

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

**CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
AND LIMITED REVIEW REPORT
FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2022**

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

**Condensed separate interim financial statements
For the nine-month period ended 30 September 2022**

Limited review report

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Limited review report on the condensed separate interim financial statements

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

Introduction

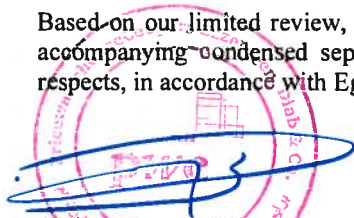
We have reviewed the accompanying condensed separate interim statement of financial position of Middle East Glass Manufacturing Company (S.A.E.) as at 30 September 2022 and the related condensed separate interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Egyptian Accounting Standard 30 "Interim financial reporting". Our responsibility is to express a conclusion on this condensed separate interim financial statements based on our review.

Scope of limited review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements are not prepared in all material respects, in accordance with Egyptian Accounting Standard 30 "Interim financial reporting".



Mohamed Elmoataz
R.A.A. 12747
F.R.A. 133

8 November 2022
Cairo

**MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

Condensed separate interim statement of financial position

(All amounts in Egyptian Pounds)

	Note	30 September 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	4	260,986,079	189,141,905
Intangible assets		908,220	770,101
Investments in subsidiaries		631,882,817	631,882,817
Deferred tax assets		15,694,223	-
Total non-current assets		909,471,339	821,794,823
Current assets			
Inventory		68,251,911	53,984,038
Trade and notes receivables		98,003,056	103,392,294
Contract assets		25,514,737	8,906,099
Debtors and other receivables		114,669,622	56,317,240
Due from related parties		725,640,248	574,248,668
Financial assets at amortized cost		-	12,943,326
Cash and cash equivalents		88,201,841	297,039,629
Total current assets		1,120,281,415	1,106,831,294
Total assets		2,029,752,754	1,928,626,117
Equity			
Issued and paid up capital		50,322,580	50,322,580
Legal reserve		25,161,260	25,161,260
Share premium reserve		172,217,162	172,217,162
Other reserves		13,129,007	13,129,007
Payments under capital increase		432,825,002	432,825,002
Retained earnings		498,140,524	455,993,850
Total equity		1,191,795,535	1,149,648,861
Liabilities			
Non-current liabilities			
Bank borrowings	5	344,529,465	307,814,900
Retirement benefits obligations		8,290,078	7,433,004
Deferred tax liabilities		-	4,386,140
Total non-current liabilities		352,819,543	319,634,044
Current liabilities			
Provisions		14,809,492	18,146,939
Bank overdrafts	5	149,687,986	97,996,933
Trade and notes payables		80,828,820	51,465,117
Creditors and other payables		132,443,758	88,307,180
Due to related parties		105,973	110,043,722
Income tax liability		30,688,062	31,820,343
Current portion of long-term loans	5	76,573,585	61,562,978
Total current liabilities		485,137,676	459,343,212
Total liabilities		837,957,219	778,977,256
Total equity and liabilities		2,029,752,754	1,928,626,117

- The accompanying notes from 1 to 8 form an integral part of these condensed separate interim financial statements.
- Limited review report attached.


Mohamed Khalifa

Chief Financial Officer


Peter Carpenter

Director


Abdul Galil Beshar

Chairman

Cairo on 8 November 2022

**MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

Condensed separate interim statement of profit or loss

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2022	2021	2022	2021
Revenue from contracts with customers		650,321,510	614,209,020	218,986,338	238,259,767
Cost of sales		<u>(489,440,700)</u>	<u>(469,042,601)</u>	<u>(166,499,800)</u>	<u>(184,610,898)</u>
Gross profit		160,880,810	145,166,419	52,486,538	53,648,869
Selling and marketing expenses		(16,709,860)	(17,760,907)	(5,793,970)	(6,039,869)
General and administrative expenses		(40,102,416)	(37,136,009)	(13,747,907)	(12,511,796)
Other operating expenses		(10,633,797)	(6,722,867)	(3,550,437)	(3,279,031)
Other operating income		<u>57,696,151</u>	<u>10,868,617</u>	<u>4,475,931</u>	<u>4,768,741</u>
Operating profit		151,130,888	94,415,253	33,870,155	36,586,914
Finance costs	3(b)	(84,373,033)	(29,333,094)	(27,717,809)	(9,216,818)
Finance income		<u>2,488,722</u>	<u>1,834,063</u>	<u>806,990</u>	<u>(4,932)</u>
Profit before income tax		69,246,577	66,916,222	6,959,336	27,365,164
Income tax expense	3(c)	<u>(16,220,036)</u>	<u>(16,016,917)</u>	<u>(2,565,338)</u>	<u>(6,381,716)</u>
Net profit for the period		53,026,541	50,899,305	4,393,998	20,983,448
Basic earnings per share		1.05	1.01	0.09	0.42
Diluted earnings per share		0.81	-	0.07	-

- The accompanying notes from 1 to 8 form an integral part of these condensed separate interim financial statements.

**MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

Condensed separate interim statement of other comprehensive income

(All amounts in Egyptian Pounds)

	Nine months ended 30 September		Three months ended 30 September	
	2022	2021	2022	2021
Net profit for the period	53,026,541	50,899,305	4,393,998	20,983,448
Other comprehensive income	-	-	-	-
Total other comprehensive income for the period	53,026,541	50,899,305	4,393,998	20,983,448

- The accompanying notes from 1 to 8 form an integral part of these condensed separate interim financial statements.

MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

Condensed separate interim statement of changes in equity

(All amounts in Egyptian Pounds)

	Issued & paid up capital	Payments under capital increase	Reserves	Retained Earnings	Total
Balance at 1 January 2021	50,322,580	432,825,002	210,507,429	397,505,366	1,091,160,377
Effect of adoption of new accounting standard	-	-	-	206,744	206,744
Adjusted balance as at 1 January 2021	50,322,580	432,825,002	210,507,429	397,712,110	1,091,367,121
Total other comprehensive income for the period	-	-	-	50,899,305	50,899,305
Dividends distribution employees	-	-	-	(10,571,667)	(10,571,667)
Balance at 30 September 2021	50,322,580	432,825,002	210,507,429	438,039,748	1,131,694,759
Balance at 1 January 2022	50,322,580	432,825,002	210,507,429	455,993,850	1,149,648,861
Total other comprehensive income for the period	-	-	-	53,026,541	53,026,541
Dividends distribution employees	-	-	-	(10,879,867)	(10,879,867)
Balance at 30 September 2022	50,322,580	432,825,002	210,507,429	498,140,524	1,191,795,535

- The accompanying notes from 1 to 8 form an integral part of these condensed separate interim financial statements.

**MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

(All amounts in Egyptian Pounds)

	Note	30 September 2022	30 September 2021
Cash flows from operating activities			
Net profit for the period before tax		69,246,577	66,916,222
<u>Adjusted by:</u>			
Interest expense		31,124,533	27,723,249
Interest income		(2,488,722)	(1,689,756)
Depreciation and amortization		26,424,359	24,142,167
Unrealized foreign exchange loss/ (gain)		87,469,534	(469,533)
Sale of property, plant and equipment (gain)/ loss		(557,642)	1,519,103
Retirement benefit provision		2,768,052	3,150,000
Operating profit before changes in working capital		213,986,691	121,291,452
Change in working capital			
Inventories		(14,267,873)	(2,194,826)
Trade and notes receivables		5,389,238	(24,569,350)
Contract assets		(16,608,638)	(17,424,071)
Debtors and other receivables		(35,107,622)	(20,203,776)
Due from related parties		(151,391,580)	(51,988,876)
Trade and notes payables		29,363,702	(10,545,423)
Creditors and other payables		35,886,897	(581,823)
Due to related parties		(109,937,750)	72,064,209
Provisions used		(3,337,447)	-
Payments of employees' retirement benefits		(1,910,977)	(1,900,892)
Cash (outflows)/ inflows from operations		(47,935,359)	63,946,624
Interest paid		(21,120,608)	(20,316,230)
Income tax paid		(33,574,590)	-
Net cash (outflows)/ inflows from operating activities		(102,630,557)	43,630,394
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(98,824,781)	(25,622,702)
Proceeds from sale of property, plant and equipment		975,774	-
Cash received from sale of treasury bills		21,284,282	-
Advance payment of fixed asset		(39,736,964)	(3,500,000)
Payment of treasury bills		(9,740,610)	(11,543,670)
Interest income received		3,888,377	663,779
Net cash outflows from investing activities		(122,153,922)	(40,002,593)
Cash flows from financing activities			
Repayments of bank borrowings		(35,744,363)	-
Bank overdrafts		51,691,054	(4,302,686)
Net cash inflows/ (outflows) from financing activities		15,946,691	(4,302,686)
Net decrease in cash and cash equivalent		(208,837,788)	(674,885)
Cash and cash equivalents at beginning of the period		297,039,629	114,093,069
Cash and cash equivalents at end of the period		88,201,841	113,418,184

- The accompanying notes from 1 to 8 form an integral part of these condensed separate interim financial statements.

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

NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(IN THE NOTES ALL AMOUNTS ARE SHOWN IN EGYPTIAN POUNDS UNLESS OTHERWISE STATED)

1. General information

Middle East Glass Manufacturing Company S.A.E. (the "Company") was established in 1979 as an Egyptian joint stock Company under the provisions of Law No. 43 of 1974 as amended by Law No. 230 of 1989 as amended by Law No. 8 of 1997, and is registered in the commercial register under number 193770 Cairo. The address of the Company's registered office is Nasr City, 6 Mokhayam El-Daem Street 6th District, Industrial Zone, Cairo – Arab Republic of Egypt.

The Company is listed on the Egyptian Stock Exchange (EGX).

The Company and its subsidiaries together comprise "the Company".

The Company's main activity is manufacturing all kinds of glass containers and the acquisition of other entities that operate in the same field.

The ultimate parent of the Company is MENA Glass Holdings Limited with 51.43% ownership. The Company is ultimately controlled by Mr. Abdul Galil Basher.

These condensed separate interim financial statements have been approved for issuance by the Chairman of the Company on 8 November 2022.

2. Basis of preparation of the condensed Separate interim financial statements

This Condensed separate interim financial statements for the nine-month reporting period ended 30 September 2022 has been prepared in accordance with Egyptian Accounting Standard 30 "Interim Financial Reporting".

This condensed separate interim financial statements does not include all the notes of the type normally included in an annual financial statements. Accordingly, this condensed Separate interim financial statements is to be read in conjunction with the annual separate financial statements for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period.

3. Profit or loss information

A) Significant items

	Nine-month period ended 30 September	
	2022	2021
Export subsidy	8,731,198	7,341,795
Insurance recovery relating to fire*	45,031,542	-

* Other operating income during the period includes an amount of 45 million Egyptian Pounds, represents compensation resulted from final evaluation of the claim with the insurance company in respect of the fire accident occurred during 2019 in one of the company's production lines.

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

**NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

(IN THE NOTES ALL AMOUNTS ARE SHOWN IN EGYPTIAN POUNDS UNLESS OTHERWISE STATED)

Profit or loss information (continued)

B) Finance costs

	Nine-month period ended 30 September	
	2022	2021
Bank interest	(30,210,877)	(27,723,249)
Other expenses	(913,657)	(1,609,845)
Foreign exchange losses*	(53,248,500)	-
Total finance cost	(84,373,033)	(29,333,094)

*On March 21, 2022, the Central Bank of Egypt announced a depreciation in the exchange rate of the Egyptian pound and an increase in interest rates on lending and deposits by 1%. Accordingly, as a result of the depreciation in the exchange rate of the Egyptian pound, the US dollar was traded on the date of issuance of these financial statements in local banks between 19.50 and 19.60 Egyptian pounds. This result in net foreign exchanges losses amounting 53,248,500 Egyptian Pounds.

C) Income tax

Income tax expense is recognised based on the income and expenses booked for the full financial year. Accordingly, the average annual tax rate used for the period to 30 September 2022 is 23% compared to 24% for the nine months ended 30 September 2021.

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

NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(IN THE NOTES ALL AMOUNTS ARE SHOWN IN EGYPTIAN POUNDS UNLESS OTHERWISE STATED)

4. Property, plant and equipment								Total
	Land	Buildings	Machinery, equipment & moulds	Vehicles & transportation	Furniture & office equipment	Computers & Software	Projects under construction	
<u>31 December 2021</u>								
Cost								
Balance at beginning of the year	32,580,601	49,943,380	489,698,496	8,365,251	2,146,033	11,077,872	7,675,766	601,487,399
Additions	2,614,454	1,277,767	22,670,991	4,816,455	122,883	795,925	4,387,023	36,685,498
Disposals	-	-	(8,097,105)	(1,417,401)	-	-	(3,855,419)	(13,369,925)
Transfers from projects under construction	-	-	510,433	-	-	-	(510,433)	-
Balance at the end of the year	35,195,055	51,221,147	504,782,815	11,764,305	2,268,916	11,873,797	7,696,937	624,802,972
Accumulated depreciation								
Balance at beginning of the year	-	(34,046,774)	(364,269,471)	(4,573,864)	(1,590,453)	(7,440,896)	-	(411,921,458)
Depreciation expense	-	(1,774,446)	(26,824,213)	(1,293,959)	(165,960)	(1,399,054)	-	(31,457,632)
Disposals depreciation	-	-	6,300,623	1,417,400	-	-	-	7,718,023
Balance at the end of the year	-	(35,821,220)	(384,793,061)	(4,450,423)	(1,756,413)	(8,839,950)	-	(435,661,067)
Net book value at the end of the year	35,195,055	15,399,927	119,989,754	7,313,882	512,503	3,033,847	7,696,937	189,141,905
<u>30 September 2022</u>								
Cost								
Balance at beginning of the period	35,195,055	51,221,147	504,782,815	11,764,305	2,268,916	11,873,797	7,696,937	624,802,972
Additions	7,067,386	229,685	28,278,659	2,030,006	138,023	483,674	60,364,887	98,592,320
Disposals	-	-	(7,560,245)	-	-	-	-	(7,560,245)
Transfers from projects under construction	-	-	657,125	-	-	-	(657,125)	-
Balance at the end of the period	42,262,441	51,450,832	526,158,354	13,794,311	2,406,939	12,357,471	67,404,699	715,835,047
Accumulated depreciation								
Balance at beginning of the period	-	(35,821,220)	(384,793,061)	(4,450,423)	(1,756,413)	(8,839,950)	-	(435,661,067)
Depreciation expense	-	(1,311,851)	(22,279,718)	(1,486,263)	(139,336)	(1,112,847)	-	(26,330,015)
Disposals depreciation	-	-	7,142,114	-	-	-	-	7,142,114
Balance at the end of the period	-	(37,133,071)	(399,930,665)	(5,936,686)	(1,895,749)	(9,952,797)	-	(454,848,968)
Net book value at the end of the period	42,262,441	14,317,761	126,227,689	7,857,625	511,190	2,404,674	67,404,699	260,986,079

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

NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(IN THE NOTES ALL AMOUNTS ARE SHOWN IN EGYPTIAN POUNDS UNLESS OTHERWISE STATED)

Property, plant and equipment (continued)

The balance of project under construction as of 30 September 2022 is represented as flows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Furnace	60,445,628	3,389,018
Machineries	6,640,428	4,074,483
Others	318,643	233,436
	<u>67,404,699</u>	<u>7,696,937</u>

5. Bank borrowings and overdrafts

	<u>30 September 2022</u>	<u>31 December 2021</u>
A. <u>Current portion</u>		
Bank borrowings	76,573,585	61,562,978
Bank overdrafts	149,687,986	97,996,933
Total current portion	<u>226,261,571</u>	<u>159,559,911</u>
B. <u>Non-current portion</u>		
Bank borrowings	344,529,465	307,814,900
Total non-current portion	<u>344,529,465</u>	<u>307,814,900</u>
Total	<u>570,791,036</u>	<u>467,374,811</u>

In November 2019, the Company signed medium term loan agreements with the International Finance Corporation ("IFC") and Commercial International Bank "CIB") to refinance its existing medium-term debt and to provide funding for capital expenditure to increase production capacity, including furnace rebuilds, new production equipment, printing machines, resource efficiency improvements and streamlining of the cullet processing operation. The full amount of the facilities was disbursed in 2020 and resulted in settlement of all existing medium-term bank borrowings.

The loans have a seven-year tenor with 18-month grace and carries interest at 6-month LIBOR plus a margin.

The loans are secured with the following security package:

- First ranking real estate mortgage over the lands and buildings owned by the Company.
- Commercial establishment mortgage over Company movable assets.
- Restrictions over transfers of subsidiaries' shares owned by the Company.

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

NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(IN THE NOTES ALL AMOUNTS ARE SHOWN IN EGYPTIAN POUNDS UNLESS OTHERWISE STATED)

6. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, due to shortage of funding. Company's exposure to liquidity risk results primarily from the lack of offset between assets of maturities of assets and liabilities.

Management makes cash flow projections on periodic basis, and takes the necessary actions to negotiate with suppliers, follow-up the collections from customers and manage inventory balances in order to ensure sufficient cash is maintained to discharge the Company's liabilities. The Company's management monitors liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient cash cover to meet the cash outflows to settle the obligations of loans and borrowings to be able to maintain financial terms, guarantees and covenants at all times.

The Company limits liquidity risk by maintaining sufficient bank facilities and reserves, by monitoring cash forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Balances due to suppliers are normally settled with an average of 120 days from the date of purchase.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 30 September 2022 and 31 December 2021, based on contractual payment dates and current market interest rates.

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
30 September 2022				
Trade and notes payable	80,828,820	-	-	-
Creditors and other payables*	107,526,031	-	-	-
Due to related parties	105,973	-	-	-
Bank overdrafts	149,687,986	-	-	-
Bank borrowings	38,292,534	38,281,051	76,550,600	267,978,865
Future interest payment	18,341,003	16,506,958	27,511,780	38,518,348
Total	394,782,347	54,788,009	104,062,380	306,497,213
31 December 2021				
Trade and notes payable	51,465,117	-	-	-
Creditors and other payables*	62,763,009	-	-	-
Due to related parties	110,043,722	-	-	-
Bank overdrafts	97,996,933	-	-	-
Bank borrowings	30,781,489	30,781,489	61,562,980	246,251,920
Future interest payment	8,463,564	9,339,104	16,051,585	29,184,700
Total	361,513,834	40,120,593	77,614,565	275,436,620

* Creditors and other payables balances presented above excludes contract liabilities, social insurance authority and tax liabilities.

7. Financial instruments by category

The Company's financial instruments are represented in cash and cash equivalents, trade receivables, debtors, investments, trade payables, notes payables, creditors, loans and credit facilities. The book value of this financial instruments does not differ significantly from its fair value at the financial position date.

8. Subsequent events

On October 27, 2022, the Central Bank of Egypt announced a depreciation in the exchange rate of the Egyptian pound and an increase in interest rates on lending and deposits by average 2%. Accordingly, as a result of the depreciation in the exchange rate of the Egyptian pound, the US dollar was traded on the date of issuance of these financial statements in local banks between 24 and 24.20 Egyptian pounds.