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**Central Auditing Organization**

**Department of Maritime Transport Accounts Control**

**6 Talaat Harb St., Alexandria**

**Auditor's Report on the limited examination of periodic financial  
statements**

**for the Alexandria Container and Cargo Handling Company on  
30/09/2020**

**To: Messrs. / Shareholders of the Alexandria Container and Cargo  
Handling Company**

**Introduction:**

We have conducted a limited examination of the "complete" financial statements of the Alexandria Container and Cargo Handling Company (an Egyptian joint-stock company) subject to the provisions of Law No. 203 of 1991. These are exemplified by the financial position statement on 30/09/2020, whose total assets are about LE 5030,289 million, the income statement with a net profit after tax amounting to about LE 277,735 and other comprehensive income statements, the changes in property rights and cash flows related to them for the three months ended on that date, and a summary of the important accounting policies and other complementary explanations. The Management is responsible for preparing these periodic financial statements and fair and clear

presentation thereof under the Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on the periodic financial statements in light of our limited examination thereof.

**Limited examination scope:**

We have conducted our limited examination under the Egyptian Standard No. (2410) for the Limited Examination Functions "Limited examination of the periodic financial statements of an establishment performed by of its auditor". The limited examination of the periodic financial statements includes basic queries by officials who are responsible for the financial and accounting matters, application of analytical measures, and other measures related to the limited examination. The limited examination is substantially less in scope than an audit process conducted under the Egyptian Auditing Standards. Therefore, we cannot be assured that we will become aware of all important matters that may be discovered in an audit process, and accordingly we do not express an audit opinion on these financial statements.

**The basis for expressing the conservative conclusion:**

- 1- The opening balances on 01/07/2020 were not approved since the Company's Ordinary General Meeting has not been held to date to consider the financial statements for the year ending on 30/06/2020.
- 2- The match between the Company and the General Authority for Alexandria Port on 31/08/2020 has revealed a sum of about LE 37,092 million for which a lawsuit has been instituted by the Authority for the

settlement thereof, in addition to the Company's objection to the payment of a sum of about LE 119,000 being debts owed by the Company as a result of its exploitation of an area of 28 square meters and an area of 45 square meters. An allowance of LE 35,737 was appropriated for addressing these disputes.

**Resolving the disputes with the Alexandria Port Authority should be expedited.**

3- The insufficiency of the value of the letters of guarantee obtained by the Company from the clients to cover the debt value owed by these clients on 30/09/2020. The following are examples of this.

Client's name	Due indebtedness	The percentage of debt to the total balance of the clients	The value of the letters of guarantee	The percentage of the guarantee to the debt
Mediterranean Agency	45804886	26%	1500000	3.3%
Hapag-Lloyd	37983325	21%	2000000LE +100000 \$	9.4%

**Consideration should be given to the proportionality of letters of guarantee with the debts owed by the clients.**

4- The debit accounts included a sum of about LE 26,194 million, a balance owed by the General Authority for Investment and Free

Zones, which has not been matched. Besides, the balance did not include the sum of about LE 1,520 million (1% of the revenue of about LE 152,06 million) resulting from the work of the committee formed by Administrative Order No. 616 of 2019 for tracing the revenues of the headquarters for the years from 2013/2014 to 2017/2018.

**Reconciliation and necessary matching should be performed to verify the correctness of the balance.**

5- The Canal Company for Ports and the major projects undertaking the project of deepening the platform # 96 at Dekheila Container Terminal has not been asked for any profits due to the delayed implementation of the project, which was scheduled to be completed on 29/10/2016. The project manager stated on 28/10/2020 that the initial receipt of the project was made.

**The project executing company should be asked to incur fines for the delayed implementation of the project and the lost earnings to preserve the Company's rights.**

6- The fees owed to the General Investment Authority for the revenues of the Free Zone during 01/07/2020 - 30/09/2020, which affected the income statement for this period, amounted to about LE 11.725 million. It was shown that the Company has continued the calculation of 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 the settlement is done at the end of the

financial year based on the exchange rate on 30/06 of each year without calculating the value according to the date of the transaction or the average price during the year under the two Paragraphs 39 and 40 of the Egyptian Accounting Standard No. (13) “The impact of changes in foreign exchange rates”.

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

7- The Company has incurred about LE 34,698 million of currency differential losses during the financial period ending on 30/09/2020 as a result of the decreased price of the dollar. In this regard, we note that the Company has incurred the loss of currency differences of about LE 54,071 million during the financial year 2019/2020 and about LE 113,351 during the year 2018/2019, 2017/2018.

**Measures should be taken to limit the effects of the depreciation of the dollar due to its impact on business results.**

8- Our observation still exists regarding some weaknesses and severe deficiencies in the internal control system and the Company's internal control procedures, as well as the absence of a cost system that fulfills the purpose as one of the internal control tools. This has already been mentioned in the auditor's report on the Company's financial statements on 30/06/2020. The Company's Board of Directors has issued decision No. 54 on 15/04/2020 to form a committee to develop the internal control system, with another committee to develop the cost system, according to the decision No. 83 issued by the Company's Board of Directors on 18/06/2020.

**The shortcomings and weaknesses of the internal control system should be promptly addressed, and we should be informed of what is done in this regard.**

9- The Chairman of the Public Free Zone in Alexandria has issued decision No. (7) of 2020 on 16/07/2020 amending the text of Article No. (6) of the resolution No. (460) of 2005 issued on 16/01/2005, by adding the external subsidiary spaces of the head office to allow the practice of activity under the private free zones system without including the activity of the common warehouse of the Headquarter.

**We recommend that the General Investment Authority should be requested to add the common warehouse activity to the free zone, as it is a complementary activity to the original activity of the Company, according to Article No. (49) of the Labor Code within the free zones issued by the decision of the Minister of Investment and International Cooperation under the resolution No. 29 of 2019 issued on 16/01/2019.**

10- The net profit of the Company after tax during the period from 01/07/2020 to 30/09/2020 amounted to LE 277,735 million, compared to LE 418,276 million during the same period of the previous year, with a decrease of LE140.541 million (33.6%). In its business report results dated 15/10/2020, the Company has disclosed that the reason for the decrease was due to the following:

a- The decrease in the current activity revenues from the previous year by about LE 122.398 million (18.3%) due to

the decrease in some revenue items such as unloading and shipping revenues, storage revenues, and yard services revenues, as well as the decrease in the dollar exchange rate to 15.7, compared to 16.23 the previous year, as the Company's tariff is in dollars and the equivalent thereof in Egyptian pounds.

- b- The decrease in the number of containers by 12% compared to the previous year due to the impact of the Coronavirus, according to clarification No. (27), as the number of containers handled during the financial position was 201,990 equivalent containers compared to 229,152 equivalent containers in the previous year, with a decrease of 27,162 containers.
- c- The period included losses of currency differences of LE 34,695 million as a result of the decline in the dollar exchange rate.

**More marketing efforts are needed to attract more clients and increase the Company's share in the market in light of the current and future competition from other companies and to maximize the value of the Company and increase its revenues.**

- 11- The net loss of the head office (shared warehouse) during the period ending on 30/09/2020 was about LE 4.784 million. We have come up with the following points:

- The head office expenses were charged about LE 1,905 million, being the depreciation value of vehicles operating at Alexandria and Dekheila stations.
- The value of administrative and general expenses in the income statement of the head office amounted to about LE 6,531 million, which is equivalent to about 89% of the revenues of the current activity in the headquarters. We did not know the reasons for that.

**A study should be conducted and the necessary adjustments should be made in light of this.**

12- The credit accounts of the authorities and organizations included about LE 616,000 being an abnormal balance, the value of a tax on the returns of treasury bills deducted from the Company by the source, This had to be settled on the expenses as the yield of the treasury bills became independent under Law 10 of 2019 by replacing the last paragraph of Article 58 of law 91 of 2005 and Minister of Finance Resolution No. 335 of 2019.

**The amount has to be charged to the expense account.**

13- The notes supplementing the financial statements of the Company on 30/9/2020 did not include the following:

- The Company received a claim from the Real Estate Tax Authority - Customs Department on 20/09/2020 demanding a sum of about LE 2.865 million to be paid by the Company for the real estate



taxes for the year 2020, but the Company has paid only LE 1,000,000 in September 2020.

- The Company's payment of LE 90 million to the Holding Company for Maritime and Land Transport on 30/07/2020 under the account of the holding company's share in the Company's profits for the financial year 2019/2020 according to the request of the holding company in its letter No. 2038 dated 03/07/2020 in violation of the requirements of the Egyptian Accounting Standard No. (15) "Disclosure to the relevant third parties".

**Disclosure should be considered.**

- 14- The financial position statement dated 30/09/2020 has indicated that the net profit for the period was about LE 1,771,114 million, while its true value was about LE 277,735 million.

**The necessary correction should be made.**

- 15- The fixed assets erroneously included a sum of LE 24,372 for the value of furniture for yards # 22 and 36, the screened yard, despite the incorporation of these yards in the Free Zone as of 01/07/2020 under clarification No. 27.

**The necessary correction should be made.**

- 16- The balance equivalent to \$ 460011.97 in the Qatar National Bank was erroneously assessed at LE 4,192 million, while the correct value thereof was about LE 7.222 million, which resulted in a decrease in the book value of the bank's balance by about LE 3.02 million.

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

17- No complete financial statements have been prepared for the Free Zone branch of the Company, as each of the two cash flow statements, the change in equity, as well as the explanations complementing the financial statements have not been prepared in violation of Article No. (41) of the Investment Law No. 72 of 2017, Article (106) of the implementing regulations of the investment law, and the circular note issued by the head of the Central Department in the Public Free Zone in Alexandria issued on 02/07/2015.

**The reasons for this should be examined and necessary action should be taken towards the above, with these to be reported to us.**

**Conservative conclusion:**

In light of our limited examination, and except for what was mentioned in the previous paragraphs, we did not know what makes us believe that the attached periodic financial statements do not fairly and clearly express all the important aspects of the financial position of the Company on 30/09/2020 and its financial performance and cash flows for the three months ended on that date according to the Egyptian Accounting Standards.

**Deputy Director**

**Signed/ -----**

**Accountant / Jaber Juma Jaber**

**Deputy Manager / Director-General**

**Signed/ -----**

**Accountant / Esamuddin Ibrahim Al-Sayed**

**Senior Deputy Manager / Deputy Minister**

**Date: November 02, 2020**

**Alexandria Containers and Cargo Handling Company**

**Headquarter- Private free zone**

**Financial position statement as of 30/09/2020**

30/09/2020	30/06/2020	Explanation number	Items
			Non-movable assets:
		1	Fixed assets:
92875464,79	95340608		Buildings and Construction
16329414,37	16884989		Machinery and equipment
1061039000,64	1086768859		Means of transportation
969071,15	994371		Tools and supplies
11448330,61	12093662		Office furniture and equipment
1182661281,56	1212082489		Total fixed assets
			<u>Projects in progress</u>
77594544,29	11236206	2	Investment component
116859193,23	98155348	3	Investment tunnels
2412898,00	2412898	4	Real estate investment
5392700,87	5747864	5	Capitalized expenses
99238,16	99238		Deferred tax assets
139387754,27	141609953	5	Expenses related to assets not owned by the Unit
77196200,00	77196200	6	Investments in other companies
			Long term debt loans and balances
11074800,00	11074800	7	Loans for other entities
11074800,00	11074800		Total of loans depreciation
1601603810,38	1548540196		Total non-movable assets
			<u>Movable assets</u>
436000,00	436000	8	Assets held for sale
		9	Stock
100214136,45	99979318		The stock of materials, fuel, and spare parts
			L/C for the purchase of goods and services

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			Clients, receivables, and debtors
173220631,35	162324865		Clients (after deducting the appropriation of 2759920,93
15633887,20	12130696		Revenues due for collection
13358,76	568728		Expenses paid in advance
91006807,79	357145		Suppliers
495471981,42	467800440	10	Other debit accounts
256728,00	2567258		Total of depreciation of debit accounts
	45842764	11	Treasury bills
2552944737,73	2583637954	12	Cash and balances in the Banks
3428684812,70	3372821182		Total movable assets
5030288623,08	49211361378		Total assets

A sum of 65,131 million pounds has been collected from 01/10/2020 until 10/ 10/2020

**Alexandria Containers and Cargo Handling Company**

**Headquarter- Private free zone**

**Financial position statement as of 30/09/2020 (Continued)**

30/09/2020	30/06/2020	Explanation number	Items
			Property rights
744876700,00	744876700	13	Paid capital
		14	Reserves
783434924,00	783434924		Legal reserve
795618342,27	795618342		Systematic reserve
374704167,11	374704167		Reserve for the support of projects
26128861,76	26128862	*	Other reserves
213136642,55	213136643		Capital reserve
(44979023,22)	(43375670)	15	Carry over profits (losses)
1771113855,92	1493378718		Net profit
4664034470,39	4387902686		Total property rights
			<u>Non-current liabilities</u>
			Bank loans
			Long-term appropriations
			Total non-current liabilities
			<u>Current liabilities</u>
		16	appropriations
3997557,14	3997557	16	Contested tax appropriation
54843334,84	54843335	16	claims and disputes appropriation
16652219,48	20622086	16	Other appropriations
		17	Suppliers and payable accounts
33185983,25	63157811		Suppliers
28444396,42	95270250		Accounts payable to departments and agencies
138888,89	138889		Distribution creditors
161149618,78	219521272		Due expenses
8012319,57	3655892		Clients

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59829834,32	72251600	18	Other credit accounts
366254152,69	533458692		Total current liabilities
5030288623,08	4921361378		Total property rights and obligations

**Signed/ -----**

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

**Signed/ -----**

**Accountant/ Mohamed Yasser Sultan**

**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 30/06/2020**

30/09/2020	30/09/2019	Explanation number	Items
547870393,71	670268327		Sales/ Revenue
224531975,73	239627870		Sales cost/ cost of obtaining the revenue
323338417,98	430640457		Gross profit
42039501,50	74849965	19	Investment income
34662185,68	35377745	20	Other gains and losses
3878965,11	4085561	21	Other revenue
55882541,75	52177826	22	Administrative and general expenses
		16	Component appropriations
		16	Appropriations of no purpose
787600,20	89703	23	Other expenses
189419,38	154470		Financing expenses
			Income from investments in affiliated companies
277735137,58	421776239		Profits before tax
	3500000	24	Income tax expenses
277735137,58	418276239		Profit after tax
			Deferred tax
277735137,58	418276239		Profit of the year
0,186430276	280768777	25	Profit sharing



**Signed/ -----**

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

**Signed/ -----**

**Accountant/ Mohamed Yasser Sultan**

**Head of the Financial Sector**

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Alexandria Containers and Cargo Handling Company

Financial Affairs Sector

Headquarter

Calculation of the cost of producing or buying the units sold over the period from 01/07/2020 to 30/09/2020

Total Pound Piaster	Partial Pound Piaster	Item	Accounting index	Comparative numbers 30/09/2019	Total Pound Piaster	Partial Pound Piaster	Item	Accounting index	Comparative numbers 30/09/2019
		Cost of production							
	277483,37 2202525,76	Raw materials, fuel, and spare parts	361	528527					
	268009,13	wages	362	7292662					
		Other costs							
	29144,97	Purchased services	3631	143992					
	1966854,10	Depreciation and amortization	3632	1634878					
	423975,37	Renting of real estate (lands and buildings)	3634	16743464					
	0,00	Real estate taxes	3635	0					
		Cost of using the licenses (Resolution 521)							
	0,55	Fees and taxes		18590312					
	2419974,44				5099983,57		Cost of production or purchase of the units sold (carry- over for a trading account)		44933835
5099983,57				44933835	5099983,57				44933835

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Alexandria Containers and Cargo Handling Company

Financial Affairs Sector

Headquarter

Trading account over the period from 01/07/2020 to 30/09/2020

Total Pound Piaster	Partial Pound Piaster	Item	Accounting index	Comparative numbers 30/09/2019	Total Pound Piaster	Partial Pound Piaster	Item	Accounting index	Comparative numbers 30/09/2019
5099983,57		The cost of the production or purchase of the units sold		44933835			Business revenue	41	
		Marketing costs			7302527,88		Sold services	414	57186254
	0.00	Materials, fuel and spare parts	371						
0.00	0.00	Wages							
		Other costs							
0.00	0.00	Purchased services	3731						
2202544,31		Gross profit		12252419					
7302527,88				57186254	7302527,88				57186254

Alexandria Containers and Cargo Handling Company

Financial Affairs Sector

Headquarter

Profit and loss account over the period from 01/07/2020 to 30/09/2020

Total Pound	Piaster	Item	Accounting index	Comparative numbers 30/09/2019	Total Pound	Piaster	Item	Accounting index	Comparative numbers 30/09/2019
		Administration, financing, and marketing expenses			2202544,31		Total carryover surplus		12252419
	660918,94	Materials, fuel, and spare parts	381	17855			Investments and interest revenues	43	
	5800868,89 5139949,95	Wages	382	449506		0,00	Investment income from companies	432	0
		Other expenses				32046,19	Payable interest	435	
	228718,33	Purchased services	3831	51508	32046,19	0,00	Treasury bills return	43	5802331
	8604,11	Depreciation and amortization	3832	7651			Other revenues and profits	44	0
		Debit interests	3833			0,00	Appropriations of no purpose	441	0
	298574,63	Renting of real estate (lands and buildings)	3834	1446135			Deferred tax assets		
	0,00	Real estate taxes	3835	0	0,00				
6534385,41	733516,52 197619,45	Indirect tax on the activity	3836	323504					
		Burdens and losses							
	0,00	Appropriations other than depreciation	351	0					
700000,00	700000,00	Miscellaneous burdens and losses	354	0					

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4999794,91		Activity profits (carryover balance)		15758591					
2234590,50				18054750	2234590,50				18054750
	0,00	Expenses of previous years	356	0	4999794,91		Net activity profit (transferred balance)		15758591
	0,00	Unusual losses	358	0			Profits of currency differences	445	0
	0,00	Capital losses	357	0			Previous year revenues	446	0
	0,00	Currency difference losses		0		0,00			
	0,00	Income taxes	359	3500000		0,00			
	0,00		359	0		0,00			
		Deferred tax				215600,00	Capital profits	447	74940
0,00		Waste sale losses				0,00	Miscellaneous revenue and profits	448	192057
		Net distributable profits			215600,00	0,00	Waste sale profits		0
4784194,91		Surplus		12525588					
4784194,91				16025588	4784194,91				16025588

Signed/ -----

Naval General/ Mamdouh Tawfiq Draz

Chairman and Managing Director

Signed/ -----

Accountant/ Mohamed Yasser Sultan

Head of the Financial Sector

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

**Statement of changes in the ownership property for the financial period ending on 30/09/2020**

*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 01/07/2019	744876700.00	783434924.00	26428861.76	374704167.11	207300618,55	617605868.04	47321453,96	1833363458,17	4540083143,67
Changes during the period	0.00	0.00	0.00	0.00	0,00	0.00	73805,72	418276239,83	418350045,55
Balance on 30/09/2019	744876700.00	783434924.00	264128861.76	374704167.11	207300618,55	617605868.04	-47257648,24	2251639698,00	4958433189,22
Equity changes of ownership property from 01/07/2020 to 30/09/2020									
Balance on 01/07/2020	744876700.00	783434924.00	264128861.76	374704167.11	213136642,55	795618342,27	43375670,03	1493378718,34	4387902686,00
Changes during the period	-	0.00	0.00	0.00	-	-	1603353,19	-	1603353,19
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 losses, which was not affected by the income statement	-	-	-	-	-	-	0,00	-	0.00

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Net profit for the year	-	-	-	-	-	-	-	277735137,58	277735137,58
Carryover reserve	-	-	-	-	0,00	0,00	-	-	0.00
Dividend	-	-	-	-	-	-	0,00	-	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 30/09/2020	744876700.00	783434924.00	26128861.76	374704167.11	213136642,55	795618342,27	44979023,22	1771113855,92	4664034470,39
Explanation number	13	14	14	14	14	14	15		

Signed/ -----

Naval General/ Mamdouh Tawfiq Draz

Chairman and Managing Director

Signed/ -----

Accountant/ Mohamed Yasser Sultan

Head of the Financial Sector

Alexandria Containers and Cargo Handling Company	Cash Flow Statement For the period from 01/07/2020 to 30/09/2020	
Item	Real 01/07/2020 to 30/09/2020	Comparative 2019
<b><u>First: cash flows from operating activities:</u></b>		
Proceeds from clients	606250113	743744305
Cash purchases and suppliers	-191210881	-178708003
Paid wages	-143028722	-153618541
Taxes and duties	-149305853	-102393463
Other proceeds	1890813	1238826
Other payments	-91784690	-220699888
<b>Net cash flows from the plant Operation (1)</b>	<b>32810780</b>	<b>89563236</b>
<b><u>Second: Cash flows from investment activities</u></b>		
Collected credit interest	35453162	65498560
Securities revenues	3082236	5568618
Payments for the acquisition of fixed assets	-78957189	-39094733
Proceeds from selling fixed assets	0	88725
Proceeds from the recovery of financial contributions	45842764	290576393
Payments for the acquisition of financial investments (treasury bills)	0	-170597166
Payments for the acquisition of shares in other facilities	-34350000	
<b>Net cash flows from the investment activities (2)</b>	<b>-28929028</b>	<b>152040397</b>
<b><u>Third: Cash flows from financing activities</u></b>		
Proceeds from long-term loans		
** Earnings from monetary shares		
Distribution of paid profits		
<b>Net cash flows from financing activities (3)</b>	<b>0</b>	<b>0</b>



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Cash movement change during the period (1+2+3)	3881752	241603633
Differential evaluation of the monetary balance currency	-34574970	-41637904
Cash balance at the beginning of the period	2583637955	3121043120
<b>Total cash at the end of the period</b>	<b>2552944737</b>	<b>3321008849</b>

Signed/ -----

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

Signed/ -----

**Accountant/ Mohamed Yasser Mohamed Lotfy**

**Head of the Financial Sector**

**The individual comprehensive income statement**

**For the period from 01/07/2020 to 30/09/2020**

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

Items	From 01/07/2020 to 30/09/2020	From 01/07/2019 to 30/09/2019
Profit for the period	277735	418276
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	277735	418276

**Signed/ -----**

**Naval General/ Mamdouh Tawfiq Draz**

**Chairman and Managing Director**

**Signed/ -----**

**Accountant/ Mohamed Yasser Sultan**

**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 30/09/2020**

**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, registered in the commercial registry on 09/05/1984 under the number 111502. Company's age: 50 years from 11/06/1984 to 10/06/2034, listed on a stock exchange on 16/08/1995.

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 license has been extended for 15 years from the end of the license on 24/06/2020. The storage has been added to the company activity. The financial statements are prepared yearly from 01/07 to 30/06.

- 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.
- 1- Occupational Health and Safety System ISO 45001 – 2018, valid until 28/04/2022.
- 2- Environmental Management System ISO 14001 – 2015, valid until 14/02/2022.

**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 the operating expenses and some general and administrative expenses.

**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 and according to the Egyptian accounting standards.

**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.

**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 makes contributions to the General Authority for Social Insurance, calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are charged to the expenses when they are due.



- End-of-service grant: The Company gives an end-of-service grant to the Company's employees, calculated based on the last salary and the length of service for the employees and equals two and a half months, with an allowance formed for this purpose.
- Profit share: the Company's employees shall receive a share of the distributed profits of not less than 10%, with no more than the annual basic wages to be paid in cash, and the surplus shall be set aside in the Services Committee's account to finance the employee's housing projects or other social services (Law 203 of the Business Sector Companies). The employees' share of profits shall be modified according to the amendments made to Law 203 and its implementing regulations upon their issuance under what is approved by the General Meeting.

- **Statement of Cash Flows:**

- The statement of cash flows is prepared by following the direct method.

- **Items used in the estimates and assumptions:**

- As a result of the conditions of uncertainty that characterize business activities, many items in the financial statements cannot be measured accurately, but can only be estimated. The estimation process involves judgments based on the latest available and reliable information. The use of estimates is an essential part of preparing financial statements and does not reduce the degree of dependence. They include, for example, bad

debts, inventory obsolescence, appropriations, and the estimated future economic lives included in depreciable assets or the expected pattern of depreciation thereof.

- The periodic letter of the Minister of Public Business Sector No. (52) dated 22/07/2020 amending the new accounts guide for the expenses and costs as of 01/07/2020 has been implemented and acted upon. These amendments can be summarized as follows:

Before amendment	After amendment
<p><b><u>Raw materials, materials, fuels, and spare parts (31)</u></b></p> <p>It includes petroleum products, spare parts, materials and supplies, electricity, water, and printed matters.</p>	<p><b><u>Raw materials and production supplies (31):</u></b></p> <p>It includes energy, petroleum, maintenance expenses, office supplies, and expenses and benefits associated with the main activity.</p>
<p><b><u>Wages (32): No amendment</u></b></p>	<p><b><u>Wages (32): No amendment</u></b></p>
<p><b><u>Expenses (33):</u></b></p> <p>It includes maintenance expenses, third-party operating expenses, advertising, transportation, vehicle rental, and other service expenses.</p>	<p><b><u>Expenses (33):</u></b></p> <p>It includes third-party operating expenses, advertising, transportation, vehicle rental, and other service expenses.</p>
<p><b><u>Expenses (332-336):</u></b></p>	<p><b><u>Expenses (332-336):</u></b></p>

Includes depreciation expense, real estate rent, real estate taxes, debit interest, and indirect activity taxes.	Includes depreciation expense, other appropriations expense, real estate rent, and indirect activity taxes.
<b><u>Burdens and losses (35):</u></b> It includes the other appropriation expense, capital losses, indemnities, fines, and donation, extraordinary losses, currency exchange losses, and losses from the selling of wastes.	<b><u>Losses (34):</u></b> Capital losses, indemnities, fines, donations, extraordinary losses, currency exchange losses, and losses from the selling of wastes.

**Third: Detailed statements:**

**1- Fixed assets:**

**Statement on additions and exclusions for the fixed assets from 01/07/2020 to 30/09/2020**

*Values are given in pounds*

Item	Balance 01/07/2020	Additions	Exclusions	Balance 30/09/2020	Total depreciation	Net assets
Buildings and constructions	135882764	-5580	0	135877184	43001720	92875464
Machinery and equipment	26781200	3400	31327	26753273	10423858	16329415
Means of transportation	1814985252	410000	0	1815395252	754356251	1061039001
Tools	2788440	-19550	2600	2766290	1797219	969071
Furniture and office supplies	26646585	132416	41207	26737794	15289464	11448330
Total	2007084241	520686	75134	2007529793	824868512	1182661281

**Calculation of depreciation allowance from 01/07/2020 to 30/09/2020**

*Values are given in pounds*

<b>Item</b>	<b>Balance 01/07 /2020</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 30/09/2020</b>
Appropriation for the depreciation of buildings and constructions	40542156	2465143	5580	43001720
Appropriation for the depreciation of machinery and equipment	9896211	558974	31327	10423858
Appropriation for the depreciation of transportation and tools	728216393	26139859	0,00	754356251
Appropriation for the depreciation of machines and tools	1794070	40069	36920	1787219
Appropriation for the depreciation of office furniture and supplies	14552923	836876	100335	15289464
<b>Total</b>	<b>795001753</b>	<b>30040921</b>	<b>174162</b>	<b>824858512</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 1,980 million pounds
- Depreciated equipment (means of transportation) that are registered in books and still being used at a historical value of 168.843 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 01/07/2020 to 30/09/2020:

Item	Balance 010/7/2020	Additions	Exclusions	Balance 30/09/2020
Buildings and constructions	10451801	66358338	0	76810139
Machinery and equipment	0	3400	3400	0
Means of transportation	470384	410000	410000	470384
Tools	260305	14770	14770	260305
Furniture and offices supplies	53716	191544	191544	53716
<b>Total</b>	<b>11236206</b>	<b>66978052</b>	<b>619714</b>	<b>77594544</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 30/09/ 2020

*Values are given in pounds*

<b>Item</b>	<b>Balance</b>
Advance payments	112366933
Documentary credits	4492260
Total	116859193

### **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 5,392 million pounds in return for using the assets of the Al-Dekhaila plant.

- Non-unit assets: A sum of 139,387 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, deepening of platform 96, and to serve the purposes thereof.

Item	Balance 01/07/2020	Additions	Depreciation of the period	Balance 30/09/2020
Capitalized expenses (In return for using the assets of the Dekheila plant)	5747863	0	355162	5392701
Non-owned assets	141609953	0	2222199	139387754
Total	147357816	0	2577361	144780455

**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 30/09/2020:

مركز الترجمة المحترفة

رجب سليمان

The company's name	Contribution rate	Beginning of the period on 01/07/2020		The change		End of the period on 30/09/2020	
		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 1/7/2020		the change		The last time is on 30/09/2020	
		the value	Number of Shares	the value	Number of Shares	the value	Number of Shares
The Egyptian Garages Company (Turgeman Group)	6.544%	12196200	1635220			12196200	1365220
Egyptian Company for Maritime Navigation	2%	0	200,000	0	0	0	200,000
Egyptian Group for Multi-Purpose Terminals	13%	65000000	650000			65000000	650000
Total		77196200	2215220	0	0	77196200	2215220



- The Company's share in the capital of the Egyptian Garages Company (Al-Turjuman Group) was increased by 652,200 pounds in fiscal year 2018/2019.
- 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 contribution in the Egyptian Company for Garages (El Torgoman Group) was deducted as a result of calculating the impairment value of those investments and deducting them from the value during the financial year 2016/2017 at a sum of LE 1,456,000.

A 13% contribution was made to the capital fund of the Egyptian Group for Multi-Purpose Terminals (650,000 shares with a nominal value of LE 100 per share) from the share of the Holding Company for Maritime and Land Transport. The Board of Directors of the Egyptian Group for Multipurpose Terminals has decided to increase the Company's capital fund from LE 500 million to LE 2.2 billion and the shareholders have all approved the self-finance at 30% with borrowing at 70%.

The self-contribution in the Company's capital fund required from all shareholders amounts to a sum of LE 2.2 billion according to the cash flow schedule, and the share of a Company for handling containers and goods amounts to a sum of LE 273 million, of which LE 65 million were paid before the Company's capital increased. The remaining LE 208 million is due during the period from June 2020 to December 2021 and the Company has already paid LE 17 million, which were listed in the debit accounts, note No. (10).

**7- Long-term loans and receivables:**

A sum of LE 11074800 was granted as an interest-free loan to the Egyptian Company for Maritime Navigation. A comprehensive impairment list was made for this loan in February 2020.

**8- Assets held for sale:**

These are exemplified by the cranes for the platforms numbers 2004 and 2005 in Dekheila.

**9- Stock pricing and valuation:**

The Company measures the value of the commodity stock based on cost and under the Standard No. (2) Paragraph (9), noting that the nature of the Company's stock consists of spare parts needed to carry out the repair and maintenance of equipment, which are specialized equipment whose spare parts, materials, and supplies are imported from abroad and are required for cleaning operations, etc. The pricing is based on the cost of purchase.

The items disbursed from the warehouse are priced using the weighted average method on all the stocks which are not offered for sale.

- The stagnant stock on 30/06/2020 amounted to LE 1,104 thousand and is evaluated according to cost or recoverable value, whichever is less when it is offered for sale.

**10- Analysis of the balances of other debit accounts on 30/09/2020  
(values are given in pounds)**

## مركز الترجمة المحترفة

### ر جب سليمان

Description	Amount
Other debit accounts	441109092
Credit accounts for agencies and organizations	1618952
Insurances with third parties	194226
** Accounts payable for investment	45760000
Payables to purchase of fixed assets	6782958
Other credit accounts	6753
<b>Total</b>	<b>495471981</b>

- The other debit accounts amount to LE 26194124 owed by the General Investment Authority, and the amount of LE 256728 owed by the Egyptian Navigation Company is LE 41081999 deposited against letters of guarantee. The remaining amounts are owed by workers in the form of offenses and damages, the most recent of which are those caused by the drivers and workers in the Company's equipment, and the costs of training courses due to some workers, the taxes owed by workers, and the loans paid to the employees, all of which are deducted from them in monthly installments during the year.

\*\* Accounts payable for the purchase of investments: A sum of LE 45,760 million was paid under the capital increase account of the Egyptian Multi-Purpose Terminals Company.

### **11- 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.

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

- The cash balance in the banks has reached a sum of 2552944738 pounds and includes:
  - Current bank: 47773778 LE
  - Treasury: 648000 LE
  - Term bank deposits (Three month) 2014345718 LE
  - For the purpose of liquidity, the L/C coverage shall be excluded with deposits against credits of 410381999 LE.

### **Property rights:-**

### **13- 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 30/09/2020	Comparative capital on 30/06/2020
Holding Company for Maritime and Land Transportation	824865720	55.369%	412432860	412432860
Alexandria Port Authority	590400000	39.631%	295200000	295200000
Free trading	74487680	5.00%	37243840	37243840
Total	1489753400	100%	744876700	744876700

#### **14- 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 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 30/09/ 2020.

- **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**

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### ر جب سليمان

Item	Amount
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 amendment of the accounting system)	8141331.65
<b>Total</b>	<b>26128861.76</b>

### **15- Carried over profits (losses):**

- The balance of profits (losses) carried over on 01/07/2020 has amounted to (43375670) pounds. The revenue of the previous years (50863 pounds) shall be added to this amount, with a sum of 1654216 pounds to be deducted in order to obtain a balance of 44979023 pounds on 30/09/2020.

### **- Statement of the analysis of the revenue account of previous years, on 30/09/2020**

*Values are given in pounds*



Item	Amount
Assignment order 29-5/2014 renewal of winches in Al-Dekhaila Siemens Company	50863
<b>Total</b>	<b>50863</b>

- **Analysis of the expense of previous years on 30/09/2020**

*Values are given in pounds*

Item	Amount
Due differences for water and electricity	128765
Real estate tax paid	1432406
Development fees 2019/2020	521
Connecting line second payment from 01/01 to 30/06/2020	11504
Damage report of a broken column inside Mafrouza yard	81020
<b>Total</b>	<b>1654216</b>

- **Other long-term obligations:**

Long-term loans:

N/A

Bonds:

N/A

Current liabilities:

**16- Appropriations:**

Statement of appropriations other than depreciation as of 30/09/2020:

*Values are given in pounds*

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Item	Balance 01/07/2020	Component	Used	Has no purpose	Balance 30/09/2020
Client allowance (deducted from client account)	2759921	0,00	0,00	0,00	2759921
Tax appropriation	3997557	0,00	0,00	0,00	3997557
Appropriation for judicial disputes	54843335	0,00	0,00	0,00	54843335
Appropriation to face the Port Authority's disputes	5903991	0,00	0,00	0,00	5903991
End of service benefit	14718095	0,00	3969867	0,00	10748228
Appropriation to the depreciation of the loans of the Egyptian Navigation Company	11074800	0,00	0,00	0,00	11074800
Appropriation to the depreciation of the debts of the Egyptian Navigation Company	256728	0,00	0,00	0,00	256728
<b>Total</b>	<b>93554427</b>	<b>0,00</b>	<b>3969867</b>	<b>0,00</b>	<b>89584560</b>

**17- Suppliers and accounts payable on 30/09/2020:**

*Values are given in pounds*

Item	Amount
Suppliers	33185983
Credit accounts payable to departments and agencies	28444396
Distributable creditors	138889
Expenses due for payment	161149619
Client	8012320
Other credit accounts	59829834
<b>Total</b>	<b>290761041</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, distributed to the shareholders after the general assembly approval of the dividend distribution project 2019/2020.

**18- Analysis of other credit accounts appearing in the financial position statement on 30/09/2020:**

Item	Amount
Creditors buying fixed assets	14748666
Third-party insurances	14385440
Other creditor accounts	30686712
Other debit accounts	9016
<b>Total</b>	<b>59829834</b>

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

• **Transactions with related parties**

*Values are given in thousands of pounds*

Item	Nature of the relationship	The transaction size in 30/09/2020
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, contribution to the advertisements and execution payment ERP.	6842
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.	243182
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	522
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.	14504
Amoun Company for Navigational Agencies	The Company contributes to the capital of Amoun Company for Navigational Agencies (Affiliated Company) by 44% % with other financial transactions consisting of rental of containers.	36

• **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	40740139
Returns of the treasury bills	1299362
	42039501

**20- Other gains and losses:**

Item	Amount
Waste selling profits	33031
Currency difference losses	34695217
<b>Total</b>	<b>34662186</b>

**21- Other revenues and profits:**

*Values are given in pounds*

Item	Amount
Credit rentals	213000
Compensation and fines	295147
Income from selling the specification manuals	3370818
<b>Total</b>	<b>3878965</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	2550932
wages	37309953
Bought services	3161175
Depreciation and amortization	4381472
Rental of real estate	1686167
Indirect taxes on activity	5549856
Real estate taxes	1432406
Financing expenses (bank expenses)	189419
<b>Total</b>	<b>55882542</b>

**23- Other expenses:**

*Values are given in pounds*

Item	Amount
Miscellaneous burdens losses	787600
<b>Total</b>	<b>787600</b>

**24- A statement of the tax situation as of 30/09/2020**

**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.

For the years 2012/2013 to 2015/2016, the examination has been conducted. The Appeal Committee report include reexamine some items disputed in the internal committee a tax appropriation amounting to 3,000,000 pounds.

The modified tax returns were prepared for the financial years 2013/2014 to 2017/2018. An amount of 41962899 LE was paid in July 2020.

### **Second: Payroll tax**

The tax examination has been completed until 2012 along with accounting and payment. The examination of the years 2013, 2014, 2015, 2016 and 2017 is underway. The years 2018 & 2019 are under examination.

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. The examination of the years 2015/2016, 2016/2017, 2017/2018 is underway. The year 2018/2019 is under examination

#### **Fourth: Sales tax / VAT**

- 1- The examination and accounting of the sales tax were completed until 2015/2016, and the years from 2016/2017 until 2018/2019 are under examination.
- 2- Concerning the liner taxes, case No. 12520 for the financial years 2003/2007 is being handled before the State Council Court and the Administrative Judiciary, and it was referred to the Ministry of Justice Experts Office and postponed to the 07/10/2020 session until the experts' report is received.
- 3- The judgment number 30640 for the judicial year 68 is being followed up, along with judgment number 36320 for the judicial year 96 at the Administrative Court of Alexandria, which were rendered in favor of the Company presented to the center on 29/06/2020.

#### **Fifth: Real estate tax**

All claims for previous years have been paid until 2019. The amount of one million pounds was paid under the real estate tax for 2020.

❖ **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*

Item	Amount
TOS system	21872
The process of deepening and dredging the platform 96	8718
Supply of (2) yard winches	38590
Enhancing the efficiency of the Company's fences and construction of a building for drivers	2846
Replacement and renewal of cranes tracks platform 49-54	14246
The process of deepening the platform 96, 350 meters long (second phase) (curtains & turnbuckle supply)	553297
Dredging the platform 96, 750 meters long	109808
Supply of (1) yard winches 4 tons	18061
A mobile crane super post Panamax	132320
<b>Total</b>	<b>399758</b>

**27- Other clarifications:**

- The Company's Board of Directors has approved the financial statements ending on 30/09/2020 on 15/10/2020
- As of the financial year ending on 30/06/2016, the marketing expenses were included in the profit and loss account and not in the trading account, under the Egyptian Accounting Standard No. (1).
- Real estate investment: The Wadi Cotton Ginning Company, which owns the Balina land, is currently registering the common interest in the name of the Marine and Land Transport Holding Company, under certificate No. 410/2018 issued by the Real Estate Registry Office on 03/12/2018, with the Holding Company to undertake the registration for the Company.

**The process of deepening platform # 96 (The Canal Company for Ports):**

The first stage has been completed with a length of 400 meters and the final extract is being received and 2 extracts of second stage of 65,73 million (total of the second stage is 297,321 million).

- Storage activity: This has been added to the Company's commercial register and tax card.
- The impact of the emerging coronavirus pandemic on the Company's business volume in the first quarter of the financial year 2020/2021

- The impact of the Coronavirus on the volume of the Company's business appeared in the first quarter of the financial year ending on 30/09/2020, as the number of containers has decreased compared to their counterparts in the same period of the previous year.
- The external yards were added to the free zone area as of 01/07/2020.
- The new Egyptian Accounting Standards will be amended under the decision No. (69) issued by the Minister of Investment and International Cooperation on 18/01/2019, starting from the next financial year. Among the most important amendments are the following:

New or revised standards	Summary of the most significant amendments	The potential impact on the financial statements
<ul style="list-style-type: none"> <li>• The new Egyptian Accounting Standard No. 48 for revenue from contracts with clients</li> </ul>	<p>1- The new Egyptian Accounting Standard No. 48 for revenue from contracts with clients replaces and repeals the following standards:</p> <ul style="list-style-type: none"> <li>• Egyptian Accounting Standard No. (8) - construction contracts</li> <li>• Egyptian Accounting Standard No. (11)- amended revenue 2015</li> </ul> <p>2- The control form was used for revenue recognition instead of the benefit-risk form.</p>	<p>Management shall evaluate the potential impact on the financial statements when applying the amendment to the standard.</p>

	<p>3- The additional costs of obtaining a contract with a client are recognized as an asset if the Establishment expects to recover those costs, as well as the costs of fulfilling a contract as an asset when specific conditions are met.</p> <p>4- The standard requires that the contract has a commercial essence for revenue to be recognized.</p> <p>5- Expanding disclosure and presentation requirements.</p>	
<ul style="list-style-type: none"> <li>New Egyptian Accounting Standard No. (49)- Lease Contracts</li> </ul>	<p>1- The new Egyptian Accounting Standard No. (49)- Lease Contracts shall replace and repeal the Egyptian Accounting Standard No. (20) for the accounting rules and standards related to the financial leasing operations 2015.</p> <p>2- The standard provides one accounting model for the lessor and lessee, whereby the lessee recognizes the usufruct right of the leased asset within the Company's assets and recognizes the commitment that represents the present value of unpaid lease value within the Company's</p>	<p>Management shall evaluate the potential impact on the financial statements when applying the amendment to the standard.</p>

	<p>obligations, taking into account that the lease contracts are not liquidated for the lessee in the case of the operating lease contract or when it is a finance lease contract.</p> <p>3- Concerning the lessor, the lessor must classify each of his lease contracts either as a finance lease contract.</p> <p>4- Concerning the financial lease, the lessor must recognize the assets held under a finance lease contract in the financial position statement and present them as receivable sums in an amount equal to the net investment in the lease contract.</p> <p>5- For the operating lease, the lessor must recognize the lease payments from the operating lease contracts as income, either on a straight-line basis or any other regular basis.</p>	
<ul style="list-style-type: none"> <li>New Egyptian Accounting Standard No. (38) - "Employee Benefits"</li> </ul>	<p>Some paragraphs have been added and amended for reducing and settling the employee benefits system</p>	<p>Management shall evaluate the potential impact on the financial statements when applying the</p>

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		amendment to the standard.
<ul style="list-style-type: none"><li>Amended Egyptian Accounting Standard No. (42) - "Cumulative Financial Statements"</li></ul>	<p>Some paragraphs have been added concerning excluding the investment establishments from consolidation. This amendment has entailed the amendment of some standards related to the subject of investment establishments. The following are the standards that have been amended:</p> <ul style="list-style-type: none"><li>- Egyptian Accounting Standard No. (15) - "Disclosure of Related Parties"</li><li>- Egyptian Accounting Standard No. (17) - "Independent Financial Statements"</li><li>- Egyptian Accounting Standard No. (18) - "Investments in Associated Companies"</li><li>- Egyptian Accounting Standard No. (24) - "income taxes"</li><li>- Egyptian Accounting Standard No. (29) - "Business Combination"</li><li>- Egyptian Accounting Standard No. (30) - "Periodic Financial Statements"</li><li>- Egyptian Accounting Standard</li></ul>	<p>Management is currently evaluating the potential impact on the financial statements when applying the amendment to the standard.</p>

	No. (44) - “Disclosure of Shares in the other establishments”	
<ul style="list-style-type: none"> <li>Issuing Egyptian Accounting Interpretation No. 1 - “Public Service Concession Arrangements”</li> </ul>	<p>This interpretation guides accounting by operators of public service concession arrangements for a public entity and a private entity, for the construction, operation, and maintenance of infrastructure for public utilities - such as roads, bridges, tunnels, hospitals, airports, water distribution facilities, power supply facilities, communication networks, etc.</p> <p>This interpretation gives the option to invest in the application of the previous treatment of public service concession arrangements existing before January 1, 2019, for the establishments that were recognizing and measuring the assets of these arrangements as fixed under the Egyptian Accounting Standard No. 10 - “Fixed assets and their depreciation” until the expiry of the term thereof.</p>	<p>Management is currently evaluating the potential impact on the financial statements when applying the amendment to the standard.</p>
<ul style="list-style-type: none"> <li>Egyptian Accounting Standard No. (22) - “Profits per share”</li> </ul>	<p>The scope of application of the standard has been amended to become binding on the independent, consolidated, or separate financial</p>	<p>The Company is committed to applying the standard.</p>

	statements issued for all establishments.	
<ul style="list-style-type: none"> <li>Egyptian Accounting Standard No. (34) - "Real Estate Investment"</li> </ul>	<ul style="list-style-type: none"> <li>- the use of the fair value model option has been canceled for all establishments upon the subsequent measurement of their real estate investments. Commitment will be only to the cost model, with the real estate investment funds to use the fair value model when measuring the supplement to all their real estate assets. Accordingly, the amendment has been amended to: <ul style="list-style-type: none"> <li>- The Egyptian Accounting Standard No. (32) - "Non-current assets held for sale and the discontinued operations."</li> <li>- The amended Egyptian Accounting Standard No. (31) - "Impairment of asset values"</li> </ul> </li> </ul>	Management is currently evaluating the potential impact on the financial statements when applying the amendment to the standard.
<ul style="list-style-type: none"> <li>The amended Egyptian Accounting Standard No. (4) - "List of Cash Flows"</li> </ul>	This Standard requires the entity to provide disclosures that enable users of financial statements to evaluate the changes in liabilities that arise from financing activities, including the changes arising from cash flows or the non-cash changes	The Company is committed to applying the standard.



**Letters of guarantee for total deposits amounting to 82,834,826 pounds.**

No.	Client	Item	Amount	Bank	Letter of Guarantee No.	Expiration date
1	Telecom Egypt	Value of international calls	10,000	National Bank of Egypt	00357	01/02/2021
2	Misr Petroleum Company	Value of covering the oil withdrawals	40,000	Attijariwafa Bank	24199/24200	28/04/2021
3	Customs Authority	value of 5% of customs duties and estimated taxes for the average storage capacity	200,000	Commercial International Bank	11/47002/068	28/11/2020
4	Customs Authority	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>	200,000	Commercial International Bank	13/68765	23/05/2021
5	Alexandria Port Authority (Licensing Department)	Value of shipping and unloading activity of container ships	900,000	Commercial International Bank	13/68141/068	15/05/2021
6	Alexandria Port Authority	Final insurance for the areas allocated to the	14,500,000	Qatar National Bank	210570/109/14	03/11/2020

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		Company				
7	General Investment Authority (100,000 dollars)	Value of the obligations of the Company as a private area	1,607,000	Qatar National Bank	266354/109/17	05/01/2021
8	General Investment Authority (25,000 dollars)	Value of the obligations of the Company as a private area	401,750	Commercial International Bank	20/53102/068	19/06/2021
9	Customs of the northern and western regions	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>	3,800,000	Qatar National Bank	218942/109/15	17/02/2021
10	Customs of the northern and western regions in Alexandria	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>	3,800,000	Qatar National Bank	224366/109/15	30/04/2021
11	Misr Petroleum Company	Value of covering the withdrawals of petroleum products	400,000	Qatar National Bank	263019/109/16	30/11/2020

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12	Alexandria Port Authority	Value of insurance for the right of using an area of 640 m <sup>2</sup> in the yard No. 68	57,600	Qatar National Bank	290891/109/17 1	30/03/2021
13	Customs of the northern and western regions in Alexandria	Value of guaranteeing taxes, customs fees, and other duties and all customs dues for goods and containers stored in the yard No. 68	150,000	Qatar National Bank	321184/109/19	07/04/2021
14	Customs of the northern and western regions in Alexandria	Value of guaranteeing taxes, customs fees, and other duties and all customs dues for goods and containers stored in the yard No.36	150,000	Qatar National Bank	321184/109/19	07/04/2021
15	Alexandria Port Authority	Final insurance for the license to practice storage activity	500,000	Qatar National Bank	339117	08/01/2021
16	Alexandria Port Authority	Final insurance value of 1,350 m <sup>2</sup> in Al-Mafrouza	37,125	Qatar National Bank	340101/109/20	22/01/2021

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		Yard				
17	Alexandria Port Authority	Final insurance value of 2,000 m <sup>2</sup> in Al-Mafrouza Yard	100,000	Qatar National Bank	340102/109/20	22/01/2021
18	Alexandria Port Authority	Final insurance value of 5,650 m <sup>2</sup> in Al-Mafrouza Yard	282,500	Qatar National Bank	340103/109/20	22/01/2021
19	Alexandria Port Authority	Final insurance value of 7,100 m <sup>2</sup> in Al-Mafrouza Yard	355,000	Qatar National Bank	340105/109/20	22/01/2021
20	Alexandria Port Authority	Final insurance value of 12,270 m <sup>2</sup> in Al-Mafrouza Yard	613,500	Qatar National Bank	340106/109/20	22/01/2021
21	Alexandria Port Authority	Final insurance value of 2,240 m <sup>2</sup> the yard No. 68	201,600	Qatar National Bank	340107/109/20	22/01/2021
22	Alexandria Port Authority	Final insurance value of 3,000 m <sup>2</sup> the yard No. 68	270,000	Qatar National Bank	340109/109/20	22/01/2021
23	Alexandria Port Authority	Final insurance value of 1,300 m <sup>2</sup> the yard No. 68	78,000	Qatar National Bank	340110/109/20	22/01/2021
24	Alexandria Port Authority	Final insurance value for completion of insurance for Alexandria and Dekheila stations	48,727,496	Qatar National Bank	340113/109/20	22/01/2021

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		(50% of value of usufruct)				
25	Alexandria Port Authority	Final insurance value of 7,257 m <sup>2</sup> the yard No. 36	181,425	Qatar National Bank	340120/109/20	22/01/2021
26	Alexandria Port Authority	Final insurance value of 5,028 m <sup>2</sup> the yard No. 32	308,295	Qatar National Bank	340124/109/20	22/01/2021
27	Alexandria Port Authority	Final insurance value of 20,376 m <sup>2</sup> the yard No. 22	1,225,710	Qatar National Bank	340126/109/20	22/01/2021
28	Maritime Transport Sector	Dredging the platform 96	3,737,825	Commercial International Bank	20/53128/068	24/06/2050
	Total		82,834,826			

### *Signatures*

*The official seal of the Holding Company for Maritime and Land Transportation*