

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

**LIMITED REVIEW REPORT AND
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 September 2021**

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

**Interim condensed separate financial statements
For the nine-month period ended 30 September 2021**

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Limited review report on the interim condensed Separate financial information

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

Introduction

We have reviewed the accompanying interim Separate statement of financial position at 30 September 2021 of Middle East Glass Manufacturing Company (S.A.E.) and the related interim Separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine months then ended. Management is responsible for the preparation and fair presentation of these interim Separate financial information in accordance with Egyptian Accounting Standard 30 "Interim financial reporting". Our responsibility is to express a conclusion on this interim condensed Separate financial information 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on this interim financial information.

Conclusion

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


Mehamed Elmoataz
R.A.A. 2747
F.R.A. 133

31 October 2021
Cairo

MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
INTERIM CONDENSED SEPARATE FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

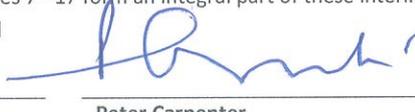
Condensed Separate statement of financial position

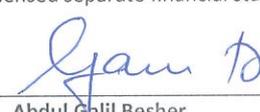
(All amounts in Egyptian Pounds)	Note	30 September 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	5	190,263,587	189,565,941
Intangible assets		128,904	865,113
Investments in subsidiaries		631,882,817	631,882,817
Financial assets at fair value through profit or loss		-	160,911,026
Trade and other receivables		-	4,511,266
Total non-current assets		822,275,308	987,736,163
Current assets			
Inventory		48,755,418	57,849,435
Trade and notes receivables		122,871,669	64,871,397
Prepaid expenses and other receivables		70,140,968	71,722,234
Due from related parties		553,113,931	501,125,055
Financial assets at amortized cost	3	12,569,647	-
Cash and bank balances		113,418,184	114,093,069
Total current assets		920,869,817	809,661,190
Assets classified as held for sale		160,911,026	-
Total assets		1,904,056,151	1,797,397,353
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		438,039,748	397,505,366
Total equity		1,131,694,759	1,091,160,377
Non-current liabilities			
Bank borrowings	6	338,380,997	369,612,439
Retirement benefits obligations		8,852,510	7,603,402
Deferred tax liabilities		39,524,127	38,220,580
Total non-current liabilities		386,757,634	415,436,421
Current liabilities			
Provisions		18,501,657	18,501,657
Bank overdrafts	6	94,133,882	98,436,568
Trade and notes payables		63,412,158	73,957,581
Accrued expenses and other payables		97,030,009	90,204,815
Bank borrowings - current portion	6	30,761,909	-
Due to related parties		81,764,143	9,699,934
Total current liabilities		385,603,758	290,800,555
Total liabilities		772,361,392	706,236,976
Total equity and liabilities		1,904,056,151	1,797,397,353

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

- Limited review report attached


 Mohamed Khalifa
 Chief Financial Officer


 Peter Carpenter
 Director


 Abdul Galil Beshar
 Chairman

Cairo 31 October 2021

MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
INTERIM CONDENSED SEPARATE FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

Condensed Separate statement of profit or loss
Three-months and Nine-months period ended 30 September 2021

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2021	2020	2021	2020
Continuing operations					
Revenue		614,209,020	507,141,215	238,259,767	196,497,318
Cost of sales		(460,636,221)	(401,816,920)	(181,975,864)	(152,427,768)
Gross profit		153,572,799	105,324,295	56,283,903	44,069,550
Selling and marketing expenses		(26,167,287)	(34,140,188)	(8,674,903)	(10,967,391)
General and administrative expenses		(37,136,009)	(32,253,067)	(12,511,796)	(11,496,276)
Other operating expenses		(6,722,867)	(26,259,995)	(4,798,470)	(7,209,188)
Other operating income		10,868,617	47,276,866	6,288,180	2,702,321
Operating profit		94,415,253	59,947,911	36,586,914	17,099,016
Finance costs – net	4(b)	(27,499,031)	(50,729,906)	(9,221,749)	(16,604,595)
Export subsidy -Non-Current- Present Value adjustment		-	(2,356,023)	-	(2,356,022)
Profit/ (Loss) before income tax		66,916,222	6,861,982	27,365,165	(1,861,601)
Income tax expense	4(c)	(16,016,917)	(9,262,479)	(6,381,716)	(1,845,875)
Profit / (loss) for the nine-month period		50,899,305	(2,400,497)	20,983,449	(3,707,476)
Earnings /(Loss) per share (basic / diluted)		1.01	(0.47)	0.42	(0.74)

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

**MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
 INTERIM CONDENSED SEPARATE FINANCIAL INFORMATION
 FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

**Condensed Separate statement of comprehensive income
 Three-months and nine-month period ended 30 September 2021**

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
(All amounts in Egyptian Pounds)				
Profit / (Loss) for the nine-month period	50,899,305	(2,400,497)	20,983,449	(3,707,476)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	50,899,305	(2,400,497)	20,983,449	(3,707,476)

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

MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
INTERIM CONDENSED SEPARATE FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

Condensed Separate statement of changes in equity
Nine-months period ended 30 September 2021

(All amounts in Egyptian Pounds)	Issued & paid up capital	Payment under capital increase	Reserves	Retained Earnings	Total
Balance at 1 January 2020	50,322,580	432,825,002	210,507,429	358,776,041	1,052,431,052
Total comprehensive income for the nine-month period	-	-	-	(2,400,497)	(2,400,497)
Dividends distribution employees	-	-	-	(13,646,470)	(13,646,470)
Balance at 30 September 2020	50,322,580	432,825,002	210,507,429	342,729,074	1,036,384,085
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 comprehensive income for the nine-month 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

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

MIDDLE EAST GLASS MANUFACTURING COMPANY S.A.E.
INTERIM CONDENSED SEPARATE FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

Condensed separate statement of cash flows
For the nine-months period ended 30 September 2021

(All amounts in Egyptian Pounds)	Note	30 September 2021	30 September 2020
Cash flows from operating activities			
Net profit for the period before tax		66,916,222	6,861,982
Adjusted by:			
Interest expense		27,723,249	36,703,366
Interest income		(1,689,756)	-
Depreciation and amortization		24,142,167	21,480,468
The effect of discounting the long-term export subsidies to the present value		-	2,356,022
Unrealized fair value gain on investments		-	(15,260,712)
Unrealized foreign exchange loss / (gain)		(469,533)	(6,670,242)
Gain on sale of subsidiary		-	(23,024,242)
Sale of property, plant and equipment (loss)/gain		1,519,103	1,580,529
Retirement benefit provision		3,150,000	-
Cash flows from operating activities before changes in working capital		121,291,452	24,027,171
Inventories		(2,194,826)	7,882,441
Trade and other receivables		(62,197,197)	(35,047,804)
Due from related parties		(51,988,876)	(28,474,984)
Trade and other payables		(11,127,246)	44,827,735
Due to related parties		72,064,209	49,940,598
Payment of employees' retirement benefits		(1,900,892)	(257,397)
Cash inflows from operations		63,946,624	62,897,760
Interest paid		(20,316,230)	(27,414,357)
Tax paid		-	-
Net cash outflow from operating activities		43,630,394	35,483,403
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(25,622,702)	(104,743,304)
Proceeds from sale of property, plant and equipment		-	86,842
Advance payment of fixed asset		(3,500,000)	-
Payment of treasury bills		(11,543,670)	-
Interest income received		663,779	-
Net cash outflow from investing activities		(40,002,593)	(104,656,462)
Cash flows from financing activities			
Repayments of bank borrowings		-	(217,057,574)
Proceed from Bank Borrowing		-	284,018,633
Bank over-drafts		(4,302,686)	18,155,279
Net cash inflow from financing activities		(4,302,686)	85,116,338
Net (decrease) / increase in cash and cash equivalent		(674,885)	15,943,279
Cash and cash equivalents at beginning of the period		114,093,069	13,015,985
Cash and cash equivalents at end of the period		113,418,184	28,959,264

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

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(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 ,6thDistrict, 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 bottles and the acquisition of other entities that operate in the same field.

The parent of the Company is MENA Glass Holdings Limited with 51.43% ownership.

The ultimate parent is Deram holding Inc.

Subsidiaries	Share	Activity
Middle East Glass Containers Sadat	99.99992%	Manufacturing Glass Containers
MEG Misr for Glass MEG	99.99993%	Manufacturing Glass Containers
Misr for Glass Manufacturing	Owned 99.9997% by MEG Misr for Glass MEG	Manufacturing all kinds of Glass Bottles and the acquisition of other entities that operate in the same field

These Separate financial statements have been approved for issuance by the Chairman of the Board of Directors on 31 October 2021.

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

This interim condensed Separate financial information for the nine-month reporting period ended 30 September 2021 has been prepared in accordance with Egyptian Accounting Standard 30 "Interim Financial Reporting".

This interim condensed Separate financial information does not include all the notes of the type normally included in an annual financial statement. Accordingly, this interim condensed Separate financial information is to be read in conjunction with the annual financial statement for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period.

The Company decided to choose adoption for all the below-mentioned new standards starting from 1 January 2021.

The accounting policies adopted in the preparation of this interim condensed Separate financial information are consistent with those of the previous financial year and corresponding interim reporting period, except for the effect of adopting new standards as shown below:

New and amended standards adopted by the Company

The Company applied the following standards, amendments and interpretations for the first time.

EAS (47) "Financial instruments"

The standard includes new classification and measurement method categories of financial assets that reflect the business model in order to manage the assets and the characteristics of its cash flows.

The Company has reviewed its financial assets and financial liabilities and identified the following impact from the application of the new standard on 1 January 2021:

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

Basis of preparation of the interim condensed Separate financial information (Continued)

Classification and measurement of financial assets and liabilities

- According to EAS 47, the financial asset is classified at the initial recognition either as financial assets at amortised cost, financial assets at fair value through comprehensive income or financial assets at fair value through profit or loss. The classification of financial assets in accordance with EAS 47 depends on the business model which manages the financial asset, contracted cash flows and its characteristics.
- According to the company's business model, trade receivables and other receivables are classified as financial assets at amortised cost. Therefore, the Company does not expect any effect of applying the new guidelines on the classification and measurement of these financial assets.
- Cash and cash equivalents' definition as per EAS 4 remains unchanged with the application of EAS 47, short-term investments and time deposits will continue to be presented under cash and cash equivalents, being highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- The Company does not have equity investments or other debt instruments that are managed using a business model to hold to sell or hold and sell.

Accordingly, the company does not expect the new guidance to affect the classification and measurement of these financial assets.

- EAS 47 largely maintains the requirements contained in EAS 25 related to the classification of financial liabilities, therefore, no significant impact on the company's accounting policies related to financial liabilities.
- The rules for re-recognition were transferred from the EAS 26 and has not been changed.
- The Company does not hold derivative instruments and does not enter into hedging relationships. Therefore, the new hedge accounting rules will not affect the Company.

Impairment of financial assets

The new impairment model requires recognition of impairment provisions based on expected credit losses instead of credit losses incurred only, as is the case in accordance with EAS 26. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under EAS 48 "Revenue from Contracts with Customers", lease receivables, loan commitments and some financial guarantee contracts. Based on the evaluations implemented to date, the Company identified an increase of EGP 2 million in credit losses for trade receivables provision, and no significant impairment is expected on account of bank balances.

On that basis, the loss allowance as at 1 January 2021 was determined as follows for both trade receivables and contract assets:

1 January 2021	Not Due	0 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360
Expected loss rate	0.17%	0.75%	1.84%	4.55%	6.99%	20.53%	20.53%
Gross carrying amount	51,206,403	314,238	9,584,885	2,955,634	8,674,384	2,365,117	4,063,968
Loss allowance	87,359	2,365	176,343	134,423	606,628	485,648	834,487

EAS (47) is effective for financial periods beginning on or after the 1 January 2021, and early application is permitted, provided that the revised EASs No. (1) "Presentation of financial statements", (25) "Financial instruments: Presentation", (26) "Financial Instruments: Classification and Measurement" and (40) "Financial instrument: Disclosures" are applied at the same time. The Company applied the new rules retrospectively as of 1 January 2021, with the adoption of the practical means permitted under the standard. Comparative figures for 2020 have not been restated.

EAS (48) "Revenue from Contracts with Customers"

This standard establishes a comprehensive concept framework by determining the amount and timing of revenue recognition. This standard replaces EAS (11) "Revenue", which covers contracts for sales of goods and services, and EAS (8) "Construction contracts".

The new standard is based on the principle of revenue recognition when control of a good or service transfers to a customer.

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

Basis of preparation of the interim condensed Separate financial information (Continued)

The management has assessed the effects of applying the new standard on the Company's financial statements, considering the economic and legal aspects of existing contracts with customers based on the five-step model under EAS 48.

Under existing contracts, the products manufactured and supplied are typically customized without any option for alternative use, manufactured within binding contractual arrangements. The customers' contracts represent the contract within the scope of EAS 48, when determining the transaction price, and whether variable considerations exist in the form of right of returns, discounts and possibly considerations to be paid to a customer in the form of price concession.

For contracts with customers, where the Company has an enforceable right to payment for the performance completed to date, the revenue for the goods concerned are recognized over time using the output method together with presentation under contract assets.

The Company assessed the effect of adopting EAS 48 to result in an increase in equity of EGP 2.5 million, a reduction in inventories of EGP 11.2 million and an increase in contract assets of EGP 13.8 million at 1 January 2021.

EAS 48 applies to the financial years beginning on or after 1 January 2021. The Company applied the new standard by using a modified approach for application retrospectively, which means that the cumulative effect of the application will be recognized in the retained earnings from 1 January 2021, and that the comparative figures have not been restated.

EAS (49) "Leases"

This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standard 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 lease liability, which represents his 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 lease'.

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has reviewed all of the leasing arrangements over the last year in light of the new lease accounting rules in EAS 49.

The company's activities as a lessor and lessee are not material therefore there is no significant impact on the financial statements.

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

Basis of preparation of the interim condensed Separate financial information (Continued)

Impact on the financial statements from the adoption of the new standard presented as follow:

(All amounts in Egyptian Pounds)	1 January 2021 before adoption	EAS 48	EAS 47	1 January 2021 after adoption
ASSETS				
Non-current assets				
Property, plant and equipment	189,565,941	-	-	189,565,941
Intangible assets	865,113	-	-	865,113
Investment in subsidiaries	631,882,817	-	-	631,882,817
Financial assets at fair value through profit or loss	160,911,026	-	-	160,911,026
Prepaid expenses and other receivables	4,511,266	-	-	4,511,266
Total non-current assets	987,736,163	-	-	987,736,163
Current assets				
Inventory	57,849,435	(11,288,843)	-	46,560,592
Trade and notes receivables	64,871,397	13,822,840	(2,327,253)	76,366,984
Prepaid expenses and other receivables	71,722,234	-	-	71,722,234
Due from related parties	501,125,055	-	-	501,125,055
Cash and bank balances	114,093,069	-	-	114,093,069
Total current assets	809,661,190	2,533,997	(2,327,253)	809,867,934
Total assets	1,797,397,353	2,533,997	(2,327,253)	1,797,604,097
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	397,505,366	2,533,997	(2,327,253)	397,712,110
Total equity	1,091,160,377	2,533,997	(2,327,253)	1,091,367,121
Non-current liabilities				
Bank borrowings	369,612,439	-	-	369,612,439
Retirement benefits obligations	7,603,402	-	-	7,603,402
Deferred tax liabilities	38,220,580	-	-	38,220,580
Total non-current liabilities	415,436,421	-	-	415,436,421
Current liabilities				
Provisions	18,501,657	-	-	18,501,657
Bank overdrafts	98,436,568	-	-	98,436,568
Trade and notes payables	73,957,581	-	-	73,957,581
Accrued expenses and other payables	90,204,815	-	-	90,204,815
Due to related parties	9,699,934	-	-	9,699,934
Total current liabilities	290,800,555	-	-	290,800,555
Total liabilities	706,236,976	-	-	706,236,976
Total equity and liabilities	1,797,397,353	2,533,997	(2,327,253)	1,797,604,097

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

3. Significant changes in the current reporting period

In response to the spread of the Covid-19 in Egypt and other territories and its resulting disruptions to the social and economic activities in those markets, the Company's management has proactively assessed its impact on its operations and has taken a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets.

The Company manufactures and sells glass bottles and containers to its customers who are operating in the food, beverage and pharmaceutical industries. These industries currently remain largely unaffected as they are exempt from various bans and constraints imposed by various regulatory authorities. Based on these factors, management believes that the Covid-19 pandemic has had no material effects on the Group's reported financial results for the nine-month period ended 30 September 2021. The management continues to monitor the situation closely.

However, as explained above, the Company has reviewed the key sources of estimate uncertainties disclosed in the last annual Separate financial statements against the backdrop of Covid-19 pandemic as follows:

Impairment of non-financial assets: There are no indicators of impairments in the activities of the business, as all of the cash generating units are operating at normal capacity while the gross margin remains consistent with prior periods and budget.

Impairment of financial assets: The Company manufactures its products in accordance with customers' specifications under enforceable contracts that specify prices and quantities to be delivered. As explained above, the company's major customers are not affected by the situation, also there is no a substantial shift in the aging profile that would suggest financial difficulty of the counterparties. Hence there are no indicators of impairments in respect of the company's financial assets subject to impairment measurement.

All other sources of estimate uncertainty remain similar to those disclosed in the annual separate financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

Purchase of treasury bills

The Company purchased Egyptian treasury bills at par value amounting LE 11,543,670 with an annual average interest of 12.84% with maturity of one year. The total interest income recognized during the period amounted to LE 1,025,977.

Assets classified as held-for-sale

On 12 July 2021, the Board of Directors meeting approved to exercise the put option to sell all of the company's shares in Medco Plast for Packing and Packaging Systems S.A.E in accordance with the shareholders agreement, the sales is expected to be accomplished before the end of the year, accordingly the investment has been classified under assets held for sale in accordance with EAS 32 "Non-current assets held for Sale and discontinued operations"

4. Profit and loss information

4(a) Significant items

	Nine-month period ended 30 September	
	2021	2020
Export subsidy	7,341,795	7,172,003
Fair value gain on investment	-	15,260,712

4(b) Finance costs

	Nine-month period ended 30 September	
	2021	2020
Bank interest	(27,723,249)	(36,703,366)
Interest income	1,689,756	-
Refinancing transaction cost	(1,061,807)	(8,268,830)
Export subsidy interest	(548,038)	
Foreign exchange gain/losses	144,307	(5,757,710)
Total finance cost	(27,499,031)	(50,729,906)

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

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Profit and loss information (continued)

(c) Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The average annual tax rate used for the period to 30 September 2021 is 24% compared to NIL for the nine months ended 30 September 2020. There is no material change in the effective tax rate for the period as compared to prior period.

5. Property, plant and equipment

	Land	Buildings	Machinery, & vehicles	Furniture & office equipment	Projects under construction	Total
31 December 2020						
Cost						
Balance at beginning of the year	9,968,571	48,958,326	456,647,088	12,047,397	235,331	527,856,713
Additions	22,612,030	985,054	81,332,752	1,159,939	7,486,099	113,575,874
Disposals	-	-	(39,925,168)	(20,020)	-	(39,945,188)
Transferred from projects under construction	-	-	9,075	36,589	(45,664)	-
Balance at the end of the year	32,580,601	49,943,380	498,063,747	13,223,905	7,675,766	601,487,399
Accumulated depreciation						
Balance at beginning of the year	-	(32,355,939)	(382,396,943)	(7,555,106)	-	(422,307,988)
Depreciation expense	-	(1,690,835)	(24,791,030)	(1,496,263)	-	(27,978,128)
Disposals Depreciation	-	-	38,344,638	20,020	-	38,364,658
Balance at the end of the year	-	(34,046,774)	(368,843,335)	(9,031,349)	-	(411,921,458)
Net book value at the end of the year	32,580,601	15,896,606	129,220,412	4,192,556	7,675,766	189,565,941
30 September 2021						
Cost						
Balance at beginning of the year	32,580,601	49,943,380	498,063,747	13,223,905	7,675,766	601,487,399
Additions	2,614,455	1,277,768	17,056,202	549,157	4,125,122	25,622,704
Disposals	-	-	(1,519,105)	-	-	(1,519,105)
Transferred from projects under construction	-	-	510,433	-	(510,433)	-
Balance at the end of the period	35,195,056	51,221,148	514,111,277	13,773,062	11,290,455	625,590,998
Accumulated depreciation						
Balance at beginning of the period	-	(34,046,774)	(368,843,335)	(9,031,349)	-	(411,921,458)
Depreciation expense	-	(1,330,498)	(20,916,725)	(1,158,730)	-	(23,405,953)
Balance at the end of the period	-	(35,377,272)	(389,760,060)	(10,190,079)	-	(435,327,411)
Net book value at the end of the period	35,195,056	15,843,876	124,351,217	3,582,983	11,290,455	190,263,587

The balance of project under construction as of 30 September 2021 is represented as flows:

	30 September 2021	31 December 2020
New and Upgraded furnace	3,389,017	731,919
Machinery	7,666,107	6,710,411
Others	235,331	233,436
	11,290,455	7,675,766

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6. Bank borrowings and overdraft

	30 September 2021	31 December 2020
A. Borrowings - current portion		
Bank loans	30,761,909	-
Bank overdrafts	94,133,882	98,436,568
Total current portion	124,895,791	98,436,568
B. Borrowings non-current portion		
Bank loans	338,380,997	369,612,439
Total non-current portion	338,380,997	369,612,439
Total	463,276,788	468,049,007

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.

7. Fair value of financial instruments

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or pay the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or the liability.

The Company should be able to have access to the principal market or the most advantageous market. In the absence of principal market, the Company does not need to conduct a thorough search of all possible markets to determine the principal or the most advantageous market. However, the Company takes into consideration all information reasonably available.

The table below shows the financial assets and liabilities at fair value in the Separate financial statements at 30 September 2021 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

- Level 1 - Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which the Company can have access to at the date of measurement.
- Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, the fair value of financial assets at fair value through profit or loss is measured within this category
- Level 3- Unobservable inputs of the asset or the liability, fair value of derivative financial instruments are measured within this category.

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Fair value measurement (continued)

The fair values of financial instruments are not materially different from their carrying values. The fair value of financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Cash and bank balances, 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 loans approximates its fair value since the loans bears floating market rate of interest hence the loans principal approximate fair value.
- Fair value of investment at fair value through profit or loss was determined using market comparison technique. The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities, and the revenue and EBITDA of the investee. The estimate is adjusted for the net debt of the investee. This is a level 2 recurring Fair value measurement using significant observable input.
- The fair value of put and call options were determined using significant unobservable input within level 3 within the fair value hierarchy as follows:

The fair value was determined Using Black-Scholes-Merton options pricing model

Earnings before interest, tax, depreciation and amortization "EBITDA"; this was determined in accordance with a projected business plan approved by management.

Maturity	1.6 years for the put option
Volatility	Assumed to be 59.25% based on the EGX 30
Risk free rate	Estimated to be 13.44% based on the yield of Egyptian Government Bonds maturing closest to the maturity date of the options

Regarding the exercise dates of the put and call options, for the assessment of fair value, the management assumed that the put option would be exercised earlier than the time when the call option becomes exercisable. Therefore, the call option is expected to expire before it becomes exercisable and therefore, assigned a zero value as at 30 September 2021.

Sensitivity of fair value to the changes in significant inputs:

If the risk-free rate increase / decrease in by 1% with the rest of the inputs remaining constant, the fair value of the put option will decrease / increase by EGP 3 million.

If the volatility rate is increase/ decrease by 1% with the other inputs remaining constant, the fair value of the put option will decrease / increase by EGP 1 million.

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8. 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 2021 and 31 December 2020, 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 2021				
Trade and notes payable	63,412,158	-	-	-
Accrued expenses and other payables *	72,808,764	-	-	-
Bank overdrafts	-	94,133,882	-	-
Loans and borrowings	-	30,761,909	61,523,818	276,857,179
Future Interest	9,336,239	10,425,466	18,050,063	35,010,897
Due to Related Parties	-	81,764,143	-	-
Total	145,557,161	217,085,400	79,573,881	311,868,076
31 December 2020				
Trade and notes payable	73,957,581	-	-	-
Accrued expenses and other payables *	60,814,976	-	-	-
Bank overdrafts	98,436,568	-	-	-
Loans and borrowings	-	-	61,601,730	308,010,709
Future Interest	11,282,432	11,282,432	20,684,459	47,010,135
Due to Related Parties	-	9,699,934	-	-
Total	244,491,557	20,982,366	82,286,189	355,020,844

* Accrued expenses and other payables presented above excludes advances from customers, social insurance authority and tax liabilities.

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9. Financial instruments by category

Financial assets:

	Loans and receivables		Fair value P&L	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Trade and notes receivables	122,871,669	64,871,397	-	-
Other receivables	45,438,735	47,865,477	-	-
Due from related parties	553,113,931	501,125,055	-	-
Financial assets at fair value	-	-	-	160,911,026
Financial assets at amortized cost	12,569,647	-	-	-
Classified as held for sale during the period)			160,911,026	-
Cash and bank balances	113,418,184	114,093,069	-	-

Financial liabilities:

	Other financial liabilities		Fair value P&L	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Bank overdrafts	94,133,882	98,436,568	-	-
Bank borrowings-non-current portion	338,380,997	369,612,439	-	-
Bank borrowings-current portion	30,761,909	-	-	-
Trade and other payable	136,220,922	135,017,611	-	-
Due to related parties	81,764,143	9,699,934	-	-

- Trade and notes receivables presented above excludes contract assets.
- Other receivables presented above excludes prepaid expenses, advances to suppliers and tax receivable.
- Trade and other payables presented above excludes advances from customers and social insurance authority and tax liabilities.