ORIENTAL WEAVERS CARPETS COMPANY

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For The Financial period ended June 30, 2022

Together With Limited Review Report

Contents	Page
Limited review report	1-2
Consolidated statement of financial position	3
Consolidated statement of income	4
Consolidated statement of comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 -33

Translation from Arabic

Limited Review Report

To The Members of Boards of Directors Of
ORIENTAL WEAVERS CARPETS COMPANY

Introductory

We have reviewed the accompanying consolidated financial position of Oriental Weavers Carpets Company "S.A.E" as of June 30, 2022 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow 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 represent 13.40 % and their total revenues represents 21.07 % 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 consolidated interim financial statements do not give a true and fair view for the consolidated financial position of the Company as of June 30, 2022 and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo: August 14, 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 June 30, 2022

(All amounts are in Egyptian Pounds)

Non-current assets	**Note №**	30/6/2022	31/12/2021
Fixed assets	(6)	4 349 879 755	4 123 469 957
Projects in progress	(7)	528 212 193	251 524 502
Right of use assets	(8)	332 716 680	331 134 228
Investments at fair value through other comprehensive income	(9)	399 459 115	337 053 723
Total non-current assets		**5 610 267 743**	**5 043 182 410**
Current assets			
Inventory	(10)	5 672 891 179	4 214 763 998
Trades and notes receivable	(11)	2 416 701 623	1 964 652 995
Debtors and other debit accounts	(12)	442 594 696	420 710 870
Treasury bills	(13)	737 994 912	1 538 902 582
Cash at banks and on hand	(14)	1 620 275 254	984 323 081
Total current assets		**10 890 457 664**	9 123 353 526
Total assets		**16 500 725 407**	14 166 535 936
Equity			
Issued and paid-up capital	(16)	665 107 268	665 107 268
Reserves	(17)	1 710 418 556	1 626 905 765
Retained earnings		546 548 502	397 583 842
Net profit for the year		447 364 548	1 085 407 428
Exchange differences arising on translation of financial statements		4 524 850 607	3 541 296 155
Total equity attributable to the parent company		7 894 289 481	**7 316 300 458**
Non-controlling interest	(18)	964 533 546	940 682 319
Total equity		**8 858 823 027**	**8 256 982 777**
Non current liabilities			
Long term loans	(19)	304 728 302	305 013 698
lease contracts liabilities	(20)	267 085 880	268 758 749
Deferred tax liabilities	(21)	158 955 466	165 253 853
Total non current liabilities		**730 769 648**	**739 026 300**
Current liabilities			
Provisions	(22)	81 925 166	101 278 366
Banks-Credit accounts	(23)	4 320 507 096	3 029 042 301
lease contracts liabilities - current portion	(20)	98 618 274	87 148 255
Long term liabilities - current portion	(19)	181 958 058	122 141 496
Trades and notes payable	(24)	1 466 373 540	1 105 247 056
Dividends payable		87 873 640	15 902 661
Creditors and other credit accounts	(25)	599 174 497	585 177 706
Tax payable		74 702 461	124 589 018
Total current liabilities		**6 911 132 732**	**5 170 526 859**
Total liabilities		**7 641 902 380**	**5 909 553 159**
Total equity and liabilities		**16 500 725 407**	**14 166 535 936**

The accompanying notes from №.(1) to №. (32) form an integral part of these consolidated financial statements.
Limited review 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 period ended June 30, 2022

(All amounts are in Egyptian Pounds)

	Note №	From 1/4/2022 To 30/6/2022	From 1/1/2022 To 30/6/2022	From 1/4/2021 To 30/6/2021	From 1/1/2021 To 30/6/2021
Net sales		3 246 506 612	6 511 466 043	2 851 898 287	5 615 281 155
Less:					
Cost of sales		2 864 292 315	5 772 482 780	2 350 581 587	4 633 050 115
Gross profit		**382 214 297**	**738 983 263**	**501 316 700**	**982 231 040**
Add / (less):					
Financial investments revenues		25 667 445	25 667 445	7 036 014	8 545 925
Capital gain		2 446 430	1 457 745	6 987 895	11 125 962
Other revenues		73 815 050	238 932 760	16 153 856	26 433 808
Treasury bills returns		20 127 957	65 478 717	39 051 626	97 566 953
Interest income		13 013 212	20 042 229	5 016 381	8 188 415
Distribution expenses		(38 718 758)	(80 094 728)	(34 975 495)	(72 696 717)
General and administrative expenses		(107 577 058)	(218 039 955)	(88 272 639)	(176 014 901)
Reverse of expected credit loss		(20 052 501)	(7 171 023)	--	--
Formed provisions and impairment		--	--	(3 941 675)	(6 579 711)
Finance expenses	(26)	(66 260 679)	(125 713 647)	(49 289 480)	(97 117 813)
Foreign exchange differences		(19 905 915)	(84 961 648)	(587 201)	(3 739 163)
Net profit for the year before income tax		**264 769 480**	**574 581 158**	**398 495 982**	**777 943 798**
(Less):					
Current income tax		(42 660 293)	(93 923 057)	(73 520 224)	(110 833 570)
Deferred tax		2 470 007	3 981 000	1 335 029	2 396 397
Income tax for the year		**(40 190 286)**	**(89 942 057)**	**(72 185 195)**	**(108 437 173)**
Net profit for the year after income tax		**224 579 194**	**484 639 101**	**326 310 787**	**669 506 625**
Attributable to:					
The parent company		211 100 191	447 364 548	299 287 234	599 009 408
Non-controlling interest		13 479 003	37 274 553	27 023 553	70 497 217
		224 579 194	**484 639 101**	**326 310 787**	**669 506 625**
Basic earnings per share in the separate financial statements	(27)	**0.16**	**1.12**	**1.01**	**1.13**

The accompanying notes from №.(1) to №. (32) 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**

Translation from Arabic

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of comprehensive income for the financial period ended June 30, 2022

(All amounts are in Egyptian Pounds)

	From 1/4/2022 To 30/6/2022	From 1/1/2022 To 30/6/2022	From 1/4/2021 To 30/6/2021	From 1/1/2021 To 30/6/2021
Net profit for the year	224 579 194	484 639 101	326 310 787	669 506 625
Other comprehensive income				
Changes in fair value of investments	3 207 305	19 113 646	14 536	98 174 434
Translation exchange differences	159 396 626	1 071 230 238	(60 124)	(15 712 176)
Total other comprehensive (loss) after tax	**162 603 931**	**1 090 343 884**	**(45 588)**	**82 462 258**
Total comprehensive income for the year	**387 183 125**	**1 574 982 985**	**326 265 199**	**751 968 883**
Attributable to:				
The parent company	361 895 957	1 450 041 558	299 181 917	682 783 248
Non-controlling interest	25 287 168	124 941 427	27 083 282	69 185 635
	387 183 125	**1 574 982 985**	**326 265 199**	**751 968 883**

The accompanying notes from №. (1) to №. (32) 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 period ended June 30, 2022

(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 1/1/2021	**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**
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)**	(128 469 096)	**(970 246 703)**
Adjustments related to consolidated statements	--	--	(2 759 127)	--	--	**(2 759 127)**	(577 876)	**(3 337 003)**
Total comprehensive income for the year	--	98 141 611	--	599 009 408	(14 367 771)	**682 783 248**	69 185 635	**751 968 883**
Balance at 30/6/2021	**665 107 268**	**1 626 672 072**	**399 749 074**	**599 009 408**	**3 531 189 589**	**6 821 727 411**	**887 208 798**	**7 708 936 209**
Balance at 1/1/2022	**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**
Transferred to reserves	--	64 390 233	--	(64 390 233)	--	--	--	--
Transferred to retained earning	--	--	1 021 017 195	(1 021 017 195)	--	--	--	--
Dividends	--	--	(872 052 535)	--	--	**(872 052 535)**	(101 090 200)	(973 142 735)
Total Comprehensive income for the year	--	19 122 558	--	447 364 548	983 554 452	**1 450 041 558**	124 941 427	1 574 982 985
Balance at 30/6/2022	**665 107 268**	**1 710 418 556**	**546 548 502**	**447 364 548**	**4 524 850 607**	**7 894 289 481**	**964 533 546**	**8 858 823 027**

The accompanying notes from №.(1) to №. (32) 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 period ended June 30, 2022

(All amounts are in Egyptian Pounds)

	Note №	30/6/2022	30/6/2021
Cash flows from operating activities			
Net profit for the period before income tax		574 581 158	777 943 798
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		290 331 529	265 529 775
Depreciation of right of use assets		44 955 601	57 419 575
Formed provisions and impairment		--	6 579 711
Reverse of expected credit loss		7 171 023	--
Interest income		(20 042 229)	(8 188 415)
Finance expenses		125 713 647	97 117 813
Financial investments revenues		(25 667 445)	(8 545 925)
Capital (gain)		(1 457 745)	(11 125 962)
Operating profits before changes in working capital		**995 585 539**	**1 176 730 370**
Change in:			
Inventory		(914 784 467)	(510 401 121)
Trades and notes receivable and debit accounts		(97 253 104)	(237 335 806)
Trades and notes payable and credit accounts		16 452 039	7 313 662
Cash flows provided by operating activities		**7**	**436 307 105**
Proceeds from interest income		20 042 229	8 188 415
Finance expenses paid		(125 713 647)	(97 117 813)
Income tax paid		(90 283 684)	(110 798 658)
Net cash flows (used in) provided by operating activities		**(195 955 095)**	**236 579 049**
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(370 267 145)	(223 145 350)
(Payments) for financial investments		--	(122 877 397)
Proceeds from financial investments		25 667 445	8 545 925
Proceeds from sale of fixed assets		6 638 961	26 678 531
Proceeds (payments) to treasury bills due more than three months		748 678 553	175 990 502
Net cash flows provided by (used in) investing activities		**410 717 814**	**(134 807 789)**
Cash flows from financing activities			
Proceeds from banks-credit accounts		1 007 616 528	467 870 306
Dividends paid and payments for non-controlling interest		(901 171 753)	(928 368 925)
Lease contracts liabilities paid		(72 603 607)	(42 911 541)
Exchange differences arising from translation of financial statements		102 690 005	1 965 468
Proceeds (payments) to long term loans		53 721 099	(67 214 488)
Net cash flows provided by (used in) financing activities		**190 252 272**	**(568 659 180)**
Net change in cash and cash equivalents during the year		**405 014 991**	**(466 887 920)**
Cash and cash equivalents at the beginning of the year		1 368 737 567	1 469 562 951
Translation exchange differences related to cash and cash equivalents		129 463 277	(2 019 287)
Cash and cash equivalents at end of the year represents in:		**1 903 215 835**	**1 000 655 744**
Cash and cash equivalents	(14)	1 620 452 937	893 298 223
Treasury bills	(13)	737 994 912	1 373 339 785
Treasury bills due more than three months		(455 232 014)	(1 265 982 264)
Cash and cash equivalents		**1 903 215 835**	**1 000 655 744**

The amounts of LE (770 252 894) of the working capital items, LE (521 481 030) of the investment activities, LE 410 869 477 of the financing activities has been eliminated against the amount of LE (880 864 447) of the translation differences.

The accompanying notes from №. (1) to №. (32) 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.

(All amounts in Egyptian Pounds unless otherwise stated)

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.

  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.	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
	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 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	The management has applied the standard from the financial period ended December 31, 2021, and the impact of the application of the standard

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements
	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 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	has been presented in Note No. (8, 21)
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 30/6/2022 %	Percentage of participations 31/12/2021 %
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 Board of Directors. And according to the decision of the Board of Directors dated August 9, 2022, it was approved to sell the Group's investments in state of China and to accept the submitted offer to sell its entire stake in Oriental Weavers Co. – China.

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.

ncome 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- <u>Financial assets</u>

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 period.

(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 1/1/2021	**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**
Additions	62 804	2 418 353	35 426 238	651 330	2 833 208	1 172 571	2 405 737	1 624 056	**46 594 298**
Disposals	--	(1 136 158)	(30 224 834)	(995 261)	(810 566)	(5 524 123)	(458 004)	(1 105 887)	**(40 254 833)**
Translation exchange differences	83 075 506	369 092 384	1 390 739 262	40 913 814	14 896 778	219 910	14 915 954	36 954 643	**1 950 808 250**
Cost as of 30/6/2022	**805 881 385**	**3 193 727 315**	**10 174 258 354**	**313 981 152**	**161 513 834**	**128 336 958**	**158 681 752**	**291 403 858**	**15 227 784 607**
Accumulated depreciation and impairment as of 1/1/2021	--	**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**
Depreciation of period	--	60 293 649	194 856 680	4 789 094	4 450 162	9 940 974	3 159 416	12 841 554	**290 331 529**
Disposals of accumulated depreciation	--	(447 820)	(26 650 848)	(954 808)	(723 681)	(4 901 051)	(404 607)	(990 803)	**(35 073 617)**
Translation exchange differences	--	191 554 289	1 190 747 242	35 033 656	12 687 213	162 476	12 420 154	32 874 977	**1 475 480 006**
Accumulated depreciation and impairment as of 30/6/2022	--	**1 593 235 471**	**8 381 958 802**	**276 601 404**	**136 416 266**	**106 049 316**	**125 223 017**	**258 420 577**	**10 877 904 853**
Net book value as of 30/6/2022	**805 881 385**	**1 600 491 844**	**1 792 299 552**	**37 379 747**	**25 097 568**	**22 287 642**	**33 458 735**	**32 983 281**	**4 349 879 755**
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**

(All amounts in Egyptian Pounds unless otherwise stated)

7- PROJECTS IN PROGRESS

	30/6/2022	31/12/2021
Buildings under Construction	120 596 498	87 072 164
Machinery & Equipment under installation	326 390 600	9 773 036
Letters of credit for purchasing of assets	28 427 124	80 345 771
Advance payment for purchasing of Fixed assets	52 797 971	74 333 531
	528 212 193	**251 524 502**

8- RIGHT USE OF ASSETS

	Showroom rent	Oriental weavers USA - rental	Total
Cost at 1/1/2022	328 920 475	121 891 610	450 812 085
Additions	48 334 629	--	48 334 629
Disposals	(16 126 274)	--	(16 126 274)
Translation difference	--	23 791 850	23 791 850
Cost at 30/6/2022	**361 128 830**	**145 683 460**	**506 812 290**
Accumulated depreciation at 1/1/2022	59 080 522	60 597 335	119 677 857
Depreciations during the period	31 360 944	13 594 657	44 955 601
Disposals	(3 398 286)	--	(3 398 286)
Translation difference	--	12 860 438	12 860 438
Accumulated depreciation at 30/6/2022	**87 043 180**	**87 052 430**	**174 095 610**
Net book value at 30/6/2022	**274 085 650**	**58 631 030**	**332 716 680**
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 30/6/2022	Balance as of 31/12/2021
Egyptian Propylene & Polypropylene Company "E.P. P"	381 865 910	319 502 686
Alahli Bank of Kuwait- Egypt	12 639 822	12 639 818
Orientals for Industrial Development	4 200 000	4 200 000
Prudential company – U.S. A	749 629	707 465
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
	399 459 115	**337 053 723**

(All amounts in Egyptian Pounds unless otherwise stated)

10- INVENTORY

	30/6/2022	31/12/2021
Raw materials	2 643 211 823	1 588 196 340
Spare parts & materials	315 258 553	277 174 302
Work in process	214 569 545	177 970 704
Finished products	2 296 695 697	2 050 228 392
Letter of credit for purchasing of raw materials	205 293 198	122 982 796
	5 675 028 816	**4 216 552 534**
Less: Impairment in inventory	(2 137 637)	(1 788 536)
	5 672 891 179	**4 214 763 998**

11- TRADES & NOTES RECEIVABLE

	30/6/2022	31/12/2021
Trades receivables	2 213 887 281	1 854 416 372
Notes receivables	392 364 102	309 300 504
	2 606 251 383	**2 163 716 876**
(Less): Expected credit loss – Note No (15)	(189 549 760)	(199 063 881)
	2 416 701 623	**1 964 652 995**

- Trades & Notes Receivable include amount of LE 3 358 813 due from related parties at June 30, 2022 result from sales of carpets.

12- DEBTORS AND OTHER DEBIT ACCOUNTS

	30/6/2022	31/12/2021
Prepaid expenses	36 866 819	22 973 515
Tax authority – debit accounts	270 800 415	265 420 588
Deposits with others	50 930 709	48 011 821
Accrued revenues	3 184 768	2 353 110
Letter of guarantee & letter of credit – cash margin	6 038 003	5 800 778
Petty cash & advance to employees	25 937 302	13 709 256
Suppliers – advance payment	37 733 140	51 513 998
Other debit accounts	15 055 222	20 867 593
	446 546 378	**430 650 659**
(Less):		
(Less): Expected credit loss – Note No (15)	(3 951 682)	(9 939 789)
	442 594 696	**420 710 870**

(All amounts in Egyptian Pounds unless otherwise stated)

13- TREASURY BILLS

	30/6/2022	31/12/2021
Treasury bills (mature in 90 days)	297 307 231	393 318 571
Treasury bills (mature in more than 90 days)	476 575 355	1 209 426 158
Less:	**773 882 586**	**1 602 744 729**
Unrealized returns	(34 714 433)	(63 130 174)
	739 168 153	**1 539 614 555**
(Less): Expected credit loss – Note No (15)	(1 173 241)	(711 973)
	737 994 912	**1 538 902 582**

14- CASH AND CASH EQUIVALENTS

	30/6/2022	31/12/2021
Banks – Time deposits	214 651 081	255 308 091
Banks – Current accounts	1 398 372 688	713 747 137
Cash on hand	7 510 599	15 362 809
Cash at banks and on hand	**1 620 534 368**	**984 418 037**
Less:		
(Less): Expected credit loss – Note No (15)	(259 114)	(94 956)
	1 620 275 254	**984 323 081**
Cash and cash equivalents for cash flows statement purposes		
Cash in banks and the fund before the expected credit loss	1 620 534 368	984 418 037
Term deposits held as security for part of the credit facilities granted to the group	(81 431)	(80 611)
Cash at banks and on hand	**1 620 452 937**	**984 337 426**
Add: Treasury bills with maturity of 90 days	282 762 898	384 400 141
Cash and cash equivalents for cash flows statement purposes	**1 903 215 835**	**1 368 737 567**

15- Expected credit loss

	Trade receivables	Debtors & other debit balances	Treasury Bills	Cash & cash equivalent	Total
Provision at 1/1/2022 restated	**199 063 881**	**9 939 789**	**711 973**	**94 956**	**209 810 599**
Charge to statement of income	5 924 929	655 065	446 981	144 048	7 171 023
Used	(40 673 446)	(6 884 761)	--	--	(47 558 207)
Translation differences	25 234 396	241 589	14 287	20 110	25 510 382
Provision balance at 30/6/2022	**189 549 760**	**3 951 682**	**1 173 241**	**259 114**	**194 933 797**

(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 665 107 268 (only six hundred sixty-five million and one hundred seven thousand and two hundred sixty-eight Egyptian pounds) distributed over 665 107 268 at a value of LE 1 each.

16-3 The company's shares are centrally kept at Misr for Central Clearing, Depositary and Registry Co. and those shares are traded in Egyptian exchange.

17- Reserves

	30/6/2022	**31/12/2021**
Legal reserve	1 224 840 202	1 174 669 517
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	166 812 992	152 593 444
Unrealized gain from available for sale investments	118 535 539	99 412 981
	1 710 418 556	**1 626 905 765**

18- Non-Controlling interest

	Non controlling interest in Equity	**Non controlling interest in comprehensive income**	**Balance as of 30/6/2022**	**Balance as of 31/12/2021**
Orientals Weavers international Co (O.W.I)	209 538	55 530	265 068	238 391
MAC Carpet Mills	334 080 257	17 808 729	351 888 986	386 383 042
Egyptian Fibres Co. EFCO	117 803 745	30 657 690	148 461 435	148 028 860
Oriental Weavers – China	(80 224)	(30 602)	(110 826)	(80 224)
New MAC	2 265 677	1 539 751	3 805 428	3 999 255
Oriental Weavers Textile	262 311 454	58 059 359	320 370 813	279 111 323
Oriental Weavers Co. U.S.A.	123 001 672	16 850 970	139 852 642	123 001 672
	839 592 119	**124 941 427**	**964 533 546**	**940 682 319**

(All amounts in Egyptian Pounds unless otherwise stated)

19- Long term loans

BANK	Loan Currency	Principal of Loan in original Currency	Balance of the Loan as of 30/6/2022	Balance as of 30/6/2022 current portion due in one year	Balance as of 30/6/2022 long term installments	Balance as of 31/12/2021 current portion due in one year	Balance as of 31/12/2021 long term installments	Terms of Payment
Qatar National Bank Alahli (1)	EURO	**3 600 000**	**30 894 668**	20 596 445	10 298 223	18 542 195	18 542 195	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)	EURO	**4 563 473**	**35 194 828**	23 463 244	11 731 584	21 123 001	21 123 001	The principal of the loan shall be settled over 7 equal halves 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**	**23 512 922**	23 512 922	--	20 275 640	10 137 458	The principal of the loan shall be settled over 5 equal halves annually starting from 31/1/2021 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
Attijari wafa bank	USD	**5 250 000**	**135 588 691**	31 512 368	104 076 323	26 366 041	13 183 005	The principal of the loan shall be settled over 7 equal halves 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**	**34 692 101**	34 692 101	--	9 675 485	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**	**5 175 500**	--	5 175 500	--	8 268 750	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**	**40 519 498**	--	40 519 498	--	8 324 064	The principal of the loan shall be settled over 9 equal halves annually installments starting from 17/2/2022 till 17/2/2026, the interest and commission shall be computed and paid upon its due date.
Emirates NBD Egypt bank	USD	7 **000** 000	**99 797 832**	24 949 458	74 848 374	5 065 926	55 725 190	The principal of the loan shall repay over 12 quarterly installments starting after the end of the grace period that ends no later than 12 months form the date of the first withdrawal.
Attijari wafa bank	EURO	**5 000 000**	**81 310 320**	23 231 520	58 078 800	21 093 208	63 279 623	The principal of the loan shall be settled over 8 equal halves annually installments starting from 30/6/2022 till 30/12/2025, the interest and commission shall be computed and paid upon its due date.
			486 686 360	**181 958 058**	**304 728 302**	**122 141 496**	**305 013 698**	

(All amounts in Egyptian Pounds unless otherwise stated)

20- LEASE CONTRACTS LIABILITY

	Due within one year	Due more than one year	Balance at 30/6/2022
Oriental Weavers Co. U.S.A.	29 430 362	34 349 142	63 779 504
Exhibitions	69 187 912	232 736 738	301 924 650
	98 618 274	**267 085 880**	**365 704 154**

21- DEFERRED TAX LIABILITIES

-Deferred tax Assets and liabilities

	30/6/2022		31/12/2021	
	Assets	(Liabilities)	Assets	(Liabilities)
Temporary tax differences – O.W. (USA)	14 189 947	--	11 872 560	--
Fixed assets	--	(173 145 413)	--	(177 126 413)
Total deferred tax assets / (liabilities)	**14 189 947**	**(173 145 413)**	**11 872 560**	**(177 126 413)**
Net deferred tax (liabilities)	--	**(158 955 466)**	--	**(165 253 853)**

-The movement of deferred tax liabilities is shown below:

	30/6/2022		31/12/2021	
	Assets	(Liabilities)	Assets	(Liabilities)
Beginning balance	11 872 560	(177 126 413)	14 667 081	(159 147 828)
Charged to the statement of income	--	3 981 000	(2 773 311)	(17 978 585)
Translation Difference	2 317 387	--	(21 210)	--
Ending balance	**14 189 947**	**(173 145 413)**	**11 872 560**	**(177 126 413)**

(All amounts in Egyptian Pounds unless otherwise stated)

22- Provisions

	Balance as of 1/1/2022	Formed during the year	Used during the year	No longer needed	Translation differences	Balance as of 30/6/2022
Provisions for claims	**101 278 366**	--	(19 445 594)	--	92 394	**81 925 166**
	101 278 366	**--**	**(19 445 594)**	**--**	**92 394**	**81 925 166**

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.

23- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 4 320 507 096 as of June 30, 2022 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.

24- TRADES & NOTES PAYABLE

	30/6/2022	31/12/2021
Trades payable	1 120 122 668	927 826 025
Notes Payable	346 250 872	177 421 031
	1 466 373 540	**1 105 247 056**

Trades & Notes payables include amount of LE 499 898 due to related parties at June 30, 2022 result from purchase of raw materials.

25- CREDITORS AND OTHER CREDIT ACCOUNTS

	30/6/2022	31/12/2021
Accrued expenses	132 894 207	127 008 077
Tax authority	34 573 616	19 974 439
Social insurance authority	23 773 149	19 879 941
Trade receivable – advance payment	195 080 754	214 613 354
Creditors – purchases of fixed assets	840 155	4 993 956
Credit balances - related parties	15 449 045	14 656 675
Deposits from others	155 465 781	154 654 531
Other credit accounts	41 097 790	29 396 733
	599 174 497	**585 177 706**

(All amounts in Egyptian Pounds unless otherwise stated)

26- FINANCE EXPENSES

	30/6/2022	30/6/2021
Bank interest	105 155 863	82 646 389
Interest of lease contracts liabilities	20 557 784	14 471 424
	125 713 647	**97 117 813**

27- Basic earnings per share in the separate financial statements

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

	30/6/2022	30/6/2021
Net profit for the period in the separate financial statements	748 019 807	752 377 214
Average of shares number available during the period	665 107 268	665 107 268
Basic earnings per share in the separate financial statements	**1.12**	**1.13**

28- CONTINGENT LIABILITIES

Letter of Guarantees Issued by Banks in favour of the company and its subsidiaries to third parties as of June 30, 2022 amounted to L.E 77 223 102. The contingent liabilities from letter of credit in that date amounted to L.E 969 006 458.

29- CAPITAL COMMITMENTS

The capital commitments as of June 30, 2022 amounted to L.E 93 278 410 represents the value of new extension related to showrooms and completion of construction in progress.

30- 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.

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.

(All amounts in Egyptian Pounds unless otherwise stated)

33-5 Real estate Tax

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

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 №	30/6/2022	31/12/2021
Trades and notes receivable	(11)	2 416 701 623	1 964 652 995
Debtors and other debit accounts	(12)	442 594 696	420 710 870
		2 859 296 319	**2 385 363 865**

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.

32- 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.