ORIENTAL WEAVERS CARPETS COMPANY

(An Egyptian Joint Stock Company)

Separate Financial Statements

For The Financial period ended June 30, 2023

Together With Limited Review Report

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bakertilly
MOHAMED HILAL & WAHID ABDEL GHAFFAR

C61, Plot# 11, 10th Sector,
Zahraa El Maadi, Cairo.

87 Ramsis Street, Cairo.
Egypt

T: +2 2310 10 31,32,33,34,35
T: +2 2574 48 10
T: +2 2577 07 85

info@bakertillyeg.com
www.bakertillyeg.com

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 separate financial position of Oriental Weavers Company for Carpets "S.A.E" at June 30, 2023 and the separate statement of income, separate statement of comprehensive income, separate statement of changes in equity and separate cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes. These separate financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these separate 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 separate 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 separate interim financial statements do not give a true and fair view for the separate 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)
Separate statement of financial position as of June 30, 2023

(All amounts are in Egyptian Pounds)

	Note №	30/6/2023	31/12/2022
Non current assets			
Fixed assets	(5)	1 003 752 501	1 036 910 007
Projects in progress	(8)	82 754 115	48 951 121
Right of use assets	(9)	274 223 758	269 232 310
Investments in subsidiaries	(6)	1 348 416 085	1 348 416 085
Investments at fair value through other comprehensive income	(7)	30 353 894	19 382 102
Total non current assets		**2 739 500 353**	**2 722 891 625**
Current assets			
Inventory	(10)	1 471 986 175	1 109 673 967
Trades and notes receivable	(11)	1 267 312 155	1 078 076 328
Debtors and other debit accounts	(12)	308 210 971	230 928 451
Treasury bills	(13)	632 056 428	1 017 579 727
Cash at banks and on hand	(14)	448 718 618	395 964 650
		4 128 284 347	**3 832 223 123**
Non-current assets held for sale	(16)	--	1
Total current assets		**4 128 284 347**	**3 832 223 124**
Total assets		**6 867 784 700**	**6 555 114 749**
Equity			
Issued and paid up capital	(17)	665 107 268	665 107 268
Reserves	(18)	1 132 337 692	1 117 584 059
Retained earnings		1 283 864 893	315 986 594
Net profit for the period/year		618 348 795	1 461 193 154
Total equity		**3 699 658 648**	**3 559 871 075**
Non current liabilities			
Long term loans	(19)	115 913 831	154 213 085
lease contracts liabilities	(20)	233 114 751	229 928 367
Deferred tax liabilities	(21)	89 841 062	88 266 508
Total non current liabilities		**438 869 644**	**472 407 960**
Current liabilities			
Provisions	(22)	90 657 517	90 237 823
Banks-Credit accounts	(23)	379 899 121	556 365 070
Lease contracts liabilities - current portion	(20)	80 540 139	71 663 800
Trades and notes payable	(24)	1 722 986 509	1 346 136 119
Long term liabilities - current portion	(19)	147 353 288	111 118 837
Dividends payable		29 184 520	5 878 555
Creditors and other credit accounts	(25)	247 579 351	233 869 495
Tax payable		31 055 963	107 566 015
Total current liabilities		**2 729 256 408**	**2 522 835 714**
Total liabilities		**3 168 126 052**	**2 995 243 674**
Total equity and liabilities		**6 867 784 700**	**6 555 114 749**

The accompanying notes from №.(1) to №. (36) form an integral part of these separate financial statements.
Limited Review Report attached.

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

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

(All amounts are in Egyptian Pounds)

	Note №	From 1/1/2023 To 30/6/2023	From 1/1/2022 To 30/6/2022	From 1/4/2023 To 30/6/2023	From 1/4/2022 To 30/6/2022
Net sales	(26)	3 448 378 733	2 737 515 830	1 609 204 884	1 377 305 995
Less:					
Cost of sales		3 144 911 888	2 382 410 735	1 495 179 847	1 183 427 292
Gross profit		**303 466 845**	**355 105 095**	**114 025 037**	**193 878 703**
Add / (less):					
Financial investments income	(27)	595 693 758	664 811 638	55 989 780	--
Gain from the sale of assets held for sale	(16)	34 761 620	--	--	--
Reverse of impairment of assets held for sale	(16)	25 067 999	--	--	--
Capital gain		--	2 330 548	--	2 330 548
Other revenues		--	34 929 586	--	26 613 234
Treasury bills returns		79 437 387	21 802 325	40 194 821	1 525 152
Interest income		13 546 570	10 607 554	7 389 334	7 419 116
Distribution expenses		(64 162 659)	(56 961 845)	(32 386 230)	(28 129 083)
General and administrative expenses		(104 330 452)	(83 311 975)	(51 462 385)	(42 749 096)
Expected credit loss		(14 620 841)	(1 150 512)	(5 899 970)	(2 454 267)
Formed provisions and impairment		(6 400 000)	--	(795 832)	--
Finance expenses	(29)	(41 265 926)	(43 008 184)	(20 226 138)	(19 860 168)
Foreign exchange differences		(152 472 388)	(102 176 477)	(16 668 865)	(3 898 366)
Net profit for the period before income tax		**668 721 913**	**802 977 753**	**90 159 552**	**134 675 773**
(Less)\ Add:					
Current income tax	(30)	(51 267 217)	(55 728 834)	(27 615 273)	(31 721 802)
Deferred tax	(21)	894 099	770 888	991 872	1 005 569
Income tax for the period		**(50 373 118)**	**(54 957 946)**	**(26 623 401)**	**(30 716 233)**
Net profit for the period after income tax		**618 348 795**	**748 019 807**	**63 536 151**	**103 959 540**
Basic earnings per share	(31)	**0.93**	**1.12**	**0.10**	**0.16**

The accompanying notes from №.(1) to №. (36) form an integral part of these separate financial statements.

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

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

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

(All amounts are in Egyptian Pounds)

	From 1/1/2023 To 30/6/2023	From 1/1/2022 To 30/6/2022	From 1/4/2023 To 30/6/2023	From 1/4/2022 To 30/6/2022
Net profit for the period	**618 348 795**	**748 019 807**	**63 536 151**	**103 959 540**
Other comprehensive income				
Changes in fair value of investments at FVTOCI	10 971 792	--	10 971 792	--
Deferred tax related to other comprehensive income items	(2 468 653)	--	(2 468 653)	--
Total other comprehensive income after tax	**8 503 139**	--	**8 503 139**	--
Total comprehensive income for the period	**626 851 934**	**748 019 807**	**72 039 290**	**103 959 540**

The accompanying notes from № (1) to №. (36) form an integral part of these separate financial statements.

Translation from Arabic

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Separate statement of changes in equity for the financial Period ended June 30, 2023

(All amounts are in Egyptian Pounds)

	Issued and paid up capital	Reserves	Retained earnings	Net profit	Total equity
Balance at 1/1/2022	**665 107 268**	**1 099 185 826**	**201 491 786**	**865 076 860**	**2 830 861 740**
Transferred to capital reserve	--	13 274 782	--	(13 274 782)	--
Dividends	--	--	--	(737 307 270)	**(737 307 270)**
Transferred to retained earning	--	--	114 494 808	(114 494 808)	--
Total Comprehensive income for the period	--	--	--	748 019 807	**748 019 807**
Balance at 30/6/2022	**665 107 268**	**1 112 460 608**	**315 986 594**	**748 019 807**	**2 841 574 277**
Balance at 1/1/2023	**665 107 268**	**1 117 584 059**	**315 986 594**	**1 461 193 154**	**3 559 871 075**
Transferred to capital reserve	--	6 250 494	--	(6 250 494)	--
Dividends	--	--	--	(487 064 361)	**(487 064 361)**
Transferred to retained earning	--	--	967 878 299	(967 878 299)	--
Total Comprehensive income for the period	--	8 503 139	--	618 348 795	**626 851 934**
Balance at 30/6/2023	**665 107 268**	**1 132 337 692**	**1 283 864 893**	**618 348 795**	**3 699 658 648**

The accompanying notes from №.(1) to №. (36) form an integral part of these separate financial statements.

Oriental Weavers Carpets Company (An Egyptian Joint Stock Company)

Separate 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
Cash flows from operating activities			
Net profit for the period before income tax		668 721 913	802 977 753
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		57 402 053	43 501 737
Depreciation of right of use assets		31 687 020	27 112 763
Expected credit loss		14 620 841	1 150 512
Finance expenses		41 265 926	43 008 184
Interest income		(13 546 570)	(10 607 554)
Formed provisions and impairment		6 400 000	--
Financial investments revenues		(595 693 758)	(664 811 638)
Treasury bills returns		(79 437 387)	(21 802 325)
Capital (gain)		--	(2 330 548)
Reverse of impairment of assets held for sale		(25 067 999)	--
Gain from the sale of assets held for sale		(34 761 620)	--
Operating profits before changes in working capital		**71 590 419**	**218 198 884**
Change in :			
Inventory		(362 312 208)	(279 787 308)
Trades and notes receivable		(203 490 966)	(257 704 427)
Debtors and other debit accounts		(130 698 974)	(75 261 924)
Trades and notes payable		376 850 390	402 253 931
Creditors and other credit accounts		7 729 550	7 087 630
Cash flows (used in) provided by operating activities		**(240 331 789)**	**14 786 786**
Finance expenses paid		(41 265 926)	(43 008 184)
Proceeds from interest income		13 546 570	10 607 554
Income tax paid		(74 608 776)	(44 958 358)
Net cash flows (used in) operating activities		**(342 659 921)**	**(62 572 202)**
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(58 047 541)	(54 445 593)
(Payments) to treasury bills due more than three months		(600 618 780)	(240 014 481)
Proceeds from sale of fixed assets		--	3 592 237
Proceeds from treasury bills due more than three months		1 065 789 202	804 075 000
Proceeds from sale of assets held for the sale		59 829 619	--
Proceeds from investments income		595 693 758	644 260 883
Net cash flows provided by investing activities		**1 062 646 258**	**1 157 468 046**
Cash flows from financing activities			
(Payment) to banks-credit accounts		(176 465 949)	(3 615 571)
Lease contracts liabilities paid		(24 615 745)	(19 830 095)
(Payment) Proceeds from long term loans		(2 064 803)	29 754 483
Dividends paid		(463 758 396)	(715 468 860)
Net cash flows (used in) financing activities		**(666 904 893)**	**(709 160 043)**
Net change in cash and cash equivalents during the period		**53 081 444**	**385 735 801**
Cash and cash equivalents at the beginning of the period		396 103 831	124 631 030
Cash and cash equivalents at end of the period represents in:	(14)	**449 185 275**	**510 366 831**
Cash and cash equivalents	(14)	449 185 275	510 366 831
Treasury bills	(13)	634 387 102	150 490 461
Treasury bills due more than three months		(634 387 102)	(150 490 461)
Cash and cash equivalents		**449 185 275**	**510 366 831**

The accompanying notes from № (1) to №. (36) form an integral part of these separate 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 aboard.
- Manufacturing, selling and exporting all kinds of natural and industrial raw materials which are necessary for the manufacturing of carpets, whether in the form of yarn or in the form of materials needed to produce the yarn, as well as importing all the necessary needs to achieve this purpose.
- Importing all machine-made and hand-made rugs and the accessories complementary to its product mix from Egypt or from outside the country for the purpose of marketing and selling them domestically.

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

1-5 The Company is listed in Egyptian exchange.

1-6 **Company's Headquarter**

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

1-7 The Financial Statements are approved for issue by the Board of Directors on ---------------.

2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS

2-1 Statement of compliance

- The Separate 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 Separate 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:

(All amounts in Egyptian Pounds unless otherwise stated)

- 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".	1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. - 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: – Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". – Egyptian Accounting Standard No. (24) "Income Taxes" – Egyptian Accounting Standard No. (30) "Interim Financial Reporting" – Egyptian Accounting Standard No. (31) "Impairment of Assets" – Egyptian Accounting Standard No. (49) "Leasing Contracts"	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.	The amendments of adding the option to use the revaluation model are effective for financial periods starting **<u>on or after January 1, 2023, retrospectively</u>**, cumulative impact of the preliminary applying of the revaluation model shall be **added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time**.
	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. – 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	Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.	These amendments are effective for annual financial periods starting **<u>on or after January 1, 2023, retrospectively</u>**, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time**.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	Standard No. (5) should be disclosed for each comparative period presented. - 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.		
Egyptian Accounting Standard No. (34) amended 2023 "Investment property ".	1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. 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: - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued	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.	The amendments of adding the option to use the fair value model are effective for financial periods starting **on or after January 1, 2023 retrospectively,** cumulative impact of the preliminary applying of the fair value model shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.**

(All amounts in Egyptian Pounds unless otherwise stated)

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts"		
Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. 2- The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.	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.	The amendments of adding the option to use the revaluation model are effective for financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the revaluation model shall be **added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.**
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".	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).	Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.	These amendments are effective for annual financial periods starting **on or after January 1, 2023 retrospectively**, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.**
Egyptian Accounting Standard No. (50) "Insurance Contracts".	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	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	on the company's financial position, financial performance, and cash flows. 2- Egyptian Accounting Standard 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 Separate 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. (4) 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 - SIGNIFICANT ACCOUNTING POLICIES

4-1 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 Separate 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 Separate income statement for the period.

4-2 Fixed Assets and Depreciation

a- Recognition and Initial Measurement

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

b- Subsequent Cost

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

c- Depreciation

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

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

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

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

4-3 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.

4-4 Investments in subsidiaries

Subsidiaries are companies that the company has the control over it, the control is achieved if the company has all the following:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect the amount of the investor's returns.

Investment in subsidiaries is accounted using the cost method where the investment in subsidiaries is recognized at acquisition cost less impairment losses. Impairment is determined for each investment separately and is recognized in the income statement.

4-5 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.

4-6 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.

4-7 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.

4-8 Leases

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

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

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

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

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

As a lessee

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

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

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

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

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

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

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

Fixed payments, including in - substance fixed payments ;

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

Amounts expected to be payable under a residual value guarantee ;
and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early .
The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in- substance fixed lease payment .
When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right- of- use asset or is recorded in profit or loss if the carrying amount of the right- of- use asset has been reduced to zero.
The Company presents right- of- use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

4-9 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset shall be capitalized. Capitalization of interest and commission should be ceased when the assets are substantially ready for intended use.
Other borrowing costs shall recognize as an expense in the period in which it incurs them in the finance expenses account using the effective interest rate method.
Capitalization of borrowing costs should be suspended during extended periods in which it suspends active development of a qualifying asset. Capitalization of borrowing costs should be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4-10 Debtors and other debit accounts

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

4-11 Treasury Bills

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

4-12 Provisions

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

4-13 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.

4-14 Dividends and interest income

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

4-15 Legal reserve

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

4-16 Treasury shares

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

4-17 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.

4-18 Income tax

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

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the Separate 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 Separate 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.

4-19 Employees' pension

A- Social Insurance and pension

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

B- Employees' profit share

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

4-20 Contingent liabilities and commitments

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

4-21 Related parties' transactions

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

4-22 Cash flow statement

Separate Cash flow statement is prepared using the indirect method.

For purpose of preparing the Separate 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.

4-23 Comparative Figures

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

(All amounts in Egyptian Pounds unless otherwise stated)

5- **Fixed assets**

	Land	Buildings & Constructions	Machinery & equipment	Vehicles	Tools & Supplies	Showrooms Fixture	Furniture & office equipment	Computers	Total
Cost as of 31/12/2021	**137 538 790**	**431 004 830**	**681 799 321**	**28 576 101**	**35 453 543**	**113 921 549**	**53 891 156**	**49 364 597**	**1 531 549 887**
Additions	--	1 179 463	66 833 362	2 337 212	5 890 652	22 756 322	5 643 274	2 485 799	**107 126 084**
Currency exchange differences	--	--	81 707 955	--	--	--	--	--	**81 707 955**
Disposals	--	(2 510 526)	--	(124 625)	--	(5 524 122)	--	--	**(8 159 273)**
Cost as of 31/12/2022	**137 538 790**	**429 673 767**	**830 340 638**	**30 788 688**	**41 344 195**	**131 153 749**	**59 534 430**	**51 850 396**	**1 712 224 653**
Additions	--	--	9 871 122	--	3 637 066	7 464 125	1 790 753	1 481 481	**24 244 547**
Cost as of 30/6/2023	**137 538 790**	**429 673 767**	**840 211 760**	**30 788 688**	**44 981 261**	**138 617 874**	**61 325 183**	**53 331 877**	**1 736 469 200**
Accumulated depreciation and impairment as of 31/12/2021	--	**136 714 397**	**246 458 675**	**25 243 159**	**25 577 667**	**90 658 998**	**35 896 472**	**31 940 024**	**592 489 392**
Depreciation of year	--	15 142 874	46 262 597	936 549	3 726 879	14 961 417	3 253 047	4 235 510	**88 518 873**
Disposals of accumulated depreciation	--	(667 943)	--	(124 625)	--	(4 901 051)	--	--	**(5 693 619)**
Accumulated depreciation and impairment as of 31/12/2022	--	**151 189 328**	**292 721 272**	**26 055 083**	**29 304 546**	**100 719 364**	**39 149 519**	**36 175 534**	**675 314 646**
Depreciation of period	--	7 598 177	36 000 328	536 248	2 123 491	6 264 131	1 556 781	3 322 897	**57 402 053**
Accumulated depreciation and impairment as of 30/6/2023	--	**158 787 505**	**328 721 600**	**26 591 331**	**31 428 037**	**106 983 495**	**40 706 300**	**39 498 431**	**732 716 699**
Net book value as of 30/6/2023	**137 538 790**	**270 886 262**	**511 490 160**	**4 197 357**	**13 553 224**	**31 634 379**	**20 618 883**	**13 833 446**	**1 003 752 501**
Net book value as of 31/12/2022	**137 538 790**	**278 484 439**	**537 619 366**	**4 733 605**	**12 039 649**	**30 434 385**	**20 384 911**	**15 674 862**	**1 036 910 007**

(All amounts in Egyptian Pounds unless otherwise stated)

6- Investments in subsidiaries

	Country of Origin	Ownership %	Acquisition Cost	Accumulated Impairment	30/6/2023	31/12/2022
Oriental Weavers - USA *	USA	82.68	127 127 706	(4 305 383)	122 822 323	122 822 323
Oriental Weavers International	Egypt	99.01	728 049 443	(51 258 912)	676 790 531	676 790 531
Oriental Weavers Textile	Egypt	37.13	39 605 000	---	39 605 000	39 605 000
Egyptian Fibers Co. EFCO	Egypt	67.87	109 175 358	---	109 175 358	109 175 358
Mac Carpet Mills	Egypt	58.29	750 697 752	(350 674 879)	400 022 873	400 022 873
			1 754 655 259	**(406 239 174)**	**1 348 416 085**	**1 348 416 085**

* In addition to the direct investment in Oriental Weavers Textile the company has owned also 34.31% indirectly through some of its subsidiaries.

7- Investments at fair value through other comprehensive income

	2023/6/30	2022/12/31
Alahli Bank of Kuwait- Egypt	30 353 890	19 382 098
Trading for Development Export	1	1
Egyptian for Trade and Marketing	1	1
10th of Ramadan for Spinning Industries (under liquidation)	1	1
Modern Spinning Company (under liquidation)	1	1
	30 353 894	**19 382 102**

(All amounts in Egyptian Pounds unless otherwise stated)

8- PROJECTS IN PROGRESS

	30/6/2023	31/12/2022
Machinery & Equipment under installation	8 069 069	116 043
Buildings under Construction	53 357 217	43 142 636
Advance payment for purchasing of Fixed assets	21 327 829	5 692 442
	82 754 115	**48 951 121**

9- RIGHT USE OF ASSETS

	Showroom rent	Total
Cost at 1/1/2023	372 047 121	372 047 121
Additions	36 678 468	36 678 468
Disposals	(3 871 834)	(3 871 834)
Cost at 30/6/2023	**404 853 755**	**404 853 755**
Accumulated depreciation at 1/1/2023	**102 814 811**	**102 814 811**
Depreciation of period	31 687 020	31 687 020
Disposals of accumulated depreciation	(3 871 834)	(3 871 834)
Accumulated depreciation at 30/6/2023	**130 629 997**	**130 629 997**
Net book value at 30/6/2023	**274 223 758**	**274 223 758**
Net book value at 31/12/2022	**269 232 310**	**269 232 310**

10- INVENTORY

	30/6/2023	31/12/2022
Raw materials	383 712 447	340 370 628
Spare parts & materials	57 492 541	42 094 113
Work in process	36 217 905	27 969 015
Finished products	934 349 315	686 483 165
Letter of credit for purchasing of raw materials	60 213 967	12 757 046
	1 471 986 175	**1 109 673 967**

11- TRADES & NOTES RECEIVABLE

	30/6/2023	31/12/2022
Trades receivables – Export	726 236 365	513 356 221
Trades receivables - Local	217 684 489	266 822 403
	943 920 854	**780 178 624**
Notes receivables	351 638 178	311 889 442
	1 295 559 032	**1 092 068 066**
(Less): Expected credit loss – Note No (15)	(28 246 877)	(13 991 738)
	1 267 312 155	**1 078 076 328**

Trades & Notes Receivable include amount of LE 259 359 575 due from related parties at June 30, 2023 results from sales of carpets

(All amounts in Egyptian Pounds unless otherwise stated)

12- DEBTORS AND OTHER DEBIT ACCOUNTS

	30/6/2023	31/12/2022
Letter of guarantee & letter of credit – cash margin	200 000	706 985
Tax authority – withholding	33 914 999	53 168 494
Tax authority – VAT	229 649 576	141 473 130
Petty cash & advance to employees	3 590 092	5 953 321
Suppliers – advance payment	1 525 619	1 767 688
Prepaid expenses	25 775 676	16 094 718
Deposits with others	6 492 159	4 499 504
Other debit accounts	7 450 138	7 403 939
	308 598 259	**231 067 779**
(Less): Expected credit loss – Note No (15)	(387 288)	(139 328)
	308 210 971	**230 928 451**

13- TREASURY BILLS

	30/6/2023	31/12/2022
Treasury bills (mature in more than 90 days)	666 000 000	1 071 650 000
Less:		
Unrealized returns	(31 612 898)	(51 529 865)
	634 387 102	**1 020 120 135**
(Less): Expected credit loss – Note No (15)	(2 330 674)	(2 540 408)
	632 056 428	**1 017 579 727**

14- CASH AND CASH EQUIVALENTS

	30/6/2023	31/12/2022
Banks – Current accounts	447 227 026	395 251 896
Cash on hand	1 958 249	851 935
Cash at banks and on hand	**449 185 275**	**396 103 831**
Less:		
(Less): Expected credit loss – Note No (15)	(466 657)	(139 181)
	448 718 618	**395 964 650**
Cash and cash equivalents for cash flows statement purposes		
Cash in banks and the fund before the expected credit loss	449 185 275	396 103 831
Treasury bills	634 387 102	1 020 120 135
Treasury bills with maturity of more than 90 days	(634 387 102)	(1 020 120 135)
Cash and cash equivalents for cash flows statement purposes	**449 185 275**	**396 103 831**

(All amounts in Egyptian Pounds unless otherwise stated)

15- Expected credit loss

	Trade receivables	Debtors & other debit balances	Treasury Bills	Cash & cash equivalent	Total
Balance as at 1/1/2023	13 991 738	139 328	2 540 408	139 181	16 810 655
Charge to statement of income	14 255 139	247 960	(209 734)	327 476	14 620 841
Provision balance at 30/6/2023	**28 246 877**	**387 288**	**2 330 674**	**466 657**	**31 431 496**

16- Non-current assets-held for sale

	30/6/2023	31/12/2022
Oriental Weavers - China	--	25 068 000
(Less): Accumulated impairment	--	(25 067 999)
	--	**1**

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 June 30, 2023, the company's share in Oriental Weavers China was sold for an amount of USD 1 979 016, equivalent to EGP 59 829 620 resulting in reverse of impairment amounted to EGP 25 067 999 and profits from the sale of assets held for sale amounted to EGP 34 761 620 which was recorded in the income statement.

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, Depositary and Registry Co. and those shares are traded in Egyptian exchange.

18- Reserves

	30/6/2023	31/12/2022
Legal reserve	957 499 475	957 499 475
Special reserve	59 973 828	59 973 828
Capital reserve	100 786 174	94 535 680
Unrealized gain from financial investments at FVTOCI	14 078 215	5 575 076
	1 132 337 692	**1 117 584 059**

(All amounts in Egyptian Pounds unless otherwise stated)

19-LONG TERM LOANS

	30/6/2023	31/12/2022
Qatar National Bank Alahli		
Medium term loan of Euro 3,6 million to finance the purchase of carpet looms or equipment. The principal of the loan shall be settled over 7 equal half annually starting from 31/1/2020 till 31/7/2023.	17 512 840	27 354 603
Attijari wafa bank		
Medium term loan of Euro 5 million to finance the purchase of machinery and equipment. The principal of the loan shall be settled over 8 equal half annually starting from 30/6/2022 till 30/12/2025.	96 065 693	91 508 064
Emirates NBD Egypt bank		
Medium term loan of USD 7 million to finance the purchase of machinery and equipment. The principal of the loan shall be settled after the end of the grace period that ends no later than 12 months from the date of the first withdrawal.	149 688 586	146 469 255
	263 267 119	**265 331 922**
Less:		
Current portion due in one year	(147 353 288)	(111 118 837)
	115 913 831	**154 213 085**

20-LEASE CONTRACTS LIABILITY

	Due within one year	Due more than one year	Balance at 30/6/2023
Exhibitions	80 540 139	233 114 751	313 654 890
	80 540 139	**233 114 751**	**313 654 890**

21-DEFERRED TAX LIABILITIES

-Recognized Deferred tax Assets and Liabilities

	30/6/2023		31/12/2022	
	Assets	(Liabilities)	Assets	(Liabilities)
Fixed assets	--	(85 753 580)	--	(86 647 679)
Fair value reserve of investment at FVOCI	--	(4 087 482)	--	(1 618 829)
Total deferred tax assets / (liabilities)	--	**(89 841 062)**	--	**(88 266 508)**
Net deferred tax (liabilities)		**(89 841 062)**		**(88 266 508)**

(All amounts in Egyptian Pounds unless otherwise stated)

-The movement of deferred tax liabilities is shown below:

	30/6/2023	31/12/2022
	(Liabilities)	(Liabilities)
Beginning balance	(88 266 508)	(73 059 230)
Fixed assets	894 099	(13 588 449)
Fair value reserve of investment at FVOCI	(2 468 653)	(1 618 829)
Ending balance	**(89 841 062)**	**(88 266 508)**

-Unrecognized Deferred tax Assets and Liabilities

The company has deferred tax assets that have not been recognized because there is not probable that benefits will be used in the future.

	30/6/2023		31/12/2022	
	Assets	(Liabilities)	Assets	(Liabilities)
Impairment in subsidiaries	91 403 814	--	97 044 114	--
Impairment in financial investments	311 077	--	311 077	--
Expected credit losses	7 072 087	--	3 781 397	--
	98 786 978	--	**101 136 588**	--

22- Provisions

	Balance as of 1/1/2023	Formed during the period	Used during the period	Balance as of 30/6/2023
Provisions for claims	90 237 823	6 400 000	(5 980 306)	90 657 517
	90 237 823	**6 400 000**	**(5 980 306)**	**90 657 517**

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 379 899 121 as of June 30, 2023 represents short term facilities granted by banks at relatively fixed interest rate.

24-TRADES & NOTES PAYABLE

	30/6/2023	31/12/2022
Trades payable – local	1 101 403 779	1 102 792 087
Trades payable – abroad	296 084 290	115 601 073
	1 397 488 069	**1 218 393 160**
Notes Payable	325 498 440	127 742 959
	1 722 986 509	**1 346 136 119**

-Trades & Notes Payable include amount of LE 1 337 474 743 due to related parties at June 30, 2023.

(All amounts in Egyptian Pounds unless otherwise stated)

25-CREDITORS AND OTHER CREDIT ACCOUNTS

	30/6/2023	31/12/2022
Accrued expenses	25 905 769	44 877 633
Tax authority	11 425 747	12 020 563
Social insurance authority	7 366 737	6 244 968
Credit balances - related parties	8 127 915	7 201 924
Creditors – purchases of fixed assets	9 157	3 876 960
Deposits from others	19 394 834	20 998 755
Trade receivable – advance payment	165 336 812	132 614 331
Other credit accounts	10 012 380	6 034 361
	247 579 351	**233 869 495**

26- Sales (net)

	From 1/1/2023 To 30/6/2023	From 1/1/2022 To 30/6/2022	From 1/4/2023 To 30/6/2023	From 1/4/2022 To 30/6/2022
Local sales	2 329 952 173	1 748 611 652	1 085 847 509	875 143 424
Export sales	1 090 143 884	967 805 175	508 361 735	491 041 436
	3 420 096 057	**2 716 416 827**	**1 594 209 244**	**1 366 184 860**
Production scrap sales	28 282 676	21 099 003	14 995 640	11 121 135
	3 448 378 733	**2 737 515 830**	**1 609 204 884**	**1 377 305 995**

- Sales include amount of LE 546 684 565 represents carpet sales to related parties.

27- Financial investments income

	From 1/1/2023 To 30/6/2023	From 1/1/2022 To 30/6/2022	From 1/4/2023 To 30/6/2023	From 1/4/2022 To 30/6/2022
Oriental Weavers International	456 255 880	549 691 956	--	--
Oriental Weavers Textile	83 334 578	23 805 506	--	--
Egyptian Company Fiber - EFCO	55 989 780	50 221 136	55 989 780	--
Mac Carpet Mills	--	41 093 040	--	--
Egyptian for Trade and Marketing	113 520	--	--	--
	595 693 758	**664 811 638**	**55 989 780**	--

28- General and administrative expenses

	From 1/1/2023 To 30/6/2023	From 1/1/2022 To 30/6/2022	From 1/4/2023 To 30/6/2023	From 1/4/2022 To 30/6/2022
Salaries & wages	61 827 812	45 861 345	31 428 179	23 036 734
Social insurance	2 608 692	2 421 226	1 298 499	1 210 900
	64 436 504	**48 282 571**	**32 726 678**	**24 247 634**
Other administrative expenses	39 893 948	35 029 404	18 735 707	18 501 462
	104 330 452	**83 311 975**	**51 462 385**	**42 749 096**

(All amounts in Egyptian Pounds unless otherwise stated)

29- FINANCE EXPENSES

	From 1/1/2023 To 30/6/2023	From 1/1/2022 To 30/6/2022	From 1/4/2023 To 30/6/2023	From 1/4/2022 To 30/6/2022
Bank interest	28 315 430	30 997 451	13 589 474	13 765 718
Interest of lease contracts liabilities	12 264 948	10 430 944	6 293 890	5 195 555
Other financing cost	685 548	1 579 789	342 774	898 895
	41 265 926	**43 008 184**	**20 226 138**	**19 860 168**

30- Income tax

	30/6/2023	31/12/2022
Current income tax	31 055 963	43 359 961
Dividends income tax	5 599 334	7 076 342
Treasury bills tax	14 611 920	5 292 531
Income tax at statement of income	**51 267 217**	**55 728 834**

30-1 Effective tax rate

	30/6/2023	31/12/2022
Profit before tax	668 721 913	802 977 753
Tax rate	%22.5	%22.5
Tax at the domestic rate of 22.5%	**150 462 430**	**180 669 994**
Depreciation	927 211	(72 532)
Tax exempt	(134 031 096)	(149 582 619)
Provisions	350 328	--
Capital gain	--	(524 373)
Non-deductible expenses	13 347 090	12 869 491
Current income tax	**31 055 963**	**43 359 961**
Effective tax rate	**% 4.6**	**% 5.40**

31- Basic earnings per

The basic earnings per share are determined as follows: -

	From 1/1/2023 To 30/6/2023	From 1/1/2022 To 30/6/2022	From 1/4/2023 To 30/6/2023	From 1/4/2022 To 30/6/2022
Net profit for the period	618 348 795	748 019 807	63 536 151	103 959 540
Average of shares number available during the period	665 107 268	665 107 268	665 107 268	665 107 268
	0.93	**1.12**	**0.1**	**0.16**

(All amounts in Egyptian Pounds unless otherwise stated)

32- 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 94 659 863.

33- CAPITAL COMMITMENTS

The capital commitments as of June 30, 2023 amounted to L.E 44 295 104 represents the value of new extension related to showrooms.

34- TAX POSITION

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.

35- 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 Separate financial statements as follows:

	Note №	30/6/2023	31/12/2022
Trades and notes receivable	(11)	1 267 312 155	1 078 076 328
Debtors and other debit accounts	(12)	308 210 971	230 928 451
		1 575 523 126	**1 309 004 779**

(All amounts in Egyptian Pounds unless otherwise stated)

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.

At the Separate financial position date, the net balances of foreign currencies as follows: -

Foreign currencies	(Deficit)
USD	(28 605 752)
Euro	(3 934 346)
GBP	(282 930)

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.

36- 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.