ORIENTAL WEAVERS COMPANY FOR CARPETS

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For The Financial Period ended June 30, 2017

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" as of June 30, 2017 and the consolidated statement of income,consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian accounting standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We did not review the financial statements of Oriental Weavers Company-United States of America and Oriental Weavers Company - China (owned subsidiaries). Which their total assets represents 14.90 % and their total revenues represents 21.91 % of total assets and revenues of the consolidated financial statements respectively.Those statements were reviewed by other auditors.

Scope of limited review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying cosolidated interim financial statements do not give a true and fair view for the consolidated financial position of the Company as of June 30, 2017 and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo: July 25, 2017

Auditor

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

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An independent member of Baker Tilly International

Oriental Weavers Company for Carpets
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
As of June 30, 2017

	Note №	30/6/2017 LE	31/12/2016 LE
Non Current Assets			
Fixed assets (net)	(6)	4 861 416 307	5 051 525 310
Projects in progress	(7)	270 795 237	256 118 299
Available for sale investments	(8)	129 763 201	131 450 798
Goodwill	(9)	286 239 174	286 239 174
Total non current assets		**5 548 213 919**	**5 725 333 581**
Current Assets			
Inventory	(10)	3 277 295 044	3 041 520 516
Trades & notes receivable	(11)	2 206 156 794	2 195 325 684
Debitors and other debit accounts	(12)	278 555 484	335 796 427
Treasury Bills	(13)	100 544 444	652 697 091
Cash & Cash equivalent	(14)	397 707 083	336 231 158
Total current assets		**6 260 258 849**	**6 561 570 876**
Total Assets		**11 808 472 768**	**12 286 904 457**
Equity			
Issued and paid up capital	(15)	450 000 000	450 000 000
Reserves	(16)	1 624 575 190	1 610 076 274
Retained earnings		673 531 684	907 255 467
Net profit for the period / year		438 961 153	484 207 848
Exchange differences arising on translation of financial statements		4 291 038 648	4 359 002 703
Treasury stocks	(17)	(43 276 473)	(14 596 505)
Total equity attributable to the parent company		**7 434 830 202**	**7 795 945 787**
Non controlling interest	(18)	708 107 417	700 129 675
Total equity		**8 142 937 619**	**8 496 075 462**
Non Current liabilities			
Long term loans	(19)	183 856 852	197 483 980
Housing and Development Bank loan	(20)	267 017	288 411
Deferred tax liabilities	(22)	115 217 476	116 705 797
Total Non Current liabilities		**299 341 345**	**314 478 188**
Current Liabilities			
Provisions	(23)	72 127 210	49 149 018
Banks-Credit accounts	(24)	1 778 844 978	1 997 577 251
Long term liabilities-Current portions	(21)	56 179 716	104 589 545
Suppliers & notes payable	(25)	984 484 770	915 834 260
Dividends payable		36 539 469	10 991 402
Creditors & other credit accounts	(26)	379 276 026	252 110 633
Tax payable		58 741 635	146 098 698
Total Current Liabilities		**3 366 193 804**	**3 476 350 807**
Total equity and liabilities		**11 808 472 768**	**12 286 904 457**

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

Chairman & CEO

Salah Abdel Aziz Abdel Moteleb

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Company for Carpets

(An Egyptian Joint Stock Company)

Consolidated Statement of Income

For The Financial period ended June 30, 2017

	Note №	From 1/4/2017 Till 30/6/2017 LE	From 1/1/2017 Till 30/6/2017 LE	From 1/4/2016 Till 30/6/2016 LE	From 1/1/2016 Till 30/6/2016 LE
Net sales		2 388 676 855	4 912 922 036	1 548 765 087	3 006 432 650
Less:					
Cost of sales		2 050 093 165	4 175 081 658	1 311 990 134	2 579 426 693
Gross profit		**338 583 690**	**737 840 378**	**236 774 953**	**427 005 957**
Add / (Less):					
Financial investments revenues		198 768	198 768	--	150 000
Capital Gain		545 055	819 890	4 425 691	4 429 431
Other revenues		20 509 361	59 659 013	58 895 033	116 342 027
Treasury Bills returns		11 884 492	43 866 094	3 734 099	7 549 161
Interest Income		3 941 812	5 586 341	4 785 499	9 695 109
Distribution expenses		(13 662 031)	(29 247 285)	(11 557 239)	(24 072 893)
General & Administrative expenses		(77 773 616)	(152 544 748)	(47 923 916)	(82 651 779)
Formed provisions & Impairment		--	(28 917 688)	(11 783 549)	(31 783 549)
Financing expenses		(35 103 348)	(72 147 783)	(23 719 405)	(45 810 389)
Foreign exchange differences		(3 031 129)	(2 453 991)	1 026 870	(49 396 927)
Net profit for the period before income tax		**246 093 054**	**562 658 989**	**214 658 036**	**331 456 148**
(Less) / Add :					
Current income tax		(29 649 777)	(89 450 778)	(36 611 166)	(62 069 849)
Deferred tax		996 788	1 831 691	(54 912)	2 773 135
Income tax for the period		**(28 652 989)**	**(87 619 087)**	**(36 666 078)**	**(59 296 714)**
Net profit for the period after income tax		**217 440 065**	**475 039 902**	**177 991 958**	**272 159 434**
Attributable to:					
The parent company		203 739 376	438 961 153	159 022 138	262 356 660
Non controlling interest		13 700 689	36 078 749	18 969 820	9 802 774
		217 440 065	**475 039 902**	**177 991 958**	**272 159 434**
Basic earnings per share in the separate financial statements	(27)	**0.18**	**0.41**	**0.20**	**0.36**

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 Comprehensive Income
For The Financial period ended June 30, 2017

	From 1/4/2017 Till 30/6/2017 LE	From 1/1/2017 Till 30/6/2017 LE	From 1/4/2016 Till 30/6/2016 LE	From 1/1/2016 Till 30/6/2016 LE
Net profit for the period	217 440 065	475 039 902	177 991 958	272 159 434
Other Comprehensive Income				
Translation exchange differences	(7 920 164)	(75 452 963)	(3 730 179)	367 813 965
Total Other Comprehensive (loss) income after deduction Tax	**(7 920 164)**	**(75 452 963)**	**(3 730 179)**	**367 813 965**
Total Comprehensive Income for the period	**209 519 901**	**399 586 939**	**174 261 779**	**639 973 399**
Attributable to:				
The parent company	199 522 754	370 997 098	155 019 315	623 164 606
Non controlling interest	9 997 147	28 589 841	19 242 464	16 808 793
	209 519 901	**399 586 939**	**174 261 779**	**639 973 399**

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 Changes in Equity
For The Financial period ended June 30, 2017

	Issued and Paid up capital LE	Reserves LE	Retained earnings LE	Net profit LE	Differences of translation LE	Treasury stocks LE	Equity holders of the parent	Non controlling interest	Total equity LE
Balance at 1/1/2016	450 000 000	1 525 067 672	823 478 382	356 302 735	717 455 280	(14 596 505)	**3 857 707 564**	**380 633 138**	**4 238 340 702**
Transferred to reserves	--	19 241 145	--	(19 241 145)	--	--	--	--	--
Dividends	--	--	--	(280 810 260)	--	--	**(280 810 260)**	**(4 200 691)**	**(285 010 951)**
Transferred to retained earnings	--	--	56 251 330	(56 251 330)	--	--	--	--	--
Adjustments related to consolidated statements	--	--	78 970	--	--	--	**78 970**	--	**78 970**
Total Comprensive income for the period	--	--	--	262 356 660	360 807 946	--	**623 164 606**	**16 808 793**	**639 973 399**
Balance at 30/6/2016	**450 000 000**	**1 544 308 817**	**879 808 682**	**262 356 660**	**1 078 263 226**	**(14 596 505)**	**4 200 140 880**	**393 241 240**	**4 593 382 120**
Balance at 1/1/2017	450 000 000	1 610 076 274	907 255 467	484 207 848	4 359 002 703	(14 596 505)	**7 795 945 787**	**700 129 675**	**8 496 075 462**
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)**	**(79 514)**	**(30 345 850)**
Total Comprensive income for the period	--	--	--	438 961 153	(67 964 055)	--	**370 997 098**	**28 589 841**	**399 586 939**
Balance at 30/6/2017	**450 000 000**	**1 624 575 190**	**673 531 684**	**438 961 153**	**4 291 038 648**	**(43 276 473)**	**7 434 830 202**	**708 107 417**	**8 142 937 619**

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 period ended June 30, 2017

	Note №	30/6/2017 LE	30/6/2016 LE
Cash flows from operating activities			
Net profit for the period before income tax		562 658 989	331 456 148
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		285 749 732	159 370 332
Formed provisions &Impairment		28 917 688	31 783 549
Interest income		(5 586 341)	(9 695 109)
Financing expenses		72 147 783	45 810 389
Financial investments revenues		(198 768)	(150 000)
Capital (gain)		(819 890)	(4 429 431)
Exchange differences arising from translation of financial statements		(20 521 004)	127 922 768
Operating profits before changes in working capital		**922 348 189**	**682 068 646**
Change in working capital			
(Increase) in inventory		(268 701 186)	(75 147 257)
Decrease (Increase) in trades & notes receivable and debit accounts		10 662 985	(198 095 768)
Increase in suppliers & notes payable and credit accounts		170 306 961	87 975 221
Cash flows provided by operating activities		**834 616 949**	**496 800 842**
Proceeds from interest income		5 586 341	7 889 734
Financing expenses paid		(72 147 783)	(45 810 389)
Income tax paid		(136 974 922)	(74 629 629)
Net cash flows provided by operating activities		**631 080 585**	**384 250 558**
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(170 649 325)	(83 565 360)
Proceeds from selling of fixed assets		3 479 911	4 923 200
Proceeds from Treasury Bills		98 812 642	116 325 805
Net cash flows (used in) provided by investing activities		**(68 356 772)**	**37 683 645**
Cash flows from financing activities			
(Payments) Proceeds for banks-credit accounts		(197 776 279)	74 483 633
Dividends paid and payments for non controlling interest		(697 368 736)	(243 853 958)
(Payments) for long term liabilities		(57 610 932)	(117 233 599)
Net cash flows (used in) financing activities		**(952 755 947)**	**(286 603 924)**
Net change in cash and cash equivalents during the period		**(390 032 134)**	**135 330 279**
Cash and cash equivalents at the beginning of the period		890 061 388	431 042 515
Translation exchange differences related to cash and cash equivalents		(1 835 296)	22 871 955
Cash and cash equivalents at end of the period		**498 193 958**	**589 244 749**
Cash & Cash equivalent	(14)	397 649 514	582 257 015
Treasury Bills	(13)	100 544 444	6 987 734
Treasury Bills due more than three months		--	--
Cash & Cash equivalent		**498 193 958**	**589 244 749**

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)

Notes to the Consolidated Financial Statements

For the Financial Period ended June 30, 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 ready – made carpets and importing related production supplies, equipment, machinery, or materials.

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

1-5 The Company listed in Egyptian exchange.

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 30/6/2017 %
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

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.

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 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.

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 period 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 period.

6- Fixed assets (net)

	Land LE	Buildings & Constructions LE	Machinery Equipments LE	Vehicles LE	Tools Supplies LE	Showrooms Fixture LE	Furniture Office Equipments LE	Computers and Programs LE	Total LE
Cost as of 1/1/2016	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	--	55 462 563	105 330 941	377 558	3 287 112	4 112 201	15 508 381	6 895 062	**190 973 818**
Disposals	--	(2 165 717)	(37 575 377)	(517 610)	(1 076 050)	--	--	(33 468)	**(41 368 222)**
Translation exchange differences	(7 259 851)	(29 314 625)	(106 513 329)	(3 004 417)	(960 434)	--	(1 017 740)	(1 746 753)	**(149 817 149)**
Cost as of 30/6/2017	**696 866 017**	**2 874 296 317**	**8 638 301 228**	**270 092 784**	**117 723 691**	**50 470 862**	**133 040 272**	**158 169 951**	**12 938 961 122**
Accumulated Depreciation 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 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 period	--	51 661 815	212 608 930	9 059 412	3 434 109	2 677 432	2 266 601	4 041 433	**285 749 732**
Disposals of Accumulated Depreciation	--	(50 249)	(147 544)	(517 591)	(530 573)	--	--	--	**(1 245 957)**
Translation exchange differences	--	(10 475 156)	(78 678 462)	(2 161 099)	(790 245)	--	(945 578)	(1 555 785)	**(94 606 325)**
Accumulated Depreciation as of 30/6/2017	--	**1 004 917 629**	**6 482 506 630**	**213 905 056**	**97 025 557**	**38 927 192**	**101 492 952**	**138 769 799**	**8 077 544 815**
Net book value as of 30/6/2017	**696 866 017**	**1 869 378 688**	**2 155 794 598**	**56 187 728**	**20 698 134**	**11 543 670**	**31 547 320**	**19 400 152**	**4 861 416 307**
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).

7- PROJECTS IN PROGRESS

	30/6/2017	31/12/2016
	L.E	L.E
Buildings under Construction	74 387 194	122 349 829
Machinery & Equipment under installation	106 720 431	66 179 516
Development of computer system	35 886 984	32 578 940
Letters of Credit for assets purchases	20 290 284	2 316 618
Advance payment for purchasing Fixed assets	37 428 032	32 693 396
	274 712 925	**256 118 299**
Less : Impairment in projects in progress	3 917 688	--
	270 795 237	**256 118 299**

8- AVAILABLE FOR SALE INVESTMENTS

	Acquisition cost	Accumulated Impairment (losses)	Accumulated Unrealized Gain	balance as Of 30/6/2017	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"	112 919 633	--	--	112 919 633	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)	--	--	--
	136 461 548	**(7 149 972)**	**451 625**	**129 763 201**	**131 450 798**

9- GOODWILL

	Investment cost	Company's share of the fair value for Net assets	Good will Impairment	30/6/2017	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	120 000 000	230 674 879	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**	**120 000 000**	**286 239 174**	**286 239 174**

10- INVENTORY

	30/6/2017	31/12/2016
	L.E	L.E
Raw materials	1 230 979 731	1 151 043 369
Spare parts & materials	313 619 864	313 580 091
Work in process	148 000 108	155 061 980
Finished products	1 465 667 146	1 376 888 308
Letter of credit for purchasing of raw materials	121 084 366	47 033 669
	3 279 351 215	**3 043 607 417**
Less: Impairment in inventory	2 056 171	2 086 901
	3 277 295 044	**3 041 520 516**

11- TRADES & NOTES RECEIVABLE

	30/6/2017	31/12/2016
	L.E	L.E
Trades receivables	1 829 026 237	1 938 704 067
Less: Impairment in Trades receivables	131 904 004	132 514 647
	1 697 122 233	**1 806 189 420**
Notes Receivable	509 034 561	389 136 264
	2 206 156 794	**2 195 325 684**

- Trades & Notes Receivable include amount of 299 012 045 LE due from Related Parties at June 30, 2017 result from sales carpets.

12- DEBTORS AND OTHER DEBIT ACCOUNTS

	30/6/2017	31/12/2016
	L.E	L.E
Prepaid expenses	40 357 199	36 907 733
Tax authority – debit accounts	85 499 098	53 666 371
Deposits with others	26 968 484	23 582 189
Debit balances – related parties	9 204 741	9 271 770
Accrued revenues	9 605 114	39 805 282
Letter of guarantee & Letter of credit – cash margin	11 318 521	7 690 847
Betty cash & advance to employees	11 367 758	7 921 317
Suppliers – advance payment	42 712 744	97 752 201
Orientals for Building materials (Orocom)	5 000 000	5 000 000
Other debit accounts	43 121 905	60 798 797
	285 155 564	**342 396 507**
Less:		
Impairment in debtors and other debit accounts	6 600 080	6 600 080
	278 555 484	**335 796 427**

13- TREASURY BILLS

	30/6/2017 L.E	31/12/2016 L.E
Treasury bills (mature in 90 days)	102 525 000	571 851 807
Treasury bills (mature in more than 90 days)	--	100 000 000
	102 525 000	**671 851 807**
Less: Unearned revenue	1 980 556	19 154 716
	100 544 444	**652 697 091**

14- CASH AND CASH EQUIVALENT

	30/6/2017 L.E	31/12/2016 L.E
Banks – Time Deposits	72 505 379	96 449 715
Banks – Current Accounts	320 225 843	234 627 178
Checks under collection	--	1 300 266
Cash on hand	4 975 861	3 853 999
Cash and cash equivalent	**397 707 083**	**336 231 158**
Less:		
Time deposits blocked as guarantee to the facilities which granted to the group	57 569	54 219
Cash & cash equivalent for cash flows statement purposes	**397 649 514**	**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 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 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

	Note no	30/6/2017 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	(4)	65 767 457	65 767 457
Capital reserve		107 291 107	106 467 676
Unrealized gain from available for sale investments		451 625	451 625
		1 624 575 190	**1 610 076 274**

17- TREASURY STOCKS

	№. Of Stocks	30/6/2017 L.E	31/12/2016 L.E
Treasury stocks	**6 595 155**	**43 276 473**	**14 596 505**

- On June 20, 2017 the shares of the company owned by Oriental Weavers Co. U.S.A (subsidiary co.) were purchased in preparation to comply the situation with the Egyptian Financial Supervisory Authority Board of Directors decision No. 83 dated July 26, 2016 concerning companies that have previously purchased their shares through a subsidiary or companies under their control, the Company should dispose off these shares to others in a maximum period of one year ended March 23, 2017.

18- Non-Controlling interest

	Non controlling interest in Equity L.E	Non controlling interest in comprehensive income L.E	Balance as of 30/6/2017 L.E	Balance as of 31/12/2016 L.E
Orientals Weavers international Co (O.W.I)	269 170	8 078	277 248	285 710
MAC Carpet Mills	338 641 161	17 946 369	356 587 530	348 948 653
Egyptian fibres Co. EFCO	88 202 107	9 849 405	98 051 512	97 012 937
Oriental Weavers – China	833 467	(54 189)	779 278	833 467
New MAC	3 937 716	(338 910)	3 598 806	4 623 092
Oriental Weavers Textile	247 633 955	1 179 088	248 813 043	248 425 816
	679 517 576	**28 589 841**	**708 107 417**	**700 129 675**

Translation from arabic

19- LONG TERM LOANS

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 30/6/2017 L.E.	Balance as of 30/6/2017 current portion due in one year L.E.	Balance as of 30/6/2017 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	USD	4 500 000	7 287 352	7 287 352	--	18 490 684	--	The principal of the loan shall be settled over 41 equal monthly starting from 31/3/2015 till 31/7/2018, the interest and commission shall be computed at interest rate 3.75% above libour.
Alex. bank	EUR	6 500 000	97 545 511	27 864 683	69 680 828	26 094 879	78 284 692	The principal of the loan shall be settled over 9 equal half annualy installments starting from 4/10/2016 till 4/10/2020 , the interest and commission shall be computed at interest rate 3.25% above libour .
Audi Bank	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	135 160 919	20 984 895	114 176 024	27 742 296	119 199 288	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
			239 993 782	56 136 930	183 856 852	104 546 759	197 483 980	

20- HOUSING AND DEVELOPMENT BANK LOAN

	Note №	30/6/2017 L.E	31/12/2016 L.E
Balance of this item represents the remaining amount due to bank of housing and development against purchasing housing units for employees in 10th of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.		309 803	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)
		267 017	**288 411**

21- LONG TERM LIABILITIES – CURRENT PORTIONS

	Note №	30/6/2017 L.E	31/12/2016 L.E
Long-term loan instalment	(19)	56 136 930	104 546 759
Housing and development bank loan	(20)	42 786	42 786
		56 179 716	**104 589 545**

22- DEFERRED TAX LIABILITIES

Deferred tax Assets and liabilities

	30/6/2017		31/12/2016	
	Assets L.E	(Liabilities) L.E	Assets L.E	(Liabilities) L.E
Temporary tax differences – O.W. (USA)	22 974 166	--	23 317 536	--
Fixed assets	--	(138 191 642)	--	(140 023 333)
Total deferred tax assets / (liabilities)	**22 974 166**	**(138 191 642)**	**23 317 536**	**(140 023 333)**
Net deferred tax (liabilities)		**(115 217 476)**		**(116 705 797)**

23- Provisions

	Balance as of 1/1/2017 L.E	Formed during The Period L.E	Used during The Period L.E	Balance as of 30/6/2017 L.E
Provisions for Contingent liabilities	**49 149 018**	25 000 000	(2 021 808)	**72 127 210**
	49 149 018	**25 000 000**	**(2 021 808)**	**72 127 210**

24- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 1 778 844 978 as of June 30,2017 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

	30/6/2017	31/12/2016
	L.E	L.E
Suppliers	866 032 594	836 260 817
Notes Payable	118 452 176	79 573 443
	984 484 770	**915 834 260**

- Suppliers and notes payable includes the amount of 72 404 159 LE is the value of balances due to related parties at June 30, 2017 resulting from the purchase and operation of the raw materials

26- CREDITORS AND OTHER CREDIT ACCOUNTS

	30/6/2017	31/12/2016
	L.E	L.E
Accrued expenses	28 499 116	23 689 565
Tax authority	13 731 983	25 782 137
Social insurance authority	14 964 924	10 784 116
Trade receivable – advance payment	143 611 770	89 153 290
Creditors – purchases of fixed assets	2 139 729	3 353 091
Shareholders – credit balances	56 305 767	5 697 016
Credit balances – related parties	15 508 537	15 738 877
Deposits from others	65 727 896	40 108 700
Other credit accounts	38 786 304	37 803 841
	379 276 026	**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:-

	From 1/4/2017 Till 30/6/2017	From 1/1/2017 Till 30/6/2017	From 1/4/2016 Till 30/6/2016	From 1/1/2016 Till 30/6/2016
	L.E	L.E	L.E	L.E
Net profit for the period in the separate financial statements	80 069 266	184 954 821	91 995 798	160 692 671
Average of shares number available during the period	449 275 258	449 635 627	450 000 000	450 000 000
Basic earnings per share in the separate financial statements	**0,18**	**0,41**	**0,20**	**0,36**

28- CONTINGENT LIABILITIES

L.G'S Issued By Banks in favour of the company and its subsidiaries to third parties as of June 30, 2017 amounted to L.E 29 266 889 Also Contingent liabilities from L.C'S in that date amounted to L.E 328 512 921.

29- CAPITAL COMMITMENTS

The capital commitments as of June 30, 2017 amounted to L.E 111 657 858 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.
- 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.

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 №	30/6/2017 L.E	31/12/2016 L.E
Trades & notes receivable	(11)	2 206 156 794	2 195 325 684
Debtors and other debit accounts	(12)	278 555 484	335 796 427
		2 484 712 278	**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's using the financial statements through the optimal use of equity and provide and maintain the best capital structure for the purpose of reducing the cost of capital and to maintain a better capital structure Management change the value of dividends paid to shareholders or capital reduction or issuing a new shares of capital or reduce the debt granted to the Group.