



النساجون الشرقيون
Oriental Weavers

40

Forty Years

Weaving the Threads of Innovation



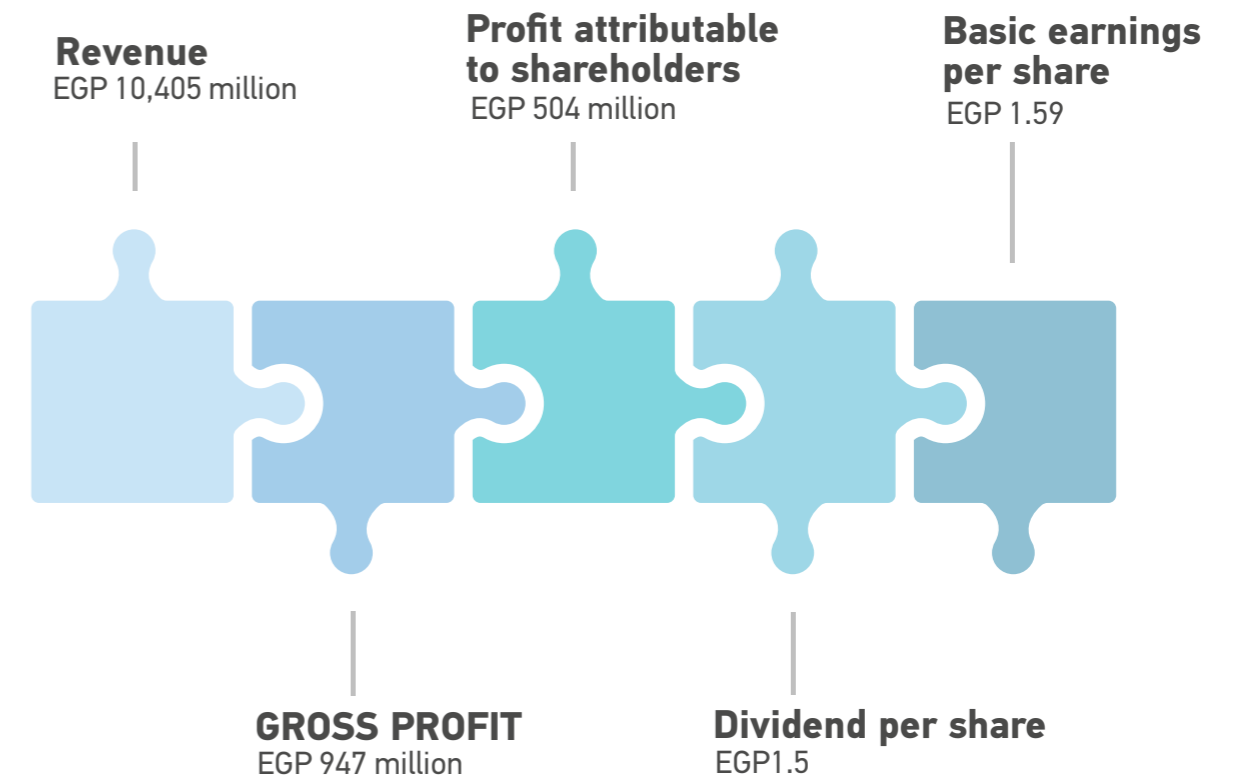
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Financial Highlights in 2018



About us

We are the leading machine-made carpet and rug manufacturer in the world, generating a revenue of over ten billion Egyptian pound (600 million USD) in 2018.

Exporting over 50% of our production to over 100 countries ensures that our exposure is geographically balanced while simultaneously leading the ever-expanding Egyptian market of approximately 100 million people.

Our manufacturing operations are centered in Egypt, with China and the United States each contributing 5% to our capacity.

Our primary objective is to continue to advance as a leader in the industry by offering the most elegant and affordable carpets and rugs worldwide which nourishes our long-term value for our shareholders and guarantees business sustainability for our employees, clients, suppliers, and communities alike.

We have been doing so for the last forty years – this is what we do, this is who we are.

At a glance

Solid Foundation to Sustain Leadership

As a young man, Mr. Mohamed Farid Khamis had a vision to build upon Egypt's storied textile history, and in 1979 he did just that, starting Oriental Weavers. In time, and with the recognition as a leader in carpet and rug manufacturing, the creation of the Oriental Weavers Group was the natural progression from an Egyptian success story to an international leader in the industry - becoming the world's largest manufacturer.

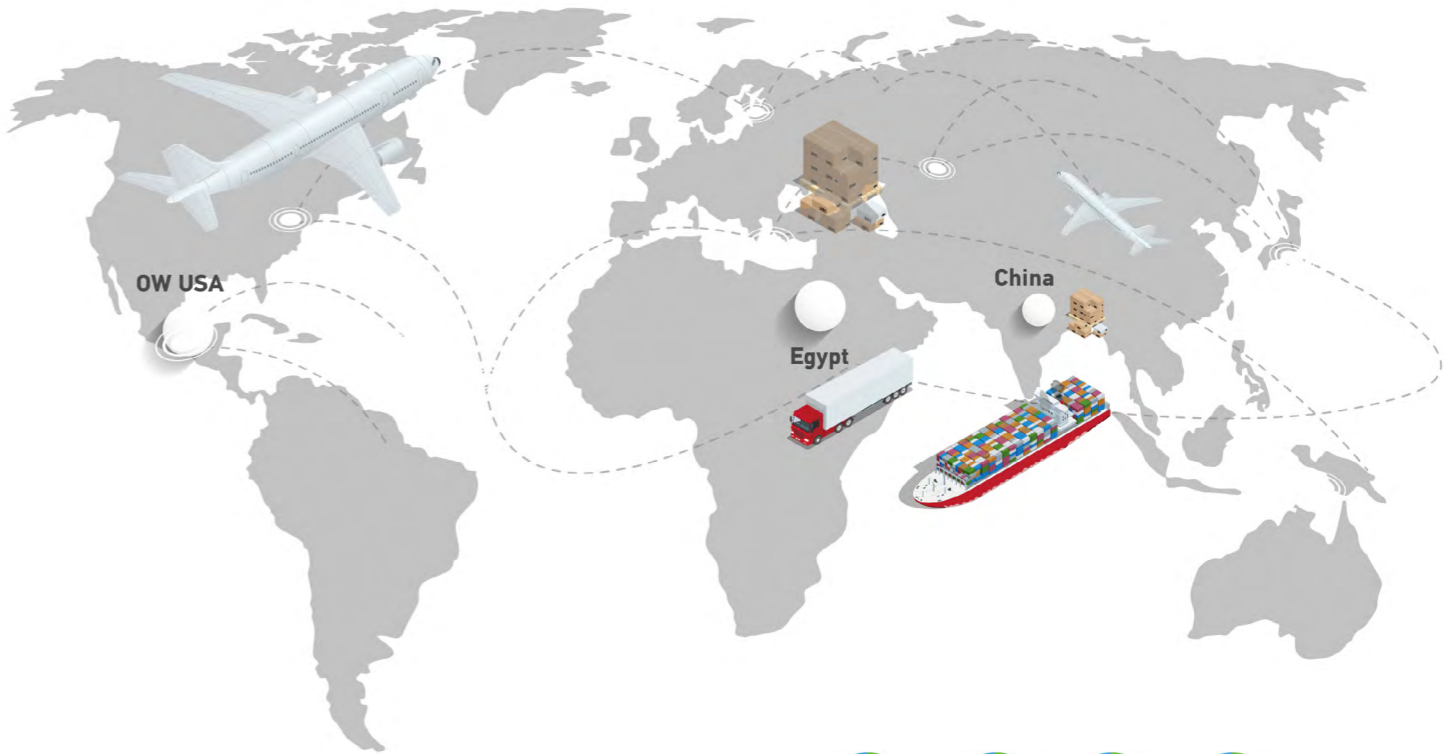
Currently headquartered in the Tenth of Ramadan City, 45km away from the Egyptian capital of Cairo, the Group also operates additional manufacturing facilities in two countries, China and the United States, in addition to a wide distribution network with offices in Dubai and the UK.

Forty years on, Oriental Weavers' rapid ascent as a trailblazer in the Egyptian market to a leader of the industry internationally has come as no surprise to Mr. Khamis, nor to the Group as a whole. Since 1979, our founder's vision to share Egypt's rich history, to integrate innovative production with the art of design, and to create and maintain relationships with consumers has been fundamental to our success.

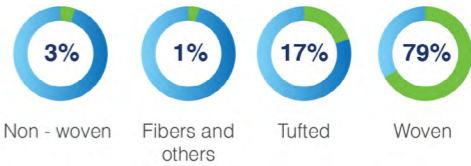


Where We Do It

Oriental Weavers products are manufactured in Egypt, China and the United States
90% of production takes place in Egypt



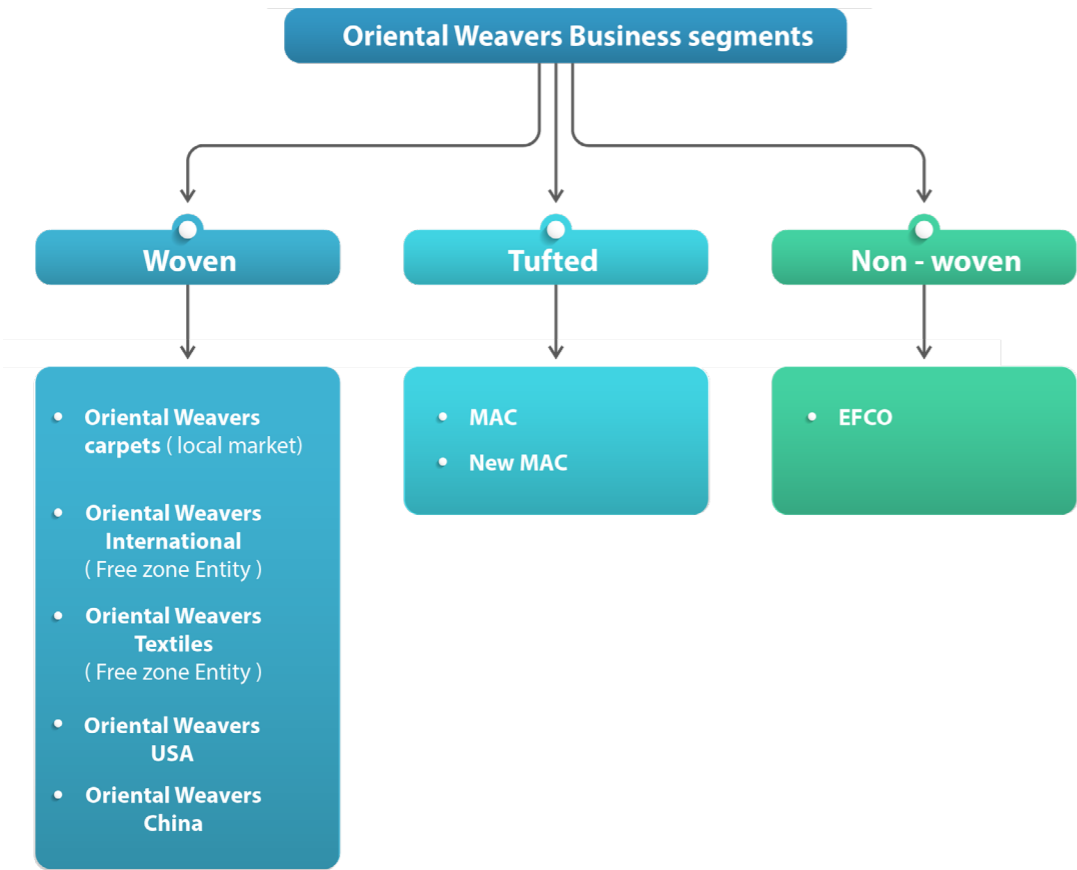
Revenue by business segment



Our business segments

There are three principle production process that the Oriental Weavers Group employs – weaving, tufting, and needle felting – each of which use their own unique and complex methodologies to produce the final woven, tufted, and non-woven products. The selection, preparation, and manipulation of the fibers has fueled the necessary innovations to meet and exceed the expectations of the ever-dynamic preferences of the consumers.

The Oriental Weavers Group is comprised of eight independently operating companies, each with its own mandate, management team, and scope. The eight entities operate in synergy with their peers allowing the Oriental Weavers Group to offer a wide variety of popular, award-winning products, in the local and international markets.



Woven	Tufted	Non-woven
<p>Our woven business sells machine-made area rugs locally and internationally, manufactured at our state-of-the art facilities in Egypt, the U.S., and China.</p>	<p>Our tufted division sells printed wall-to-wall and area rugs in addition to artificial turfs, and carpet tiles produced at our factories in Egypt.</p>	<p>Our non-woven division sells needle felt products produced at our factories in Egypt.</p>
<p>Highlights :</p> <ul style="list-style-type: none"> • A leading global manufacturer of woven area rugs • 70% of our production is carried out in Free Zone areas • Exports ~50% of turnover • A design center of more than 45 dedicated fashion oriented designers, in addition to over fifteen design companies worldwide • 500 registered local industrial designs and yarn patents • Broad product portfolio of over 2.5 million designs • A range of products for residential and commercial use 	<p>Highlights :</p> <ul style="list-style-type: none"> • A major manufacturer of printed rugs • Exports ~75% of turnover • With a design center of more than sixteen dedicated fashion-oriented designers • A diversified product mix ranging from wall-to-wall, door and kitchen rugs, bathroom mats, children’s rugs, to artificial turf 	<p>Highlights :</p> <ul style="list-style-type: none"> • A large manufacturer of needle felt products rugs • Exports ~35% of turnover • Broad product portfolio most commonly used for automotive applications, exhibition halls and foot-mats, etc

Woven Segment

Five companies are engaged in the manufacturing of woven products, three of which are in Egypt, one in the U.S. and another in China. OW produces three grades of machine-woven carpets and rugs (A, B, and C). In the weaving process, the surface yarn is inserted and intertwined with the backing yarn, which consists of jute weft threads (horizontal) and warp threads (vertical). The warp threads are made of jute, cotton, viscose or polypropylene. OW Hospitality, another division within the group, produces unique-woven broadloom products. The company is well-established in the U.S., European, and Asian markets with its offices in the UK, U.S., Egypt, and the United Arab Emirates.



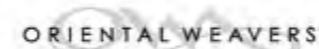
Oriental Weavers Textiles

Located in a private free zone area, Oriental Weavers Textiles is another export-oriented subsidiary to OW. The company owns a sizeable vacant land, which can be utilized for future expansion initiatives of the OW's woven segment. In the area, the company launched the first phase of its expansion plan by constructing a new plant and adding eleven state-of-the-art manufacturing looms since 2017.



Oriental Weavers Carpet Company

Oriental Weavers Carpet Company was started in 1979 by Mohamed Farid Khamis, the Egyptian industrialist and entrepreneur. Today, it is a holding company for a fully vertically-integrated manufacturer of rugs, mats, and carpets, with an annual production capacity of 21 million m² (2018). Oriental Weavers was listed in the Egyptian Stock Exchange (EGX) in 1997, and, today, its shares represent consolidated earnings for the company and its subsidiaries.



Oriental Weavers USA

Oriental Weavers USA is based in Dalton, Georgia. It manufactures, markets, and distributes products imported mainly from the company's Egyptian plants besides other Asian countries. Oriental Weavers USA sells the products to its mass market merchants and big-box retailers, as well as to independent retailers, furniture retailers, catalogues, and various department stores. The online sales segment to major home-furnishing portals such as Target, Kohl's, Amazon, Wayfair, and Rugs Direct has been very successful in recent years, contributing almost 20% to the company's net sales.



Oriental Weavers International

Oriental Weavers International (OWI) was established in 1998 as an export - oriented, private free trade zone company in the 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. The company's diversified product mix related to residential and commercial use include carpets, rugs and upholstery (gobelin). OWI's main export markets include North and South America, Europe, the Middle East, Asia and Australia. OWI owns a 79% stake in Oriental Weavers (Tianjin) company Ltd, China, keeping an eye on expanding its current share in the emerging Asian market. In late 2014, a new fully-automated yarn production facility, the King Tut, started its operations with a production capacity of 100 tons per day.



Oriental Weavers (Tianjin) Company Ltd, China

Oriental Weavers - China was established in 2006 in response to the growing demand for woven products in China and other East Asian countries. OW China manufacturing facilities occupy 140,000 m² of land in the Tianjin industrial zone, 80 kilometers south of Beijing. The producer is a vertically-integrated facility with fiber extrusion and rug and carpet manufacturing facilities.



Tufted Segment

There are two companies that operate in the tufted segment in Egypt; MAC, and its private free zone subsidiary, New MAC. In the tufting process, the yarn is fed into a primary backing, followed by a design, printing, and an anchor coat of adhesive material is applied to hold the tufts in place. A secondary backing is then added to guarantee the carpet's solid form.



MAC Carpet "Fiber Factory"

MAC Carpet "Fiber Factory" is Oriental Weavers' foothold in the tufted carpeting segment and a leading Egyptian exporter to more than 100 countries, supplying some of the world's largest retailers. MAC has a diversified portfolio from wall-to-wall carpeting, to door and kitchen rugs, to rubber backed bathroom mats, to multilevel textured mats for outdoor applications, as well as 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. In 2018, MAC expanded its portfolio with new digital printing products that are widely appealing to major markets and in 2019, the company has added a cutting machine to penetrate the carpet tiles segment. MAC runs four manufacturing sites in Egypt, all in the Tenth of Ramadan City. The company also owns a 98% stake in its subsidiary, New MAC, a tufted manufacturing facility, operating in a private free zone area.

Non-Woven Segment

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

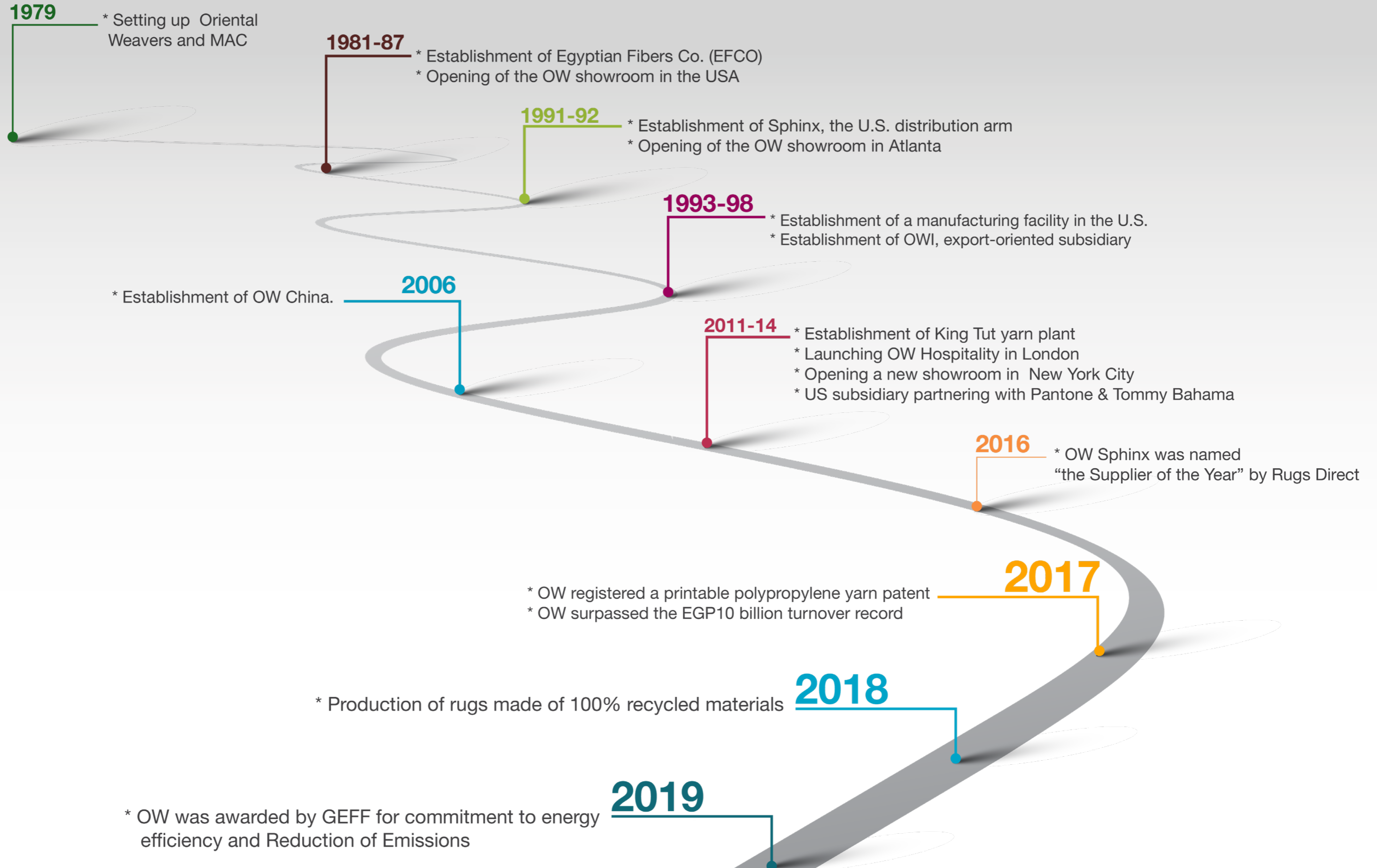


Egyptian Fibers Company (EFCO)

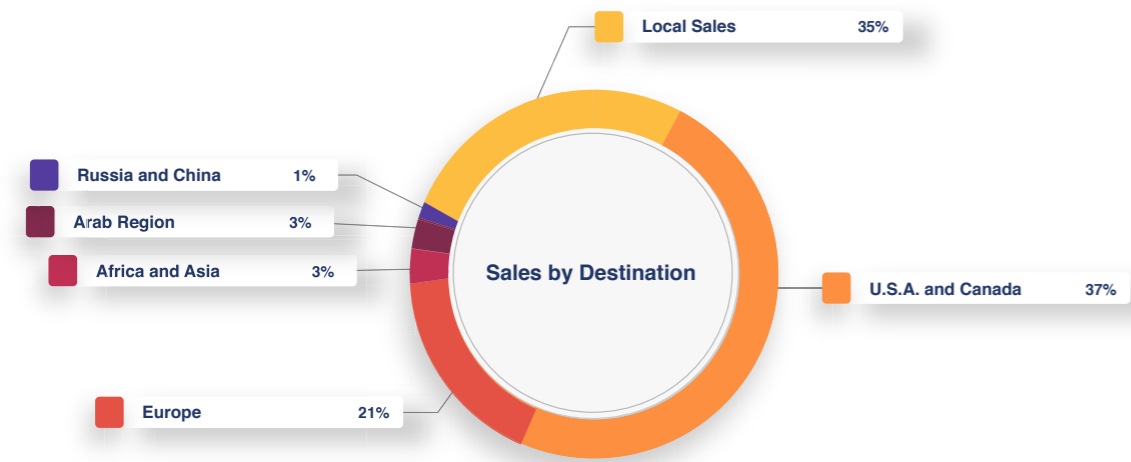
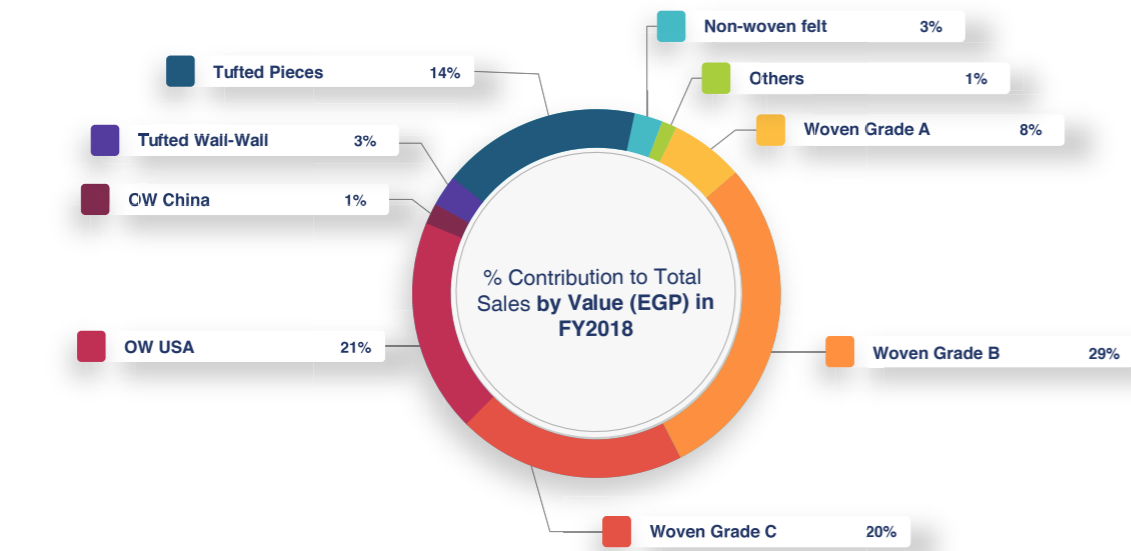
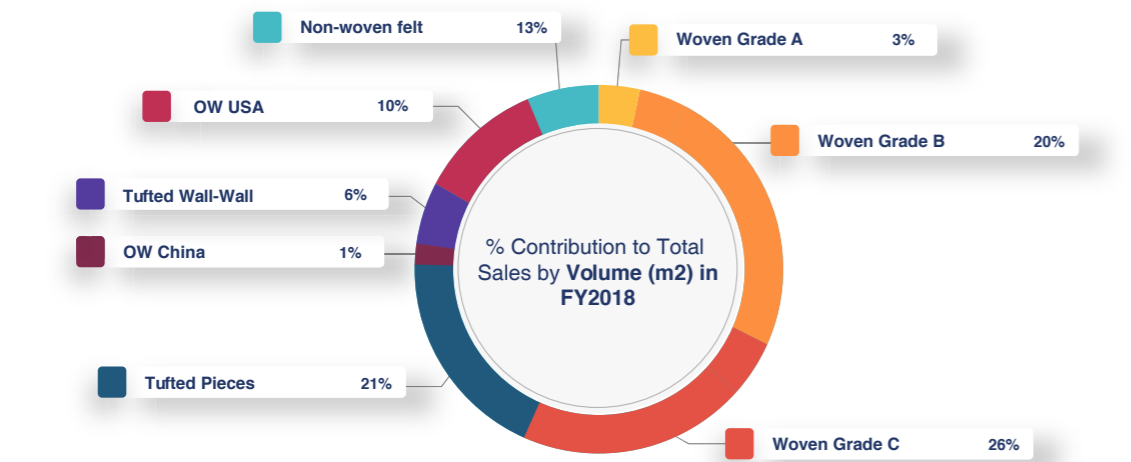
EFCO exports its high-quality products to more than 67 countries worldwide. The company specializes in the production of the master batch, polypropylene staple fiber, and needle felt carpets, including wall-to-wall carpeting of various weights with customized widths of up to four meters; indoor/outdoor rugs; patterned, printed, engraved, and embossed mats; underlay rolls and rug pads; car mats; and bath mats. EFCO uses the latest production technologies to offer high quality products that comply with international standards.



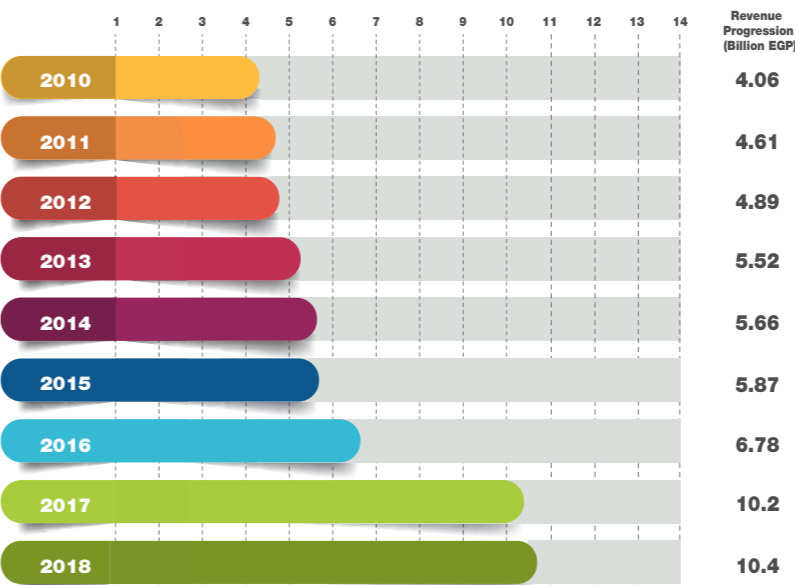
Group's key Milestones:



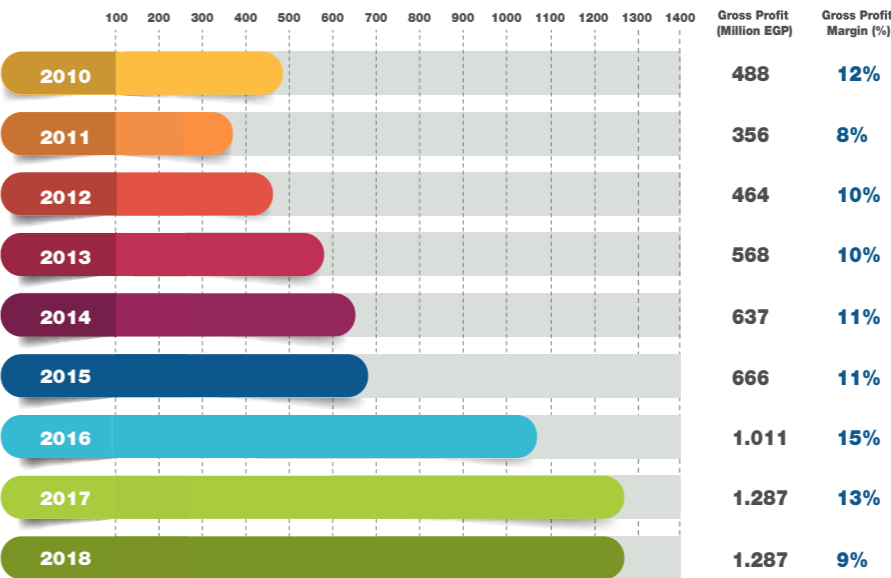
Key Financial Highlights



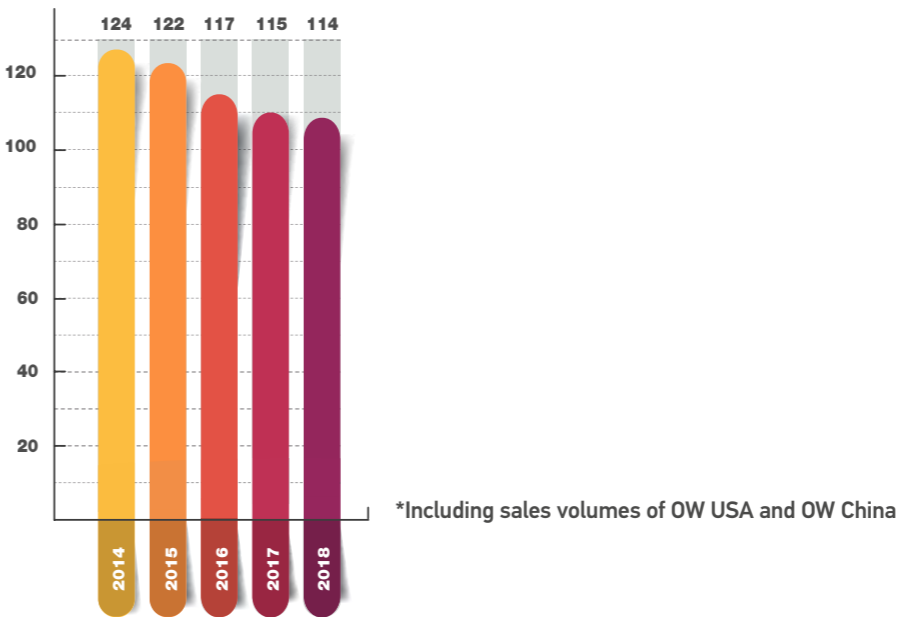
Revenue Progression (Billion EGP)



Gross Profit (Million EGP) and Gross Profit Margin (%)



Sales volume progression (Million m2)

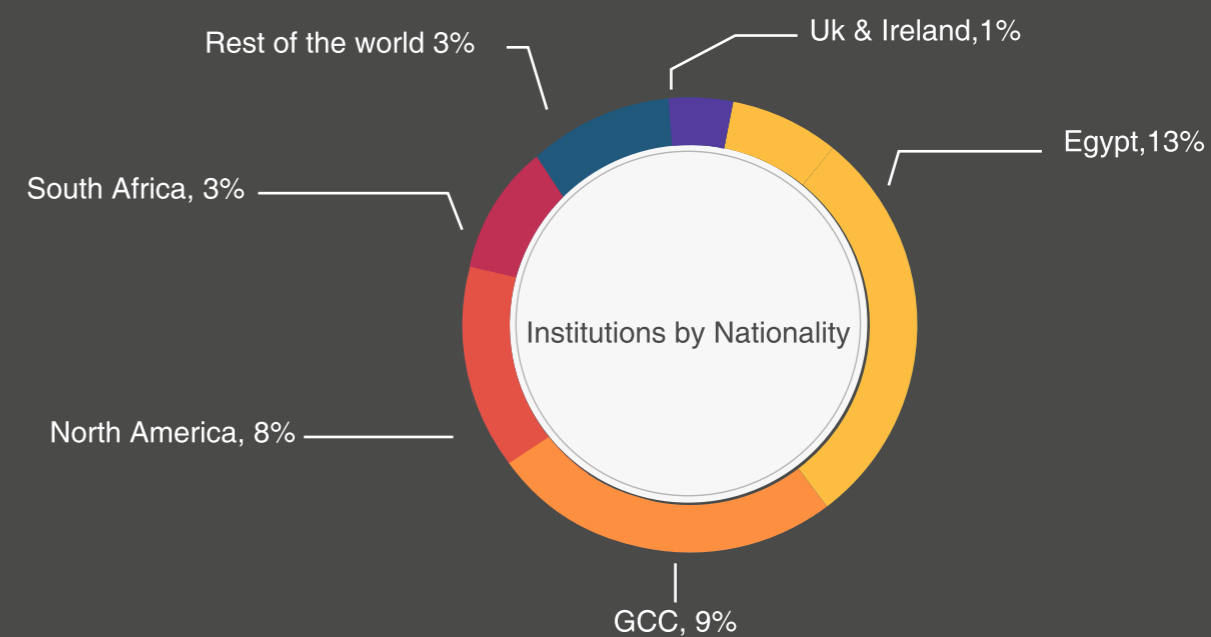


Shareholding Structure

There are 4,500 shareholders in the company with the shareholding structure, as of June 30, 2019, **as follows:**

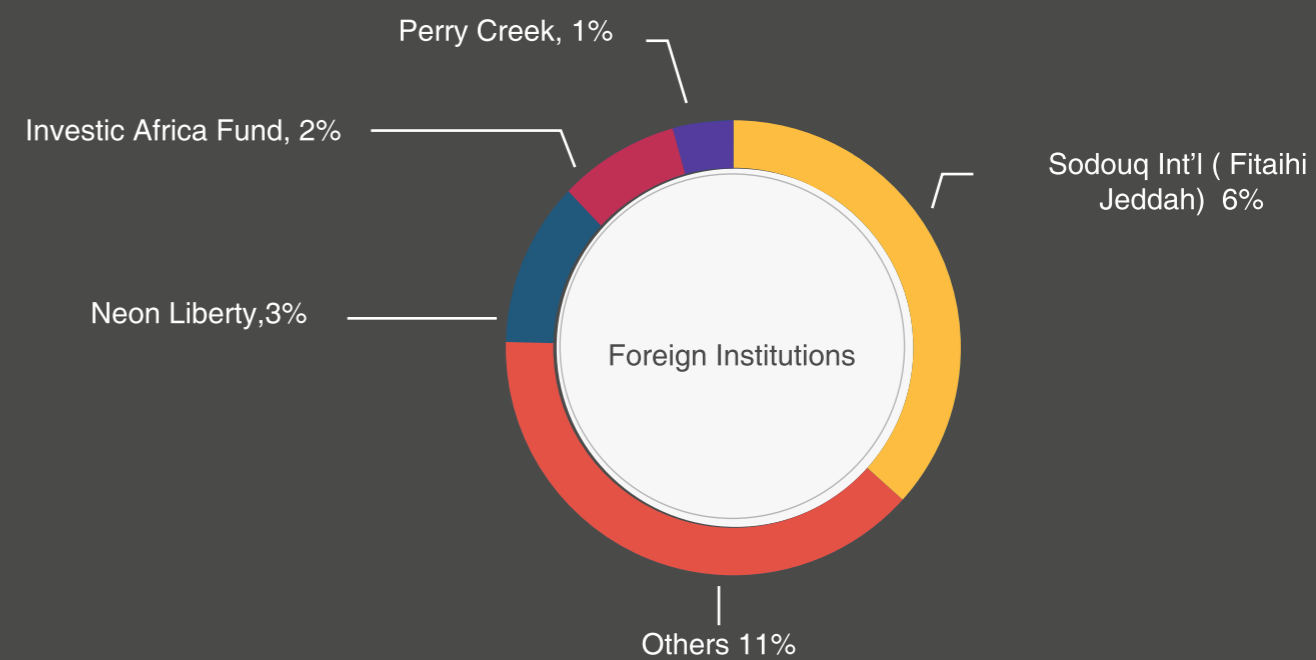
Shareholders' structure	
Khamis Family	56.6%
Institutions	37%
Foreign Institutions	23.6%
Local Institutions	13.4%
Retail	6.4%

Institutions By Nationality :



Percentages of total company shareholders

Foreign Institutions :



Percentages of total company shareholders

Board of Directors

The Board of Directors of Oriental Weavers, with a diversified managerial background, is dedicated to guiding the company to success, enhancing shareholder value and ensuring the long-term prospects of the world's largest and fastest-growing carpet and rug producer.



Mr. Mohamed Farid Fouad Khamis

Founder; Non-Executive Board Member

Mr. Khamis is the founder and former chairman of the Oriental Weavers Group, one of the world's largest carpet, rug and related raw materials producers and distributors. In addition to being a prolific entrepreneur, Mr. Khamis possesses over 38 years of experience in the banking and imports/export sectors. His success in business is matched by his endeavors in social welfare and his commitment to charitable institutions. He currently chairs the board of trustees at the British University in Egypt and heads several charities NGO and foundations. Mr. Khamis holds a Bachelor of Commerce degree from Ein Shams University, and an honorary doctorate from Loughborough University, England.



Mr. Salah Abdel Aziz Abdel Motalab

Chairman

Mr. Abdel Motalab joined Oriental Weavers in 1997 after serving in the armed forces where he held high level administrative positions. Over the course of his over 20 years with Oriental Weavers, Mr. Motalab has held numerous top-tier planning and administrative positions such as heading the projects and contracts department and subsequently the planning department. Mr. Motalab spearheaded Oriental Weavers' expansion program during his tenure as CEO of the company.



Eng. Medhat Hussein

Executive Board Member; Managing Director

During his 30-year tenure in the company, Eng. Hussein occupied a number of key managerial positions within the group including the Head of Quality, Health, Safety and Environmental Department, the Group Procurement Director, and the Head of the Design and Engineering departments.



Mrs. Yasmine Mohamed Farid Khamis

Executive Board Member; Group Senior Vice Chairman

Throughout her extensive career in marketing, Ms. Khamis has held numerous executive positions within the Oriental Weavers Group, serving as board member and director in a number of the group's subsidiaries. After completing her Bachelor of Mass Communications at the American University in Cairo, Ms. Khamis went on to study color theory and design at the prestigious Pratt Institute, New York City, U.S.A. She also studied accounting and fiber materials at the University of North Carolina, U.S.A.



Mrs. Farida Mohamed Farid Khamis

Executive Board Member; Vice Chairman of Corporate Finance

Ms. Khamis serves as the Vice Chairman of Finance at Oriental Weavers, bringing with her a great deal of experience in investor relations. She also serves as an executive board member for several of Oriental Weavers subsidiaries. Ms. Khamis earned her Bachelor of Business Administration from the American University in Cairo. She subsequently completed training sessions at Citibank in New York, U.S.A, and with EFG Hermes, Egypt. Ms. Khamis is a member of the Young Presidents Organization (YPO) and has participated with the organization at both regional and international levels. She has an extensive background in NGOs as she is the Chairman of the Khayrazad organization for Social Care since 2007.



Eng. Mohamed Mahmoud Fawzy Khamis

Executive Board Member; Vice Chairman- General Commercial Director

His over 20 years of experience with the company has driven the extensive development of Oriental Weavers' domestic distribution network, leading to a marked increase in the company's domestic market share. Currently, Mr Khamis will concentrate on the growth of the Group by enhancing the overall co-ordination between the local and export markets. He is a graduate of the Textile Technology program of the University of North Carolina, U.S.A., where he also focused on operations management and domestic sales.



Eng. Amr Mahmoud Fawzy Khamis

Executive Board Member; Vice Chairman of Manufacturing and Operations

Mr. Khamis serves as the Vice Chairman for Operations and Production at Oriental Weavers. During his long career with the company, Mr. Khamis has been instrumental in developing and expanding the operations of Oriental Weavers, as he was intricately involved in supply chain and production management, in addition to his involvement in planning, sales and marketing activities. Mr. Khamis joined Oriental Weavers after receiving his degree in Textile Technology from the University of North Carolina, U.S.A.



Mr. Mahmoud Amin Saad

Executive Board Member; Director of International Operations

Mr Amin is currently the Group Director of International Operations. He served as Director of International Operations for over 25 years. In his capacity as division head, Mr. Amin, oversee the company's expansion in export markets from one to over 100, by strengthening the transportation and distribution infrastructure throughout the group's diverse footprint. Mr. Amin has also been heavily involved in product development and marketing, as evident in his work at the Domotex Exhibition. His contribution also extends to developing financial systems within the company, as well as training and employee development, shipping and logistics. Prior to joining Oriental Weavers, Mr. Amin held numerous high-level administrative positions as an officer in the Egyptian Armed Forces from 1966 - 1982.



Mr. Mohamed Katary Abd Allah

Executive Board Member; Director of Financial Affairs

Mr. Abdullah serves as the Director of Finance at Oriental Weavers after 30 years of financial management experience within the company. In his capacity as one of the leading fiduciary officers of the company, his contributions to secure the company's financial position while helping transform the company into one of Egypt's leading corporations cannot be understated.



Mr. Mahmoud Fawzy Fouad Khamis

Non-Executive Board Member

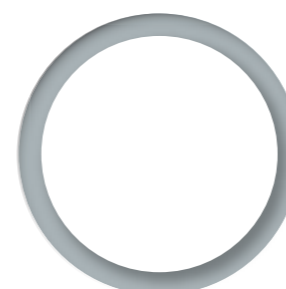
Military Sciences Bsc, board of several companies and a member of Parliament



Professor Wadouda Abd El Rahman Badran

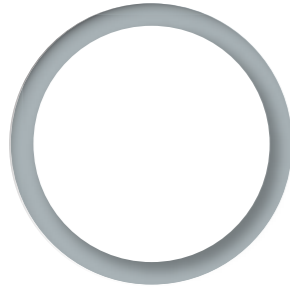
Non-Executive Board Member

Prof. Badran is the Dean of the Faculty of Business Administration, Economics and Political Science, British University in Egypt, Egypt since November 2013. Since 1991, Prof. Badran has been a professor of Political Science at the Faculty of Economics & Political Science, Cairo University. She was also the Cultural Counselor and Director at the Egyptian Embassy, London, U.K. Prof Badran holds a PhD in Political Sciences from Carleton University, Ottawa, Canada and her bachelor degree from the Faculty of Economics and Political Sciences, Cairo University, Egypt.



Mr Ali Abd El Rahman Mohamed El Iraqi

Non-Executive Board Member representing Misr Life Insurance



Mr Nabil Mohamed Mohamed Sarhan

Non-Executive Board Member representing Misr Insurance Holding Company



El-Sayed Moatasseim Ibrahim Rashed

Non-Executive Board Member

Joining the OW board in 2014, Mr. Rashed worked as an economic consultant for various entities and corporations: The Egyptian Cabinet; Immigration and Egyptians Abroad Minister; Secretary General of Social Fund for Development, Sharkia and Cairo Governorates; Economy and Foreign Trade Ministry; and the Economy Union and Office Manager of Secretary General of the Arab League. He worked also as the Undersecretary, Head of the Central Dept. of Investors Societies (GAFI)



Mr. Mohamed Mohamed Ali Amer

Non-Executive Board Member

Prior to joining Oriental Weavers Group as Deputy Chairman in 1997, Mr. Amer worked extensively in the domestic and international banking sectors for 35 years. He received his Bachelor's of Commerce and Bank Management from Ein Shams University, Egypt, and his Master's of Finance from Cairo University, Egypt.



Mr. Mohamed Mohamed Farid Khamis

Non-Executive Board Member

Mr. Mohamed M. Farid Khamis holds a Bachelor Degree in Business Administration, Marketing from The British University in Egypt. He is the Vice Chairman of the Real Estate and Agricultural Divisions of the Group.

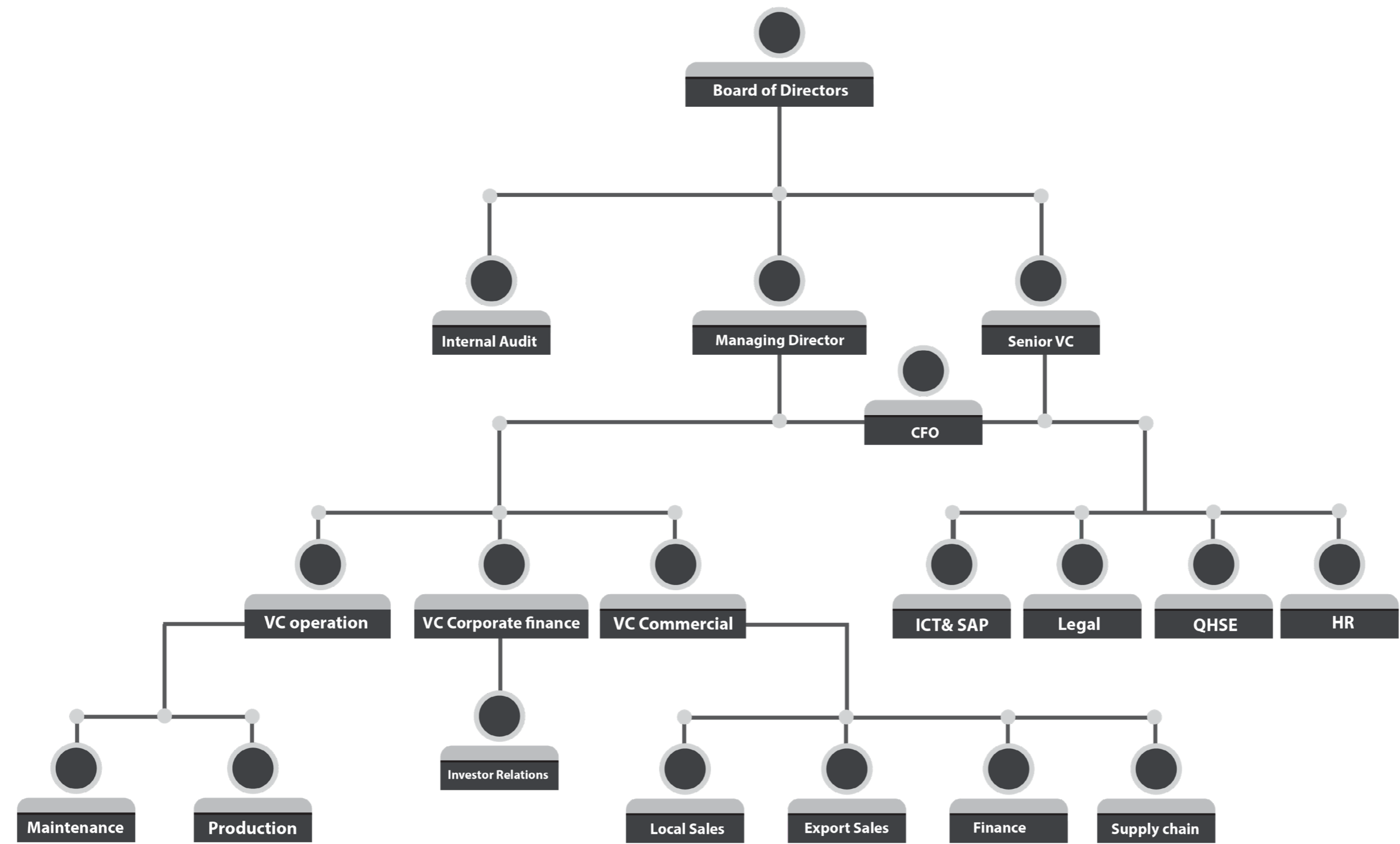
Changes to the Board of Directors in 2019

During the board meeting of May 12, 2019, Engineer Medhat Hussein was added to the Board of Directors as the Managing Director. Furthermore, Mr. Alaa ElDeen Mahmoud Shehata (Executive Board Member) and Mrs. Maha Bint Ahmed Bin Hassan Feteihy (Non-Executive Board Member) submitted their resignations.

Frequency of meetings

Board Member	Position	Board Meetings in 2018	Board Meetings till Mid August 2019
Mr. Mohamed Farid Fouad Khamis	Founder; Non-Executive Board Member	4/5	1/3
Mr. Salah Abdel Aziz Abdel Motalab	Chairman	5/5	3/3
Eng. Medhat Hussein	Executive Board Member (Joined in May 12, 2019)	5/5	2/3
Mrs. Yasmine Mohamed Farid Khamis	Executive Board Member; Group Vice Chairman	5/5	3/3
Mrs. Farida Mohamed Farid Khamis	Executive Board Member; Senior Vice Chairman of Corporate Finance	5/5	3/3
Eng. Mohamed Mahmoud Fawzy Khamis	Executive Board Member; Vice Chairman- General Commercial Director	5/5	3/3
Eng. Amr Mahmoud Fawzy Khamis	Executive Board Member; Vice Chairman of Manufacturing and Operations	5/5	1/3
Mr. Mahmoud Amin Saad	Executive Board Member; Director of International Operations	5/5	3/3
Mr. Mohamed Katary Abd Allah	Executive Board Member; Director of Financial Affairs	4/5	3/3
Mr. Mahmoud Fawzy Fouad Khamis	Non-Executive Board Member	2/5	0/3
Professor Wadouda Abd El Rahman	Non-Executive Board Member	4/5	3/3
Mr Ali Abd El Rahman Mohamed El Iraqi	Non-Executive Board Member representing Misr Life Insurance	4/5	3/3
Mr Nabil Mohamed Mohamed Sarhan	Non-Executive Board Member representing Misr Insurance Holding Company	4/5	3/3
Mr. Mohamed Mohamed Ali Amer	Non-Executive Board Member	5/5	3/3
Mr. Mohamed Mohamed Farid Khamis	Non-Executive Board Member	2/5	2/3
El-Sayed Moatasseim Ibrahim Rashed	Non-Executive Board Member	3/5	3/3
Alaa ElDeen Mahmoud Shehata	Executive Board Member; Resigned - May 12, 2019	5/5	1/3
Mrs. Maha Bint Ahmed Bin Hassan Feteihy	Non-Executive Board Member ; Resigned - May 12, 2019	0/5	0/3

Management Hierarchy



Chairman's note

Founder's statement to shareholders

Sustaining our Global Footprint

A challenging year for which we were prepared

Though **2018** brought on unique challenges to the local and global macro-economic environments, we continue to thrive - supported by our well-diversified geographical exposure and solid business partnerships. This was reflected in the sustainable growth witnessed in 1H 2019 revenues.

New partnerships shaping our future performance

In the middle of 2018, we signed a new exclusive distribution agreement with Nk Sales, a France-based agent to distribute our products in France. This will facilitate penetration into the French market through the ever increasingly important e-commerce platforms.

Furthermore, a new program has been agreed with our top European customer which will certainly be reflected in our 2019 revenues.

In addition to this, the growth potential in the U.S. market, our largest market in terms of revenue generation, continues to drive our top line performance higher. The new tariffs imposed by the U.S. on Chinese imports supported our exposure to the U.S. as customers there sought substitutes to our Chinese competitors. Management of Oriental Weavers USA is continuously developing new programs, targeting the growing remodeling business segment through mass merchants, home centers, and e-commerce providers.

The best performing region for the Group was the African market which saw 66% y-o-y growth in 2018. Growing urbanization, new partnership agreements with leading local agents and department stores were the main catalysts for growth.

Reinforced by the continuous efforts of our dedicated design, development and sales teams paved the way for the on-going positive valuation of our exquisite innovative designs and premium-quality products which will remain vital to the business as we move forward.

Adding capacity to strengthen our product portfolio

To meet the needs of our consumers, in conjunction with the technological advances in carpet and rug production, we added twelve new looms to our facilities in 2018. This supplemented the six yarn machines and additional packaging and cutting machinery added to our facilities. These expansions have added 2% to the group's total production capacity and facilitated new product launches. So far in 2019, we added four weaving looms, one yarn machine, three MAC tufting machines, digital printer, ultra sonic cutting machine and carpet tile cutting machine.

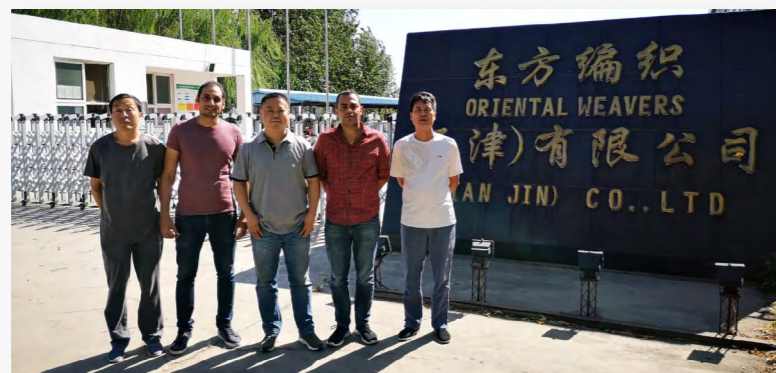
Expanding our showroom network in Egypt

Our outlet expansion strategy remains intact with a net total of fourteen retail outlets opened in 2018 and in the first six months of 2019 - in the densely populated areas of the Nile Delta, East Cairo, and Upper Egypt - driving our total number of showrooms to 251. The potential of the Egyptian market remains strong, relying on favorable demographics and ongoing real-estate developments. We continue targeting

"I continue to believe in the potential of the Egyptian market backed by our strong belief in its sound economy"

different income groups in Egypt through a diversified product range and different price points. Accordingly, we focus on a greater penetration to unsaturated areas, targeting the lower and middle-income communities, where we see a great deal of opportunity for growth. We continue with our plans to expand, with a target to open another five showrooms before end of 2019, in the heavily populated areas of the Nile Delta governorates and Eastern Cairo. I continue to believe in the potential of the Egyptian market backed by our strong belief in its sound economy.

Our Family



Capitalizing on the strong OW Hospitality brand name

OW Hospitality has thrived thanks to its wide network of both local and international clients – particularly, in Egypt, the Gulf area, Europe, and the USA. By developing our products and services under the OW Hospitality umbrella along with other segments such as tufted guestrooms, we seek to further expand our global presence.

“We remain committed to our growth strategy and creating value for our shareholders

Delivering returns for our shareholders

We remain committed to creating value for our shareholders. Given our solid cash position, we managed to deliver to our shareholders a strong dividend yield – consequently we have been recognized as the highest dividend yield company in Egypt. We have been able to achieve this while simultaneously maintaining our organic growth.

Looking ahead

As we look beyond 2019, we remain committed to our growth strategy. We have added new talents to our team in 2018 and 2019, and we continue to invest in the development of our Oriental Weavers community. I would like to thank my colleagues, in Egypt, the U.S. and China, who, each and every one of them, have had played a significant role in the success of our company that we witness today, and that we have experienced over the last 40 years.

Mohamed Farid Khamis

Founder and Non-Executive Board Member of Oriental Weavers

Our Family



Note from our Group Senior Vice Chairman

2018 was a year of change:

New programs, innovative initiatives leading to a brighter future

I would like to extend my heartfelt gratitude for the continued support and patronage of our customers, shareholders and suppliers.

In presenting the annual report for 2018, I would like to offer a few words.

In the fiscal year under review, the Egyptian economy showed gradual recovery supported by factors such as steady levels of consumer spending and capital investment amid improving employment and income environments.

However, from the second part of the year, exports stagnated due to the slowing global economy, and business conditions have since generally stayed unchanged. The outlook for the global economy is increasingly uncertain due to intensification of trade friction between the U.S. and China, as well as turmoil in the European economy from the U.K.'s exit from the EU.

Amid this business environment, the Group, with its dedicated staff, has been working to strengthen profitability by implementing measures such as strengthening our competitiveness, increasing production capacity, and reducing costs in order to improve our global market presence and optimize selling prices, and aggressively capture high demand domestically and overseas. In the next 12 months we will focus especially on working to reduce costs more centered on aspects related to raw materials.

We humbly request your continued support and cooperation.

Yasmine Khamis
Executive Board Member; Group Senior Vice Chairman

Strategy:

Delivering On Our Strategy

Our strategy is to efficiently produce high quality and affordable soft-floor coverings for the world over. We continue to focus on product innovation to strengthen our global position and maintain our leadership in the machine-made area rugs industry.

Our Mission:

“To maintain our position as the world’s largest manufacturer of rugs and carpets; bringing fashion, innovative qualities, and value driven rugs and carpets to every room in the world and providing a growth path to our shareholders.”

Our Vision:





"I would like to thank OW team for their support and partnership over the last 28 years. Over that time, I have witnessed OW's explosive growth, outstanding services and industry leading innovation. We look forward to many more successful years together."

David Adams, Dalyn Rugs, USA

"I would like to take this opportunity to congratulate you, I developed a passion of these carpets through Oriental Weavers. With this I say BIG THANK YOU and hope our business relationship will continue for many years to come and pass it over to our generations to come."

Junaid Bawazir, Basma Group-Kenya



"I'm very sure your success didn't come out of nowhere, but it came with sweat, blood and insistence of hard work"

Hesham Wahab, Home City, USA



"Congratulations for 40 years of remarkable growth and unbeatable industry development, certainly Oriental Group is a shining star in the business world and we are very proud of being your South American business partner! I am certainly sure these first 40 years will be followed by another 40 years and so on!"

Francisco Torres Larraín, Sodimac







"OW has achieved its very proud moments for the industry"

Monti Rath, Kaleen, USA

Pillars to our sustainable Success

1. Well geographically diversified business model

Our Resources

Financial Capabilities	Efficient workforce	Committed workplace	Secured feedstock and well-established clientele base
<div>  <p>Significant capital investment in manufacturing facilities enables us to expand our product portfolio, technical capabilities, and geographic exposure.</p> </div>	<div>  <p>We have a highly skilled, diverse and efficient team of more than 19,000. continuous training of our staff, and recruiting new talents, is a key component to our continued success.</p> </div>	<div>  <p>We are committed to conducting business ethically, and strive to achieve the highest quality standards.</p> </div>	<div>  <p>We secure the main raw materials from an Egypt-based producer. This in addition to our longstanding relationships with major international home furnishing stores, big box retailers, suppliers of e-commerce platforms and department stores.</p> </div>

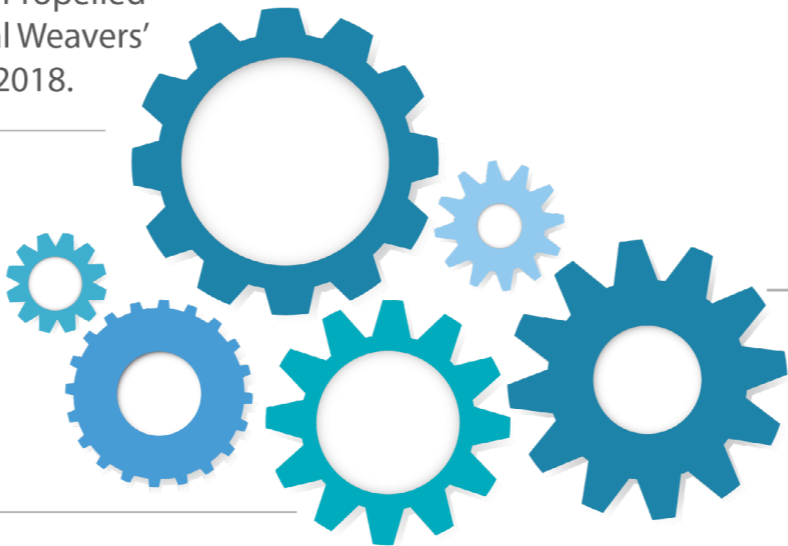
Our Assignments

DEVELOPMENT AND INNOVATION

We continue to develop broad and differentiated ranges of high-quality products with new designs introduced every two weeks. The product diversification is an important cornerstone of Oriental Weavers’ strategy, which allows the Group to stay on top of the market trends and achieve a sustainable and an organic growth narrative. Propelled by the growing demand for outdoor rugs in the USA, Oriental Weavers’ outdoor product segment had a markedly upward trend in 2018.

MARKET WITHOUT BOUNDARIES

We actively promote, sell, and distribute our products to the local market and to over 100 additional countries through experienced sales and marketing teams. Our sales force includes 1940 members, 1780 operating in the local market, and 160 working in the export business.



MANUFACTURING AND QUALITY CONTROL

We are committed to maintaining the standards for which we are known in all of our manufacturing facilities. We manage the manufacturing process of our 34 factories through our vertically integrated facilities that are accredited with IWAY certificates, ISO14001 and ISO9001. Oriental Weavers’ production rests on three key processes – Weaving, Tufting, and Needle Felting. The technically challenging production processes developed are overseen with focus and patience to ensure that quality and efficiency are interwoven.

The value we create

Value



Regardless of the price point, consumers are treated to products of exceptional quality.

Our values are in the product.
Our name is on the label.

Employee benefits



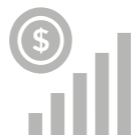
By focusing on the empowerment and development of our staff, we provide long and rewarding careers for our talented and diverse workforce.

Shareholders returns



Sustainable financial performance is coupled with stable dividend yields to our shareholders.

Sustainable business



Continuous commitment towards our future development is fundamental.

Reputable brand and global footprint

Our presence today spans more than 100 countries across the globe. We cover 12.75% of the machine-made area rugs market in the US, where we sell directly to retail stores, online stores, and department stores.

Sizeable Capacities under one roof

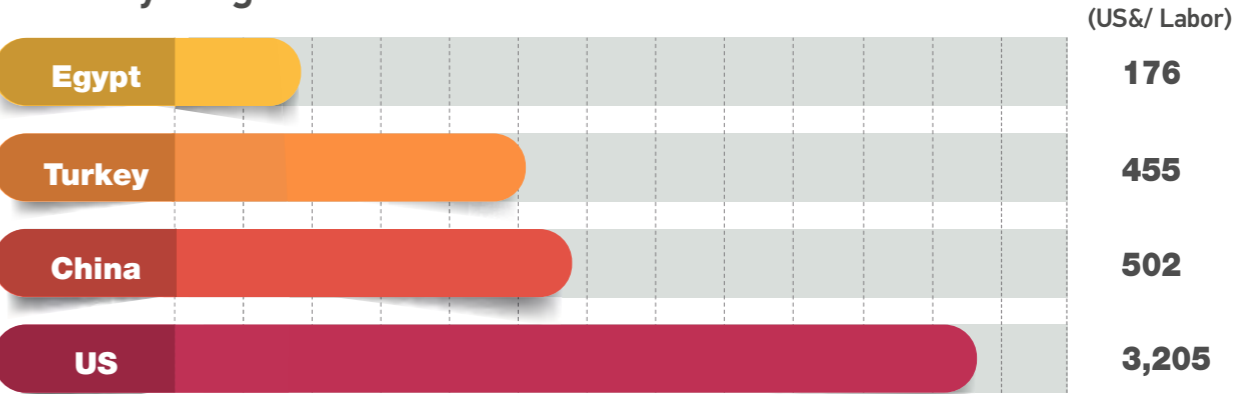
With close to 150 million sqm of capacity of soft floor covering, OW is considered the largest manufacturer in the world in the machine-made area rugs.

How we are different

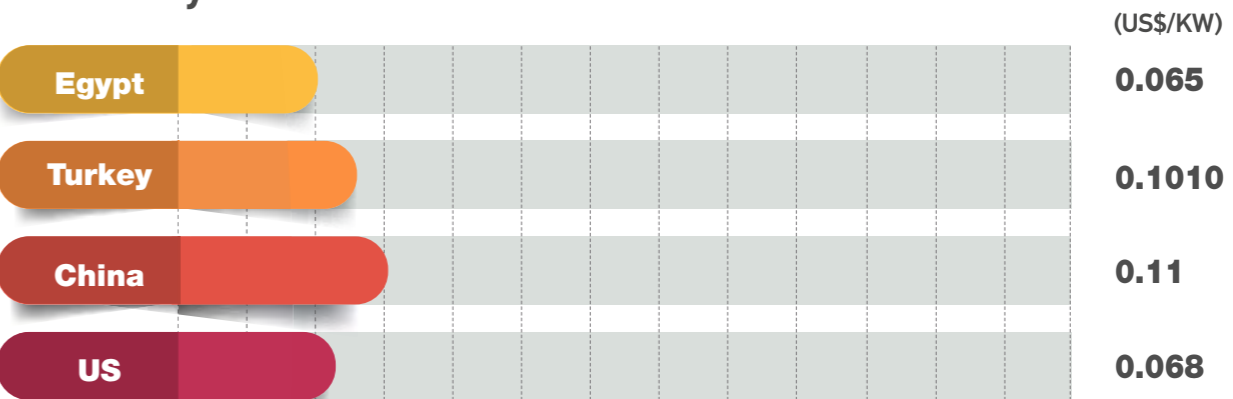
Leveraging on Egypt's low cost environment

Egypt enjoys low production costs when compared to competitors in Turkey, China, and the U.S.

Monthly Wage



Electricity tariff



2. Solid Production capabilities and efficient operations

It would be an understatement to state that the group has grown significantly since inception. Forty years ago, our Founder started with just one operating loom. Today, the Group is a fully vertically integrated conglomerate comprised of eight independently operating companies, each with its own mandate, management team, and scope.

At Oriental Weavers, we control the entire manufacturing process, starting with sourcing a majority of our polypropylene granule needs, via The Egyptian Propylene and Polypropylene Company located in Port Said. The integration of the multifaceted production processes secures the stability of the main feedstock and reduces the stocking period along with warehousing costs. In the next stage, we convert the granules to yarn to produce rugs and carpets for sales through our retail outlets in the local market and via our international agents.

Given the short lead time, we have a competitive advantage which allows us to maintain a leading presence in key markets and strategically position us to capture opportunities in a dynamic market environment.

We have an extensive and well-established manufacturing footprint. We produce 90% of our volumes in our factories in Egypt, and we have 10% produced in our factories in Dalton, Georgia, in the USA, and in Tianjin, China.

3. Innovative Research and Development team and a large differentiated pipeline

Innovation is an important cornerstone of Oriental Weavers' success, which allows the Group to stay on top of the market trends and achieve sustainable and organic growth.

With a design team comprised of over 60 innovative designers and design companies, we have a broad portfolio of products, with over 2.5 million designs, developed exclusively for our customers.

In the same vein, Oriental Weavers showcases its newest ranges and designs, at Domotex Hannover Fair as well as the Atlanta International Area Rug Market and High Point Market annually. The U.S. subsidiary has continued its exclusive manufacturing agreement with the inspired designs of Tommy Bahama, while at the same time introduced new, appealing products to better meet the customers' needs. In response to increasing demand, we have added eight color and sixteen color looms in order to maintain the company's competitiveness in the international markets.

4. Shrewd export-oriented management team

The OW management team has had a long history of developing and enhancing its strong export growth. Over the last 30 years our woven exports from Egypt grew Development of group exports chart.

5. Sustained relationship with global agents and home furnishing stores

We have earned the trust and confidence of the world's major clients across five continents, driving our client base to more than 650 customers.





According to Carpets& Rugs Market- Global Forecast & Analysis report (2017-2027)

The global carpet and rug business is expected to reach USD 65 billion in 2027, up from the current estimated figure in 2018 of USD 41 billion, growing at a 9-year annual growth of 5% in USD terms.

Despite the current slowdown worldwide, we believe the growing middle-class population, changing lifestyles, and increasing investments in renovation will continue to drive demand growth in the coming decade.

Outlook in our markets

OW exports its products to more than 100 countries, with the U.S. as our largest export market. The accent and area rugs market in the U.S., currently with a whole-sale size of USD 1.75 billion, represents 25% of the world's demand. That demand is expected to grow at an average of 3 - 4% annually over the coming decade. Overall, OW's import and domestic production represents 12.75% of the total U.S. market. Imports represent 70% of the U.S. market and OW's imports represent 15.25% of the total imports.

In Europe, with current market size of around USD 9 billion, demand is expected to continue to grow at a slow pace. Growth potential in the African and Asian markets remains buoyant with demand expected to grow between 7 - 8% backed by sizeable population, changing life style, and an increasing demand for remodeling in Asia.

Strong Presence in the Growing Egyptian Market

The OW Group is the leading carpets and rugs provider in the Egyptian market with local sales accounting for 35% of the Group's revenues in 2018. Our growth over the last four decades in Egypt has been supported by OW's ability to cater to all price points as well as the presence of a wide network of showrooms and distribution channels across the country.

We continue to believe in the huge potential growth in the Egyptian market backed by the demographic factor, including a sizeable population of over 100 million inhabitants combined with a million marriages taking place annually.

The growing middle class further contributes to positive outlooks for the company in the upcoming years.

Newlywed couples drive more than 70% of the Egyptian demand. Concurrently, with the prevalent housing gap, the real estate is one of the growing sectors in Egypt with a considerable number of new projects being launched by private real estate developers in the new satellite cities around Egypt.

Furthermore, the Egyptian government plays a major role in the sector as it offers social housing to low-income classes, while it continuously supports the development of new urban communities.

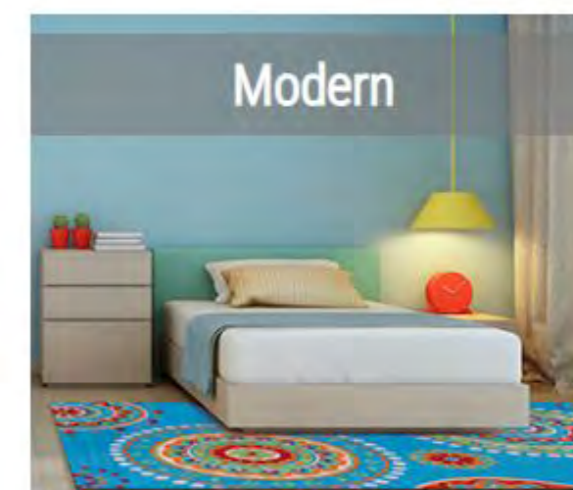
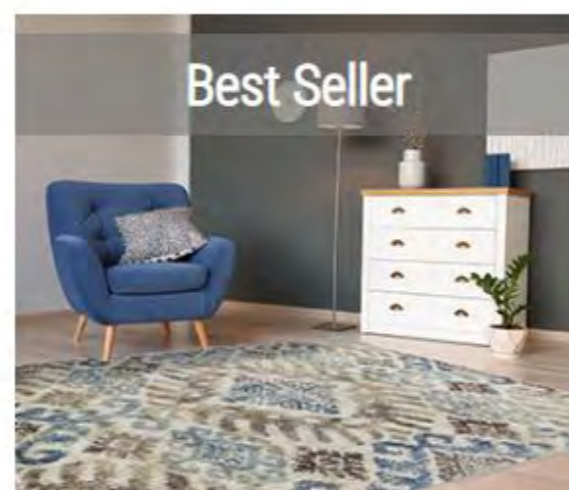
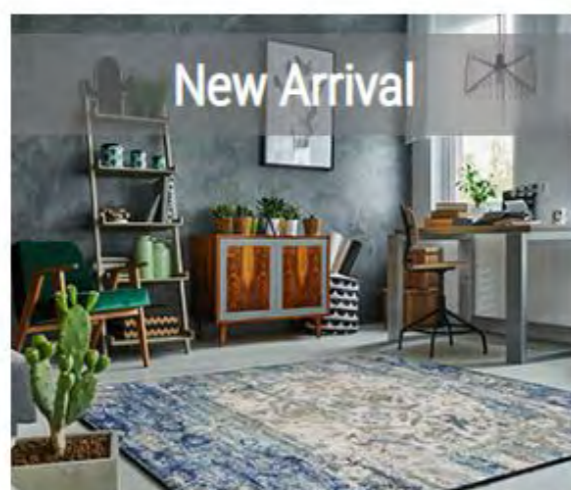
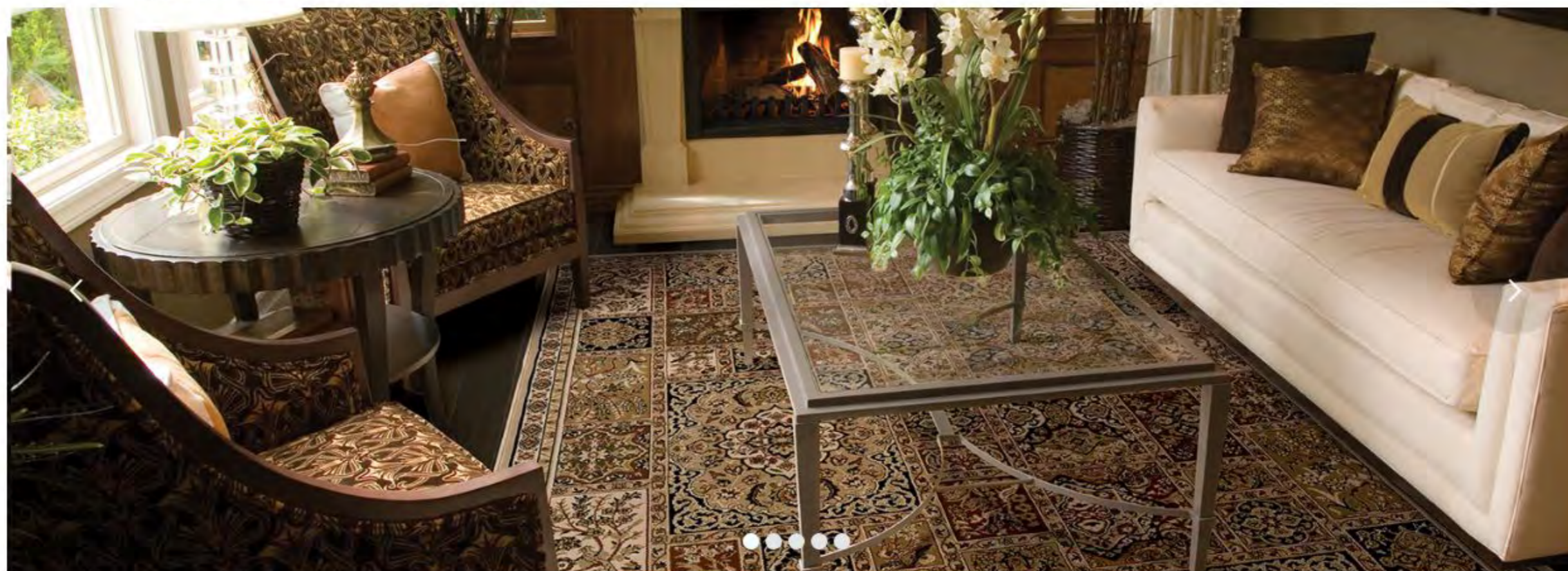
In Egypt, Oriental Weavers and MAC operate 251 showrooms, which comprise of 179 retail and 72 wholesale outlets, with total selling area of 126,188 sqm.

Capitalizing on Egypt's healthy demographics, we are going to open ten new showrooms by the end in 2019, out of which nine showrooms haven been opened in 1H 2019



Launching an online portal

By visiting <http://carpetsonline.com> customers in Egypt can choose from a wide variety of products to be shipped to their doorstep within days. We are thrilled by the huge potential of this development. We are carefully planning the launch of the marketing campaign to raise the customers' awareness of this new portal.



Growing Business for OW Hospitality

In the year 2000, OW launched its Axminster line which represents an exclusive upgrade to our product range. The line was well received by the market worldwide. We successfully completed a number of installations in the US, Europe, the Middle East, and Egypt.

In North America, we refurbished carpets at a number of hotels in different states including the following:

- Fairmont Hotels – Pittsburg, San Fransisco, Vancouver Airport, Washington D.C., and The Royal Oak considered as Farimont’s crown jewel
- Four Seasons Hotel – Westlake, California
- The Ritz Carlton – Charlotte, Bermuda, New Orleans, and Chicago

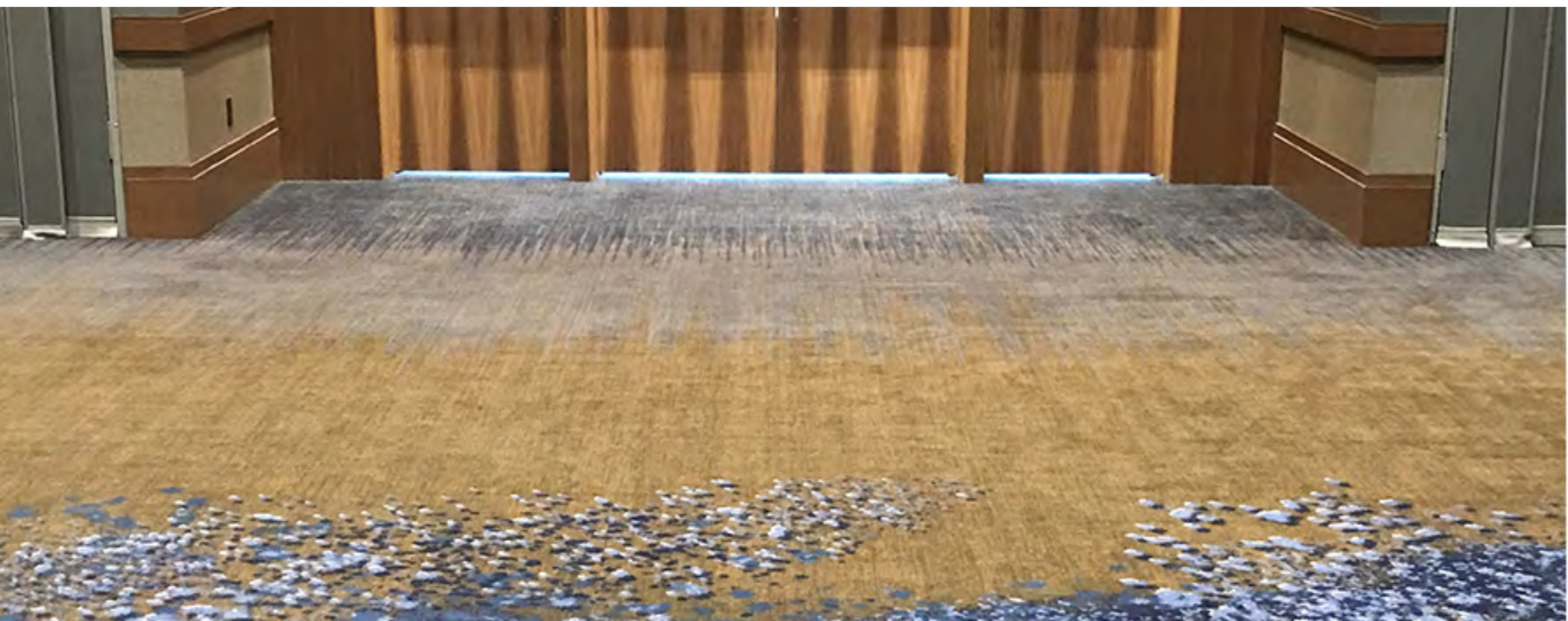
In the UK, we refurbished carpets at the Odeon New Cinemas, and at the historic Marriott Grosvenor House, London.

We installed carpets at a number of projects in the UAE including Fountain View Towers 1, 2, and 3, Phase 2 of the Atlantis Hotel, and the Novotel Hotel, in addition to installations in Shaza Hotel Al-Madinah, Mövenpick Anwar Al Madinah, Saudi Arabia, and the Hilton Hotel in Muscat.

Furthermore, our local hospitality segment successfully completed several installations at the Galala Coastal Hotel, Marriott Cairo Hotel, The Four Seasons Nile Plaza, and the Intercontinental Citystars, in addition to the New Capital’s 10,000 sqm mosque - the largest mosque in Africa.

Premier Partners: Hospitality Segment

OW Hospitality, the London-based hospitality carpeting arm of Oriental Weavers Group which manufactures broadloom carpets for luxury hotels worldwide is the preferred supplier for Four Seasons and several other major players in the hospitality sector.



Efficient Risk Management

Given the nature of the business and our wide export presence, Oriental Weavers is highly exposed to foreign currency fluctuations, interest-rate movements along with volatility of raw material prices and collection hazards. In this regard, we closely monitor the risks to which we are exposed, and have set the correct policies in place to minimize them.

1. Foreign currency fluctuations: To minimize risks, Oriental Weavers worked hard to secure a naturally hedged cash flow with regard to foreign currency exposure where the proceeds now in foreign currency match the expenditures. In 3Q 2017, Oriental Weavers managed to settle its EGP-based debt facilities and the company has now almost 100%- foreign currency-based debt. In few cases of foreign currency surplus, our treasury team managed to secure forward deals to benefit from the differences between the forward rate and the prevailing market rate at maturity.

2. Interest Rate Movement: Most of the company's expansions and working capital needs are financed with foreign currency denominated medium-term loans (MTL) and short-term facilities, respectively. Meanwhile, local-sale proceeds in Egyptian Pounds are invested in Treasury Bills and time deposits. With the current 100%-based foreign currency debt, Oriental Weavers continue to generate a profitable return given the interest-rate differential.

3. Raw Material Prices: Ever mindful of fluctuating raw material prices this year we managed to raise the contractual amounts of the main raw materials from one month to two months to benefit from the short-term lower prices. We are still studying different options to manage the volatility of polypropylene prices, but the risks of any unfavorable price movements of the main raw material have to be carefully examined.

4. Collection Hazards: Dealing with over 650 customers in more than 100 countries requires us to set stringent policies in place to secure our collection in a timely manner. A large portion of our receivables is covered through export guarantee agencies, a minor portion is absorbed internally or covered in advance in moderate to high risk markets.

5. Market Risk: The Group is exposed to international and local demand factors given the cyclicity of the industry. In this regard, our sales team closely monitors demand dynamics and seize all opportunities to expand our reach. Management always keeps the right balance between local and export exposure in order to maintain diversification and also caps exposure to key customers to avoid concentration risk.



OW's Stock Performance in 2018

Ever since OPEC extended the supply cut of oil in November 2017, our share price has remained under pressure on the back of investors' perception of the correlation of the share price with oil prices. Oriental Weavers stock is one of the constituents of EGX 30 and MSCI small-Cap Indices.

During 2018, Oriental Weavers' Investor Relations department continues to take part in national and international investor conferences in Cairo, Dubai, and London, with the participation of the senior management, meeting over 70 international and local investment funds.

In 2018, Oriental Weavers ensured that its senior management and the investors' community are brought together regularly via quarterly conference calls, one-on-one meetings, and site visits.

The shareholders' structure of Oriental Weavers is divided into Khamis Family, with a 56.5% ownership, while the institutional investors own a 37.1% stake (foreign Institutions own 23.6% i.e. – GCC 8.7%, North America 8.02%, South Africa 3.2%, the UK and Ireland 0.9%, and the rest of the world 2.8%, and local institutions own 13.4%). The retail investors own the remaining balance of 6.4% of the shares.

Senior management, along with the Investor Relations team, work tirelessly to ensure that investors are informed of the company's current programs, and its vision for the future, always. This exchange of information through conferences, meetings, press releases, and presentations, in addition to an updated well-maintained website and a yearly annual report, ensures that the investors can confidently make informed decisions in a timely manner.

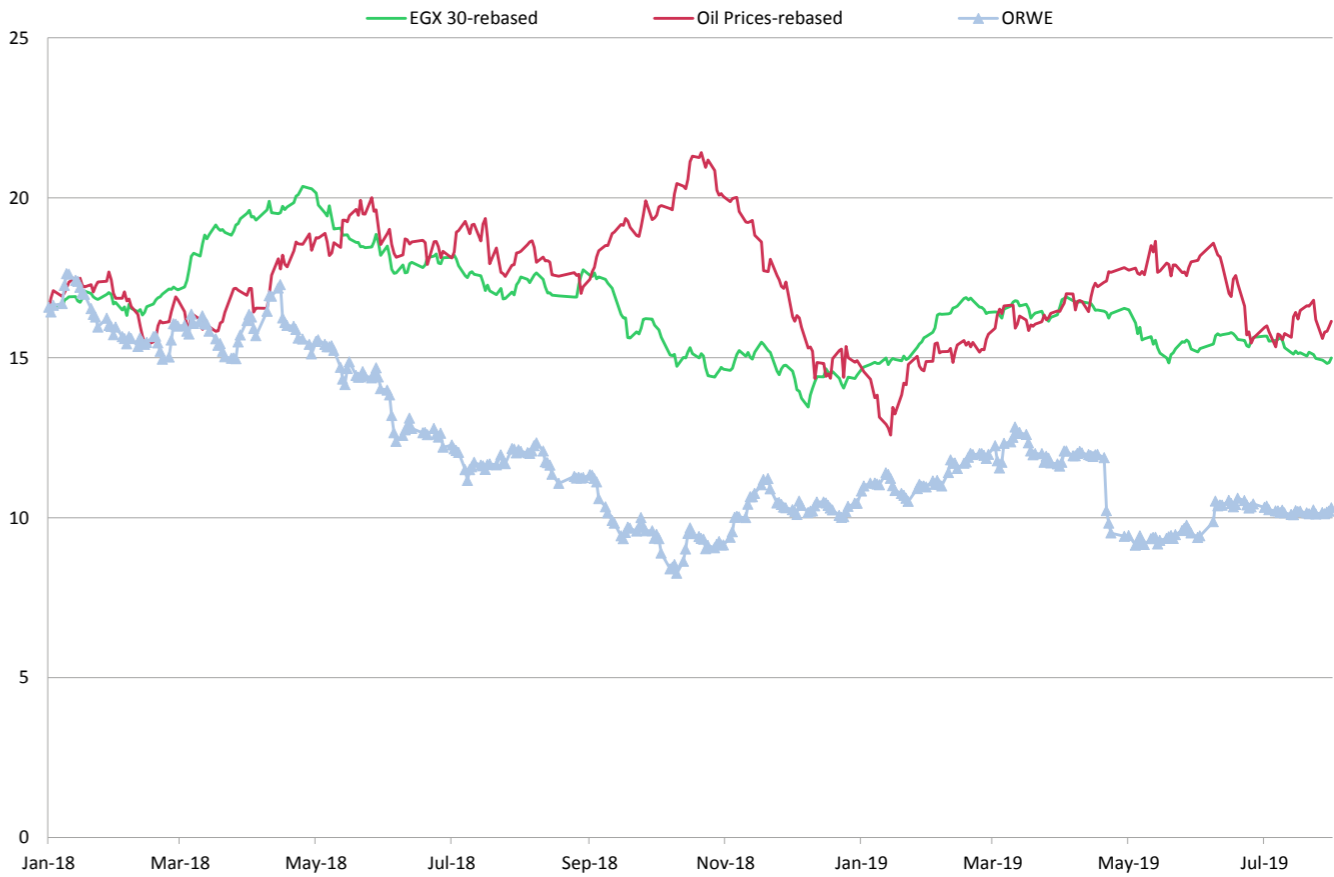
Equity Analysts' Ratings

Oriental Weavers is widely covered by the leading research houses both domestically and internationally. Currently, eight institutions regularly follow the company and issue research reports. Seven research houses have provided a 'buy' recommendation, whereas one research house has issued a 'hold' recommendation on the Oriental Weavers' stock.

*as of July 16, 2019

Reuters Code	Outstanding No. of Shares	Par Value	Market Cap	EPS
ORWE	443.4 million	1 EGP	EGP 7.4 billion	1.08 EGP

ORWE share price vs EGX30 & Oil Prices (rebased)



Operational Highlights of 2018

2018 presented a challenge as mild revenue growth on the back of strong competition on the export front, together with high raw material prices impacted overall operational figures throughout the year.

OW sales recorded 2% y-o-y growth reaching EGP 10,405 million. While local revenues grew up 5% y-o-y, export sales (65% of revenues) remained flat.

In the first six months of 2019, the group recorded a 4% revenue growth totaling EGP 5,236 million in 1H 2019; compared to EGP 5,033 million in 1H 2018. Export revenues, 62% of total revenues, grew 3% in 1H 2019, while local sales grew 6% when compared to 1H 2018.

Local Sales

In the Egyptian market, our sales grew 5% y-o-y from EGP 3.5 billion to EGP 3.7 billion in the 12-month period. This growth was mainly price driven because of the introduction of higher priced products and novel launches which pushed the average selling price higher by 7%, outweighing the 2% lower sales volumes. In 1H 2019, local revenues grew 6% y-o-y on mainly higher product mix which outweighed 2% lower volumes

Our retail outlet sales (52% of total local sales) grew by 16% y-o-y in 2018, while wholesale revenues declined 3% because of the low demand from low socio-economic income consumers and growing imports penetrating the local market.

Our outlet expansion strategy remains intact with a net of ten new retail outlets added during 2018 and a net of four showrooms in 1H 2019 - in the densely populated areas of the Nile Delta, East Cairo, and Upper Egypt - driving our total number of showrooms to 251 in June 2019.

Export Sales

Our exports remained flat y-o-y in FY 2018 at EGP 6.7 billion. This resulted mainly from the lower performance of the Tufted and the Non-woven segments (combined 22% of export revenues) together with 59% lower woven exports to Canada (2% of exports in 2018), as a result of the Free Trade Agreement between Canada and the EU which allowed Canada free access to Belgian products. During the same period, a 10% custom duty was levied on Egyptian products, and one of our Canadian agents went out of business in 2H 2018.

Our sales in North America (through our US-based subsidiary OW USA or through direct exports from Egypt) and South America grew by 2% y-o-y in 2018. This came in despite lower performance in Canada, as a result of the new placements awarded with U.S. home center chains, new relationships producing exclusive private brand collections for furniture

manufacturers, and the continued double-digit growth in the e-commerce segment. In 2018, we recorded USD 215 million in net sales to this region, which contributed 57% to the Group's exports' revenues.

Our exports to Europe declined by 3% in 2018; mainly on 18% lower exports of the Tufted and the Non-woven segments (33% of total exports) due to tough market conditions. However, our export to the top European customer grew 6% in 2018, contributing 9% to total net sales, on the back of the new program launched with the customer.

Furthermore, we continue to implement our expansion strategy across Europe with various new customers. Our woven exports to Germany and Central Europe grew by 50% in 2018 as new programs were secured with major retailers and discount stores in the markets. A new partnership agreement with the French-based distributor NK Sales is expected to bear fruit in 2019, where the agent is currently the exclusive distributor and point of sales contact for the entire Oriental Weavers portfolio in France.

Given the extensive effort and the progressive vision of our export team, Oriental Weavers continued to expand in Africa with almost 66% export growth recorded in 2018. We have expanded our share in the Kenyan market in addition to the markets of Tanzania, Morocco, Libya, Ghana, and South Africa.

Oriental Weavers must also highlight the strong growth achieved in the hospitality segment of the export market, which grew 13% y-o-y in 2018.

Margins pressured on cost inflation

In FY 2018, the OW's net operating income declined by 42% to EGP 562 million, implying a 400 bps drop in EBIT margin to 5.4%. This mainly came as a result of i) the inflation in raw material costs as average polypropylene prices went up by 13% in 2018 (up to USD 1,275/ton from USD 1,130/ton in 2017), along with ii) 10-15% annual wage inflation, and iii) the 43% higher electricity tariffs and 52% higher fuel costs resulting from the gradual phasing-out of the Egyptian energy subsidies.

The company recorded an overall net interest income of EGP 28 million in 2018, compared to a net interest expense of EGP 44 million in 2017. We recorded a 56% increase in interest and treasury income as a result of the efficient utilization of our cash balance through investments in high yield treasury bills and interest-bearing current accounts. Our debt balance reached EGP 2,664 million versus EGP 2,267 million in 2017 (implying Net debt/EBITDA of 1.15x versus 0.7x). As of December 31, 2018, our debt breakdown was 75.5% USD, 24% Euro and 0.5% EGP, compared to 74.5% USD, 25% Euro, and 0.5% EGP on December 31, 2017.

We recorded the following other revenues of EGP 148 million in 2018 compared to EGP 91 million in 2017:

- i. EGP 137 million from our export rebate collection against EGP 91 million collected in 2017. The remaining backlog of EGP 490 million, as of February 2019, is not recognized on our balance sheet;
- ii. EGP 11 million incentive payments, equivalent to a partial refund of 10% of the value of the MTL amount raised under the Green Economy Financing Facility (GEFF) program of the European Bank for Reconstruction and Development (EBRD) to support energy efficiency of private companies in Egypt. We expect to receive the remaining balance of USD 450,000 in 2019.

In 2018, impairment and provisions of EGP 102 million were recorded compared to EGP 83 million on EGP 44.3 million goodwill impairment and EGP 10.2 million impairment of doubtful receivables, EGP 30.7 million tax settlement and EGP 16.8 million in health insurance fees - equivalent to 25 bps calculated as a percentage of net revenues as of July 2018. These factors together with lower EBIT were responsible for our pre-tax earnings to decline by 28% y-o-y in 2018 to EGP 666 million. Our effective tax rate was almost 17.3% in 2018 compared to 19.5% in 2017, due to the higher earnings contribution from the tax-exempted entities.

Annually, our FY 2018 earnings declined by 26% to EGP 504 million compared to EGP 683 million in FY 2017.

Export thrives despite slower global growth in 1H 2019

In 1H 2019, export revenues grew 3% y-o-y in EGP terms. Sales volumes during the period grew by 11%, outweighing EGP appreciation effect vs. USD besides flexible pricing in the export markets.

We continued to outperform the US market, with sales from our US-based subsidiary growing by 16% in 1H 2019, driven by a strong growth of 31%. Exports from Egypt to North and South America (excluding sales of OWUSA) declined by 2% as a result of lower exports to Canada. The Tufted and the Non-Woven segments increased their market share in the U.S. as a result of the new tariffs imposed on competing Chinese imports. Exports of the Tufted and the Non-Woven segments grew by 22% and 162% respectively in 1H 2019. In addition, the Tufted division secured a new program with Walmart, which will be reflected in our 4Q 2019 report.

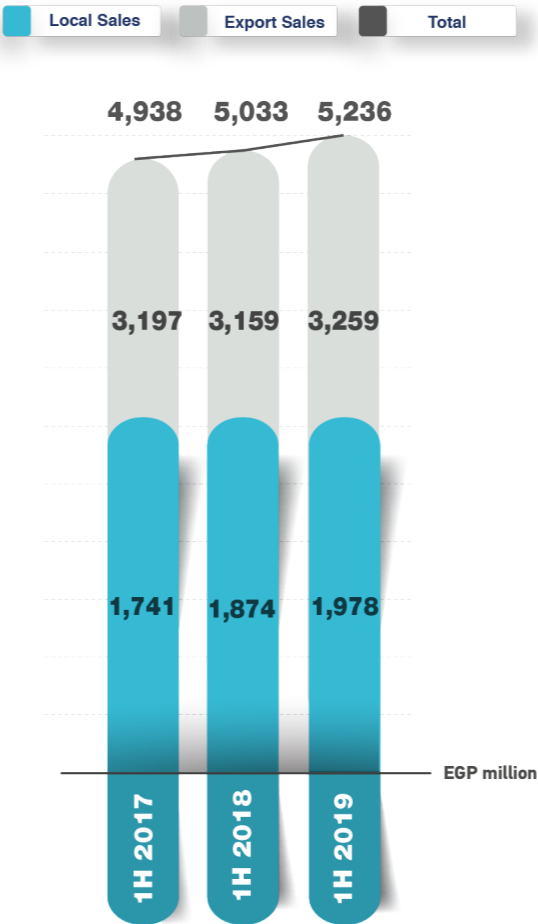
Our exports to Europe declined by 6% in 1H 2019, mainly on lower hospitality installations. However, exports to our top European customer grew by 7% in USD terms, and 4% in EGP equivalent during the first six months of the year.

Lower raw material costs offset wage and energy inflation

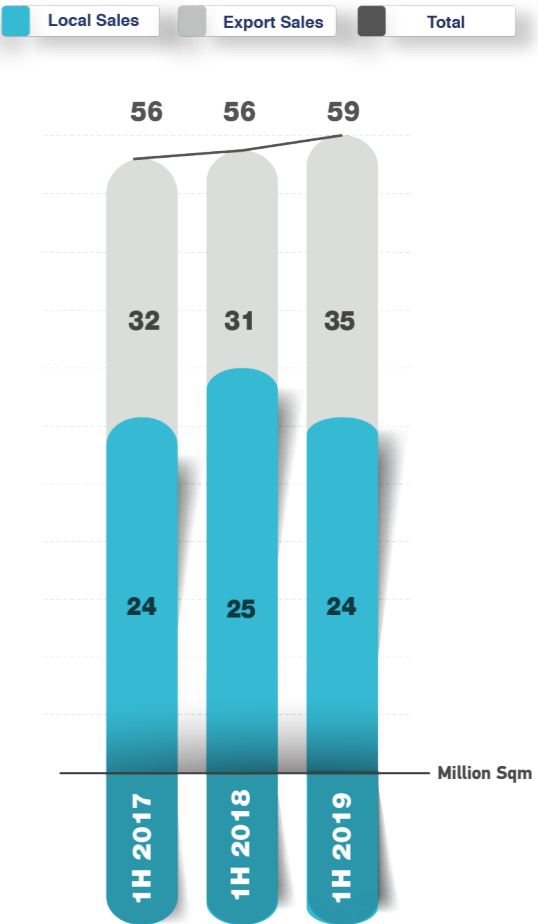
EBITDA margin declined by 60 bps in 1H 2019 to 11%. Lower raw material costs were offset by higher labor and energy costs. In 1H 2019, average polypropylene prices were 11% lower at USD 1,156/ton in 1H 2019 compared to USD 1,301/ton in 1H 2018. Pretax earnings grew 41% reaching EGP 517 million on higher export rebate proceeds of EGP 93 million (compared to EGP 70 million in 1H 2018) in addition to EGP 78 million reversed free zone fees. Also an FX Gain of EGP 95 million was recorded in 1H 2019 as a result of the EGP currency appreciation, primarily from the EGP-denominated receivables and cash balance of Oriental Weavers International (our free-zone entity with USD as the reporting currency).

Attributable earnings in 1H 2019 grew 37% reaching EGP 416 million compared to EGP 304 million in 1H 2018.

Sales Value in 1H 2019



Sales Volumes in 1H 2019



Corporate Developments

A DPS of EGP 1.5, a one-for-two stock dividend, and cumulative voting were approved in the AGM and EGM

AGM and EGM held on April 2nd approved the following:

- i. An EGP 1.5 DPS;
- ii. Amendments to the article of incorporation - to add the cumulative voting system and proportionate representation of capital with regard to the board of directors.

Also, EGM held on April 17 approved the following:

- iii. Distribution of a one-for-two stock dividend (to implement the BoD decision dated May 1, 2018).

Ms. Yasmine Khamis promoted to Group Senior Vice- Chairman

M. Mohamed M. Khamis promoted to VP - Group Commercial Director

To strengthen the company's strategic direction and the group's overall management, changes to the company's management hierarchy structure recently took place. Ms. Yasmine Khamis was promoted to Senior Vice-Chairman of Oriental Weavers and Mohamed M. Khamis promoted to the Group's Commercial Director, running both local and export divisions. Ms. Khamis shared that her focus will be to blend innovation, quality, and efficiency to strengthen Oriental Weavers' exceptional value to shareholders and customers alike. The General Commercial Director, Mr. M. Khamis, will concentrate on the growth of the Group by supporting and enhancing the overall co-ordination between the local and export markets.



New Managing Director appointed to the Board of Directors

During the BoD meeting held on May 12, two of the existing board members, Maha Bent Ahmed Bin Hassan Faitiahi, non-executive board member and Alaa El-Din Mahmoud Shehata Hassan, executive board member submitted their resignations to the Board of Directors.

Engineer Medhat Hussein was appointed to the board, and to comply with the Corporate Governance codes, Engineer Hussein was designated as a Managing Director. During his 30-year tenure in the company, Eng. Hussein occupied a number of key managerial positions within the group including the Head of Quality, Health, Safety and Environmental Department, the Group Procurement Director, and the Head of the Design and Engineering departments. "We'd like to welcome Eng Hussein to the board. He will be a great addition given his proven track record and dynamic experience within the Group. We look forward to his valuable contributions," according to Mr. Farid Khamis, founder and non-executive board member.

Turnaround of Oriental Weavers (Tianjin) Company Ltd, China

As part of the Board of Director's vision regarding the potential of the Chinese subsidiary, a restructuring plan is being implemented by our new CEO, Darryl Wu Feng. Mr. Wu Feng has over eighteen years of experience with multinational companies, having come on board in late November 2018 along with additional staff taking on key positions within the company.

2019 Expansion Plan Targets New Growth Channels

Management is being selective with investments for 2019, primarily focusing on meeting market demand. On the woven side, Oriental Weavers plans to add six to eight weaving looms, targeting mid- to high-quality products for the local and export markets, out of which four have already been added, and one yarn machine to our Egypt-based factories in 2019. Also, OW USA plans to add one loom in its plant. On the tufted side, MAC plans to upgrade two of its chromo-jet machines to digital printing machines, in addition to adding one printing machine, two new tuft machines, and a Carpet Tiles press cutting machine. Total capex for 2019 is planned to be within the range of EUR 10-15 million.

Expansions of Egypt-based Facilities in 2018

In 2018, OW added eleven new looms and five yarn machines, along with packaging and cutting machinery to its Egypt-based facilities. Furthermore, OW USA, with a capital increase of USD 6 million, added one loom, two yarn production machines, and packaging machinery and other equipment. These expansions have added 2% to the group's total production capacity.

Also, in 1H 2018, we recorded EGP 147 million of additional assets following the March 28, 2018 AGM approval on related party transactions, whereby OW acquired the assets of Tenth of Ramadan Spinning and Weaving company for a total value of EGP 69.3 million and Modern Carpet Company for a total value of EGP 78.2 million¹. Total capex spent in 2018 reached EGP 726 million.

The Government to launch a new export incentive program on July 1st

Currently, the Ministry of Trade and Industry is preparing a new export incentive program to be implemented retroactively July 1st, 2019, to replace the current program. The Egyptian Prime Minister has been meeting separately with the export councils to discuss proposals and different, non-cash alternatives, in addition to mechanisms through which the remaining rebate payments will be disbursed.

Write off of 6.5 million treasury shares

Pursuant to the EGM decision of September 2017, the Egyptian Exchange listing committee approved on January 31, 2019, the decrease of the issued capital for Oriental Weavers from EGP 450 million to EGP 443,404,845 through the cancelation of 6,595,155 treasury shares at a par value of EGP 1 per share.

Corporate Social Responsibility

Let's beat the triangle of Ignoranty, vulnerability, and disease

OW and its subsidiaries donated of EGP 32 million this year through wide range of activities such as:

Health Support

Oriental Weavers supported a number of activities of several nonprofit organizations in Egypt such as various medical institutions and governmental hospitals. OW strongly believes that the most vulnerable people have the right to equal opportunities including the access to suitable healthcare to break the vicious circle of ignorance, vulnerability, and disease. OW is, therefore, convinced that the private sector must step in to turn the at-risk population to be healthy, empowered and viable community.

Education Development

Oriental Weavers recognizes the importance of high-quality education besides development of talents. In this regard, OW has been teaming up for more than seven years now with top international schools across Cairo to bring out the artist in each child by giving all students between the ages of 5 and 15 the chance to design their own carpets.

Community Support

Oriental Weavers donated a substantial amount to the Tahya Masr Fund which supports community development programs across Egypt by facilitating large projects initiated by the government. This, in addition to OW's donations to several orphanages and NGO's in different governorates.

Social Support

OW donated blankets, food boxes, and Ramadan iftar meals directly and through many civil societies groups and organizations. In addition, the company provided transportation services for students from the Tenth of Ramadan City commuting each day to their respective universities in Cairo and surrounding cities in different governorates.



Sustainable Business

OW has always an eye on the environmental impact of its business. We focus on saving energy, reducing water consumption, and proper waste disposal. We implement an efficient business model throughout our production process in compliance with the local and international standards. Our belief in a clean environment led OW to work extensively and set measures towards strategies that limits pollution while raising awareness which could help minimize the causes of air pollution in Egypt.

OW uses adaptable air pollution solutions to enhance our health and improve air quality especially at the industrial zone in the Tenth of Ramadan city.

A few of the solutions and practices are as follows:

Main practices:

- 1- Saving 10% of the energy consumption through the use of efficient machines and energy saving lamps.
- 2- Reducing air pollution by 10% as all boilers and applicable machines operate on natural gas.

- 3- Saving 20% of our water consumption by using well water for the irrigation of 30 acres of cultivated green areas and palm trees at the factory.
- 4- Efficient yarn waste management by selling polypropylene yarn residuals to a sister company to produce the underlay of rugs and reduce overall costs.
- 5- The use of a waste water station to decrease water pollution and treatment of special dyes before entering the main governmental sewage system.
- 6- Hazard wastes are sent to the Central Dump Site in the Alexandria Governorate.
- 7- The use of certified safe chemicals in all our colorants and products. In this regard, Oriental Weavers annually receives the Certificate of Standard Oekotex 100 from Testex Swiss Textile Institute, Zurich, Switzerland.

We also obtained the certificate No. ZHGO 050760 issued from Testex, AG Swiss Textile Testing Institute which is renewed annually.



Air Pollution Compliance statistics:

Air Pollution Compliance Statistics- ISO 14001

Since we have obtained the ISO 14001 in 1999, our emission levels of air pollution from the examined boilers have been within the limits of the Egyptian environment law no.4/1994

Pollutant	Boilers	Law # 4/1994 standard
Carbon Monoxide (CO)ppm	5	100
Carbon dioxide, (CO2) %	6.1	-
Sulphur dioxide (SO2)ppm	4	150
Nitrogen oxide (NO) ppm	33	300
Fly ash %	0.01	100
Smokes, mg	5.4	50

Source: Higher Technological Institute, Chemical Engineering Dept.Feb,2019

Oriental Weavers has since been able, with the support of GEFF team, to dramatically reduce its carbon footprint, not only in the core business of carpet weaving but also through the management of utilities and tree planting initiatives. This initiative will help the company to continue investing in reducing its emissions and to enable energy efficient manufacturing at all of all its facilities worldwide. Oriental Weavers saved 42, 0000 megawatt hours and 7,600 tons of carbon dioxide in 2018, and was formally recognized for its commitment to environmental issues at an award ceremony on 25th June 2019. The purpose of the award is to encourage more Green Economy financing in Egypt and inspire other businesses to become more competitive by using GEFF technical assistance and financing.



Translation from Arabic

AUDITOR'S REPORT TO THE SHAREHOLDERS OF **ORIENTAL WEAVERS CARPETS COMPANY**

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Oriental Weavers Carpets Company (S.A.E) which comprise of the consolidated statement of financial position as of December 31, 2018 and the consolidated 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 14.74% and 20.83% 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 27, 2019 and January 29, 2019 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.

ORIENTAL WEAVERS COMPANY FOR CARPETS

(An Egyptian Joint Stock Company)

Consolidated Financial Statements
 For The Financial Year ended December 31, 2018

Together With Auditor's Report

Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oriental Weavers Carpets Company (S.A.E) as of December 31, 2018 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 : February 28, 2019.



Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated Statement of Financial Positions of December 31, 2018

(All amounts are in Egyptian pounds)

	Note No	31/12/2018 LE	31/12/2017 LE
Non Current Assets			
Fixed assets (net)	(6)	4961049587	4847694633
Projects in progress	(7)	247497801	196308618
Available for sale investments	(8)	129315952	128431394
Goodwill	(9)	201933791	286 239 174
Total non current assets		5 539 797 131	5 418 673 819
Current Assets			
Inventory	(10)	3 681 151 398	4847694633
Trades & notes receivable	(11)	1 942 176 507	196308618
Debitors and other debit accounts	(12)	330 291 417	128431394
Treasury Bills	(13)	764 025 473	246239174
Cash at Banks and on Hand	(14)	623 748 906	1 110 416 977
Total current assets		7 341 393 701	6 908 913 209
Total Assets		12 881 190 832	12 327 587 028
Equity			
Issued and paid up capital	(15)	443 404 845	450 000 000
Reserves	(16)	1 627 369 670	1 625 403 458
Retained earnings		514 374 284	673 531 684
Net profit for the year		503 737 298	683 322 305
Exchange differences arising on translation of financial statements		4 224 548 609	4 177 214 282
Treasury shares	(17)	--	(43 276 473)
Total equity attributable to the parent company		7 313 434 706	7 566 195 256
Non controlling interest	(18)	845 873 091	723 900 646
Total equity		8 159 307 797	8 290 095 902
Non Current liabilities			
Long term loans	(19)	376 409 080	316 521 265
Housing and Development Bank loan	(20)	203 124	245 625
Deferred tax liabilities	(22)	135 589 008	125 036 998
Total Non Current liabilities		512 201 212	441 803 888
Current Liabilities			
Provisions	(23)	79 494 590	76 921 671
Banks-Credit accounts	(24)	2 163 698 865	1 871 557 084
Long term liabilities-Current portions	(21)	123 444 851	78 641 729
Suppliers & notes payable	(25)	1 218 620 591	1 069 686 503
Dividends payable		18 869 267	1 069 686 503
Creditors & other credit accounts	(26)	516 480 376	354 027 711
Tax payable		89 073 283	121 640 175
Total Current Liabilities		4 209 681 823	3 595 687 238
Total equity and liabilities		12 881 190 832	12 327 587 028

The accompanying notes from No.(1) to No. (31) 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 Carpets Company (An Egyptian Joint Stock Company)**Consolidated Statement of Income For The Financial year ended December 31, 2018**

(All amounts are in Egyptian pounds)

	Note No	31/12/2018 LE	31/12/2017 LE
Net sales		10 404 684 745	10 235 344 221
Less:			
Cost of sales		9 458 032 783	8 948 547 771
Gross profit		946 651 962	1 286 796 450
Add / (Less):			
Financial investments revenues		179 250	--
Liquidation gain from financial investments available for sale	(8)	14 322 737	--
Capital Gain		1 537 757	16 457 209
Other revenues		147 571 111	91 190 058
Treasury Bills returns		44 457 778	49 935 185
Interest Income		97 934 415	41 600 847
Provision no longer needed		2 500 000	--
Distribution expenses		(77 815 802)	(67 628 753)
General & Administrative expenses		(306 384 859)	(256 637 336)
Formed provisions & Impairment		(102 054 690)	(82 541 681)
Financing expenses		(114 522 449)	(135 044 784)
Foreign exchange differences		11 263 812	(22 551 226)
Net profit for the year before income tax		665 641 022	921 575 969
Add / (Less):			
Current income tax		(104 663 799)	(172 260 608)
Deferred tax		(10 743 621)	(7 564 270)
Income tax for the year		(115 407 420)	(179 824 878)
Net profit for the year after income tax		550 233 602	741 751 091
Attributable to:			
The parent company		503 737 298	683 322 305
Non controlling interest		46 496 304	58 428 786
		550 233 602	741 751 091
Basic earnings per share in the separate financial statements	(27)	1.59	1.75
Net profit for the year		550 233 602	741 751 091
Other Comprehensive Income			
Changes in fair value of available for sale investments		(242 787)	55 935
Translation exchange differences		52 260 774	(196 032 904)
Total Other Comprehensive (Loss) Income after deduction Tax		52 017 987	(195 976 969)
Total Comprehensive Income for the year		602 251 589	545 774 122
Attributable to:			
The parent company		550 828 840	501 589 819
Non controlling interest		51 422 749	44 184 303
		602 251 589	545 774 122

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

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)**Consolidated Statement of Cash flow For The Financial year ended December 31, 2018**

(All amounts are in Egyptian pounds)

	Note No	31/12/2018 LE	31/12/2017 LE
Cash flows from operating activities			
Net profit for the year before income tax		665 641 022	921 575 969
Adjustments to reconcile net profit to net cash provided by operating			
Fixed assets depreciation		550 751 551	559 990 932
Formed provisions & Impairment		102 054 690	82 541 681
Provision no longer needed		(2 500 000)	--
Interest income		(97 934 415)	(41 600 847)
Financing expenses		114 522 449	135 044 784
Financial investments revenues		(179 250)	--
Liquidation gain from financial investments available for sale		(14 322 737)	--
Capital (gain)		(1 537 757)	(16 457 209)
Operating profits before changes in working capital		1 316 495 553	1 641 095 310
Change in working capital			
(Increase) in inventory		(206 618 712)	(488 029 833)
Decrease in trades & notes receivable and debit accounts		28 852 998	175 575 381
Increase in suppliers & notes payable and credit accounts		245 715 734	228 759 412
Cash flows provided by operating activities		1 384 445 573	1 557 400 270
Proceeds from interest income		97 934 415	41 600 847
Financing expenses paid		(114 522 449)	(135 044 784)
Income tax paid		(127 517 789)	(137 552 081)
Net cash flows provided by operating activities		1 240 339 750	1 326 404 252
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(725 887 380)	(434 219 233)
(Payments) under purchase of available for sale investments		179 250	--
Proceeds from selling of fixed assets		42 398 415	27 030 945
(Payments) proceeds from Treasury Bills		(65 865 673)	98 027 589
Net cash flows (used in) investing activities		(749 175 388)	(309 160 699)
Cash flows from financing activities			
Proceeds (Payments) for banks-credit accounts		281 025 945	(78 240 028)
Dividends paid and payments for non controlling interest		(844 548 042)	(710 157 969)
Exchange differences arising from translation of financial statements		2 927 469	(37 436 986)
Capital increase of subsidiaries		106 714 928	--
Proceeds from long term liabilities		101 395 391	103 186 664
Net cash flows (used in) financing activities		(352 484 309)	(722 648 319)
Net change in cash and cash equivalents during the year		138 680 053	294 595 234
Cash and cash equivalents at the beginning of the year		1 181 277 388	890 061 388
Translation exchange differences related to cash and cash equivalents		1 883 827	(3 379 234)
Cash and cash equivalents at end of the year		1 321 841 268	1 181 277 388
Cash & Cash equivalent	(14)	623 681 469	1 110 356 211
Treasury Bills	(13)	764 025 473	70 921 177
Treasury Bills due more than three months		(65 865 674)	--
Cash & Cash equivalent		1 321 841 268	1 181 277 388

The amounts of LE 30 223 762 of the working capital items, LE 31 404 744 of the investment activities, LE (19 105 476) of the financing activities and LE 1 883 827 of the Cash at Banks and on Hand have been eliminated against the amount of LE 44 406 857 of the translation differences.

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

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Carpets Company

(An Egyptian Joint Stock Company)

Changes in Equity For The Financial year

ended December 31, 2018

(All amounts are in Egyptian pounds)

	<u>Issued and Paid up capital</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Net profit</u>	<u>Translation differences</u>	<u>Treasury shares</u>	<u>Equity holders of the parent</u>	<u>Non controlling interest</u>	<u>Total equity</u>
Balance at 1/1/2017	450 000 000	1 610 848 607	907 255 467	484 207 848	4 359 002 703	(14 596 505)	7 796 718 120	700 129 675	8 496 847 795
Transferred to reserves	--	15 626 926	--	(15 626 926)	--	--	--	--	--
Transferred to retained earnings	--	--	468 580 922	(468 580 922)	--	--	--	--	--
Dividends	--	--	(701 846 347)	--	--	--	(701 846 347)	(20 532 585)	(722 378 932)
Adjustments related to consolidated statements	--	(1 128 010)	(458 358)	--	--	(28 679 968)	(30 266 336)	119 253	(30 147 083)
Total Comprehensive income for the year	--	55 935	--	683322305	(181 788 421)	--	501 589 819	44 184 303	545 774 122
Balance at 31/12/2017	<u>450 000 000</u>	<u>1 625 403 458</u>	<u>673 531 684</u>	<u>683 322 305</u>	<u>4 177 214 282</u>	<u>(43 276 473)</u>	<u>7 566 195 256</u>	<u>723 900 646</u>	<u>8 290 095 902</u>
Balance at 1/1/2018	450 000 000	1 625 403 458	907 255 467	683 322 305	4 177 214 282	(43 276 473)	7 566 195 256	723 900 646	8 290 095 902
Transferred to reserves	--	38 890 317	--	(38 890 317)	--	--	--	--	--
Transferred to retained earnings	--	--	644 431 988	(644 431 988)	--	--	--	--	--
Disposing of treasury shares	(6 595 155)	(36 681 318)	--	--	--	17 826 341	--	--	--
Dividends	--	--	(781 393 358)	--	--	17 826 341	(781 393 358)	(58 811 585)	(840 204 943)
Adjustments related to consolidated statements	--	--	(22 196 030)	--	--	--	(22 196 030)	129 361 281	107 165 251
Total Comprehensive income for the year	--	(242 787)	--	503 737 298	47 334 327	--	550 828 838	51 422 749	602 251 587
Balance at 31/12/2018	<u>741 076 735</u>	<u>1 627 369 670</u>	<u>514 374 284</u>	<u>503 737 298</u>	<u>4 224 548 609</u>	<u>72 993 706</u>	<u>7 313 434 706</u>	<u>845 873 091</u>	<u>8 159 307 797</u>

Oriental Weavers Carpets Company

(An Egyptian Joint Stock Company)

Consolidated Statement of Financial Statments For The Financial year ended December 31, 2018

(All amounts are in Egyptian pounds unless otherwise stated)

1- BACKGROUND INFORMATION

1-1 Oriental Weavers Carpets Company 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 machine – made carpets and importing related production supplies, equipment, machinery, or materials.

According to the Extraordinary General Assembly held on April 2, 2017, amendments to the company's objectives were approved to become as follows:

- Productions of machine – made carpets and semi hand-woven carpets (Hand-Tuft), marketing and selling them domestically, export and import the machinery and equipment and raw materials necessary for the production.
- Toll manufacturing for other parties and at other parties.
- Supplying, installing and maintaining of all types of woven carpets and carpets, and purchasing, importing and supplying all installation and maintenance supplies.
- Importing all types of carpets, woven and non-woven semi-finished materials from the country or abroad, complete their production, processing, and then re-market and sell them domestically and aboard.
- Manufacturing, selling and exporting all kinds of natural and industrial raw materials which are necessary for the manufacturing of carpets, whether in the form of yarn or in the form of materials needed to produce the yarn, as well as importing all the necessary needs to achieve this purpose.
- Importing all machine-made and hand-made rugs and the accessories complementary to its product mix from Egypt or from outside the country for the purpose of marketing and selling them domestically.
- The company's objective was amended in the Commercial Register on November 16, 2017.

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

1-5 The Company is listed in Egyptian exchange.

1-6 Company's Headquarter

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

2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

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

2-2 Basis of measurement

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

3 - USE OF JUDGMENTS AND ESTIMATES

- The preparation of consolidated financial statements according to the Egyptian Accounting Standard requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The note no. (5) 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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

3-1 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.

4 - SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

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

Subsidiary name	Percentage of participations 31/12/2018 %
Oriental Weavers Co. U.S.A.*	82.68
Oriental Weavers International Co.	99.99
MAC Carpet Mills	58.29
Egyptian Fibers Co. EFCO	67.87
Oriental Weavers Co.- China	99.6
New Mac	52.02
Oriental Weavers Textile	71.44

* Pursuant to the Oriental Weavers board meeting decision made on September 10, 2017 regarding the capital increase of Oriental Weavers Co. USA dated January 2, 2018, Oriental Weavers Company in Egypt did not subscribe to the capital increase of Oriental Weavers Co. USA, because of ongoing expansions in Egypt. Accordingly, subscription to the capital increase was opened to non-shareholders of the subsidiary, provided that such increase is made at fair value of share, giving priority to the shareholders of the Oriental weavers company in Egypt. Consequently, this brought Oriental Weavers Carpets' stake in Oriental Weavers Co. USA to 82.68% down from 100%.

5 - SIGNIFICANT ACCOUNTING POLICIES

5-1 Basis of consolidation

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

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

A- Subsidiaries

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

B- Non-controlling interest

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

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

C- Loss of control

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

D- Transactions eliminated in consolidation

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

5-2 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 year.

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.

5-3 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 de-recognition the carrying amount of those parts that are replaced and when replacement have probable future economic benefits and can be measured reliable, any other costs are recognize at income statement.

c- Depreciation

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

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

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

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

5-4 Projects in Progress

Projects in progress are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use.

Projects in progress are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

5-5 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.

5-6 Goodwill

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

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

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

5-7 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.

5-8 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 year 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 years 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.

5-9 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 year are classified as non-current assets.

5-10 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.

5-11 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.

5-12 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. The following are the special considerations of the revenue recognition:

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

5-13 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.

5-14 Treasury shares

Treasury shares 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. Gain or loss on the dispose of the shares shall be recognized directly in equity.

5-15 Impairment

a- Financial assets

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

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

rate. The amount of the impairment loss of the financial assets available for sale is measured using the prevailing fair value.

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

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

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

b- Non-Financial assets

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

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

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

Impairment losses of the other assets that are recognized in the previous years 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.

5-16 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 year, using tax rates enacted or substantially enacted at the consolidated financial position date, and any adjustment to tax payable in respect of previous year.

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

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

5-17 **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.

5-18 **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.

5-19 **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.

5-20 **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 year not more than three months and treasury bills for a year not more than three months.

5-21 **Comparative Figures**

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

Oriental Weavers Carpets Company

(An Egyptian Joint Stock Company)
(All amounts are in Egyptian pounds)

6 - Fixed assets (net)

	Land LE	Buildings Constructions LE	Machinery Equipments LE	Vehicles LE	Tools Supplies LE	Showrooms Fixture LE	Furniture Office Equipments LE	Computers and Programs LE	Total LE
Cost as of 1/1/2017	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
Additions	--	109 519 085	326 985 653	3 842 543	9 604 434	8 808 704	18 903 749	14 727 495	492 391 663
Disposals	--	(2 768 681)	(52 461 188)	(1 723 310)	(2 489 068)	--	(4 681)	--	(59 446 928)
Translation exchange differences	(16 531 599)	(65 718 093)	(237 078 711)	(6 810 598)	(2 155 141)	--	(2 306 126)	(3 953 429)	(334 553 697)
Cost as of 1/1/2018	687 594 269	2 891 346 407	8 714 504 747	268 545 888	121 433 288	55 167 365	135 142 573	163 829 176	13 037 563 713
Additions	48 688 861	161 710 773	410 284 442	12 156 341	6 898 026	17 826 341	4 500 682	13 756 708	675 822 174
Disposals	--	(1 398 026)	(133 335 259)	(318 127)	--	--	--	--	(135 051 412)
Translation exchange differences	4 793 605	17 459 579	56 060 251	1 931 392	562 896	--	792 924	1 186 152	82 786 799
Cost as of 31/12/2018	741 076 735	3 069 118 733	9 047 514 181	282 315 494	128 894 210	72 993 706	140 436 179	178 772 036	13 661 121 274
Accumulated Depreciation and impairment as of 1/1/2017	--	963 781 219	6 348 723 706	94 912 266	56 478 954	36 249 760	100 171 929	136 284 151	7 887 647 365
Depreciation of year	--	102 676 878	414 145 926	16 703 186	6 793 852	6 066 989	5 283 031	8 321 070	559 990 932
Impairment losses	--	--	--	--	--	--	--	2 955 642	2 955 642
Disposals of Accumulated Depreciation	--	(1 824 514)	(44 643 784)	(1 664 923)	(1 366 163)	--	(2 458)	--	(49 501 842)
Translation exchange differences	--	(23 547 178)	(175 319 999)	(4 894 460)	(1 778 004)	--	(2 147 510)	(3 535 866)	(211 223 017)
Accumulated Depreciation and impairment as of 1/1/2018	--	1 041 086 405	6 542 905 849	217 668 137	98 561 951	42 316 749	103 304 992	144 024 997	8 189 869 080
Depreciation of year	--	115 206 856	389 576 707	16 014 964	6 855 187	7 041 021	5 670 210	10 386 606	550 751 551
Disposals of Accumulated Depreciation	--	(362 748)	(93 509 880)	(318 126)	--	--	--	--	(94 190 754)
Translation exchange differences	--	6 700 473	43 280 355	1 487 699	496 198	--	625 646	1 051 439	53 641 810
Accumulated Depreciation and impairment as of 31/12/2018	--	1 162 630 986	6 882 253 031	234 852 674	105 913 336	49 357 770	109 600 848	155 463 042	8 700 071 687
Net book value as of 31/12/2018	741 076 735	1 906 487 747	2 165 261 150	47 462 820	22 980 874	23 635 936	30 835 331	23 308 994	4 961 049 587
Net book value as of 31/12/2017	687 594 269	1 850 260 002	2 171 598 898	50 877 751	22 871 337	12 850 616	31 837 581	19 804 179	4 847 694 633

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
Consolidated Statement of Income For The Financial year ended December 31, 2018
(All amounts are in Egyptian pounds unless otherwise stated)

7 - PROJECTS IN PROGRESS

	31/12/2018 LE	31/12/2017 LE
Buildings under Construction	38 803 904	27 745 506
Machinery & Equipment under installation	130 686 587	75 486 345
Development of computer system	51 141 626	39 722 185
Letters of Credit for assets purchases	108 479	1 374 685
Advance payment for purchasing Fixed assets	26 757 205	57 215 763
	<u>247 497 801</u>	<u>201 544 484</u>
Less : Impairment in projects in progress	--	5 235 866
	<u>801 497 247</u>	<u>196 308 618</u>

8 - AVAILABLE FOR SALE INVESTMENTS

	Acquisition cost	Accumulated Impairment (losses)	Fair value reserve of available for sale investments	Balance as of 31/12/2018	Balance as of 31/12/2017
	LE	LE	LE	LE	LE
Unlisted investments at Egyptian Exchange					
Egyptian Propylene & Polypropylene Company "E.P.P"	730 743 111	--	--	111 886 905	110 759 558
Alahli Bank of Kuwait- Egypt	193 188 12	--	451 625	12 639 818	818 639 12
Oriental for Industrial Development	4 200 000	--	625 451	4 200 000	4 200 000
Cambridge Weavers	--	--	585 479	585 479	828 268
Trading for Development Export	10 000	(10 000)	--	--	--
10th of Ramadan for Spinning Industries	530 437	(530 437)	--	--	--
Modern Spinning Company	1 433 607	(1 433 607)	--	--	--
Egyptian for Trade and Marketing	402 000	(402 000)	--	--	--
	<u>130 511 717</u>	<u>(2 376 044)</u>	<u>1 037 104</u>	<u>129 315 952</u>	<u>128 431 394</u>

* During the year, amount of L.E. 14,322,737 has been distributed under the liquidation of the 10th of Ramadan Company for Spinning Industries; accordingly the owned shares were reduced by 90%.

9 - GOODWILL

	Investment cost	Company's share of the fair value for Net assets	Goodwill Impairment	31/12/2018	31/12/2017
	LE	LE	LE	LE	LE
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	200 000 000	150 674 879	190 674 879
Oriental weavers Co.- U.S.A (OW U.S.A)	127 127 706	122 822 323	--	4 305 383	4 305 383
	<u>1 605 874 901</u>	<u>1 199 635 727</u>	<u>(204 305 383)</u>	<u>201 933 791</u>	<u>246 239 174</u>

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
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10 - INVENTORY

	31/12/2018 LE	31/12/2017 LE
Raw materials	1 318 560 074	1 291 083 726
Spare parts & materials	314 003 774	300 018 998
Work in process	152 685 144	145 967 468
Finished products	1 868 736 060	1 649 149 051
Letter of credit for purchasing of raw materials	29 203 712	72 215 898
	<u>3 683 188 764</u>	<u>3 458 435 141</u>
Less : Impairment in inventory	2 037 366	2 016 838
	<u>3 681 151 398</u>	<u>3 456 418 303</u>

11 - TRADES & NOTES RECEIVABLE

	31/12/2018 LE	31/12/2017 LE
Trades receivables	1 793 783 590	1 739 401 840
Less: Impairment in Trades receivables	145 481 171	134 126 723
	<u>1 648 302 419</u>	<u>1 605 275 117</u>
Notes Receivable	293 874 088	359 329 807
	<u>1 942 176 507</u>	<u>1 964 604 924</u>

Trades & Notes Receivable include amount of 11 490 110 LE due from Related Parties at December 31, 2018 result from sales of carpets.

12 - DEBTORS AND OTHER DEBIT ACCOUNTS

	31/12/2018 LE	31/12/2017 LE
Prepaid expenses	51 575 403	30 714 405
Tax authority – debit accounts	109 276 247	103 220 200
Deposits with others	40 750 747	30 519 855
Debit balances – related parties	25 785 707	17 468 279
Accrued revenues	6 565 376	8 269 098
Letter of guarantee & Letter of credit – cash margin	8 785 412	13 382 617
Betty cash & advance to employees	7 180 413	8 153 693
Suppliers – advance payment	50 719 416	31 475 198
Oriental for Building materials (Orocom)	838 437	5 000 000
Other debit accounts	32 914 339	64 948 563
	<u>334 391 497</u>	<u>313 151 908</u>
Less :		
Impairment in debtors and other debit accounts	4 100 080	6 600 080
	<u>330 291 417</u>	<u>306 551 828</u>

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
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(All amounts are in Egyptian pounds unless otherwise stated)

13 - TREASURY BILLS

	31/12/2018 LE	31/12/2017 LE
Treasury bills (mature in 90 days)	699 775 000	72 900 000
Treasury bills (mature in 180 days)	69 279 311	--
	<u>769 054 311</u>	<u>72 900 000</u>
Less: Unearned revenue	5 028 838	1 978 823
	<u>764 025 437</u>	<u>70 921 177</u>

14 - CASH AND CASH EQUIVALENT

	31/12/2018 LE	31/12/2017 LE
Banks – Time Deposits	21 054 821	110 779 656
Banks – Current Accounts	597 882 204	995 062 485
Checks under collection	53 124	16 000
Cash on hand	4 758 757	4 558 836
Cash at banks and on hand	<u>623 748 906</u>	<u>1 110 416 977</u>
Less:		
Time deposits blocked as guarantee to the facilities which granted to the group	67 437	60 766
Cash & cash equivalent for cash flows statement purposes	<u>623 681 469</u>	<u>1 110 356 211</u>

15 - Issued And Paid Up Capital

- 15-1 The company's authorized capital is determined to be L.E 500 Million (five hundred million Egyptian pounds).
- 15-2 The Issued capital is LE 450 000 000 distributed over 450 000 000 shares which LE 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.
- 15-3 According to the Extraordinary General Assembly meeting held on September 10, 2017 it was unanimously approved to decrease the issued capital from L.E 450 000 000 to L.E 443 404 845 through the disposing of treasury shares with a par value of L.E 6 595 155. Accordingly the issued capital of the company after that reduction will be L.E 443 404 845 with a par value of 1 pound per share and it was registered in the Commercial Register on December 13, 2018.
- 15-4 According to the Extraordinary General Assembly meeting held on May 3, 2018 it was unanimously approved to increase the authorized capital by L.E 500 000 000 to become L.E 1 billion and it was registered in the Commercial Register on December 13, 2018.
- 15-5 The company's shares are centrally kept at Misr for Central Clearing, Depositary and Registry Co. and those shares are traded in Egyptian exchange.

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
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16 - Reserves

	31/12/2018 LE	31/12/2017 LE
Legal reserve	1 093 455 161	1 067 598 903
General reserve	286 810 951	323 492 270
Special reserve	59 973 828	59 973 828
Net assets revaluation reserve	65 767 458	65 767 457
Capital reserve	120 325 168	107 291 107
Unrealized gain from available for sale investments	1 037 104	1 279 893
	<u>1 625 403 458</u>	<u>1 610 848 607</u>

The general reserve has been reduced by L.E 318 681 36 representing the difference between the purchasing cost of the treasury shares that were disposed and their par value.

17 - TREASURY SHARES

	31/12/2018	31/12/2017
	No. Of Shares	No. Of Shares
	LE	LE
Treasury shares	--	6 595 155
	--	43276473

On June 20, 2017 Oriental Weavers USA (Subsidiary Co.) transferred ownership of Oriental Weavers Carpets shares to Oriental Weavers Carpets, in order to comply with the Egyptian Financial Supervisory Authority Board of Directors decision no. 83, dated July 26, 2016. This decision states that companies, which previously purchased their shares through a subsidiary or companies under their control, should keep the treasury shares on its books for a maximum year of one year ended March 23, 2017. On December 13, 2018, treasury shares have been disposed through reducing the share capital at par value amounted to LE 6 595 155, while the difference between treasury shares' par value and their purchasing cost amounting to LE 36 681 318 has been settled through reducing the general reserve balance (Note 15-3).

18 - Non-Controlling interest

	Non controlling interest in Equity	Non controlling interest in comprehensive income	Balance as of 31/12/2018	Balance as of 31/12/2017
	LE	LE	LE	LE
Oriental Weavers international Co (O.W.I)	237 730	15 698	253 428	263 881
MAC Carpet Mills	328 216 278	17 586 948	345 803 226	348 948 653
Egyptian fibres Co. EFCO	92 339 657	12 245 842	104 585 499	97 012 937
Oriental Weavers – China	710 674	(351 641)	359 033	833 467
New MAC	3 178 074	177 287	3 355 361	4 035 911
Oriental Weavers Textile	240 857 981	19 163 679	260 021 660	252 450 061
Oriental Weavers Co. U.S.A.	128 909 948	2 584 937	131 494 885	--
	<u>794 450 342</u>	<u>51 422 749</u>	<u>723 900 646</u>	<u>723 900 646</u>

Oriental Weavers Carpets Company
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19 - LONG TERM LOANS

Translation from arabic

BANK	Loan Currency	Principal of the loan in original Currency	Balance as of 31/12/2018		Balance as of 31/12/2017		Terms of Payment	
			Balance of the loan as of 31/12/2018	current portion due in one year	long term installments	current portion due in one year		long term installments
			L.E	L.E	L.E	L.E		L.E
Qatar National Bank Alahli (1)	EUR	9 000 000	107 079 785	31 064 418	76 015 367	9 439 412	66 075 881	The principal of the loan shall be settled over 40 equal monthly starting from 27/1/2019 till 27/4/2022,the interest and commission shall be computed and paid upon its due date.
Qatar National Bank Alahli (2)	EUR	10 000 000	46 380 708	9 106 785	37 273 923	20 297 343	79 050 190	The principal of the loan shall be settled over 48 unequal monthly starting from 6/10/2017 till 6/9/2021,the interest and commission shall be computed and paid upon its due date.
Qatar National Bank Alahli (3)	USD	5 000 000	66 096 241	47 211 583	--	--	--	The principal of the loan shall be settled over 41 equal monthly starting from 13/4/2019 till 13/3/2023,the interest and commission shall be computed and paid upon its due date.
			157 137 859	59 055 861	160 500 873	29 736 755	145 126 071	
Alex. Bank	EUR	6 500 000	28 342 274	28 942 798	57 885 578	26 094 879	78 284 692	The principal of the loan shall be settled over 9 equal half annually installments starting from 4/10/2016 till 4/10/2020 , the interest and commission shall be computed and paid upon its due date.
	USD		29 249 376	14 624 688	14 624 688	--	--	
Attijari wafa bank	EUR	5 250 000	6 008 621	15 428 243	92 569 510	--	--	The principal of the loan shall be settled over 7 equal quarterly installments starting from 30/11/2019 till 30/11/2022 , the interest and commission shall be computed and paid upon its due date.
Loans from Other Banks	USD	19 868 663	114 665 008	20 122 136	94 542 872	19 919 390	113 509 616	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
			335 403 138	123 402 065	376 409 080	78 598 943	316 521 265	

20- HOUSING AND DEVELOPMENT BANK LOAN

	<u>Note No</u>	<u>31/12/2018 LE</u>	<u>31/12/2017 LE</u>
Balance of this item represents the remaining amount due to Housing and Development Bank against purchasing housing units for employees in 10th of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.		910 245	288 411
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(21)	<u>(42 786)</u>	<u>(42 786)</u>
		<u>203 124</u>	<u>245 625</u>

21- LONG TERM LIABILITIES – CURRENT PORTIONS

	<u>Note No</u>	<u>31/12/2018 LE</u>	<u>31/12/2017 LE</u>
Long-term loan instalment	(19)	123 402 065	78 598 943
Housing and Development Bank loan	(20)	<u>(42 786)</u>	<u>(42 786)</u>
		<u>123 444 851</u>	<u>78 641 729</u>

22- DEFERRED TAX LIABILITIES

Deferred tax Assets and liabilities

	<u>31/12/2018</u>		<u>31/12/2017</u>	
	<u>Assets</u>	<u>(Liabilities)</u>	<u>Assets</u>	<u>(Liabilities)</u>
Temporary tax differences – O.W. (USA)	18 585 628	--	19 370 023	--
Fixed assets	--	(154 174 636)	--	(144 407 021)
Total deferred tax assets / (liabilities)	<u>18 585 628</u>	<u>(154 174 636)</u>	<u>19 370 023</u>	<u>(144 407 021)</u>
Net deferred tax (liabilities)		<u>(135 589 008)</u>		<u>(125 036 998)</u>

	<u>31/12/2018</u>		<u>31/12/2017</u>	
	<u>Assets</u>	<u>(Liabilities)</u>	<u>Assets</u>	<u>(Liabilities)</u>
Beginning balance	19 370 023	(144 407 021)	23 317 536	(140 023 333)
Charged to the statement of income	(976 006)	(9 767 615)	(3 180 582)	(4 383 688)
Translation Difference	191 611	--	(766 931)	--
Ending balance	<u>18 585 628</u>	<u>(154 174 636)</u>	<u>19 370 023</u>	<u>(144 407 021)</u>

23- Provisions

	<u>Balance as of 1/1/2018</u>	<u>Formed during the year</u>	<u>Used during the year</u>	<u>Balance as of 31/12/2018</u>
Provisions for claims	76 921 671	46 872 148	(44 299 229)	79 494 590
Total deferred tax assets / (liabilities)	<u>76 921 671</u>	<u>46 872 148</u>	<u>(44 299 229)</u>	<u>79 494 590</u>

The provision for claims represents an expected claims from certain entities related to the Company's activities. Details about the provisions have not been disclosed in accordance with the Egyptian Accounting Standards, as the management believes that disclosure of some or all of the information can affect seriously the position of the entity in the dispute with other parties on the subject matter of the provision. Provisions are reviewed at the end of each reporting period and adjusted according to the latest updates, negotiation and agreements with those entities.

24- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 2 163 698 865 as of December 31,2018 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.

25- SUPPLIERS & NOTES PAYABLE

	<u>31/12/2018 LE</u>	<u>31/12/2017 LE</u>
Suppliers	1 062 096 263	963 679 732
Notes Payable	<u>156 524 328</u>	<u>106 006 771</u>
	<u>1 218 620 591</u>	<u>1 069 686 503</u>

- Suppliers and notes payable includes the amount of L.E 230 533 054 represents amounts due to related parties at December 31, 2018 resulting from the purchase and operation of the raw materials

26- CREDITORS AND OTHER CREDIT ACCOUNTS

	<u>31/12/2018</u>	<u>31/12/2017</u>
Accrued expenses	118 141 630	64 228 751
Tax authority	25 433 730	12 286 103
Social insurance authority	16 658 535	14 674 420
Trade receivable – advance payment	133 442 704	166 462 517
Creditors – purchases of fixed assets	5 859 225	2 972 425
Credit balances - related parties	109 143 397	15 214 680
Deposits from others	67 630 417	39 993 785
Other credit accounts	<u>40 170 738</u>	<u>38 195 030</u>
	<u>516 480 376</u>	<u>354 027 711</u>

27- Basic earnings per share in the separate financial statements

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

	<u>31/12/2018</u>	<u>31/12/2017</u>
Net profit for the year in the separate financial statements	745 878 978	813 991 548
Less:		
Employees share in distributions	40 000 000	30 000 000
Board members remuneration	<u>2 000 000</u>	<u>2 000 000</u>
	<u>703 878 978</u>	<u>781 991 548</u>
Average of shares number available during the year	<u>443 404 845</u>	<u>446 494 630</u>
Basic earnings per share in the separate financial statements	<u>1.59</u>	<u>1.75</u>

28- CONTINGENT LIABILITIES

Letter of Guarantees Issued by Banks in favour of the company and its subsidiaries to third parties as of December 31, 2018 amounted to L.E 47 594 533 . Also Contingent liabilities from Letter of Credit in that date amounted to L.E 191 646 973.

29- CAPITAL COMMITMENTS

The capital commitments as of December 31, 2018 amounted to L.E 21 244 350 represents the value of new extension related to showrooms and completion of construction in progress.

30- TAX POSITION

30-1 Corporate Tax

- The company has been inspected till December 31, 2016 and the assessed tax differences were paid.
- The company submits its annual tax return regularly on legal dates.

30-2 Salaries & Wages Tax

- The company has been inspected till December 31, 2012 and the assessed tax differences were paid.
- The company has been inspected till December 31, 2016 and has not been informed with any tax forms.
- The company submits its tax return on the legal dates.

30-3 Sales Tax

- The company has been inspected till December 31, 2016 and the assessed tax differences were paid.
- The company submits the monthly tax return on the legal dates.

30-4 Stamp Duty Tax

- The company was inspected till December 31, 2013 and the assessed tax differences were paid.
- The company was inspected from year 2014 till December 31, 2015 and has not been informed with any tax forms.
- The company submits the tax return on the legal dates.

30-5 Real estate Tax

- The tax has been assessed and paid till December 31, 2018.

31- 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:

	No	31/12/2018	31/12/2017
Trades & notes receivable	(11)	1 942 176 507	1 964 604 924
Debtors and other debit accounts	(12)	330 291 417	306 551 828
		<u>2 272 467 924</u>	<u>2 271 156 752</u>

b- Liquidity risk

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

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

C- Market risk

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

Exchange rate risk

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

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

Interest rate risk

Interest rate risk is the risk resulting from changes in interest rate on the banks facility granted to the company. The Company obtains the best available conditions in the banking market for the credit facilities and reviews the prevailing interest rate in the banking market on an on-going-basis which minimizes the risk of changes in interest rates.

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 are using the financial statements through the optimal use of equity. Management seeks the best alternatives to maintain a better capital structure for the group through either dividend payment to shareholders, capital reduction, issuance of new shares, and or debt settlement.

Translation from Arabic

Limited Review Report

To The Members of Boards of Directors Of
ORIENTAL WEAVERS CARPETS COMPANY

ORIENTAL WEAVERS COMPANY FOR CARPETS

(An Egyptian Joint Stock Company)

Consolidated Financial Statements
 For The Financial Period ended June 30, 2019

Together With Limited Review Report

Introductory

We have reviewed the accompanying consolidated financial position of Oriental Weavers Carpets Company "S.A.E" as of June 30, 2019 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian accounting standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We did not review the financial statements of Oriental Weavers Company-United States of America and Oriental Weavers Company - China (owned subsidiaries). Which their total assets represents 14.21 % and their total revenues represents 22.62 % of total assets and revenues of the consolidated financial statements respectively. Those statements were reviewed by other auditors.

Scope of limited review

We conducted our review in accordance with the Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Statements Performed by the Auditor of the Entity". A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view for the consolidated financial position of the Company as of June 30, 2019 and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo: August 7, 2019

Auditor

Tarek Salah

Baker Tilly Wahid Abdel Ghaffar & Co.

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)**Consolidated Statement of Financial Positions of June 30, 2019**

(All amounts are in Egyptian pounds)

	Note No	30/6/2019 LE	31/12/2018 LE
Non Current Assets			
Fixed assets (net)	(6)	4 522 903 214	4 961 049 587
Projects in progress	(7)	367 646 249	247 497 801
Investments available for sale	(8)	121 924 675	129 315 952
Goodwill	(9)	201 933 791	201 933 791
Total non current assets		5 214 407 929	5 539 797 131
Current Assets			
Inventory	(10)	3 572 515 877	3 681 151 398
Trades & notes receivable	(11)	1 860 650 732	1 942 176 507
Debitors and other debit accounts	(12)	289 211 409	330 291 417
Treasury Bills	(13)	75 434 310	764 025 473
Cash at Banks and on Hand	(14)	867 815 754	623 748 906
Total current assets		6 665 628 082	7 341 393 701
Total Assets		11 880 036 011	12 881 190 832
Equity			
Issued and paid up capital	(15)	443 404 845	443 404 845
Reserves	(16)	1 665 336 079	1 627 369 670
Retained earnings		210 068 701	514 374 284
Net profit for the year		415 502 865	503 737 298
Exchange differences arising on translation of financial statements		3 836 343 754	4 224 548 609
Total equity attributable to the parent company		6 570 656 244	7 313 434 706
Non controlling interest	(17)	806 934 626	845 873 091
Total equity		8 159 307 797	8 290 095 902
Non Current liabilities			
Long term loans	(18)	309 162 335	376 409 080
Housing and Development Bank loan	(19)	182 589	203 124
Deferred tax liabilities	(21)	136 044 383	135 589 008
Total equity		445 389 307	512 201 212
Current Liabilities			
Provisions	(22)	77 462 320	79 494 590
Banks-Credit accounts	(23)	2 145 051 678	2 163 698 865
Long term liabilities-Current portions	(20)	133 092 302	123 444 851
Suppliers & notes payable	(24)	1 015 541 993	1 218 620 591
Dividends payable		33 946 620	18 869 267
Creditors & other credit accounts	(25)	607 451 286	516 480 376
Tax payable		44 509 635	89 073 283
Total Current Liabilities		4 057 055 834	4 209 681 823
Total equity and liabilities		11 880 036 011	12 881 190 832

The accompanying notes from No.(1) to No. (30) form an integral part of these consolidated financial statements.

Auditor's report attached.

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)**Consolidated statement of income for the financial period ended June 30, 2019**

(All amounts are in Egyptian pounds)

	Note No	From 1/4/2019 Till 30/6/2019	From 1/1/2019 Till 30/6/2019	From 1/4/2018 Till 30/6/2018	From 1/1/2018 Till 30/6/2018
Net sales		2 633 739 361	5 236 331 237	2 526 074 604	5 033 208 631
Less:					
Cost of sales		2 342 138 875	4 708 967 562	2 297 119 151	4 517 209 017
Gross profit		291 600 486	527 363 675	228 955 453	515 999 614
Add / (Less):					
Financial investments revenues		(144 162)	8 215 803	--	--
Capital Gain (loss)		3 744 358	4 837 301	(11 042 513)	(11 042 513)
Other revenues		115 012 060	175 820 571	44 029 970	69 812 498
Treasury Bills returns		5 826 716	39 086 460	2 877 742	5 287 285
Interest Income		16 750 688	30 915 206	26 434 215	61 929 250
Distribution expenses		(28 460 216)	(58 812 849)	(23 879 943)	(49 457 480)
General & Administrative expenses		(72 688 410)	(156 080 576)	(74 222 251)	(156 734 815)
Formed provisions & Impairment		(68 729 484)	(81 669 758)	(20 000 000)	(20 000 000)
Financing expenses		(34 584 327)	(67 597 427)	(25 821 160)	(50 737 963)
Foreign exchange differences		38 746 849	94 505 274	(4 719 996)	2 707 502
Net profit for the year before income tax		665 641 022	516 583 680	142 611 517	367 763 378
Add / (Less):					
Current income tax		(26 008 042)	(55 542 964)	(20 735 082)	(42 420 237)
Deferred tax		477 100	789 092	85 294	1 042 857
Income tax for the year		(25 530 942)	(54 753 872)	(20 649 788)	(41 377 380)
Net profit for the year after income tax		241 543 616	461 829 808	121 961 729	326 385 998
Attributable to:					
The parent company		214 243 570	415 502 865	115 098 808	303 941 538
Non controlling interest		27 300 046	46 326 943	6 862 921	22 444 460
		241 543 616	461 829 808	121 961 729	326 385 998
Basic earnings per share in the separate financial statements (27)		0.44	0.70	0.27	0.48

The accompanying notes from No.(1) to No. (30) form an integral part of these consolidated financial statements.

Chairman & CEO

 Salah Abdel Aziz Abdel Moteleb

CEO

 Medhat Hussien Abdel Halim

CFO & Board Member

 Mohamed Kattary Abdallah

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of comprehensive income for the financial period ended June 30, 2019

(All amounts are in Egyptian pounds)

	Note No	From 1/4/2019 Till 30/6/2019	From 1/1/2019 Till 30/6/2019	From 1/4/2018 Till 30/6/2018	From 1/1/2018 Till 30/6/2018
Net profit for the period		241 543 616	461 829 808	121 961 729	326 385 998
Other Comprehensive Income					
Change in fair value of available for sale investments		62 542	139 713	11 936	7 360
Translation exchange differences		(204 680 943)	(399 477 562)	78 584 855	51 865 004
Total Other Comprehensive (loss) income after deduction Tax		(204 618 401)	(399 337 849)	78 596 791	51 872 364
Total Comprehensive Income for the period		36 925 215	62 491 959	200 558 520	378 258 362
Attributable to:					
The parent company		25 139 399	46 959 436	186 726 404	350 883 588
Non controlling interest		11 785 816	15 532 523	13 832 116	27 374 774
		36 925 215	62 491 959	200 558 520	378 258 362

The accompanying notes from No.(1) to No. (30) form an integral part of these consolidated financial statements.

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CEO

Medhat Hussien Abdel Halim

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Carpets Company
(An Egyptian Joint Stock Company)
**Consolidated statement of changes in equity for the
financial period ended June 30, 2019**
(All amounts are in Egyptian pounds)

	Issued and Paid up capital	Reserves	Retained earnings	Net profit	Translation differences	Treasury shares	Equity holders of the parent	Non controlling interest	Total equity
Balance at 1/1/2018	450 000 000	1 625 403 458	673 531 684	683 322 305	4 177 214 282	(43 276 473)	7 566 195 256	723 900 646	8 290 095 902
Transferred to reserves	--	38 890 318	--	(38 890 318)	--	--	--	--	--
Transferred to retained earnings	--	--	644 431 987	(644 431 987)	--	--	--	--	--
Dividends	--	--	(781 393 356)	--	--	--	(781 393 356)	(58 514 406)	(839 907 762)
Adjustments related to consolidated statements	--	--	(22 196 030)	--	--	--	(22 196 030)	129 361 281	107 165 251
Total Comprehensive income for the year	--	7 360	--	303 941 538	46 934 690	--	350 883 588	27 374 774	378 258 362
Balance at 30/6/2018	450 000 000	1 664 301 136	514 374 285	303 941 538	4 224 148 972	(43 276 473)	7 113 489 458	822 122 295	7 935 611 753
Balance at 1/1/2019	443 404 845	1 627 369 670	514 374 284	503 737 298	4 224 548 609	--	7 313 434 706	845 873 091	8 159 307 797
Transferred to reserves	--	37 850 897	--	(37 850 897)	--	--	--	--	--
Transferred to retained earnings	--	--	465 886 401	(465 886 401)	--	--	--	--	--
Dividends	--	--	(790 087 384)	--	--	--	(790 087 384)	(54 416 236)	(844 503 620)
Adjustments related to consolidated statements	--	--	19 895 400	--	(19 545 914)	--	349 486	(54 752)	294 734
Total Comprehensive income for the year	--	115 512	--	415 502 865	(368 658 941)	--	46 959 436	15 532 523	62 491 959
Balance at 30/6/2019	443 404 845	1 665 336 079	210 068 701	415 502 865	3 836 343 754	--	6 570 656 244	806 934 626	7 377 590 870

The accompanying notes from No.(1) to No. (30) form an integral part of these consolidated financial statements.

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CEO

Medhat Hussien Abdel Halim

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of cash flow for the financial period ended June 30, 2019

(All amounts are in Egyptian pounds)

	Note No	30/6/2019	30/6/2018
Cash flows from operating activities			
Net profit for the year before income tax		516 583 680	367 763 378
Adjustments to reconcile net profit to net cash provided by operating			
Fixed assets depreciation		261 052 946	275 067 530
Formed provisions & Impairment		81 669 758	20 000 000
Interest income		(30 915 206)	(61 929 250)
Financing expenses		67 597 427	50 737 963
Financial investments revenues		(8 215 803)	--
Capital (gain)		(4 837 301)	11 042 513
Operating profits before changes in working capital		882 935 501	662 682 134
Change in			
Inventory		(55 172 133)	(130 578 520)
Trades and notes receivable and debit accounts		(124 275 990)	19 360 999
Suppliers and notes payable and credit accounts		(20 897 603)	256 931 953
Cash flows provided by operating activities		682 589 775	808 396 566
Proceeds from interest income		30 915 206	61 929 250
Financing expenses paid		(67 597 427)	(50 737 963)
Income tax paid		(76 086 426)	(113 229 459)
Net cash flows provided by operating activities		569 821 128	706 358 394
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(191 013 470)	(448 897 009)
Proceeds from selling of fixed assets		5 280 405	18 101 672
(Payments) proceeds from Treasury Bills		16 573 736	--
Net cash flows (used in) investing activities		(169 159 329)	(430 795 337)
Cash flows from financing activities			
Proceeds (Payments) for banks-credit accounts		74 520 923	190 390 013
Dividends paid and payments for non controlling interest		(829 426 267)	(816 851 376)
Exchange differences arising from translation of financial statements		(5 633 027)	--
Capital increase of subsidiaries		--	106 714 926
(Payments) proceeds from long term liabilities		(31 018 685)	18 994 844
Net cash flows (used in) financing activities		(791 557 056)	(500 751 593)
Net change in cash and cash equivalents during the period		(390 895 257)	(225 188 536)

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of cash flow for the financial period ended June 30, 2019

(All amounts are in Egyptian pounds)

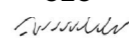
	Note No	30/6/2019	30/6/2018
Cash and cash equivalents at the beginning of the period		1 321 841 268	1 181 277 388
Translation exchange differences related to cash and cash equivalents		(32 648 335)	2 581 236
Cash and cash equivalents at end of the period		898 297 676	958 670 088
Cash & Cash equivalent	(14)	867 745 042	870 711 807
Treasury Bills	(13)	75 434 310	87 958 281
Treasury Bills due more than three months		(44 881 676)	--
Cash & Cash equivalent		898 297 676	958 670 088

The amounts of LE 252 916 000 of the working capital items, LE 259 432 402 of the investment activities and LE (129 776 574) of the financing activities have been eliminated against the amount of LE 382 571 828 of the translation differences.

The accompanying notes from No.(1) to No. (30) form an integral part of these consolidated financial statements.

Chairman & CEO

 Salah Abdel Aziz Abdel Moteleb

CEO

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CFO & Board Member

 Mohamed Kattary Abdallah

To view full financials, pls click on

<https://drive.google.com/file/d/1VRdzhlFuiwckY8cuWmKMWgqpZWys50G3/view?usp=sharing>

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