ORIENTAL WEAVERS COMPANY FOR CARPETS

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For The Financial Year ended December 31, 2016

Together With Auditor`s Report

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Translation from Arabic

AUDITOR'S 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 statement of financial position as of December 31, 2016 and the statements of income,comprehensive income ,changes in equity and cash flow 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 and Oriental Weavers Company – China. Which statements reflect total assets and revenues for these companies constituting 15.26% and 17.63% respectively, of the related to consolidated totals. The financial statements of Oriental Weavers Company-United States of America and Oriental Weavers Company – China were audited by other auditors whom issued unqualified audit reports dated February 22, 2017 and January 23, 2017 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 present fairly, in all material respects, the consolidated financial position of Oriental Weavers Company For Carpets (S.A.E) as of December 31, 2016 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 12, 2017 .

Wahid Abdel Ghaffar

B.T. Wahid Abdel Ghaffar&Co.

Public Accountants & Consultants

BAKER TILLY
WAHID ABDEL GHAFFAR & CO.
PUBLIC ACCOUNTANTS & CONSULTANTS

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
As of December 31, 2016

	Note №	31/12/2016 LE	31/12/2015 LE
Non Current Assets			
Fixed assets (net)	(7)	5 051 525 310	2 577 302 588
Projects in progress	(8)	256 118 299	109 646 232
Available for sale investments	(9)	131 450 798	104 716 068
Goodwill	(10)	286 239 174	326 239 174
Total non current assets		**5 725 333 581**	**3 117 904 062**
Current Assets			
Inventory	(11)	3 041 520 516	1 587 537 366
Trades & notes receivable	(12)	2 167 063 210	977 309 668
Debitors and other debit accounts	(13)	320 233 004	227 739 922
Treasury Bills	(14)	652 697 091	177 469 587
Cash & Cash equivalent	(15)	336 231 158	369 948 977
Total current assets		**6 517 744 979**	**3 340 005 520**
Total Assets		**12 243 078 560**	**6 457 909 582**
Equity			
Issued and paid up capital	(16)	450 000 000	450 000 000
Reserves	(17)	1 610 076 274	1 525 067 672
Retained earnings		907 255 467	823 478 382
Net profit for the year		484 207 848	356 302 735
Exchange differences arising on translation of financial statements		4 359 002 703	717 455 280
Treasury stocks	(18)	(14 596 505)	(14 596 505)
Total equity attributable to the parent company		**7 795 945 787**	**3 857 707 564**
Non controlling interest	(19)	700 129 675	380 633 138
Total equity		**8 496 075 462**	**4 238 340 702**
Non Current liabilities			
Long term loans	(20)	197 483 980	119 758 860
Housing and Development Bank loan	(21)	288 411	314 293
Deferred tax liabilities	(23)	116 705 797	134 210 102
Total Non Current liabilities		**314 478 188**	**254 283 255**
Current Liabilities			
Provisions	(24)	49 149 018	15 840 452
Banks-Credit accounts	(25)	1 997 577 251	1 152 988 445
Long term liabilities-Current portions	(22)	104 589 545	116 186 324
Suppliers & notes payable	(26)	872 008 363	452 922 333
Dividends payable		10 991 402	7 796 762
Creditors & other credit accounts	(27)	252 110 633	141 043 193
Tax payable		146 098 698	78 508 116
Total Current Liabilities		**3 432 524 910**	**1 965 285 625**
Total equity and liabilities		**12 243 078 560**	**6 457 909 582**

The accompanying notes from №.(1) to №. (33) 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 Statement of Income

For The Financial year ended December 31, 2016

	Note №	31/12/2016 LE	31/12/2015 LE
Net sales		6 779 175 801	5 875 149 056
Less:			
Cost of sales		5 767 883 632	5 208 795 551
Gross profit		**1 011 292 169**	**666 353 505**
Add / (Less):			
Financial investments revenues		150 000	212 250
Capital Gain		4 809 059	7 914 076
Other revenues		214 013 805	123 293 397
Treasury Bills returns		32 224 356	1 665 423
Interest Income		18 892 298	24 896 219
Distribution expenses		(56 405 759)	(50 209 321)
General & Administrative expenses		(214 005 961)	(146 887 085)
Formed provisions & Impairment		(99 868 551)	(95 300 000)
Financing expenses		(111 223 835)	(83 285 923)
Foreign exchange differences		(106 731 839)	(42 117 106)
Net profit for the year before income tax		**693 145 742**	**406 535 435**
Add / (Less):			
Current income tax		(168 248 972)	(93 872 979)
Deferred tax		4 050 291	26 445 646
Income tax for the year		**(164 198 681)**	**(67 427 333)**
Net profit for the year after income tax		**528 947 061**	**339 108 102**
Attributable to:			
The parent company		484 207 848	356 302 735
Non controlling interest		44 739 213	(17 194 633)
		528 947 061	**339 108 102**
Basic earnings per share in the separate financial statements	(28)	**1.39**	**0.49**

The accompanying notes from №.(1) to №. (33) 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 Comperhensive Income

For The Financial year ended December 31, 2016

	31/12/2016	31/12/2015
	LE	LE
Net profit for the year	528 947 061	339 108 102
Other Comprehensive Income		
Foreign exchange differences loss from revaluation of monetary items	(12 687 214)	--
Foreign exchange differences loss transferred to retained earnings	12 687 214	--
Translation exchange differences	3 824 579 041	201 801 959
Total Other Comprehensive Income after deduction Tax	**3 824 579 041**	**201 801 959**
Total Comprehensive Income for the year	**4 353 526 102**	**540 910 061**
Attributable to:		
The parent company	4 125 755 271	554 173 033
Non controlling interest	227 770 831	(13 262 972)
	4 353 526 102	**540 910 061**

The accompanying notes from №.(1) to №. (33) 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 Statement of Changes in Equity

For The Financial year ended December 31, 2016

	Note no.	Issued and Paid up capital LE	Reserves LE	Retained earnings LE	Net profit LE	Differences of translation LE	Treasury stocks LE	Equity holders of the parent	Non controlling interest	Total equity LE
Balance at 1/1/2015		450 000 000	1 505 118 644	707 276 452	367 079 806	519 584 982	(14 596 505)	**3 534 463 379**	**398 081 592**	**3 932 544 971**
Transferred to reserves		--	19 948 874	--	(19 948 874)	--	--	--	--	--
Dividends for the year 2014		--	--	--	(231 048 249)	--	--	**(231 048 249)**	**(4 137 847)**	**(235 186 096)**
Transferred to retained earnings		--	--	116 082 683	(116 082 683)	--	--	--	--	--
Adjustments related to consolidated statements		--	154	119 247	--	--	--	**119 401**	**(47 635)**	**71 766**
Total Comprensive income for the year		--	--	--	356 302 735	197 870 298	--	**554 173 033**	**(13 262 972)**	**540 910 061**
Balance at 31/12/2015		**450 000 000**	**1 525 067 672**	**823 478 382**	**356 302 735**	**717 455 280**	**(14 596 505)**	**3 857 707 564**	**380 633 138**	**4 238 340 702**
Balance at 1/1/2016		450 000 000	1 525 067 672	823 478 382	356 302 735	717 455 280	(14 596 505)	**3 857 707 564**	**380 633 138**	**4 238 340 702**
Transferred to reserves		--	19 241 145	--	(19 241 145)	--	--	--	--	--
Dividends		--	--	(10 475 715)	(280 810 260)	--	--	**(291 285 975)**	**(13 545 763)**	**(304 831 738)**
Transferred to retained earning		--	--	56 251 330	(56 251 330)	--	--	--	--	--
Adjustments related to consolidated statements	(5)	--	65 767 457	45 396 677	--	--	--	**111 164 134**	**110 563 476**	**221 727 610**
Foreign exchange differences loss from revaluation of monetary items		--	--	(7 395 207)	--	--	--	**(7 395 207)**	**(5 292 007)**	**(12 687 214)**
Total Comprensive income for the year		--	--	--	484 207 848	3 641 547 423	--	**4 125 755 271**	**227 770 831**	**4 353 526 102**
Balance at 31/12/2016		**450 000 000**	**1 610 076 274**	**907 255 467**	**484 207 848**	**4 359 002 703**	**(14 596 505)**	**7 795 945 787**	**700 129 675**	**8 496 075 462**

The accompanying notes from №.(1) to №. (33) 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 Cash flow

For The Financial year ended December 31, 2016

	Note №	31/12/2016 LE	31/12/2015 LE
Cash flows from operating activities			
Net profit for the year before income tax		693 145 742	406 535 435
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		620 284 360	332 875 081
Formed provisions &Impairment		99 868 551	95 300 000
Interest income		(18 892 298)	(24 896 219)
Financing expenses		111 223 835	83 285 923
Financial investments revenues		(150 000)	(212 250)
Capital (gain)		(4 809 059)	(7 914 076)
Exchange differences arising from translation of financial statements		33 893 255	37 657 736
Operating profits before changes in working capital		**1 534 564 386**	**922 631 630**
Change in working capital			
(Increase) Decrease in inventory		(163 324 083)	4 210 963
Decrease (Increase) in trades & notes receivable and debit accounts		355 031 120	(134 740 973)
(Decrease) in suppliers & notes payable and credit accounts		(98 116 903)	(160 449 213)
Cash flows provided by operating activities		**1 628 154 520**	**631 652 407**
Proceeds from interest income		20 839 369	24 974 993
Financing expenses paid		(110 484 439)	(83 285 923)
Paid income tax		(116 090 454)	(89 019 431)
Net cash flows provided by operating activities		**1 422 418 996**	**484 322 046**
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(529 021 016)	(162 978 096)
(Payments) under purchase of investments		(114 607 230)	--
Proceeds from selling of fixed assets		19 415 053	13 533 645
Proceeds from Treasury Bills		17 513 163	(116 325 805)
Net cash flows (used in) investing activities		**(606 700 030)**	**(265 770 256)**
Cash flows from financing activities			
(Payments) Proceeds for banks-credit accounts		(56 653 170)	(170 060 995)
Dividends paid and payments for non controlling interest		(308 161 511)	(239 036 896)
Proceeds for long term liabilities		(230 307 344)	11 198 676
Net cash flows (used in) financing activities		**(595 122 025)**	**(397 899 215)**
Net change in cash and cash equivalents during the year		**220 596 941**	**(179 347 425)**
Cash and cash equivalents at the beginning of the year		431 042 515	591 343 211
Cash and cash equivalents transferred due to the merge	(5)	11 978 582	--
Translation exchange differences related to cash and cash equivalents		226 443 350	19 046 729
Cash and cash equivalents at end of the year		**890 061 388**	**431 042 515**
Cash & Cash equivalent	(15)	336 176 939	369 898 733
Treasury Bills	(14)	652 697 091	177 469 587
Treasury Bills due more than three months		(98 812 642)	(116 325 805)
Cash & Cash equivalent		**890 061 388**	**431 042 515**

LE 2 218 316 153 , LE 2 423 305 715 , LE (1 110 679 464) were eliminated from working capital items , investing activities and financing activities respectively ,on the other hand LE 3 530 942 404 was eliminated from Exchange differences arising from translation.

The accompanying notes from №.(1) to №. (33) form an integral part of these consolidated financial statements.

Chairman & CEO	**CFO & Board Member**
Salah Abdel Aziz Abdel Moteleb	**Mohamed Kotary Abdallah**

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Notes to the Consolidated Financial Statements

For the Financial Year ended December 31, 2016

1 - BACK GROUND INFORMATION

1-1 Oriental Weavers Company for Carpets was established in November 16, 1981 as a Limited Liability Company according to Law No. 43 of 1974 which was replaced by Law No.32 of 1977. On November 2, 1991 the Legal status of the company was changed to be an Egyptian Joint Stock Company (S.A.E) under Law No. 230 of 1989 and Law No. 95 of 1992.

1-2 **Commercial Register**

Commercial Register No 44139 dated November 16, 1981.

1-3 **Company's objective**

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

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

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

1-6 **Company's Headquarter**

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

2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

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

2-2 Basis of measurement

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

3 – New Issues and Amendments issued to the Egyptian Accounting Standards (EAS)

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial periods that start after January 1, 2016.

*We shall review the most prominent amendments on the financial statements of the company:-

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) Presentation of Financial Statements	*Financial Position Statement* • The Standard does not require presenting the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation.	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard.
	Income Statement (Profit or Loss)/Statement of Comprehensive Income The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items (*Statement of Comprehensive Income*).	• Adding a new statement, *Statement of Comprehensive Income*, for the current and comparative period.
EAS (10) Property, Plant and Equipment *(PPE)*	• The financial shall disclose a reconciliation of the carrying amount – movement of the PPE and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period.	Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.

4 – USE OF JUDGMENTS AND ESTIMATES

- The preparation of consolidated financial statements according to the Egyptian Accounting Standard requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The note no. (6) From the notes of the financial statements indicates the items and the elements that have significant accounting estimates.
- Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4-1 Fair Value Measurement

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

5 – SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Financial Statements include companies in which Oriental Weavers Company for Carpets participates in their capitals and has control thereon.
- Subsidiaries included in the consolidated financial statements are as follows:–

Subsidiary name	Percentage of participations 31/12/2016 %
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
MAC Carpet Mills	58.29
Egyptian Fibers Co. EFCO	67.87
Oriental Weavers Co.– China	99.67
New Mac	52.02
Oriental Weavers Textile *	71.44

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

6 - SIGNIFICANT ACCOUNTING POLICIES

6-1 Basis of consolidation

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

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

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

A- Subsidiaries

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

B- Non-controlling interest

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

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

C- Loss of control

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

D- Transactions eliminated in consolidation

- Consolidated current financial position are prepared by combining similar items of assets, liabilities, equity, revenues and expenses stated in the financial statements of the holding company and its subsidiaries.
- The carrying amount of the holding company's investment in each subsidiary and the holding company's portion in the equity of each subsidiary are eliminated.
- All inter-company balances, transactions, and material unrealized gains are eliminated.

6-2 Foreign currency Translation

a- Presentation and Transaction Currency

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

b- Transaction and Balances

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

c- Translation of Financial Statements of Foreign Companies

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

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

6-3 Fixed Assets and Depreciation

a- Recognition and Initial Measurement

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

b- Subsequent Cost

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

c- Depreciation

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

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

Description	Estimated useful life (Year)
Buildings & Constructions	25-50
Machinery & Equipments	10
Vehicles	5-8
Tools & Supplies	5
Show-room Fixture	3
Furniture & office equipment	5-10
Computers & programs	3

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

6-4 Projects in Progress

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

6-5 Financial assets Available for sale

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

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

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

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

6-6 Goodwill

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

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

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

6-7 Inventory

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

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

6-8 Borrowing Cost

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

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

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

6-9 Debtors and other debit accounts

Debtors and other debit accounts are stated at amortization cost using the effective interest rate less impairment loss of any amounts expected to be uncollected, and are classified as current assets. Amounts that are expected to be collected after more than one period are classified as non-current assets.

6-10 Treasury Bills

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

6-11 Provisions

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

6-12 Revenue Recognition

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

- Revenue from sales is recognized when goods- related rewards and risks are transferred to the buyer upon the delivery of the products and invoicing.
- Interest income is recognized in the income statement using the effective interest method. The effective interest method is used for discounting the expected future cash flows and allocating the related interest income over the maturity period. The effective interest is calculated taking in consideration the contractual arrangements.
- Income from available for sale investment is recognized when the cash distribution declared by the Investee Company and received.

6-13 Legal reserve

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

6-14 Treasury stocks

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

6-15 Impairment

A- Financial assets

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

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

All individually significant financial assets are individually assessed for impairment and for other financial assets that are in groups in the light of credit risk characteristics are collectively assessed for impairment, collective assessment is carried out by grouping together assets with similar credit risk characteristics.

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

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

B- Non-Financial assets

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

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

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

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

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

6-16 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 outside profit or loss which is recorded whether in other comprehensive income or recorded directly in equity.

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

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

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

6-17 Employees' pension

A- Social Insurance and pension

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

B- Employees' profit share

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

6-18 Contingent liabilities and commitments

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

6-19 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.

6-20 Cash flow statement

Consolidated Cash flow statement is prepared using the indirect method.

For purpose of preparing the consolidated statement of cash flows, Cash and cash equivalents include cash, time deposits for a period not more than three months and treasury bills for a period not more than three months.

6-21 Comparative Figures

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

7- Fixed assets (net)

	Land LE	Buildings Constructions LE	Machinery Equipments LE	Vehicles LE	Tools Supplies LE	Showrooms Fixture LE	Furniture Office Equipments LE	Computers and Programs LE	Total LE
Cost as of 1/1/2015	308 816 312	1 399 825 337	3 631 446 578	133 175 609	65 146 651	36 336 059	69 340 568	68 181 895	**5 712 269 009**
Additions	--	7 715 186	92 616 943	4 063 761	4 276 441	6 438 260	2 040 462	6 266 860	**123 417 913**
Disposals	(335 160)	(5 901 758)	(10 792 380)	(535 539)	--	(922 627)	--	--	**(18 487 464)**
Translation exchange differences	8 342 183	58 446 006	247 474 214	6 550 186	1 905 321	--	2 322 853	3 701 391	**328 742 154**
Cost as of 31/12/2015	**316 823 335**	**1 460 084 771**	**3 960 745 355**	**143 254 017**	**71 328 413**	**41 851 692**	**73 703 883**	**78 150 146**	**6 145 941 612**
Additions	--	123 781 181	382 487 264	16 671 366	5 849 690	4 506 969	3 121 841	6 547 558	**542 965 869**
Disposals	(1 043 398)	(3 578 076)	(40 213 901)	(2 588 385)	(688 288)	--	(24 530)	(40 450)	**(48 177 028)**
Adjustments *	254 321 626	298 890 888	178 090 320	7 733 475	7 056 896	--	3 746 506	3 140 901	**752 980 612**
Translation exchange differences	134 024 305	971 135 332	4 195 949 955	108 166 780	32 926 352	--	38 001 931	65 256 955	**5 545 461 610**
Cost as of 31/12/2016	**704 125 868**	**2 850 314 096**	**8 677 058 993**	**273 237 253**	**116 473 063**	**46 358 661**	**118 549 631**	**153 055 110**	**12 939 172 675**
Accumulated Depreciation as of 1/1/2015	--	377 149 507	2 386 737 008	95 268 978	51 003 588	29 475 808	51 810 607	57 479 318	**3 048 924 814**
Depreciation of year	--	56 596 944	247 916 421	10 905 636	3 920 088	2 868 394	3 588 988	7 078 610	**332 875 081**
Disposals of Accumulated Depreciation	--	(805 713)	(9 106 148)	(468 286)	--	(922 627)	--	--	**(11 302 774)**
Translation exchange differences	--	19 096 447	168 472 794	3 956 004	1 555 278	--	2 026 129	3 035 251	**198 141 903**
Accumulated Depreciation as of 31/12/2015	--	**452 037 185**	**2 794 020 075**	**109 662 332**	**56 478 954**	**31 421 575**	**57 425 724**	**67 593 179**	**3 568 639 024**
Depreciation of year	--	96 591 466	477 467 862	20 594 676	6 628 996	4 828 185	5 139 613	9 033 562	**620 284 360**
Disposals of Accumulated Depreciation	--	(889 385)	(21 490 900)	(2 245 968)	(593 675)	--	(5 508)	--	**(25 225 436)**
Adjustments *	--	66 138 406	58 198 398	5 975 483	4 734 006	--	3 432 749	3 118 753	**141 597 795**
Translation exchange differences	--	349 903 547	3 040 528 271	73 537 811	27 663 985	--	34 179 351	56 538 657	**3 582 351 622**
Accumulated Depreciation as of 31/12/2016	--	**963 781 219**	**6 348 723 706**	**207 524 334**	**94 912 266**	**36 249 760**	**100 171 929**	**136 284 151**	**7 887 647 365**
Net book value as of 31/12/2016	**704 125 868**	**1 886 532 877**	**2 328 335 287**	**65 712 919**	**21 560 797**	**10 108 901**	**18 377 702**	**16 770 959**	**5 051 525 310**
Net book value as of 31/12/2015	**316 823 335**	**1 008 047 586**	**1 166 725 280**	**33 591 685**	**14 849 459**	**10 430 117**	**16 278 159**	**10 556 967**	**2 577 302 588**

* Adjustments represents the cost and accumulated depreciation of Oriental Weavers Textile Company due to the merge with Rosetex Modern Factories for Spinning and Weaving Company (Note no. 5).

8- PROJECTS IN PROGRESS

	31/12/2016	31/12/2015
	L.E	L.E
Buildings under Construction	122 349 829	73 813 847
Machinery & Equipment under installation	66 179 516	15 419 919
Development of computer system	32 578 940	8 638 379
Letters of Credit for assets purchases	2 316 618	6 495 763
Advance payment for purchasing Fixed assets	32 693 396	5 278 324
	256 118 299	**109 646 232**

9- AVAILABLE FOR SALE INVESTMENTS

	Note No.	Acquisition cost	Accumulated Impairment (losses)	Accumulated Unrealized Gain	balance as Of 31/12/2016	balance as Of 31/12/2015
		L.E	L.E	L.E	L.E	L.E
Unlisted investments at Egyptian Exchange						
Egyptian Propylene & Polypropylene Company "E.P.P"		114 607 230	--	--	114 607 230	--
Alahli bank of Kuwait- Egypt		12 188 193	--	451 625	12 639 818	12 639 818
Orientals for Industrial Development		4 200 000	--	--	4 200 000	4 200 000
Cambridge Weavers		3 750	--	--	3 750	3 750
Trading for Development Export		10 000	(10 000)	--	--	10 000
10th of Ramadan for Spinning Industries		5 304 365	(5 304 365)	--	--	--
Modern Spinning Company		1 433 607	(1 433 607)	--	--	--
Egyptian for Trade and Marketing		402 000	(402 000)	--	--	--
Oriental Weavers for Textile	(5)	--	--	--	--	87 862 500
		138 149 145	**(7 149 972)**	**451 625**	**131 450 798**	**104 716 068**

10- GOODWILL

	Investment cost	Company's share of the fair value for Net assets	Good will Impairment	31/12/2016	31/12/2015
	L.E	L.E	L.E	L.E	L.E
Oriental weavers international (OWI)	728 049 443	676 790 531	--	51 258 912	51 258 912
MAC Carpet Mills (MAC)	750 697 752	400 022 873	120 000 000	230 674 879	270 674 879
Oriental weavers Co.- U.S.A (OW U.S.A)	127 127 706	122 822 323	--	4 305 383	4 305 383
	1 605 874 901	**1 199 635 727**	**120 000 000**	**286 239 174**	**326 239 174**

11- INVENTORY

	31/12/2016	31/12/2015
	L.E	L.E
Raw materials	1 151 043 369	485 610 144
Spare parts & materials	313 580 091	143 979 963
Work in process	155 061 980	70 211 207
Finished products	1 376 888 308	872 550 450
Letter of credit for purchasing of raw materials	47 033 669	15 185 602
	3 043 607 417	**1 587 537 366**
Less: Impairment in inventory	2 086 901	--
	3 041 520 516	**1 587 537 366**

12- TRADES & NOTES RECEIVABLE

	31/12/2016	31/12/2015
	L.E	L.E
Trades receivables	1 894 878 171	710 705 665
Less: Impairment in Trades receivables	116 951 225	47 339 336
	1 777 926 946	**663 366 329**
Notes Receivable	389 136 264	313 943 339
	2 167 063 210	**977 309 668**

- Trades & Notes Receivable include amount of 426 971 733 LE due from Related Parties at December 31, 2016 result from sales carpets.

13- DEBITORS AND OTHER DEBIT ACCOUNTS

	31/12/2016	31/12/2015
	L.E	L.E
Prepaid expenses	36 907 733	17 055 415
Tax authority – debit accounts	53 666 371	63 830 745
Debit accounts – related parties	9 271 770	28 445 756
Accrued revenues	39 805 282	17 731 095
Letter of guarantee & Letter of credit – cash margin	7 690 847	3 984 291
Suppliers – advance payment	97 752 201	17 645 187
Orientals for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	92 302 302	80 647 513
	342 396 506	**234 340 002**
Less:		
Impairment in debtors and other debit accounts	22 163 502	6 600 080
	320 233 004	**227 739 922**

- Suppliers – advance payment include amount of 48 028 401 LE due from Related Parties.

14- TREASURY BILLS

	31/12/2016 L.E	31/12/2015 L.E
Treasury bills (mature in 90 days)	571 851 807	61 625 000
Treasury bills (mature in more than 90 days)	100 000 000	120 000 000
	671 851 807	**181 625 000**
Less: Unearned revenue	19 154 716	4 155 413
	652 697 091	**177 469 587**

15- CASH AND CASH EQUIVALENT

	31/12/2016 L.E	31/12/2015 L.E
Banks – Time Deposits	96 449 715	129 072 695
Banks – Current Accounts	234 627 178	238 818 298
Checks under collection	1 300 266	---
Cash on hand	3 853 999	2 057 984
Cash and cash equivalent	**336 231 158**	**369 948 977**
Less:		
Time deposits blocked as guarantee to the facilities which granted to the group	54 219	50 244
Cash & cash equivalent for cash flows statement purposes	**336 176 939**	**369 898 733**

16- Issued And Paid Up Capital

16-1 The company's authorized capital is determined to be L.E 500 Million (five hundred million Egyptian pounds).

16-2 The Issued capital is LE 450 000 000 distributed over 450 000 000 shares which 428 403 200 (only four hundred twenty eight million four hundred and three thousand and two hundred Egyptian pounds) are cash shares and 21 596 800 (only twenty one million and five hundred ninety six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of L.E 1 each.

16-3 The company's shares are centrally kept at Misr for Central Clearing, Depositary and Registry Co. and those shares are traded in Cairo and Alexandria stocks exchange market.

17- Reserves

	Note no	31/12/2016 L.E	31/12/2015 L.E
Legal reserve		1 052 795 408	1 039 992 237
General reserve		324 620 280	324 620 280
Special reserve		59 973 828	59 973 828
Net assets revaluation reserve	(5)	65 767 457	--
Capital reserve		106 467 676	100 029 702
Unrealized gain from available for sale investments		451 625	451 625
		1 610 076 274	**1 525 067 672**

18- TREASURY STOCKS

	31/12/2016		31/12/2015	
	№. Of Stocks	Amount L.E	№. Of Stocks	Amount L.E
The owned Shares by Oriental weavers Co.- U.S.A (OW U.S.A) " Subsidiary Co."	6 595 155	14 596 505	6 595 155	14 596 505

19- Non-Controlling interest

	Non controlling interest in Equity L.E	Non controlling interest in comprehensive income L.E	Balance as of 31/12/2016 L.E	Balance as of 31/12/2015 L.E
Orientals Weavers international Co (O.W.I)	121 034	164 676	285 710	130 093
MAC Carpet Mills	285 351 276	63 597 377	348 948 653	299 377 556
Egyptian fibres Co. EFCO	74 211 364	22 801 573	97 012 937	78 408 019
Oriental Weavers – China	429 492	403 975	833 467	429 492
New MAC	1 679 203	2 943 889	4 623 092	2 284 850
Oriental Weavers Textile	110 566 475	137 859 341	248 425 816	--
Rosetex Modern Factories for Spinning & Weaving Co.	--	--	--	3 128
	472 358 844	**227 770 831**	**700 129 675**	**380 633 138**

20- LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2016 L.E.	Balance as of 31/12/2016 current portion due in one year L.E.	Balance as of 31/12/2016 long term installments L.E.	Balance as of 31/12/2015 current portion due in one year L.E.	Balance as of 31/12/2015 long term installments L.E.	Terms of Payment
HSBC	USD	21 100 000	--	--	--	40 064 155	--	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	19 868 663	146 941 584	27 742 296	119 199 288	10 361 285	44 629 792	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Qatar national bank alahli	USD	4 500 000	18 490 684	18 490 684	--	--	--	The principal of the loan shall be settled over 41 equal monthly starting from 31/3/2015 till 31/7/2018, the interest and commission shall be computed at interest rate 3.75% above libour.
Alex. bank	EUR	6 500 000	104 379 571	26 094 879	78 284 692	--	--	The principal of the loan shall be settled over 9 equal half annualy installments starting from 4/10/2016 till 4/10/2020 , the interest and commission shall be computed at interest rate 3.25% above libour .
Audi Bank (1)	USD	35 000 000	32 218 900	32 218 900	--	54 670 000	27 335 000	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.
Audi Bank (2)	USD	10 000 000	--	--	--	11 029 399	47 794 068	The principal of the loan shall be settled over 16 equal quarter installments starting from24/5/2016 till 24/2/2020 , the interest and commission shall be computed and paid upon its due date.
			32 218 900	32 218 900	--	65 699 399	75 129 068	
			302 030 739	104 546 759	197 483 980	116 124 839	119 758 860	

21- HOUSING AND DEVELOPMENT BANK LOAN

	Note №	31/12/2016 L.E	31/12/2015 L.E
Balance of this item represents the remaining amount due to bank of housing and development against purchasing housing units for employees in 10th of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.		331 197	375 778
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(22)	(42 786)	(61 485)
		288 411	**314 293**

22- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note №	31/12/2016 L.E	31/12/2015 L.E
Long-term loan instalment	(20)	104 546 759	116 124 839
Housing and development bank loan	(21)	42 786	61 485
		104 589 545	**116 186 324**

23- DEFERRED TAX LIABILITIES

Deferred tax Assets and liabilities

	31/12/2016		31/12/2015	
	Assets L.E	(Liabilities) L.E	Assets L.E	(Liabilities) L.E
Temporary tax differences – O.W. (USA)	23 317 536	--	11 452 217	--
Fixed assets	--	(140 023 333)	--	(145 662 319)
Total deferred tax assets / (liabilities)	**23 317 536**	**(140 023 333)**	**11 452 217**	**(145 662 319)**
Net deferred tax (liabilities)		**(116 705 797)**		**(134 210 102)**

24- Provisions

	Balance as of 1/1/2016 L.E	Formed during The Year L.E	Used during The Year L.E	Balance as of 31/12/2016 L.E
Provisions for Contingent liabilities	**15 840 452**	54 723 549	(21 414 983)	**49 149 018**
	15 840 452	**54 723 549**	**(21 414 983)**	**49 149 018**

25- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 997 577 251 as of December 31,2016 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.

26- SUPPLIERS & NOTES PAYABLE

	31/12/2016	31/12/2015
	L.E	L.E
Suppliers	792 434 920	364 682 379
Notes Payable	79 573 443	88 239 954
	872 008 363	**452 922 333**

27- CREDITORS AND OTHER CREDIT ACCOUNTS

	31/12/2016	31/12/2015
	L.E	L.E
Accrued expenses	23 689 565	9 961 991
Tax authority	25 782 137	10 529 604
Social insurance authority	10 784 116	9 387 406
Trade receivable – advance payment	89 153 290	40 491 385
Creditors – purchases of fixed assets	3 353 091	3 855 444
Shareholders – credit accounts	5 697 016	7 173 391
Creditors – related parties	15 738 877	--
Deposits from others	40 108 700	41 086 210
Other credit accounts	37 803 841	18 557 762
	252 110 633	**141 043 193**

28- Basic earnings per share in the separate financial statements

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

	31/12/2016	31/12/2015
	L.E	L.E
Net profit for the year in the separate financial statements	659 112 790	248 036 522
Less:		
Employees share in distributions	30 000 000	25 000 000
Board members remuneration	2 000 000	2 000 000
	627 112 790	**221 036 522**
Average of shares number available during the year	450 000 000	450 000 000
Basic earnings per share in the separate financial statements	**1.39**	**0.49**

29- CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of December 31, 2016 amounted to L.E 27 213 328 Also Contingent liabilities from L.C'S in that date amounted to L.E 399 471 683.

30- CAPITAL COMMITMENTS

The capital commitments as of December 31, 2016 amounted to L.E 22 631 961 represents the value of new extension related to show Rooms and completion of construction in progress.

31- TAX POSITION

31-1 Corporate Tax

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

31-2 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.

31-3 Sales Tax

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

31-4 Stamp Duty Tax

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

32- FINANCIAL INSTRUMENTS AND RISK MANAGMENT

A- Credit Risk

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

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

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

	Note №	31/12/2016 L.E	31/12/2015 L.E
Trades & notes receivable	(12)	2 167 063 210	977 309 668
Debtors and other debit accounts	(13)	320 233 004	227 739 922
		2 487 296 214	**1 205 049 590**

B- Liquidity risk

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

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

C- Market risk

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

Exchange rate risk

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

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

Interest rate risk

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

D – Capital Management

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

33- SIGNIFICANT EVENTS

On November 3, 2016 Central Bank of Egypt has decided to liberate the exchange rates of foreign currencies against Egyptian pound, which is resulted in a remarkable increase in foreign currencies exchange rates against Egyptian pound.