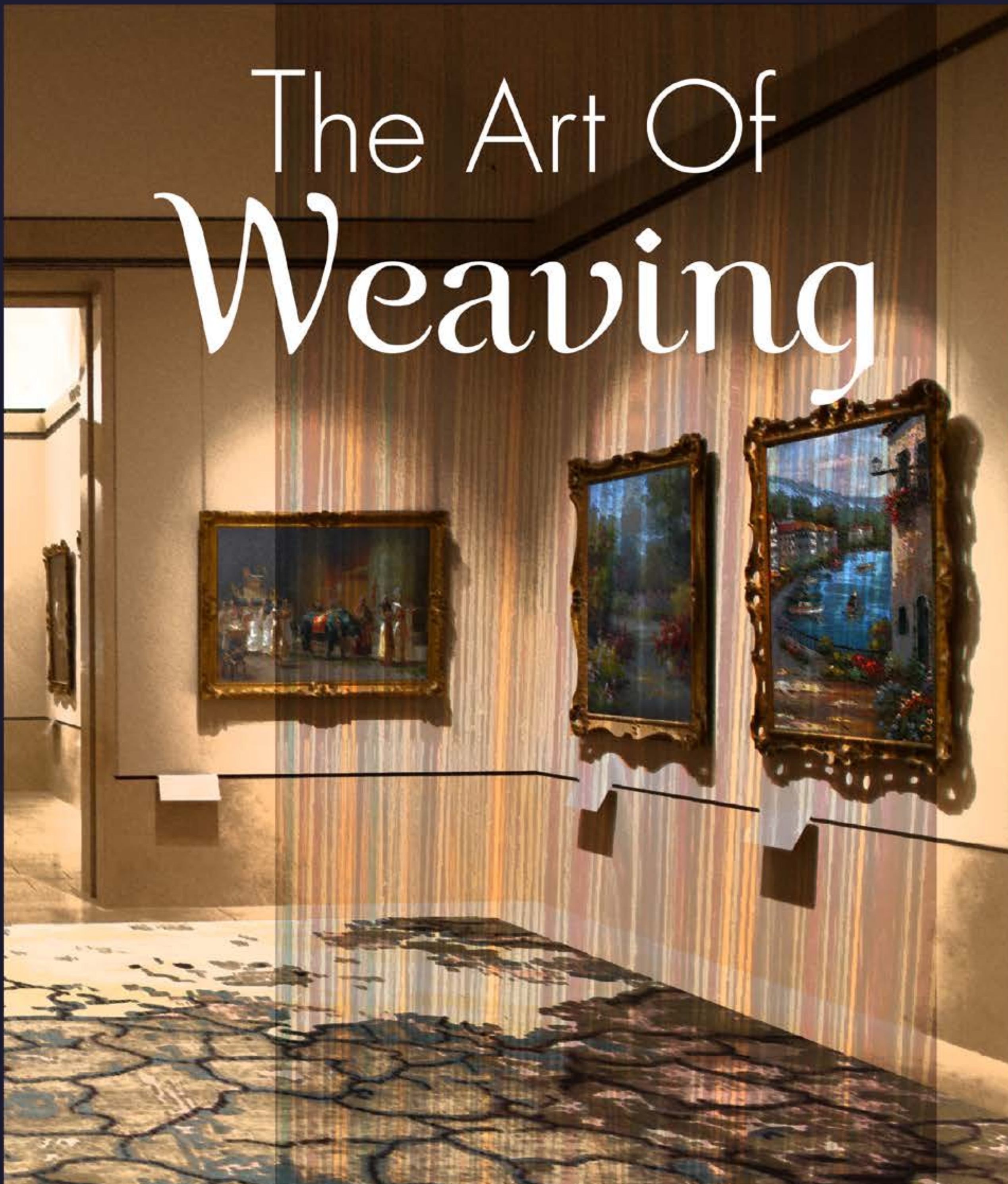
The Art Of Weaving



النساجون الشرقيون
Oriental Weavers

Annual Report | 2016

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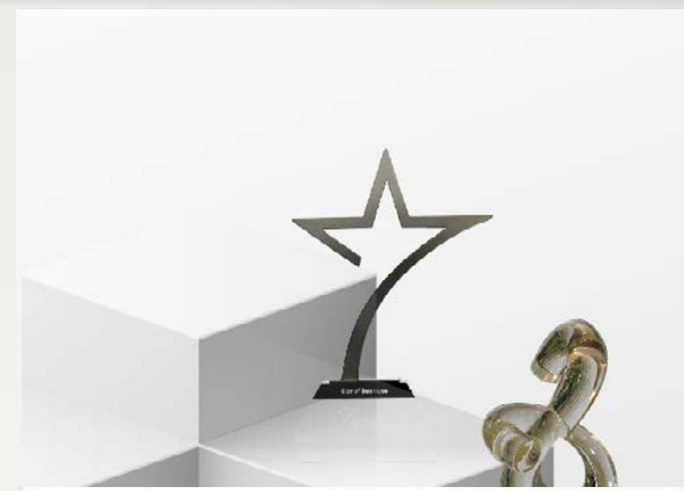
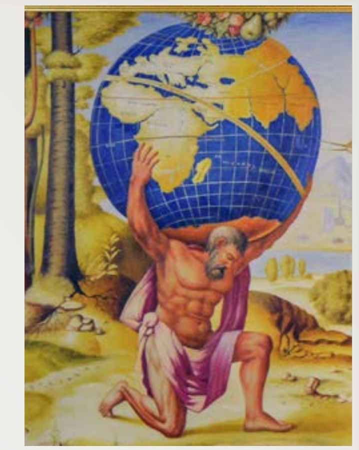




Key Milestones

Established in 1979 by Mr. Mohamed Farid Khamis, a leading Egyptian entrepreneur and industrialist, the company has grown under his leadership to become one of the largest and fastest-growing machine made rug and carpet manufacturers in the world.

Since establishment, the company has grown widely over the last 35 years through adding new factories and showrooms locally and internationally, partnering with major U.S. designers and gaining wide recognition as a result.

1979-81
Oriental Weavers & MAC were established

1981-87
Egyptian Fibers Co. (EFCO) established

First showroom in the U.S.A.

1991-92
Launching of OW Sphinx, the U.S. distribution arm.

OW largest showroom in Atlanta, U.S.A.

1993-98
Launching a manufacturing facility in the U.S.

OWI, the export oriented subsidiary, established

2001-06
OW China established

Patent rights for a 100% acrylic feel of silk rugs

2011-12
King Tut yarn production plant established

OW Hospitality in London

2014
U.S. subsidiary partnered with Pantone & Tommy Bahama

2015
Best carpet award for the second year in a row

2016
OW Sphinx was named “the Supplier of the Year” by Rugs Direct

Message from the founder

Mohamed Farid Khamis

Founder and Non-Executive Board Member of Oriental Weavers

"2016 was a record year of achievement for OW. The client de-concentration strategy, implemented in 2015, has been a success, as was foreseen. We expanded our international client base, increased our cooperation to existing customers, and in growing markets. Our local market performance continued to remain strong in 2016 thanks to our vast showroom network, and our high-quality products and exquisite designs. Despite the local economic hurdles of 2016, our production in Egypt was unhindered throughout the year because of the strong USD export exposure and growing export orders from existing and new customers alike.

I am confident that Egypt's economic reform policies have paved the way for a prosperous future for my country and my company

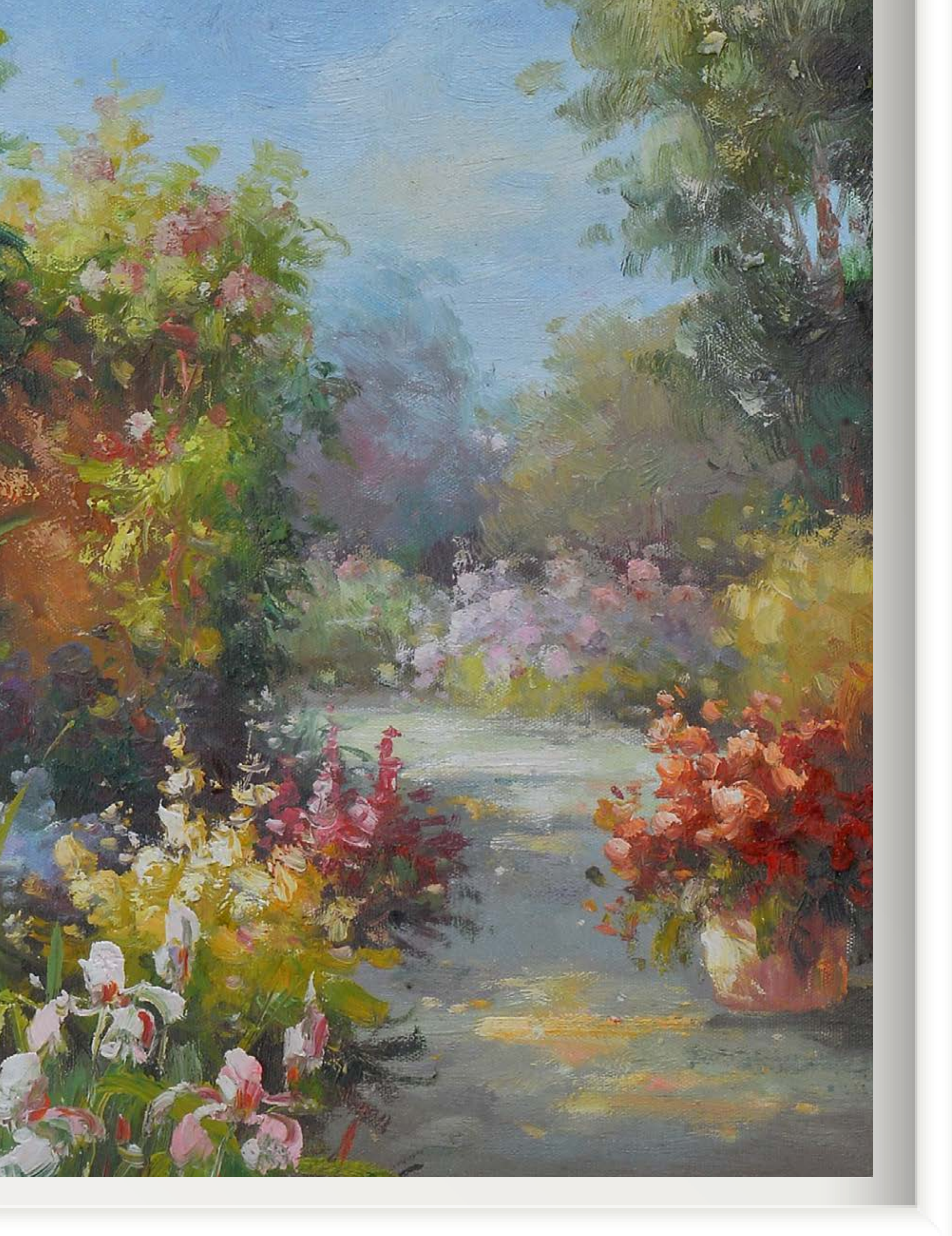
We reported robust financial performance with our EBITDA margin reaching 16.5%, the highest level seen in years. Top line recorded 15% growth y-o-y supported by strong export and local market performance. Export revenues (55% of sales) grew 20% y-o-y, and local revenues grew 14% from 2015. While export growth resulted from the floatation of the Egyptian Pound against the U.S. Dollar, the local market growth was driven by respectable volume growth along with higher prices due to several price increases implemented following said floatation.

The hospitality division, with spectacular installations at major hotel chains, continued to report outstanding performance and received genuine appreciation from the clients themselves. OW Hospitality completed several renovation projects locally and internationally such as The Ritz-Carlton - Chicago, the Four Seasons - Dallas, the Cairo Marriott Hotel, and the Kempinski Nile Hotel, among many others.

As trendsetters in this industry, innovation is the key to success and progress. We continue to embrace the latest technology to remain at the forefront of the market in terms of quality and design. In this regard, we added nine new weaving looms to our factories in Egypt and the U.S., in addition to new yarn and digital printing machinery. This was reflected in an additional 5.2 million sqm – around 4% – to our capacity in 2016, coupled with improved operational efficiency. We continue to invest in our U.S. plant, while restructuring our operations in China by hiring a new highly-skilled management team. We remain confident about our presence in these strong growing markets.

Our strategy post the floatation of the EGP was logically to leverage on our strong exposure to the export market. Our international operations are supported by our manufacturing presence outside Egypt, in the U.S., and China. Our exposure in the U.S. market remains solid, with management developing new programs that are scheduled to hit the retail floors of mass merchants, discount warehouse clubs, home centers, and e-commerce providers.

The solid potential in Europe and Africa do not differ much when compared to that of the U.S. We expect to see strong revenue growth in our European exports thanks to the ever increasing orders from our top-European customer, together with new programs developed with other new European and Scandinavian customers.



Industry Pioneer

Similarly, based on the orders we have on hand from retailers in Kenya and Tanzania, we believe that our share in both markets will double by yearend. We continue to see renewed potential in the GCC region, Asia, and Australia. We also believe that with the continuous introduction of new collections and unique designs to our customers, our share of revenue and profitability from these regions will grow.

Despite the prevalent local market and inflationary pressures, the potential of the Egyptian market remains strong based on favorable demographics and ongoing real-estate developments. We continue to target the different income groups in Egypt through a diversified product range and differing price points. Accordingly, our focus is on greater penetration of previously under-saturated areas, targeting the under-served lower and middle-income groups, where we see a great deal of opportunity for growth. As such, we have planned to open ten small-sized retail outletes in 2017, primarily in the Delta and upper Egypt regions.

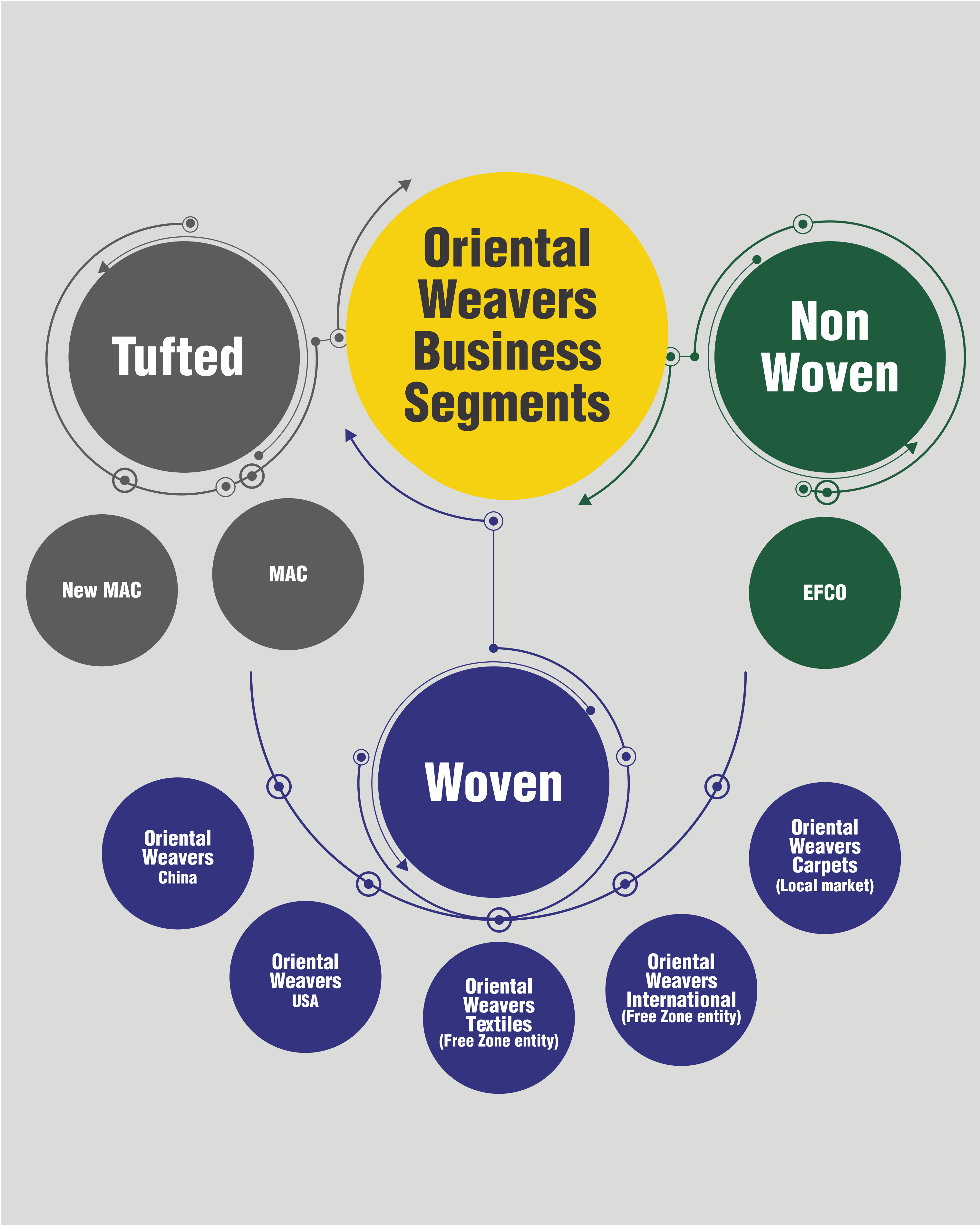
Our hospitality arm, through OW Hospitality, continues to thrive having both local and international clients – particularly in the Gulf, Europe, and U.S. markets. We are expanding our global presence while pushing our hospitality services to grow along with other segments such as tufted guestrooms. Our product with its quality and competence, have built us a strong reputation in this segment, and I am confident it will be one of the driving forces for our top-line and earnings growth over the next several years.

Our solid international reputation, and the continuous praise from our customers, has been recognized as OW received the “Most Magnificent Rug Award” again, for unprecedented tenth year in a row, and was most recently named, “Supplier of the Year” by a major U.S. rug website. In this regard, I’d like to extend my appreciation and thanks to all members of the group, who, each and every one of you, have had a role in the success we are seeing today. With our devotion, determination and perseverance over the past 38 years, Oriental Weavers has positioned its brand among one of the world’s largest manufacturers and ensured a sustainable yield to our shareholders ”

Mohamed Farid Khamis

New smart building launched in 2017

Largest production capacity under one roof



Our History

Oriental Weavers Group is one of the world's largest carpet and rug manufacturers. Based in Cairo, Egypt, the Group has manufacturing facilities in three countries and distributes its products in more than 130 countries worldwide.

Oriental Weavers (OW) is one of the most recognized brands in the machine woven rug and carpet industry today. Established in 1979 by Mr. Mohamed Farid Khamis, a leading Egyptian entrepreneur and industrialist, the company has grown under his leadership to become one of the largest and fastest-growing machine-made rug and carpet manufacturers in the world.

A true Egyptian success story – and building on Egypt's long textile tradition which dates back thousands of years – Oriental Weavers has grown to become a vertically-integrated, multinational floor coverings producer based in Egypt's Tenth of Ramadan City, with additional production facilities in China and the United States. The company exports more than 50% of its production to six continents through a wide network including offices in the United Kingdom, the United States, Canada and United Arab Emirates.

OW is the acknowledged leader in design, quality, and innovation within the industry. With a simple vision, the company became a leading worldwide exporter and by far the largest player in the Egyptian market.

Our Segments and Group's Structure

Oriental Weavers produces rugs through three main production processes – weaving, tufting, and needle felting. Making carpet sounds simple, but there are many different processes in preparing fiber for the pile, in methods of applying color, design, texture and in the manufacturing processes themselves.

Oriental Weavers is comprised of eight, independently operating, companies that fall under the umbrella of the Oriental Weavers Group. Each company has its own mandate, management team, and scope, while interacting and operating in synergy with its peers. As a result, Oriental Weavers can offer a wide variety of popular, award-winning products to both local and foreign markets.

Main entrance of the new smart building

18,800 workers & employees

1- Woven

In the weaving process, the surface yarn is inserted and woven simultaneously with the backing. The backing generally consists of jute weft threads (running across the carpet) and warp threads (running along the length) made of jute, cotton, viscose, or polypropylene. As a manufacturer, Oriental Weavers produces three grades (A, B and C) of machine woven carpets and rugs for the market, and is one of the largest producers of machine-woven carpets in the world. OW Hospitality produces unique woven broadloom products, and has established markets in the U.S. and Europe, with offices in London and the U.S. cities of Dalton, New York, and Las Vegas.

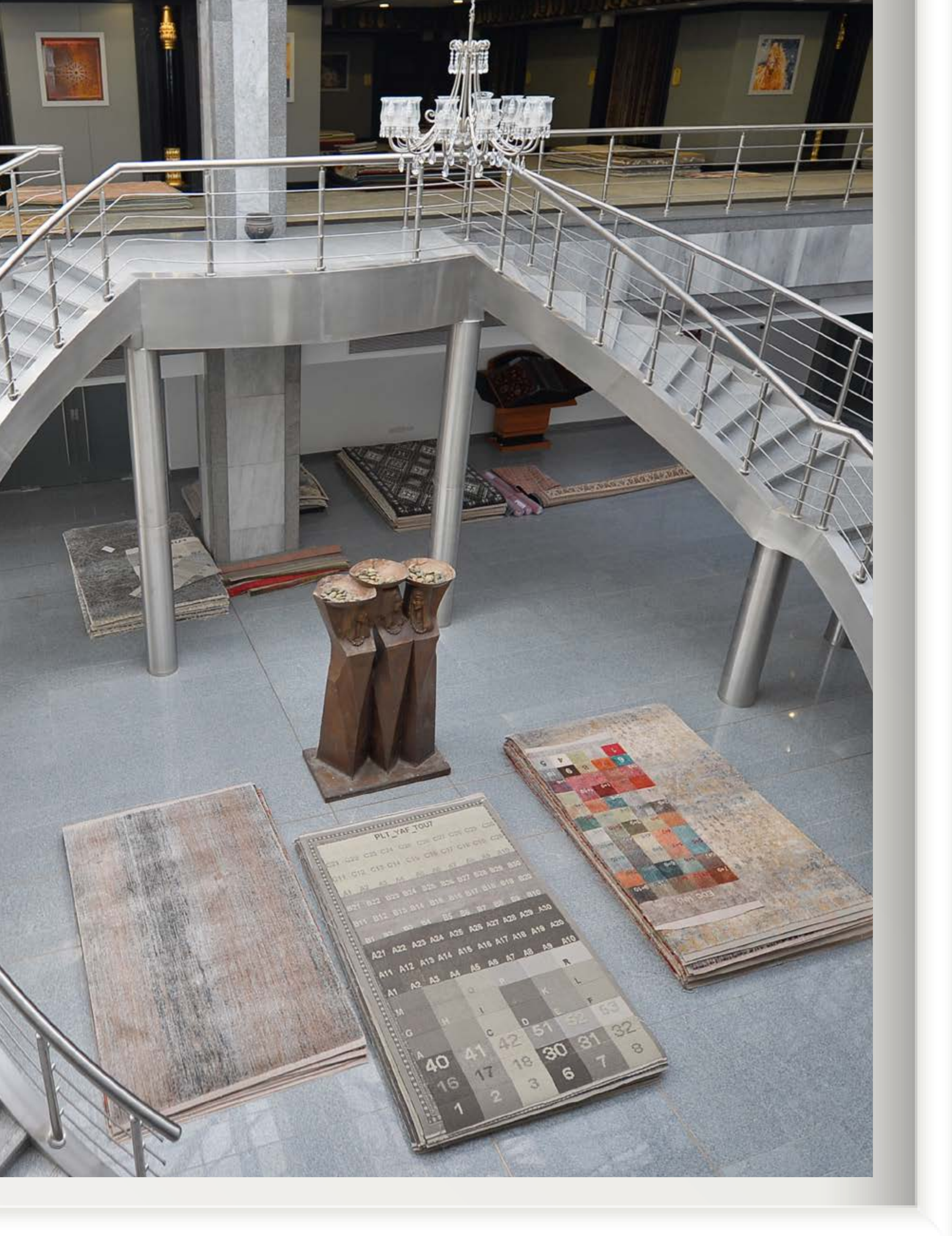
There are five companies that are engaged in the manufacturing of woven products, three of which are in Egypt, one in the U.S. and another in China.

Oriental Weavers Carpet Company

Oriental Weavers Carpet Company was founded in 1979 by industrialist and entrepreneur Mr. 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 machine woven carpets and rugs for the Egyptian market, with an annual capacity of 23 million m^2 in 2016. In the recent years, Oriental Weavers' operations have expanded to include importing high quality handmade rugs from China, India and Iran. Oriental Weavers has been traded on the Egyptian Stock Exchanges since 1997 and currently the company is one of the top 30 companies included in the EGX 30 Index.

Oriental Weavers International

Oriental Weavers International (OWI) was established in 1998 as an export-oriented, free trade zone company in Tenth of Ramadan City. The company's vertically-integrated facilities handle the extrusion of synthetic fibers, dyeing, and spinning wool as well as the weaving and finishing of products. Much of the group's diversified products related to home textiles are produced within this facility (carpets, rugs, Axminster, Gobelin, gun-tuft, and fibers). OWI's main export markets include North America, Europe, and the Middle East, while the company also delivers to more than 60 countries worldwide. OWI fully owns OW China with an eye on developing its market share in the emerging Asian market. In 2012, production began at a new yarn production facility, King Tut, with a production capacity of 100 tons per day.



Showroom at the new smart building

Trendsetter and leader in innovation

Oriental Weavers Textiles

Located in a private free zone area, Oriental Weavers Textiles is another export-oriented subsidiary of OW. With only 50% of the company's land utilized, the group has enough room for future expansion initiatives of OW's woven segment. In this regard, the company has recently established the first phase of its expansion plan by adding a new building and nine state-of-the-art manufacturing looms in early 2016.

Oriental Weavers U.S.A.

Oriental Weavers U.S.A. is based in Dalton, Georgia, where it manufactures, markets, and distributes products imported from the company's Egyptian plants. Oriental Weavers U.S.A. sells to mass market merchants and big-box retailers, as well as to independent retailers, furniture retailers, catalogues and department stores. The online sales segment has been very successful in recent years, contributing to almost 20% of the company's net sales, through sales to major home-furnishing online portals such as Target, Kohl's, Amazon, Wayfair, and Rugs Direct. OW USA was recently named as "The Supplier of the Year" by one of the online retailers in addition to being awarded "America's Most Magnificent Carpet" Award, through its brand OW Sphinx, annually over the last decade.

Oriental Weavers (Tianjin) Company Ltd, China

Oriental Weavers China was established in 2006 in response to China's growing importance in the global economy. OW China occupies 170,000 m² in the Tianjin industrial zone, 80 kilometers south of Beijing. The producer is a vertically-integrated facility with fiber extrusion capacities as well as rug and carpet manufacturing facilities.

MAC display area at Domotex in 2017

Full vertical-integration

2- Tufted segment

In the tufting process, the yarn is fed into a primary backing, an anchor coat of adhesive is applied to hold the tufts in place, and then a secondary backing is added to give stability. There are two companies operating in the tufted segment, MAC, and its subsidiary, New MAC.

MAC Carpet "Fiber Factory"

MAC Carpet "Fiber Factory" is Oriental Weavers' foothold in the wall-to-wall tufted carpeting segment. As a leading Egyptian exporter, MAC's products are delivered to more than 107 countries, supplying some of the world's largest retailers. MAC has a diversified portfolio, from wall-to-wall carpeting, to door and kitchen mats, 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. MAC operates out of four sites in Egypt, all in Tenth of Ramadan City. MAC also owns a 98% stake in its subsidiary New MAC, a tufted manufacturing facility, operating in a private free zone area.

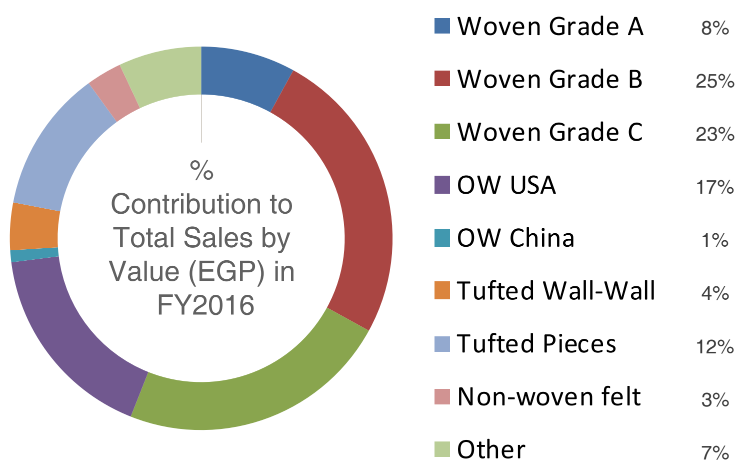
3- Non-Woven Felt

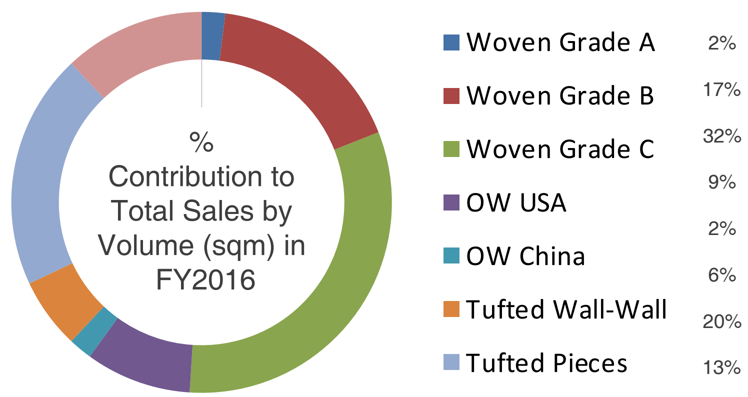
In the non-woven segment, the fibers are bonded together by chemical and thermal treatment. Egyptian Fibers Company (EFCO) is the group's manufacturer of non-woven felt and is one of the leading non-woven carpet manufacturers in the world.

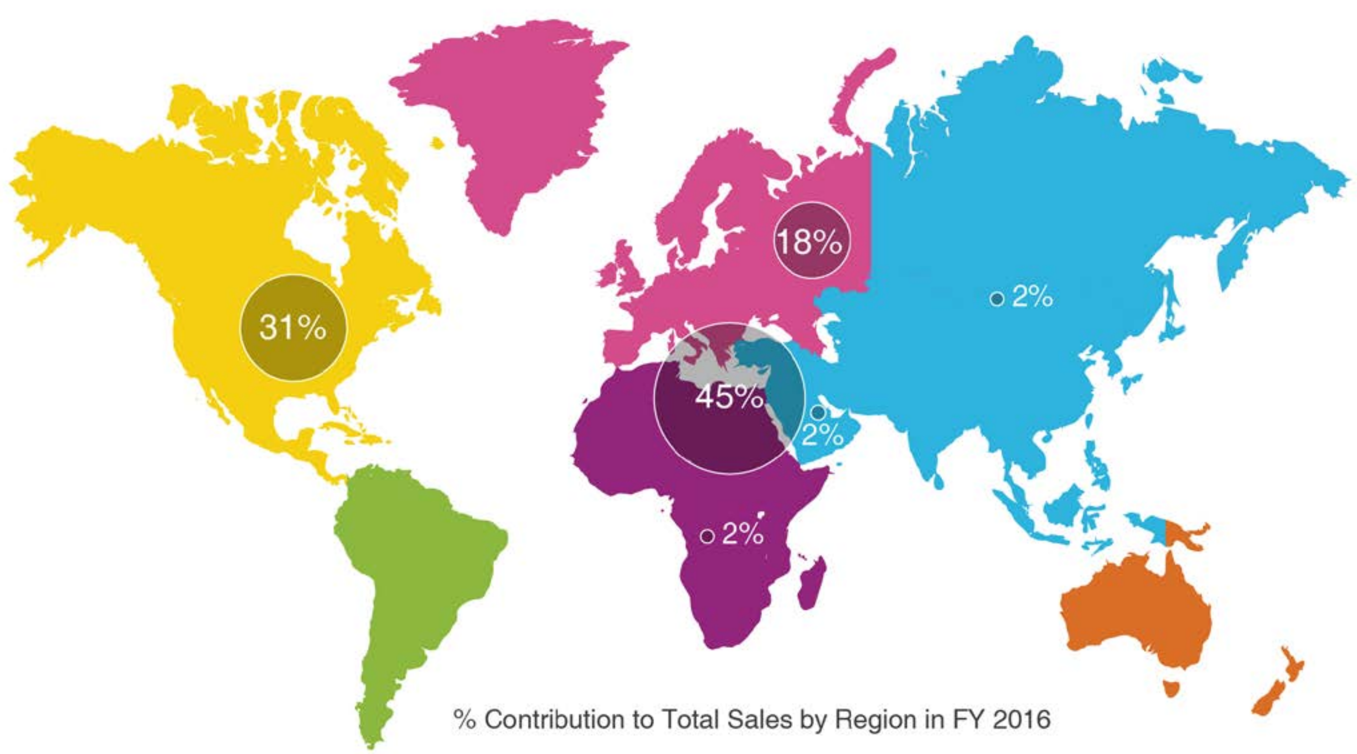
Egyptian Fibers Company (EFCO)

EFCO specializes in the production of masterbatch, polypropylene staple fiber and needle-felt carpet products including: wall-to-wall carpeting of several weights with custom widths up to 4m wide; indoor/outdoor rugs; patterned, printed, engraved and embossed mats; underlay rolls and rug pads; car mats; and bath mats. Currently, exporting its products to more than 67 countries worldwild, EFCO uses the latest production technologies to offer high quality products that comply with international standards.

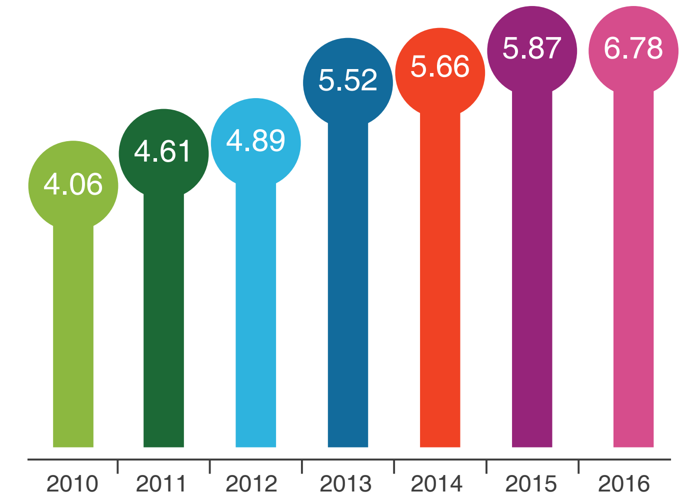
Financial Highlights



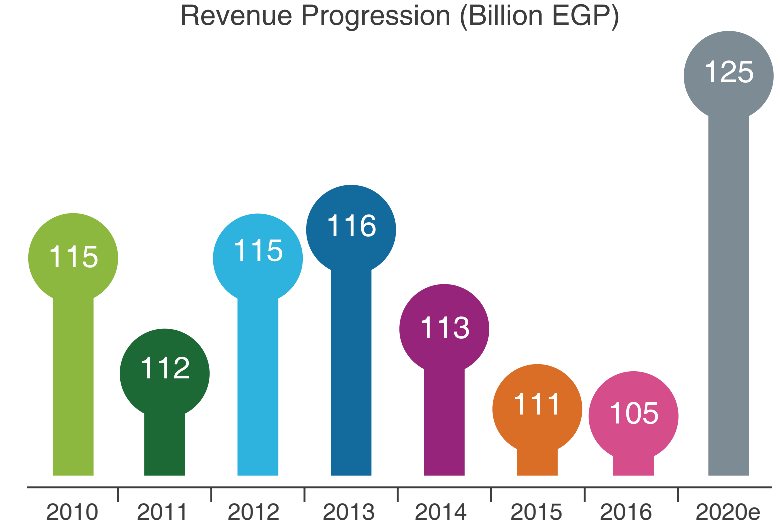




% Contribution to Total Sales by Region in FY 2016

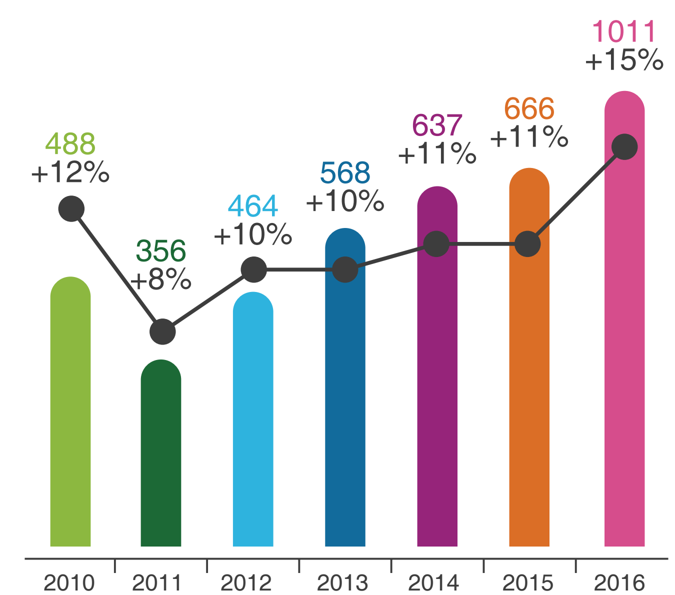


Revenue Progression (Billion EGP)



Sales volume progression (Million sqm)

Volumes sold of OW USA and OW China are not included



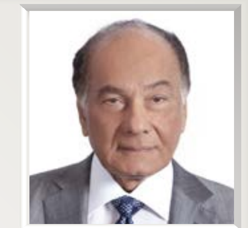
Gross Profit (EGP mn) &
Gross Profit Margin %

Management meeting room

38 years in the rug and carpets industry

Board of Directors

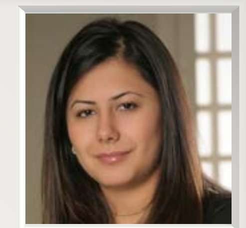
The Board of Directors of Oriental Weavers, with its diversified managerial and professional background, is dedicated to guiding the company to success, enhancing shareholders' value and ensuring the long-term prospects of the world's largest and fastest-growing producer of rugs and mats.



Mr. Mohamed Farid Fouad Khamis
Founder; Non-Executive Board Member

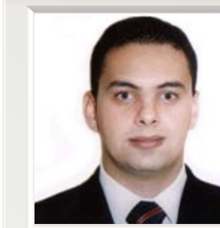
Mr. Salah Abdel Aziz Abdel Motalab
Chairman and Chief Executive Officer

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 Katary Abd Allah
Executive Board Member; Director of Financial Affairs



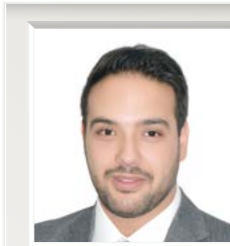
Eng. Mohamed Mahmoud Fawzy Khamis
Executive Board Member;
Vice President of Local Sales

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

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

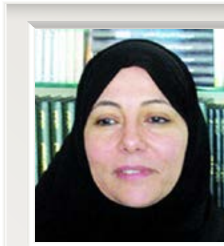
Mr. Alaa ElDeen Mahmoud Shehata
Executive Board Member

Mr. Mahmoud Fawzy Fouad Khamis
Non-Executive Board Member



Mr. Mohamed Mohamed Farid Khamis
Non-Executive Board Member

Mr El Sayed Moaatasam Rashed
Non-Executive Board Member



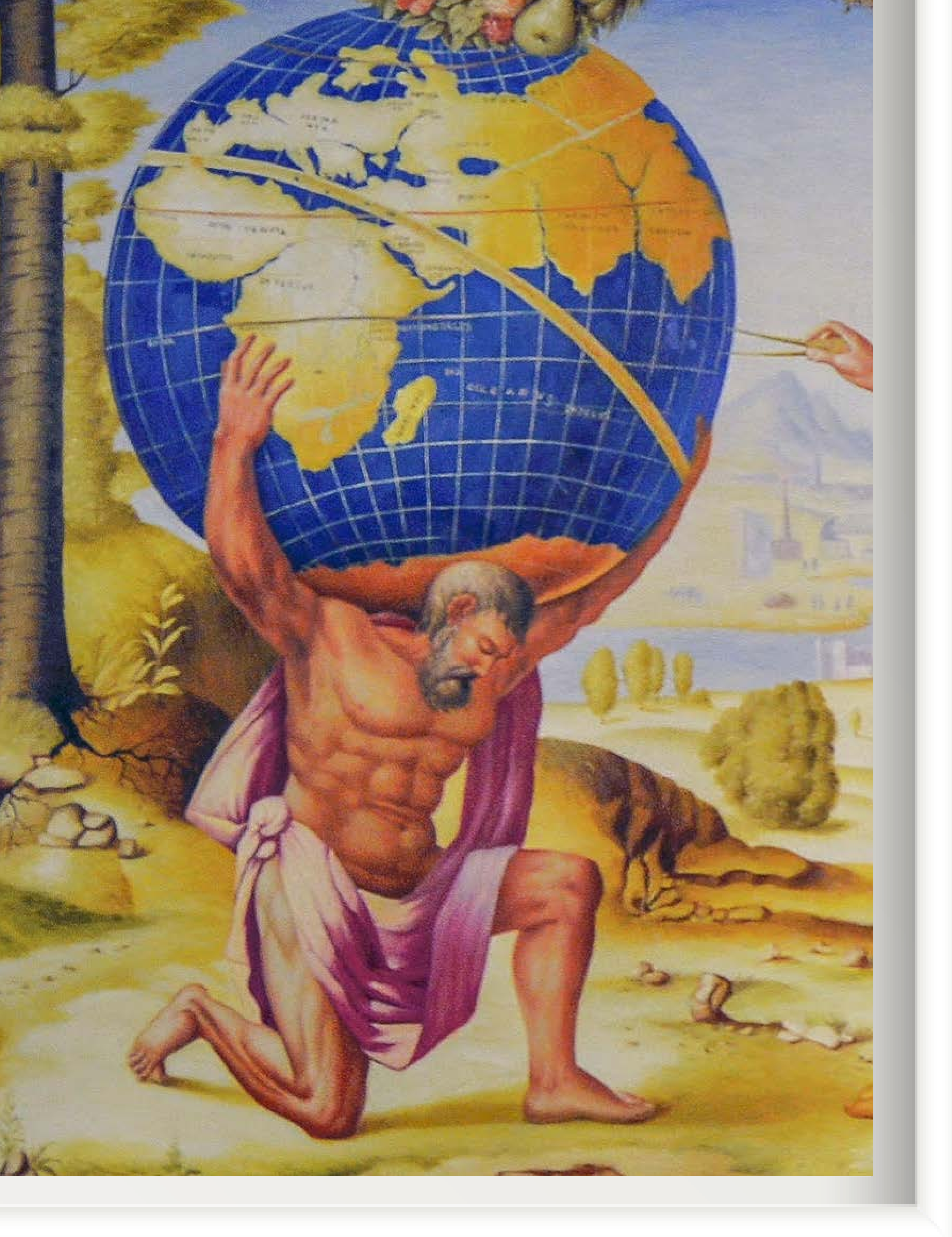
Mrs. Maha Bint Ahmed Feteihy
Non-Executive Board Member

Professor Wadouda Abd El Rahman Badran
Non-Executive Board Member

Mr. Mohamed Mohamed Ali Amer
Non-Executive Board Member

Mr Nabil Mohamed Mohamed Sarhan
Non-Executive Board Member
Representing Misr
Insurance Holding Company

Mr Salah Abd El Salam Mahmoud
Non-Executive Board Member
Representing Misr Life Insurance



Short order lead time

Vision

Oriental Weavers **“The World of Inspiration”**

ORIENTAL WEAVERS is the global epicenter of modern, contemporary, and custom made rugs with a wide range of innovative and exclusive designs.

Mission

We strive to craft the finest and the most distinctive splendid rugs from our factories in Egypt, the U.S., and China to create a sense of elegance, luxury, and charm in any home or business.

We dare to exceed the expectations of our current, future customers, and shareholders alike.

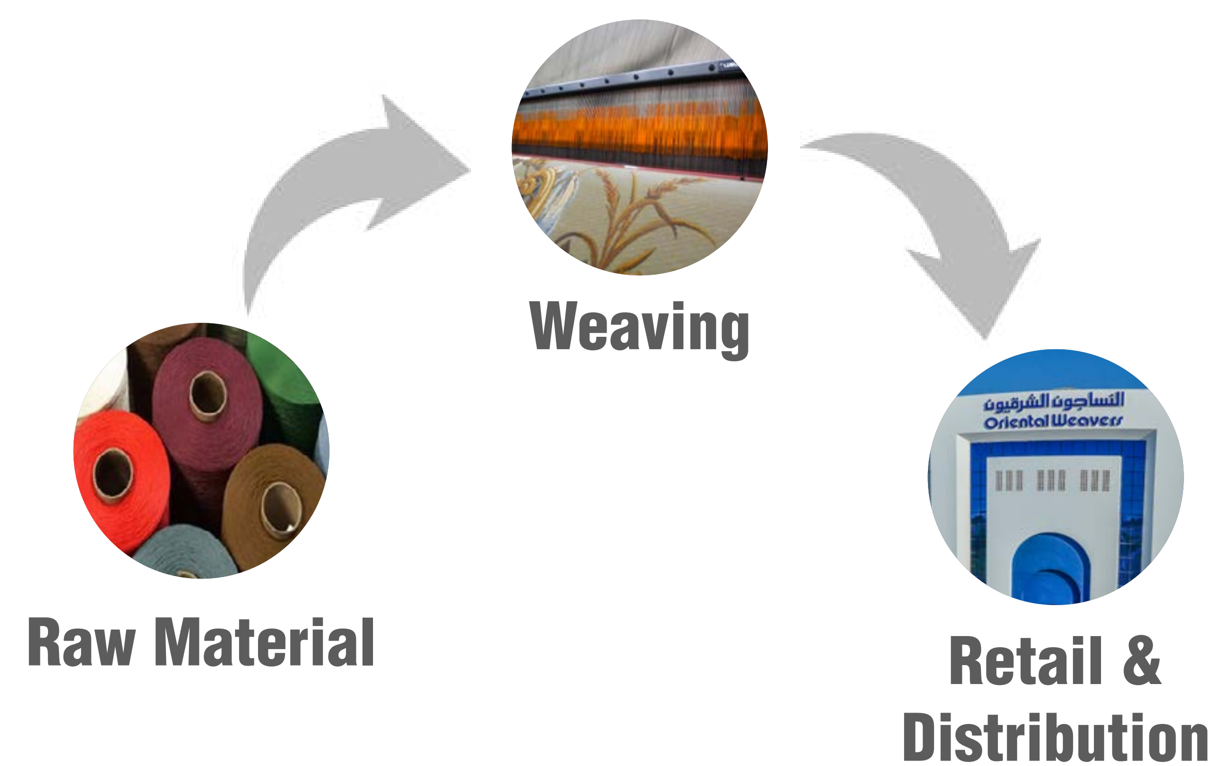
Strategy

Oriental Weavers has a unique business model that enables the company to grow its shareholders' value, outperform its peers, and maintain its leadership in the global market.

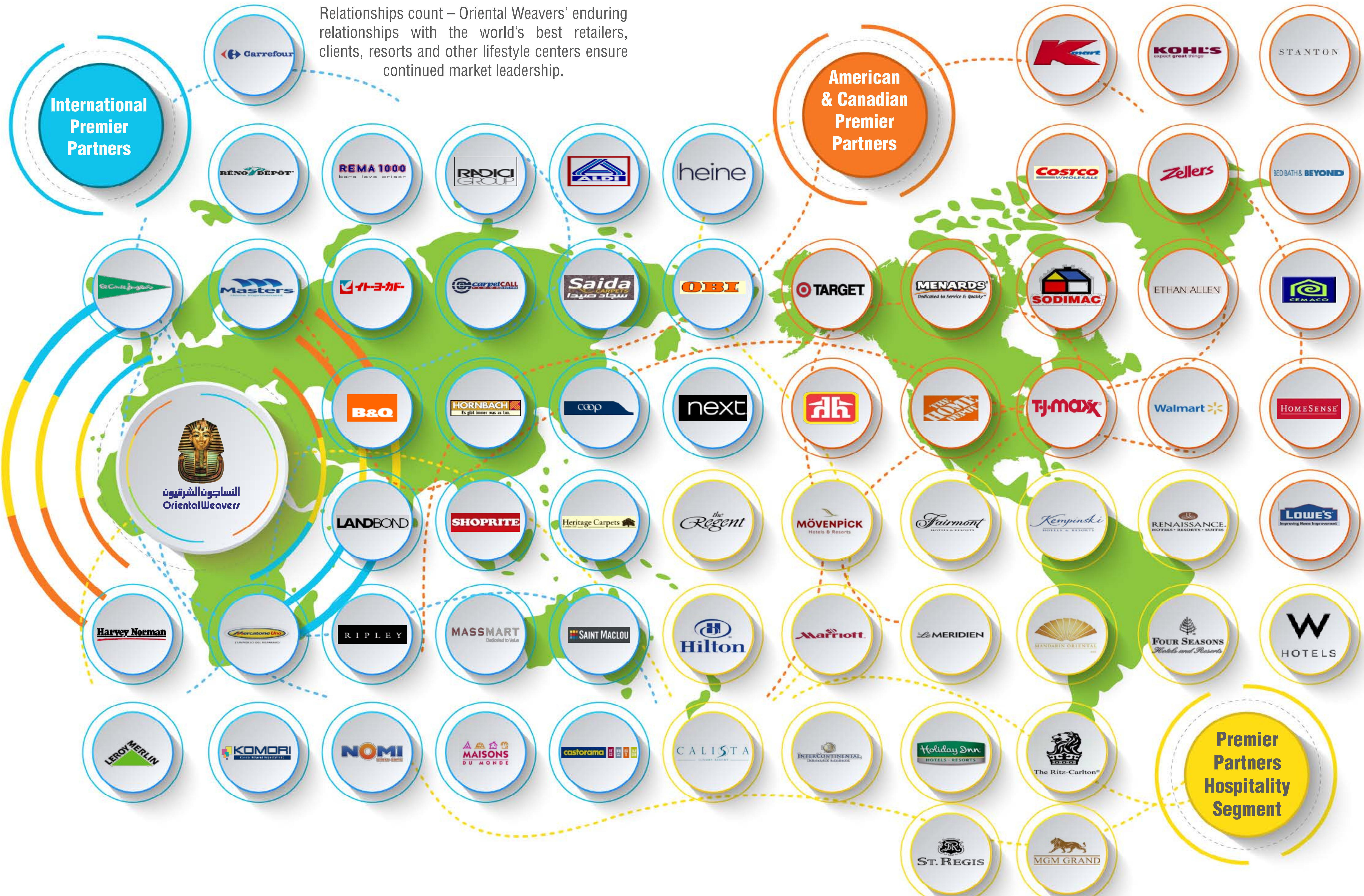
Vertical-Integration

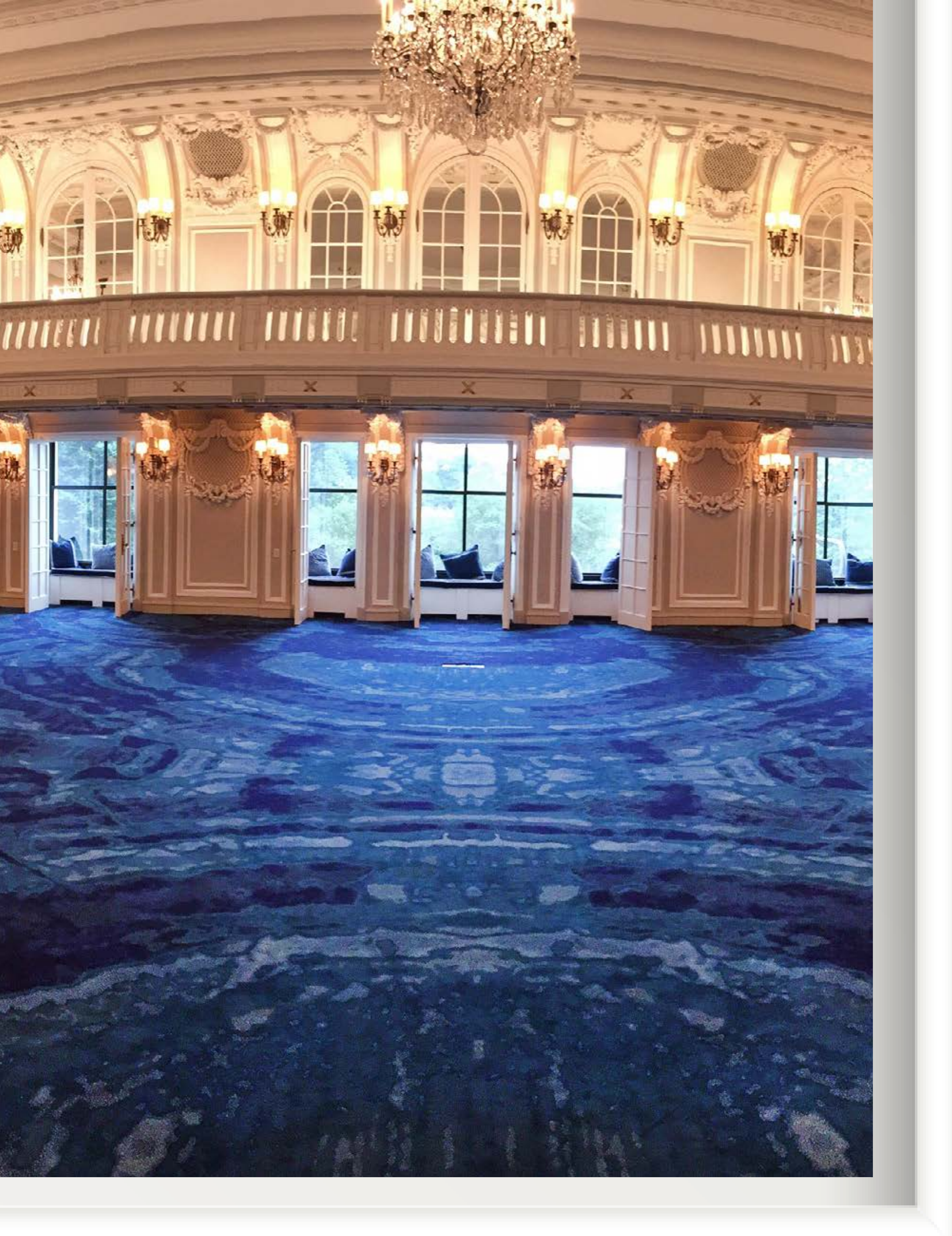
We control the entire manufacturing process, starting with the sourcing of our polypropylene granule needs through The Egyptian Propylene and Polypropylene Company, which helps lower warehousing costs and helped retain foreign currency by paying the supplier partially in Egyptian Pounds in 2016. We then convert the granules to yarn, then produce rugs and carpets before selling them through our retail outlets in the local market and our international agents worldwide.

Our Business Model: Achieve consistent and sustainable growth



Relationships count – Oriental Weavers' enduring relationships with the world's best retailers, clients, resorts and other lifestyle centers ensure continued market leadership.





OW Hospitality furnished the Crystal Ballroom at Blackstone Hotel, Chicago

A renowned supplier of major hotel chains and global retailers

Global Footprint

At the group level, international sales accounted for 55% of revenues in 2016, supported by manufacturing facilities in Egypt, the U.S., and China. OW rugs and carpets are sold in more than 130 countries across six continents.

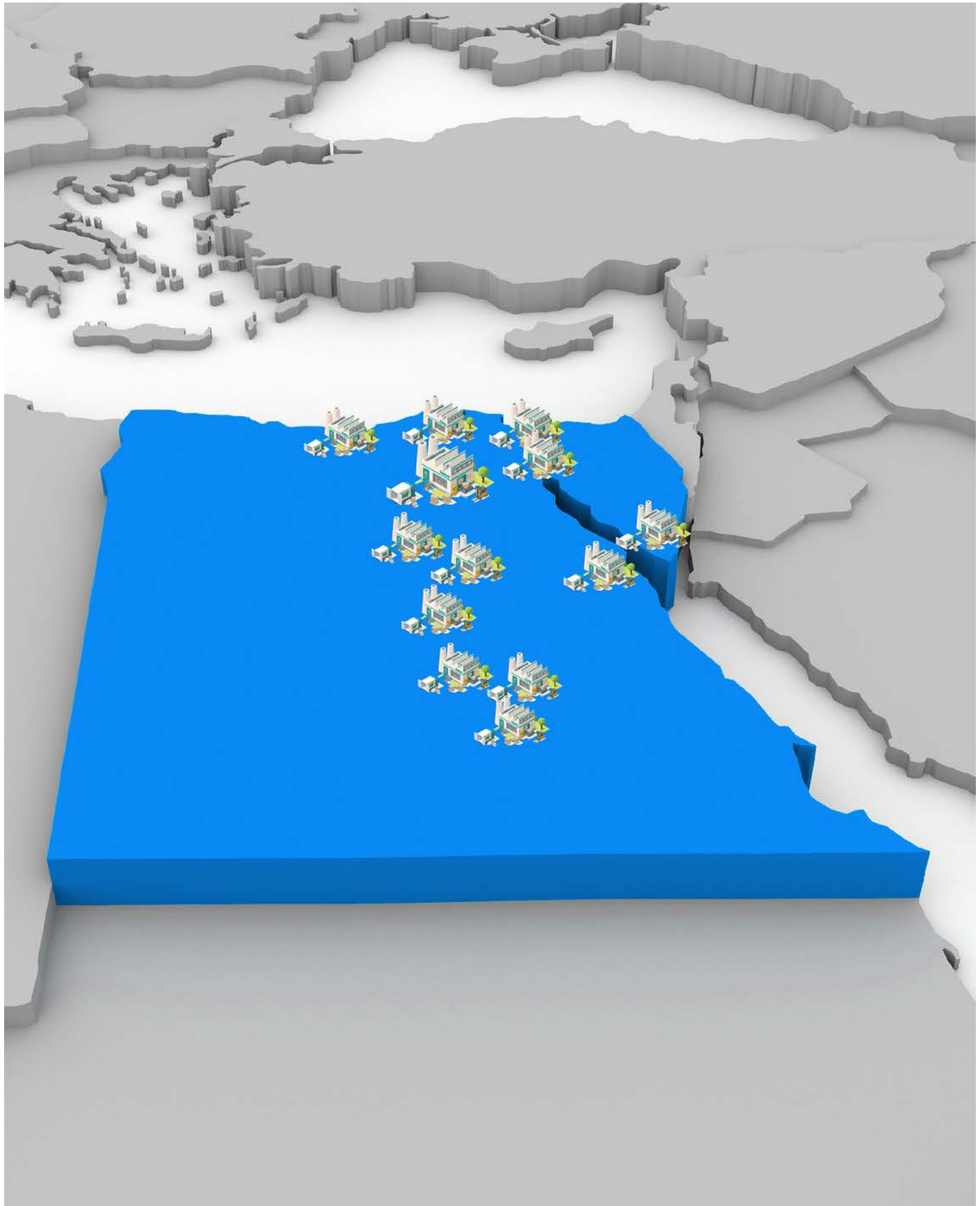
Diversified Product Mix

Diversification is an important cornerstone of Oriental Weavers' strategy, which allows the group to stay on top of market trends and achieve sustainable, organic growth. Propelled by the growing trend in the U.S. for outdoor rugs, Oriental Weavers' outdoor product segment also continued its upward trend during the year. In the same vein, Oriental Weavers used the Domotex Hannover Fair as well as the Atlanta International Area Rug market and High Point Market this year to showcase its newest ranges and designs, which were positively received by audiences. Likewise, the U.S. arm has extended its exclusive manufacturing agreement with the inspired designs of Tommy Bahama, while at the same time introducing new products to meet customer needs. In this regard, we recently added the 1200 Reed loom to our facilities to produce machine-made rugs that deliver a more hand-made look. OW produces a new product every two weeks. Final products are available at all price points and for varied uses, ranging from machine-woven, tufted and needle-punched rugs, mats and carpets to Gobelin rugs and tapestries, upholstery, and Axminster carpets.

Growing Hospitality Business

OW's latest business line – Axminster – represented a move into higher profit margin products geared toward the hospitality industry, and was well-received by the market. This was a brilliant way to end the year after completing a number of installations at locations such as The Atlantis Hotel, Fountain View Towers 1,2,3 and 4, DAMAC Paramount Towers, Westin Dubai - Al Habtoor, Ritz - Chicago, Four Seasons - Dallas, Disney Cruise Line, Fairmont Empress, and Caesars' main casino, among many others.

Most recently, OW Hospitality installed the carpets at Hilton-Las Vegas, Blackstone-Chicago and JW Marriott-San Francisco.

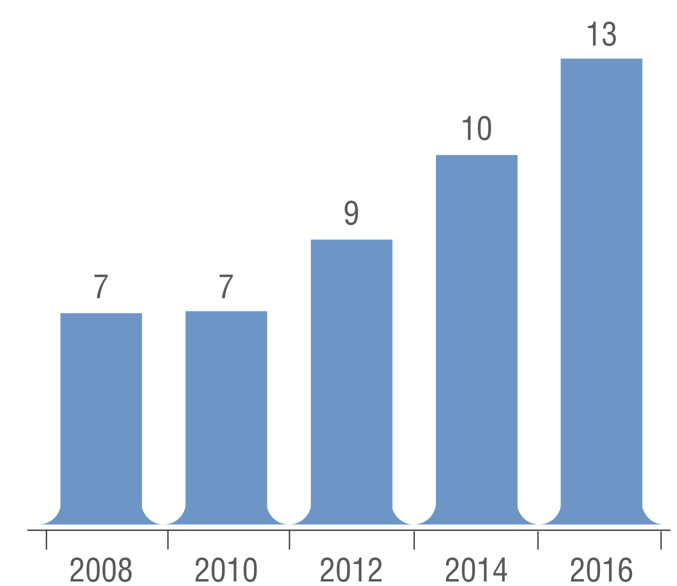


Local Presence

The group is the leading provider to the Egyptian market, with local sales accounting for 45% of group revenues in 2016. Sales in Egypt are supported by OW's ability to cater to all price points, as well as the Egyptian market's demographic trends, including population growth, a growing middle class, and cultural factors that encourage purchases of floor coverings for newlyweds. We continue to be optimistic about the growth potential in the local market, as the real-estate sector sees major developments with solid, contracted sales reported by the major developers in Egypt. Furthermore, the government is playing a major role in offering social housing to low-income groups while continuously supporting the development of new urban communities.

In Egypt, Oriental Weavers and MAC operate 233 stores, comprised of 163 showrooms and 70 wholesale outlets, including the largest rug showroom in the world in the Sixth of October City with a total retail area of 12,000 m^2. Capitalizing on Egypt's healthy demographics, we opened five new showrooms thus far in 1H 2017, as of the date of publishing, and we plan to open another five showrooms throughout the year.

Average Sales per store (EGP million)



A group of foreign portfolio managers and local equity analysts had a tour around the factory in the tenth of Ramadan City (January, 2017).

A factory site visit was arranged for a group of students from New Cairo British International School (Feb, 2017)

OW sponsored El-Alsson school art competition in 2016

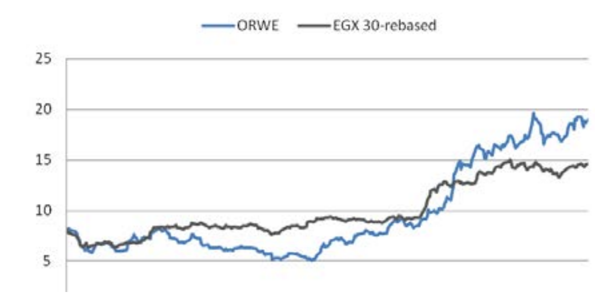
Stock Performance

Oriental Weavers is one of EGX's prominent stocks ever since it was first listed in 1997. With a diversified clientele base, international recognition, and as a leading local market player, investors and analysts view Oriental Weavers as safe from the local market inflationary pressures and a hedge against local currency devaluation. During 2016, Oriental Weavers Investor Relations took part in national and international investor conferences in Cairo, London, Cape Town, and Dubai with the participation of senior management, meeting over 100 international and local investment funds. Oriental Weavers brought its senior management together with the investor community several times in 2016 through arranging analyst days, personalized conference calls, and site visits.

The shareholder structure of Oriental Weavers is divided into Khamis Family, and related entities, with 57% ownership. In December 2016, institutional investors owned a 38% stake, (with foreign institutions owning 24% - 8% GCC, 7.5% North America, 2% South Africa, 1.5% UK and Ireland, and 5% rest of the world, and local institutions owning 14%), and retail investors owned 5%.

Of course, to earn and maintain the trust and respect of its investors, Oriental Weavers maintains a pro-active, timely and accurate dissemination of information to the market. As access to readily available information is expected, Senior Management, along with the Investor Relations team, work tirelessly to make sure that each and every opportunity is made to inform investors of the company's current programs and vision of the future. This exchange of information, through conferences, meetings, press-releases, and presentations, ensures that informed decisions can be made in a timely manner, and with confidence.

OW stock performance in 2016 vs. EGX 30-rebased



Equity Analysts Ratings

Oriental Weavers is widely covered by the leading research houses both domestically and internationally. In 2016, eight institutions regularly issued research reports on Oriental Weavers. Four analysts had a buy recommendation, and four analysts had a hold recommendation on Oriental Weavers stocks.

ORWE	450 million	EGP 1	EGP 8 billion	EGP1.08
Reuters Code	Outstanding no of shares	Par Value	Market Cap	EPS

* EPS calculation is based on consolidated financial statements.

Our continued innovation and operational excellence has garnered recognition as our U.S.-based retail arm was named the" Supplier of the Year" by Rugs Direct, the largest U.S. rug-only e-commerce website.

Operational Highlights of 2016

For the purpose of analysis in this annual report, Oriental Weavers compares actual 2016 results against adjusted 2015 figures, which accounts for the merger of Oriental Weavers Textiles, and not against the statutory figures reported in 2015, as this allows for a more accurate gauge of Oriental Weavers' financial performance.

2016 was a very successful year for Oriental Weavers having recorded the highest operating margin in the last nine years. Net sales for FY 2016 was 17% higher, reaching EGP 6.8 billion, up from adjusted net sales of EGP 5.78 billion in 2015. This was a result of a 20% growth in export sales, driven primarily by the devaluation of the EGP against the USD, and a 14% growth in local market sales.

Local Sales

Sales from the Egyptian market grew 14% y-o-y from EGP 2.65 billion to EGP 3 billion in the 12-month period. Increasing traders' stockpiling activity and available product capacity being allocated to the local market drove volumes up 5%. Oriental Weavers implemented several selling price increases throughout the year to pass on the higher dollar cost following the floatation of the Egyptian Pound. With the opening of three new retail outlets in 2016 and a pair of new outlets at the beginning of 2017, management plans to open up to five additional small retail outlets in the second half of 2017 as part of its strategy to expand into the rural and underpenetrated areas of Egypt to meet the demand from the growing low-income housing market.

Free access to the US, Europe, Arab Countries, COMESA and Australia

Export Sales

Our 2016 exports grew by 20% y-o-y in FY 2016 to EGP 3.74 billion. During the year, the company managed to make up for some of the reduced demand from the top European customer by approaching new customers in Europe, Africa, the U.S., Asia and Australia, in addition to the introduction of new products, including outdoor rugs, PVC products, and artificial grass. As a result, the exports of the Egypt-based woven companies remained flat in USD, despite the 29% decline in USD revenues recorded with our top European customer (22% of woven revenues) in 2016. We are currently developing a new program for this customer, which could see at least a 20% increase in the Euro value of business with them in the second half of 2017. In the European markets, we are developing initiatives to expand our reach into smaller retail furniture stores, whilst also branching into e-commerce, with France as an initial focus.

Our performance in the American and Canadian markets were very strong for another consecutive year, with exports into this region, and sales from our US based arm, constituting almost 56% of the company's overseas revenues during 2016. Revenues generated from that region grew 35% y-o-y to EGP 2.1 billion in FY 2016 thanks, in part, to the recent agreements with leading home-furnishing stores for indoor and outdoor rugs, and continued online business growth and product development. Furthermore, USD revenues from our U.S.-based arm (OW Sphinx) recorded a 6% growth from the development of new products for several new programs targeting mass market merchants, discount warehouse clubs, and home centers.

Uncertain political and economic conditions in some of our export markets, including Libya, Yemen and Iraq, continued to negatively impact our exports to these areas in 2016.

The company's exports committee has taken a proactive response to the challenges faced in various markets, initiating an action plan and investing in efforts to diversify our client base through expanding into new markets.

Management intends to continue cultivating key markets while also leveraging the significant growth opportunities offered by the hospitality industry, which already accounts for 5% of Egypt-woven export sales and recorded 15% y-o-y growth in USD terms.

OW design library at the new smart building

Largest rug design library in the industry

Strong Operational Performance

In FY 2016, gross profit margin grew 290 bps to 14.9% with improvement recorded across the company's three divisions, with the woven segment and yarn (81% of revenues) recording 200 bps margin improvement, and the non-woven segment (4% of revenues) strengthening 680 bps. The tufted segment (15% of revenues) recorded a 1100 bps margin improvement because of: i) lower depreciation rates encountered on the full depreciation of several items of equipment, ii) an increase in revenue from the sales of high-margin artificial turf, and iii) the impact of the flotation of the EGP.

Adjusted EBITDA in 2016 came in at EGP 1,116 million, marking a 33% growth compared to the 2015 adjusted figure of EGP 839 million, whilst EBITDA margin grew 196 bps to 16.5%. The margin enhancement resulted from the lower raw materials costs, which contributed to 46% of total COGS in 2016 versus 50% in 2015. Prices of polypropylene, 25% of total costs, dropped 17% y-o-y in FY 2016. This comes in addition to new, high-margin, mixes and the more efficient utilization of raw materials. EFCO (the non-woven segment) recorded further margin improvement, with the development of a new product that uses regenerated polyester fibers, which are 20% cheaper. Selling, general and administrative expenses as a percentage of sales grew 50bps y-o-y to 4% in light of the inflationary environment in Egypt and tax settlements related to previous periods.

The efforts of the treasury team saw interest and treasury income grow 88% y-o-y on an adjusted basis via more efficient utilization of our cash balance through investments in high yield treasury bills. Financing expenses grew 27% y-o-y in 2016 on 500 bps average increase in corridor rates, and EGP devaluation. Overall, net interest expenses, on an adjusted basis, remained flat.

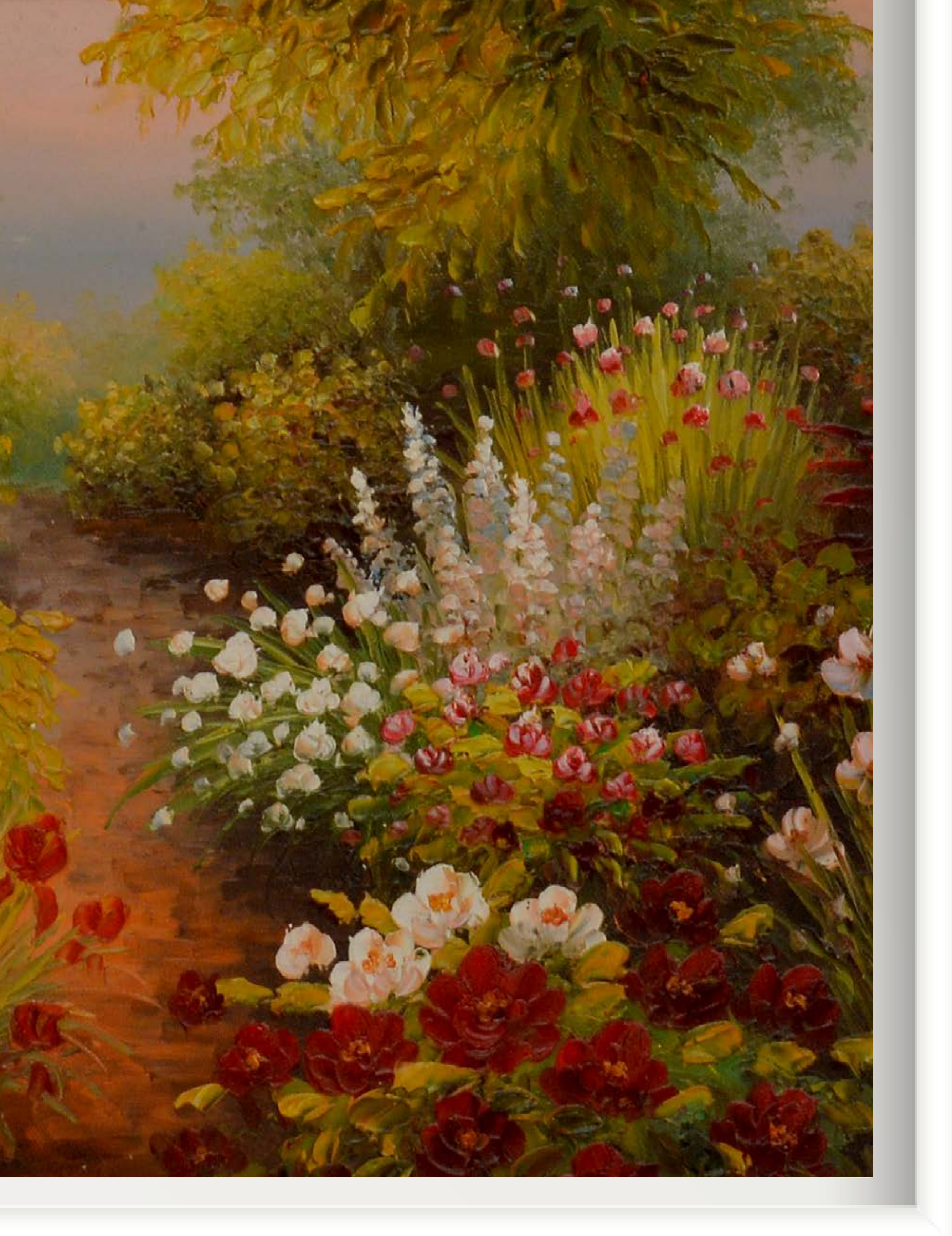
OW collected EGP 214 million of export incentives compared to EGP 131 million in 2016. Separately, the company incurred EGP 107 million in FX losses, resulting mostly from the EGP receivables of Oriental Weavers International, located in a private free zone area with USD denominated financials. Based on the new accounting standards, we recorded FX loss of 12.7 million in other comprehensive income related to MAC USD debt facilities. Additionally, we reported EGP 100 million provisions and impairments in FY2016 (goodwill impairment of EGP 40 million and EGP 60 million provisions for tax settlements) compared to EGP 95 million in FY 2015.

Pretax earnings grew 65% reaching EGP 693 million. Effective tax rates grew to 24% compared to 16% in FY 2015, due to growing earning contributions from taxable entities such as OW U.S.A., MAC and EFCO, and lower deferred taxes. Attributable earnings grew 33% reaching EGP 484 million, whilst the net profit margin for the year stands at 7%, compared to almost 6.3% in 2015.

Our General Assembly Meeting held on April 2, 2017 approved a per share dividend of EGP1.4, yielding almost 7% at the closing of the trading session of April 26.

Healthier Leverage on Debt Restructuring

As part of the Group's continued efforts to work around volatile political and economic conditions by restructuring the company's debt, management further reduced the Group's debt position during the year, with a resulting year-end debt/equity ratio of 0.44x compared to 0.52x a year ago.



Solid relationship with major big boxes

Latest Developments

A new export incentive program introduced in 2017 to be implemented retroactively starting July 2016

On January 4th, 2017, the Prime Minister Sherif Ismail approved the new export incentive program. This program should be implemented retroactively on export shipments starting July 1, 2016. The new program gives exporters extra incentives in case of achieving growth in USD exports, increasing exposure to African markets, and opening new markets such as Russia, China, the Latin America, and the CIS region.

Merger of a new company into the group

OW finalized the merger of Oriental Weavers Textiles (OWT) with Rosetex for Spinning and Weaving (an almost 100%-owned subsidiary by Oriental Weavers Carpets), on September 29, 2016. As a result, Oriental Weavers Carpets (OW) now owns directly and indirectly a 71.4% total stake in OWT.

Oriental Weavers Textiles (located in Tenth of Ramadan City) owns a vast area of land with an approximate total size of 120,000 sq. m., with only 50% of the land being utilized. This should allow the group to use the remaining vacant land for the future expansion of the woven segment. The merger should add 2–3% additional attributable net earnings with no expected additions to top line revenues, given the intercompany transactions between Oriental Weavers Textiles and the subsidiaries of Oriental Weavers Carpets.

Expansion plan

Oriental Weavers had a total of EGP 529 million in capital expenditures (USD equivalent as of December 2016) throughout 2016 across the different subsidiaries of the group, adding 4% to the group's total capacity.

The woven segment in Egypt and the US added a total of nine looms in addition to four Gobelin looms. This was in addition to the two new yarn production lines added in Egypt and the US, with each having an average Capex of EUR 600,000, whilst our US division started operations at its new one million sqm warehouse, with a Capex of USD 2.8 million. The warehouse will meet the growth in online business, now at 20% of U.S. revenues, and accompanying requirements for increased storage space.

EFCO also added two new machines in 2016 with Capex of EGP 18 million, intended to enable the introduction of new product lines to meet market demand.

Partnering with Key U.S. Retailers

We have developed strategic product development relationships with several of the largest furniture retail store chains in the U.S. Our licensed program with Tommy Bahama has continued to exceed expectations and is very popular with our retailer customers and their consumers.

OW sponsored Enactus-Egypt competition

Production facilities run 24/7

Corporate Social Responsibility

Oriental Weavers always aims to give back to the community throughout Egypt.

In 2016, OW and its subsidiaries donated over EGP 11 million through wide ranges of activities such as:

Health Support:

Oriental Weavers supported a number of activities of several leading non-profit organizations in Egypt, such as governmental hospitals, Behaya for Early Diagnosis for Tumors and the Khayrazad Organization. OW believes that the medical needs of people, the vulnerable in particular, should be addressed whenever, and wherever possible. With this belief, that the most vulnerable have the right to equal opportunities, which includes access to health care – that, to break the vicious cycle of vulnerability that affect far too many, support must come from the private sector to turn at-risk populations into healthy, viable communities.

Education Development:

Oriental Weavers recognizes the importance of quality education, and continues to support, smaller projects for the youth. ENACTUS is one of the leading programs worldwide that helps university students to start their own small development projects for their respective communities to attain higher standards of living and to improve their quality of life.

Community Support:

Oriental Weavers donated a substantial amount to the Tahya Misr Fund which supports programs in Egypt by facilitating large projects initiated by the government.

Social, environmental, and safety compliance certified by most big boxes Worldwide

The Egyptian Industry

OW participated with the Ministry of Industry and Foreign Trade campaign "Proudly Made in Egypt" aiming to increase Egyptians' confidence in locally manufactured, high-quality products. This campaign supports the industry and enhances the trademark and labels to promote Egyptian products on a global scale, targeting an increase of total exports. OW focused on raising the awareness of Egyptians on locally made products.

Social Support:

Many small societies and organizations were supported with blankets, food boxes, Ramadan Iftar meals, and transportation services for students from Tenth of Ramadan City to their universities in Cairo, and surrounding cities and other governorates.

Sustainable Business

We believe that our vision of creating a better future for our customers, our company, and our communities requires a sustainable business model. Our holistic approach to managing our environmental impact and working to serve as a responsible company, means that every member of the OW Group has the opportunity to join us in this endeavor.

To drive our progress through 2016, we focused on environmental performance goals for our energy, waste, and water usage. Since we obtained the ISO14001 in 1999, emission levels of air pollutants from the examined boilers at Oriental Weavers International are within the limits of the Egyptian Environmental law (# 4/1994).

These goals encourage us to look forward, and to be mindful that every decision we make today will affect tomorrow's world. Today, we are focusing on strategies for sustainability through the innovative improvement of our products and manufacturing processes, and our social responsibility investments.

Air Protection from Pollution ISO 9001-2008

The results are shown in the next table

Pollutant	Boilers	Law # 4/1994 standard
Carbon Monoxide, mg	3.65	250
Carbon dioxide, %	10.6	0
Sulphur dioxide, mg	3.9	1600
Nitrogen oxide, mg	51	300
Fly ash, mg	23.5	100
Smokes, mg	3.95	50

Source: National Research Center, 4 April 2017

ORIENTAL WEAVERS COMPANY FOR CARPETS

(An Egyptian Joint Stock Company)

Consolidated Financial Statements
For The Financial Year ended December 31, 2016

Together With Auditor`s Report

Translation from Arabic

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

ORIENTAL WEAVERS COMPANY FOR CARPETS

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Oriental Weavers Company For Carpets (S.A.E) which comprise of the consolidated statement of financial position as of December 31, 2016 and the statements of income,comprehensive income ,changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of Oriental Weavers Company - United States of America and Oriental Weavers Company – China. Which statements reflect total assets and revenues for these companies constituting 15.26% and 17.63% respectively, of the related to consolidated totals. The financial statements of Oriental Weavers Company-United States of America and Oriental Weavers Company – China were audited by other auditors whom issued unqualified audit reports dated February 22, 2017 and January 23, 2017 respectively. Our opinion, insofar as it relates to amounts included for these companies, is based on the reports of the other auditors

Management responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oriental Weavers Company For Carpets (S.A.E) as of December 31, 2016 and of its consolidated financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in compliance with related Egyptian laws and regulations.

Cairo : March 12, 2017 .

Wahid Abdel Ghaffar

B.T. Wahid Abdel Ghaffar&Co.

Public Accountants & Consultants

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

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Statement of Financial Position
As of December 31, 2016

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

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

Chairman & CEO
Salah Abdel Aziz Abdel Moteleb

CFO & Board Member
Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Statement of Income
For The Financial year ended December 31, 2016

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

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

Chairman & CEO
Salah Abdel Aziz Abdel Moteleb

CFO & Board Member
Mohamed Kattary Abdallah

النساجون الشرقيون
Oriental Weavers

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Statement of Comperhensive Income
For The Financial year ended December 31, 2016

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

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

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

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Statement of changes in equity
As of December 31, 2016

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

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

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Statement of Cashflow As of December 31, 2016

	Note No	12/31/2016 LE	31/12/2015 LE
Cash flows from operating activities			
Net profit for the year before income tax		693 145 742	406 535 435
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		620 284 360	332 875 081
Formed provisions &Impairment		99 868 551	95 300 000
Interest income		(18 892 298)	(24 896 219)
Financing expenses		111 223 835	83 285 923
Financial investments revenues		(150 000)	(212 250)
Capital (gain)		(4 809 059)	(7 914 076)
Exchange differences arising from translation of financial statements		33 893 255	37 657 736
Operating profits before changes in working capital		**1 534 564 389**	**922 631 630**
Change in working capital			
(Increase) Decrease in inventory		(163 324 083)	4 210 963
Decrease (Increase) in trades & notes receivable and debit accounts		355 031 120	(134 740 973)
(Decrease) in suppliers & notes payable and credit accounts		(98 116 903)	(160 449 213)
Cash flows provided by operating activities		**1 628 154 520**	**631 652 407**
Proceeds from interest income		20 839 369	24 974 993
Financing expenses paid		(110 484 439)	(83 285 923)
Paid income tax		(116 090 454)	(89 019 431)
Net cash flows provided by operating activities		**1 422 418 996**	**484 322 046**
Cash flows from investing activities			
Payments) for purchase of fixed assets and projects in progress)		(529 021 016)	(162 978 096)
(Payments) under purchase of investments		(114 607 230)	--
Proceeds from selling of fixed assets		19 415 053	13 533 645
Proceeds from Treasury Bills		17 513 163	(116 325 805)
Net cash flows (used in) investing activities		**(606 700 030)**	**(265 770 256)**
Cash flows from financing activities			
(Payments) Proceeds for banks-credit accounts		(56 653 170)	(170 060 995)
Dividends paid and payments for non controlling interest		(308 161 511)	(239 036 896)
Proceeds for long term liabilities		(230 307 344)	11 198 676
Net cash flows (used in) financing activities		**(595 122 025)**	**(397 899 215)**
Net change in cash and cash equivalents during the year		**220 596 941**	**(179 347 425)**
Cash and cash equivalents at the beginning of the year		431 042 515	591 343 211
Cash and cash equivalents transferred due to the merge	(5)	11 978 582	--
Translation exchange differences related to cash and cash equivalents		226 443 350	19 046 729
Cash and cash equivalents at end of the year		**890 061 388**	**431 042 515**
Cash & Cash equivalent	(15)	336 176 939	369 898 733
Treasury Bills	(14)	652 697 091	177 469 587
Treasury Bills due more than three months		(98 812 642)	(116 325 805)
Cash & Cash equivalent		**890 061 388**	**431 042 515**

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

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

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

1 - Background Information

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

1-2 Commercial Register

Commercial Register No 44139 dated November 16, 1981.

1-3 Company's objective

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

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

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

1-6 Company's Headquarter

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

2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

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

2-2 Basis of measurement

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

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

Notes to the Consolidated Financial Statements
For the Financial Year ended December 31, 2016

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

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

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

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

4 - Use of judgements and estimates

- The preparation of consolidated financial statements according to the Egyptian Accounting Standard requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The note no. (6) From the notes of the financial statements indicates the items and the elements that have significant accounting estimates.

- Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4-1 Fair Value Measurement

- The fair value of the financial instruments is determined based on the quoted price for the financial instrument or similar instruments at the financial statement date. The financial assets value are determined based on current purchase price for these assets; while the financial liabilities value are determined based on current prices for which these liabilities settled.

- In the absence of an active market, the fair value is determined using various valuation techniques taking into consideration the transactions recent prices, current fair value for the other similar instruments substantially, discounted cash flows or any other valuation technique which resulting in reliable values.

- When using the discounted cash flow method as a valuation technique, the future cash flows are estimated based on management's best estimates. The discount rate used is determined in the light of the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

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5 - SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Financial Statements include companies in which Oriental Weavers Company for Carpets participates in their capitals and has control thereon.

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

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

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

6 - SIGNIFICANT ACCOUNTING POLICIES

6-1 Basis of consolidation

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

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

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

A Subsidiaries

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

B Non-controlling interest

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

C Loss of control

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

D Transactions eliminated in consolidation

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

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6-2 Foreign currency Translation

A Presentation and Transaction Currency

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

B Transaction and Balances

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

C Translation of Financial Statements of Foreign Companies

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

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

6-3 Fixed Assets and Depreciation

A Recognition and Initial Measurement

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

B Subsequent Cost

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

6-3

C Depreciation

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

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

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

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

6-4 Projects in Progress

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

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6-5 Financial assets Available for sale

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

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

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

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

6-5 Goodwill

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

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

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

6-7 Inventory

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

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

6-8 Borrowing Cost

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

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

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

6-9 Debtors and other debit accounts

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

6-10 Treasury Bills

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

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6-11 Provisions

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

6-12 Revenue Recognition

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

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

6-13 Legal reserve

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

6-14 Treasury stocks

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

6-15 Impairment

A Financial assets

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

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

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

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

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

A Non-Financial assets

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

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

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

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

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

6-16 Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except for the extent that it relates to items outside profit or loss which is recorded whether in other comprehensive income or recorded directly in equity.

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

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

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

6-17 Employees' pension

A Social Insurance and pension

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

B Employees' profit share

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

6-18 Contingent liabilities and commitments

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

6-19 Related parties transactions

Transactions with Related parties that are undertaken by the Company in the course of its ordinary transactions are recorded according to the conditions laid down by the company's management on the same bases of dealing with third party.

6-20 Cash flow statement

Consolidated Cash flow statement is prepared using the indirect method.
For purpose of preparing the consolidated statement of cash flows, Cash and cash equivalents include cash, time deposits for a period not more than three months and treasury bills for a period not more than three months.

6-20 Comparative Figures

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

7 - Fixed assets (net)

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

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

8 - PROJECTS IN PROGRESS

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

9 - AVAILABLE FOR SALE INVESTMENTS

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

10 - GOODWILL

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

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11 - INVENTORY

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

12 - TRADES & NOTES RECEIVABLE

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

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

13 - DEBTORS AND OTHER DEBIT ACCOUNTS

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

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

14 - TREASURY BILLS

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

15 - Cash & cash equivalent

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

16 - Issued And Paid Up Capital

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

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

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

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17 - Reserves

	Note No	31/12/2016	31/12/2015
		L.E	L.E
Legal reserve		1 052 795 408	1 039 992 237
General reserve		324 620 280	324 620 280
Special reserve		59 973 828	59 973 828
Net assets revaluation reserve	(5)	65 767 457	--
Capital reserve		106 467 676	100 029 702
Unrealized gain from available for sale investments		451 625	451 625
		1 601 076 274	1 525 067 672

18 - Treasury stocks

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

19 - Non-Controlling interest

	Non controlling interest in Equity	Non controlling interest in comprehensive income	Balance as of 6201/12/31	balance as Of 31/12/2016
	L.E	L.E	L.E	L.E
Unlisted investments at Egyptian Exchange	121 034	164 676	285 710	130 093
Egyptian Propylene & Polypropylene Company "E.P.P"	285 351 276	63 597 377	348 948 653	299 377 556
Alahli bank of Kuwait- Egypt	74 211 364	22 801 573	97 012 937	78 408 019
Orientals for Industrial Development	429 492	403 975	833 467	429 492
Cambridge Weavers	1 679 203	2 943 889	4 623 092	2 284 850
Trading for Development Export	110 566 475	137 859 341	248 425 816	--
10th of Ramadan for Spinning Industries	--	--	--	3 128
	472 358 844	227 770 831	700 129 675	380 633 138

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Translation from arabic

20 - Long-term Loans

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2016 L.E	Balance as of 31/12/2016 current portion due in one year L.E	Balance as of 31/12/2016 long term installments L.E	Balance as of 31/12/2015 current portion due in one year L.E	Balance as of 31/12/2015 long term installments L.E	Terms of Payment
HSBC	USD	21 100 000	--	--	--	40 064 155	--	The principal of the loan shall be settled over 73 monthly installments began at december,2010 till december,2016. The interest and commissions shall be computed at interest rate 3% above libour .
Loans from other banks	USD	19 868 663	146 941 584	146 941 584	27 742 296	10 361 285	44 629 792	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Qatar national bank alahli	USD	4 500 000	18 490 684	18 490 684	--	--	--	The principal of the loan shall be settled over 41 equal monthly starting from 31/3/2015 till 31/7/2018, the interest and commission shall be computed at interest rate 3.75% above libour.
Alex. bank	USD	6 500 000	104 379 571	26 094 879	78 284 692	--	--	The principal of the loan shall be settled over 9 equal half annualy installments starting from 4/10/2016 till 4/10/2020 , the interest and commission shall be computed at interest rate 3.25% above libour .
Audi Bank (1)	USD	35 000 000	32 218 900	32 218 900	--	54 670 000	27 335 000	The principal of the loan shall be settled over 20 equal quarter installments starting from 31/8/2012 till 31/5/2017 , the interest and commission shall be computed and paid upon its due date.
Audi Bank (2)	USD	10 000 000	--	--	--	11 029 399	47 794 068	The principal of the loan shall be settled over 16 equal quarter installments starting from24/5/2016 till 24/2/2020 , the interest and commission shall be computed and paid upon its due date.
			32 218 900	32 218 900	--	65 699 399	75 129 068	
			302 030 739	104 546 759	197 483 980	116 124 839	119 758 860	

21 - HOUSING AND DEVELOPMENT BANK LOAN

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

22 - LONG TERM LIABILITIES – CURRENT PORTIONS

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

23 - DEFERRED TAX LIABILITIES

Deferred tax Assets and liabilities	31/12/2016 Assets L.E	31/12/2016 (Liabilities) L.E	31/12/2015 Assets L.E	31/12/2015 (Liabilities) L.E
Temporary tax differences – O.W. (USA)	23 317 536	--	217 452 11	--
Fixed assets	--	(104 023 333)	--	(145 662 319)
Total deferred tax assets / (liabilities)	23 317 536	(140 023 333)	217 452 11	(145 662 319)
Net deferred tax (liabilities)		(116 705 797)		(134 210 102)

23 - Provisions

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

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25 - BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 997 577 251 as of December 31,2016 represents short term facilities granted by banks at relatively fixed interest rate, a part of facilities is guaranteed by notes receivable deposited at these banks for collection.

26 - SUPPLIERS & NOTES PAYABLE

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

27 - CREDITORS AND OTHER CREDIT ACCOUNTS

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

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

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

29 - CONTINGENT LIABILITIES

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

30 - CAPITAL COMMITMENTS

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

31 - TAX POSITION

31-1 **Corporate tax**

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

31-2 **Salaries & Wages Tax**

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

31-3 **Sales Tax**

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

31-4 **Stamp Duty Tax**

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

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32 - FINANCIAL INSTRUMENTS AND RISK MANAGMENT

A Credit Risk

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

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

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

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

B Liquidity risk

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

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

32 -

C Market risk

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

Exchange rate risk

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

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

Interest rate risk

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

D Capital Management

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

33 - SIGNIFICANT EVENTS

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

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