

ORIENTAL WEAVERS CARPETS COMPANY
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For The Financial period ended March 31, 2023
Together With Limited Review Report

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Translation from Arabic

Limited Review Report

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

Introductory

We have reviewed the accompanying consolidated financial position of Oriental Weavers Company for Carpets “S.A.E” at March 31, 2023 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the three months then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

Scope of limited review

We conducted our review in accordance with the Egyptian Standard on Review Engagements (2410). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view for the consolidated financial position of the Company as of March 31, 2023 and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Cairo: May 14, 2023

Auditor

Tarek Salah

B.T. Mohamed Hilal & Wahid Abdel Ghaffar.

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
Consolidated statement of financial position as of March 31, 2023

(All amounts are in Egyptian Pounds)

	Note №	<u>31/3/2023</u>	<u>31/12/2022</u>
<u>Non current assets</u>			
Fixed assets	(6)	6 395 046 514	5 584 443 999
Projects in progress	(7)	459 246 762	354 803 673
Right of use assets	(8)	372 205 207	371 454 730
Investments at fair value through other comprehensive income	(9)	799 841 198	644 580 582
Total non current assets		<u>8 026 339 681</u>	<u>6 955 282 984</u>
<u>Current assets</u>			
Inventory	(10)	6 746 385 214	6 030 835 914
Trades and notes receivable	(11)	3 091 811 995	2 427 736 573
Debtors and other debit accounts	(12)	736 616 486	482 457 718
Treasury bills	(13)	1 601 443 597	1 813 065 128
Cash at banks and on hand	(14)	1 948 234 308	1 419 848 056
		<u>14 124 491 600</u>	<u>12 173 943 389</u>
Non-current assets held for sale	(15)	--	45 907 154
Total current assets		<u>14 124 491 600</u>	<u>12 219 850 543</u>
Total assets		<u>22 150 831 281</u>	<u>19 175 133 527</u>
<u>Equity</u>			
Issued and paid up capital	(17)	665 107 268	665 107 268
Reserves	(18)	1 971 923 637	1 871 386 892
Retained earnings		1 261 430 168	453 330 882
Net profit for the period/year		410 613 828	842 885 161
Exchange differences arising on translation of financial statements		7 937 738 915	6 258 366 013
Total equity attributable to the parent company		<u>12 246 813 816</u>	<u>10 091 076 216</u>
Non controlling interest	(19)	1 261 707 670	1 164 176 233
Total equity		<u>13 508 521 486</u>	<u>11 255 252 449</u>
<u>Non current liabilities</u>			
Long term loans	(20)	443 106 499	391 648 532
lease contracts liabilities	(21)	304 576 004	302 929 010
Deferred tax liabilities	(22)	146 387 268	155 601 708
Total non current liabilities		<u>894 069 771</u>	<u>850 179 250</u>
<u>Current liabilities</u>			
Provisions	(23)	165 167 660	156 594 190
Banks-Credit accounts	(24)	4 229 911 895	4 610 032 366
Lease contracts liabilities - current portion	(21)	113 185 698	111 125 401
Long term liabilities - current portion	(20)	294 428 326	275 547 046
Trades and notes payable	(25)	1 804 420 525	1 016 636 587
Dividends payable		90 653 094	31 767 583
Creditors and other credit accounts	(26)	887 313 728	672 877 095
Tax payable		163 159 098	171 024 704
		<u>7 748 240 024</u>	<u>7 045 604 972</u>
Liabilities directly associated with non-current assets held for sale	(15)	--	24 096 856
Total current liabilities		<u>7 748 240 024</u>	<u>7 069 701 828</u>
Total liabilities		<u>8 642 309 795</u>	<u>7 919 881 078</u>
Total equity and liabilities		<u>22 150 831 281</u>	<u>19 175 133 527</u>

The accompanying notes from №.(1) to №. (33) form an integral part of these consolidated financial statements.
Limited Review Report attached.

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of income for the financial period ended March 31, 2023

(All amounts are in Egyptian Pounds)

	Note	31/3/2023	31/3/2022
	№		
Net sales		4 142 299 944	3 264 959 431
Less:			
Cost of sales		3 580 630 789	2 908 190 465
Gross profit		561 669 155	356 768 966
Add / (less):			
Financial investments revenues		113 520	--
Capital gain		9 098 818	(988 685)
Gain from the sale of assets held for sale	(15)	276 946 218	--
Other revenues		3 215 040	165 117 710
Treasury bills returns		59 830 502	45 350 760
Interest income		17 862 377	7 029 017
Distribution expenses		(47 265 115)	(41 375 970)
General and administrative expenses		(150 288 771)	(110 462 897)
Expected credit loss	(16)	10 848 738	12 881 478
Formed provisions and impairment		(11 516 725)	--
Finance expenses	(27)	(104 190 076)	(59 452 968)
Foreign exchange differences		(169 193 728)	(65 055 733)
Net profit for the period before income tax		457 129 953	309 811 678
(Less)\ Add:			
Current income tax		(54 967 524)	(51 262 764)
Deferred tax		1 361 428	1 510 993
Income tax for the period		(53 606 096)	(49 751 771)
Net profit for the period after income tax		403 523 857	260 059 907
Attributable to:			
The parent company		410 613 828	236 264 357
Non controlling interest		(7 089 971)	23 795 550
Basic earnings per share in the separate financial statements	(28)	0.83	0.97

The accompanying notes from №.(1) to №. (33) form an integral part of these consolidated financial statements.

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of comprehensive income for the financial period ended March 31, 2023

(All amounts are in Egyptian Pounds)

	<u>31/3/2023</u>	<u>31/3/2022</u>
Net profit for the period	403 523 857	260 059 907
Other comprehensive income		
Changes in fair value of investments at FVTOCI	68 521 021	15 906 341
Translation exchange differences	1 824 514 506	911 833 612
Total other comprehensive income after tax	1 893 035 527	927 739 953
Total comprehensive income for the period	2 296 559 384	1 187 799 860
<u>Attributable to:</u>		
The parent company	2 158 459 117	1 088 145 601
Non controlling interest	138 100 267	99 654 259
	2 296 559 384	1 187 799 860

The accompanying notes from №.(1) to №. (33) form an integral part of these consolidated financial statements.

Translation from Arabic

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of changes in equity for the financial Period ended March 31, 2023

(All amounts are in Egyptian Pounds)

	<u>Issued and paid up capital</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Net profit</u>	<u>Translation differences</u>	<u>Equity holders of the parent</u>	<u>Non controlling interest</u>	<u>Total equity</u>
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 earnings	--	--	1 021 017 195	(1 021 017 195)	--	--	--	--
Dividends	--	--	(872 052 536)	--	--	(872 052 536)	(101 090 200)	(973 142 736)
Total Comprehensive income for the period	--	15 887 243	--	236 264 357	835 994 001	1 088 145 601	99 654 259	1 187 799 860
Balance at 31/3/2022	665 107 268	1 707 183 241	546 548 501	236 264 357	4 377 290 156	7 532 393 523	939 246 378	8 471 639 901
Balance at 1/1/2023	665 107 268	1 871 386 892	453 330 880	842 885 161	6 258 366 013	10 091 076 214	1 164 176 240	11 255 252 454
Transferred to reserves	--	32 715 737	--	(32 715 737)	--	--	--	--
Transferred to retained earning *	--	--	810 169 424	(810 169 424)	--	--	--	--
Dividends	--	--	(73 860 081)	--	--	(73 860 081)	(40 834 638)	(114 694 719)
Adjustments related to consolidated statements	--	(651 379)	71 789 945	--	--	71 138 566	265 801	71 404 367
Total Comprehensive income for the period	--	68 472 387	--	410 613 828	1 679 372 902	2 158 459 117	138 100 267	2 296 559 384
Balance at 31/3/2023	665 107 268	1 971 923 637	1 261 430 168	410 613 828	7 937 738 915	12 246 813 816	1 261 707 670	13 508 521 486

* The dividends declaration has been approved by the Oriental Weavers Carpet Company's general assembly held on April 2, 2023.

The accompanying notes from №.(1) to №. (33) form an integral part of these consolidated financial statements.

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
Consolidated statement of cash flow for the financial period ended March 31, 2023

(All amounts are in Egyptian Pounds)

	Note <u>№</u>	<u>31/3/2023</u>	<u>31/3/2022</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		457 129 953	309 811 678
<u>Adjustments to reconcile net profit to net cash provided by operating activities</u>			
Fixed assets depreciation		225 073 484	142 813 833
Depreciation of right of use assets		29 908 665	22 693 868
Formed provisions and impairment		11 516 725	--
Expected credit loss		(10 848 738)	(12 881 478)
Interest income		(17 862 377)	(7 029 017)
Gain from the sale of assets held for sale		(276 946 218)	--
Finance expenses		104 190 076	59 452 968
Treasury bills returns		(59 830 502)	(45 350 760)
Financial investments revenues		(113 520)	--
Capital (gain)		(9 098 818)	988 685
Operating profits before changes in working capital		453 118 730	470 499 777
<u>Change in :</u>			
Inventory		343 946 295	(230 751 081)
Trades and notes receivable and debit accounts		(101 488 633)	(118 865 297)
Trades and notes payable and credit accounts		459 275 567	85 918 777
Cash flows provided by operating activities		1 154 851 959	206 802 176
Proceeds from interest income		17 862 377	7 029 017
Finance expenses paid		(104 190 076)	(59 452 968)
Income tax paid		(62 833 130)	(10 378 818)
Net cash flows provided by operating activities		1 005 691 130	143 999 407
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets and projects in progress		(98 302 106)	(164 579 664)
(Payments) for financial investments		113 520	--
Proceeds from sale of fixed assets		18 957 558	3 010 723
(Payments) for purchase of treasury bills		(600 618 780)	(695 972 821)
Proceeds from treasury bills		609 128 057	1 397 195 800
Proceeds from sale of assets held for the sale		296 031 369	--
Net cash flows provided by investing activities		225 309 618	539 654 038
<u>Cash flows from financing activities</u>			
(Payment) Proceeds from banks-credit accounts		(1 130 024 316)	704 005 181
Dividends paid and payments for non controlling interest		(55 809 208)	(18 920 924)
Lease contracts liabilities paid		(42 821 478)	(53 793 827)
Exchange differences arising from translation of financial statements		6 585 558	40 094 134
(Payment) Proceeds from long term loans		(25 849 183)	54 899 243
Net cash flows (used in) provided by financing activities		(1 247 918 627)	726 283 807
Net change in cash and cash equivalents during the period		(16 917 879)	1 409 937 252
Cash and cash equivalents at the beginning of the period		2 195 234 848	1 368 737 567
Translation exchange differences related to cash and cash equivalents		151 870 090	107 433 215
Cash and cash equivalents at end of the period represents in:		2 330 187 059	2 886 108 034
Cash and cash equivalents	(14)	1 949 152 616	2 374 815 048
Treasury bills	(13)	1 608 892 471	1 050 492 138
Treasury bills due more than three months		(1 227 858 028)	(539 199 152)
Cash and cash equivalents		2 330 187 059	2 886 108 034

The amounts of LE (1 467 687 575) of the working capital items, LE (274 498 679) of the investment activities, LE 1 037 253 969 of the financing activities has been eliminated against the amount of LE 704 932 285 of the translation differences.

The accompanying notes from №.(1) to №. (33) form an integral part of these consolidated financial statements.

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 abroad.
- 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 Statement of compliance

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and in the light of Egyptian laws and regulations.
- The Egyptian Accounting Standards requires refer to the International Financial Reporting Standards when no Egyptian accounting standard or legal requirements illustrate how to treat specific balances or transaction.

2-2 Basis of measurement

- The consolidated financial statements have been prepared using historical cost, modified by the results of revaluation differences of financial assets and liabilities at fair value through profit and loss as shown in the accounting policies mentioned below.

2- 3 New Editions and Amendments to Egyptian Accounting Standards:

- On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

(All amounts in Egyptian Pounds unless otherwise stated)

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".</p>	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <ul style="list-style-type: none"> - This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" <p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <ul style="list-style-type: none"> - The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented. 	<p>Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.</p> <p>Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023, retrospectively,</u> cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p> <p>These amendments are effective for annual financial periods starting <u>on or after January 1, 2023, retrospectively,</u> cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (34) amended 2023 "Investment property".</p>	<p>– The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented.</p> <p>1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> – Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" – Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". – Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" – Egyptian Accounting Standard No. (24) "Income Taxes" – Egyptian Accounting Standard No. (30) "Interim Financial Reporting " – Egyptian Accounting Standard No. (31) "Impairment of Assets" – Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" – Egyptian Accounting Standard No. (49) "Leasing Contracts" 	<p>Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting <u>on or after January 1, 2023</u> retrospectively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.</p>

(All amounts in Egyptian Pounds unless otherwise stated)

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"</p>	<p>1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets.</p> <p>2- The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023, retrospectively</u>, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>
<p>Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".</p>	<p>This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).</p>	<p>Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.</p>	<p>These amendments are effective for annual financial periods starting <u>on or after January 1, 2023 retrospectively</u>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p>
<p>Egyptian Accounting Standard No. (50) "Insurance Contracts".</p>	<p>1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows.</p> <p>2- Egyptian Accounting Standard</p>	<p>Management is currently evaluating the potential impact on the financial statements from the application of the standard.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <u>on or after July 1, 2024</u>, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.</p>

(All amounts in Egyptian Pounds unless otherwise stated)

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</p> <p>3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none">- Egyptian Accounting Standard No. (10) "Fixed Assets".- Egyptian Accounting Standard No. (23) "Intangible Assets".- Egyptian Accounting Standard No. (34) " Investment property".		

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: -

<u>Subsidiary name</u>	<u>Percentage of participations</u>	<u>Percentage of participations</u>
	<u>31/3/2023</u>	<u>31/12/2022</u>
	<u>%</u>	<u>%</u>
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
New Mac	52.02	52.02
Oriental Weavers Textile	71.44	71.44

- according to the decision of the Board of Directors on August 9, 2022, it was approved for the company to exit from its existing investments in China and accept the offer submitted to the company to sell its entire share in the Oriental Weavers Company – China.
- During the financial period ended 31 March 2023, the entire share of the company and its subsidiary in Oriental Weavers China Company was sold – Note (15).

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 period.

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:

<u>Description</u>	<u>Estimated useful life (Year)</u>
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 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

5-6 Financial assets**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.

5-7 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.

5-8 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.

5-9 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.

5-10 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.

5-11 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.

5-12 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.

5-13 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.

5-14 Revenue from contract with customers

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.

5-15 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.

5-16 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.

5-17 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.

5-18 Impairment**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.

5-19 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.

5-20 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.

5-21 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.

5-22 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.

5-23 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.

5-24 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**

<u>Note No.</u>	<u>Land</u>	<u>Buildings & Constructions</u>	<u>Machinery & equipment</u>	<u>Vehicles</u>	<u>Tools & Supplies</u>	<u>Showrooms Fixture</u>	<u>Furniture & office equipment</u>	<u>Computers</u>	<u>Total</u>
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	82 542	34 884 866	669 958 496	6 570 069	11 297 507	22 861 248	9 365 569	7 022 934	762 043 231
Currency exchange differences*	--	--	88 705 873	--	--	--	--	--	88 705 873
Disposals	--	(6 076 643)	(29 552 613)	(2 155 500)	(791 383)	(5 524 122)	(447 165)	(1 079 715)	(45 627 141)
Reclassification of assets held for sale	(1 455 955)	(75 667 942)	(16 794 503)	(1 669 154)	(820 205)	--	(254 436)	(805 863)	(97 468 058)
Translation exchange differences	242 558 700	1 059 459 060	4 055 295 387	119 178 032	43 139 609	643 093	43 434 942	107 572 397	5 671 281 220
Cost as of 31/12/2022	963 928 362	3 835 952 077	13 545 930 328	395 334 716	197 419 942	150 448 819	193 916 975	366 640 798	19 649 572 017
Additions	9 675 394	186 880	62 725 639	--	1 914 370	172 504	339 676	2 665 199	77 679 662
Disposals	--	--	(114 861 467)	(556 000)	--	--	--	--	(115 417 467)
Translation exchange differences	166 109 154	728 971 379	2 933 186 899	82 338 887	30 712 265	440 613	30 597 134	74 613 226	4 046 969 557
Cost as of 31/3/2023	1 139 712 910	4 565 110 336	16 426 981 399	477 117 603	230 046 577	151 061 936	224 853 785	443 919 223	23 658 803 769
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 year	--	144 063 114	494 024 646	12 161 723	10 004 443	19 355 554	7 761 831	31 903 264	719 274 575
Disposals of accumulated depreciation	--	(2 176 074)	(26 046 565)	(2 116 005)	(706 554)	(4 901 051)	(395 031)	(967 355)	(37 308 635)
Reclassification of assets held for sale	--	(38 886 901)	(15 115 052)	(1 502 241)	(690 993)	--	(228 165)	(619 320)	(57 042 672)
Translation exchange differences	--	550 272 413	3 471 628 034	102 036 689	36 746 429	475 133	36 157 136	95 721 981	4 293 037 815
Accumulated depreciation and impairment as of 31/12/2022	--	1 995 107 905	10 947 496 791	348 313 628	165 355 897	115 776 553	153 343 825	339 733 419	14 065 128 018
Depreciation of period	--	41 970 753	167 624 299	3 553 380	2 941 523	3 741 265	2 130 710	3 111 554	225 073 484
Disposals of accumulated depreciation	--	--	(105 002 726)	(556 000)	--	--	--	--	(105 558 726)
Translation exchange differences	--	402 346 147	2 479 774 728	72 175 896	26 417 007	419 163	25 781 607	72 199 931	3 079 114 479
Accumulated depreciation and impairment as of 31/3/2023	--	2 439 424 805	13 489 893 092	423 486 904	194 714 427	119 936 981	181 256 142	415 044 904	17 263 757 255
Net book value as of 31/3/2023	1 139 712 910	2 125 685 531	2 937 088 307	53 630 699	35 332 150	31 124 955	43 597 643	28 874 319	6 395 046 514
Net book value as of 31/12/2022	963 928 362	1 840 844 172	2 598 433 537	47 021 088	32 064 045	34 672 266	40 573 150	26 907 379	5 584 443 999

* Currency exchange differences related to Machinery & Equipment purchased with foreign currencies as of December 31, 2022, has been capitalized on the related assets in according to the Annex C of the Egyptian Accounting Standard No. (13).

7- PROJECTS IN PROGRESS

	<u>31/3/2023</u>	<u>31/12/2022</u>
Buildings under Construction	291 370 734	136 114 698
Machinery & Equipment under installation	63 758 799	92 347 908
Computer systems	2 699 619	585 872
Handling	1 273 456	999 406
Letters of credit for purchasing of assets	--	30 016 568
Advance payment for purchasing of Fixed assets	100 144 154	94 739 221
	<u>459 246 762</u>	<u>354 803 673</u>

8- RIGHT USE OF ASSETS

	<u>Oriental</u> <u>weavers</u>		
	<u>Showroom rent</u>	<u>USA - rental</u>	<u>Total</u>
Cost at 1/1/2023	432 805 069	191 467 174	624 272 243
Additions	15 391 893	1 545 401	16 937 294
Disposals	(1 522 217)	--	(1 522 217)
Translation differences	--	47 669 416	47 669 416
Cost at 31/3/2023	<u>446 674 745</u>	<u>240 681 991</u>	<u>687 356 736</u>
Accumulated depreciation at 1/1/2023	119 332 170	133 485 343	252 817 513
Depreciation of period	18 329 561	11 579 104	29 908 665
Disposals of accumulated depreciation	(808 379)	--	(808 379)
Translation differences	--	33 233 730	33 233 730
Accumulated depreciation at 31/3/2023	<u>136 853 352</u>	<u>178 298 177</u>	<u>315 151 529</u>
Net book value at 31/3/2023	<u>309 821 393</u>	<u>62 383 814</u>	<u>372 205 207</u>
Net book value at 31/12/2022	<u>313 472 899</u>	<u>57 981 831</u>	<u>371 454 730</u>

9- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Balance as of <u>31/3/2023</u>	Balance as of <u>31/12/2022</u>
Egyptian Propylene & Polypropylene Company "E.P. P"	776 575 991	621 773 565
Alahli Bank of Kuwait- Egypt	19 382 098	19 382 098
Oriental for Industrial Projects	2 422 800	2 422 800
Prudential company – U.S. A	1 456 555	998 365
Cambridge Weavers (under liquidation)	3 750	3 750
Trading for Development Export	1	1
10 th of Ramadan for Spinning Industries (under liquidation)	1	1
Modern Spinning Company (under liquidation)	1	1
Egyptian for Trade and Marketing	1	1
	<u>799 841 198</u>	<u>644 580 582</u>

10- INVENTORY

	<u>31/3/2023</u>	<u>31/12/2022</u>
Raw materials	2 738 825 702	2 597 090 214
Spare parts & materials	556 218 876	444 213 588
Work in process	261 777 521	212 990 417
Finished products	3 100 332 825	2 768 154 084
Letter of credit for purchasing of raw materials	111 920 769	29 527 916
	<u>6 769 075 693</u>	<u>6 051 976 219</u>
Less: Impairment in inventory	(22 690 479)	(21 140 305)
	<u>6 746 385 214</u>	<u>6 030 835 914</u>

11- TRADES & NOTES RECEIVABLE

	<u>31/3/2023</u>	<u>31/12/2022</u>
Trades receivables	2 915 933 931	2 293 211 194
Notes receivables	487 090 274	409 078 431
	<u>3 403 024 205</u>	<u>2 702 289 625</u>
(Less): Expected credit loss – Note No (16)	(311 212 210)	(274 553 052)
	<u>3 091 811 995</u>	<u>2 427 736 573</u>

-Trades & Notes Receivable include amount of LE 5 054 013 due from related parties at March 31, 2023 result from sales of carpets.

12- DEBTORS AND OTHER DEBIT ACCOUNTS

	<u>31/3/2023</u>	<u>31/12/2022</u>
Prepaid expenses	85 301 654	38 145 713
Tax authority – debit accounts	325 069 874	332 073 774
Deposits with others	58 500 909	44 031 852
Accrued revenues	--	9 015 333
Letter of guarantee & letter of credit – cash margin	8 562 129	8 263 099
Petty cash & advance to employees	18 752 500	11 553 414
Suppliers – advance payment	218 016 790	27 464 021
Other debit accounts	27 541 996	15 781 875
	<u>741 745 852</u>	<u>486 329 081</u>
(Less):		
(Less): Expected credit loss – Note No (16)	(5 129 366)	(3 871 363)
	<u>736 616 486</u>	<u>482 457 718</u>

13- TREASURY BILLS

	<u>31/3/2023</u>	<u>31/12/2022</u>
Treasury bills (mature in 90 days)	384 955 241	792 941 670
Treasury bills (mature in more than 90 days)	1 305 600 000	1 093 250 000
<u>Less:</u>	1 690 555 241	1 886 191 670
Unrealized returns	(81 662 770)	(69 649 067)
	1 608 892 471	1 816 542 603
(Less): Expected credit loss – Note No (16)	(7 448 874)	(3 477 475)
	1 601 443 597	1 813 065 128

14- CASH AND CASH EQUIVALENTS

	<u>31/3/2023</u>	<u>31/12/2022</u>
Banks – Time deposits	125 225 472	335 711 438
Banks – Current accounts	1 817 724 166	1 080 544 739
Cash on hand	6 288 450	3 946 540
Cash at banks and on hand	1 949 238 088	1 420 202 717
<u>Less:</u>		
(Less): Expected credit loss – Note No (16)	(1 003 780)	(354 661)
	1 948 234 308	1 419 848 056
Cash and cash equivalents for cash flows statement purposes		
Cash in banks and the fund before the expected credit loss	1 949 238 088	1 420 202 717
Term deposits held as security for part of the credit facilities granted to the group	(85 427)	(84 405)
Cash and cash equivalents within assets held for sale-Note No (15)	--	2 725 147
Cash at banks and on hand	1 949 152 616	1 422 843 459
Add: Treasury bills with maturity of 90 days	381 034 443	772 391 389
Cash and cash equivalents for cash flows statement purposes	2 330 187 059	2 195 234 848

15- Non-current assets-held for sale

According to the decision of the Board of Directors on August 9, 2022, it was approved for the company to exit from its existing investments in China and accept the offer submitted to the company to sell its entire share in the Oriental Weavers Company – China:

The following is the assets and liabilities of Oriental Weavers Company – China which classified as non-current assets held for sale:

<u>Assets:</u>	<u>31/3/2023</u>	<u>31/12/2022</u>
Fixed Assets	--	40 425 386
Projects in progress	--	877 988
Trades and notes receivables	--	1 359 356
Debtors and other debit accounts	--	519 277
Cash and cash equivalents	--	2 725 147
	<u>--</u>	<u>45 907 154</u>
<u>Liabilities</u>		
Creditors and other credit accounts	--	24 096 856
	<u>--</u>	<u>24 096 856</u>

During the financial period ended March 31, 2023, the company's share in Oriental Weavers China was sold for an amount of USD 10 171 433, equivalent to EGP 298 756 516 resulting in profits from the sale of assets held for sale amounted to EGP of 276 946 218 which was recorded in the income statement.

16- Expected credit loss

	<u>Trade</u>	<u>Debtors &</u>	<u>Treasury</u>	<u>Cash &</u>	
	<u>receivables</u>	<u>other debit</u>	<u>Bills</u>	<u>cash</u>	<u>Total</u>
		<u>balances</u>		<u>equivalent</u>	
Balance as at 1/1/2023	274 553 052	3 871 363	3 477 475	354 661	282 256 551
Charge to statement of income	(16 436 883)	1 121 084	3 861 035	606 026	(10 848 738)
Translation differences	53 096 041	136 919	110 364	43 093	53 386 417
Provision balance at 31/3/2023	311 212 210	5 129 366	7 448 874	1 003 780	324 794 230

17- Issued and paid-up capital

17-1 The company's authorized capital is determined to be L.E 1 000 000 000 (one billion Egyptian pounds).

17-2 The Issued and paid-up capital is determined to be 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 shares at a value of LE 1 each.

17-3 The company's shares are centrally kept at Misr for Central Clearing, Depository and Registry Co. and those shares are traded in Egyptian exchange.

18- Reserves

	<u>31/3/2023</u>	<u>31/12/2022</u>
Legal reserve	1 256 904 561	1 224 840 203
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	165 828 865	165 828 865
Unrealized gain from financial investments at FVTOCI	348 960 388	280 488 001
	<u>1 971 923 637</u>	<u>1 871 386 892</u>

19- Non-Controlling interest

	Non controlling interest in <u>Equity</u>	Non controlling interest in comprehensive <u>income</u>	Balance as of <u>31/3/2023</u>	Balance as of <u>31/12/2022</u>
Oriental Weavers international Co (O.W.I)	286 616	107 451	394 067	320 641
MAC Carpet Mills	368 729 048	9 697 778	378 426 826	368 729 048
Egyptian Fibres Co. EFCO	184 013 239	29 780 263	213 793 502	184 013 239
Oriental Weavers – China	--	--	--	(114 168)
New MAC	4 649 883	1 561 470	6 211 353	4 649 883
Oriental Weavers Textile	379 727 274	55 261 999	434 989 273	420 544 043
Oriental Weavers Co. U.S.A.	186 201 343	41 691 306	227 892 649	186 033 547
	<u>1 123 607 403</u>	<u>138 100 267</u>	<u>1 261 707 670</u>	<u>1 164 176 233</u>

(All amounts in Egyptian Pounds unless otherwise stated)

20- Long term loans

<u>BANK</u>	<u>Loan Currency</u>	<u>Principal of the loan in original Currency</u>	<u>Balance of the loan as of 31/3/2023</u>	<u>Balance as of 31/3/2023</u>		<u>Balance as of 31/12/2022</u>		<u>Terms of Payment</u>
				<u>current portion due in one year</u>	<u>long term installments</u>	<u>current portion due in one year</u>	<u>long term installments</u>	
<u>Qatar National Bank Alahli (1)</u>	EURO	3 600 000	17 443 808	17 443 808	--	27 354 602	--	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.
<u>Qatar National Bank Alahli (2)</u>	EURO	4 563 473	19 871 733	19 871 733	--	31 162 057	--	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.
<u>Qatar National Bank Alahli (3)</u>	USD	5 000 000	--	--	--	15 516 852	--	The principal of the loan shall be settled over 5 equal half annually starting from 31/1/2021 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
<u>Attijari wafa bank</u>	USD	5 250 000	25 863 487	25 863 487	--	20 707 843	--	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.
<u>Emirates NBD Egypt bank</u>	USD	8 000 000	206 371 313	75 044 108	131 327 205	66 093 342	115 663 317	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.
<u>Alex bank</u>	EURO	1 800 000	58 829 575	19 609 879	39 219 696	8 969 152	44 845 759	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.
<u>Alex bank</u>	EURO	5 500 000	126 141 939	28 031 532	98 110 407	21 978 963	76 926 372	The principal of the loan shall be settled over 9 equal half annually installments starting starting after the end of the grace period, the interest and commission shall be computed and paid upon its due date.
<u>Emirates NBD Egypt bank</u>	USD	7 000 000	166 305 072	66 522 029	99 783 043	53 261 547	93 207 708	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.
<u>Attijari wafa bank</u>	EURO	5 000 000	116 707 898	42 041 750	74 666 148	30 502 688	61 005 376	The principal of the loan shall be settled over 8 equal half annually installments starting from 30/6/2022 till 30/12/2025 , the interest and commission shall be computed and paid upon its due date.
			<u>737 534 825</u>	<u>294 428 326</u>	<u>443 106 499</u>	<u>275 547 046</u>	<u>391 648 532</u>	

21- LEASE CONTRACTS LIABILITY

	<u>Due within one</u> <u>year</u>	<u>Due more</u> <u>than one year</u>	<u>Balance at</u> <u>31/3/2023</u>
Oriental Weavers Co. U.S.A.	32 683 276	34 380 732	67 064 008
Exhibitions	80 502 422	270 195 272	350 697 694
	<u>113 185 698</u>	<u>304 576 004</u>	<u>417 761 702</u>

22- DEFERRED TAX LIABILITIES

-Deferred tax Assets and liabilities

	<u>31/3/2023</u>		<u>31/12/2022</u>	
	<u>Assets</u>	<u>(Liabilities)</u>	<u>Assets</u>	<u>(Liabilities)</u>
Fixed assets	--	(184 252 400)	--	(185 613 828)
Temporary tax differences – O.W. (USA)	39 395 122	--	31 542 110	--
Fair value reserve of investment at FVOCI	--	(1 529 990)	--	(1 529 990)
Total deferred tax assets / (liabilities)	<u>39 395 122</u>	<u>(185 782 390)</u>	<u>31 542 110</u>	<u>(187 143 818)</u>
Net deferred tax (liabilities)	<u>--</u>	<u>(146 387 268)</u>	<u>--</u>	<u>(155 601 708)</u>

-The movement of deferred tax liabilities is shown below:

	<u>31/3/2023</u>		<u>31/12/2022</u>	
	<u>Assets</u>	<u>(Liabilities)</u>	<u>Assets</u>	<u>(Liabilities)</u>
Beginning balance	31 542 110	(187 143 818)	11 872 560	(177 126 413)
Fair value reserve of investment at FVOCI	--	--	--	(1 529 990)
Charged to the statement of income		1 361 428	10 095 328	(8 487 415)
Translation Difference	7 853 012	--	9 574 222	--
Ending balance	<u>39 395 122</u>	<u>(185 782 390)</u>	<u>31 542 110</u>	<u>(187 143 818)</u>

23- Provisions

	<u>Balance as</u> <u>of</u> <u>1/1/2023</u>	<u>Formed</u> <u>during</u> <u>the year</u>	<u>Used</u> <u>during</u> <u>the year</u>	<u>Translation</u> <u>differences</u>	<u>Balance as of</u> <u>31/3/2023</u>
Provisions for claims	156 594 190	11 879 879	(7 407 715)	4 101 306	165 167 660
	<u>156 594 190</u>	<u>11 879 879</u>	<u>(7 407 715)</u>	<u>4 101 306</u>	<u>165 167 660</u>

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 4 229 911 895 as of March 31, 2023 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.

* On May 2, 2023, the credit facilities of Oriental Weavers USA were refinanced for a period of up to 3 years.

25- TRADES & NOTES PAYABLE

	<u>31/3/2023</u>	<u>31/12/2022</u>
Trades payable	1 313 835 190	741 779 345
Notes Payable	490 585 335	274 857 242
	<u>1 804 420 525</u>	<u>1 016 636 587</u>

-Trades & Notes Payable include amount of LE 820 574 due to related parties at March 31, 2023.

26- CREDITORS AND OTHER CREDIT ACCOUNTS

	<u>31/3/2023</u>	<u>31/12/2022</u>
Accrued expenses	238 373 751	171 214 142
Tax authority	34 467 118	23 809 001
Social insurance authority	28 367 486	22 853 236
Trade receivable – advance payment	355 459 372	231 764 236
Creditors – purchases of fixed assets	2 349 437	9 134 255
Credit balances - related parties	2 005 054	7 201 924
Deposits from others	184 741 117	170 529 500
Other credit accounts	41 550 393	36 370 801
	<u>887 313 728</u>	<u>672 877 095</u>

27- FINANCE EXPENSES

	<u>31/3/2023</u>	<u>31/3/2022</u>
Bank interest	96 963 948	51 698 539
Interest of lease contracts liabilities	7 226 128	7 754 429
	<u>104 190 076</u>	<u>59 452 968</u>

28- Basic earnings per share in the separate financial statements

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

	<u>31/3/2023</u>	<u>31/3/2022</u>
Net profit for the period in the separate financial statements	554 812 644	644 060 267
Average of shares number available during the period	<u>665 107 268</u>	<u>665 107 268</u>
Basic earnings per share in the separate financial statements	<u>0.83</u>	<u>0.97</u>

29- CONTINGENT LIABILITIES

Letter of Guarantees Issued by Banks in favour of the company and its subsidiaries to third parties as of March 31, 2023 amounted to L.E 87 277 684. The contingent liabilities from letter of credit in that date amounted to L.E 792 674 626.

30- CAPITAL COMMITMENTS

The capital commitments as of March 31, 2023 amounted to L.E 45 716 196 represents the value of new extension related to showrooms and completion of construction in progress.

31- TAX POSITION

31-1 Oriental Weavers Carpet

Corporate Tax

- The company has been inspected till December 31, 2016 and the assessed tax differences were paid.
- Years from 2017 till 2019, the company has been inspected and the tax under settlement.
- The company submits its annual tax return regularly on legal dates.

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.

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.

Stamp Duty Tax

- The company was inspected and the tax has been settled till December 31, 2020.
- Years from 2018 till 2020, the company has been inspected and the company has not been notifying with any forms.
- The company submits the tax return on the legal dates.

Real estate Tax

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

31-2 Oriental Weavers International

Corporate Tax

- The company is established in accordance with the Investment Guarantee and Incentives Law No. 8 of 1997 "Private free zone". According to the Company's tax card, it is exempted from taxes throughout the company life time.

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.

31-3 Oriental Weavers Textile

Corporate Tax

- The company is established in accordance with the Investment Guarantee and Incentives Law No. 8 of 1997 "Private free zone". According to the Company's tax card, it is exempted from taxes throughout the company life time.
- The company submits its tax return on the legal dates.

Salaries & Wages Tax

- The company has been inspected till December 31, 2020 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

Stamp Duty Tax

- The company has been inspected till December 31, 2020 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

Real estate Tax

- The estimated value of the real estate tax was appealed under No. 647 of 2015.
- The appeal was accepted and a decision was issued not to subject the company entirely to real estate tax.

31-4 Mac Carpet

Corporate tax

- Corporate tax was inspected and assessed from the beginning of the activity up till 2020.
- Year 2021/2022, the company has not been inspected yet.
- The company submits its tax return on the legal dates.

Salaries & Wages Tax

- The company was inspected for the period from the beginning of its activity up till December 31, 2019 and the assessed tax difference was paid.
- The years 2020: 2022 have not been inspected.

Value Add Tax

- The company was inspected up till December 31, 2019 and the assessed tax difference was paid.
- The years 2020: 2022 have not been inspected.
- The company submits the monthly tax return on due dates.

Stamp Duty Tax

- The company was inspected up to till December 31, 2018 and the assessed tax difference was paid.
- The years 2019: 2022 have not been inspected.

Withholding tax

- The company was inspected up to 2018 and the assessed tax difference was paid.
- The years 2019: 2021 have not been inspected.

31-5 Egyptian Fibers Company – EFCO

Corporate Tax

- The company has been inspected till December 31, 2013 and the assessed tax were paid.
- Years from 2014 till 2015, the company has been inspected and the tax under settlement.
- Years from 2016 till 2020, the Company is under inspection.
- The company submits its annual tax return regularly on legal dates.

Salaries & Wages Tax

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

Value Add Tax

- The company has been inspected till December 31, 2018 and the assessed tax were paid.
- Years from 2019 till 2020, the Company is under inspection.

- The company submits its monthly tax return regularly on legal dates.

Stamp Duty Tax

- The company was inspected up to till December 31, 2020 and the assessed tax difference was paid.

Real estate Tax

- The Company has notified by Form (3) and it was appealed and the tax settled until 2021.

32- 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	<u>31/3/2023</u>	<u>31/12/2022</u>
	<u>No</u>		
Trades and notes receivable	(11)	3 091 811 995	2 427 736 573
Debtors and other debit accounts	(12)	736 616 486	482 457 718
		<u>3 828 428 481</u>	<u>2 910 194 291</u>

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.

33- SIGNIFICANT EVENTS

During February 2022, and due to the political events, that led to the outbreak of war between Russia and Ukraine, which led to potential repercussions on the global economy from slowing growth and increasing the speed of inflation, which will lead to a rise in the prices of primary commodities such as food and energy, which are among the basic components of many industries.

On October 27, 2022, the Central Bank of Egypt decided to liberalize the exchange rate of foreign currencies against the Egyptian pound, which resulted in a significant increase in the exchange rates of foreign currencies against the Egyptian pound