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**Central Auditing Organization**  
**Maritime Transport Control Department**  
**6 Talaat Harb St., Alexandria**

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**Naval General /Chairman and Managing Director**  
**Alexandria Containers and Cargo Handling Company**

Greetings,

We have the honor to enclose herewith the auditor's report on the limited periodic examination of the financial statements of the Company on 31/12/2019.

Kindly be advised and take the necessary actions.

Sincerely,

**Signed/ -----**

**Senior Deputy Minister**  
**Managing Director**

**Accountant/ Eman Hussein Salem**

**Date: 03/02/2020**

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**The auditor's report on the limited periodic examination of the  
financial statements of Alexandria Containers and Cargo Handling  
Company on 21/12/2019**

**To: Shareholder of Alexandria Containers and Cargo Handling  
Company**

**Introduction:**

We have conducted our limited examination of the financial statements of Alexandria Containers and Cargo Company (a subsidiary Egyptian joint-stock company) subject to the provisions of Law No. 203 of 1991. The financial statements are exemplified here by the financial position of the Company on 31/12/2019 the assets of which amount to about 4533.996 million pounds, as well as income the net profit income after-tax which amounts to about 736.060 million pounds, and lists of comprehensive other income and changes in equity and cash flows related thereto for the six months then ended, with a summary of significant accounting policies and other complementary notes. The management is responsible for the preparation of these periodic financial statements and for the fair presentation thereof according to the Egyptian accounting standards. Our responsibility is limited only to the making of a conclusion on the periodic financial statements in light of our limited examination thereof.

**Limited examination scope:**

We have conducted our limited examination in accordance with the Egyptian limited examination standard number (2410) "limited periodic

examination of the financial statements of a facility as performed by its auditor". The limited examination of the periodic financial statements includes basic queries evoked by individuals who are responsible for financial and accounting matters and for applying analytical and other limited examination procedures within the limited examination scope of auditing and in accordance with the Egyptian auditing standards. Therefore, we cannot ensure that we shall be familiar with all the important matters that may be discovered in the auditing process, and shall hence have no auditing opinion or Feedback on these financial statements.

**The basis for making a conservative conclusion.**

1- To date, the Company did not rectify the weak points and severe deficiencies in the internal control system and procedures. In addition, there is no cost system to satisfy the target purpose as an internal audit instrument referred to in the auditor's report on the Company's financial statements of 30/06/2019. This is supported by the report of the Audit Committee dated 26/08/2019 on its work for the period from 01/07/2018 to 30/06/2019 and by the results of the Company's work for the same period. The following are the most important indications of this issue:

- Failure to completely separate the free zone clients and receipts from the clients and receipts of the headquarter of Alexandria Containers Plant in violation of the decision No. 4797 /1 issued by the President of the General Authority for Investment and Free Zones for the year 2004 on 28/12/2004 and which dictates the financial and

spatial separation between the activity of the free Zone and the activity of the parent company, thereby entailing the invalidity of the lists prepared for the free Zone and the headquarter in 31/12/2019, where the Company has contented with the issuance of the administrative order number 505 for the year 2020 on 21/01/2020 to form a committee to lay the foundations necessary to separate the clients of the free Zone from the headquarter of Alexandria plant.

- The lack of independent serial numbers of the free zone bills and those of the Headquarter.
- The lack of tracking of the guarantee letters issued by the Company to the General Authority of Alexandria Port, which resulted in the Company incurring the costs of issuing such letters. It has been shown here that there were letters of guarantee continuing to date and amounting to 959 thousand pounds belonging to an area of 5,942 m<sup>2</sup> in the second zone of Al-Dekhaila and that the Company has not recovered it despite the expiration of the company's use of the said zone since January 2019.
- Also, there are letters of guarantee issued for a sum of about 7,765 million pounds while the true value thereof according to the letter of the General Authority of Alexandria Port No. 229 dated 08/01/2020 is about 1,432 million pounds, which means an increment of about 6,333 million pounds belonging to the areas of 7,257 m<sup>2</sup>, 12,270 m<sup>2</sup>, 7,100 m<sup>2</sup>, and 5,650 m<sup>2</sup>.

It is worth noting that the Company, according to its letter No. 5797 dated 10/28/2019, to the dean of the Faculty of Commerce, Alexandria University, has requested the design of a system for the Company's internal control to be conducted by the studies, research, and consulting unit.

The responsibility should be determined, the situation should be corrected, and the action should be taken in this regard, with swift measures to be taken for addressing the points of weaknesses in the internal control system and with the results of such measures and actions to be reported to us.

2- Detailed financial statements for the free zone branch have not been prepared. That is, the two cash flow charts and the statement of changes in equity, as well as clarifications complementary financial statements have not been prepared in violation of Article No. (41) of the Investment Law No. 72 for the year 2017, Article (106) of the implementing regulation of the Investment Law, as well as the periodical publication issued on 02.07.2015 by the President of the Central Directorate of the General Free Zone of Alexandria. **The reasons for this should be discussed and e an action should be taken, with such an action to be reported to us.**

3- The net profit of the Company after tax during the period from 07/01/2019 to 31/12/2019 has amounted to about 736,060 million pounds as opposed to about 962,435 million pounds for the same period of last year, with a shortage of about 226,375 million pounds

and a decline rate of 23.52%. The Company has announced in its business report that the decline is due to the following reasons:

- A decrease in the number of containers by 6% compared to the previous year. This is contrary to what has been announced by the Company under its letter No. 31//2020/50 dated 18/11/2020 extended to the Head of Disclosure Department, the Egyptian Stock Exchange, that the actual number of containers during the period from 01.07.2019 to 31/12/2019 has exceeded the comparative target for the same period in terms of the quantitative production due to the Company's marketing policy and its ability to provide its clients with quality service in time. **The validity and safety of disclosure should then be taken into account in accordance with the registration and deletion rules in this regard.**
- The low income of the current activity for the previous year by about 159 million pounds due to the reduced value of the dollar to 16.09, compared to 17.88 pounds in the previous year, since the Company's tariff is in dollars and its equivalent in Egyptian pound. In addition, the period has included losses of currency differences amounting to 62.3 million pounds as a result of the low dollar price.

In this context, we should point out that the Company has incurred a loss of 113,351 million pounds due to the currency differences during the years 2017/2018-2018/2019. The analysis did not clarify the measures taken by the Company to counteract the drop in the

dollar price. **The necessary measures should, therefore, be taken to reduce the effects of the drop of the dollar value on the Company's business.**

4- The Company's Board of Directors has issued the decision No. 165 dated 16/09/2019 approving the productive lifetime of the assets and equipment and the self-life of each fixed asset in accordance with the work of the Committee No. 271 for the year 2018, with the application to start from 2019/2020. It has been shown though that there was a discrepancy in the application between the accounts of Alexandria and Al-Dekhaila plants as follows:

- The accounts of Alexandria have amended the values shelf-life of the transportation means as of 01/10/2019 through 31/12/2019, and have also amended the depreciation rates for the newly added assets during the said period only.
- The accounts of Al-Dekhaila have amended the shelf-life values and the depreciation rates of the added assets during the period from 01/07/2019 through 31/12/2019 only. **The reasons for this should be examined and compliance with the decision issued by the Company's Board of Directors in this regard should be adhered to.**

5- The financial statements have not been affected by the value of the discounts offered to the clients as a result of having some permanent clients sold a large number of containers exceeding the limit stipulated in item (19) of the General Conditions of the Company's tariff, in accordance with the segments stated for more than 10 thousand

containers according to segments described the item. Examples of these include clients such as “Arcas ACG”, “COSCO”, “Hapaj Lloyd”, and “Mediterranean”, as per the statement we have received from the Company about the trading volumes over the period from 01/07/2019 through 31/12/2019, which reflects the increased value of the current activity revenues.

**Corrective action is, therefore, needed and should be taken into account in the future, because of the impact thereof on the validity of the periodic financial statements.**

- 6- The balance value due on the clients on 31/12/2019 has reached the sum of about 185,778 million pounds including approximately 97,014 million pounds being due on the client “Mediterranean” at 52.2% of the total debt owed to the clients on 31/12/2019 against 4 letters of guarantee amounting to 1.5 million pounds which are not sufficient to cover the value of the debt owed to these clients at 31/12/2019, in addition to the fact that the Company does not have a credit regulations. **There is a need for the establishment of credit limits, taking into account the consistency of the letters of guarantee with debts due to clients. There is also a need for immediate action to be taken towards the collection of the Company's dues.**
- 7- The net the loss of the Headquarter on 31/12/2019 has reached a sum of about 18,396 million pounds, and the following points have been established:
- The income tax for the activity of the Headquarter during the financial situation period center was estimated at 3.5 million



pounds, while the net loss before tax was about 14.9 million pounds, without providing us with the basis for these calculations.

- The Company has included in the expenses of the Headquarter a sum of about 5,550 million pounds, which amounts to 18% of the total administrative and financing expenses at Alexandria Plant "the number of containers of Alexandria Headquarter in proportion to the total number of containers traded at Alexandria plant. The Company has disregarded the share of Al-Dekhaila plant in these expenses and has not presented the matter to the Board of Directors as being the authority charged with the issuance of the financial statements in accordance with the relevant articles of the implementing regulations of Law No. 203 of 1991 pertaining to the public work sector. Further, the Company did not conduct a study in light of the lack of a cost system, thereby making it impossible to verify the validity and trueness of the amount.

**A study is, therefore, needed and the reasons for the above-mentioned issues should be provided to us along with the reasons for the loss incurred by the Headquarter. The necessary measures should also be taken to maximize the revenues of the Headquarter and its business, given their impact on the work results of the Company.**

- 8- The clarification No.(8) has denoted that the value of idle spare parts inventory on 31/12/2019 has amounted to 417 thousand pounds and that the Company does not have a slow-motion stock. In the meantime, decision No. 12 issued by the Board of Directors on

18/01/2020 has postulated the exclusion of the two winches Nos. 2004 and 2005 from Al-Dekhaila service plant and the sale of the two winches with the spare parts thereof within six months. It was stipulated here that if the sale is not completed during that period, the two winches shall then be scrapped and the matter shall be presented to the extraordinary general assembly of the Company. In the minutes of the committee determining the proposed estimated value, it was stated that the value of the spare parts of the two winches in the warehouses is around 3.079 million pounds and the book value thereof is much higher than their market value. In the case where the spare parts are sold, the market value will then represent 50% of the book value, and if not sold with the winches, they will be regarded as scrap spare parts, which indicates the invalidity of the disclosures of the Company and lack of trueness with regard to the idle stock.

**The accuracy of the disclosure should be observed in accordance with the registration and deletion rules, and an accurate inventory of idle stock should be conducted, with the value thereof to be estimated on the basis of the cost or the net sale value, whichever is less in accordance with paragraph (9) of the Egyptian Accounting Standard No. 2.**

- 9- There is increased taxation of the finance companies for the years 2012/2013 through 2015/2016 by about 3,524 million pounds as concluded by the internal committee in its minutes of 19/05/2019. There were also errors that have not been corrected in the tax

declaration for the year 2017/2018. **The necessary adjustments should, therefore, be made in this regard.**

10- The Company did not investigate the shortage of about 11,075 million pounds being the value of the non-interest loan granted to the Egyptian Navigation Company despite the approval of all shareholders to freeze the Company's activity.

**The responsibility should be determined for granting the loan without having adequate guarantees and studying the shortage of such indebtedness, with the necessary adjustment to be made here on this basis, which will affect the financial statements of the Company.**

11- The capital fund of the Company on 31/12/2019 has reached the sum of about 744,877 million pounds which has been fully included in the financial position statement of the Headquarter, while a sum of 19,968 thousand dollars out of this amount belongs to the Free Zone pursuant to the decision No. 4797/1 for the year 2004 issued on 28/12/2004 by the President of the General Authority for Investment and Free Zones, and in accordance with the latest version of CR of the Company.

**It is necessary to discuss the reasons for this and take the necessary measures regarding the above matter, with the results of this discussion to be reported to us.**

12- The balances due on the company in foreign currency have not been evaluated in the account of creditors buying fixed assets on 31/12/2019. This violates the provision of clause (23), item (a) of the Egyptian accounting standard No. (13) "Effect of the changes in

foreign currency exchange rates”, which stipulates the translation of the items having a monetary nature in foreign currency using the closing price at the end of each financial period.

**The necessary adjustment should be made in the light of the standard referred to above, taking into account the effect of this on the financial statement of the Company.**

13- There are debts that have been suspended over years ago. These debts amount to about 2,552 million pounds and some of them are due back to the year 1998 with lawsuits having been instituted in this regard according to the statement submitted by the Company. The corresponding value is estimated at 3,116 million pounds with an increase of about 564 thousand pounds.

**The necessary adjustment should be made towards the cancellation of the increase in the value of the appropriations with the status of the lawsuits instituted in this regard to be reported to us.**

14- The fees due to the General Investment Authority for the revenues of the Free Zone during the period from 01/07/2009 through 31/12/2019 which affected the income statement for this period has reached the sum of about 12,972 million pounds. The following are the revenues that have been taken as a basis for calculating this fee:

- About 13,297 million pounds of revenues of previous years by mistake.
- About 564 thousand pounds calculated by mistake for the appropriations not included in the fee according to the letter No.

10566 sent by the General Investment Authority on 10/10/2013 and received by the Company under No. 598 on 19/10 2012.

- The continuation of the company to traditionally calculate the fees of the Investment Authority every six months by calculating the value of the dollar according to the exchange rate at the end of the financial period and making the settlement at the end of the financial year on the basis of the exchange rate on 30/06 of each year, with no reference made here to the price in the transaction date or the average price during the year in accordance with paragraphs (39,40) of the Egyptian accounting standard No. (13), which affected the changes in foreign exchange rates.

**The necessary correction should be made in this regard.**

- 15- No detailed disclosure has been made in the statement of changes in ownership regarding the reasons for the changes in the elements of this statement during the period of the financial position and the comparison period, which violates the change in the ownership rights listed in the Egyptian accounting standard No. 1 “Presentation of the financial statements”.

**The necessary correction should be made.**

- 16- Upon the expiration of the legal term of the Board of Directors on 31.12.2018, the Ordinary General Meeting of the Company has approved on 04/04/2019 the decision issued by the Board of Directors of the Holding Company for Marine and Land Transportation in its meeting held on 18/01/2019 regarding the continuation of the Board of Directors in its present form in the

exercise of its work until the formation of the new board and presenting it to the General Meeting of the Company in the next session. This violates the provisions of Article No. (22) of the public sector law, which stipulates that the Board of Directors should be appointed for a period of three renewable years. Also, the Board of Directors of the Company is formed of 8 members in violation of Article 19 of the Company's articles of association and Article No. (22) of the public sector law of 1991, both of which stipulate that the Company's Board of Directors should be formed of an odd member not less than five and not more than nine, including the chairman.

**It is necessary to adhere to the provisions of the Public Sector Law in this regard.**

17- The Company has not, to date, obtained from General Authority of Alexandria Port a license to practice the storage activity until 31/12/2019 despite the approval of the company's extraordinary general meeting on 11/11/2019 to amend a purpose of the Company's in its articles of association by adding the storage activity.

**We should be informed of the reasons for this.**

18- We have not been informed of the following particulars:

- The results of the work of the committee formed under the administrative order No. 616 of the year 2019 dated 15/09/2019 to limit the revenues and expenditures of the external areas for a period of five previous years "The tax prescription period" from

2013/2014 until 2017/2018, and the amendment made to the income statement for those years, as well as the tax declaration for the said five-year period. The formation of the committee was based on our observation regarding the inclusion by the Company of the revenues belonging to the Headquarter in the Free Zone exaggerated revenue which amounted in 2018/2019 to about 82,204 million pounds. We should refer here to the fact that that of the work of that committee was scheduled to be done within two months from the date of its formation.

- The measures that have been taken by the General Investment Authority regarding the observations provided for in the auditor's report on the free zone of the Company for the financial year 2018/2019.
- The data required under the letter we have extended to the Company on 21.01.2020 regarding the lawsuits instituted by the Company against third parties (clients and others) since 2010 to date, with a detailed statement of the judgments rendered against the Company in favor of third parties (free zone activity, Headquarter) until 31/12/2019 and the measures taken in this regard.

**We should be provided with the above-mentioned particulars.**

19- The explanations complementing the financial statements in 31/12/2019 has not included any of the following disclosures:

- The date of approval of the financial statements and the accreditation authority in accordance with paragraph 17 of the

Egyptian accounting standard No. (7) “ The events to occur after the financial period”.

- The amount resulting from the modification the accounting estimates, which has a substantial impact on the present period or expected to have a substantial impact on the subsequent periods, which violates the provisions of paragraph (39) of the Egyptian accounting standard No. (5) “The accounting policies, the changes in the accounting estimates, and the errors” and paragraph 76 of the Egyptian accounting standard No. (10) “The assets and the depreciation thereof”, as well as the Egyptian accounting standard No. (5) which provides that “The facility should disclose the nature and the reasons for the change of the account estimates that affect the current period or expected to have an effect on later periods”.
- Renewing the license to practice the activity of loading and unloading the containers and goods for a period of 15 years from the expiration date of the present license (24/06/2020).
- Amending the purpose of the Company by adding storage activity in accordance with the approval of the extraordinary general meeting of the Company On 11/11/2019.
- There are disputes for which lawsuits have been instituted with the General Authority of Alexandria Port for a sum of about 36,917 million Pounds according to the minutes of accord dated 28/10/2019, besides the rejection of the Company to pay a sum of about 704,000 pounds being owed on the area 32 on the basis that the Company has delivered this area to the General Authority of



Alexandria Port during the period from 01/04/2019 through 30/06/2019.

- The Company has paid a sum of 65 million pounds to the Egyptian Group Company for Multi-Purpose Plants "directly" against the contribution of 13 % of the Company's capital fund, although no procedures have been taken regarding the transfer of ownership of shares from the Holding Company for Marine and Land Transportation despite the relevant resolutions issued in this regard.
- The amount of real estate taxes claimed by the Real Estate Tax Authority until the end of 2019 has amounted to 31,254 million pounds, of which the Company has paid about 22,347 million pounds until 31/12/2019.

**There should be a commitment to disclose all that has been referred to in this note.**

**Discreet conclusion:**

In the light of our limited examination, with the exception of what has been stated in the preceding paragraphs, there is nothing to cause us to believe that the attached periodic financial statements does not fairly and clearly reflect all the important aspects of the financial position of the Company in 31.12.2019 and its financial performance and cash flows over the six- month period ending on that date according to the Egyptian Accounting Standards.

**Signed/ -----**

**Deputy Head of the Department**

**Director-General**

**Accountant/Jaber Juma Jaber**

**Signed/ -----**

**Senior Deputy Director**

**Deputy Minister**

**Accountant/Essam El-Din Ibrahim El-Sayed**

**Date 03/02/2020**

## Results of the Company's business for the period from 01/07/2019 to 31/12/2019

I have the honor to present herein the results of the current and investment activity for the period from 01/07/2019 to 31/12/2019

### Section-1: Ongoing activity

A comparison with the target for that period and what has been accomplished for the same period in the previous year

Item	Actual from 01/07/2019 until 31/12/2019			Target	Comparative			Percentage of		The improvement relative to the comparative
	Alexandria	Al-Dekhaila	Total		Alexandria	Al-Dekhaila	Total	Target	Comparative	
<u>Number of containers handled</u>	<u>Container</u>	<u>Container</u>	<u>Container</u>	<u>Container</u>	<u>Container</u>	Container	Container			
At foreign trade fee	238553	200238	438791	438000	244908	214606	459514	100%	95%	-05%
At transit fee	106	1626	1732	6000	4400	4166	8566	29%	20%	-80%
Total	238659	201864	440523	444000	249308	218772	468080	99%	94%	-6%
<u>Revenues from the current activity</u>	<u>Pound</u>	<u>Pound</u>	<u>Pound</u>	<u>Pound</u>	<u>Pound</u>	<u>Pound</u>	<u>Pound</u>			
Revenues at foreign trade fees	692487160	555739234	1248226394	1410900000	777338559	627201696	1404540255	88%	89%	-11%
Revenues at transit fee	42303	770572	812875	2700000	1788447	1806238	3594685	30%	23%	-77%
* Total current activity revenues (1)	692529463	556509806	1249039269	1413600000	779127006	629007934	1408134940	88%	89%	-11%
Grants and	0	0	0				0			

Item	Actual from 01/07/2019 until 31/12/2019			Target	Comparative			Percentage of		The improvement relative to the comparative
	Alexandria	Al-Dekhaila	Total		Alexandria	Al-Dekhaila	Total	Target	Comparative	
donations added (2)										
<u>Other revenues, benefits, and profits (3)</u>										
Revenues of financial securities and payable benefits	68969677	64445037	133414714	132000000	54427911	57141747	111569658	101%	120%	20%
Appropriations having no purpose	564020		564020							
Total revenues and other benefits and profits (3)	69533697	64445037	133978734	132000000	54427911	57141747	111569658	101%	120%	20%
Total revenue of the current activity revenues and other benefits and profits 4 = (1 + 2 +3)	762063160	620954843	1383018003	1545600000	833554917	686149681	1519704598	89%	91%	-9%
<u>Costs and expenses (5)</u>										
Fuel, spare parts, and supplies	22079312	18891316	40970628	41700000	21224084	18599325	39823409	98%	103%	03%
Wages	106728000	111052000	217780000	275100000	109735000	111169000	220904000	79%	99%	-1%
Differentiations	20400000	17520000	37920000	42,000,000	18,000,000	15300000	33300000	90%	114%	14%
Purchased services	11680812	11024538	22705350	25920000	18290226	8875476	27165702	88%	84%	-16%

Item	Actual from 01/07/2019 until 31/12/2019			Target	Comparative			Percentage of		The improvement relative to the comparative
	Alexandria	Al-Dekhaila	Total		Alexandria	Al-Dekhaila	Total	Target	Comparative	
Depreciation	30627267	49370531	79997798	83190000	29586474	34966362	64552836	96%	124%	24%
Debited benefits							0			
Rents	57947000	47734000	105681000	97990000	55168800	51708000	108876800	108%	99%	-1%
Real estate taxes			0				0			
Indirect taxes	49468417	4574994	54043411	30,000,000	26126318	2819716	28946034	180%	187%	87%
Investment Authority fees	6964072	6007742	12971814	29100000	15282580	13564548	28847128	45%	45%	-55%
In exchange for the use of licenses	5922834	4880377	10803211	10200000	5551259	4851358	10402617	106%	104%	4%
Total costs and expenses (5)	311817714	271055498	582873212	635170000	298964741	261853785	560818526	92%	104%	4%
<u>Burdens and losses (6)</u>										
Appropriations other than the depreciation										
Miscellaneous burdens and losses	3315624		0	600,000	4383181	14240	4397421	553%	75%	-25%
Total burdens and losses (6)	3315624	0	3315624	600,000	4383181	14240	4397421	553%	75%	-25%
Total costs, expenses and burdens 7 = (5 + 6)	315133338	271055498	3315624	635770000	303347922	261868025	565215947	92%	104%	4%
Net activity profit 8 = (4-7)	446929822	349899345	796829167	909830000	530206995	424281656	954488651	88%	83%	-17%

Item	Actual from 01/07/2019 until 31/12/2019			Target	Comparative			Percentage of		The improvement relative to the comparative
	Alexandria	Al-Dekhaila	Total		Alexandria	Al-Dekhaila	Total	Target	Comparative	
<u>Miscellaneous income to be added (9)</u>										
Miscellaneous revenues and profits	4385438	632928	5018366	1,500,000	1287213	5155099	6442312	335%	78%	-22%
Capital profits	74940	17833	92773			1378390	1378390			-93%
Profits of currency differences			0		430879	430880	861759			
Converter reserve of currency adjustment							0			
Revenue from previous years			0				0			
Total miscellaneous revenues (9)	4460378	650761	5111139	1,500,000	1718092	6964369	8682461		59%	-41%
Total 10 = (8 + 9)	451390200	350550106	801940308	911330000	531925087	431246025	963171112	88%	83%	-17%
<u>Other burdens and losses to be deducted (11)</u>										
Loss of sale of waste materials	89922		89922			136302	136302			-34%
Currency difference losses			0							
Capital losses			0							

Item	Actual from 01/07/2019 until 31/12/2019			Target	Comparative			Percentage of		The improvement relative to the comparative
	Alexandria	Al-Dekhaila	Total		Alexandria	Al-Dekhaila	Total	Target	Comparative	
Currency difference losses	41086403	21199490	62285893							
Unusual losses		4223	4223							
Expenses of previous years			0							
Total other burdens and losses (11)	41176325	21203713	62380038	0	0	136302	136302			
Net profit before tax	410213875	329346393	739560269	911330000	531925087	431109723	963034810	81%	77%	-23%
Income tax		3500000	3500000			600,000	600,000			
Net profit after tax	410213875	325846393	736060269	911330000	531925087	430509723	962434810	81%	77%	-23%

The decrease in net profit after tax is due to the following:

- The decline in the revenue of the current activity by 159 million pounds compared to that of the previous year as a result of the decline in the dollar exchange rate which is now 16.09 versus 17.88 in the previous year since the tariff

of the Company is in dollars and the equivalent Egyptian pounds, in addition to the decline in the number of containers by 6 % relative to the previous year.

- The period has included losses of 62.3 million pounds due to the currency differences and the low dollar price



**Section-2**

**Investment budget**

**First: Operations executed during the fiscal year 2019/2020 and previously approved within previous budgets:**

**1- Operations approved in the budget of 2018/2019 and previous budgets**

		Value in 1,000 pounds
1	The process of deepening and dredging of platform 96 and curtains for the installation of filters	10078
2	Supplying (4) winches for loading full containers	22679
3	Supplying (11) medium voltage cell type VACUUM	1749
4	Establishing of an administrative building	2016
5	Development and upgrading the spare part warehouse	246
6	Establishment of a yard to increase the carrying capacity by 350 refrigerator containers	324
7	One (1) forklift with a loading capacity of (5 tons)	706
8	Repair of platform 49- 54	1286
9	Deepening the platform 96 - the second phase	1320
<b>Total (1)</b>		<b>40404</b>

**Second: Tracking the investment budget of 2019 /2020 during the period from 01.07.2019 until 31/12/2019**

		Value in 1,000 pounds
The amount approved for the investment budget 2019/2020		235550

In-kind amount from 01/07/2019 to 31/12/2019 (2)	19341
<b>The total amount paid until 31/12/2019 (1+2)</b>	<b>59745</b>

**Alexandria Containers and Cargo Handling Company**

**Headquarter- Private free zone**

**Financial position statement as of 31/12/2019**

31/12/2019	30/06/2019	Explanation number	Items
			Non-movable assets:
		1	Fixed assets:
96616951.45	88788862		Buildings and Construction
10562626.50	11263173		Machinery and equipment
1077015266.31	1117277566		Means of transportation
934724.81	980866		Tools and supplies
12460047.44	12877744		Office furniture and equipment
<b>1197589616.51</b>	<b>1231188211</b>		<b>Total fixed assets</b>
			<u>Projects in progress</u>
100106678.17	101805514	2	Investment component
46729931.65	37109623	3	Investment tunnels
2412898.00	2412898	4	Real estate investment
956727.33	1531530	5	Capitalized expenses
71237.95	71238		Deferred tax assets
18413490.13	10682312	5	Expenses related to assets not owned by the Unit
			Investments in affiliated companies
12196200.00	12196200	6	Investments in other companies
			Long term debt loans and balances
11074800.00	9004700	7	Loans for other entities
<b>1389551579.74</b>	<b>1406002226</b>		<b>Total non-movable assets</b>
			<u>Movable assets</u>
		8	Stock

91322703070	95175235		The stock of materials, fuel, and spare parts
			L/C for the purchase of goods and services
			Clients, receivables, and debtors
182662176.68	187594214		Clients (after deducting the appropriation of 3115659.37
17194669.65	19928699		Revenues due for collection
58630.20	836227		Expenses paid in advance
29911787.87	1202600		Suppliers
13290376797.42	85315523		Other debit accounts
			Current investments and securities
	189813707		Treasury bills
2690376797.42	3121341995		Cash and balances in the Banks
3144444877.72	3701208200		Total movable assets
4533996457.46	5107210426		Total assets

A sum of 35,886 million pounds has been collected from 010/1/2020 until 11/ 01/2020

## Alexandria Containers and Cargo Handling Company

Headquarter- Private free zone

Financial position statement as of 31/12/2019 (Continued)

31/12/2019	30/06/2019	Explanation number	Items
			Property rights
744876700.00	744876700	12	Paid capital
		13	Reserves
783434924.00	783434924		Legal reserve
795618342.27	617605868		Systematic reserve
374707167.11	374704167		Reserve for the support of projects
26128861.76	26128862	*	Other reserves

213136642.55	207300619		Capital reserve
(4060239.37)	(47331454)	14	Carry over profits (losses)
736060268.99	1833363458		Net profit
3669899667.30	4540083144		Total property rights
		15th	<u>Non-current liabilities</u>
			Bank loans
			Long-term appropriations
			Total non-current liabilities
			<u>Current liabilities</u>
		16	appropriations
24783714.04	24783714		Contested tax appropriation
79505441.56	79575441		claims and disputes appropriation
9686834.37	16642950		other appropriations
		17	Suppliers and payable accounts
36577678.35	51526614		Suppliers
36645592.46	41368885		Accounts payable to departments and agencies
475650257.83	100,000		Distribution creditors
106496741.27	249752215		Due expenses
10142553.46	11669938		Clients
84607976.82	91707525	18	Other credit accounts
864096790.16	567127282		Total current liabilities
4533996457.46	5107210426		Total property rights and obligations

Signed/ -----

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

Signed/ -----

**Accountant/ Mamdouh Mohamed Abdel- Haleem**

**Head of the Financial Sector**

**Alexandria Containers and Cargo Handling Company**

**Headquarter- Private free zone**

**Income Statement**

**For the period from 01/07/2019 to 31/12/2019**

31/12/2019	30/06/2019	Explanation number	Items
1249039269.40	1408134940		Sales/ Revenue
(484279105.33)	(464163798)		Sales cost/ cost of obtaining the revenue
764760164.07	943971142		Gross profit
133414714.12	111569658	19	Investment income
(62221978.09)	2943898	20	Other gains and losses
4957302.38	5602260	21	Other revenue
(98282025.58)	(96383205)	32	Administrative and general expenses
		16	Component appropriations
564020.50		16	Appropriations of no purpose
(3319846.77)	(4397421)	23	Other expenses
(312081.64)	(271522)		Financing expenses
			Income from investments in affiliated companies
739560268.99	963034810		Profits before tax
3500000.00	600,000	24	Income tax expenses

736060268.99	962434810		Profit of the year
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Signed/ -----

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

Signed/ -----

**Accountant/ Mamdouh Mohamed Abdel- Haleem**

**Head of the Financial Sector**

**The individual comprehensive income statement**

**For the period from 01/07/2019 to 31/12/2019**

**(The values are in thousands of pounds)**

Items	From 01/07/2019 to 31/12/2019	From 01/07/2018 to 31/12/2018
Profit for the period	736060	962435
The other comprehensive income		
Currency differences resulting from the floating of the pound	0.00	0.00
Currency differences resulting from the floating of the pound	0.00	0.00
Financial assets available for sale	0.00	0.00
Cash flow coverage	0.00	0.00
Actuarial profits (losses) from the retirement benefit schemes	0.00	0.00
The facility's Share of the other comprehensive income in affiliate companies	0.00	0.00
Income tax related to other elements of comprehensive income	0.00	0.00
Total other comprehensive income for the period after tax deduction	0.00	0.00
Total comprehensive income for the period	736060	962435

Signed/ -----

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

**Signed/ -----**

**Accountant/ Mamdouh Mohamed Abdel- Haleem**

**Head of the Financial Sector**

## Alexandria Containers and Cargo Handling Company

### Financial Affairs Sector

#### Headquarter- Private free Zone

#### Calculation of the cost of producing or buying the units sold over the period from 01/07/2019 to 31/12/2019

Total Pound Piaster	Partial Pound Piaster	Item	Accounting index	Comparative numbers 31/12/2018	Total Pound Piaster	Partial Pound Piaster	Item	Accounting index	Comparative numbers 31/12/2018
		Cost of production							
	36619071.08	Raw materials, fuel, and spare parts	361	37094584					
227962183.14	191343112.06	wages	362	187996548					
		Other costs							
	15162500.68	Purchased services	3631	17334658					
	74266567.09	Depreciation and amortization	3632	100056027					
	98740252.62	Renting of real estate (lands and buildings)	3634						
	0.00	Real estate taxes	3635						
	10803211.37	Cost of using the licenses (Resolution 521)		10402617					
	44372576.21	Fees and taxes		22805793					
256316922.19	12971814.22	Investment Authority fees		28847128	484279105.33		Cost of production or purchase of the units sold (carry- over for a trading account)		464163798
484279105.33				464163798	484279105.33				464163798



**Alexandria Containers and Cargo Handling Company**

**Financial Affairs Sector**

**Headquarter- Private free zone**

**Trading account over the period from 01/07/2019 to 31/12/2019**

Total Pound Piaster	Partial Pound Piaster	Item	Accounting index	Comparative numbers 31/12/2018	Total Pound Piaster	Partial Pound Piaster	Item	Accounting index	Comparative numbers 31/12/2018
484279105.33		<u>The cost of the production or purchase of the units sold</u>		464163798			Business revenue	41	
		Marketing costs			1249039269.40		Sold services	414	1408134940
	0.00	Materials, fuel and spare parts	371				Grants and donations	42	
0.00	0.00	Wages							
		Other costs							
0.00	0.00	Purchased services	3731						
764760164.07		Gross profit		943971142					
1249039269.40				1408134940	1249039269.40				1408134940

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## Alexandria Containers and Cargo Handling Company

### Financial Affairs Sector

#### Headquarter- Private free zone

#### Profit and loss account over the period from 01/07/2019 to 31/12/2019

Total Pound Piaster		Partial Pound Piaster		Item	Accounting index	Comparative numbers 31/12/2018	Total Pound Piaster		Partial Pound Piaster		Item	Accounting index	Comparative numbers 31/12/2018
				Administration, financing, and marketing expenses			764760164.07				Total carryover surplus		943971142
68708444.54		4351556.60		Materials, fuel, and spare parts	381	2728825					Investments and interest revenues	43	0
		64356887.94		Wages	382	66207452			0.00		Investment income from companies	432	0
				Other expenses					126425741.12		Payable interest	435	109038178
		7542849.78		Purchased services	3831	9831044	133414714.12		6988973.00		Treasury bills return	43	2531480
		5731230.88		Depreciation and amortization	3832	4926392					Other revenues and profits	44	0
		0.00		Debit interests	3833				564020.50		Appropriations of no purpose	441	0
		6940747.38		Renting of real estate (lands and buildings)	3834	6820773							
		0.00		Real estate taxes	3835								
		9670834.64		Indirect tax on the activity	3836	6140241							
29885662.68							564020.50						
				Burdens and losses									
		0.00		Appropriations other than depreciation	351								
3315623.52		3315623.52		Miscellaneous burdens and losses	354	4397421							
						0							

796829167.95		Activity profits (carryover balance)		954488652				
898738898.69				1055540800	898738898.69			1055540800
	0.00	Expenses of previous years	356	0	796829167.95		Net activity profit (transferred balance)	954488652
	4222.25	Unusual losses	358	0		10556.40	Profits of currency differences	861759
	0.00	Capital losses	359	0		0.00	Previous year revenues	0
	0	Deferred tax		0		92772.98	Capital profits	1378390
	3500000.00	Income taxes		600,000		4957302.38	Miscellaneous revenue and profits	5602260
	62296449.13	Currency difference losses		136302		61064.00	Waste sale profits	840051
	89922.34	Waste sale losses		0				
65890594.72								
		Net profits				5121695.76		
736060268.99		Surplus		962434810				
801950863.71				963171112	801950863.71			963171112

**Signed/ -----**

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

**Signed/ -----**

**Accountant/ Mamdouh Mohamed Abdel- Haleem**

## Head of the Financial Sector

### Alexandria Containers and Cargo Handling Company Headquarter- Private free zone

#### Statement of changes in the ownership property for the financial period ending on 31/12/2019

*Values are given in pounds*

statement	capital	Legal reserve	Other reserves	Support reserves for projects	Capital reserve	Statutory reserve	Retained earnings (losses)	Net profit	Total
Balance on 01/07/2018	744876700.00	783434924.00	26428861.76	374704167.11	228903949.75	617605868.04	31343872.05	0.00	2806998342.71
Changes during the period	0.00	0.00	0.00	0.00	21603331.20	0.00	3809284.51	962434809.66	944640762.97
Balance on 31/12/2018	744876700.00	783434924.00	264128861.76	374704167.11	207300618.55	617605868.04	47331453.96	1833363458.17	3751639105.68
Equity changes of ownership property from 01/07/2019 to 30/11/2019									
Balance on 01/07/2019	744876700.00	783434924.00	264128861.76	374704167.11	207300618.55	617605868.04	47331453.96	1833363458.17	4540083143.67
Changes during the period	-	0.00	0.00	0.00	5836024.00	178012474.23	43271214.58	1097303189.18-	-870183476.37
Changes in accounting policies	-	-	-	-	-	-	-	-	0.00
Adjusted balance	-	-	-	-	-	-	-	-	0.00
The surplus of the re- evaluation of assets	-	-	-	-	-	-	-	-	0.00
Deficit of re- evaluation of investments	-	-	-	-	-	-	-	-	0.00
Net profits and	-	-	-	-	-	-	-	-	0.00

losses, which was not affected by the income statement									
Net profit for the year	-	-	-	-	-	-	-	-	0.00
Carryover reserve	-	-	-	-	-	-	-	-	0.00
Dividend	-	-	-	-	-	-	-	-	0.00
Issuance of monetary shares	-	-	-	-	-	-	-	-	0.00
Deficit from revaluation of assets	-	-	-	-	-	-	-	-	0.00
Surplus from revaluation of investments	-	-	-	-	-	-	-	-	0.00
Issuance of shares from reserves	-	-	-	-	-	-	-	-	0.00
The balance on 31/12/2019	744876700.00	783434924.00	26128861.76	374704167.11	213136642.55	795618342.27	-4060239.38	736060268.99	3669899667.30

**Signed/ -----**

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

**Signed/ -----**

**Accountant/ Mamdouh Mohamed Abdel- Haleem**

**Head of the Financial Sector**

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<b>Alexandria Containers and Cargo Handling Company</b>	<b>For the period from 01/07/2019 to 31/12/2019</b>		
<b>Cash Flow Statement</b>	<b>31/12/2019</b>	<b>31/12/2018 (Values are in pounds)</b>	<b>Clarifications</b>
<b>Item</b>		<b>Comparative 2018</b>	
<b><u>First: cash flows from operating activities:</u></b>			
Proceeds from clients	1402341559	1556393111	28
Cash purchases and suppliers	256851001	242130640	29
Paid wages	408850805	387168077	30
Securities revenues	10618963	0	31
Collected credit interest	125575362	127712399	32
Taxes and duties	-179479480	179600532	33
Other proceeds	3524224	306086183	34
Other payments	6269043	7543301	35
Currency difference for cash balances	0		
Net cash flows from the plant Operation (1)	690609780	1173749143	
<b><u>Second: Cash flows from investment activities</u></b>			
Payments for the acquisition of fixed assets	577749154	248878576	36
Proceeds from selling fixed assets	0	3618290	37
Proceeds from the recovery of financial contributions	482556038	0	38
Payments for the acquisition of financial investments (treasury bills)	292742330	73376385	39
Payments for the acquisition of shares in other facilities	6.55 million	0	40
Net cash flows from the investment activities (2)	67064554	318636671	
<b><u>Third: Cash flows from financing activities</u></b>			
Proceeds from long-term loans	0		
** Earnings from monetary shares	0		



Distribution of paid profits	-1126662010	2845042543	41
Net cash flows from financing activities (3)	-1126662010	2845042543	
Cash movement change during the period (1 + 2 + 3)	368987676	1989930071	
Differential evaluation of the monetary balance currency	61977522	1155838	42
Cash balance at the beginning of the period	3121341995	4307103856	
Total cash at the end of the period	2690376797	2318329623	
Documentary credit in cash-equivalent			
Letters of guarantee in cash-equivalent			
Cash at the end of the period remaining after the reserved cash			
<b>Total cash at the end of the period</b>			

**Signed/ -----**

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

**Signed/ -----**

**Accountant/ Mamdouh Mohamed Abdel- Haleem**

**Head of the Financial Sector**

**The Holding Company for Maritime and Land Transportation  
Alexandria Containers and Cargo Handling Company  
Egyptian Joint- Stock Company**

**Complementary notes on the financial statements as of 31/12/2019**

**First: Company profile:**

Company's name / Alexandria Containers and Cargo Handling Company,  
One of the companies affiliated to the Holding Company for Maritime and  
Land Transportation.

**Legal form:**

An Egyptian subsidiary joint-stock company established under the provisions of the General Labor Sector Companies Law No. 203 of 91 and the implementing regulations thereof. On 16/01/2005, the Vice-President of the General Authority for Investment and Free Zones has issues the resolution No. 460 of 2005 authorizing the Alexandria Containers and Cargo Handling Company branch to operate under the free zones system at two container plants, namely Alexandria and Al-Dekhaila and to undertake the management of multi-purpose plants. The license was renewed from 15/01/2020 to 15/01/2025 by resolution No. 7 dated 02/07/2019.

**The company's activity under its articles of association:**

The purpose of the Company is to handle containers and goods at Alexandria and Al-Dekhaila port at the site designated by the General Authority of Alexandria Port; to transport containers and goods to and from the port; to manage and operate the multi-purpose plants within and outside

the different ports; and to do customs clearance and practice real estate investment activity in all forms either by itself, by agency, or jointly with others. In doing so, the Company may obtain the necessary licenses to practice such activities and to enter into contracts with engineering consulting offices, construction companies, and all companies operating in this regard. The Company may also contribute to companies operating in other fields.

- The Company adheres to the environment-related stipulations provided for in Law No. 4 of 1994, as amended by Law No. 9 of 2009, and should demonstrate its commitment to all environmental conditions in terms of:
  - Maintaining a record of the Company's impact on the environment according to Annex No. (3) of the implementing regulations of Law No. 4 of 1994.
  - The commitment of the Company to the standards and specifications for liquid waste when disposed into the sea in accordance with Appendix No. (1) of the implementing regulations of Law No. 4 of 1994, where:
    - The company has 5 wastewater treatment plants with a capacity of 170 cubic meters per day
    - The company has 2 industrial wastewater treatment plants with a capacity of 24 cubic meters per day
    - Safe disposal of solid waste and garbage by the General Wastewater Authority and specialized companies.

- Reducing air pollutants through continuous maintenance of the Company's equipment, whether being old or new.
- Maintaining the cleanliness of the floors of the yards and workshops, and using the necessary materials to remove the residual oils from the ground.
- Using a fire alarm system.
- Using safety and security methods to protect workers and work corridors.
- Adopting the rodent and insect control system by contracting with the Ministry of Health to carry out the control process on a monthly basis.

In addition to the above, the Company holds three types of ISO certificates:

- 1- Quality Management System ISO 9001 - 2015, valid until 12/07/2021.
- 2- Occupational Health and Safety System ISO 45001 – 2018, valid until 28/04/2022.
- 3- Environmental Management System ISO 14001 – 2015, valid until 14/02/2020.

**Signed/ -----**

**Company Auditor: the Central Auditing Organization, Maritime Transport Accounts Control, Talaat Harb St., Alexandria.**

**Second: The most important accounting policies used:**

**Principles of preparing the financial statements:**

The financial statements are prepared in accordance with the continuity assumption, the accounting accrual basis, and the historical cost principle.

**Compliance with accounting standards:**

The financial statements are prepared in accordance with the Egyptian Accounting Standards issued by Minister of Investment Decision No. (110) for the year 2015 and the applicable laws and regulations.

**Accounting policy changes:**

The accounting policy used since 2005 is to separate the Company into a free zone branch and a headquarters, with the latter to incur some expenses. As a result of the observations of the Central Organization, the accounting policy has been changed by mandating the free zone to incur some of the expenses related thereto.

**Foreign currency translation**

The aggregate financial statements are prepared and presented in the Egyptian pound, which is the Company's functional currency.

Transactions in foreign currencies are documented in the Egyptian pound, and the profits and losses resulting from their re-evaluation are recorded in the income statement. Purchases are listed in foreign currency at the exchange rate in the date of purchase, and customer revenues are listed at an average exchange rate for the month, with the last period balances in foreign currency to be evaluated at the exchange rate on the date of the financial statements. The profits/ losses resulting from the currency differences are charged to the income statement.

**Taxation policy:**

The Company shall submit an annual tax declaration on the results of the headquarters business. The company also has a branch operating under the free zones system at Alexandria and Al-Dekhaila ports that are not subject to all taxes and fees in force in the Arab Republic of Egypt as postulated in Investment Law No. 72 of 2017. The tax declarations are provided on labor tax, stamps, and VAT which are paid for all the Company's transactions in the Headquarter and the free zone branch.

- Income tax:

The income taxes due for the accounts of the Headquarter shall be calculated in the light of Law No. 91 of 2005 and its implementing regulations and all subsequent decisions and periodic letters, and in accordance with the regulations and instructions in force in the Arab Republic of Egypt. These taxes shall be documented in the income statement of the Headquarter with the potential tax obligations to be established after conducting the necessary study and in the light of the tax claims.

- Deferred taxes:

The deferred tax is the tax that arises from the existence of some temporary differences resulting from the difference in the financial period in which the value of some assets and liabilities is accredited among the applicable tax rules and the accounting principles for which the financial statements are prepared.

The deferred tax was regarded as an asset because of the possibility that this asset can be used to reduce the taxes due to the Company during future years. The deferred tax shown here as an asset to the Company shall be

reduced by the value of the portion that will not be achieved from the expected tax benefit during the following years. However, in the event of an increase in the expected tax benefit, the tax assets shall then be increased in proportion to what has already been reduced.

The deferred tax assets or tax liabilities shall be calculated at the end of the financial year and at the time when the budget is prepared.

**Fixed assets:**

The fixed assets are expressed as the historical cost after deducting the total depreciation and are listed at the acquisition cost thereof and all the expenses necessary to prepare the asset for operation. In accordance with Standard No. (10) Paragraph (10), the facility shall evaluate its assets on the basis of the cost at the time of their occurrence, and the acquisition cost shall include the expenses that are spent later to add or replace part thereof.

The depreciation of fixed assets shall be calculated using the straight-line method where the asset is in its place and original condition, and where the use thereof can bring economic benefits to the facility. As for the depreciated assets which are still operating, no depreciation shall be accounted.

**The productive life of major groups of fixed assets shown in the financial statements:**

According to Standard No. (10) Clause (57), the estimated productive life of the asset is determined through the expected use thereof by the facility.

**The estimated productive life of the major groups:**

Buildings and structures from 10 to 20 years

Machinery and equipment	from 6-7 to 10 years
Means of transportation	from 10 to 20 years
Office furniture and equipment	from 5 to 10 years

The productive life and the scrapping value of the Company's transportation means have been modified based on the committee's decision No. (271) of 2018 in cooperation with the College of Engineering.

- There are no restrictions on the Company's assets against loans.

Devaluation of the assets:

- The book value of the assets owned by the Company shall be reviewed at the budget date to determine whether there are any indications of a decrease in their value. In the case having these indications existed, the necessary studies shall then be prepared to determine the expected recovery value.
- The losses resulting from the devaluation of the assets shall be recorded if the book value of the asset and its cash-generating unit exceeds the recoverable value, and shall be included in the income statement.
- In the case of increasing the recoverable value of the assets, the losses resulting from the devaluation of the assets shall be refunded only to the extent that the book value thereof is not increased. This shall be determined after deducting the depreciation and amortization, without deducting the devaluation of the assets.

- **Projects under implementation:**

- These are exemplified by the amounts that have been spent for the purpose of creating or purchasing fixed assets until they are ready for



use in operation. They are then transferred to the fixed assets item and the projects are then valued on a cost basis.

- **Long-term investments:**

- The investments have been reported in the financial statements based on the acquisition cost minus any devaluation losses if any.

- **Stocks**

- The stocks consisting of fuel, spare parts, materials, and equipment shall be evaluated on a cost basis, and the expenses shall be calculated on the basis of the weighted average.

- **Traded investments and securities:**

- The book value of the traded investments shall be determined on the basis of the purchase cost and shall represent one of the investment assessments.

- **Cash and the like:**

- For the purpose of preparing the cash flow statement, the cash value and its equivalents shall include the treasury cash value, the current bank accounts, and the deferred deposits that are due within three months.

- **Capital management goals and policies:**

- The Company shall manage the capital so that it can cover the operating demands, shareholders 'goals, and finance investments, either by covering the replacements and renewals or by strengthening its competitiveness with self-financing without the need for loans. The

Company is currently conducting studies and research to add investments in new projects.

- **Reserves:**

- These shall be set aside in accordance with the laws, regulations, and decisions in force subject to the approval thereof by the general assembly and the purpose of each reserve. The reserve shall be used based on a decision issued by the general assembly in accordance with the proposal of the Board of Directors.

- **Appropriations:**

- The appropriations shall be accredited when the Company has a current legal obligation resulting from a previous event, which entails an outflow of economic resources to settle the obligation, with the possibility of making a reliable estimate of the amount of the obligation. The appropriations shall be reviewed at the date of each budget and shall be determined to show the best current estimate. They shall be accredited in accordance with the Egyptian accounting standard No. (28), paragraph (1).

- **Transactions with related parties:**

- The related parties are exemplified by both the parent company and its subsidiaries as well as the major shareholders and companies to which the Company contributes. The transaction terms and policies shall be approved by the Board of Directors.

- **Recognition of the revenues:**

- The revenues from rendering services shall be recognized based on the extent to which the transaction was executed at the end of the financial period for which final accounts and financial position are required (Standard 11). The following aggregate conditions should be satisfied:
  - ❖ Accuracy of revenue measurement when the service is fully implemented.
  - ❖ Achievement of the economic benefits of the transaction.
  - ❖ Full registration of the costs related to the implementation of the service performed.

**Expenses:**

All expenses, including operating expenses, general and administrative expenses, and other expenses, are accredited and shall be included in the income statement of the financial year in which they were incurred.

- **Dividend:**

Profits shall be distributed at the end of the financial year after having the financial statements approved by the General Assembly at the end of the financial year in accordance with the provisions of Law (203).

**Financial instruments risks:**

**a- Market Risks:**

The Company works in the field of containers, in which there is competition from companies working in the same field. For this purpose, the Company makes the necessary facilities for customers and buy new equipment to provide distinguished services to attract new shipping lines.

**b- Foreign exchange risk:**

The Company shall maintain its balances in foreign currency to meet the funding requirements of investment plan projects to purchase new equipment from abroad in order to avoid the risk of fluctuations in foreign exchange rates and deal with several banks to obtain the highest interest for the deposits with credit facilities in financing. It is to be known that the Company shall re-evaluate the foreign currencies by the end of each quarter.

**c- Interest Risks:**

The choice shall be made between several banks to be dealt with in order to reduce the risk by linking deposits (Egyptian dollars) for a period of 1-3 months only at the highest prices available.

• **Employee benefits:**

- *Social insurance:* The Company shall make contributions to the General Authority for Social Insurance, and these contributions shall be calculated as a percentage of the employee salaries. The Company's obligations shall be limited to these contributions, which are charged to expenses when they are due.
- *End-of-Service Grant:* The Company shall give an end-of-service grant to its employees. The right to obtain these benefits is calculated based on the last salary and the length of service for the employees equals two and a half months and an appropriation shall be made for this matter.
- *Share of profits:* The employees of the Company shall get a share of the distributed profits not less than 10%. An amount not exceeding the

annual basic wages shall be disbursed in cash, with the excess amount to be excluded and deposited in the account of the services committee in order to finance employee housing projects or other social services (Law 203 of the business sector companies).

- **Cash flow statement:**

- The cash flow statement shall be prepared using the direct method.

**Third: Detailed statements:**

**1- Fixed assets:**

**Statement on additions and exclusions for the fixed assets from 01/07/2019 to 31/12/2019**

*Values are given in pounds*

Item	Balance 01/07/2019	Additions	Exclusions	Balance 31/12/2019	Total depreciation	Net assets
Buildings and constructions	120813760	11588063	0	132401823	35784872	96616951
Machinery and equipment	19435660	79508	0	19515168	8952541	10562327
Means of transportation	1794378544	30590143	342196	1824626491	747611225	1077015266
Tools	2701746	30550	0	2732296	1797571	934725
Furniture and office supplies	35131525	1160130	27688	26263967	13803920	12460047
Total	1962461235	43448394	369884	2005539745	807950129	1197589616

**Calculation of depreciation allowance from 01/07/2019 to 31/12/2019**

*Values are given in pounds*

<b>Item</b>	<b>Balance 01/07 /2019</b>	<b>Depreciation of the period</b>	<b>Appropriation for the depreciation of assets excluded during the period</b>	<b>Balance of the last period 12/31/2019</b>
Appropriation for the depreciation of buildings and constructions	32024898	3759974	0.00	35784872
Appropriation for the depreciation of machinery and equipment	8172487	780054	0.00	8952541
Appropriation for the depreciation of transportation and tools	1720880	76691	0.00	747611225
Appropriation for the depreciation of office furniture and supplies	12253781	1576804	26665	13803920
<b>Total</b>	<b>731273025</b>	<b>77045966</b>	<b>368862</b>	<b>807950129</b>

**The net historical value of depreciated fixed assets:**

- Depreciated equipment (means of transportation) that are kept for eventual disposal, with the historical value of 8,884 million pounds
- Depreciated equipment (means of transportation) that are registered in books and still being used at a historical value of 223.976 million pounds.

**Projects under implementation:**

The accounts of the investment component and the investment expenditures shall include the following particulars:

**2- Investment component:**

A statement about the run of the investment component during the period from 01/07/2019 to 31/12/2019:

item	Balance 010/7/2019	Additions	Exclusions	Balance 31/12/2019
Buildings and constructions	100741059	19275995	20908236	99108818
Machinery and equipment	39,000	28950	67950	0
Means of transportation	493379	30567148	30590143	470384
Tools	263888	30550	30550	263888
Furniture and offices supplies	268188	1158730	1163330	263588
<b>Total</b>	<b>101805514</b>	<b>51061373</b>	<b>52760209</b>	<b>100106678</b>

### **3- Investment expenditures:**

These shall be charged with what has been invested in the advance payments or the documentary credits and shall be included in the investment plan implemented with what has been paid.

Statement of analyzing the balances of the investment spending account on 31/12/ 2019

*Values are given in pounds*

Item	Balance
Advance payments	32323075
Documentary credits	14406856
Total	46729931

### **4- Real estate investment:**

The value of the lands amounting to 2,412,898 pounds in 30/6/2016 has been converted into long-term investments (real estate investment) in the Headquarter.

## **5- Intangible assets:**

These shall be documented on a cost basis minus the depreciation (amortization is determined by the straight-line method), with the productive life to be estimated between 5 to 10 years. The intangible assets are exemplified by the following particulars:

- Capitalized expenditures: A sum of 956 thousand pounds in return for using the assets of the Al-Dekhaila plant.
- Non-unit assets: A sum of 180,413 million pounds to cover the expenditures related to sewer and industrial drainage works, software for the system, and increased safety works for platform 96 in Al-Dekhaila, and to serve the purposes thereof.

<b>Item</b>	<b>Balance 01/07/2018</b>	<b>Additions</b>	<b>Depreciation of the period</b>	<b>Balance 31/12/2018</b>
Capitalized expenses (In return for using the assets of the Dekheila plant)	1531530	0	574803	956727
Non-owned assets	10682312	9541044	1809866	18413490
Total	12213842	9541044	2384669	19370217

## **6- Investing in companies:**

**First: investments in subsidiary companies: (a shareholding rate of more than 50%).**

N/A



**Second: Investments in affiliated companies: (a shareholding rate of more than 20%).**

A statement clarifying the run of the financial investments in affiliated companies to which the Company contributes, and the number of shares as of 31/12/2019:

*Values are given in pounds*

The company's name	Contribution rate	Beginning of the period on 01/07/2019		The change		End of the period on 31/12/2019	
		Value	Number of Shares	Value	Number of Shares	Value	Number of Shares
Memphis Shipping Agencies	44%	0	880,000	0		0	880,000
Amoun Shipping Agencies	44%	0	880,000	0		0	880,000
Abu Simbel Shipping Agencies	44%	0	880,000	0		0	880,000
Total		0	2640000			0	2640000

**Third: Investments in other companies: (Contribution ratio of less than 20%)**

The Company's name	Contribution rate	First time on 1/7/2019		the change		The last time is on 12/31/2019	
		the value	Number of Shares	the value	Number of Shares	the value	Number of Shares
The	6.544%	1154400	1300000	65220	65220	1219620	136522

Egyptian Garages Company (Turgeman Group)		0		0		0	0
Send a private message to Smith Bay	2%	0	200,000	0	0	0	200,000
Total		1154400 0	1,500,00 0	0	0	1219620 0	156522 0

- The Company's share in the capital of the Egyptian Garages Company (Al-Turjuman Group) was increased by 652,200 pounds.
- The appropriation made during 2014/2015 for Memphis Company at an amount of 12,961,387 pounds was used and the remainder of the investment value of 11,243,237 pounds was deducted as extraordinary losses during the year 2014/2015.
- The value of the shareholding in Amoun Company was deducted as a result of calculating the value of the impairment of these investments and deducting them from the value during the financial year 2008/2009.
- The value of the shareholding in Abu Simbel and Taibah Companies was deducted as a result of calculating the value of the impairment of these investments and deducting them from the value during the financial year 2014/2015 at 15,404,623 pounds.
- The appropriation made during 2014/2015 was used for the Egyptian Navigation Company in the amount of 7,214,272 pounds, and the rest

of the investment value was deducted by 2,500,000 pounds as extraordinary losses.

- The value of the shareholding in the Egyptian Garages Company (Al-Turjuman Group) was deducted as a result of calculating the impairment value of these investments and deducting them from the value during the 2016/2017 financial year at an amount of 1,456,000 pounds.

#### **7- Long term debit loans and balances:**

A sum of 11,074,800 pounds being a non-interest loan for the Egyptian Navigation Company.

#### **8- Stock pricing and evaluation:**

The Company shall measure the value of the merchandise stock on a cost basis according to the standard No. (2), paragraph (9), noting that the nature of the stock in the Company is exemplified by the spare parts that are needed to perform the overhaul and maintenance of the specialized equipment whose spare parts are imported from abroad, as well as the materials and the supplies needed for hygiene purposes and the like. The pricing shall be done on a purchase cost basis.

The pricing of the stock leaving the warehouses shall be performed by the weighted average method on all stock items.

- The idle stock on 31/12/2019 has amounted to 417 thousand pounds.

#### **9- Analyzing other debit balances on 31/12/ 2019:**

*Values are given in pounds*

Item	Amount
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Other debit accounts	49098710
Credit accounts for authorities and organizations	17733143
Deposits under the possession of third parties	855999
Creditors of buying investments	6500000
Expenses due for payment	12280
Creditors of buying fixed assets	60,000
Other credit accounts	157980
<b>Total</b>	<b>132918112</b>

- The other credit accounts are exemplified by the amounts due to the employees in the form of violations and damages caused by drivers and others who are dealing with the Company's equipment. They are also exemplified by the costs of training courses due to some workers, the taxes due on workers, and the loans that are granted to workers and deducted from their salaries in monthly installments during the year.

### **10- Treasury bills:**

The treasury bills are used as one of the savings assessments for the available cash balances according to the interest rate as long as they exceed the interest rate of the deposit in conformity with the size of the available cash balances. The treasury bills shall be recorded at the purchase price and the proceeds shall be charged to the income statement according to the principle of entitlement. A tax of 20% shall be deducted from the source value, with a tax value of 22.5% to be added to the treasury bills when preparing the tax declaration.

### **11- Cash in banks and treasury fund**

- The cash balance in the banks has reached a sum of 269,037,6797 pounds and includes:
  - Current bank: 112,094,471 LE
  - Treasury: 676,000 LE
  - Term bank deposits (Three month) 2,238,655,937 LE
  - L/C Coverage 36,120,586 LE
  - Deposits against credits 302,829,803 LE
  - For the purpose of liquidity, the L/C coverage shall be excluded with deposits against credits.

**Property rights-:**

**12- The authorized capital:**

The authorized capital amounts to 1,000 million pounds

**Movement of issued and paid-up capital and number of shares:**

- The issued and paid-up capital amounts to 744,876,700 pounds and the nominal value amounts to 00.50 pounds per share, with the number of shares amounting to 1,489,753,400. The extraordinary general assembly has agreed on 13/08/2018 to divide the nominal value of the Company's share from five pounds per share to fifty piasters per share.

Distributed as follows:

Item	Number of shares	Contribution rate	Capital on 30/09/2019	Comparative capital on 30/06/2019
Holding	824865720	55.369%	412432860	412432860

Company for Maritime and Land Transportation				
Alexandria Port Authority	590400000	39.631%	295200000	295200000
Free trading	74487680	5.00%	37243840	37243840
Total	1489753400	100%	744876700	744876700

### **13- Reserves:**

#### **- Legal reserve:**

A portion of the net profits shall be set aside at a rate of 5% of the net profit for the year in order to form a legal reserve. The General Assembly may suspend cessation of the appropriation of this legal reserve if it reached half of the issued capital. The legal reserve may be used to cover the Company's losses and to increase the capital fund based on a decision by the General Assembly in accordance with the proposal made by the Board of Directors. The balance of 30/6/2018 has included a sum of 162,509,861.40 pounds being the value of the issuance premium on increasing the free trading shares to reconcile the situation.

#### **- Statutory reserve:**

A value of 20% shall be set aside to cope with the rise in asset prices and support the Company's financial position in accordance with the provisions of Article (45) of the company's articles of association.

#### **- Project Support Reserve:**

A portion of the net profits of the Company shall be set aside after the legal and statutory reserves, and a value of 5% of the capital fund shall be allocated to the shareholders and employees as an initial share, with a percentage of no more than 5% to be deducted for the members of the Board of Directors. This reserve shall be set aside to cover the support of the projects. The project support reserve has amounted to 374,704,167.11 pounds on 31/12/ 2019.

- **Capital reserve:**

The value of disposing of the fixed assets of the Company or compensating for it shall be allocated for bringing the assets of the Company back to their original conditions, or for buying new fixed assets.

❖ **Analytical statement of other reserves**

<b>Item</b>	<b>Amount</b>
The difference between the nominal value and the fair value as a result of the increase in the share in the Egyptian Navigation Company	6997952.00
Re-evaluation of foreign currency in Egyptian pounds (6541023.64)	6541023.64
The value of the compensation of the National Insurance Company for the Calmer winch accident	117711.00
Increasing investments in agencies against the free shares issued by shipping agencies in 2004	3300000.00
The value of the gift assets supplied from the companies, along with the value of the equipment and cranes supplied and charged to the documentary credits	1027843.47
The value of the used caravan supplied as a gift by AMCO Consulting Office	3000.00
Reserve for a rise in the prices of fixed assets (depreciated assets in the book prior to the application of the decision No. 204 of 2001 issued by the Central Organization with regard to the	8141331.65

amendment of the accounting system)	
<b>Total</b>	<b>26128861.76</b>

**14- Carried over profits (losses):**

- The difference between the income of previous years and the expenses of previous years has been addressed in the account of the profits (losses) carried over in the financial position statement as of the financial year ending on 30/06/2017.
- The balance of profits (losses) carried over on 01/07/2009 has amounted to (47331454) pounds, and it was deducted from the distribution project under a decision issued by the Assembly on 11/11/2019. The revenue of the previous years (21467 pounds) shall be added to this amount, with a sum of 4781707 pounds to be deducted in order to obtain a balance of 4060,239 pounds on 31/12/2019.

**- Statement of the analysis of the revenue account of previous years, on 31/12/2019**

*Values are given in pounds*

Item	Amount
Cancellation of depreciation allowance (the process of increasing the safety of platform 96)	567162
Rejecting the transit resolution 800	5934
The actual and estimated difference for the excellence reward	77132
Deferred tax profits	71238
<b>Total</b>	<b>721467</b>

**- Analysis of the expense of previous years on 31/12/2019**

*Values are given in pounds*



<b>Item</b>	<b>Amount</b>
Differences due to police guards	39325
Insurance share of the companies	753 500
Resolution of 800 transit	741509
Losses of selling rubber to the Alexandria plant	100,000
Upgrading the Company's share in 11/ 2019	269618
Due differences for water and electricity	68246
Fee due to the yard 36/65	280,000
Minimum storage value	1706158
Insurance value for 20- month period following 2018/2019	823350
<b>Total</b>	<b>4781706</b>

### **15- Other long-term obligations:**

Long-term loans:

N/A

Bonds:

N/A

Current liabilities:

### **16- Appropriations:**

Statement of appropriations other than depreciation as of 31/12/2019: -

*Values are given in pounds*

<b>Item</b>	<b>Balance 1/7/2019</b>	<b>Component</b>	<b>Used</b>	<b>Has no purpose</b>	<b>Balance 31/12/2019</b>
Client allowance (deducted from client account)	3645623			529964	3115659
Tax appropriation	24783714				24783714
Appropriation for	79575442		35944	34056	79505442

judicial disputes					
Appropriation to face the Port Authority's disputes	3200000				3200000
End of service benefit	13442950		6956116		6486834
<b>Total</b>	<b>124647729</b>		<b>6992060</b>	<b>564020</b>	<b>117091649</b>

**17- Suppliers and accounts payable on 31/12/2019:**

*Values are given in pounds*

<b>Item</b>	<b>Amount</b>
Suppliers	36577678
Credit accounts payable to departments and agencies	36645592
Distributable creditors	475650258
Expenses due for payment	106496741
Client	10142553
Other credit accounts	84607977
<b>Total</b>	<b>750120799</b>

- ❖ Note that there are no short-term loans or overdrafts
- ❖ Distributable creditors: Represented by 138 thousand pounds being the remaining share of the members of the board of directors for the previous financial year, and 475,511 thousand pounds being the remaining share of the Holding Company for Maritime and Land Transportation.

**18- Analysis of other credit accounts appearing in the financial position statement on 31/12/2019:**

<b>Item</b>	<b>Amount</b>
Creditors buying fixed assets	32361802
Third-party insurances	9893658
Other creditor accounts	42336407

Other debit accounts	16110
Total	84607977

- ❖ The nature and components of the other credit accounts item are the amounts deducted from some employees (wives and children expenses, penalties, and taxes due).

- **Transactions with related parties**

*Values are given in thousands of pounds*

Item	Nature of the relationship	The transaction size in 12/31/2019
Holding Company for Maritime and Land Transportation.	Contribution to the company's capital by 55.369% with other financial transactions exemplified by allowances for attending committees, renting of Al-Beshri store, and contribution to the advertisements.	255
Alexandria Port Authority	Contributing to the company's capital by 390,631% with other financial transactions affecting the financial statements such as the utilization of lands and buildings and the related sanitary costs.	119773
Abu Simbel and Tiba Company for shipping agencies	The Company contributes to the capital of Abu Simbel and Tiba Company for Shipping Agencies (Affiliated Company) by 44% % with other financial transactions exemplified by the customs clearance in favor of the Company	173
Memphis Company for Navigational Agencies	The Company contributes to the capital of Memphis Company for Navigational Agencies (Affiliated Company) by 44% % with other financial transactions including reports on dismantling and fixing the containers, damages to the container, and rental of the containers.	6426
Amoun Company for Navigational Agencies	The Company contributes to the capital of Amoun Company for Navigational Agencies (Affiliated Company) by 44% % with other	15

	financial transactions consisting of rental of containers.	
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- **Revenues:**

The gross profit shall be calculated based on the outcome of subtracting the activity revenue from the costs of producing or buying the units sold.

**19- Income from investment:**

The credit interests shall be recorded on an accrual basis and all that related to the accounting period.

On 21/02 2019, Law No. 10 of 2019 and Minister of Finance Decision No. 335 of 2019 have been applied.

Returns on treasury bills as a separate assessment and the charge of the related cost thereto:

Item	Amount
Credit interests	126425741
Returns of the treasury bills	6988973
	133414714

**20- Other gains and losses:**

Item	Amount
Capital profits	92773
Waste selling losses	(28858)
Currency difference losses	(62285893)
<b>Total</b>	<b>(63221978)</b>

**21- Other revenues and profits:**

*Values are given in pounds*

Item	Amount
Credit rentals	400000
Compensation and fines	3911611

Income from selling the specification manuals	945691
<b>Total</b>	<b>4957302</b>

## **22- Administrative and general expenses:**

These are provided in detail in the profit and loss account in the financial position attachments, minus the financing expenses (bank commission).

*Values are given in pounds*

Item	Amount
Materials and spare parts	4351557
wages	64356888
Bought services	7542850
Depreciation and amortization	5731231
Rental of real estate	6940747
Indirect taxes on activity	9670835
Financing expenses (bank expenses)	(312082)
<b>Total</b>	<b>98282026</b>

## **23- Other expenses:**

*Values are given in pounds*

Item	Amount
Miscellaneous burdens losses	3315624
Unusual losses	4223
<b>Total</b>	<b>3319847</b>

## **24- A statement of the tax situation as of 31/12/2019**

### **First: Joint-Stock Companies Tax:**

The works of the special committees for the years 2007/2008 to 2011/2012 have been completed and payment has been made. The settlement is underway with the Collection Department of the Tax Authority.

For the years 2012/2013 to 2015/2016, the examination has been conducted and the claim has been received in the amount of 21294807 pounds.

Accordingly, a tax appropriation amounting to 18,000,000 pounds has been established to confront the differences with the Tax Authority. The internal committee's works have also been completed and resulted in a partial agreement. A minute was prepared in this regard and the dispute has been relegated to the Appeal Committee, but the decision thereof is still pending. The balance of the credit accounts has appeared for the departments and authorities (the Tax Authority - deduction from the source), owed with a sum of 1,839,721.50 pounds related to the tax on treasury bills and deduction taxes from the source with the awareness of clients. These will be settled immediately upon the completion of the final base due to the change in the tax assessments, as the deduction is within the tax limits due for each year separately.

### **Second: Payroll tax**

The tax examination has been completed until 2012 along with accounting and payment. The examination of the years 2013, 2014, 2015, and 2016 is underway.

The tax settlement has resulted in financial differences paid in excess for the years 2013 and 2018 in amounts of 1,413 thousand pounds and 2,241 thousand pounds, respectively. This was due to the amendment of the provisions of the income tax law, which gave the financiers an increase in personal exemptions, as well as an increase in the value of the tax deduction for each segment. These differences will be settled upon completion of the tax examination work for those years.

### **Third: Stamp taxes**

The examination was completed until 30/06/2015 and there are no claims or violations.

**Fourth: Sales tax**

The examination and accounting of the sales tax have been completed until 2015/2016 and payment has been made.

**Fifth: Real estate tax**

On 30/06/2018, a portion of the appropriation has been used to meet the real estate tax claim in the amount of 9 million pounds, and the appropriation was increased to meet the requirements of real estate taxes.

❖ **Rights, privileges, and restrictions on dividends:**

N/A

❖ **Late dividends for the preferred shares:**

N/A

**25- Dividends:**

Profits shall be distributed at the end of the financial year after having the General Assembly approved the financial statements at the end of the financial year in accordance with the provisions of Law 203. The coupon value shall be calculated by dividing the shareholder's share by the number of shares (1489753400 shares), and the standard shall be applied by distributing the net profits to shareholders after setting aside the necessary reserves and the profit shares of the employees and the Board of Directors

The share in the dividends shall be calculated by dividing the shareholder's share of the profits by the actual number of shares, knowing that the Company's shares are ordinary.

## **26- Capital connections not recorded in books**

*Values are given in thousands of pounds*

<b>Item</b>	<b>Amount</b>
16 MB transformer with a capacity of 505K and 400V	734
TOS system	34946
12 KV cells	4035
A 2 MV dry transformer, including pre-installed copper bars for the TCI plant	2574
2 low-pressure plate including TC4-TC1 (PF) plate	
Establishing a yard to increase the carrying capacity of the refrigerator by 350 containers	4666
The process of deepening and dredging the platform 96 (Suez Canal Authority)	11047
Curtains for installation of fenders	15774
Supply of (2) yard winches	49435
Supply of (4) telescopic winches	24489
Supply of 4 microbuses/ mini 2 minibusses/ 2 air-conditioned buses	8149
Enhancing the efficiency of the Company's fences	1116
Developing and raising the efficiency of the human store	1756
<b>Total</b>	<b>150721</b>

## **27- Other clarifications:**

- As of the financial year ending on 30/06/2016, the marketing expenses have been included in the profit and loss account and not in the trading account according to the Egyptian Accounting Standard No. (1).
- **Lands:** El-Wadi Cotton Ginning Company, which owns the land of Ballina, shall undertake the registration of the stake sold in the name



of the Holding Company for Maritime and Land Transportation under the Real Estate Registration No. 410/2018 which has been submitted on 31/12/2018, provided that the Holding Company shall undertake the re-registration of the Company.

- **The process of deepening the platform 96 (Canal Ports Company):**

The Canal Ports Company and the Mega Projects (executing the project) are currently implementing the process-related works, where (12) abstracts have been implemented with a sum of 64, 983 million out of a sum of 74,794 million.

- On 03/09/2019, the Alexandria Court of Appeal has rendered its judgment No. 1621/ judicial year 64 for the lawsuit instituted by the joint-stock company “Ikla Coaster & Tsioni Generali”, mandating the Company to pay a sum of \$ 9,193,220.21, knowing that the Company has been informed of the executive form of the legally prescribed fine which has been paid without incurring the interests.
- Work is underway to renew the license for Al-Dekhaila Container Plant.
- Work is underway to renew the annual license issued by the Civil Protection Department to which the Company’s branches are subordinated.

**Letters of guarantee for total deposits amounting to 34,530,416 pounds.**

- A letter of guarantee for a sum of 10,000 pounds in favor of Telecom Egypt, being the value of international calls. Expiration date: 01/02/2020
- A letter of guarantee for a sum of 40,000 pounds in favor of Misr Petroleum Company, being the value of covering the oil withdrawals. Expiration date: 28/04/2020
- A letter of guarantee for a sum of 903,829 pounds in favor of Alexandria Port Authority, being the value of 10% of the final insurance for renting Al-Mafrouza Yard for 3 years. Expiration date: 09/10/2020
- A letter of guarantee for a sum of 73,800 pounds in favor of Alexandria Port Authority, being the value of 25% of the minimum insurance for 3-year trading c. Expiration date: 09/10/2020
- A letter of guarantee for a sum of 200,000 pounds in favor of the Customs Authority, being the value of 5% of customs duties and estimated taxes for the average storage capacity. Expiration date: 28/11/2020.
- A letter of guarantee for a sum of 42,600 pounds in favor of The Port Authority, being the value of 25% of the minimum total trading in an area of 7,100 m<sup>2</sup> in Al-Mafrouza Yard. Expiration date: 02/09/2020
- A letter of guarantee for a sum of 458270 pounds in favor of the Port Authority, being the value of final insurance of the right of using an area of 7,100 m<sup>2</sup> in Al-Mafrouza Yard. Expiration date: 14/11/2020

- A letter of guarantee for a sum of 409,563 pounds in favor of the Port Authority, being the value of final insurance of the right of using an area of 5,060 m<sup>2</sup> in Al-Mafrouza Yard. Expiration date: 10/11/2020
- A letter of guarantee for a sum of 33,900 pounds in favor of the Port Authority, being the value of the right of using an area of 5,060 m<sup>2</sup> in Al-Mafrouza Yard. Expiration date: 10/11/2020
- A letter of guarantee for a sum of 200,000 pounds in favor of the Customs Authority, being the value of taxes and estimated fees for the average expected storage capacity over areas of 7,100 m<sup>2</sup> and 565 m<sup>2</sup>. Expiration date: 23/05/2020
- A letter of guarantee for a sum of 900,000 pounds in favor of the Alexandria Port Authority (Licensing Department), being the value of shipping and unloading activity of container ships. Expiration date: 15/05/2020
- A letter of guarantee for a sum of 2,762,784.40 pounds in favor of Alexandria Port Authority, being the value of 10% insurance, in exchange for the use of the rent Al-Mafrouza Yard for three years. Expiration date: 17/09/2020.
- A letter of guarantee for a sum of 14,500,000 pounds in favor of the General Authority of Alexandria Port, being the value of final insurance for the areas allocated to the Company. Expiration date: 03/11/2020
- A letter of guarantee for a sum of 1,464, 000 pounds in favor of the General Authority of Alexandria Port, being the value of the right to

- use an area of 7,257 m<sup>2</sup> in the third region and to ensure the total annual trading. Expiration date: 09/11/2020
- A letter of guarantee for a sum of 1,599,000 pounds in favor of the General Investment Authority, being the value of the obligations of the Company as a private area. Expiration date: 05/01/2020.
  - A letter of guarantee for a sum of 3,800,000 pounds in favor of customs of the northern and western regions, being the value of final insurance to guarantee the value of taxes and fees for the average storage capacity expected in an area of 12,300 m<sup>2</sup>. Expiration date: 17/02/2020.
  - A letter of guarantee for a sum of 1,616,157 in favor of Alexandria Port Authority, being the value of final insurance against the use of two yards with areas of 7,100 m<sup>2</sup> and 5,680 m<sup>2</sup>. Expiration date: 27/11/2020
  - A letter of guarantee for a sum of 3,800,000 pounds in favor of the customs of the northern and western regions, being the value of taxes and estimated fees for the average storage capacity expected in Al-Mafrouza Yard with areas of 5,650 m<sup>2</sup> and 7,100 m<sup>2</sup>. Expiration date: 30/04/2020
  - A letter of guarantee for a sum of 50,000 pounds in favor of the General Authority of Alexandria Port, being the value of final insurance for the re-establishment of the separation fence between Al-Dekhaila container plant and the leased area of 5,942 m<sup>2</sup> adjacent to the Company's fence. Expiration date: 20/08/2020

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- A letter of guarantee for a sum of 908,913 pounds in favor of the General Authority of Alexandria Port of, being the value of 10% of the rate of use for 3 years of an area of 5,942 m<sup>2</sup> in the second region in Al-Dekhaila and 25% insurance of the minimum annual trading. Expiration date: 05/07/2020
- A letter of guarantee for a sum of 400,000 pounds in favor of Misr Petroleum Company, being the value of covering the withdrawals of petroleum products. Expiration date: 30/11/2020
- A letter of guarantee for a sum of 57,600 pounds in favor of the General Authority of Alexandria Port, being the value of insurance for the right of using an area of 640 m<sup>2</sup> in the yard No. 68, Port of Alexandria. Expiration date: 30/03/2020
- A letter of guarantee for a sum of 150,000 pounds in favor of the customs of the northern and western regions of Alexandria, being the value of guaranteeing taxes, customs fees, and other duties and all customs dues for goods and containers stored in the yard No. 68, Port of Alexandria. Expiration date: 07/04/2020
- A letter of guarantee for a sum of 150,000 pounds in favor of the customs of the northern and western regions in Alexandria, being the value of guaranteeing taxes, customs fees, and other duties and all customs dues for goods and containers stored in the yard No.36, Port of Alexandria. Expiration date: 07/042020.

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