

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

**LIMITED REVIEW REPORT
AND SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD
ENDED 31 MARCH 2017**

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

Separate interim financial statements - For the three months period ended 31 March 2017

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Limited review report on the separate financial statements

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

Introduction

We have reviewed the accompanying separate interim statement of financial position of Middle East Glass Manufacturing Company (S.A.E.) as of 31 March 2017 and the related separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim 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 separate 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 separate interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements does not present fairly, in all material respects, the financial position of the company as at 31 March 2017, and of its financial performance and its cash flows for the three months period then ended in accordance with Egyptian Accounting Standards.

Mohamed Ahmed Fouad, CPA
R.A.A. 11595
E.F.S.A. 235
Mansour & Co. PricewaterhouseCoopers
Public Accountants & Consultants

8 August 2017
Cairo



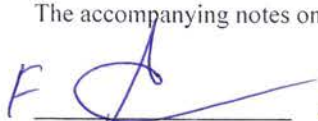
MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)

Separate statement of financial position - At 31 March 2017

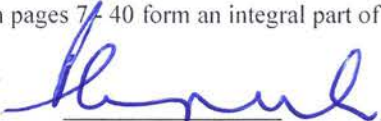
(All amounts in Egyptian Pounds)

	Note	31 March 2017	31 December 2016
<u>Non-current assets</u>			
Property, plant and equipment	5	131,818,724	134,549,916
Intangible assets	6	2,639,601	2,793,938
Investment in subsidiaries	7	263,778,478	263,778,478
Deferred tax assets	23	1,957,973	1,525,315
Total non-current assets		400,194,776	402,647,647
<u>Current assets</u>			
Inventories	8	98,597,150	108,868,252
Trade receivables	9	54,745,841	16,233,713
Prepaid expenses and other receivables	10	42,475,675	38,548,010
Due from tax authority	11	8,245,576	5,938,566
Due from related parties	12	648,812,328	640,982,043
Cash at banks and on hand	13	17,430,765	22,081,742
Total current assets		870,307,335	832,652,326
Total assets		1,270,502,111	1,235,299,973
<u>Owners' equity</u>			
Issued and paid up capital	20	50,322,580	50,322,580
Special reserve	20	172,217,162	172,217,162
Other reserves	20	13,129,007	13,129,007
Legal reserve	21	25,161,260	25,161,260
Retained earnings		15,264,034	21,832,781
Total owners' equity		276,094,043	282,662,790
<u>Non-current liabilities</u>			
Loans	15	217,464,466	221,922,773
Retirement benefits obligations	22	6,342,704	6,863,606
Shareholder's loan	12	432,825,002	432,825,002
Total non-current liabilities		656,632,172	661,611,381
<u>Current liabilities</u>			
Provisions	14	18,294,355	18,934,928
Current portion of loans	15	25,926,089	23,941,988
Bank overdrafts	16	134,297,026	137,445,198
Trade and notes payables	17	83,068,898	45,323,131
Accrued expenses and other payables	18	36,462,785	28,299,353
Due to related parties	12	28,712,124	31,570,473
Due to tax authority	19	11,014,619	5,510,731
Total current liabilities		337,775,896	291,025,802
Total owner's equity and liabilities		1,270,502,111	1,235,299,973

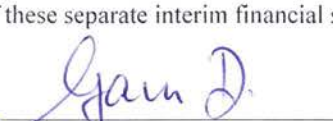
The accompanying notes on pages 7-40 form an integral part of these separate interim financial statements.



Mr. Mohamed Khalifa
Chief Financial Officer



Mr. Peter Carpenter
Board Member



Mr. Abdul Galil Beshar
Chairman

7 August 2017

Limited review report attached

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

Separate statement of profit or loss - For the three months ended 31 March 2017

(All amounts in Egyptian Pounds)

	Notes	Three months ended 31 March	
		2017	2016
Sales	24	124,589,494	33,302,741
Cost of sales		<u>(91,643,378)</u>	<u>(23,610,024)</u>
Gross profit		32,946,116	9,692,717
Selling and marketing expenses		(6,975,739)	(5,766,190)
General and administrative expenses		(7,568,237)	(7,169,444)
Other operating expense	25	(14,622)	(45,927)
Other operating income	26	<u>1,854,699</u>	<u>1,188,070</u>
Profit / (loss) from operations		20,242,217	(2,100,774)
Finance costs - net	27	<u>(27,243,622)</u>	<u>(12,753,010)</u>
Net loss for the period before tax		(7,001,405)	(14,853,784)
Income tax	28	<u>432,658</u>	<u>2,143,457</u>
Net loss for the period		<u>(6,568,747)</u>	<u>(12,710,327)</u>
Loss per share (basic / diluted)	30	<u>(1.31)</u>	<u>(2.53)</u>

The accompanying notes on pages 7 - 40 form an integral part of these separate interim financial statements.

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

Separate statement of comprehensive income - For the three months ended 31 March 2017

(All amounts in Egyptian Pounds)

	<u>Notes</u>	<u>Three months ended 31 March</u>	
		<u>2017</u>	<u>2016</u>
Net loss for the period		<u>(6,568,747)</u>	<u>(12,710,327)</u>
Total comprehensive income		<u>(6,568,747)</u>	<u>(12,710,327)</u>

The accompanying notes on pages 7 - 40 form an integral part of these separate interim financial statements.

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

Separate statement of changes in owners' equity - For the three months ended 31 March 2017

(All amounts in Egyptian Pounds)

	Issued and paid up capital	Special reserve	Other reserve	Legal reserve	Retained earnings	Total
Balance at 1 January 2016	50,322,580	172,217,162	13,129,007	25,161,260	90,257,937	351,087,946
Total comprehensive loss for the period	-	-	-	-	(12,710,327)	(12,710,327)
Balance at 31 March 2016	50,322,580	172,217,162	13,129,007	25,161,260	77,547,610	338,377,619
Balance at 1 January 2017	50,322,580	172,217,162	13,129,007	25,161,260	21,832,781	282,662,790
Total comprehensive loss for the period	-	-	-	-	(6,568,747)	(6,568,747)
Balance at 31 March 2017	50,322,580	172,217,162	13,129,007	25,161,260	15,264,034	276,094,043

The accompanying notes on pages 7 - 40 form an integral part of these separate interim financial statements.

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

Separate statement of cash flows - For the three months ended 31 March 2017

(All amounts in Egyptian Pounds)

	Notes	31 March 2017	31 March 2016
<u>Cash flows from operating activities</u>			
Net loss for the period before tax		(7,001,405)	(14,853,784)
<u>Adjusted by:</u>			
Depreciation	5	10,558,516	9,815,247
Amortization	6	154,337	154,337
Loss on sale of property, plant and equipment	25	14,622	45,927
Retirement benefits obligation	22	250,000	250,000
Interest expense	27	18,370,089	10,549,968
Interest income	27	(614)	(14,725)
Unrealized foreign exchange losses		220,000	-
Cash flow from operating activities before changes in working capital		22,565,545	5,946,970
<u>Changes in working capital</u>			
Inventories	8	10,271,102	(24,278,063)
Trade and notes receivables	9	(38,512,128)	6,401,401
Prepaid expenses and other receivables	10	(3,927,665)	(1,803,288)
Due from tax authority	11	(2,307,010)	(495,555)
Due from related parties	12	(7,830,285)	(413,233,710)
Trade and notes payables	17	37,745,767	4,441,871
Accrued expenses and other payables	18	1,695,210	(4,375,580)
Due to tax authority	19	5,503,888	(4,585,508)
Due to related parties	12	(2,858,349)	439,629,017
Provisions used	14	(640,573)	(1,554,029)
Payment of retirement benefits obligations	22	(770,902)	(258,357)
Cash flow generated from operations		20,934,600	5,835,169
Interest paid		(11,901,867)	(4,857,020)
Net cash inflow from operating activities		9,032,733	978,149
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	5	(7,844,158)	(1,728,725)
Proceeds from sale of fixed assets		2,212	-
Interest income received		614	14,725
Net cash outflow from investing activities		(7,841,332)	(1,714,000)
<u>Cash flows from financing activities</u>			
Bank overdrafts	16	(3,148,172)	11,233,948
Repayment of loans	15	(2,694,206)	(2,388,400)
Net cash flows (outflow) / inflow financing activities		(5,842,378)	8,845,548
Net (decrease) / increase in cash and cash equivalents		(4,650,977)	8,109,697
Cash and cash equivalents at beginning of the period		22,081,742	17,095,272
effects of exchange rate changes on cash and cash equivalents		-	2,520,481
Cash and cash equivalents at end of the period	13	17,430,765	27,725,450

The accompanying notes on pages 7 - 40 form an integral part of these separate interim financial statements.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

1. General information

Middle East Glass Manufacturing Company S.A.E. 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 ultimate parent is Deram Holding Inc.

The parent of the company is MAC Investments S.A.E. with 51.43% ownership.

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

2. Accounting policies

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

A. Basis of preparation of the separate financial statements

These separate financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) and the relevant laws, and on the basis of the historical cost convention, except for available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value, and the employees' defined benefits obligation, which are measured at the present value.

The Company presents its assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is classified as current when it is:

- * expected to be realised or intended to be sold or used in the normal course of operations;
- * held primarily for trading.
- * expected to be realised within 12 months after the end of the reporting period, or
- * cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The liability is classified as current when:

- * it is expected to be settled in the normal course of operation;
- * held primarily for trading.
- * expected to be realised within 12 months after the end of the reporting period, or
- * the entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

Basis of preparation of the separate financial statements (continued)

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current.

The preparation of the separate financial statements in conformity with EAS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in the process of applying the Company's accounting policies. Note (4) describes the significant accounting estimations and assumptions of these separate financial statements, as well as significant judgments used by the Company's management when applying the Company's accounting policies.

The company has prepared these separate financial statements in accordance with local regulations. The company will prepare its consolidated financial statement within maximum 60 days from financial position date in accordance with the disclosure standards that has been set by the Egyptian Financial supervisory authorith (EFSA).

EAS require reference to the International Financial Reporting Standards (IFRS) when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

B. Foreign currency transaction

(1) Functional and presentation currency

The financial statements of the Company are measured and presented using the currency of the primary economic environment in which the Company operates ('the functional currency'). The separate financial statements are presented in Egyptian Pounds, which is the Company's presentation currency.

(2) Transactions and balances

Transactions made in foreign currency during the period are initially recognised in the functional currency of the Company on the basis of translation of foreign currency using the spot prevailing exchange rates between the functional currency and the foreign currency at the date of the transaction, and the monetary items denominated in foreign currency are also translated using the closing rates at the end of each financial period. Foreign exchange gains and losses resulting from the settlement of such monetary items and from the translation of monetary items denominated in foreign currencies at the same period or in previous financial statements, are generally recognised by the Company in the profit and loss in the period in which these difference arise, except when currency exchange differences resulting from the translation of non-monetary item are deferred in other comprehensive income, which constitutes an effective part of net investment hedges in a foreign operation or an effective part of cash flow risk hedges.

Exchange differences resulting from the changes in the amortised cost of the monetary financial asset available for sale are recognised in gains and losses. Any changes in the carrying amount are recognised within other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are recognised as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised as profit or loss as part of fair value gain or loss. For available for sale financial assets, which do not represent monetary items (e.g. equity instruments), gains or losses recognised within other comprehensive income include any elements of related foreign currencies swaps.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

C. Property plant and equipment

The Company applies the cost model at measurement of fixed assets, and the fixed assets are recognised on their costs net of the accumulated depreciation and accumulated impairment losses. The cost of fixed asset includes any costs directly associated with bringing the asset to a working condition for its use intended by the management of the Company.

The Company recognises subsequent costs of the acquisition of the fixed asset as a separate asset, only when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. The Company recognises in the carrying value of fixed asset the cost incurred to replace part of that asset at the date such costs are borne, and the carrying amount of replaced parts are derecognised. The Company recognises the costs of daily servicing of the fixed assets in the statement of profit or loss.

The straight line method is used to allocate the depreciation of fixed assets consistently to their residual values over their estimated useful lives, except for lands, which are characterised with unlimited estimated useful life. Below are the estimated useful lives of each type of the assets' Companys:

Buildings	16 – 50 years
Machinery and equipment	5 - 10 years
Moulds	Units of production method
Vehicles and transportation	5 - 10 years
Furniture and office equipment	4 - 10 years
Computers	3 - 5 years

The Company reviews the residual value of fixed assets and estimated useful lives of fixed assets at the end of each fiscal year, and adjusted when expectations differ from previous estimates.

The carrying amount of the fixed asset is reduced to the recoverable amount, if the recoverable amount of an asset is less than its carrying amount. This reduction is considered as a loss resulting from impairment.

Gains or losses on the disposal of an item of fixed assets are determined based on the difference between the net proceeds from the disposal of the item and the book value of the item, and the gain or loss resulting from the disposal of fixed assets is included in the statement of profit and loss.

D. Investment in subsidiaries

Investments in subsidiaries is accounted for using the cost method. Investment in subsidiaries in the separate financial statements is stated at cost. The Cost method require recognition of investment at cost and recording of investment income to the extent of dividends distribution received from investee. The subsidiaries is entities controlled by the Company, a subsidiary is separate when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee,

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

E. Intangible assets

(1) Technical assistance cost

Amounts paid with respect to technical assistance services are recognized as intangible assets and amortized using the straight line method over the estimated useful life of this know-how which is 10 years.

The knowhow provided by Techpack Solutions Company Limited (Korea) under a Technical Services Agreement concluded with the Company mainly comprises fees for technical assistance services provided to the Company.

Technical assistance costs are stated at cost less accumulated amortization.

F. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost of finished goods and work in progress comprises costs of purchase, costs of conversion and other costs (based on normal operating capacity), incurred by the Company in bringing the inventories to their present location and condition, and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and any other costs necessary to complete the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs

G. Financial assets

(1) Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets listed in such group are presented as current asset if expected to be recovered within 12 months from the date of the end of the financial period. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(2) Initial recognition and measurement

A financial asset is recognised when the Company becomes a party to the contractual provisions of the financial asset.

The acquisition of a financial asset is initially measured at fair value, in addition to other costs directly associated with the execution of the transaction, except for financial assets that are designated at fair value through profit or loss, which are measured initially at fair value only and all other costs associated with the execution of the transaction are charged to the statement of profit or loss.

(3) Subsequent measurement

Loans and receivables and held to maturity financial assets are subsequently measured at amortised cost using the effective interest rate. Interests calculated are recognised in the statement of profit or loss within finance income/ (costs) - net

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

Financial assets (continued)

(4) Derecognition

- Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.
- The financial asset is derecognised at its carrying amount at the date of derecognition, and profit / (loss) of derecognition is recognised in the statement of profit or loss within the profit/ (loss) on investment.
- The profit/ (loss) of the derecognition of financial asset represents the difference between the carrying amount at the date of derecognition and the proceeds resulting from the derecognition of the financial asset, except for the available for sale financial assets which, where the profit/ (loss) of the derecognition of financial asset represents the difference between the carrying amount at the date of recognition and the proceeds resulting from the financial asset, in addition to the accumulated profit or loss previously recognised within other comprehensive income.

H. Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company has an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default of the counterparty, and should reflect the Company's normal practices and requirements of financial requirements and other conditions related to the considerations of the risk and timing of the Company's cash flows.

I. Impairment of financial assets

Financial assets carried at amortised cost

The Company assesses impairment at the end of each reporting period whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, violation of contract terms such as default or delinquency in interest or principal payments, or the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows since the initial recognition, or, changes in economic or domestic conditions that correlate with defaults of the Company's assets.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. Loans expected to be uncollectible are written off by deduction from the relevant provision, and any subsequent proceeds are recognised as revenue in the statement of profit and loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the separate statement of profit or loss.

J. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGUs fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of one to five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the separate statement of profit or loss in expense categories consistent with the function of the impaired asset.

K. Trade receivables

Trade receivables are amounts due from the Company's customers for merchandise sold or services performed in the Company's ordinary course of business. If collection is expected within 12 months from the date of the financial statements or in the Company's normal operating cycle of the business, they are classified as current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

L. Cash and cash equivalents

In the separate statement of cash flows, cash and cash equivalents includes cash in hand and with banks, deposits held at call with banks, other short-term investments with original maturities of not more than three months from the date of placement, less bank overdrafts. In the separate statement of financial position, bank overdrafts are shown within current liabilities.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

M. Financial liabilities

(1) Classification

The Company classifies its financial liabilities as financial liabilities at fair value through profit and loss and other financial liabilities. The classification of the financial liability depends on the purpose of acquisition at the initial recognition.

(2) Recognition and derecognition

A financial liability is recognised in the statement of financial position when - and only when - the Company becomes a party to the contractual provisions of the financial liability. The Company removes the financial liability (or part of it) from the statement of financial position when it is disposed, cancelled or expired.

The Company accounts for the exchange between an existing borrower and lender of debt instruments with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of it) extinguished or transferred to another party including non-amortised expenses, and the consideration paid to settle the liability are recognised in profit or loss.

(3) Measurement

At initial recognition, the Company measures the financial liabilities at fair value plus transaction costs, except for financial liabilities at fair value through profit or loss where all other attributable costs are charged to the statement of profit or loss. The other financial liabilities, represented in trade payables and other payables, and bank loans, are subsequently measures at amortised cost using the effective interest method.

N. Capital

Ordinary shares are classified within equity. Share premiums, if any, are added to legal reserve to the extent of half of the issued capital, and the remaining balance of the premium is transferred to a special reserve, after deducting the shares issue expenses (net of any advantage related to their income taxes) from the amount of share premium.

If the Company's repurchases its own equity instruments (treasury shares), these instruments are presented net of equity, amount paid or received in exchange for those instruments is recognised directly in the parent's equity

O. Current and deferred income taxes

The Company recognises the current and deferred income tax as revenues or expenses and is included in the profit or loss for the period. Current and deferred income tax is recognised in other comprehensive income or directly in equity if it related to items recognised - in the same period or different periods- in the statement of comprehensive income or directly in equity.

The income tax for the year is calculated on the basis of the tax laws enacted at the balance sheet date. Management annually evaluates tax situation through tax returns, taking into account the differences that may arise from some interpretations issued by administrative or regulatory authorities, and establishes the appropriate provisions on the basis of amounts expected to be paid to the tax authority.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

Current and deferred income taxes (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements.

Deferred income tax is determined using tax rates and laws that have been enacted at the date of the separate financial statements and are expected to apply when the related deferred income tax asset is used or the deferred income tax liability is settled.

The deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction - other than a business combination - that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are recognised on temporary differences arising from investments in subsidiaries, associates and shares in joint arrangements, except for such cases where the timing of the settlement of the temporary difference is controlled by the Company and it is probable that the temporary differences will not be settled in the foreseeable future. Generally the Company is unable to control the settlement of the temporary difference for associates, only where there is an agreement in place that gives the Company the ability to control the settlement of the temporary difference.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and equity shares in joint ventures only to the extent that it is probable the temporary differences will be settled in the future and there is future taxable profit available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current taxable liabilities and assets on a net basis.

P. Employee benefits

The Company operates various employees' benefits schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(1) Retirement benefits obligations

The company has two types of pension schemes.

The Company operates various employees' benefits schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Defined contribution plans

The defined contribution plan is a pension plan under which the Company pays fixed contributions to the General Authority for Social Insurance on a mandatory basis. The Company has no further liabilities once its obligations are paid. The regular contributions are recognised as a periodic cost for the year in which they are due and as such are included in staff costs.

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

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

Employees' benefits (continued)

Defined benefit plans

A defined benefit plan is a post-employment plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, using a formula that is usually dependent on employees' average wages, and the number of the years of service.

The net defined benefit obligation recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The annual defined benefits obligations are determined annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using discount rate at the end of the financial reporting period on market returns of government bonds that are denominated in the currency and the estimated period for the defined benefit obligations.

The Company recognises the current service cost of the defined benefit obligation in the statement of profit or loss, except where included in the cost of an asset that reflects the increase in the defined benefit obligations relating to services performed to the Company during the current year or when changes or curtailments are made to the plan.

The Company recognises the cost of past service as an expense when benefit changes or is curtailed, and when the Company recognises the restructuring costs, whichever is earlier in the statement of profit or loss.

Net interest is calculated on the net defined benefit obligation by multiplying the net defined benefit obligation by a discount rate as determined at the beginning of the annual financial period. These costs are included within finance cost in the statement of profit or loss.

- (2) **Actuarial gains and losses**, which are the changes in the present value of the defined benefit obligation that arises from experience adjustments and changes in actuarial assumptions, are charged in other comprehensive income in the period in which they arise.

(3) **Employees' share in legally defined profits**

The Company recognises expected cash dividends as the employees' share in accordance with the companies' articles of association, to be included as part of dividends in equity, and as liabilities when the ordinary general assembly meeting of the shareholders of the company approved the proposed dividends. The Company does not record any liabilities in the employees' share of undistributed dividends

Q. Leases

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor) is charged to the statement of profits or losses on a straight line basis over the years of the lease.

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

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R. Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. The Company recognises the commitments required for restructuring and not related to the Company's effective activities within the costs of the provision of restructure.

Contingent obligation is a present obligation that arose due to past events, and was not recognised because it was not expected to have an outflow of resources embodying economic benefits to settle the obligation, or the amount could be reliably estimated. Instead the Company disclosed its contingent liabilities in its note to the separate financial statements.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. However, it is expected that an outflow of resources is required to settle all items of obligations.

Where the impact of the time value of money is significant, the amount of the provision is the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as borrowing cost in the statement of profit or loss.

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party outside the Company, the reimbursement should be recognised as a separate asset in the statement of financial position, when, and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognised should not exceed the amount of the provision.

S. Contingent assets

A contingent asset is a possible asset that may arise from past events because of occurring or non-occurring of contingent future events that are not under the Company control. The Company recognises the contingent assets in the statement of financial position when the realisation of the relevant revenue is certain. Contingent assets are disclosed only when there is a possibility of inflow of economic benefits

T. Trade payables

Trade payables are recognised initially at the amount of goods or services received from others, whether they received invoices or not. When they are material, goods and services received, as well as the trade payables are recognised at the present value of the cash outflow expected by using interest rate of similar loans. Trade payables are then carried at amortised cost using the effective interest rate.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

U. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods sold or services rendered due to the Company's normal course of business, stated net of value added taxes, discounts, or deductions. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company; and when specific criteria have been met for each of the Company's activities, as described below. The amount of revenue is not considered accurately measurable unless all cases of uncertainty regarding the possibility of the collection of the amount due are excluded. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the related specifics arrangement.

(1) Sales of goods

Revenue is recognised from the sale of goods to traders or customers who have the right to sell them and determine their prices when the goods are delivered to them, and the Company does not retain significant risks of ownership of the goods, there is no obligation that prevent those traders or customers to accept the goods sold. Delivery is recognised, both in the Company's stores or in specific locations, according to the agreements. When the Company transfers the significant risk and rewards of the ownership of goods to the traders, it retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Sales to traders do not comprise the element of financing, as the credit period granted to them is average 60 days.

(2) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. When a receivable balance resulting from the recognition of interest is impaired, the carrying amount is reduced to the present value of the future cash flows discounted at the original effective interest rate.

(3) Governmental subsidy on export sales

The government subsidy on the export sales is recognised as a percentage of the value of exported goods, when there is a proper evidence that the Company will deserve this subsidy and meet all required condition to obtain such subsidy, which is recognised under other income in the statement of profit or loss.

V. Dividends

Dividends are recognised as liabilities in the separate financial statements at the end of the financial period in which the dividends are approved by the Company's General Assembly of Shareholders.

W. 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

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

Revenue recognition (continued)

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: 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.

Bank balances and cash, trade receivables, other financial assets, due from related parties, trade and other payables and due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments.

Fair value of bank borrowings and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities and since such liabilities is variable interest bearing, so management was in view the fair value approximate its carrying value.

Fair value was determined using level 2 input within the fair value hierarchy.

X. Comparatives

Where necessary comparative figures have been reclassified to confirm the changes in presentation in current year.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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3. Financial risk management

(1) Financial risk factors

The Company's activities expose it to a variety of financial risks; market risks (including the effects of foreign currency exchange rates risk, the Company does not expose to price risk as there is no investments in the fair value, cash flow and fair value interest rate risk) as well as credit risk and liquidity risk.

The Company's risk management policies are established to identify and analyse the risks faced by the Company and to monitor risks and adherence to limits for each risk with the objective of minimising any potential adverse effects on the financial performance of the company.

The Company does not use any derivative financial instruments to hedge certain risk exposure.

(A) Market risk

i) Foreign currency exchange rate risk

Foreign currency exchange risk is the risk that the fair value of the financial instrument will fluctuate because of the changes in foreign exchange rates, the following analysis shows the effect of a reasonably possible movement of foreign currencies in relation to the functional currency of the Company with all other variables held constant on the statement of comprehensive income.

	31 March 2017	31 December 2016
US Dollars 10%	(565,346)	389,855
Euros 10%	(2,998,794)	(1,525,783)

At year-end, foreign currency net asset positions presented in Egyptian Pounds were as follows:

		31 March 2017		31 December 2016
	Assets	Liabilities	Net	Net
US Dollars	33,630,834	(39,284,294)	(5,653,460)	3,898,551
Euros	4,320,002	(34,307,942)	(29,987,940)	(15,257,826)

ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank overdrafts, and term loans). The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The following table demonstrates the sensitivity of the separate statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

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

Notes to the separate financial statements - For the three months period ended 31 March 2017

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

Financial risk management (continued)

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's profit for a year, based on the floating rate financial assets and financial liabilities held at 31 March 2017. There is no impact on the Company's equity.

	<u>Increase / Decrease in basis points</u>	<u>Effect on profits (losses) for the period EGP</u>
31 March 2017	± 10%	6,798,376
31 December 2016	± 10%	6,899,579

(B) Credit risk

Credit risk arises from cash and deposits with banks, as well as credit exposures to notes and trade receivables, credit is managed for the Company as whole.

The Company deals with banks and financial institutions with high independent rating and banks with high credit solvency if there is no independent credit rating.

The Company's systems and procedures to assess the credit quality of trade customers and take into account their financial position, market reputation, past experience and other relevant factors. Provisions are accounted for doubtful debts on a case by case basis.

Transactions with major customers

Revenue transaction with the Company's largest two customers (related parties) are equivalent to 51% of the total revenues for the year ended 31 March 2017 (31 March 2016: 35%).

Cash at banks and short term bank deposits:

	<u>31 March 2017</u>	<u>31 December 2016</u>
A	12,717,918	5,926,886
B	4,382,065	1,358,479
BBB	-	14,722,452
Total	<u>17,099,983</u>	<u>22,007,817</u>

(C) Liquidity risk

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.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March 2017, based on contractual payment dates and current market interest rates.

MIDDLE EAST GLASS MANUFACTURING COMPANY (S.A.E.)**Notes to the separate financial statements - For the three months period ended 31 March 2017**

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

Financial risk management (continued)

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
31 March 2017				
Trade and notes payable	83,068,898	-	-	-
Accrued expenses and other credit balances	35,144,413	-	-	-
Due to related parties	-	28,712,124	-	-
Shareholders' loan	-	-	-	432,825,002
Bank overdraft	134,297,026	-	-	-
Term loans	31,344,896	34,299,783	65,321,273	265,692,434
Total	283,855,233	63,011,907	65,321,273	698,517,436

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
31 December 2016				
Trade and notes payable	45,323,131	-	-	-
Accrued expenses and other credit balances	27,080,509	-	-	-
Due to related parties	-	31,570,473	-	-
Shareholder's loan	-	-	-	432,825,002
Bank overdraft	137,445,198	-	-	-
Term loans	31,167,014	33,254,812	65,942,552	279,074,220
Total	241,015,852	64,825,285	65,942,552	711,899,222

The unused credit facility at 31 March 2017 is amount to LE 26,752,388 (31 December 2016: LE 27,238,980).

(2) Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends, return capital to shareholders, issuing new shares or sell assets to reduce debt.

The company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt comprises total borrowings and bank overdrafts less cash. Total capital comprises owners' equity plus net debt, as shown in the financial position.

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Financial risk management (continued)

The gearing ratios at 31 March 2017 and 31 December 2016 were as follows:

	31 March 2017	31 December 2016
Shareholders' loan	432,825,002	432,825,002
Term loans	243,390,555	245,864,761
Bank overdrafts	134,297,026	137,445,198
Total borrowings	810,512,583	816,134,961
Less: cash and bank balances	(17,430,765)	(22,081,742)
Net debt	793,081,818	794,053,219
Total owners' equity	276,094,043	282,662,790
Total capital	1,069,175,861	1,076,716,009
Gearing ratio	74%	73.7%

The increase in the gearing ratio is due to the decrease in cash balances during the period.

4. 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 on 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 using an independent actuarial expert and it revises the sufficiency of these liabilities on an annual basis according to the accounting policy (2-R). Note (22) shows the main assumptions used to determine the employee benefit liabilities.

(2) Critical judgment in applying the accounting policies

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

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

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5. Property, plant and equipment

	Land	Buildings	Machinery, equipment and molds	Vehicles and transportation	Furniture and office equipment	Computers	Projects under construction	31 December 2016
Cost								
Balance at beginning of the year	9,968,571	46,404,121	385,118,291	2,762,614	1,991,329	5,228,218	3,504,894	454,978,038
Additions	-	-	11,883,744	1,230,000	67,137	682,548	2,962,197	16,825,626
Disposals	-	-	(2,491,950)	(569,103)	(477,011)	(176,145)	-	(3,714,209)
Transfers from projects under construction	-	-	2,879,510	-	-	249,674	(3,129,184)	-
Balance at the end of the year	9,968,571	46,404,121	397,389,595	3,423,511	1,581,455	5,984,295	3,337,907	468,089,455
Accumulated depreciation								
Balance at beginning of the year	-	(25,886,619)	(264,236,015)	(2,218,781)	(1,428,399)	(4,871,071)	-	(298,640,885)
Depreciation expense	-	(1,585,083)	(36,147,206)	(387,731)	(124,949)	(219,486)	-	(38,464,455)
Disposals depreciation	-	-	2,480,281	433,965	477,004	174,551	-	3,565,801
Balance at the end of the year	-	(27,471,702)	(297,902,940)	(2,172,547)	(1,076,344)	(4,916,006)	-	(333,539,539)
Net book value at the end of the year	9,968,571	18,932,419	99,486,655	1,250,964	505,111	1,068,289	3,337,907	134,549,916
Cost								
Balance at beginning of the period	9,968,571	46,404,121	397,389,597	3,423,512	1,581,452	5,984,295	3,337,907	468,089,455
Additions	-	-	7,210,869	-	-	42,266	591,023	7,844,158
Disposals	-	-	-	-	-	(273,411)	-	(273,411)
Balance at the end of the period	9,968,571	46,404,121	404,600,466	3,423,512	1,581,452	5,753,150	3,928,930	475,660,202
Accumulated depreciation								
Balance at beginning of the period	-	(27,471,702)	(297,902,940)	(2,172,547)	(1,076,344)	(4,916,006)	-	(333,539,539)
Depreciation expense	-	(393,607)	(9,944,361)	(102,295)	(31,471)	(86,782)	-	(10,558,516)
Disposals depreciation	-	-	-	-	-	256,577	-	256,577
Balance at the end of the period	-	(27,865,309)	(307,847,301)	(2,274,842)	(1,107,815)	(4,746,211)	-	(343,841,478)
Net book value at the end of the period	9,968,571	18,538,812	96,753,165	1,148,670	473,637	1,006,939	3,928,930	131,818,724

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

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Property, plant and equipment (continued)

Depreciation expense is classified as follows:

	31 March 2017	31 December 2016
Cost of production	10,214,700	37,263,349
Selling and marketing expenses	125,525	527,085
General and administrative expenses	218,291	674,021
	10,558,516	38,464,455

- 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:

	Balance at 1 January 2017	Additions during the year	Balance at 31 March 2017
Computer software	1,933,726	239,715	2,173,441
Others	1,404,181	351,308	1,755,489
	3,337,907	591,023	3,928,930

6. Intangible assets

A. Technical assistance costs

The technical assistance costs are represented in new technology "Narrow Neck Press Glass (light weight)"

The technical assistance costs are mainly represented in the fees of technical assistance, according to the contract enacted between Middle East Glass Manufacturing Company and Techpack Solutions Company - (Korea).

B. Computer software

Software costs are not part of the computers cost and the following is the form of intangible assets.

Cost	Technical information costs	Computer software	31 December 2016
Balance at the beginning of the year	5,156,143	2,423,499	7,579,642
Balance at the end of the year	5,156,143	2,423,499	7,579,642
Accumulated amortization			
Balance at the beginning of the year	(2,062,457)	(2,105,900)	(4,168,357)
Amortization expense of the year	(515,614)	(101,733)	(617,347)
Balance at the end of the year	(2,578,071)	(2,207,633)	(4,785,704)
Net book value at end of the year	2,578,072	215,866	2,793,938

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

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Intangible assets (continued)

	Technical information costs	Computer software	31 March 2017
Cost			
Balance at the beginning of the period	5,156,143	2,423,499	7,579,642
Balance at the end of the period	5,156,143	2,423,499	7,579,642
Accumulated amortization			
Balance at the beginning of the period	(2,578,071)	(2,207,633)	(4,785,704)
Amortization expense of the period	(128,904)	(25,433)	(154,337)
Balance at the end of the period	(2,706,975)	(2,233,066)	(4,940,041)
Net book value at end of the period	2,449,168	190,433	2,639,601

7. Investment in subsidiaries

On 30 September 2010, the Company purchased 60% of the issued capital of Medco Plast for Packaging and Wrapping System (S.A.E.) a joint stock company incorporated in 2010 as an "S.A.E." in compliance with Companies Law 159 of 1981 and registered in the commercial register under number 47627. The Company's headquarters is located at Kambiz Street, Dokki, Giza. The Company's main activity is the manufacture, sale and export of plastic containers for the food beverage industry, and manufacture of disposable plastic medical products for use in the pharmaceutical industry.

On 29 January 2014, the Company acquired 100% of Middle East Glass Containers Sadat S.A.E (previously Wadi Glass Containers S.A.E) shares, the Company's headquarters is located at Plot Number 254,255,256 extension of Fifth Industrial Zone, Sadat City, Menofia. On 2016 the company's name was changed to Middle East Glass in Sadat City (S.A.E). The Company's main activity is manufacturing all kinds of glass bottles.

On 10 November 2015, the Company established a new Company (Meg Misr Glass MEG S.A.E.) with ownership percentage of 99.97%, Meg Misr Glass MEG (S.A.E.) headquarters is located at 6 Mokhayam El-Daem Street, Nineth District, Nasr City, Cairo. The Company's main activity is manufacturing all kinds of glass bottles & the acquisition of other entities that operates in the same field.

	Ownership %	31 March 2017	31 December 2016
Middle East Glass Containers Sadat S.A.E (previously Wadi Glass Containers S.A.E)	100%	198,807,845	198,807,845
Medco Plast for Packaging and Wrapping Systems (S.A.E.)	60%	64,870,663	64,870,663
MEG Misr Glass (S.A.E.)	99.97%	99,970	99,970
		263,778,478	263,778,478

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8. Inventories

	31 March 2017	31 December 2016
Finished goods	42,339,665	43,692,639
Spare parts	20,910,504	18,611,591
Raw materials	20,400,261	16,811,518
Work in process	11,005,892	20,282,259
Packing materials	2,235,054	2,182,770
Fuel and oil	1,024,100	982,557
Goods held with third party	681,674	6,304,918
	98,597,150	108,868,252

Inventory value included in the cost of goods sold amounted to EGP 48,050,932 (31 December 2016: LE 47,431,752).

9. Trade receivables

	31 March 2017	31 December 2016
Trade receivables	55,164,555	16,652,427
Impairment in receivables	(418,714)	(418,714)
	54,745,841	16,233,713

The average credit period on trade receivables is 60 days. No interest is charged on the trade receivables overdue. The trade receivables above 60 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience and on management's assessment of current economic conditions as to the future recoverability of these balances.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer.

Included in the Company's trade receivables balance debtors with a carrying amount of EGP 3,179,644 (31 December 2016: EGP 3,079,174) which are past due at the reporting date for which the Company has not recorded any provision as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

Ageing of past due but not impaired receivables:

	31 March 2017	31 December 2016
Past due for less than 3 months	2,045,353	3,057,900
Past due for more than 3 months	1,134,291	21,274
	3,179,644	3,079,174

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

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Trade receivables (continued)

In determining the recoverability of contract and trade receivables, the Company considers any change in the credit quality of the contract and trade receivables from the date the credit was initially granted up to the reporting date. At the reporting date, management has taken the current market conditions into account when assessing the credit quality of contract and trade receivables. The management also hold regular meetings with contract customers to renegotiate payment terms and to ensure the credit-worthiness of the ultimate end-users. In addition, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, taking all of the above into account, the management believes that there is no further credit provision required in excess of the current provision for doubtful debts.

Ageing of impaired contract and trade receivables against which the provision for doubtful debts has been made:

	31 March 2017	31 December 2016
Past due for more than 3 months	418,714	418,714
	418,714	418,714

10. Prepaid expenses and other receivables

	31 March 2017	31 December 2016
Other debit balances	21,242,676	17,335,505
Advances to suppliers – raw material	12,990,217	13,561,304
Refundable deposits	6,196,583	5,690,644
Prepaid expenses	1,036,629	1,156,895
Employee loan and imprests	1,009,570	803,662
	42,475,675	38,548,010

11. Due from tax authority

	31 March 2017	31 December 2016
Tax Authority – value added tax	4,303,795	2,594,160
Tax Authority – income tax	2,447,120	2,447,120
Tax Authority – Withholding tax	1,494,661	897,286
	8,245,576	5,938,566

The withholding tax movement is set out as follows:

	31 March 2017	31 December 2016
Balance at the beginning of the period / year	897,286	-
Paid during the period /year	597,375	897,286
Balance at the end of the period /year	1,494,661	897,286

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

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12. Related parties

Transaction with related parties

The Coca-Cola Bottling Company of Egypt – (CCBCE)

Coca-Cola Bottling Company of Egypt – (CCBCE) is a related party under common ownership with Middle East Glass Manufacturing Company. All transactions between both companies are based on agreements negotiated on an arm's length basis consistent with established trading rules, conditions and market prices.

The Coca-Cola Bottling Company – Egypt supplies the company with cullet (broken scrap glass) and for the period ended 31 March 2017 the total value of cullet supplied amounted to LE 632,080 (31 March 2016: LE 558,311).

During the period, the Company also made sales transactions with CCBCE within the normal course of business. Sales for the period ended 31 March 2017 amounted to LE 37,518,327 million (31 March 2016: LE 8 million).

Middle East Glass Containers Sadat S.A.E (previously Wadi Glass Containers S.A.E)

Middle East Glass Containers Sadat S.A.E (previously Wadi Glass Containers S.A.E) is a related party as it is owned by Middle East Glass Manufacturing by 100%, transactions during the year represents in the loan paid to Wadi Holding on behalf of Middle East Glass Containers Sadat S.A.E (previously Wadi Glass Containers S.A.E) and also the amount of paid services.

During the period, the Company also made sales and purchase transactions with Middle East Glass Containers Sadat S.A.E (previously Wadi Glass Containers S.A.E) within the normal course of business. Purchases for the period ended 31 March 2017 amounted to LE 4,476,232 (31 March 2016: LE 1,417,428).

Meg Misr for Glass MEG (S.A.E.)

Meg Misr for Glass Meg Company is a related party as the company is owned by Middle East Glass Manufacturing Company by 99.97%

Sheba Investments Company (S.A.E.)

Sheba Investment is a related party as the Chairman of Middle East Glass Manufacturing Company S.A.E. is an investor in the Company and the transactions during the period are represented in a cross charges between the two companies.

Misr for Glass Manufacturing Company (S.A.E.)

Misr for Glass Manufacturing Company is a related party as it is owned 100% by Meg Misr for Glass Meg Company S.A.E. and the transactions during the year are present cash transfers for the purpose of financing and managing the working capital.

During the period, the Company also made sales transactions with Misr for Glass Manufacturing Company (S.A.E.) within the normal course of business. Sales for the period ended 31 March 2017 amounted to LE 24,420,596 (31 March 2016: LE Nil). Purchases from Misr for Glass Manufacturing Company (S.A.E.) for the year ended 31 March 2017 amounted to L.E 5,200,926 (31 March 2016: LE Nil).

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

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

Due from / to related parties (continued)

Sanaa Beverages and Industrial Company Limited – (SBI) – Yemen

Sanaa Beverages and Industrial Company Limited is a related party as it has common ownership with Middle East for Glass Manufacturing. All transactions between both companies are based on agreements negotiated on an arm's length basis consistent with established trading rules, conditions and market prices.

During the year, the Company didn't make sales transactions with Sanaa Beverages and Industrial Company Limited – (SBI) Yemen.

Key management compensation

Amounts paid to the senior management during the year ended 31 March 2017 amounted to LE 7,252,246 (31 March 2016: LE 2,946,252).

Allocated as follows:

	31 March 2017	31 March 2016
Selling and marketing expenses	3,909,629	842,999
General and administrative expenses	3,342,617	2,103,253
	7,252,246	2,946,252

The balances with the related parties are as follows:

Due to related parties

	31 March 2017	31 December 2016
MEG Misr for Glass "MEG" (S.A.E.)*	443,654,560	443,277,323
Middle East Glass Containers Sadat S.A.E (previously Wadi Glass Containers S.A.E)	168,238,226	167,440,067
The Coca-Cola Bottling Company of Egypt (CCBCE) (S.A.E.)	28,992,570	20,237,050
Sheba Investment (S.A.E.)	7,831,837	6,680,604
Medco Plast for Packaging and Packaging System (S.A.E)	-	3,220,031
Sanaa Beverages and Industrial Company Limited (SBI) – Yemen	48,494	126,968
Gulf Capital	46,641	-
	648,812,328	640,982,043

Due to related parties – current

	31 March 2017	31 December 2016
Misr for Glass Manufacturing S.A.E.	27,817,387	31,570,473
Medco Plast for Packaging and Packaging System (S.A.E)	894,737	-
	28,712,124	31,570,473
Shareholders' loan – non-current *	432,825,002	432,825,002
	432,825,002	432,825,002

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

Due from / to related parties (continued)

During 2016, the shareholders have provided a loan amounting to LE 432,825,002 with the purpose of supporting the Company to acquire Misr for Glass Manufacturing Company. (S.A.E) The loan is non-interest bearing, does not have fixed repayment maturities and was subordinated for the favour of the Company bankers.

13. Cash at banks and on hand

	31 March 2017	31 December 2016
A. Local currency		
Current accounts	6,531,318	18,143,866
Cash on hand	191,002	31,042
	6,722,320	18,174,908
B. Foreign currency		
Current accounts	10,568,650	3,863,951
Cash on hand	139,795	42,883
	10,708,445	3,906,834
	17,430,765	22,081,742

14. Provisions

	Other provisions	Restructuring Provision	31 March 2017	Total 31 December 2016
Balance at the beginning of the period / year	11,067,307	7,867,621	18,934,928	7,094,567
Additions during the period / year	-	-	-	16,590,786
Usage during the period / year	(640,573)	-	(640,573)	(4,750,425)
Balance at the end of the period / year	10,426,734	7,867,621	18,294,355	18,934,928

Other provisions

Other provisions relate to claims expected to be made by other parties in connection with the company's operations. The information usually required by accounting standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiations with those other parties. These provisions are reviewed by management annually and the amount provided is adjusted based on latest developments, discussions and agreements with those other parties.

Restructuring provision

Restructuring provision comprise contracts termination costs and employee termination payments, and are recognized in the period in which the Company becomes legally or constructively committed to pay such amounts, as well as approving the restructuring plan with proper communication to employees.

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

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

15. Bank borrowings

	31 March 2017			31 December 2016			
	Loan principal	Current portion	Medium-term portion	Total	Current portion	Medium-term portion	Total
Loan 1	108,500,000	4,500,000	31,666,670	36,166,670	1,999,998	34,166,672	36,166,670
Loan 2	39,038,580	1,500,000	8,271,356	9,771,356	1,000,000	8,771,356	9,771,356
Loan 3	64,000,000	4,500,000	21,100,000	25,600,000	3,000,000	22,600,000	25,600,000
Loan 4	172,547,345	10,000,000	151,000,345	161,000,345	10,000,000	151,000,345	161,000,345
Loan 5	13,650,000	5,426,089	5,426,095	10,852,184	7,941,990	5,384,400	13,326,390
		25,926,089	217,464,466	243,390,555	23,941,988	221,922,773	245,864,761

All loans are secured against the following guarantees and pledges:

1. First degree commercial pledge against all machineries, equipment and production lines.
2. First degree pledge of the Company's shares in "Medco Plast for Packaging and Wrapping System".
3. First degree pledge of the Company's shares in "Middle East Glass Containers Sadat S.A.E (previously Wadi Glass Containers S.A.E)".

The average interest rate on loans is 2.75% over Central Bank of Egypt corridor rate for loans in Egyptian Pounds and 4.75% over Eurobor for loans in Euro.

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16. Bank overdrafts

	Secured by	Interest rate %	Credit limit	31 March 2017	31 December 2016
Credit facility 1	Promissory note	16.25	42,000,000	31,751,211	34,116,402
Credit facility 2	Receivables collections	18.75	45,000,000	59,049,414	62,684,178
Credit facility 3	Customer contracts	18.5	60,000,000	43,496,401	40,644,618
				134,297,026	137,445,198

17. Trade and notes payables

	31 March 2017	31 December 2016
Raw material suppliers	71,135,006	36,225,085
Service providers	7,936,003	4,505,599
Notes payables	3,997,889	4,592,447
	83,068,898	45,323,131

18. Accrued expenses and other payables

	31 March 2017	31 December 2016
Accrued expenses	12,704,408	10,423,249
Other payables	10,843,840	11,529,317
Accrued interest expense	10,459,112	3,990,890
Social insurance authority	934,373	977,164
Retention	538,850	538,850
Board of directors remuneration	537,825	537,825
Advances from customers	383,999	241,680
Dividends payable	60,378	60,378
	36,462,785	28,299,353

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

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

19. Due to Tax Authority

	31 March 2017	31 December 2016
Tax Authority – Sales tax	10,100,717	4,300,115
Tax Authority – Withholding tax	412,863	568,855
Other taxes	316,897	473,498
Tax Authority – Salary tax	184,142	168,263
	11,014,619	5,510,731

20. Issued and paid up capital

The total authorized number of ordinary shares is 15 million shares with a par value of EGP10 per share. The issued and paid up capital is 5032258 shares with par value EGP 10 per share. All issued shares are fully paid.

On 26 January 2015, the Extraordinary General Assembly Meeting approved the increase of the issued share capital from EGP 40,000,000 (forty million Egyptian pounds) to EGP 50,322,580 (fifty million nine hundred twenty two thousand five hundred and eighty Egyptian Pounds) with an amount of EGP 10,322,580 (ten million nine hundred twenty two thousand five hundred and eight Egyptian Pounds) through issuing 1,032,258 shares through inviting existing shareholders to subscribe in the increase shares in the fair value of the share amounting EGP 198,84 per share with a total amount of EGP 205,254,181 (two hundred and five million two hundred fifty four thousand one hundred and eighty one Egyptian Pounds). The difference between the nominal which equal to EGP 10 (ten Egyptian pounds) per share and fair value of the shares is to be recorded at the Company's reserve account, and the total amount of the issuance of EGP 205,254,181 has been deposited with one of the Egyptian Banks, and the increase has been approved in the commercial register in 26 June 2015.

According to the law No 159 for the year 1981 and its regulations, the total value of the premium issued for the capital increase has been included in the legal reserve after deducting issuance cost to reach what is equivalent to the half of the issued capital and the remaining balance has been included in special reserve as follows:

	31 March 2017
Share capital premium	194,931,601
Deduct: Issuance cost	(6,414,554)
Net share capital premium	188,517,047
Transferred to legal reserve	(16,299,885)
Transferred to special reserve	172,217,162

On 3 April 31 December 2014, the shareholders agreed to increase the paid up capital by approximately US \$28.7 million, equivalent to LE 205 million on that date, subsequently on 10 May 2015, the existing shareholders subscribed in the capital increase shares with total value of LE 205 million which was equivalent to US \$26.5 million. On the subscription date, the shareholders agreed to pay the remaining amount of the capital increase included in the above mentioned agreement amounting to US \$1.7 million (equivalent to LE 13,129,007) to be recorded under other reserves in the statement of owner's equity.

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

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21. Legal reserve

In accordance with the companies' law number 159 for year 1981, 5 % of the net profit for the period is transferred to the legal reserve account. Based on a proposal by the board and the approval of the General Assembly of the company, this transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. This reserve is not available for distribution to shareholders.

22. Retirement benefit obligations

Employees of the company are entitled upon their retirement, partial disability or to an end of service gratuity based on a defined benefit plan. The entitlement is based on the length of service and final remuneration package of the employee upon retirement. The defined benefit obligation is calculated using the projected additional unit method takes into consideration the principal actuarial assumptions as follows:

	31 March 2017	31 December 2016
Discount rate	15.25%	15.25%
Average salary increase rate	4%	4%
Life table	49 – 52%	49-52

The amounts recognized at the statement of financial position date are determined as follows:

	31 March 2017	31 December 2016
Present value of obligations	6,342,704	6,863,606
Liability at the financial position	6,342,704	6,863,606

Movement in the liability recognized in the statement of financial position:

	31 March 2017	31 December 2016
Balance at beginning of the period / year	6,863,606	6,373,632
Interest expense	159,341	637,363
Current service cost	90,659	582,721
Past service cost*	-	2,400,000
Total amount recognised in profit or loss	250,000	3,620,084
Re-measurement		
Gains from change in financial assumptions	-	(1,097,520)
Total amount recognised in other comprehensive income	-	(1,097,520)
Benefit payments from plan	(770,902)	(2,032,590)
Balance at end of the period / year	6,342,704	6,863,606

* During 2016, the Company made amendments to the terms of the benefit plan which resulted in past service cost of EGP 2,400,000.

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23. Deferred income tax assets (liabilities)

a. Recognized deferred tax assets (liabilities):

	Statement of financial position		Statement of profits or losses	
	31 March 2017	31 December 2016	31 March 2017	31 March 2016
Depreciation of property, plant and equipment	(10,440,773)	(12,180,370)	1,739,597	2,145,337
Tax loss	9,201,423	9,970,353	(768,930)	-
Restructuring provision	1,770,215	1,770,215	-	-
Retirement benefits obligation	1,427,108	1,544,311	(117,204)	-
Unrealized foreign currency	-	420,806	(420,805)	(1,880)
	1,957,973	1,525,315	432,658	2,143,457

b. Unrecognized Deferred tax assets:

Unrecognized deferred tax assets were not recorded due to the uncertainty of future benefit.

	31 March 2017	31 December 2016
Tax impact on impairment of trade and notes receivables	94,210	94,210
	94,210	94,210

24. Sales

	31 March 2017	31 March 2016
Sales	125,096,894	33,302,741
Sales returns	(507,400)	-
	124,589,494	33,302,741

25. Other operating expense

	31 March 2017	31 March 2016
Loss on sale of fixed assets	14,622	45,927
	14,622	45,927

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26. Other operating income

	31 March 2017	31 March 2016
Export subsidy	1,441,345	1,071,733
Scrap sales	413,354	116,337
	<u>1,854,699</u>	<u>1,188,070</u>

27. Finance costs - net

	31 March 2017	31 March 2016
Interest expenses	(18,998,138)	(10,549,968)
Foreign currency exchange losses	(8,246,098)	(2,217,767)
Interest income	614	14,725
	<u>(27,243,622)</u>	<u>(12,753,010)</u>

28. Income tax

	31 March 2017	31 March 2016
Deferred income tax (Note 23)	(432,658)	(2,143,457)
	<u>(432,658)</u>	<u>(2,143,457)</u>

The tax on the Company's loss before tax differs from the theoretical amount that would otherwise arise using the tax rates as follows:

	31 March 2017	31 March 2016
Net loss before tax	(7,001,405)	(14,853,784)
Tax calculated using enacted tax rate	(1,575,316)	(3,342,101)
Non-deductible expenses for tax purpose	1,204,133	(792,848)
Unrealized tax loss	-	1,991,492
Deductible expenses for tax purpose	(61,475)	-
Income tax	<u>(432,658)</u>	<u>(2,143,457)</u>

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29. Expense by nature

	31 March 2017	31 March 2016
Raw materials and consumables used in production	31,798,347	13,608,303
Energy and spare parts	21,530,826	12,983,631
Change in inventory	16,252,585	(23,689,634)
Salaries and fringe benefits	15,517,165	13,190,446
Depreciation expenses	10,558,516	9,815,248
Vehicles and transportation expense	2,513,332	1,389,616
Export expenses	2,037,919	1,380,610
Rent expense	1,693,564	1,664,646
Material and plant machinery maintenance	1,591,062	2,338,535
Other expense	1,241,113	2,525,228
Professional and consultancy fees	782,163	1,032,920
Marketing and advertisement expense	516,425	151,772
Amortization of intangible assets	154,337	154,337
	106,187,354	36,545,658
	31 March 2017	31 March 2016
Cost of sales	91,643,378	23,610,024
General and administrative expenses	7,568,237	7,169,444
Selling and marketing expenses	6,975,739	5,766,190
	106,187,354	36,545,658

30. Loss per share

Basic (loss) per share is calculated by dividing net (loss) by the number of ordinary issued share, without any consideration for employees or board of directors future dividends related to the period ended 31 March 2017. Since that the board of directors did not propose staff dividends distribution at the financial position issuing date.

(Loss) / profit per share were set out as below:

	31 March 2017	31 March 2016
Net loss for the period	(6,568,747)	(12,710,327)
Number of ordinary and issued shares	5032258	5032258
Loss per share	(1.31)	(2.53)

The diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As of 31 March 2017 and 31 March 2016, the company does not have dilutive potential shares and therefore, diluted loss per share equal to basic loss per share.

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

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31. Financial instruments by category

	Loans & receivables	
	31 March 2017	31 December 2016
Assets as per statement of financial position		
Trade and other receivables*	112,548,124	69,416,978
Cash and cash equivalents	17,430,765	22,081,742
Due from related parties	648,812,328	640,982,043
Total	778,791,217	732,480,763
	Loans & payables	
	31 March 2017	31 December 2016
Liabilities as per statement of financial position		
Borrowings	242,390,555	245,864,761
Trade and other payables (excluding non-financial liabilities)**	118,213,311	72,403,640
Bank overdraft	134,297,026	137,445,198
Shareholder's loan	432,825,002	432,825,002
Due from related parties	28,712,124	31,570,473
Total	956,438,018	920,109,074

* Trade and other receivables excludes prepaid expenses.

** Trade and other payables excludes taxes payables, advances from customers and social insurance.

32. Tax position

Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority cannot be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority.

A. Corporate income tax

Income tax inspections have been completed with the Egyptian Tax Authority up to the year 2008 and all assessments were settled and paid.

Years from 2009 to 2016

- Years from 2009 to 2014, estimated inspections issued and the company has rejected the inspection outcome on the legal due date.
- Year 2015 & 2016, the inspection was not initiated, and the Company has submitted tax returns on the legal due date.

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

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Tax position (continued)

B. Sales tax

From the beginning of operations until 31 December 2011

- The Tax Authority has inspected the company's records and the amount of the tax imposed was paid, and additional tax was imposed amounted LE 850,000.

Years from 2012 till 2013

- The Company has been inspected and amount of LE 161,205 was to be paid, and the Company has rejected the inspection outcome and the dispute was settled with the internal committee with tax difference of LE 102,821, and the amount has been paid excluding the delay penalty.

Years from 2014 till 2016

- The inspection was not initiated, and the Company has submitted tax return on the legal due date.

C. Salaries tax

The salaries tax was inspected and settled from inception to 1998 and paid.

Years from 1999 to 2004

The internal committee has been finalized for the years from 1999 to 2004 and the additional tax inspection assessment amounted to LE 3,198,165. In addition to late payments amounted to LE 685,487, it was settled by the Company and there is a reassessment for same items amounted to LE 1,114,590 and it was appealed, also an amount of LE 622,500 has been imposed and a development charge amounting LE 111,430.

Years from 2005 to 2012

- The Company has been inspected and amount of LE 9,215,217 was to be paid and the Company has rejected the inspection outcome on the legal due date.

Years from 2013 to 2016

- The Company is currently preparing for tax inspection for the years 2013 & 2014 and the years 2015 & 2016 is still not inspected.
- The company has submitted tax returns on the legal due time.

D. Stamp duty tax

- The inspections were complete and settled till 31 December 2011.
- The Company has been inspected for the years 2012 & 2013 and amount of LE 54,888 was paid.
- The Company has been inspected for the years 2014 & 2015 and amount of LE 15,610 was paid.

E. Real estate tax

Period from 1 July 2013 till 31 December 2016

- The Company has imposed an amount of LE 2,251,391 and it has paid an amount of LE 1,917,845 and the remaining amount is LE 333,546 was paid.
- The Company has imposed an amount of LE 1,934,573 for the years 2016 and 2017 and it has agreed to pay monthly payments from February 2017 and it has paid an amount of LE 351,740 and the remaining amount is LE 1,582,833.

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33. Contingent liabilities

The company is contingently liable for letters of guarantee, letters of credit and shipping documents arising in the ordinary course of business amounting to be LE 26,567,992 as of 31 March 2017 (31 December 2016: LE 26,567,992).

34. Commitments

<u>Capital lease commitments</u>	<u>Instalment amount</u>	<u>Leasing amount</u>	<u>Lease period in months</u>	<u>Productive years</u>
Equipment	10,726	559,344	48	4
Vehicles	64,867	3,102,334	48	4

35. Non-cash transactions

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

	<u>31 March 2017</u>
Unsettled accrued finance cost	6,468,222

36. Segment reporting

The Company did not prepare the segment reporting disclosure, all the Company's activities are represented in the sale of glass products.