

ANNUAL REPORT 2019



TABLE OF CONTENTS

VISION, MISSION & VALUES	05
1. COMPANY OVERVIEW	06
GB Auto at a Glance What we do Who we are	08
12 years of Innovation since IPO	12
A Letter from the CEO	16
GB Auto Highlights of 2019	18
2. STRATEGIC REPORT	20

2. STRATEGIC REPORT	20
Divisional Review	22
Egypt Passenger Cars	22
Egypt Motorcycles and Three-Wheelers	24
Egypt Commercial Vehicles & Construction Equipment	26
Egypt Tires	28
Regional	29
Egypt After-sales	30
Startups	32
GB Capital	33
Investing in Our People	36
Business Continuity	36
Employee Recognition & Engagement	36
Talent Management & Organizational Development	37
Health and Safety	37
Care and Corporate Social Responsibility	38
GB Foundation	38
GB Auto Sustainable Future	42

3. SHARE PERFORMANCE AND INFORMATION	48	
GB Auto Shareholding Structure	50	
GB Auto share price for FY 2019 vs EGX30	51	
4. GOVERNANCE	52	
4. GOVERNANCE Board of Directors	52 56	

70

72

5. FINANCIAL STATEMENTS

Audited Financial Statements



VISION, MISSION & VALUES



Leading the markets where we operate by providing an elite customer experience and becoming the brand of choice to our stakeholders



Granting a premium experience while developing our communities, enriching the lives of our employees and maximizing our shareholders' returns through our corporate values and operational excellence

Leading with Vision, Agility and Integrity

Leading by example, inspiration and integrity

Results Oriented for a Sustainable Future

Developing organizational capabilities through continues improvement



Innovative Thinking

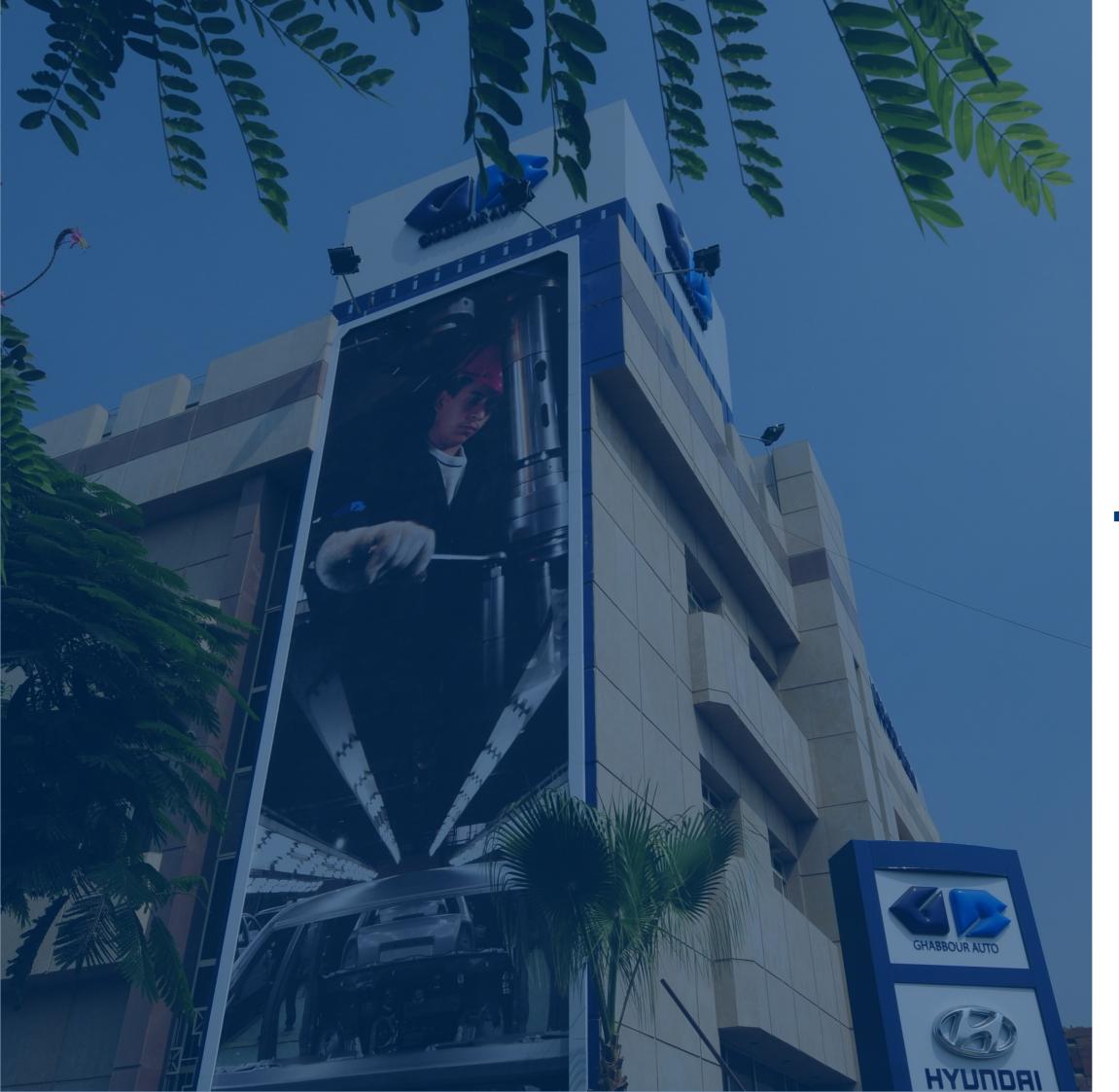
Creating sustainable future

Customer & Community Centric

Commitment to excellence and transparency

Our People our Engine

Succeeding through the talent of people and synergy



1 COMPANY OVERVIEW

GB AUTO AT A GLANCE Who we are What we do	08
12 YEARS OF INNOVATION SINCE IPO	12
A LETTER FROM THE CEO	16
GB AUTO HIGHLIGHTS OF 2019	18

GB AUTO AT A GLANCE - WHO WE ARE

GB Auto is a leading automotive player in the region & Non-bank Financial Services provider in Egypt. GB Auto operates under two distinct segments: GB Auto and Auto Related which operates the core automotive business, and GB Capital, which oversees the operations of the group's five non-bank financial service providers.

GB AUTO (AUTO & AUTO RELATED)

With a history of over six decades in the industry, GB Auto has built a solid reputation for its automotive service offerings. It is renowned for providing unmatched after-sales services in Egypt along with positioning its passenger cars as some of the best value for money in the Egyptian market. Also making a name for itself as a front-runner in the manufacturing and distribution of 2&3 wheelers, as well as Commercial Vehicles and Construction Equipment.

Operating six lines of business across Egypt and Iraq, GB Auto is a leading regional automotive player with a strong operational footprint in several sectors. The company is focused on automotive assembly, manufacturing, sales and distribution, after-sales services, retail, trade-in, and logistics.

GB Auto's portfolio of partners currently includes the leading global brands of Hyundai, Mazda, Geely, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Volvo Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Aksa, Shacman, Higer, Lassa, Yokohama, Westlake, Double Coin, Doublestar, Verde, Thunderer, Techking and Gazpromneft.

GB Auto's assembly operations include passenger cars, commercial vehicles, and motorcycles and three-wheelers. The company also designs and manufactures complete buses, semi-trailers and superstructures at three plants in the Greater Cairo Area and facilities in the Suez Canal Area. In addition, manufacturing 2&3 wheelers components that gets used in the company's manufacturing activities in Badr factory.

GB Auto remains a strong player with an unmatched distribution and After-sales network which includes passenger car centers in Egypt for body and mechanical work. With new vehicle sales, the company's service and parts outlets make GB Auto a fully integrated, "one-stop-shop" automotive provider that delivers on promises of lower ownership costs and real value to customers.

In 2019, GB Auto further expanded its portfolio by entering into a strategic partnership with El Ghalban Auto Market Group to establish Transport Vehicles Distribution (TVD), a new commercial vehicle distribution company. Utilizing both partners' expertise and know-how of the Egyptian automotive market, TVD aims to acquire distribution rights for worldrenowned commercial vehicle brands.

Headquarter: Giza, Egypt

EGYPT PASSENGER CARS







EGYPT MOTORCYCLES AND THREE WHEELERS



Components Manufacturing



EGYPT COMMERCIAL VEHICLES & CONSTRUCTION EQUIPMENT





Sales & Distribution







EGYPT TIRES



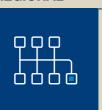


EGYPT AFTER-SALES





REGIONAL











GB CAPITAL

GB Capital is considered one of the leading Non-bank Financial Services provider in Egypt. With its unmatched portfolio of offerings as well as its portfolio size, customer base and oversees the operations. GB Capital oversees the operations of the group's five non-bank financial service providers: GB Lease, which offers financial leasing services to a wide range of companies: Mashroev, which offers asset-based lending to microfinance eligible clients; Drive, which offers factoring services to retail and corporates; Haram Limousine, which offers car rental services on a quasi-operational lease basis to companies in the market; and Tasaheel which, offers direct microfinance lending services to micro-entrepreneurs.

GB Capital's strategy is to benchmark its operations against the best in the field, building on strict and robust credit, risk classification and provisioning policies specifically developed for each industry. The companies' credit approval and disbursement mechanisms comply with best practices of financial institutions in the country. Asset quality and collections are the backbone for the success of any financial institution are closely monitored, well-maintained and controlled within the

During the year of 2019, GB Capital has entered into two JV to complement its portfolio of offerings.

- 1. Talaat Moustafa Group (TMG), GB Capital, and EFG Hermes Finance have entered into an agreement to create a mortgage finance JV Bedaya.
- 2.GB Auto, EFG Hermes acquires majority stake in life insurance player Tokio Marine Egypt Family Takaful.



^{*} for passenger cars, 2&3 wheelers, and commercial vehicles

^{**} for passenger cars and 2&3 wheelers

GB AUTO AT A GLANCE - WHAT WE DO



EGYPT PASSENGER CARS

29.9% REVENUE CONTRIBUTION

Assembly and distribution of imported CKD kits with a production capacity of around 80,000 units per year

Distribution of imported CBU vehicles

+350,000 units assembled over the years

Brands: Hyundai, Mazda, Geely and Chery



EGYPT MOTORCYCLES & THREE-WHEELERS

Assembly, distribution and components manufacturing of motorcycles and three-wheelers

Brands: Bajaj



EGYPT COMMERCIAL VEHICLES & CONSTRUCTION EQUIPMENT

Assembly and distribution of trucks

Bus-body manufacturing distribution through GB Polo

Manufacturing and distribution of superstructures & trailers

Distribution of construction, farming equipment & generators

Brands: Marcopolo, Iveco, Volvo Truck & Volvo Bus, Volvo

Construction Equipment, Mitsubishi Fuso, YTO, Karry,

SDLG, Aksa, Shacman, Higer



REGIONAL

Distribution of imported CBU passenger cars in Iraq

Distribution of Bajaj motorcycles & three-wheelers in Iraq

Operates after-sales service centers in Iraq

Market: Iraq

Companies: Hyundai, Bajaj



EGYPT AFTER-SALES

After-sales services and distribution of spare parts

for passenger cars, 2&3 wheelers, tractors, and commercial vehicles

The largest cross-country network of its kind



EGYPT TIRES

Distribution of passenger car, van, truck, construction equipment and bus tires

Powerful Dealer network

Brands: Lassa, Yokohama, Westlake, Double Coin, Verde, Techking and Thunderer



GB CAPITAL

17.1% REVENUE CONTRIBUTION

GB Capital's subsidiaries cater to all market segments

GB Lease provides business-to-business financial leasing solutions. Assets financed are diversified and include real estate, automotive, production lines, and other asset classes. Tenor is medium term, and the company's focus is on risk diversification by asset class, industry sector, and clients.

Mashroey offers asset-based microfinance lending to eligible clients for the purchase of motorcycles, YTO tractors and motor tricycles. Mashroey's credit policy is stringent, and its portfolio tenor is predominantly short

Drive provides factoring services to a diversified client base, ranging from business-to-business (SMEs) to business-to consumer (retail), with a focus on the auto finance sector. It continues to expand its factoring solutions, offering innovative financing products. Operating under a robust credit policy, the company's portfolio tenor is predominately medium term.

Haram Tourism Transport (HTT) provides car rental services on a quasi-operational lease basis. Its service agreements are tailored and entail acquisition, registration, insurance and maintenance of vehicles, with third party insurance in place. Average tenor of the portfolio is three years.

Tasaheel is a microfinance company and focuses on direct lending to microfinance eligible clients, predominately group lending to women, with the aim of helping low-income earners generate higher incomes and improve their living standards. Loan tenor is short

Market: Egypt



START UPS

1.8% REVENUE CONTRIBUTION

Parts and lubricants business. PAL. distributes Gazpromneft Lubricants

Fabrika is a pre-owned car operations, heavy truck, and Construction Equipment

Retail division 360 operates after-sales services and retail outlets

Under the brand name TVD, the company distributes JMC-branded vehicles

Market: Egypt

Companies: PAL. Fabrika, 360

1. Company Profile - GB Auto at a Glance

12 YEARS OF INNOVATION SINCE IPO



2007



2008



2009



2010



2011



2012

PUBLIC COMPANY

GB Auto completes an IPO and shares begin trading on the Cairo stock Exchange. The IPO raised 1.2 billion

OPPORTUNITY

GB Auto established financial leasing company to operate as GB Lease which finances commercial vehicle sales and passenger cars for fleets

GB Auto enters a joint venture with Marcopolo, the Brazil-based global bus manufacturer to build a production facility in Suez where the JV produces buses for domestic and export sales

ESTABLISHMENT

GB Auto establishes a joint a jointventure trailer distributorship in Algeria

GB Auto launches GDR program to allow global investors to trade its shares in London and New York stock exchange

GB Auto begins its participation in the government sponsored taxi replacement program

GB Auto etsablishes Mashroey, a majority-owned micropayments joint venture to finance purchase of Bajaj branded motorcycles and three-wheelers

COLLABORATION

GB Auto enters into an exclusive agreement to import and distribute Mazda vehicles in Egypt

GB Auto enters a joint venture with the Al-Kasid group of companies, which holds exclusive rights to distribute Hyundai vehicles in Iraq

GB Auto signs an agreement to be the exclusive distributor of Yokohama passenger car, truck, semi-truck, bus and construction equipment tires in Egypt

GB Auto opens a new after-sales service center in Hurghada with 22 working bays.

CREATIVITY

GB Auto soft launches GB Academy which focuses on improving employees' skills including communication strategies, critical thinking and time management

GB Auto opens its first after-sales facility in Iraq with 70 working bays in Baghdad

PARTNERSHIP

GB Auto partners with Geely in CKD assembly in Egypt and distribution in the MENA region

GB Auto signs a contract with Iveco Irisbus, a Fiat industrial company and global industry leader to be the exclusive distributor of Iveco bus chassis in Egypt

GB Auto acquires the exclusive right to distribute internationally-recognized ZC Rubber's Westlake passenger car, TBR and OTR tires in the Egyptian market

GB Auto's consumer finance venture, Drive, begins to operate financing consumer purchases of passenger cars





1. Company Profile - 12 Years of Innovation Since IPO







CORPORATION

GB Auto expands its geographical foot print with key brand representation in Algeria and Libya

GB Auto signed a contract with General Motors East Africa to export more than 200 buses

GB Auto signed an agreement with Geely to distribute a microbus product.

GB Auto acquired the exclusive right to distribute Goodyear tires in Algeria in North and Sub-Saharan Africa

14

DISTRIBUTION

GB Auto won the best distributor award from Geely honored by Hyundai for excellent after sales services

GB Auto enters into an exclusive strategic alliance to distribute Gazprom Neft-Lubricants

AWARDS

GB Auto won the FUSO award for the Best NV Fleet Volume

GB Auto supplies public transport authority in Alexandria with 150 buses

GB Auto added Chery to its expanding portfolio of brands through an agreement with Chery International

GB Auto won the technical best skill performance for Hyundai in after-sales service

OPERATIONS

GB Auto inks technical agreement with Bajaj

GB Lease receives second place ranking from FRA

GB Auto tires division acquires the distribution of Westlake Heavy Truck Tires in Egypt

360 Network of premium express service centers launches to high-end consumers

STRUCTURING

In 2017, GB Auto adopts a new disclosure structure that separately reports GB Auto & Auto-Related and GB Capital. This facilitates more accurate valuations and reveal hidden value in the company's share

CORPORATE DEVELOPMENTS

GB Auto wins Global Banking & Finance Awards for Best Automotive Manufacturing Company

Leading private equity firm Development Partners International invests in two GB Capital subsidiaries (Mashroey and Tasaheel)

GB Auto launches Hyundai's first loniq hybrid car in Egypt

GB Auto won several awards such as: Advisor Skill Contest Gold medal, outstanding after sales performance for Chery, Service Advisor Skill Contest Silver medal for Mazda, and Customer experience CXC1 Opinion Leader Special for Hyundai



CELEBRATION

GB Auto celebrates the local production of New Chery "Arrizo 5" through its manufacturing plant in Abu Rawash industrial zone.

GB Auto, EFG Hermes to acquire majority stake in life insurance player Tokio Marine Egypt Family Takaful

Talaat Moustafa Group (TMG), GB Capital, and EFG Hermes Finance have entered into an agreement to create a mortgage finance joint venture (JV) Bedaya, with each party to hold 1/3 the JV's equity

GB Auto launches the locally assembled car Tiggo 3 facelift

GB Auto wins Global Banking & Finance Awards for Best Automotive Manufacturing Company and Best Investors Relations in Egypt

GB Auto, El Ghalban Auto Market Group form commercial vehicle distributor JV for JMC-brand cars

A LETTER FROM THE CEO

Dear Shareholders,

2019 was certainly a year of challenges for our Company, as it unfolded against the backdrop of a changing regulatory environment for automotive in Egypt. The implications of reforms pursued by the government weighed down the performance of our automotive arm, particularly local Passenger Car and Three-Wheeler operations. However, we do not see the effect of these policies persisting in the long-run, especially as we moved to introduce new locally-assembled PC models in the second half of 2019 and throughout 2020. We are also working closely with the government on resolving some of the regulatory constraints facing Three-Wheelers in order to pave the way for a more sustainable performance in the division.

As we demonstrated in years prior, GB Auto possesses the unique ability to adapt and grow, even under difficult conditions. As such, Management has made significant progress in streamlining the working capital cycle, including inventory levels and supplier terms. Revenues for the Group in FY19 declined by 0.9% y-o-y to LE 25,398.0 million compared to 25,621.2 in FY18. However, Gross profit for the year grew 4.6% y-o-y to LE 3,816.0 million.

The start of the year saw GB Auto face a temporary pullback in demand for PCs as well as a major dislocation in customs treatment, with a 40% tariff deferential favoring vehicles from European, Moroccan, and Turkish origins over locally-assembled units, as well as vehicles imported from other countries. Despite that, GB Auto continued to command a leading position in the Egyptian PC market, with a 21.0 % market share as of FY19, compared to 25.4% in FY18. The Company also saw 2020 start on a positive note, with the launch and successful sale of our CKD model, Arrizo 5, and a facelift for Tiggo3. We are seeing clear signs that margins will start to normalize heading into 2020, particularly after the discontinuation of the loss-making models.

Regulatory changes also placed significant constraint on the Three-Wheeler's segment, with volumes dropping by more than 50% compared to FY18, driven largely by regulations adopted in March restricting the licensing of three-wheel vehicles. As for the Two-Wheelers division, the introduction of newer models

led to a 54.6% jump in volumes compared to the prior year and the division is on track to regain its leading role in the market. Within our Auto and Auto-Related (A&AR) lines of business, the Commercial Vehicles and Construction Equipment market witnessed a stagnation compared to the same period last year. Buses were the only exception, with demand rising on the back of a recovering tourism sector.

The downturn in new sales volumes was offset by a top-line expansion in the After-Sales LoB in Egypt, reinforced by GB Auto's solid reputation for quality service that has cemented customers' confidence in us. At a time when After-Sales services are becoming increasingly important – with customers looking to our exceptional maintenance services to increase vehicle lifespan – we plan to continue expanding our branch network and upgrading our service centers to cater to an even larger demographic.

Across our different business lines, the tires division posted promising results, contributing positively to the Group's profitability, with sales growing 7.0 % y-o-y to LE 1,180.8 million in FY19 and GPM expanding by 3.6 percentage points. This was mainly a result of GB Auto's strategy to focus on portfolio optimization and tactical targeting in order to maintain the company's consumer base and grow volumes. On the regional front, GB Auto's operations in Iraq were a primary contributor to the A&AR segment's gross profitability. witnessing an impressive and robust expansion in 2019 that helped offset the decline in Egypt's PC and 2&3W markets. A rapidly improving security and commercial environment in the Iragi market facilitated a substantial broad-based improvements that saw volumes of Two- and Three-Wheelers surging 47.7% y-o-y in FY19 to 30,661 units, as the Group altered its sales mix to accommodate new and highly-popular models. Passenger Car sales more-than-doubled during the period compared to FY18, despite GB Auto's decision to discontinue its representation of Hyundai in the Iraqi PC market. This decision came after Hyundai changed its mode of operation in Iraq to a multi-distributor model and was driven by our belief that yields from similar business models are insufficiently proportionate to the investments entailed in sustaining lucrative automotive operations.

While the diversified nature of our business continues to support the overall performance of the Group, Management is also taking proactive steps to contain the effects of recent market developments and has moved quickly to adjust our PC portfolio and sales mix in response to prevailing trends. Management also expects three-wheeler volumes to pick up as soon as the licensing cycle gains momentum and we are confident that the anticipated growth from regulatory adjustments will soon materialize.

On the financing side of operations, 2019 was packed with milestones and achievements of which we are very proud, as we not only reached our targets, but beat expectations and redefined standards for our target market. GB capital's performance in FY19 was no less impressive than previous years, with a portfolio surpassing the LE 10 billion mark (before securitization) and a growth of 71.2% y-o-y in net profit after Tax & NCI during the year to LE 615.3 million.

The value of our brand and strength of the connections we have built over the years with other manufacturers, banks, suppliers, and clients are a confirmation to GB Auto's positioning as a leading player in the industry, with excellent fundamentals to support future growth and further success in the years to come. In closing, I would like to express my sincerest gratitude for your continued support throughout the challenging times behind and the road ahead. The current headwinds are not new to GB Auto and we have, time and again, proven our ability to navigate challenging environments, thanks to decades of experience and a talented and dedicated team. I remain confident in the solid foundations on which our company is built and look forward to capturing the upside of regulatory reforms as we embark on a new chapter of value-creation for all our stakeholders.

Sincerely, Dr. Raouf Ghabbour CEO



GB AUTO HIGHLIGHTS OF 2019

25.4 LE BILLION GROUP REVENUE



15.0%

GROUP GROSS PROFIT MARGIN

1.8
LE BILLION
GROUP OPERATING
PROFIT

3.8 LE BILLION
GROUP GROSS PROFIT

REPRESENTING +25 GLOBAL BRANDS IN 2 COUNTRIES



LARGEST NETWORK & GEOGRAPHICAL FOOTPRINT IN EGYPT AND IRAQ



16,974 EMPLOYEES





80,000

UNITS PRODUCTION
CAPACITY PER YEAR



2ND LARGEST FINANCIAL LEASING WITH 7.9% MARKET SHARE



2ND LARGEST FACTORING & CONSUMER FINANCE COMPANY IN EGYPT WITH 17% MARKET SHARE



615.3

GB CAPITAL NET PROFIT

AFTER MINORITY



14 LOB'S SEGREGATED INTO 7 AUTOMOTIVE AND 7 FINANCIAL





2 STRATEGIC REPORT

•				
DIVISIO	ONAL REV	IEW		
_		_		

Egypt Passenger Cars

Egypt Motorcycles and Three-Wheelers

Egypt Commercial Vehicles & Construction Equipment

Egypt Tires

Regional

Egypt After-sales

Startups

GB Capital

INVESTING IN OUR PEOPLE

Business Continuity

Employee Recognition & Engagement

Talent Management & Organizational Development

Health and Safety

CARE AND CORPORATE SOCIAL RESPONSIBILITY

38

22

36

GB Foundation

GB Auto Sustainable Future

DIVISIONAL REVIEW



EGYPT PASSENGER CARS

GB Auto is a leading automotive company in the Middle East and non-bank financial services provider in Egypt as well as a leading passenger car importer, assembler, and distributor. The largest player in the Egyptian passenger car market in terms of production capacity. It holds the exclusive license to assemble and distribute Hyundai, Chery and Geely passenger cars, in addition to the exclusive distribution of Mazda passenger cars, and spare parts for all four brands.

Over the years, the company has solidified its market leadership with a dedication to value, unparalleled service, and best-in-class products. GB Auto created its "one-stop-shop" approach to retail auto buying by vertically integrating sales, consumer finance through Drive, GB Auto's consumer finance arm, after-sales support, used cars operations and trade in through Fabrika. Its commitment to total customer care allows the company to offer Egypt's car-buying market a powerful value proposition. GB Auto has long positioned Hyundai cars as the best value for money in the Egyptian market and has done the same with Geely, Mazda, and Chery at their unique price points.

GB Auto has invested significantly in the expansion of its assembly capacity reaching approximately 80,000 units per year. At the Prima plant, the company assembles Hyundai and Geely passenger cars from imported CKD kits, as well as locally sourced components. The plant which spans across nearly 58,000 square meters was established in 1994. In September 2012, GB Auto completed a major investment, growing production lines capacity and adopting more advanced techniques to include new Geely models while modernizing assembly process. Today, Prima is a state-of-the-art facility with fully- automated conveyer systems, welding robots and ED-coating paint shop.

GB Auto signed a tripartite agreement with the Chinese company, Chery and Egypt's Aboul Fotouh Automotive where it assembles CKD models in its plant such as the Arrizo 5 and has recently launched Tiggo 3 Facelift and has plans to launch new models in the second quarter of 2020.



CBU SALES VOLUME

CKD SALES VOLUME

2019 BUSINESS REVIEW

According to the Egyptian Automotive Marketing Information Council (AMIC)'s full-year report in the Egyptian Passenger Cars market, the total automotive market dropped 14.5% y-o-y to 127,443 units in FY19 compared to 145,886 units in FY18. More specifically, vehicles within the 1.0-1.3 liter range witnessed a 63.7% y-o-y decrease in volumes and those within the 1.3-1.5 liter range increased to 2.3%. Meanwhile, vehicles within the 1.5-1.6 liter range saw sales volumes decrease by 24.2%, and finally SUVs with an engine capacity larger than 2.0 liters saw volumes drop 7.8% y-o-y.

The company remained as the leader of the Egyptian passenger car market, which includes Hyundai, Geely, Mazda, and Chery. GB Auto succeeded in defending its market share with a leading position in Egypt's PC segment, of 21.0% market share as of FY19 (Hyundai, Geely, Mazda, and Chery), versus 25.4% in FY18. GB Auto's strategy of increasing its CKDs offerings succeeded in fending off the stiff competition from European, Moroccan and Turkish counterparts that now have a pricing advantage following the elimination of related customs.

Full-year volumes declined 28.1% in FY19 to 26,887 on account of the adverse market conditions that prevailed throughout 2019, as well as discontinuing the Verna model which used to account for 5% of total market share. FY19 saw GB Auto's Egypt Passenger Cars division revenues were down 27.0% to LE7,597.8 million in FY19, compared to LE10,407.8 million in FY18 as demand for passenger cars decreased during the year. However, gross profit continued to be impacted on a year-on-year basis to LE 482.0 million in 2019 compared to LE986.3 million in 2018.

GB Auto possesses the unique ability to adapt and grow even in difficult conditions. We have made a positive start to 2020 with the launch and successful sale of our CKD model "Arrizo 5" and the facelift of "Tiggo 3". We have also started to see clear signs in 4Q19 after we have liquidated more than 90% of GB Auto's loss making models and we expect margins to normalize heading into 2020.





EGYPT MOTORCYCLES AND THREE-WHEELERS

GB Auto is Egypt's exclusive assembler and distributor of motorcycles and three-wheelers from Bajaj, the world's largest manufacturer of threewheelers, often known as auto-rickshaws.

Since it first began importing and selling threewheelers in Egypt in 1999, the company has been the country's market leader for the popular vehicles, in part due to providing quality, low-cost aftersales service to this segment's price-conscious consumers, and later introducing financing for this line via its Microfinance arm "Mashroey". GB Auto

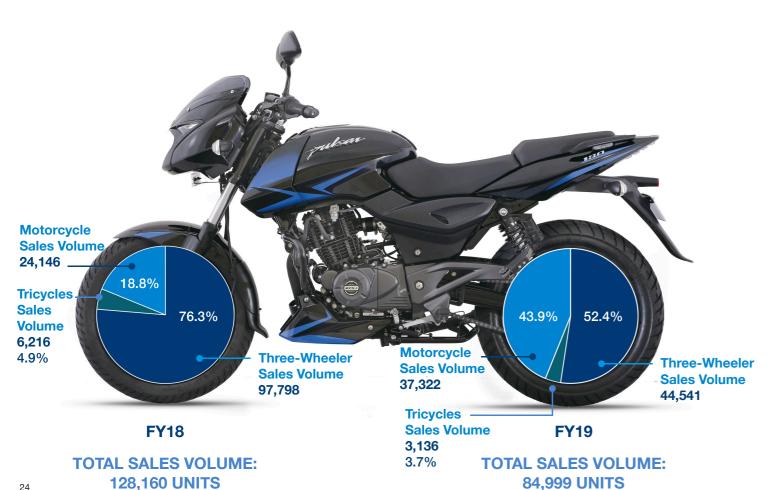
offers the segment a nationwide network of own retail showrooms, that include after-sales service centers, a network of authorized dealers, as well as authorized service centers across Egypt.

In rural and low-income areas, three-wheeler vehicles are used for personal and commercial purposes as an alternative to common urban and peri-urban transport methods. Threewheelers' relatively low up-front cost, minimal fuel consumption, and ease of movement often provide these areas with a needed mode of transport.

2019 BUSINESS REVIEW

The LoB's performance was significant pressure on three-wheeler volumes throughout the year given the strong constraints on licensing requirements affecting both manufacturers and buyers. Full-year revenues of the line of business declined 39.5% y-o-y to LE 2,100.2 million in FY19 vs LE 3,470.2 million in 2018. Gross profit recorded LE 280.4 million in FY19, down 41.7% y-o-y, however gross profit margin was relatively stable at 13.4% despite the pressure on volumes.

Total volumes were down 33.7 % y-o-y to 84,999 units in 2019, driven by a 54.5% y-o-y decline in three-wheeler volumes. However, the two-wheeler divisions recorded growth of 54.6% y-o-y following the introduction of our new models. Management hopes that the current regulatory constraints will be resolved in 2020, which pave the way for a more sustainable path for the performance of the LoB.









EGYPT COMMERCIAL VEHICLES & CONSTRUCTION EQUIPMENT

GB Auto's Commercial Vehicles business unit distributes imported and locally assembled trucks and buses in Egypt. The division assembles Fuso and Volvo buses as well as Fuso trucks in Sadat and Suez, where the company's GB Polo factory is located. It also distributes Volvo and Shacman heavy trucks and YTO tractors in Egypt and manufactures and distributes semi-trailers and super-structures under its Commercial Vehicles line.

The company's bus segment produces a full range of transportation solutions, including maxi buses, mini/midi buses and microbuses with different seating capacities. GB Auto's Commercial Vehicles line markets heavy, medium, and lightweight trucks for fleet operators, contractors, large industrial operators, and government agencies throughout Egypt. The Commercial Vehicles unit demonstrates the group's capabilities as a manufacturer and designs complete buses at its facilities. Our portfolio of brands includes Marcopolo, Iveco, Volvo Truck and Volvo Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, SDLG, Aksa, Shacman and Higer.

GB Polo, the company's joint-venture with global giant Marcopolo, is home to a state-of-the-art bus body manufacturing facility that targets local and export markets. GB Polo produces buses covering all applications (micro, mini, midi, city, school/labor, intercity, and coach) and the facility utilizes almost 285,000 square meters of land. GB Polo was conceived as a move to capture export opportunities in bus field manufacturing by utilizing GB Auto's quality standards and relatively low-cost, highly-trained workforce in combination with Marcopolo's 65-year history of successfully developing technological and innovative concepts for full transportation solutions.

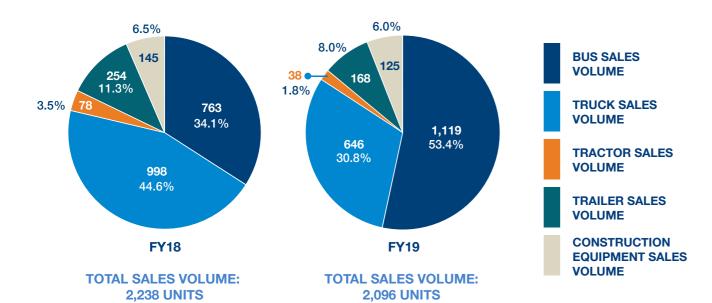
GB Auto's construction equipment department distributes wide range of construction and road construction machineries that are currently serving nation wise. Finally, Aksa generators provides wide variety from generators units up to 3 MVA, on various ranges and types of engines and alternators.



2019 BUSINESS REVIEW

GB Auto's Commercial Vehicles & Construction Equipment line of business saw overall revenues in FY19 dipped 7.5% y-o-y to LE 1,394.6 million from the LE 1,507.1 million in FY18. The LoB's volumes declined 6.3% y-o-y to 2,096 units in FY19, compared to 2,238 vehicles in FY18, with higher sales at the buses division being offset by a decrease in other products volumes on the back of lower spending by the corporate private sector.

Management has decided to take a cautious approach on the LoB's growth by focusing on sales with a smoother conversion cycle and decent margins to support in streamlining the A&AR segment's cash flow cycle. As the market adapts to new price points, management is in parallel working to streamline the division's working capital cycle, including inventory levels and supplier terms, to help drive up profitability going forward.







EGYPT TIRES

GB Auto has been among Egypt's leading tire distributors for more than 50 years. Today, the company commercializes the most valuable brands in the passenger car, light truck, heavy truck, OTR, industrial and agro tires market including Yokohama (Japan), Lassa (Brisa Bridgestone Sabancı Lastik,

Turkey), Westlake (Thailand), Verde (Turkey), Tecking (China), Thunderer (Thailand), and Double Coin (China). The Tires business unit has become an increasingly important contributor to GB Auto's revenue and profitability, through both increased sales volume and wider range of product mix.

2019 BUSINESS REVIEW

In Egypt, the Tires division continued to outperform at both the top- and bottom-line levels in FY19, posting LE 1,180.8 million in revenues compared to LE 1,103.5 million in FY18, on the back of volume growth, 7.0% y-o-y.

The gross profit growth stood at 30.9% y-o-y to LE 236.2 million in FY19, with GPM rising by 3.6 percentage points to 20.0%. The uptick in profitability for the year was driven by an improved sales mix, favorable pricing amongst key manufacturers and improved working capital efficiencies. The division continued to pursue its expansion strategy, with efforts to drive improved profitability across the segment. In 2019, GB Auto was able to further reinforce its brand and product portfolio to cover new profitable segments.

The company is also formulating individual sales teams for its key brands to create a tailored and streamlined process. The efforts are driven by management's belief that the division is expected to be one of the fastest growing, with solid profitability. Management continues to pursue tire representations such as TBR overload tires and is also looking for a premium brand, while growing its distribution network for commercial tires.



FY18

TOTAL GROSS PROFIT 180.5 LE MILLION



FY19

TOTAL GROSS PROFIT 236.2 LE MILLION



REGIONAL FOOTPRINT

In 2009, GB Auto was considering growth opportunities outside of Egypt and in 2010 it entered a joint venture to distribute Hyundai vehicles in Iraq, boost operations and to increase its brand representations. GB Auto is an established regional automotive player and a key constituent of the Egyptian market and is committed to build our existing presence in Iraq. GB Auto's commitment to and understanding of its home market, combined with strong management and a sound strategy, helped it transform from a local firm to a regional, multinational success story.

GB Auto launched a successful venture in 2015 for Bajaj Motorcycles & Three-Wheelers in Iraq, where it also operates after-sales service centers for its products. It is the largest 2W/3W sales, aftersales and dealers network spread over 13 main cities and more than 80 towns. As for 2019, demand continues to grow since the country's security and political situation continue to improve. Currently we are building the largest 3S facility and first of its kind for 2W and 3W to be a state of the art 3S on BAJAJ Store Power CI and will be inaugurated in Q2 2020 which has been delayed because of Corona.

2019 BUSINESS REVIEW

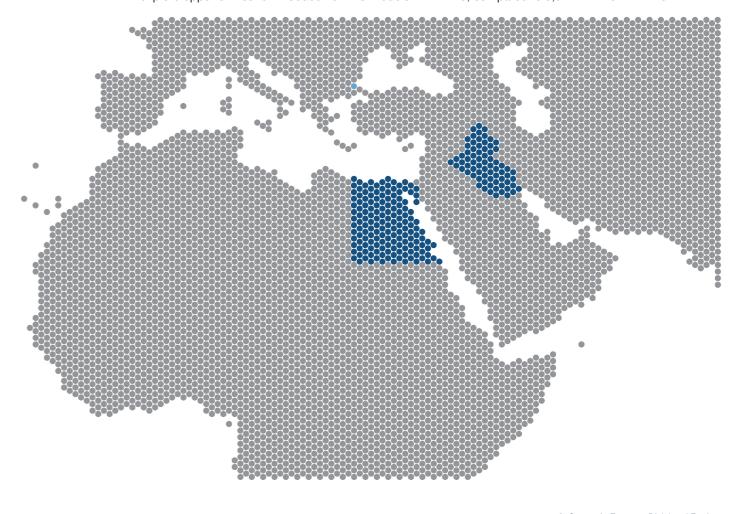
Passenger Cars

Iraq: Iraq PC operations reported an impressive 96.7% y-o-y in FY19, coming in at 19,737 units compared to 10,034 in FY18. Hyundai's market share in FY19 stood at 24.9% compared to 15.3% in FY18. Management, however, has decided to discontinue its representation of Hyundai in Iraq, following the OEM's new strategy of a multidistributor model in Iraq. GB Auto will thus sell its remaining Hyundai inventory during 2020 and will explore opportunities to introduce new PC models.

Motorcycles & Three-Wheelers

Iraq: Results from Iraqi operations were promising this year showing growth where volumes witnessed a strong 47.7% y-o-y increase in FY19 to 30,661 units, with average sales per month increasing to 2,555 units per month in FY19 compared to 1,730 units per month in 2018.

Overall, revenues from regional operations expanded 79.9% y-o-y to LE 7,156.6 million in FY19, compared to 3,977.7 million in FY18.





EGYPT AFTER-SALES

GB Auto operates Egypt's largest and fastest growing network of after-sales service centers for passenger cars, motorcycles & three-wheelers and commercial vehicles & construction equipment. Having a strong after-sales network in PC within the Egyptian market is a vital component and a key differentiator for GB Auto.

The availability of spare parts and speed are also important factors for the Egyptian consumer. Investments made to upgrade and expand the company's network of After-Sales workshops have continued to bear fruit during the year, as After-Sales service centers ran at higher-than-average capacity utilization rates to cope with increasing demand. GB Auto's solid reputation for quality service has

cemented customers' confidence, translating to strong sales and higher capacity utilization rates across service centers.

The After-Sales division proved successful in FY19, with management expecting the division to remain highly profitable and continue yielding excellent returns. The division provided an important stream of high-margin revenues throughout the year as customers continued to choose GB Auto's network to maintain their vehicles. GB Auto's commitment to total care for customers of this key segment is evident in its nationwide network where each line of business has its own 3-S (sales, service & spare parts center), 2-S (sales & spare parts center) and 1-S (spare parts center) after-sales service center.

DIVISION	3-S(SALES, SERVICE & SPARE PARTS CENTER)	2-S (SALES & SPARE PARTS CENTER)	1-S (SPARE PARTS CENTER)
PC	13	5	29
CV	3	4	1
2&3 WHEELERS	5	17	3

2019 BUSINESS REVIEW

Egypt After-Sales LoB reported a 2.4% y-o-y increase in revenues to LE 1,157.5 million in FY19. The increase comes on the back of consumers progressively increasing their reliance on maintenance services in light of price instability and the consequent delay of new vehicle purchases.

The LoB's growth also came despite the decrease in 2&3 wheelers after-sales, which witnessed a 16.1% y-o-y drop in revenues as a consequence of the fall in new sales volumes. In addition, gross profit witnessed a decrease of 14.0% y-o-y to LE 272.4 million on the back of promotions to retain and regularly attract consumers yielding a gross profit margin of 23.5% compared to 28.0% in FY18.

Passenger Cars

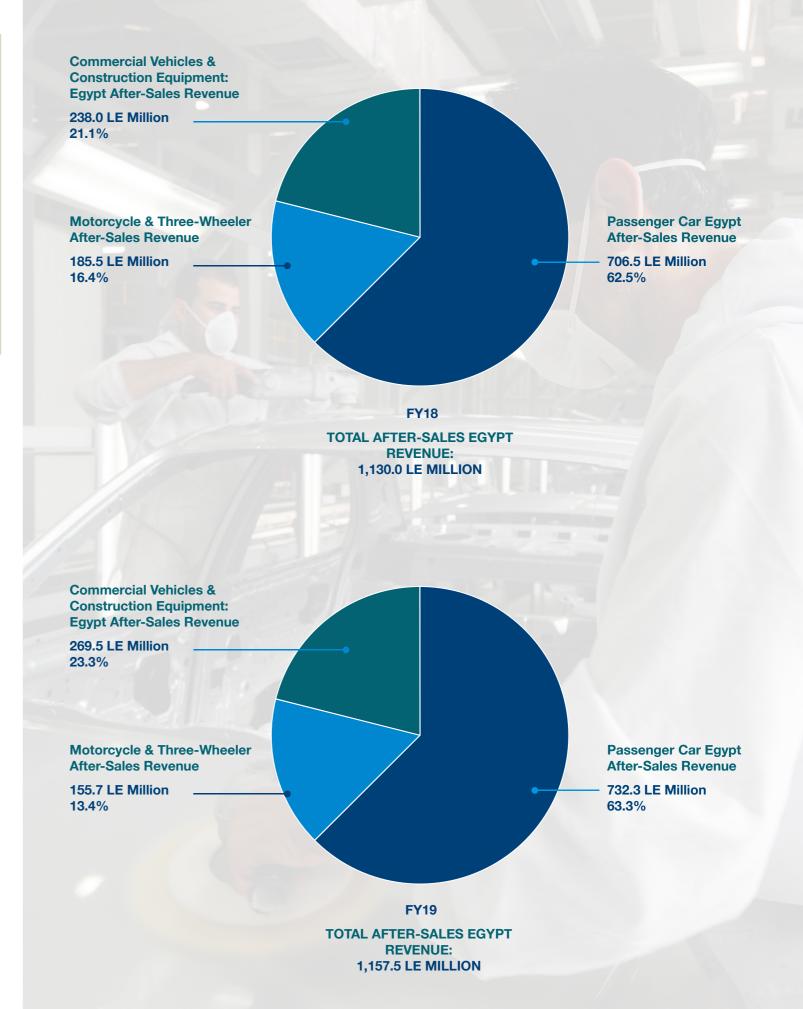
Revenues from After-Sales operations in Egypt reached LE 732.3 million during the year compared to LE 706.5 million in 2018, reflecting a 3.7% y-o-y increase. Despite the price instability and the slowdown of PC market in Egypt, customers rely on maintenance services since they choose to hold on to their vehicles for longer periods of time.

Motorcycles & Three-Wheelers

Revenues from 2&3 wheelers recorded a 16.1% y-o-y decrease in FY19 to LE 155.7 million compared to 185.5 million in FY18, despite the strong decrease in 2&3 volumes.

Commercial Vehicles & Construction Equipment

The After-Sales division for commercial vehicles & construction equipment continued to grow, with revenues standing at LE 269.5 million during the year, compared to LE 238.0 million in 2018, up 13.2% y-o-y.





32

EGYPT STARTUPS

In light of GB Auto's strategy to expand its opportunities within the Automotive industry, the company is investing in startups that have great potential in the future, to complement our portfolio offerings.

PAL distributes Gazpromneft products at GB Auto-branded and third-party points of sales in the Egyptian market under an exclusive strategic alliance with Gazpromneft Lubricants.

360, GB Auto's after-sales retail outlets, have exhibited significant growth since their launch in June 2016.

GB Auto's Pre-Owned Vehicles division "Fabrika" provides the consumer with a variety of used cars

from all manufacturers, and trade in offers at GB Auto showrooms in Egypt. Fabrika is continuously expanding its product and services offerings to better cater to its clients within this segment.

Under the brand name TVD, the company distributes JMC-branded vehicles to meet the needs of a large cross section of the Egyptian market due to JMC's unmatched quality, superior engine strength, functionality and cost-competitive pricing. In addition, TVD offers after-sales services to JMC vehicle owners through a network of sales and maintenance centers and provide spare parts for the vehicles through a distributor and authorized after-sales service centers throughout the country.

2019 BUSINESS REVIEW

Sales revenues from overall startup operations was down by 11.7% y-o-y at the end of the year, posting LE 461.2 million vs. LE 522.2 million in FY18, while gross profit decreased only 4.6% to LE 51.5 million in FY19 compared to LE 53.7 million in the previous year





GB CAPITAL

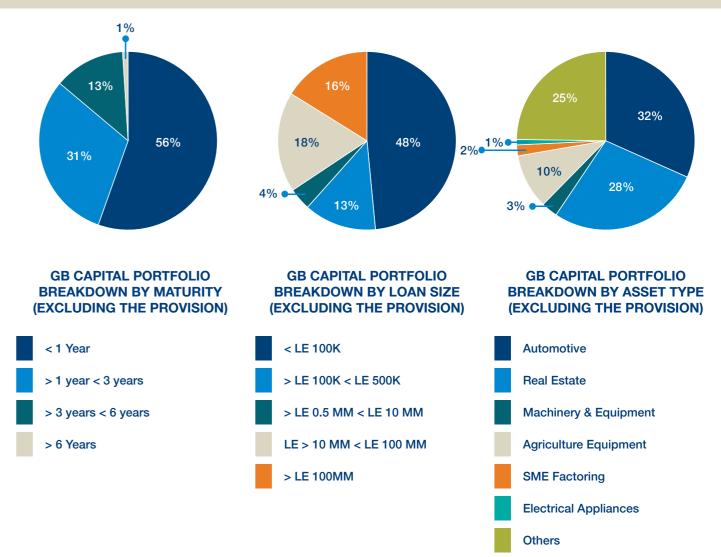
GB Capital oversees the Group's five non-bank financial service providers: GB Lease, which offers financial leasing services to a wide range of corporates and SMEs; Mashroey, which offers asset-based lending to microfinance eligible clients; Drive, which offers factoring services to retail and corporates; Haram Limousine, which offers car rental services on a quasi-operational lease basis to companies in the market; and Tasaheel offers direct microfinance lending services to microentrepreneurs.

Through GB Capital, GB Auto aims to create a full-fledged financial arm that serves its core business while competing with other non-bank financial service providers. GB Capital's strategy is to benchmark its operations against the best in the field, building on strict and robust credit, risk classification and provisioning policies specifically developed for each industry. All companies are staffed with veterans of the financial services industry to provide the required expertise and know-how. The companies' credit approval and disbursement mechanisms comply with best

practices of financial institutions in the country. Furthermore, asset quality and collections — the backbone for the success of any financial institution are closely monitored, well-maintained and controlled within the group. The aim of GB Capital is to develop a well-diversified and synergetic group of financial services, while maintaining a high level of focus and specialized expertise within each company.

TMG, GB Capital and EFG Hermes launches mortgage finance company which offers long-term and competitive mortgages for new move-in homes, increasing affordability and supply to better serve Egypt's growing population of homebuyers.

EFG Hermes, GB Auto acquires majority stake in life insurance player Tokio Marine Egypt Family Takaful which capitalizes on the growing demand for insurance offerings in Egypt and the synergies inherent in the business models of both the NBFI heavyweights and adds innovative products to establish a comprehensive suite of life and medical insurance solutions.







GB Lease is GB Auto's first financing company. Established in 2008 with operations growing into a well-developed organization with a diversified lease asset base that covers all asset classes, including real estate, automotive, production lines, and others. Tenor is medium to long term, and the company focuses on risk diversification by asset class, industry sector, and client operating with prudent risk management practices with regards to provisions and risk recognition.

GB Lease provides business-to-business financial leasing solutions that are (non-exclusive to GB Auto), catering to a diversified client base ranging from top-tier multinationals to local corporations of various scales, as well as small and medium enterprises. It is one of the top-tier active players in the market, operating under the auspices of the Financial Regulatory Authority (FRA) and fully complies with all regulations.

Haram Tourism Transport (HTT, also known as Haram Limousine) operates as a car rental/quasi-operational lease company. It is the premier vehicle fleet leasing company in Egypt, and serves top-tier multinationals, financial institutions, as well as private sector companies, with its average tenor standing at three years. HTT supports its clients by enabling them to focus on their core competencies and strengths while directing scarce funding resources to mainstream operations; leaving vehicle sourcing and management to HTT. The company's service agreements entail acquisition, registration, and maintenance of the vehicle, in addition to insurance that extends to third-party damage and passengers within the vehicle.



Consumer Finance and Factoring

Drive anticipates a further boost to its operations after factoring regulations expanded the scope of operations to allow both business-to-consumer and business-to-business operations. The company has a well-developed portfolio, offers mediumterm tenors, and focuses on risk diversification by finance product types, client base, and brands (as far as auto loans are concerned).

Drive is one of Egypt's top three factoring companies, according to the FRA. Since receiving its license in 3Q12, Drive extends its services to a diversified client base, ranging from business-to-business (SMEs) to business-to-consumer (retail), with a focus on auto finance. Since its establishment, it has taken remarkable strides in market presence and carved out a place for itself in the very competitive automotive financing sector. Drive is non-exclusive to GB Auto and offers a multitude of financial solutions for various consumers and SMEs. The company fully complies with all regulations and operates under the auspices of the FRA.





Microfinance

Mashroey is GB Auto's second established financing company. Founded in late 2009, it began operations in March 2010 and offers asset-based microfinance lending to eligible clients. Mashroey started out selling GB Auto's Bajaj-branded three-wheelers on credit terms, but now has an extensive product base that extends credit and financing options for three-wheelers, motor tricycles, YTO tractors, minivans, preowned three-wheelers, electronics, and electrical appliances. Mashroey's credit policy is stringent, and its portfolio tenor is predominantly short term. Mashroey boasts a network of over 120 branches across Egypt.

Tasaheel is the most recent addition to GB Auto's portfolio of financing businesses, launched in August 2015 to provide direct microfinance lending to eligible clients, with a specific focus on group lending to women. Tasaheel is one of the top financing leader within the market and aims to help low-income earners generate higher returns to improve their living standards, which in turn supports overall community development and economic growth.

2019 BUSINESS REVIEW

GB Capital has continued to show phenomenal performance over 2019 as the business grows into a full-fledged financial operation. GB Capital accomplished a top-line before intercompany eliminations of LE 5,347.9 million in FY19, increasing by 10.1% y-o-y driven by impressive performance in Tasaheel and Haram Tourism, growing 75.5% and 30.5% y-o-y respectively in FY19. However, regulatory constraints with respect to three wheelers led to a revenue decline at Mashroey in FY19, witnessing a decline of 14.2% y-o-y.

Net income after minority grew by 71.2% y-o-y to record LE 615.3 million in FY19 and was up 44.2% y-o-y in 4Q19 to LE 180.9 million. GB Capital achieved an Annualized ROAE (excluding NCI) of 35.1% in FY19 versus 30.5% in FY18. The Annualized ROAA reached 21.6% for FY19 vs 22.3% in FY18.

GB Capital's annualized NIMs settled in at 14.1% in FY19. The increase in NIMs came on the back of the recent rate cuts executed by the CBE that accumulated over the course of 2019, as well as better pricing mechanisms and optimal financing cost agreements with banks.

It is worth noting that GB Capital's portfolio would surpass the LE 11 billion mark when excluding the securitization transactions completed during the year, representing a 35.8% increase compared to FY18. However, the current outstanding portfolio after the securitizations completed during 2019 stands at LE 9.1 billion.

In line with GB Capital's pursuit of boasting a sustainable and healthy loan portfolio quality, Non-Performing Loans (NPLs) were at 1.45% in FY19 (1.2% excluding the securitization effect) vs 1.20% in FY18, maintaining an exceptionally healthy level relative to the industry; with the NPL coverage ratio for FY19 at 204%. Exposure related to GB Auto accounts for less than c.8.1% of GB Capital's loans/receivables portfolio. Debt to equity for GB Capital settled in at 3.38x as of FY19 vs 3.88x in FY18 and is 2.68x as per the regulator's definition.

GB Capital related companies' debt stood at LE 7.9 billion as of 31 December 2019, with debt levels expected to continue rising as the company funds its growing operations. GB Capital's assets and debts are well matched by tenor.

INVESTING IN OUR PEOPLE - OUR PEOPLE

At GB Auto, we believe that our people are not only the backbone of our organization, but the driving force behind our success in our home market in Egypt. As an employer of choice, we strive to provide our employees with a safe and enriching work environment through clearly outlined and implemented policies, procedures and benefit and compensation structures. This year, the Human Resources (HR) department worked under the theme of transparency and employee empowerment, developing various initiatives and projects.

1. BUSINESS CONTINUITY

During 2019, the Recruitment activities have been focused on strategic Talent Acquisition for the purpose of attracting calibers who can support and achieve the company's various expansion plans.

We always strive to ensure that our selection process maintains equal opportunity and fairness for all applicants; since the main pillar in GB Auto's Recruitment policies is to objectively assess all applicants with no reference to their age, race, gender,

religion, sexual orientation, or other individual characteristic, and depending only on qualifications and competencies to ensure demographic diversity in our company.

In order to achieve that goal, we have participated in numerous employment fairs and increased our sourcing channels to expand our outreach and presence in the job market while working on enhancing our employer brand.

2. EMPLOYEE RECOGNITION & ENGAGEMENT

Employee Engagement Survey

GB Auto also conducted its company-wide employee satisfaction survey in 2019, with contribution percentage reaching 66.8%. The company will use the results of this survey, which covers topics under the areas of personal welfare and satisfaction in the workplace, to improve its employee offerings and apply improvements in its internal communication framework. The survey covered the key areas of employee wellbeing, company values, internal culture, and relationships between employees and management.

Employee Development

GB Auto encourages its employees to regularly pursue opportunities of personal and professional development and provides them with means to improve their skills and further their careers. The company's Training and Educational Assistance Policy, last updated in October 2019, details a number of courses, programs and certificates that employees can benefit from. These programs include trainings offered by GB Academy in business, technical skills, sales, languages and more; post-graduate certificates, from diplomas to MAs, MBAs, DBAs, PhDs, and more; and world-class certifications, such as the MCSE, MCITP, CCNA, and more. The company is dedicated to expanding the capabilities of its employees within their current scopes and providing them with the means to qualify for higher positions within its ranks.

Team Building

Team building is a collective term for various types of activities used to enhance social relations and define roles within teams, often involving collaborative tasks. GB Auto Team building activities started with the Manufacturing team building event for almost 135 employees, where team members try to address underlying concerns and build trust by engaging in activities that are not part of what they ordinarily do as a team. It is distinct from team training, which is designed by a combine of business managers, learning and development/OD (Internal or external) and an HR Business Partner to improve the efficiency, rather than interpersonal relations and more like:

Aligning around goals

Building effective working relationships

Reducing team members' role ambiguity

Finding solutions to team problems

3. TALENT MANAGEMENT & ORGANIZATIONAL DEVELOPMENT

360 Feedback Survey

Successful employee relations make for stronger operations and lasting successes, and so GB Auto reinforces communication with employees through multiple tools and channels. Updates in policies, changes within the company, new benefits, employee successes and other information are regularly communicated companywide in an efficient and transparent manner.

This year, GB Auto effectively conducted its 360 survey of Vice Presidents and mid-level managers, which assessed their leadership styles and capabilities. Results showcased the nominated participants' areas of strength and potential improvement, and sessions are scheduled for the first quarter of 2020 to assist them in improving their skill levels. It is worth noting that all information fed into the surveys were anonymous, with feedback provided to each participant privately to encourage participation.

Ignition Program

2019 saw the successful allocation of 13 new employees across GB Auto departments with Ignition, with nine new hired employees who joined the talent pool in 2020. The program, launched in 2013 by GB Auto, is a method of providing fresh graduates with the opportunity to launch their careers with the company. In the first year, participants are allowed the chance to join the different departments comprising GB Auto for a short period of time, to build better understanding of the company, its separate activities and its operations as a whole. They then proceed to join the company full-time in one of the company's disciplines, and receive a tailored development plan and regular mentorship in support of their successes and growth. The program's structure is currently being adjusted to increase efficiency and agility, and new participants for the 2020 rounds were already being identified by the end of 2019.

Compensation & Benefits

Updated loans policy to reduce the waiting lists and improve the benefit to the employees.

Updated Fuel Allowance to cope with the raised fuel prices

Updated Car Policy to provide company cars for Area Sales Managers who make extensive visits to different governorates.

Updated Relocation Allowance for employees who are seconded to different cities.

Provided Back to School packages for blue collar employees.

Provided Ramadan food bags for blue collar employees.

Core Values and Core Competencies

Talent team has modified the company vision and Core values which fundamental beliefs of GB. These guiding principles dictate behavior and can help people understand the difference between right and wrong. Core values also help GB to determine if they are on the right path and fulfilling their goals by creating an unwavering guide.

WE Value Our People

WE Improve Communities

WE Drive Sustainable Results

WE Think Innovatively

WE Lead With A Vision

Accordingly, Talent team have designed the core competencies which is driven from the GB's Vision, Mission & Values. GB Auto's core competencies are going to be used in different HR projects.

Working with people

Delivering Results & meeting customer Expectations

Adhering to Principles & Values.

Creating & Innovating

Leading and Supervising

GB Stars

During 2019 the talent team have identified the current Talent Pool after going through specific assessment process, and the critical positions in each business unit to prepare future successors. The program structure will include mentoring, development activities and on the job assignments to enable them to assume future key roles in the organization.

Middle Management Program

As part of empowering our top tier leaders to lead themselves, teams and the whole company to the maximum growth level by opening communication during COVID-19 period to ensure their engagement, productivity and efficiency which goes under the same direction the company is adopting during the COVID-19 period. The program is designed to target 170 employees from the middle management through a 3-month journey of 6 topics that will cover their needs during COVID-19. The program will have 3 main layers based on leadership which are Leading Self, Leading Teams, Leading Corporate and the topics will be serving at each layer.

2. Strategic Report - Investing in our People

CARE AND CORPORATE SOCIAL RESPONSIBILITY

GB Auto's Corporate Social Responsibility (CSR) platform is aligned with both our sustainability agenda and business strategy. The main area of focus is vocational training, seeing the company working to develop a more efficient and robust vocational education framework that improves the lives of Egyptians and bolsters the economy's ability to grow.

MANAGEMENT APPROACH

Social Contribution

GB Auto believes in the vitality of the untraditional roles that corporations play in pushing societies forward. Next to fulfilling the duties they commit through their lines of business, corporations must act as responsible members of society and assist in individuals that will contribute to the process of value creation, for both local communities and countries at large. GB Auto, therefore, continues to invest in societal development where possible, and expanded its role in corporate social responsibility in 2017 by launching the Ghabbour Foundation for Development, through which it now channels most of its related efforts.

The Foundation continues to thrive and deliver on its primary objective, which is to provide top quality vocational education to students across its areas of operation in Egypt. It regularly invests in promoting the importance of vocational lines of work to potential students and highlights the expertise that goes into adopting these careers. 2019 was a year of substantial growth, as the Foundation passed significant milestones and steadily enlarged its capacity.

Ghabbour Foundation for Development

Through its uniquely designed vocational schools, Ghabbour Foundation for Development operates to bring advanced skill sets to vocational education and training in Egypt, and continuously expands its reach and offerings to improve the knowledge and capabilities of the country's workforce. Courses and specializations offered to students include automotive mechatronics, body repair, and paint, with others continuously researched and considered according to market need and new emerging technologies. In 2019, the total number of students enrolled in the Foundation's three schools - located in Imbaba. Cairo, Kafr Elzayat, Gharbeyya and Muharram Bek, Alexandria reached 730 students in the academic year 2019-2020, up from 350 students in the year 2018-2019, across all three learning levels. Staff members, comprised of teachers, trainers and administrative personnel, also increased from 70 individuals in 2018 to over 100 in 2019.

Operational Development

The Foundation, now strongly established and largely ahead of its starting point, continues to find ways to optimize its operations for better results. Since its establishment, it has operated in partnership with the pre-university German education leader, Saxony International Schools (SIS), and in alignment with international best practices and standards. Through its top-tier equipment and state-of-the-art training workshops and classrooms, it ensures that students are receiving quality vocational education, and expands confidently through the addition of new specializations. Most recently, new specializations were added in 2019 that were developed in line with the technological advances currently overtaking the job market such as, the commercial vehicles and 2&3 wheelers specializations.

The Foundation is also continuously updating its training equipment to remain ahead of market demands and diversify the skills imparted to students. It maintains its dual education model, developed in partnership with SIS, that combines theoretical and practical teachings, and gives students both an Egyptian Diploma of Apprenticeship and a certificate from the German Arab Chamber for Industry and Commerce (AHK), in addition to a certificate of completion of studies received from SIS by the end of the three years.

In 2019, a significant milestone was passed when the foundation's second year trainees sat for their first mid-term exam administered by AHK – a first for any vocational school in Egypt – with impressive success rates. The foundation accordingly remains committed to its collaboration with AHK to continue making similar opportunities accessible to its students and reach new levels of quality assurance. 2020 will witness the first class of students graduate from the Ghabbour Foundation for Development and begin contributing to national economic development and community welfare. The Foundation will provide continuous support to its students upon their graduation, extending counseling, guidance and regular follow up on career prospects, higher education or start-ups in related fields according to their aspirations and needs.





2. Strategic Report - Care & Corporate Social Responsibility

2019 HIGHLIGHTS

Scholarships and Financial Support

Additional to the Foundation's efforts in increasing the efficiency of vocational education across Egypt, it strives to make opportunities available and accessible to as many interested students as possible. As such, in 2019, the Foundation continued to subsidize 70% of all educational costs for all students across the three schools. It also maintained. and expanded, its collaboration with Banque Misr Foundation for Community Development, Starchem Trade and Hamed Al Shiaty Foundation, and initiated partnerships with Wataneya Foundation, to offer 24 scholarships to orphaned youths or those coming from families in need of financial support as well as trainees specialized in the Paint specialization. Furthermore, the Hyundai Motor Company offered the foundation in-kind donations this year in the form of the latest models of engines, transmissions and spare parts, for trainees to develop their technical skills.

Further to this, and to encourage top-performing students who show exceptional performance throughout their years of study, the Foundation developed a new joint scholarship program with SIS in 2019. The program stipulates that the five students with the highest marks at the end of their third year of study will receive an additional, fully funded, year of training between GB Academy and Germany under the supervision of SIS team in the town of Zwickau, located in Saxony, Germany, where they may refine their knowledge and practical abilities and receive an A-level certificate in vocational training in Germany. 2020 should see the first group of students be given the opportunity to benefit from the program while also providing the Foundation with better prospects for sustainability in terms of developing the seed of upcoming technical leaders in its schools.



Community Outreach

Ghabbour Foundation for Development implements several outreach efforts to promote the significance of vocational education, weave tight-knit communities around its beneficiaries and instill the values of understanding, support and collaboration in its areas of operation. In 2019, the Foundation saw through several community initiatives that addressed both its students and their surrounding communities.



Ghabbour Foundation Football Tournament

Football remains the most popular sport in Egypt and an activity that communities get behind on local and national levels. The Foundation inaugurated its very first football tournament in the first quarter of 2019, inviting youth between the ages of 14 and 17 and a variety of educational backgrounds to participate in the qualifier matches through 31 teams – 16 from Cairo, 8 from Alexandria and 7 from Gharbeyya. The final match was played in Cairo in April 2019, and was attended by renowned football player Hazem Imam, who showed the players support and gave a speech on social responsibility through sports. The tournament was sponsored by Alex Bank, Nestle and McDonald's

The Safe Drive Initiative

For the fourth year running, the Safe Drive Initiative was held in collaboration with Hyundai Motor Company. The initiative aims to raise awareness on safe driving habits and practices and is certified by the British Driving Safety and Control Agency. This year, awareness and training sessions were hosted in partnership with the Banque Misr Foundation for Community Development and 281 sessions were delivered successfully, with 612 people trained.

Annual School Open-House Events

During June and July 2019, the three schools operating under the Foundation's care opened their doors for their annual open-house events. Newcomer admissions were accepted on the day, and other activities that aim to change mainstream perspective on vocational education were also hosted. While parents attended sessions by the Foundation and SIS teams on the importance of vocational education and occupations, applicants participated in hands-on activities and competitions, with winners receiving trophies. This year, the Muharram Bek and Imbaba schools received a total of 200 visitors on their open days, while Kafr Elzayat reached out further and collaborated with the Ministry of Youth and Sports through the Tanta Directorate to organize a large-scale introductory event in Tanta stadium. Activities and technical stations were set up and enjoyed by participating youths and their families, and informative sessions were also hosted.

The Imbaba Career Orientation Day

Next to preparing its students for a variety of future careers, the Foundation builds up their professional character through trainings on what constitutes a good employee and an efficient community member, and provides them with the necessary soft skills to do so. On that account, the Foundation's Imbaba school hosted its first Career Day event in October 2019, where human resources (HR) representatives from large-scale automotive companies, including GB Auto's team, were in attendance. The event was also attended by representatives of the German Arab Chamber for Industry and Commerce (AHK). Third year students, who had previously received interview and presentation skills trainings through the Foundation, presented their CVs at company booths, and representatives from attending companies, such as Mercedes-Benz, Al Mansour Automotive, Nissan Egypt and Toyota Egypt, assisted students by discussing future career prospects with them.

Moreover, a panel discussion that brought together HR representatives from GB Auto's commercial vehicles, PC and two-/three-wheelers divisions, and representatives from the AHK, Mashroey and SIS took place. Focus was poured on potential career options that follow vocational education, and the types of technical and financial support that Mashroey can offer graduates who are looking to launch their own ventures. Not only did the event constitute a major step forward for the Foundation in its collaborative efforts with other members of the automotive sector, it played a large role in catalyzing current and potential students' motivations and increased levels of interest in vocational training community wide.



40

GB AUTO SUSTAINABLE FUTURE

FUELING EGYPT'S SUSTAINABLE GROWTH

Throughout 2019, the company has made huge progress in further incorporating sustainability into our core business. Our lines of business have always embedded sustainability practices at the heart of its business strategy prioritizing long-term growth over short term gains while considering the potential impacts of its decisions on its people, communities, and the environment. On a strategic level, GB Auto identifies the best ways to strive for sustainability in the context of its status as an automotive market leader.

To execute on its sustainable business strategy, GB Auto has aligned its business model with principles on human rights, labor, the environment, and anti-corruption

CUSTOMER SATISFACTION

Customer centric organization

KPIs oriented CRM

CSI & SSI Indices

Customer profiling

EMPLOYEE ENGAGEMENT

Surveys (360 Feedback) : 66.8% of management took part in 360 Feedback survey

Employee Development through GB Academy

Tailored programs (GB Stars, Executive Coaching)

Employee wellbeing (Pension plan)

SOCIAL CONTRIBUTION

Supporting a variety of health, educational and road safety programs

Ghabbour Foundation for Development

CORPORATE GOVERNANCE

Code of Business Conduct

Governance bodies in place e.g. General Assembly, Audit Committee and Corporate Governance Committee

ENVIRONMENTAL SUSTAINABILITY

Continuous efforts to reduce environmental footprint (energy consumption, waste management)







ENVIRONMENT

The company believes that the only way to ensure our future corporate success is a long-term outlook and a positive attitude towards the company, while preventing and minimizing negative impact on the environment. GB Auto took steps to lower its environmental footprint while making sure to raise awareness of environmental issues with its staff members. The company worked with the National Center for the Study of Occupational Safety and Health to improve environmental impact at all levels of the organization, taking calculated steps to manage noise level, humidity, heat degree stress, the level of illumination intensity, radiation capacity affecting UV, magnetic flux density, overall mechanical vibration process, metal fumes and vapors, caustic soda spray and industrial wastewater.

Environmental sustainability is one of the most important pillars of our sustainability strategy as a leading automotive player. Through numerous programs and initiatives, GB Auto is committed to reducing the environmental footprint across the value chain and operations. We take active steps to identify the direct and indirect environmental effects of its activities, as well as those of its business partners throughout the value chain. These include climate change and energy measures, preservation of air quality and other natural capital, efficient use of resources, management of chemical substances, waste reduction, and health issues.

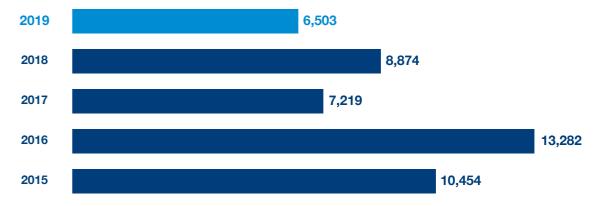
GB Auto put in place a wastewater discharge management plan and developed an industrial wastewater unit where industrial wastewater is treated. The output is measured by the National Center for the Study of Occupational Safety and Health on a regular basis to make sure the company conforms to lawful limits.

GB Auto supports the deployment of modern machinery, using modern furnaces where fumes are compressed into the surface of water and delivering them to Eco Converse Company for Environmental Services (a company mandated under Egypt's Ministry of Environment) which then separates the fumes and disposes of them safely. It is through Eco Converse that the company also manages hazardous materials/substances and waste, transporting hazardous waste to designated locations away from residential areas.

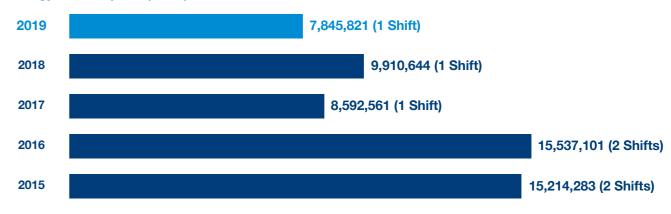
ROAD SAFETY

As one of the leading automotive brands in Egypt, Hyundai is constantly striving to offer the best. We find it pertinent to address the rapidly increasing rates of traffic accidents. Our mission is to build on the improved rates by continuing our successful defensive driving campaign. In addition, with the continuously evolving and improving road conditions and network we have a responsibility to educate and raise awareness.

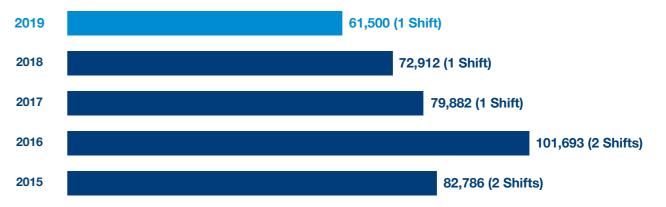
Carbon Emissions (Ton)



Energy Consumption (Kwhr)



Water Consumption (m3)



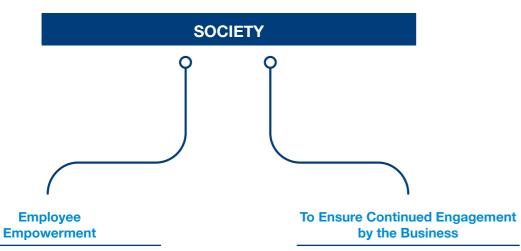
2019 KEY ACTIONS AND ACHIEVEMENTS

Reduce Carbon Emissions And Energy Use

To create a better future for our people and reduce energy usage, we continue to use skylight roofs for daylight illumination and replace halogen and tungsten lighting with LED during night shifts. We do intend to have a solar powered lighting system installed. Our paint robot is the main example of our modern machinery which automates the process of top coat painting and helps to save energy and reduce paint consumption. Our new passenger car project Prima brought welding robots into the body shop, reducing energy consumption and reducing the physical effort needed to complete the project.

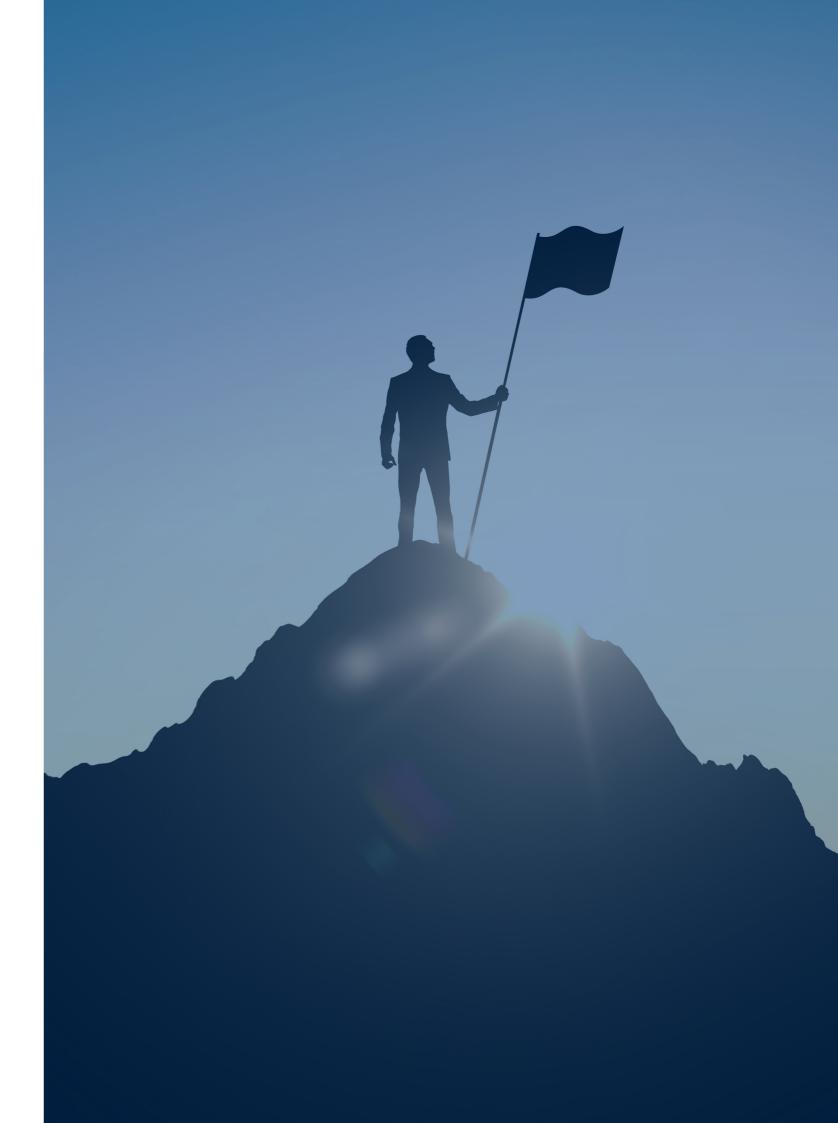
Responsible Use of Natural Resources and Waste Management

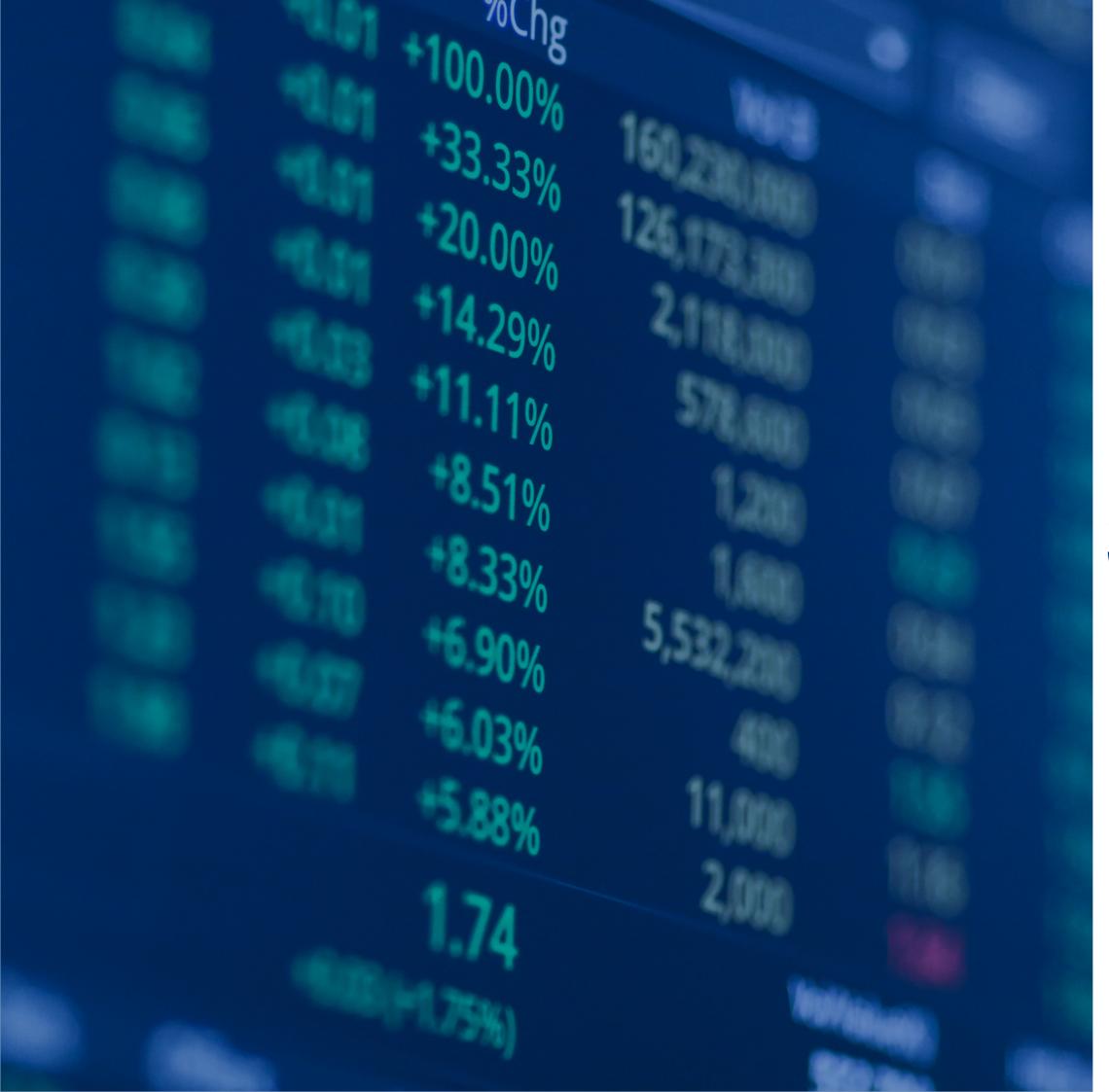
We have a comprehensive framework to reduce the occurrence of occupational hazards, injuries and disease spread to safeguard the safety of all our employees. GB Auto updates this framework regularly to improve the performance of our safety management system and to minimize all possible hazards and risks for our employees. We also develop monthly training sessions by technical experts in order to train employees not only to maintain the safest working standards and to promote environmental awareness and sustainability, but also to develop employee's knowledge.



GB Auto invests in numerous educational and career development programs to ensure our workers have an enjoyable and enriching work experience. We aim to create a culture of communication, understanding and prioritizing customer needs among employees and in interactions with end-users, which is essential for our mission of producing quality products at an exceptional value.

Supporting our employees is also a key component of our sustainable business strategy, as GB Auto's success in the industry is entirely due to the dedication and diligence of each member of our staff.





3 SHARE PERFORMANCE & INFORMATION

GB AUTO SHAREHOLDING STRUCTURE

GB AUTO SHARE PRICE FOR FY 2019 VS EGX30

51

SHARE PRICE AND SHAREHOLDER INFORMATION

As of 31st December 2019, GB Auto had 2,547 shareholders. Corporate investors represent 79% of the total share ownership, while individual investors represent 21%. There are 96 shareholders owning one million or more shares in GB Auto, representing 15% of the issued shares. The following tables provide an overview of GB Auto's shareholders:

GB AUTO SHAREHOLDERS ACCORDING TO NATURE OF SHAREHOLDER (FREE FLOAT)

INVESTOR TYPE	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
CORPORATE	139	319,634,874	79%
INDIVIDUALS	2,408	86,340,728	21%

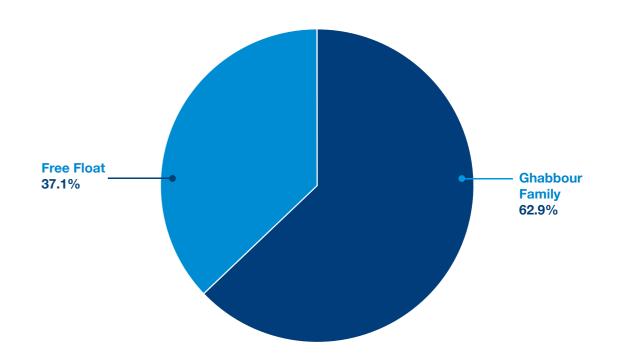
GB AUTO SHAREHOLDERS ACCORDING TO NATIONALITY (FREE FLOAT)

INVESTOR TYPE	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
EGYPT	2,417	114,815,108	28%
SAUDI ARABIA	56	108,251,071	25%
REST OF EU	11	74,793,585	21%
REST OF WORLD	41	62,391,770	15%
UK	6	20,496,859	7%
USA	10	16,342,544	4%

GB AUTO SHAREHOLDERS ACCORDING TO SIZE OF OWNERSHIP

NUMBER	NUMBER OF SHAREHOLDERS	PERCENTAGE OF OWNERSHIP
MORE THAN 10 MILLION	12	81%
FROM 1 MILLION TO 10 MILLION	50	15%
FROM 100,000 TO 1 MILLION	91	3%
LESS THAN 100,000	2,394	1%

GB AUTO SHAREHOLDING STRUCTURE



DR INFORMATION

DR SYMBOL	GBAXY	DEPOSITARY
CUSIP	368290102	EFFECTIVE DATE
DR EXCHANGE	OTC	UNDERLYING ISIN
DR ISIN	US3682901026	UNDERLYING SEFDO
RATIO	1:50	

DEPOSITARY	BK (Sponsored)
EFFECTIVE DATE	5/28/09
UNDERLYING ISIN	EGS673T1C012
UNDERLYING SEFDOL	B1Y9TD5





4 GOVERNANCE

BOARD OF DIRECTORS	5
ORGANIZATIONAL STRUCTURE	6
CR ALITO MANACEMENT	6









BUSINESS CONTINUITY

A key component of robust corporate governance is responding to any incident or emergency situation in a consistent, professional, and effective manner. GB Auto's Business Continuity and Crisis Management Policy includes a policy response and strategy for managing such events, and every staff member, student, contractor, and volunteer on premises owned or operated by the company is required to adhere to it.

Under the company's corporate governance structure, the Board of Directors is responsible for setting the company's risk appetite and subsequently monitoring exposure to risk. In the case of an incident or emergency, the GCOO and chairman are responsible for implementing the Business Continuity and Crisis Management Policy through the following mechanisms:

- The Business Continuity Planning Committee is responsible for planning and testing the company's responsiveness to potential emergencies or incidents
- The Crisis Management Control Committee coordinates the company's overall response to incidents or emergencies at all premises owned or operated by GB Auto

The GCOO and chairman may require the company's internal or externally appointed auditors to conduct compliance audits for processes and performances in the process of implementing this policy. Company-wide business continuity plans are submitted to the board for consideration and adoption at least once per year.

THE AUDIT COMMITTEE

The Audit Committee provides GB Auto's Board with objective reporting on the company's performance, with specialized focus on financial operations and risk management. The committee ensures the following:

The Soundness and integrity of GB Auto's financial statements

GB Auto's full compliance with relevant legal and regulatory requirements set forth by the Egyptian Stock Exchange and the Egyptian Capital Markets Authority

The appointment of qualified, independent external auditors

The Effective performance of the internal audit function, by regularly reviewing its guidelines, procedures and results to guard against corruption and improve efficiency across the company

2019 Audit Committee members:

Sherif Samy, President

Mounir Fakhry Abdel Nour, Member

Mohamed Naguib, Member

Mansour Kabbani, Member

THE REMUNERATION COMMITTEE

The Board depends on the Remuneration Committee to assist it in all matters relevant to the company's pay and benefits systems. Next to outlining the entire company's remuneration policy, the committee provides advisory to the Board on how to further integrate transparency into the company's remuneration process, up to and including the compensation structure of the chairman, executive directors and senior management across the company. An exception to the committee's responsibilities are fees and other payments made out to non-executive directors, which are reviewed by a sub-committee comprised of the chairman and up to two executive directors of the Board.

The 2019 Remuneration Committee comprised the following members:

Sherif Samy, President

Mounir Fakhry Abdelnour, Member

Mansour Kabbani, Member

Mohamed Naguib, Member

CORPORATE GOVERNANCE COMMITTEE

Created to assist the Board in four fundamental areas of responsibility, the Corporate Governance Committee ensures the following:

- Communication between the Board and executive management prioritizes the interests of shareholders, and plays an effective role in serving the functionality of the company
- The company maintains and updates an overarching corporate governance framework by regularly assessing the guidelines in place and making recommendations for needed advancements
- Company related strategic decisions and opportunities are evaluated and acted upon as needed
- Management are held accountable to the Board by means of structures set in accordance with applicable laws, regulations and industry best practices
- Recommendations are made to the Board on new candidates, for election or appointment

Risks are identified and mitigated in line with GB Auto's relevant policies and procedures

2019 Corporate Governance Committee members:

Sherif Samy, President

Mounir Fakhry Abdelnour, Member

Mansour Kabbani, Member

Mohamed Naguib, Member

4. Governance - The Audit Commitee

BOARD OF DIRECTORS



DR. RAOUF GHABBOUR
Chairman of the Board of Directors and Chief
Executive Officer

Tenor since IPO: 2007 - Present Share Ownership: 28.4% (Directly and indirectly)

Dr. Raouf Ghabbour founded the Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour began his career working in his family's auto-related trading business, where he initially established himself in the tire division. Having quickly gained a commendable reputation in the market for his business savvy, Dr. Ghabbour went on to acquire agency agreements from global OEMs, which he transformed into successful businesses. Dr. Ghabbour has grown the company to a leading automotive assembler and distributor in the Middle East and North Africa.



MR. ABBAS EL SAYED
Executive Independent Director of the Board

Tenor since IPO: 2014- Present Share Ownership: -

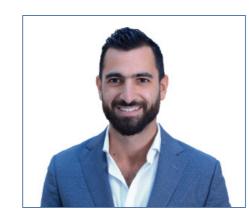
Mr. Abbas El Sayed joined GB Auto in 2014 as Group Vice President of Finance. He brings 14 years of experience to the company's Board of Directors, accumulated throughout his time with KPMG and Deloitte in Egypt, and a year and a half where he served at KPMG UK LLP. Mr. El Sayed has vast experience in corporate finance, restructuring, strategic planning, audit, internal controls, advisory and compliance. He is a member of the Association of Chartered Certified Accountants (ACCA) in the UK and is a Certified Management Accountant (CMA). Mr. El Sayed holds a Bachelor of Arts in Accounting from Ain Shams University.



MR. MANSOUR KABBANI Non-Executive Dependant Director of the Board

Tenor since IPO: 2015 - Present Share Ownership: 0.351%

Mr. Mansour Kabbani joined GB Auto as Vice President of Project Coordination in 2015, and currently overseas group investments and investor relations. Mr. Kabbani brings more than 30 years of experience to GB Auto; he spent a decade working in textile spinning before serving as CFO at Technological and Electrical Systems (TES) for two years. Alongside Dr. Ghabbour and partners, he helped establish CITI in 1997, which later merged with GB Auto. Between 1997 and 2015, Mr. Kabbani managed family investments, through which he accumulated extensive knowledge and experience in capital markets. Mr. Kabbani holds a Bachelor of Arts in Economics from the American University in Cairo.



MR. NADER GHABBOUR
Deputy Chief Executive Officer

Tenor since IPO: 2007 - Present Share Ownership: 12.5% (Directly and indirectly)

Mr. Nader Ghabbour brings over thirteen years of specialized experience in the automotive industry to his role, which he has cultivated through the managerial and operational positions he has held at GB Auto. Prior to his current role, Mr. Ghabbour served as Group Chief Operating Officer, where he was responsible for a multitude of vehicular operations in Egypt and the region. Beforehand, he had served as Passenger Car Chief Operating Officer and Project Management Officer Leader. Mr. Ghabbour trained in Mergers and Acquisitions at the London Business School in London. He holds a Bachelor of Arts in Business Administration from Boston University, and an MBA from IE Business School, Madrid.

4. Governance - Board of Directors



MR. MOUNIR FAKHRY ABDELNOUR

Non-Executive Independent Director of the Board

Tenor since IPO: 2016 - Present Share Ownership: -

Mr. Mounir Fakhry Abdel Nour brings more than 40 years of experience to GB Auto's Board of Directors. Since 1970, he has occupied various high-ranking positions at a number of reputable banking institutions. He has also served in the Cabinet of Ministers under different ministerial posts, including Minister of Tourism and Minister of Industry and Trade, among others. In 1976, he co-founded American Express Middle East (AMEX), where he served as Vice President and board member until 1980. He was also a founder of the Egyptian- French Agro-Foods Company, where he served as Chairman between 1983 and 2014. Throughout his career, Mr. Abdel Nour served as a board member at the EGX, the National Council for Human Rights, and the Federation of Egyptian Industries. He currently sits on the boards of Commercial International Bank of Egypt (CIB), Beltone Financial, and Domty.



Tenor since IPO: 2018 - Present Share Ownership: -

Mr. Sherif Samy serves on the board of several companies, including a post as Non-executive Chairman of the National Asset Management & Investment SAE, and on the Investment Board of the State Pension Funds and the Waqf Authority. He is also a member of the International Advisory Board of the UAE Securities & Commodities Authority. Most recently, he completed a four-year term as head of Egypt's Financial Regulatory Authority after having spent two consecutive terms on the board of the International Organization of Securities Commissions and serving on the board of the CBE and its Monetary Policy Committee for four years. Prior to that, he was a board member for Banque Du Caire and was appointed for several consecutive terms to the board of Egypt's GAFI. He has a long track record in investment management and consulting, having spent years working in the fields both in Egypt and other parts of the Arab world. He holds a BA from Alexandria University's Faculty of Commerce. He has sat on the Board of Directors since 2018.



MR. MOHAMED NAGUIB

Non-Executive Independent Director of the Board

Tenor since IPO: 2019 - Present Share Ownership: -

Mr. Mohamed Naguib brings nearly 40 years of experience in banking, leasing and credit to GB Auto, and has served on the boards of various prominent banks and corporations in Egypt. Between 2011 and 2018, Mr. Naguib held the position of Chairman and Managing Director of SAIB Bank, prior to which he served as Vice-Chairman and Head of the Credit and Investment Committee at Banque Misr. Mr. Naguib also served as General Manager of Credit and Marketing at Misr International (MIBank) for over 20 years, before joining Incolease as Member of the board from 2000 till 2010. Furthermore, Mr. Naguib served as Non-Executive Chairman of Misr Bank-Europe in Germany for two years, and was a member of the boards of the National Bank of Egypt, the Civil Aviation Finance Holding Company, and the Small and Medium Sized Projects Fund, among others. He attended various banking and credit seminars across the United States and the United Kingdom, and retained a CPA certification in the state of Colorado for 12 years. Mr. Naguib holds a Bachelor of Arts in Accounting from Cairo University and an MBA from the American University in Cairo



4. Governance - Board of Directors

BOARD OF DIRECTORS MEETINGS DURING 2019

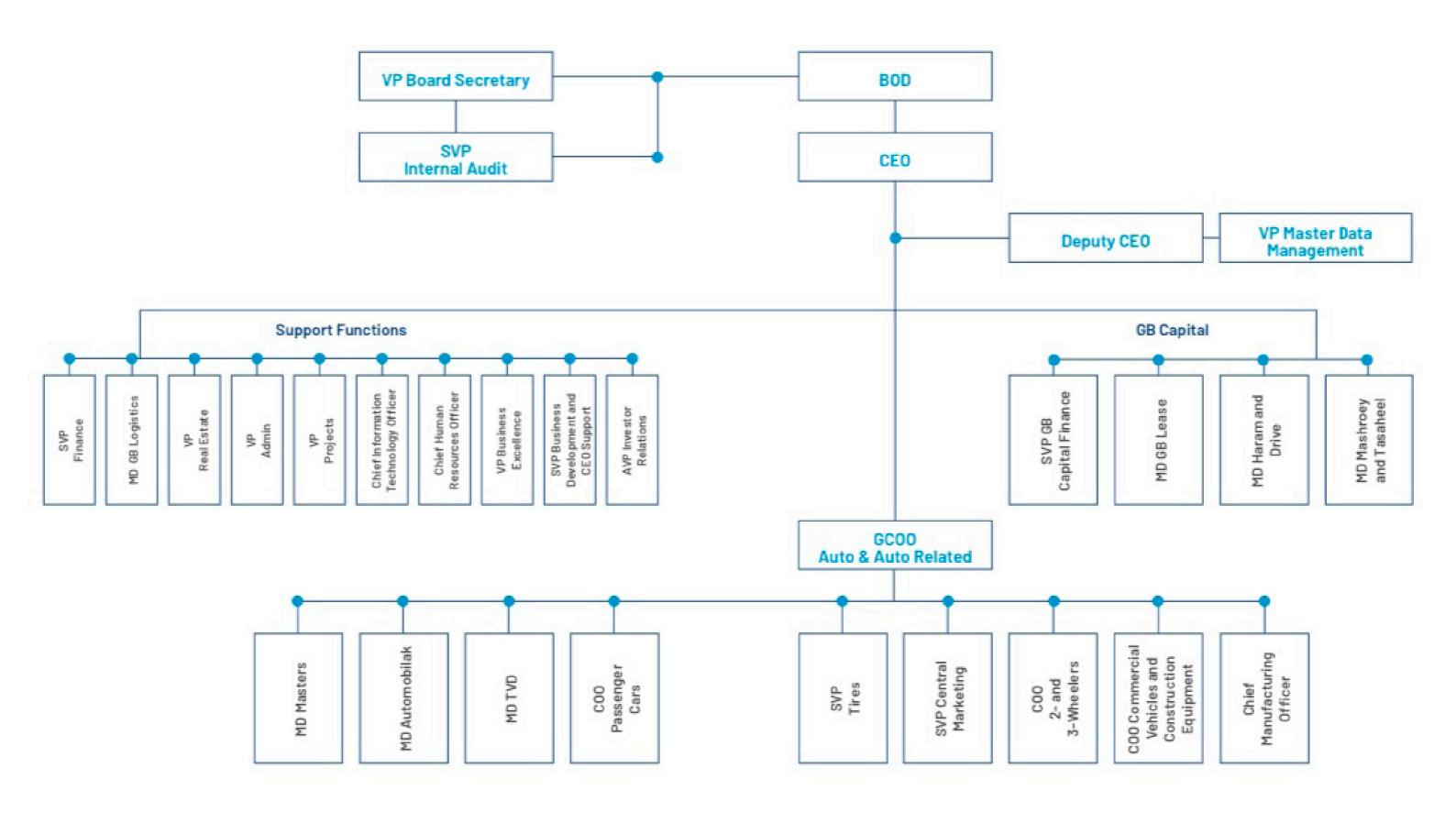
MEMBER NAME	POSITION	27TH FEB	12TH MAY	6TH AUG	12TH NOV	ATTENDANCE RATE
DR RAOUF GHABBOUR	Chairman of the Board of Directors and CEO	1	J	1	J	100%
MR NADER GHABBOUR	Executive Director and Deputy CEO	1	J	1	1	100%
MR. SHERIF SAMY	Non-Executive Director		J	1	1	75%
MR. MOUNIR FAKHRY ABDEL NOUR	Non-Executive Director	1	J	1		75%
MR MOHAMED NAGUIB	Non-Executive Director		J	1	1	75%
MR. MANSOUR KABBANI	Non-Executive Director	1	J	1	1	100%
MR ABBAS EL SAYED	Executive Director		J	1	1	75%

AUDIT COMMITTEE MEETINGS DURING 2019

MEMBER NAME	POSITION	27TH FEB	6TH AUG	12TH NOV	ATTENDANCE RATE
MR. SHERIF SAMY	President		1	J	67%
MR. MOUNIR ABDEL NOUR	Member	1	1		67%
MR MOHAMED NAGUIB	Member		J	J	67%
MR. MANSOUR KABBANI	Member	1	1	J	100%

4. Governance - Board of Directors

ORGANIZATIONAL STRUCTURE



4. Governance - Organizational Structure

MANAGEMENT



DR. RAOUF GHABBOUR
Chairman of the Board of Directors and Chief
Executive Officer

Tenor since IPO: 2007 - Present

Dr. Raouf Ghabbour founded the Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour began his career working in his family's auto-related trading business, where he initially established himself in the tire division. Having quickly gained a commendable reputation in the market for his business savvy, Dr. Ghabbour went on to acquire agency agreements from global OEMs, which he transformed into successful businesses. Dr. Ghabbour has grown the company to a leading automotive assembler and distributor in the Middle East and North Africa.



MR. NADER GHABBOUR Deputy Chief Executive Officer

Tenor since IPO: 2007 - Present

Mr. Nader Ghabbour brings over thirteen years of specialized experience in the automotive industry to his role, which he has cultivated through the managerial and operational positions he has held at GB Auto. Prior to his current role, Mr. Ghabbour served as Group Chief Operating Officer, where he was responsible for a multitude of vehicular operations in Egypt and the region. Beforehand, he had served as Passenger Car Chief Operating Officer and Project Management Officer Leader. Mr. Ghabbour trained in Mergers and Acquisitions at the London Business School in London. He holds a Bachelor of Arts in Business Administration from Boston University, and an MBA from IE Business School, Madrid.





Mr. George Sesdky has two decades of experience in personnel management, having held positions in the Human Resources divisions of several major corporations. He has a long track record of success in recruiting and gaining top talent, organizational transformation, and building cultures of engagement. He was successful in reengineering GB Auto's Human Resources department goals and practices, aligning them with the Group's strategic business goals. He is specialized in strategic management and planning; directing all HR functions; introducing new methodologies that maximize performance through training and development; compensation and benefits; and organizational development. He holds a BSc. In Aerospace Engineering from Cairo University and an MBA with an HR Specialization from Arab Academy for Science, Technology and Maritime Transport.



MR. WISSAM AL-ADANY Chief Information Technology Officer

Tenor since IPO: 2014 - Present

Mr. Wissam Al-Adany joined GB Auto in 2014, bringing with him more than 19 years of experience in IT management, including four years of international experience in Brazil, France, and Kazakhstan. Prior to joining GB Auto, Mr. Al-Adany served as Group Chief Information Technology Officer of the Americana Group — whose major shareholder is the multinational Al Kharafi Conglomerate — where he managed the Group's IT Operations for 15 companies. He started his career with GlaxoSmithKline as a Senior Systems Engineer, and from there moved on to Lafarge as Country IT Director for four years. Mr. Al-Adany has deep techno-functional knowledge in all facets of IT and a robust track record in IT infrastructure management, service delivery, ERP implementation, and techno-commercial support. He holds a Bachelor of Science in Communications & Electronics Engineering from Ain Shams University in Cairo and an MBA from the American University in Cairo.



MRS. ODETTE GAMIL
Senior Vice President, Internal Audit
Tenor since IPO: 2013 - Present

Mrs. Odette Gamil joined GB Auto in September 2013 as Senior Vice President – CEO Assistant. She brings 22 years of experience in finance and internal audit in multinational companies. Prior to joining GB Auto, Mrs. Gamil spent five years at Heineken Egypt as Head of Internal Audit, where she was responsible for auditing the company's operations in Egypt as well as offices across Africa and the Middle East. Prior to this, she spent nine years with Nestle Egypt across multiple functions including budgeting and reporting, financial analysis, cost analysis, and cost control.

4. Governance - Management

GB AUTO & AUTO-RELATED MANAGEMENT



MR. RAMEZ ADEEB Chief Manufacturing Officer

Tenor since IPO: 2007 - Present

Mr. Ramez Adeeb joined GB Auto in 1995, holding a number of positions and gaining experience in functions including planning, engineering, and quality control until he left the company in 2001 for a position as a project manager at RITEC Consultancy. Mr. Adeeb rejoined GB Auto in 2003, garnering additional experience in the segments of localization management, aggregate planning, sales technical support, industrial projects management and, finally, the group technical support directorship. Mr. Adeeb graduated with a Bachelor's degree from Cairo University's Mechanical Engineering Department in 1993. He served as a Research Assistant in Rotor Dynamics and Vibration at Cairo University from 1994-95. He earned an MBA in Marketing Management from the Netherlands' Maastricht School of Management in 2005.



MR. ABBAS EL SAYED **SVP Finance Auto & Auto Related**

Tenor since IPO: 2014 - Present

Mr. Abbas El Sayed joined GB Auto in 2014 as Group Vice President Finance. He has 14 years of experience gained from KPMG and Deloitte including 1.5 years in the UK at KPMG UK LLP. Mr. El Sayed has vast experience in corporate finance, restructuring, strategic planning, audit, internal controls, advisory and compliance. He holds a Bsc. in Accounting from Ain Shams University. He is a member of the Association of Chartered Certified Accountants (ACCA) in the UK and Certified Management Accountant (CMA) in the USA.



MR. KARIM GADDAS **Group Chief Operating Officer**

Tenor since IPO: 2015 - Present

Mr. Karim Gaddas joined GB Auto in 2015 as Chief Executive Officer of Tires, boasting 20 years of experience in general management, operations, and sales and marketing. In the last 16 years, he occupied various positions at Pirelli that included headquarterlevel roles in Milan and regional-level roles in Paris, Cairo, Alexandria, and Dubai. In addition to being the Global Sales Director for BU trucks, the CEO of the company's Middle East and India operations, and the CEO of African and Egyptian operations, Mr. Gaddas also served as Pirelli's Vice Chairman. He was also a member of the board at the Alexandria Tire Company for eight years. Mr. Gaddas began his career in 1996 at Gewiss, an electrical materials company based in Bergamo, Italy, where he was the Area Manager for Central America, the Middle East, and Africa. He holds a Bachelor of Arts in Business Administration from the Sup de Co Montpellier in France and an MBA from SDA Bocconi in Milan, Italy.



ENG. SAMEH ALI Chief Operating Officer for Commercial Vehicles and Construction Equipment

Tenor since IPO: 2013 - Present

Eng. Sameh Ali started his career with a British mining company for four years after which he joined GB Auto as a service manager for Commercial Vehicles where he worked his way up to After Sales Head. In 2014, he was tasked with managing Sales as well as After Sales operations. In addition to his responsibilities, Sameh was appointed in 2017 Managing Director of GB Polo bus manufacturing company, where he oversaw a successful company turn around by end of 2018. Sameh holds a degree in mechanical engineering, as well as an MBA degree from Faculty of Business and Innovation at Toledo University, USA.



MR. IBRAHIM NAGUIB **Chief Operating Officer of Passenger Car Operations**

Tenor since IPO: 2007 - Present

Mr. Ibrahim Naquib has accumulated over 15 years of experience in the automotive industry. Mr. Naguib currently serves as Chief Operating Officer of the Passenger Car Operations where he is responsible for both Sales and After Sales operations. Mr. Naguib first joined GB Auto in 2003 as the Tires Department General Manager where he managed to double the business turnover in a period of three years. In 2007, he took charge of the Commercial Vehicles business where he managed to grow sales volumes and expand market share. In 2009, he assumed the role of Sales and Marketing Director for the Hyundai and Mazda franchises. After briefly relocating abroad, Mr. Naguib returned to GB Auto in 2016 where he was appointed SVP of the Passenger Cars sales operations where under his leadership, market share surged to an unprecedented 36%. Mr. Naquib holds a BA from the American International University in London, UK and an MBA from the Maastricht School of Management,



MR. GHASSAN KABBANI **Chief Operating Officer of Two- and Three-Wheelers**

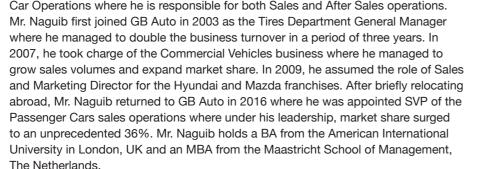
Tenor since IPO: 2007 - Present

Mr. Ghassan Kabbani brings more than 30 years of experience to GB Auto. He first worked in the family textile business from 1980 through 1994, when he left to join T.E.S. sheet metal. In 1996, together with Dr. Ghabbour and other partners, he established CITI (a two- and three-wheeler company). In 2007, CITI merged with GB Auto, at which time Mr. Kabbani joined the company. Mr. Kabbani graduated from AUC in 1979 with a Bachelor of Arts in Economics and Business Administration.



MR. SAAD HABIB **Senior Vice President, Tires** Tenor since IPO: 2009 - Present

Mr. Saad Habib has a decade of experience in the tire industry having held various managerial positions in sales and operation in the tires division. He joined GB auto in 2009 coming with 6 years of experience in a senior operation role at Americana Group, UAE.



4. Governance - GB Auto Management 4. Governance - GB Auto Management

GB CAPITAL MANAGEMENT



MR. SHERIF TAWADROS Senior Vice President Finance GB Capital

Tenor since IPO: 2019 - Present

Mr. Tawadros is currently the Senior Vice President Finance for GB Capital. He has under his belt over 29 years of experience in the field of finance in Treasury & Cash Management, Banking, Leasing Company Portfolio Management, Financial & Strategic planning. He holds a BA in Business Administration and MBA from the American University in Cairo.



MR. MOUNIR NAKHLA Mashroey and Tasaheel Co-founder and MD

Tenor since IPO: 2008 - Present

Mr. Mounir Nakhla is the Co-founder and Managing Director of Tasaheel, leveraging his entrepreneurial drive, calculated management style and hands-on problem-solving to grow the company to the positioning it holds today. Prior to his establishment of Tasaheel, he founded Mashroey, Egypt's fastest growing asset-based microfinance company, and assumed the role of Managing Director in 2009. He was part of EQI's growth story, holding several positions with the company and bookending his career there as Managing Partner in 2008. Mr. Nakhla holds a BSc. in International Business Studies from the European Business School and an MSc in Environment & Development from the London School of Economics.



MR. SHERIF SABRY
GB Lease Chairman and MD

Tenor since IPO: 2008 - Present

Mr. Sherif Sabry is the Chairman and MD of GB Lease, having held the post since 2008 when he was appointed to manage the restructuring of the company upon GB Auto Group's acquisition of the firm under its financing arm. He has been a member of the GB Auto family since 1995 in several capacities, including Group Treasury Division Head and Group Treasury Director. He holds a BA of Commerce from Cairo University and an MBA in Finance and Banking from Maastricht School of Management. He is also a graduate of the Chase Manhattan Bank Credit Program.



MR. AHMED OSSAMA
GB Capital Head of Finance, Haram Tourism Chairman and MD Drive
Chairman

Tenor since IPO: 2008 - Present

Mr. Ahmed Ossama holds the position of GB Capital Head of Finance and Chairman and MD of Haram Tourism. He has under his belt over two decades of experience in accounting and finance across a broad range of industries, including telecoms, petroleum, manufacturing, mining, and financial institutions. He holds a BA in Accounting from Helwan University.

4. Governance - GB Capital Management



5 FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

Translation of financial statements
Originally issued in Arabic

GB Auto (S.A.E.)
(An Egyptian Joint Stock Company)

Consolidated Financial Statements
For The Financial Year Ended December 31, 2019
And Audit Report

KPMG Hazem Hassan
Public Accountants & Consultants

AUDITOR'S REPORT

To the Shareholders of GB Auto (S.A.E.)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GB Auto (S.A.E.), which comprise the consolidated balance sheet as at December 31, 2019, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these Consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GB Auto (S.A.E.) as of December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account, according to the limits of this information in books.

Cairo February 26, 2020

KPMG Hazem Hassan

Public Accountants & Consultants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

(All amounts in thousand Egyptian Pound)

	NOTE NO.	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
Assets Non-Current Assets			
PROPERTY, PLANT, EQUIPMENT AND PROJECTS UNDER CONSTRUCTION (NET)	(15)	4 043 219	3 839 165
INTANGIBLE ASSETS AND GOODWILL	(16)	433 945	430 155
PAYMENTS UNDER INVESTMENTS		72	1 000
INVESTMENT IN ASSOCIATE		58 034	8 034
NOTES RECEIVABLES (NET)	(11)	3 233 203	3 516 786
DEFERRED TAX ASSETS	(9-B)	618 310	455 682
INVESTMENT PROPERTY	(17)	90 905	90 905
TOTAL NON-CURRENT ASSETS		8 477 688	8 341 727

Current Assets

INVENTORIES (NET)	(10)	3 788 210	4 820 828
ACCOUNTS AND NOTES RECEIVABLES (NET)	(12)	6 435 527	5 328 993
DEBTORS AND OTHER DEBIT BALANCES (NET)	(13)	2 226 957	1 645 109
DUE FROM RELATED PARTIES	(31)	272 202	202 019
CASH ON HAND AND AT BANKS	(14)	1 408 948	1 179 275
TOTAL CURRENT ASSETS		14 131 844	13 176 224
TOTAL ASSETS		22 609 532	21 517 951

	NOTE NO.	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
Equity			
ISSUED AND PAID IN CAPITAL	(18)	1 094 010	1 094 010
LEGAL RESERVE	(20)	381 508	331 529
OTHER RESERVES	(21)	2 242 046	2 490 733
RETAINED EARNING/CARRY FORWARD (LOSSES)		22 596	(477 260)
NET PROFIT FOR THE YEAR		42 674	544 833
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		3 782 834	3 983 845
NON-CONTROLLING INTERESTS	(22)	1 364 896	1 303 362
TOTAL EQUITY		5 147 730	5 287 207

Liabilities

Non-current Liabilities

LOANS	(24)	3 002 093	3 170 887
LONG TERM NOTES PAYABLES AND CREDITORS		163 504	301 151
WARRANTY PROVISIONS	(26)	4 168	15 159
DEFERRED TAX LIABILITIES	(9-B)	345 055	332 426
TOTAL NON-CURRENT LIABILITIES		3 514 820	3 819 623

Current Liabilities

PROVISIONS	(26)	225 629	253 540
CURRENT TAX LIABILITIES	(9-A)	234 505	139 185
LOANS, BORROWINGS AND OVERDRAFTS	(24)	10 661 022	9 251 784
DUE TO RELATED PARTIES	(31)	73 643	94 861
TRADE PAYABLES AND OTHER CREDIT BALANCES	(25)	2 752 183	2 671 751
TOTAL CURRENT LIABILITIES		13 946 982	12 411 121
TOTAL LIABILITIES		17 461 802	16 230 744
TOTAL EQUITY AND LIABILITIES		22 609 532	21 517 951

^{*} The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith

Group Finance Director
Executive Board Member
Abbas Elsayed

Executive Board Member Nader Ghabbour Chairman and Managing Director
Dr. Raouf Ghabbour

CONSOLIDATED STATEMENT OF INCOME

For the financial Year ended

(All amounts in thousand Egyptian Pound)

	NOTE NO.	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
Continuing operations			
SALES		25 398 046	25 621 245
COST OF SALES		(21 582 070)	(21 973 811)
GROSS PROFIT		3 815 976	3 647 434
OTHER INCOME		157 544	158 921
SELLING AND MARKETING EXPENSES		(1 018 504)	(789 044)
GENERAL & ADMINISTRATIVE EXPENSES		(1 165 702)	(881 266)
PROVISIONS AND IMPAIRMENT OF CURRENT AND NON-CURRENT ASSETS (NET)	(7)	(306 360)	(59 153)
OPERATING RESULTS		1 482 954	2 076 892
FINANCE COSTS (NET)	(6)	(1 167 018)	(1 223 591)
NET PROFIT FOR THE YEAR BEFORE INCOME TAX		315 936	853 301
INCOME TAX (EXPENSE)	(9-C)	(92 380)	(180 988)
NET PROFIT FOR THE YEAR		223 556	672 313
Attributable to:			
SHAREHOLDERS OF THE PARENT CO.		42 674	544 833
NON-CONTROLLING INTERESTS		180 882	127 480
		223 556	672 313
BASIC EARNINGS PER SHARE/ EGP	(8)	0.039	0.498

^{*} The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial Year ended

(All amounts in thousand Egyptian Pound)

	NOTE NO.	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
NET PROFIT FOR THE YEAR AFTER INCOME TAX		223 556	672 313
Other comprehensive income items			
FOREIGN CURRENCY TRANSLATION DIFFERENCE		(365 746)	53 545
MODIFICATION SURPLUS OF FIXED ASSETS RESULT		(36 221)	(25 684)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR BEFORE INCOME TAX		(401 967)	27 861
INCOME TAX RELATED TO OTHER COMPREHENSIVE INCOME ITEM		6 316	8 755
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER INCOME TAX		(395 651)	36 616
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		(172 095)	708 929
Other comprehensive income is attributab	ole to:		
SHAREHOLDER'S OF THE PARENT COMPANY		(206 013)	572 597
NON-CONTROLLING INTERESTS		33 918	136 332
		(172 095)	708 929

^{*} The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

For the financial Year ended - 31 December 2019

(All amounts in thousand Egyptian Pound)

	SHARE CAPITAL	LEGAL RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ESOP (FAIR VALUE) RESERVE	SURPLUS REVALUATION OF FIXED ASSETS RESERVE	SHARE PREMIUM (SPECIAL RESERVE)	RETAINED EARNING/CARRY FORWARD (LOSSES)	NET PROFIT FOR THE YEAR	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE AT DECEMBER 31, 2018 RESTATED	1 094 010	331 529	1 336 561	88 882	148 489	916 801	(477 260)	544 833	3 983 845	1 303 362	5 287 207
TRANSFERRED TO RETAINED EARNINGS					-		544 833	(544 833)			-
Total comprehensive income											
NET PROFIT FOR THE YEAR	-		-					42 674	42 674	180 882	223 556
Other comprehensive income elements:											
MODIFICATION SURPLUS OF FIXED ASSETS AFTER INCOME TAX (NET)					(29 905)		36 221		6 316	100	6 316
FOREIGN CURRENCY TRANSLATION DIFFERENCE	-		(218 782)				-	-	(218 782)	(146 964)	(365 746)
TOTAL COMPREHENSIVE INCOME			(218 782)		(29 905)		36 221	42 674	(169 792)	33 918	(135 874)

Transactions with owners of the Company

EMPLOYEE DIVIDENDS	-	100					(31 219)	100	(31 219)	(1 942)	(33 161)
CAPITAL INCREASE	-	-			-		-		-	6 167	6 167
NON-CONTROLLING INTERESTS SHARE OF LIQUIDATED COMPANIES	-	-	-		-	-	-		-	(700)	(700)
TRANSFERRED TO LEGAL RESERVE	-	49 979	-	100	-		(49 979)	100	-		•
PAYEMENT UNDER CAPITAL INCREASE	-	-			-		-			24 091	24 091
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		49 979					(81 198)		(31 219)	27 616	(3 603)
BALANCE AT DECEMBER 31, 2019	1 094 010	381 508	1 117 779	88 882	118 584	916 801	22 596	42 674	3 782 834	1 364 896	5 147 730

^{*} The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

For the financial Year ended - 31 December 2018 Restated

(All amounts in thousand Egyptian Pound)

	SHARE CAPITAL	LEGAL RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ESOP (FAIR VALUE) RESERVE	SURPLUS REVALUATION OF FIXED ASSETS RESERVE	SHARE PREMIUM (SPECIAL RESERVE)	RETAINED EARNING/CARRY FORWARD (LOSSES)	NET PROFIT FOR THE YEAR	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE AT DECEMBER 31, 2017	1 094 010	320 992	1 291 867	88 882	165 418	916 801	(144 564)	(666 900)	3 066 506	1 163 158	4 229 664
ADJUSTMENTS ON OPENING BALANCE							35 059		35 059	10 206	45 265
TRANSFERRED TO CARRY FORWARD LOSSES				-	-		(666 900)	666 900	-		-
Total comprehensive income											
NET PROFIT FOR THE YEAR	-			-				544 833	544 833	127 480	672 313
Other comprehensive income elements:											
MODIFICATION SURPLUS OF FIXED ASSETS AFTER INCOME TAX (NET)	100	100		-	(16 929)		25 684		8 755		8 755
FOREIGN CURRENCY TRANSLATION DIFFERENCE			44 694	-					44 694	8 851	53 545
TOTAL COMPREHENSIVE INCOME			44 694	-	(16 929)	-	25 684	544 833	598 282	136 331	734 613

Transactions with owners of the Company

EMPLOYEE DIVIDENDS		877			-	-	300 233		301 110	(36 661)	264 449
CAPITAL INCREASE	-	(7 735)	-		-	-	-	-	(7 735)	(1 672)	(9 407)
NON-CONTROLLING INTERESTS SHARE OF LIQUIDATED COMPANIES		100		100	-	-	(9 377)		(9 377)	-	(9 377)
TRANSFERRED TO LEGAL RESERVE		100	-	100	-	-				32 000	32 000
PAYEMENT UNDER CAPITAL INCREASE		17 395			-	-	(17 395)			-	-
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		10 537		-	-	-	273 461	-	283 998	(6 333)	277 665
BALANCE AT DECEMBER 31, 2018 RESTATED	1 094 010	331 529	1 336 561	88 882	148 489	916 801	(477 260)	544 833	3 983 845	1 303 362	5 287 207

^{*} The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial Year ended

82

(All amounts in thousand Egyptian Pound)

	NOTE NO.	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
NET PROFIT FOR THE YEAR BEFORE TAX		315 936	853 301
Adjustments for:			
INTEREST EXPENSE		1 461 955	1 365 611
DEPRECIATION AND AMORTIZATION FOR THE YEAR	(16,15)	654 742	218 165
PROVISIONS MOVEMENTS (NET)	(26)	109 566	25 151
IMPAIRMENT LOSSES ON CURRENT ASSETS (NET)		124 354	(28 716)
INTEREST INCOME	(6)	(112 796)	(171 992)
GAIN FROM SALE OF PROPERTY, PLANT, EQUIPMENT AND ASSETS HELD FOR SALE		(12 292)	(38 818)
		2 541 465	2 222 702
Changes In:			
INVENTORIES		1 028 494	(1 745 798)
ACCOUNTS AND NOTES RECEIVABLES		(828 763)	(2 197 387)
DEBTORS AND OTHER DEBIT BALANCES		(604 846)	(398 076)
DUE FROM RELATED PARTIES		(68 780)	(77 347)
DUE TO RELATED PARTIES		(19 263)	24 794
TRADE PAYABLES AND OTHER CREDIT BALANCES		80 430	1 247 041
CASH PROVIDED FROM / (USED IN) OPERATING ACTIVITIES		2 128 737	(924 071)

PROVISIONS USED	(226 980)	(41 010)
INCOME TAX PAID	(140 606)	(88 568)
DIVIDENDS PAID	(33 161)	-
NET CASH PROVIDED FROM / (USED IN) OPERATING ACTIVITIES	1 727 990	(1 053 649)

Cash flows from investing activities

ACQUISITION OF PROPERTY, PLANT, EQUIPMENT AND PROJECTS UNDER CONSTRUCTIONS		(1 736 040)	(3 238 290)
ACQUISITION OF NON CONTROLLING INTEREST	(22)		(167 827)
SALE OF SHARES IN SUBSIDIARIES			480 000
ACQUISITION OF INTANGIBLE ASSETS		(4 877)	(2 870)
INTEREST INCOME RECEIVED		112 796	167 225
PAYMENT UNDER INVESTMENT		(72)	(1 000)
PAYMENT IN INVESTMENT IN ASSOCIATES		(50 000)	(8 034)
PROCEEDS FROM SALE OF PROPERTY, PLANT, EQUIPMENT AND ASSETS HELD FOR SALE		831 252	2 191 960
NET CASH (USED IN) INVESTING ACTIVITIES		(846 941)	(578 836)

(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated

	NOTE NO.	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
Cash flows from financing activities			
PROCEEDS FROM NON CONTROLLING INTEREST TO INCREASE CAPITAL OF SUBSIDIARIES		6 167	37 468
PROCEEDS FROM NON CONTROLLING INTEREST TO INCREASE PAID UNDER CAPITAL INCREASE OF SUBSIDIARIES		24 091	
PROCEEDS FROM SALES OF SHARES HELD BY THE GROUP		(700)	
PROCEEDS FROM LOANS AND BORROWINGS		1 240 444	2 807 879
LONG-TERM NOTES PAYABLE		(137 647)	(558)
INTEREST PAID		(1 460 926)	(1 316 644)
NET CASH (USED IN)/ PROVIDED FROM FINANCING ACTIVITIES		(328 571)	1 528 145

NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		552 478	(104 340)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1 179 275	1 242 776
EFFECT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(322 805)	40 839
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(14-B)	1 408 948	1 179 275

^{*} The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith

1. BACKGROUND OF THE GROUP

GB Auto Co. is an Egyptian joint stock Company incorporated on July 15,1999 under the name of GB Capital for Trading and Capital Lease and under Law No. 159 of 1981, and was registered in the commercial register under No. 3422, Cairo.

Based on the decision of the Extraordinary General Assembly Meeting held on April 26, 2007, it has been agreed to change the Company's name to be GB Auto. This amendment was registered in the commercial register on May 23, 2007.

The Company is domiciled in the Industrial Zone – Abou Rawash Kilo meter 28 Cairo – Alexandria Desert Road, Arab Republic of Egypt.

The Company and its subsidiaries (will be referred to as "the Group") main activities include trading, distributing and marketing of all transportation means including heavy trucks, semi-trucks, passenger cars, buses, mini buses, micro buses, agriculture tractors, pick-ups, mechanical tools equipment for sail movement and motors with their different structures and types whether locally manufactured and imported new and used ones and trading in spare parts, accessories whether locally manufactured or imported and tires for vehicles and equipment whether locally manufactured or imported. The Group also undertakes import and export activities, selling locally manufactured and imported products for cash, on credit or through finance leasing and microfinance. Also trade in all goods including light truck and sale by instalments and provide services of factoring and nonbanking financial services. The factoring services intended to buy existing and future rights of sellers of goods and services and provide related services.

The major shareholder's of the Company are Dr. Raouf Ghabbour and his family who collectively owns approximately 62.89% of the Company's shares as at December 31, 2019.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on February 26, 2020

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with an updated Egyptian Accounting Standards (EAS) issued as per the decree of the minister of investment No. 110 for the year 2015, issued on July 9, 2015 and effective for financial years commence on January1, 2016 and the related Egyptian laws and regulations.

The Company's management adopted the special accounting treatment stated in annex (A) of the modified Egyptian Accounting Standard no. (13) as amended in 2015, "The Effects of Changes in Foreign Exchange Rates, whereby both the cost and accumulated depreciation of some fixed assets categories are modified using modification factors which are stated in the abovementioned annex.

On August 14, 2018, Law No. 176 of 2018 was issued, regulating the activities of financial leasing and factoring. And article 1 of this law stipulates the abolition of Law No. 95 of 1995 on financial leasing.

The Ministry of Investment and International Cooperation issued Resolution No. 69 of 2019 on April 7, 2019, amending some provisions of the Egyptian accounting standards, including the abolition of the Egyptian Accounting Standard No. (20) rules and accounting standards related to financial leasing and replaced it with the Egyptian Accounting Standard No. (49) leasing contracts.

The Egyptian standard is applied to financial periods beginning on or after January 2020. Early application is permitted if Egyptian Accounting Standard (48) "Revenue from Contracts with Customers 2019" is applied at the same time. As an exception, the first date of application shall be the beginning of the annual report period in which the Financial Leasing Law No. 95 of 1995 -and its amendments - was abolished, The issuance of the Financial Leasing and Factoring Activities Law No. 176 of 2018 (January 1, 2018) for financial leasing contracts that were subject to Law 95 of 1995 as well as contracts that are subject to Law 176 of 2018 and were to be processed in accordance with the Egyptian Accounting Standard No. (20) "Accounting Rules and Standards" Related to finance lease "

3. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Egyptian Pounds which is the Group's functional currency.

4. USE OF JUDGEMENT AND ESTIMATES

In preparing the consolidated financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

The recognition of the change in accounting estimates in the period in which the change in estimate, if the change affects only that period, or in the period of change and future periods if the change affects both.

A. Measurement of fair value

The fair value of financial instruments determines based on the market value of a financial instrument or similar financial instruments at the date of the financial statements without deducting any estimate future costs of sale. The financial asset values determine at current prices for the purchase of those assets, while determining the value of financial liabilities at current prices, which could be settled by those commitments.

In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the transactions price that has recently or be guided by the current fair value of other instruments which is substantially similar. Or the use of discounted cash flow or any other evaluating method that leads to results can rely on it.

When using the discounted cash flow method as a way for the evaluation, the future cash flows are estimated based on the best estimates of management. And determined the discount rate used in the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

5. OPERATING SEGMENTS

The Group has the following four operational segments, which are its reportable segments to top management. These segments offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summery describes the operations for each reportable segment:

Reportable Seg	gment	Operations

Passenger Car Trading, distributing and marketing for all kinds of passenger

cars, whether locally manufactured or imported.

Buses and Trucks Trading, distributing and marketing for all kinds of heavy trucks,

semi-trucks, buses, mini buses, micro buses, agriculture tractors, whether locally manufactured or imported.

2 & 3 Wheels Trading, distributing and marketing for all kinds of 2 & 3 Wheels,

whether locally manufactured or imported.

Financial Services non-Banking Providing services of factoring and financial services non-

banking.

The factoring services intended to buy existing and future rights of sellers of goods and services and provide related services and selling the locally and imported goods and products by cash or post-paid financial leasing, small financing entities in all kinds of goods and trading such as light transportation and

selling it by installments.

Other Operations Trading spare parts, and its accessories whether locally

manufactured or imported, tires for vehicles and equipment whether locally manufactured or imported and exported.

A. Total Revenue	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
PASSENGER CAR	56.7%	56%
BUSES AND TRUCKS	6.6%	6.8%
2 & 3 WHEELS	13.2%	17%
FINANCIAL SERVICES NON-BANKING	17.1%	13.7%
OTHER OPERATIONS	6.4%	6.5%

B. Revenue From Foreign Operations	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
PASSENGER CAR	42.1%	22.6%
2 & 3 WHEELS	32.5%	16.2%
OTHER OPERATIONS	0.1%	2.2%

C. Segment Results	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
PASSENGER CAR	27.63%	38.45%
BUSES AND TRUCKS	6.78%	5.77%
2 & 3 WHEELS	14.34%	19.16%
FINANCIAL SERVICES NON-BANKING	43.70%	30.15%
OTHER OPERATIONS	7.55%	6.47%

D. Assets	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
PASSENGER CAR	18.3%	22%
BUSES AND TRUCKS	8.1%	18%
2 & 3 WHEELS	10.5%	13%
FINANCIAL SERVICES NON-BANKING	42.8%	36%
OTHER OPERATIONS	20.3%	11%

E. Liabilities	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
PASSENGER CAR	32.8%	41%
BUSES AND TRUCKS	16.6%	15%
2 & 3 WHEELS	2.6%	5%
FINANCIAL SERVICES NON-BANKING	43.7%	37%
OTHER OPERATIONS	4.3%	2%

F. Reconciliations of information on reportable segments to financial statements according to EASs

Revenues	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
TOTAL REVENUES FOR OPERATING SEGMENTS	27 562 160	28 245 193
ELIMINATION OF INTER-SEGMENT REVENUE	(2 164 114)	(2 623 948)
112121102		_
CONSOLIDATED REVENUE	25 398 046	25 621 245

Segments result

GROSS PROFIT FOR OPERATING SEGMENT	3 797 558	ı	3 649 423
ELIMINATION OF INTER-SEGMENT GROSS PROFIT	18 418		(1 989)
CONSOLIDATED GROSS PROFIT	3 815 976		3 647 434

Assets

TOTAL ASSETS FOR OPERATING SEGMENTS	39 610 873	36 393 893
ELIMINATION OF INTER-SEGMENT ASSETS	(17 001 341)	(14 875 942)
TOTAL CONSOLIDATED ASSETS	22 609 532	21 517 951

Liabilities

TOTAL LIABILITIES FOR OPERATING SEGMENTS	26 057 638	24 347 029
ELIMINATION OF INTER-SEGMENT LIABILITIES	(8 595 836)	(8 116 285)
TOTAL CONSOLIDATED LIABILITIES	17 461 802	16 230 744

G. Other Martial Amounts

	TOTAL REPORTABLE SEGMENT	ADJUSTMENTS	TOTAL CONSOLIDATED DECEMBER 31, 2019
FINANCE INCOME	112 796		112 796
INTEREST EXPENSE AND BANK CHARGES	(1 438 711)	(23 244)	(1 461 955)
CAPITAL EXPENDITURE	1 740 917		1 740 917
DEPRECIATION AND AMORTIZATION	654 742	100	654 742

	TOTAL REPORTABLE SEGMENT	ADJUSTMENTS	TOTAL CONSOLIDATED DECEMBER 31, 2018 RESTATED
FINANCE INCOME	189 420	(17 428)	171 992
INTEREST EXPENSE AND BANK CHARGES	(1 379 910)	14 299	(1 365 611)
CAPITAL EXPENDITURE	540 637	-	540 637
DEPRECIATION AND AMORTIZATION	221 244		221 244

н	. (1	nor	atin	ne	resu	Ite

The Operations results	Passenger cars		Commercial vehicles		Two and three Wheelers		Financial Services Non Banking		Other operations	
	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
SALES	14 399 207	14 351 777	1 664 080	1 745 097	3 341 240	4 358 885	4 349 306	3 502 807	1 644 213	1 662 679
GROSS PROFIT	1 053 826	1 402 614	258 374	210 576	546 791	698 922	1 668 915	1 099 682	288 070	235 640

Total

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
SALES	25 398 046	25 621 245
GROSS PROFIT	3 815 976	3 647 434
GENERAL AND ADMINISTRATIVE EXPENSES	(1 018 504)	(789 044)
MARKETING AND SELLING EXPENSES	(1 165 702)	(881 266)
PROVISIONS AND IMPAIRMENT OF CURRENT AND NON-CURRENT ASSETS (NET)	(306 360)	(59 153)
OTHER INCOME	157 544	158 921
OPERATING RESULTS	1 482 954	2 076 892
FINANCE COST (NET)	(1 167 018)	(1 223 591)
NET PROFIT FOR THE YEAR BEFORE INCOME TAX	315 936	853 301
INCOME TAX EXPENSE	(92 380)	(180 988)
NET PROFIT FOR THE YEAR	223 556	672 313

Attributable to:

EQUITY HOLDERS OF THE COMPANY	42 674	544 833
NON-CONTROLLING INTERESTS	180 882	127 480

223 556 672 313

6. FINANCE COSTS

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
INTEREST INCOME	105 047	152 524
INTEREST INCOME ON INSTALLMENT SALES	7 749	19 469
FOREIGN EXCHANGE GAIN	182 141	
TOTAL FINANCE INCOME	294 937	171 993
INTEREST EXPENSE AND BANK CHARGES	(1 461 955)	(1 365 611)
FOREIGN EXCHANGE LOSSES		(29 973)
TOTAL FINANCE COST	(1 461 955)	(1 395 584)
NET FINANCE COST	(1 167 018)	(1 223 591)

7. PROVISIONS AND IMPAIRMENT OF CURRENT AND NON-CURRENT ASSETS

Provisions no longer required	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
WARRANTY PROVISION	32 290	47 535
IMPAIRMENT OF ACCOUNTS AND NOTES RECEIVABLES	45 509	29 782
IMPAIRMENT OF DEBTORS AND OTHER DEBIT BALANCES		724
OTHER PROVISIONS	111 980	6 639
LITIGATION PROVISION	-	5 495
TOTAL PROVISIONS NO LONGER REQUIRED	189 779	90 175

Provisions formed

WARRANTY PROVISION	(73 213)	(24 965)
IMPAIRMENT OF ACCOUNTS AND NOTES RECEIVABLE	(140 884)	(45 571)
IMPAIRMENT OF DEBTORS AND OTHER DEBIT BALANCES	(24 855)	(3 134)
IMPAIRMENT OF DUE FROM RELATED PARTIES		(15 803)
LITIGATION PROVISION	(829)	(4 574)
IMPAIRMENT OF FIXED ASSETS	(69 625)	
OTHER PROVISIONS	(186 733)	(55 281)
TOTAL PROVISIONS FORMED	(496 139)	(149 328)
NET PROVISIONS IN THE INCOME STATEMENT	(306 360)	(59 153)

The movement of current and non-current assets impairment represented as follow:

	BALANCE AT 1/1/2019	IMPAIRMENT DURING THE YEAR	USED DURING THE YEAR	REVERSAL OF IMPAIRMENT DURING THE YEAR	EFFECT OF MOVEMENTS OF EXCHANGE RATES	BALANCE AT 31/12/2019
IMPAIRMENT OF ACCOUNTS & NOTES RECEIVABLE	437 017	140 884	(79 045)	(45 509)	(10 518)	442 829
IMPAIRMENT OF DUE FROM RELATED PARTIES	31 923		-	100	(3 358)	28 565
IMPAIRMENT OF DEBTORS & OTHER DEBIT BALANCES	9 866	24 855			(1 857)	32 864
IMPAIRMENT OF INVENTORY *	478 806 63 161	165 739 12 257	(79 045) -	(45 509) (8 133)	(15 733) -	504 258 67 285
	541 967	177 996	(79 045)	(53 642)	(15 733)	571 543

^{*} The formation and reversal of inventory impairment are charged in cost of revenue at income statement.

8. EARNINGS PER SHARE

i. Basic

Since there is no suggested dividends account, accordingly the base used to calculate the net profit/(Loss) available for the shareholders was determined based on the net profit/(Loss) for the year without deducting the employees share and the board of director's bonus.

Basic earnings per share is calculated by dividing net profit/(Loss) for the year (as it is shown in the previous paragraph), by the weighted average number of ordinary shares issued during the year.

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	42 674	544 833
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ISSUED	1 094 010	1 094 010
BASIC PROFIT EARNINGS PER SHARE/EGP	0.039	0.498

9. INCOME TAX

A. Income tax liabilities

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
BALANCE AT 1 JANUARY	139 185	58 486
TAXES PAID DURING THE YEAR	(140 743)	(88 568)
CURRENT INCOME TAX DURING THE YEAR (NOTE 9-C)	236 063	169 267
BALANCE AT THE END OF THE YEAR	234 505	139 185

Total

	FIXED AND INTANGIBLE ASSETS	CARRIED FORWARD LOSSES	IMPAIRMENT OF INVENTORY	WARRANTY PROVISION	SURPLUS REVALUATION OF FIXED ASSETS*	NOTES PAYABLE	CAPITAL GAINS	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
Deferred tax assets									
BALANCE AT 1 JANUARY	11	237 281	6 826	36 445	10 mm	175 119	100	455 682	282 652
CHARGED TO THE INCOME STATEMENT	100	186 817	3 516	(5 169)		(22 536)	-	162 628	(68)
EFFECT OF CHANGES IN ACCOUNTING POLICY	100		100	-			-		173 098
BALANCE AT THE END OF THE YEAR /YEAR	11	424 098	10 342	31 276		152 583		618 310	455 682
Deferred tax liabilities									
BALANCE AT 1 JANUARY	(225 915)			-	(30 275)		(76 236)	(332 426)	(152 501)
CHARGED TO THE INCOME STATEMENT	(32 751)	100	100		100	100	13 806	(18 945)	(11 653)
EFFECT OF CHANGES IN ACCOUNTING POLICY	100	100		-		100		100	(177 027)
CHARGED TO STATEMENT OF COMPREHENSIVE INCOME	100	100	100		6 316	100	100	6 316	8 755
BALANCE AT THE END OF THE YEAR/YEAR	(258 666)				(23 959)		(62 430)	(345 055)	(332 426)
NET DEFERRED TAX LIABILITIES	(258 655)	424 098	10 342	31 276	(23 959)	152 583	(62 430)	273 255	123 256
Net									
BALANCE AT 1 JANUARY	(225 904)	237 281	6 826	36 445	(30 275)	175 119	(76 236)	123 256	130 151
CHARGED TO THE INCOME STATEMENT	(32 751)	186 817	3 516	(5 169)	100	(22 536)	13 806	143 683	(11 721)
EFFECT OF CHANGES IN ACCOUNTING POLICY	100	100	100	-	100	100	100	100	(3 929)
CHARGED TO STATEMENT OF COMPREHENSIVE INCOME	100	100		-	6 316	100	100	6 316	8 755
BALANCE AT THE END OF THE YEAR	(258 655)	424 098	10 342	31 276	(23 959)	152 583	(62 430)	273 255	123 256

^{*} The deferred tax charge for surplus revaluation of fixed assets has been deducted in the consolidated statement of comprehensive income

B. Deferred tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the group can use the benefits therefrom.

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
IMPAIRMENT OF ACCOUNTS AND NOTES RECEIVABLES	99 637	98 329
IMPAIRMENT OF OTHER DEBIT BALANCES	7 394	2 220

Liability for temporary differences related to investments in subsidiaries, associates and joint venture was not recognized because the group controls the timing of reversal of the related temporary differences and satisfied that they will not reverse in the foreseeable future.

C. Income tax (expenses)/benefits

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
CURRENT INCOME TAX FOR THE	(226 062)	(160.267)
YEAR (NOTE 9-A)	(236 063)	(169 267)
DEFERRED TAX – BENEFIT \ (EXPENSE) (NOTE 9-B)	143 683	(11 721)
INCOME TAX FOR THE YEAR	(92 380)	(180 988)

D. Amounts recognized in OCI

December 31, 2019	BEFORE TAX	TAXES	AFTER TAX
FOREIGN CURRENCY TRANSLATION DIFFERENCE	(365 746)	-	(365 746)
MODIFICATION SURPLUS OF FIXED ASSETS RESULT	(36 221)	6 316	(29 905)
	(401 967)	6 316	(395 651)

December 31, 2018 Restated	BEFORE TAX	TAXES	AFTER TAX
FOREIGN CURRENCY TRANSLATION DIFFERENCE	53 545		53 545
MODIFICATION SURPLUS OF FIXED ASSETS RESULT	(25 684)	8 755	(16 929)
	27 382	8 755	36 616

10. INVENTORIES

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
GOODS IN TRANSIT	795 657	854 414
CARS, BUSES AND TRUCKS	1 378 068	1 992 939
RAW MATERIAL AND CAR COMPONENTS	871 336	1 037 281
SPARE PARTS FOR SALE	488 284	629 637
WORK IN PROGRESS	154 613	201 133
TIRES	113 434	104 712
OILS	54 103	63 873
TOTAL	3 855 495	4 883 989
IMPAIRMENT OF INVENTORY *	(67 285)	(63 161)
NET	3 788 210	4 820 828

^{*} The formation and reversal of inventory impairment are charged in cost of revenue at income statement.

11. LONG TERM NOTES RECEIVABLES

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
LONG-TERM NOTES RECEIVABLE	3 932 299	5 162 568
INTEREST INCOME ON INSTALLMENT SALES	(641 866)	(1 636 369)
NET PRESENT VALUE FOR LONG- TERM NOTES RECEIVABLE	3 290 433	3 526 199
IMPAIRMENT OF LONG-TERM NOTES RECEIVABLE	(57 230)	(9 413)
NET	3 233 203	3 516 786

12. ACCOUNTS AND NOTES RECEIVABLES

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
TOTAL NOTES RECEIVABLE	11 750 129	12 265 972
LONG-TERM NOTES RECEIVABLE (NOTE 11)	(3 932 299)	(5 162 568)
UNAMORTIZED INTEREST	(1 818 583)	(2 616 450)
NET PRESENT VALUE FOR SHORT- TERM NOTES RECEIVABLE	5 999 247	4 486 954
TRADE RECEIVABLE	821 879	1 269 643
TOTAL	6 821 126	5 756 597
IMPAIRMENT OF ACCOUNTS AND NOTES RECEIVABLE BALANCES	(385 599)	(427 604)
NET	6 435 527	5 328 993

13. DEBTORS AND OTHER DEBIT BALANCES

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
ADVANCE PAYMENTS TO SUPPLIERS	463 388	710 473
WITHHOLDING TAX	261 755	223 699
SALES TAX RECEIVABLE	95 724	110 078
ACCRUED INTEREST	134 417	4 767
ACCRUED REVENUE	347	3 910
LETTERS OF CREDIT	201 104	148 241
PREPAID EXPENSES	113 466	88 359
DEPOSITS WITH OTHERS	32 710	33 440
LETTERS OF GUARANTEE MARGIN	136 440	216 535
STAFF LOANS AND CUSTODIES	27 269	25 507
OTHER DEBIT BALANCES	789 475	86 810
CUSTOMS DUTIES	3 726	3 156
TOTAL	2 259 821	1 654 975
IMPAIRMENT OF DEBTOR AND OTHER DEBIT BALANCES	(32 864)	(9 866)
NET	2 226 957	1 645 109

14. CASH ON HAND AND AT BANKS

A. Cash on hand and at banks

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
CASH ON HAND AND CASH AT BANKS	1 408 948	1 179 275
	1 408 948	1 179 275

B. Cash and cash equivalents

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
CASH ON HAND AND CASH AT BANKS	1 408 948	1 179 275
	1 408 948	1 179 275

15. PROPERTY, PLANT, EQUIPMENT AND PROJECTS UNDER CONSTRUCTIONS

Cost	LAND & BUILDINGS	MACHINERY & EQUIPMENT	VEHICLES	IT INFRASTRUCTURES & COMPUTERS	FIXTURES & FURNITURE	LEASEHOLD IMPROVEMENTS	*PROJECTS UNDER CONSTRUCTION	TOTAL
COST AT 1 JANUARY 2018 RESTATED	1 919 439	888 803	462 142	175 863	498 934	29 037	787 976	4 762 194
ADDITIONS DURING THE YEAR	80 808	28 207	119 374	20 442	44 122	3 836	240 960	537 749
TRANSFERRED FROM PROJECTS UNDER CONSTRUCTION TO PP&E AND INTANGIBLE ASSETS	249 265	47 532	-	-	79 761	1 105	(377 663)	
DISPOSALS DURING THE YEAR	(6 750)	(817)	(37 889)	(229)	(6 161)	(1 563)	(16 146)	(69 555)
EFFECT OF COST MODIFICATION USING MODIFICATION FACTOR		-	(11 574)	(6)	(1)	-	(9 896)	(21 477)
EFFECT OF MOVEMENTS OF EXCHANGE RATES	(3 977)	237	27	78	917	(50)		(2 768)
BALANCE AT 31 DECEMBER 2018 RESTATED	2 238 785	963 962	532 080	196 148	617 572	32 365	625 231	5 206 143
COST AT 1 JANUARY 2019	2 238 785	963 962	532 080	196 148	617 572	32 365	625 231	5 206 143
ADDITIONS DURING THE YEAR	1 020 068	139 647	223 588	27 870	58 093	6 908	259 866	1 736 040
TRANSFERRED FROM PROJECTS UNDER CONSTRUCTION TO PP&E AND INTANGIBLE ASSETS	191 300	55 589			256 998	3 095	(510 712)	(3 730)
DISPOSALS DURING THE YEAR	(897 743)	(114 454)	(236 465)	(230)	(28 123)	(209)	(1 176)	(1 278 400)
EFFECT OF COST MODIFICATION USING MODIFICATION FACTOR		-	(3 587)	100	(1 089)			(4 675)
EFFECT OF MOVEMENTS OF EXCHANGE RATES	1 417	(249)	(362)	(74)	(1 230)	(256)	100	(754)
BALANCE AT 31 DECEMBER 2019	2 553 827	1 044 496	515 254	223 713	902 221	41 902	373 210	5 654 623

106

(In the notes all amounts are shown in Thousand Egyptian

Pounds unless otherwise stated

Accumulated depreciation and impairment losses	LAND & BUILDINGS	MACHINERY & EQUIPMENT	VEHICLES	IT INFRASTRUCTURES & COMPUTERS	FIXTURES & FURNITURE	LEASEHOLD IMPROVEMENTS	*PROJECTS UNDER CONSTRUCTION	TOTAL
ACCUMULATED DEPRECIATION AT 1 JANUARY 2018 RESTATED	182 910	468 652	178 161	136 027	248 213	18 903	5 816	1 238 682
DEPRECIATION DURING THE YEAR	26 683	62 813	57 217	17 550	51 219	2 683		218 165
DISPOSALS DURING THE YEAR	(897)	(801)	(51 681)	(189)	(7 110)		100	(60 678)
EFFECT OF ACCUMULATED DEPRECIATION MODIFICATION USING MODIFICATION FACTOR			(30 569)	(8)		-	-	(30 577)
EFFECT OF MOVEMENTS OF EXCHANGE RATES	371	235	245	73	471	(9)	-	1 386
ACCUMULATED DEPRECIATION AT 31 DECEMBER 2018 RESTATED	209 067	530 899	153 373	153 453	292 793	21 577	5 816	1 366 978
ACCUMULATED DEPRECIATION AT 1 JANUARY 2019	209 067	530 899	153 373	153 453	292 793	21 577	5 816	1 366 978
DEPRECIATION DURING THE YEAR	206 711	168 131	190 772	22 054	61 775	4 213	100	653 655
DISPOSALS DURING THE YEAR	(173 943)	(125 566)	(156 395)	(1 431)	(2 007)	(97)		(459 440)
EFFECT OF ACCUMULATED DEPRECIATION MODIFICATION USING MODIFICATION FACTOR			(6 816)	(1)	(1 088)			(7 905)
IMPAIRMENT OF FIXED ASSETS	59 093	5 807		71	4 653			69 625
EFFECT OF MOVEMENTS OF EXCHANGE RATES	(1 024)	(1 768)	(2 063)	(934)	(5 523)	(198)	-	(11 509)
ACCUMULATED DEPRECIATION AT 31 DECEMBER 2019	299 905	577 503	178 871	173 212	350 602	25 495	5 816	1 611 404
Net Carrying Amount								
AT 1 JANUARY 2018 RESTATED	1 736 529	420 151	283 981	39 836	250 721	10 134	782 160	3 523 512
AT 31 DECEMBER 2018 RESTATED	2 029 718	433 063	378 707	42 695	324 779	10 788	619 415	3 839 165
AT 31 DECEMBER 2019	2 253 922	466 993	336 383	50 501	551 619	16 407	367 394	4 043 219

^{*} Projects under construction represented in the cost of buildings, factories expansions and showrooms, which are being prepared and fixed for the group use

16. INTANGIBLE ASSETS AND GOODWILL

Cost

	GOODWILL	COMPUTER SOFTWARE	клоwноw	TOTAL
BALANCE AT 1 JANUARY	430 155	33 895	5 703	469 753
ADDITIONS DURING THE YEAR		1 147		1 147
TRANSFER FROM PUC	-	3 730		3 730
BALANCE AT DECEMBER 31, 2019	430 155	38 772	5 703	474 630

Accumulated Amortization

BALANCE AT 1 JANUARY	-	33 895	5 703	39 598
AMORTIZATION DURING THE YEAR	-	1 087	-	1 087
BALANCE AT DECEMBER 31, 2019	-	34 982	5 703	40 685
NET CARRYING AMOUNT AT DECEMBER 31, 2019	430 155	3 709	-	433 945
NET CARRYING AMOUNT AT DECEMBER 31, 2018 RESTATED	430 155			430 155

Goodwill

On June 28, 2007, GB Auto Company fully acquired the shares of Cairo Individual Transport Industries "CITI" by acquiring 49.03% which were owned by the minority at a value of EGP 209 997, in return of acquiring shares of GB Auto share capital increase. The acquisition resulted in a goodwill amounting to EGP 177 million which represents the increase in the acquisition value over the net fair value of the acquired Company's assets at the acquisition date. This goodwill has been allocated for the asset of the operating segment of two and three wheels' segment.

On September 8, 2008, GB Auto Company fully acquired the shares of GB for financial lease (S.A.E) which its business is financial leasing with all its fields, and the acquisition resulted in goodwill amounted to EGP 1 million.

During November 2010, the Group entered into 50% investment as a joint venture agreement in Almajmoa Alalamia Litijaret Alsaiarat (GK), in Jordan, to acquire the existing business of Hyundai Vehicles Agency in Iraq, the joint venture agreement gives the group the power to govern the financial and operating policies of (GK) and as a result of this investment the group recognized a goodwill with an Amount 249 EGP million pound.

During the period GB Auto Company fully acquired the shares of Egyptian International Maintenance and cars Manufacturing Company EIAC (SAE), and the acquisition resulted in goodwill amounted EGP 2.8 million.

Impairment test of cash generating units including goodwill

Goodwill is allocated to the Group's cash generating units according to operating segments as presented below:

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
TWO AND THREE WHEELS' ACTIVITIES	177 375	177 375
HYUNDAI IRAQ SALES	248 910	248 910
FINANCIAL LEASING ACTIVITY	1 000	1 000
AFTER SALE SERVICE- PC	2 870	2 870
	430 155	430 155

The Company assesses annually the impairment of goodwill at December 31, to ensure whether the carrying amount of the goodwill is fully recoverable, unless there are indicators required to test the impairment through the year.

Impairment of goodwill is assessed based on value in use, which is determined using the expected discounted cash flows based on estimated budgets approved by the Board of Directors covering five years' period. The management is preparing these estimated budgets based on the financial, operating and market performance in the previous years and its expectations for the market development.

17. INVESTMENTS PROPERTY

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
BALANCE AT 1 JANUARY	90 905	90 905
BALANCE AT THE END OF THE YEAR	90 905	90 905

18. ISSUED AND PAID IN CAPITAL

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
AUTHORIZED CAPITAL (5 000 000 000 SHARES WITH PAR VALUE EGP 1 EACH)	5 000 000	5 000 000
ISSUED AND PAID CAPITAL (1 094 009 733 SHARES OF EGP 1 EACH)	1 094 010	1 094 010

On August 31, 2014, the Board of Directors according to the delegation of the extra ordinary assembly meeting held on June 27, 2013, has decided unanimously to increase the Company's issued capital with the par value in the limit of the authorized capital with an amount of EGP 6 444 645 divided on 6 444 645 shares with a par value of 1 EGP /share, wholly allocated to ESOP system which is applied by the Company, resulted in an issued capital of EGP 135 337 545 after the increase divided on 135 337 545 shares with a par value of 1 EGP/ share, and this increase financially fully paid from the special reserve balance and annotated in the commercial register at December 31, 2014.

Private placement (Capital Increase)

At the date of February 4, 2015, the extra ordinary general assembly meeting, has agreed to increase the Company's authorized capital from 400 million EGP to 5 billion EGP and to increase the Company's issued capital from EGP 135 337 545 to be EGP 1 095 337 545 with an increase of EGP 960 000 000 to be divided on 1 095 337 545 shares with a par value of 1 EGP each.

(In additional to issuance cost of 1 pts./share), and that increase to be fully allocated for the favor of old shareholders each according to their share in the Company's issued capital, and it is agreed to use the subscription right separately from the original share, with the Company's issued capital increase to be paid either cash and/or using due cash debts for the subscriber by the Company according to their contribution share.

The subscription was covered by an amount of EGP 958 672 188 (EGP 473 225 502 in Cash and EGP 485 446 686 covered through the outstanding balances due to shareholders) divided on 958 672 188 shares with a par value of 1 EGP each to be the total capital issued and fully paid after the increase equals to EGP 1 094 009 733, it has been annotated in the commercial register at May 31, 2015.

19. SHARES OF THE COMPANY HELD BY THE GROUP

Shares of the Company held by the Group represented in the shares owned by one of the Companies of the Group amounted to 26 506 119 shares at the par value of EGP 26 506 thousand in GB Auto Company capital which is acquired by Almora resources Company one of the Group subsidiaries which is 100% owned. The acquisition cost amounted to EGP 126 231 thousand. The share premium which is transferred to special reserve has been reduced by the difference between the acquisition cost and the par value amounted to EGP 99 725 thousand.

On February 23, 2018, the number of 26 506 119 shares was sold. The special reserve was reduced by an amount of EGP 50 638 thousand which represents the differences between treasury shares purchase cost amounted to EGP 126 231 thousand and its reselling price amounted to EGP 75 593 thousand.

20. LEGAL RESERVE

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
BALANCE AT 1 JANUARY	331 529	320 992
TRANSFERRED TO LEGAL RESERVE	49 977	17 395
CHANGE OF NON-CONTROLLING INTERESTS WITHOUT CHANGING IN CONTROL		877
TRANSFERRED FROM LEGAL RESERVE TO INCREASE THE CAPITAL		(7735)
BALANCE AT THE END OF THE YEAR	381 508	331 529

In accordance with the Companies Law No 159 of 1981 and the Company's articles of association, 5% of annual net profit is transferred to the legal reserve. Upon the recommendation of the board, the Company may stop such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

The legal reserve includes an amount of EGP 66 762 related to the Company, the rest of the balance represents the legal reserve of the Group's Companies.

Share premium

The share premium represented in the difference between the amount paid and par value for issued shares and issuance cost is deducted from it. The share premium was transferred to both legal reserve and special reserve according to Law No. 159 of 1981, based on the authorization of the General Assembly Meeting that dated June 29, 2008.

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
SHARE PREMIUM	916 801	916 801

21. OTHER RESERVES

	FOREIGN CURRENCY TRANSLATION RESERVE	ESOP (FAIR VALUE) RESERVE	SURPLUS REVALUATION OF FIXED ASSETS RESERVE	SHARE PREMIUM (SPECIAL RESERVES)	TOTAL
BALANCE AS AT JANUARY 1, 2019	1 336 561	88 882	148 489	916 801	2 490 733
FOREIGN CURRENCY TRANSLATION	(218 782)				(218 782)
MODIFICATION SURPLUS OF FIXED ASSETS AFTER INCOME TAX		-	(29 905)		(29 905)
BALANCE AT DECEMBER 31, 2019	1 117 779	88 882	118 584	916 801	2 242 046

The special reserve represented in the transferred amount from the net share premium in 2007 less the amount transferred to the legal reserve (Note 20).

During 2011, the special reserve was reduced by an amount of EGP 2 990 thousand which represents the difference between treasury shares purchasing cost amounted to EGP 3 097 thousand and the par value of these shares amounted to EGP 107 thousand which was written off during 2012.

During 2012, the special reserve was reduced by an amount of EGP 2 114 thousand which represents the differences between treasury shares purchasing cost amounted to EGP 6 365 thousand and its reselling price amounted to EGP 4 251 thousand.

22. NON-CONTROLLING INTEREST

	CAPITAL	PAYMENT UNDER CAPITAL INCREASE	RESERVES	LEGAL RESERVE	RETAINED EARNINGS	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
BALANCE AT 1 JANUARY	518 192		789 634	30 563	(35 027)	1 303 362	1 172 851
NET PROFIT FOR THE YEAR			-		180 882	180 882	127 480
FOREIGN CURRENCY TRANSLATION RESULTS			(147 395)	100		(147 395)	9 364
CAPITAL INCREASE	6 167			100		6 167	32 000
CHANGE IN NON-CONTROLLING INTERESTS	(700)		-	100		(700)	(36 661)
TRANSFERRED TO LEGAL RESERVE				12 964	(12 964)		100
DIVIDENDS				100	(1 509)	(1 509)	(1 672)
PAYMENT UNDER CAPITAL INCREASE		24 090	-			24 090	
BALANCE AT THE END OF THE YEAR	523 659	24 090	642 239	43 527	131 382	1 364 896	1 303 362

(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue on a going concern basis in order to provide returns to shareholders and benefits for other stakeholders who use these financial statements and to maintain an optimal capital structure to reducing the cost of capital.

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings and notes payables, less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratio at December 31, 2019 and December 31, 2018 restated were as follows:

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
LOANS, BORROWINGS AND OVERDRAFTS	13 663 115	12 422 671
SHORT-TERM NOTES PAYABLE - SUPPLIERS	375 694	353 331
TOTAL LOANS AND NOTES PAYABLES	14 038 809	12 776 002
CASH AND CASH EQUIVALENT	(1 408 948)	(1 179 275)
LETTERS OF CREDIT MARGIN	(201 103)	(148 241)
LETTERS OF GUARANTEE MARGIN	(136 440)	(216 535)
NET DEBT	12 292 318	11 231 951
SHAREHOLDERS' EQUITY	3 782 833	3 983 845
NET DEBT TO EQUITY RATIO	3.25	2.82

24. LOANS, BORROWINGS AND OVERDRAFTS

December 31, 2019	CURRENT PORTION	LONG-TERM PORTION	TOTAL
BANKS OVERDRAFT	8 910 667	27 737	8 938 404
LOANS	1 750 355	2 974 356	4 724 711
TOTAL	10 661 022	3 002 093	13 663 115

December 31, 2018 Restated	CURRENT PORTION	LONG-TERM PORTION	TOTAL
BANKS OVERDRAFT	8 021 786	81 355	8 103 141
LOANS	1 229 998	3 089 532	4 319 530
TOTAL	9 251 784	3 170 887	12 422 671

A. Banks Overdraft

The average interest rate on the outstanding Egyptian Pounds and the US Dollars bank overdraft are 14.38% and 5% respectively.

The analysis of the loans and banks overdraft balances according to their maturity dates is as follows:

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
LESS THAN ONE YEAR	10 661 022	9 251 784
MORE THAN ONE YEAR AND LESS THAN FIVE YEARS	3 002 093	3 170 887
	13 663 115	12 422 671

25. TRADE PAYABLES AND OTHER CREDIT BALANCES

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
TRADE PAYABLES	1 291 729	1 340 371
OTHER CREDIT BALANCES	280 446	174 402
ADVANCES FROM CUSTOMERS	360 840	385 160
TAX AUTHORITY	30 798	33 555
ACCRUED EXPENSES	335 253	327 599
NOTES PAYABLES	375 694	353 331
DIVIDENDS PAYABLE	37 440	18 163
DEFERRED REVENUES	39 983	39 170
	2 752 183	2 671 751

26. PROVISIONS

26. PROVISIONS	LEGAL CLAIMS	WARRANTY PROVISIONS	OTHER PROVISIONS	TOTAL
BALANCE AT JANUARY 1, 2019	5 387	77 115	186 197	268 699
PROVISIONS FORMED DURING THE YEAR	829	73 213	186 732	260 773
PROVISIONS UTILIZED DURING THE YEAR	(40)	(19 568)	(128 327)	(147 935)
PROVISIONS NO LONGER REQUIRED	-	(32 291)	(118 917)	(151 208)
EFFECT OF MOVEMENT OF EXCHANGE RATES	(63)		(470)	(532)
BALANCE AT DECEMBER 31, 2019	6 113	98 469	125 216	229 797
BALANCE AT JANUARY 1, 2018	7 084	108 844	167 834	283 762
PROVISIONS FORMED DURING THE YEAR	4 574	24 965	55 281	84 820
PROVISIONS UTILIZED DURING THE YEAR	(705)	(9 159)	(30 272)	(40 136)
PROVISIONS NO LONGER REQUIRED	(5 495)	(47 535)	(6 639)	(59 669)
EFFECT OF MOVEMENT OF EXCHANGE RATES	(71)		(7)	(78)
BALANCE AT DECEMBER 31, 2018 RESTATED	5 387	77 115	186 197	268 699

Legal claims

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group, and management opinion, after taking appropriate legal advice, that the outcome of these legal claims will not exceed significantly the provision formed as at December 31, 2019.

Warranty Provision

The Group provides warranty on its products and guarantees to either fix or replace the products that are not working properly, and the Group has estimated its warranty provisions to be EGP 98 469 at the end of the year for expected warranty claims in the light of management experience for repair and returns level in previous years.

The warranty provision includes a long term provision amounted EGP 4 168(December 31, 2018 restated EGP 15 159).

Other Provisions

Other provisions are related to claims expected to be made by a third party in connection with the Group operations. The information usually required by accounting standards is not disclosed because the management believes that to do so would seriously affects the outcome of the negotiation with that third party. These provisions are reviewed by management yearly and adjusted based on latest developments, discussions and agreements with the third party.

27. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rates risk, price risk, cash flows and fair value interest rate risk), credit risk and liquidity risk.

The Group's efforts are addressed to minimize potential adverse effects of such risks on the Group's financial performance

Market risk

1. Foreign Currency Exchange Rate Risk:

The Group is exposed to foreign exchange rate risk arising from various currency exposures, primarily with respect to the US Dollar and Euro. Foreign exchange rate risk arises from future commercial transaction, assets and liabilities in foreign currency outstanding at the consolidated balance sheet date, and also, net investments in foreign entity.

The below table shows the exposures of foreign currencies at the consolidated balance sheet date, presented in EGP, as follows: The Group's efforts are addressed to minimize potential adverse effects of such risks on the Group's financial performance

	December 31, 2019			December 31, 2018	
	ASSETS	LIABILITIES	NET	NET	
US DOLLARS	635 092	(1 349 444)	(714 352)	(206 053)	
EUROS	826 085	(1 370 528)	(544 443)	19 505	
OTHER CURRENCIES	3 436	(129 861)	(126 425)	149 140	

2. Price Risk:

The Group has no investments in a quoted equity security so it's not exposed to the fair value risk due to changes in prices.

3. Cash Flows and Fair Value Interest Rate Risk:

The Group's interest rate risk arises from long-term loans. Long-term loans issued at variable rates expose the Group to cash flow interest rate risk. Long-term borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Loans, borrowings and overdrafts at the balance sheet date with variable interest rates are amounted to EGP 13 663 115 as at December 31,2019 (EGP 12 422 671 as at December 31, 2018 restated).

Financial assets that carry fixed interest rates are amounted to EGP 92 289 as at December 31, 2019 (EGP 97 693 as at December 31, 2018 Restated).

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
TIME DEPOSITS (USD)	69 612	78 750
TIME DEPOSITS (EGP)	22 677	18 943
	92 289	97 693

a. Credit Risk

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as credit exposures to wholesalers and retail customers, including outstanding accounts and notes receivables.

For banks, the Group is dealing with the banks which have a high independent rating and banks with a good solvency in the absence of an independent credit rating.

For suppliers and wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account their financial position, past experience and other factors.

For individuals the legal arrangements and documents accepted by the customer are minimizing the credit risk to its lowest level. Provisions are accounted for doubtful debts on an individual basis.

The ratio of allowance for impairment of accounts and notes receivables to the total debts is as following:

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
NOTES AND ACCOUNTS RECEIVABLES	12 572 008	13 839 615
IMPAIRMENT OF ACCOUNTS AND NOTES RECEIVABLE BALANCES	(442 829)	(427 604)
THE RATIO OF THE ALLOWANCE TO TOTAL ACCOUNTS AND NOTES RECEIVABLE	3.5%	%3.1

b. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group's management aims at maintaining flexibility in funding by keeping committed credit lines available.

Fair value estimation

The fair value of financial assets or liabilities with maturity dates less than one year is assumed to approximate their carrying value less any estimated credit adjustments. The fair value of financial liabilities – for disclosure purposes – is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For the fair value of financial instruments that are not traded in an active market, The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the financial instruments or similar instruments are used for long-term debt.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. At the balance sheet date, the fair value of non-current liabilities does not significantly differ from their carrying amount, as the interest rates do not significantly differ.

28. INVESTMENT IN SUBSIDIARY COMPANIES

The consolidated financial statements for GB Auto "S.A.E.", include the financial statements of the following subsidiaries:

Percentage of Ownership

COMPANIES	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
RG INVESTMENT "S.A.E."	99.99%	99.99%
INTERNATIONAL TRADE AGENCIES AND MARKETING CO. (ITAMCO) "S.A.E."	99.449%	99.449%
EGYPTIAN VEHICLES MANUFACTURING CO. (GHABBOUR EGYPT) "S.A.E."	99.528%	99.528%
GHABBOUR CONTINENTAL TRADING CO. (GCT) -ALEX "S.A.E."	100%	100%
GB POLO BUSES MANUFACTURING "S.A.E."	80%	80%
HARAM TRANSPORTATION CO. "S.A.E."	99%	99%
GB COMPANY FOR FINANCIAL LEASE "S.A.E."	100%	100%
HARAM FOR TRANSPIRATION TOURISM "S.A.E."	100%	100%
GB ALLAB COMPANY	66.20%	66.20%
MASTERS AUTOMOTIVE COMPANY "S.A.E."	75%	75%
MICROFINANCE CONSULTANCY SERVICES (MASHRO'EY)	65%	65%
ALMAJMOA ALALAMIA; LITIJARET ALSAIARAT (GK)	50%	50%
GB LOGISTICS "S.A.E."	99.98%	99.98%
GB CAPITAL HOLDING FOR FINANCIAL INVESTMENTS "S.A.E."	99%	99%
GULF COMPANY	100%	100%
DRIVE AUTOMOTIVE "S.A.E."	100%	90%
DRIVE FINANCE "S.A.E."	100%	76%

GHABBOUR AL QALAM	68%	68%
GB GLOBAL COMPANY	100%	100%
GBR COMPANY	54%	54%
GBR SERVICES COMPANY	48.80%	48.80%
EGYPT AUTO MALL COMPANY FOR USED CAR "S.A.E."	99%	99%
GB EL BOSTAN	60%	60%
GHABBOUR GENERAL TRADE	25%	25%
EGYPT TIRES MARKET "S.A.E."	90%	90%
PAN AFRICAN EGYPT COMPANY FOR OIL "S.A.E."	100%	100%
TIRES & MORE COMPANY FOR CAR SERVICES "S.A.E."	100%	100%
SUEZ CANAL LOGISTIC SERVICES CO. "S.A.E."	100%	100%
GB AUTOMOTIVE MANUFACTURING CO. "S.A.E."	100%	100%
READY PARTS FOR AUTOMOTIVE SPARE PARTS "S.A.E."	100%	100%
GB LIGHT TRANSPORT MANUFACTURING COMPANY (GB LTMC) "S.A.E."	100%	100%
GB FOR IMPORT & EXPORT	100%	
TASAHEEL MICROFINANCE COMPANY ((TASAHEEL)) "S.A.E."	65%	65%
GB FOR HEAVY TRUCK AND CONSTRUCTION EQUIPMENT TRADING "S.A.	100%	100%
GB FOR WATER AND ENVIRONMENT TECHNOLOGY. "S.A.E."	100%	100%
ENGINEERING COMPANY FOR TRANSPORTATION MAINTENANCE EL MIKANEEKY	65%	65%
EGYPTIAN INTERNATIONAL MAINTENANCE AND CARS MANUFACTURING COMPANY EIAC "S.A.E."	100%	100%

GB FINANCE S.A.R.L.	100%	100%
MNT FOR SME DEVELOPMENT "S.A.E."	53.33%	53.33%
BBAL BLUE BAY AUTO LOAN INVESTMENTS CYPRUS LTD	100%	100%
SALEXIA L.T.D. TRADING (CYPRUS)	100%	100%
MNT INVESTMENT B.V. (NETHERLAND)	53.33%	53.33%
GB CAPITAL SECURITIZATION S.A.E.	100%	100%
RASSEDY S.A.E.	57%	57%
GB REAL ESTATE MORTGAGE FINANCE B.V.	100%	
GB FOR IMPORT &EXPORT	100%	
GB REAL ESTATE BV	100%	
TRANSPORT VEHICLE DISTRIBUTION TVD S.A.E.	51%	
AUTOMOBILK S.A.E	75%	
GB FINANCE LEASE BV	100%	
GB MICROCREDIT BV	100%	
GB OPERATIONAL LEASE BV	100%	
GB CONSUMER FINANCE BV	100%	
RASSEDY FOR COLLECTION S.A.E	41.25%	

29. CAPITAL COMMITMENTS

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 205 680 (EGP 122 452 as at December 31, 2018 restated) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

30. CONTINGENT LIABILITIES

There are contingent liabilities on the Group represented in letters of guarantee. The balance of the letters of guarantee granted by the Group in Egyptian Pounds and foreign currencies through its regular business, presented in EGP are as follows:

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
USD	2 455 842	1 984 048
EGP	180 672	172 132
JAPANESE YEN	22 821	1 556
EURO	24 744	4 174

(In the notes all amounts are shown in Thousand Egyptian

Pounds unless otherwise stated

126

31. RELATED PARTY TRANSACTIONS

The subsidiaries have current accounts with related parties which include all payments made on behalf of or through the subsidiaries. The subsidiaries collect and pay these amounts regularly. Balances due from and to related parties are as follows:

DUE FROM RELATED PARTIES	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
GB FOR IMPORT AND EXPORT	-	489
ITAMCO AGRICULTURE DEVELOPMENT		5 013
EL BOSTAN HOLDING	68 307	76 198
SARL SIPAC – ALGERIA	13 627	15 267
ALGEMATCO – ALGERIA	28 608	16 603
HALAN FOR INFORMATION TECHNOLOGY	70 144	
KASSED SHAREHOLDERS' CURRENT ACCOUNT	11 153	82 778
EL QALAM SHAREHOLDERS' CURRENT ACCOUNT	108 928	33 594
AFF.COCUR.ACCGB PRODUCE	-	4 000
TOTAL	300 767	233 942
IMPAIRMENT OF DUE FROM RELATED PARTIES	(28 565)	(31 923)
	272 202	202 019

DUE TO RELATED PARTIES	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
MARCO POLO COMPANY	61 227	65 669
EQI	761	761
AL WATANIA FOR CAR ACCESSORIES AND SPARE PARTS	6 135	6 204
AL WATANIA FOR TIRES IMPORT		1 111
ITAMCO FOR IMPORT AND EXPORT		1 286
HALAN FOR INFORMATION TECHNOLOGY		7 887
GAYA	5 090	11 875
WAHDAN COMPANY	68	68
EL GHALBAN COMPANY	362	
TOTAL	73 643	94 861

(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated

128

TRANSACTION AMOUNT

RELATED PARTY NAME	RELATION TYPE	TRANSACTION NATURE	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
EXECUTIVE BOD	Board of Directors	Management Salaries	78 637	44 078
EQI	Shareholder in one of the subsidiaries	Dividends		39
GB FOR IMPORT AND EXPORT	Related Party	Cash transfer		(6 481)
AL WATANIA FOR VEHICLES ACCESSORIES AND SPARE PARTS	Related Party	Cash transfer	(1 955)	(670)
SARL SIPAC - ALGERIA	Related Party	Foreign Currency translation difference	(1 656)	(382)
KASSED SHAREHOLDERS' CURRENT ACCOUNT	Shareholder in one of the subsidiaries	Cash transfer/Sales	(1 650) / (69 997)	(1 771) / 78 883
ITAMCO AGRICULTURE	Related Party	Cash transfers	(4 997)	2 966
EL QALAM SHAREHOLDERS' CURRENT ACCOUNT	Shareholder in one of the subsidiaries	Sales/Services	(81 806) / 6 472	10 669 / 6 000
MARCO POLO COMPANY	Shareholder in one of the subsidiaries	Cash Transfers	4 442	(4 369)
ITAMCO FOR IMPORT AND EXPORT	Related Party	Cash Transfers	(1 286)	5
WATANIA COMPANY FOR TIRES IMPORT	Related Party	Cash Transfers	(1 111)	31
ALGEMATCO – ALGERIA	Shareholder in one of the subsidiaries	Cash Transfers	(12 005)	(350)
BLUE BAY FOR MANAGEMENT	Shareholder in one of the subsidiaries	Cash Transfers		(12 000)
BOSTAN HOLDING	Related Party	Foreign Currency translation difference	(7 891)	806
GB PRODUCE	Related Party	Cash transfers	(4000)	4 000
HALAN FOR INFORMATION TECHNOLOGY	Related Party	Cash transfers	(70 144)	(7 887)
GAYA	Shareholder in one of the subsidiaries	Cash transfers	6 785	(11 875)
EL GHALBAN	Shareholder in one of the subsidiaries	Cash transfers	362	
WAHDAN COMPANY	Shareholder in one of the subsidiaries	Cash transfers		(68)

32. INVESTMENT IN ASSOCIATES

	CONTRIBUTION PERCENTAGE	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
HALAN FOR INFORMATION TECHNOLOGY	3.5%	8 034	8 034
BEDAIA FOR REAL ESTATE FINANCING	33.33%	50 000	
		58 034	8 034

33. INCOME AS PER EXPENSE NATURE

	DECEMBER 31, 2019	DECEMBER 31, 2018 RESTATED
SALES	25 398 046	25 621 245
COGS	(21 582 070)	(21 973 811)
GROSS PROFIT	3 815 976	3 647 434
OTHER INCOME	157 544	158 921
PROVISIONS NO LONGER REQUIRED	189 779	98 471
INTEREST INCOME	105 047	152 523
INSTALLMENT SALES INTEREST	7 749	19 469
BANK CHARGE	(103 811)	(59 224)
INTEREST EXPENSE	(1 358 144)	(1 306 387)
SALARIES & BENEFITS	(1 135 518)	(817 751)
ADVERTISING & MARKETING	(221 903)	(229 347)
RENTS	(147 548)	(119 732)
NET GAIN/LOSSES FOREIGN EXCHANGE TRANSACTION	182 141	(29 972)
PROVISIONS FORMED	(496 139)	(157 624)
DEPRECIATION AND AMORTIZATION	(124 358)	(112 767)

CONSULTING	(35 806)	(29 149)
TRANSPORTATION	(66 275)	(43 785)
VEHICLES EXPENSE	(42 616)	(45 187)
GOVERNMENTAL FEES & STAMPS	(47 312)	(30 539)
IT, NETWORK & PCS	(55 532)	(43 237)
OTHER EXPENSES	(77 995)	(41 818)
INSURANCE	(17 483)	(10 985)
SECURITY EXPENSE	(21 218)	(15 545)
REPAIR/MAINTENANCE EXPENSES	(1 569)	(1 171)
ADMINISTRATION SUPPLIES	(36 992)	(31 713)
UTILITIES	(26 024)	(20 536)
PUBLIC RELATIONS	(68 216)	(29 776)
MEDICAL FUND	(49 950)	(34 842)
FREIGHT	(7 891)	(12 429)
NET PROFIT FOR THE YEAR BEFORE INCOME TAX	315 936	853 301

34. THE FINANCIAL IMPACT FOR IMPLEMENTING EAS (49) - LEASE CONTRACTS

The Company's opening restated consolidated statement of financial position as of December 31, 2018 has been prepared (date of transformation), after making the necessary amendments to switch from Egyptian Accounting Standard EAS 20 related to Finance Lease Rules and Standards to EAS 49 Lease contracts. These adjustments include adjustments on restated equity as at December 31 2018, as at restated December 31 2018, as well as adjustments on the consolidated income and consolidated comprehensive income for the financial Year ended December 30, 2018, as follows:

Assets: Non-current assets	NOTE NO.	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.20	FINANCIAL EFFECT	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.49
PROPERTY, PLANT, EQUIPMENT AND PROJECTS UNDER CONSTRUCTION (NET)	(15)	6 271 129	(2 431 964)	3 839 165
INTANGIBLE ASSETS AND GOODWILL	(16)	430 155		430 155
PAYMENTS UNDER INVESTMENTS		1 000		1 000
INVESTMENT IN ASSOSIATE		8 034		8 034
NOTES RECEIVABLES (NET)	(11)	1 548 842	1 967 944	3 516 786
DEFERRED TAX ASSETS	(9-B)	282 584	173 098	455 682
INVESTMENT PROPERTY	17	90 905		90 905
TOTAL NON-CURRENT ASSETS		8 632 649	(290 922)	8 341 727
Current assets INVENTORIES (NET)	(10)	4 820 828		4 820 828
ACCOUNTS AND NOTES RECEIVABLES (NET)	(12)	4 610 991	718 002	5 328 993
DEBTORS AND OTHER DEBIT BALANCES (NET)	(13)	1 625 165	19 944	1 645 109
DUE FROM RELATED PARTIES	(31)	202 019		202 019
CASH ON HAND AND AT BANKS	(14)	1 179 275		1 179 275
TOTAL CURRENT ASSETS		12 438 278	737 946	13 176 224
TOTAL ASSETS		21 070 927	447 024	21 517 951

Equity:	NOTE NO.	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.20	FINANCIAL EFFECT	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.49
ISSUED AND PAID IN CAPITAL	(18)	1 094 010		1 094 010
LEGAL RESERVE	(20)	331 529		331 529
OTHER RESERVES	(21)	2 490 733		2 490 733
CARRY FORWARD LOSSES		(512 319)	35 059	(477 260)
NET PROFIT FOR THE YEAR		515 710	29 123	544 833
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		3 919 663	64 182	3 983 845
NON-CONTROLLING INTERESTS	(22)	1 290 717	12 645	1 303 362
TOTAL EQUITY		5 210 380	76 827	5 287 207
Liabilities: Non-current liabilities				
LOANS	(24)	3 170 887		3 170 887
NOTES PAYABLES AND CREDITORS			301 151	301 151
WARRANTY PROVISIONS	(26)	15 159		15 159
DEFERRED REVENUES		54 321	(54 321)	
DEFERRED TAX LIABILITIES	(9-B)	155 399	177 027	332 426
TOTAL NON-CURRENT LIABILITIES		3 395 766	423 857	3 819 623

136

(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated

Current liabilities	NOTE NO.	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.20	FINANCIAL EFFECT	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.49
PROVISIONS	(26)	253 540	-	253 540
CURRENT TAX LIABILITIES	(9-A)	131 690	7 495	139 185
LOANS, BORROWINGS AND OVERDRAFTS	(24)	9 251 784	-	9 251 784
DUE TO RELATED PARTIES	(31)	94 861	-	94 861
TRADE PAYABLES AND OTHER CREDIT BALANCES	(25)	2 732 906	(61 155)	2 671 751
TOTAL CURRENT LIABILITIES		12 464 781	(53 660)	12 411 121
TOTAL LIABILITIES		15 860 547	370 197	16 230 744
TOTAL EQUITY AND LIABILITIES		21 070 927	447 024	21 517 951

(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated

138

34-2. ADJUSTMENT ON YEARIC CONSOLIDATED INCOME STATEMENT AS OF 31 DECEMBER 2018

(All amounts in thousand Egyptian Pound)

(All diffounds in thousand Egyptian Found)	NOTE NO.	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.20	FINANCIAL EFFECT	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.49
SALES		25 811 964	(190 719)	25 621 245
COST OF SALES		(22 248 011)	274 200	(21 973 811)
GROSS PROFIT		3 563 953	83 481	3 647 434
OTHER INCOME		173 107	(14 186)	158 921
SELLING AND MARKETING EXPENSES		(908 624)	119 580	(789 044)
GENERAL AND ADMINISTRATIVE EXPENSES		(793 878)	(87 388)	(881 266)
PROVISIONS AND IMPAIRMENT OF CURRENT AND NON-CURRENT ASSETS (NET)		(59 153)		(59 153)
OPERATING RESULTS		1 975 405	101 487	2 076 892
FINANCE COSTS (NET)	(6)	(1 187 257)	(36 334)	(1 223 591)
NET PROFIT FOR THE YEAR BEFORE INCOME TAX		788 148	65 153	853 301
INCOME TAX EXPENSE		(151 414)	(29 574)	(180 988)
NET PROFIT FOR THE YEAR		636 734	35 579	672 313
Attributable to:				
OWNERS OF THE COMPANY		515 710	29 123	544 833
NON-CONTROLLING INTERESTS		121 024	6 456	127 480
		636 734	35 579	672 313
BASIC EARNINGS / (LOSS) PER SHARE/ EGP	(8)	0.471		0.498

34-3. ADJUSTMENT ON CONSOLIDATED COMPREHNSIVE INCOME AS OF 31 DECEMBER 2018

(All amounts in thousand Egyptian Pound)

	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.20	FINANCIAL EFFECT	ACCORDING TO EGYPTIAN ACCOUNTING STANDARD NO.49
NET PROFIT FOR THE YEAR BEFORE INCOME TAX	636 734	35 579	672 313
Other comprehensive income items			
FOREIGN CURRENCY TRANSLATION DIFFERENCE	53 545		53 54
MODIFICATION SURPLUS OF FIXED ASSETS RESULT	(25 684)		(25 684)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR BEFORE INCOME TAX	27 861		27 861
INCOME TAX RELATED TO OTHER COMPREHENSIVE INCOME ITEM	8 755		8 755
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER INCOME TAX	36 616	-	36 616
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	673 350	35 579	708 929
Other comprehensive income is attributable to:			
OWNERS OF THE COMPANY	543 475	29 122	572 597
NON-CONTROLLING INTERESTS	129 875	6 457	136 332
	673 350	35 579	708 929

35. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are summarized below:

A. BUSINESS COMBINATION

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase recognized in profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognised in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

1) Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2) Non-controlling interests

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4) Transaction elimination on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. FOREIGN CURRENCY

1) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

2) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C. DISCONTINUED OPERATION

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

D. REVENUE

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contractual obligations have been met. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1) Sales - wholesale and showrooms

Sales of goods are recognised when a Group entity has delivered products to the wholesaler, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the Group entity warehouse or in the wholesalers' locations depending on the agreements. Accordingly, the risks and benefits have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied

No element of financing is deemed present as the sales are made on a short credit term basis.

2) Sales - retail and Companies

The Group operates a chain of showrooms for selling, and sales of goods are recognised when a Group entity has delivered

Installment sales revenues are those that require the payment of the value in installments that are charged at sale price excluding interest as revenues on the sales date. The selling price is the present value of the installments and is determined by discounting the value of the installments due using the interest rate applicable. The deferred interest income is charged as a revenue when due and on the basis of the matching principle, taking into account the applied interest rate on the transaction.

3) Sales of services - maintenance

The Group's entities provide maintenance service that measure on basis of labour hours and spare parts. The revenue from maintenance service is recognised when the service is done.

4) Revenue from finance lease contracts

Finance income is recognized over the period of the lease contract, based on a pattern that reflects a constant periodic rate of return on the lessor's net investment in the lease contract. The lessor must distribute the finance income over the period of the lease contract on a regular and reasonable basis. The lessor must apply the lease payments for the period against the total investment in the lease contract to reduce both the principal amount and the unrealized finance income.

5) Revenue from operating lease

Lease payments from operating leases are recognized as income either on a straight-line basis or on any other regular basis. The lessor must apply another regular basis if the basis more expresses the pattern in which the use of the underlying asset decreases.

6) Interest income

Interest income is recognized on a time proportion basis, as it accrues using the effective interest rate method. When an impairment exists in the debit balances resulting from recognizing the interest, hence the book value is reduced to the value expected to be collected.

7) Dividend income

Dividend income is recognised when the right to receive payment is established.

E. EMPLOYEE BENEFIT

1) Short - term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2) Share – based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3) Define contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The Group's commitment is limited to the value of their contribution. And the Group's contribution amount expensed in profits and losses according to accrual basis.

4) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted - before tax – to reflect the time value of money.

F. FINANCE INCOME AND FINANCE COSTS

The Group's finance income and finance costs include:

- interest income.
- interest expense.
- Foreign currency gains or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

G. INCOME TAX

The recognition of the current tax and deferred tax as income or expense in the profit or loss for the period, except in cases in which the tax comes from process or event recognized - at the same time or in a different period - outside profit or loss, whether in other comprehensive income or in equity directly or business combination.

1) Current income tax

The recognition of the current tax for the current period and prior periods and that have not been paid as a liability, but if the taxes have already been paid in the current period and prior periods in excess of the value payable for these periods, this increase is recognized as an asset. The taxable current liabilities (assets) for the current period and prior periods measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to issue in the end of the financial period. Dividends are subject to tax as part of the current tax. But do not be offset for tax assets and liabilities only when certain conditions are met.

2) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- a. Taxable temporary differences arising on the initial recognition of goodwill.,
- b. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
 - 1) business combination
 - 2) And not affects neither accounting nor taxable profit or loss.
- c. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

H. INVENTORIES

Inventories are valued at cost or net realisable value whichever is lower. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate share of production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

I. PROPERTY. PLANT AND EQUIPMENT

1) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The modified cost model was adopted which the cost and accumulated depreciation for some categories of fixed assets (Machinery and equipment, Vehicles, Furniture and office equipment, Tools and supplies) are modified using modification factors stated in annex (A) of EAS no. (13). The increase of net fixed assets which are qualified to modification, were recognized in other comprehensive income items and was presented as a separate item in equity under the name of "modification surplus of fixed assets". The realized portion of modification surplus of fixed assets is transferred to retained earnings or losses in case of disposal or abandonment of the asset which qualified for modification or usage (depreciation difference resulting from the adoption of the special accounting treatment).

2) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group

3) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight-line method) over their estimated useful lives for each item, and is generally recognised in profit or loss.

Land is not depreciated. Estimated depreciation rates for each type of assets for current and comparative periods are as follow:

ASSET	DEPRECIATION RATE
BUILDINGS	2% - 4%
MACHINERY & EQUIPMENT	10% - 20%
VEHICLES	20% - 25%
FIXTURES & OFFICE FURNITURE	6% 33%
IT INFRASTRUCTURES & COMPUTERS	25%
LEASEHOLD IMPROVEMENTS	20% - or lease period whichever is less

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4) Reclassification to investment property

The reclassification of assets to investment property when the use of a property changes from owner-occupied to investment property

5) Project under construction

The projects under construction recognized at cost. All expenses related to cost includes direct and necessary to prepare the asset to the state that is ready to use and in the purpose for which it was acquired for. The asset transferred from projects under construction to fixed assets when it is completed and ready to use.

J. INTANGIBLE ASSETS AND GOODWILL

1) Recognition and measurement

I. Goodwill:

Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

II. Other intangible assets:

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

III. Computer software

Costs associated with developing or maintenance of computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate future economic benefits beyond one year, are recognised as intangible assets.

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Expenditure to acquire computer software is capitalized and included as an intangible asset. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives and not exceeding a year of 3 years.

IV. Knowhow

The amounts paid against knowhow are recognized as intangible assets in case of knowhow have a finite useful life and amortized over their estimated useful lives.

2) Subsequent expenditure

Subsequent expenditure is capitalised only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3) Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the (straight-line method) over their estimated useful lives, and is generally recognised in profit or loss.

Goodwill is not amortised.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

K. INVESTMENT PROPERTY

Investment property is property held by the Group for rental or rise in value, or both and initially measured at cost and subsequently at cost less accumulated depreciation and impairment, and recognize in profit and loss the depreciation expenses and impairment losses.

The depreciation of investment property calculated using (straight-line method) over their estimated useful lives for each type of investment property, land is not depreciated. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

L. ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for- sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for- distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

M. FINANCIAL INSTRUMENTS

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

1) Non-derivative financial assets and financial liabilities – Recognition and de-recognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2) Non-derivative financial assets - Measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held- for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instrument are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

3) Non-derivative financial liabilities - Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

N. SHARE CAPITAL

1) Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

2) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

O. IMPAIRMENT

1) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity- accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- · Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers:
- The disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

1) Non-derivative financial assets

Financial assets measured at amortised cost

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses which have been recognized previously in OCI and the accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or Impairment loss.

losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

2) Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Iosses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed in the subsequent period. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) if no impairment loss had been recognised in previous periods.

P. PROVISIONS

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

1) Warranties

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

2) Legal Claims

The recognition of the provision for legal claims when there are legal claims against the Group and after receiving appropriate legal advice.

3) Other Provisions

Provisions are recognized when there are other expected claims from third parties with respect to the activities of the Group and, according to the latest developments and discussions and agreements with those parties.

Q. LEASES

1) Financial lease

For leases within the scope of Law 95 of 1995, lease costs including maintenance expense of leased assets are recognized in income statement in the period incurred. If the Company elects to exercise the purchase option on the leased asset, the option cost is capitalised as property, plant, and equipment and depreciated over their expected remaining useful lives on a basis consistent with similar assets.

Other finance leases that do not fall under the scope of Law 95 for 1995, or fall within the scope of Law 95 of 1995 but do not fall under the scope of EAS No.20 (Accounting Principles and Standards Attributable to Finance Lease). also in case the company will sale property, plant and equipment and leasing it back the asset is capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest charge on the outstanding finance cost balance. The finance lease obligations, net of finance charges, are classified as liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant rate of interest over the remaining balance of the liability for each period. Assets acquired under this type of finance lease are depreciated over the shorter of the useful life of the assets or the lease term.

Gains arising from the excess of the collected payments over the book value of the non-current assets that are being sold and leased back through finance leases are deferred and amortized over the lease term.

2) Operational lease

Lease payments under an operating lease, excluding any incentives received from the lessor over the contract period, shall be recognized as an expense charged to the statement of income for the year on a time pattern basis and accrued base.

R. SEGMENTAL REPORTS

A segment is a group of related assets and operations that are subject to risks and returns that are different from those of other sectors or within a single economic environment subjects to risks and returns that relate to it, other than those relate of segments operating in a different economic environment.

S. DIVIDENDS

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders.

T. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

U.

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

NEW OR AMENDED STANDARDS A SUMMARY OF THE MOST SIGNIFICANT AMENDMENTS THE POSSIBLE IMPACT ON THE FINANCIAL STATEMENTS DATE OF IMPLEMENTATION The new Egyptian Accounting 1. The new Egyptian Accounting Standard No. (47), "Financial The Management is currently assessing the This standard applies to financial periods beginning Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: potential impact of implementing the amendment of the standard on the financial statements. Standard No. (47) "Financial on or after January1st, 2020, and the early Instruments" implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the (1), (25), (26) and (40) are to be simultaneously paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according These ammendments are effective as of the date of to the choice of the enterprise. implementing Standard No. (47) 2. Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3. When measuring the impairment of financial assets, the Incurred Loss Model is replaced by the Expected Credit Loss (ECL)Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4. based on the requirements of this standard the following standards - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019] - Egyptian Accounting Standard No. (4) - "Statement of Cash - Egyptian Accounting Standard No. (25) - "Financial Instruments: - Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". 5. Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments:

NEW OR AMENDED STANDARDS	A SUMMARY OF THE MOST SIGNIFICANT AMENDMENTS	THE POSSIBLE IMPACT ON THE FINANCIAL STATEMENTS	DATE OF IMPLEMENTATION
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	 The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015. For revenue recognition, Control Model is used instead of Risk and Rewards Model. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met The standard requires that contract must have a commercial substance in order for revenue to be recognized Expanding in the presentation and disclosure requirements 	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts	 The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015 The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the Company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the Company's liabilities, taking into account that the lease contracts are not classified in respect of the lease as operating I or finance lease contracts. As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis. 	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.

156

(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated

NEW OR AMENDED STANDARDS	A SUMMARY OF THE MOST SIGNIFICANT AMENDMENTS	THE POSSIBLE IMPACT ON THE FINANCIAL STATEMENTS	DATE OF IMPLEMENTATION
Egyptian Accounting Standard No. (38)) as ammended " Employees Benefits "	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42)) as ammended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17)Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29)Business Combinations - ESA(30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the ammended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019
Issuance of Egyptian Accounting Interpretation No. (1)" Public Service Privileges Arrangements"	This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks, etc This interpretation gives the option of continuing to apply the prior treatment of public service privilages arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation" until their useful lives are expired.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Interpretation No. (1) applies to financial periods beginning on or after January 1st, 2019,
Egyptian Accounting Standard No. (22)) as ammended " Earnings per Share	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

158

(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated

NEW OR AMENDED STANDARDS	A SUMMARY OF THE MOST SIGNIFICANT AMENDMENTS	THE POSSIBLE IMPACT ON THE FINANCIAL STATEMENTS	DATE OF IMPLEMENTATION
Egyptian Accounting Standard No. (34)) as ammended " Real Estate Investment	The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model. while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets. Based on this amendment, the following standards were ammended: - Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation - Egyptian Accounting Standard No. (31) Impairment of Assets	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as ammended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

