

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

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

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

Separate interim condensed financial statements
For the nine months period ended 30 September 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 September 2019 and the related separate condensed statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine 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



14 November 2019
Cairo

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

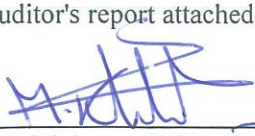
Separate interim condensed statement of financial position - At 30 September 2019

(All amounts in Egyptian Pounds)

	Note	30 September 2019	31 December 2018
Non-current assets			
Property, plant and equipment	4	97,806,044	100,863,383
Intangible assets		2,258,552	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		915,271,466	919,206,119
Current assets			
Inventories		90,595,362	114,968,741
Trade receivables		71,383,860	92,587,490
Prepaid expenses and other receivables		104,875,100	93,774,089
Due from tax authority		65,605,374	7,826,899
Due from related parties		463,211,929	429,558,990
Cash at banks and on hand		5,375,232	23,035,945
Total current assets		801,046,857	761,752,154
Total assets		1,716,318,323	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		377,005,640	344,969,306
Total owners' equity		1,070,660,651	1,038,624,317
Non-current liabilities			
Term loans	6	123,938,371	145,938,371
Retirement benefits obligations		7,439,532	7,386,696
Deferred tax liability		37,400,095	36,820,274
Derivative financial instruments		50,412,519	50,412,519
Total non-current liabilities		219,190,517	240,557,860
Current liabilities			
Provisions		10,166,924	10,166,924
Current portion of term loans	6	92,940,000	72,480,000
Bank overdrafts		80,710,950	61,015,157
Trade and notes payables		83,497,767	88,082,596
Accrued expenses and other payables		73,139,966	77,090,453
Due to related parties		752,000	755,000
Due to tax authority		85,259,548	92,185,966
Total current liabilities		426,467,155	401,776,096
Total owner's equity and liabilities		1,716,318,323	1,680,958,273

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

Auditor's report attached


Mr. Mohamed Khalifa
Chief Financial Officer


Mr. Peter Carpenter
Board Member


Mr. Abdul Galil Beshar
Chairman

14 November 2019

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

Separate interim statement of profits or losses
For the nine months ended 30 September 2019

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2019	2018	2019	2018
Net sales		543,185,166	521,540,145	152,324,487	191,455,138
Cost of sales		(441,503,396)	(417,346,336)	(125,436,954)	(154,610,183)
Gross profit		101,681,770	104,193,809	26,887,533	36,844,955
Selling and marketing expenses		(26,726,114)	(22,415,404)	(10,855,303)	(4,677,169)
General and administrative expenses		(29,322,945)	(22,645,858)	(4,021,722)	(5,220,810)
Other operating expense	/	(19,175,722)	(4,859,895)	(19,175,722)	(4,859,895)
Other operating income	8	69,479,944	8,118,666	3,437,849	3,854,584
Profit from operations		95,936,933	62,391,318	(3,727,365)	25,941,665
Finance costs - net		(40,665,253)	(61,865,879)	(7,154,040)	(20,425,093)
Net profit / (loss) for the period before tax		55,271,680	525,439	(10,881,405)	5,516,572
Income tax		(15,489,801)	1,662,108	(172,229)	1,031,802
Net profit / (loss) for the period		39,781,879	2,187,547	(11,053,634)	6,548,374
Basic and diluted Earning / (Loss) per share	9	0.79	0.04	(0.22)	0.13

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

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

Separate interim statement of comprehensive income
For the nine months ended 30 September 2019

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2019	2018	2019	2018
Net profit / (loss) for the period		<u>39,781,879</u>	<u>2,187,547</u>	<u>(11,053,634)</u>	<u>6,548,374</u>
Total comprehensive income / (loss)		<u>39,781,879</u>	<u>2,187,547</u>	<u>(11,053,634)</u>	<u>6,548,374</u>

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

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

Separate interim statement of change in equity
For the nine months ended 30 September 2019

(All amounts in Egyptian Pounds)

	Issued and paid up capital	Payment 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 income for the period	-	-	-	-	-	2,187,547	2,187,547
Dividends distribution	-	-	-	-	-	(3,000,509)	(3,000,509)
Balance at 30 September 2018	50,322,580	432,825,002	172,217,162	13,129,007	25,161,260	9,789,138	703,444,149
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 income for the period	-	-	-	-	-	39,781,879	39,781,879
Dividends distribution	-	-	-	-	-	(7,745,545)	(7,745,545)
Balance at 30 September 2019	50,322,580	432,825,002	172,217,162	13,129,007	25,161,260	377,005,640	1,070,660,651

The accompanying notes on pages 7 - 17 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 nine months ended 30 September 2019

(All amounts in Egyptian Pounds)

	Note	30 September 2019	30 September 2018
<u>Cash flows from operating activities</u>			
Profit for the period before tax		55,271,680	525,439
<u>Adjusted by:</u>			
Depreciation	4	29,885,268	25,111,556
Amortization		877,314	926,512
Loss on sale of property, plant and equipment		490,532	976,824
Retirement benefits provision		52,836	1,070,107
Finance cost		47,109,481	62,081,222
Foreign currency exchange losses		(1,540,000)	(263,200)
Operation profit before changes in working capital		132,147,111	90,428,460
<u>Changes in working capital</u>			
Inventories		24,373,379	9,179,609
Trade receivables		21,203,630	(59,198,048)
Prepaid expenses and other receivables		(18,846,556)	(42,004,583)
Due from tax authority		(57,778,475)	(28,749,764)
Due from related parties		(32,823,007)	8,609,243
Trade and notes payable		(4,584,829)	(50,475,784)
Accrued expenses and other payables		(4,225,997)	1,466,993
Due to tax authority		36,375,507	34,217,620
Due to related parties		(3,000)	100,989,980
Provisions used			(941,532)
Cash flows generated from operating activities		95,837,763	63,522,194
Interest paid		(46,833,971)	(14,676,886)
Taxes paid		(58,211,905)	-
Net cash flow (used in) / generated from operations		(9,208,113)	48,845,308
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	4	(28,148,393)	(10,055,365)
Purchase of intangible assets		-	(239,920)
Net cash flows used in investing activities		(28,148,393)	(10,295,285)
<u>Cash flows from financing activities</u>			
Bank overdrafts		19,695,793	(20,096,138)
Net cash flows generated from / (used in) financing activities		19,695,793	(20,096,138)
Net (decrease) / increase in cash and cash equivalents during the period			
		(17,660,713)	18,453,885
Cash and cash equivalents at beginning of the period		23,035,945	18,926,848
Cash and cash equivalents at end of the period		5,375,232	37,380,733

The accompanying notes on pages 7 - 17 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 nine months period ended 30 September 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 14 November 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 September 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 nine months period ended 30 September 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 nine months period ended 30 September 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 9.

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 nine months period ended 30 September 2019**

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

Liquidity risk management (continued)

As at 30 September 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 September 2019				
Trade and notes payable	83,497,767			
Accrued expenses and other payables	62,261,953	-	-	-
Due to related parties	-	752,000	-	-
Bank overdrafts	80,710,950	-	-	
Term loans	75,690,000	17,250,000	37,200,000	86,738,371
Future interest payments	13,957,926	12,363,447	19,594,040	16,384,707
Total	316,118,596	30,365,447	56,794,040	103,123,078

	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

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.

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

**Notes to separate interim condensed financial statements
For the nine months period ended 30 September 2019**

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

Critical accounting estimates and judgments (continued)

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.

(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 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 nine months period ended 30 September 2019

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

4. Property, plant and equipment

30 September 2019	Land	Buildings	Machinery, equipment & molds	Vehicles and transportation	Furniture and office equipment	Computers	Projects under construction	Total
Cost								
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	-	-	26,622,063	-	143,832	74,721	1,207,777	28,148,393
Disposals	-	-	(4,193,600)	-	-	-	(829,932)	(5,023,532)
Transfers from projects under construction	-	-	470,866	-	-	511,770	(982,636)	-
Balance at the end of the period	9,968,571	48,758,196	441,649,920	4,216,992	1,931,079	7,354,399	448,825	514,327,982
Accumulated depreciation								
Balance at beginning of the period	-	(30,699,139)	(349,846,750)	(2,948,843)	(1,311,702)	(5,555,304)	-	(390,339,738)
Depreciation expense	-	(1,244,626)	(27,645,854)	(480,862)	(100,372)	(43,554)	-	(29,885,268)
Disposals depreciation	-	-	3,703,068	-	-	-	-	3,703,068
Balance at the end of the period	-	(31,943,765)	(373,789,536)	(3,429,705)	(1,412,074)	(5,946,858)	-	(416,521,938)
Net book value at the end of the period	9,968,571	16,814,431	67,860,384	787,287	519,005	1,407,541	448,825	97,806,044
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	17,865,039	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)	(5,022,555)	-	(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 nine months period ended 30 September 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 September 2019</u>	<u>31 December 2018</u>
Cost of production	28,699,064	32,608,464
General and administrative expenses	782,960	990,879
Selling and marketing expenses	403,244	519,614
	<u>29,885,268</u>	<u>34,118,957</u>

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

	<u>30 September 2019</u>	<u>31 December 2018</u>
Net carrying amount of disposed assets	490,532	4,356,705
Loss on disposal of fixed assets	(490,532)	(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 2019</u>	<u>Additions during the year</u>	<u>Disposals</u>	<u>Transfer to fixed assets</u>	<u>Balance at 30 September 2019</u>
Others	1,053,616	1,207,777	(829,932)	(982,636)	448,825
	<u>1,053,616</u>	<u>1,207,777</u>	<u>(829,932)</u>	<u>(982,636)</u>	<u>448,825</u>

5. Investment in associates

	<u>Ownership %</u>	<u>30 September 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>

On 13 November 2018, the Company sold 74% from its investment in Medco Plast for Packing and Packaging System (S.A.E.), the deal value amounted to EGP 505,847,342 out of which an amount of EGP 101,169,486 was held in escrow account till fulfilling all of the warranties and representations as per the sale and purchase agreement, in addition a non controlling interest of 15.6% has been retained in Medco Plast for Packing and Packaging System (S.A.E) which was recognized as an investment in associate. The value of the investment in associate was measured at fair value at loss of control date.

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

Notes to separate interim condensed financial statements - For the nine months period ended 30 September 2019

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

6. Bank borrowings

	30 September 2019			31 December 2018			
	Loan principal	Current portion	Medium-term portion	Total	Current portion	Medium-term portion	Total
Loan 1	108,500,000	20,500,000	15,666,670	36,166,670	13,000,000	23,166,670	36,166,670
Loan 2	39,038,580	5,000,000	4,771,356	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	9,940,000	-	9,940,000	11,480,000	-	11,480,000
		92,940,000	123,938,371	216,878,371	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.

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7. Other operating expense

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
Fire related costs*	12,285,047	-	12,285,047	-
Other expenses	6,890,675	4,859,895	6,890,675	4,859,895
	<u>19,175,722</u>	<u>4,859,895</u>	<u>19,175,722</u>	<u>4,859,895</u>

* This amount represents cost resulted from fire accident occurred during the period in one of the company's production lines. The company submitted a details of capital losses to the insurance company so that it can be reimbursed under current insurance policies. The incident was managed properly to allow continuity of operation and delivery of products to customers in a regular manner. There was no significant Effect on the operations.

No reimbursement income is recognized in the statement of profit or loss for the period, which will be recognized only when a final assessment of the claim is agreed with the insurance company.

8. Other operating income

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
Export subsidy	9,138,755	6,334,967	2,578,734	3,110,985
Proceeds from sale of a subsidiary*	58,218,146	-	-	-
Scrap sales	2,123,043	1,783,699	859,115	743,599
	<u>69,479,944</u>	<u>8,118,666</u>	<u>3,437,849</u>	<u>3,854,584</u>

* 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.

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9. 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 30 September 2019.

Earnings per share were set out as below:

	Nine months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
Net profit / (loss) available for distribution	40,229,271	2,187,547	(10,606,242)	6,548,374
Number of ordinary and issued shares	50322580	50322580	50322580	50322580
Earning / (Loss) per share	0.80	0.04	(0.21)	0.13

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 September 2019 and 30 September 2018, the Company does not have any potentially dilutive shares and therefore, diluted earnings per share is equal to basic earnings per share.

10. Financial instruments by category

	Loans & receivables	
	30 September 2019	31 December 2018
Assets as per statement of financial position		
Trade and other receivables*	158,034,239	135,368,966
Cash and cash equivalents	5,375,232	23,035,945
Due from related parties	463,211,929	429,558,990
Derivative financial instrument	28,033,615	28,033,615
	Financial liabilities	
	30 September 2019	31 December 2018
Liabilities as per statement of financial position		
Borrowings	216,878,371	218,418,371
Trade and other payables**	145,759,720	138,142,895
Bank overdraft	80,710,950	59,265,604
Due to related parties	752,000	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.

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11. 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:

	<u>30 September 2019</u>
Unsettled finance cost	275,510
Sale of fixed assets to related parties	829,932
Dividends distribution approved by the General Assembly Meeting deducted from the advances paid to employees	7,745,545

12. 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.

13. Significant 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 and the financial regulatory authority approved to proceed with the issued capital increase procedures.