

**EGYPTIAN TRANSPORT
&
COMMERCIAL SERVICES CO.**

**(EGYTRANS)
S.A.E**

**AMENDED CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31st, 2010**

Auditor's Report

To the shareholders of
Egyptian Transport & Commercial Services Co.
(Egytrans) - S.A.E

Report on the amended consolidated financial statements

We have audited the accompanying amended consolidated financial statements of **Egyptian Transport & Commercial Services Co. (Egytrans) - S.A.E.** these financial statements have been amended according to the decision of general assembly meeting dated in April 2nd, 2011, those statements comprise the amended consolidated balance sheet as at December 31st, 2010, and the amended consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the amended consolidated financial statements

Management is responsible for the preparation and fair presentation of these amended consolidated financial statements in accordance with Egyptian Accounting Standards and in light of governing laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these amended consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Auditing Standards and in light of governing laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification


The amended consolidated financial statements were prepared according to the amended separate financial statements of the company, which we have issued our qualified report dated April 6th, 2011 and the financial statements of Egyptian Transportation & Logistics Co. (ETAL), Global Depot Solutions Co., Egytrans for River Ports Co. and Egytrans Barg Link Co. for the year ended December 31st, 2010 which have been audited by other auditors whom issued their auditor's reports in January and March 2011.

Qualified opinion

In our opinion, except for the matters stated in preceding paragraph the amended consolidated financial statements referred to above present fairly in all material respects the consolidated financial position of the company as at December 31st, 2010 and of its financial performance for the year then ended in accordance with Egyptian Accounting Standards and in light of related governing laws.

Without qualifying our opinion, we draw attention to note (23) to the financial statements, there has been no information available to enable management of the company to disclose the impact of events that occurred after January 25th, 2011 on the values of some of the assets and liabilities and results of operations during the subsequent periods, as these values and results might vary substantially over the subsequent periods, the company's management has no reliable indicators to be able to determine the extent and magnitude of these events on the values of the assets and liabilities included in the balance sheet and it will continue evaluating their effects on the financial statements to take it into consideration.

Auditor


Dr. Ahmed Shawki
MAZARS Mostafa Shawki
April 6th, 2011.



Translation of financial statements
originally issued in Arabic

Amended consolidated balance sheet
as at December 31st, 2010

(Amounts expressed in Egyptian Pound)

	Note	2010	2009
<u>Non-current assets</u>			
Fixed assets (net)	(2d,3)	32,656,424	12,963,188
Projects under construction	(2e,4)	10,075,491	3,617,401
Long term investments	(2f,5)	16,491,677	1,494,177
Goodwill	(2g)	2,287,606	2,287,606
Total non-current assets		61,511,198	20,362,372
<u>Current assets</u>			
Inventory	(2h,6)	14,866,698	29,628,370
Clients and notes receivable	(2i,7)	35,682,152	33,981,703
Debtors and other debits	(8)	27,009,929	28,130,931
Clearance operations in process	(9)	9,067,052	9,017,388
Cash on hand and at banks	(10)	74,756,487	4,302,192
Total current assets		161,382,318	105,060,584
<u>Current liabilities</u>			
Provisions	(2j,11)	2,817,452	2,600,000
Banks overdraft	(2m)	6,401,620	6,028,946
Short term loans installments	(17,2m)	5,280,000	4,543,563
Short term finance lease installment	(2L,12)	893,043	--
Suppliers and notes payable	(13)	3,429,409	2,833,056
Distribution creditors	(14)	2,694,024	14,118,891
Creditors and other credits	(15)	11,307,542	12,135,912
Total current liabilities		32,823,090	42,260,368
Working capital		128,559,228	62,800,216
Total investment		190,070,426	83,162,588
<u>Shareholders' equity</u>			
Issued and subscribed capital	(16)	156,062,500	56,062,500
Legal reserve	(2k)	3,205,577	2,519,703
Capital reserve		1,993,177	1,993,177
Retained earnings		2,552,391	(5,069,526)
Total shareholders' equity		163,813,645	55,505,854
Minority equity	(2b)	1,603,759	117,973
<u>Non-current liabilities</u>			
Long term loans	(2m,17)	18,060,027	25,199,238
Finance lease installments	(2L,12)	3,534,920	--
Deferred tax liabilities	(2n)	3,058,075	2,339,523
Total non-current liabilities		24,653,022	27,538,761
Total working capital and non-current assets		190,070,426	83,162,588

- The accompanying notes are an integral part of these amended consolidated financial statements.
- Auditor's report for the amended consolidated financial statements attached.



Eng. Hussam Wael Sedik Leheta
Chairman and CEO



Mr. Ahmed Mossad Beheiry
Board member and Financial manager

Translation of financial statements
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**Amended consolidated statement of income
for the year ended December 31st, 2010**

(Amounts expressed in Egyptian Pound)

	Note	2010	2009
Operations revenues	(2o,18)	134,368,294	201,456,854
Operations costs	(2h,19)	(120,747,215)	(174,599,695)
Gross profit		13,621,079	26,857,159
General and admin. expenses		(16,971,838)	(14,005,135)
Selling and distribution expenses		(332,835)	(410,260)
B.O.D. attendance allowances		(1,208,000)	(1,064,250)
Goods revaluation losses		(1,500,000)	--
Decline in clients value	(2i,7)	(500,000)	--
Fixed assets deprecation	(2d)	(930,673)	(968,893)
Operating (loss) profit		(7,822,267)	10,408,621
Finance cost	(2m)	(1,683,590)	(1,975,061)
Provisions support	(2j)	(217,452)	(250,000)
Investments revaluation losses	(2f)	--	(510,000)
Investments revenues	(2f)	15,242,371	5,043,468
Credit interest	(2o)	4,871,007	14,007
Gain on sale of fixed assets		11,374	10,485
Foreign currency exchange difference	(2c)	(565,324)	3,049
Other revenues		804,907	5,429
Net profit before tax		10,641,026	12,749,998
Income tax	(2n)	(277,290)	(1,080,684)
Deferred tax	(2n)	(718,552)	(206,325)
Income tax for the year		(995,842)	(1,287,009)
Net profit for the year		9,645,184	11,462,989
Distributed as follows :			
Holding company share		9,905,926	11,439,343
Minority share	(2b)	(260,742)	23,646
		9,645,184	11,462,989
Earnings per share	(2p,20)	0.68	1.65

- The accompanying notes are an integral part of these amended consolidated financial statements.


Eng. Hussam Wael Sedik Leheta
Chairman and CEO


Mr. Ahmed Mossad Beheiry
Board member and Financial manager


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Amended consolidated statement of changes in shareholders' equity
for the year ended December 31st, 2010

(Amounts expressed in Egyptian Pound)

	<u>Issued capital</u>	<u>Legal reserve</u>	<u>Capital reserve</u>	<u>Retained losses</u>	<u>Net profit for the year</u>	<u>Total</u>
Balance as at Jan. 1 st , 2009	56,062,500	1,496,371	1,855,142	(1,159,731)	10,978,334	69,232,616
Reserves	--	529,694	138,035	--	(667,729)	--
Retained earnings	--	--	--	10,310,605	(10,310,605)	--
Adjustments	--	--	--	(12,429,694)	--	(12,429,694)
Net profit for 2009	--	--	--	--	11,439,343	11,439,343
Legal reserve	--	493,638	--	--	(493,638)	--
Cash dividends for 2009	--	--	--	(1,790,706)	(10,945,705)	(12,736,411)
Balance as at December 31st, 2009	<u>56,062,500</u>	<u>2,519,703</u>	<u>1,993,177</u>	<u>(5,069,526)</u>	<u>--</u>	<u>55,505,854</u>
Balance as at Jan. 1 st , 2010	56,062,500	2,519,703	1,993,177	(5,069,526)	--	55,505,854
Increase in capital	100,000,000	--	--	--	--	100,000,000
Adjustments	--	--	--	(294,975)	--	(294,975)
Net profit for the year	--	--	--	--	9,905,426	9,905,426
Legal reserve	--	685,874	--	--	(685,874)	--
Cash dividends	--	--	--	--	(1,303,160)	(1,303,160)
Retained earnings	--	--	--	7,916,892	(7,916,892)	--
Balance as at December 31st, 2010	<u>156,062,500</u>	<u>3,205,577</u>	<u>1,993,177</u>	<u>2,552,391</u>	<u>--</u>	<u>163,813,645</u>


Eng. Hussam Wael Sedik Leheta
Chairman and CEO


Mr. Ahmed Mossad Beheiry
Board member and Financial manager


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**Amended consolidated statement of cash flows
for the year ended December 31st, 2010**

(Amounts expressed in Egyptian Pound)

	Note	2010	2009
<u>Cash flows from operating activities</u>			
Net profit for the year before tax		10,641,026	12,749,998
<u>Adjustments</u>			
Depreciation		1,352,407	1,310,581
Provisions support		--	250,000
Investments revenues		(14,915,000)	--
Investments revaluation losses		--	510,000
Gain on sale of fixed assets		(11,374)	(10,485)
Foreign currency exchange differences	(2q)	(169,599)	(13,760)
Adjustments		1,771,036	165,185
		<u>(1,331,504)</u>	<u>14,961,519</u>
<u>Working capital changes</u>			
Decrease in inventory		14,761,672	1,201,854
Increase in debtors and other debits		(629,111)	(11,816,473)
Increase in creditors and other credits		(509,307)	3,806,813
Net cash flows provided from operating activities		<u>12,291,750</u>	<u>8,153,713</u>
<u>Cash flows from investing activities</u>			
Paid in purchase of fixed assets		(21,413,320)	(1,266,191)
Proceeds from sale of fixed assets		108,538	21,802
Paid in projects under construction		(7,935,160)	(2,756,006)
Paid in long term investments		(82,500)	(150,000)
Net cash flows used in investing activities		<u>(29,322,442)</u>	<u>(4,150,395)</u>
<u>Cash flows from financing activities</u>			
Proceeds from capital increase		100,000,000	--
Payments of bank facilities		(6,403,917)	(4,499,843)
Minority equity dividends payment		(37,249)	--
Dividends payments		(12,737,312)	(531,773)
Finance lease liabilities		4,427,963	--
Proceeds from minority equity in subsidiaries capital increase		1,692,086	139,459
Cash flows from (used in) financing activities		<u>86,941,571</u>	<u>(4,892,157)</u>
Net changes in cash and cash equivalents		69,910,879	(888,839)
Cash and cash equivalents, beginning of the year	(2q)	4,845,608	5,191,031
Cash and cash equivalents, end of the year	(2q)	<u>74,756,487</u>	<u>4,302,192</u>


Eng. Hussam Wael Sedik Leheta
Chairman and CEO


Mr. Ahmed Mossad Beheiry
Board member and Financial manager

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Notes to the amended consolidated financial statements
for the year ended December 31st, 2010

(Amounts expressed in Egyptian Pound)

1. The company :

a. Egyptian Transport & Commercial Services Co. (Egytrans) (Holding company) :

The company was incorporated on September 13th, 1973 as a limited liability company. According to the extraordinary general assembly meeting held on January 1st, 1987 and according to law 159 for 1981 the company has changed its legal status to be a Joint Stock Company.

The company's purpose is to represent ship owners and shipping companies, air freight operations, shipping agency, stevedoring for dry, bulk and general cargo, transportation and general services, international transportation by land, sea or air, customs clearance and shipping, warehousing and storage, container handling and related activities, packing and exhibition services also storage and selling all kinds of goods through the company's branch located at port said free zone area.

b. Egyptian Transportation & Logistics Co. (ETAL) (S.A.E) (Subsidiary) :

The company was incorporated on December 18th, 1982 according to law 43 for 1974 amended by law 32 for 1977 and its executive regulation with capital amounting L.E 328,000 and the company has increased its issued capital by L.E 7,672,000 to reach L.E 8 million and this increase is registered in commercial register.

The company's purpose is presented in vehicles transport of weights that exceed 250 tons which require studies and technical experience in engineering transportation and stevedoring.

c. Global Depot Solutions Co. (subsidiary) :

The company was incorporated on May 4th, 2009 and registered in commercial register under no. (39549) according to law 159 for 1981 and its executive regulation with capital amounting US Dollar 100,000 , during this year the company increased its capital by an amount of

US \$ 900,000 to be US \$ 1 million, this increase was registered in the commercial register. The company's purpose is to store, clean and repair liquid poured goods, specially the iso-tank containers for transporting liquid goods and the transportation vehicles with containers used to transport liquid goods on land roads.

d. Egytrans For River Ports Co. (subsidiary) :

The company was incorporated on May 4th, 2009 and registered in commercial register under no.(38542) according to law 159 for 1981 and its executive regulation with capital amounting L.E 250,000 and the company has increased its issued capital by L.E 1,600,000 to reach L.E 1,850,000 and the procedures of this increase in the commercial register is in progress.

The company's purpose is to manage, operate, use and enhance river ports, river containers stations and to provide all services related to shipping, unloading, storing all kinds of goods, transportation activities and containers mobile maintenance.

e. Egytrans Barg link Co. (subsidiary):

The company was incorporated on September 4th, 2009 and registered in commercial register under no. (39179) according to law 159 for 1981 and its executive regulation with capital amounting 250,000 L.E and the company has paid 25% of the capital in cash.

The company's purpose is to perform all means of land transportation , use licensed ships and units for river transportation in addition to transporting goods by sea in the regional water and trading all types and forms of goods.

2. Significant accounting policies :

A summary of the significant accounting policies, is as follows :

a. Basis of accounting :

The accounts have been prepared according to historical cost and in conformity with Egyptian Accounting Standards and in light of governing laws, financial statements preparation require assumptions and estimates made by management that affect some assets, liabilities, revenues and expenses during the financial period and the actual result might be different than these estimates.

b. Basis of consolidation :

Consolidated financial statements include assets, liabilities and operation results of the holding company and its subsidiary companies that the company holds & they are as follows:

<u>Subsidiary co.</u>	<u>Ownership</u>
Egyptian transportation & logistics co.(ETAL)	% 95
Global depot solutions co.	%74.97
Egytrans for river ports co.	%99.88
Egytrans barg link co.	%99.88

- During the year, Egyptian transportation & logistics co. (ETAL) increased its issued capital by an amount of L.E 7,672,000 to be L.E 8 million, this increase was registered in the commercial register.
- During 2009, 25% of the investments in global depot solutions co. was transferred to the favor of oversight inner prices limited on December 31st, 2009.
- During 2009, Egytrans For River Ports increased its capital by an amount of L.E 1.6 million to be L.E 1.85 million, this increase was registered in the commercial register.

These consolidated financial statements are prepared according to the following basis:

- Similar items of assets, liabilities, revenues and expenses for holding company and its subsidiaries are cumulated together,
- All transactions & balances related to the holding company group are excluded as well as the unearned profits that result from these transactions.
- Equity method is followed for subsidiaries in preparing the consolidated financial statements.
- Minority equity represented by their equity in the subsidiaries company's net assets is recorded at the date of preparing the consolidated financial statements and reclassified as a separate item in the consolidated financial statements after shareholders equity.

c. Foreign currency :

- The company's functional and reporting currency is the Egyptian Pound the transactions in foreign currencies during the year are translated to Egyptian Pound at the rates ruling at the transaction date. At each period end, monetary assets and liabilities denominated in other currencies are translated to Egyptian Pounds at the rates ruling at that date. Translation differences are included in the statement of income.
- Concerning the company's branch at Port Said - free zone, the branch's functional and reporting currency is US Dollar, the branch financial statement translated at each period end at the rates ruling at that date. Translation differences are included in the statement of income

d. Fixed assets :

Fixed assets are recognized when it is probable that future economic benefits embodied with acquired assets will flow to the company and its cost can be reliably measured. Fixed assets are stated at historical cost less accumulated depreciation, and accumulated impairment losses (if there is any indication of impairment in its value) the book value of equipments is depreciated by days of operation method, other assets is depreciated by straight line method based on their estimated useful lives, using the following rates :

<u>Assets</u>	<u>Dep. Rate</u>
Buildings	2%
Vehicles	20%
Computers and software	25%
Equipments and tools	10%
Fittings	20%
Furniture and office equipment	10%

Depreciation for acquired assets is calculated starting from one month after the date of acquisition or usage of the asset.

Any subsequent costs are capitalized to related fixed asset as a replacing part only if these costs are determinable and derive future economic benefits, other repairs and maintenance expenses are included in the statement of income as incurred.

e. **Projects under construction** :

Projects under construction include all expenditures directly attributable to acquire fixed assets. Projects under construction are transferred to fixed assets when completed and ready for intended use.

f. **Long term investments** :

Long term investments are stated at cost less accumulated impairment losses (if there are any indications of impairment in their values). Impairment loss is recognized in statement of income separately for each investment. According to the cost method, revenue is recognized due to cash dividends from investments after acquiring date.

During 2010, the company has changed the policy of revaluating long term investments from cost method to equity method, according to equity method the investment is recognized in any company at cost then its balance will increase or decrease to recognize the company's share in the investee's obtained profit or loss after acquisition in return of reporting it as an investment revenue (loss) in the statement of income, investment balance will decrease by the amount of dividends investee's obtained.

g. **Goodwill** :

Goodwill represents the excess of the cost of acquisition over the parent company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of acquired company. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not depreciable but its book value is regularly reviewed to determine whether there is any indications of impairment in its value, if such indications exist the asset's residual value is estimated. Impairment of goodwill is included in statement of income and not reversed subsequently.

h. **Inventory** :

The clients and notes receivable balance is stated at the net realizable value after deducting the decline in clients and notes receivable value which is determined according to the management estimates; these estimates are reviewed at the end of each financial period to reflect the best current estimate.

i. **Clients and notes receivable** :

The clients and notes receivable balance is stated at the net realizable value after deducting the decline in clients and notes receivable value which is determined according to the management estimates; these estimates are reviewed at the end of each financial period to reflect the best current estimate.

j. **Provisions** :

A provision is recognized when an entity has a present legal obligation as a result of past event, the amount of the obligation can be reliably estimated, and it is probable that an outflow of economic benefit will be required to settle the obligation, provision is reviewed at the end of each period and restated to reflect management estimates. The amount recognized as a provision should represent the present value of the expected outflows to settle the obligation.

k. Legal reserve :

In accordance with corporate law 159 for 1981 and the company's articles of association 5% at least of the annual net income is required to be transferred to a legal reserve until this reserve equals at least 50% of issued capital, This reserve is not available for dividends.

l. Finance leasing :

According to the finance leasing agreement with the international company for leasing – Incolease , notes (3) and (13) leased assets are recognized in projects under construction with the current value of the minimum limit of the lease payments which will be depreciated on their estimated useful lives according to the policies applicable on similar assets when transferred to fixed assets, the debt will be stated in the non-current liabilities – finance leasing agreements (except for the short term part that appears in the current liabilities) by the amount used in the finance leasing agreement in addition to any accrued interests till the financial position date after deducting the already paid installments, each period interests are stated in the period's income statement.

m. Finance cost :

Finance cost is registered as an expense in statement of income as incurred.

n. Income tax :

Income tax on the profits or losses for the year, comprises current tax (calculated according to the laws and applicable regulations) and the deferred tax. The accrued income tax directly recorded in the statement of income.

The deferred tax resulting from time differences between the book values of the assets and liabilities according to the accounting base and their value according to the expected way to realize or settle the values of assets and liabilities. Deferred tax value is recognized according to the method used to verify and settle the current value of the assets and liabilities, deferred tax is recognized as an asset of the company if there is a strong probability that this asset could decrease the taxable profit of the company in the future years. The deferred tax is recognized as an asset and is reduced with its portion that will not result in future tax benefit.

o. Revenue recognition :

- Integrated transportation activity revenue is recognized according to accrual basis when services are rendered to the client, invoices are issued, it is probable that identifiable and measurable economic benefits will flow to the company and the cost of these benefits could be reliably measured.
- Sales revenue from goods available for sale in the free zone is recognized when all ownership risks, rewards and controls are transferred to customers, the actual delivery of sold goods, invoices were issued, it is probable that identifiable and measurable economic benefits will flow to the company and the cost of these benefits could be reliably measured.
- Expenses incurred by the company as result of clearance operations that weren't matched by revenues are recognized in clearance operation in process.
- The credit interest is recognized according to bank's declared interest rates

p. Earnings per share :

Earnings per share is calculated by dividing the net profit (loss) for the period attributable to ordinary shareholders of the company (reduced by board of directors' rewards and employees share in profit) by the weighted average of the registered shares during the financial period

q. Statement of cash flows :

Statement of cash flows is prepared according to indirect method, cash and equivalents comprise cash on hand, banks current accounts, and time deposits which have short maturity dates from the purchase date, cash and cash equivalents at the beginning and the end of each financial period are recognized by the amount of unrecognized profits and losses resulted from changes in foreign currencies exchange rate.

r. Impairment of assets :

The book values of company's assets reviewed at financial statements preparation date to determine whether there is any indications of impairment in its value, if such indications exists the asset residual value is estimated, and the asset is recorded by its estimated residual value and the difference between book value and the residual value of assets are included in statement of income.

When the redemption value of the assets increase the impairment loss is redeemed in the value of the asset limited to it's book value which is determined after discounting the accumulated depreciation and without discounting the impairment in the value of assets.

s. Social insurance :

The company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law no. 79 of 1975 and its amendment. Under this law, the employees and the employers contribute into the system on a fixed percentage of salaries basis. The company's liability is confined to the amount of its contribution. Contributions are charged to the statement of income according to the accrual basis.

t. Contractual agreements :

Any contractual agreements to acquire long term assets in which may result in an inflow of economic resources in the future are disclosed.

u. Related party transactions :

The related party transactions comprise the value of resources, services and obligations among the company and other related parties.

v. Comparative figures :

The comparative figures are reclassified whenever necessary, to conform to current year presentation.

3. **Fixed assets (net) :**

Net book value of fixed assets comprises the following :

	Buildings	Vehicles	Computers & software	Equipments & tools	Finance leased assets	Fittings	Furniture & office equipment	Total
Cost as at Jan. 1 st , 2010	6,995,837	8,214,058	3,470,975	8,727,542	--	1,040,966	4,051,939	32,501,317
Additions	4,320,513	607,552	1,622,033	9,033,180	5,375,075	36,367	418,600	21,413,320
Disposals	--	(333,865)	(1,488,636)	--	--	--	(668,041)	(2,490,542)
Adjustments	--	--	--	2,140	--	(270,513)	(2,140)	(270,513)
Cost as at Dec. 31 st , 2010	11,316,350	8,487,745	3,604,372	17,762,862	5,375,075	806,820	3,800,358	51,153,582
Acc. dep. as at Jan. 1 st , 2010	5,877,337	6,497,635	2,855,137	875,777	--	615,517	2,816,726	19,538,129
Depreciation	194,738	407,082	264,408	128,635	111,981	56,641	188,922	1,352,407
Disposals acc. dep.	--	(333,859)	(1,403,837)	--	--	--	(655,682)	(2,393,378)
Adjustments	--	--	--	1,338	--	--	(1,338)	--
Acc. dep. as at Dec. 31 st , 2010	6,072,075	6,570,858	1,715,708	1,005,750	111,981	672,158	2,348,628	18,497,158
N.B.V. as at Dec. 31 st , 2010	5,244,275	1,916,887	1,888,664	16,757,112	5,263,094	134,662	1,451,730	32,656,424
N.B.V. as at Dec. 31 st , 2009	1,118,500	1,716,423	615,838	7,851,765	--	425,449	1,235,213	12,963,188

Continue: fixed assets (net) :

Finance leased assets comprise the following :

• **Isotank container cleaning machine leasing agreement**

A finance leasing contract dated November 19th, 2009 with the international company for leasing (Incolease) to lease an Isotank container cleaning machine, the agreement's main articles are as follows :

- Leased asset values US \$ 728,565.
- Leasing period is 66 months starting from September 30th, 2009 till May 20th, 2015.
- Monthly payment amounts US \$ 3,830 for 6 months and US \$ 14,190 for the other 61 months.
- The lessee's right to acquire the leased assets at the contract's end with L.E 1.
- Egyptian Transport & Commercial Services Co. (Egytrans) guarantees Global Depot Solutions Co. in this contract

• **Fork Lifts lease agreement :**

A finance leasing contract dated May 1st, 2010 with the international company for leasing (Incolease) to lease Fork Lifts, the agreement's main articles are as follows :

- Leased asset values US \$ 117,402.
- Leasing period is 61 months starts from May 20th, 2010 till May 20th, 2015.
- Monthly payments amounts US \$ 618 for 1 month and US \$ 2,287 for the other 60 months.
- Lessee's rights to acquire the leased asset at the contract's end with L.E 1.
- Egyptian Transport & Commercial Services Co. (Egytrans) guarantees Global Depot Solutions Co. in this contract.

4. Projects under construction :

Projects under construction comprise the following:

	<u>2010</u>	<u>2009</u>
Customs depot	1,288,395	--
Buildings installments	178,341	178,341
River ports projects	1,577,231	2,215,141
Computer installments	2,167,251	55,100
Land transportation project	1,860,459	307,424
Depots solutions	3,003,814	--
Ather El Naby Project	--	861,395
	<u>10,075,491</u>	<u>3,617,401</u>

- The company signed a contract with Kema Oracle co. to develop its computer operating system with a total amount of L.E 5 million to acquire ERP system and OTM system, the company accomplished about 80% of the ERP system and didn't start in the OTM system yet.
- According to board of directors meeting, the company has charged Egytrans for river ports by 67% & Egytrans Barg link co. by 33% of the total amount paid for Ather El Naby project amounted L.E 861,395.

5. **long term investments :**

long term investments comprise the following :

	Share percentage	2010	2009
Investments in sister companies :			
Damietta Feeder Terminal Co. (DFTC)	20%	885,000	885,000
Barwil Egytrans Shipping Agencies Co.	30%	11,511,000	225,000
Scan Arabia Shipping Agencies Co.	30%	3,921,000	225,000
Barwil Arabia Shipping Agencies Co.	10%	15,500	--
		<u>16,332,500</u>	<u>1,335,000</u>
Other investments			
		159,177	159,177
		<u>16,491,677</u>	<u>1,494,177</u>

- During the year, Barwil Egytrans Shipping Agencies Co. increased its capital by an amount of L.E 250,000 to be L.E 1 Million, this increase was registered in the commercial register.

6. **Inventory :**

Inventory balance comprises the following :

	2010	2009
Vehicles	14,540,981	29,380,965
Clothes and texture	134,908	154,865
Spare parts	170,120	92,540
Chemicals	18,166	--
Others	2,523	--
	<u>14,866,698</u>	<u>29,628,370</u>

- Developing new regulations by the administrative authorities which had a significant impact on the activities of Port Said Free Zone led to a significant decline in expected net realizable value of goods available for sale in the company's branch at Port Said – Free Zone, this decrease was recognized as goods.

7. **Clients and notes receivable :**

Clients and notes receivable comprise the following :

	2010	2009
Clients	34,116,291	31,983,888
Checks under collection	3,649,444	3,581,398
	<u>37,765,735</u>	<u>35,565,286</u>
Decline in clients value	<u>(2,083,583)</u>	<u>(1,583,583)</u>
	<u>35,682,152</u>	<u>33,981,703</u>

- According to clients balances committee, the decline in clients value on December 31st, 2010 was estimated to be L.E 2,083,583 with an increase of L.E 500,000 than last year.

8. **Debtors and other debits :**

Debtors and other debits comprise the following:

	<u>2010</u>	<u>2009</u>
Due from related parties	6,608,184	5,244,244
Taxes withheld by others	4,687,105	4,052,875
Suppliers – debit balances	134,485	234,801
General authority for investment	215,949	55
Customs authority	54,754	54,553
Accrued revenues	848,227	3,988,005
Prepaid expenses	2,158,597	1,832,156
L/G cash cover	1,481,961	1,467,912
Insurance with others	896,909	884,509
Maritime agents – debit balances	1,351,585	466,129
Cash imprest	232,666	236,870
Employees advances	231,011	281,371
Sales tax authority	60,848	--
ASCO	1,016,245	1,016,245
Agencies claims	341,418	--
Shipping lines	1,771,229	1,771,229
Lift Sallab	200,000	200,000
Other debits	4,718,756	6,399,977
	<u>27,009,929</u>	<u>28,130,931</u>

9. **Clearance operations in process :**

Clearance operations in process comprise the following :

	<u>2010</u>	<u>2009</u>
Alexandria branch	7,708,520	6,407,076
Cairo branch	(235,842)	143,800
Suez branch	1,232,265	1,501,994
Port said branch	5,910	39,865
Damietta branch	300,098	910,017
Merghem branch	56,101	14,636
	<u>9,067,052</u>	<u>9,017,388</u>

10. **Cash on hand and at banks :**

Cash on hand and at banks balance comprises the following :

	<u>2010</u>	<u>2009</u>
Banks current acc. – foreign currency	1,448,982	1,536,509
Banks current acc. – local currency	2,894,212	1,864,727
Time deposits – local currency	64,000,000	--
Time deposits – foreign currency	6,411,789	900,756
Cash on hand	1,504	200
	<u>74,756,487</u>	<u>4,302,192</u>

11. Provisions :

Provisions balance amounting L.E 2,817,452 on December 31st, 2010 represents a tax provision with amount of L.E 2.6 million to meet tax differences that may happen as a result of the internal committee decision about tax dispute for years from 1994 to 2003 and an amount of L.E 817,452 as a provision support to meet any possible liabilities.

12. Finance leasing agreements :

Analysis of the finance leasing agreements installments according to remaining lives is as follows:

Financing leasing agreements	Total contract's value US Dollar	Paid during the period US Dollar	Short term installments US Dollar	Long term installments US Dollar
Isotank container cleaning machine	728,565	70,869	132,689	525,007
Fork lifts	117,402	11,656	21,284	84,462
Total US Dollar	845,967	82,525	153,973	609,469
Total L.E	4,906,609	478,645	893,043	3,534,920

The company applied the international financial reporting standard (17) instead of the Egyptian accounting standard (20) in order to have a more accurate form of the fixed assets used in the company's operations, balances affected by such application are as follows :

Description	Results according to IFRS L.E	Results according to Egyptian Accounting Standards L.E	Difference L.E
Fixed assets-finance leased assets	4,906,609	--	4,906,609
Depreciation	111,981	--	111,981
Rental value	--	805,835	805,835
Finance cost	327,190	--	327,190
Finance leasing liabilities	4,427,693	--	4,427,693

13. Suppliers and notes payable :

Suppliers and notes payable balance comprises the following:

	2010	2009
Suppliers	2,853,151	2,833,056
Notes payable	576,258	--
	<u>3,429,409</u>	<u>2,833,056</u>

14. Distribution creditors :

Distribution creditors balance comprise the following :

	<u>2010</u>	<u>2009</u>
Distribution creditors – shareholders	--	10,570,618
Distribution creditors – employees	2,694,024	3,295,992
Distribution creditors – B,O,D	--	252,281
	<u>2,694,024</u>	<u>14,118,891</u>

15. Creditors and other credits:

Creditors and other credits comprise the following:

	<u>2010</u>	<u>2009</u>
Maritime agents – credit balances	2,851,436	1,756,793
Creditors – fixed assets purchase	491,052	--
Accrued expenses	478,300	192,861
Income tax for the year	277,290	1,080,684
Taxes withheld from others	51,237	45,650
Insurance from others	1,099,211	1,193,658
Sales tax authority	65,462	46,366
Social insurance authority	102,935	88,515
Income tax authority	1,719,124	1,719,124
Payroll tax authority	11,196	10,120
Due to related parties	1,785,919	--
Moving capital Tax authority	288,730	--
Kromi – Hitachi	290,000	290,000
Accrued compensations	43,079	--
Other credits	1,752,571	5,712,141
	<u>11,307,542</u>	<u>12,135,912</u>

16. Issued & subscribed capital :

Based on the extraordinary general assembly decision at 6th of December ,2009, the authorized capital has increased by an amount of L.E 900 million to be L.E 1 billion and the issued capital was suggested to increase by L.E 200 million to be L.E 256,062,500 divided into 25,606,250 shares of L.E 10 per value each, with delegating the board of directors to recall the capital increase according to projects schedule, the board of directors decided to call only L.E 100 million which was paid in full according to Arab African Bank letter, this increase was registered in the commercial register on 14th April ,2010 leading the paid up capital to be L.E 156,062,500.

17. **Loans :**

Loans balance comprises the following :

	2010			2009		
	Long Term installments	Short Term installments	Total	Long Term installments	Short Term installments	Total
National bank of Egypt	11,135,637	1,600,000	12,735,637	13,495,225	--	13,495,225
NSGB	6,924,390	3,680,000	10,604,390	11,079,291	3,480,000	14,559,291
Piraeus bank - Egypt	--	--	--	624,722	552,000	1,176,722
Misr bank	--	--	--	--	511,563	511,563
	18,060,027	5,280,000	23,340,027	25,199,238	4,543,563	29,742,801

- There is a commercial mortgage contract with amount of L.E 3 million and U.S \$ 500,000 in favor of NSGB.
- There is a commercial mortgage contract with an amount of L.E 2 million and U.S \$ 450,000 in favor of National Bank of Egypt.
- During the year the company settled the debts of Misr Bank and Piraeus Bank – Egypt this settlement led to company's exemption from incurring finance costs amounted L.E 799,529 which was included with in other revenues in the statement of income.

18. Operation revenues :

Operation revenues for the year ended December 31st, 2010 comprise the following :

Activity / branch	Cairo	Alexandria	Merghem	Port Said	Suez	Damietta	Free zone	Total
Clearance - import	4,769,542	29,985,114	--	6,625,227	4,955,084	15,000,756	--	61,335,723
Clearance - export	3,513,763	7,124,691	--	134,343	397,880	696,111	--	11,866,788
Transportation	--	--	9,013,121	--	--	--	--	9,013,121
Projects	1,031,639	11,774,955	1,944,310	155,285	3,261,955	436,577	--	18,604,721
Air freight clearance - import	4,667,234	69,930	--	--	--	--	--	4,737,164
Air freight clearance - export	--	565,658	--	--	--	--	--	565,658
Transit	415,855	1,382,907	--	258,707	581,692	174,836	--	2,813,997
Storage	--	--	337,974	--	--	--	--	337,974
Commercial operations	--	399,089	--	7,045	48,928	973,756	--	1,428,818
Consolidated bills of lading - import	300,897	6,553,998	--	329,884	17,299	--	--	7,202,078
Consolidated bills of lading - export	1,241,849	330,713	--	44,963	--	--	--	1,617,525
Packaging	157,776	--	--	--	21,000	--	--	178,776
Insurance	248,951	706	--	--	4,059	10,246	--	263,962
Showrooms	1,103,600	--	--	--	--	--	--	1,103,600
Rent equipment	--	--	--	--	317,335	--	--	317,335
Free zone - port said	--	--	--	--	--	--	12,921,244	12,921,244
Depots solutions	--	59,810	--	--	--	--	--	59,810
Total	17,451,106	58,247,571	11,295,405	7,555,454	9,605,232	17,292,282	12,921,244	134,368,294

Continue: Operation revenues :

Operation revenues for the year ended December 31st, 2009 comprise the following:

Activity / branch	Cairo	Alexandria	Merghem	Port Said	Suez	Damietta	Free zone	Total
Clearance - import	--	19,498,371	--	5,739,737	5,251,483	7,853,084	--	38,342,675
Clearance - export	--	5,839,391	--	201,142	283,286	797,126	--	7,120,945
Transportation	--	--	4,128,674	--	--	--	--	4,128,674
Projects	947,415	48,566,965	9,359,640	910,462	3,185,358	1,016,716	--	63,986,556
Air freight clearance - import	4,487,204	62,636	--	--	--	--	--	4,549,840
Air freight clearance - export	2,535,138	34,245	--	--	--	--	--	2,569,383
Transit	383,566	866,402	--	152,514	283,260	184,457	--	1,870,199
Storage	--	--	631,709	--	--	--	--	631,709
Commercial operations	61,508	568,819	--	--	101,288	1,204,959	--	1,936,574
Consolidated bills of lading - import	513,068	7,522,084	--	473,064	14,579	--	--	8,522,795
Consolidated bills of lading - export	4,279,975	574,603	--	73,705	--	--	--	4,928,283
Packaging	204,058	--	--	--	--	--	--	204,058
Insurance	163,275	--	--	--	4,097	10,743	--	178,115
Showrooms	224,400	--	--	--	--	--	--	224,400
Rent equipment	--	--	--	--	351,114	--	--	351,114
Free zone - port said	--	--	--	--	--	--	61,911,534	61,911,534
Total	13,799,607	83,533,516	14,120,023	7,550,624	9,474,465	11,067,085	61,911,534	201,456,854

19. Operation costs :

Operation costs for the year ended December 31st, 2010 comprise the following :

Activity / branch	Cairo	Alexandria	Merghem	Port Said	Suez	Damietta	Free zone	Total
Clearance - import	3,983,507	29,986,839	--	6,218,716	4,704,400	14,340,726	--	59,234,188
Clearance - export	3,073,435	5,945,831	--	120,832	299,819	563,583	--	10,003,500
Transportation	--	--	6,891,647	--	--	--	--	6,891,647
Projects	890,747	11,097,617	1,550,233	148,864	2,665,005	399,935	--	16,752,401
Air freight clearance - import	4,057,764	126,697	--	--	--	--	--	4,184,461
Air freight clearance - export	--	305,895	--	--	--	--	--	305,895
Transit	91,992	290,587	--	43,085	50,260	24,259	--	500,183
Storage	--	--	318,092	--	--	--	--	318,092
Commercial operations	--	295,710	--	658	45,552	924,687	--	1,266,607
Consolidated bills of lading - import	116,532	4,836,652	--	226,547	--	--	--	5,179,731
Consolidated bills of lading - export	1,196,495	282,129	--	34,928	--	--	--	1,513,552
Packaging	78,692	--	--	--	17,055	--	--	95,747
Insurance	177,583	480	--	--	3,998	6,608	--	188,669
Showrooms	608,154	--	--	--	--	--	--	608,154
Rent equipment	--	--	--	--	12,444	--	--	12,444
Free zone - port said	--	--	--	--	--	--	13,478,301	13,478,301
Depots solutions	--	213,643	--	--	--	--	--	213,643
Total	14,274,901	53,382,080	8,759,972	6,793,630	7,798,533	16,259,798	13,478,301	120,747,215

Continue: Operation costs :

Operation costs for the year ended December 31st, 2009 comprise the following :

Activity / branches	Cairo	Alexandria	Merghem	Port Said	Suez	Damietta	Free zone	Total
Clearance - import	--	19,202,960	--	5,347,655	5,002,102	7,417,977	--	36,970,694
Clearance - export	--	4,430,774	--	166,656	235,383	686,597	--	5,519,410
Transportation	--	--	465,644	--	--	--	--	465,644
Projects	831,749	42,596,085	7,006,058	784,342	1,780,790	861,935	--	53,860,959
Air freight clearance - import	3,898,540	62,802	--	--	--	--	--	3,961,342
Air freight clearance - export	2,150,536	16,220	--	--	--	--	--	2,166,756
Transit	115,057	188,381	--	65,671	44,957	30,996	--	445,062
Storage	--	--	466,386	--	--	--	--	466,386
Commercial operations	51,662	392,430	--	--	96,465	1,151,509	--	1,692,066
Consolidated bills of lading - import	390,207	5,240,595	--	359,196	--	--	--	5,989,998
Consolidated bills of lading - export	3,753,120	431,596	--	68,210	--	--	--	4,252,926
Packaging	102,337	--	--	--	--	--	--	102,337
Insurance	122,672	--	--	--	3,651	5,965	--	132,288
Showrooms	160,492	--	--	--	--	--	--	160,492
Rent equipment	--	--	--	--	24,894	--	--	24,894
Free zone - port said	--	--	--	--	--	--	58,388,441	58,388,441
Total	11,576,372	72,561,843	7,938,088	6,791,730	7,188,242	10,154,979	58,388,441	174,599,695

20. **Earnings per share :**

Earnings per share is calculated as follows:

	<u>2010</u>	<u>2009</u>
Net profit for the year	9,905,926	11,439,343
Subtract:		
Employees share in profit	(1,303,160)	(1,913,512)
B.O.D Bonus	--	(252,281)
Basic earnings for the shareholders	8,602,766	9,273,550
No. of shares	12,689,583	5,606,250
Earnings per share	<u>0.68</u>	<u>1.65</u>

21. **The fair value of financial instruments :**

The financial instruments of the company represent financial assets and liabilities, financial assets include cash at banks, clients, and some debit balances while financial liabilities include bank facilities, creditors and other credit accounts.

22. **Risk management :**

a. **Credit risk :**

Credit risk represents the company's ability to collect notes receivable on due dates with whom the company deals, management observe the collection of these dues and improve its performance.

b. **Foreign currencies risk :**

Foreign currencies risk is represented in the changes of foreign exchange rates which affect payments and collections of foreign currencies and the evaluation of assets and liabilities in foreign currencies.

c. **Interest rate risk :**

The company depends basically on the bank facilities to provide the working capital. Interest rate risk represents the changes in rates of banks.

23. **Subsequent events :**

The Arab Republic of Egypt has experienced events that had a significant impact on all economic sectors in general. It is very likely that this will lead to a significant decline in economic activities during the coming periods. It is therefore possible that these events might have a substantial impact on the elements of assets and liabilities and related recoverable values as well as the results of operations during the coming periods. It is currently hard to determine the magnitude of this impact on the assets and liabilities included in the financial statement of the company as it depends on the expected extend and duration of these events and their implications.

24. Contingent liabilities :

The banks have issued letters of guarantee for the company in favor of third party. The outstanding letters of guarantee as at Dec. 31st, 2010 amounts L.E 12,884,205 which are covered by an amount of L.E 1,481,961.

25. Tax situation :

a. Egyptian Transport and Commercial Services Co. (Egytrans) (Holding company)

Corporate tax

The years from beginning of operation till 1993:

The company's accounts were inspected by tax authority from the beginning of its operation till 1993, the company has settled and paid the accrued tax according to appeal committee decision.

The years from 1994 till 2003 :

The company's accounts were inspected by tax authority for the years from 1994 till 2003, the company was informed by tax forms (18) and (19), the company appealed the form (19) and the argument is subject to the appeal committee

Year 2004:

The company presented its tax return at the legal time and inspection is taking place now for this year.

Years from 2005 till 2009:

The company presented its tax returns at the legal time according to the Law No.91 for the year 2005.

Payroll tax:

- The company has settled and paid its due tax from inception till the end of 2007.

Stamp tax:

The company has settled and paid its due tax for the years from inception till 2008.

Sales tax :

- The company has settled and paid its due tax for years from inception till 2008.

b. Egyptian Transport and Logistics Co. (ETAL)

Corporate tax

The company's accounts were inspected by tax authority for the years from 1998 till 2004, these years were settled according to internal committee agreement.

Payroll tax:

The company has settled and paid its due tax for the years from inception till 2003.

Sales tax :

The company has settled and paid its due tax for years from inception till 2008.

c. Global Depot Solutions Co. (subsidiary):

The company was incorporated on May 4th, 2009 the company will present its first tax return for the financial period from inception till December 31st, 2010.

d. Egytrans For River Ports Co. (subsidiary):

The company was incorporated on May 4th, 2009 the company will present its first tax return for the financial period from inception till December 31st, 2010.

e. Egvtrans Barg link Co. (subsidiary):

The company was incorporated on June 4th, 2009 the company will present its first tax return for the financial period from inception till December 31st, 2010.