

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

**LIMITED REVIEW REPORT AND CONSOLIDATED
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2018**

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

**Consolidated interim condensed financial statements
For the nine months period ended 30 September 2018**

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Limited review report on the consolidated interim condensed 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 30 September 2018 of Middle East Glass Manufacturing Company (S.A.E.) and the related consolidated condensed statements of profits or losses, consolidated condensed comprehensive income, consolidated condensed changes in equity and consolidated condensed cash flows for the nine 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 consolidated interim condensed financial statements based on our review.

Scope of limited review


Except as explained in the following paragraph, 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 financial statements.

Basis for qualified conclusion

Included within assets of disposal group classified as held for sale in the consolidated statement of financial position at 30 September 2018 an amount due from a related party amounting to EGP 54,875,222. Management has not carried out an impairment study to determine the recoverable amount of this balance. Had we been able to obtain this study, matters might have come to our attention indicating that adjustments might be necessary to the consolidated interim condensed financial statements.

Qualified conclusion

Except for the adjustments to the consolidated interim condensed financial statements that we might have become aware of had we been able to obtain the study referred to above, based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed 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
Mansour & Co. PricewaterhouseCoopers
Public Accountants & Consultants



29 November 2018
Cairo

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

Consolidated interim condensed statement of financial position - As at 30 September 2018

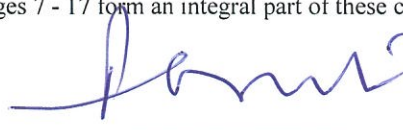
(All amounts in Egyptian Pounds)

	Notes	30 September 2018	31 December 2017
Non-current assets			
Property, plant and equipment	4	1,073,418,621	1,130,437,412
Intangible assets		290,105,239	301,487,466
Total non-current assets		1,363,523,860	1,431,924,878
Current assets			
Inventory		357,846,896	346,364,003
Trade and notes receivable		326,618,496	277,921,766
Prepaid expenses and other receivables		323,013,679	217,118,616
Due from tax authority		67,401,554	28,292,414
Non-current assets held for sale		1,982,161	1,982,161
Due from related parties		52,821,464	66,733,245
Cash and bank balances		71,632,629	45,371,842
Total current assets		1,201,316,879	983,784,047
Assets of disposal group classified as held for sale	7	1,003,799,643	876,394,171
Total assets		3,568,640,382	3,292,103,096
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		(505,199,263)	(506,541,354)
Total owners' equity		188,455,748	187,113,657
Non-controlling interest		76,992,975	62,769,340
Total equity		265,448,723	249,882,997
Non-current liabilities			
Borrowings	5/B	842,921,237	937,012,099
Retirement benefits obligations		10,687,995	7,017,888
Deferred tax liabilities		44,657,525	53,526,548
Long term notes payable		7,280,029	12,912,917
Total non-current liabilities		905,546,786	1,010,469,452
Current liabilities			
Provisions		40,171,651	43,045,057
Bank borrowings and overdraft	5/A	747,094,506	658,809,749
Trade and notes payable		392,433,349	402,205,271
Accrued expenses and other payables		360,465,816	210,250,498
Due to tax authority		80,276,869	33,003,353
Due to related parties		919,576	-
Total current liabilities		1,621,361,767	1,347,313,928
Liabilities directly associated with disposal group classified as held for sale	7	776,283,106	684,436,719
Total owners' equity and liabilities		3,568,640,382	3,292,103,096

The accompanying notes on pages 7 - 17 form an integral part of these consolidated interim condensed financial Limited review report attached



Mr. Mohamed Khalifa
Chief Financial Officer



Mr. Peter Carpenter
Board Member



Mr. Abdul Galil Beshar
Chairman

28 November 2018

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

Consolidated statement of income - For the nine months ended 30 September 2018

(All amounts in Egyptian Pounds)

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2018	2017	2018	2017
Sales		1,182,631,810	1,022,704,887	402,466,948	333,724,832
Cost of sales		(797,251,144)	(666,638,651)	(278,688,749)	(214,960,341)
Gross profit		385,380,666	356,066,236	123,778,199	118,764,491
Selling and marketing expenses		(113,485,771)	(131,983,015)	(53,934,462)	(52,569,713)
General and administrative expenses		(64,091,144)	(58,174,404)	(22,797,459)	(19,832,305)
Other operating expenses		(3,692,483)	(1,029,285)	(1,092,483)	(997,827)
Other operating income		66,995,655	53,640,428	27,272,736	19,240,394
Profits from operation		211,106,923	212,519,960	73,226,531	64,605,040
Finance costs, net		(216,703,530)	(175,847,734)	(82,537,208)	(39,915,749)
Net (loss) / profit before tax		(5,596,607)	36,672,226	(9,310,677)	24,689,291
Income tax		(4,605,563)	(4,974,037)	(417,768)	(11,433,200)
Net (Loss) / profit for the period from continued operations		(10,202,170)	31,698,189	(9,728,445)	13,256,091
Profit for the period from discontinued operations (net of tax)					
Net profit for the period	7	35,559,088	33,350,273	14,560,452	12,352,329
		25,356,918	65,048,462	4,832,007	25,608,420
Net profit for the period from discontinued operations (net of tax) is attributable to:					
Owners' equity		21,335,453	20,010,163	8,736,271	7,411,398
Non-controlling interests		14,223,635	13,340,110	5,824,181	4,940,931
		35,559,088	33,350,273	14,560,452	12,352,329
Net profit for the period is attributable to:					
Owners' equity		11,133,283	51,708,352	(992,174)	20,667,489
Non-controlling interest		14,223,635	13,340,110	5,824,181	4,940,931
		25,356,918	65,048,462	4,832,007	25,608,420
(Loss) Earnings per share (Basic / diluted) from continuing and discontinuing operations					
Earnings per share from continuing operations	6/A	(0.20)	0.49	(0.19)	0.26
Earnings per share from discontinuing operations	6/B	0.42	0.39	0.17	0.14
Total earnings / (loss) per share		0.22	0.88	(0.02)	0.40

The accompanying notes on pages 7 - 17 form an integral part of these consolidated interim condensed financial statements.

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

Consolidated statement of other comprehensive income - For the nine months ended 30 September 2018

(All amounts in Egyptian Pounds)

	<u>Nine months ended 30 September 2018</u>	<u>2017</u>	<u>Three months ended 30 September 2018</u>	<u>2017</u>
Net profit for the period	25,356,918	65,048,462	4,832,007	25,608,420
Total comprehensive income	<u>25,356,918</u>	<u>65,048,462</u>	<u>4,832,007</u>	<u>25,608,420</u>
Total comprehensive income attributable to:				
Owners' equity	11,133,283	51,708,352	(992,174)	20,667,489
Non-controlling interests	14,223,635	13,340,110	5,824,181	4,940,931
	<u>25,356,918</u>	<u>65,048,462</u>	<u>4,832,007</u>	<u>25,608,420</u>
Total comprehensive income attributable to the owners equity arises from:				
Continuing operations	(10,202,170)	31,698,189	(9,728,445)	13,256,091
Discontinued operations	21,335,453	20,010,163	8,736,271	7,411,398
	<u>11,133,283</u>	<u>51,708,352</u>	<u>(992,174)</u>	<u>20,667,489</u>

The accompanying notes on pages 7 - 17 form an integral part of these consolidated interim condensed financial statements.

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

Consolidated statement of changes in equity - For the nine months ended 30 September 2018

(All amounts in Egyptian Pounds)	Issued and paid up capital	Legal reserve	Special reserve	Payment under capital increase	Other reserves	Accumulated losses	Total shareholders' equity	Non- controlling interest	Total owners' (deficit)/equity
Balance at 1 January 2017	50,322,580	25,161,260	172,217,162	-	13,129,007	(527,646,798)	(266,816,789)	43,868,477	(222,948,312)
Profit for the period	-	-	-	-	-	51,708,353	51,708,353	13,340,109	65,048,462
Dividend distribution	-	-	-	-	-	(10,746,291)	(10,746,291)	-	(10,746,291)
Balance at 30 September 2017	50,322,580	25,161,260	172,217,162	-	13,129,007	(486,684,736)	(225,854,727)	57,208,586	(168,646,141)
Balance at 1 January 2018	50,322,580	25,161,260	172,217,162	432,825,002	13,129,007	(506,541,354)	187,113,657	62,769,340	249,882,997
Profit for the period	-	-	-	-	-	11,133,283	11,133,283	14,223,635	25,356,918
Dividend distribution	-	-	-	-	-	(9,791,192)	(9,791,192)	-	(9,791,192)
Balance at 30 September 2018	50,322,580	25,161,260	172,217,162	432,825,002	13,129,007	(505,199,263)	188,455,748	76,992,975	265,448,723

The accompanying notes on pages 7 - 17 form an integral part of these consolidated interim condensed financial statements.

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

Consolidated statement of cash flows - For the nine months ended 30 September 2018

(All amounts in Egyptian Pounds)

	<u>30 September 2018</u>	<u>30 September 2017</u>
<u>Cash flows from operating activities</u>		
Net profit for the period before tax	29,962,481	70,022,499
<u>Adjusted by:</u>		
Interest expenses	280,465,069	214,320,082
Interest income	(37,071)	(421,765)
Depreciation and amortization	115,226,048	142,916,048
Loss on sale of property, plant and equipment	818,597	(605,620)
Unrealised foreign exchange (gain) loss	6,006,001	(26,709,507)
Retirement benefits obligation	3,670,107	976,359
Operating profit before changes in working capital	436,111,232	400,498,096
Decrease/(Increase) in inventories	70,657,256	(71,930,258)
Increase in trade and notes receivables	(173,877,886)	(174,479,329)
Increase in prepaid expenses and other receivables	(197,545,659)	(70,145,922)
Decrease/(Increase) in due from tax authority	(45,088,227)	(27,580,324)
Decrease/(Increase) in due from related parties	25,644,288	(101,710,967)
Increase in trade and notes payables	11,699,905	199,190,801
Increase in accrued expenses and other payables	31,486,079	70,142,251
Increase in due to tax authority	36,202,009	15,505,589
Due to related parties	919,576	-
Provisions used	(2,873,406)	(3,789,635)
Payment of employees retirement benefits	-	(1,638,894)
Cash flows generated from operations	193,335,167	234,061,408
Interest paid	(163,830,006)	(175,855,723)
Net cash flows generated from operating activities	29,505,161	58,205,685
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(89,880,578)	(120,847,717)
Proceeds from sale of property, plant and equipment	661,530	685,198
Purchase of intangible assets	(378,195)	(1,667,040)
Interest income received	37,071	421,765
Net cash flows used in investing activities	(89,560,172)	(121,407,794)
<u>Cash flows from financing activities</u>		
Fixed assets creditors	(26,029,253)	(15,332,140)
Bank overdrafts	122,124,197	67,840,780
Repayments of long-term borrowings	(39,589,299)	(104,456,738)
Proceeds from long-term borrowings	32,513,271	79,711,921
Payments from long term notes payable	(5,632,888)	-
Net cash generated from financing activities	83,386,028	27,763,823
(Increase)/Decrease in cash and cash equivalent	23,331,017	(35,438,286)
Cash and cash equivalent at beginning of the period	52,990,662	67,879,575
Cash and cash equivalents at end of the period	76,321,679	32,441,289

The accompanying notes on pages 7 - 17 form an integral part of these consolidated interim condensed financial statements.

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2018

(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 main activities of the Group are as follows:

- (1) Manufacture, sale and export of glass containers used for the packaging of food and beverage.
- (2) Manufacture, sale and export of plastic products for the food and beverage industry and disposable plastic medical products for the pharmaceutical industry.
- (3) Acquiring other companies working in the same field.

The ultimate Parent company is Deram Holdings.

On 9 July 2018, MAC Investment "the Parent Company with 51.4% ownership" sold 100% of its shares in the company to Mena Glass Holding which is controlled by the same ultimate parent Deram Holding.

<u>Subsidiaries</u>	<u>Share</u>	<u>Activity</u>
Medco Plast for Packing & Wrapping Systems	60%	Manufacturing Plastic for Packing
Middle East Glass Containers Sadat (previously Wadi Glass Container)	100%	Manufacturing Glass Containers
MEG Misr for Glass	99.97%	Manufacturing Glass Containers
Misr for Glass Manufacturing (owned 100% by MEG Misr for Glass)	-	Manufacturing all kinds of Glass Bottles and the acquisition of other entities that operate in the same field

These consolidated financial statements have been approved for issuance by the Chairman on 28 November 2018.

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2018

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

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated interim condensed financial statements are the same as included in the annual consolidated financial statements for the year ended 31 December 2017 financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A. Basis of preparation

These interim condensed separate financial statements have been prepared in accordance with the Egyptian Accounting standards (EASs) and relevant Egyptian laws and regulation.

These interim condensed separate financial statements as at 30 September 2018 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 consolidated interim condensed financial statements do not include all of the information and disclosure 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 2017.

B. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements on 30 September 2018 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.

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

**Notes to the interim condensed consolidated financial statements
For the nine months period ended 30 September 2018**

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

C. 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 30 September 2018, 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
30 September 2018				
Trade and notes payable	253,403,630	139,029,719	-	-
Long-term notes payable	-	-	-	7,280,029
Accrued expenses and other payables*	257,704,714	78,964,634	-	-
Bank overdrafts	334,789,075	65,259,766	-	-
Loans and borrowings	310,795,182	117,648,720	307,545,340	782,561,044
Total	1,156,692,601	400,902,839	307,545,340	789,841,073
31 December 2017				
Trade and notes payable	208,040,536	181,251,818	11,533,469	1,379,448
Long-term notes payable	-	-	-	12,912,917
Accrued expenses and other payables*	157,620,333	24,302,428	-	-
Bank overdrafts	337,956,832	71,079,731	-	-
Loans and borrowings	259,650,036	585,541,553	278,129,341	1,070,376,418
Total	963,267,737	862,175,530	289,662,810	1,084,668,783

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

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2018

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

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 as follows:

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 list

The group amortizes customer list 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 lists.

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.

(2) Critical judgment in applying the accounting policies

In general applying the group's accounting policies does not require judgments.

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

**Notes to the interim condensed consolidated financial statements
For the nine months period ended 30 September 2018**

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

4. Property, plant and equipment

31 December 2017

Cost	Land	Buildings	Machinery, equipment and molds	Vehicles and transportation	Furniture and office equipment	Computers & software	Projects under construction	Total
Balance at beginning of the year	329,296,952	218,996,168	1,533,379,516	23,623,618	14,422,576	8,759,064	195,073,831	2,333,551,725
Additions	-	213,169	68,815,816	735,457	1,291,044	923,655	81,178,847	153,158,028
Transfer from assets held for sale	-	-	5,645,385	-	-	-	-	5,645,385
Disposals	-	-	(60,719,604)	(791,746)	(398,354)	(316,660)	-	(62,226,364)
Transferred from projects under construction	-	505,201	18,170,196	-	-	-	(18,675,397)	-
Transfer to disposal group classified as held for sale	(12,540,437)	(8,028,030)	(290,749,098)	(7,363,969)	(1,777,405)	(2,121,746)	(50,431,588)	(373,012,273)
Balance at the end of the year	316,756,515	211,686,508	1,274,542,211	16,203,360	13,537,861	7,244,353	207,145,693	2,047,116,501

Accumulated depreciation

Balance at beginning of the year	-	(57,703,147)	(851,382,324)	(15,503,258)	(10,123,624)	(5,967,080)	-	(940,679,433)
Depreciation expense	-	(10,684,173)	(154,132,600)	(2,918,547)	(1,486,801)	(847,055)	-	(170,069,172)
Transfer to disposal group classified as held for sale	-	2,460,923	123,361,723	4,825,856	1,257,262	845,966	-	132,751,730
Disposals depreciation	-	-	59,873,415	945,917	226,843	271,611	-	61,317,786
Balance at the end of the year	-	(65,926,397)	(822,279,786)	(12,650,032)	(10,126,320)	(5,696,554)	-	(915,679,089)
Net book value at the end of the year	316,756,515	145,760,111	452,262,425	3,553,328	3,411,541	1,547,799	207,145,693	1,130,437,412

30 September 2018

Cost	Land	Buildings	Machinery, equipment and molds	Vehicles and transportation	Furniture and office equipment	Computers & software	Projects under construction	Total
Balance at beginning of the year	316,756,515	211,686,508	1,274,542,211	16,203,360	13,537,861	7,244,353	207,145,693	2,047,116,501
Additions	-	72,915	26,675,417	404,465	3,612,131	320,230	17,095,061	48,180,219
Transfer from projects under construction	-	-	563,782	-	-	-	(563,782)	-
Disposals	-	-	-	-	(20,843)	-	(976,824)	(997,667)
Balance at the end of the period	316,756,515	211,759,423	1,301,781,410	16,607,825	17,129,149	7,564,583	222,700,148	2,094,299,053

Accumulated depreciation

Balance at beginning of the year	-	(65,926,397)	(822,279,786)	(12,650,032)	(10,126,320)	(5,696,554)	-	(916,679,089)
Depreciation expense	-	(7,263,683)	(93,869,835)	(1,294,423)	(1,276,095)	(517,980)	-	(104,222,016)
Disposal	-	-	-	-	20,673	-	-	20,673
Balance at the end of the period	-	(73,190,080)	(916,149,621)	(13,944,455)	(11,381,742)	(6,214,534)	-	(1,020,880,432)
Net book value at the end of the period	316,756,515	138,569,343	385,631,789	2,663,370	5,747,407	1,350,049	222,700,148	1,073,418,621

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Property, plant and equipment (continued)

The group leases certain assets which are not recognised as fixed assets according to the Egyptian Accounting Standard No.20 which recognises lease payments as expenses in the statement of profits or losses.

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.

Project under construction analysis is as follows:

	Balance at 1 January 2018	Additions during the period	Transfer to fixed assets	Disposal	Balance at 30 September 2018
Projects under construction	207,145,693	17,095,061	(563,782)	(976,824)	222,700,148

The balance of project under construction as of 30 September 2018 is represented as follows:

	30 September 2018
New and upgraded furnace	95,942,037
New batch house	38,439,972
Forming machines	34,528,757
Machinery and tools	28,079,262
Cooling machine	11,192,830
Buildings	8,572,416
Others	5,944,874
	222,700,148

5. Bank borrowings and overdraft

	30 September 2018	31 December 2017
A. Borrowings - current portion		
Bank loans	347,045,665	249,773,186
Bank overdrafts	400,048,841	409,036,563
Total current portion	747,094,506	658,809,749
B. Borrowings non-current portion		
Bank loans	842,921,237	937,012,099
Total non-current portion	842,921,237	937,012,099
Total	1,590,015,743	1,595,821,848

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Bank borrowings and overdraft (continued)

Bank facilities extended to group companies are subject to security arrangements as follows:

- Contracts with certain customers.
- Restrictions over transfers of subsidiaries' shares owned by the Company.
- Commercial pledges over plant and machinery.
- Personal guarantee issued by the minority shareholder of a subsidiary.
- Assignment of insurances.

The average interest rate on loans is 2.75% over the Central Bank 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.

6. Earnings / (loss) per share

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

A. (Loss) Earnings per share from continuing operations

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Net (loss) / profit	(10,202,170)	31,698,189	(9,728,445)	13,256,091
Advance payments for employees under dividends distributions*	-	(6,790,684)	-	-
Net (loss)/ profit available for distribution	(10,202,170)	24,907,505	(9,728,445)	13,256,091
Number of ordinary and issued shares	50322580	50322580	50322580	50322580
Earnings (Loss) per share	(0.20)	0.49	(0.19)	0.26

B. Earnings per share from discontinued operations

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Net profit attributable to owners' equity	21,335,453	20,010,163	8,736,271	7,411,398
Weighted average number of issued and paid shares	50322580	50322580	50322580	50322580
Earnings per share	0.42	0.39	0.17	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 30 September 2018, the parent company does not have potential diluted shares and therefore, diluted earnings per share is equal to basic earnings per share.

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

In October 2017, the Company decided to dispose of 74% of its 60% shareholding in "Medco Plast for Packing and Packaging Systems S.A.E.". On 18 July 2018, the Company's Board of Directors approved the sale of 74% of its holding in "Medco Plast for Packing and Packaging Systems S.A.E.". On 14 November 2018, the group completed the transaction for consideration of EGP 506 million.

(a) Assets of Medco Plast for Packing and Packaging System S.A.E. classified as held-for-sale

	<u>30 September 2018</u>	<u>31 December 2017</u>
Fixed assets	278,872,827	240,260,545
Goodwill	36,034,167	36,034,167
Trade and other receivables	424,002,963	238,407,349
Inventories	89,191,596	171,331,743
Due from related parties	171,009,041	182,741,547
Cash on hand and at bank	4,689,049	7,618,820
Total	<u>1,003,799,643</u>	<u>876,394,171</u>

(b) Liabilities of Medco Plast for Packing and Packaging System S.A.E. Classified as held for sale

	<u>30 September 2018</u>	<u>31 December 2017</u>
Trade and other payables	84,246,787	93,231,423
Provisions	200,000	200,000
Deferred tax liabilities	20,518,034	20,518,034
Fixed assets creditors	4,068,727	30,097,980
Bank borrowings and overdrafts	667,249,558	540,389,282
Total	<u>776,283,106</u>	<u>684,436,719</u>

The table below shows the results of the discontinued operation for the period:

	<u>Nine months ended 30 September</u>		<u>Three months ended 30 September</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues	831,218,412	708,734,582	290,321,864	271,252,793
Expenses	(795,659,324)	(675,384,309)	(275,761,412)	(258,900,464)
Profits of discontinued operations	35,559,088	33,350,273	14,560,452	12,352,329
Income tax	-	-	-	-
Profits of discontinued operations after tax	<u>35,559,088</u>	<u>33,350,273</u>	<u>14,560,452</u>	<u>12,352,329</u>

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

(c) Cash flows from discontinued operations

	Nine months ended 30 September	
	2018	2017
Cash flow from operating activities	(65,325,948)	(3,849,518)
Cash flows from investing activities	(38,434,846)	(49,010,162)
Cash flows from financing activities	100,831,023	63,586,621
Total cash flows	(2,929,771)	10,726,941

8. Financial statements by category

Financial assets:

	Loans and receivables	
	30 September 2018	31 December 2017
Trade and notes receivables	321,228,303	277,921,766
Due from related parties	52,821,464	66,733,245
Other receivables*	187,115,407	177,768,925
Cash and bank balances	71,632,629	45,371,842

Financial liabilities:

	Other financial liabilities	
	30 September 2018	31 December 2017
Borrowings	1,590,015,743	1,595,821,848
Trade and other payable	392,433,349	402,205,271
Accrued expenses and other payables**	336,669,348	181,922,761
Long term notes payable	11,348,756	12,912,917

* Other receivables presented above excludes prepaid expenses and advances to suppliers.

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

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9. Segment reporting

The operating segments are based on reports prepared by the management of the group, who treat the business from perspective of two segments (Glass and PET Plastics).

	Glass segment		Plastic segment		Total	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Operating results						
Net revenue	1,182,631,810	1,022,704,887	821,619,108	703,414,817	2,004,250,918	1,726,019,704
Segment gross profit	385,380,666	356,066,236	111,986,534	115,329,907	497,367,200	471,396,143
Operating profit	211,106,923	212,519,960	83,924,235	83,894,307	295,031,158	296,414,267
Interest income	37,071	421,765	-	-	37,071	421,765
Interest expense	(209,619,906)	(161,000,389)	(73,683,909)	(53,319,693)	(283,303,815)	(214,320,082)
Foreign exchange (loss) gain	(7,120,695)	(15,269,110)	-	2,775,659	(7,120,695)	(12,493,451)
Income tax	(4,605,563)	(4,974,037)	-	-	(4,605,563)	(4,974,037)
Net (loss) profit for the period	(10,202,170)	31,698,189	35,559,088	33,350,273	25,356,918	65,048,462
Non-controlling interest	-	-	14,223,635	13,340,109	14,223,635	13,340,109
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Other information						
Segment assets	2,564,840,739	2,415,708,925	1,003,799,643	876,394,171	3,568,640,382	3,292,103,096
Segment liabilities	2,526,908,553	2,357,783,380	776,283,106	684,436,719	3,303,191,659	3,042,220,099
Depreciation and amortization	115,226,048	161,201,936	-	22,875,811	115,226,048	184,077,747

Sales between segments are carried out at arm's length and are eliminated on consolidation. Revenue from external parties is measured in the same way as in the statement of profits or losses.

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10. Share split

On 14 September 2017, the Extraordinary General Assembly Meeting approved a ten-for-one share split of its ordinary share and accordingly, the shares' par value is EGP 1 instead of EGP 10 per share. The number of issued shares of the Company after the split is 50,322,580 instead of 5,032,258. The split was entered in the commercial register on 31 January 2018. Earnings per share information has been retrospectively adjusted to reflect the share split.

11. Non-cash transactions

For the cash flow statement preparation purposes, the group posted non-cash transactions which are not presented in the statement of cash flows. As follows:

	<u>30 September 2018</u>
Unsettled accrued finance cost	116,635,063
Dividends distribution approved by the General Assembly Meeting deducted from the advances paid to employees	9,791,192

12. Subsequent events

On 14 November 2018, the Group sold 45% of its shareholdings in Medco Plast for Packing and Packaging System S.A.E for an amount of EGP 506 million.