

<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 Available for sale Investment

- Available for sale investments are valued at fair market value on an investment by investment basis with gains and losses being recognized as part of the equity under unrealized gains (losses) from Available for sale investments.
- In the event of impairment the value of the investment is reduced by the impairment value which is offset against the unrealized gains recorded in the equity with excess losses being charged to the income statement.
- The fair value of the available for sale investments which are not listed in the Securities Exchange Market and for which there are no possible methods for reliably determining its value, can be determined by cost less the value of impairment (if any) and recognizing the losses in the income statement.
- If in a subsequent period to the impairment the fair value of the investment increases the increase will be recognized in the income statement to the extent of the impairment losses which have been previously recognized and any excess recognizes in the equity, except in the case of equity securities for which the losses cannot be reversed unless sold or disposed of.

4-7 Goodwill

- Goodwill represents in the increase in the acquisition cost of some shares of the subsidiary companies through swap of shares, and the company's interest in the fair value of the acquired net assets of these subsidiaries on the acquisition date.
- Goodwill acquired shall not be amortized. Instead of that the company shall test it for impairment annually or periodically if events or changes in circumstances indicate that it might be impaired, and in case there is impairment such impairment shall recognize in the income statement for the period.

4-8 Inventory

Inventory is valued at the end of the period at which is lower of cost or net realizable value according to the following basis:

- Raw materials, Spare parts, packaging materials, are determined using the moving average method.
- Cost of work in process is determined at industrial cost which include materials used in its production and direct wages in addition to its related direct and indirect industrial expenses up to the production stage that have been reached.
- Cost of finished products at which is lower of cost or net realizable value includes all the direct and indirect industrial expenses.

4-9 Debtors & other debit accounts

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

4-10 Provisions

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

4-11 Borrowing Cost

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

4-12 Income tax

Income tax on the profit for the 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 as of	Net Book Value as of	Net Book Value as of
	<u>30/9/2014</u>	<u>30/9/2014</u>	<u>30/9/2014</u>	<u>31/12/2013</u>
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Land	285 116 101	--	285 116 101	274 728 925
Buildings & Constructions	1 369 288 941	368 277 925	1 001 011 016	1 010 866 971
Machinery & Equipments	3 607 885 597	2 392 399 600	1 215 485 997	1 375 292 303
Vehicles	132 624 422	93 879 661	38 744 761	42 492 335
Tools & Supplies	63 836 469	50 192 483	13 643 986	15 163 532
Showrooms Fixture	31 231 375	29 068 553	2 162 822	3 369 831
Furniture & Office Equipments	68 031 727	51 173 358	16 858 369	18 690 384
Computers and Programs	67 607 601	56 111 091	11 496 510	12 843 188
	<u>5 625 622 233</u>	<u>3 041 102 671</u>	<u>2 584 519 562</u>	<u>2 753 447 469</u>

6- PROJECTS IN PROGRESS

	<u>30/9/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Buildings under Construction	39 480 543	40 859 417
Machinery & Equipment under installation	12 749 251	14 659 533
Development of computer system	894 013	166 450
Vehicles	--	264 670
Advance payment for purchasing Fixed assets	6 137 901	1 534 647
Letter of credit for purchasing assets	3 432 272	--
	<u>62 693 980</u>	<u>57 484 717</u>

7- AVAILABLE FOR SALE INVESTMENTS

	.№ of owned Shares	Percentage of participation %	Par value for each Share	Acquisition cost	Accumulated Impairment losses	Accumulated Unrealized Gain	balance as	
							Of 30/9/2014	Of 31/12/2013
			L.E	L.E	L.E	L.E	L.E	L.E
Oriental Weavers for Textile	112 500	45	USD 100	64 820 211	--	--	64 820 211	64 820 211
Oriental for Industrial Development	800 000	8	L.E 10	4 200 000	--	--	4 200 000	4 200 000
Piraeus Bank*	782 167	1.2	L.E 15.58	12 188 193	--	451 625	12 639 818	12 639 818
Trading for Development Export	100	--	L.E 100	10 000	--	--	10 000	10 000
Cambridge Weavers	1 500	1.5	L.E 10	3 750	--	--	3 750	3 750
10 th of Ramadan for Spinning Industries	524 000	28.5	L.E 10	5 304 365	(5 304 365)	--	--	--
Modern Spinning Company	81 677	30.8	L.E 10	1 433 607	(1 433 607)	--	--	--
Oriental Petrochemicals	2 802 000	11.7	L.E 5	14 295 000	(14 295 000)	--	--	--
Egyptian for Trade and Marketing	4 000	2.08	L.E 100	402 000	(402 000)	--	--	--
				102 657 126	(21 434 972)	451 625	81 673 779	81 673 779

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

8- GOODWILL

	Investment		The company's share in present	
	Cost	L.E	value of the net assets	L.E
Oriental weavers international (OWI)	728 049 443		676 790 531	51 258 912
MAC Mills (MAC)*	750 697 752		400 022 873	350 674 879
Egyptian Fibbers Co. EFCC	109 175 359		41 624 013	67 551 346
Oriental weavers Co.- U.S.A (OW U.S.A)	127 127 706		122 822 323	4 305 383
	1 715 050 260		1 241 259 740	473 790 520
			30/9/2014	31/12/2013
			Goodwill	L.E

9- INVENTORY

	<u>30/9/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Raw materials	488 483 606	420 293 081
Spare parts & materials	124 152 297	110 858 111
Work in process	68 028 486	60 094 987
Finished products	934 572 522	964 357 266
Letter of credit for purchasing of raw materials	27 343 194	30 038 192
	<u>1 642 580 105</u>	<u>1 585 641 637</u>
Less: Impairment in inventory	--	62 306 441
	<u>1 642 580 105</u>	<u>1 523 335 196</u>

10- TRADES & NOTES RECEIVABLE

	<u>30/9/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Trades	893 085 232	787 488 246
Less: Impairment in Trades	48 602 289	48 474 302
	<u>844 482 943</u>	<u>739 013 944</u>
Notes Receivable	211 023 131	206 655 254
	<u>1 055 506 074</u>	<u>945 669 198</u>

11- DEBITORS AND OTHER DEBIT ACCOUNTS

	<u>30/9/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Prepaid expenses	30 480 122	11 163 277
Tax authority – debit accounts	73 751 511	71 974 061
Debit accounts – related parties	31 645 263	30 001 446
Letter of guarantee – cash margin	3 476 407	2 706 335
Suppliers – advance payment	35 679 049	23 796 053
Oriental for Building materials (Orocom)	5 000 000	5 000 000
Purchase of land Down Payments	--	489 396
Other debit accounts	73 513 101	118 513 487
	<u>253 545 453</u>	<u>263 644 055</u>
Less:		
Impairment loss on debtors and other debit accounts	5 701 321	51 794 553
	<u>247 844 132</u>	<u>211 849 502</u>

12- CASH AND CASH EQUIVALENT

	<u>30/9/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Bank – Time Deposit	81 973 311	51 263 525
Bank – Current Account	360 656 353	269 559 681
Cash on hand	2 841 910	4 043 008
Cash and cash equivalent	<u>445 471 574</u>	<u>324 866 214</u>
Less:		
Time deposits blocked as guarantee to the facilities which granted to the company	46 800	44 919
Cash & cash equivalent for cash flows statement purposes	<u>445 424 774</u>	<u>324 821 295</u>

13- Provisions

	<u>Balance as of</u>	<u>Used during</u>	<u>Formed during</u>	<u>Balance as of</u>
	<u>1/1/2014</u>	<u>The period</u>	<u>The period</u>	<u>30/9/2014</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provisions for Contingent liabilities	35 847 673	(21 507 031)	30 000 000	44 340 642
	<u>35 847 673</u>	<u>(21 507 031)</u>	<u>30 000 000</u>	<u>44 340 642</u>

14- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 347 360 354 as of September 30,2014 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>30/9/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Suppliers	636 227 710	466 487 195
Notes Payable	107 477 895	157 936 627
	<u>743 705 605</u>	<u>624 423 822</u>

16- CREDITORS AND OTHER CREDIT ACCOUNTS

	<u>30/9/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivable – advance payment	56 369 371	43 217 490
Accrued expenses	6 852 645	13 058 487
Tax authority – credit accounts	94 167 095	74 920 661
Social insurance authority	8 761 835	7 535 670
Creditors – purchases of fixed assets	1 071 353	2 285 173
Shareholders – credit accounts	10 452 238	2 884 726
Deposits from others	46 752 065	42 588 992
Credit accounts – related parties	--	64 009
Other credit accounts	28 574 462	19 754 477
	<u>253 001 064</u>	<u>206 309 685</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.

According to the Extra general assembly meeting held on April 10, 2014 it was agreed unanimously on stock split with a coefficient 1-5 (every share split into 5 shares) also agreed the changes in the company statutes article № 6&7. The process is under way.

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

	30/9/2014	31/12/2013
	L.E	L.E
Legal reserve	1 031 594 866	1 018 796 049
General reserve	328 236 096	328 236 096
Special reserve	59 973 828	59 973 828
Capital reserve	38 764 475	5 954 993
	1 458 569 265	1 412 960 966

19- MINORITY INTEREST

	Minority interest in shareholder's Equity	Minority interest in the net profit (loss) of Subsidiaries	Balance as of 30/9/2014	Balance as of 31/12/2013
	L.E	L.E	L.E	L.E
Oriental Weavers international Co (O.W.I)	99 237	12 179	111 416	98 257
MAC Carpet Mills	312 503 702	3 302 237	315 805 939	311 517 788
Egyptian fibres Co. EFCO	19 966 911	4 087 130	24 054 041	21 741 929
EFCO Modern Fibres	19 805 230	6 070 921	25 876 151	21 586 475
Oriental Weavers – China	518 667	(47 511)	471 156	508 446
New MAC	1 722 090	104 442	1 826 532	1 673 853
Rosetex Modern Factories for Spinning & Weaving Co.	3 091	15	3 106	3 091
	354 618 928	13 529 413	368 148 341	357 129 839

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20- LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 30/9/2014 L.E.	Balance as of 2014/9/30		Balance as of 31/12/2013	
				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.
Barcleys Bank	USD	4 000 000	--	--	2 778 776	--	
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	2 856 000	--	5 552 000	--	
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	78 340 078	32 390 467	45 949 611	25 259 863	69 556 150
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							
Loans from other banks	USD	4 764 715	30 057 549	8 478 627	21 578 922	6 850 172	18 578 701
Other loans in US dollar granted to Oriental Weavers Co. U.S.A							
Audi Bank	USD	35 000 000	137 637 500	50 050 000	87 587 500	48 636 000	121 590 000
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.							
			248 891 127	93 775 094	155 116 033	89 076 811	209 724 851

-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- HOUSING AND DEVELOPMENT BANK LOAN

	Note No	<u>30/9/2014</u> L.E	<u>31/12/2013</u> L.E
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.		452 637	498 754
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(22)	(61 485)	(61 485)
		<u>391 152</u>	<u>437 269</u>

22- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note No	<u>30/9/2014</u> L.E	<u>31/12/2013</u> L.E
Long-term loan instalment	(20)	93 775 094	89 076 811
Housing and development bank loan	(21)	61 485	61 485
		<u>93 836 579</u>	<u>89 138 296</u>

23- DEFERRED TAX

Deferred tax Assets and liabilities

	<u>30/9/2014</u>		<u>31/12/2013</u>	
	<u>Assets</u> L.E	<u>(Liabilities)</u> L.E	<u>Assets</u> L.E	<u>(Liabilities)</u> L.E
Temporary tax differences – O.W. (USA)	10 273 420	--	9 983 178	--
Fixed assets	--	(143 807 766)	--	(154 105 501)
Total deferred tax assets / (liabilities)	<u>10 273 420</u>	<u>(143 807 766)</u>	<u>9 983 178</u>	<u>(154 105 501)</u>
Net deferred tax (liabilities)		<u>(133 534 346)</u>		<u>(144 122 323)</u>

24- TREASURY STOCKS

<u>Description</u>	<u>30/9/2014</u>		<u>31/12/2013</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

25- CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of September 30, 2014 amounted to L.E 14 131 493 Also Contingent liabilities from L.C'S in that date amounted to L.E 283 578 067.

26- CAPITAL COMMITMENTS

The capital commitments as of September 30, 2014 amounted to L.E 18 603 812 Represents the value of new extension related to show Rooms and completion of construction in progress.

27- TAX POSITION

27-1 Corporate Tax

- The company has been inspected till December 31, 2008 and the assessed tax differences were paid.
- The company has been inspected years 2009/2010 and the company did not received the forms.
- The company submits its annual tax return regularly on legal dates.

27-2 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.

27-3 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.

27-4 Stamp Duty Tax

- The company was inspected till December 31, 2011 and the assessed tax differences were paid.
- The company submits the tax return on the legal dates.

28-FINANCIAL INSTRUMENTS AND RISK MANAGMENT

28-1 Financial instruments fair value

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

28-2 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.

28-3 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.

28-4 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.