

ORIENTAL WEAVERS COMPANY FOR CARPETS
(An Egyptian Joint Stock Company)

Consolidated Financial Statements
For the Company and its Subsidiaries
For The Financial Period ended March 31, 2011
Together With Limited Review Report



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Translation from Arabic

Limited Review Report
To The Members of Boards of Directors Of
ORIENTAL WEAVERS COMPANY FOR CARPETS

Introductory

We have reviewed the accompanying consolidated financial position of Oriental Weavers Company for Carpets "S.A.E" at March 31, 2011, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the three months then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review. We did not review the financial statements of Oriental Weavers Company-United States of America and China (owned subsidiaries). These statements reflect total assets and revenues constituting 8.76 % and 13.51 % respectively of the related consolidated totals. 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). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, 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 March 31, 2011, and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Cairo: June 9, 2011

Wahid Abdel Ghaffar

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Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Financial Position for the company and it's subsidiaries
As of March 31,2011

	Note <u>No.</u>	31/3/2011 <u>LE</u>	31/12/2010 <u>LE</u>
<u>Long Term Assets</u>			
Fixed assets(net)	(5)	1 624 977 402	1 618 219 287
Projects in progress	(6)	558 416 971	531 454 508
Investments in subsidiaries companies	(7)	39 997 000	39 997 000
Available for sale investments	(8)	82 805 501	82 805 501
Paid under purchase available for sale investments	(8)	19 901 250	19 901 250
Goodwill	(9)	696 835 970	696 835 970
Deferred tax assets	(24)	5 442 510	3 722 830
Total Long-term assets		<u>3 028 376 604</u>	<u>2 992 936 346</u>
<u>Current Assets</u>			
Inventory	(10)	1 708 985 184	1 588 525 910
Trades & notes receivable		786 205 043	805 653 189
Debitors and other debit accounts	(11)	170 756 236	139 554 104
Cash & Cash equivalent	(12)	533 489 130	531 048 585
Total current assets		<u>3 199 435 593</u>	<u>3 064 781 788</u>
<u>Current Liabilities</u>			
Provisions	(13)	77 283 002	77 462 650
Banks-Credit accounts	(14)	1 393 139 714	1 274 412 220
Long term liabilities-Current portions	(23)	273 938 896	264 184 502
Suppliers & notes payable		686 122 858	702 227 775
Dividends payable		219 337 904	2 027 716
Creditors & other credit accounts	(15)	141 542 445	157 600 152
Total Current liabilities		<u>2 791 364 819</u>	<u>2 477 915 015</u>
Working Capital		<u>408 070 774</u>	<u>586 866 773</u>
Total Investment to be Financed as follows:		<u>3 436 447 378</u>	<u>3 579 803 119</u>
<u>Shareholder's equity</u>			
Issued and paid up capital	(16)	450 000 000	450 000 000
Reserves	(17)	1 362 135 881	1 348 588 335
Unrealized gain from available for sales investment		451 625	451 625
Retained earnings		635 487 385	522 324 777
Net profit for the period/year		77 635 462	322 140 942
Exchange differences arising on translation of financial statements		184 203 537	144 348 965
Treasury stocks	(26)	(14 596 505)	(14 596 505)
Total equity attributable to equity holders of the parent		<u>2 695 317 385</u>	<u>2 773 258 139</u>
Minority interest	(18)	201 938 973	219 982 451
Share holder's equity		<u>2 897 256 358</u>	<u>2 993 240 590</u>
<u>Long-term liabilities</u>			
Long term loans	(19)	537 826 989	582 341 572
Deferred sales taxes installments	(20)	239 195	478 393
Housing and Development Bank loan	(21)	606 652	726 533
Creditors-Purchase of fixed assets	(22)	518 184	3 016 031
Total long term liabilities		<u>539 191 020</u>	<u>586 562 529</u>
Total shareholder's equity & long term liabilities		<u>3 436 447 378</u>	<u>3 579 803 119</u>

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

Chairman & CEO

CFO & Board Member

Salah Abdel Aziz Abdel Moteleb

Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Income statement for the company and it's subsidiaries
For the financial period ended March 2011

	Note <u>No.</u>	31/3/2011 <u>LE</u>	31/3/2010 <u>LE</u>
Net sales		965 905 099	915 162 724
<u>Less:</u>			
Cost of sales		845 383 442	786 015 118
Gross profit		120 521 657	129 147 606
<u>Less:</u>			
Distribution expenses		8 113 658	7 089 635
General & Administrative expenses		19 252 952	18 224 935
Formed provisions & Impairment		--	920 961
		27 366 610	26 235 531
Net income from operation activities		93 155 047	102 912 075
<u>Add / (Less):</u>			
Interest Income		5 199 257	4 211 911
Other revenues		21 224 991	16 938 576
Capital Gain		--	16 490
Financing expenses		(16 433 815)	(21 468 246)
Foreign exchange differences		(13 890 368)	5 240 991
		(3 899 935)	4 939 722
Net profit for the period before income tax		89 255 112	107 851 797
<u>(Less) / Add :</u>			
Current income tax		(8 028 774)	(11 017 641)
Deferred tax		1 038 244	247 552
Income tax for the period		(6 990 530)	(10 770 089)
Net profit for the period		82 264 582	97 081 708
<u>Attributable to:</u>			
Equity holders of the parent		77 635 462	91 799 749
Minority interest		4 629 120	5 281 959
		82 264 582	97 081 708
Basic Earning per Share for the period	(25)	0.88	1.04

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

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated statement of changes in Shareholder's Equity for the Company and It's Subsidiaries
for the financial period ended March 31, 2011

	<u>Issued and</u> <u>Paid up capital</u> LE	<u>Legal</u> <u>reserve</u> LE	<u>General</u> <u>reserve</u> LE	<u>Special</u> <u>reserve</u> LE	<u>Capital</u> <u>reserve</u> LE	<u>Unrealized</u> <u>gain from</u> <u>Available for</u> <u>sale Investments</u> LE	<u>Retained</u> <u>earning</u> LE	<u>Net</u> <u>profit</u> LE	<u>Differences</u> <u>of translation</u> LE	<u>Treasury</u> <u>stocks</u> LE	<u>Total</u> LE
Balance at 1/1/2010	373 033 555	997 679 684	353 803 562	59 973 828	408 872	451 625	456 319 589	312 330 120	64 551 105	(22 251 326)	2 596 300 614
Transferred to reserves	--	10 056 880	--	--	--	--	--	(10 056 880)	--	--	--
Dividends for the year 2009	--	--	--	--	--	--	--	(238 620 133)	--	--	(238 620 133)
Transferred to retained earning	--	--	--	--	--	--	63 653 107	(63 653 107)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	(773 020)	--	--	--	(773 020)
Change in translation differences	--	--	--	--	--	--	--	--	4 779 621	--	4 779 621
Net profit for the period	--	--	--	--	--	--	--	91 799 749	--	--	91 799 749
Balance at 31/3/2010	373 033 555	1 007 736 564	353 803 562	59 973 828	408 872	451 625	519 199 676	91 799 749	69 330 726	(22 251 326)	2 453 486 831
Balance at 1/1/2011	450 000 000	1 007 737 454	280 468 181	59 973 828	408 872	451 625	522 324 777	322 140 942	144 348 965	(14 596 505)	2 773 258 139
Transferred to legal reserve	--	9 485 447	--	--	4 062 099	--	--	(13 547 546)	--	--	--
Dividends for the year 2010	--	--	--	--	--	--	--	(195 728 613)	--	--	(195 728 613)
Transferred to retained earning	--	--	--	--	--	--	112 864 783	(112 864 783)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	297 825	--	--	--	297 825
Change in translation differences	--	--	--	--	--	--	--	--	39 854 572	--	39 854 572
Net profit for the period	--	--	--	--	--	--	--	77 635 462	--	--	77 635 462
Balance at 31/3/2011	450 000 000	1 017 222 901	280 468 181	59 973 828	4 470 971	451 625	635 487 385	77 635 462	184 203 537	(14 596 505)	2 695 317 385

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

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Cash flow statement for the company and it's subsidiaries
for the financial period ended March 31,2011

	Note <u>No.</u>	31/3/2011 <u>LE</u>	31/3/2010 <u>LE</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		89 255 112	107 851 797
<u>Adjustments to reconcile net profit to net cash provided by operating activities</u>			
Fixed assets depreciation		53 161 400	50 230 922
Formed provisions & Impairment		--	920 961
Financing expenses		16 433 815	21 468 246
Capital Gain		--	(16 490)
Operating profits before changes in working capital		158 850 327	180 455 436
<u>Change in working capital</u>			
(Increase) in inventory		(120 459 274)	(20 472 489)
(Increase) in trades & notes receivable and debit accounts		(11 753 986)	(15 077 957)
(Decrease) in suppliers & notes payable and other credit accounts		(41 052 482)	(25 831 272)
Cash flows (used in) provided by operating activities		(14 415 415)	119 073 718
Financing expenses paid		(16 433 815)	(21 468 246)
Net cash flows (used in) provided by operating activities		(30 849 230)	97 605 472
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets and projects in progress		(45 521 324)	(26 539 207)
Net cash flows (used in) investing activities		(45 521 324)	(26 539 207)
<u>Cash flows from financing activities</u>			
Proceeds from banks-credit accounts		118 725 895	52 237 258
Dividends paid		(1 295 734)	(317 084)
(Payment) for long term liabilities		(37 617 115)	(28 431 121)
Net cash flows provided by financing activities		79 813 046	23 489 053
Net change in cash and cash equivalents during the period		3 442 492	94 555 318
Cash and cash equivalents at beginning of the period		530 953 120	336 819 118
Exchange differences arising from translation of financial statements		(1 003 547)	4 840 545
Cash and cash equivalents at end of the period	(12)	533 392 065	436 214 981

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

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

Notes to the Consolidated Financial Statements for the Company and Its Subsidiaries
For the Financial Period ended March 31, 2011

1- BACK GROUND INFORMATION

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

2- BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3- SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements include companies in which Oriental Weavers Company for Carpets participates at a percentage greater than 50% of their capitals and has control thereon.

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

<u>Subsidiary name</u>	<u>Percentage of participations</u> <u>2011</u> <u>%</u>
Oriental Weavers Co. U.S.A.	100.00
Oriental Weavers International Co.	99.99
Oriental Weavers Company Fibers Co.	99.00
MAC Carpet Mills	53.08
Egyptian Fibers Co.(EFCO)	79.60
Oriental Weavers Co.- China	99.65
New Mac	52.02
Modern EFCO	57.57

4 – SIGNIFICANT ACCOUNTING POLICIES

4-1 Basis of consolidation

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

4-2 Foreign currency Translation

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

4-3 Translation of Financial Statements of Foreign Companies

Some of the subsidiaries maintain their books of accounts in foreign currency other than Egyptian Pounds. Monetary assets and liabilities of these companies are translated into Egyptian Pound at the Foreign exchange rate at the date of consolidated financial position. Shareholders' equity items are translated at the foreign exchange rate prevailing at the consolidation date. Consolidated income statement items are translated at the average foreign exchange rate of the reporting year. The holding company's portion in accumulated differences arising from retranslation of foreign entities is presented as a separate item in shareholders' equity in the consolidated financial position.

4-4 .Fixed Assets and Depreciation

Fixed assets are stated in the consolidated financial position at cost after deduction of the related accumulated depreciation and impairment losses and are depreciated using the straight – line method over their estimated useful lives for each asset as follows:

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

4-5 Projects in Progress

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

4-6 Valuation of Available for sale Investment

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

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

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

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

4-7 Goodwill

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

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

4-8 Inventory

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

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

4-9 Debtors & other debit accounts

Debtors & other debit accounts are stated at nominal value less impairment loss of any amounts expected to be uncollected, and are classified as current assets. Amounts that are expected to be collected after more than one period are classified as long term assets.

4-10 Provisions

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

4-11 Borrowing Cost

Borrowing cost is charged as expense to the consolidated income statement for the period when incurred by the company or its subsidiaries. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset should be capitalized as part of the cost of that asset.

4-12 Income tax

Income tax on the profit for the period comprises current and deferred tax. Income tax is recognized in the income statement except for the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

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

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

4-13 Revenue Recognition

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

4-14 Legal reserve

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

4-15 Treasury Stocks

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

4-16 Impairment of financial assets other than investment

- The carrying amounts of the company's financial assets other than investments are reviewed at each financial position date to determine whether there is any indication of impairment. If such indication exists, these losses are estimated on the basis of the increase of carrying amount of the asset than the present value for the expected future cash flows or net realizable value of these assets which ever is greater. Impairment losses are charged to the income statement, and in case of the increase of the value it will be charged to the income statement to the limit of that charged to the income statement during the previous year.
- An impairment loss of goodwill is estimated annually at each financial position date regardless of presence of any indications of impairment or not.

4-17 Employees' pension

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

4-18 Contingent liability and commitment

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

4-19 Related parties transactions

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

4-20 Cash flow statement

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

4-21 Comparative Figures

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

5- FIXED ASSETS (NET)

	Cost as of	Accumulated depreciation	Net Book Value as of	Net Book Value as of
	<u>31/3/2011</u>	as of	<u>31/3/2011</u>	<u>31/12/2010</u>
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Land	135 615 937	--	135 615 937	133 976 442
Buildings & Constructions	754 521 710	218 744 554	535 777 156	534 549 560
Machinery & Equipments	2 400 838 319	1 519 000 660	881 837 659	874 846 933
Vehicles	90 687 936	68 267 064	22 420 872	23 091 938
Tools & Supplies	50 500 047	31 550 682	18 949 365	19 680 278
Showrooms Fixture	26 316 635	22 567 716	3 748 919	4 169 744
Furniture & Office Equipments	54 942 170	33 578 075	21 364 095	22 117 981
Computers and Programs	47 709 505	42 446 106	5 263 399	5 786 411
	<u>3 561 132 259</u>	<u>1 936 154 857</u>	<u>1 624 977 402</u>	<u>1 618 219 287</u>

6- PROJECTS IN PROGRESS

	<u>31/3/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Buildings under Construction	135 866 739	106 925 141
Machinery & Equipment under installation	315 389 291	189 548 471
Development of computer system	1 618 652	1 551 967
Advance payment for purchasing Fixed assets	52 233 359	53 914 057
Letters of credit for purchasing fixed assets	53 308 930	179 514 872
	<u>558 416 971</u>	<u>531 454 508</u>

7- Investment in subsidiaries

	<u>31/3/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Rosetex Modern Factories for Spinning & Weaving Co.	<u>39 997 000</u>	<u>39 997 000</u>

8- AVAILABLE FOR SALE INVESTMENTS

	<u>No. of owned Shares</u>	<u>Percentage of participation %</u>	<u>Par value for each Share</u>	<u>Acquisition cost L.E</u>	<u>Accumulated Impairment losses L.E</u>	<u>Accumulated Unrealized Gain L.E</u>	<u>balance as Of 31/3/2011 L.E</u>	<u>balance as Of 31/12/2010 L.E</u>
Oriental Weavers for Textiles*	56 250	45	USD 100	44 918 961	--	--	44 918 961	44 918 961
10 th of Ramadan for Spinning Industries	524 000	28.5	L.E 10	5 304 365	--	--	5 304 365	5 304 365
Modern Spinning Company	81 677	30.8	L.E 10	1 433 607	--	--	1 433 607	1 433 607
Oriental for Industrial Development	800 000	8	L.E 10	4 200 000	--	--	4 200 000	4 200 000
Oriental Petrochemicals	3 202 000	11.7	L.E 5	14 295 000	--	--	14 295 000	14 295 000
Piraeus Bank**	782 167	1.2	L.E 15.58	12 188 193	--	451 625	12 639 818	12 639 818
Egyptian for Trade and Marketing	4 000	2.08	L.E 100	402 000	(402 000)	--	--	--
Trading for Development Export	100	--	L.E 100	10 000	--	--	10 000	10 000
Cambridge Weavers	1500	1,5	L.E 10	3 750	--	--	3 750	3 750
				<u>82 755 876</u>	<u>(402 000)</u>	<u>451 625</u>	<u>82 805 501</u>	<u>82 805 501</u>

*An amount of 19,901,250 L.E. has been paid to purchase investments in oriental weavers for textiles as of March 31,2011.

** During 2010 year the shares of Piraeus Bank has been cancelled from Stock Exchange Market.

9- GOODWILL

	<u>31/3/2011 L.E</u>	<u>31/12/2010 L.E</u>
Oriental weavers international (OWI)	51 258 912	51 258 912
MAC Mills (MAC)	573 720 329	573 720 329
Egyptian Fibbers Co. EFCO	67 551 346	67 551 346
Oriental weavers Co.- U.S.A (OW U.S.A)	4 305 383	4 305 383
	<u>696 835 970</u>	<u>696 835 970</u>

10- INVENTORY

	<u>31/3/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Raw materials	590 021 627	581 359 483
Spare parts & materials	133 328 169	122 853 404
Work in process	50 874 076	49 789 680
Finished products	906 704 740	809 682 408
Letter of credit for purchasing of raw materials	28 056 572	24 840 935
	<u>1 708 985 184</u>	<u>1 588 525 910</u>

11- DEBITORS AND OTHER DEBIT ACCOUNTS

	<u>31/3/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Prepaid expenses	17 508 176	12 409 831
Tax authority – debit accounts	55 266 342	45 443 073
Debit accounts – related parties	8 700 285	9 581 707
Letter of guarantee – cash margin	3 569 343	2 372 693
Suppliers – advance payment	39 660 430	29 944 668
Accrued revenue	2 137 146	2 379 307
Oriental for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	41 590 835	35 099 146
	<u>173 432 557</u>	<u>142 230 425</u>
<u>Less:</u>		
Impairment loss on debtors and other debit accounts	2 676 321	2 676 321
	<u>170 756 236</u>	<u>139 554 104</u>

12- CASH AND CASH EQUIVALENT

	<u>31/3/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Bank – Time Deposit	234 757 619	281 549 416
Bank – Current Account	291 885 162	239 464 022
Cash on hand	6 846 349	10 035 147
Cash and cash equivalents	<u>533 489 130</u>	<u>531 048 585</u>
<u>Less:</u>		
Time deposits blocked as guarantee to the facilities which granted to the company	97 065	95 465
Cash & cash equivalents for cash flows statement purposes	<u>533 392 065</u>	<u>530 953 120</u>

13- Provisions

	Balance as of <u>1/1/2011</u> <u>L.E</u>	Formed during <u>The period</u> <u>L.E</u>	Used during <u>The period</u> <u>L.E</u>	Balance as of <u>31/3/2011</u> <u>L.E</u>
Provisions for Contingent liabilities	77 462 650	--	179 648	77 283 002
	<u>77 462 650</u>	<u>--</u>	<u>179 648</u>	<u>77 283 002</u>

14- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 393 139 714 as of March 31,2011 represents short term facilities granted by banks at relatively fixed interest rate, a part of facilities is guaranteed by notes receivable deposited at these banks for collection.

15- CREDITORS AND OTHER CREDIT ACCOUNTS

	31/3/2011 <u>L.E</u>	31/12/2010 <u>L.E</u>
Trade receivable – advance payment	37 881 952	35 740 364
Accrued expenses	10 076 440	13 919 326
Tax authority – credit accounts	45 895 958	41 093 739
Social insurance authority	4 892 710	3 875 805
Creditors – purchases of fixed assets	2 294 427	2 068 135
Shareholders – credit accounts	1 286 187	22 375 061
Deposits from others	14 684 446	15 318 968
sales taxes instalment	2 541 045	2 147 483
Credit accounts – related parties	7 374 542	7 170 523
Other credit accounts	14 614 738	13 890 748
	<u>141 542 445</u>	<u>157 600 152</u>

16-Issued And Paid Up Capital

- 16-1** The company's authorized capital is determined to be L.E 500 Million (five hundred million Egyptian pounds).
- 16-2** The Issued capital is LE 373 033 555 (only three hundred seventy three million, thirty three thousand and five hundred and fifty five Egyptian pounds) distributed over 74 606 711 share of which L.E 351 436 755 (only three hundred fifty one million , four hundred thirty six thousand and seven hundred and fifty five Egyptian pounds) are cash shares and L.E 21 596 800 (only twenty one million and five hundred ninety six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of L.E 5 each (five Egyptian pounds).

- 16-3** According to the decision taken by the general assembly meeting held on March 21,2010 it was approved a stock dividend by one share per each three shares and to increase the issued capital to be in amount of LE 76 966 445. The Issued capital reached the amount of LE 450 000 000 distributed over 90 000 000 shares which 428 403 200 (only four hundred twenty eight million four hundred and three thousand and two hundred Egyptian pounds) are cash shares and 21 596 800 (only twenty one million and five hundred ninety six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of L.E 5 each and it had been registered at the commercial register at July 14, 2010.
- 16-4** The company's shares are centrally kept at Misr for Central Clearing, Depository and Registry Co. and those shares are traded in Cairo and Alexandria stocks exchange market.

17-Reserves

	31/3/2011	31/12/2010
	<u>L.E</u>	<u>L.E</u>
Legal reserve	1 017 222 901	1 007 737 454
General reserve	280 468 181	280 468 181
Special reserve	59 973 828	59 973 828
Capital reserve	4 470 971	408 872
	<u>1 362 135 881</u>	<u>1 348 588 335</u>

18-MINORITY INTEREST

	Minority interest in the net equity of subsidiaries	Minority interest in the net profit /(loss) of Subsidiaries	Balance as of 31/3/2011	Balance as of 31/12/2010
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Oriental Weavers Co. Fibres (O.W.F)	422 881	51 980	474 861	2 223 083
Oriental Weavers international Co (O.W.I)	67 734	2 493	70 227	16 370 984
MAC Carpet Mills	167 823 318	2 414 528	170 237 846	167 289 813
Egyptian fibres Co. EFCO	15 313 487	872 194	16 185 681	18 898 094
EFCO Modern Fibres	12 420 652	1 201 644	13 622 296	13 976 402
Oriental Weavers – China	492 863	(455)	492 408	475 300
New MAC	768 918	86 736	855 654	748 775
	<u>197 309 853</u>	<u>4 629 120</u>	<u>201 938 973</u>	<u>219 982 451</u>

19- LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in original Currency	Balance	Balance as of 31/3/2011		Balance as of 31/12/2010		Terms of Payment
			of the loan as of 31/3/2011 L.E.	current portion due in one year L.E.	long term installments L.E.	current portion due in one year L.E.	long term installments L.E.	
Export Development Bank of Egypt								
Export Development Bank of Egypt (1)	USD	2 500 000	7 437 500	2 975 000	4 462 500	2 895 000	4 342 500	The principal of the loan shall be settled over 10 equal semi annual installments starting from 30/11/2008 till 31/5/2013 the interest and commissions,shall be computed and paid upon
Export Development Bank of Egypt(2)	USD	5 619 556	16 717 674	6 687 800	10 029 874	6 507 446	9 760 675	The principal of the loan shall be settled over 10 equal semi annual installments starting from 31/12/2008 till 31/12/2013, the interest and commissions shall be computed and paid upon
Export Development Bank of Egypt (3)	USD	25 000 000	74 375 000	59 500 000	14 875 000	58 000 000	29 000 000	The principal of the loan shall be settled over 10 equal quarter annual installments starting from 31/3/2010 till 30/6/2012, the interest and commissions shall be computed and paid
			98 530 174	69 162 800	29 367 374	67 402 446	43 103 175	
Barcleys Bank	USD	4 000 000	16 668 330	4 760 000	11 908 330	4 632 000	11 588 106	medium term loan to be paid over 10 equal installments semi annual for june and december in every year. The first installment will be accrued within december 2009 with interest rate 3% above libour.
HSBC (1)	USD	4 000 000	16 660 000	4 760 000	11 900 000	4 632 000	13 896 000	Medium term loan to be paid over 10 equal installments semi annual for june and december in every year. The first installment will be required within june,2010 with interest rate 3% above libour.
HSBC (2)	USD	21 000 000	120 523 200	12 554 262	107 968 938	12 827 571	108 119 739	The principal of the loan shall be settled over 73 monthly installments began at december,2010 till december,2016 . The interest and commissions shall be computed at interest rate 3% above libour
			137 183 200	17 314 262	119 868 938	17 459 571	122 015 739	
NSGB	USD	18 000 000	26 492 469	8 829 800	17 662 669	8 593 462	17 186 605	The principal of the loan shall be settled over 10 equal semi annual installments starting from 26/4/2009 till 26/10/2013 , the interest and commission shall be computed and paid annually at an interest rate 10.25% including highest debit Balance commission while Draw
Brought forward			278 874 173	100 066 862	178 807 311	98 087 479	193 893 625	

BANK	Loan Currency	Principal of the loan in original Currency	Balance	Balance as of 31/3/2011		Balance as of 31/12/2010		Terms of Payment
			of the loan as of 31/3/2011 L.E.	current portion due in one year L.E.	long term installments L.E.	current portion due in one year L.E.	long term installments L.E.	
Carried Forward			278 874 173	100 066 862	178 807 311	98 087 479	193 893 625	
Crédit Agricole Egypt Bank	USD	25 000 000	104 125 000	59 500 000	44 625 000	58 000 000	58 000 000	The principal of the loan shall be settled over 10 equal quarter installments starting from 1/9/2010 till 1/12/2012 , the interest and commission shall be computed and paid upon its
Loans from other banks	USD		33 354 742	--	33 354 742	--	27 534 363	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Alexandria bank	USD	25 000 000	108 182 823	54 090 909	54 091 914	52 727 272	65 910 069	The principal of the loan shall be settled over 11 equal quarter installments starting from 1/8/2010 till 1/2/2013 , the interest and commission shall be computed and paid upon its
Audi Bank	USD	35 000 000	208 250 000	--	208 250 000	--	203 000 000	The principal of the loan shall be settled over 20 equal quarter installments starting from 31/8/2012 till 31/5/2017 , the interest and commission shall be computed and paid upon its
BNP Paribas Bank								
BNP Paribas Bank (1)	USD	20 000 000	39 666 669	39 666 669	--	38 666 669	9 666 663	The principal of the loan shall be settled over 12 equal quarter installments starting from 30/6/2009 till 31/3/2012.the interest and commissions shall be computed and paid up on its
BNP Paribas Bank (2)	LE	12 000 000	6 000 000	4 800 000	1 200 000	4 800 000	2 400 000	The principal of the loan shall be settled over 10 equal quarter installments with a grace period of six months starting from the end of grace period at annual interest 11.5%.
BNP Paribas Bank (3)	USD	3 846 316	11 500 485	5 158 713	6 341 772	4 974 568	7 461 852	The principal of the loan shall be settled over 18 equal quarter installments starting from february 2009 with at interest rate 1.25% over labour, the interst and commission shall be
BNP Paribas Bank (4)	USD	5 000 000	18 593 750	7 437 500	11 156 250	3 618 750	14 475 000	medium term loan to be paid over 8 equal semi annual installments for January and July in every year. The first installment will be accrued within January 2010 with interest rate 2.4%
Total			75 760 904	57 062 882	18 698 022	52 059 987	34 003 515	
			808 547 642	270 720 653	537 826 989	260 874 738	582 341 572	

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

20- DEFERRED SALES TAXES INSTALMENTS

	Note <u>No</u>	<u>31/3/2011</u> <u>L.E</u>	<u>31/12/2010</u> <u>L.E</u>
Deferred sales tax instalments represents the accrued sales tax on the plants machinery and equipment which will be paid on seven equal annual instalments, after a grace period of three years, against the letter of guarantee covering these amounts issued in favour of sales tax authority as a security for the settlement of these liabilities on due dates.		478 393	868 626
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(23)	(239 198)	(390 233)
		<u>239 195</u>	<u>478 393</u>

21- HOUSING AND DEVELOPMENT BANK LOAN

	Note <u>No</u>	<u>31/3/2011</u> <u>L.E</u>	<u>31/12/2010</u> <u>L.E</u>
Balance of this item represents the remaining amount due to bank of housing and development against purchasing housing units for employees in 10 th of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.		836 118	852 388
Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion.	(23)	(229 466)	(125 855)
		<u>606 652</u>	<u>726 533</u>

22- CREDITORS – PURCHASE OF FIXED ASSETS

	Note No	<u>31/3/2011</u> <u>L.E</u>	<u>31/12/2010</u> <u>L.E</u>
Balance of this item represents the remaining amount due to 10 th of Ramadan city organization in return of purchasing a piece of land in 10 th of Ramadan city.		3 267 763	5 809 707
Instalments due within the year were classified as part of the current liabilities in the balance sheet under the item of long term liabilities – Due within one year.	(23)	(2 749 579)	(2 793 676)
		<u>518 184</u>	<u>3 016 031</u>

23- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note No	<u>31/3/2011</u> <u>L.E</u>	<u>31/12/2010</u> <u>L.E</u>
Long-term loan instalment	(19)	270 720 653	260 874 738
Deferred sales taxes instalment	(20)	239 198	390 233
Housing and development bank loan	(21)	229 466	125 855
Creditors purchase of fixed assets	(22)	2 749 579	2 793 676
		<u>273 938 896</u>	<u>264 184 502</u>

24- DEFERRED TAX

Deferred tax Assets and liabilities

	<u>31/3/2011</u>		<u>31/12/2010</u>	
	<u>Assets</u> <u>L.E</u>	<u>Liabilities</u> <u>L.E</u>	<u>Assets</u> <u>L.E</u>	<u>Liabilities</u> <u>L.E</u>
Temporary tax differences – O.W. (USA)	27 030 285	--	26 348 849	--
Fixed assets	--	(21 587 775)	--	(22 626 019)
Total deferred tax assets / (liabilities)	<u>27 030 285</u>	<u>(21 587 775)</u>	<u>26 348 849</u>	<u>(22 626 019)</u>
Net deferred tax assets	<u>5 442 510</u>		<u>3 722 830</u>	

25- BASIC EARNING PER SHARE FOR THE PERIOD

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

	<u>31/3/2011</u> <u>L.E</u>	<u>31/3/2010</u> <u>L.E</u>
Net profit for the period	77 635 462	91 799 749
Weighted average number of shares available during the period	<u>88 680 969</u>	<u>88 490 284</u>
Basic earning per share for the period	<u>0.88</u>	<u>1.04</u>

26- TREASURY STOCKS

<u>Description</u>	<u>31/3/2011</u>		<u>31/12/2010</u>	
	<u>No. of</u> <u>Stocks</u>	<u>Amount</u> <u>L.E</u>	<u>No. of</u> <u>Stocks</u>	<u>Amount</u> <u>L.E</u>
The owned Shares by Oriental weavers Co.- U.S.A (OW U.S.A) " Subsidiary Co."	<u>1 319 031</u>	<u>14 596 505</u>	<u>1 319 031</u>	<u>14 596 505</u>

27- CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of March 31, 2011 amounted to L.E 12 248 433 Also Contingent liabilities from L.C'S in that date amounted to L.E 84 966 529

28- CAPITAL COMMITMENTS

The capital commitments as of March 31, 2011 amounted to L.E 16 881 652 Represents the value of new extension related to show Rooms and completion of construction in progress.

29- TAX POSITION

29-1 Corporate Tax

- The company was inspected till December 31, 2004 and the assessed tax differences were paid.
- The company has inspected from years 2005 & 2008, the company has not been informed for application.
- The company submits its annual tax return regularly on legal dates.

29-2 Salaries & Wages Tax

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

29-3 Sales Tax

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

29-4 Stamp Duty Tax

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

30- FINANCIAL INSTRUMENTS AND RISK MANAGMENT

30-1 Financial instruments fair value

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

30-2 Interest rate risk

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

30-3 Credit Risk

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

30-4 Foreign Currency Risk

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