

MIDDLE EAST GLASS MANUFACTURING COMPANY

LIMITED REVIEW REPORT
AND INTERIM CONDENSED SEPARATE
FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

MIDDLE EAST GLASS MANUFACTURING COMPANY

**Interim condensed separate financial statements
For the three-month period ended 31 March 2024**

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Limited review report on the interim condensed separate financial statements

To the Board of Directors of Middle East Glass Manufacturing Company

Introduction

We have conducted a limited review for the accompanying interim condensed separate statement of financial position of Middle East Glass Manufacturing Company (the "Company") as of 31 March 2024 and the related interim condensed separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and fair presentation of these interim condensed separate financial statements in accordance with Egyptian Accounting Standard 30 "Interim financial statements", and our responsibility is to express a conclusion on these interim condensed separate financial statements based on our limited review.

Scope of limited review

We have conducted our limited review in accordance with the 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 interim condensed separate financial statements.

Conclusion

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



Tamer Abdel Tawab
Fellow of Egyptian Society of Accountants & Auditors
Member of American Institute of Certified Public Accountants
R.A.A 17996
F.R.A 388

20 May 2024
Cairo

MIDDLE EAST GLASS MANUFACTURING COMPANY


**INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2024**

(All amounts in Egyptian Pounds)			
	Note	31 March 2024	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	4	737,683,301	739,716,667
Prepayments of property, plant and equipment		9,365,255	7,905,087
Intangible assets		3,646,855	3,920,602
Investment in subsidiaries		632,632,817	632,632,817
Deferred tax assets		86,957,367	28,505,323
Total non-current assets		1,470,285,595	1,412,680,496
Current assets			
Inventory		110,462,289	140,189,536
Trade and other receivables	5	1,152,794,854	1,059,281,869
Cash and cash equivalents		359,509,189	242,860,887
Total current assets		1,622,766,332	1,442,332,292
Total assets		3,093,051,927	2,855,012,788
Equity			
Issued and paid-up capital		62,627,993	62,627,993
Legal reserve		31,313,996	31,313,996
Share premium reserve		629,609,334	629,609,334
Other reserves		13,129,007	13,129,007
Retained earnings		325,306,156	437,334,394
Total equity		1,061,986,486	1,174,014,724
Liabilities			
Non-current liabilities			
Bank Borrowings - non-current portion	7/b	554,771,741	362,916,118
Retirement benefits obligations		9,953,771	9,708,239
Total non-current liabilities		564,725,512	372,624,357
Current liabilities			
Provisions		32,438,375	32,438,375
Trade and other payables	6	958,276,581	967,105,520
Income tax liability		14,904,372	-
Bank Borrowings - current portion	7/a	419,179,765	288,839,698
Interest payable		41,540,836	19,990,114
Total current liabilities		1,466,339,929	1,308,373,707
Total liabilities		2,031,065,441	1,680,998,064
Total equity and liabilities		3,093,051,927	2,855,012,788

- The accompanying notes from 1 to 10 form an integral part of these interim condensed separate financial statements.
- Limited review report attached.


Mohamed Khalifa
Chief Financial Officer


Peter Carpenter
Director


Abdul Gallil Beshier
Chairman

20 May 2024

MIDDLE EAST GLASS MANUFACTURING COMPANY**INTERIM CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024**

(All amounts in Egyptian Pounds)	<u>Note</u>	<u>31 March 2024</u>	<u>31 March 2023</u>
Revenue from contracts with customers		397,481,714	213,632,337
Cost of sales		(254,657,439)	(163,084,407)
Gross profit		142,824,275	50,547,930
Selling and marketing expenses		(8,239,803)	(7,129,757)
General and administrative expenses		(21,866,196)	(16,316,681)
Other operating income	3/a	24,776,887	11,460,940
Other operating expenses	3/b	(4,842,882)	(5,851,953)
Profit from operations		132,652,281	32,710,479
Finance costs		(28,036,008)	(21,414,794)
Unrealized foreign exchange loss		(59,320,608)	(120,626,816)
Finance income		8,219,513	1,569,804
Net finance cost		(79,137,103)	(140,471,806)
Profit/(loss) before tax		53,515,178	(107,761,327)
Income tax	3/c	(12,831,397)	21,756,390
Profit/(loss) for the period		40,683,781	(86,004,937)
Basic and diluted earning/ (loss) per share		0.37	(1.62)

- The accompanying notes from 1 to 10 form an integral part of these interim condensed separate financial statements.

MIDDLE EAST GLASS MANUFACTURING COMPANY

**INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024**

(All amounts in Egyptian Pounds)

	31 March 2024	31 March 2023
Profit/(loss) for the period	40,683,781	(86,004,937)
Other comprehensive income	-	-
Total comprehensive profit/ (loss) for the period	40,683,781	(86,004,937)

- The accompanying notes from 1 to 10 form an integral part of these interim condensed separate financial statements.

MIDDLE EAST GLASS MANUFACTURING COMPANY

**INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

(All amounts in Egyptian Pounds)

	Issued and paid-up capital	Reserves			Retained earnings	Total
		Share premium reserve	Other reserves	Legal reserve		
Balance at 1 January 2023	62,627,993	629,609,334	13,129,007	31,313,996	434,029,662	1,170,709,992
Total comprehensive loss for the period	-	-	-	-	(86,004,937)	(86,004,937)
Balance at 31 March 2023	62,627,993	629,609,334	13,129,007	31,313,996	348,024,725	1,084,705,055
Balance at 1 January 2024						
(Before adjustment)	62,627,993	629,609,334	13,129,007	31,313,996	437,334,394	1,174,014,724
Effect of applying EAS 13	-	-	-	-	(152,712,019)	(152,712,019)
Balance at 1 January 2024						
(After adjustment)	62,627,993	629,609,334	13,129,007	31,313,996	284,622,375	1,021,302,705
Total comprehensive income for the period	-	-	-	-	40,683,781	40,683,781
Balance at 31 March 2024	62,627,993	629,609,334	13,129,007	31,313,996	325,306,156	1,061,986,486

- The accompanying notes from 1 to 10 form an integral part of these interim condensed separate financial statements.

MIDDLE EAST GLASS MANUFACTURING COMPANY

**INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

(All amounts in Egyptian Pounds)	Note	31 March 2024	31 March 2023
Cash flows from operating activities			
Profit/(loss) for the period before tax		53,515,178	(107,761,327)
Adjusted by:			
Interest expense		27,385,021	21,106,808
Interest income		(8,219,513)	(1,569,804)
Depreciation and amortization		20,199,344	4,604,876
loss /(Gain) on sale of property and equipment		8,767	(65,789)
Provisions formed		-	441,145
Provision no longer required		(14,852)	(230,539)
Retirement benefit obligations provision		900,000	1,605,000
foreign exchange loss		59,320,608	120,626,816
Operating profit before changes in working capital		153,094,553	38,757,186
Change in working capital			
Inventories		29,727,247	(22,233,909)
Trade and other receivables		(105,541,453)	(25,162,729)
Trade and other payables		(1,796,824)	220,226,943
Provisions used		-	(1,799,809)
Cash flows generated from operations		75,483,523	209,787,682
Payment of employees' retirement benefits		(654,468)	(285,806)
Interest paid		(13,427,292)	(3,625,494)
Net cash flows generated from operating activities		61,401,763	205,876,382
Cash flows from investing activities			
Purchase of property, plant and equipment		(16,844,624)	(118,338,885)
Proceeds from sale of property, plant and equipment		-	65,789
Advance payment for Property, plant and equipment suppliers		(2,516,543)	(43,526,753)
Payments for purchase of financial assets at amortized cost		(83,309,340)	-
Proceeds from matured financial assets at amortized cost		83,675,840	-
Interest income received		8,664,670	1,569,802
Cash flows used in investing activities		(10,329,997)	(160,230,047)
Cash flows from financing activities			
Short-term credit facilities – net movement	7/a	66,388,193	58,327,744
Net cash generated from financing activities		66,388,193	58,327,744
Net increase in cash at banks		117,459,959	103,974,079
Cash at banks at beginning of the period		156,182,290	88,939,803
Cash at banks at end of the period		273,642,249	192,913,882

Cash and cash equivalents are represented as follows:

Cash at banks	273,642,249	192,913,882
Financial assets at amortized cost (with maturity less than 3 months)	85,866,940	-
Cash and cash equivalents at the end of the period	359,509,189	192,913,882

- The accompanying notes from 1 to 10 form an integral part of these interim condensed separate financial statements.

MIDDLE EAST GLASS MANUFACTURING COMPANY

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

1. General information

Middle East Glass Manufacturing Company (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's term is 25 years, starting from 20 January 2004 till 19 January 2029.

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

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 52.90% ownership. The Company is ultimately controlled by Mr. Abdul Galil Basher.

Users of these separate financial statements should read them with the Group's consolidated financial statements as of 31 March 2024 in order to obtain full information on the financial position, results of operations, its cash flow and changes in equity of the company.

These interim condensed separate financial statements were approved by the Board of Directors of the Company on 20 May 2024.

Percentage of ownership in subsidiaries

The company's ownership percentage in subsidiaries are shown below as of 31 March 2024 unless otherwise was noted, and the percentage of the Company's share of the companies is direct ownership of the ordinary shares of the paid-up capital only.

<u>Subsidiaries</u>	<u>Location</u>	<u>Functional currency</u>	<u>Ownership interest held by the company 2024</u>	<u>Ownership interest held by the company 2023</u>	<u>Activity</u>
Middle East Glass Containers Sadat	Egypt	Egyptian Pound	99.99992%	99.99992%	Manufacturing Glass Containers
MEG Misr for Glass MEG (S.A.E.)	Egypt	Egyptian Pound	99.99993%	99.99993%	Sale and distribution of glass
Misr for Glass Manufacturing S.A.E.	Egypt	Egyptian Pound	Owned 99.9997% by MEG Misr for Glass MEG (S.A.E)	Owned 99.9997% by MEG Misr for Glass MEG (S.A.E)	Manufacturing all kinds of Glass Containers and the acquisition of other entities that operate in the same field

MIDDLE EAST GLASS MANUFACTURING COMPANY

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim condensed separate financial statements summarized below. They were applied consistently over the presented financial periods unless otherwise stated:

2.1 Basis of preparation of the interim condensed Separate financial statements

This interim condensed separate financial statements for the three-month reporting period ended 31 March 2024 have been prepared in accordance with Egyptian Accounting Standard 30 "Interim Financial Statements".

This interim condensed separate financial statement does not include all the notes of the type normally included in an annual financial statement. Accordingly, this interim condensed separate financial statement is to be read in conjunction with the annual separate financial statements for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period.

2.2 New releases and amendments to the Egyptian Accounting Standards

The Minister of Investment issued Decision No. 636 for year 2024 on 31 March 2024, amending some provisions of Egyptian accounting standards, which are summarized as follows:

- A) Egyptian Accounting Standard No. (13) "Effect of change in the currency exchange rate"
- B) Egyptian Accounting Standard No. (17) "Separate financial statements "
- C) Egyptian Accounting Standard No. (34) "Investment in property "

The company determined that these amendments do not have a material impact on the company's financial statements except for effect of applying EAS (13) as illustrated below.

2.3 Effect of applying Egyptian Accounting Standard No.(13)

On March 3, 2024, the prime minister has issued decree No. 636, amending the Egyptian Accounting Standard No.13 (EAS 13) "the effect of changes in foreign currency exchange rates", paragraph 57A, effective from 1 January 2024.

The Company has applied the amendment in paragraph EAS13.57A and made an assessment to determine whether there is lack of exchangeability of foreign currencies against the Egyptian Pound. Below is summary of the outcome of that assessment.

A) Lack of Exchangeability assessment

The Company assessed that there is no lack of exchangeability for assets denominated in foreign currencies as at 1 January 2024, the date of application of EAS 13 revised. This assessment was made on the premise that assets denominated in foreign currencies may be exchanged at the bank at any point of time without any difficulty.

The Company management is confident that their forecasted cash flows will prevent a negative foreign currency position. The management believe that the Company's assets will sufficiently cover liabilities in foreign currency from exporting operations and the foreign currency generated from these activities. Furthermore, the Company has not experienced any default incidents related to foreign currency liabilities in the past when they came due.

MIDDLE EAST GLASS MANUFACTURING COMPANY

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

2. Summary of significant accounting policies (continued)

2.3 New accounting standards (continued)

A) Lack of Exchangeability assessment (continued)

The Company also assessed that the lack of exchangeability for liabilities denominated in foreign currencies, and believes that the Company's expected future cash inflows in foreign currency would be sufficient to settle the Company's liabilities denominated in foreign currencies, however as at 1 January 2024, total liabilities denominated in foreign currencies exceeded the available monetary assets in foreign currencies, and according to the revised standard EAS 13 "Effects of changes in foreign exchange rates" these assets and liabilities have been revaluated at 1 January 2024 using the first rate that was available to the Group (USD 1=EGP 47.22) to source foreign currency subsequent to the application date of the revised standard during March 2024, as summarized below.

B) Currency Position

Below is summary of monetary assets and liabilities denominated in USD, GBP and EUR outstanding from 1 January 2024:

Statement of financial positions line item	Outstanding balances from 1 January 2024 USD	Outstanding balances from 1 January 2024 EUR
Total assets in foreign currency		
Cash and cash equivalents	3,762,000	-
Account receivables	6,908	-
Total	3,768,908	-
Total liabilities in foreign currency		
Loans	(15,664,880)	-
Trade payables	(136,293)	(33,247)
Total	(15,801,173)	(33,247)
Net liabilities position		
Loans	(12,032,265)	-
Trade payables	-	(33,247)
Total	(12,032,265)	(33,247)

C) Monetary effect of applying EAS 13 Revised

The following table represent the effect of EAS 13 revised on opening retained earnings:

Description	Foreign currency	Balance in foreign currency	Difference of using the estimated exchange rate on profit / (loss) EGP	Deferred income tax on profit / (loss) EGP	Net Effect on R.E Increase / (decrease) EGP
Net liabilities	USD	(12,032,265)	(196,486,890)	44,209,550	(152,277,340)
	EUR	(33,247)	(560,876)	126,197	(434,679)
Net			(197,047,766)	44,335,747	(152,712,019)

MIDDLE EAST GLASS MANUFACTURING COMPANY

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

3. Profit or loss information

a) Other operating income

	Three-month period ended	
	31 March 2024	31 March 2023
Foreign currency exchange gain from operations	10,047,675	4,702,465
Accrued export incentives	6,643,746	3,053,960
Scrap sales	6,545,711	1,309,977
Other income	1,306,554	2,098,209
Insurance recovery	218,349	-
Provision no longer required	14,852	230,540
Gain on sale of fixed assets	-	65,789
	24,776,887	11,460,940

b) Other operating expense

	Three-month period ended	
	31 March 2024	31 March 2023
Consultancy Fees	1,359,159	532,687
Social insurance contribution	1,032,025	770,352
Non-recurring production losses	611,989	842,832
Provision formed	-	441,145
Government labor office expense	21,967	-
Loss on sale of property, plant and equipment	8,767	-
Tax Differences	-	2,253,658
Other expenses	1,808,975	1,011,279
	4,842,882	5,851,953

c) Income tax

	Three-month period ended	
	31 March 2024	31 March 2023
Income tax expense	(26,947,693)	(7,278,013)
Deferred income tax	14,116,296	29,034,403
	(12,831,397)	21,756,390

Income tax expense is recognised based on company results for the financial period. Accordingly, the average annual tax rate used for the period 31 March 2024 is 24% compared to Nil for the three-month ended 31 March 2023.

MIDDLE EAST GLASS MANUFACTURING COMPANY

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

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

4. Property, plant and equipment

	Land	Buildings	Machinery, equipment & moulds	Vehicles and transportation	Furniture & office equipment	Computer systems	Projects under construction	Total
31 December 2023								
Cost								
Balance at beginning of the year	42,262,441	51,450,833	533,996,607	13,794,310	2,767,758	12,771,433	234,526,531	891,569,913
Additions	73,594,437	14,629,544	268,243,362	6,543,727	872,534	1,951,719	7,845,634	373,680,957
Disposals	-	-	(88,975,231)	-	-	-	-	(88,975,231)
Transferred from projects under construction	-	1,146,546	216,108,481	-	-	-	(217,255,027)	-
Balance at the end of the year	115,856,878	67,226,923	929,373,219	20,338,037	3,640,292	14,723,152	25,117,138	1,176,275,639
Accumulated depreciation								
Balance at beginning of the year	-	(37,574,761)	(404,096,274)	(6,529,231)	(1,951,157)	(10,331,764)	-	(460,483,187)
Depreciation expense	-	(2,452,269)	(57,338,695)	(2,779,607)	(297,502)	(1,644,309)	-	(64,512,382)
Disposals Depreciation	-	-	88,436,597	-	-	-	-	88,436,597
Balance at the end of the year	-	(40,027,030)	(372,998,372)	(9,308,838)	(2,248,659)	(11,976,073)	-	(436,558,972)
Net book value at the end of the year	115,856,878	27,199,893	556,374,847	11,029,199	1,391,633	2,747,079	25,117,138	739,716,667
31 March 2024								
Cost								
Balance at beginning of the year	115,856,878	67,226,923	929,373,219	20,338,037	3,640,292	14,723,152	25,117,138	1,176,275,639
Additions	-	2,441,271	12,035,904	-	993,722	-	2,430,102	17,900,999
Disposals	-	-	-	-	(13,811)	(16,170)	-	(29,981)
Transferred from projects under construction	-	3,095,815	52,616	-	1,181,656	-	(4,330,087)	-
Balance at the end of the year	115,856,878	72,764,009	941,461,739	20,338,037	5,801,859	14,706,982	23,217,153	1,194,146,657
Accumulated depreciation								
Balance at beginning of the year	-	(40,027,030)	(372,998,372)	(9,308,838)	(2,248,659)	(11,976,073)	-	(436,558,972)
Depreciation expense	-	(793,918)	(17,923,236)	(761,044)	(124,082)	(323,317)	-	(19,925,597)
Disposals Depreciation	-	-	-	-	13,465	7,748	-	21,213
Balance at the end of the year	-	(40,820,948)	(390,921,608)	(10,069,882)	(2,359,276)	(12,291,642)	-	(456,463,356)
Net book value at the end of the year	115,856,878	31,943,061	550,540,131	10,268,155	3,442,583	2,415,340	23,217,153	737,683,301

MIDDLE EAST GLASS MANUFACTURING COMPANY

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

4. Property, plant and equipment (continued)

Project under construction as of 31 March 2024 is as follows:

	31 March 2024	31 December 2023
Machinery	18,046,693	17,487,351
New Project-10th Ramadan Land	5,127,844	3,619,784
MEG new mezzanine extension	-	3,947,555
Others	42,616	62,448
	23,217,153	25,117,138

5. Trade and other receivables

	31 March 2024	31 December 2023
Net trade receivables	136,637,514	124,277,110
Contract assets	105,707,304	58,281,916
Export incentives	34,512,849	27,869,103
Due from tax authority	6,633,085	16,965,055
Debtors and other receivable	79,783,921	55,966,104
Due from related parties	789,520,181	775,922,581
	1,152,794,854	1,059,281,869

6. Trade and other payables

	31 March 2024	31 December 2023
Trade and notes payables	161,988,133	195,228,259
Accrued Expenses	104,880,674	85,513,668
Contract liabilities	13,702,652	14,487,259
Social insurance authority	1,353,104	672,371
Creditors and other payable	12,640,635	13,431,081
Due to tax Authority	8,219,298	2,935,919
Due to related parties	655,492,085	654,836,963
	958,276,581	967,105,520

MIDDLE EAST GLASS MANUFACTURING COMPANY

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

7. Bank borrowings

	<u>31 March 2024</u>	<u>31 December 2023</u>
a) Bank Borrowings - current portion		
Bank borrowings	184,923,912	120,972,038
Short term credit facilities	234,255,853	167,867,660
Total current portion	419,179,765	288,839,698
b) Bank Borrowings - non-current portion		
Bank borrowings	554,771,741	362,916,118
Total non-current portion	554,771,741	362,916,118
Total	973,951,506	651,755,816

In November 2019, the Group companies 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 outstanding loan balance as of 31 March 2024 amounts to EGP 739,695,654.

The loans have a seven-year tenor with 18-month grace and carries interest at 6-month SOFR 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 with the carrying amounts in EGP 147.7 million (31 December 2022: EGP 143 million).
 - A first ranking Commercial Establishment Mortgage over the tangible and intangible assets owned by the Company.
 - Promissory Notes corresponding to the repayment dates and amounts.
 - First ranking Share Pledge in favor of the Senior Secured Lenders or an agent acting on their behalf over the subsidiaries' shares owned by the Company.
- c) Balance of Interest accrued on the company's borrowing at 31 March 2024 is amounting to EGP 41,540,836 (31 December 2023: EGP 19,990,114).

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 a shortage of funding. The Company's exposure to liquidity risk results primarily from the mismatching of the maturities of its assets and liabilities.

Management makes cash flow projections on periodic basis, and take 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.

MIDDLE EAST GLASS MANUFACTURING COMPANY

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

8. Liquidity risk (continued)

The table below summarises the maturities of the Company's undiscounted financial liabilities 31 March 2024 and 31 December 2023, 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
31 March 2024				
Trade and other payables*	935,001,527	-	-	-
Short term credit facilities	234,255,853	-	-	-
Loans and borrowings	92,461,956	92,461,956	184,923,913	369,847,828
Future interest	74,975,640	28,658,402	42,987,605	28,658,409
Total	1,336,694,976	121,120,358	227,911,518	398,506,237
31 December 2023				
Trade and other payables*	949,009,982	-	-	-
Short term credit facilities	167,867,659	-	-	-
Loans and borrowings	60,486,019	60,486,019	120,972,039	241,944,079
Future Interest	43,734,357	20,578,344	31,658,992	25,327,199
Total	1,221,098,017	81,064,363	152,631,031	267,271,278

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

9. 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 these financial instruments does not differ significantly from fair value at the financial position date.

10. Significant events during the period

On 1 February 2024, The Monetary Policy Committee of the Central Bank of Egypt decided in its extraordinary meeting to raise the overnight deposits and lending interest rates and the Central Bank main operation rate by 200 basis points. Then on March 6, 2024, it has been raised by 600 basis points reaching 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rates were also raised by 600 basis points.

The Central Bank of Egypt announced that it would allow the foreign exchange rate to be determined against the Egyptian pound as per market mechanisms, starting from 6 March 2024. On the date of issuance of these financial statements, the US dollar was trading in local banks at 47.22 Egyptian pounds approximately.