

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

**LIMITED REVIEW REPORT AND SEPARATE INTERIM
CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2019**

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

Separate interim condensed financial statements
For the six months period ended 30 June 2019

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Limited review report on the separate interim condensed financial statements

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

Introduction

We have reviewed the accompanying separate condensed statement of financial position of Middle East Glass Manufacturing Company (S.A.E.) as of 30 June 2018 and the related separate condensed statements of profits or losses, comprehensive income, changes in equity and cash flows for the three months period then ended. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim condensed financial statements based on our review.

Scope of limited review

We conducted our 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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate 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



25 August 2019
Cairo

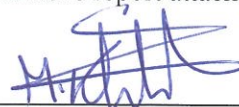
MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

Separate interim condensed statement of financial position - At 30 June 2019


(All amounts in Egyptian Pounds)	Note	30 June 2019	31 December 2018
Non-current assets			
Property, plant and equipment	4	92,390,077	100,863,383
Intangible assets		2,537,240	3,135,866
Investment in subsidiaries		631,882,817	631,882,817
Investment in associate	5	155,290,438	155,290,438
Derivative financial instrument		28,033,615	28,033,615
Total non-current assets		910,134,187	919,206,119
Current assets			
Inventories		94,986,939	114,968,741
Trade receivables		104,003,116	92,587,490
Prepaid expenses and other receivables		108,854,506	93,774,089
Due from tax authority		43,746,954	7,826,899
Due from related parties		475,802,213	429,558,990
Cash at banks and on hand		23,711,561	23,035,945
Total current assets		851,105,289	761,752,154
Total assets		1,761,239,476	1,680,958,273
Owners' equity			
Issued and paid up capital		50,322,580	50,322,580
Special reserve		172,217,162	172,217,162
Other reserves		13,129,007	13,129,007
Legal reserve		25,161,260	25,161,260
Payments under increase in capital		432,825,002	432,825,002
Retained earnings		395,804,819	344,969,306
Total owners' equity		1,089,459,830	1,038,624,317
Non-current liabilities			
Term loans	6	128,688,371	145,938,371
Retirement benefits obligations		7,269,513	7,386,696
Deferred tax liability		38,167,937	36,820,274
Derivative financial instruments		50,412,519	50,412,519
Total non-current liabilities		224,538,340	240,557,860
Current liabilities			
Provisions		10,166,924	10,166,924
Current portion of term loans	6	88,890,000	72,480,000
Bank overdrafts		78,862,946	61,015,157
Trade and notes payables		128,865,796	88,082,596
Accrued expenses and other payables		68,083,506	77,090,453
Due to related parties		705,752	755,000
Due to tax authority		71,666,382	92,185,966
Total current liabilities		447,241,306	401,776,096
Total owner's equity and liabilities		1,761,239,476	1,680,958,273


The accompanying notes on pages 7 - 16 form an integral part of these separate financial statements.

Auditor's report attached


 Mr. Mohamed Khalifa
 Chief Financial Officer

2019


 Mr. Peter Carpenter
 Board Member


 Mr. Abdul Galil Beshar
 Chairman

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

Separate interim statement of profit or loss - For the six months ended 30 June 2019

(All amounts in Egyptian Pounds)

	Notes	Six months ended 30 June		Three months ended 30 June	
		2019	2018	2019	2018
Net sales		390,860,679	330,085,007	187,007,923	183,606,002
Cost of sales		<u>(316,066,442)</u>	<u>(262,736,153)</u>	<u>(157,031,611)</u>	<u>(147,832,446)</u>
Gross profit		74,794,237	67,348,854	29,976,312	35,773,556
Selling and marketing expenses		(15,870,811)	(17,738,235)	(6,472,325)	(10,276,165)
General and administrative expenses		(25,301,223)	(17,425,048)	(13,732,613)	(9,858,364)
Other operating income		<u>66,042,095</u>	<u>4,264,082</u>	<u>5,663,421</u>	<u>2,760,250</u>
Profit from operations		99,664,298	36,449,653	15,434,795	18,399,277
Finance costs - net		<u>(33,511,213)</u>	<u>(41,440,786)</u>	<u>(22,434,606)</u>	<u>(20,376,383)</u>
Net profit / (loss) for the period before tax		66,153,085	(4,991,133)	(6,999,811)	(1,977,106)
Income tax		<u>(15,317,572)</u>	<u>630,306</u>	<u>3,738,328</u>	<u>(3,592,352)</u>
Net profit / (loss) for the period		<u>50,835,513</u>	<u>(4,360,827)</u>	<u>(3,261,483)</u>	<u>(5,569,458)</u>
Earnings / (Loss) per share (basic / diluted)	7	<u>1.01</u>	<u>(0.09)</u>	<u>(0.06)</u>	<u>(0.11)</u>

The accompanying notes on pages 7 - 16 form an integral part of these separate financial statements.

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

Separate interim statement of other comprehensive income - For the six months ended 30 June 2019

(All amounts in Egyptian Pounds)

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Profit / (loss) for the period	<u>50,835,513</u>	<u>(4,360,827)</u>	<u>(3,261,483)</u>	<u>(5,569,458)</u>
Total comprehensive income / (loss) for the period	<u><u>50,835,513</u></u>	<u><u>(4,360,827)</u></u>	<u><u>(3,261,483)</u></u>	<u><u>(5,569,458)</u></u>

The accompanying notes on pages 7 - 16 form an integral part of these separate financial statements.

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

Separate interim statement of changes in owners' equity - For the six months ended 30 June 2019

(All amounts in Egyptian Pounds)

	Issued and paid up capital	Payments under increase in capital	Special reserve	Other reserve	Legal reserve	Retained earnings	Total
Balance at 1 January 2018	50,322,580	432,825,002	172,217,162	13,129,007	25,161,260	10,602,100	704,257,111
Total comprehensive loss for the period	-	-	-	-	-	(4,360,827)	(4,360,827)
Dividends distributions	-	-	-	-	-	(3,000,509)	(3,000,509)
Balance at 30 June 2018	50,322,580	432,825,002	172,217,162	13,129,007	25,161,260	3,240,764	696,895,775
Balance at 1 January 2019	50,322,580	432,825,002	172,217,162	13,129,007	25,161,260	344,969,306	1,038,624,317
Total comprehensive loss for the period	-	-	-	-	-	50,835,513	50,835,513
Balance at 30 June 2019	50,322,580	432,825,002	172,217,162	13,129,007	25,161,260	395,804,819	1,089,459,830

The accompanying notes on pages 7 - 16 form an integral part of these separate financial statements.

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

Separate interim statement of cash flows - For the six months ended 30 June 2019

(All amounts in Egyptian Pounds)

	Notes	30 June 2019	30 June 2018
<u>Cash flows from operating activities</u>			
Net profit / (loss) for the period before tax		66,153,085	(4,991,133)
<u>Adjusted by:</u>			
Depreciation	4	20,073,223	16,398,785
Amortization		598,626	451,789
Retirement benefits provisions		-	432,520
Finance cost		37,760,808	41,839,094
Unrealized currency losses		(840,000)	(308,000)
Cash flow from operating activities before changes in		123,745,742	53,823,055
<u>Changes in working capital</u>			
Inventories		19,981,802	8,735,274
Trade and notes receivables		(11,415,626)	(81,400,427)
Prepaid expenses and other receivables		(15,080,417)	(30,616,103)
Due from tax authority		(35,920,055)	(24,758,649)
Due from related parties		(46,243,223)	4,709,159
Trade and notes payables		40,783,200	(31,704,436)
Accrued expenses and other payables		(9,536,455)	(1,000,122)
Due to tax authority		437,650	29,779,585
Due to related parties		(49,248)	100,820,543
Provisions used		-	(7,601)
Payment of retirement benefits obligations		(117,183)	-
Cash flow generated from operations		66,586,187	28,380,278
Interest paid		(37,231,300)	(10,580,133)
Taxes paid		(34,927,143)	-
Net cash (outflow) inflow from operating activities		(5,572,256)	17,800,145
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	4	(11,599,917)	(4,398,281)
Net cash outflow from investing activities		(11,599,917)	(4,398,281)
<u>Cash flows from financing activities</u>			
Bank overdrafts		17,847,789	(25,417,563)
Net cash inflow / (outflow) from financing activities		17,847,789	(25,417,563)
Net increase (decrease) in cash and cash equivalents		675,616	(12,015,699)
Cash and cash equivalents at beginning of the period		23,035,945	18,926,848
Cash and cash equivalents at end of the period		23,711,561	6,911,149

Non-Cash transactions (Note 10)

The accompanying notes on pages 7 - 16 form an integral part of these separate financial statements.

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

Notes to separate interim condensed financial statements For the six months period ended 30 June 2019

(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.

The company's principal activities are the manufacture, sale and export of glass containers used for the packaging of food and beverages. The company has manufacturing operations in the Arab Republic of Egypt and operates internationally.

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

These separate financial statements have been approved for issuance by the Chairman of the Company on _____ 2019.

2. Accounting policies

The principal accounting policies adopted in the preparation of this separate financial statement are applied consistently on the years presented unless otherwise stated and are set out below:

A. Basis of preparation of the separate financial statements

These interim condensed separate financial statements are prepared in accordance with Egyptian Accounting Standards (EAS) and all relevant Egyptian laws and regulations.

These interim condensed separate financial statements as at 30 June 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 separate financial statements.

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

The company has prepared these separate financial statements in accordance with local regulations.

The company will prepare its consolidated financial statements within a maximum of 60 days from financial position date in accordance with the reporting requirements of the Egyptian Financial Regulatory Agency (FRA).

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

**Notes to separate interim condensed financial statements
For the six months period ended 30 June 2019**

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

B. New Egyptian Accounting Standards (“EAS”) and interpretations not yet adopted:

On 28 March 2019, the Minister of Investment issued a Decree no. 69 for 2019 which includes new accounting standards, and amendments to the existing accounting standards. The amendments in the EAS were published in the official gazette on 7 April 2019. These changes consist of three new standards which should be adopted for the financial periods commencing on, or after 1 January 2020 as follows:

1- 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 class 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 the ‘incurred loss’ model in EAS No. 26 by the ‘expected credit loss’ model.

2- 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’.

3- EAS No. (49) – “Leases”:

This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standard EAS No. 48 – ‘Revenue from contracts with customers’ should be adopted at the same time.

EAS No. 49 introduces a single lease accounting model for lease contracts. A lessee recognizes his right-of-use for assets and the lease liability representing the lease instalments liability. There are some exemptions for short-term lease contracts and assets lease contracts with low value.

This standard replaces the EAS No. 20 ‘Accounting rules and standards related to financial leases’.

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

Notes to separate interim condensed financial statements For the six months period ended 30 June 2019

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

C. 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 ordinary 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 Company. 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 Company 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 Company can have access to at the date of measurement.
- Level 2: Inputs others 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.

Financial assets and liabilities have been disclosed in Note 8.

D. Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company'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.

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

**Notes to separate interim condensed financial statements
For the six months period ended 30 June 2019**

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

Liquidity risk management (continued)

As at 30 June 2019, 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
30 June 2019				
Trade and notes payable	128,865,796	-	-	-
Accrued expenses and other payables	58,079,481	-	-	-
Due to related parties	-	705,752	-	-
Bank overdrafts	78,862,946	-	-	-
Term loans	71,640,000	17,250,000	37,100,000	91,588,371
Future interest payments	14,941,884	13,423,968	21,708,019	20,747,193
Total	352,390,107	31,379,720	58,808,019	112,335,564

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
31 December 2018				
Trade and notes payable	88,082,596	-	-	-
Accrued expenses and other payables	50,598,854	-	-	-
Due to related parties	-	755,000	-	-
Bank overdraft	61,015,157	-	-	-
Term loans	58,980,000	13,500,000	34,500,000	111,438,372
Future interest payment	16,388,343	15,057,718	25,340,852	30,834,579
Total	275,064,950	29,312,718	59,840,852	142,272,951

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

Notes to separate interim condensed financial statements For the six months period ended 30 June 2019

(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

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may by definition, not equal the related actual results and the following are the critical estimates and assumptions that the company uses.

a. Employee benefits

The determines employee benefit liabilities are estimated by engaging an independent actuarial expert who revises the sufficiency of these liabilities on an annual basis according to the accounting policy adopted by the Company.

b. Fair value measurement of derivative financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment in appropriately estimating the fair value of derivative financial instruments. Derivative financial instruments held by the Company do not have observable market price and so the Company is required to identify appropriate valuation models in calculating these fair values in making its estimates, priority is given to observable inputs. For details of Key assumptions used and the impact of changes to these assumptions refer to Note 9.

(2) Critical judgment in applying the accounting policies

Investment in Medco Plast for Packing and Packaging Systems (S.A.E.)

The Company's management assessed the Company's degree of influence over Medco Plast for Packing and Packaging Systems (S.A.E.) ("Medco") and concluded that it is has significant influence, although the Company owns less than 20% of the issued capital of Medco. This is based on the right to hold one seat on the Medco board of directors. Accordingly, the investment was classified as investment in associate.

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

Notes to separate interim condensed financial statements - For the six months period ended 30 June 2019

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

4. Property, plant and equipment

30 June 2019	Land	Buildings	Machinery, equipment & molds	Vehicles and transportation	Furniture and office equipment	Computers	Projects under construction	Total
Balance at beginning of the period	9,968,571	48,758,196	418,750,591	4,216,992	1,787,247	6,667,908	1,053,616	491,203,121
Additions	-	-	10,427,048	-	66,701	86,936	1,019,232	11,599,917
Disposals	-	-	-	-	-	-	-	-
Transfers from projects under construction	-	-	407,088	-	-	493,089	(900,178)	-
Balance at the end of the period	9,968,571	48,758,196	429,584,727	4,216,992	1,853,948	7,247,933	1,172,670	502,803,038
Accumulated depreciation								
Balance at beginning of the period	-	(30,699,139)	(349,846,750)	(2,948,843)	(1,311,702)	(5,533,304)	-	(390,339,738)
Depreciation expense	-	(835,788)	(18,589,498)	(321,355)	(65,621)	(260,961)	-	(20,073,223)
Balance at the end of the period	-	(31,534,927)	(368,436,248)	(3,270,198)	(1,377,323)	(5,794,265)	-	(410,412,961)
Net book value at the end of the period	9,968,571	17,223,269	61,148,479	946,794	476,625	1,453,668	1,172,670	92,390,077
31 December 2018								
Cost								
Balance at beginning of the year	9,968,571	46,969,222	418,299,023	3,867,413	1,654,354	6,366,944	3,926,972	491,052,499
Additions	-	185,823	17,864,039	490,079	132,893	191,433	379,932	19,244,199
Disposals	-	-	(17,976,253)	(140,500)	-	-	(976,824)	(19,093,577)
Transfers from projects under construction	-	1,603,151	563,782	-	-	109,531	(2,276,464)	-
Balance at the end of the year	9,968,571	48,758,196	418,750,591	4,216,992	1,787,247	6,667,908	1,053,616	491,203,121
Accumulated depreciation								
Balance at beginning of the year	-	(29,081,912)	(333,093,283)	(2,557,006)	(1,203,097)	(5,022,355)	-	(370,957,653)
Depreciation expense	-	(1,617,227)	(31,349,839)	(532,337)	(108,605)	(510,949)	-	(34,118,957)
Disposals depreciation	-	-	14,596,372	140,500	-	-	-	14,736,872
Balance at the end of the year	-	(30,699,139)	(349,846,750)	(2,948,843)	(1,311,702)	(5,533,304)	-	(390,339,738)
Net book value at the end of the year	9,968,571	18,059,057	68,903,841	1,268,149	475,545	1,134,604	1,053,616	100,863,383

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

**Notes to separate interim condensed financial statements
For the six months period ended 30 June 2019**

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

Property, plant and equipment (continued)

Depreciation expense is classified as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Cost of production	18,948,360	32,608,464
General and administrative expenses	859,605	990,879
Selling and marketing expenses	265,258	519,614
	<u>20,073,223</u>	<u>34,118,957</u>

Proceeds from sale of fixed assets in the statement of cash flows are as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Net carrying amount of disposed assets	-	4,356,705
Loss on disposal of fixed assets	-	(4,194,424)
Proceeds on sale of fixed assets	<u>-</u>	<u>162,281</u>

All the machinery, equipment and production lines are subject to commercial pledges, as collateral in the first degree against bank borrowings.

Projects under construction are as follows:

	<u>Balance at 1 January 2018</u>	<u>Additions during the year</u>	<u>Disposals</u>	<u>Transfer to fixed assets</u>	<u>Balance at 31 December 2018</u>
Others	1,053,616	1,047,932	-	(928,878)	1,172,670
	<u>1,053,616</u>	<u>1,047,932</u>	<u>-</u>	<u>(928,878)</u>	<u>1,172,670</u>

5. Investment in associates

	<u>Ownership %</u>	<u>30 June 2019</u>	<u>31 December 2018</u>
Medco Plast for Packing and Packaging Systems (S.A.E)	15.6%	155,290,438	155,290,438
		<u>155,290,438</u>	<u>155,290,438</u>

Investment in associate represent the retained investment in Medco Plast for Packing and Packaging System (S.A.E) after loss of control due to selling 74% of the 60% in the issued capital of Medco Plast. The value of the retained investment has been recognized as investment in associate.

The investment in associate was recognized at fair value at the loss of control date, Fair value was determined using observable level 3 inputs from the fair value hierarchy.

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

Notes to separate interim condensed financial statements - For the six months period ended 30 June 2019

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

6. Bank borrowings

	30 June 2019			31 December 2018			
	Loan principal	Current portion	Medium-term portion	Total	Current portion	Medium-term portion	Total
Loan 1	108,500,000	16,750,000	19,416,670	36,166,670	13,000,000	23,166,670	36,166,670
Loan 2	39,038,580	4,000,000	5,771,356	9,771,356	3,000,000	6,771,356	9,771,356
Loan 3	172,547,345	57,500,000	103,500,345	161,000,345	45,000,000	116,000,345	161,000,345
Loan 4	13,650,000	10,640,000	-	10,640,000	11,480,000	-	11,480,000
		88,890,000	128,688,371	217,578,371	72,480,000	145,938,371	218,418,371

All loans are secured by the following pledges:

- (1) First degree commercial pledge on all machineries, equipment and production lines owned by the Company.
- (2) First degree pledge of the shares owned by the Company in Middle East Glass Containers Sadat S.A.E.

The average interest rate on loans in the period was 2.75% over the Central Bank of Egypt corridor rate for loans in Egyptian Pounds and 4.75% over Euribor for loans in Euro.

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

Notes to separate interim condensed financial statements For the six months period ended 30 June 2019

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

7. Other operating income

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Export subsidy	6,560,021	3,223,982	3,294,611	2,174,370
Proceeds from sale of a subsidiary*	56,388,923	-	-	-
Other income	1,829,223	-	-	-
Scrap sales	1,263,928	1,040,100	539,587	585,880
Loss per share	66,042,095	4,264,082	5,663,421	2,760,250

* Proceeds from sale of a subsidiary represent 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 Share Purchase Agreement and was released during the period after receiving the final completion price adjustment report.

8. Earnings / (loss) per share

Basic earnings per share is calculated by dividing net profit by the weighted average number of ordinary issued shares, without consideration of employee or board of directors future dividends related to the period ended 31 March 2019.

Earnings per share were set out as below:

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Net profit / (loss) for the period	50,835,512	(4,360,827)	(3,261,484)	(5,569,458)
Number of ordinary and issued shares	50322580	50322580	50322580	50322580
Earnings / (loss) per share	1.01	(0.09)	(0.06)	(0.11)

The diluted profit / (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all potentially dilutive ordinary shares. As of 30 June 2019 and 30 June 2018, the Company does not have any potentially dilutive shares and therefore, diluted earnings per share is equal to basic earnings per share.

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

Notes to separate interim condensed financial statements For the six months period ended 30 June 2019

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

9. Financial instruments by category

	Loans & receivables	
	30 June 2019	31 December 2018
Assets as per statement of financial position		
Trade and other receivables*	168,719,916	135,368,966
Cash and cash equivalents	23,711,561	23,035,945
Due from related parties	475,802,213	429,558,990
Derivative financial instrument	28,033,615	28,033,615
	Financial liabilities	
	30 June 2019	31 December 2018
Liabilities as per statement of financial position		
Borrowings	217,578,371	218,418,371
Trade and other payables**	186,945,274	138,142,895
Bank overdraft	78,862,946	59,265,604
Due to related parties	705,752	755,000
Derivative financial instrument	50,412,519	50,412,519

* Trade and other receivables exclude prepaid expenses and advances to suppliers.

** Trade and other payables excludes advances from customers.

10. Non-cash transactions

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

	30 June 2019
Unsettled finance cost	529,508

11. Segment reporting

The Company did not prepare the segment reporting disclosure but the activities of the Company is wholly related to the manufacture and sale of glass containers.

12. 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.