

**ORIENTAL WEAVERS CARPETS COMPANY**

**(An Egyptian Joint Stock Company)**

**Consolidated Financial Statements**

**For The Financial period ended June 30, 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 June 30, 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 six 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**

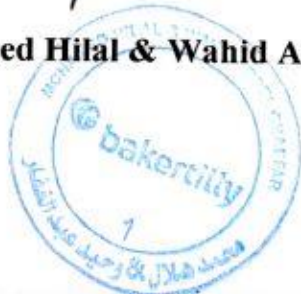
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view for the consolidated financial position of the Company as of June 30, 2023 and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

**Cairo: August 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 June 30, 2023**

(All amounts are in Egyptian Pounds)

	Note №	30/6/2023	31/12/2022
<b><u>Non current assets</u></b>			
Fixed assets	(6)	6 314 789 261	5 584 443 999
Projects in progress	(7)	459 608 667	354 803 673
Right of use assets	(8)	388 271 885	371 454 730
Investments at fair value through other comprehensive income	(9)	681 041 646	644 580 582
<b>Total non current assets</b>		<b>7 843 711 459</b>	<b>6 955 282 984</b>
<b><u>Current assets</u></b>			
Inventory	(10)	7 343 670 738	6 030 835 914
Trades and notes receivable	(11)	3 113 160 654	2 427 736 573
Debtors and other debit accounts	(12)	712 414 853	482 457 718
Treasury bills	(13)	769 136 805	1 813 065 128
Cash at banks and on hand	(14)	2 108 652 837	1 419 848 056
		<b>14 047 035 887</b>	<b>12 173 943 389</b>
Non-current assets held for sale	(15)	--	45 907 154
<b>Total current assets</b>		<b>14 047 035 887</b>	<b>12 219 850 543</b>
<b>Total assets</b>		<b>21 890 747 346</b>	<b>19 175 133 527</b>
<b><u>Equity</u></b>			
Issued and paid up capital	(17)	665 107 268	665 107 268
Reserves	(18)	1 819 355 131	1 871 386 892
Retained earnings		705 642 193	453 330 882
Net profit for the period/year		700 445 517	842 885 161
Exchange differences arising on translation of financial statements		7 909 141 348	6 258 366 013
<b>Total equity attributable to the parent company</b>		<b>11 799 691 457</b>	<b>10 091 076 216</b>
Non controlling interest	(19)	1 241 849 475	1 164 176 233
<b>Total equity</b>		<b>13 041 540 932</b>	<b>11 255 252 449</b>
<b><u>Non current liabilities</u></b>			
Long term loans	(20)	342 911 790	391 648 532
lease contracts liabilities	(21)	320 462 835	302 929 010
Deferred tax liabilities	(22)	194 475 192	155 601 708
<b>Total non current liabilities</b>		<b>857 849 817</b>	<b>850 179 250</b>
<b><u>Current liabilities</u></b>			
Provisions	(23)	172 159 992	156 594 190
Banks-Credit accounts	(24)	4 280 382 483	4 610 032 366
Lease contracts liabilities - current portion	(21)	116 282 162	111 125 401
Long term liabilities - current portion	(20)	297 690 014	275 547 046
Trades and notes payable	(25)	2 147 307 894	1 016 636 587
Dividends payable		91 124 121	31 767 583
Creditors and other credit accounts	(26)	810 662 108	672 877 095
Tax payable		75 747 823	171 024 704
		<b>7 991 356 597</b>	<b>7 045 604 972</b>
Liabilities directly associated with non-current assets held for sale	(15)	--	24 096 856
<b>Total current liabilities</b>		<b>7 991 356 597</b>	<b>7 069 701 828</b>
<b>Total liabilities</b>		<b>8 849 206 414</b>	<b>7 919 881 078</b>
<b>Total equity and liabilities</b>		<b>21 890 747 346</b>	<b>19 175 133 527</b>

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

  
Chairman  
Yasmin Mohamed Farid Khamis

  
CEO  
Salah Abdel Aziz Abdel Moteleb

  
CFO & Board Member  
Mohamed Kattary Abdallah

  
Financial Manager  
Galal Abdel Mageed



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

## Consolidated statement of income for the financial period ended June 30, 2023

(All amounts are in Egyptian Pounds )

	Note	From 1/1/2023	From 1/1/2022	From 1/4/2023	From 1/4/2022
	No	To 30/6/2023	To 30/6/2022	To 30/6/2023	To 30/6/2022
Net sales		8 398 796 555	6 511 466 043	4 256 496 611	3 246 506 612
<b>Less:</b>					
Cost of sales		7 243 286 981	5 772 482 780	3 662 656 192	2 864 292 315
<b>Gross profit</b>		<b>1 155 509 574</b>	<b>738 983 263</b>	<b>593 840 419</b>	<b>382 214 297</b>
<b>Add / (less):</b>					
Financial investments income		113 520	25 667 445	--	25 667 445
Capital gain		12 056 634	1 457 745	2 957 816	2 446 430
Reverse of impairment of assets held for sale	(15)	248 480 470	--	6 295 872	--
Gain from the sale of assets held for sale	(15)	34 761 620	--	--	--
Other revenues		6 922 557	238 932 760	3 707 517	73 815 050
Treasury bills returns		105 542 971	65 478 717	45 712 469	20 127 957
Interest income		38 462 584	20 042 229	20 600 207	13 013 212
Distribution expenses		( 92 863 084)	( 80 094 728)	( 45 597 969)	( 38 718 758)
General and administrative expenses		( 250 477 324)	( 218 039 955)	( 100 188 553)	( 107 577 058)
Expected credit loss	(16)	( 26 301 088)	( 7 171 023)	( 37 149 826)	( 20 052 501)
Formed provisions and impairment		( 22 029 387)	--	( 10 512 662)	--
Finance expenses	(27)	( 211 106 451)	( 125 713 647)	( 106 916 375)	( 66 260 679)
Foreign exchange differences		( 168 570 077)	( 84 961 648)	623 651	( 19 905 915)
<b>Net profit for the period before income tax</b>		<b>830 502 519</b>	<b>574 581 158</b>	<b>373 372 566</b>	<b>264 769 480</b>
<b>(Less) Add:</b>					
Current income tax		( 100 764 938)	( 93 923 057)	( 45 797 414)	( 42 660 293)
Deferred tax		3 660 768	3 981 000	2 299 340	2 470 007
<b>Income tax for the period</b>		<b>( 97 104 170)</b>	<b>( 89 942 057)</b>	<b>( 43 498 074)</b>	<b>( 40 190 286)</b>
<b>Net profit for the period after income tax</b>		<b>733 398 349</b>	<b>484 639 101</b>	<b>329 874 492</b>	<b>224 579 194</b>
<b>Attributable to:</b>					
The parent company		700 445 517	447 364 548	289 831 689	211 100 191
Non controlling interest		32 952 832	37 274 553	40 042 803	13 479 003
		<b>733 398 349</b>	<b>484 639 101</b>	<b>329 874 492</b>	<b>224 579 194</b>
<b>Basic earnings per share in the separate financial statements</b>	(28)	<b>0.93</b>	<b>1.12</b>	<b>0.10</b>	<b>0.16</b>

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

Chairman  
Yasmin Mohamed Farid Khamis

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Salah Abdel Aziz Abdel Moteleb

CFO & Board Member  
Mohamed Kattary Abdallah

Financial Manager  
Galal Abdel Mageed

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

## Consolidated statement of comprehensive income for the financial period ended June 30, 2023

(All amounts are in Egyptian Pounds)

	<u>From 1/1/2023</u> <u>To 30/6/2023</u>	<u>From 1/1/2022</u> <u>To 30/6/2022</u>	<u>From 1/4/2023</u> <u>To 30/6/2023</u>	<u>From 1/4/2022</u> <u>To 30/6/2022</u>
<b>Net profit for the period</b>	733 398 349	484 639 101	329 874 492	224 579 194
<b>Other comprehensive income</b>				
Changes in fair value of investments at FVTOCI	( 118 662 869)	19 113 646	( 187 183 890)	3 207 305
Translation exchange differences	1 862 039 839	1 071 230 238	37 525 333	159 396 626
Deferred tax related to other comprehensive income items	( 50 390 954)	--	( 50 390 954)	--
<b>Total other comprehensive income after tax</b>	<b>1 692 986 016</b>	<b>1 090 343 884</b>	<b>( 200 049 511)</b>	<b>162 603 931</b>
<b>Total comprehensive income for the period</b>	<b>2 426 384 365</b>	<b>1 574 982 985</b>	<b>129 824 981</b>	<b>387 183 125</b>
<b><u>Attributable to:</u></b>				
The parent company	2 250 522 597	1 450 041 558	92 063 480	361 895 957
Non controlling interest	175 861 768	124 941 427	37 761 501	25 287 168
	<b>2 426 384 365</b>	<b>1 574 982 985</b>	<b>129 824 981</b>	<b>387 183 125</b>

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 June 30, 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	--	--	( 872 052 535)	--	--	( 872 052 535)	( 101 090 200)	( 973 142 735)
Total Comprehensive income for the period	--	19 122 558	--	447 364 548	983 554 452	1 450 041 558	124 941 427	1 574 982 985
<b>Balance at 30/6/2022</b>	<b>665 107 268</b>	<b>1 710 418 556</b>	<b>546 548 502</b>	<b>447 364 548</b>	<b>4 524 850 607</b>	<b>7 894 289 481</b>	<b>964 533 546</b>	<b>8 858 823 027</b>
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	--	49 317 873	--	( 49 317 873)	--	--	--	--
Transferred to retained earnings	--	--	793 567 288	( 793 567 288)	--	--	--	--
Dividends	--	--	( 613 045 927)	--	--	( 613 045 927)	( 98 454 337)	( 711 500 264)
Adjustments related to consolidated statements	--	( 651 379)	71 789 952	--	--	71 138 573	265 804	71 404 377
Total Comprehensive income for the period	--	( 100 698 255)	--	700 445 517	1 650 775 335	2 250 522 597	175 861 768	2 426 384 365
<b>Balance at 30/6/2023</b>	<b>665 107 268</b>	<b>1 819 355 131</b>	<b>705 642 193</b>	<b>700 445 517</b>	<b>7 909 141 348</b>	<b>11 799 691 457</b>	<b>1 241 849 475</b>	<b>13 041 540 932</b>

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 June 30, 2023

(All amounts are in Egyptian Pounds)

	Note	30/6/2023	30/6/2022
	№		
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax		830 502 519	574 581 158
<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>			
Fixed assets depreciation		408 595 371	290 331 529
Depreciation of right of use assets		56 275 313	44 955 601
Formed provisions and impairment		22 029 387	—
Expected credit loss		26 301 088	7 171 023
Interest income		( 38 462 584)	( 20 042 229)
Reverse of impairment of assets held for sale		( 248 480 470)	—
Gain from the sale of assets held for sale		( 34 761 620)	—
Finance expenses		211 106 451	125 713 647
Treasury bills returns		( 105 542 971)	( 65 478 717)
Financial investments revenues		( 113 520)	( 25 667 445)
Capital (gain)		( 12 056 634)	( 1 457 745)
<b>Operating profits before changes in working capital</b>		<b>1 115 392 330</b>	<b>930 106 822</b>
<b>Change in :</b>			
Inventory		( 252 841 302)	( 914 784 467)
Trades and notes receivable and debit accounts		( 200 976 266)	( 97 253 104)
Trades and notes payable and credit accounts		718 901 099	16 452 039
<b>Cash flows provided by (used in) operating activities</b>		<b>1 380 475 861</b>	<b>( 65 478 710)</b>
Proceeds from interest income		38 462 584	20 042 229
Finance expenses paid		( 211 106 451)	( 125 713 647)
Income tax paid		( 133 571 617)	( 90 283 684)
<b>Net cash flows provided by (used in) operating activities</b>		<b>1 074 260 377</b>	<b>( 261 433 812)</b>
<b>Cash flows from investing activities</b>			
(Payments) for purchase of fixed assets and projects in progress		( 230 303 394)	( 370 267 145)
(Payments) for financial investments		113 520	25 667 445
Proceeds from sale of fixed assets		22 385 592	6 638 961
(Payments) for purchase of treasury bills		( 600 618 780)	( 240 014 481)
Proceeds from treasury bills		1 248 392 055	1 054 171 751
Proceeds from sale of assets held for the sale		296 031 369	—
<b>Net cash flows provided by investing activities</b>		<b>736 000 362</b>	<b>476 196 531</b>
<b>Cash flows from financing activities</b>			
(Payment) Proceeds from banks-credit accounts		(1 079 907 581)	1 007 616 528
Dividends paid and payments for non controlling interest		( 652 143 726)	( 901 171 753)
Lease contracts liabilities paid		( 51 836 497)	( 72 603 607)
Exchange differences arising from translation of financial statements		( 2 032 270)	102 690 005
(Payment) Proceeds from long term loans		( 122 827 407)	53 721 099
<b>Net cash flows (used in) provided by financing activities</b>		<b>(1 908 747 481)</b>	<b>190 252 272</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>( 98 486 742)</b>	<b>405 014 991</b>
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		151 963 476	129 463 277
<b>Cash and cash equivalents at end of the period represents in:</b>		<b>2 248 711 582</b>	<b>1 903 215 835</b>
Cash and cash equivalents	(14)	2 110 350 742	1 620 452 937
Treasury bills	(13)	772 747 942	737 994 912
Treasury bills due more than three months		( 634 387 102)	( 455 232 014)
<b>Cash and cash equivalents</b>		<b>2 248 711 582</b>	<b>1 903 215 835</b>

The amounts of LE (1 335 554 367) of the working capital items, LE (1 171 472 571) of the investment activities, LE 847 923 453 of the financing activities has been eliminated against the amount of LE 1 659 103 486 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:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<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"> <li>- 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:</li> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Interim Financial Reporting"</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul> <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"> <li>- 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.</li> </ul>	<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 <b>on or after January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the revaluation model shall be <b>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.</b></p> <p>These amendments are effective for annual financial periods starting <b>on or after January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be <b>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.</b></p>



New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<ul style="list-style-type: none"> <li>- 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.</li> </ul>		
<p><b>Egyptian Accounting Standard No. (34) amended 2023 "Investment property".</b></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"> <li>- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements"</li> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates"</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Interim Financial Reporting "</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul>	<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 <b><u>on or after January 1, 2023</u></b> <b>retrospectively</b>, cumulative impact of the preliminary applying of the fair value model shall be <b>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.</b></p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<b>Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"</b>	<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 be 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 be 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 <b>on or after January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the revaluation model shall be <b>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.</b></p>
<b>Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".</b>	<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 <b>on or after January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be <b>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.</b></p>
<b>Egyptian Accounting Standard No. (50) "Insurance Contracts".</b>	<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 <b>on or after July 1, 2024</b>, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.</p>



<b>New or reissued standards</b>	<b>Summary of the most significant amendments</b>	<b>Potential impact on the financial statements</b>	<b>Effective date</b>
	No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".		
	3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).		
	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:		
	- 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>30/6/2023</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 30 June 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.

6- **Fixed assets**

	<b>Land</b>	<b>Buildings &amp; Constructions</b>	<b>Machinery &amp; equipment</b>	<b>Vehicles</b>	<b>Tools &amp; Supplies</b>	<b>Showrooms Fixture</b>	<b>Furniture &amp; office equipment</b>	<b>Computers</b>	<b>Total</b>
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)	( 97 461 058)
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
<b>Cost as of 31/12/2022</b>	<b>963 928 362</b>	<b>3 835 952 077</b>	<b>13 545 930 328</b>	<b>395 334 716</b>	<b>197 419 942</b>	<b>150 448 819</b>	<b>193 916 975</b>	<b>366 640 798</b>	<b>19 649 572 017</b>
Additions	10 387 706	52 633 279	96 546 059	308 967	5 654 762	8 675 709	2 357 235	4 395 958	180 959 675
Disposals	--	--	( 115 865 027)	( 556 009)	--	--	--	--	( 116 421 027)
Translation exchange differences	166 187 219	729 313 969	2 934 565 371	82 377 583	30 726 699	440 820	30 611 513	74 648 291	4 048 871 465
<b>Cost as of 30/6/2023</b>	<b>1 140 503 287</b>	<b>4 617 899 325</b>	<b>16 461 176 731</b>	<b>477 465 266</b>	<b>233 801 403</b>	<b>159 565 348</b>	<b>226 885 723</b>	<b>445 685 047</b>	<b>23 762 981 130</b>
Accumulated depreciation and impairment as of 31/12/2021	--	1 341 835 353	7 023 065 728	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)	( 1 562 241)	( 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
<b>Accumulated depreciation and impairment as of 31/12/2022</b>	<b>--</b>	<b>1 995 107 905</b>	<b>10 947 496 791</b>	<b>348 313 628</b>	<b>165 355 897</b>	<b>115 776 553</b>	<b>153 343 825</b>	<b>339 733 419</b>	<b>14 065 128 018</b>
Depreciation of period	--	84 503 439	292 694 648	7 128 068	5 951 764	7 563 407	4 285 554	6 468 491	408 595 371
Disposals of accumulated depreciation	--	--	( 105 536 069)	( 556 000)	--	--	--	--	( 106 092 869)
Translation exchange differences	--	402 535 235	2 480 940 131	72 209 816	26 429 422	419 360	25 793 723	72 213 862	3 080 561 549
<b>Accumulated depreciation and impairment as of 30/6/2023</b>	<b>--</b>	<b>2 482 146 579</b>	<b>13 615 595 501</b>	<b>427 095 512</b>	<b>197 737 081</b>	<b>123 759 320</b>	<b>183 423 102</b>	<b>418 435 772</b>	<b>17 448 192 869</b>
<b>Net book value as of 30/6/2023</b>	<b>1 140 503 287</b>	<b>2 135 752 746</b>	<b>2 845 581 230</b>	<b>50 369 754</b>	<b>36 064 320</b>	<b>35 806 028</b>	<b>43 462 621</b>	<b>27 249 275</b>	<b>6 314 789 261</b>
<b>Net book value as of 31/12/2022</b>	<b>963 928 362</b>	<b>1 840 844 172</b>	<b>2 598 433 537</b>	<b>47 021 088</b>	<b>32 064 045</b>	<b>34 672 266</b>	<b>40 573 150</b>	<b>26 907 379</b>	<b>5 584 443 999</b>

**7- PROJECTS IN PROGRESS**

	<u>30/6/2023</u>	<u>31/12/2022</u>
Buildings under Construction	156 871 054	136 114 698
Machinery & Equipment under installation	192 817 571	92 347 908
Computer systems	4 249 433	585 872
Handling	1 293 574	999 406
Letters of credit for purchasing of assets	--	30 016 568
Advance payment for purchasing of Fixed assets	104 377 035	94 739 221
	<u>459 608 667</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
Additions	57 820 685	1 545 546
Disposals	(4 878 233)	--
Translation differences	--	47 691 819
<b>Cost at 30/6/2023</b>	<b>485 747 521</b>	<b>240 704 539</b>
Accumulated depreciation at 1/1/2023	119 332 170	133 485 343
Depreciation of period	37 672 878	18 602 435
Disposals of accumulated depreciation	(4 161 999)	--
Translation differences	--	33 249 348
<b>Accumulated depreciation at 30/6/2023</b>	<b>152 843 049</b>	<b>185 337 126</b>
<b>Net book value at 30/6/2023</b>	<b>332 904 472</b>	<b>55 367 413</b>
<b>Net book value at 31/12/2022</b>	<b>313 472 899</b>	<b>57 981 831</b>

**9- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<u>Balance as</u> <u>of</u> <u>30/6/2023</u>	<u>Balance as</u> <u>of</u> <u>31/12/2022</u>
Egyptian Propylene & Polypropylene Company "E.P. P"	647 155 079	621 773 565
Alahli Bank of Kuwait- Egypt	30 353 890	19 382 098
Oriental for Industrial Projects	2 422 800	2 422 800
Prudential company – U.S. A	1 106 123	998 365
Cambridge Weavers (under liquidation)	3 750	3 750
Trading for Development Export	1	1
10 <sup>th</sup> of Ramadan for Spinning Industries (under liquidation)	1	1
Modern Spinning Company (under liquidation)	1	1
Egyptian for Trade and Marketing	1	1
	<u>681 041 646</u>	<u>644 580 582</u>



**10- INVENTORY**

	<u>30/6/2023</u>	<u>31/12/2022</u>
Raw materials	3 146 434 903	2 597 090 214
Spare parts & materials	554 781 984	444 213 588
Work in process	214 621 421	212 990 417
Finished products	3 229 639 128	2 768 154 084
Letter of credit for purchasing of raw materials	220 884 508	29 527 916
	<u>7 366 361 944</u>	<u>6 051 976 219</u>
Less: Impairment in inventory	(22 691 206)	(21 140 305)
	<u>7 343 670 738</u>	<u>6 030 835 914</u>

**11- TRADES & NOTES RECEIVABLE**

	<u>30/6/2023</u>	<u>31/12/2022</u>
Trades receivables	2 808 386 040	2 293 211 194
Notes receivables	655 492 492	409 078 431
	<u>3 463 878 532</u>	<u>2 702 289 625</u>
(Less): Expected credit loss – Note No (16)	(350 717 878)	(274 553 052)
	<u>3 113 160 654</u>	<u>2 427 736 573</u>

– Trades & Notes Receivable include amount of LE 5 054 487 due from related parties at June 30, 2023 results from sales of carpets.

**12- DEBTORS AND OTHER DEBIT ACCOUNTS**

	<u>30/6/2023</u>	<u>31/12/2022</u>
Prepaid expenses	69 485 469	38 145 713
Tax authority – debit accounts	441 312 758	332 073 774
Deposits with others	59 744 893	44 031 852
Accrued revenues	--	9 015 333
Letter of guarantee & letter of credit – cash margin	8 152 145	8 263 099
Petty cash & advance to employees	15 028 658	11 553 414
Suppliers – advance payment	98 191 935	27 464 021
Other debit accounts	28 102 561	15 781 875
	<u>720 018 419</u>	<u>486 329 081</u>
(Less):		
(Less): Expected credit loss – Note No (16)	(7 603 566)	(3 871 363)
	<u>712 414 853</u>	<u>482 457 718</u>

### 13- TREASURY BILLS

	<u>30/6/2023</u>	<u>31/12/2022</u>
Treasury bills (mature in 90 days)	143 747 395	792 941 670
Treasury bills (mature in more than 90 days)	666 000 000	1 093 250 000
<b>Less:</b>	<b>809 747 395</b>	<b>1 886 191 670</b>
Unrealized returns	(36 999 453)	(69 649 067)
	<b>772 747 942</b>	<b>1 816 542 603</b>
(Less): Expected credit loss – Note No (16)	(3 611 137)	(3 477 475)
	<b>769 136 805</b>	<b>1 813 065 128</b>

### 14- CASH AND CASH EQUIVALENTS

	<u>30/6/2023</u>	<u>31/12/2022</u>
Banks – Time deposits	691 769 279	335 711 438
Banks – Current accounts	1 402 298 386	1 080 544 739
Cash on hand	16 369 976	3 946 540
<b>Cash at banks and on hand</b>	<b>2 110 437 641</b>	<b>1 420 202 717</b>
<b>Less:</b>		
(Less): Expected credit loss – Note No (16)	(1 784 804)	(354 661)
	<b>2 108 652 837</b>	<b>1 419 848 056</b>
<b>Cash and cash equivalents for cash flows statement purposes</b>		
Cash in banks and the fund before the expected credit loss	2 110 437 641	1 420 202 717
Term deposits held as security for part of the credit facilities granted to the group	(86 899)	(84 405)
Cash and cash equivalents within assets held for sale-Note No (15)	--	2 725 147
<b>Cash at banks and on hand</b>	<b>2 110 350 742</b>	<b>1 422 843 459</b>
Add: Treasury bills with maturity of 90 days	138 360 840	772 391 389
<b>Cash and cash equivalents for cash flows statement purposes</b>	<b>2 248 711 582</b>	<b>2 195 234 848</b>

### 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>30/6/2023</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 June 30, 2023, the company's share in Oriental Weavers China was sold for an amount of USD 10 171 433, equivalent to EGP 305 052 388 resulting in reverse of impairment amounted to EGP 248 480 470 and profits from the sale of assets held for sale amounted to EGP of 34 761 620 which was recorded in the income statement.

**16- Expected credit loss**

	<u>Trade</u>	<u>Debtors &amp;</u>	<u>Treasury</u>	<u>Cash &amp;</u>	
	<u>receivables</u>	<u>other debit</u>	<u>Bills</u>	<u>cash</u>	<u>Total</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	21 378 011	3 553 239	4 860	1 364 978	26 301 088
Translation differences	54 786 815	178 964	128 803	65 165	55 159 747
Provision balance at 30/6/2023	<u>350 717 878</u>	<u>7 603 566</u>	<u>3 611 138</u>	<u>1 784 804</u>	<u>363 717 386</u>

**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>30/6/2023</u>	<u>31/12/2022</u>
Legal reserve	1 267 256 203	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	172 079 359	165 828 865
Unrealized gain from financial investments at FVTOCI	179 789 746	280 488 001
	<u>1 819 355 131</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>30/6/2023</u>	Balance as of <u>31/12/2022</u>
Oriental Weavers international Co (O.W.I)	286 616	118 845	405 461	320 641
MAC Carpet Mills	348 395 627	23 387 559	371 783 186	368 729 048
Egyptian Fibres Co. EFCO	147 769 693	42 236 953	190 006 646	184 013 239
Oriental Weavers – China	--	--	--	(114 168)
New MAC	3 607 150	1 260 416	4 867 566	4 649 883
Oriental Weavers Textile	379 727 274	70 837 603	450 564 877	420 544 043
Oriental Weavers Co. U.S.A.	186 201 347	38 020 392	224 221 739	186 033 547
	<b><u>1 065 987 707</u></b>	<b><u>175 861 768</u></b>	<b><u>1 241 849 475</u></b>	<b><u>1 164 176 233</u></b>



20- Long term loans

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 30/6/2023	Balance as of 30/6/2023 current portion due in one year	long term installments	Balance as of 31/12/2022 current portion due in one year	long term installments	Terms of Payment
<u>Qatar National Bank Alahli (1)</u>	EURO	3 600 000	17 512 840	17 512 840	--	27 354 602	--	The principal of the loan shall be settled over 7 equal half annually starting from 31/1/2020 till 31/7/2023 the interest and commission shall be computed and paid upon its due date.
<u>Qatar National Bank Alahli (2)</u>	EURO	4 563 473	19 950 434	19 950 434	--	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	5 600 000	--	--	--	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	--	--	--	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	185 751 569	82 556 246	103 195 323	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	59 062 507	19 687 502	39 375 005	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	112 570 175	28 142 544	84 427 631	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	149 688 586	66 528 260	83 160 326	53 261 547	93 207 708	The principal of the loan shall be settled over 12 quarterly installments starting a-a20
<u>Attijari wafa bank</u>	EURO	5 000 000	96 065 693	63 312 188	32 753 505	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>640 601 804</u>	<u>297 690 014</u>	<u>342 911 790</u>	<u>275 547 046</u>	<u>391 648 532</u>	



## 21- LEASE CONTRACTS LIABILITY

	<u>Due within one year</u>	<u>Due more than one year</u>	<u>Balance at 30/6/2023</u>
Oriental Weavers Co. U.S.A.	26 312 426	32 139 671	58 452 097
Exhibitions	89 969 736	288 323 164	378 292 900
	<u>116 282 162</u>	<u>320 462 835</u>	<u>436 744 997</u>

## 22- DEFERRED TAX LIABILITIES

### -Deferred tax Assets and liabilities

	<u>30/6/2023</u>		<u>31/12/2022</u>	
	<u>Assets</u>	<u>(Liabilities)</u>	<u>Assets</u>	<u>(Liabilities)</u>
Fixed assets	--	(181 953 060)	--	(185 613 828)
Temporary tax differences – O.W. (USA)	39 398 812	--	31 542 110	--
Fair value reserve of investment at FVOCI	--	(51 920 944)	--	(1 529 990)
<b>Total deferred tax assets / (liabilities)</b>	<b>39 398 812</b>	<b>(233 874 004)</b>	<b>31 542 110</b>	<b>(187 143 818)</b>
<b>Net deferred tax (liabilities)</b>		<b>(194 475 192)</b>		<b>(155 601 708)</b>

### -The movement of deferred tax liabilities is shown below:

	<u>30/6/2023</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	--	(50 390 954)	--	(1 529 990)
Charged to the statement of income	--	3 660 768	10 095 328	(8 487 415)
Translation Difference	7 856 702	--	9 574 222	--
<b>Ending balance</b>	<b>39 398 812</b>	<b>(233 874 004)</b>	<b>31 542 110</b>	<b>(187 143 818)</b>

## 23- Provisions

	<u>Balance as of 1/1/2023</u>	<u>Formed during the period</u>	<u>Used during the period</u>	<u>Translation differences</u>	<u>Balance as of 30/6/2023</u>
Provisions for claims	156 594 190	22 029 387	(10 845 385)	4 381 800	172 159 992
	<u>156 594 190</u>	<u>22 029 387</u>	<u>(10 845 385)</u>	<u>4 381 800</u>	<u>172 159 992</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 4 280 382 483 as of June 30, 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>30/6/2023</u>	<u>31/12/2022</u>
Trades payable	1 509 671 540	741 779 345
Notes Payable	637 636 354	274 857 242
	<u>2 147 307 894</u>	<u>1 016 636 587</u>
- Trades & Notes Payable include amount of LE 820 651 due to related parties at June 30, 2023.		

**26- CREDITORS AND OTHER CREDIT ACCOUNTS**

	<u>30/6/2023</u>	<u>31/12/2022</u>
Accrued expenses	185 499 845	171 214 142
Tax authority	43 759 835	23 809 001
Social insurance authority	28 037 087	22 853 236
Trade receivable – advance payment	325 076 995	231 764 236
Creditors – purchases of fixed assets	193 113	9 134 255
Credit balances - related parties	8 127 915	7 201 924
Deposits from others	178 064 472	170 529 500
Other credit accounts	41 902 846	36 370 801
	<u>810 662 108</u>	<u>672 877 095</u>

**27- FINANCE EXPENSES**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Bank interest	194 711 450	105 155 863
Interest of lease contracts liabilities	16 395 001	20 557 784
	<u>211 106 451</u>	<u>125 713 647</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>30/6/2023</u>	<u>30/6/2022</u>
Net profit for the period in the separate financial statements	618 348 795	748 019 807
Average of shares number available during the period	665 107 268	665 107 268
<b>Basic earnings per share in the separate financial statements</b>	<u>0.93</u>	<u>1.12</u>

**29- CONTINGENT LIABILITIES**

Letter of Guarantees Issued by Banks in favour of the company and its subsidiaries to third parties as of June 30, 2023 amounted to L.E 117 829 473 The contingent liabilities from letter of credit in that date amounted to L.E 552 493 202.

**30- CAPITAL COMMITMENTS**

The capital commitments as of June 30, 2023 amounted to L.E 85 666 163 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		
	No	<u>30/6/2023</u>	<u>31/12/2022</u>
Trades and notes receivable	(11)	3 113 160 654	2 427 736 573
Debtors and other debit accounts	(12)	712 414 853	482 457 718
		<u>3 825 575 507</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