

**Accountability State Authority
Audit of Marine Transportation Department**

6 Talaat Harb- Alexandria

AUDITOR'S REPORT
On Amended Financial Statements
Of Alexandria Container & Cargo Handling Company

At 30/6/2017

Messrs. Stakeholders

Report on the Financial Statements:

We have audited the accompanying financial statements of Alexandria Container and Cargo Handling Company (An Egyptian subsidiary joint stock company subject to Law No. 203 of 1991) which comprise the statement of financial position as of 30/6/2017 with a total assets amounted to EGP 5,009 billion and the statement of income for the year then ended with a net profit amounted to EGP2,192 billion the statements of comprehensive income, changes in equity and cash flows for the Financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements:

These financial statements are the responsibility of the Company's Management as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and in the light of relevant Egyptian laws and regulations. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and Perform the accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of relevant Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. While valuating those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Accountability State Authority

Audit Marine Transportation Department

6 Talaat Harb- Alexandria

Basis of Qualified Opinion:

- 1- We recommend that the estimated useful lives and estimated residual values of the fixed assets should be reviewed periodically, at least at the end of each financial year, as it has an impact on the depreciation expense for the current and future periods, as required by Standard No. (10) of the Egyptian Accounting Standards as an integral part of the frame work of the unified accounting system, especially fixed assets include assets amounted to EGP 971 million, which are fully depreciated and still operational.
- 2- Provision for legal disputes amounted to EGP 34,261 million, representing 100% of the value of the claims filed against the company in accordance with the report submitted by the Company. The litigation degrees for each individual claim are not shown together with the potential for gain or loss to verify the validity of the provision booked in accordance with the requirements of paragraph No. (14) of the Egyptian Accounting Standards No. (28).
- 3- The balance of Alexandria Port Authority amounted to EGP 21.8 million (credit), has not been confirmed which did not enable us to judge the adequacy of the provided provision amounted to EGP 24.8 million.
- 4- The obsolete inventory items as of 30/6/2017 according to the report prepared by the company amounted to EGP 4,079 million without referring to the actual cost and without taking into consideration the application of Egyptian Accounting Standards No. (2) Inventories.

Qualified Opinion

Except for the effect of matters referred to in the basis of qualified opinion paragraph, in our opinion, the financial statements mentioned above present fairly, in all material respects, the financial position of Alexandria Container and Cargo Handling Company as of 30, June 2017, and its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards as a complementary framework of the unified accounting system and in the light of relevant Egyptian laws and regulations.

Without further qualification we refer to the following:

- 1- The fixed assets physical count was carried out and matched the records on 30/6/2017 by the company and under our supervision "on a sample base" within the available resources and these assets were depreciated on the same basis as in previous years.
- 2- Fixed assets included scraped assets "scraped transportation and equipment" with a cost of EGP 5,979 million. No economic action took place regarding these assets.
- 3- Long-term investments at 30/6/ 2017 by an amount of EGP 11,544 million which did not generate any gains during the current year. This investment represents the investments in the share capital of the Egyptian Company for Integrated Projects (Torgoman Group), Taking into consideration that the company sustained losses amounted to EGP 14,217 million during the year ended 31/12/2016. It is worth mentioning that the company paid an amount of EGP 652 thousand to increase its share in the capital of Torgoman Group, and the Capital increase procedures have not been finalized.

Accountability State Authority

Audit Marine Transportation Department

6 Talaat Harb- Alexandria

- 4- The commodity inventory count was carried out by the company's management and under its responsibility on 30/6/2017 under our supervision "on a sample base" within the available resources, and we were not provided with the net realizable value for the inventory in accordance with paragraph (9) of the amended Egyptian Accounting Standard for inventory.
- 5- The company has a balance of trade, notes receivables and debit balances amounted to EGP 310,218 million net of impairment amounted to EGP 3,670 million. The company sent confirmations dated 25/7/2017 to the debit balances and no responses received. The company did not send any confirmations to the credit balances nor provide us with any certificates for deposits to others.
- 6- The account of debit balances include an amount of EGP 3,610 million equivalent to an amount of US \$ 200 thousand represent loan granted to the Egyptian Maritime Navigation Company to settle urgent liabilities. This loan will be paid in installments based on the letter of the holding company dated 2/4/2017. This loan given without the approval of the Board of Directors in violation of Article 18 of the company's financial regulation.
- 7- The company mentioned in its reply that it is currently presenting in front of the State Council the issue of not recording the due amounts to third parties represented in the fees of warehousing services, and licensing, sorting and stevedoring due to non-compliance with ministerial decisions issued in this regard and the consequent financial obligations.
- 8- The company did not maintain adequate costing system.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts that include all that is required by the Law and the Company's Articles of Association, and the amended financial statements are in agreement therewith.

The financial information included in the Board of Directors' report, which has been prepared in accordance with the requirements of Law No. 159 of 1981, its amendments and its Executive Regulations, is in agreement with the relevant information in the Company's books.

Accountant/ Adel Mohamed Abd El Salam
Undersecretary
Accountant/ George Nabil Azez

Auditor
Accountant/ Ahmed Farouk Badawy
General Managers

Approve,,,
First Undersecretary
Director manager
Accountant/ Magdy Elyas Ameen

Accountant/ Ahmed Fouad Mansour
Undersecretary
Accountant/ Hassan Abd El Bary Aly

Alexandria Container and Cargo Handling Company
Head Quarter – Private Free Zone

Statement of financial position**At 30/6/2017**

EGP

| Comparative | Description | Note | Cost | Accumulated | Net |
|----------------------|---|-------------|------------------|--------------------|-------------------------|
| | <u>Non Current Assets</u> | | | | |
| | Fixed assets | 1 | | | |
| 18,960,782 | Buildings & Construction | | 49,340,040.44 | 20,152,802.06 | 29,187,238.38 |
| 4,313,712 | Machinery & Equipment | | 13,452,286.72 | 6,122,737.43 | 7,329,549.29 |
| 319,188,422 | Transportation & Transmission | | 1,262,311,727.70 | 470,833,124.35 | 791,478,603.35 |
| 470,035 | Tools | | 2,264,295.90 | 1,500,856.82 | 763,439.08 |
| 2,151,108 | Office Furniture & Fixtures | | 18,583,534.73 | 8,186,693.80 | 10,396,840.93 |
| 345,084,059 | | | 1,345,951,885.49 | 506,796,214.46 | 839,155,671.03 |
| | <u>Projects Under Construction</u> | | | | |
| 4,206,150 | Construction in progress | 2 | 18,484,745.51 | | |
| 79,789,088 | Capital Expenditures | 3 | 136,634,829.48 | | 155,119,574.99 |
| | <u>Long-term investments</u> | 4 | | | |
| - | Real estate Investments | | 2,412,898.00 | | |
| 15,412,898 | Investments in Companies | | 11,544,000.00 | | 13,956,898.00 |
| | <u>Other assets</u> | 5 | | | |
| 4,980,347 | Capitalized Expenses | | 3,830,741.33 | | 3,830,741.33 |
| 3,896,917 | Expenses related to non owned assets | | 3,639,668.31 | | 3,639,668.31 |
| 453,369,459 | Total Noncurrent Assets | | 1,522,498,768.12 | 506,796,214.46 | 1,015,702,553.66 |
| | <u>Current Assets</u> | | | | |
| | <u>Inventory</u> | 6 | | | |
| 50,822,529 | Fuel and spare parts | | 85,666,293.44 | | |
| 25,581 | Letters of credit to purchase goods and services | | 628,940.94 | | 86,295,234.38 |
| | <u>Trade receivables, Notes payable</u> | | | | |
| 134,421,813.18 | Trade receivables (After deducting provision amounted to EGP | | 226,773,523.07 | | |
| 18,529,208 | Accrued revenues | | 47,722,190.80 | | |
| 5,270,829 | Prepaid Expenses | | 6,527,983.43 | | |
| 4,598,627 | Suppliers | | 2,385,939.37 | | |
| 16,634,852 | Other debit balances | 7 | 26,808,919.54 | | 310,218,556.21 |
| | <u>Current investments</u> | | | | |
| 349,081,184 | Treasury Bills | 8 | 164,859,108.50 | | 164,859,108.50 |
| | <u>Cash in banks & on hand</u> | 9 | | | |
| 1,458,489,788 | Time Deposits in banks | | 2,971,815,640.44 | | |
| 221,210,087 | Deposits for letters of credit cover | | 390,458,312.35 | | |
| 33,325,266 | Letter of guarantee cover | | 34,733,223.29 | | |
| 72,420,151 | Current accounts | | 34,908,675.12 | | |
| | Cash on hand | | | | 3,431,915,851.20 |
| 2,364,829,915 | Total Current Assets | | | | 3,993,288,750.29 |
| 2,818,199,374 | Total Assets | | | | 5,008,991,303.95 |

Alexandria Container and Cargo Handling Company
Head Quarter – Private Free Zone

Statement of financial position**At 30/6/2017**

EGP

| Comparative 30/6/2016 | Description | Note No. | Cost | Accumulated Depreciation | Net |
|----------------------------------|---|---------------------|------------------|-------------------------------------|------------------|
| | <u>Owner's equity</u> | | | | |
| 123,216,320 | Paid-up Capital | 13 | 739,297,920.00 | | 739,297,920.00 |
| | <u>Reserves</u> | | | | |
| 344,005,247 | Legal Reserve | | 507,833,321.59 | | |
| 894,445,637 | Statutory Reserve | | 715,238,904.00 | | |
| 217,876,885 | Project support Reserve | | 293,508,929.22 | | |
| 26,145,172 | Other Reserves | 14 | 26,128,861.76 | | |
| 35,805,442 | Capital Reserve | | 43,857,187.50 | | |
| 7,249,977 | Retained earnings / (Accumulated losses) | 21/20 | 791,014,044.78 | | |
| | Net Profit | | | | |
| | | | | | 2,377,581,248.85 |
| 1,648,744,680 | Total Owners' Equity | | | | 3,116,879,168.85 |
| | <u>Non Current Liabilities</u> | | | | |
| - | Long-term Loans | | - | | |
| - | Long-term provisions | | - | | |
| | | | | | - |
| | Total Non Current Liabilities | | | | - |
| | | | | | |
| | <u>Current Liabilities</u> | | | | |
| | <u>Provisions</u> | 10 | | | |
| 11,445,827 | Disputed taxes Provision | | 26,578,627.14 | | |
| 28,081,566 | Claims and disputes provision | | 34,261,070.34 | | |
| 28,719,316 | Other Provisions | | 32,715,819.65 | | 93,555,517.13 |
| | <u>Trade payable and other credit balances</u> | 11 | | | |
| 26,511,059 | Trade payables | | 45,377,830.10 | | |
| 37,895,603 | Accounts payable for Bodies and Authorities | | 42,673,748.69 | | |
| 937,653,034 | Dividends payable | | 1,508,532,116.28 | | |
| 93,203,627 | Accrued expenses | | 136,765,056.94 | | |
| 1,058,068 | Advance from accounts | | 2,985,251.40 | | |
| 4,886,594 | Other credit balances | 12 | 62,222,614.56 | | 1,798,556,617.97 |
| 1,169,454,694 | Total Current Liabilities | | | | 1,892,112,135.10 |
| 2,818,199,374 | Total Owner's equity and Liabilities | | | | 5,008,991,303.95 |

Accountant\ Mamdouh Mohamed Abd El
 Halim
 Head of Financial Affairs

Vice-Admiral\ Mamdouh Tawfik Deraz
 Chairman of the Board of Director and Managing
 Director

Alexandria Container and Cargo Handling Company
Head Quarter – Private Free Zone

Income Statement
for the period from 1/7/2016 to 30/06/2017

EGP

| Comparative 30/6/2016 | Description | Note No. | Partial | Total |
|--------------------------|--|-------------|------------------|------------------|
| | Activity's revenue | | | |
| 1,795,607,958 | Services sold | 17/A | 2,713,060,361.05 | |
| | Added to it: | | | |
| - | Grants and subsidies | 18 | | |
| | Deducted from it Cost of activity revenues:- | | | |
| 496,698,062 | Cost of production or cost of goods sold | | 622,377,958.91 | |
| | Marketing Cost | | | |
| 1,298,909,896 | Gross Profit | | | 2,090,682,402.14 |
| | Add: | | | |
| 9,389,758 | Interest on treasury bills | | 26,686,168.96 | |
| | Revenues and other profits | | | |
| 6,262,036 | Provisions no longer required | | 2,807,406.00 | |
| | | | | 29,493,574.96 |
| | Deducted from it: | | | |
| | Administrative expenses | | | |
| 445,778 | Salaries and allowances for Board Of Directors | | 473,921.42 | |
| 132,960,229 | Other administrative expenses | | 181,906,809.24 | |
| | Burdens and losses | | | |
| 17,702,982 | Provision other than depreciation | | 37,218,603.72 | |
| 1,715,027 | Miscellaneous Burdens and losses | | 1,805,867.02 | |
| | | | | 221,405,201.40 |
| 1,161,737,674 | Net profit for the activity before | | | 1,898,770,775.70 |
| (430,835) | Financing expenses | | (396,860.62) | |
| 66,225,145 | Credit interests | 17/B | 166,148,944.85 | |
| 1,227,531,984 | Net profit for the activity | | | 2,064,522,859.93 |
| | Added to it / (deducted from it): | | | |
| 130,895,003 | Gains / (losses) from foreign currency | 19 | 125,395,117.91 | |
| | Revenues from previous years after deducting previous years expenses | 20,21 | | |
| 334,162 | Capital Gain / (Losses) | | 6,595,745.14 | |
| | Gains / (Losses) from selling remnants | | 703,436.49 | |
| 3,252,226 | Miscellaneous income | 22 | 6,757,556.79 | |
| (1,280,816) | Deduct unusual losses | | 14,945.67 | |
| | | | | 139,436,910.66 |
| 1,360,732,559 | Net Income before Income Taxes | | | 2,203,959,770.59 |
| | Income tax | | | 11,533,693.50 |
| 1,360,732,559 | Net profit after Income tax | | | 2,192,426,077.09 |
| 55.2172212 | * Earning per share from profit | | * | 14.82775765 |

*The earning per share decreased from the comparative as a result of granting (5) free shares for each share.

**Accountant\ Mamdouh Mohamed Abd El
Halim
Head of Financial Affairs**

**Vice-Admiral\ Mamdouh Tawfik Deraz
Chairman of the Board of Director and Managing
Director**

Total comprehensive income statement for the period from 1/7/2016 to 30/6/2017

Value in EGP thousands

| Description | from 1/7/2016 to 30/6/2017 | from 1/7/2015 to 30/6/2016 |
|---|-------------------------------|-------------------------------|
| Profit for the period | 2,192,426 | 1,360,733 |
| <u>Other comprehensive income</u> | | |
| Foreign currency exchange Resulted from floating of EGP | 790,535 | - |
| Foreign currency exchange Resulted from floating of EGP | -790,535 | - |
| Financial assets available for sale | - | - |
| <u>Cash flow coverage</u> | | |
| Actuarial gains /(losses)from defined benefit pension systems | - | - |
| Company's share of other comprehensive income in associates | - | - |
| Income tax related to other comprehensive income items | - | - |
| Total other comprehensive income for the period after tax deduction | - | - |
| Total comprehensive income for the period | 2,192,426 | 1,360,733 |

**Accountant\ Mamdouh Mohamed Abd El Halim
Head of Financial Affairs**

**Vice-Admiral\ Mamdouh Tawfik Deraz
Chairman of the Board of Director and Managing Director**

Alexandria Container and Cargo Handling Company

Financial and Trading Affairs Sectors

Head Quarter and Private Free Zone
Cost of production or Cost of goods sold
For the period from 1/7/2016 to 30/6/2017

| Comparative figures 30/6/2016 | Accounting Guide | Description | Partial EGP | Total EGP | Comparative figures 30/6/2017 | Accounting Guide | Description | Partial EGP | Total EGP |
|-------------------------------|------------------|--|-------------|----------------|--|------------------------------|---|--|----------------|
| | | | P.T. | P.T. | | | | P.T. | P.T. |
| 496,698,061 | | Cost of production or Cost of goods sold (Re-classed to Trading account) | | 622,377,958.91 | 44,010,430 273,439,385 | 361 362 | <u>Cost of production</u> Raw material, fuel and spare parts Wages | 47,590,372.67 335,412,982.25 | 383,003,354.92 |
| 496,698,061 | | | | 622,377,958.91 | 12,150,528 47,873,541 83,081,581 - 6,208,256 12,169,688 | 3631 3632 3634 3635 | <u>Other Costs</u> Purchased services Depreciation and amortization Real estate rent(land and building) Real estate tax For the usufruct of licenses (decree 521) Charges and taxes | 18,895,263.71 61,093,192.74 95,830,583.32 10,520.62 11,981,754.63 22,092,976.61 | |
| | | | | | 17,764,652 | | Fees of GAFI | 29,470,312.36 | 239,374,603.99 |
| | | | | | | | | | 622,377,958.91 |

Alexandria Container and Cargo Handling Company

Financial and Trading Affairs Sectors

Head Quarter and Private Free Zone
Trading Account
For the period from 1/7/2016 to 30/6/2017

| Comparative figures 30/6/2016 | Accounting Guide | Description | Partial EGP P.T. | Total EGP P.T. | Comparative figures 30/6/2016 | Accounting Guide | Description | Partial EGP P.T. | Total EGP P.T. |
|----------------------------------|------------------|---|---------------------|-------------------|--|------------------|---|--------------------------|--|
| 1,795,607,957 | 41 414 42 | Trading activity revenues Sold services Grants and subsidies | | 2,713,060,361.05 | 496,698,061 - - 1,298,909,896 | 371 3731 | Cost of production or cost of goods sold Marketing costs Raw material, fuel and spare parts Wages Other costs Purchased services Gross Profit | - - - - | 622,377,958.91 - - 2,090,682,402.14 2,713,060,361.05 |
| 1,795,607,957 | | | | 2,713,060,361.05 | 1,795,607,957 | | | | |

Alexandria Container and Cargo Handling Company

Financial and Trading Affairs Sectors

Head Quarter and Private Free Zone
Profit And Loss
For the period from 1/7/2016 to 30/6/2017

| Comparative figures 30/6/2016 | Accounting Guide | Description | Partial | | Total | | Comparative figures 30/6/2016 | Accounting Guide | Description | | Partial | | Total | |
|----------------------------------|------------------|---|----------------|------|------------------|------|----------------------------------|------------------|---|------|----------------|------|-------|------------------|
| | | | EGP | P.T. | EGP | P.T. | | | EGP | P.T. | EGP | P.T. | EGP | P.T. |
| 1,298,909,896 | | <u>Total carried forward surplus</u> | | | 2,090,682,402.14 | | | | <u>Administrative, finance and marketing expenses</u> | | | | | |
| - | 43 | <u>Investments and interest revenue</u> | | | | | 3,146,585 | 381 | Raw material, fuel and spare parts | | 5,532,725.78 | | | |
| 66,225,145 | 432 | Investment in companies revenue | | | | | 108,263,336 | 382 | Wages | | 133,660,023.87 | | | 139,192,749.65 |
| 9,389,757 | 435 | Credit interest | 166,148,944.85 | | | | | | Other expenses | | | | | |
| | 43 | Treasury bills income | 26,686,168.96 | | 192,835,113.81 | | 12,167,104 | 3831 | Purchased services | | 22,712,671.81 | | | |
| 6,262,036 | 44 | <u>Other income and profits</u> | | | | | 3,498,976 | 3832 | Depreciation and amortization | | 4,582,957.52 | | | |
| | 441 | Provisions no longer required | 2,807,406.00 | | | | - | 3833 | Debit interest | | - | | | |
| | | | | | | | 2,352,331 | 3834 | Real state rent(lands and buildings) | | 8,760,919.00 | | | |
| | | | | | | | 11,528 | 3835 | Real estate tax | | 325.38 | | | |
| | | | | | | | 4,396,981 | 3836 | Indirect tax on activity | | 7,527,967.92 | | | 43,584,841.63 |
| | | | | | | | | | <u>Burdens and losses</u> | | | | | |
| 1,380,786,834 | | | | | | | 17,702,982 | 351 | Provisions other than depreciation | | 37,218,603.72 | | | |
| 1,227,531,984 | | | | | | | 1,715,027 | 354 | Miscellaneous burdens and losses | | 1,805,867.02 | | | 39,024,470.74 |
| | | | | | | | 1,227,531,984 | | Activity's revenue (Carried forward balance) | | | | | 2,064,522,859.93 |
| | | | | | | | | | | | | | | 2,286,324,921.95 |
| 1,380,786,834 | | Net activity income (carried forward balance) | | | 2,286,324,921.95 | | 1,380,786,834 | | | | | | | |
| 1,227,531,984 | | | | | | | | | | | | | | |
| 130,895,003 | 445 | Foreign currency exchange gain | | | | | | | | | | | | |
| - | 446 | Previous years revenue | 125,395,117.91 | | | | | | | | | | | |
| 334,162 | 447 | Capital gain | - | | | | | | | | | | | |
| | | | 8,051,745.14 | | | | | | | | | | | |
| 3,252,226 | 448 | Miscellaneous income and profits | 6,757,556.79 | | | | | | | | | | | |
| | | Gain on sale of remnants | 718,200.30 | | | | | | | | | | | |
| | | | | | | | 140,922,620.14 | | | | | | | |
| | | | | | | | | | | | | | | |
| 1,362,013,375 | | | | | | | | | | | | | | |
| | | | | | | | 1,360,732,559 | | <u>Net income</u> | | | | | |
| | | | | | | | | | Surplus | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | 2,205,445,480.07 | | 2,192,426,077.09 | | | | | |
| | | | | | | | | | | | | | | 2,205,445,480.02 |

Accountant\ Mamdouh Mohamed Abd El Halim

Head of Financial Affairs

**Vice-Admiral\ Mamdouh Tawfik Deraz
Chairman of the Board of Director and
Managing Director**

**Alexandria Container and Cargo Handling Company
Head Quarter – Private Free Zone**

**Income Statement (Segmental Analysis)
for the period from 1/7/2016 to 30/06/2017**

| Description | Free Zone | Head Quarters | Total |
|--|------------------|----------------|------------------|
| Current Activity Revenue | 2,531,685,933.19 | 181,374,427.86 | 2,713,060,361.05 |
| Cost of Sales (Cost of Current Activity Revenue) | 489,862,267.41 | 132,515,691.50 | 622,377,958.91 |
| Gross Profit (Loss) (1) | 2,041,823,665.78 | 48,858,736.36 | 2,090,682,402.14 |
| Operating expense (indirect Allocated Expenses) | | | |
| Marketing expenses | | | - |
| Administrative expenses | 173,461,691.77 | 8,919,038.89 | 182,380,730.66 |
| Total operating expenses (2) | 173,461,691.77 | 8,919,038.89 | 182,380,730.66 |
| Net operating profit for the Segment (Net Segment Profit) (1)- (2) | 1,868,361,974.01 | 39,939,697.47 | 1,908,301,671.48 |
| <u>Add</u> | | | |
| Extra-ordinary Revenue | 298,705,468.17 | 36,251,661.31 | 334,957,129.48 |
| <u>Deduct:</u> | | | |
| General expenses | 394,016 | 2,844.11 | 396,860.11 |
| Burdens and losses | 13,514,461.81 | 25,387,707.94 | 38,902,169.75 |
| Net profit before Income tax | 2,153,158,963.86 | 50,800,806.73 | 2,203,959,770.59 |
| Income tax | - | 11,533,693.50 | 11,533,693.50 |
| Net Distributable Profit | 2,153,158,963.86 | 39,267,113.23 | 2,192,426,077.09 |

**Accountant\ Mamdouh Mohamed Abd El Halim
Head of Financial Affairs**

**Vice-Admiral\ Mamdouh Tawfik Deraz
Chairman of the Board of Director and
Managing Director**

**Alexandria Container and Cargo Handling Company
Head Quarter – Private Free Zone**

Change in owner's equity statement of the financial period ended at 30/06/2017

| Description | Capital | Legal reserve | Other reserves | Project Construction | Capital Reserve | Statutory reserve | Retained earnings | Net profit | EGP Total |
|---|----------------|----------------|----------------|----------------------|-----------------|-------------------|-------------------|------------|------------------|
| beginning balance in 1/7/2016 | 123,216,320.00 | 344,005,246.69 | 26,145,171.76 | 217,876,885.24 | 35,805,442.36 | 894,445,637.61 | 7,249,976.82 | - | 1,648,744,680.48 |
| Changes during the period | 616,081,600.00 | 163,828,074.90 | (16,310.00) | 75,632,043.98 | 8,051,745.14 | (179,206,733.61) | 783,764,067.96 | - | 1,468,134,488.37 |
| Changes in accounting policies | - | - | - | - | - | - | - | - | - |
| The adjusted balance | - | - | - | - | - | - | - | - | - |
| Surplus from assets re-evaluation | - | - | - | - | - | - | - | - | - |
| Deficit from investments re-evaluation | - | - | - | - | - | - | - | - | - |
| Net profit and loss which did not affect the income statement | - | - | - | - | - | - | - | - | - |
| Net profit for the year | - | - | - | - | - | - | - | - | - |
| Transferred to reserves | - | - | - | - | - | - | - | - | - |
| Distributed dividend | - | - | - | - | - | - | - | - | - |
| Issued monetary stocks | - | - | - | - | - | - | - | - | - |
| Deficit from assets re-evaluation | - | - | - | - | - | - | - | - | - |
| Surplus from investment re-evaluation | - | - | - | - | - | - | - | - | - |
| Issued stocks from reserves | - | - | - | - | - | - | - | - | - |
| Ending balance in 30/06/2017 | 739,297,920.00 | 507,833,321.59 | 26,128,861.76 | 293,508,929.22 | 43,857,187.50 | 715,238,904.00 | 791,014,044.78 | - | 3,116,879,168.85 |
| Comparative in 30/06/2016 | 123,216,320.00 | 344,005,246.69 | 26,145,171.76 | 217,876,885.24 | 35,805,442.36 | 894,445,637.61 | 7,249,976.82 | - | 1,648,744,680.48 |

**Accountant\ Mamdouh Mohamed Abd El Halim
Head of Financial Affairs**

**Vice-Admiral\ Mamdouh Tawfik Deraz
Chairman of the Board of Director and
Managing Director**

**Holding Company For Land And Maritime Transport
Alexandria Container and Cargo Handling Company**

Statement of cash flow for the period
From 1/7/2016 to 30/06/2017

| Description | Actual | Comparative 30/6/2016 | Value in EGP | Note No. |
|--|----------------------|--------------------------|-----------------|-------------|
| <u>First: Cash flow from operating activity:</u> | | | | |
| Proceeds from customers | 2,918,795,994 | 1,919,742,225 | | 35 |
| Cash purchases and suppliers | -300,016,506 | -175,634,784 | | 36 |
| Paid Wages | -438,347,848 | -326,621,222 | | 37 |
| Financial securities revenue | 28,004,137 | 4,419,711 | | 38 |
| Proceeds from credit interest | 135,858,799 | 61,269,094 | | 39 |
| Fees and taxes | -334,178,619 | -171,846,457 | | 40 |
| Other proceeds | 7,234,336 | 1,756,010 | | 41 |
| Other Payments | -1,650,682 | -1,615,916 | | 42 |
| Foreign currency exchange for monetary balance** | -2,243,396 | - | | |
| Net cash flow from operating activity (1) | 2,013,456,216 | 1,311,468,661 | | |
| <u>Second: Cash flow from investment activity</u> | | | | |
| Payments for purchase of fixed assets | -539,817,008 | -65,886,521 | | 43 |
| Proceeds from sale of fixed asset | 7,595,556 | 540,764 | | 44 |
| Proceeds from retrieval of contributions in securities | 660,821,463 | 205,530,830 | | 45 |
| Payments for acquisition of securities (Treasury Bills) | -476,599,387 | -514,721,351 | | 46 |
| Net cash flow used in investment activity (2) | -347,999,376 | -374,536,278 | | |
| <u>Third: Cash flow from financing activity</u> | | | | |
| Proceeds from long term loan | - | - | | |
| Payment of long term loan installments | - | - | | |
| Paid Distributable dividends | -937,160,265 | -575,891,243 | | 47 |
| Net cash flow used in financing activity (3) | -937,160,265 | -575,891,243 | | |
| Changes in cash during the period (1+2+3) | 728,296,575 | 361,041,139 | | |
| Cash at the beginning of period | 1,785,445,292 | 1,295,419,384 | | |
| Cash at the end of period | 2,513,741,867 | 1,656,460,523 | | |
| Foreign currency exchange for monetary balance** | 918,173,984 | 128,984,768 | | 48 |
| Cash at the end of period according to the statement of financial position | 3,431,915,852 | 1,785,445,292 | | |
| Treasury bills as a cash equivalent (Less than three months) | 164,859,109 | 16,974,417 | | |
| Total cash and cash equivalent | 3,596,774,960 | 1,802,419,709 | | 49 |

* The amendment to Accounting Standard No. (13) was applied in the statement of comprehensive income, then the retained earnings in the statement of financial position amounted to EGP 790,535,470.58 and the remaining in the statement of income is amounted to EGP 125,395,117.42 realized as Foreign currency exchange for credit balances during the year amounted to EGP 2,243,396 and then deducted from operating activities and was added to the total of foreign currency exchange.

**Accountant\ Mamdouh Mohamed Abd El
Halim
Head of Financial Affairs**

**Vice-Admiral\ Mamdouh Tawfik Deraz
Chairman of the Board of Director and
Managing Director**

Alexandria Container and Cargo Handling Company
Financial Affairs Sectors

**Proposed dividends distribution for the year
2016/2017**

Amount by EGP

| Description | 2016/2017 | |
|--|------------------|------------------|
| | Partial | Total |
| Distributable profit before tax | | 2,203,959,770.59 |
| Deduct: Income tax | | 11,533,693.50 |
| Deduct: Capital gains | | 8,051,745.14 |
| Distributable profit | | 2,184,374,331.95 |
| 7.5% Legal Reserve | 163,828,074.90 | |
| 20% Statutory Reserve | 436,874,866.39 | |
| 1.5% Sports Activity | 32,765,614.98 | |
| | | 633,468,556.27 |
| The remaining after deducted Legal reserve, Statutory, reserve and Sports Activity: | | 1,550,905,775.68 |
| 5% From Capital (First distribution) | | 36,964,896.00 |
| The remaining after deducted 5% from Capital (First distribution): | | 1,513,940,879.68 |
| Deduct: Board Of Directors bonus | | 1,300,000.00 |
| The Net after deducted First distribution and Board Of Directors bonus: | | 1,512,640,879.68 |
| 5% Project support reserve | | 75,632,043.98 |
| Retained Earnings | | - |
| Second distribution | | 1,437,008,835.70 |
| Add | | |
| Surplus from Board Of Directors bonus for financial year 2015/2016 | | 292,066.60 |
| The remaining (Second distribution for the employees and shareholders) | | 1,437,300,902.30 |
| | | |
| employees and shareholders share | | |
| First distribution | 36,964,896.00 | |
| Second distribution | 1,437,008,835.70 | |
| Surplus from Board Of Directors bonus for financial year 2015/2016 | 292,066.60 | |
| Distributed as follows: | 1,474,265,798.30 | |
| For shareholders | 1,326,839,218.47 | |
| For employees | 147,426,579.83 | |
| | 1,474,265,798.30 | |

The value of disbursed coupon number is twenty two.

The disbursement value EGP 8,9736436596

Translation of the financial statement originally issued in Arabic

Alexandria Container and Cargo Handling Company
Financial and commercial sectors

Notes To the Financial Statements

As of 30/6/2017

Holding Company For Land And Maritime Transport

Alexandria Container and Cargo Handling Company

An Egyptian joint stock company

Notes Complementary To Financial Statement as of 30/6/2017

Brief about the company:

Company's name/ Alexandria Container and Cargo Handling

One of the companies of the Maritime and Land Holding Company

Legal form:

A subsidiary joint stock Egyptian company subject to the Public Enterprises Company law No. 203 of year 91 and its executive regulation. On 16/1/2005, the Vice Chairman of the General Authority for Investment and Free Zones issued a resolution No. 460 for 2005, to transfer the company's branches at the Alexandria and Dekheila container terminals and the management of multi-purpose terminals to operate under the free zone system.

The company's activity in the article of association:

The purpose of the company is to handle containers and goods in Alexandria and Dekheila ports at the site assigned by the General Authority of Alexandria Port, transport of containers and goods to specific areas, transport to and from the port for such type, management and operation of multi-purpose terminals within different ports and outside of it, carrying out customs clearance activities, practicing real-estate investment activity in all its forms either by itself or through an agent, individually or by association with others to obtain the necessary licenses to carry out such activity, as well as contracting with engineering consultancy offices, construction companies, and all public companies in that regard. The company may invest in companies operating in other fields.

Other Notes:

The Company is committed to the environmental conditions in accordance with Law No. 4 of 1994 and amended by Law No. 9 of 2009, and the company is compliant with all environmental conditions in terms of:

- Keeping a record of the company's environmental footprint according to Annex (3) of the annexes to the executive regulation of Law No. 4 of 1994.
- The company complies with the standards and specifications of liquid waste when discharged into the sea according to Annex (1) of

Annexes to the Executive Regulations of Law No. 4 of 1994 where:

- The company owns 5 sewage treatment plants with a capacity of 170 cubic meters / day.
- The company owns 2 industrial sewage treatment plants with a capacity of 24 cubic meters / day.
- Safe disposal of solid waste and garbage through the General Authority for Sanitation and specialized companies.
- Reduction of air pollutants by continuous maintenance of the company's equipment whether old or new.
- Maintain the cleanliness of the floors and workshops and the use of relevant materials crucial to the removing the oil effects on the floors.
- Usage of fire alarm system.
- Maintaining safety and security measures in the protection of workers and work areas.
- The company follows a self sufficient rodent and insect control system.

In addition to the above, the company has three Types of ISO certificates:

1. Quality Management System ISO 9001-2008 Valid until 12/7/2018.
 2. Occupational Health and Safety System ISO 18001-2007 OHSAS valid until 28/4/2019.
 3. The Environmental Management System ISO 14001-2004 is valid until 15/9/2018.
- The financial statements are prepared in accordance with the decision of the head of the Accountability State Authority No. 609 of 2016, which stipulates:
 - The issued Egyptian accounting standards declared by the decision of the Minister of Investment No. (110) for the year 2015 is considered a complementary framework to the unified accounting system and is applied to the public sector and public enterprise companies, unless it is mentioned otherwise in the unified accounting system, the aforesaid companies comply with applying them.

Auditors of the company: Accountability State Authority-Audit of Marine Transportation Department- 6 Talaat Harb St. – Alexandria.

Holding Company For Land And Maritime Transport
Alexandria Container and Cargo Handling Company
An Egyptian joint stock company

1- Fixed assets and its depreciation:

Policy for fixed assets recognition:

Fixed assets are recognized at the cost of acquisition of the asset and all expenses necessary to prepare the asset for operation. According to Standard No. (10), paragraph (10), the entity evaluates its assets at cost as they occur and includes the cost of acquisition and expenses subsequently incurred to add or replace part of the asset.

*Lands: The Holding Company for Maritime and Land Transport appointed Alexandria Company for Container and Cargo Handling instead of itself in contributing in the purchase of a plot of land in the city of Al Balina in Sohag Governorate for the establishment of a school complex, as the General Assembly of the Company approved on 27/4/2008 and the check number 2595786 issued on 3/2/2009 by an amount of EGP 2,412,898. Total contribution of the plot of land was approximately 18,451.57 m² and then a contract of sale was signed from the Holding Company for Maritime and Land Transport to Alexandria Container and Cargo Handling and on 30/6/2016, then it was re-classified into investment property according to the Accountability State Authority opinion (Egyptian Accounting Standard No. (34)).

Method used to calculate depreciation:

Depreciation is calculated based on a straight-line basis. Fully depreciated assets and still operational are not depreciated in accordance with accounting standards issued as an integral framework of the unified accounting system. In general, depreciation for the period is charged to the statement of income.

Net historical value of fully depreciated assets:

- Scrapped equipment and held until disposition, at a historical value amounted To EGP 5.979 million.
- Fully depreciated equipment and still operational at a historical value amounted to EGP 179.416 million.
- On 16/7/2016 an amount of EGP 70,000 was collected as a compensation for a car accident Peugeot model, license plate (CSG) 4689.

Estimated useful life of the major fixed asset classes disclosed in the financial statements

According to standard No. (10) Article (57) the estimated useful life of an asset is determined by its expected use by the entity.

Estimated useful life of the major fixed asset classes:

| | |
|--------------------------------|----------------------|
| Buildings and constructions | from 10 to 20 years |
| Machinery and equipment | from 6.7 to 10 years |
| Transportation means | from 5 to 15 years |
| Furniture and office equipment | from 5 to 10 years |

- Based on previous estimates of the useful life of the major classes.
- The fair value of fixed assets is not materially different from the book value.
- There are no restrictions on the assets of the company against the loans.

Impairment in the value of assets

- The book value of the assets owned by the Company is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indicators exist, the necessary studies are performed to determine the expected recoverable amount.
- Impairment losses on assets are recognized if the book value of the asset or its cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in the statement of income.
- In case of an increase in the recoverable amount of the asset, the impairment loss is reversed only in the event that the book value of the asset is not increased, which is determined after deducting depreciation and amortization and without deducting the impairment of the asset.

Note for additions and disposals for fixed assets from 1/7/2016 until 30/6/2017

| Description | Value in EGP | | | | |
|--------------------------------|------------------------|-------------|------------|-------------------------|-----------------------------|
| | Balance at 1/7/2016 | Additions | Disposals | Balance at 30/6/2017 | Accumulated Depreciation |
| Land | | | | | |
| Building and constructions | 36,667,884 | 12,672,157 | - | 49,340,041 | 2,0152,802 |
| Machinery and equipment | 10,177,004 | 3,760,015 | 484,732 | 13,452,287 | 6,122,737 |
| Transportation means | 768,987,790 | 532,662,155 | 39,338,218 | 1,262,311,727 | 470,833,124 |
| Tools | 1,911,696 | 407,334 | 54,734 | 2,264,296 | 1,500,857 |
| Furniture and office equipment | 10,039,732 | 8,918,001 | 374,199 | 18,583,534 | 8,186,694 |
| Total | 827,784,106 | 558,419,662 | 40,251,883 | 1,345,951,885 | 506,796,214 |

* Land valued at EGP 2,412,898 was transferred on 30/6/2016 to long term investments (Investment property) in the Head Quarter.

Accumulated depreciation calculation on 30/6/2017

| Description | Value in EGP | | | |
|---|------------------------|--------------------------|--|---------------------------------------|
| | Balance at 1/7/2016 | Period's Depreciation | Depreciation provision for disposed asset during the period | End of Period balance 30/6/2017 |
| Accumulated depreciation for building and constructions | 17,708,036 | 2,444,766 | | 20,152,802 |
| Accumulated depreciation for machinery and equipment | 5,863,292 | 744,177 | 484,732 | 6,122,737 |
| Accumulated depreciation for means of transportation | 449,799,368 | 60,281,274 | 39,247,518 | 470,833,124 |
| Accumulated depreciation for tools | 1,441,660 | 113,931 | 54,734 | 1,500,857 |
| Accumulated depreciation for furniture and office equipment | 7,887,690 | 684,974 | 385,970 | 8,186,694 |
| Total | 482,700,046 | 64,269,122 | 40,172,954 | 506,796,214 |

2- Constructions in progress:-

A statement for the movement of construction in progress during the period from 1/7/2016 until 30/6/2017

| Description | Value in EGP | | | |
|--------------------------------|---------------------|-------------|-------------|----------------------|
| | Balance at 1/7/2016 | Additions | Disposals | Balance at 30/6/2017 |
| Building and constructions | 3,459,945 | 14,499,012 | 52,495 | 17,906,462 |
| Machinery and equipment | - | 3,188,636 | 3,180,358 | 8,278 |
| Transportation means | 566,592 | 532,460,256 | 532,664,555 | 362,293 |
| Tools | 177,685 | 466,121 | 467,031 | 176,775 |
| Furniture and office equipment | 1,928 | 1,624,284 | 1,595,275 | 30,937 |
| Total | 4,206,150 | 552,238,309 | 537,959,714 | 18,484,745 |

3- Capital expenditures:-

Charged with the amounts invested in advance payments or letter of credit and to be included in the executed investment plan by the payments made.

Analysis of investment expenditures balances as of 30/6/2017

| | | Value in EGP |
|-------------------|--|--------------|
| Description | | Balance |
| Advance Payments | | 54,145,840 |
| Letters of credit | | 82,488,990 |
| Total | | 136,634,830 |

4- Long term investments:-

First: Investments in subsidiary: (Contribution percentage more than 50%)

There is no investment in subsidiary.

Second: Investments in associates: (Contribution percentage more than 20%)

A statement illustrates financial investment movement in associate companies in which the company contributes and the number of shares as of 30/6/2017.

| Company Name | | Contribution percentage | Beginning of Period at 1/7/2016 | | Changes | | End of Period at 30/6/2017 | |
|--|--|-------------------------|---------------------------------|---------------|---------|---------------|----------------------------|---------------|
| | | | Value | No. of Shares | Value | No. of Shares | Value | No. of Shares |
| Memephis for Shipping Agencies | | 44% | - | 880,000 | - | - | - | 880,000 |
| Amoun for Shipping Agencies . | | 44% | - | 880,000 | - | - | - | 880,000 |
| Abou Simbel and Tiba For Shipping Agencies | | 44% | - | 880,000 | - | - | - | 880,000 |
| Total | | | - | 2,640,000 | - | - | - | 2,640,000 |

Third: investment in other companies: (Contribution percentage less than 20%)

| Company Name | Contribution percentage | Beginning of Period at 1/7/2016 | | Changes | | End of Period at 30/6/2017 | |
|---|-------------------------|---------------------------------|---------------|-----------|---------------|----------------------------|---------------|
| | | Value | No. of Shares | Value | No. of Shares | Value | No. of Shares |
| Egyptian Company for Integrated Projects (Torgoman Group) | 6.522% | 13,000,000 | 1,300,000 | 1,456,000 | - | 11,544,000 | 1,300,000 |
| Egyptian Navigation Co. – ENC | 2% | - | 200,000 | - | - | - | 200,000 |
| Total | | 13,000,000 | 1,500,000 | 1,456,000 | - | 11,544,000 | 1,500,000 |

- * An amount of EGP 652,200 was paid for the increase of the Company's share in the capital of the Egyptian Company for Integrated Projects (Torgoman Group) and will be added to the investment account after the completion of the capital increase procedures of the Egyptian Company for Integrated Projects.

Forth: Other investments:

Land valued at EGP 2,412,898 was transferred on 30/6/2016 to long term investments (investment property) in the Head Quarter.

- * The provision provided during the year 2014/2015 for Memphis for Shipping Agency by an amount of EGP 12,961,387 was used and the remaining value of investments was reduced by an amount of EGP 11,243,237 as extraordinary losses during the year 2014/2015.
- * The value of contribution in Amoun Co. was reduced as a result of calculating the impairment of these investments and deducting it from the value during the financial year 2008/2009.
- * The value of contribution in Abu Simbel Co. was reduced as a result of calculating the impairment of these investments and deducting it from the value during the financial year 2014/2015 by an amount of EGP 15,404,623.
- * The provision provided during the year 2014/2015 for Egyptian Navigation Co. - ENC by an amount of EGP 7,214,272 was used and the remaining of investments was reduced by an amount of EGP 2,500,000 as extraordinary losses.
- * The value of the contribution in Egyptian Company for Integrated Projects (Torgoman Group) was reduced as a result of calculating the impairment of these investments and deducting them from the value during the financial year 2016/2017 by an amount of EGP 1,456,000.

Investment valuation:

Financial Investments:-

Investments are disclosed in the financial statements based on acquisition cost, as the market value, net of impairment losses, could not be determined.

5- Other Assets:

| Description | Balance at 1/7/2016 | Period's depreciation | Balance at 30/6/2017 |
|---|---------------------|-----------------------|----------------------|
| Capitalized expenses (In exchange for the usufruct of the assets of Dekheila terminal) | 4,980,347 | 1,149,606 | 3,830,741 |
| Non-owned assets | 3,896,917 | 257,249 | 3,639,668 |

- Capitalized expenses amounting to EGP 3.831 million represent charged for the usufruct of the assets of the Dekheila plant and are stated at cost less depreciation.
- EGP 3.640 million represent expenses related to non-owned assets by the company (sewage and industrial works and soft ware for the system) to serve their purposes and are recognized at cost less depreciation.
- Treatment of costs of research, development and its amortization in case of capitalization:
There is none as the company did not perform any costs of research and development and in case of any costs, it will be charged to the income statement.

6- Inventory pricing and valuation :

- In accordance to standard No. (2) Paragraph (9) the value of the commodity inventory is measured based on the lower of cost, or net realizable value. Knowing that, the company's stock represents spare parts required for the maintenance and overhaul of the equipments are specific equipments. These specified spare parts are imported from abroad, also materials and fittings which are items necessary for cleaning operations.
- The issues from the inventory is priced by the weighted average method on all different inventory items
- The balances of the slow moving inventory on 30/6/2017 amounted to EGP 4,079 thousand and are valued at the lower of cost or net realizable value.

7- Analysis of other debit balances as of 30/6/2017

| Description | Value in EGP |
|--|---------------------|
| The amount | |
| Other Debit Balance * | 6,021,949 |
| Accounts payable to Authorities and Bodies | 18,620,660 |
| Deposits for others | 655,791 |
| Other credit Balance | 325,436 |
| Fixed assets creditors | 1,185,084 |
| Total | 26,808,920 |

* Other debit balance consists of due amounts from the drivers and employees against driving fines and damages, , Due cost of training courses on some employees, taxes due on employees, and advances to employees which are settled monthly installments during the year.

8- Accounting policy regarding treasury bills:

Treasury bills are used as a saving account for available cash balances at their rate of return and as long as they are higher than the rate of return on time deposits in accordance with the available cash balances, where purchasing Treasury bills or time deposits is done with the consideration of the appropriate date of payment of all obligations of the company.

Basis for determining the book value of current investment:

The book value is determined based on the cost of the acquisition.

9- Cash at banks and on hand

- Deposits at 30/6/2017 amounted to EGP 3,397,007,176 (time deposits, deposits to cover credit margin, deposits to cover letters of guarantee) including: 3 month deposits amounted to EGP 3,251,321,502.19.

• Letters of guarantee against deposits by a total amount of EGP 34,368,816 is included in deposits:

- An amount of EGP 10,000 letter of guarantee in favor of Telecom Egypt, the value of international communications. Expiry date 1/2/2018.
- An amount of EGP 40,000 Letter of Guarantee for Misr Petroleum Company, the Value of the coverage of oil withdrawals. Expiry date 30/4/2017.
- An amount of EGP 903,829 Letter of guarantee for the Alexandria Port Authority, the value of 10% final insurance for the rent of sorting yard 3 years. Expiry date 9/10/2017.
- An amount of EGP 73,800 Letter of guarantee for the port of Alexandria port, the Value of 25% Insurance of the minimum covered trading 3 years. Expiry date 9/10/2017.
- An amount of EGP 200,000 letter of guarantee for the benefit of the Customs Authority, value of 5% of the customs taxes and the estimated taxes for the average storage power. Expiry date 30/11/2017.
- An amount of EGP 42,600 Letter of guarantee in favor of the Port Authority, value of 25% of the minimum covered for the area of 7,100 m² in the sorting yard. Expiry date 10/9/2018.
- An amount of EGP 458,270 Letter of guarantee in favor of the Port Authority, the value of the final insurance for the right of exploitation of 7,100 m². Expiry date 14/11/2018.
- An amount of EGP 409,563 pounds guarantee letter for the port authority for the purpose of the right to exploit the area of 5,060 m² in sorting yard. Expiry date 10/11/2017.
- An amount of EGP 33,900 pounds letter of guarantee in favor of the Port Authority for the purpose of the right to exploit the sorting yard. area of 5,060 m² Expiry date 14/11/2018.
- An amount of EGP 200,000 Letter of guarantee in favor of the Customs Authority Value of taxes and estimated fees for the average storage value expected on an area of 7,100 m² and 565 m². Expiry date 25/5/2018.
- An amount of EGP 900,000 Letter of guarantee for the Alexandria Port Authority (Licensing Department) for the shipping and unloading activity of container ships. Expiry date 15/5/2018.
- An amount of EGP 2,762,784.40 Letter of guarantee in favor of Alexandria Port Authority, the value 10% of insurance against the use of the rent of the sorting yard Three years. Expiry date 17/9/2017.
- An amount of EGP 14,500,000 Letter of guarantee for the General Authority of Alexandria Port for final insurance for the areas allocated to the company. Expiry date 3/11/2017.
- An amount of EGP 1,464,000 is a letter of guarantee for the General Authority of Alexandria Port regarding the right to exploit an area of 7,257 m² in the third district and insurance covered by the annual trading date of completion. Expiry date 9/11/2017.

- An amount of EGP 1,795,000 is a letter of guarantee to the General Investment Authority for the amount due on the company as a private free zone from the obligations. Expiry date 5/1/2018.
- An amount of EGP 3,800,000 is letter of guarantee for the Customs of the Northern and Western Region, the value of final insurance to ensure the value of taxes and fees estimated to average storage capacity expected on an area of 12,300 m². Expiry date 17/2/2018.
- An amount of EGP 1,616,157 Letter of guarantee for the Alexandria Port Authority the value of final insurance for the right to exploits of 7100 m², 5680 m² until 14/11/2018
- An amount of EGP 3,800,000 Letter of guarantee for the Customs of the Northern and Western Region The value of taxes and estimated fees for the average storage capacity expected on sorting yard an Area of 5,650 m² and area of 7,100 m² Expiry date 30/4/2017.
- An amount of EGP 50,000 Letter of guarantee for the General Authority of the port of Alexandria, the value of final insurance for the re-construction of the separation fence between the container terminal and the ranted area and adjacent to the wall of the company an Area 5,942 m². Expiry date 30/8/2018
- An amount of EGP 908,913 letter of guarantee in favor of the General Authority of Alexandria Port, a value of 10% for the right of exploits for 3 years the right to exploit an area of 5,942 m² in the second district of El-Dekheila and 25% to insure the minimum annual trading. Expiry date 5/7/2017
- An amount of EGP 400,000 Letter of guarantee for Misr Petroleum Company, the value of coverage of petroleum products withdrawals. Expiry date 30/11/2017

10- Provisions:

Provisions are recognized in accordance with Standard No. 28, paragraph 14, of the Egyptian Accounting Standards, where it is expected to have an outflow of resources and economic benefits to settle an obligation.

Statement for provision other than depreciation as of 30/6/2017:

| Value in EGP | | | | | |
|--|------------------------|------------|-----------|-----------------------|-------------------------|
| Description | Balance at 1/7/2016 | Provided | Used | No longer required | Balance at 30/6/2017 |
| Doubtful debts provision (deducted from Trade accounts) | 1,647,868 | 2,022,222 | | | 3,670,090 |
| Tax provision | 1,1445,827 | 15,132,800 | | | 26,578,627 |
| Legal disputes provision | 28,081,566 | 10,386,099 | 1,399,189 | 2,807,406 | 34,261,070 |
| Other provisions: | | | | | |
| Provision to meet the disputes with the Port Authority | 24,719,089 | | | | 24,719,089 |
| End of service Provision | 4,000,227 | 9,677,483 | 5,680,979 | | 7,996,731 |
| Total | 69,894,577 | 37,218,604 | 7,080,168 | 2,807,406 | 97,225,607 |

Judgmental and absolute provision is expected to generate an outflow of economic resources, which has been reliably estimated.

11- Current liability as of 30/6/2017:-

| Value in EGP | |
|--|---------------|
| Description | Balance |
| Suppliers | 45,377,830 |
| Accounts payable to Authorities and Bodies | 42,673,749 |
| Dividends Payable | 1,508,532,116 |
| Accrued expenses | 136,765,057 |
| Advances from clients | 2,985,251 |
| Other credit balances | 62,222,615 |
| Total | 1,798,556,618 |

* Taking into consideration that there are no short term loans or overdrafts.

12- Analysis of accounts payable in the financial position as of 30/6/2017:

| Description | The amount |
|-------------------------------|-------------------|
| Fixed assets creditors | 50,908,882 |
| Refundable deposits to others | 5,232,121 |
| Other credit balance | 6,081,536 |
| Other debit balance | 75 |
| Total | 62,222,614 |

* The nature and components of the other credit balances item are amounts deducted from certain employees (trade unions, alimony, penalties, and taxes due).

Owner's Equity

13- Authorized Capital:-

The authorized capital is amounted to EGP 1,000 million.

The movement of issued and paid up capital is amounted to EGP 739,297,920.00 pounds where the face value is 5 EGP / share and the number of shares is 147,859,584 shares distributed as follows:

| Description | No. of Shares | Contribution percentage | Capital as of 30/6/2017 | Comparative capital as of 30/6/2016 |
|---|--------------------|-------------------------|-------------------------|-------------------------------------|
| Holding Company for Maritime and Land Transport | 82,486,572 | 55.787% | 412,432,860 | 68,738,810 |
| Alexandria Port Authority | 59,040,000 | 39.930% | 295,200,000 | 49,200,000 |
| Free floating | 6,333,012 | 4.283% | 31,665,060 | 5,277,510 |
| Total | 147,859,584 | 100% | 739,297,920 | 123,216,320 |

- Share capital increase financed through transfer from statutory reserve.

- Related parties transactions:

| Description | Nature of Relation |
|--|--|
| Holding Company for Maritime and Land Transport Alexandria Port Authority | <ul style="list-style-type: none"> - Contribution to the capital of the company by 55.787%, There are no financial transactions affecting the financial statement. - Contribution to the capital of the company by 39.930%, There are financial transactions amounted to EGP 126 million affecting the financial statements, which is the usufruct of land and buildings and cleaning fees for them, knowing that a provision has been provided to meet the points of disagreements between the company and the port authority |
| Misr For Foreign Trade Co. | <ul style="list-style-type: none"> - Misr For Foreign Trade Co. was granted an amount of EGP 22,007,204 and an amount of EGP 20,507,204 was paid and the remaining amount of EGP 1,500,000 was paid at the period ended 31/12/2016 |

Objectives, policies and methods of managing capital

The company manages the capital in order to cover operational needs, shareholders' objectives and financing investments whether to cover replacement or renewal operations or to strengthen its competitiveness by self financing without resorting to borrowing. The company undertakes studies and researches to add investments in new projects.

A brief description of the nature and purpose of each reserve in equity

- Reserves are provided in accordance with applicable laws, regulations, governing decrees and adopted decisions, and the approval of the General Assembly of what has been provided and the purpose of each reserve.
- **Legal reserve:** Transfer a portion of the net profit by certain percentage which may be used to cover the losses of the company or increase its capital
- **Statutory reserve:** Transfer 20% to meet the increase in asset prices and strengthen the financial position of the company in accordance with Article (45) of the Articles of Association of the company.

- **Capital reserve:** The value of disposing of a company's fixed assets or compensation is allocated to this reserve. This reserve is used to restore the asset of the company or purchasing new fixed assets.
- **Project support reserves:** Transfer a portion of the net profits of the company after legal and statutory reserve and allocating 5% of the capital to the shareholders and employees as a first profit share distribution and deducting no more than 5% for the Board of Directors. This reserve is to be provided to support the projects. The project support reserve is amounted to EGP 217,876,885 as of 30/6/2016.

14- Analysis for other reserves:

| Description | Partial | The amount |
|---|---------|----------------------|
| Difference between face value and fair value due to increased contribution in Egyptian Navigation Co. - ENC | | 6,997,952.00 |
| Revaluation of foreign currencies in Egyptian pound (6,541,023.64) | | 6,541,023.64 |
| The compensation value of the Ahly insurance company for the Kalmar crane accident | | 117,711.00 |
| Increase in investments in agencies against free shares issued by shipping agencies in 2004 | | 3,300,000.00 |
| Value of gift assets supplied by companies as well as the value of equipment and cranes supplied based on the letter of credit | | 1,027,843.47 |
| The value of a Gifted used Caravan which was supplied by Amco Consulting Office | | 3,000.00 |
| Reserve of increase in prices of fixed assets (fully depreciated assets, before the application of the State Accountability Authority Decision No. 204 of 2001 on the amendment of the accounting system) | | 8,141,331.65 |
| Total | | 26,128,861.76 |

15- Long term loans

There is none.

- **Bonds:**
- There is none.

16- Other long term liability

There is none.

17- Accounting policy for revenue recognition:

- a) Revenue is recognized, which is rendering of services to the extent of the carried out of the transaction at the end of the accounting period requiring the preparation of the final accounts and financial position (percentage of completion standard 11) Where all the following conditions are met together:
 - The accuracy of the revenue measurement at the completion of the service.
 - Achieve economic benefits of the transaction.
 - The complete recording of costs related to the implementation of the service performed.
- b) As for the accounting policy used in the recognition of credit interest, it is recognized on an accrual basis and for the related accounting period.

18- Grants and aids treatment:

Grants are considered revenue for the entity during one or more accounting periods, if any.

19- Translation of Foreign Currency:

The amendment of the Egyptian Accounting Standard No. (13) regarding the effects of floatation of foreign currency exchange rates was implemented at the fiscal year ending on 30/6/2017. The balances were assessed at a pre-floatation exchange rate of EGP 8.88 per dollar and the average exchange rate after floatation was EGP 16.7817 per dollar and the difference between them was processed at the statement of comprehensive income and then retained earnings at the statement of financial position. The balances were valued at an exchange rate at 30/6/2017 (EGP 17.95) per dollar (the exchange rate of the National Bank of Egypt) and treated in the income statement (currency exchange gain).

20- 21- Retained earnings (Accumulated losses):

An amount of EGP 791,014,045 includes an amount of EGP 790,535,471 represents foreign currency exchange gain. The remaining amount represents the difference between previous years revenues and previous years expenses that are included in the retained earnings (accumulated losses) account in the statement of financial position and not in the income statement in accordance with Egyptian Accounting Standard No. (1), (5) as shown in the below table in addition to the beginning balance by an amount of EGP 7,249,977.

- Analysis for previous year's revenues as of 30/6/2017

| Description | The amount |
|--|-------------------|
| previous years revenue | 7,619 |
| Agent commission "Videcom" for the supply of 8 fork lift | 17,693 |
| Juridical sentences in favors of the company | 280,931 |
| Difference in revenue related to BOD bonus | 3,371 |
| Refund of previous years expenses | 386,175 |
| Agent commission " Al Wakeel"for (2) cranes Lipper yard | 34,022 |
| Total | 729,811 |

- Analysis for previous year's expenses as of 30/6/2017

| Description | The amount |
|--|-------------------|
| Cash paid For the balance of holidays | 675,869 |
| Water consumption (pricing difference) | 34,146 |
| Maintenance expenses | 65,995 |
| Wages for previous years | 32,800 |
| Adjusted sales tax 1/7/2013 until 30/6/2014 | 42,689 |
| Company's share in the social insurance | 1,538,185 |
| Refund of transportation allowance for Accountability State Authority | 3,300 |
| The value of the increase of the power capacity during the year 2015/2016 and the consumption of electricity | 12,024 |
| Decision (394) for the year 2015/2016 | 1,563,900 |
| Cancelation of what was charged on trade receivables "Misr October Co." | 439,058 |
| Payroll tax 2005/2007-2008/2012 | 1,578,520 |
| subscription in Egyptian Railways | 37,507 |
| Bonus for Board of Directors of Amon and Abou Simbel company | 8,448 |
| Accidents compensations related to previous years | 1,083,662 |
| Expenses for gotold crane | 365,133 |
| Traffic tickets charge to the company | 1,005 |
| Juridical sentences in favors of Alexandria Port Authority | 3,899 |
| Settlement of job order (23-2015/2016) El Masria Auto | 15,074 |
| Total | 7,501,214 |

22- Miscellaneous income analysis

| Description | Partial | Total |
|---|----------------|------------------|
| • Compensation and fines | | |
| Accident Compensation (Cars, Cranes, Equipment) | 3,095,356 | 4,064,946 |
| Supply and pollution fines | 969,590 | 2,028,161 |
| • Term of reference / floods / Locks | | 664,450 |
| • Credit rent | | |
| Total | | 6,757,557 |

23- Deferred tax

- Deferred tax is the tax arising from the existence of temporary differences arising from the differences in the financial period in which the value of certain assets and liabilities is recognized as per the applicable tax rules and the accounting principles followed in the preparation of the financial statements. The deferred tax is calculated based on the method expected to recognize or settle the current value of those assets and liabilities using the tax rates prevailing at the balance sheet date.
- Deferred tax is recognized as an asset when there is a reasonable expectation that the asset may be used to reduce the tax due in future years. The deferred tax asset is reduced by the portion that will not be realized from the tax benefit expected in the following years, however, if the expected tax benefit increases, the tax assets will be increased, within the limit of amounts previously impaired.
- The deferred tax is settled upon completion of the tax examination for the fiscal year and then settled in the income statement in accordance with the final decision of the tax committees.

24- Accounting policies

In accordance with Egyptian Accounting Standard No. 5, “Accounting Policies and Changes in Accounting Estimates and Errors”, it was stated in the standard “consistency of Accounting Policies” in paragraph (13). That the entity elects and consistently applies its accounting policies for similar transactions, events and other circumstances unless a standard or interpretation is required or permitting the classification of items in accordance with different appropriate policies and if such a standard or interpretation permits such a classification the appropriate accounting policy is chosen and applied consistently to each group.

- Cash flow statement presents Investments in marketable securities which are included in the cash flows from investing activities.
- Gross profit is calculated by deducting the cost of production or cost of goods sold from activity's revenue.

25- Treatment of borrowing cost:-

It is charged to expenses upon having the equipments in operation. In accordance with Standard (14), paragraph (9), it is recognized as an expense over the period in which the entity incurs the cost unless it is capitalized in accordance with paragraph (10). The cost of borrowing directly related to the acquisition or construction of a qualifying asset is capitalized and charged as part of the cost of the asset. There are no contracted loans during the year.

26- Rights, privileges and restrictions on dividends:-

There is none.

27- Delayed dividends of preferred stocks:-

There are no preferred stocks.

28- Dividends:

Dividends are distributed at the end of the financial year after the approval of the General Assembly of the financial statements at the end of the financial year in accordance with the clauses of Law 203. The value of the coupon is calculated by dividing the shareholders' share by the number of shares (147,859,584 shares). The standard is applied to distribute the net profits after transfer to the necessary reserves and employees shares and the share of the Board of Directors in profits as the earnings per share represents the total distributable profit / number of actual shares.

Earnings per share:

The shareholders' share of the profits/number of actual shares, considering that the company's shares are common.

29- Changes in accounting policies:-

- The distinction bonus was treated as a part of wages instead of being charged to prior year expenses in accordance with the instructions of the Accountability State Authority.
The Company applies the principles of going concern, consistency and accruals in the accounting treatment of all income statement items in accordance with Egyptian Accounting Standard No. (1).
- The difference between the prior year revenues and expenses has been treated in the retained earnings (Accumulated losses) in the statement of financial position starting from the financial year ended 30/6/2017.
- Starting from the financial year ended 30/6/2016, the marketing expenses were included in the profit and loss account and not in the trading account in accordance with Egyptian Accounting Standard No. (1).

30- General and administrative expenses:

- Details are included in the profit and loss account in the financial statements notes.

31- Current taxes:

The due income tax is calculated in accordance with the laws, regulations and instruction effective in Egypt and is recognized in the income statement taking into consideration that the company is a free zone entity and is not subject to income tax. The provision for tax liabilities for previous years is made after the necessary study in light of the tax claims. The Head quarter is subject to tax in the case of recognizing profit.

Tax position until 30/6/2017

First: Corporate tax:

- The year of 2007/2008 and the points of disagreement as per the tax inspection report with a total amount of EGP 20,097,701.00 and are currently under discussion in the internal committee.
- The year of 2008/2009 and the points of disagreement as per the tax inspection report with a total amount of EGP 18,185,202.00 and are currently under discussion in the internal committee.
- The year of 2009/2010 and the points of disagreement as per the tax inspection report with a total amount of EGP 9,829,385.00 and are currently under discussion in the internal committee.
- The year of 2010/2011 and the points of disagreement as per the tax inspection report with a total amount of EGP 4,730,852.00 and are currently under discussion in the internal committee.
- The year of 2011/2012 and the points of disagreement as per the tax inspection report with a total amount of EGP 28,858,323.13 (EGP 13,025,639 for the fiscal year 2011/2012 + EGP 15,832,684.13 for the external yards) and the tax assessed by an amount of EGP 6,269,744 (EGP 2,756,410 for the fiscal year 2011/2012 + EGP 3,513,334 for the external yards), which are under discussion in internal committee, knowing that a provision has been provided by an amount of EGP 10,448,270 for the years 2006/2007 until 2011/2012 for the Tax Authorities claims.
- The tax return has been submitted for the year 2012/2013 and currently under inspection.
- The tax return has been submitted for the year 2013/2014 and currently under inspection.
- The tax return has been submitted for the year 2014/2015.
- The tax return has been submitted for the year 2015/2016.
- Regarding the debit balances due from the tax authority by an amount of EGP 16,622,360.65 million tax on the return of treasury bills interest from 2008/2009 to date this tax is deducted from the taxes due on the company not exceeding the tax due on the net profit and will be settled once the completion of the internal committees for the years 2008/2009 up to date.

Second: Payroll tax

- 1- Inspection completed for the years from 2005 until 2012.
- 2- Years 2013, and 2014 are under inspection.

Third: Stamp tax

Inspection completed from 1/7/2010 until 30/6/2015 and the tax is nil.

Forth: Sales tax

Inspection completed the year 2012/2013, 2013/2014, and tax due has been settled.
Completed the inspection for the years 2014/2015 and awaiting for the inspection report.
Year 2015/2016 is currently under inspection

Fifth: Tax Policy

The company operates as a free zone entity and is not subject to tax in front of others.

32- Financial instruments risk:-

a) Market risk:

The company works in the field of containers, where there is a competition from companies working in the same field, and accordingly the company is working to provide the credit facilities to customers and purchasing new equipment to provide exceptional services to attract new shipping lines.

b) foreign currency risk:

The company maintains its foreign currency balances to meet the financing requirements in the investment plan for purchase of new equipment from abroad in order to avoid the risk of foreign exchange fluctuations and deal with several banks to obtain the highest return on deposits as well as the credit facilities taking into consideration that the company revalues foreign currencies at the end of each quarter.

33- Capital commitments not recorded in books:

| Description | The amount |
|---|-------------------|
| Value of repair and development of dock cranes 2002,2003 | 27,284 |
| The remaining of the value of the deepening and dredging of dock 96 in Dekheila | 56,096 |
| Supply (1) dock crane zpmc at Alexandria terminal | 87,988 |
| Project for third railway track construction for dock's crane | 715 |
| The process of replacing and renewal of the camera system | 1,025 |
| Supplying 3 crane with 40 ton capacity | 65,146 |
| Supply and installation of 12 complete cells | 2,902 |
| Supplying Spare esplider for yard's crane | 1,070 |
| Supply of (1) dump truck | 616 |
| Drive train set for 45 ton cranes and cranes | 437 |
| Number of (2) crane hydraulic for the two terminals | 4,421 |
| Construction of security building | 414 |
| Total | 248,114 |

34- Other events:

• **Investment property:**

The purpose of the company at the stock exchange was amended by adding investment property activities to the company's activities. The Securities Listing Committee decided to approve the amendment in its meeting held on 11/7/2017.

• **The process of deepening dock 96:**

The metal blinds were reached to the work site at Dekheila terminal on 30/6/2017. Laboratory tests mentioned in the Conditions booklet and the technical terms and specifications are carried out to ensure that they conform to the specifications.

A meeting was held with Al-Qana Company and the project consultants to discuss the project's implementation schedule and its completion on 1/10/2018.

• **Tariff:**

The Board of Directors of the Company approved in its session held on 17/6/2017 to reduce some tariff items as of 1/8/2017 in order to attract new shipping lines.

Analysis of statement of cash flow as of 30/6/2017

35- Receipts from customers amounted to EGP 2,918,795,994.

36- Credit / cash Purchases / cash and suppliers (private, companies and services) amounted to EGP 300,016,506.

37- Paid wages:-

| Description | Payments |
|----------------------------|-----------------------|
| Payroll tax | 54,477,263.31 |
| Social insurance | 41,028,225.34 |
| Creditors withheld amounts | 23,754,453.20 |
| Head quarter salaries | 15,923,226.10 |
| Paid wages | 303,164,680.48 |
| Total | 438,347,848.43 |

38- Marketable securities revenue: - Proceeds from return on Treasury bills amounted to (EGP) 28,004,137.

39- Credit interest received:- Return on time deposit and current account amounted to (EGP) 135,858,799.

40- Taxes and fees:-

| Description | Payments |
|--|-----------------------|
| Stamp | 2,697,397.81 |
| Sales tax | 285,539,038.28 |
| Corporate | 1,391,217.81 |
| Real estate | 2,313,189.10 |
| Treasury bills tax –withholding tax | 3,662,160.30 |
| General Authority For Investment fees | 20,884,258.53 |
| Egyptian Stock Exchange Authority and general authority fees | 1,029,007.78 |
| Income tax and development fee | 250,000.00 |
| Northern and Western Customs | 1,336,872.70 |
| Alexandria Port Authority | 15,075,476.69 |
| Total | 334,178,619.00 |

41- Other receivables:-

| Description | Payments |
|------------------------|---------------------|
| Compensation and fines | 2,894,530.62 |
| Miscellaneous | 3,560,407.12 |
| Previous years revenue | 255,948.26 |
| Rent | 523,450.00 |
| Total | 7,234,336.00 |

42- Other payments:- All donation amounted to EGP 1,650,682.00.

43- The treatment of foreign currency exchange was done according to the advice of the Accountability State Authority and according to the addendum of standard No. (13) which states that the disclosed foreign currency exchange in the statement includes retained earnings at the statement of financial position amounted to EGP 790,535,470.58 and the remaining at the statement of income amounted to EGP 125,395,117.91 and additional losses from other credit balances amounted to EGP 2,243,396.00 deducted from operating activity.

44- Payment to acquire Fixed Assets:

| Description | Payments |
|---|-----------------------|
| Emayes for engineering | 1,650,233.13 |
| Fedicom Trading | 9,802,060.02 |
| Egyptian Maintenance Company | 56,753,194.71 |
| ABB Co. | 5,549,913.82 |
| Dock crane zpmc | 236,973,877.01 |
| EGYCO - El Nasr Building and Construction Co. | 7,851,189.40 |
| Future Company | 1,240,591.38 |
| Novatec company (15 trailer) | 8,281,257.58 |
| 15 Crane Mall | 15,442,283.00 |
| Prime Trade and construction company | 7,289,889.00 |
| Crane cony crane 20020016 | 7,315,171.50 |
| Cony crane 6 heavy crane | 36,579,633.19 |
| Cony crane 3 light crane | 10,508,726.36 |
| Port link company | 2,195,212.75 |
| Misr For Cars Trade and others | 132,383,775.17 |
| Total | 539,817,008.02 |

45- Proceeds from sale of fixed assets amounted to EGP 7,595,556.

46- Proceeds from treasury bills of the current year from the beginning balance of the period amounted to 660,821,463 EGP

47- Payments for purchasing treasury bills amounted to EGP 476,599,387.

48- Dividends are as follows:-

| Description | Payments |
|--------------------------|-----------------------|
| Free floating | 35,311,876.06 |
| Marine Transport Company | 459,932,115.54 |
| Alex Port Authority | 329,197,728.1 |
| Employees share | 91,604,635.52 |
| BOD bonus | 707,933.40 |
| Sports commission | 20,405,975.96 |
| Total | 937,160,264.58 |

49- Cash flows statement was prepared using the direct method and cash balance includes cash and cash equivalents, cash at hand, banks, deposits, and treasury bills on demand and short-term investments.