ORIENTAL WEAVERS CARPETS COMPANY

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For The Financial year ended December 31, 2021

Together With Auditor's Report

Contents **Page**

Translation from Arabic

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
ORIENTAL WEAVERS CARPETS COMPANY

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Oriental Weavers Carpets Company (S.A.E) which comprise of the consolidated statement of financial position as of December 31, 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of Oriental Weavers Company - United States of America and Oriental Weavers Company – China. Which statements reflect total assets and revenues for these companies constituting 11.18% and 17.02% respectively, of the related to consolidated totals. The financial statements of Oriental Weavers Company-United States of America and Oriental Weavers Company – China were audited by other auditors whom issued unqualified audit reports dated February 17, 2022 and January 14, 2022 respectively. Our opinion, insofar as it relates to amounts included for these companies, is based on the reports of the other auditors.

Management responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oriental Weavers Carpets Company (S.A.E) as of December 31, 2021 and of its consolidated financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in compliance with related Egyptian laws and regulations.

Emphasis of matter

Without qualifying our opinion, as described in Note No. (35) of the accompanying notes of the consolidated financial statements regarding significant events, Countries all over the world including Egypt have faced the spread of coronavirus which had a huge impact on the economy a whole. Most probably this will lead to a decrease in the Economical activities on the upcoming period. This may have a material impact on certain balance of the assets, liabilities and the operation outcome in the next period . It is not possible to calculate the effect of these events on the meantime. Hence, the information is solely based on the forecasting conducted for the time period that these events are occurring and when it is projected to end as well as the aftermath that follows.

Cairo : February 22, 2022

Tarek Salah

B.T. Wahid Abdel Ghaffar&Co.

Public Accountants & Consultants

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
Consolidated statement of financial position as of December 31, 2021

(All amounts are in Egyptian Pounds)

	Note №	31/12/2021	31/12/2020
Non current assets			
Fixed assets	(6)	4 123 469 957	4 216 263 559
Projects in progress	(7)	251 524 502	141 219 818
Right of use assets	(8)	331 134 228	--
Investments at fair value through other comprehensive income	(9)	337 053 723	115 712 681
Total non current assets		**5 043 182 410**	**4 473 196 058**
Current assets			
Inventory	(10)	4 214 763 998	3 195 002 920
Trades and notes receivable	(11)	1 964 652 995	1 723 532 941
Debtors and other debit accounts	(12)	420 710 870	353 421 603
Treasury bills	(13)	1 538 902 582	2 022 461 803
Cash at banks and on hand	(14)	984 323 081	903 944 836
Total current assets		**9 123 353 526**	**8 198 364 103**
Total assets		**14 166 535 936**	**12 671 560 161**
Equity			
Issued and paid up capital	(16)	665 107 268	665 107 268
Reserves	(17)	1 626 905 765	1 487 171 611
Retained earnings		397 583 842	348 205 426
Net profit for the year		1 085 407 428	937 439 232
Exchange differences arising on translation of financial statements		3 541 296 155	3 545 557 360
Total equity attributable to the parent company		**7 316 300 458**	**6 983 480 897**
Non controlling interest	(18)	940 682 319	947 070 136
Total equity		**8 256 982 777**	**7 930 551 033**
Non current liabilities			
Long term loans	(19)	305 013 698	206 519 835
Housing and Development Bank loan	(20)	--	40 279
lease contracts liabilities	(21)	268 758 749	
Deferred tax liabilities	(22)	165 253 853	144 480 747
Total non current liabilities		**739 026 300**	**351 040 861**
Current liabilities			
Provisions	(23)	101 278 366	90 027 046
Banks-Credit accounts	(24)	3 029 042 301	2 466 304 868
lease contracts liabilities - current portion	(21)	87 148 255	--
Long term liabilities - current portion	(25)	122 141 496	99 495 787
Trades and notes payable	(26)	1 105 247 056	846 744 721
Dividends payable		15 902 661	9 804 780
Creditors and other credit accounts	(27)	585 177 706	741 977 979
Tax payable		124 589 018	135 613 086
Total current liabilities		**5 170 526 859**	**4 389 968 267**
Total liabilities		**5 909 553 159**	**4 741 009 128**
Total equity and liabilities		**14 166 535 936**	**12 671 560 161**

The accompanying notes from №.(1) to №. (35) form an integral part of these consolidated financial statements.
Auditor's report attached.

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of income for the financial year ended December 31, 2021

(All amounts are in Egyptian Pounds)

	Note №	31/12/2021	31/12/2020
Net sales		11 403 371 207	9 484 628 928
Less:			
Cost of sales		9 569 279 743	8 176 729 195
Gross profit		**1 834 091 464**	**1 307 899 733**
Add / (less):			
Financial investments revenues		23 845 812	--
Capital gain		16 304 630	6 368 015
Other revenues		101 112 724	563 213 175
Treasury bills returns		167 073 038	131 346 570
Interest income		16 706 764	21 527 688
Distribution expenses		(155 609 036)	(141 533 109)
General and administrative expenses		(363 085 879)	(326 497 397)
Provisions no longer needed		3 722 564	--
Reverse of expected credit loss		4 751 904	--
Formed provisions and impairment		(36 973 097)	(225 845 613)
Finance expenses	(28)	(197 049 021)	(104 079 183)
Foreign exchange differences		(20 692 597)	37 224 542
Net profit for the year before income tax		**1 394 199 270**	**1 269 624 421**
(Less):			
Current income tax		(162 752 974)	(154 679 705)
Deferred tax		(20 751 896)	(3 007 834)
Income tax for the year		**(183 504 870)**	**(157 687 539)**
Net profit for the year after income tax		**1 210 694 400**	**1 111 936 882**
Attributable to:			
The parent company		1 085 407 428	937 439 232
Non controlling interest		125 286 972	174 497 650
		1 210 694 400	**1 111 936 882**
Basic earnings per share in the separate financial statements	(29)	**1.19**	**0.75**

The accompanying notes from №.(1) to №. (35) form an integral part of these consolidated financial statements.

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of comprehensive income for the financial year ended December 31, 2021

(All amounts are in Egyptian Pounds)

	31/12/2021	31/12/2020
Net profit for the year	1 210 694 400	1 111 936 882
Other comprehensive income		
Changes in fair value of investments	98 414 585	(86 151)
Translation exchange differences	(4 619 922)	(100 691 073)
Total other comprehensive (loss) after tax	**93 794 663**	**(100 777 224)**
Total comprehensive income for the year	**1 304 489 063**	**1 011 159 658**
Attributable to:		
The parent company	1 179 521 527	848 277 765
Non controlling interest	124 967 536	162 881 893
	1 304 489 063	**1 011 159 658**

The accompanying notes from №.(1) to №. (35) form an integral part of these consolidated financial statements.

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of changes in equity for the financial year ended December 31, 2021

(All amounts are in Egyptian Pounds)

	Issued and paid up capital	Reserves	Retained earnings	Net profit	Translation differences	Equity holders of the parent	Non controlling interest	Total equity
Balance at 1/1/2020	443 404 845	1 665 292 366	210 068 714	774 770 772	3 634 647 595	**6 728 184 292**	823 849 414	**7 552 033 706**
Transfer to capital increase from reserves	221 702 423	(221 702 423)	--	--	--	--	--	--
Transferred to reserves	--	43 652 900	--	(43 652 900)	--	--	--	--
Transferred to retained earnings	--	--	731 117 872	(731 117 872)	--	--	--	--
Dividends	--	--	(592 981 160)	--	--	**(592 981 160)**	(39 661 171)	**(632 642 331)**
Total Comprehensive income for the year	--	(71 232)	--	937 439 232	(89 090 235)	**848 277 765**	162 881 893	**1 011 159 658**
Balance at 31/12/2020	**665 107 268**	**1 487 171 611**	**348 205 426**	**937 439 232**	**3 545 557 360**	**6 983 480 897**	**947 070 136**	**7 930 551 033**
Balance at 1/1/2021 as previously issued	665 107 268	1 487 171 611	348 205 426	937 439 232	3 545 557 360	**6 983 480 897**	947 070 135	**7 930 551 032**
Effect of the new Egyptian Accounting Standard No. (47) "Financial Instruments"	--	--	(2 162 429)	--	--	**(2 162 429)**	(2 308 375)	**(4 470 804)**
Balance at 1/1/2021 - restated	**665 107 268**	**1 487 171 611**	**346 042 997**	**937 439 232**	**3 545 557 360**	**6 981 318 468**	**944 761 760**	**7 926 080 228**
Transferred to reserves	--	41 358 850	--	(41 358 850)	--	--	--	--
Transferred to retained earning	--	--	896 080 382	(896 080 382)	--	--	--	--
Dividends	--	--	(841 777 607)	--	--	**(841 777 607)**	(128 469 097)	(970 246 704)
Adjustments related to consolidated statements	--	--	(2 761 930)	--	--	**(2 761 930)**	(577 880)	(3 339 810)
Total Comprehensive income for the year	--	98 375 304	--	1 085 407 428	(4 261 205)	**1 179 521 527**	124 967 536	1 304 489 063
Balance at 31/12/2021	**665 107 268**	**1 626 905 765**	**397 583 842**	**1 085 407 428**	**3 541 296 155**	**7 316 300 458**	**940 682 319**	**8 256 982 777**

The accompanying notes from №.(1) to №. (35) form an integral part of these consolidated financial statements.

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of cash flow for the financial year ended December 31,2021

(All amounts are in Egyptian Pounds)

	Note №	31/12/2021	31/12/2020
Cash flows from operating activities			
Net profit for the year before income tax		1 394 199 270	1 269 624 421
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		531 705 690	538 185 472
Depreciation of right of use assets		84 970 803	--
Formed provisions and impairment		36 973 097	225 845 613
Reverse of expected credit loss		(4 751 904)	--
Provision no longer needed		(3 722 564)	--
Interest income		(16 706 764)	(21 527 688)
Finance expenses		197 049 021	104 079 183
Financial investments revenues		(23 845 812)	--
Capital (gain)		(16 304 630)	(6 368 015)
Operating profits before changes in working capital		**2 179 566 207**	**2 109 838 986**
Change in :			
Inventory		(1 021 445 119)	108 601 342
Trades and notes receivable and debit accounts		(366 344 227)	(272 737 036)
Trades and notes payable and credit accounts		74 900 447	159 125 986
Cash flows provided by operating activities		**866 677 308**	**2 104 829 278**
Proceeds from interest income		16 706 764	21 527 688
Finance expenses paid		(197 049 021)	(104 079 183)
Income tax paid		(116 629 531)	(74 677 634)
Net cash flows provided by operating activities		**569 705 520**	**1 947 600 149**
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(566 137 487)	(274 837 317)
(Payments) for financial investments		(123 038 058)	--
Proceeds from financial investments		23 845 812	10 341 527
Proceeds from sale of fixed assets		31 399 551	--
Proceeds (payments) to treasury bills due more than three months		287 827 835	(823 504 021)
Net cash flows (used in) investing activities		**(346 102 348)**	**(1 087 999 811)**
Cash flows from financing activities			
Proceeds from banks-credit accounts		564 570 614	601 747 283
Dividends paid and payments for non controlling interest		(964 148 827)	(630 636 924)
Lease contracts liabilities paid		(60 198 027)	--
Exchange differences arising from translation of financial statements		14 843 884	(3 574 625)
Proceeds (payments) to long term loans		121 251 599	(29 538 127)
Net cash flows (used in) financing activities		**(323 680 757)**	**(62 002 393)**
Net change in cash and cash equivalents during the year		**(100 077 585)**	**797 597 945**
Cash and cash equivalents at the beginning of the year		1 469 562 951	676 892 984
Translation exchange differences related to cash and cash equivalents		(747 799)	(4 927 978)
Cash and cash equivalents at end of the year represents in:		**1 368 737 567**	**1 469 562 951**
Cash and cash equivalents	(14)	984 337 426	890 842 296
Treasury bills	(13)	1 538 902 582	2 022 461 803
Treasury bills due more than three months		(1 154 502 441)	(1 443 741 148)
Cash and cash equivalents		**1 368 737 567**	**1 469 562 951**

The amounts of LE 18 797 127 of the working capital items, LE 2 594 933 of the investment activities, LE (2 286 971) of the financing activities has been eliminated against the amount of LE 19 105 089 of the translation differences.

The accompanying notes from №.(1) to №. (35) form an integral part of these consolidated financial statements.

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

1 - BACKGROUND INFORMATION

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

1-2 **Commercial Register**

Commercial Register No 44139 dated November 16, 1981.

1-3 **Company's objective**

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

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

1-5 The Company is listed in Egyptian exchange.

1-6 **Company's Headquarter**

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

2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2-1 New and revised Egyptian Accounting Standards in issue but not yet effective

- The Minster of Investment's decree No. (69) Of 2019 was issued on March 18, 2019. It has been decided to issue new standards and replace and withdraw certain Egyptian Accounting Standards, and it shall be effective for the financial periods that start at or after January 1, 2020.

(All amounts in Egyptian Pounds unless otherwise stated)

On April 12, 2020, the Financial Regulatory Authority has issued a statement postponing the application of the new Egyptian Accounting Standards and the accompanying amendments issued in Resolution No. 69 of 2019 to the interim financial statements that will be issued during the year 2020 due to the current circumstances the country is going through from the spread of the new Coronavirus and the economic and financial implications associated with it.

And companies should apply these standards and that amendments to the annual financial statements at the end of 2020 by include the cumulative effect at the end of 2020 with companies' commitment to adequately disclose in their interim financial statements during 2020 about this fact and its accounting effects, if any.

On September 20, 2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the application of accounting standards No. (47) - Financial instruments and (48) - Revenue from contracts with customers and (49) - Leasing contracts for the financial year that starts from
January 1. 2021.

On May 9, 2021, the Financial Regulatory Authority issued a statement to allow postponing the presentation of the accounting impact of the application of the standard (47) financial instruments in the interim financial statements until a date no later than the date of preparing the financial statements at the end of 2021. And it agreed that the entire cumulative accounting impact of the application of Standard No. (47) Financial Instruments will be included from January 1, 2021 until December 31, 2021, with companies obligated to adequately disclose this.

The following are the most significant amendments that have an impact on the company's financial statements at the beginning of implementation:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements
1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3- When measuring the impairment of financial assets, the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost	The management has applied the standard from the financial period ended December 31, 2021, and the impact of the application of the standard has been presented in Note No. (15)

(All amounts in Egyptian Pounds unless otherwise stated)

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements
	and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- based on the requirements of this standard the following standards were amended: - Egyptian Accounting Standard No. (1) “Presentation of Financial Statements” as amended in 2019] - Egyptian Accounting Standard No. (4) “Statement of Cash Flows”. - Egyptian Accounting Standard No. (25) - “Financial Instruments: Presentation. - Egyptian Accounting Standard No. (26) - “Financial Instruments: Recognition and Measurement”. - Egyptian Accounting Standard - EAS No. (40) - “Financial Instruments: Disclosures “	
The new Egyptian Accounting Standard No. (48) - “Revenue from Contracts with Customers”	1- The new Egyptian Accounting Standard No. (48) - “Revenue from Contracts with Customers” shall supersed the following standards and accordingly such standards shall not be applied: a. Egyptian Accounting Standard No. (8) - “Construction Contracts” as amended in 2015. b. Egyptian Accounting Standard No. (11) – “Revenue” as amended in 2015. 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized 5- Expanding in the presentation and disclosure requirements	The management has applied the standard from the financial period ended December 31, 2021.
The new Egyptian Accounting Standard No. (49) "Lease Contracts	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersed and revoke Standard No. (20),” Accounting Rules and Standards related to Financial Leasing” issued in 2015 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company’s assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into	The management has applied the standard from the financial period ended December 31, 2021, and the impact of the application of the standard has been presented in Note No. (8, 21)

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements
	account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. 3- As for the lessor, the company shall classify each lease contract, either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis	
Egyptian Accounting Standard No. (22) as ammended "Earnings per Share"	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The management has applied the standard, and the impact of the application of the standard has been presented in Note No. (29)
Egyptian Accounting Standard No. (4) as ammended "Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The Management has implemented the standard for the financial year started January 1, 2021.

2-2 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.

2-3 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.

(All amounts in Egyptian Pounds unless otherwise stated)

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 is determined based on current purchase price for these assets; while the financial liabilities value is determined based on current prices for which these liabilities settled.
- In the absence of an active market, the fair value is determined using various valuation techniques taking into consideration the transactions recent prices, current fair value for the other similar instruments substantially, discounted cash flows or any other valuation technique which resulting in reliable values.
- When using the discounted cash flow method as a valuation technique, the future cash flows are estimated based on management's best estimates. The discount rate used is determined in the light of the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

4 - SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

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

Subsidiary name	Percentage of participations 31/12/2021 %	Percentage of participations 31/12/2020 %
Oriental Weavers Co. U.S.A.	82.68	82.68
Oriental Weavers International Co.	99.99	99.99
MAC Carpet Mills	58.29	58.29
Egyptian Fibers Co. EFCO	67.87	67.87
Oriental Weavers Co.- China*	99.63	99.63
New Mac	52.02	52.02
Oriental Weavers Textile	71.44	71.44

*Based on the decision of the Board of Directors dated December 7, 2021, it was approved to delegate the executive management to study the position of the Oriental Weavers Co. - China in the light of the company's results for the future period to take the decision either to sell or liquidate and to presented to the Boardof Directors.

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.

Assets and liabilities items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

Non-monetary items that are measured at historical cost in a foreign currency shall be translated using the exchange rates at the date of transaction.

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

c- Depreciation

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

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

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

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

5-4 Projects in Progress

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

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

5-5 Financial assets

Policy applied from the fiscal year ending on December 31, 2021

Equity investments at fair value through other comprehensive income

In initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an instrument- by-instrument basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Policy applied before the fiscal year ending December 31, 2021

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 Leases

The Egyptian Standard “Lease Contracts” No. (49) sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

An entity shall determine the lease term as the non-cancellable period of a lease, together with both:

periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non -lease components and account for the lease and non -lease components as a single lease component .

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received .

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right- of- use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability **.**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate **.**

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased **.**

Lease payments included in the measurement of the lease liability comprise the following **:**

Fixed payments, including in **-** substance fixed payments **;**

Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date **;**

Amounts expected to be payable under a residual value guarantee **;**

and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early **.**

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in- substance fixed lease payment **.**

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right- of- use asset or is recorded in profit or loss if the carrying amount of the right- of- use asset has been reduced to zero**.**

The Company presents right- of- use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

5-9 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.

5-10 Debtors and other debit accounts

Debtors and other debit accounts are stated at amortization cost using the effective interest rate less impairment loss of any amounts expected to be uncollected, and are classified as current assets. Amounts that are expected to be collected after more than one year are classified as non-current assets.

5-11 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.

5-12 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.

5-13 Revenue from contract with customers

Policy applied from the fiscal year ending on December 31, 2021

An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such transfer .

The company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS (15) and is given below :

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met ;

Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer ;

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties ;

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation ;

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation .

The company satisfies the performance obligation and recognizes revenue over time, if one of the following criteria is met:

The customer simultaneously receives and consumes the benefits provided by the entity's performance once the company has performed.

Company performance creates or improves a customer-controlled asset at the same time as the asset is being constructed or improved.

The performance of the company does not create an asset with an alternative use for the company, and that the company has an enforceable right to payment for performance completed to date.

For performance obligations, if any of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied .

If the company fulfils the performance obligation by providing the services that have been promised, this creates an asset based on a contract in exchange for consideration gained from performance. In the event that the consideration received by the customer exceeds the amount of revenue that has been recognized, a contract obligation may arise.

Revenue is measured at the fair value of the consideration received or receivable, after taking into account the contractual terms of payment, and after excluding taxes and fees. The company reviews its revenue arrangements against specific criteria to ascertain whether it is acting as principal or agent .

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that revenue and costs, where applicable, can be measured reliably.

Policy applied before the fiscal year ending on December 31, 2021

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.

5-14 Dividends and interest income

- Income from investments is recognized when the cash distribution declared by the Investee Company and received**.**
- 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.

5-15 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.

5-16 Treasury shares

Treasury shares are stated at cost, and shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of an entity’s own equity instruments. Gain or loss on the dispose of the shares shall be recognized directly in equity.

5-17 Impairment

Policy applied after the fiscal year ended on December 31, 2021

A- Financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by EAS 47, which requires expected lifetime losses to be recognized over the expected life of a financial instrument.

B- Non–financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than, investment property, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU s. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

- The recoverable amount of an asset or CGU 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 asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

- Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Policy applied before the fiscal year ended on December 31, 2021

A- Financial assets

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

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

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

All impairment losses are recognized in income statement, impairment loss on available for sale investment are recognized by reclassifying the losses accumulated in the equity to income statement if the decline in value indicates the occurrence of impairment. The impairment loss is reversed if it is can be related objectively to an event occurring after the impairment loss was recognized. For the financial assets carried at amortized cost and the financial assets which considered debt instruments the impairment is reversed in the income statement and for the financial assets available for sale which is considered equity instruments the impairment is reversed directly in equity.

B- Non-Financial assets

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

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

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

Impairment losses of the other assets that are recognized in the previous years are reviewed at the financial statements date to determine whether there is any indication of impairment.

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

5-18 Income tax

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

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

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amount used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated financial position date.

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

5-19 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.

5-20 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.

5-21 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.

5-22 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.

5-23 Comparative Figures

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

(All amounts in Egyptian Pounds unless otherwise stated)

6- Fixed assets

	Land	Buildings & Constructions	Machinery & equipment	Vehicles	Tools & Supplies	Showrooms Fixture	Furniture & office equipment	Computers	Total
Cost as of 1/1/2020	690 662 767	2 847 477 605	8 433 616 033	265 370 644	131 679 883	110 999 833	137 144 858	226 485 468	**12 843 437 091**
Additions	127 118	7 981 367	284 598 919	16 540 588	5 904 300	11 830 986	3 301 217	13 205 587	**343 490 082**
Disposals	--	(4 304 232)	(8 309 041)	(5 908 107)	(264 878)	--	--	--	**(18 786 258)**
Translation exchange differences	(8 188 158)	(33 020 536)	(119 908 785)	(3 663 005)	(1 191 973)	(18 559)	(1 422 306)	(3 368 103)	**(170 781 425)**
Cost as of 31/12/2020	**682 601 727**	**2 818 134 204**	**8 589 997 126**	**272 340 120**	**136 127 332**	**122 812 260**	**139 023 769**	**236 322 952**	**12 997 359 490**
Additions	40 679 578	16 044 946	350 373 699	6 533 852	9 797 568	9 657 832	4 587 398	18 097 123	**455 771 996**
Disposals	--	(10 035 975)	(160 222 316)	(5 237 814)	(1 306 522)	--	(1 714 829)	(290 926)	**(178 808 382)**
Translation exchange differences	(538 230)	(790 439)	(1 830 821)	(224 889)	(23 964)	(1 492)	(78 273)	(198 104)	**(3 686 212)**
Cost as of 31/12/2021	**722 743 075**	**2 823 352 736**	**8 778 317 688**	**273 411 269**	**144 594 414**	**132 468 600**	**141 818 065**	**253 931 045**	**13 270 636 892**
Accumulated depreciation and impairment as of 1/1/2020	--	1 162 059 531	6 553 176 149	228 326 823	106 561 447	59 783 560	101 404 479	158 200 015	**8 369 512 004**
Depreciation of year	--	101 839 688	359 904 606	14 042 420	7 762 885	19 511 907	5 752 991	29 370 975	**538 185 472**
Impairment losses during the year	--	--	6 512 838	--	--	--	--	--	**6 512 838**
Disposals of accumulated depreciation	--	(1 537 713)	(7 168 381)	(5 841 774)	(264 878)	--	--	--	**(14 812 746)**
Translation exchange differences	--	(14 743 893)	(96 120 682)	(3 059 578)	(1 025 185)	(2 644)	(1 132 275)	(2 217 380)	**(118 301 637)**
Accumulated depreciation and impairment as of 31/12/2020	**--**	**1 247 617 613**	**6 816 304 530**	**233 467 891**	**113 034 269**	**79 292 823**	**106 025 195**	**185 353 610**	**8 781 095 931**
Depreciation of year	--	101 561 867	356 563 505	9 446 951	8 094 620	21 554 711	5 729 728	28 754 308	**531 705 690**
Disposals of accumulated depreciation	--	(6 930 284)	(148 783 070)	(4 995 344)	(1 099 902)	--	(1 643 601)	(261 260)	**(163 713 461)**
Translation exchange differences	--	(413 843)	(1 079 237)	(186 036)	(26 415)	(617)	(63 268)	(151 809)	**(1 921 225)**
Accumulated depreciation and impairment as of 31/12/2021	**--**	**1 341 835 353**	**7 023 005 728**	**237 733 462**	**120 002 572**	**100 846 917**	**110 048 054**	**213 694 849**	**9 147 166 935**
Net book value as of 31/12/2021	**722 743 075**	**1 481 517 383**	**1 755 311 960**	**35 677 807**	**24 591 842**	**31 621 683**	**31 770 011**	**40 236 196**	**4 123 469 957**
Net book value as of 31/12/2020	**682 601 727**	**1 570 516 591**	**1 773 692 596**	**38 872 229**	**23 093 063**	**43 519 437**	**32 998 574**	**50 969 342**	**4 216 263 559**

(All amounts in Egyptian Pounds unless otherwise stated)

7- PROJECTS IN PROGRESS

	31/12/2021	31/12/2020
Buildings under Construction	87 072 164	58 327 888
Machinery & Equipment under installation	9 773 036	11 389 089
Computer systems	--	9 102 609
Letters of credit for purchasing of assets	80 345 771	--
Advance payment for purchasing of Fixed assets	74 333 531	62 400 232
	251 524 502	**141 219 818**

8- RIGHT USE OF ASSETS

	Showroom rent	Oriental weavers USA - rental	Total
Cost at 1/1/2021	--	--	--
The effect of applying the Egyptian Accounting Standard No. (49)	328 920 475	121 891 610	450 812 085
Cost at 31/12/2021	**328 920 475**	**121 891 610**	**450 812 085**
Accumulated depreciation at 1/1/2021	--	--	--
The effect of applying the Egyptian Accounting Standard No. (49)	59 080 522	60 597 335	119 677 857
Accumulated depreciation at 31/12/2021	**59 080 522**	**60 597 335**	**119 677 857**
Net book value at 31/12/2021	**269 839 953**	**61 294 275**	**331 134 228**

9- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Unlisted investments at Egyptian Exchange	Balance as of 31/12/2021	Balance as of 31/12/2020
Egyptian Propylene & Polypropylene Company "E.P. P"	319 502 686	98 353 755
Alahli Bank of Kuwait- Egypt	12 639 818	12 639 818
Orientals for Industrial Development	4 200 000	4 200 000
Prudential company – U.S. A	707 465	515 358
Cambridge Weavers (under liquidation)	3 750	3 750
Trading for Development Export*	1	1
10th of Ramadan for Spinning Industries (under liquidation) *	1	1
Modern Spinning Company (under liquidation) *	1	1
Egyptian for Trade and Marketing*	1	1
	337 053 723	**115 712 681**

During the year, Oriental Weavers International “a subsidiary company” has purchased 38,906 shares of the Egyptian Propylene and Polypropylene for an amount of USD 7,799,115, equivalent to an amount of EGP 122,877,397, the shareholding percentage become 3.66% (2020: 2.25%).

(All amounts in Egyptian Pounds unless otherwise stated)

10- INVENTORY

	31/12/2021	31/12/2020
Raw materials	1 588 196 340	1 257 765 231
Spare parts & materials	277 174 302	287 704 579
Work in process	177 970 704	129 976 110
Finished products	2 050 228 392	1 379 471 741
Letter of credit for purchasing of raw materials	122 982 796	141 876 198
	4 216 552 534	**3 196 793 859**
Less: Impairment in inventory	(1 788 536)	(1 790 939)
	4 214 763 998	**3 195 002 920**

11- TRADES & NOTES RECEIVABLE

	31/12/2021	31/12/2020
Trades receivables	1 854 416 372	1 584 593 035
Notes receivables	309 300 504	361 723 888
	2 163 716 876	**1 946 316 923**
(Less): Expected credit loss – Note No (15)	199 063 881	222 783 982
	1 964 652 995	**1 723 532 941**

- Trades & Notes Receivable include amount of LE 10 187 011 due from related parties at December 31, 2021 result from sales of carpets.

12- DEBTORS AND OTHER DEBIT ACCOUNTS

	31/12/2021	31/12/2020
Prepaid expenses	22 973 515	32 296 705
Tax authority – debit accounts	265 420 588	133 353 549
Deposits with others	48 011 821	46 109 836
Accrued revenues	2 353 110	577 893
Letter of guarantee & letter of credit – cash margin	5 800 778	6 232 281
Petty cash & advance to employees	13 709 256	5 197 076
Suppliers – advance payment	51 513 998	114 929 916
Other debit accounts	20 867 593	22 684 188
	430 650 659	**361 381 444**
(Less):		
(Less): Expected credit loss – Note No (15)	(9 939 789)	(7 959 841)
	420 721 870	**353 421 603**

(All amounts in Egyptian Pounds unless otherwise stated)

13- TREASURY BILLS

	31/12/2021	31/12/2020
Treasury bills (mature in 90 days)	393 318 571	587 136 532
Treasury bills (mature in more than 90 days)	1 209 426 158	1 517 982 805
Less:	**1 602 744 729**	**2 105 119 337**
Unrealized returns	(63 130 174)	(82 657 534)
	1 539 614 555	**2 022 461 803**
(Less): Expected credit loss – Note No (15)	(711 973)	--
	1 538 902 582	**2 022 461 803**

14- CASH AND CASH EQUIVALENTS

	31/12/2021	31/12/2020
Banks – Time deposits	255 308 091	314 997 833
Banks – Current accounts	713 747 137	585 225 743
Checks under collection	--	50 000
Cash on hand	15 362 809	3 671 260
Cash at banks and on hand	**984 418 037**	**903 944 836**
Less:		
(Less): Expected credit loss – Note No (15)	(94 956)	--
	984 323 081	**903 944 836**
Cash and cash equivalents for cash flows statement purposes		
Cash in banks and the fund before the expected credit loss	984 418 037	903 944 836
Term deposits held as security for part of the credit facilities granted to the group	(80 611)	(77 370)
Amounts held by bank in favour of the Customs Authority	--	(13 025 170)
Cash at banks and on hand	**984 337 426**	**890 842 296**
Add: Treasury bills with maturity of 90 days	384 400 141	578 720 655
Cash and cash equivalents for cash flows statement purposes	**1 368 737 567**	**1 469 562 951**

15- Expected credit loss

	Trade receivables	Debtors & other debit balances	Treasury Bills	Cash & cash equivalent	Total
Provision balance at 1/1/2021	222 783 982	7 959 841	--	--	230 743 823
Effect of EAS (47) "financial instruments"at 1jan 2021 Retained earnings	3 449 786	69 700	850 717	100 601	4 470 804
Provision at 1/1/2021 restated	**226 233 768**	**8 029 541**	**850 717**	**100 601**	**235 214 627**
Charge to statement of income	(7 520 934)	2 910 745	(136 666)	(5 049)	(4 751 904)
Used	(17 314 294)	(1 000 166)	--	--	(18 314 460)
Translation differences	(2 334 659)	(331)	(2 078)	(596)	(2 337 664)
Provision balance at 31/12/2021	**199 063 881**	**9 939 789**	**711 973**	**94 956**	**209 810 599**

(All amounts in Egyptian Pounds unless otherwise stated)

16- Issued and paid-up capital

16-1 The company's authorized capital is determined to be L.E 1 000 000 000 (one billion Egyptian pounds).

16-2 The Issued capital is LE 443 404 845 (only four hundred forty-three million and four hundred four thousand and eight hundred forty-five Egyptian pounds) distributed over 443 404 845 shares which LE 421 808 045 (only four hundred twenty-one million and eight hundred eight thousand and forty-five 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 LE 1 each.

16-3 According to the General Assembly meeting held on April 17, 2019 it was unanimously approved to increase the issued capital from reserves by L.E 221 702 423 through distribution of bonus shares by one share for every two shares and it was registered in the Commercial Register on February 18, 2020. The number of shares become 665 107 268 shares with a par value of LE 665 107 268.

16-4 The company's shares are centrally kept at Misr for Central Clearing, Depositary and Registry Co. and those shares are traded in Egyptian exchange.

17- Reserves

	31/12/2021	31/12/2020
Legal reserve	1 174 669 517	1 138 835 482
General reserve	74 488 537	74 488 537
Special reserve	59 973 828	59 973 828
Net assets revaluation reserve	65 767 458	65 767 458
Capital reserve	152 593 444	147 068 628
Unrealized gain from available for sale investments	99 412 981	1 037 678
	1 626 905 765	**1 487 171 611**

18- Non-Controlling interest

	Non controlling interest in Equity	Non controlling interest in comprehensive income	Balance as of 31/12/2021	Balance as of 31/12/2020
Orientals Weavers international Co (O.W.I)	198 941	39 450	238 391	222 777
MAC Carpet Mills	335 759 646	50 623 396	386 383 042	397 242 637
Egyptian Fibres Co. EFCO	105 182 320	42 846 540	148 028 860	134 185 006
Oriental Weavers – China	74 714	(154 938)	(80 224)	74 714
New MAC	2 473 247	1 526 008	3 999 255	4 418 364
Oriental Weavers Textile	246 848 428	32 262 895	279 111 323	285 171 263
Oriental Weavers Co. U.S.A.	125 177 487	(2 175 815)	123 001 672	125 755 374
	815 714 783	**124 967 536**	**940 682 319**	**947 070 135**

(All amounts in Egyptian Pounds unless otherwise stated)

20- HOUSING AND DEVELOPMENT BANK LOAN

	31/12/2021	31/12/2020
Balance of this item represents the remaining amount due to Housing and Development Bank against purchasing housing units for employees in 10th of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.	--	69 200
Instalments due within one year were classified as part of current liabilities under the item of long-term liabilities – current portion.	--	(28 921)
	--	**40 279**

21- LEASE CONTRACTS LIABILITY

	Due within one year	Due more than one year	Balance at 31/12/2021
Oriental Weavers Co. U.S.A.	25 007 472	40 741 197	65 748 669
Exhibitions	62 140 783	228 017 552	290 158 335
	87 148 255	**268 758 749**	**355 907 004**

22- DEFERRED TAX LIABILITIES

-Deferred tax Assets and liabilities

	31/12/2021		31/12/2020	
	Assets	(Liabilities)	Assets	(Liabilities)
Temporary tax differences – O.W. (USA)	11 872 560	--	14 667 081	--
Fixed assets	--	(177 126 413)	--	(159 147 828)
Total deferred tax assets / (liabilities)	**11 872 560**	**(177 126 413)**	**14 667 081**	**(159 147 828)**
Net deferred tax (liabilities)	--	**(165 253 853)**	--	**(144 480 747)**

-The movement of deferred tax liabilities is shown below:

	31/12/2021		31/12/2020	
	Assets	(Liabilities)	Assets	(Liabilities)
Beginning balance	14 667 081	(159 147 828)	15 815 014	(156 991 818)
Charged to the statement of income	(2 773 311)	(17 978 585)	(851 824)	(2 156 010)
Translation Difference	(21 210)	--	(296 109)	--
Ending balance	**11 872 560**	**(177 126 413)**	**14 667 081**	**(159 147 828)**

(All amounts in Egyptian Pounds unless otherwise stated)

23- Provisions

	Balance as of 1/1/2021	Formed during the year	Used during the year	No longer needed	Translation differences	Balance as of 31/12/2021
Provisions for claims	**90 027 046**	36 973 097	(21 986 755)	(3 722 564)	(12 458)	**101 278 366**
	90 027 046	**36 973 097**	**(21 986 755)**	**(3 722 564)**	**(12 458)**	**101 278 366**

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

24- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 3 029 042 301as of December 31, 2021 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- LONG TERM LIABILITIES - CURRENT PORTION

	31/12/2021	31/12/2020
Long term loan	--	99 466 866
Housing and Development Bank loan	--	28 921
	--	**99 495 787**

26- TRADES & NOTES PAYABLE

	31/12/2021	31/12/2020
Trades payable	927 826 025	754 518 636
Notes Payable	177 421 031	92 226 085
	1 105 247 056	**846 744 721**

27- CREDITORS AND OTHER CREDIT ACCOUNTS

	31/12/2021	31/12/2020
Accrued expenses	127 008 077	94 347 546
Tax authority	19 974 439	31 487 341
Social insurance authority	19 879 941	16 742 548
Trade receivable – advance payment	214 613 354	239 959 620
Creditors – purchases of fixed assets	4 993 956	7 819 830
Credit balances - related parties	14 656 675	146 789 201
Deposits from others	154 654 531	172 558 423
Other credit accounts	29 396 733	32 273 470
	585 177 706	**741 977 979**

(All amounts in Egyptian Pounds unless otherwise stated)

28- FINANCE EXPENSES

	31/12/2021	**31/12/2020**
Bank interest	170 923 850	104 079 183
Interest of lease contracts liabilities	26 125 171	--
	197 049 021	**104 079 183**

29- Basic earnings per share in the separate financial statements

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

	31/12/2021	**31/12/2020**
Net profit for the year in the separate financial statements	865 076 860	549 339 917
Less:		
Proposed employees share in distributions	60 000 000	49 000 000
Proposed Board members remuneration	12 200 000	3 200 000
	792 876 860	**497 139 917**
Average of shares number available during the year	665 107 268	665 107 268
Basic earnings per share in the separate financial statements	**1.19**	**0.75**

30- Effect of EAS (47) "financial instruments"

	Balance as of 1/1/2021	**Effect of EAS (47) "financial instruments"**	**Balance as of 2021/12/31 – restated**
Retained earnings	348 205 426	(2 162 429)	346 042 997
Non-controlling interest	947 070 135	(2 308 375)	944 761 760
Expected credit loss	230 743 823	4 470 804	235 214 627

31- CONTINGENT LIABILITIES

Letter of Guarantees Issued by Banks in favour of the company and its subsidiaries to third parties as of December 31, 2021 amounted to L.E 61 668 794. The contingent liabilities from letter of credit in that date amounted to L.E 313 594 512.

32- CAPITAL COMMITMENTS

The capital commitments as of December 31, 2021 amounted to L.E 38 360 544 represents the value of new extension related to showrooms and completion of construction in progress.

33- TAX POSITION

33-1 Corporate Tax

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

(All amounts in Egyptian Pounds unless otherwise stated)

33-2 Salaries & Wages Tax

- The company has been inspected till December 31, 2019 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

33-3 Sales Tax

- The company has been inspected till December 31, 2019 and the assessed tax differences were paid.
- The company submits the monthly tax return on the legal dates.

33-4 Stamp Duty Tax

- The company was inspected and the tax has been settled till December 31, 2017.
- The company submits the tax return on the legal dates.

33-5 Real estate Tax

- The tax has been assessed and paid till December 31, 2021.

34- FINANCIAL INSTRUMENTS AND RISK MANAGMENT

A- Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers and all kind of receivables.
The company's management has established a credit policy under which each customer is analysed individually for creditworthiness and these limits are reviewed on an on-going basis.

The maximum exposure to credit risk at the date of the consolidated financial statements as follows:

	Note №	31/12/2021	31/12/2020
Trades and notes receivable	(11)	1 964 652 995	1 723 532 941
Debtors and other debit accounts	(12)	420 710 870	346 027 455
		2 385 363 865	**2 069 560 396**

B- Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.
The company confirmed it is acquired enough amount of cash to meet operating expenses. In addition, the company to preserve the credit facility granted to it by banks.

C- Market risk

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

Exchange rate risk

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

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

Interest rate risk

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

D - Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders and other beneficiaries who are using the financial statements through the optimal use of equity. Management seeks the best alternatives to maintain a better capital structure for the group through either dividend payment to shareholders, capital reduction, issuance of new shares, and or debt settlement.

35- SIGNIFICANT EVENTS

Countries all over the world including Egypt have faced the spread of coronavirus which had a huge impact on the economy a whole. Most probably this will lead to a decrease in the economic activities on the upcoming period. This may have a material impact on certain balance of the assets, liabilities and the operation outcome in the next period. It is not possible to calculate the effect of these events on the meantime. Hence, the information is solely based on the forecasting conducted for the time period that these events are occurring and when it is projected to end as well as the aftermath that follows.

19- Long term loans

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2021	Balance as of 31/12/2021 current portion due in one year	Balance as of 31/12/2021 long term installments	Balance as of 31/12/2020 current portion due in one year	Balance as of 31/12/2020 long term installments	Terms of Payment
Qatar National Bank Alahli (1)	EURO	**3 600 000**	**182 248 337**	44 701 329	137 547 008	20 124 063	40 248 127	The principal of the loan shall be settled over 7 equal half annually starting from 31/1/2020 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
Qatar National Bank Alahli (2)	USD	**4 563 473**	**42 246 002**	21 123 001	21 123 001	22 925 052	45 850 103	The principal of the loan shall be settled over 7 equal half annually starting from 31/1/2020 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
Qatar National Bank Alahli (3)	USD	**5 000 000**	--	--	--	21 017 920	31 526 881	The principal of the loan shall be settled over 5 equal half annually starting from 31/1/2020 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
Attijari wafa bank	USD	**5 250 000**	**39 549 046**	26 366 041	13 183 005	26 401 466	39 602 183	The principal of the loan shall be settled over 7 equal half annually installments starting from 31/1/2020 till 31/5/2023 , the interest and commission shall be computed and paid upon its due date.
Emirates NBD Egypt bank	USD	**8 000 000**	**106 430 412**	--	106 430 412	--	--	The principal of the loan shall be settled over 12 quarterly installments starting after the end of the grace period that ends no later than 12 months from the date of the first withdrawal.
Export development bank	USD	**1 000 000**	**8 268 750**	--	8 268 750	--	4 260 600	The principal of the loan shall be settled over 8 equal quarterly installments starting after the end of the grace period.
Alex bank	EURO	**1 800 000**	**8 324 064**	--	8 324 064	--	--	The principal of the loan shall be settled over 9 equal half annually installments starting from 17/2/2022 till 17/2/2026 , the interest and commission shall be computed and paid upon its due date.
Loans from Other Banks	USD	**19 868 663**	**40 088 583**	29 951 125	10 137 458	8 998 365	45 031 941	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
			427 155 194	**122 141 496**	**305 013 698**	**99 466 866**	**206 519 835**	