

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

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

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

**Consolidated interim condensed financial statements**

**For the six months period ended 30 June 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 June 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 six 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 June 2018 an amount due from a related party amounting to EGP 54,814,114. 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, CEA  
R.A.A. 11595  
F.R.A. 235  
Mansour & Co. PricewaterhouseCoopers  
Public Accountants & Consultants



29 August 2018  
Cairo

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

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

(All amounts in Egyptian Pounds)


	Notes	30 June 2018	31 December 2017
<b><u>Non-current assets</u></b>			
Property, plant and equipment	4	1,092,557,606	1,130,437,412
Intangible assets		294,880,676	301,487,466
<b>Total non-current assets</b>		<b>1,387,438,282</b>	<b>1,431,924,878</b>
<b><u>Current assets</u></b>			
Inventory		347,835,878	346,364,003
Trade and notes receivables		373,292,650	277,921,766
Prepaid expenses and other receivables		284,506,235	217,118,616
Due from tax authority		62,887,350	28,292,414
Non-current assets held for sale		1,982,161	1,982,161
Due from related parties		59,925,663	66,733,245
Cash and bank balances		41,731,287	45,371,842
<b>Total current assets</b>		<b>1,172,161,224</b>	<b>983,784,047</b>
Assets of disposal group classified as held for sale	7	1,000,149,338	876,394,171
<b>Total assets</b>		<b>3,559,748,844</b>	<b>3,292,103,096</b>
<b><u>Equity</u></b>			
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		(504,207,089)	(506,541,354)
<b>Total equity</b>		<b>189,447,922</b>	<b>187,113,657</b>
Non-controlling interests		71,168,794	62,769,340
<b>Total equity</b>		<b>260,616,716</b>	<b>249,882,997</b>
<b><u>Non-current liabilities</u></b>			
Borrowings	5/B	882,676,072	937,012,099
Retirement benefits obligations		10,050,408	7,017,888
Deferred tax liabilities		48,133,939	53,526,548
Long term notes payable		12,123,902	12,912,917
<b>Total non-current liabilities</b>		<b>952,984,321</b>	<b>1,010,469,452</b>
<b><u>Current liabilities</u></b>			
Provisions		41,705,583	43,045,057
Bank borrowings and overdrafts	5/A	711,506,480	658,809,749
Trade and notes payable		405,034,360	402,205,271
Accrued expenses and other credit balances		331,001,278	210,250,498
Due to tax authority		68,682,956	33,003,353
Due to related parties		1,023,898	-
<b>Total current liabilities</b>		<b>1,558,954,555</b>	<b>1,347,313,928</b>
Liabilities directly associated with disposal group classified as held for sale	7	787,193,252	684,436,719
<b>Total equity and liabilities</b>		<b>3,559,748,844</b>	<b>3,292,103,096</b>

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

Limited review report attached

  
Mr. Mohamed Khalifa  
Chief Financial Officer

  
Mr. Peter Carpenter  
Board Member

  
Mr. Abdul Galil Beshar  
Chairman

29 August 2018

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

Consolidated interim condensed statement of profits or losses  
For the six months period ended 30 June 2018

(All amounts in Egyptian Pounds)

	Notes	Six months ended 30 June		Three months ended 30 June	
		2018	2017	2018	2017
Sales		780,164,862	688,980,055	405,648,524	348,066,055
Cost of sales		(516,794,520)	(451,678,310)	(272,327,650)	(219,797,334)
<b>Gross profit</b>		<b>263,370,342</b>	<b>237,301,745</b>	<b>133,320,874</b>	<b>128,268,721</b>
Selling and marketing expenses		(119,551,309)	(85,413,302)	(61,053,050)	(49,563,289)
General and administrative expenses		(41,293,685)	(38,342,099)	(21,802,559)	(20,556,896)
Other operating expense		(4,367,875)	(31,458)	(1,379,997)	172,507
Other operating income		39,722,919	34,400,034	26,072,152	17,981,699
<b>Operating Profit</b>		<b>137,880,392</b>	<b>147,914,920</b>	<b>75,157,420</b>	<b>76,302,742</b>
Finance costs, net		(134,166,322)	(135,931,985)	(72,806,808)	(58,798,426)
<b>Profit before tax</b>		<b>3,714,070</b>	<b>11,982,935</b>	<b>2,350,612</b>	<b>17,504,316</b>
Income tax		(4,187,795)	6,459,163	(7,843,458)	2,860,030
<b>Net (Loss) / profit for the period from continued operations</b>		<b>(473,725)</b>	<b>18,442,098</b>	<b>(5,492,846)</b>	<b>20,364,346</b>
<b>Profit for the period from discontinued operations (net of tax)</b>		<b>20,998,636</b>	<b>20,997,944</b>	<b>8,897,722</b>	<b>10,327,453</b>
<b>Net profit for the period</b>		<b>20,524,911</b>	<b>39,440,042</b>	<b>3,404,876</b>	<b>30,691,799</b>
<b>Net profit for the period from discontinued operations (net of tax) is attributable to:</b>					
Owners' equity		12,599,182	12,598,765	5,338,633	6,196,262
Non-controlling interests		8,399,454	8,399,179	3,559,089	4,131,191
		<b>20,998,636</b>	<b>20,997,944</b>	<b>8,897,722</b>	<b>10,327,453</b>
<b>Net profit for the period is attributable to:</b>					
Owners' equity		12,125,457	31,040,863	(154,213)	26,560,608
Non-controlling interest		8,399,454	8,399,179	3,559,089	4,131,191
		<b>20,524,911</b>	<b>39,440,042</b>	<b>3,404,876</b>	<b>30,691,799</b>
<b>(Loss) Earnings per share (Basic / diluted) from continuing and discontinuing operations</b>					
Earnings per share from continuing operations	6	(0.01)	0.37	(0.11)	0.40
Earnings per share from discontinuing operations	6	0.25	0.25	0.11	0.12
<b>Total earnings per share</b>		<b>0.24</b>	<b>0.62</b>	<b>-</b>	<b>0.52</b>

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

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

Consolidated interim condensed statement of other comprehensive income  
For the six months ended 30 June 2018

(All amounts in Egyptian Pounds)

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017
Net profits for the period	20,524,911	39,440,042	3,404,876	30,691,799
<b>Total comprehensive income</b>	<b>20,524,911</b>	<b>39,440,042</b>	<b>3,404,876</b>	<b>30,691,799</b>
<b>Total comprehensive income attributable to:</b>				
Owners' equity	12,125,457	31,040,863	(154,213)	26,560,608
Non-controlling interests	8,399,454	8,399,179	3,559,089	4,131,191
	<b>20,524,911</b>	<b>39,440,042</b>	<b>3,404,876</b>	<b>30,691,799</b>
<b>Total comprehensive income attributable to the owners equity arises from:</b>				
Continuing operations	(473,725)	18,442,098	(5,492,846)	20,364,346
Discontinued operations	12,599,182	12,598,765	5,338,633	6,196,262
	<b>12,125,457</b>	<b>31,040,863</b>	<b>(154,213)</b>	<b>26,560,608</b>

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

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

**Consolidated interim condensed statement of changes in equity  
For the six months ended 30 June 2018**

(All amounts in Egyptian Pounds)

	Issued and paid up capital	Legal reserve	Other reserves	Payment under capital increase	Special reserve	Accumulated losses	Total equity	Non- controlling interest	Total equity
<b>Balance at 1 January 2017</b>	50,322,580	25,161,260	13,129,007	-	172,217,162	(527,646,798)	(266,816,789)	43,868,477	(222,948,312)
Total comprehensive income for the period	-	-	-	-	-	31,040,863	3-,040,863	8,399,179	39,440,042
<b>Balance at 30 June 2017</b>	<b>50,322,580</b>	<b>25,161,260</b>	<b>13,129,007</b>	<b>-</b>	<b>172,217,162</b>	<b>(496,605,935)</b>	<b>(235,775,926)</b>	<b>52,267,656</b>	<b>(183,508,270)</b>
<b>Balance at 1 January 2018</b>	50,322,580	25,161,260	13,129,007	432,825,002	172,217,162	(506,541,354)	187,113,657	62,769,340	249,882,997
Total comprehensive income for the period	-	-	-	-	-	12,125,457	12,125,457	8,399,454	20,524,911
Dividends distributions	-	-	-	-	-	(9,791,192)	(9,791,192)	-	(9,791,192)
<b>Balance at 30 June 2018</b>	<b>50,322,580</b>	<b>25,161,260</b>	<b>13,129,007</b>	<b>432,825,002</b>	<b>172,217,162</b>	<b>(504,207,089)</b>	<b>189,447,922</b>	<b>71,168,794</b>	<b>260,616,716</b>

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

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

Consolidated interim condensed statement of cash flows  
For the six months ended 30 June 2017

(All amounts in Egyptian Pounds)	Note	30 June 2018	30 June 2017
<b><u>Cash flows from operating activities</u></b>			
Profit for the period before tax		24,712,706	32,980,879
<b><u>Adjustments of net profit with cash flows from operating activities:</u></b>			
Interest expenses		177,526,448	139,586,330
Interest income		(25,716)	(47,724)
Depreciation and amortization		77,299,223	95,150,633
Gain on sale of property, plant and equipment		(177,440)	(66,715)
Provisions formed		3,032,520	588,368
Unrealised foreign exchange gain		(1,111,392)	(9,726,752)
<b>Cash flow from operating activities before changes in working capital</b>		<b>281,256,349</b>	<b>258,465,019</b>
<b>Changes in working capital:</b>			
Inventories		78,604,187	(32,798,781)
Trade and notes receivables		(209,242,620)	(39,575,562)
Prepaid expenses and other receivables		(118,934,574)	(86,314,828)
Due from tax authority		(39,793,824)	(14,531,727)
Due from related parties		(6,792,572)	(195,724,518)
Trade and notes payables		12,746,800	103,612,297
Accrued expenses and other payables		44,680,829	43,630,693
Due to tax authority		27,789,329	8,859,481
Due to related parties		1,023,898	-
Provisions used		(1,339,468)	(2,991,816)
Payment of employees retirement benefits		-	(1,048,307)
<b>Cash flows provided from operations</b>		<b>69,998,334</b>	<b>41,581,951</b>
Interest paid		(96,545,588)	(113,303,406)
<b>Net cash outflow from operating activities</b>		<b>(26,547,254)</b>	<b>(71,721,455)</b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment		(61,020,138)	(62,433,562)
Proceeds from sale of property, plant and equipment		659,899	131,664
Purchase of intangible assets		(523,795)	(426,919)
Interest income received		25,716	47,724
<b>Net cash outflow from investing activities</b>		<b>(60,858,318)</b>	<b>(62,681,093)</b>
<b><u>Cash flows from financing activities</u></b>			
Fixed assets creditors		(1,801,260)	(12,738,364)
Bank overdrafts		80,743,445	140,133,339
Proceeds from loans		23,411,934	88,383,291
Loan payment		(16,644,245)	(88,346,694)
Payment for long-term notes payables		(789,015)	-
<b>Net cash inflow from financing activities</b>		<b>84,920,859</b>	<b>127,431,572</b>
<b>Net (decrease) in cash and cash equivalent</b>		<b>(2,484,713)</b>	<b>(6,970,976)</b>
Cash and cash equivalents at beginning of the period		52,990,662	63,471,240
<b>Cash and cash equivalents at end of the period</b>		<b>50,505,949</b>	<b>56,500,264</b>

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



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

### Notes to the consolidated interim condensed financial statements For the six months period ended 30 June 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, 6<sup>th</sup> 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, Ninth District, Nasr City, Cairo. The Company's main activity is manufacturing all kinds of glass bottles and the acquisition of other entities that operate in the same field.

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 is Deram Holdings Inc. The parent of the Company is MAC Investments S.A.E. with 51.43% ownership.

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

<b>Subsidiaries</b>	<b>Share</b>	<b>Activity</b>
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 Manufacturing Glass (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 29 August 2018.

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

### Notes to the consolidated interim condensed financial statements For the six months period ended 30 June 2018

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

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#### 2. Summary of significant accounting policies

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

##### A. Basis of preparation

These consolidated interim condensed financial statements as at 30 June 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 interim condensed consolidated 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 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: Inputs of quoted (unadjusted) market prices in active markets for identical assets or liabilities; which the Group can have access to at the date of measurement.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs of the asset or the liability.

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

### Notes to the consolidated interim condensed financial statements For the six months period ended 30 June 2018

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

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#### 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 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 consolidated interim condensed financial statements  
For the six months period ended 30 June 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	2,323,551,725
Additions	-	213,169	68,815,816	735,457	1,291,044	922,695	81,178,847	153,158,028
Transferred 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)
<b>Balance at the end of the year</b>	<b>316,756,515</b>	<b>211,686,508</b>	<b>1,274,542,211</b>	<b>16,203,360</b>	<b>13,537,861</b>	<b>7,244,353</b>	<b>207,145,693</b>	<b>2,047,116,501</b>

**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)	(847,051)	-	(170,069,172)
Transfer to disposal group classified as held for sale	-	2,460,923	123,361,723	4,825,856	1,257,262	845,956	-	132,751,730
Disposals depreciation	-	-	59,873,415	945,917	226,843	271,611	-	61,317,786
<b>Balance at the end of the year</b>	<b>-</b>	<b>(65,926,397)</b>	<b>(822,279,786)</b>	<b>(12,650,032)</b>	<b>(10,126,320)</b>	<b>(5,696,554)</b>	<b>-</b>	<b>(916,679,089)</b>

**Net book value at the end of the year**

<b>316,756,515</b>	<b>145,760,111</b>	<b>452,262,425</b>	<b>3,553,328</b>	<b>3,411,541</b>	<b>1,547,799</b>	<b>207,145,693</b>	<b>1,130,437,412</b>
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**30 June 2018**

**Cost**

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	-	72,745	15,400,646	400,000	2,385,541	320,230	13,709,670	32,288,832
<b>Balance at the end of the year</b>	<b>316,756,515</b>	<b>211,759,253</b>	<b>1,289,942,857</b>	<b>16,603,360</b>	<b>15,923,402</b>	<b>7,564,583</b>	<b>220,855,363</b>	<b>2,079,405,333</b>

**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	-	(4,843,429)	(63,314,135)	(895,524)	(764,212)	(351,328)	-	(70,168,638)
<b>Balance at the end of the year</b>	<b>-</b>	<b>(70,769,826)</b>	<b>(885,593,921)</b>	<b>(13,545,556)</b>	<b>(10,890,532)</b>	<b>(6,047,882)</b>	<b>-</b>	<b>(986,847,727)</b>

**Net book value at the end of the year**

<b>316,756,515</b>	<b>140,989,427</b>	<b>404,348,936</b>	<b>3,057,804</b>	<b>5,032,870</b>	<b>1,516,691</b>	<b>220,855,363</b>	<b>1,092,557,606</b>
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**MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)**

**Notes to the consolidated interim condensed financial statements  
For the six months period ended 30 June 2018**

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

**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:

<b>Balance at 1 January 2018</b>	<b>Additions during the period</b>	<b>Balance at 30 June 2018</b>
207,145,693	13,709,670	<b>220,855,363</b>

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

	<b>30 June 2018</b>
New and upgraded furnace	93,669,846
New batch house	38,355,732
Forming machines	34,528,757
Machinery and tools	28,500,602
Cooling machine	11,192,830
Buildings	8,253,416
Others	6,354,180
	<b><u>220,855,363</u></b>

**5. Bank borrowings and overdraft**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>A. Borrowings - current portion</b>		
Bank loans	307,062,457	249,773,186
Bank overdrafts	404,444,023	409,036,563
<b>Total current portion</b>	<b><u>711,506,480</u></b>	<b><u>658,809,749</u></b>
<b>B. Borrowings non-current portion</b>		
Bank loans	882,676,072	937,012,099
<b>Total non-current portion</b>	<b><u>882,676,072</u></b>	<b><u>937,012,099</u></b>
<b>Total</b>	<b><u>1,594,182,552</u></b>	<b><u>1,595,821,848</u></b>

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

### Notes to the consolidated interim condensed financial statements For the six months period ended 30 June 2018

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

#### Bank borrowings and overdraft (continued)

Bank facilities extended to group companies are pledged against the following:

- Portion of the contracts signed with the customers.
- Restrictions over selling the Company's shares in its subsidiaries.
- Commercial pledges over equipment and machinery.
- No cancellable personal guarantee issued by the minority shareholder of a subsidiary.
- Insurance on assets acquired in favor of the bank.
- Cross corporate guarantee.

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.

As at 30 June 2018, the contractual maturities of the Company's financial liabilities were as follows:

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
<b>30 June 2018</b>				
Trade and notes payable	312,002,923	93,031,437	-	-
Long-term notes payable	-	-	12,123,902	-
Accrued expenses and other payables	258,817,609	45,063,899	-	-
Bank overdrafts	326,918,334	77,525,689	-	-
Loans and borrowings	307,375,187	149,209,422	245,022,158	845,438,222
<b>Total</b>	<b>1,205,114,053</b>	<b>364,830,447</b>	<b>257,146,060</b>	<b>845,438,222</b>
	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
<b>31 December 2017</b>				
Accounts and notes payable	208,040,536	181,251,818	11,533,469	1,379,448
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
<b>Total</b>	<b>963,267,737</b>	<b>862,175,530</b>	<b>289,662,810</b>	<b>1,071,755,866</b>

#### 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

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017
Net (loss) / profit attributable to owners' equity	(473,725)	18,442,098	(5,492,846)	20,364,346
Weighted average number of issued and paid shares	50322580	50322580	50322580	50322580
<b>Earnings / (loss) per share</b>	<b>(0.01)</b>	<b>0.37</b>	<b>(0.11)</b>	<b>0.40</b>

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

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**Earnings / (loss) per share (continued)**

**B. Earnings per share from discontinued operations**

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net profit attributable to owners' equity	12,599,182	12,598,765	5,338,633	6,196,262
Weighted average number of issued and paid shares	50322580	50322580	50322580	50322580
<b>Earnings / (loss) per share</b>	<b>0.25</b>	<b>0.25</b>	<b>0.11</b>	<b>0.12</b>

The diluted earnings / (loss) 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 June 2018 and 31 December 2017, the parent company does not have potential diluted shares and therefore, diluted earnings / (loss) per share is equal to basic loss per share.

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

In October 2017, the Company's management decided to dispose 74% of its investment in "Medco Plast for Packing and Packaging Systems S.A.E." which represent a controlling interest. On 18 July 2018, the Company's Board of Directors approved the selling of 74% of its investments in "Medco Plast for Packing and Packaging Systems S.A.E." to an investor. The deal should be carried out during the third quarter of 2018 after detaining all the required approvals.

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

	<b>30 June 2018</b>	<b>31 December 2017</b>
Fixed assets	268,509,389	240,260,545
Goodwill	36,034,167	36,034,167
Trade and other receivables	399,233,737	238,407,349
Inventories	91,255,682	171,331,743
Due from related parties	196,341,701	182,741,547
Cash on hand and at bank	8,774,662	7,618,820
<b>Total</b>	<b>1,000,149,338</b>	<b>876,394,171</b>

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

	<b>30 June 2018</b>	<b>31 December 2017</b>
Trade and other payables	110,539,189	93,231,423
Provisions	200,000	200,000
Deferred tax liabilities	20,518,034	20,518,034
Fixed assets creditors	28,296,720	30,097,980
Bank borrowings and overdrafts	627,639,309	540,389,282
<b>Total</b>	<b>787,193,252</b>	<b>684,436,719</b>

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

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

In accordance with EAS 32, this disposal group was measured at the carrying value which is lower than fair value amounting to EGP647 million. This type of non-recurring valuation, which was made by using unobservable input, is the discounted projected cash flows, and therefore falls within level 3 of the fair value hierarchy.

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

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenues	540,896,548	437,481,789	293,538,769	246,649,181
Expenses	(519,897,912)	(416,483,845)	(284,641,047)	(236,321,728)
<b>Profits of discontinued operations</b>	<b>20,998,636</b>	<b>20,997,944</b>	<b>8,897,722</b>	<b>10,327,453</b>
Income tax	-	-	-	-
<b>Profits of discontinued operations after tax</b>	<b>20,998,636</b>	<b>20,997,944</b>	<b>8,897,722</b>	<b>10,327,453</b>

**(c) Cash flows from discontinued operations**

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
Cash flow from operating activities	(56,221,518)	(122,636,936)
Cash flows from investing activities	(28,071,408)	(13,192,195)
Cash flows from financing activities	85,448,767	135,317,133
<b>Total cash flows</b>	<b>1,155,841</b>	<b>(511,998)</b>

**8. Financial statements by category**

Financial assets:

	<b>Loans and receivables</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>
Trade and notes receivables	373,292,650	277,921,766
Due from related parties	59,925,663	66,733,245
Other receivables*	189,101,056	177,768,925
Cash and bank balances	41,731,287	45,371,842



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

**Notes to the consolidated interim condensed financial statements  
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(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

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**Financial statements by category (continued)**

**Financial liabilities:**

	<b>Other financial liabilities</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>
Borrowings	1,594,182,552	1,595,821,848
Trade and other payable	405,034,360	402,205,271
Accrued expenses and other payables**	303,881,508	181,922,761
Long term notes payable	12,123,902	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.

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

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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 Plastics).

	Glass containers segment		Plastic products segment		Total	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
<b>Operating results</b>						
Net Revenue	780,164,862	688,980,055	536,166,966	433,436,809	1,316,331,828	1,122,416,864
<b>Segment gross profit</b>	<b>263,370,342</b>	<b>237,301,745</b>	<b>90,776,892</b>	<b>72,494,291</b>	<b>354,147,234</b>	<b>309,796,036</b>
Operating profit	137,880,392	147,914,920	68,675,814	51,029,578	206,556,206	198,944,598
Interest income	25,716	47,724	-	-	25,716	47,724
Finance cost	(130,408,694)	(108,020,909)	(47,117,754)	(31,565,421)	(177,526,448)	(139,586,330)
Foreign exchange (loss) / profit	(3,783,344)	(27,958,800)	559,424	1,533,587	(3,223,920)	(26,425,113)
Income tax	(4,187,795)	6,459,163	-	-	(4,187,795)	6,459,163
Net (loss) / profit for the period	(473,725)	18,442,098	20,998,636	20,997,944	20,524,911	39,440,042
Non-controlling interest	-	-	8,399,454	8,399,179	8,399,454	8,399,179
	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2018</b>	<b>31 December 2017</b>

**Other information**

Segment assets	2,559,599,506	2,415,708,925	1,000,149,338	876,394,171	3,559,748,844	3,292,103,096
Segment liabilities	2,511,938,876	2,357,783,380	787,193,252	684,436,719	3,299,132,128	3,042,220,099
Depreciation and amortization	77,299,223	161,201,936	-	22,875,811	77,299,223	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.

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

### Notes to the consolidated financial statements For the six months period ended 30 June 2018

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

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#### 10. Non-cash transactions

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

	<u>30 June 2018</u>
Unsettled accrued finance cost	80,980,860
Dividends distribution approved by the General Assembly Meeting deducted from the advances paid to employees	9,791,192

#### 11. 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 has become EGP 1 instead of EGP 10 per share. Shares before split and the number of issued shares became 50322580 instead of 5032258. Share was entered in the commercial register on 31 January 2018. Earnings per share information have been retrospectively adjusted to reflect the new number of shares and par value.