THE WORLD OF ORIENTAL WEAVERS

Oriental Weavers

ANNUAL REPORT 2010

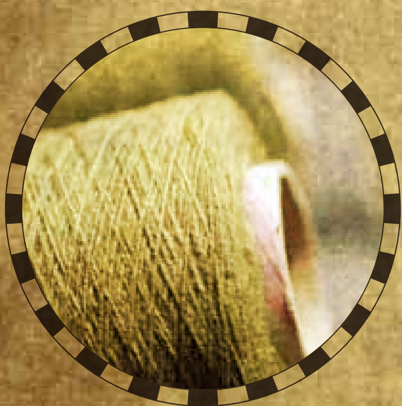
THE WORLD OF ORIENTAL WEAVERS

Vertical integration at a global level

Vertically integrated production facilities spanning three countries. 'Central Command' covers

+1.1 mn m² at 10th of Ramadan City, Egypt.

Secure supply chains and sources of raw materials in addition to extensive storage capacity equals controlled costs and flexible production capabilities.



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W E

S

Legend

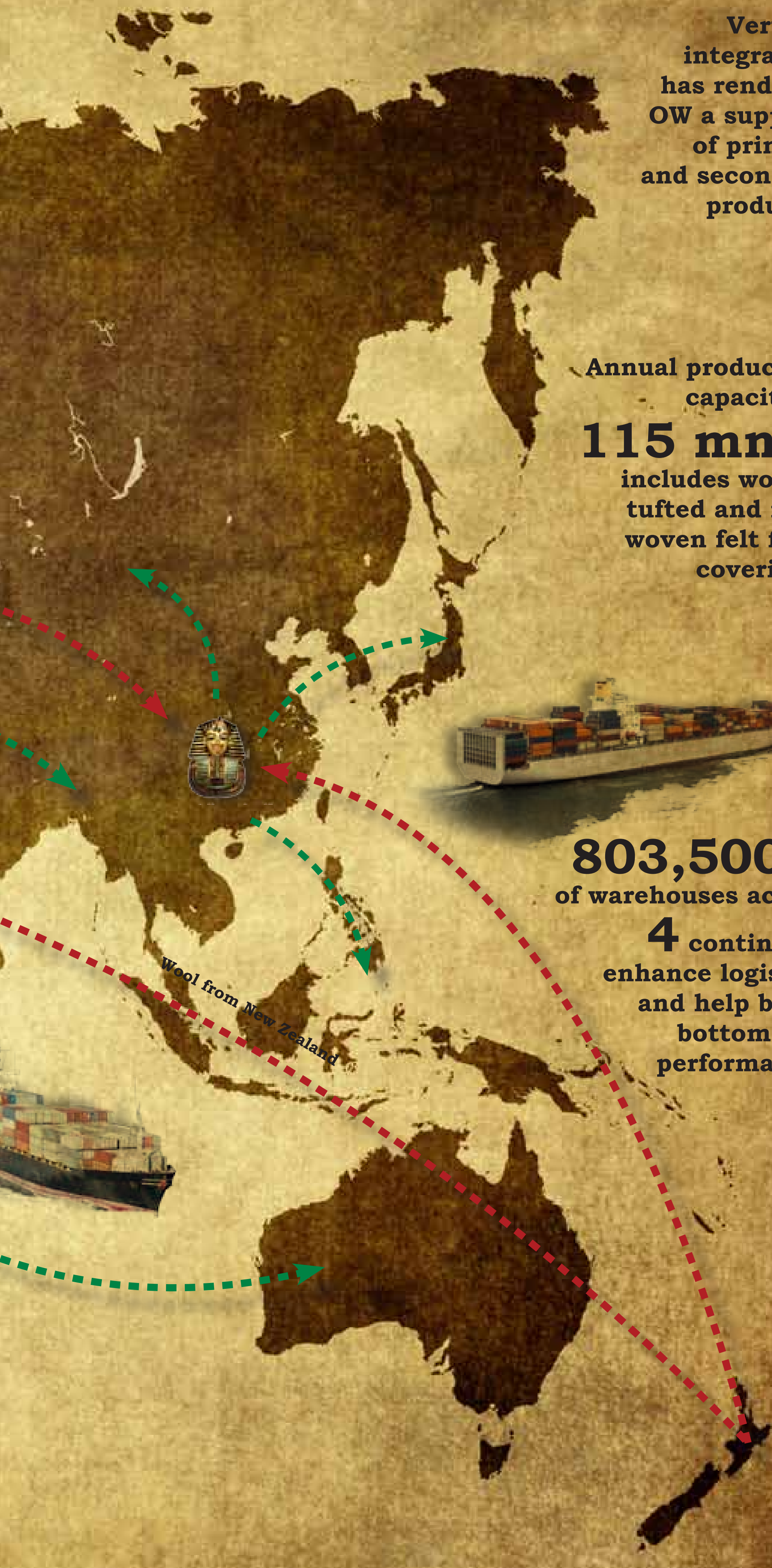
OW PRODUCTION & DISTRIBUTION

OW DISTRIBUTION

EXPORTS

SUPPLIES

Sales revenues are expended on R&D and design, ensuring that OW maintains its pioneering role in the flooring industry.



Vertical integration has rendered OW a supplier of primary and secondary products.

Annual production capacity of

115 mn m²

includes woven, tufted and non-woven felt floor coverings.

803,500 m²

of warehouses across **4** continents enhance logistics and help boost bottom line performance.

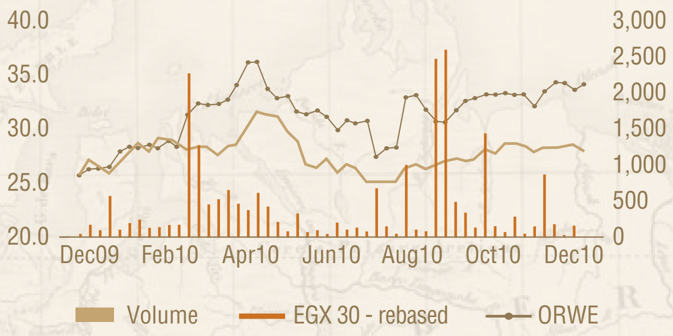
STOCK INFORMATION:

Oriental Weavers' issued and paid-in capital is currently EGP 450 million distributed over 90 million shares.

Oriental Weavers' stock is traded on the Egyptian Exchange.

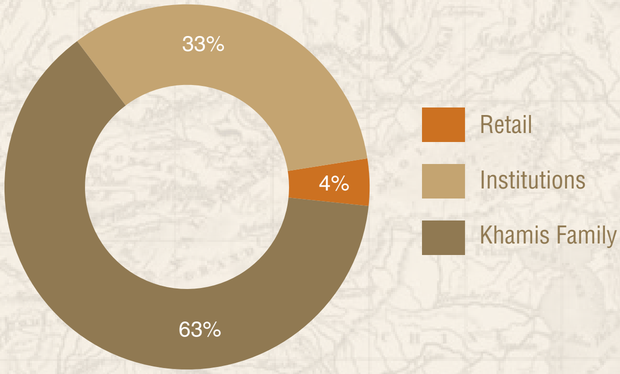
Reuters Code: ORWE.CA
Bloomberg Code: ORWE EY
Market Capitalization as of March 21, 2010:
EGP 2.928 billion

Share Price Performance and Price Relative to EGX30 Rebased



CAPITAL STRUCTURE

Khamis Family	63%
Institutions	33%
Retail	4%



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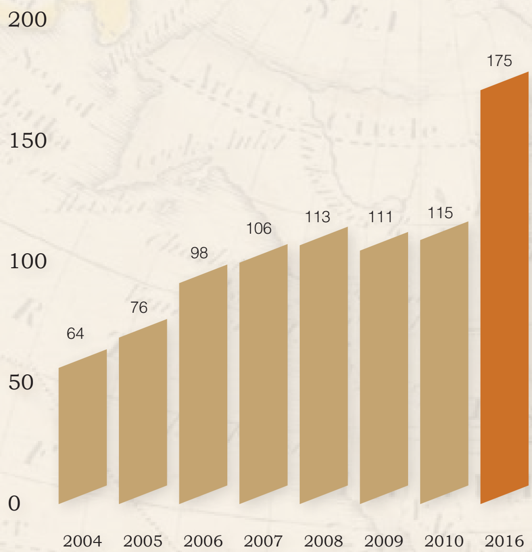
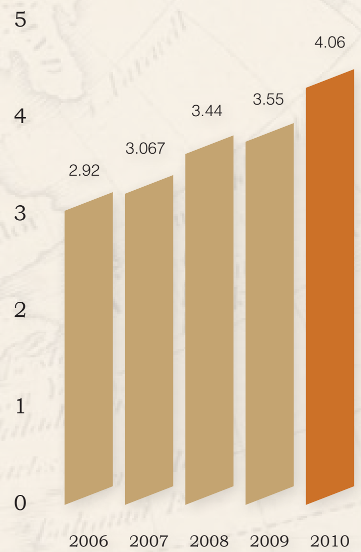
Highlights of 2010

Capacity Progression (million m2)

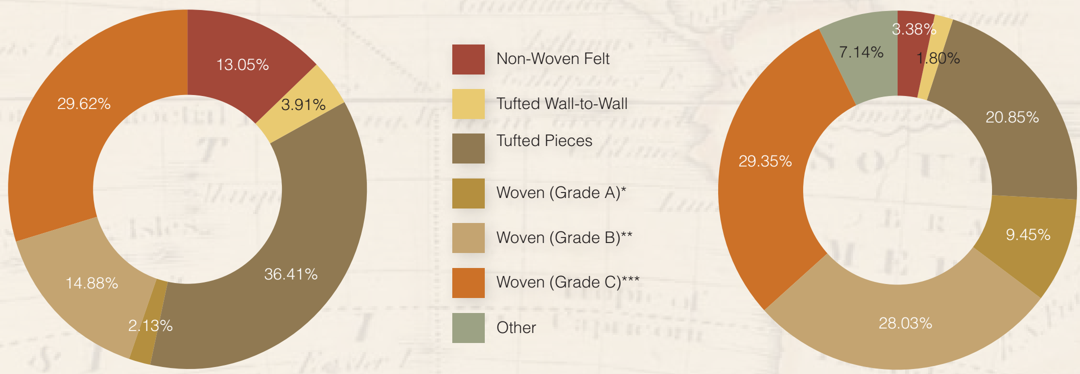


Revenue Progression (billion EGP)



Total Sales (Volume – m2) %

Total Sales (Value – EGP) %

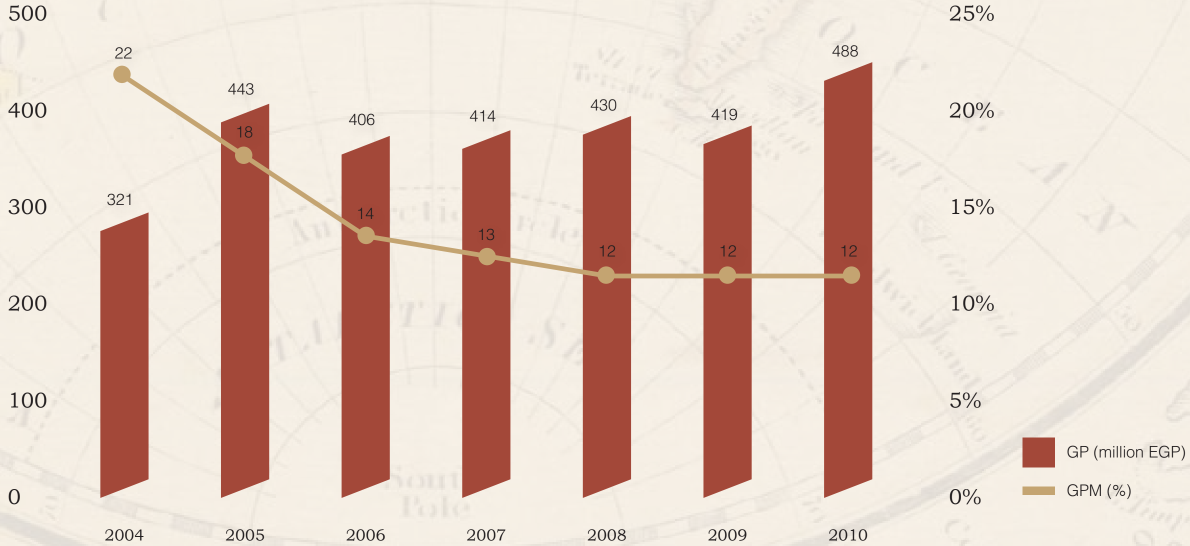


* Woven Grade A: Composition 100% Natural Fibers

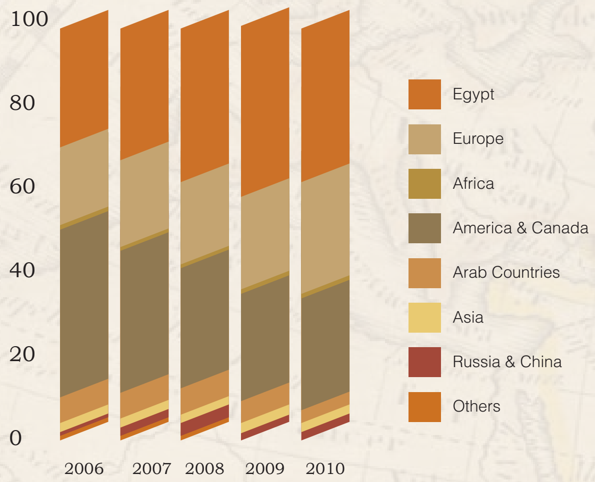
** Woven Grade B: Composition 50:50 Natural and Synthetic Fibers

*** Woven Grade C: Composition 100% Synthetic Fiber

Gross Profits and Gross Profit Margin

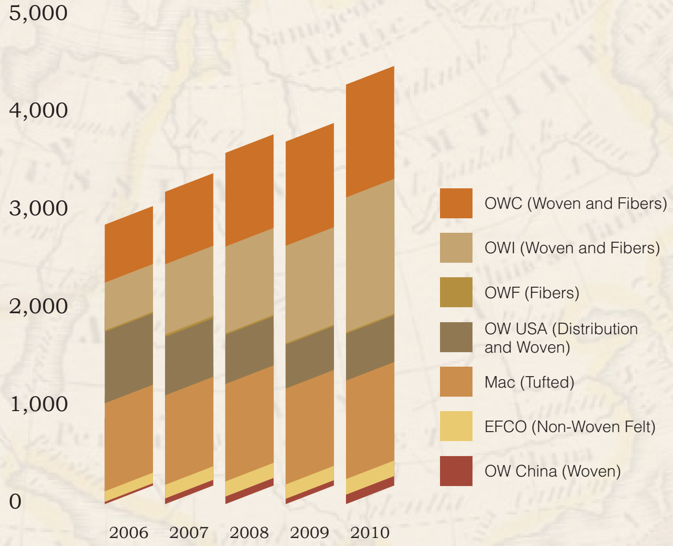


Contribution to Total Sales by Region (%)



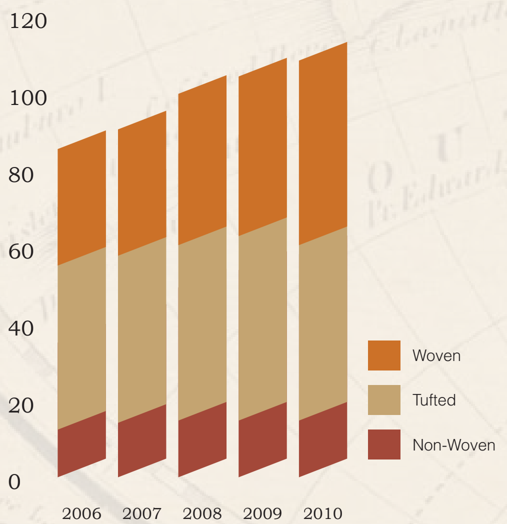
	2006	2007	2008	2009	2010
Egypt	32%	35%	40%	44%	40%
Europe	18%	20%	19%	22%	26%
Africa	1%	1%	1%	1%	1%
America & Canada	39%	33%	28%	25%	26%
Arab Countries	6%	6%	6%	5%	3%
Asia	2%	2%	2%	2%	2%
Russia & China	1%	2%	3%	2%	2%
Others	1%	1%	1%	0%	0%

Contribution to Total Sales by Subsidiary (million EGP)



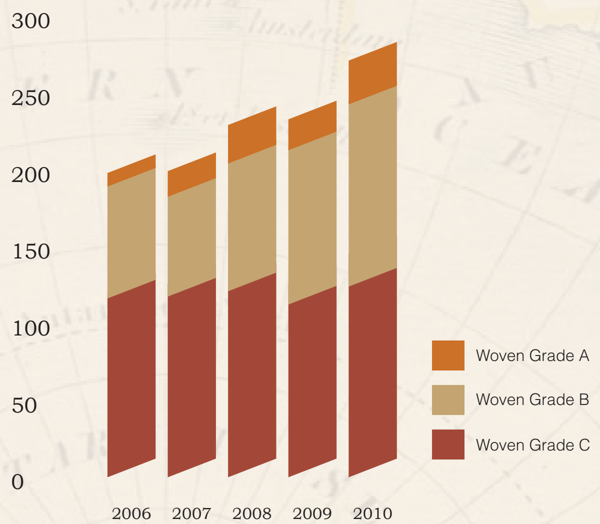
	2006	2007	2008	2009	2010
OWC (Woven and Fibers)	719.0	848.0	1,049.6	1,143.4	1,216.1
OWI (Woven and Fibers)	436.5	656.1	798.5	906.7	1,264.6
OWF (Fibers)	10.1	11.6	11.6	8.8	10.0
OW USA (Distribution and Woven)	668.8	551.3	465.3	412.8	438.7
Mac (Tufted)	816.1	834.3	904.1	893.5	919.3
EFCO (Non-Woven Felt)	105.7	123.1	144.5	135.4	139.6
OW China (Woven)	15.6	42.7	68.1	50.0	71.3

Sales Progression by Segment (million m2)



	2006	2007	2008	2009	2010
Woven	35.8	38.4	44.9	47.2	53.6
Tufted	43.2	43.9	46.2	48.7	46.4
Non-Woven	12.7	14.5	15.1	14.9	15.0

Sales Progression by Grade (million EGP)



	2006	2007	2008	2009	2010
Woven Grade A	200.1	275.5	353.4	312.5	383.6
Woven Grade B	694.1	627.5	796.0	953.4	1,138.1
Woven Grade C	1,104.0	1,112.3	1,163.1	1,072.2	1,191.5

A Manufacturing and Export Champion

Global Raw Materials Sourcing

Raw fibers and other inputs — including polypropylene, wool, jute, cotton and nylon — are sourced globally and manufactured into intermediate products within Oriental Weavers' vertically integrated holding structure.

Polypropylene, which constituted 33% of input costs in 2010, is sourced internally through Oriental Petrochemicals Company (OPC), an 11%-owned partner of Oriental Weavers. Despite its minority stake in OPC, Oriental Weavers is a competitive bidder and also actively sources polypropylene inputs from regional suppliers, particularly from Saudi Arabia.

The lion's share of Oriental Weavers' non-dyed nylon fiber inputs, meanwhile, comes from France and Italy, the world's leading producers of high-end nylon. Oriental Weavers then processes and dyes nylon into carpet fibers at its Egyptian and international production centers.

In 2008, Oriental Weavers launched the first phase of its EGP 1.3 billion (USD 237 million) industrial complex by establishing a new fiber plant with an annual capacity of 40,000 tons. Operational since June 2011, the first phase allows Oriental Weavers to produce internally 100% of its polypropylene and nylon fiber needs.

Long-term relationships with producers and traders in Australia, New Zealand, Mongolia and Libya provide Oriental Weavers with quality and pricing balance for 6,000 tons of raw wool each year. With a range of suppliers and price points, Oriental Weavers wool sourcing supports the company's production across the full price and quality spectrum.

Oriental Weavers also sources the extra-long staple raw Egyptian cotton popular with luxury and up-market brands worldwide, at favorable terms from local producers. In 2010, 3,000 tons of cotton were spun and dyed at Oriental Weavers' production facilities in Egypt, the US and China.

Jute — the world's second most used natural fiber — is a key element of rug and carpet backing. Oriental Weavers imports 22,000 tons of jute annually directly from producers in Bangladesh, India and Pakistan. The Group's long-standing relationships with local traders and producers allows Oriental Weavers to secure steady access to the key fiber even as global demand for this eco-friendly material continues to rise.

Competitive Cost Production

Uncompromising vertical integration — which reaches increasingly to even such basic raw materials as gas supply — is a pillar of Oriental Weavers' global competitiveness. This commitment to internalized production means secure supply chains and more lenient financing terms that allow Oriental Weavers to extend Egypt's low-cost environment across the supply chain.

Comparative Global Weaving Costs

Cost Item	Egypt	Brazil	China	Turkey	India	Korea	Italy
Skilled Labor cost ($/hr)	1.05	3.61	1.03	9.10	1.44	8.46	25.40
Electricity ($/KHW)	.042	.090	.100	.110	.112	.062	.187
Water ($/m³)	.060	.760	.360	.440	.320	1.380	.670
Oil/ Gas ($ / kg/ ft³)/($ per ft³)	.100 (oil)	.650 (oil)	.600 (oil)	.790 (oil)	.650 (oil)	.540 (gas)	.720 (oil)
Building Costs ($/m²)	180	71	112	185	183	107	1343

Source: ITMF International Production Cost Comparison 2008

Manufacturing Efficiency

Vertical integration and control over the entire manufacturing process also increases production flexibility and the Group's ability to respond rapidly to advances and nuances in global market preferences.

Oriental Weavers produces on all price points and our manufacturing product mix can quickly respond to consumer spending cuts, a return to high-end preferences and varied consumer income levels around the world.

At Oriental Weavers' factories in Egypt, the US and China, production runs at 95% capacity 24 hours a day, 7 days a week, while the Group is pressing ahead with an EGP 1.3 billion (USD 237 million) integrated industrial complex that will increase capacity by 60%. The first phase of this project launched in June 2011, with total investments of EGP 400 million and increased capacity of 40,000 tons annually of fibers. The second and third phases are projected to launch in 2012 and 2014, respectively.

Our commitment to internalized production allows Oriental Weavers to extend Egypt's low cost environment across the supply chain as well as increase the company's production flexibility and ability to respond rapidly to advances and nuances in global market preferences.

Logistics Advantages

Oriental Weavers' base in Cairo constitutes a durable competitive advantage as Egypt enjoys a unique geostrategic location overlooking the Red and Mediterranean Seas while benefitting from convenient central time differences and trade agreements.

The Suez Canal, which serves approximately 10% of international trade flows and is free for Egyptian companies to use, is a particular advantage, as Egypt is home to approximately 20 general and specialized ports on the Mediterranean and Red Seas. The significant flow of international trade through the Suez Canal and other Egyptian ports encourages transshipment — shipment of goods or containers to an intermediate destination — and fosters a robust logistics services industry. The result is low-cost shipping and international expertise.

Egypt's national development strategy has looked to extend these natural advantages. The country joined the WTO (World Trade Organization) in 1999, signed the EU-Egypt Association Agreement, joined the Greater Arab Free Trade Agreement (GAFTA), introduced the Arab Mediterranean Free Trade Agreement (Agadir) and is part of the Common Market for East and Southern Africa (COMESA). The country has also partnered with a host of nations on bilateral trade agreements, including a free trade agreement with Turkey as well as an arrangement with the US that exempts rugs and carpets that meet certain requirements from customs duties.

The integrated facilities in 10th of Ramadan City encompass the extrusion of synthetic fibers, dyeing and spinning wool, as well as the weaving and finishing of final products.

Technological Innovation

Oriental Weavers believes that innovation is imperative to maintaining and expanding worldwide market leadership. After all, only 6% of Group costs are labor-based.

Oriental Weavers was the first rug manufacturer to devise an eight color loom — at a time when the industry standard was five colors — and was subsequently the first to manufacture with 10, 14, 36, 55 and 92 colors.

In 2002, Oriental Weavers introduced the world's first 2 million points-per-square-meter rug, considered an industry breakthrough at the time. The Group continues to be a pioneer and today has exclusive rights to 4 million points-per-square-meter technology.

The Group's portfolio of USA-based patents covers an array of raw material development procedures and technologies — most recently Oriental Weavers gained patent protection for a 100% acrylic rug with the look and feel of silk.

Design for Global Cultures

Oriental Weavers consistently develops new product lines to serve the particular tastes of a diverse global market. With approximately 70 full-time designers living in Egypt, the UK, China and the US, Oriental Weavers produces, on average, a unique, new product every two weeks.

The Group's Marketing, Sales and Design teams travel the world, touring each of our markets to experience the lifestyle, visit local shops and take note of popular design concepts. Oriental Weavers has also targeted critical niche segments by building partnerships with leading lifestyle and media companies including National Geographic, Andy Warhol and Disney.

History of the Jute Trade

For centuries, jute has been grown in the Indian subcontinent where the golden fiber, as it is often called, was used to make rope, sacks, paper and coarse hand-woven fabrics for matting and bedding.

English traders, notably the British East India Company, saw the potential of jute as a substitute for hemp and flax as early as 1793, but a breakthrough only came in 1833 when jute fiber was spun mechanically in Dundee, Scotland. The flax spinners in Dundee learned how to spin jute yarn by batching fibers with whale oil and water, and modifying power-driven flax machinery. Before long they were producing jute goods in substantial quantities.

Using jute for a variety of finished products, Dundee served as a gateway for jute products to Europe for almost half a century.

The rise of the jute industry in Dundee and elsewhere in Europe saw a corresponding increase in the export of raw jute from the Indian subcontinent. World production reached 1 million tons per annum by 1900. By independence in 1947, production had grown to over 1.5 million tons and jute was one of the sub-continent's leading exports.

By this period, Dundee's Jute Barons had largely moved operations to India and when they evacuated India at independence, they left behind the sector's industrial setup. Most of this industrial capacity was subsequently taken over by the Marwaris, an ethnic group from northwest India. The Marwaris, famous for successful business activities, expanded jute production across India and into Eastern Pakistan (an area now part of Bangladesh).

Still, as production grew and demand expanded, Marwari business leaders faced a challenge — their mills used raw jute from Eastern Pakistan, an area that was cut off from trade during the Indo-Pakistan War in 1965. With the loss of supply, Marwari entrepreneurs built India's domestic jute-growing industry. This historic initiative — an early nod to the importance of vertical integration — now makes India the largest producer of jute in the world.

Oriental Weavers Group

Oriental Weavers Group is a multinational floor coverings and related raw materials producer based in Cairo's 10th of Ramadan City, with additional production facilities in China and the United States.

The Oriental Weavers Group is the world's largest and fastest-growing rugs and mats producer — in 2010 the company produced 25% of the rugs and mats sold in the United States, and, despite broad market weakness, expanded sales to Europe growing its share of the European rugs market to 20%.

Through its majority-owned subsidiary Misr American Carpets (MAC), Oriental Weavers dominates the jet-printed and custom-made rugs and mats segment, claiming 35% of global market share.

Oriental Weavers exports more than 60% of its production to nearly 150 countries on six continents through a distribution network that includes offices in the United Kingdom, Egypt, the United Arab Emirates and the United States.

The company continues to invest in expanding its capacity and ability to service the growing global rugs and carpet market. In June 2011, Oriental Weavers launched the first phase of its EGP 1.3 billion (USD 237 million) industrial complex by establishing a new fiber plant with an annual capacity of 40,000 tons. The integrated industrial complex will increase capacity 60% by 2016.

Oriental Weavers has diversified in recent years beyond its core leadership in machine-woven, tufted and needle-punched rugs, mats and carpets. This diversification has seen the Group introduce high-margin business lines such as Gobelin tapestries, upholstery and

In 2010 the Group produced 25% of the rugs and mats sold in the United States.

floor coverings and Axminster carpets targeting the hospitality and luxury residential and commercial markets.

This diversified product mix has not only expanded the Group's interests in growing textile sectors, but has also lessened its exposure to petroleum-related market risks. In recent years, Oriental Weavers' operations have also grown to include the highest quality handmade rugs, made in partnership with craftsmen in China and India, markets long renowned for expertise in hand-woven rugs.

In addition to these final products, Oriental Weavers' vertically integrated operating structure includes production across the rugs, mats and carpets value chain. Oriental Weavers subsidiaries' extract, spin and dye the fibers and yarns that are primary components of the carpets that the Group distributes across the global market. They also produce, from granule to fiber, some 80-90% of the polypropylene and polyester fibers that compose approximately one-third of the raw material components across Oriental Weavers' product lines.

Petroleum-related expenses account for approximately 55% of Oriental Weavers' cost structure. Oriental Petrochemicals Company (OPC), a minority-owned strategic partner of Oriental Weavers, has long produced polypropylene for the local market; however, the propylene used to make the polypropylene was until recently all imported. In 2006 Orientals Holding raised USD 600 million with a host of global partners with an eye to internalize the Group's petrochemical supply — primarily through a new venture OPC is undertaking in conjunction with the Egyptian Petrochemicals Company to produce both propylene and polypropylene. This new venture is the final step in making the Oriental Weavers Group 100% vertically integrated.

Port Said

Port Said was founded on the barren land separating Lake Al-Manzilah from the Mediterranean Sea in 1859. Adding dredged materials to the sandy strip, the breakwaters were finished in 1868, one year before the opening of the Suez Canal.

By the end of the 19th century, Port Said had become the largest coal-bunkering station in the world, and by the beginning of the 20th century, operations at the port had expanded to the extent that a new quarter had to be created on the eastern shore to house workers. When the railway was connected in 1904, it became the second biggest port in Egypt, second only to Alexandria. It has been a tax-free industrial zone since 1975.

During the Suez Crisis, and again during the wars of 1967 and 1973, the port and surrounding city were severely damaged and had to be almost entirely rebuilt from the ground up. Today, Port Said is home to 400,000 people and is a popular summer resort destination with a beach lined with vacation bungalows. The port, meanwhile, now has capacity to handle 12.2 million tons of cargo annually, including 4.9 million tons of general cargo, 2.5 million tons of dry bulk, and 4.7 million tons of containerized cargo in 800,000 TEUs. The port contains a total warehouse area of 90,000 m^2 combined with a total container yard area of 435,000 m^2, while it also has the capacity to handle 300,000 passengers a year.

As the largest port along the Suez Canal and the home of that strategic waterway's administrative infrastructure, Port Said remains one of the world's most critical port locations.

Interestingly, the United States' famous Statue of Liberty was originally meant for Port Said. Designer Frédéric Auguste Bartholdi, influenced by the massive statues at Abu Simbel, envisioned an enormous lighthouse in Port Said built to resemble a robed Egyptian female peasant holding a torch, to represent 'Egypt Carrying the Light of Asia.' The Khedive Ismail, however, declined, declaring that such a lighthouse would be too expensive, so the Light of Asia was re-designed and presented to the people of France the United States by the people of France to commemorate their country's 100th anniversary.

Chairman's Letter

Mohamed Farid Khamis
Chairman and Founder

Dear Shareholders,

In 2010, Oriental Weavers' focus on producing the highest quality rugs, carpets and mats at the most competitive cost — and our fully global distribution network — have supported worldwide sales growth that continues to consistently outpace broader industry expansion. Simply put, our world is getting larger.

Having committed to an international orientation from its start more than 30 years ago, Oriental Weavers leveraged its competitive cost base, efficient supply chain and production operations, and its trusted distribution network and worldwide partnerships to gain global market share over the course of the year. As many global competitors struggled to regain momentum in 2010, Oriental Weavers saw its exports expand as the Group captured new market share in North America and Europe while meeting rising demand in emerging markets including China, Russia, Africa and the rest of Asia. Export revenue in 2010 grew 23% over 2009 figures, was 18% higher than reported in 2008 and, most significantly, represented a 22% increase over 2007, the industry's most active year in recent history.

We achieved this growth in worldwide sales of rugs, carpets and mats in a year marked by recovering, though still soft, demand. Our strong performance in the challenging economic climate of 2009 demonstrated the resilience of Oriental Weavers' business model, underpinned by our commitment to a diverse product mix, highly flexible and responsive production capacity, low cost structure, and a fully integrated supply chain. In 2010, we sustained this momentum.

In developed markets, floor covering sales remained soft as a tentative recovery in consumer confidence and a deflated housing market postponed remodeling projects, business spending and new construction. Cost leadership allowed Oriental Weavers to expand market share in many developed markets, especially in Europe, where sales grew 35% in 2010, to just over EGP 1 billion, compared to the year prior. In the United States and Canada, Oriental Weavers rugs, carpets and mats were similarly sought after — sales to North American customers in 2010 were 19% higher during the year, also reaching slightly more than EGP 1 billion.

Oriental Weavers also saw significant rising sales in emerging markets. In Russia and China our sales rose by 49%, totaling EGP 80 million, while African sales reached EGP 44 billion, an improvement of 47%. Across the rest of Asia, Oriental Weavers' revenues were 21% higher. In Arab markets, dented by a slower housing economy, sales declined 24% to EGP 135 million, while local sales rose by 4% to reach EGP 1.6 billion.

It is a testament to the truly global nature of the Oriental Weavers business model that despite the challenges our home markets faced, our worldwide revenue rose 14% to EGP 4.06 billion in 2010 compared to 2009.

Gross profit in 2010 rose 16% over 2009 reaching EGP 488 million during the year as profit margins remained flat on rising revenues. After first capitalizing on our comparative cost base and efficient supply chain and production network to gain global market share earlier in the year, Oriental Weavers placed a particular effort on growing margins in the final three months of 2010 as the world flooring market gained strength towards year-end. Profit margins reached 13% on improved export pricing in the fourth quarter, 2 percentage points over 11% in the same quarter of 2009.

We believe that Oriental Weavers' unparalleled price and production flexibility allows sustained growth in a cyclical industry. Whether facing the robust markets of 2007, the sharpest economic downturn in living memory in 2008 or the slow recovery of 2009 and 2010, Oriental Weavers has consistently reported double digit sales growth as the company continues to build its global footprint.

Adjusted EBITDA rose 2% year-on-year to reach EGP 691 million, while EBT rose 1.5% year-on-year in 2010 to EGP 403 million. Oriental Weavers' EBT margin reached 10% during 2010, notably higher than peers based in Western markets, which averaged around 3%, as favorable tax structure supports other economic advantages.

Importantly, the flooring industry, along with much of the production sector, is facing upward pressure regarding the cost of raw materials, which rose by 20% in 2010 compared to the previous year, faster than our 14% growth in sales. Polypropylene costs contributed the most to rising raw materials expenses as average prices in 2010 were 38% higher than those of 2009. Overall operating costs, meanwhile, were in line with revenue gains on both a quarterly and annual basis.

The rapidly rising costs of raw materials threaten to constrain the results of manufacturers globally and across industries in the months ahead. Oriental Weavers has long remained committed to comprehensive vertical integration to ensure its insulation from such commodity price escalations and its protection from the risk of supply shocks. We are confident that moving forward this long standing commitment to internalizing production costs and securing our supply networks will allow us to reap the maximum benefit from future upswings in global economic growth.

Oriental Weavers again achieved notable sales marks at the DOMOTEX Hannover in January 2011, one of the most significant annual global floor covering trade fairs. Sales matched those recorded at the 2010 edition, signaling another year of solid performance and continued protection of our global market share. This is particularly significant in light of the fact that our export woven segment recorded 44% year-on-year growth in 2010 as compared with an industry average of 3-4% in this very mature segment. This year's DOMOTEX saw Oriental Weavers secure an 8-12 week backlog of orders.

While global sales at DOMOTEX remained on pace with 2010 sales, much remains to be seen regarding the strength of global growth and home construction and remodeling for the remainder of 2011. As price pressures in raw materials continue to squeeze margins, Oriental Weavers will consider sharing the burden of these pressures should they remain elevated, and will actively pursue a product mix that reduces exposure to inputs that exhibit more rapid inflation. We note in this respect that current oil prices will not only impact Oriental Weavers, but all other global manufacturers. Our strategy is generally to be the last to implement price rises and to raise prices as little as possible.

In 2011, Oriental Weavers will finalize the first phase of its EGP 1.3 billion industrial complex by establishing a new EGP 400 million fiber plant with an annual capacity of 400,000 tons, or production worth approximately EGP 580 million. The integrated industrial complex will increase capacity 60% by 2016. In the short term, the expansion of fiber production will continue to insulate Oriental Weavers from global raw materials price pressures and is expected to boost margins by the final quarter of 2011 by up to 2-3%.

The Oriental Weavers Group

30 million m²
2010 Production Capacity
EGP 1.21 bn
2010 Sales Value
6%
2009-2010 Sales Growth
30%
Contribution to Group Sales

Oriental Weavers Carpet Company

Oriental Weavers Carpet Company was founded in 1980 by industrialist and entrepreneur Mohammed Farid Khamis and today is the holding company for a fully vertically integrated producer of rugs, mats and carpets. As a manufacturer, Oriental Weavers produces three grades (A, B and C) of machine woven carpets and rugs for the Egyptian market, with annual capacity for the group presently reaching 115 million m².

Oriental Weavers has been traded on the Egyptian Exchange since 1997 and today its shares represent the consolidated earnings of the company's holding companies.

45 million m²
2010 Production Capacity
EGP 1.26 billion
2010 Sales Value
39%
2009-2010 Sales Growth
31%
Contribution to Total Group Sales

Oriental Weavers International

Oriental Weavers International (OWI) was established in 1999 as an export-oriented free trade zone company in 10th of Ramadan City. The company's vertically integrated facilities encompass the scope of extrusion of synthetic fibers, dyeing and spinning wool as well as the weaving and finishing of products. The majority of the Group's diversified products related to home textiles are produced within this facility (carpets, rugs, Axminster, Gobelin, gun-tuft and fibers). The total annual capacity of the plant reached 45 million m² in 2010 and targets mainly export markets. OWI increased its total sales by 39% to over EGP 1.3 billion, two-thirds of which constituted exports to OWI's main export markets including North America, Europe, and the Middle East, while the company also delivers to more than 60 countries worldwide. Specifically, OWI fully owns OW China with an eye on developing its market share in the emerging Asian market.

EGP 439 million
2010 Sales Value
6.2%
2009-2010 Sales Growth
6%
2009-2010 Sales Growth
11%
Contribution to Total Group Sales

Oriental Weavers USA

Oriental Weavers USA consists of Oriental Weavers of America, which manufactures in the company's plant in Dalton, Georgia, and Oriental Weavers USA (Sphinx), a marketing and distribution company which imports products from the company's Egyptian plants. The two were recently merged into a single entity named Oriental Weavers USA, Inc. Oriental Weavers of America sells primarily to mass merchants and big-box retailers such as Wal-Mart and Lowes, while Oriental Weavers USA focuses on independent retailers, furniture retailers, catalogues and department stores such as Macy's and JC Penny. Additionally, Oriental Weavers USA markets signature rug collections under license from Andy Warhol, National Geographic and Woolrich. In recent years the company has been awarded America's Most Magnificent Rug award.

4.5 million m²
2010 Production Capacity
EGP 71.3 million
2010 Sales Value
43%
2009-2010 Sales Growth
2%
Contribution to Total Group Sales

Oriental Weavers (Tianjin) Company Ltd. (Oriental Weavers China)

Oriental Weavers China was established in 2006 in anticipation of China's growing importance in the global economic scene. OW China occupies 170,000 m² in the Tianjin industrial zone, 80 km south of Beijing. The producer is a vertically integrated facility with fiber extrusion capacities as well as rug and carpet manufacturing facilities. As domestic demand continues to drive the growth of China's economy, Oriental Weavers intends to capitalize on the rise of the country's large middle class by leveraging relationships with global retail customers such as IKEA and Wal-Mart, which have seen notable growth in China in recent years. OW China's total annual capacity reached 4.5 million m² and sales reached EGP 71 million in 2010, up from just under EGP 50 million in 2009.

The company's market-driven expansion strategy includes sizeable investment outlays to accommodate future production growth, including additional looms to accommodate further increases in demand. OW China's production is intended to supply both the local Chinese market as well as neighboring export markets.

MAC Carpets

MAC Carpets is Oriental Weavers' foothold in the wall-to-wall tufted carpeting segment, a key division that further diversifies the Group's product mix beyond the rugs and mats categories. MAC operates out of four sites in Egypt including three production plants and an electricity facility, all in 10th of Ramadan City.

Since its establishment in 1980, MAC's output has risen sharply to more than 46 million m² of carpeting worth over EGP 919 million in 2010, up from a capacity of 18 million m² in 2002. Today MAC represents roughly 23% of total group sales. A leading Egyptian exporter, MAC's products are delivered to more than 107 countries, supplying some of the world's largest retailers such as Wal-Mart and IKEA. The company reportedly supplied around 35% of the world's jet-printed mats and rugs in 2010.

In addition to wall-to-wall carpeting, MAC's diversified product offerings include, door and kitchen rugs, rubber backed bathroom mats, multilevel textured mats for outdoor applications, car mats, children's rugs and mats, scatter rugs and club rugs. MAC also manufactures three-dimensional advertising floor panels, runners and artificial turf for indoor and outdoor applications.

46.3 million m²
2010 Production Capacity

EGP 919 million
2010 Sales Value

3%
2009-2010 Sales Growth

23%
Contribution to Total Group Sales

Egyptian Fibers Company

Egyptian Fibers Company (EFCO) is the Group's polypropylene business and engages in the manufacture of polypropylene fibers and polyester threads. It also manufactures and exports different types of non-woven plastic rugs and carpets and other related polypropylene and plastic products. EFCO has a 69% interest in Modern EFCO Fibers Company, which produces polypropylene, polyester and silk products, as well as non-woven carpets.

15 million m²
2010 Production Capacity

EGP 137 million
2010 Sales Value

3%
2009-2010 Sales Growth

3%
Contribution to Total Group Sales





Our Brands

OW Hospitality

OW Hospitality, a division catering to the hospitality and entertainment industry, produces woven Axminster carpets: durable, flexible and high quality products. Using 80% wool and 20% nylon, Axminster carpets offer an optimum blend for performance, luxury and comfort. Due to the unique characteristics of the wool, it can also be dyed to very light or vibrant shades, ensuring that it can be woven into both classic and contemporary designs. OW Hospitality benefits from a close relationship with its machine manufacturers, allowing the company to produce unique products such as the 19 mm pile height rugs popular with the royal families of Jordan, Saudi Arabia and the UAE.

Among the company's numerous clients in the hospitality sector are Hyatt, Kempinski, Sheraton, InterContinental and the MGM Group, while our UK subsidiary, Cambridge Weavers, is also one of the Four Seasons' preferred suppliers. Cambridge Weavers has an established market in the US and Europe with offices in London, Dalton and Las Vegas, and maintains direct access to Asia through its Dubai office. While the casino industry has traditionally generated significant demand for luxury carpeting, the fastest growing markets for Cambridge are now Asia and Africa, where the company has worked with high profile clients such as the King of Swaziland, the Rotana Hotel in Khartoum, the Ritz Carlton in Madagascar as well as the Sofitel in Morocco.

La Boutique

La Boutique is a newly established division of Oriental Weavers catering to higher-end and top-niche markets. It is developed around the simple concept of customer involvement and allows customers to commission custom rugs and carpets by matching a swatch of fabric or sketch, which are then transformed into an exquisite rug or carpet.

OW Life Style

OW Life Style is the Group's line of contemporary rugs that includes a large variety of shag carpeting in various textures, styles and colors. Designed around today's life style, the company offers only the finest materials combined with the highest production standards. The OW Life Style name has come to be synonymous with quality and value, bringing a unique and truly distinguishable touch to any decor. Like La Boutique and OW Classics, Life Style provides a brand outlet for Oriental Weavers to market products with specific themes, in this case the ultra modern and abstract. The company sells its increasingly popular products locally through its own retail outlets and also exports to countries around the globe.

Our brands cater to a wide spectrum of customers ranging from big box retailers to five star hotels.

The Silk Road

The Silk Road was a network of trade routes connecting the countries of East Asia with the Middle East and the Mediterranean. Coined by the German geographer and scientist Ferdinand von Richthofen, the network derived its name from the Chinese silk trade which first emerged during the Han dynasty between 206 BC and 220 AD.

For more than 2,000 years, the Silk Road was a vital route for merchants, pilgrims, soldiers and missionaries traveling between China, India, Persia, North Africa and Europe. Silk, of course, was by no means the only item traded: China exported silk, spices, teas, and porcelain, while India's exports included ivory, textiles, precious stones and pepper — all travelling across the Silk Road's network of overland and maritime routes. In exchange, China and India received goods such as dates, saffron and pistachios from Persia, cedar wood from the Levant, glass bottles from Egypt, and frankincense and myrrh from Somalia.

A part of the ancient Silk Road still exists today as the main paved road linking China and Pakistan, known as the Karakoram Highway.

Our Industry

Rugs, Carpets and Flooring Industry

Global demand for flooring and carpets is largely driven by building construction activity, which accounts for up to 90% of total product sales according to Freedonia, a leading international industry research and database company. Refurbishment and replacement, included in this measure, accounts for over half of demand.

That activity, in turn, is linked to a number of economic and demographic factors. Spending on residential building construction is driven by population growth and general economic conditions, especially such factors as real interest rates, employment trends, personal income and consumption trends. Nonresidential building construction spending depends on the general business cycle, interest rates and the effects of previous years' building activity on the supply of structures.

The transportation sector also influences flooring and carpet demand. Consumer and business confidence levels and general economic conditions are the primary factors affecting transportation equipment markets.

Other variables influencing floor covering demand include product prices, raw material costs, cultural factors, regulatory and incentive structures and technological innovations. Consumer preferences, in particular, play an important role in many residential and commercial markets. Each of these factors vary, often substantially, on a national and regional basis, and considering such variance is critical to analyzing global floor covering demand.

Carpet and Flooring Outlook

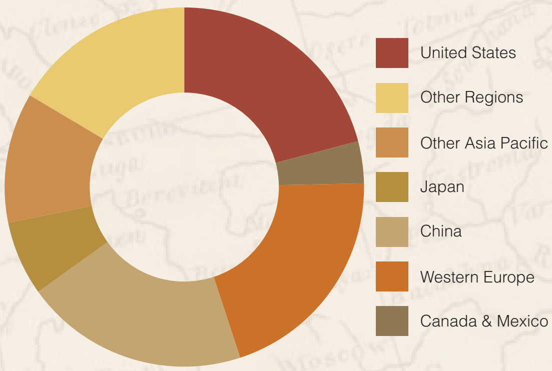
Freedonia projects that world demand for flooring and carpets will climb 4% annually through 2012 to 15.2 billion m^2, valued at US$ 178 billion.

Product demand will be supported by continued growth in nonresidential building construction as industrialization efforts continue in less developed parts of the world. China is forecast to achieve the largest gains of any country, extending its position as the world's largest floor covering market. The country is expected to account for 43% of worldwide demand growth between 2007 and 2012, according to Freedonia.

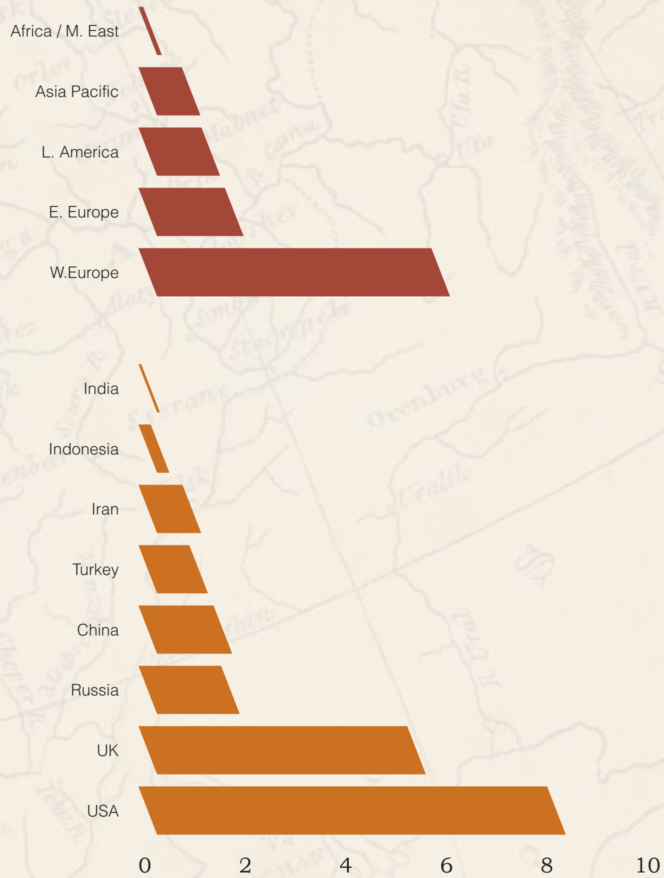
India is also expected to witness robust sales growth, a trend shared across many of today's lower-volume markets in the developing world.

Flooring and carpet demand in the developed world are anticipated to rise also, though at a slower pace. In the US, flooring and carpet sales will be spurred by an expected rebound in residential and nonresidential construction and motor vehicle production rebound from the recent recession. Demand growth in both Western Europe and Japan is expected to decline slightly from their already moderate growth between 2002 and 2010. Market gains in these areas will be constrained by moderate economic growth and general market maturity.

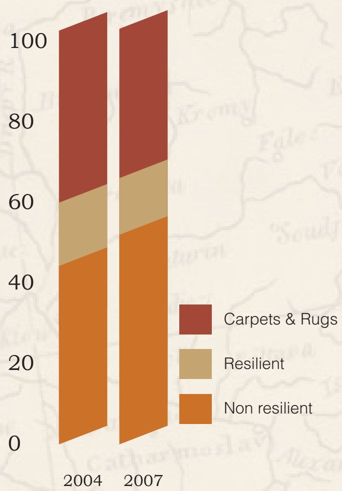
Geographical Breakdown Of Flooring Demand (2007)



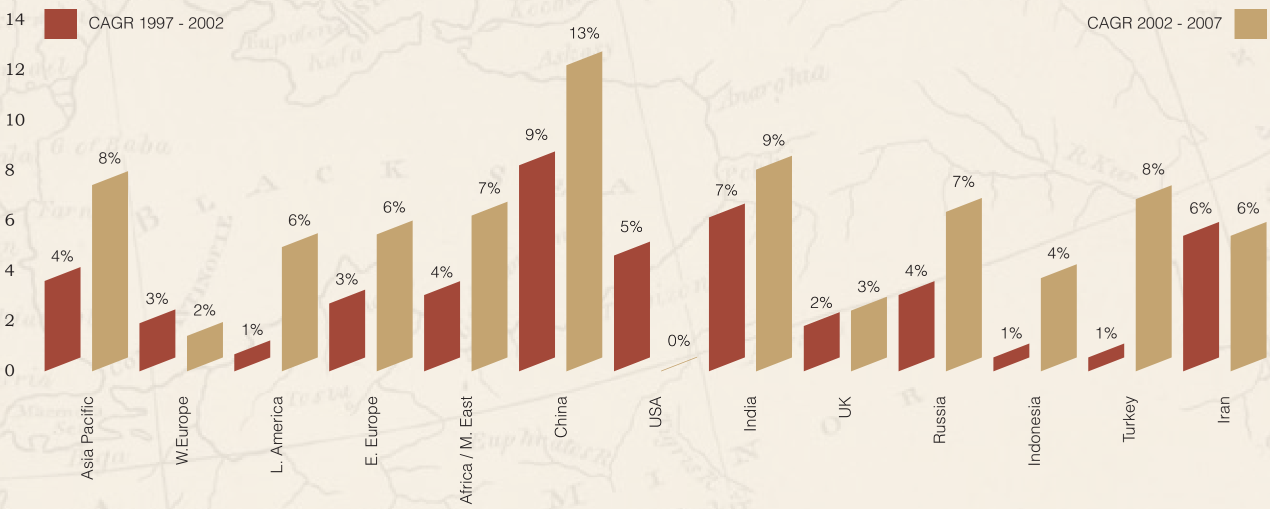
Flooring Per Capita Demand (2007) (m2)



Flooring Demand By Type (2007)



Growth In Flooring Demand By Location



Source of all tables and statistics: Freedonia

Our Environment and Our People

Throughout Oriental Weavers' 30-year history, the company has implemented best practices across all of its lines of business and at all levels of activity from the boardroom to the factories and sales floors.

Oriental Weavers has always believed that a successful business must respect the environment and communities in which it operates, and thus since the very beginning, management has set and maintained the highest standards of ethics and sustainable operations.

The Group's policies include a commitment to an effective environmentally friendly management system that ensures the company's compliance with international and domestic performance standards. Oriental Weavers maintains ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System) certifications.

Extending its policy of respect for the community, Oriental Weavers believes that its position as a lowest-cost producer does not preclude responsible employment practices. At its Egyptian operations, for instance, the Group provides a number of benefits to the entire workforce including subsidized housing and free medical care for employees and their families at a clinic established by Oriental Weavers Founder and Chairman Mohamed Farid Khamis in 10th of Ramadan City.

The Group has set and adheres to stringent rules against using child labor, and Oriental Weavers makes it clear to all of its suppliers and affiliates that the Group will not conduct any business with entities that violate these standards.

Sustainability Initiatives

Beyond the workforce, the Group also considers itself an active member of Egyptian society and strives to contribute to development, public welfare, and education initiatives. Oriental Weavers has, for instance, supported the construction and renovation of over 100 schools in some of the country's more remote locations and has also supplied advanced medical equipment to several public hospitals.

In addition to improving the conditions of public facilities such as schools and hospitals, Oriental Weavers also helps finance infrastructure renovations for villages lacking proper power and electricity, and participates in disaster relief activities, such as for the victims of the tragic 2008 al-Dewaiqa rock slides in the Muqattam hills east of Cairo.

Oriental Weavers also leads a number of initiatives to improve the plight of orphans in Egypt. In addition to building a number of much-needed orphanages, the Group has made it a yearly tradition to support the Dar El-Orman orphanage in their annual "Orphan's Day" which aims to galvanize further support for orphans.

Cambridge Weavers: An Industry Model for Green Carpets

Cambridge Weavers produces high quality Axminster carpets that are both exceptionally durable and environmentally responsible. Cambridge is constantly improving its production processes to minimize the adverse impact of water, air, noise, and solid waste pollution while staff reports regularly on a range of parameters to Britain's National Environmental Affairs Agency in order to maintain the company's license to operate its facilities.

The engineers at Cambridge continue to innovate methods of recycling and re-engineering waste from the manufacturing processes to significantly reduce the company's environmental footprint. These technological advancements are very important to maintaining an environmentally friendly product mix, and Cambridge Weavers' carpeting lasts 300% longer than any other carpet constructions, further reducing waste to landfills. Additionally, carpets produced at Cambridge require less yarn and use less water in the dyeing process, while the environmental impact of the company's synthetic fiber manufactures is minimal considering all carpets are polyvinyl chloride (PVC), formaldehyde and 4-Phenylcyclohexene (4-PCH) free.

Oriental Weavers has not only maintained the highest standards of ethics and sustainability in its operations, but also sought to improve Egyptian society at large by participating in development, public welfare and education initiatives.

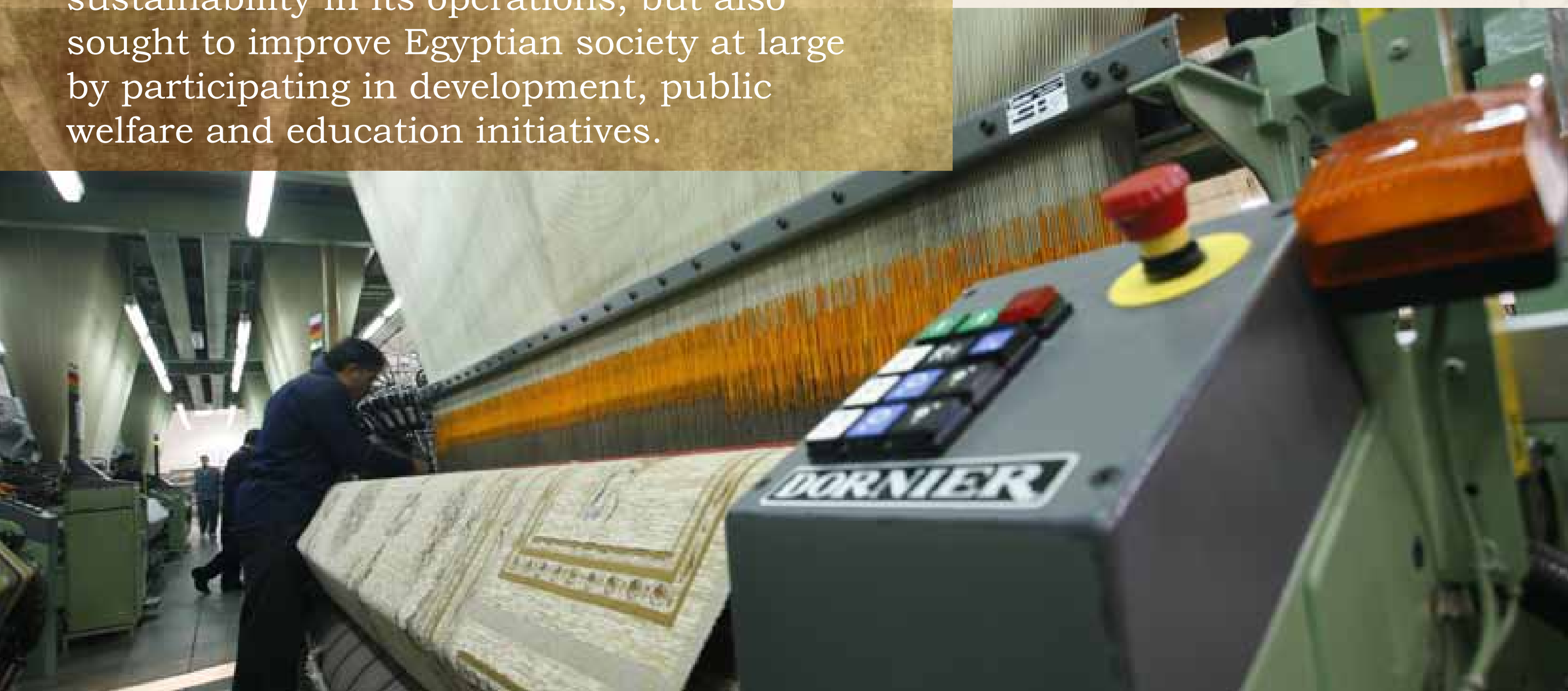
The New Silk Road

For over 2,000 years the Silk Road was the primary arena of trade between Asia and the Middle East. Through the caravans and shipping fleets that traversed intertwining land and sea routes, a long legacy of trade ties existed between the countries of the Mediterranean, Middle East and Asia.

Today, with trade between the two regions expanding at an annual rate of approximately 30% and investment rising rapidly, many analysts refer to a "New Silk Road." The modern trade route, however, is composed of busy ports connecting Shanghai, Hong Kong and Singapore to the Arabian Gulf and airports with direct flights from major urban centers including Cairo, Dubai and Riyadh to Asia's bustling cities.

Historically, the Silk Road often crossed the Sinai Peninsula and the region remains as a major focal point of Asian investment. For example, the Tianjin Economic-Technological Development Area (TEDA), one of China's biggest development agencies, is creating a manufacturing zone near the Suez Canal. The aim of the zone is to attract around 50 Chinese-owned factories to the area while creating a 10 to 1 employment ratio between Egyptian and Chinese workers, respectively.

Oriental Weavers continues to play a role in these revitalized South-South trade relationships, as the company's vertically integrated, 170,000-square-meter factory in Tianjin produces 4.5 million m2 of flooring products destined for China's quickly developing domestic market.



Board Of Directors

Mr. Mohamed Farid Fouad Khamis
Chairman and Founder

Mr. Salah Abdel Aziz Abdel Motalab
Chief Executive Officer

Mr. Mahmoud Fawzy Fouad Khamis
Non-Executive Board Member

Mrs. Yasmine Mohamed Farid Khamis
Executive Board Member; Vice President of Sales and Marketing

Mrs. Farida Mohamed Farid Khamis
Executive Board Member; Vice President of Corporate Finance

Mr. Mohamed Mahmoud Fawzy Khamis
Executive Board Member; Vice President of Local Sales

Mr. Amr Mahmoud Fawzy Khamis
Executive Board Member; Vice President of Manufacturing and Operations

Mr. Mahmoud Amin Saad
Executive Board Member; Director of International Operations

Mr. Mohamed Katary Abd Allah
Executive Board Member; Director of Financial Affairs

Mr. Mohamed Mohamed Shaban Farag
Executive Board Member; Director of Fibers Operations

Mr. Mahmoud Rada Abdel Baki
Executive Board Member; Director of Planning

Mr. Arfat Al Mahdy Alawa
Executive Board Member; Managing Director of Oriental Weavers Carpet Company

Mr. Kamal Ali Mahmoud Al Raei
Non-Executive Board Member; Managing Director of Oriental Weavers Fibers

Mr. Abdel Hamid Fayad
Executive Board Member; Financial Controller for Oriental Weavers Carpet Company

Misr Insurance Company (2 seats)
Non-Executive Board Member

Mr. Mohamed Mohamed Ali Amer
Non-Executive Board Member

Consolidated Financial Statements

For the financial year ended December 31, 2010

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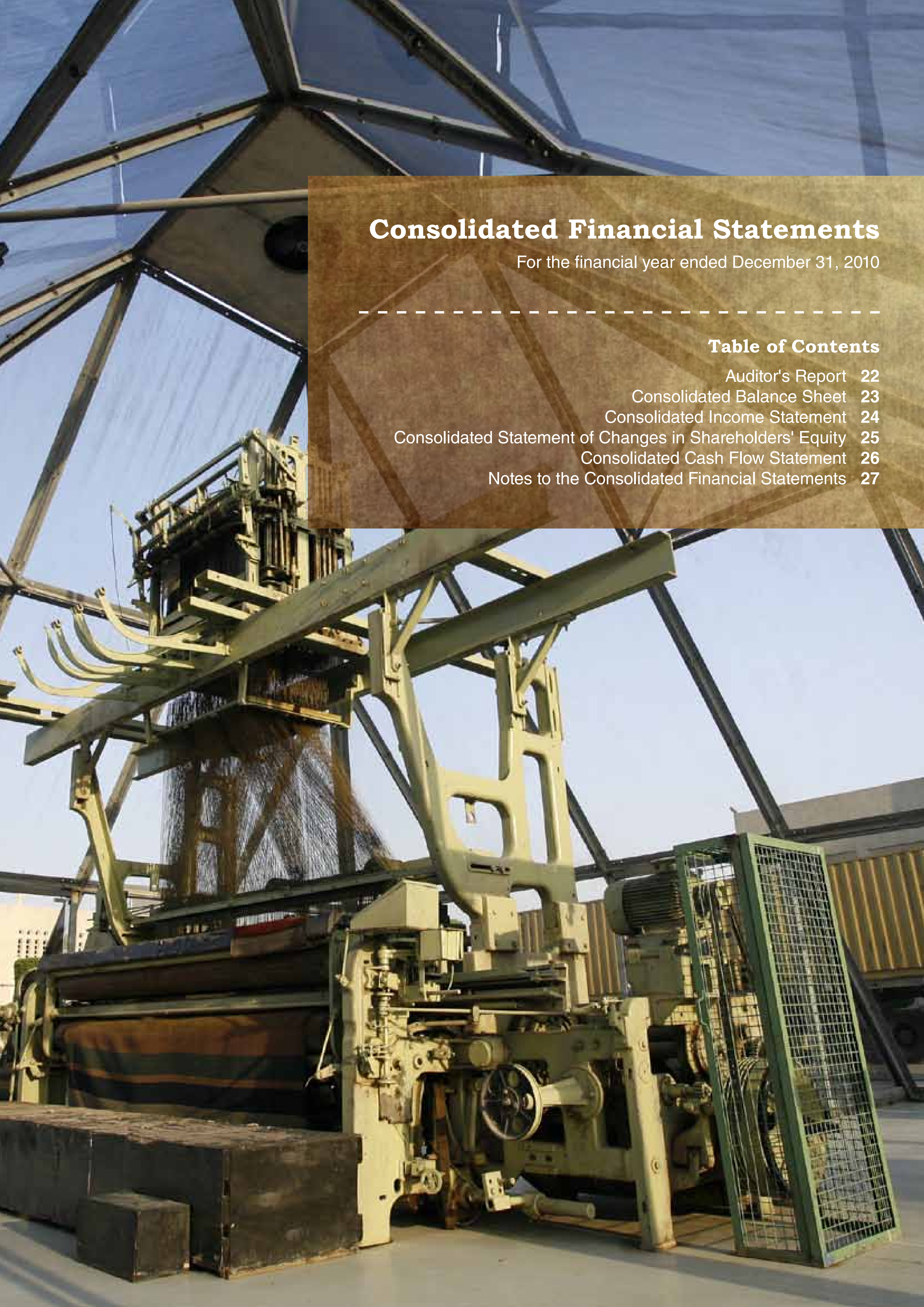

Auditor's Report

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 are comprised of the consolidated balance sheet as of December 31, 2010 and the income statement ,changes in stockholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of Oriental Weavers Company–United States of America and Oriental Weavers Company–China "Consolidated Subsidiaries," which statements reflect total assets and revenues for these companies constituting 8.85% and 12.28% respectively, of the related consolidated totals. The financial statements of Oriental Weavers Company–United States of America and Oriental Weavers Company–China "Consolidated Subsidiaries" were audited by other auditors who issued unqualified audit reports dated March 17, 2011 and January 22, 2011 respectively. Our opinion, insofar as it relates to amounts included for these two companies, is based on the reports of the other auditors.

Management responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the consolidated financial statements referred to above give a true and fair view of the consolidated financial position of Oriental Weavers Company For Carpets (S.A.E) as of December 31, 2010 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.

Without qualifying our opinion, we draw attention to Note No (31) to the financial statements. The company was unable to obtain the appropriate data, which could enable it to disclose the effect of the subsequent events on the value of the assets, liabilities and the results of operations in the foreseeable future, since these amounts and results may differ significantly when reliable indicators and signs become available, which enable the use of those indicators and signs in identifying the extent and the impact of the subsequent events on the carrying amount of the assets and liabilities included in the financial statements.

Cairo, March 20, 2011

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

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

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

Consolidated Balance Sheet for the Company and its Subsidiaries For the Financial Year Ended 31 December 2010

Translation from arabic

	Note No.	31/12/2010 LE	31/12/2009 LE
Long Term Assets			
Fixed assets(net)	(5)	1 618 219 287	1 608 600 860
Projects in progress	(6)	521 355 522	232 255 334
Investments in subsidiaries companies	(7)	39 997 000	--
Available for sale investments	(8)	82 805 501	70 531 751
Paid under purchase available for sale investments	(8)	19 901 250	--
Goodwill	(9)	696 835 970	696 835 970
Deferred tax assets	(24)	3 722 830	6 640 537
Total Long-term assets		**2 982 837 360**	**2 614 864 452**
Current Assets			
Inventory	(10)	1 588 525 910	1 430 172 744
Trades & notes receivable		805 653 189	707 562 287
Debitors and other debit accounts	(11)	149 653 090	103 787 588
Cash & Cash equivalent	(12)	531 048 585	337 299 473
Total current assets		**3 074 880 774**	**2 578 822 092**
Current Liabilities			
Provisions	(13)	77 462 650	67 565 778
Banks-Credit accounts	(14)	1 274 412 220	858 108 925
Long term liabilities-Current portions	(23)	264 184 502	211 153 426
Suppliers & notes payable		702 227 775	607 941 243
Dividends payable		2 027 716	3 339 249
Creditors & other credit accounts	(15)	157 600 152	146 025 608
Total Current liabilities		**2 477 915 015**	**1 894 134 229**
Working Capital		**596 965 759**	**684 687 863**
Total Investment to be Financed as follows:		**3 579 803 119**	**3 299 552 315**
Shareholder's equity			
Issued and paid up capital	(16)	450 000 000	373 033 555
Reserves	(17)	1 348 588 335	1 411 865 946
Unrealized gain from available for sales investment		451 625	451 625
Retained earnings		522 324 777	456 319 589
Net profit for the year		322 140 942	312 330 120
Exchange differences arising on translation of financial statements		144 348 965	64 551 105
Treasury stocks	(26)	(14 596 505)	(14 763 590)
Total equity attributable to equity holders of the parent		2 773 258 139	2 603 788 350
Minority interest	(18)	219 982 451	215 883 957
Share holder's equity		**2 993 240 590**	**2 819 672 307**
Long-term liabilities			
Long term loans	(19)	582 341 572	471 586 700
Deferred sales taxes installments	(20)	478 393	868 626
Housing and Development Bank loan	(21)	726 533	806 235
Creditors-Purchase of fixed assets	(22)	3 016 031	6 618 447
Total long term liabilities		**586 562 529**	**479 880 008**
Total shareholder's equity & long term liabilities		**3 579 803 119**	**3 299 552 315**

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

Salah Abdel Aziz Abdel Moteleb
CEO and Board Member

Mohamed Kattary Abdallah
CFO and Board Member

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

Consolidated Income Statement for the Company and its Subsidiaries For the Financial Year Ended 31 December 2010

Translation from arabic

	Note No.	31/12/2010 LE	31/12/2009 LE
Net sales		4 059 729 386	3 550 637 276
Less:			
Cost of sales		3 571 791 833	3 131 382 904
Gross profit		**487 937 553**	**419 254 372**
Less:			
Distribution expenses		33 342 813	23 211 692
General & Administrative expenses		74 188 059	78 224 300
Formed provisions & Impairment		11 236 693	2 202 000
		118 767 565	103 637 992
Net income from operation activities		**369 169 988**	**315 616 380**
Add / (Less):			
Investment income		3 502 500	--
Gain from sale of investments		2 037 395	--
Interest Income		12 860 217	9 723 432
Other revenues		110 888 437	160 775 910
Capital Gain		10 029 662	89 240
Financing expenses		(84 306 746)	(96 229 706)
Foreign exchange differences		(21 212 225)	6 945 615
		33 799 240	81 304 491
Net profit for the year before income tax		**402 969 228**	**396 920 871**
(Less) / Add :			
Current income tax		(41 284 514)	(43 093 154)
Deferred tax		257 168	(2 652 416)
Income tax for the year		**(41 027 346)**	**(45 745 570)**
Net profit for the year		**361 941 882**	**351 175 301**
Attributable to:			
Equity holders of the parent		322 140 942	312 330 120
Minority interest		39 800 940	38 845 181
		361 941 882	351 175 301
Basic Earning per Share for the year	(25)	**3.45**	**3.36**

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

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

Consolidated Statement of Changes in Shareholders' Equity for the Company and its Subsidiaries For the Financial Year Ended 31 December 2010

Translation from arabic

	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 earning LE	Net profit LE	Differences of translation LE	Treasury stocks LE	Total LE
Balance at 1/1/2009	**373 033 555**	**987 056 023**	**353 803 562**	**59 973 828**	**408 872**	**(6 282 832)**	**495 066 279**	**311 126 390**	**69 913 763**	**(1 295 095)**	**2 642 804 345**
Transferred to reserves	--	10 623 661	--	--	--	--	--	(10 623 661)	--	--	--
Dividends for the year 2008	--	--	--	--	--	--	(13 215 236)	(300 502 729)	--	--	(313 717 965)
Adjustments related to consolidated statements	--	--	--	--	--	--	(25 531 454)	--	--	--	(25 531 454)
Unrealized gain from available for sale Investments	--	--	--	--	--	6 734 457	--	--	--		6 734 457
Treasury stocks - USA	--	--	--	--	--	--	--	--	--	(13 468 495)	(13 468 495)
Change in translation differences	--	--	--	--	--	--	--	--	(5 362 658)	--	(5 362 658)
Net profit for the year	--	--	--	--	--	--	--	312 330 120	--	--	312 330 120
Balance at 31/12/2009	**373 033 555**	**997 679 684**	**353 803 562**	**59 973 828**	**408 872**	**451 625**	**456 319 589**	**312 330 120**	**64 551 105**	**(14 763 590)**	**2 603 788 350**
Balance at 1/1/2010	**373 033 555**	**997 679 684**	**353 803 562**	**59 973 828**	**408 872**	**451 625**	**456 319 589**	**312 330 120**	**64 551 105**	**(14 763 590)**	**2 603 788 350**
Transferred to legal reserve	--	10 057 770	--	--	--	--	--	(10 057 770)	--	--	--
Transeferred from reserves for capital increase	76 966 445	--	(75 675 360)	--	--	--	--	--	--	(1 291 085)	--
Dividends for the year 2009	--	--	--	--	--	--	--	(235 088 188)	--	--	(235 088 188)
Transferred to retained earning	--	--	--	--	--	--	67 184 162	(67 184 162)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	(1 178 974)	--	--	--	(1 178 974)
Sale-Treasury stocks	--	--	2 339 979	--	--	--	--	--	--	1 458 170	3 798 149
Change in translation differences	--	--	--	--	--	--	--	--	79 797 860	--	79 797 860
Net profit for the year	--	--	--	--	--	--	--	322 140 942	--	--	322 140 942
Balance at 31/12/2010	**450 000 000**	**1 007 737 454**	**280 468 181**	**59 973 828**	**408 872**	**451 625**	**522 324 777**	**322 140 942**	**144 348 965**	**(14 596 505)**	**2 773 258 139**

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

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

Consolidated Cash Flow Statement for the Company and its Subsidiaries For the Financial Year Ended 31 December 2010

Translation from arabic

	Note No.	31/12/2010 LE	31/12/2009 LE
Cash flows from operating activities			
Net profit for the year before income tax		402 969 228	396 920 871
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		210 546 728	200 499 415
Formed provisions & Impairment		11 236 693	2 202 000
Financing expenses		84 306 746	96 229 706
Gain from disposal of investments		(2 037 395)	--
Capital Gain		(10 029 662)	(89 240)
Operating profits before changes in working capital		**696 992 338**	**695 762 752**
Change in working capital			
(Increase) Decrease in inventory		(158 353 166)	270 244 971
Increase) in trades & notes receivable and debit accounts)		(152 040 926)	(8 194 498)
Increase (Decrease) in suppliers & notes payable and other credit accounts		96 819 206	(46 223 545)
Cash flows provided by operating activities		**483 417 452**	**911 589 680**
Financing expenses paid		(84 306 746)	(96 229 706)
paid Current income tax		(28 078 662)	(26 722 119)
Net cash flows provided by operating activities		**371 032 044**	**788 637 855**
Cash flows from investing activities			
Payments) for purchase of fixed assets and projects in progress)		(440 159 062)	(205 516 856)
proceeds from selling of fixed assets		11 960 851	89 240
Payments) for purchase of investment in subsidiaries companies)		(37 803 298)	--
(Payment) for purchase of Available for sale invetments		(10 236 355)	--
(Payment) for Available for sale investments		(19 901 250)	--
Net cash flows (used in) investing activities		**(496 139 114)**	**(205 427 616)**
Cash flows from financing activities			
Proceeds (Payment) from banks-credit accounts		416 688 185	(83 720 101)
Dividends paid		(266 879 223)	(284 261 007)
proceeds (Payment) for long term liabilities		159 713 596	(64 208 912)
Net cash flows provided by (used in) financing activities		**309 522 558**	**(432 190 020)**
Net change in cash and cash equivalents during the year		**184 415 488**	**151 020 219**
Cash and cash equivalents at beginning of the year		336 819 118	191 275 423
Exchange differences arising from translation of financial statements		9 718 514	(5 476 524)
Cash and cash equivalents at end of the year	(12)	**530 953 120**	**336 819 118**

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

Notes to the Consolidated Financial Statements for the Company and its Subsidiaries For the Financial Year Ended 31 December 2010

1. BACK GROUND INFORMATION

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements include companies in which Oriental Weavers Company for Carpets participates at a percentage greater than 50% of their capitals and has control thereon.
Subsidiaries included in the consolidated financial statements are as follows:-

Subsidiary name	Percentage of participations 2010 %
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
Oriental Weavers Company Fibers Co.	99.00
MAC Carpet Mills	53.08
Egyptian Fibers Co.(EFCO)	79.60
Oriental Weavers Co.- China	99.65
New Mac	52.02
Modern EFCO	57.57

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

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

4.2 Foreign currency Translation

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

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:

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

4.5 Projects in Progress

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

4.6 Valuation of Available for sale Investment

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

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

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

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

4.7 Goodwill

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

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

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 period 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 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.
- 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 period 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 31/12/2010 LE	Accumulated depreciation as of 31/12/2010 LE	Net Book Value as of 31/12/2010 LE	Net Book Value as of 31/12/2009 LE
Land	442 976 133	--	442 976 133	330 310 123
Buildings & Constructions	353 341 743	793 791 208	560 549 534	037 016 497
Machinery & Equipments	142 194 328 2	209 347 453 1	933 846 874	704 570 913
Vehicles	854 391 89	916 299 66	938 091 23	897 869 22
Tools & Supplies	739 859 49	461 179 30	278 680 19	334 476 19
Showrooms Fixture	863 295 26	119 126 22	744 169 4	682 753 3
Furniture & Office Equipments	090 286 54	109 168 32	981 117 22	708 501 21
Computers and Programs	591 809 46	180 023 41	411 786 5	168 102 7
	3 472 155 074	**1 853 935 787**	**1 618 219 287**	**1 608 600 860**

6. PROJECTS IN PROGRESS

	31/12/2010 L.E	31/12/2009 L.E
Buildings under Construction	106 925 141	132 121 362
Machinery & Equipment under installation	189 548 471	80 715 114
Development of computer system	1 551 967	166 450
Advance payment for purchasing Fixed assets	43 815 071	18 500 854
Letters of credit for purchasing fixed assets	179 514 872	751 554
	521 355 522	**232 255 334**

7- Investment in subsidiaries

	31/12/2010 L.E	31/12/2009 L.E
Rosetex Modern Factories for Spinning & Weaving Co.	39 997 000	--

8. AVAILABLE FOR SALE INVESTMENTS

	No. of owned Shares	Percentage of participation %	Par value for each Share	Acquisition cost L.E	Accumulated Impairment losses L.E	Proceeds from investment value L.E	Losses from disposal of investments L.E	Accumulated Unrealized Gain L.E	balance as Of 31/12/2010 L.E	balance as Of 31/12/2009 L.E
Oriental Weavers for Textiles*	56 250	45	USD 100	44 918 961	--	--	--	--	44 918 961	32 195 211
10th of Ramadan for Spinning Industries	524 000	28.5	L.E 10	5 304 365	--	--	--	--	5 304 365	5 304 365
Modern Spinning Company	81 677	30.8	L.E 10	1 433 607	--	--	--	--	1 433 607	1 433 607
Orientals for Industrial Development	800 000	8	L.E 10	4 200 000	--	--	--	--	4 200 000	4 200 000
Oriental Petrochemicals	3 202 000	11.7	L.E 5	14 295 000	--	--	--	--	14 295 000	14 295 000
Piraeus Bank**	782 167	1.2	L.E 15.58	12 188 193	--	--	--	451 625	12 639 818	12 639 818
Egyptian for Trade and Marketing	4 000	2.08	L.E 100	402 000	(402 000)	--	--	--	--	--
Oriental for Polyester Industry	45 000	9	L.E 10	450 000	--	(315 000)	(135 000)	--	--	450 000
Trading for Development Export	100	--	L.E 100	10 000	--	--	--	--	10 000	10 000
Cambridge Weavers	1500	1,5	L.E 10	3 750	--	--	--	--	3 750	3 750
				83 205 876	(402 000)	(315 000)	(135 000)	451 625	82 805 501	70 531 751

*An amount of 19,901,250 L.E. has been paid to purchase investments in oriental weavers for textiles as of December 31,2010.
** During the year the shares of Piraeus Bank has been cancelled from Stock Exchange Market.

9. GOODWILL

	31/12/2010 L.E	31/12/2009 L.E
Oriental weavers international (OWI)	51 258 912	51 258 912
MAC Mills (MAC)	573 720 329	573 720 329
Egyptian Fibbers Co. EFCO	67 551 346	67 551 346
Oriental weavers Co.- U.S.A (OW U.S.A)	4 305 383	4 305 383
	696 835 970	**696 835 970**

10. INVENTORY

	31/12/2010 L.E	31/12/2009 L.E
Raw materials	581 359 483	545 003 861
Spare parts & materials	122 853 404	73 250 402
Work in process	49 789 680	81 437 942
Finished products	809 682 408	718 562 189
Letter of credit for purchasing of raw materials	24 840 935	11 918 350
	1 588 525 910	**1 430 172 744**

11. DEBITORS AND OTHER DEBIT ACCOUNTS

	31/12/2010 L.E	31/12/2009 L.E
Prepaid expenses	12 409 831	10 211 884
Tax authority – debit accounts	45 443 073	29 957 027
Debit accounts – related parties	9 581 707	10 498 742
Letter of guarantee – cash margin	2 372 693	2 499 103
Suppliers – advance payment	40 043 654	20 946 021
Accrued revenue	2 379 307	860 193
Orientals for Building materials (Orocom)	000 000 5	5 000 000
Other debit accounts	35 099 146	26 490 939
	152 329 411	**106 463 909**
Less:		
Impairment loss on debtors and other debit accounts	321 676 2	2 676 321
	149 653 090	**103 787 588**

12. CASH AND CASH EQUIVALENT

	31/12/2010 L.E	31/12/2009 L.E
Bank – Time Deposit	281 549 416	202 028 372
Bank – Current Account	239 464 022	122 175 781
Cash on hand	10 035 147	13 095 320
Cash and cash equivalents	**531 048 585**	**337 299 473**
Less:		
Time deposits blocked as guarantee to the facilities which granted to the company	95 465	480 355
Cash & cash equivalents for cash flows statement purposes	**530 953 120**	**336 819 118**

13. Provisions

	Balance as of 1/1/2010 L.E	Formed during The year L.E	Used during The year L.E	Balance as of 31/12/2010 L.E
Provisions for Contingent liabilities	67 565 778	11 236 693	(1 339 821)	77 462 650
	67 565 778	**11 236 693**	**(1 339 821)**	**77 462 650**

14. BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 274 412 220 as of December 31,2010 represents short term facilities granted by banks at relatively fixed interest rate,
a part of facilities is guaranteed by notes receivable deposited at these banks for collection.

15. CREDITORS AND OTHER CREDIT ACCOUNTS

	31/12/2010 L.E	31/12/2009 L.E
Trade receivable – advance payment	364 740 35	37 777 397
Accrued expenses	13 919 326	12 764 602
Tax authority – credit accounts	41 093 739	43 216 173
Social insurance authority	3 875 805	4 386 388
Creditors – purchases of fixed assets	1 955 691	2 847 113
Shareholders – credit accounts	22 375 061	8 917 504
Deposits from others	15 318 968	16 312 159
sales taxes instalment	2 147 483	2 096 509
Credit accounts – related parties	7 170 523	6 541 413
Other credit accounts	14 003 192	11 166 350
	157 600 152	**146 025 608**

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 373 033 555 (only three hundred seventy three million, thirty three thousand and five hundred and fifty five Egyptian pounds) distributed
over 74 606 711 share of which L.E 351 436 755 (only three hundred fifty one million , four hundred thirty six thousand and seven hundred and fifty five Egyptian pounds) are cash shares and L.E 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 (five Egyptian pounds).

16.3 According to the decision taken by the general assembly meeting held on
March 21,2010 it was approved a stock dividend by one share per each three shares and to increase the issued capital to be in amount of LE 76 966 445. The Issued capital reached the amount of LE 450 000 000 distributed over 90 000 000 shares
which 428 403 200 (only four hundred twenty eight million four hundred and three thousand and two hundred Egyptian pounds) are cash shares and 21 596 800 (only twenty one million and five hundred ninety six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of L.E 5 each and it had been registered at the commercial register at July 14, 2010.

16.4 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.

Notes to the Consolidated Financial Statements for the Company and its Subsidiaries For the Financial Year Ended 31 December 2010

17. Reserves

	31/12/2010 L.E	31/12/2009 L.E
Legal reserve	1 007 737 454	997 679 684
General reserve	280 468 181	353 803 562
Special reserve	59 973 828	59 973 828
Capital reserve	408 872	408 872
	1 348 588 335	**1 411 865 946**

18. MINORITY INTEREST

	Minority interest in the net equity of subsidiaries L.E	Minority interest in the net profit of subsidiaries L.E	Balance as of 31/12/2010 L.E	Balance as of 31/12/2009 L.E
Orientals Weavers Co. Fibres (O.W.F)	714 651	1 805 927	2 223 083	1 982 591
Orientals Weavers international Co (O.W.I)	64 039	16 306 945	16 370 984	11 185 989
MAC Carpet Mills	153 920 565	13 369 248	167 289 813	170 954 836
Egyptian fibres Co. EFCO	14 029 176	4 868 918	18 898 094	17 196 211
EFCO Modern Fibres	10 590 044	3 386 358	13 976 402	12 916 769
Oriental Weavers – China	459 594	15 706	475 300	453 471
New MAC	700 937	47 838	748 775	1 491 090
	180 181 511	**39 800 940**	**219 982 451**	**215 883 957**

Translation from arabic

19. LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2010 L.E.	current portion due in one year L.E.	Balance as of 31/12/2010 long term installments L.E.	current portion due in one year L.E.	Balance as of 31/12/2009 long term installments L.E.	Terms of Payment
Export Development Bank of Egypt								
Export Development Bank of Egypt (1)	USD	2 500 000	7 237 500	2 895 000	4 342 500	2 735 000	6 837 500	The principal of the loan shall be settled over 10 equal semi annual installments starting from 30/11/2008 till 31/5/2013 the interest and commissions,shall be computed and paid upon settlement of installments at inetrest rate 0.75% above libour.
Export Development Bank of Egypt (2)	USD	5 619 556	16 268 121	6 507 446	9 760 675	6 148 280	15 368 754	The principal of the loan shall be settled over 10 equal semi annual installments starting from 31/12/2008 till 31/12/2013, the interest and commissions shall be computed and paid upon settlement of installments at interest rate 8.5%.
Export Development Bank of Egypt (3)	USD	25 000 000	87 000 000	58 000 000	29 000 000	54 750 000	82 125 000	The principal of the loan shall be settled over 10 equal quarter annual installments starting from 31/3/2010 till 30/6/2012, the interest and commissions shall be computed and paid upon its due date.
			110 505 621	**67 402 446**	**43 103 175**	**63 633 280**	**104 331 254**	
Barclays Bank	USD	4 000 000	16 220 106	4 632 000	11 588 106	4 376 000	15 325 846	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								
HSBC (1)	USD	4 000 000	18 528 000	4 632 000	13 896 000	4 376 000	17 504 000	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	21 000 000	120 947 310	12 827 571	108 119 739	--	--	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
			139 475 310	**17 459 571**	**122 015 739**	**4 376 000**	**17 504 000**	
NSGB	USD	18 000 000	25 780 067	8 593 462	17 186 605	8 118 573	24 355 206	The principal of the loan shall be settled over 10 equal semi annual installments starting from 26/4/2009 till 26/10/2013 , the interest and commission shall be computed and paid annually at an interest rate 10.25% including highest debit Balance commission while Draw down curancy is Egyptian Pound .
Sun Trast Bank	USD	6 458 093	--	--	--	3 214 725	--	The principal of the loan shall be settelled over 10 equal semi annual installment starting from 27/12/2005 till 26/2/2010 , the interest and commissions shall be computed at interest rate 0.9% above libour.
Brought forward			**291 981 104**	**98 087 479**	**193 893 625**	**83 718 578**	**161 516 306**	

Translation from arabic

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2010 .L.E	Balance as of 31/12/2010 current portion due in one year .L.E	Balance as of 31/12/2010 long term installments .L.E	Balance as of 31/12/2009 current portion due in one year .L.E	Balance as of 31/12/2009 long term installments .L.E	Terms of Payment
Carried Forward			291 981 104	98 087 479	193 893 625	83 718 578	161 516 306	
Suez Cannal Bank								
Suez Cannal Bank	LE	12 000 000	--	--	--	3 030 188	--	The principal of the loan shall be settelled over 8 equal semi annual installment starting from 1/6/2007 till 1/12/2010 , the interest and commissions shall be computed at interest rate 11%.
Suez Cannal Bank	USD	10 000 000	--	--	--	13 686 524	6 889 012	The principal of the loan shall be settelled over 8 equal semi annual installment starting from30/11/2007 till30/4/2011 , the interest and commissions shall be computed at interest rate of 1.25% above libour.
			--	--	--	16 716 712	6 889 012	
Crédit Agricole Egypt Bank	USD	25 000 000	116 000 000	58 000 000	58 000 000	27 375 000	109 500 000	The principal of the loan shall be settled over 10 equal quarter installments starting from 1/9/2010 till 1/12/2012 , the interest and commission shall be computed and paid upon its due date.
Loans from other banks	USD		27 534 363	--	27 534 363	--	--	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Alexandria bank	USD	25 000 000	118 637 341	52 727 272	65 910 069	24 886 366	111 988 634	The principal of the loan shall be settled over 11 equal quarter installments starting from 1/8/2010 till 1/2/2013 , the interest and commission shall be computed and paid upon its due date.
Audi Bank	USD	35 000 000	203 000 000	--	203 000 000	--	--	The principal of the loan shall be settled over 20 equal quarter installments starting from 31/8/2012 till 31/5/2017 , the interest and commission shall be computed and paid upon its due date.
BNP Paribas Bank								
BNP Paribas Bank (1)	USD	20 000 000	48 333 332	38 666 669	9 666 663	36 500 002	45 624 998	The principal of the loan shall be setteled over 12 equal quarter installments starting from 30/6/2009 till 31/3/2012. the interest and commissions shall be computed and paid up on its due date.
BNP Paribas Bank (2)	LE	12 000 000	7 200 000	4 800 000	2 400 000	4 800 000	7 200 000	The principal of the loan shall be setteled over 10 equal quarter installments with a grace period of six months starting from the end of grace period at annual interest 11.5%.
BNP Paribas Bank (3)	USD	3 846 316	12 436 420	4 974 568	7 461 852	4 709 600	11 774 000	The principal of the loan shall be setteled over 18 equal quarter installments starting from february 2009 with at interest rate 1.25% over libour, the interst and commission shall be calculated and paid upon its due.
BNP Paribas Bank (4)	USD	5 000 000	18 093 750	3 618 750	14 475 000	6 837 500	17 093 750	medium term loan to be paid over 8 equal semi annual installments for January and July in every year. The first installment will be accrued within January 2010 with interest rate 2.4% above libour.
			86 063 502	52 059 987	34 003 515	52 847 102	81 692 748	
Total			843 216 310	260 874 738	582 341 572	205 543 758	471 586 700	

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

20. DEFERRED SALES TAXES INSTALMENTS

	Note No	31/12/2010 L.E	31/12/2009 L.E
Deferred sales tax instalments represents the accrued sales tax on the plants machinery and equipment which will be paid on seven equal annual instalments, after a grace period of three years, against the letter of guarantee covering these amounts issued in favour of sales tax authority as a security for the settlement of these liabilities on due dates.		868 626	1 258 859
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(23)	(390 233)	(390 233)
		478 393	**868 626**

21. HOUSING AND DEVELOPMENT BANK LOAN

	Note No	31/12/2010 L.E	31/12/2009 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.		852 388	928 447
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(23)	**(125 855)**	**(122 212)**
		726 533	**806 235**

22. CREDITORS – PURCHASE OF FIXED ASSETS

	Note No	31/12/2010 L.E	31/12/2009 L.E
Balance of this item represents the remaining amount due to 10th of Ramadan city organization in return of purchasing a piece of land in 10th of Ramadan city.		5 809 707	11 715 670
Instalments due within the year were classified as part of the current liabilities in the balance sheet under the item of long term liabilities – Due within one year.	(23)	(2 793 676)	(5 097 223)
		3 016 031	**6 618 447**

23. LONG TERM LIABILITIES – CURRENT PORTIONS

	Note No	31/12/2010 L.E	31/12/2009 L.E
Long-term loan instalment	(19)	260 874 738	205 543 758
Deferred sales taxes instalment	(20)	390 233	390 233
Housing and development bank loan	(21)	125 855	122 212
Creditors purchase of fixed assets	(22)	2 793 676	5 097 223
		264 184 502	**211 153 426**

24. DEFERRED TAX

Deferred tax Assets and liabilities

	31/12/2010		31/12/2009	
	Assets L.E	Liabilities L.E	Assets L.E	Liabilities L.E
Temporary tax differences – O.W. (USA)	26 348 849	--	29 523 724	--
Fixed assets	--	(22 626 019)	--	(22 883 187)
Total deferred tax assets / (liabilities)	**26 348 849**	**(22 626 019)**	**29 523 724**	**(22 883 187)**
Net deferred tax assets	**3 722 830**		**6 640 537**	

25. BASIC EARNING PER SHARE FOR THE PERIOD

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

	31/12/2010 L.E	31/12/2009 L.E
Net profit for the year	322 140 942	312 330 120
Less:		
Employee profit share	15 000 000	13 000 000
Member board bonus	2 000 000	1 800 000
	305 140 942	**297 530 120**
Weighted average number of shares available during the year	88 556 632	88 490 284
Basic earning per share for the year	**3.45**	**3.36**

26. TREASURY STOCKS

	31/12/2010		31/12/2009	
Description	No. of Stocks	Amount L.E	No. of Stocks	Amount L.E
The owned Shares by MAC Carpet Mills "Subsidiary Co." *	--	--	158 071	1 295 095
The owned Shares by Oriental weavers Co.- U.S.A (OW U.S.A) " Subsidiary Co."	1 319 031	14 596 505	1 093 429	13 468 495
	1 319 031	**14 596 505**	**1 251 500**	**14 763 590**

* The treasury stock owned by MAC Carpet Mills has been totally sold during this financial year.

27. CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of December 31, 2010 amounted to L.E 13 572 492 Also Contingent liabilities from L.C'S in that date amounted to L.E 58 241 314

28. CAPITAL COMMITMENTS

The capital commitments as of December 31, 2010 amounted to L.E 22 665 314 Represents the value of new extension related to show Rooms and completion of construction in progress.

29. TAX POSITION

29.1 Corporate Tax

- The company was inspected till December 31, 2004 and the assessed tax differences were paid.
- The company submits its annual tax return regularly on legal dates.

29.2 Salaries & Wages Tax

- The company was inspected till December 31, 2007 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

29.3 Sales Tax

- The company was inspected till December 31, 2006 and the assessed tax differences were paid.
- The company submits the monthly tax return on the legal dates.

29.4 Stamp Duty Tax

- The company was inspected up to July 31, 2007 and the assessed tax differences were paid.
- The company submits the tax return on the legal dates.

30. FINANCIAL INSTRUMENTS AND RISK MANAGMENT

30.1 Financial instruments fair value

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

30.2 Interest rate risk

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

30.3 Credit Risk

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

30.4 Foreign Currency Risk

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

31. SUBSEQUENT EVENT

The Arab Republic of Egypt has encountered certain events that have a significant impact on the economic sectors in general, a matter which may lead to a substantial decline in the economic activities in the foreseeable future.

Therefore, there is a possibility that the above mentioned events will have a significant impact on the Company's assets, liabilities, their recoverable/settlement amounts and the results of operations in the foreseeable future.

At the present, it is not possible to quantify the effect on the Company's assets and liabilities included in the company's financial statements, since quantifying the effect of these events relies on the expected extent and the time frame, when these events and their consequences, are expected to be finished.

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