ORIENTAL WEAVERS COMPANY FOR CARPETS

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For The Financial Year ended December 31, 2017

Together With Auditor`s Report

BAKER TILLY
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Translation from Arabic

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ORIENTAL WEAVERS COMPANY FOR CARPETS

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Oriental Weavers Company For Carpets (S.A.E) which comprise of the consolidated statement of financial position as of December 31, 2017 and the statements of income,comprehensive income ,changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of Oriental Weavers Company - United States of America and Oriental Weavers Company – China. Which statements reflect total assets and revenues for these companies constituting 15.55% and 20.70% 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 25, 2018 and February 1, 2018 respectively. Our opinion, insofar as it relates to amounts included for these companies, is based on the reports of the other auditors.

Management responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oriental Weavers Company For Carpets (S.A.E) as of December 31, 2017 and of its consolidated financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in compliance with related Egyptian laws and regulations.

Cairo : March 1, 2018.

Wahid Abdel Ghaffar

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

B.T. Wahid Abdel Ghaffar&Co.

Public Accountants & Consultants

Translation from Arabic

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
As of December 31, 2017

	Note №	31/12/2017 LE	31/12/2016 LE
Non Current Assets			
Fixed assets (net)	(6)	4 847 694 633	5 051 525 310
Projects in progress	(7)	196 308 618	256 118 299
Available for sale investments	(8)	128 431 394	132 223 131
Goodwill	(9)	246 239 174	286 239 174
Total non current assets		**5 418 673 819**	**5 726 105 914**
Current Assets			
Inventory	(10)	3 456 418 303	3 041 520 516
Trades & notes receivable	(11)	1 964 604 924	2 195 325 684
Debitors and other debit accounts	(12)	306 551 828	335 796 427
Treasury Bills	(13)	70 921 177	652 697 091
Cash at Banks and on Hand	(14)	1 110 416 977	336 231 158
Total current assets		**6 908 913 209**	**6 561 570 876**
Total Assets		**12 327 587 028**	**12 287 676 790**
Equity			
Issued and paid up capital	(15)	450 000 000	450 000 000
Reserves	(16)	1 625 403 458	1 610 848 607
Retained earnings		673 531 684	907 255 467
Net profit for the year		683 322 305	484 207 848
Exchange differences arising on translation of financial statements		4 177 214 282	4 359 002 703
Treasury shares	(17)	(43 276 473)	(14 596 505)
Total equity attributable to the parent company		**7 566 195 256**	**7 796 718 120**
Non controlling interest	(18)	723 900 646	700 129 675
Total equity		**8 290 095 902**	**8 496 847 795**
Non Current liabilities			
Long term loans	(19)	316 521 265	197 483 980
Housing and Development Bank loan	(20)	245 625	288 411
Deferred tax liabilities	(22)	125 036 998	116 705 797
Total Non Current liabilities		**441 803 888**	**314 478 188**
Current Liabilities			
Provisions	(23)	76 921 671	49 149 018
Banks-Credit accounts	(24)	1 871 557 084	1 997 577 251
Long term liabilities-Current portions	(21)	78 641 729	104 589 545
Suppliers & notes payable	(25)	1 069 686 503	915 834 260
Dividends payable		23 212 365	10 991 402
Creditors & other credit accounts	(26)	354 027 711	252 110 633
Tax payable		121 640 175	146 098 698
Total Current Liabilities		**3 595 687 238**	**3 476 350 807**
Total equity and liabilities		**12 327 587 028**	**12 287 676 790**

The accompanying notes from №.(1) to №. (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

Translation from Arabic

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Statement of Income

For The Financial year ended December 31, 2017

	Note №	31/12/2017 LE	31/12/2016 LE
Net sales		10 173 935 413	6 779 175 801
Less:			
Cost of sales		8 887 138 963	5 779 923 256
Gross profit		**1 286 796 450**	**999 252 545**
Add / (Less):			
Financial investments revenues		–	150 000
Capital Gain		16 457 209	4 809 059
Other revenues		91 190 058	214 013 805
Treasury Bills returns		49 935 185	32 224 356
Interest Income		41 600 847	18 892 298
Distribution expenses		(67 628 753)	(56 405 759)
General & Administrative expenses		(256 637 336)	(201 966 337)
Formed provisions & Impairment		(82 541 681)	(99 868 551)
Financing expenses		(135 044 784)	(111 223 835)
Foreign exchange differences		(22 551 226)	(106 731 839)
Net profit for the year before income tax		**921 575 969**	**693 145 742**
Add / (Less):			
Current income tax		(172 260 608)	(168 248 972)
Deferred tax		(7 564 270)	4 050 291
Income tax for the year		**(179 824 878)**	**(164 198 681)**
Net profit for the year after income tax		**741 751 091**	**528 947 061**
Attributable to:			
The parent company		683 322 305	484 207 848
Non controlling interest		58 428 786	44 739 213
		741 751 091	**528 947 061**
Basic earnings per share in the separate financial statements	(27)	**1.75**	**1.39**

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

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

Translation from Arabic

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

Consolidated Statement of Comperhensive Income
For The Financial year ended December 31, 2017

	31/12/2017 LE	31/12/2016 LE
Net profit for the year	741 751 091	528 947 061
Other Comprehensive Income		
Foreign exchange differences loss from revaluation of monetary items	--	(12 687 214)
Foreign exchange differences loss transferred to retained earnings	--	12 687 214
Changes in fair value of available for sale investments	55 935	515 683
Translation exchange differences	(196 032 904)	3 824 579 041
Total Other Comprehensive (Loss) Income after deduction Tax	**(195 976 969)**	**3 825 094 724**
Total Comprehensive Income for the year	**545 774 122**	**4 354 041 785**
Attributable to:		
The parent company	501 589 819	4 126 270 954
Non controlling interest	44 184 303	227 770 831
	545 774 122	**4 354 041 785**

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

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

Translation from Arabic

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial year ended December 31, 2017

	Issued and Paid up capital LE	Reserves LE	Retained earnings LE	Net profit LE	Translation differences LE	Treasury shares LE	Equity holders of the parent LE	Non controlling interest LE	Total equity LE
Balance at 1/1/2016	450 000 000	1 525 324 322	823 478 382	356 302 735	717 455 280	(14 596 505)	**3 857 964 214**	380 633 138	**4 238 597 352**
Transferred to reserves	--	19 241 145	--	(19 241 145)	--	--	--	--	--
Dividends	--	--	(10 475 715)	(280 810 260)	--	--	**(291 285 975)**	(13 545 763)	**(304 831 738)**
Transferred to retained earnings	--	--	56 251 330	(56 251 330)	--	--	--	--	--
Adjustments related to consolidated statements	--	65 767 457	45 396 677	--	--	--	**111 164 134**	110 563 476	**221 727 610**
Foreign exchange differences loss from revaluation of monetary items	--	--	(7 395 207)	--	--	--	**(7 395 207)**	(5 292 007)	**(12 687 214)**
Total Comprensive income for the year	--	515,683	--	484 207 848	3 641 547 423	--	**4 126 270 954**	227 770 831	**4 354 041 785**
Balance at 31/12/2016	**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**
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 earning	--	--	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 Comprensive income for the year	--	55,935	--	683 322 305	(181 788 421)	--	**501 589 819**	**44 184 303**	**545 774 122**
Balance at 31/12/2017	**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**

The accompanying notes from №.(1) to №. (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 Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Statement of Cash flow

For The Financial year ended December 31, 2017

	Note	31/12/2017	31/12/2016
	№	LE	LE
Cash flows from operating activities			
Net profit for the year before income tax		921 575 969	693 145 742
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		559 990 932	620 284 360
Formed provisions & Impairment		82 541 681	99 868 551
Interest income		(41 600 847)	(18 892 298)
Financing expenses		135 044 784	111 223 835
Financial investments revenues		--	(150 000)
Capital (gain)		(16 457 209)	(4 809 059)
Exchange differences arising from translation of financial statements		(37 436 986)	33 893 255
Operating profits before changes in working capital		**1 603 658 324**	**1 534 564 386**
Change in working capital			
(Increase) in inventory		(488 029 833)	(163 324 083)
Decrease in trades & notes receivable and debit accounts		175 575 381	355 031 120
Increase (Decrease) in suppliers & notes payable and credit accounts		228 759 412	(98 116 903)
Cash flows provided by operating activities		**1 519 963 284**	**1 628 154 520**
Proceeds from interest income		41 600 847	20 839 369
Financing expenses paid		(135 044 784)	(110 484 439)
Income tax paid		(137 552 081)	(116 090 454)
Net cash flows provided by operating activities		**1 288 967 266**	**1 422 418 996**
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(434 219 233)	(529 021 016)
(Payments) under purchase of available for sale investments		--	(114 607 230)
Proceeds from selling of fixed assets		27 030 945	19 415 053
Proceeds from Treasury Bills		98 027 589	17 513 163
Net cash flows (used in) investing activities		**(309 160 699)**	**(606 700 030)**
Cash flows from financing activities			
(Payments) Proceeds for banks-credit accounts		(78 240 028)	(56 653 170)
Dividends paid and payments for non controlling interest		(710 157 969)	(308 161 511)
Proceeds (Payments) for long term liabilities		103 186 664	(230 307 344)
Net cash flows (used in) financing activities		**(685 211 333)**	**(595 122 025)**
Net change in cash and cash equivalents during the year		**294 595 234**	**220 596 941**
Cash and cash equivalents at the beginning of the year		890 061 388	431 042 515
Cash transferred from the acquired company at the beginning of the Period		--	11 978 582
Translation exchange differences related to cash and cash equivalents		(3 379 234)	226 443 350
Cash and cash equivalents at end of the year		**1 181 277 388**	**890 061 388**
Cash & Cash equivalent	(14)	1 110 356 211	336 176 939
Treasury Bills	(13)	70 921 177	652 697 091
Treasury Bills due more than three months		--	(98 812 642)
Cash & Cash equivalent		**1 181 277 388**	**890 061 388**

The amounts of LE (118,448,278) of the working capital items, LE (123,736,139) of the investment activities and LE 87,734,648 of the financing activities have been eliminated against the amount of LE (154,449,769) of the translation differences.

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

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

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Notes to the Consolidated Financial Statements

For the Financial Year ended December 31, 2017

1 - BACK GROUND INFORMATION

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

1-2 **Commercial Register**

Commercial Register No 44139 dated November 16, 1981.

1-3 **Company's objective**

Producing, selling and exporting 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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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 Company for Carpets participates in their capitals and has control thereon.
- Subsidiaries included in the consolidated financial statements are as follows:-

Subsidiary name	Percentage of participations 31/12/2017 %
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
MAC Carpet Mills	58.29
Egyptian Fibers Co. EFCO	67.87
Oriental Weavers Co.- China	99.67
New Mac	52.02
Oriental Weavers Textile *	71.44

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

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 period.

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

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

c-Depreciation

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

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

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

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

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 period in which it incurs them in the finance expenses account using the effective interest rate method.

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

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 period 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.

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

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. Consideration paid or received 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 periods are reviewed at the financial statements date to determine whether there is any indication of impairment.

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

5-16 Income tax

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

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

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

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

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 period 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.

Translation from Arabic

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 LE	Total LE
Cost as of 1/1/2016	316 823 335	1 460 084 771	3 960 745 355	143 254 017	71 328 413	41 851 692	73 703 883	78 150 146	**6 145 941 612**
Additions	--	123 781 181	382 487 264	16 671 366	5 849 690	4 506 969	3 121 841	6 547 558	**542 965 869**
Disposals	(1 043 398)	(3 578 076)	(40 213 901)	(2 588 385)	(688 288)	--	(24 530)	(40 450)	**(48 177 028)**
Adjustments *	254 321 626	298 890 888	178 090 320	7 733 475	7 056 896	--	3 746 506	3 140 901	**752 980 612**
Translation exchange differences	134 024 305	971 135 332	4 195 949 955	108 166 780	32 926 352	--	38 001 931	65 256 955	**5 545 461 610**
Cost as of 31/12/2016	**704 125 868**	**2 850 314 096**	**8 677 058 993**	**273 237 253**	**116 473 063**	**46 358 661**	**118 549 631**	**153 055 110**	**12 939 172 675**
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 31/12/2017	**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**
Accumulated Depreciation and impairment as of 1/1/2016	--	452 037 185	2 794 020 075	109 662 332	56 478 954	31 421 575	57 425 724	67 593 179	**3 568 639 024**
Depreciation of year	--	96 591 466	477 467 862	20 594 676	6 628 996	4 828 185	5 139 613	9 033 562	**620 284 360**
Disposals of Accumulated Depreciation	--	(889 385)	(21 490 900)	(2 245 968)	(593 675)	--	(5 508)	--	**(25 225 436)**
Adjustments *	--	66 138 406	58 198 398	5 975 483	4 734 006	--	3 432 749	3 118 753	**141 597 795**
Translation exchange differences	--	349 903 547	3 040 528 271	73 537 811	27 663 985	--	34 179 351	56 538 657	**3 582 351 622**
Accumulated Depreciation and impairment as of 31/12/2016	--	**963 781 219**	**6 348 723 706**	**207 524 334**	**94 912 266**	**36 249 760**	**100 171 929**	**136 284 151**	**7 887 647 365**
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 31/12/2017	--	**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**
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**
Net book value as of 31/12/2016	**704 125 868**	**1 886 532 877**	**2 328 335 287**	**65 712 919**	**21 560 797**	**10 108 901**	**18 377 702**	**16 770 959**	**5 051 525 310**

* Adjustments represents the cost and accumulated depreciation of Oriental Weavers Textile Company due to the merge with Rosetex Modern Factories for Spinning and Weaving Company (Note no. 4).

Translation from Arabic

7- PROJECTS IN PROGRESS

	31/12/2017	31/12/2016
	L.E	L.E
Buildings under Construction	27 745 506	122 349 829
Machinery & Equipment under installation	75 486 345	66 179 516
Development of computer system	39 722 185	32 578 940
Letters of Credit for assets purchases	1 374 685	2 316 618
Advance payment for purchasing Fixed assets	57 215 763	32 693 396
	201 544 484	**256 118 299**
Less : Impairment in projects in progress	5 235 866	--
	196 308 618	**256 118 299**

8- AVAILABLE FOR SALE INVESTMENTS

	Acquisition cost	Accumulated Impairment (losses)	Fair value reserve of available for sale investments	Balance as of 31/12/2017	Balance as of 31/12/2016
	L.E	L.E	L.E	L.E	L.E
Unlisted investments at Egyptian Exchange					
Egyptian Propylene & Polypropylene Company "E.P.P"	110 759 558	--	--	110 759 558	114 607 230
Alahli Bank of Kuwait- Egypt	12 188 193	--	451 625	12 639 818	12 639 818
Orientals for Industrial Development	4 200 000	--	--	4 200 000	4 200 000
Cambridge Weavers	3 750	--	--	3 750	3 750
Trading for Development Export	10 000	(10 000)	--	--	--
10th of Ramadan for Spinning Industries	5 304 365	(5 304 365)	--	--	--
Modern Spinning Company	1 433 607	(1 433 607)	--	--	--
Egyptian for Trade and Marketing	402 000	(402 000)	--	--	--
Prudential company – U.S.A	--	--	828 268	828 268	772 333
	134 301 473	**(7 149 972)**	**1 279 893**	**128 431 394**	**132 223 131**

9- GOODWILL

	Investment cost	Company's share of the fair value for Net assets	Goodwill Impairment	31/12/2017	31/12/2016
	L.E	L.E	L.E	L.E	L.E
Oriental weavers international (OWI)	728 049 443	676 790 531	--	51 258 912	51 258 912
MAC Carpet Mills (MAC)	750 697 752	400 022 873	160 000 000	190 674 879	230 674 879
Oriental weavers Co.- U.S.A (OW U.S.A)	127 127 706	122 822 323	--	4 305 383	4 305 383
	1 605 874 901	**1 199 635 727**	**160 000 000**	**246 239 174**	**286 239 174**

10- INVENTORY

	31/12/2017	31/12/2016
	L.E	L.E
Raw materials	1 291 083 726	1 151 043 369
Spare parts & materials	300 018 998	313 580 091
Work in process	145 967 468	155 061 980
Finished products	1 649 149 051	1 376 888 308
Letter of credit for purchasing of raw materials	72 215 898	47 033 669
	3 458 435 141	**3 043 607 417**
Less: Impairment in inventory	2 016 838	2 086 901
	3 456 418 303	**3 041 520 516**

11- TRADES & NOTES RECEIVABLE

	31/12/2017	31/12/2016
	L.E	L.E
Trades receivables	1 739 401 840	1 938 704 067
Less: Impairment in Trades receivables	134 126 723	132 514 647
	1 605 275 117	**1 806 189 420**
Notes Receivable	359 329 807	389 136 264
	1 964 604 924	**2 195 325 684**

- Trades & Notes Receivable include amount of 20 662 868 LE due from Related Parties at December 31, 2017 result from sales carpets.

12- DEBTORS AND OTHER DEBIT ACCOUNTS

	31/12/2017	31/12/2016
	L.E	L.E
Prepaid expenses	30 714 405	36 907 733
Tax authority – debit accounts	103 220 200	53 666 371
Deposits with others	30 519 855	23 582 189
Debit balances – related parties	17 468 279	9 271 770
Accrued revenues	8 269 098	39 805 282
Letter of guarantee & Letter of credit – cash margin	13 382 617	7 690 847
Betty cash & advance to employees	8 153 693	7 921 317
Suppliers – advance payment	31 475 198	97 752 201
Orientals for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	64 948 563	60 798 797
	313 151 908	**342 396 507**
Less:		
Impairment in debtors and other debit accounts	6 600 080	6 600 080
	306 551 828	**335 796 427**

13- TREASURY BILLS

	31/12/2017 L.E	31/12/2016 L.E
Treasury bills (mature in 90 days)	72 900 000	571 851 807
Treasury bills (mature in more than 90 days)	--	100 000 000
	72 900 000	**671 851 807**
Less: Unearned revenue	1 978 823	19 154 716
	70 921 177	**652 697 091**

14- CASH AND CASH EQUIVALENT

	31/12/2017 L.E	31/12/2016 L.E
Banks – Time Deposits	110 779 656	96 449 715
Banks – Current Accounts	995 062 485	234 627 178
Checks under collection	16 000	1 300 266
Cash on hand	4 558 836	3 853 999
Cash at banks and on hand	**1 110 416 977**	**336 231 158**
Less:		
Time deposits blocked as guarantee to the facilities which granted to the group	60 766	54 219
Cash & cash equivalent for cash flows statement purposes	**1 110 356 211**	**336 176 939**

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 authorized 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. The company is currently taking the necessary procedures regarding the reduction of the issued capital.

15-4 The company's shares are centrally kept at Misr for Central Clearing, Depositary and Registry Co. and those shares are traded in Egyptian exchange.

16- Reserves

	31/12/2017 L.E	31/12/2016 L.E
Legal reserve	1 067 598 903	1 052 795 408
General reserve	323 492 270	324 620 280
Special reserve	59 973 828	59 973 828
Net assets revaluation reserve	65 767 457	65 767 457
Capital reserve	107 291 107	106 467 676
Unrealized gain from available for sale investments	1 279 893	1 223 958
	1 625 403 458	**1 610 848 607**

17- TREASURY SHARES

	№. Of Shares	31/12/2017 L.E	31/12/2016 L.E
Treasury shares	6 595 155	43 276 473	14 596 505

- 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 period of one year ended March 23, 2017.(Note No 15-3)

18- Non-Controlling interest

	Non controlling interest in Equity L.E	Non controlling interest in comprehensive income L.E	Balance as of 31/12/2017 L.E	Balance as of 31/12/2016 L.E
Orientals Weavers international Co (O.W.I)	269 170	(5 289)	263 881	285 710
MAC Carpet Mills	338 839 928	22 667 601	361 507 529	348 948 653
Egyptian fibres Co. EFCO	88 202 107	16 730 478	104 932 585	97 012 937
Oriental Weavers – China	833 467	(122 788)	710 679	833 467
New MAC	3 937 716	98 195	4 035 911	4 623 092
Oriental Weavers Textile	247 633 955	4 816 106	252 450 061	248 425 816
	679 716 343	**44 184 303**	**723 900 646**	**700 129 675**

19- LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2017 L.E.	Balance as of 31/12/2017 current portion due in one year L.E.	Balance as of 31/12/2017 long term installments L.E.	Balance as of 31/12/2016 current portion due in one year L.E.	Balance as of 31/12/2016 long term installments L.E.	Terms of Payment
Qatar National Bank Alahli (1)	EUR	9 000 000	75 515 293	9 439 412	66 075 881	—	—	The principal of the loan shall be settled over 48 equal monthly starting from 27/7/2018 till 27/7/2022,the interest and commission shall be computed and paid upon its due date.
Qatar National Bank Alahli (2)	EUR	10 000 000	99 347 533	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	4 500 000	—	—	—	18 490 684	—	The principal of the loan shall be settled over 41 equal monthly starting from 31/3/2015 till 31/7/2018,the interest and commission shall be computed and paid upon its due date.
			174 862 826	29 736 755	145 126 071	18 490 684	—	
Alex. Bank	EUR	6 500 000	86 828 376	28 942 798	57 885 578	26 094 879	78 284 692	The principal of the loan shall be settled over 9 equal half annualy installments starting from 4/10/2016 till 4/10/2020 , the interest and commission shall be computed and paid upon its due date.
Audi Bank	USD	35 000 000	—	—	—	32 218 900	—	The principal of the loan shall be settled over 20 equal quarter installments starting from 31/8/2012 till 31/5/2017 , the interest and commission shall be computed and paid upon its due date.
Loans from Other Banks	USD	19 868 663	133 429 006	19 919 390	113 509 616	27 742 296	119 199 288	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
			395 120 208	78 598 943	316 521 265	104 546 759	197 483 980	

20- HOUSING AND DEVELOPMENT BANK LOAN

	Note №	31/12/2017 L.E	31/12/2016 L.E
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.		288 411	331 197
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(21)	(42 786)	(42 786)
		245 625	**288 411**

21- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note №	31/12/2017 L.E	31/12/2016 L.E
Long-term loan instalment	(19)	78 598 943	104 546 759
Housing and Development Bank loan	(20)	42 786	42 786
		78 641 729	**104 589 545**

22- DEFERRED TAX LIABILITIES

Deferred tax Assets and liabilities

	31/12/2017		31/12/2016	
	Assets L.E	(Liabilities) L.E	Assets L.E	(Liabilities) L.E
Temporary tax differences – O.W. (USA)	19 370 023	--	23 317 536	--
Fixed assets	--	(144 407 021)	--	(140 023 333)
Total deferred tax assets / (liabilities)	**19 370 023**	**(144 407 021)**	**23 317 536**	**(140 023 333)**
Net deferred tax (liabilities)		**(125 036 998)**		**(116 705 797)**

23- Provisions

	Balance as of 1/1/2017 L.E	Formed during the year L.E	Used during the year L.E	Balance as of 31/12/2017 L.E
Provisions for claims	**49 149 018**	31 500 000	(3 727 347)	**76 921 671**
	49 149 018	**31 500 000**	**(3 727 347)**	**76 921 671**

24- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 871 557 084 as of December 31,2017 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

	31/12/2017	31/12/2016
	L.E	L.E
Suppliers	963 679 732	836 260 817
Notes Payable	106 006 771	79 573 443
	1 069 686 503	**915 834 260**

- Suppliers and notes payable includes the amount of 125 931 468 LE is the value of balances due to related parties at December 31, 2017 resulting from the purchase and operation of the raw materials

26- CREDITORS AND OTHER CREDIT ACCOUNTS

	31/12/2017	31/12/2016
	L.E	L.E
Accrued expenses	64 228 751	23 689 565
Tax authority	12 286 103	25 782 137
Social insurance authority	14 674 420	10 784 116
Trade receivable – advance payment	166 462 517	89 153 290
Creditors – purchases of fixed assets	2 972 425	3 353 091
Shareholders – credit balances	--	5 697 016
Credit balances - related parties	15 214 680	15 738 877
Deposits from others	39 993 785	40 108 700
Other credit accounts	38 195 030	37 803 841
	354 027 711	**252 110 633**

27- Basic earnings per share in the separate financial statements

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

	31/12/2017	31/12/2016
	L.E	L.E
Net profit for the year in the separate financial statements	813 991 548	659 112 790
Less:		
Employees share in distributions	30 000 000	30 000 000
Board members remuneration	2 000 000	2 000 000
	781 991 548	**627 112 790**
Average of shares number available during the year	446 494 630	450 000 000
Basic earnings per share in the separate financial statements	**1.75**	**1.39**

28- CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of December 31, 2017 amounted to L.E 43 442 507 Also Contingent liabilities from L.C'S in that date amounted to L.E 337 377 416.

29- CAPITAL COMMITMENTS

The capital commitments as of December 31, 2017 amounted to L.E 58 892 990 represents the value of new extension related to show Rooms and completion of construction in progress.

30- TAX POSITION

30-1 Corporate Tax

- The company has been inspected till December 31, 2013 and the assessed tax differences were paid.
- Years 2014-2016 has been inspected and the Company has not been informed with any forms yet.
- 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 submits its tax return on the legal dates.

30-3 Sales Tax

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

30-4 Stamp Duty Tax

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

30-5 Real estate Tax

- The tax has been assessed and paid till December 31, 2016.

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:

	Note №	31/12/2017 L.E	31/12/2016 L.E
Trades & notes receivable	(11)	1 964 604 924	2 195 325 684
Debtors and other debit accounts	(12)	306 551 792	335 796 427
		2 271 156 716	**2 531 122 111**

B- Liquidity risk

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

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

C- Market risk

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

Exchange rate risk

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

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

Interest rate risk

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

D - Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders and other beneficiaries who 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.