MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

LIMITED REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

Consolidated interim condensed financial statements
For the three months period ended 31 March 2019

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Limited review report on the interim condensed consolidated financial statements

To: The Board of Directors of Middle East Glass Manufacturing Company (S.A.E.)

Introduction

We have reviewed the accompanying consolidated statement of financial position at 31 March 2019 of Middle East Glass Manufacturing Company (S.A.E.) and the related consolidated statements of profits or losses, comprehensive income, changes in equity and cash flows for the three months then ended. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of limited review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared in all material respects, in accordance with Egyptian Accounting Standards.

Mohamed Ahmed Fouad, CPA
R.A.A. 11595
F.R.A. 235

30 July 2019
Cairo

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
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MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

Consolidated condensed statement of financial position - As at 31 March 2019

(All amounts in Egyptian Pounds)	Notes	31 March 2019	31 December 2018
Non current assets			
Property, plant and equipment	4	1,055,156,482	1,072,396,788
Intangible assets		285,908,203	289,864,347
Investment in associates		152,570,335	153,152,360
Derivative financial insturments		28,033,615	28,033,615
Right of use assets	2	64,463,076	-
Total non-current assets		**1,586,131,711**	**1,543,447,110**
Current assets			
Inventory		325,367,870	326,036,727
Trade and notes receivables		341,652,776	288,403,810
Prepaid expenses and other receivables		317,545,907	309,095,862
Due from tax authority		64,449,864	46,130,620
Due from related parties		104,486,359	82,492,368
Cash and bank balances		80,922,359	49,218,858
Total current assets		**1,234,425,135**	**1,101,378,245**
Total assets		**2,820,556,846**	**2,644,825,355**
Owners' equity			
Issued and paid up capital		50,322,580	50,322,580
Legal reserve		25,161,260	25,161,260
Share premium reserve		172,217,162	172,217,162
Other reserves		13,129,007	13,129,007
Payments under capital increase		432,825,002	432,825,002
Accumulated losses		(194,640,598)	(278,333,396)
Total owners' equity		**499,014,413**	**415,321,615**
Non-current liabilities			
Long-term loans	5	753,467,412	783,101,973
Retirement benefits obligations		10,004,828	10,014,978
Deferred tax liabilities		83,414,972	82,157,302
Long term notes payable		-	2,390,918
Derivative financial insturments		50,412,519	50,412,519
Lease liabilities	2	58,790,279	-
Total non-current liabilities		**956,090,010**	**928,077,690**
Current liabilities			
Provisions		30,464,238	31,464,238
Current portion of long-term loans	5	305,792,964	303,501,784
Bank overdrafts	5	288,239,311	222,333,210
Trade and notes payables		364,076,478	400,338,113
Accrued expenses and other payables		211,102,898	231,493,147
Due to tax authority		159,600,269	111,540,558
Due to related parties		723,440	755,000
Lease liabilities	2	5,452,825	-
Total current liabilities		**1,365,452,423**	**1,301,426,050**
Total owners' equity and liabilities		**2,820,556,846**	**2,644,825,355**

The accompanying notes on pages 7 - 19 form an integral part of these consolidated financial statements.

Auditor's report attached

Mr. Mohamed Khalifa	**Mr. Peter Carpenter**	**Mr. Abdul Galil Besher**
Chief Financial Officer	**Board Member**	**Chairman**

MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.) AND ITS SUBSIDIARIES

Consolidated condensed statement of profit or loss
For the three months period ended 31 March 2019

(All amounts in Egyptian Pounds)

	Notes	31 March 2019	31 March 2018
Sales		454,224,188	374,516,338
Cost of sales		(300,139,337)	(244,466,870)
Gross profit		**154,084,851**	**130,049,468**
Selling and marketing expenses		(45,673,919)	(58,498,259)
General and administrative expenses		(25,251,679)	(19,491,126)
Other operating expense		(6,011,462)	(2,987,878)
Other operating income		23,838,641	13,650,767
Profit from operations		**100,986,432**	**62,722,972**
Finance costs, net		(31,418,825)	(61,359,514)
Share of loss of associate accounted for using the equity method		(582,024)	-
Net profit before tax		**68,985,583**	**1,363,458**
Income tax		(14,154,746)	3,655,663
Net profit from continuing operations		**54,830,837**	**5,019,121**
Net profit for the period from discontinued operations (net of tax)	7	43,701,416	12,100,914
Profit for the period		**98,532,253**	**17,120,035**
Profit for the period is attributable to:			
Owners' equity		98,532,253	12,279,669
Non-controlling interest		-	4,840,366
		98,532,253	**17,120,035**
Net profit for the period is attributable to owner's equity arises from:			
Continuing operations		54,830,837	5,019,121
Discontinuing operations		43,701,416	7,260,548
		98,532,253	**12,279,669**
Earnings per share (Basic / diluted) from continuing and discontinuing operations			
Earnings per share from continuing operations	6	1.10	0.10
Earnings per share from discontinuing operations	6	0.86	0.14
Total earnings per share		**1.96**	**0.24**

The accompanying notes on pages 7 - 19 form an integral part of these consolidated financial statements.

MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

Consolidated condensed statement of other comprehensive income
For the three months ended 31 March 2019

(All amounts in Egyptian Pounds)

	31 March 2019	31 March 2018
Profit for the period	98,532,253	17,120,035
Other comprehensive income	-	-
Total comprehensive income	**98,532,253**	**17,120,035**
Total comprehensive income for the period is attributable to:		
Owners' equity	98,532,253	12,279,669
Non-controlling interest	-	4,840,366
	98,532,253	**17,120,035**

The accompanying notes on pages 7 - 19 form an integral part of these consolidated financial statements.

MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

Consolidated condensed statement of changes in equity
For the three months period ended 31 March 2019

(All amounts in Egyptian Pounds)

	Issued and paid up capital	Legal reserve	Special reserve	Other reserves	Payment under capital increase	Retained earnings (Accumulated losses)	Total owners' equity	Non-controlling interest	Total equity
Balance at 1 January 2018	50,322,580	25,161,260	172,217,162	13,129,007	432,825,002	(506,541,354)	187,113,657	62,769,340	249,882,997
Total comprehensive income for the period	-	-	-	-	-	12,279,669	12,279,669	4,840,366	17,120,035
Balance at 31 March 2018	50,322,580	25,161,260	172,217,162	13,129,007	432,825,002	(494,261,685)	199,393,326	67,609,706	267,003,032
Balance at 1 January 2019	50,322,580	25,161,260	172,217,162	13,129,007	432,825,002	(278,333,396)	415,321,615	-	415,321,615
Total comprehensive income for the period	-	-	-	-	-	98,532,253	98,532,253	-	98,532,253
Cumulative effect on adoption of Egyptian Accounting Standard "49" (note 2-B)	-	-	-	-	-	(14,839,455)	(14,839,455)	-	(14,839,455)
Balance at 31 March 2019	50,322,580	25,161,260	172,217,162	13,129,007	432,825,002	(194,640,598)	499,014,413	-	499,014,413

The accompanying notes on pages 7 - 19 form an integral part of these consolidated financial statements.

MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

Consolidated condensed statement of cash flows
For the three months period ended 31 March 2019

(All amounts in Egyptian Pounds)	Note	31 March 2019	31 March 2018
Cash flows from operating activities			
Net profit for the period before tax		68,985,583	1,363,458
Adjusted by:			
Interest expenses		42,119,933	62,684,387
Interest income		-	(23,482)
Depreciation and amortization	4	44,087,217	40,108,881
Amortization of right of use		1,576,397	-
Gain on sale of property, plant and equipment		(57,480)	-
Impairment of fixed assets		238,600	-
Retirement benefits provision		-	3,032,552
Share of loss associate using equity method		582,025	-
Unrealized foreign exchange gain		(20,712,050)	(2,858,936)
Cash flows from operating activities before changes in working capital		**136,820,225**	**104,306,860**
Inventories		668,857	(11,138,806)
Trade and notes receivables		(53,248,966)	(50,416,098)
Prepaid expenses and other receivables		(16,827,578)	(25,052,546)
Due from tax authority		(18,319,244)	(12,451,108)
Due from related parties		(21,993,991)	(19,049,470)
Trade and notes payables		(36,261,635)	(8,160,561)
Accrued expenses and other payables		10,792,902	68,253,056
Due to tax authority		22,475,127	17,754,150
Due to related parties		(31,560)	-
Provisions used		(1,000,000)	(875,403)
Payment of employees retirement benefits		(10,150)	-
Cash flows inflow from operations		**23,063,987**	**63,170,074**
Interest paid		(73,303,084)	(44,985,522)
Cash (outflow) / inflow from operating activities from continuing operations		**(50,239,097)**	**18,184,552**
Cash outflow from operating activities from discontinued operations		-	(51,010,365)
Net cash outflow from operating activities		**(50,239,097)**	**(32,825,813)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(23,156,016)	(20,497,181)
Proceeds from sale of property, plant and equipment		84,129	-
Interest income received		-	23,482
Proceeds from disposal of subsidiary		56,388,923	-
Cash inflow / (outflow) from investing activities from continuing		**33,317,036**	**(20,473,699)**
Cash outflow from investing activities from discontinued operations		-	(1,484,190)
Net cash inflow / (outflow) from investing activities		**33,317,036**	**(21,957,889)**
Cash flows from financing activities			
Bank overdrafts		65,906,101	6,702,858
Repayments of borrowings	5	(6,631,331)	(7,257,188)
Lease liability		(8,258,290)	-
Proceeds from borrowings	5	-	4,680,720
Payment of long term notes payable		(2,390,918)	-
Cash inflow from financing activities from continuing operations		**48,625,562**	**4,126,390**
Cash inflow from financing activities from discontinued operations		-	48,666,789
Net cash inflow from financing activities		**48,625,562**	**52,793,179**
Increase / (Decrease) in cash and cash equivalent		**31,703,501**	**(1,990,523)**
Cash and cash equivalents at beginning of the period		49,218,858	52,990,662
Cash and cash equivalents at end of the period		**80,922,359**	**51,000,139**
Cash from continuing operations		**80,922,359**	**47,209,085**
Cash from discontinued operations		-	3,791,054
		80,922,359	51,000,139

The accompanying notes on pages 7 - 19 form an integral part of these consolidated financial statements.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

1. General information

Middle East Glass Manufacturing Company S.A.E. (the Company) was established in 1979 as an Egyptian joint stock company under the provisions of Law No. 43 of 1974 as amended by Law No. 230 of 1989 as amended by Law No. 8 of 1997, and is registered in the commercial register under number 193770 Cairo. The address of the Company's registered office is Nasr City, 6th District, Industrial Zone, Cairo – Arab Republic of Egypt.

The Company is listed on the Egyptian Stock Exchange (EGX).

The Company and its subsidiaries together comprise "the Group".

The registered office of the Company is 6 Mokhayam El-Daem Street, Sixth District, Nasr City, Cairo. The Company's main activity is manufacturing all kinds of glass bottles and containers and the acquisition of other entities that operate in the same industry.

The parent of the company is MENA Glass Holdings Limited with 51.43% ownership.

Subsidiaries	Share	Activity
Middle East Glass Containers Sadat (previously Wadi Glass Container)	99.97%	Manufacturing Glass Containers
MEG Misr for Glass MEG	99.97%	Manufacturing Glass Containers
Misr for Glass Manufacturing (owned 99.97% by MEG Misr for Glass MEG)	-	Manufacturing all kinds of Glass Bottles and the acquisition of other entities that operate in the same field

These interim condensed consolidated financial statements have been approved for issuance by the Chairman of the Board of Directors on ________ 2019.

2. Accounting policies

The principal accounting policies applied in the preparation of these interim condensed consolidated financial statements are the same as included in the annual consolidated financial statements for the year ended 31 December 2018 financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A. Basis of preparation

These interim condensed consolidated financial statements as at 31 March 2019 have been prepared in accordance with EAS 30 "Interim financial reporting". As permitted by EAS 30, the Company has opted to prepare a condensed version as compared to the year end consolidated financial statements.

These interim condensed consolidated financial statements do not include all of the information and disclosures required for a complete set of consolidated financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018.

B. New standards, interpretations and amendments adopted by the Company

On 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019. These changes are mainly represented in three new standards which should be adopted for the financial periods commencing on or after 1 January 2020 as follows:

1- **EAS No. (48) – "Revenue from contracts with customers":**
This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

This standard established a comprehensive framework for determining how much and when revenues should be recognized. This standard replaces EAS No. (11) 'revenues' and EAS No. (8) 'construction contracts'.

2- **EAS No. (47) – "Financial instruments":**
This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

The standard includes a new classes of classification and impairment model for financial assets which reflects the business model in order to manage the assets and their cash flows through this business model.

EAS No. (47) replaced 'incurred loss' model in EAS No. (26) by 'expected credit loss' model. EAS 49 for all finance' lease contracts as required by EAS.

3- **EAS No. (49) – "Leases":**
Effective 1 January 2019, the Company started to adopt EAS 49 for all finance lease contracts as required by EAS 49.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Basis of preparation (continued)

The Company has performed a detailed impact assessment of EAS 49 and the impact on its adoption as at 1 January 2019 was as follows:

	31 December 2018	Impact of EAS 49	1 January 2019
Assets			
Non-current assets			
Property, plant and equipment	1,072,396,788	-	1,072,396,788
Intangible assets	289,864,347	-	289,864,347
Investment in associates	153,152,360	-	153,152,360
Derivative financial instruments	28,033,615	-	28,033,615
Right of use assets	-	66,039,472	66,039,472
Total non-current assets	**1,543,447,110**	**66,039,472**	**1,609,486,582**
Current assets			
Inventories	326,036,727	-	326,036,727
Trade and notes receivables	288,403,810		288,403,810
Prepayments and other receivables	309,095,862	(8,377,533)	300,718,329
Due from tax authority	46,130,620	-	46,130,620
Due from related parties	82,492,368	-	82,492,368
Cash and cash equivalents	49,218,858	-	49,218,858
Total current assets	**1,101,378,245**	**(8,377,533)**	**1,093,000,712**
Total assets	**2,644,825,355**	**57,661,939**	**2,702,487,294**
Owner's equity and liabilities			
Issued and paid up capital	50322580	-	50,322,580
Legal reserve	25,161,260	-	25,161,260
Share premium reserve	172,217,162	-	172,217,162
Other reserves	13,129,007	-	13,129,007
Payments under capital increase	432,825,002	-	432,825,002
Accumulated losses	(278,333,396)	(14,839,455)	(293,172,851)
Net owner's deficit	**415,321,615**	**(14,839,455)**	**400,482,160**
Liabilities			
Non-Current liabilities			
Long-term loans	783,101,973	-	783,101,973
Retirement benefits obligations	10,014,978	-	10,014,978
Deferred tax liabilities	82,157,302	-	82,157,302
Long term notes payable	2,390,918	-	2,390,918
Derivative financial instruments	50,412,519	-	50,412,519
Lease liabilities	-	62,474,522	62,474,522
Total non-current liabilities	**928,077,690**	**62,474,522**	**990,552,212**
Current liabilities			
Provisions	31,464,238	-	31,464,238
Current portion of long-term loans	303,501,784	-	303,501,784
Bank overdrafts	222,333,210	-	222,333,210
Trade and notes payable	400,338,113	-	400,338,113
Accruals and other payables	231,493,147	-	231,493,147
Due to tax authority	111,540,558	-	111,540,558
Lease liabilities	-	10,026,872	10,026,872
Due to related parties	755,000	-	755,000
Total current liabilities	**1,301,426,050**	**10,026,872**	**1,311,452,922**
Total owner's equity and liabilities	**2,644,825,355**	**57,661,939**	**2,702,487,294**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Basis of preparation (continued)

Upon initial recognition, the right of use asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right-of-use assets or the lease term, unless there is a bargain purchase option at the end of the lease.

The lease liability was measured upon initial recognition at the present value of the future lease payments, discounted with the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Right-of-use assets and lease liabilities will be remeasured subsequently if one of the following events occurs:
- Change in lease price due to indexation or rate which has become effective in reporting period.
- Modifications to the lease contract.
- Reassessment of the lease term.

Transition
The Company adopted EAS 49 on the date the standard becomes effective, 1 January 2019. The Company adopted the standard using the modified retrospective approach. And that comparatives were not restated.

The Company used the following practical expedients when adopting EAS 49 on its effective date:

- EAS 49 applied only to contracts that were previously assessed as finance leases in accordance with EAS 20;
- a single discount rate applied to a portfolio of leases with reasonably similar characteristics as permitted by EAS 49;
- initial direct cost was excluded from the measurement of the right-of-use asset as at 1 January 2019;

The weighted-average incremental borrowing rate applied to lease liabilities recognized on 1 January 2019 was 19%.

The following table reconciles the Company's operating lease commitments as at 1 January 2019, to the lease liabilities recognized upon initial application of EAS 49 at 1 January 2019.

Operating lease commitments as at 1 January 2019	110,998,322
Short term leases	-
Total undiscounted lease commitments	**110,998,322**
Discounting effect using incremental borrowing rate	(38,496,928)
Lease liability recognized on balance sheet as at 1 January 2019	**72,501,394**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Fair value of financial instruments (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level of inputs that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

D. Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company limits its liquidity risk by ensuring adequate bank facilities are available and by maintaining adequate reserves, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. Trade payables are normally settled within 90 days of the date of purchase.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 March 2019, based on contractual payment dates and current market interest rates.

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
31 March 2019				
Trade and notes payable	278,533,330	85,543,148	-	-
Accrued expenses and other payables	144,518,353	34,340,260	-	-
Bank overdrafts	224,453,076	63,786,235	-	-
Due to related parties	-	723,440	-	-
Lease liability	8,460,964	7,950,543	27,818,266	26,200,604
Loans and borrowings	261,726,934	122,403,313	244,316,475	706,440,126
Total	**917,692,657**	**314,746,939**	**272,134,741**	**732,640,730**

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
31 December 2018				
Accounts and notes payable	282,964,065	117,374,048	-	-
Accrued expenses and other payables*	140,212,617	28,026,395	-	-
Bank overdrafts	160,477,097	61,856,113	-	-
Loans and borrowings	236,333,838	98,614,008	216,455,420	622,821,984
Long term notes payable	-	-	2,390,918	-
Total	**819,987,617**	**305,870,564**	**218,846,338**	**622,821,984**

* Accrued expenses and other payables presented above excludes advances from customers.

3. Critical accounting estimates and judgments

(1) Critical accounting estimates and assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made in applying the Group's accounting policies were applied consistently across the annual periods. The significant judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in these financial statements are outlined below.

a. Employee benefits
Management determines employee benefit liabilities using an independent actuarial expert and revises the sufficiency of these liabilities on an annual basis according to the accounting policy.

b. Property, plant and equipment – useful life
Property, plant and equipment are a substantial portion of the total assets of the Group, depreciation expense that is related to this property, plant and equipment is a substantial portion of annual operating expenses.

The useful life of property, plant and equipment which were based on management estimation and assumptions has a significant impact on assets value. Each item of the property, plant and equipment has a useful life estimation based on the past experience of corresponding assets, expected period in which economic benefits will flow to the Group during the operation of the asset.

The useful life of property, plant and equipment estimates and assumptions are reviewed periodically to assess if there is any adjustments or changes related to useful life or residual values if there is any adjustments will be implemented on future years.

c. Intangible assets useful lives – customer relationships
The Group amortizes customer relationships arising from a business combination using the straight line method over 5 years which is estimated to be the period of the projected cash flows for customer relationships.

d. Impairment of goodwill
The group tests whether goodwill has suffered any impairment on an annual basis in accordance with the accounting policy. The recoverable amounts of cash generating units are determined based on value-in-use calculations. These calculations require the use of estimates.

e. Impairment of trade receivables
Impairment of trade receivables are estimated according to the aging of the debts. Management assesses the credit position and the payment ability of customers in which their debt is overdue as per the given credit facility and estimates, accordingly the Group recognizes the required impairment.

MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

Notes to the interim condensed consolidated financial statements - - For the three months period ended 31 March 2019

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

4. Property, plant and equipment

	Land	Buildings	Machinery, equipment and molds	Vehicles and transportation	Furniture and office equipment	Computers & software	Projects under construction	Total
31 March 2019								
Cost								
Balance at beginning of the period	316,756,515	222,527,470	1,493,130,606	17,060,055	12,508,546	7,621,396	44,433,305	2,114,037,893
Additions	-	1,291,915	12,484,254	92,770	124,112	103,671	9,059,294	23,156,016
Disposals	-	-	-	(91,822)	-	-	(265,248)	(357,070)
Transferred from projects under construction	-	-	27,912,878	-	-	38,867	(27,951,745)	-
Balance at the end of the period	**316,756,515**	**223,819,385**	**1,533,527,738**	**17,061,003**	**12,632,658**	**7,763,934**	**25,275,606**	**2,136,836,839**
Accumulated depreciation								
Balance at beginning of the period	-	(75,637,855)	(949,699,224)	(14,221,962)	4,297,446	(6,379,511)	-	(1,041,641,106)
Depreciation expense	-	(2,486,638)	(36,854,644)	(417,843)	(238,415)	(133,533)	-	(40,131,073)
Disposals depreciation	-	-	-	91,822	-	-	-	91,822
Balance at the end of the period	-	**(78,124,493)**	**(986,553,868)**	**(14,547,983)**	**4,059,031**	**(6,513,044)**	-	**(1,081,680,357)**
Net book value at the end of the period	**316,756,515**	**145,694,892**	**546,973,870**	**2,513,020**	**16,691,689**	**1,250,890**	**25,275,606**	**1,055,156,482**
31 December 2018								
Cost								
Balance at beginning of the year	316,756,515	211,686,508	1,274,542,211	16,203,360	11,846,701	7,244,353	207,145,693	2,045,425,341
Additions	-	235,588	35,059,075	877,195	145,662	267,512	49,319,317	85,904,349
Reclassification from assets held for sale	-	-	1,982,161	-	-	-	-	1,982,161
Disposals	-	-	(18,135,791)	(140,500)	(20,843)	-	(976,824)	(19,273,958)
Transferred from projects under construction	-	10,605,374	199,682,950	120,000	537,026	109,531	(211,054,881)	-
Balance at the end of the year	**316,756,515**	**222,527,470**	**1,493,130,606**	**17,060,055**	**12,508,546**	**7,621,396**	**44,433,305**	**2,114,037,893**
Accumulated depreciation								
Balance at beginning of the year	-	(65,926,397)	(822,279,786)	(12,650,032)	(9,370,803)	(5,696,554)	-	(915,923,572)
Depreciation expense	-	(9,711,458)	(127,419,438)	(1,712,430)	(948,796)	(682,957)	-	(140,475,078)
Disposals depreciation	-	-	-	140,500	14,617,045	-	-	14,757,545
Balance at the end of the year	-	**(75,637,855)**	**(949,699,224)**	**(14,221,962)**	**4,297,446**	**(6,379,511)**	-	**(1,041,641,105)**
Net book value at the end of the year	**316,756,515**	**146,889,615**	**543,431,383**	**2,838,093**	**16,805,992**	**1,241,885**	**44,433,305**	**1,072,396,788**
Balance at the end of the year	-	**(65,926,397)**	**(822,279,786)**	**(12,650,032)**	**(9,370,803)**	**(5,696,554)**	-	**(915,923,572)**
Net book value at the end of the year	**316,756,515**	**145,760,111**	**452,262,425**	**3,553,328**	**2,475,898**	**1,547,799**	**207,145,693**	**1,129,501,769**

Property, plant and equipment (continued)

Pledge on assets:
All machinery, tools and production lines are subject to commercial pledges, as collateral in the first degree for bank loans extended to the Group (Note 5).

Project under constructions analysis is as follows:

Balance at 1 January 2019	Additions during the year	Disposal	Transfer to fixed asset	Balance at 31 March 2019
44,433,305	9,059,294	(265,248)	(27,951,745)	**25,275,606**

The balance of project under construction as of 31 December 2018 is represented as flows:

	31 March 2019
New and upgraded furnace	4,363,597
New batch house	2,873,205
Others	1,822,492
	9,059,294

5. Bank borrowings and overdraft

	31 March 2019	31 December 2018
A. Borrowings - current portion		
Bank loans	305,792,964	303,501,784
Bank overdrafts	288,239,311	222,333,210
Total current portion	**594,032,275**	**525,834,994**
B. Borrowings non-current portion		
Bank loans	753,467,412	783,101,973
Total non-current portion	**753,467,412**	**783,101,973**
Total	**1,347,499,687**	**1,308,936,967**

Bank facilities extended to group companies are subject to security arrangements as follows:
- Key customers contracts.
- Restrictions over transfers of subsidiaries' shares owned by the Company.
- Commercial pledges over plant and machineries.
- Insurance and assets acquired in favor of the banks.
- Cross corporate guarantee.

The average interest rate on loans is 2.75% over the Central Bank of Egypt lending rate (the "corridor" rate) for loans in Egyptian pounds, 4.75% over Euribor for loans in Euro and 3.75% over 3 month Libor for loans denominated in US Dollars.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

6. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders of the parent company by the weighted average number of ordinary shares issued, after considering the proposed employees' profit share.

A. Earnings per share from continuing operations

	31 March 2019	31 March 2018
Net profit attributable to owners' equity	55,543,817	5,019,121
Weighted average number of issued and paid shares	52322580	50322580
Earning per share	**1.10**	**0.10**

B. Earnings per share from discontinued operations

	31 March 2019	31 March 2018
Net profit attributable to owners' equity	43,701,416	7,260,548
Weighted average number of issued and paid shares	50322580	50322580
Earning per share	**0.86**	**0.14**

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming full conversion of all potential dilutive ordinary shares. As of 31 March 2019, the parent company does not have potential diluted shares and therefore, diluted earnings per share is equal to basic loss per share.

7. Assets and liabilities of disposal group classified as held-for-sale and discontinued operations

In October 2017, the Board of Directors of the Company approved the sale of 74% of its 60% investment in "Medco Plast for Packing and Packaging System S.A.E." (Medco Plast).

On 14 November 2018, the transaction closed and the consideration for the sales shares representing 74% of its investments in Medco Plast amounted to EGP 505,847,342 of which EGP 101,169,486 was held in escrow account for completion price adjustment and potential warranty and tax claim in accordance with the terms of the sale and purchase agreement which is customary in sale transaction. The Company retains a non controlling interest of 15.6% in the issued capital of Medco Plast which is recognized as an investment in associate. The value of the investment in associate was measured at fair value at loss of control date.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Assets and liabilities of disposal group classified as held-for-sale (continued)

(a) The table below shows the results of the discontinued operations for the period ended 31 March 2019 and for the period ended 31 March 2018

	31 March 2019	31 March 2018
Revenues	-	245,233,988
Other income*	56,388,923	2,123,791
Expenses	-	(235,256,865)
Profit of discontinued operations	**56,388,923**	**12,100,914**
Income tax	(12,687,507)	-
Profit of discontinued operations after tax	**43,701,416**	**12,100,914**

* Other income represents amounts released from the deferred portion of Medco Plast sale consideration. This deferred consideration was initially retained in escrow account in accordance with the terms of the sale and purchase agreement and was released during the period after receiving the final completion price adjustment report.

8. Financial instruments by category

Financial assets:

	Loans and receivables	
	31 March 2019	**31 December 2018**
Trade and notes receivables	341,652,776	288,403,810
Due from related parties	104,486,359	82,492,368
Other receivables	233,103,336	216,791,737
Derivative financial instruments	28,033,615	28,033,615
Cash and bank balances	80,922,359	49,218,858

Financial liabilities:

	Other financial liabilities	
	31 March 2019	**31 December 2018**
Borrowings	1,347,499,687	1,308,936,967
Trade and other payable	364,076,478	400,338,113
Accrued expenses and other payables	178,858,613	168,239,012
Derivative financial instruments	50,412,519	50,412,519
Lease liabilities	64,243,104	-

- Other receivables presented above excludes prepaid expenses and advances to suppliers.
- Accrued expenses and other payables presented above excludes advances from customers.

9. Segment reporting

The Group did not prepare the segment reporting disclosure but the activities of the Group is wholly related to the manufacture and sale of glass containers. This is in accordance with the presentations to the Board of Directors.

10. Subsequent events

On 11 July 2019, the Company's Board of Directors decided to increase the issued capital by EGP 32,800,000, using the amounts paid under capital increase subject to fulfilment of legal requirements.