

ORIENTAL WEAVERS CARPETS COMPANY
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For The Financial year ended December 31, 2020
Together With AUDITOR'S REPORT

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Translation from Arabic

AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
ORIENTAL WEAVERS CARPETS COMPANY

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Oriental Weavers Carpets Company (S.A.E) which comprise of the consolidated statement of financial position as of December 31, 2020 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of Oriental Weavers Company - United States of America and Oriental Weavers Company - China. Which statements reflect total assets and revenues for these companies constituting 10.78% and 19.09% respectively, of the related to consolidated totals. The financial statements of Oriental Weavers Company-United States of America and Oriental Weavers Company - China were audited by other auditors whom issued unqualified audit reports dated February 19, 2021 and January 22, 2021 respectively. Our opinion, insofar as it relates to amounts included for these companies, is based on the reports of the other auditors.

Management responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oriental Weavers Carpets Company (S.A.E) as of December 31, 2020 and of its consolidated financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in compliance with related Egyptian laws and regulations.

Emphasis of matter

Without qualifying our opinion, as described in Note No. (31) of the accompanying notes of the consolidated financial statements regarding significant events, Countries all over the world including Egypt have faced the spread of coronavirus which had a huge impact on the economy a whole. Most probably this will lead to a decrease in the Economical activities on the upcoming period. This may have a material impact on certain balance of the assets, liabilities and the operation outcome in the next period . It is not possible to calculate the effect of these events on the meantime. Hence, the information is solely based on the forecasting conducted for the time period that these events are occurring and when it is projected to end as well as the aftermath that follows.

Cairo : February 25, 2021

Tarek Salah



B.T. Wahid Abdel Ghaffar&Co.

Public Accountants & Consultants

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
Consolidated statement of financial position as of December 31, 2020

(All amounts are in Egyptian Pounds)

| | Note № | 31/12/2020 | 31/12/2019 |
|---|-----------|-----------------------|-----------------------|
| <u>Non current assets</u> | | | |
| Fixed assets | (6) | 4 216 263 559 | 4 473 925 087 |
| Projects in progress | (7) | 141 219 818 | 204 947 831 |
| Investments available for sale | (8) | 115 712 681 | 117 715 509 |
| Goodwill | (9) | -- | 159 933 791 |
| Total non current assets | | 4 473 196 058 | 4 956 522 218 |
| <u>Current assets</u> | | | |
| Inventory | (10) | 3 195 002 920 | 3 341 649 791 |
| Trades and notes receivable | (11) | 1 723 532 941 | 1 591 551 637 |
| Debtors and other debit accounts | (12) | 346 027 455 | 288 023 011 |
| Treasury bills | (13) | 2 022 461 803 | 845 396 719 |
| Cash at banks and on hand | (14) | 903 944 836 | 453 772 002 |
| Total current assets | | 8 190 969 955 | 6 520 393 160 |
| Total assets | | 12 664 166 013 | 11 476 915 378 |
| <u>Equity</u> | | | |
| Issued and paid up capital | (15) | 665 107 268 | 443 404 845 |
| Reserves | (16) | 1 487 171 611 | 1 665 292 366 |
| Retained earnings | | 348 205 426 | 210 068 714 |
| Net profit for the year | | 937 439 232 | 774 770 772 |
| Exchange differences arising on translation of financial statements | | 3 545 557 360 | 3 634 647 595 |
| Total equity attributable to the parent company | | 6 983 480 897 | 6 728 184 292 |
| Non controlling interest | (17) | 947 070 135 | 823 849 414 |
| Total equity | | 7 930 551 032 | 7 552 033 706 |
| <u>Non current liabilities</u> | | | |
| Long term loans | (18) | 206 519 835 | 230 407 654 |
| Housing and Development Bank loan | (19) | 40 279 | 61 476 |
| Deferred tax liabilities | (21) | 144 480 747 | 141 176 804 |
| Total non current liabilities | | 351 040 861 | 371 645 934 |
| <u>Current liabilities</u> | | | |
| Provisions | (22) | 90 027 046 | 61 745 858 |
| Banks-Credit accounts | (23) | 2 466 304 868 | 1 886 686 082 |
| Long term liabilities-Current portions | (20) | 99 495 787 | 110 196 514 |
| Suppliers and notes payable | (24) | 846 744 721 | 832 796 884 |
| Dividends payable | | 9 804 780 | 7 799 372 |
| Creditors and other credit accounts | (25) | 741 977 979 | 566 012 034 |
| Tax payable | | 128 218 939 | 87 998 994 |
| Total current liabilities | | 4 382 574 120 | 3 553 235 738 |
| Total liabilities | | 4 733 614 981 | 3 924 881 672 |
| Total equity and liabilities | | 12 664 166 013 | 11 476 915 378 |

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

Auditor's report attached.

Chairman

CEO

CFO & Board Member

Yasmin Mohamed Farid Khamis

Salah Abdel Aziz Abdel Moteleb

Mohamed Kattary Abdallah

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of income for the financial year ended December 31, 2020

(All amounts are in Egyptian Pounds)

| | Note | 31/12/2020 | 31/12/2019 |
|--|------|-----------------------|-----------------------|
| | № | | |
| Net sales | | 9 484 628 928 | 10 133 640 844 |
| Less: | | | |
| Cost of sales | | 8 176 729 195 | 9 056 876 237 |
| Gross profit | | 1 307 899 733 | 1 076 764 607 |
| Add / (less): | | | |
| Financial investments revenues | | -- | 7 992 345 |
| Capital gain | | 6 368 015 | 15 129 496 |
| Other revenues | | 563 213 175 | 315 968 451 |
| Treasury bills returns | | 131 346 570 | 54 066 734 |
| Interest income | | 21 527 688 | 59 702 385 |
| Distribution expenses | | (141 533 109) | (125 442 298) |
| General and administrative expenses | | (326 497 397) | (339 380 372) |
| Formed provisions and impairment | | (225 845 613) | (120 736 281) |
| Financing expenses | | (104 079 183) | (128 130 231) |
| Foreign exchange differences | | 37 224 542 | 146 105 967 |
| Net profit for the year before income tax | | 1 269 624 421 | 962 040 803 |
| (Less): | | | |
| Current income tax | | (154 679 705) | (103 264 620) |
| Deferred tax | | (3 007 834) | (3 697 506) |
| Income tax for the year | | (157 687 539) | (106 962 126) |
| Net profit for the year after income tax | | 1 111 936 882 | 855 078 677 |
| Attributable to: | | | |
| The parent company | | 937 439 232 | 774 770 772 |
| Non controlling interest | | 174 497 650 | 80 307 905 |
| | | 1 111 936 882 | 855 078 677 |
| Basic earnings per share in the separate financial statements | (26) | 0.75 | 0.99 |

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

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Consolidated statement of comprehensive income for the financial year ended December 31, 2020

(All amounts are in Egyptian Pounds)

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|-----------------------------|---------------------------|
| Net profit for the year | 1 111 936 882 | 855 078 677 |
| Other comprehensive income | | |
| Changes in fair value of available for sale investments | (86 151) | 86 846 |
| Translation exchange differences | <u>(100 691 073)</u> | <u>(618 230 743)</u> |
| Total other comprehensive (loss) after tax | <u>(100 777 224)</u> | <u>(618 143 897)</u> |
| Total comprehensive income for the year | <u><u>1 011 159 658</u></u> | <u><u>236 934 780</u></u> |
| <u>Attributable to:</u> | | |
| The parent company | 848 277 765 | 204 487 475 |
| Non controlling interest | <u>162 881 893</u> | <u>32 447 305</u> |
| | <u><u>1 011 159 658</u></u> | <u><u>236 934 780</u></u> |

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

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

Oriental Weavers Carpets Company 'An Egyptian Joint Stock Company)

Consolidated statement of changes in equity for the financial year ended December 31, 2020

(All amounts are in Egyptian Pounds)

| | Issued and paid up capital | Reserves | Retained earnings | Net profit | Trans ation differences | Equity holders of the parent | Non controlling interest | Total equity |
|--|-------------------------------|----------------------|----------------------|--------------------|----------------------------|---------------------------------|-----------------------------|----------------------|
| Balance at 1/1/2019 | 443 404 845 | 1 627 369 670 | 514 374 284 | 503 737 298 | 4 224 548 609 | 7 313 434 706 | 845 873 091 | 8 159 307 797 |
| Transferred to reserves | -- | 37 850 891 | -- | (37 850 891) | -- | -- | -- | -- |
| Transferred to retained earnings | -- | -- | 465 886 407 | (465 886 407) | -- | -- | -- | -- |
| Dividends | -- | -- | (790 087 384) | -- | -- | (790 087 384) | (54 416 236) | (844 503 620) |
| Adjustments related to consolidated statements | -- | -- | 19 895 407 | -- | (19 545 912) | 349 495 | (54 746) | 294 749 |
| Total Comprehensive income for the year | -- | 71 805 | -- | 774 770 772 | (570 355 102) | 204 487 475 | 32 447 305 | 236 934 780 |
| Balance at 31/12/2019 | 443 404 845 | 1 665 292 366 | 210 068 714 | 774 770 772 | 3 634 647 595 | 6 728 184 292 | 823 849 414 | 7 552 033 706 |
| Balance at 1/1/2020 | 443 404 845 | 1 665 292 366 | 210 068 714 | 774 770 772 | 3 634 647 595 | 6 728 184 292 | 823 849 414 | 7 552 033 706 |
| Transfer to capital increase from reserves | 221 702 423 | (221 702 423) | -- | -- | -- | -- | -- | -- |
| Transferred to reserves | -- | 43 652 900 | -- | (43 652 900) | -- | -- | -- | -- |
| Transferred to retained earning | -- | -- | 731 117 872 | (731 117 872) | -- | -- | -- | -- |
| Dividends | -- | -- | (592 981 160) | -- | -- | (592 981 160) | (39 661 172) | (632 642 332) |
| Total Comprehensive income for the year | -- | (71 232) | -- | 937 439 232 | (85 990 235) | 848 277 765 | 162 881 893 | 1 011 159 658 |
| Balance at 31/12/2020 | 665 107 268 | 1 487 171 611 | 348 205 426 | 937 439 232 | 3 545 557 360 | 6 983 480 897 | 947 070 135 | 7 930 551 032 |

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

Chairman

Yasmin Mohamed Farid Khamis

CEO

Salah Abdel Aziz Abdel Motaleb

CFO & Board Member

Mohamed Kattary Abdallah

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)
Consolidated statement of cash flow for the financial year ended December 31,2020

(All amounts are in Egyptian Pounds)

| | Note | 31/12/2020 | 31/12/2019 |
|--|------|-----------------------|-------------------------|
| | № | | |
| <u>Cash flows from operating activities</u> | | | |
| Net profit for the year before income tax | | 1 269 624 421 | 962 040 803 |
| <u>Adjustments to reconcile net profit to net cash provided by operating activities</u> | | | |
| Fixed assets depreciation | | 538 185 472 | 508 526 466 |
| Formed provisions and impairment | | 225 845 613 | 120 736 281 |
| Interest income | | (21 527 688) | (59 702 385) |
| Financing expenses | | 104 079 183 | 128 130 231 |
| Financial investments revenues | | -- | (7 992 345) |
| Capital (gain) | | (6 368 015) | (15 129 496) |
| Operating profits before changes in working capital | | 2 109 838 986 | 1 636 609 555 |
| <u>Change in :</u> | | | |
| Inventory | | 108 601 342 | 84 475 428 |
| Trades and notes receivable and debit accounts | | (272 737 036) | 23 965 493 |
| Suppliers and notes payable and credit accounts | | 159 125 986 | (184 995 578) |
| Cash flows provided by operating activities | | 2 104 829 278 | 1 560 054 898 |
| Proceeds from interest income | | 21 527 688 | 59 702 385 |
| Financing expenses paid | | (104 079 183) | (128 130 231) |
| Income tax paid | | (74 677 634) | (69 384 172) |
| Net cash flows provided by operating activities | | 1 947 600 149 | 1 422 242 880 |
| <u>Cash flows from investing activities</u> | | | |
| (Payments) for purchase of fixed assets and projects in progress | | (274 837 317) | (368 411 412) |
| Proceeds from available for sale investments | | -- | 7 992 345 |
| Proceeds from selling of fixed assets | | 10 341 527 | 18 167 663 |
| (Payments) to treasury bills | | (99 219 837) | (44 290 019) |
| Net cash flows (used in) investing activities | | (363 715 627) | (386 541 423) |
| <u>Cash flows from financing activities</u> | | | |
| Proceeds (payments) from banks-credit accounts | | 601 747 283 | (132 427 472) |
| Dividends paid and payments for non controlling interest | | (630 636 924) | (855 573 515) |
| Exchange differences arising from translation of financial statements | | (3 574 625) | (5 014 063) |
| (Payments) to long term liabilities | | (29 538 127) | (118 061 334) |
| Net cash flows (used in) financing activities | | (62 002 393) | (1 111 076 384) |
| Net change in cash and cash equivalents during the year | | 1 521 882 129 | (75 374 927) |
| Cash and cash equivalents at the beginning of the year | | 1 195 783 390 | 1 321 841 268 |
| Translation exchange differences related to cash and cash equivalents | | (4 927 978) | (50 682 951) |
| Cash and cash equivalents at end of the year represents in: | | 2 712 737 541 | 1 195 783 390 |
| Cash and cash equivalents | (14) | 890 842 296 | 453 698 106 |
| Treasury bills | (13) | 2 022 461 803 | 845 396 719 |
| Treasury bills due more than three months | | (200 566 558) | (103 311 435) |
| Cash and cash equivalents | | 2 712 737 541 | 1 195 783 390 |

The amounts of LE 61 146 682 of the working capital items, LE 57 964 184 of the investment activities, LE (38 523 234) of the financing activities and LE 4 927 978 of the cash and cash equivalents have been eliminated against the amount of LE 85 515 610 of the translation differences.

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

Chairman
Yasmin Mohamed Farid Khamis

CEO
Salah Abdel Aziz Abdel Moteleb

CFO & Board Member
Mohamed Kattary Abdallah

1 - BACKGROUND INFORMATION

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

1-2 Commercial Register

Commercial Register No 44139 dated November 16, 1981.

1-3 Company's objective

- Production of machine – made carpets and semi hand-woven carpets (Hand-Tuft), marketing and selling them domestically, export and import the machinery and equipment and raw materials necessary for the production.
- Toll manufacturing for other parties and at other parties.
- Supplying, installing and maintaining of all types of woven carpets and carpets, and purchasing, importing and supplying all installation and maintenance supplies.
- Importing all types of carpets, woven and non-woven semi-finished materials from the country or abroad, complete their production, processing, and then re-market and sell them domestically and 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 New and revised Egyptian Accounting Standards in issue but not yet effective

- The Minister of Investment's decree No. (69) Of 2019 was issued on March 18, 2019. It has been decided to issue new standards and replace and withdraw certain Egyptian Accounting Standards, and it shall be effective for the financial periods that start at or after January 1, 2020.
- On April 12, 2020, the Financial Regulatory Authority has issued a statement postponing the application of the new Egyptian Accounting Standards and the accompanying amendments issued in Resolution No. 69 of 2019 to the interim financial statements that will be issued during the year 2020 due to the current circumstances the country is going through from the spread of the new Coronavirus and the economic and financial implications associated with it.

Notes to the consolidated financial statements for the financial year ended December 31, 2020

(All amounts in Egyptian Pounds unless otherwise stated)

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

- On September 20, 2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the application of accounting standards No. (47) - Financial instruments and (48) - Revenue from contracts with customers and (49) - Leasing contracts for the financial year that starts from
- January 1. 2021.
- Currently the Company is study the effect of the application of these standards on its Financial Statements. These standards are listed below:

Standards have been replaced

Egyptian Accounting Standard No. (1) "Presentation of Financial Statements", Egyptian Accounting Standard No. (4) "Statement of Cash Flows", Egyptian Accounting Standard No. (25) "Financial Instruments Presentation", Egyptian Accounting Standard No. (26) "Financial Instruments Recognition and Measurement", Egyptian Accounting Standard No. (34) "Investment Property", Egyptian Accounting Standard No. (38) "Employee Benefits", Egyptian Accounting Standard No. (40) "Financial Instruments Disclosures", Egyptian Accounting Standard No. (42) "Consolidated Financial Statements".

Standards have been revised

Egyptian Accounting Standard No. (15) "Related Party Disclosures", Egyptian Accounting Standard No. (17) "Separate Financial Statements", Egyptian Accounting Standard No. (18) "Investments in Associates" Egyptian Accounting Standard No. (22) "Earnings per Share" Egyptian Accounting Standard No. (24) "Income Taxes", Egyptian Accounting Standard No. (29) "Business Combinations", 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. (44) "Disclosure of Interests in Other Entities".

New standards

Egyptian Accounting Standard No. (47) "Financial Instruments", Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers", Egyptian Accounting Standard No. (49) "Leases", in addition to issue an Egyptian Accounting Interpretation No. (1) "Service Concession Arrangements".

Standards have been withdrawn

Egyptian Accounting Standard No. (8) "Construction Contracts" Egyptian Accounting Standard No. (11) "Revenue" Egyptian Accounting Standard No. (20) "Accounting rules and standards related to financial leasing operations".

2-2 Statement of compliance

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and in the light of Egyptian laws and regulations.

Notes to the consolidated financial statements for the financial year ended December 31, 2020

(All amounts in Egyptian Pounds unless otherwise stated)

- The Egyptian Accounting Standards requires refer to the International Financial Reporting Standards when no Egyptian accounting standard or legal requirements illustrate how to treat specific balances or transaction.

2-3 Basis of measurement

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

3 - USE OF JUDGMENTS AND ESTIMATES

- The preparation of consolidated financial statements according to the Egyptian Accounting Standard requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The note no. (5) From the notes of the financial statements indicates the items and the elements that have significant accounting estimates.
- Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3-1 Fair Value Measurement

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

4 - SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Financial Statements include companies in which Oriental Weavers Carpets Company participates in their capitals and has control thereon.

Notes to the consolidated financial statements for the financial year ended December 31, 2020*(All amounts in Egyptian Pounds unless otherwise stated)*

- 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>31/12/2020</u> | <u>31/12/2019</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 | 99.63 |
| New Mac | 52.02 | 52.02 |
| Oriental Weavers Textile | 71.44 | 71.44 |

5 - SIGNIFICANT ACCOUNTING POLICIES**5-1 Basis of consolidation**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

A- Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

B- Non-controlling interest

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

C- Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss, any interest retained in the former subsidiary is measured at fair value when control is lost.

D- Transactions eliminated in consolidation

- Consolidated current financial position are prepared by combining similar items of assets, liabilities, equity, revenues and expenses stated in the financial statements of the holding company and its subsidiaries.
- The carrying amount of the holding company's investment in each subsidiary and the holding company's portion in the equity of each subsidiary are eliminated.
- All inter-company balances, transactions, and material unrealized gains are eliminated.

5-2 Foreign currency Translation

a- Presentation and Transaction Currency

The Financial Statements are presented in Egyptian pound which represents the company presentation and transaction currency.

b- Transaction and Balances

Transactions denominated in foreign currencies are recorded at the prevailing exchange rates at the date of the transaction. At consolidated financial position date monetary assets and liabilities denominated in foreign currencies are revaluated at the exchange rates declared by the company's bank and its subsidiaries' bank at that date.

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

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

Generally, the exchange differences are recorded in the consolidated income statement for the year.

c- Translation of Financial Statements of Foreign Companies

Some of the subsidiaries maintain their books of accounts in foreign currency other than Egyptian Pounds. Monetary assets and liabilities of these companies are translated into Egyptian Pound at the Foreign exchange rate at the date of consolidated financial position. Shareholders' equity items are translated at the foreign exchange rate prevailing at the consolidation date. Consolidated income statement items are translated at the average foreign exchange rate of the reporting period.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

5-3 Fixed Assets and Depreciation

a- Recognition and Initial Measurement

Fixed assets are recognized initially at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses-if exist.

b- Subsequent Cost

The Company recognizes the carrying amount of Parts of some Items of Fixed assets may require replacement, the cost of replacing part of such an item is recognized when criteria are met and after de-recognition the carrying amount of those parts that are replaced and when replacement have probable future economic benefits and can be measured reliable, any other costs are recognize at income statement.

c- Depreciation

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

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

| <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 Financial assets Available for sale

Financial assets available for sale are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value (Except for the investments that do not have a quoted price in an active market, which shall be measured at cost less impairment loss) and changes therein, other than impairment losses and foreign currency differences on debt instrument, are recognized in other comprehensive income and accumulated in the fair value reserve.

When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or losses. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment losses previously recognized in profit or loss.

If the fair value of an impaired available for sale debt security subsequently increase and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss.

The impairment loss that recognized in profit or loss for the equity instruments classified as available for sale is not reversed to profit or loss.

5-6 Goodwill

Goodwill is measured as the excess of the consideration transferred and the amount of any non-controlling interest in the acquire and the acquisition date fair value of the acquirer's previously held equity interest in the acquire in a business combination achieved in stages over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is reviewed on regular basis; an impairment loss of goodwill is recognized if the carrying amount of the asset or its cash generating unit is exceeds its recoverable amount.

5-7 Inventory

Inventory is valued at the end of the year at which is lower of cost or net realizable value according to the following basis:

- Raw materials, Spare parts, packaging materials, are determined using the moving average method.
- Cost of work in process is determined at industrial cost which include materials used in its production and direct wages in addition to its related direct and indirect industrial expenses up to the production stage that have been reached.
- Cost of finished products at which is lower of cost or net realizable value includes all the direct and indirect industrial expenses.

5-8 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset shall be capitalized. Capitalization of interest and commission should be ceased when the assets are substantially ready for intended use.

Other borrowing costs shall recognize as an expense in the period in which it incurs them in the finance expenses account using the effective interest rate method.

Capitalization of borrowing costs should be suspended during extended periods in which it suspends active development of a qualifying asset. Capitalization of borrowing costs should be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

5-9 Debtors and other debit accounts

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

5-10 Treasury Bills

Treasury Bills are recorded at face value, where the unearned revenue is recorded in the liabilities, accordingly the net treasury bills presented after deducting the unearned revenue.

5-11 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, and it is probable that an out flow of economic benefits will be required to settle the obligation, and the obligation can be reasonably estimated, and if there is a significant effect of the monetary time value, the provisions are determined after deduction of future cash flow that are related to the obligation of payment by using the relevant deduction rate to take this effect into consideration. Provisions are reviewed at the financial position date and amended when necessary to reflect the best current estimate.

5-12 Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will inflow to the entity and the amount of revenue can be measured reliably. Revenue shall be measured at the fair value of the consideration received or receivable less the amount of any trade discounts, volume rebates by the entity, sales tax or fees.

The following are the special considerations of the revenue recognition:

- Revenue from sales is recognized when goods- related rewards and risks are transferred to the buyer upon the delivery of the products and invoicing.

Notes to the consolidated financial statements for the financial year ended December 31, 2020

(All amounts in Egyptian Pounds unless otherwise stated)

- Interest income is recognized in the income statement using the effective interest method. The effective interest method is used for discounting the expected future cash flows and allocating the related interest income over the maturity period. The effective interest is calculated taking in consideration the contractual arrangements.
- Income from available for sale investment is recognized when the cash distribution declared by the Investee Company and received.

5-13 Legal reserve

According to the company's statutes the Company is required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual net profit until it reaches 50% of the issued share capital.

5-14 Treasury 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.

5-15 Impairment

A- Financial assets

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

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

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

All impairment losses are recognized in income statement, impairment loss on available for sale investment are recognized by reclassifying the losses accumulated in the equity to income statement if the decline in value indicates the occurrence of impairment.

Notes to the consolidated financial statements for the financial year ended December 31, 2020

(All amounts in Egyptian Pounds unless otherwise stated)

The impairment loss is reversed if it can be related objectively to an event occurring after the impairment loss was recognized. For the financial assets carried at amortized cost and the financial assets which considered debt instruments the impairment is reversed in the income statement and for the financial assets available for sale which is considered equity instruments the impairment is reversed directly in equity.

B- Non-Financial assets

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

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

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

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

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

5-16 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.

5-17 Employees' pension

A- Social Insurance and pension

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law no 79 of 1975 and its modifications. Limited Contributions are charged to income statement using the accrual basis of accounting.

B- Employees' profit share

The Company contributes an employees' profit share of 10% from net profit for the year after deducting the legal reserve and the accumulated losses, if any, not to exceed the total salaries for the year and the employees' profit share is recognized as liabilities when it is approved by the general assembly.

5-18 Contingent liabilities and commitments

Contingent liabilities and commitments shown out of the financial position as it is not represented actual assets or liabilities at the financial position date.

5-19 Related parties transactions

Transactions with Related parties that are undertaken by the Company in the course of its ordinary transactions are recorded according to the conditions laid down by the company's management on the same bases of dealing with third party.

5-20 Cash flow statement

Consolidated Cash flow statement is prepared using the indirect method.

For purpose of preparing the consolidated statement of cash flows, Cash and cash equivalents include cash, time deposits for a period not more than three months and treasury bills for a period not more than three months.

5-21 Comparative Figures

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

(All amounts in Egyptian Pounds unless otherwise stated)

6- **Fixed assets**

| | Land | Buildings & Constructions | Machinery & equipment | Vehicles | Tools & Supplies | Showrooms Fixture | Furniture & office equipment | Computers | Total |
|--|---------------|---------------------------|-----------------------|---------------|------------------|-------------------|------------------------------|---------------|------------------|
| Cost as of 1/1/2019 | 741 076 735 | 3 069 118 733 | 9 047 514 181 | 282 315 494 | 128 894 210 | 72 993 706 | 140 436 179 | 178 772 036 | 13 661 121 274 |
| Additions | -- | 16 718 072 | 242 384 288 | 8 139 352 | 10 538 614 | 38 006 127 | 12 234 382 | 62 199 248 | 390 220 083 |
| Disposals | -- | (10 987 119) | (32 827 922) | (2 743 863) | -- | -- | (6 619 332) | -- | (53 178 236) |
| Translation exchange differences | (50 413 968) | (227 372 081) | (823 454 514) | (22 340 339) | (7 752 941) | -- | (8 906 371) | (14 485 816) | (1 154 726 030) |
| Cost as of 31/12/2019 | 690 662 767 | 2 847 477 605 | 8 433 616 033 | 265 370 644 | 131 679 883 | 110 999 833 | 137 144 858 | 226 485 468 | 12 843 437 091 |
| Additions | 127 118 | 7 981 367 | 284 598 919 | 16 540 588 | 5 904 300 | 11 830 986 | 3 301 217 | 13 205 587 | 343 490 082 |
| Disposals | -- | (4 304 232) | (8 309 041) | (5 908 107) | (264 878) | -- | -- | -- | (18 786 258) |
| Translation exchange differences | (8 188 158) | (33 020 536) | (119 908 785) | (3 663 005) | (1 191 973) | (18 559) | (1 422 306) | (3 368 103) | (170 781 425) |
| Cost as of 31/12/2020 | 682 601 727 | 2 818 134 204 | 8 589 997 126 | 272 340 120 | 136 127 332 | 122 812 260 | 139 023 769 | 236 322 952 | 12 997 359 490 |
| Accumulated depreciation and impairment as of 1/1/2019 | -- | 1 162 630 986 | 6 882 253 031 | 234 852 674 | 105 913 336 | 49 357 770 | 109 600 848 | 155 463 042 | 8 700 071 687 |
| Depreciation of year | -- | 102 840 726 | 352 892 443 | 14 126 240 | 7 249 827 | 10 425 790 | 5 542 167 | 15 449 273 | 508 526 466 |
| Impairment losses during the year | -- | -- | 1 167 140 | -- | -- | -- | -- | -- | 1 167 140 |
| Disposals of accumulated depreciation | -- | (10 158 065) | (30 779 911) | (2 642 692) | -- | -- | (6 559 401) | -- | (50 140 069) |
| Translation exchange differences | -- | (93 254 116) | (652 356 554) | (18 009 399) | (6 601 716) | -- | (7 179 135) | (12 712 300) | (790 113 220) |
| Accumulated depreciation and impairment as of 31/12/2019 | -- | 1 162 059 531 | 6 553 176 149 | 228 326 823 | 106 561 447 | 59 783 560 | 101 404 479 | 158 200 015 | 8 369 512 004 |
| Depreciation of year | -- | 101 839 688 | 359 904 606 | 14 042 420 | 7 762 885 | 19 511 907 | 5 752 991 | 29 370 975 | 538 185 472 |
| Impairment losses during the year | -- | -- | 6 512 838 | -- | -- | -- | -- | -- | 6 512 838 |
| Disposals of accumulated depreciation | -- | (1 537 713) | (7 168 381) | (5 841 774) | (264 878) | -- | -- | -- | (14 812 746) |
| Translation exchange differences | -- | (14 743 893) | (96 120 682) | (3 059 578) | (1 025 185) | (2 644) | (1 132 275) | (2 217 380) | (118 301 637) |
| Accumulated depreciation and impairment as of 31/12/2020 | -- | 1 247 617 613 | 6 816 304 530 | 233 467 891 | 113 034 269 | 79 292 823 | 106 025 195 | 185 353 610 | 8 781 095 931 |
| Net book value as of 31/12/2020 | 682 601 727 | 1 570 516 591 | 1 773 692 596 | 38 872 229 | 23 993 063 | 43 519 437 | 32 998 574 | 50 969 342 | 4 216 263 559 |
| Net book value as of 31/12/2019 | 690 662 767 | 1 685 418 074 | 1 880 439 884 | 37 043 821 | 25 118 436 | 51 216 273 | 35 740 379 | 68 285 453 | 4 473 925 087 |

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company) *Translation from Arabic*

Notes to the consolidated financial statements for the financial year ended December 31, 2020

(All amounts in Egyptian Pounds unless otherwise stated)

7- PROJECTS IN PROGRESS

| | | |
|--|--------------------|--------------------|
| Buildings under Construction | <u>31/12/2020</u> | <u>31/12/2019</u> |
| Machinery & Equipment under installation | 58 327 888 | 48 599 439 |
| Computer systems | 11 389 089 | 104 345 752 |
| Letters of credit for purchasing of assets | 9 102 609 | -- |
| Advance payment for purchasing of Fixed assets | -- | 21 315 101 |
| | 62 400 232 | 30 687 539 |
| | <u>141 219 818</u> | <u>204 947 831</u> |

8- AVAILABLE FOR SALE INVESTMENTS

Unlisted investments at Egyptian Exchange

| | Balance as of 1/1/2020 | Fair value reserve of available for sale investments | Translation difference | Balance as of 31/12/2020 |
|--|-------------------------------|---|-------------------------------|---------------------------------|
| Egyptian Propylene & Polypropylene Company "E.P.P" | 100 260 473 | -- | (1 906 718) | 98 353 755 |
| Alahli Bank of Kuwait- Egypt | 12 639 818 | -- | -- | 12 639 818 |
| Oriental for Industrial Development | 4 200 000 | -- | -- | 4 200 000 |
| Prudential company - U.S.A | 611 468 | (86 151) | (9 559) | 515 358 |
| Cambridge Weavers (under liquidation) | 3 750 | -- | -- | 3 750 |
| Trading for Development Export* | -- | -- | -- | -- |
| 10 th of Ramadan for Spinning Industries (under liquidation)* | -- | -- | -- | -- |
| Modern Spinning Company (under liquidation)* | -- | -- | -- | -- |
| Egyptian for Trade and Marketing* | -- | -- | -- | -- |
| | <u>117 715 509</u> | <u>(86 151)</u> | <u>(1 916 677)</u> | <u>115 712 681</u> |

• Fully impaired investments.

9- GOODWILL

| | Company's share of | | |
|--------------------------------------|---------------------------|------------------------|--------------------|
| | the fair value for | Goodwill | |
| | Net assets | Impairment | |
| | Investment cost | Goodwill | |
| Oriental weavers international (OWI) | 728 049 443 | (676 790 531) | 51 258 912 |
| MAC Carpet Mills (MAC) | 750 697 752 | (400 022 873) | 108 674 879 |
| | <u>1 478 747 195</u> | <u>(1 076 813 404)</u> | <u>159 933 791</u> |
| | | <u>(51 258 912)</u> | <u>51 258 912</u> |
| | | <u>(350 674 879)</u> | <u>108 674 879</u> |
| | | <u>(401 933 791)</u> | <u>159 933 791</u> |

10- INVENTORY

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|----------------------|----------------------|
| Raw materials | 1 257 765 231 | 1 165 798 949 |
| Spare parts & materials | 287 704 579 | 277 171 755 |
| Work in process | 129 976 110 | 107 321 385 |
| Finished products | 1 379 471 741 | 1 733 842 051 |
| Letter of credit for purchasing of raw materials | 141 876 198 | 59 341 310 |
| | <u>3 196 793 859</u> | <u>3 343 475 450</u> |
| Less: Impairment in inventory | (1 790 939) | (1 825 659) |
| | <u>3 195 002 920</u> | <u>3 341 649 791</u> |

11- TRADES & NOTES RECEIVABLE

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|----------------------|----------------------|
| Trades receivables | 1 584 593 035 | 1 402 657 001 |
| Less: Impairment in Trades receivables | 222 783 982 | 196 144 496 |
| | <u>1 361 809 053</u> | <u>1 206 512 505</u> |
| Notes Receivable | 361 723 888 | 385 039 132 |
| | <u>1 723 532 941</u> | <u>1 591 551 637</u> |

–Trades & Notes Receivable include amount of LE 2 814 055 due from related parties at December 31, 2020 result from sales of carpets.

12- DEBTORS AND OTHER DEBIT ACCOUNTS

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|--------------------|--------------------|
| Prepaid expenses | 32 296 705 | 33 101 433 |
| Tax authority – debit accounts | 133 353 549 | 127 254 484 |
| Deposits with others | 46 109 836 | 45 644 293 |
| Debit balances – related parties | -- | 8 055 000 |
| Accrued revenues | 577 893 | -- |
| Letter of guarantee & letter of credit – cash margin | 6 232 281 | 6 525 459 |
| Petty cash & advance to employees | 5 197 076 | 5 575 396 |
| Suppliers – advance payment | 114 929 916 | 54 173 009 |
| Other debit accounts | 15 290 040 | 15 653 778 |
| | <u>353 987 296</u> | <u>295 982 852</u> |
| Less: | | |
| Impairment in debtors and other debit accounts | (7 959 841) | (7 959 841) |
| | <u>346 027 455</u> | <u>288 023 011</u> |

13- TREASURY BILLS

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|----------------------|--------------------|
| Treasury bills (mature in 90 days) | 1 890 592 023 | 780 900 000 |
| Treasury bills (mature in more than 90 days) | 214 527 314 | 108 645 518 |
| | 2 105 119 337 | 889 545 518 |
| Less: Unearned revenue | (82 657 534) | (44 148 799) |
| | 2 022 461 803 | 845 396 719 |

14- CASH AND CASH EQUIVALENTS

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|--------------------|--------------------|
| Banks – Time deposits | 314 997 833 | 32 022 847 |
| Banks – Current accounts | 585 225 743 | 416 506 271 |
| Checks under collection | 50 000 | -- |
| Cash on hand | 3 671 260 | 5 242 884 |
| Cash at banks and on hand | 903 944 836 | 453 772 002 |
| Less: | | |
| Time deposits blocked as guarantee to the facilities granted to the group | (77 370) | (73 896) |
| Sums set aside in banks for the customs authority | (13 025 170) | -- |
| Cash and cash equivalents for cash flows statement purposes | 890 842 296 | 453 698 106 |

15- Issued and paid up capital

- 15-1** The company's authorized capital is determined to be L.E 1 000 000 000 (one billion Egyptian pounds).
- 15-2** The Issued capital is LE 443 404 845 (only four hundred forty three million and four hundred four thousand and eight hundred forty five Egyptian pounds) distributed over 443 404 845 shares which LE 421 808 045 (only four hundred twenty one million and eight hundred eight thousand and forty five Egyptian pounds) are cash shares and 21 596 800 (only twenty one million and five hundred ninety six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of LE 1 each.
- 15-3** According to the General Assembly meeting held on April 17, 2019 it was unanimously approved to increase the issued capital from reserves by L.E 221 702 423 through distribution of bonus shares by one share for every two shares and it was registered in the Commercial Register on February 18, 2020. The number of shares become 665 107 268 shares with a par value of LE 665 107 268.
- 15-4** The company's shares are centrally kept at Misr for Central Clearing, Depository and Registry Co. and those shares are traded in Egyptian exchange.

16- Reserves

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|----------------------|----------------------|
| Legal reserve* | 1 138 835 482 | 1 118 138 121 |
| General reserve* | 74 488 537 | 286 810 951 |
| Special reserve | 59 973 828 | 59 973 828 |
| Net assets revaluation reserve | 65 767 458 | 65 767 458 |
| Capital reserve | 147 068 628 | 133 493 099 |
| Unrealized gain from available for sale investments | 1 037 678 | 1 108 909 |
| | <u>1 487 171 611</u> | <u>1 665 292 366</u> |

*An amount of LE 212 322 414 of the general reserve and amount of LE 9 380 009 of the legal reserve has been used in the issued capital increase - Note No. (15-3)

17- Non-Controlling interest

| | Non controlling interest in Equity | Non controlling interest in comprehensive income | Balance as of <u>31/12/2020</u> | Balance as of <u>31/12/2019</u> |
|---|---|---|------------------------------------|------------------------------------|
| Oriental Weavers international Co (O.W.I) | 210 168 | 12 609 | 222 777 | 226 262 |
| MAC Carpet Mills | 313 959 519 | 83 283 118 | 397 242 637 | 333 848 675 |
| Egyptian Fibres Co. EFCO | 99 372 034 | 34 812 972 | 134 185 006 | 109 610 489 |
| Oriental Weavers – China | 140 689 | (65 975) | 74 714 | 140 689 |
| New MAC | 2 083 213 | 2 335 151 | 4 418 364 | 2 891 249 |
| Oriental Weavers Textile | 250 899 703 | 34 271 560 | 285 171 263 | 259 609 134 |
| Oriental Weavers Co. U.S.A. | 117 522 916 | 8 232 458 | 125 755 374 | 117 522 916 |
| | <u>784 188 242</u> | <u>162 881 893</u> | <u>947 070 135</u> | <u>823 849 414</u> |

(All amounts in Egyptian Pounds unless otherwise stated.)

18- LONG TERM LOANS

| <u>BANK</u> | <u>Principal of the loan in original Currency</u> | <u>Balance of the loan as of 31/12/2020</u> | <u>Balance as of 31/12/2020 current portion due in one year</u> | <u>long term installments</u> | <u>Balance as of 31/12/2019 current portion due in one year</u> | <u>long term installments</u> | <u>Terms of Payment</u> | |
|---------------------------------------|---|---|---|-------------------------------|---|-------------------------------|-------------------------|---|
| <u>Qatar National Bank Alahli (1)</u> | EURO | 3 600 000 | 91 899 071 | 20 124 063 | 71 775 008 | 18 424 091 | 46 060 228 | 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 | 10 000 000 | -- | -- | -- | 16 860 220 | 7 488 741 | The principal of the loan shall be settled over 48 unequal monthly starting from 6/10/2017 till 6/9/2021 the interest and commission shall be computed and paid upon its due date. |
| <u>Qatar National Bank Alahli (3)</u> | USD | 4 563 473 | 68 775 155 | 22 925 052 | 45 850 103 | 20 999 922 | 52 499 830 | 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>160 674 226</u> | <u>43 049 115</u> | <u>117 625 111</u> | <u>56 284 233</u> | <u>106 048 799</u> | |
| <u>Alex. Bank</u> | EURO USD | 6 500 000 | -- | -- | -- | 6 231 128 | -- | The principal of the loan shall be settled over 9 equal half annually installments starting from 4/10/2016 till 4/10/2020 , the interest and commission shall be computed and paid upon its due date. |
| <u>Attijari wafa bank</u> | USD | 5 250 000 | 66 003 649 | 26 401 466 | 39 602 183 | 23 068 525 | 57 671 338 | The principal of the loan shall be settled over 7 equal half annually installments starting from 30/1/2019 till 30/1/2022 , the interest and commission shall be computed and paid upon its due date. |
| <u>Loans from Other Banks</u> | USD | 19 868 663 | 79 308 826 | 30 016 285 | 49 292 541 | 18 031 198 | 66 687 517 | Other loans in US dollar granted to Oriental Weavers Co. U.S.A |
| | | | <u>305 986 701</u> | <u>99 466 866</u> | <u>206 519 855</u> | <u>110 167 593</u> | <u>230 407 654</u> | |

19- HOUSING AND DEVELOPMENT BANK LOAN

| | Note | 31/12/2020 | 31/12/2019 |
|---|------|---------------|---------------|
| | No | | |
| Balance of this item represents the remaining amount due to Housing and Development Bank against purchasing housing units for employees in 10 th of Ramadan city. Payment shall be made on equal monthly instalments for 27 years. | | 69 200 | 90 397 |
| Instalments due within one year were classified as part of current liabilities under the item of long term liabilities – current portion. | (20) | (28 921) | (28 921) |
| | | <u>40 279</u> | <u>61 476</u> |

20- LONG TERM LIABILITIES – CURRENT PORTIONS

| | Note | 31/12/2020 | 31/12/2019 |
|-----------------------------------|------|-------------------|--------------------|
| | No | | |
| Long-term loan instalment | (18) | 99 466 866 | 110 167 593 |
| Housing and Development Bank loan | (19) | 28 921 | 28 921 |
| | | <u>99 495 787</u> | <u>110 196 514</u> |

21- DEFERRED TAX LIABILITIES

-Deferred tax Assets and liabilities

| | 31/12/2020 | | 31/12/2019 | |
|--|-------------------|----------------------|-------------------|----------------------|
| | Assets | (Liabilities) | Assets | (Liabilities) |
| Temporary tax differences – O.W. (USA) | 14 667 081 | -- | 15 815 014 | -- |
| Fixed assets | -- | (159 147 828) | -- | (156 991 818) |
| Total deferred tax assets / (liabilities) | <u>14 667 081</u> | <u>(159 147 828)</u> | <u>15 815 014</u> | <u>(156 991 818)</u> |
| Net deferred tax (liabilities) | | <u>(144 480 747)</u> | | <u>(141 176 804)</u> |

-The movement of deferred tax liabilities is shown below:

| | 31/12/2020 | | 31/12/2019 | |
|------------------------------------|-------------------|----------------------|-------------------|----------------------|
| | Assets | (Liabilities) | Assets | (Liabilities) |
| Beginning balance | 15 815 014 | (156 991 818) | 18 585 628 | (154 174 636) |
| Charged to the statement of income | (851 824) | (2 156 010) | (880 324) | (2 817 182) |
| Translation Difference | (296 109) | -- | (1 890 290) | -- |
| Ending balance | <u>14 667 081</u> | <u>(159 147 828)</u> | <u>15 815 014</u> | <u>(156 991 818)</u> |

22- Provisions

| | Balance as of 1/1/2020 | Formed during the year | Used during the year | Balance as of 31/12/2020 |
|-----------------------|-----------------------------------|-----------------------------------|---------------------------------|---|
| Provisions for claims | 61 745 858 | 32 148 146 | (3 866 958) | 90 027 046 |
| | <u>61 745 858</u> | <u>32 148 146</u> | <u>(3 866 958)</u> | <u>90 027 046</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.

23- BANKS – CREDIT ACCOUNTS

Banks – credit accounts amounting to L.E 2 466 304 868 as of December 31, 2020 represents short term facilities granted by banks at relatively fixed interest rate, a part of facilities is guaranteed by notes receivable deposited at these banks for collection.

24- SUPPLIERS & NOTES PAYABLE

| | 31/12/2020 | 31/12/2019 |
|---------------|--------------------|--------------------|
| Suppliers | 754 518 636 | 711 608 256 |
| Notes Payable | 92 226 085 | 121 188 628 |
| | <u>846 744 721</u> | <u>832 796 884</u> |

25- CREDITORS AND OTHER CREDIT ACCOUNTS

| | 31/12/2020 | 31/12/2019 |
|---------------------------------------|--------------------|--------------------|
| Accrued expenses | 94 347 546 | 72 303 486 |
| Tax authority | 31 487 341 | 43 304 336 |
| Social insurance authority | 16 742 548 | 20 904 171 |
| Trade receivable – advance payment | 239 959 620 | 172 928 132 |
| Creditors – purchases of fixed assets | 7 819 830 | 6 841 175 |
| Credit balances - related parties | 146 789 201 | 129 171 212 |
| Deposits from others | 172 558 423 | 93 986 468 |
| Other credit accounts | 32 273 470 | 26 573 054 |
| | <u>741 977 979</u> | <u>566 012 034</u> |

26- Basic earnings per share in the separate financial statements

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

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|--------------------|--------------------|
| Net profit for the year in the separate financial statements | 549 339 917 | 708 611 710 |
| Less: | | |
| Proposed employees share in distributions | 49 000 000 | 45 000 000 |
| Proposed Board members remuneration | 2 300 000 | 2 300 000 |
| | <u>498 039 917</u> | <u>661 311 710</u> |
| Average of shares number available during the year | <u>665 107 268</u> | <u>665 107 268</u> |
| Basic earnings per share in the separate financial statements | <u><u>0.75</u></u> | <u><u>0.99</u></u> |

27- CONTINGENT LIABILITIES

Letter of Guarantees Issued by Banks in favour of the company and its subsidiaries to third parties as of December 31, 2020 amounted to L.E 75 263 126. Also contingent liabilities from letter of credit in that date amounted to L.E 237 366 710.

28- CAPITAL COMMITMENTS

The capital commitments as of December 31, 2020 amounted to L.E 70 879 734 represents the value of new extension related to showrooms and completion of construction in progress.

29- TAX POSITION**29-1 Corporate Tax**

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

29-2 Salaries & Wages Tax

- The company has been inspected till December 31, 2016 and the assessed tax differences were paid.
- The years from 2017 till 2019, the company has been inspected and has not been informed with any forms.
- The company submits its tax return on the legal dates.

29-3 Sales Tax

- The company has been inspected till December 31, 2016 and the assessed tax differences were paid.
- The years from 2017 till 2019, the company has been inspected and has not been informed with any forms.
- The company submits the monthly tax return on the legal dates.

29-4 Stamp Duty Tax

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

29-5 Real estate Tax

- The tax has been assessed and paid till December 31, 2020.

30- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**A- Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers and all kind of receivables.

The company's management has established a credit policy under which each customer is analysed individually for creditworthiness and these limits are reviewed on an on-going basis.

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

| | Note | 31/12/2020 | 31/12/2019 |
|----------------------------------|------|---------------|---------------|
| | No | | |
| Trades and notes receivable | (11) | 1 723 532 941 | 1 591 551 637 |
| Debtors and other debit accounts | (12) | 346 027 455 | 288 023 011 |
| | | 2 069 560 396 | 1 879 574 648 |

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.

31- SIGNIFICANT EVENTS

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