

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

Consolidated Financial Statements
For the Company and its Subsidiaries
For The Financial Period ended September 30, 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 September 30, 2011, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the Nine 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 10,21 % and 12,38 % 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 September 30, 2011, and of its financial performance and its cash flows for the Nine months then ended in accordance with Egyptian Accounting Standards.

Explanatory paragraph

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

Cairo: November 3, 2011

Wahid Abdel Ghaffar

Hassan Mahmoud EL Hashash

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

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

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Financial Position for the company and it's subsidiaries
As of September 30,2011

	Note <u>No.</u>	30/9/2011 <u>LE</u>	31/12/2010 <u>LE</u>
<u>Long Term Assets</u>			
Fixed assets(net)	(5)	1 586 647 231	1 618 219 287
Projects in progress	(6)	611 862 693	533 317 462
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)	2 632 120	3 722 830
Total Long-term assets		<u>3 040 681 765</u>	<u>2 994 799 300</u>
<u>Current Assets</u>			
Inventory	(10)	1 833 405 214	1 588 525 910
Trades & notes receivable		797 330 843	805 653 189
Debitors and other debit accounts	(11)	186 841 324	137 691 150
Cash & Cash equivalent	(12)	274 542 388	531 048 585
Total current assets		<u>3 092 119 769</u>	<u>3 062 918 834</u>
<u>Current Liabilities</u>			
Provisions	(13)	76 079 244	77 462 650
Banks-Credit accounts	(14)	1 477 744 122	1 274 412 220
Long term liabilities-Current portions	(23)	247 816 087	264 184 502
Suppliers & notes payable		734 200 182	702 227 775
Dividends payable		6 538 780	2 027 716
Creditors & other credit accounts	(15)	138 359 870	157 600 152
Total Current liabilities		<u>2 680 738 285</u>	<u>2 477 915 015</u>
Working Capital		<u>411 381 484</u>	<u>585 003 819</u>
Total Investment to be Financed as follows:		<u>3 452 063 249</u>	<u>3 579 803 119</u>
<u>Shareholders' equity</u>			
Issued and paid up capital	(16)	450 000 000	450 000 000
Reserves	(17)	1 365 899 643	1 348 588 335
Unrealized gain from available for sale investments		451 625	451 625
Retained earnings		628 331 843	522 324 777
Net profit for the period/year		175 001 812	322 140 942
Exchange differences arising on translation of financial statements		187 872 920	144 348 965
Treasury stocks	(26)	(14 596 505)	(14 596 505)
Total equity attributable to equity holders of the parent		<u>2 792 961 338</u>	<u>2 773 258 139</u>
Minority interest	(18)	220 086 902	219 982 451
Shareholder's equity		<u>3 013 048 240</u>	<u>2 993 240 590</u>
<u>Long-term liabilities</u>			
Long term loans	(19)	437 813 062	582 341 572
Deferred sales taxes installments	(20)	239 195	478 393
Housing and Development Bank loan	(21)	574 114	726 533
Creditors-Purchase of fixed assets	(22)	388 638	3 016 031
Total long term liabilities		<u>439 015 009</u>	<u>586 562 529</u>
Total shareholder's equity & long term liabilities		<u>3 452 063 249</u>	<u>3 579 803 119</u>

The accompanying notes from No.(1) to No.(31) 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 September 30,2011

	Note	From 1/7/2011 To 30/9/2011	From 1/1/2011 To 30/9/2011	From 1/7/2010 To 30/9/2010	From 1/1/2010 To 30/9/2010
	<u>No.</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Net sales		1180 171 608	3278 117 746	1047 997 999	2936 166 441
<u>Less:</u>					
Cost of sales		1113 726 337	3018 973 209	931 356 324	2597 323 755
Gross profit		66 445 271	259 144 537	116 641 675	338 842 686
<u>Less:</u>					
Distribution expenses		9 610 349	26 462 204	8 395 900	24 045 348
General & Administrative expenses		22 838 844	62 780 716	15 425 377	51 522 615
Formated provisions & Impairment		--	--	(135,000)	1 236 693
		32 449 193	89 242 920	23 686 277	76 804 656
Net income from operation activities		33 996 078	169 901 617	92 955 398	262 038 030
<u>Add / (Less):</u>					
Investment income		--	--	--	3 502 500
Loss On-Sale-Investments				(135 000)	(135 000)
Interest Income		2 081 808	10 543 101	2 881 317	8 350 212
Other revenues		31 177 326	107 012 223	13 788 436	67 791 912
Capital Gain		94 276	94 276	2 671 298	3 993 361
Financing expenses		(20 943 451)	(57 931 894)	(21 108 422)	(64 832 238)
Foreign exchange differences		2 412 729	(20 259 917)	(2 219 775)	(11 308 441)
		14 822 688	39 457 789	(4 122 146)	7 362 306
Net profit for the period before income tax		48 818 766	209 359 406	88 833 252	269 400 336
<u>(Less):</u>					
Current income tax		(6 611 454)	(25 072 159)	(9 125 563)	(27 554 403)
Deferred tax		(1 259 868)	1 211 262	(335 924)	(64 646)
Income tax for the period		(7 871 322)	(23 860 897)	(9 461 487)	(27 619 049)
Net profit for the period after income tax		40 947 444	185 498 509	79 371 765	241 781 287
<u>Attributable to:</u>					
Equity holders' of the parent		39 340 802	175 001 812	73 833 289	226 329 676
Minority interest	(18)	1 606 642	10 496 697	5 538 476	15 451 611
		40 947 444	185 498 509	79 371 765	241 781 287
Basic Earning per Share for the period	(25)	0.44	1.97	0.83	2.56

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

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated statement of changes in Shareholder's Equity for the Company and It's Subsidiaries
for the financial period ended September 30, 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>earnings</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	353 803 557	59 973 828	408 872	451 625	456 319 589	312 330 120	64 551 105	(22 251 326)	2 596 300 609
Transferred to reserves	--	10 056 880	--	--	--	--	--	(10 056 880)	--	--	--
transferred from reserves to increase paid up capital	76,966,445	--	(76 966 445)	--	--	--	--	--	--	--	--
Dividends for the year 2009	--	--	--	--	--	--	--	(235 088 188)	--	--	(235 088 188)
Transferred to retained earning	--	--	--	--	--	--	67 185 052	(67 185 052)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	(844 274)	--	--	--	(844 274)
treasury stocks	--	--	1,291,085	--	--	--	--	--	--	(1 291 085)	--
treasury stocks sale	--	--	2,339,984	--	--	--	--	--	--	1,458,165	3 798 149
Change in translation differences	--	--	--	--	--	--	--	--	54 294 475	--	54 294 475
Net profit for the period	--	--	--	--	--	--	--	226 329 676	--	--	226 329 676
Balance at 30/9/2010	450 000 000	1 007 736 564	280 468 181	59 973 828	408 872	451 625	522 660 367	226 329 676	118 845 580	(22 084 246)	2 644 790 447
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	--	10 232 712	--	--	7 078 596	--	--	(17 311 308)	--	--	--
Dividends for the year 2010	--	--	--	--	--	--	--	(197 266 274)	--	--	(197 266 274)
Transferred to retained earning	--	--	--	--	--	--	107 563 360	(107 563 360)	--	--	--
Adjustments related to consolidated statements	--	--	--	--	--	--	(1 556 294)	--	--	--	(1 556 294)
Change in translation differences	--	--	--	--	--	--	--	--	43 523 955	--	43 523 955
Net profit for the period	--	--	--	--	--	--	--	175 001 812	--	--	175 001 812
Balance at 30/9/2011	450 000 000	1 017 970 166	280 468 181	59 973 828	7 487 468	451 625	628 331 843	175 001 812	187 872 920	(14 596 505)	2 792 961 338

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

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Cash flow statement for the company and it's subsidiaries
for the financial period ended September 30,2011

	Note No.	30/9/2011 LE	30/9/2010 LE
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		209 359 406	269 400 336
<u>Adjustments to reconcile net profit to net cash provided by operating activities</u>			
Fixed assets depreciation		158 659 547	155 452 938
Formed provisions & Impairment		--	1 236 693
Financing expenses		57 931 894	64 832 238
Losses from disposal of investments		--	135 000
Capital Gain		(94 276)	(3 993 361)
Operating profits before changes in working capital		425 856 571	487 063 844
<u>Change in working capital</u>			
(Increase) in inventory		(244 879 304)	(103 338 020)
(Increase) in trades & notes receivable and debit accounts		(43 682 091)	(194 469 528)
Decrease in suppliers & notes payable and other credit accounts		23 340 643	146 673 461
Cash flows provided by operating activities		160 635 819	335 929 757
Financing expenses paid		(58 701 461)	(64 832 238)
paid Current income tax		(29 503 710)	(28 078 662)
Net cash flows provided by operating activities		72 430 648	243 018 857
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets and projects in progress		(160 790 585)	(178 874 548)
proceeds from selling of fixed assets		40 000	4 535 784
(Payments) for purchase of investment in subsidiaries companies		--	(37 803 298)
proceeds from selling available for sale investments		--	315 000
Net cash flows (used in) investing activities		(160 750 585)	(211 827 062)
<u>Cash flows from financing activities</u>			
Proceeds from banks-credit accounts		201 952 954	368 342 779
Dividends paid		(205 002 943)	(262 539 140)
(Payment) proceeds form long term liabilities		(163 915 934)	186 495 449
Net cash flows (used in) provided by financing activities		(166 965 923)	292 299 088
Net change in cash and cash equivalents during the period		(255 285 860)	323 490 883
Cash and cash equivalents at beginning of the period		530 953 120	336 819 118
Exchange differences arising from translation of financial statements		(2 599 282)	4 713 042
Cash and cash equivalents at end of the period	(12)	273 067 978	665 023 043

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

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

Notes to the Consolidated Financial Statements for the Company and Its Subsidiaries
For the Financial Period ended September 30, 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	Net Book
	<u>30/9/2011</u>	<u>as of</u>	<u>Value as of</u>	<u>Value as of</u>
	<u>LE</u>	<u>30/9/2011</u>	<u>30/9/2011</u>	<u>31/12/2010</u>
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Land	135 731 133	--	135 731 133	133 976 442
Buildings & Constructions	760 211 125	233 372 600	526 838 525	534 549 560
Machinery & Equipments	2 456 978 115	1 600 858 007	856 120 108	874 846 933
Vehicles	92 214 785	70 836 179	21 378 606	23 091 938
Tools & Supplies	52 363 353	33 924 992	18 438 361	19 680 278
Showrooms Fixture	26 344 709	23 450 909	2 893 800	4 169 744
Furniture & Office Equipments	56 560 671	35 785 830	20 774 841	22 117 981
Computers and Programs	48 556 212	44 084 355	4 471 857	5 786 411
	<u>3 628 960 103</u>	<u>2 042 312 872</u>	<u>1 586 647 231</u>	<u>1 618 219 287</u>

6- PROJECTS IN PROGRESS

	<u>30/09/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Buildings under Construction	153 716 415	106 925 141
Machinery & Equipment under installation	399 284 838	189 548 471
Development of computer system	2 137 725	1 551 967
Vehicles	1 385 571	--
Advance payment for purchasing Fixed assets	47 038 966	55 777 011
Letters of credit for purchasing fixed assets	8 299 178	179 514 872
	<u>611 862 693</u>	<u>533 317 462</u>

7- Investments in subsidiaries

	<u>30/09/2011</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</u>	<u>Percentage of participation</u>	<u>Par value for each Share</u>	<u>Acquisition cost</u>	<u>Accumulated Impairment losses</u>	<u>Accumulated Unrealized Gain</u>	<u>balance as Of 30/09/2011</u>	<u>balance as Of 31/12/2010</u>
	<u>Shares</u>	<u>%</u>		<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>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
				82 755 876	(402 000)	451 625	82 805 501	82 805 501

*An amount of 19,901,250 L.E. has been paid to purchase investments in oriental weavers for textiles as of September 30,2011.

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

9- GOODWILL

	<u>30/09/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>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
	696 835 970	696 835 970

10- INVENTORY

	<u>30/09/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Raw materials	644 900 215	581 359 483
Spare parts & materials	89 272 415	122 853 404
Work in process	62 986 677	49 789 680
Finished products	1 009 581 755	809 682 408
Letter of credit for purchasing of raw materials	26 664 152	24 840 935
	<u>1 833 405 214</u>	<u>1 588 525 910</u>

11- DEBITORS AND OTHER DEBIT ACCOUNTS

	<u>30/09/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Prepaid expenses	9 262 946	12 409 831
Tax authority – debit accounts	60 179 285	45 443 073
Debit accounts – related parties	11 670 855	9 581 707
Letter of guarantee – cash margin	4 068 241	2 372 693
Suppliers – advance payment	30 253 353	28 081 714
Accrued revenue	258 602	2 379 307
Oriental for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	68 824 363	35 099 146
	<u>189 517 645</u>	<u>140 367 471</u>
<u>Less:</u>		
Impairment loss on debtors and other debit accounts	2 676 321	2 676 321
	<u>186 841 324</u>	<u>137 691 150</u>

12- CASH AND CASH EQUIVALENTS

	<u>30/09/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Bank – Time Deposit	110 016 077	281 549 416
Bank – Current Account	155 630 960	239 464 022
Cash on hand	8 895 351	10 035 147
Cash and cash equivalents	<u>274 542 388</u>	<u>531 048 585</u>
<u>Less:</u>		
Time deposits blocked as guarantee to the facilities which granted to the company	1 474 410	95 465
Cash & cash equivalents for cash flows statement purposes	<u>273 067 978</u>	<u>530 953 120</u>

13- Provisions

	Balance as of	Used during	Balance as of
	<u>1/1/2011</u>	<u>The period</u>	<u>30/9/2011</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provisions for Contingent liabilities	77 462 650	1 383 406	76 079 244
	<u>77 462 650</u>	<u>1 383 406</u>	<u>76 079 244</u>

14- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 477 744 122 as of September 30,2011 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

	30/9/2011	31/12/2010
	<u>L.E</u>	<u>L.E</u>
Trade receivable – advance payment	36 350 028	35 740 364
Accrued expenses	10 115 134	13 919 326
Tax authority – credit accounts	32 351 820	41 093 739
Social insurance authority	5 594 139	3 875 805
Creditors – purchases of fixed assets	1 212 812	2 068 135
Shareholders – credit accounts	18 732 042	22 375 061
Deposits from others	12 634 910	15 318 968
sales taxes instalments	2 541 045	2 147 483
Credit accounts – related parties	10 854 961	7 170 523
Other credit accounts	7 972 979	13 890 748
	<u>138 359 870</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

	30/09/2011	31/12/2010
	<u>L.E</u>	<u>L.E</u>
Legal reserve	1 017 970 166	1 007 737 454
General reserve	280 468 181	280 468 181
Special reserve	59 973 828	59 973 828
Capital reserve	7 487 468	408 872
	<u>1 365 899 643</u>	<u>1 348 588 335</u>

18-MINORITY INTEREST

	Minority interest in shareholder's <u>Equity</u>	Minority interest in the net profit of <u>Subsidiaries</u>	Balance as of <u>30/09/2011</u>	Balance as of <u>31/12/2010</u>
	<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	110 633	533 514	2 223 083
Oriental Weavers international Co (O.W.I)	67 573	5 245	72 818	16 370 984
MAC Carpet Mills	181 465 878	6 343 121	187 808 999	167 289 813
Egyptian fibres Co. EFCO	14 858 032	1 543 527	16 401 559	18 898 094
EFCO Modern Fibres	11 503 595	2 366 280	13 869 875	13 976 402
Oriental Weavers – China	508 730	1 253	509 983	475 300
New MAC	763 516	126 638	890 154	748 775
	<u>209 590 205</u>	<u>10 496 697</u>	<u>220 086 902</u>	<u>219 982 451</u>

19- LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in the original Currency	Balance	Balance as of 30/9/2011		Balance as of 31/12/2010		Terms of Payment
			of the loan as of 30/9/2011 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								
	USD	2 500 000	5 950 000	2 975 000	2 975 000	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 settlement of installments at inetrest rate 0.75% above libour.
	USD	5 619 556	13 373 800	6 687 800	6 686 000	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 settlement of installments at interest rate 8.5%.
	USD	25 000 000	44 625 000	44 625 000	--	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 upon its due date.
			63 948 800	54 287 800	9 661 000	67 402 446	43 103 175	
Barcleys Bank	USD	4 000 000	14 287 140	4 760 000	9 527 140	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	114 245 950	15 693 006	98 552 944	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
			130 905 950	20 453 006	110 452 944	17 459 571	122 015 739	
NSGB	USD	18 000 000	22 077 003	8 829 800	13 247 203	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			231 218 893	88 330 606	142 888 287	98 087 479	193 893 625	

BANK	Loan Currency	Principal of the loan in original Currency	Balance	Balance as of 30/9/2011		Balance as of 31/12/2010		Terms of Payment
			of the loan as of 30/9/2011	current portion due in one year	long term installments	current portion due in one year	long term installments	
			L.E.	L.E.	L.E.	L.E.	L.E.	
Carried Forward			231 218 893	88 330 606	142 888 287	98 087 479	193 893 625	
Crédit Agricole Egypt Bank	USD	25 000 000	74 375 000	59 500 000	14 875 000	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 due date.
Loans from other banks	USD		40 176 073	--	40 176 073	--	27 534 363	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
Alexandria bank	USD	25 000 000	81 137 366	54 090 909	27 046 457	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 due date.
Audi Bank	USD	35 000 000	208 250 000	10 412 500	197 837 500	--	203 000 000	The principal of the loan shall be settled over 20 equal quarter installments starting from 31/8/2012 till 31/5/2017 , the interest and commission shall be computed and paid upon its due date.
BNP Paribas Bank								
BNP Paribas Bank (1)	USD	20 000 000	19 833 330	19 833 330	--	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 due date.
BNP Paribas Bank (2)	LE	12 000 000	3 600 000	3 600 000	--	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	8 944 821	5 111 326	3 833 495	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 libour, the interst and commission shall be calculated and paid upon its due.
BNP Paribas Bank (4)	USD	5 000 000	14 875 000	3 718 750	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% above libour.
Total			682 410 483	244 597 421	437 813 062	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>30/09/2011</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>30/09/2011</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.		803 580	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>574 114</u>	<u>726 533</u>

22- CREDITORS – PURCHASE OF FIXED ASSETS

	Note No	<u>30/09/2011</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.		3 138 640	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)	(2 750 002)	(2 793 676)
		<u>388 638</u>	<u>3 016 031</u>

23- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note No	<u>30/09/2011</u> <u>L.E</u>	<u>31/12/2010</u> <u>L.E</u>
Long-term loan instalment	(19)	244 597 421	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)	2 750 002	2 793 676
		<u>247 816 087</u>	<u>264 184 502</u>

24- DEFERRED TAX

Deferred tax Assets and liabilities

	<u>30/09/2011</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)	27 282 089	--	26 348 849	--
Fixed assets	--	(24 649 969)	--	(22 626 019)
Total deferred tax assets / (liabilities)	<u>27 282 089</u>	<u>(24 649 969)</u>	<u>26 348 849</u>	<u>(22 626 019)</u>
Net deferred tax assets	<u>2 632 120</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>From 1/7/2011</u> <u>To 30/9/2011</u> <u>L.E</u>	<u>From 1/1/2011</u> <u>To 30/9/2011</u> <u>L.E</u>	<u>From 1/7/2010</u> <u>To 30/9/2010</u> <u>L.E</u>	<u>From 1/1/2010</u> <u>To 30/9/2010</u> <u>L.E</u>
Net profit for the period	39 340 802	175 001 812	73 833 289	226 329 676
Weighted average number of shares available during the period	88 680 969	88 680 969	88 490 284	88 490 284
Basic earning per share for the period	<u>0.44</u>	<u>1.97</u>	<u>0.83</u>	<u>2.56</u>

26- TREASURY STOCKS

<u>Description</u>	<u>30/9/2011</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 September 30, 2011 amounted to L.E 16 639 005 Also Contingent liabilities from L.C'S in that date amounted to L.E 41 566 159

28- CAPITAL COMMITMENTS

The capital commitments as of September 30, 2011 amounted to L.E 22 631 944 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.

31- Important events

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

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

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