



GHABBOUR AUTO

ANNUAL REPORT 2020

RESILIENCE

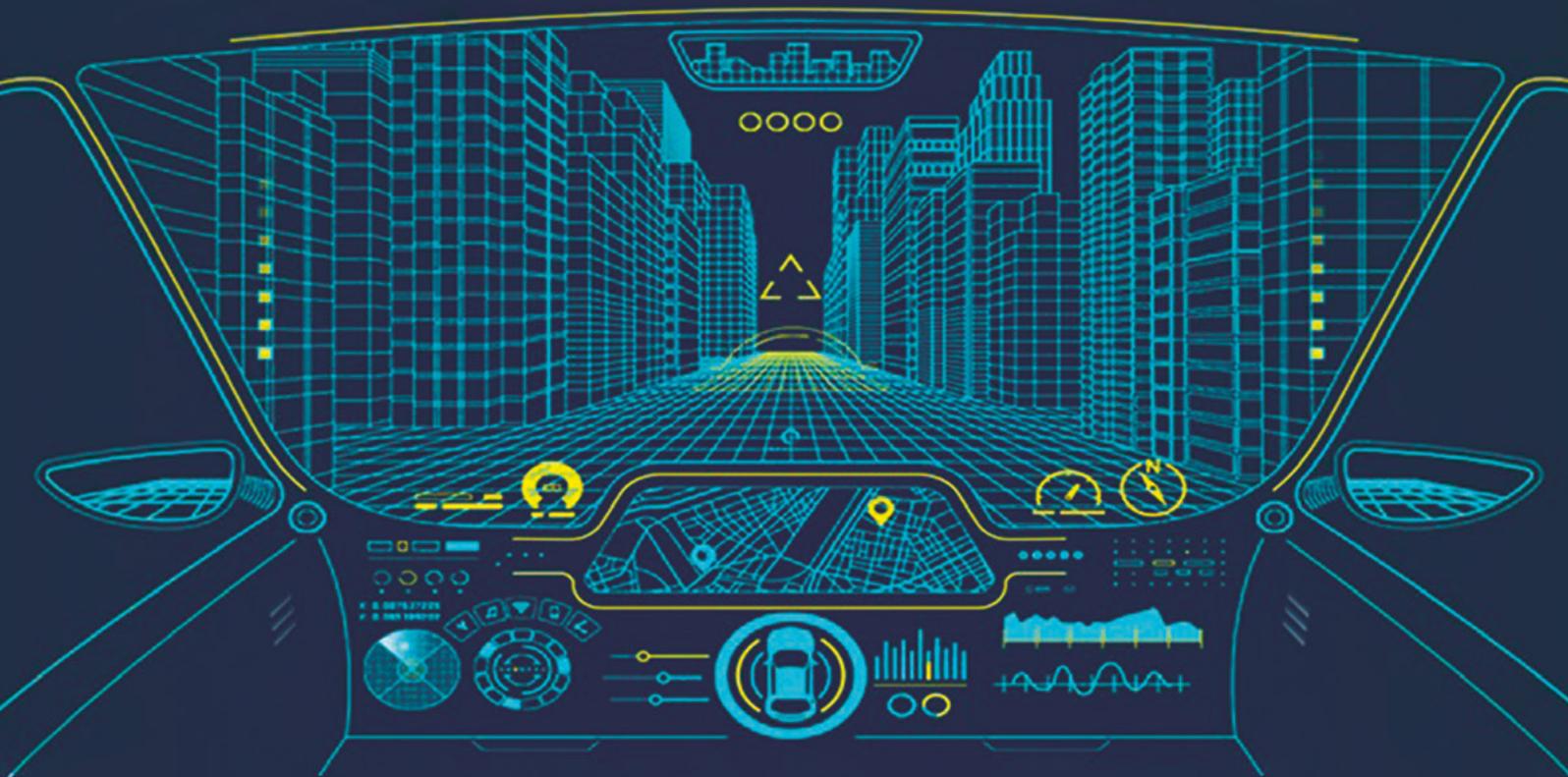


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Vision, Mission and Values



Vision

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



Mission

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.



Core Values

Leading with vision, agility and integrity

Leading by example, inspiration and Integrity

Results oriented for a sustainable Future

Developing organizational capabilities through continuous improvement

Our people our engine

Succeeding through the talent of people and synergy

Innovative Thinking

Creating sustainable future

Customer and Community Centric

Commitment to Excellence, Transparency



GB Auto

An Introduction

Our Company Overview

GB Auto (AUTO.CA on the Egyptian Exchange), is a leading automotive company in the Middle East and non-bank financial services provider in Egypt. The company operates under two distinct segments: 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.

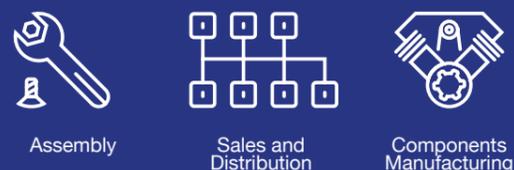
Head Office

Giza, Egypt

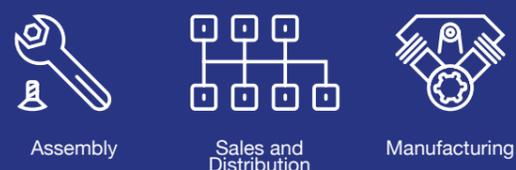
Egypt Passenger Cars



Egypt Motorcycles and Three Wheelers



Egypt CV and CE



Egypt Tires

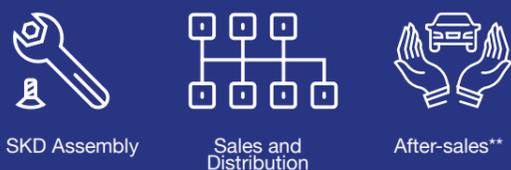


Egypt After-Sales

Passenger cars, CV&CE, Motorcycles & Three Wheelers



Regional



*: Sales and Distribution of Spare parts for passenger cars, two- and three-wheelers, and commercial vehicles
 **: After-sales services for passenger cars, CV&CE and two- and three-wheelers

**: After-sales services for passenger cars, two- and three-wheelers

GB Auto (Auto and 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 products in the Egyptian market. The company is also making a name for itself as a front-runner in the manufacturing and distribution of two- and three-wheelers, as well as Commercial Vehicles and Construction Equipment.

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

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

GB Auto's assembly operations include passenger cars, commercial vehicles, and motorcycles and three-wheelers.

GB Capital

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; Mashroey, which offers asset-based lending to microfinance eligible clients; Drive was licensed as a factoring company in 3Q12, and today extends its services to a well diversified client base, ranging from business- to-business (SMEs) to business- to-consumer (retail), which includes auto loans to end consumers. Haram Tourism Transport, 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.

Besides GB Capital has entered into two JV in 2019 to complement its portfolio of offerings: GB Capital's

The company also designs and manufactures complete buses, semi-trailers and superstructures in the Greater Cairo Area and facilities in the Suez Canal Area. In addition, manufacturing two- and three-wheeler 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.

We kicked off 2020 on a high note and on a path toward a strong rebound in our market, however, the momentum was cut short at the end of the quarter by unprecedented circumstances," said GB Auto Chairman Raouf Ghabbour. Like all businesses across Egypt, the automotive sector is being impacted by the Covid-19 outbreak, which began taking its toll on demand starting mid-March as consumers grapple with the uncertainties brought about by the pandemic.

mortgage finance venture Bedaya with Talaat Moustafa Group (TMG) and EFG Hermes. GB Auto, EFG Hermes also acquired majority stake in life insurance player Tokio Marine Egypt Family Takaful.

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, the backbone for the success of any financial institution are closely monitored, well-maintained and controlled within the group.

What We Do



Egypt Passenger Cars 33.0% 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

352,233 units assembled over the years

Brands: Hyundai, Mazda, Geely and Chery



Egypt Commercial Vehicles and Construction Equipment 3.3% Revenue Contribution

Assembly and distribution of trucks

Distribution of buses and bus body manufacturing through GB Polo

Manufacturing and distribution of superstructures and trailers

Distribution of construction and farming equipment

Brands: Marcopolo, Iveco, Volvo Truck & Volvo Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Aksa, Shacman, Higer



Egypt Motorcycles and Three-Wheelers 12.6% Revenue Contribution

Assembly, distribution and components manufacturing of motorcycles and three-wheelers (tuk-tuks)

Brands: Bajaj



Startups 3.0% Revenue Contribution

Parts and lubricants business, PAL, distributes Gazpromneft Lubricants

Fabrika is a pre-owned car sales and purchase operations

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

GB Logistics provides an excellent full-service logistic solutions that add value to our appreciated partners

Retail division 360 operates tire retail outlets

El Mikaneeky: is a trusted professional car servicing company that provides affordable solutions to the entire car market; with professionalism.

GB Ventures: is a focused entity that combines the automotive & financial know how of GB Auto aiming at empowering Egyptian startups

Market: Egypt

Companies: PAL, Fabrika, TVD, GB Logistics, 360, El Mikaneeky and GB Ventures



Egypt Tires 4.8% Revenue Contribution

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

Powerful dealer network

An Authorized Distributor of Goodyear Tires

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



Egypt After-Sales 4.7% Revenue Contribution

After-sales services and distribution of spare parts for passenger cars, 2&3 wheelers, tractors, and commercial vehicles

Constant and ongoing expansion of network and service center capacities



Iraq 15.7% Revenue Contribution

Partnership with SAIC Motor Middle East FZE to add MG brand to its brand portfolio to distribute CBU passenger car in Iraq

Operates after-sales service centers and distribution operations

Market: Iraq

Companies: Bajaj and MG



GB Capital 22.9% Revenue Contribution

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.

GB Lease S.A.E. has completed its fourth securitized bond offering in the amount of EGP 2,041 million. Proceeds from the transaction will be used to deleverage GB Lease's balance sheet to improve its liquidity position, create new borrowing limits with lender banks and support the company's future growth plans.

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

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.

Drive Receives Preliminary Approval from Egypt's Financial Regulatory Authority to launch consumer financing activities besides auto loans to widen and deepen GB Auto's exposure to various market segments.

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 term.

Market: Egypt

13 Years of Innovation Since IPO

Public Company 2007

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

Opportunity 2008

GB Auto establishes 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 2009

GB Auto establishes a joint a joint-venture trailer distributorship in Algeria

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

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

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

Collaboration 2010

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 2011

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 2012

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 launches two new after-sales facilities in Egypt, one in Assiut and one on the Cairo-Ismaliyya desert road

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

Corporation 2013

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

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

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

Distribution 2014

GB Auto wins 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 2015

GB Auto wins the FUSO award for the Best NV Fleet Volume and the Volvo bus award

GB Auto supplies public transport authority in Alexandria with 150 buses

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

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

Operations 2016

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

GB Auto wins the Volvo Bus Award of Excellence

GB Auto wins the Service advisor gold medal and the Service award in after-sales service

Structuring 2017

GB Auto adopts new disclosure structure in 2Q17, which separately reports GB Auto and Auto-Related and GB Capital. This facilitates more accurate valuations and reveal hidden value in the company's shares

GB Auto wins the Technical silver medal and the Service Award in after-sales service for Hyundai

Corporate Developments 2018

GB Auto wins Global Banking and 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 Ioniq hybrid car in Egypt

GB Auto wins the Volvo Bus Award for excellent performance

GB Auto wins 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 2019

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 and 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

Shareholders approves, at an Extraordinary General Assembly, a resolution that allows GB Auto to merge with R.G. Investments (RGI), the subsidiary that owns GB Capital.

2020 Highlights

AUTO & AUTO RELATED

Volvo trucks introduced the new FH with i-Save feature that will solve fuel efficiency to provide high productivity and ensure the cutting of the fuel cost up to 7%.

GB Auto is proudly announcing the partnership with Higer Bus Company Limited for exclusive representation in Egypt and local assembly of buses at GB Polo. Higer & GB Polo will drive the localization process of Electric, Diesel and CNG buses to contribute to the Public and Private transportation sectors. Higer's Fully Electric City bus is a stand-out in the Egyptian market for its environmental friendly features and for being equipped with Water-cooled batteries ensuring a long lifetime and better performance.

GB Auto and Goodyear sponsor Rally El Gouna

GB Auto Launches the New Chery Tiggo 7 1.5 Turbo 2020 which is among the list of Chery models assembled locally. Chery Egypt is proudly announcing the launch through the first ever Digital Live Launch event.

Goodyear Middle East and Africa Partners with GB Auto to become an Authorized Distributor and Sell Goodyear Tires in Egypt

GB Auto announces its new partnership with SAIC Motor Middle East FZE to add MG brand to its brand portfolio in Iraq

GB Auto contributes in TransMEA showcasing our luxurious portable sales offices bus for Talaat Mostafa and our new developed CNG Fuso Minibus

GB CAPITAL

Drive Receives Preliminary Approval approval from Egypt's Financial Regulatory Authority to launch consumer financing activities besides auto loans to widen and deepen GB Auto's exposure to various market segments.

GB Lease finalized its fourth securitized bond offering worth of EGP 2,041 million, it's largest to date.

GB Auto has acquired 20% in New City Housing and Development company for an amount of EGP 73 million.

GB Auto celebrates a collaboration between two leaders in their respective industries, Haram Tourism Trasnport and Coca Cola Egypt the largest quasi-operational lease contract in Egypt for 636 passenger cars.



CORPORATE HIGHLIGHTS

The Controller Area Network (CAN) is a serial bus communications protocol. it defines a standard for efficient and reliable communication between sensor, actuator, controller and other nodes in real-time applications. The early CAN development was mainly found in a variety of passenger cars, trucks, boats, spacecraft, and other types of vehicles.

GB Academy announces the launch of the CAN-BUS training.

GB Auto and GIZ (German International Cooperation) signed an agreement to create an Incubator to support innovative startups in the Automotive and Fintech sectors.

GB Auto is honored to partner with Nile University-Graduate Starter Pack (GSP) in their 1st online event-The Intern's Skillset, aimed to provide guidance to interns after the COVID-19 pandemic, tackling important business fundamentals to guide & nurture their careers. More than 100 interns attended the five live online sessions provided by GB Auto's experienced professionals.

GB Auto partners with Enactus Cairo univeristy to support their e-collect project.

Ghabbour Foundation celebrates the graduation of the first class of vocational trainees to graduate from Imbaba School which consider milestones to Ghabbour Foundation and GB Auto

H.E. Nivene Al Kabbag, Minister of Social Solidarity & Nasser Social Bank CEO, attended the protocol signing of the partnership agreement "Forset Al Omr" between GB Auto Group & Nasser Social Bank. This initiative serves as an opportunity to support higher & vocational education development within the Egyptian society and marks a new kind of academic collaboration in Egypt. The agreement targets 1000 fresh graduates, technicians and students with a total funding of nearly 30 million Egyptian pounds, to be trained by GB Academy & GB Foundation and funded by NSB with no interest or administration fees over a period of 3 years, while giving them an employment & installments opportunities within GB Auto.

GB Academy Automotive programs with the general regulations made pursuant to the "Industry Training" reflects updated standards based on the 2020 Automotive Service Technician National Occupational Analysis.

GB PowerGen division, wins a new project which is executing the repowering project of Sheraton Cairo hotel's power station that shows the technical and engineering inhouse capabilities of GB PowerGen team.

A Note from Our Chairman

Dear shareholders,

I am proud to present to you GB Auto's annual report for the year 2020. This unusual year brought on many challenges; the spread of COVID-19 shocked global economies and forced companies to revise their policies and practices to manage this new normal. Our performance this year at GB Auto reflected our resilience and preparedness as we quickly mitigated the impact of the pandemic on our people. We also put contingency plans in place to ensure business continuity and swiftly restore operations following lockdowns and partial shutdowns.

Further to the current global and local situation related to COVID-19, GB Auto has started implementing some decisions to preserve the health, safety and environment (HSE) of workers considering the current conditions that the world is witnessing to limit the spread of the coronavirus and take our precautionary measures to strictly minimize the daily physical presence of all people.

As you know, the impact of the virus outbreak continues to evolve rapidly across the world and in Egypt. Our key priority is to protect the health of all GB Auto stakeholders and their families and minimize the risk for the virus to spread in our locations.

In line with the practices implemented globally, we have put together a Crisis Management team, comprising of the Management Team and deputies from diverse functions. This team has been working together to continuously assess risks on our people and business continuity, so that respective mitigation plans are designed. At the same time, we have been in close contact with our medical department and business partners to cope with any issues and inquiries.

As we demonstrated in prior years, 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.

Our results in 2020 showcase the resilience of our business and the strength of our market position. Despite a turbulent first half of the year with nationwide lockdowns and restrictions, we managed to reap the rewards of a successful profitability strategy across our operations, which saw us deliver solid margins at our Auto and Auto-Related segment, and record GB Auto's strongest bottom-line to date.

In the Egyptian passenger car market, we witnessed a strong recovery in volumes on the back of normalizing market conditions, which unlocked pent-up demand across the segment. Moreover, an attractive interest rate environment driven by progressive rate cuts over the course of the year, encouraged consumers to seek out credit facilities. We expect that this momentum in demand will continue, barring any further material impact from COVID-19.

At our two and three-wheeler line of business, the market's strong fundamentals and income producing nature saw volumes grow by 32% on a full-year basis. Revenues from the LoB followed suit, increasing 40% for the full year. The LoB's performance was also supported by our successful price positioning strategy for motorcycles. We expect this growth to continue, particularly as consumer confidence continues to recover. Moreover, I would like to highlight that we anticipate even greater contributions from our motorcycles going forward, as they gradually bridge the gap with three-wheeler volume sales.

Meanwhile, in line with our expectations, the commercial vehicles LoB continues to lag behind due to severe pressure on the tourism sector, as well as the six-month suspension on construction licenses implemented in May. This impacted volumes across the board and saw revenues decline 45% in full-year terms.

We expect the LoB to remain pressured for the time being due to its prolonged business cycles and longer lead times. Ultimately, a recovery is dependent on the normalization of external market conditions, particularly in tourism. At

our tires division, harsh market conditions in the first half along with overstocked distributors in 1Q weighed on the LoB's revenue performance for the year. However, we are hopeful that the LoB's top line will gradually improve as markets and demand recover, especially with the recent addition of Goodyear to our brand portfolio.

Finally, at our regional operations, a complete lockdown in Iraq enforced between March and July, coupled with suboptimal oil prices and the devaluation of Iraqi Dinar towards the end of the year, hindered performance in 2020.

We do, however, hold an optimistic view on the newly launched MG brand in Iraq, and have confidence in its potential in the region going forward. Two and three-wheelers are also expected to remain on an upward trend. Overall, most lines of business across our Auto and Auto-Related segment saw significant improvements in their performance during 2020. I would also like to highlight, that despite the unprecedented challenges, we were able to efficiently manage our net working capital and maintain healthy debt levels, as well as capitalize on the progressive rate cuts over the course of the year. This allowed us to deliver profitability from the segment in 2020.

Moving on to GB Capital, we delivered a solid performance in 2020 on the back of resilient demand and strong market fundamentals. The segment recorded 19.7% growth on a full year basis. GB Capital's net profits increased by 2.7% in full year terms. The strong performance was driven by a number of milestones, including a two-billion-pound securitization by GB Lease, its largest to date. Haram Tourism also closed the largest operational lease contract in Egypt and finally, Drive concluded its second securitized bond offering of 892 million pounds, enabling us to further unlock value in this growing sector.

As a result of the CBE's moratorium, GB Capital adopted a conservative approach for provisions in 2020. However, recovering market conditions in the second half of the year saw our collections normalize to pre-COVID-19 levels, and management is optimistic that as this recovery continues, GB Capital will be in a position to gradually reverse these provisions over the course of 2021.

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 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, Executive Chairman



Market Introductions of New Models



Hyundai Elantra CN7



Hyundai Tucson TLe



Hyundai Accent RB



Hyundai Creta SU2



Mazda 3 AT



Chery Tiggo 7



Strategic Report

GB Auto Highlights of 2020



Market Leader
in financial leasing with
12% MARKET SHARE

80,000 UNITS
Passenger cars production
capacity



+352,233
Passenger cars produced in
Egypt



23,310.8 LE MN
Group Revenue

GROUP GROSS PROFIT



4,764.4 LE MN

20.4%
Profit Margin

2ND LARGEST
Factoring and
consumer
finance
company



+21,000
Employees

Representing
+20 GLOBAL BRANDS
In 2 countries



LARGEST NETWORK
and geographical footprint
both in **Egypt and Iraq**



2,576.8 LE MN
Group Operating
Profit



632.2 LE MN
GB Capital Net
Profit after minority



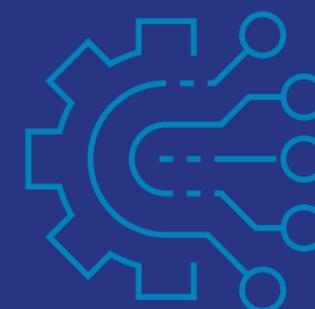
Hyundai secured 1st place in the Egyptian Automotive market and has been the market leader for 14 years in a row



Awarded the IATF Certificate for the assembly of light and medium trucks

GB Auto's strongest bottom-line performance to date

917.0 LE MN



16 LOB'S
Segregated into
7 AUTOMOTIVE AND 7 FINANCIAL

GB Auto Event Highlights of 2020



Goodyear Launch



Haram & Coca-Cola



Ghabbour Foundation



GB Auto Strategy Overview

Auto and Auto Related

Over the last twelve months, GB Auto continued to pursue expansion in Egypt and across other operations. Despite a turbulent first half of the year with nationwide lockdowns and restrictions, we managed to reap the rewards of a successful profitability strategy across our operations, which saw us deliver solid margins at our Auto and Auto-Related segment, and record GB Auto's strongest bottom-line to date.

The majority of our lines of business across our Auto and Auto-Related segment saw significant improvements in their performance during the final stretch of the year, reflecting the positive impact of a recovering market environment on our operations. Despite the unprecedented challenges, we were able to efficiently manage our net working capital and maintain healthy debt levels, as well as capitalize on the progressive rate cuts over the course of the year. This allowed us to deliver a profitable performance at our Auto and Auto-Related segment in 2020.

At our Auto and Auto-Related segment, we look forward to continue capitalizing on recovering market conditions and rising consumer demand for GB Auto's products to bolster our performance going forward. To that end, we anticipate a growing impact of our recent Hyundai launches and will continue identifying opportunities where we can unlock additional value across our Passenger Car LoB. Moreover, GB Auto stands to benefit from the government's national program to replace car engines powered by traditional fuels with dual-fuel engines that run on both gasoline and natural gas. We currently have two models ready in our pipeline with dual-fuel to offer to our customers, the Elantra HD and Accent RB. At our Two and Three-Wheelers business, we are optimistic about its continued growth trajectory on the back of its resilient demand and income producing nature. Additionally, motorcycle volume performance has become nearly parallel with three-wheelers, and is anticipated to generate greater contributions towards the LoB's top line going forward. Finally, as global tourism gradually recovers with

the rollout of the COVID-19 vaccines, we are anticipating an improved performance from our Commercial Vehicles and Construction Equipment business.

At GB Auto, we are implementing a set of measures to protect the health and safety of our employees as well as ensuring business continuity while managing associated risks. Across our facilities and showrooms, we have put in place strict hygiene and sanitation protocols, rolled out occupancy limits and work-from-home policies to maintain adequate social distancing, and are supporting our employees with lenient sick-leave policies to encourage self-isolation and limit the risk of infection. Meanwhile on the business continuity front, we are monitoring inventory levels versus demand across our network to efficiently plan for future orders; are closely managing our working capital cycle and extending new credit to dealers through our NBFi business; and are rationalizing operational expenses across the board, from the revision of contractual agreements to controlling administrative and transportation costs. Most importantly, we have put on hiatus any new CAPEX until further notice, and our Auto & Auto-Related segment has subscribed to the Central Bank's six-month debt extension program which provided important support.



GB Capital

Through its five key operations (GB Lease, Mashroey, Drive, HTT, and Tasaheel) GB Capital's strategy is to build on strict and robust credit policies, risk classification and provisioning policies specifically developed for each industry. The business is set to continue offering new, innovative products that cater to the unique demands of its customers through veterans of the financial services industry that provide the required expertise and know-how.

We are eyeing to expand GB Capital's operations and continuously grow its market share across the non-banking financial services space. To that end, we have already started implementing digital initiatives, which should see increased efficiency across our organization. Moreover, we started transferring our collections and investigations functions to become part of our in-house operations, which are anticipated to significantly improve overall efficiency and cost optimization. On the expansions front, we are also aiming to extend our reach across our markets for our leasing operations and are looking to launch new branches at Drive, as well as expand our team

at GB Lease to further penetrate the SME space. At our microfinancing business, we will capitalize on a recently finalized microfinance law that doubled the loan ticket size to LE 200,000, which has unlocked a new avenue for growth at Tasaheel.

In line with the company's commitments to responsible lending, GB Capital continues to adhere to the strict and robust risk classifications customized for every industry it operates in. This ensures that the company extends loans only to those customers who will be able to repay them, thus not exposing the borrower or the company to excessive financial pressure.

GB Capital adopted a conservative approach for provisions in 2020. However, recovering market conditions in the second half of the year saw our collections normalize to pre-COVID-19 levels, and management is optimistic that as this recovery continues, GB Capital will be in a position to gradually reverse these provisions over the course of 2021.

Business Model

GB Auto's business model is focused to drive value for shareholders through strategies in the Auto and Auto related that the company adopted to stay well ahead of our competitors. We remain confident in our markets' long-term fundamentals and the success of our flexible business model. GB Auto's ability to adapt to new market dynamics and navigate an unfavorable regulatory environment allowed the Group to deliver a strong turnaround in net profit. Price stability has already ensued in the PC division as the market volatility from regulatory changes subside, while at the 2&Ws LoB we are collaborating with the government to devise a sustainable solution for this fundamentally strong market.

The past year has truly tested the resilience of our business model and the strength of our market position. During the onset of the pandemic in the first half of the year, our local markets witnessed a nationwide lockdown and restrictions on tourism that saw reduced demand for our products

across our lines of business. Accordingly, we began monitoring inventory levels and prudently managing our working capital to ensure business continuity and mitigate material impacts on our operations. As consumers normalized to the COVID-19 situation and restrictions eased across the nation, we saw increased demand for our product offering as a result of a strong recovery in Egypt. Overall, we were able to reap the rewards of our swift and early response measures across our operations, as well as the improved market conditions over the last six months, to close out an unprecedented year on a positive note.

Finally, we are exploring strategic options regards to our financing businesses with an eye on maximizing value for our investors going forward, while 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's industry.



Evolution of Master Data Management in GB Auto

In its efforts to develop its data infrastructure, GB Auto created the Master Data Management Department with focus on five main sectors: Customer, Supplier, Items, Document control and Data Analytics & Insights sector.

The role of Master Data Management is to remove silos and manage, share and correct all the company data in one place.

Master Data Management (MDM) is about the use of the technology, tools and processes that ensure master data is coordinated across the enterprise. MDM provides a unified master data service that ensures access to accurate, consistent and complete master data across the enterprise and to business partners.

When we come to fully implement master data management tools, we will have successfully overcome any potential inconsistencies in information collection and processing. The concept for this department was to leverage the business data to drive customer sales, improve business processes, and focus on product development. Here are some points for the strategic significance of the department:

Increased Spend Visibility — MDM allows analysis of expenditures and can classify this data into useful categories that can clearly illustrate ways to improve efficiency and compliance and decrease the cost of the company.

Supplier Risk Insights — MDM can reconstruct data from vendors across our supply chain to identify those that may present a critical risk to your operations. This risk assessment is based on past performance data, their financial health, and the supplier's policies and methods — all of which can be used to improve your company's purchasing processes.

Business Process Standardization — MDM tools allow the group companies to unify business procedures and streamline sub-processes that reuse information that is available enterprise-wide. Setting standards encourages continuous business improvements that can reduce losses, increase transparency, and reduce variables in all business operations.

Our long-term plan is to reshape and transform the department from Master Data Management to be a Competitive Intelligence Hub for the entire corporation that will participate effectively in the orchestration of the organization's performance. It will also shape and enhance the short, medium and long-term plans for the business to reach the highest levels of performance and the lowest possible cost while applying global standards.

CI is the action of defining, gathering, analyzing, and distributing intelligence about products, customers, competitors, and any required aspect of the environment. Companies use the results to inform strategic decision-making, and to establish/maintain market advantage and differentiation.

Thus, CI becomes the organizational function responsible for the EARLY identification of risks and opportunities in the market before they become obvious to the company competitors.

Measures in Response to the Acceleration of COVID-19

Further to the current global and local situation related to COVID-19, GB Auto has started implementing some decisions to preserve the health, safety and environment (HSE) of workers considering the current conditions that the world is witnessing to limit the spread of the coronavirus and take our precautionary measures to strictly minimize the daily physical presence of all people. We would like to share with you an update on the actions to address this challenging situation.



As you know, the impact of the virus outbreak continues to evolve rapidly across the world and in Egypt. Our key priority is to protect the health of all GB Auto stakeholders and their families and minimize the risk for the virus to spread in our locations.

In line with the practices implemented globally, we have put together a Crisis Management team, comprising of the Management Team and deputies from diverse functions. This team has been working together to continuously assess risks on our people and business continuity, so that respective mitigation plans are designed. At the same time, we have been in close contact with our medical department and business partners to cope with any issues and inquiries. GB Crisis Management team has been focusing on 2 key pillars:

Health and safety of our people

Business continuity

Based on the latest developments, the below actions are effective at GB auto

Work from home policy that has been effective since March, 2020.

Domestic & International Business Travel was suspended until further notice

Buffet, Cafeteria & Public Areas were closed until further notice.

Gatherings & Meetings – No Physical meetings are held, on-line meetings are used instead, no handshakes and a minimum of 1 to 2 meters distance between employees is crucial.

Outside visitors to the offices are not allowed, unless there's an urgent business need to be validated.

Perform more regular sanitization cleaning across all GB locations & Fleet.

Hiring of a sanitization specialized company to provide sanitization services for our facilities including (showrooms, service centers, HQ, bathrooms and all work premises) Fleet (Company buses & cars) and all premises and high touch points to be cleaned and disinfected twice a day.

Continue to follow good hygiene practices and maintain distance from others:

Masks and Gloves are mandatory for all work places that contain high numbers of employees & employees facing customers (White & Blue collars), all needed equipment will be distributed by admin on daily basis to all locations. Hand sanitizers made available across locations.

If an employee is requested through the medical department doctor or paramedic to examine his body temperature using temperature measuring devices, the employee should cooperate with such request.

GB Auto in collaboration with Bajaj Egypt are together fighting the spread of COVID-19 across Egypt's governorates. We have prepared Bajaj Maxima Cargo with equipment, and headed to areas with narrow roads, to sanitize and avoid spread of the virus.

Chery Automobile, distributed in Egypt medical supplies to the Ministry of Health to support our heroes in fighting the Corona virus. GB Auto has proven its institutional and community resilience over a century that has seen the most severe challenges, from revolution and economic distress. GB Auto has the means and the determination to sustain our mission of service to our customers and to mitigate the burden on our most vulnerable stakeholders.

Regarding business continuity, management is closely monitoring the situation to assess the impact on each business unit in both segment Auto & Auto-related and

GB Capital. Which is currently too early to quantify but we are planning on communicating the updates on the business through a press release during the first half of April.

We are confident that we will emerge all stronger for having confronted the novel coronavirus pandemic with the highest standards of precautions and that we will achieve the highest goals: to protect the health, safety, and security of all our people.

In order to help our community and support the Ministry of Health to let Egypt pass through this crisis. GB Auto and TVD, have donated 20 JMC pickups model Boarding for the Ministry of Health to fight the Corona virus (COVID-19). The delivery set-up took place on the 11th of May with the participation of the Top Executives of both companies and a High Representative from the Ministry of Health.



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. With 4 key brands (Hyundai, Mazda, Chery and Geely) GB Auto is catering to different market and customer segments. This also gives the group the depth to navigate the complex macro, COVID-driven, context.

In 2020, the group had 6 major launches in Hyundai, Chery & Mazda, that were key to the years' performance. In Hyundai, the Accent RB, Elantra CN7, Accent HCl Facelift and Creta marked an eventful year for the brand and with a superior performance. Hyundai is now ranked #1 PC brand in Egypt, in 2020.

For Chery, the Tiggo7 (CKD – Locally Assembled) in partnership with Aboul Fetouh Automotive group, complements our plans to support and develop the Egyptian automotive sector, which in turn contributes to reviving local manufacturing and sustaining the national economy. This launch marked a new phase for the model, and due to the COVID situation, had its launch event online, a first for GB Auto and Egypt. It is now ranked amongst the top models for its class.

As for Mazda, the all new Mazda 3 was launched in November with sedan and hatch-back versions, catering

for different customers, who value the famous Mazda design, performance and quality. This was an important step in meeting Mazda's fans' ambitions, as they are always on the lookout for the latest models and innovation.

The other notable innovation in 2020 was the acceleration of our digital transformation, to improve and enhance the overall customer experience. This was done through an online (e-commerce) platform, allowing customers to check all the needed info and book their cars, anytime, anywhere. Customers have access to all needed info, media and prices needed to make a well-informed decision.

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 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 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.



2020 Business Review

According to the Egyptian Automotive Marketing Information Council (AMIC)'s full-year report on the Egyptian Passenger Cars market, the total automotive market grew 32% y-o-y to 167,792 units in FY20 compared to 127,443 units in FY19.

Full-year volumes grew by 10.3% in FY20 to 29,650 on the back of a recovery in the PC market and an increase in PC sales volume from Hyundai and Chery brands.

FY20 saw GB Auto's Egypt Passenger Cars division revenues increase by 1.3% reaching LE 7699.0 million in FY20, compared to LE 7,597.8 million in FY19 on the back its new Hyundai model launches, including the CN7, Creta, Accent RB and Accent HCl, Egypt's market leading car

brand in 2020. Gross profit margin grew by 4.5 percentage points year-on-year in FY 20, due to management's focus on profitability, over market share. As a result, gross profit increased to LE 834.0 million in FY20 compared to LE 482.0 million in FY19.

We anticipate a growing impact of our recent launches and will continue identifying opportunities where we can unlock additional value across our Passenger Car LoB. Moreover, GB Auto stands to benefit from the government's national program to replace old cars powered by traditional fuels with new CNG equipped CKD models that run on both gasoline and natural gas. We currently have four models ready in our pipeline with dual fuel to offer to our customers, the Elantra HD, Accent RB, Arrizo5, and Tiggo3.



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 three-wheelers, often known as auto-rickshaws or tuk-tuks.

Since it first began importing and selling three-wheelers 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 after-sales 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. GB Auto in collaboration with Bajaj Egypt are together fighting the spread of COVID-19 across Egypt's governorates. We have prepared Bajaj Maxima Cargo with sanitization equipment, and headed to areas with narrow roads, to sanitize and avoid spread of the virus.

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. Three-wheelers' relatively low up-front cost, minimal fuel consumption, and ease of movement often provide these areas with a needed mode of transport.



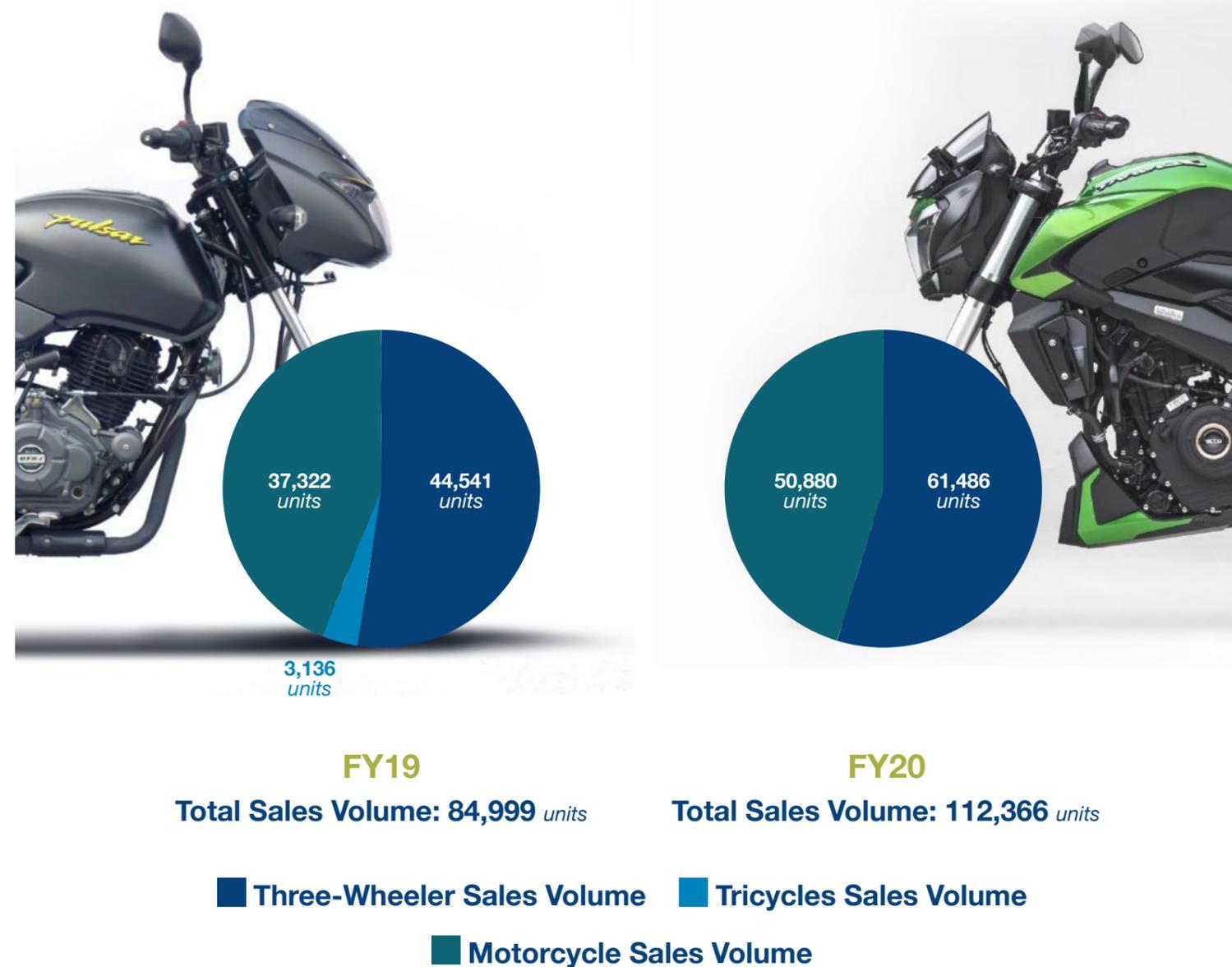
2020 Business Review

Total volumes were up 32.2 % to 112,366 units in 2020, compared to 84,999 units in 2019, Three-wheeler performance was driven by its income-producing nature, with volumes increasing by 38.0% to reach 61,486 units. In parallel, Motorcycle volumes increased by 36.3% to reach 50,880 units on the back of a successful price positioning strategy.

The improved volume performance was reflected in the LoB's revenues, growing by 40.2% LE 2,944.7 million in FY20 vs LE 2,100.2 million in 2019. Gross profit recorded

LE 536.8 million in FY20, up 91.4% y-o-y. The LoB's GPM grew by 4.8 percentage points year-on-year in FY20, as a result of increased operational efficiencies and an enhanced product mix.

As market conditions continue to recover, the LoB is anticipated to carry forward its improved performance and maintain its growth trajectory. Additionally, motorcycle volume performance has become nearly parallel with three-wheelers, and is anticipated to generate greater contributions towards the LoB's top line going forward.



Egypt Commercial Vehicles and Construction Equipment

GB Auto's Commercial Vehicles business unit distributes imported and locally assembled trucks and buses in Egypt. The division assembles Volvo buses, Fuso minibuses 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, Volvo Construction Equipment and YTO tractors in Egypt and manufactures and distributes semi-trailers and superstructures under its Commercial Vehicles line.

The company's Bus segment produces a full range of transportation solutions, including maxi buses, mini/midi buses and minibuses 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.

GB Polo, the company's joint-venture with global player 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.

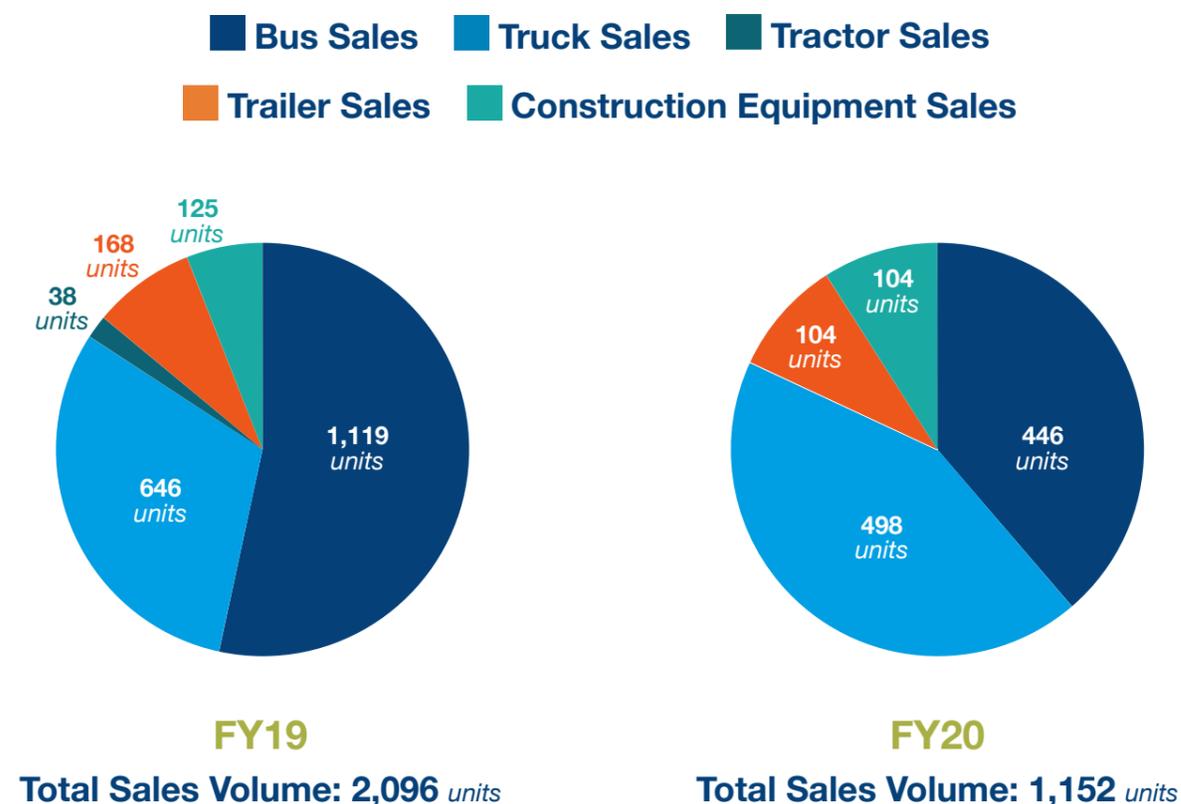
GB Auto's construction equipment department distributes wide range of construction and road construction machineries that are currently serving nation wise. Finally, Aksa generators provides a wide variety of units, with capacities up to 3 MVA, on various ranges and types of engines and alternators.

2020 Business Review

The Commercial Vehicles & Construction Equipment (CV&CE) LoB's performance was muted, primarily due to the pressures on the tourism sector, which resulted in a significant decline in bus volumes, as well as the six month suspension on issuing construction licenses that was implemented in May.

CV&CE LoB revenues in FY19 dipped 44.8% to LE 770.1 million from LE 1,394.6 million in FY19.

Management expects continued pressure on the LoB going into the new year, due to its prolonged business cycles and longer lead times, and only anticipates the beginnings of a recovery when external market conditions normalize, particularly in the tourism sector.



Egypt Tires

GB Auto has been among Egypt's leading tire distributors for more than 50 years. Today, the company commercializes on an exclusive basis some of 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), Double Coin (China), and Goodyear. 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.

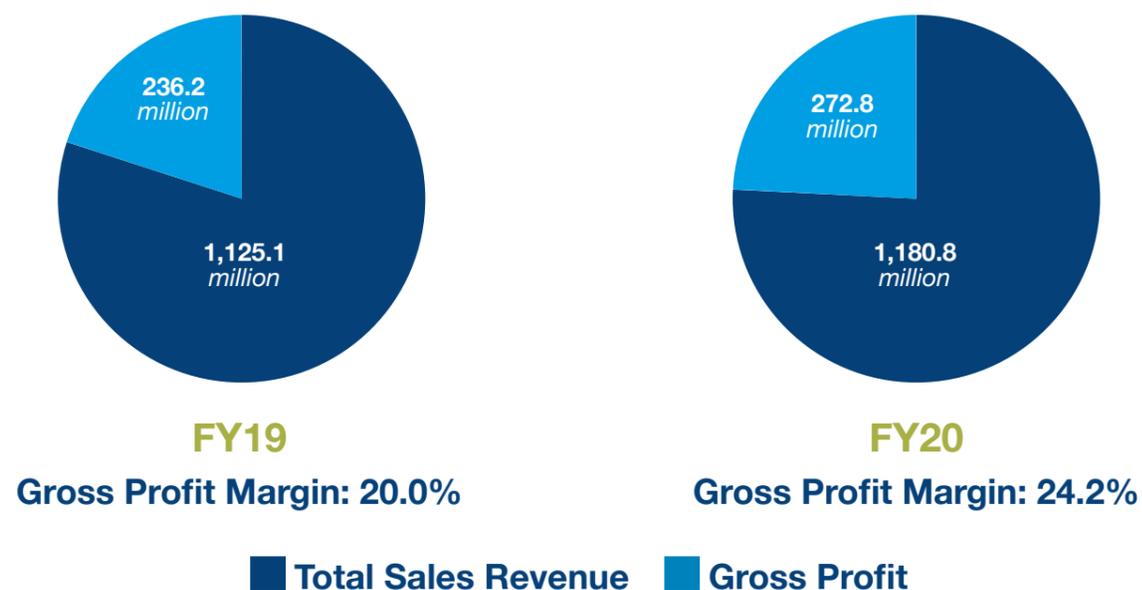


2020 Business Review

Revenues decreased by 4.7% to LE 1,125.1 million in FY20 on the back of an externally challenging environment as well as high inventories at the distributor level at the start of the year, which resulted in slower orders in 1Q20.

We are hopeful that the LoB's top line will gradually improve as markets and demand recovers. Moreover, we are optimistic about the prospects of its addition of Goodyear to the brand portfolio, as it is well-positioned to contribute significantly to the LoB's revenues in the short term.

Management is cognizant of the reduction in market size and cashflow restrictions that tire dealerships are currently facing in light of the COVID-19 situation, however, management is optimistic that the LoB can continue to grow market share with the current portfolio.



Goodyear Middle East and Africa Partners with GB Auto to become an Authorized Distributor and Sell Goodyear Tires in Egypt

As part of its plan to further invest in Egypt, Goodyear announced its partnership with Egypt's leading automotive company GB Auto, to become an authorized distributor and sell Goodyear tires in Egypt. This alliance with GB Auto will grant Goodyear customers all over Egypt the highest level of service in terms of product range, availability, and proximity.

Our main objective has always been to offer the Egyptian consumer a unique experience in terms of service and comfort, and this partnership will allow us to offer Goodyear's quality tires all over Egypt through our wide range of networks.

This announcement confirms Goodyear's commitment to make its tires easy to buy, recommend and own in Egypt. Through this partnership with GB Auto, Goodyear will be launching a series of initiatives in Egypt including stakeholder conferences, consumer and fleet campaigns and a strong focus on retail development. Goodyear is the perfect fit in our GB Auto portfolio, as it completes and consolidates our positions in the premium and prestige

Furthermore, GB Auto intends to launch a Goodyear branded tire express network all over Egypt starting from 2021. Striving to keep delivering the best customer experience in town, GB Auto will continue investing in the development and upgrade of its distribution networks and the level of service offered to its customers across all lines of business. In Egypt, Goodyear will continue to build the value of the brand and become the consumer's preferred choice in premium.



Egypt After-Sales

GB Auto operates Egypt's largest and fastest-growing network of after-sales service centers for passenger cars, motorcycles and three-wheelers and commercial vehicles and 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 service 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-than-average capacity utilization rates across service centers.

The After-Sales division proved successful in FY20, 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.

Division	3-S (Sales, Service and Spare Parts Center)	2-S (Sales, and Spare Parts Center)	1-S (Showroom)
PC	13	7	15
CV	3	4	1
2 and 3 Wheelers	5	17	3

2020 Business Review

Egypt After-Sales LoB reported a 5.1% decrease in revenues to LE 1,098.7 million in FY20. The contraction was primarily due to the LoB's muted performance in 2Q20 as a result of restrictions related to COVID-19 that caused a slowdown in traffic at GB Auto's service centers.

Management anticipates that as consumers continue to adapt to the market situation, and barring further material impact from COVID-19, the LoB will continue to gradually reflect the recovery witnessed during the final quarter of the year going forward.

Passenger Cars

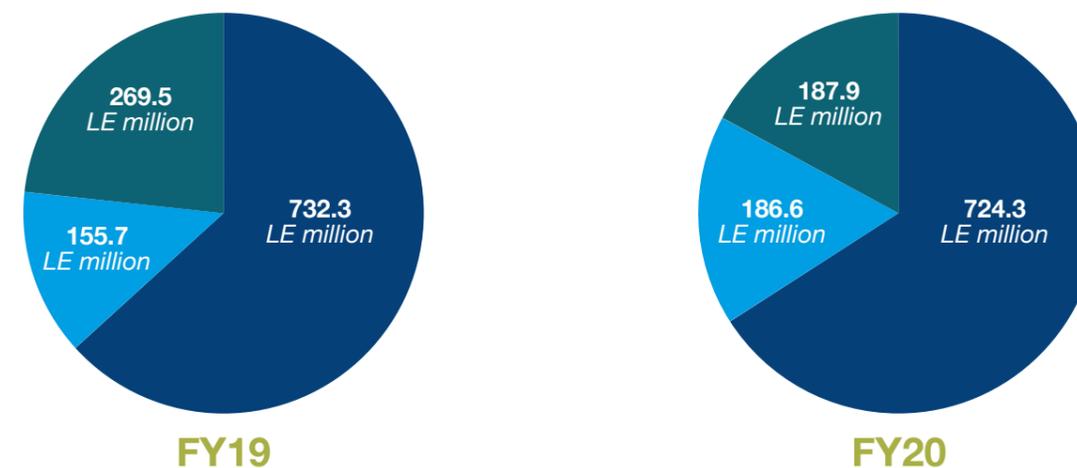
Revenues from After-Sales operations in Egypt reached LE 724.3 million during the year compared to LE 732.3 million in 2019, reflecting a 1.1% decrease due to Higher portion of CKD to CBU in Portfolio compared to FY19 and Promotions to retain and regularly attract consumers.

Motorcycles & Three-Wheelers

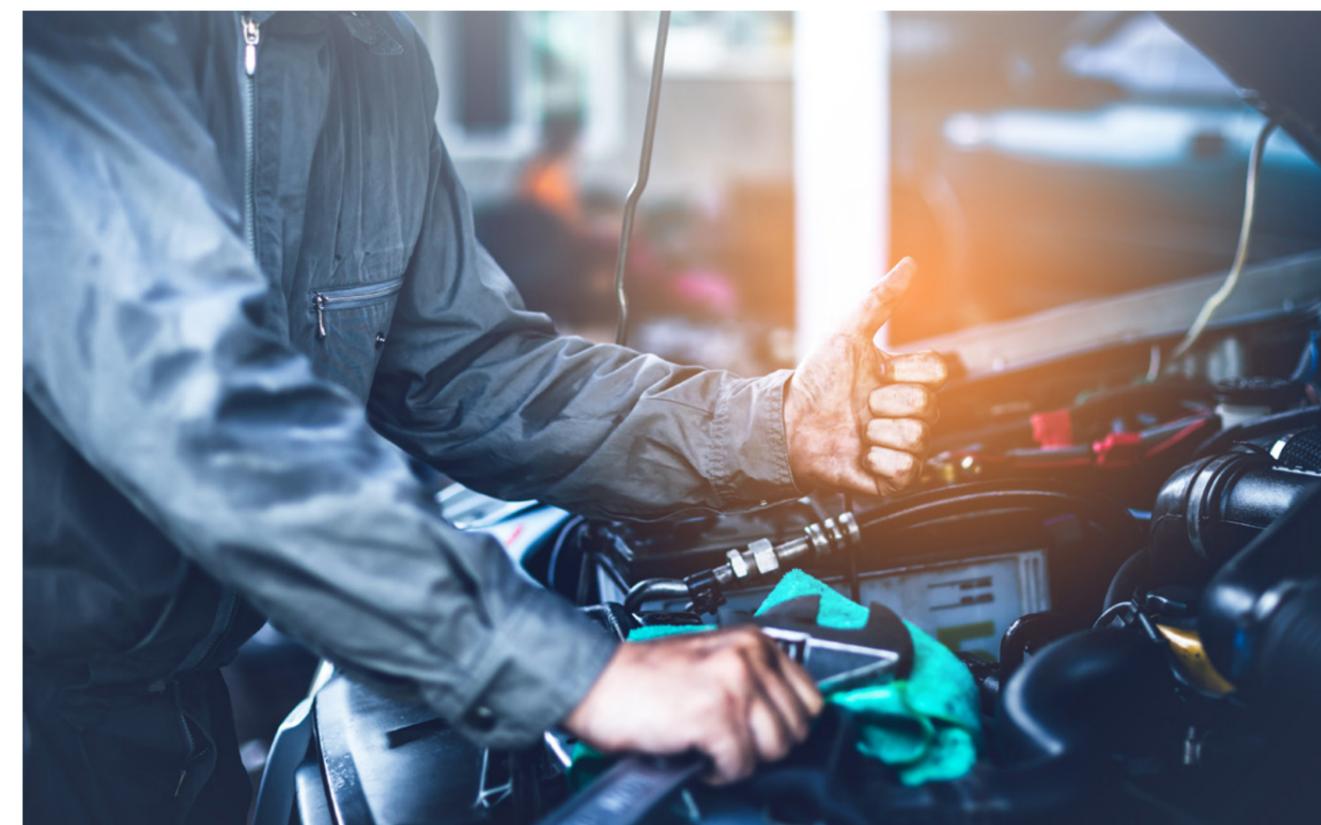
Revenues from 2&3 wheelers recorded a 16.1% decrease in FY20 to LE 186.6 million compared to 155.7 million in FY19, on the back of the strong decrease in 2&3 volumes.

Commercial Vehicles & Construction Equipment

The After-Sales division for commercial vehicles & construction equipment continued to be pressured, which led to drop in revenues by a 30.3% at LE 187.9 million during the year, compared to LE 269.5 million in 2019.



- Passenger Car Egypt
- Motorcycle and Three-Wheeler
- Commercial Vehicles and Construction Equipment



Regional Footprint

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 and Three-Wheelers in Iraq, where it also operates after-sales service centers for its products.

2020 Business Review

At our regional operations, a complete lockdown in Iraq enforced between March and July, coupled with suboptimal oil prices and the devaluation of Iraqi Dinar towards the end of the year hindered our regional performance in 2020. However, despite the unfavorable market conditions, our two and three-wheelers delivered a solid performance on the back of their income-producing nature. Additionally, the September launch of our MG brand has already shown promise in the region. These positive developments, combined with our comprehensive understanding of the Iraqi market, leaves us well-positioned to propel MG as a leading brand in the region and to continue growing our regional operations going forward.

The deteriorating economic situation in Iraq, fueled by unfavorable oil prices and the devaluation of the Iraqi

Dinar, weakened consumer purchasing power and drove regional revenues down by 49.3% to LE 3,627.4 million compared to LE 7,156.6 million in FY19.

Passenger Cars

PC volumes declined 65.2%, causing revenues to decrease by 66.8%, driven by lower purchasing power and weakened demand.

Motorcycles & Three-Wheelers

Two and three-wheeler volumes increased by 36.3%, with average sales for three-wheelers increasing to 2,588 units/month in FY20 as opposed to 1,917 units/month in FY19.



GB Auto announces its new partnership with SAIC Motor Middle East FZE to add MG brand to its brand portfolio in Iraq

GB Auto will market, distribute and provide aftersales and warranty services for MG vehicles, in Iraq for fully imported units.

The agreement covers fully imported (completely built up, CBU) models produced by MG International. The operations commenced late Q3 of 2020.

After competing with multiple players, GB Auto was first shortlisted and then granted the distributorship for MG in Iraq. GB Auto Chairman and CEO Dr. Raouf Ghabbour expressed his enthusiasm regarding this recent partnership. We selected MG after an exhaustive global search and are absolutely convinced that MG's offering will do what we demand of all of our brands: Offer the best value for money in a critical segment that meets our consumers' need and expectations," he continued, "Our

experience throughout the region has given us the flexibility and knowhow to navigate the fluctuations inherent in the automotive industry. We are confident that with our strong expertise and resources, we will manage to develop MG into market leaders."

This strategic partnership will benefit from resources of both companies to serve the Iraqi market by providing competitive products. It is truly a testament to GB Auto's forward-looking strategy and world class operations that we are able to consistently attract global players of such high caliber. The company has solidified its market leadership with a dedication to value, unparalleled service, and best-in-class products. We continue to take a measured approach to our regional activities, opting for long-term growth rather than short-term payoffs.



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.

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 world-renowned commercial vehicle brands.

GB Logistics is an Integrated Service Provider (ISP) flagshipged by GB Ghabbour Auto specialized in the delivery of high-quality logistics services to customers in Egypt and worldwide. GB Logistics provides an excellent full-service logistic solution that add value to our appreciated partners.

Our products and activities are diverse. We let our customers focus on their core business and competencies, while we do what we are good at: managing an Integrated Supply Chain. We are service-oriented and our main logistics services include but are not limited to: international and domestic transportation, warehousing, freight services, customs clearance, contract logistics and transportation planning and supply chain management.

El Mikaneeky is a trusted professional car servicing company that provides affordable solutions to the entire car market; with dealer accountability warranty and professionalism. We aim to grow our network to provide full coverage of our services and fill the gap between dealerships and regular local mechanic shops across the entire country. We strive to provide our customers with highest quality and guarantee, best prices, and the convenience that they deserve.

GB Ventures is a focused entity that combines the automotive & financial know how of GB Auto aiming at empowering Egyptian startups lead by ambitious founders to rise in the market & expand their businesses. GB Ventures' acceleration program supports startups with the needed funding, expertise, resources, and networks to develop their strategies and expand their businesses.



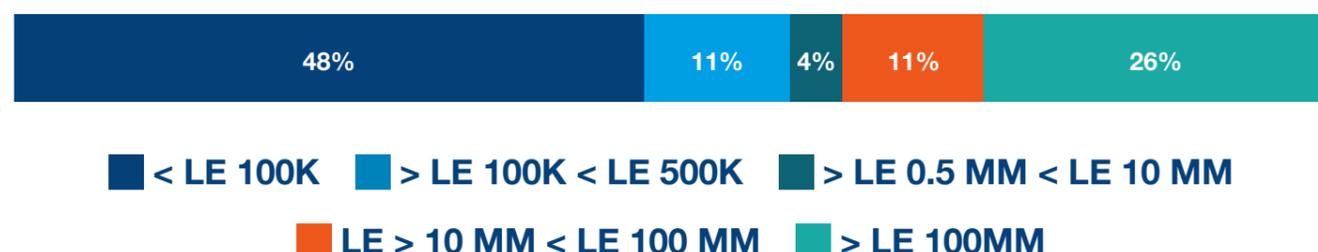
GB Capital

GB Capital Portfolio Breakdown By Maturity (Excluding the provision)



■ <1 Year ■ > 1 year < 3 years ■ > 3 years < 6 years ■ > 6 years

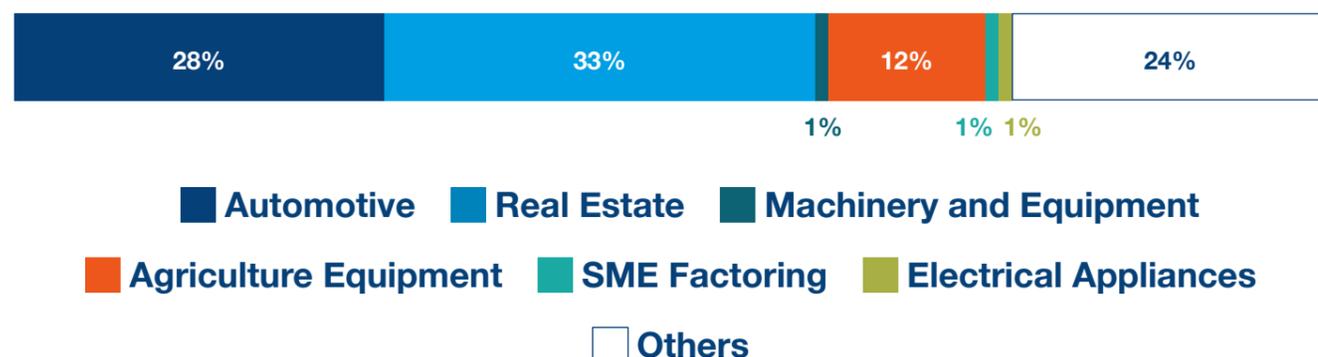
GB Capital Portfolio Breakdown By Loan Size (Excluding the provision)



■ < LE 100K ■ > LE 100K < LE 500K ■ > LE 0.5 MM < LE 10 MM

■ LE > 10 MM < LE 100 MM ■ > LE 100MM

GB Capital Portfolio Breakdown By Asset Type (Excluding the provision)



■ Automotive ■ Real Estate ■ Machinery and Equipment

■ Agriculture Equipment ■ SME Factoring ■ Electrical Appliances

□ Others

GB Capital oversees the Group’s 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, extends its services to a well diversified client base, ranging from business- to-business (SMEs) to business-to-consumer (retail), which includes auto loans to end consumers.; 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 micro-entrepreneurs.

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

Leasing



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.

GB Lease finalized its fourth securitized bond offering worth of EGP 2,041 million, it’s largest to date.

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 also launched a 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 acquired 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 NBF heavyweights. It also adds innovative products to establish a comprehensive suite of life and medical insurance solutions.



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.

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 tuk-tuks, motor tricycles, YTO tractors, minivans, pre-owned tuk-tuks, 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 financiers 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.

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 medium-term tenors, and focuses on risk diversification by finance product types, and client base.

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. Drive Finance has received preliminary approval from Egypt's Financial Regulatory Authority to launch consumer financing activities besides auto loans to widen and deepen GB Auto's exposure to various market segments.

The addition complements GB Auto's existing suite of NBFi offerings, which currently include leasing, factoring, micro-finance, mortgage-finance, securitization, fleet-leasing, life insurance and e-payments. Drive will also be able to tap a variety of previously inaccessible market segments through the introduction of consumer financing services.

Drive Finance has completed its second securitized bond offering in the amount of LE 892 million. Proceeds from the transaction will be used to deleverage Drive's balance sheet and unlock further opportunities for growth.

The offering consists of three tranches with tenors of 13, 36 and 48 months, respectively, with the first receiving a rating of AA+, the second AA and third A by Middle East Rating & Investors Service (MERIS).

2020 Business Review

GB Capital recorded revenues of LE 6,39.8 million before intercompany eliminations in FY20, an increase of 19.7%, compared to LE 5,347.9 million in FY19. Top-line growth was supported by resilient demand and normalized collection levels, driving an increase in disbursements across GB Capital's subsidiaries.

Net profits after minority increased 2.7% to reach LE 632.2 million in FY20, supported by the conclusion of a securitization at Drive and at GB Lease.

Non-Performing Loans (NPLs) increased to 2.48% in FY20 vs. 1.45% in FY19. This increase reflects the delayed recognition of delinquencies arriving between March and September of 2020 following the CBE's declaration of a six-month moratorium on all repayments owed to lenders. Accumulated delinquencies arriving during this six-month period were recognized in 4Q20, owing to the above trend change in NPLs. Moreover, the increase in NPLs in 4Q20 is partially attributable to a decrease in receivables following the conclusion of two securitizations during the period.

GB Capital's annualized NIMS settled in at 17.6% in FY20. The increase in NIMS came on the back of the recent rate cuts executed by the CBE that accumulated over the course of 2020, 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 15 billion mark when excluding the securitization transactions completed during the year, representing a 62.8% increase compared to FY19. However, the current outstanding portfolio after the securitizations completed during 2020 stands at LE 11.6 billion.

GB Capital related companies' debt stood at LE 9.1 billion as of 31 December, 2020, which is fully backed by the loans and receivables portfolio of GB Capital. Management also holds a positive long-term outlook on more nascent projects, such as GB Capital's mortgage finance venture Bedaya, which has recently commenced operations and boasts a portfolio of LE 300 million as of 31 December, 2020.

We have a clear growth strategy for GB Capital that will see us expand operations and grow our market share across the non-banking financial services. Key elements of this strategy include extending our reach with new branches at Drive, as well as expand our team at GB Lease to further penetrate the SMEs markets. We will also work to capture new microfinance opportunities now that the loan ticket size has doubled to 200 thousand pounds.

In parallel, we are unlocking efficiency through digital initiatives, and building in-house capacity for collections and investigations to drive cost optimization. I must also note that as the market recovers and collections continue to improve, we anticipate staggered reversals of the conservative provisions we booked during 2020.

GB Capital the NBFi arm which is fully owned by GB Auto has acquired 20% in New City Housing & Development company for an amount of EGP 73 million.

It is worth noting that the acquisition will provide competitive products adequate to the consumer's purchasing power, and we are fully convinced that the introduction of New City Housing and Development Company products will be identical to GB Auto in providing the best value for an important segment of the Egyptian people.

Dr. Raouf Ghabbour, Chairman of GB Auto (AUTO on the EGX) commented: "We are very pleased with the completion of this transaction and excited for the prospects of exploring the full, and yet untapped, potential of this market. We know the Egyptian real estate industry is primed for significant growth and profitable expansion, and we intend to capitalize on that. As such, the move aligns perfectly with our vision for the future, which sees our NBFi business expanding as we diversify our portfolio of offerings in the leasing, consumer finance, factoring, micro finance, mortgage finance, securitization, fleet-leasing arenas and e-payments to cater a wider segment of clients, both corporate and individual.



Investing in Our People

Internal Control and Risk Management

GB Auto has defined its internal control and risk management processes according to:



Strategy that supports a company's mission and vision.



Effective and efficient use of resources



Accuracy of financial reporting



Compliance with applicable laws and regulations including FRA and EGX

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

2020 Audit Committee Members

Ms. Lobna Dessouky, President

Mr Mounir Fakhry Abdelnour, President

Mr. Mansour Kabbani, Member

Mr. Mohamed Naguib, 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 for 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 2020 Remuneration Committee comprised the following members

Ms. Lobna Dessouky, President

Mr Mounir Fakhry Abdelnour, President

Mr. Mansour Kabbani, Member

Mr. 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 is 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

2020 Corporate Governance Committee members

Ms. Lobna Dessouky, President

Mr Mounir Fakhry Abdelnour, President

Mr. Mansour Kabbani, Member

Mr. Mohamed Naguib, Member

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 of 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 benefits 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. Strategic Recruitment

During 2020, 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 and Engagement

GB Super Heroes

The goal of the program is to provide special recognition to GB employees who have accomplished an extraordinary achievement and innovation within our organization. The Award recipient's contributions are tied to the values of the company and the strategic plan. Recipients' accomplishments are shared with the rest of the staff as models for outstanding performance.

It is believed that a program for recognizing outstanding employees serves as an incentive and motivational tool to all employees of GB Group to perform their assigned tasks in a manner which will reflect favorably on the individual and the Company goals.

Skip Level Meeting

Skip Level Meeting is a meeting conducted by the Mid-Level Management .in which an HR Business Partner meets up with employees at all levels. Conducting a skip-level meeting provides additional insight of what's happening inside the organization by simply understanding how the employee does perceives the organization as a whole and what changes or improvements they believe might help them in their everyday work environment. This creates an open environment for sharing ideas, thoughts and gathering insights. The main aim for this meeting is to guarantee that the communication, transparency and fairness are effectively integrated within the company's layers through all employee's levels and create a room for improvements within the culture. These meetings are meant to be constructive and totally open.

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 combination of business managers, learning and development/OD (Internal or external) and an HR Business Partner to improve the efficiency, rather than interpersonal relations

Aligning around goals

Building effective working relationships

Reducing team members' role ambiguity

Finding solutions to team problems

3. Talent Management and Organizational Development

360 Survey

In line with the corporate's vision to change and improve our overall culture and performance to sustain and ensure our long-term prosperity, we launched an effective and needed program that will provide the company leadership with the necessary tools to enhance the company culture and make it a better place for each employee to work in. The program is "The 360° Feedback" which is designed to provide people managers with different perspectives on the leadership styles and the different components of our work environment. Typically, managers are given the opportunity to assess themselves and get the feedback of their own direct managers, their peers and two levels of their subordinates, when applicable. The program depends on the absolute confidentiality and anonymousness of the collected feedback. The program was addressing five pillars:

Trust and Integrity

Team Work and Collaboration

Communication and influencing

Drive for Results

Inspiring and engaging

GB Stars

During 2020 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.



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 and Values. Our GB's core competencies are going to be used in different HR projects.

Working with people

Delivering Results and meeting customer Expectations

Adhering to Principles and Values.

Creating and Innovating

Leading and Supervising

Compensation and 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.



Care and Social Responsibility



Care and Corporate Social Responsibility

GB Auto's Corporate Social Responsibility (CSR) platform is aligned with both our sustainability agenda and business strategy. The first 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.



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 to through their lines of business, corporations must act as responsible members of society and assist in chiseling 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 and training 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.

Ghabbour Foundation for Development

The majority of the company's extended social development plans are intertwined with its ability to provide vocational knowledge and trainings in its areas of expertise. As such, a decision was made to launch the Ghabbour Foundation for Development in 2017 to group all relevant programs under one trusted platform. Now an integral part of GB Auto's social development programs, the Foundation promotes vocational work and the central role that it plays in driving societal progress. In its three developed automotive vocational training centers, and under the supervision and management of its academic partner Saxony International School Middle East (SIS ME), multiple specializations are offered in the automotive sector to serve market needs and cope with new emerging technologies. Trainees are able to join the job market instantly as certified automotive technicians upon graduation and completing the accreditation exams offered by the German Arab Chamber for Industry and Commerce (AHK), which test knowledge, skills and application provided throughout three years of studies. 2020 was not just another steady year for Ghabbour Foundation for Development regarding its operations despite the pandemic's challenges, , but also

a year of significant growth and milestones.; October 2020 saw a long-awaited milestone for the Foundation as it celebrated the graduation of its first class of 75 vocational trainees from Imbaba school. The foundation hosted a graduation celebration which was attended by the Foundation's Chairman Dr. Raouf Ghabbour, as well as representatives from the management teams of GB Auto, Ghabbour Foundation for Development, Imbaba School, Saxony International School Middle East (SIS ME), and the AHK. Parents, partners, and friends were asked to attend virtually, in keeping with COVID-19 safety precautions. Graduates received certificates of accreditation from AHK – 96% success rate – and certificates for completion of studies from SIS ME. All had previously received the Egyptian Diploma for Apprenticeship from the Productivity and Vocational Training Department (PVTD) in August 2020 as well. They received offers of employment at GB Auto as well as other large automotive companies that liaise with the Foundation, and were introduced to franchising opportunities that should enable them to start their own businesses if they would prefer to with the support of El Mikaneeky, a GB Auto affiliate company.



El Mikaneeky Franchising Opportunities

El Mikaneeky, a company established by GB Auto and Wahdan Auto Group, launched a franchising program that targets graduates of vocational schools looking to launch their own businesses under its umbrella. The program provides training, orientations, counseling, and shadowing for 1-2 years at GB Auto or El Mikaneeky's service centers across different job functions that pertain to running a service center. Eligible candidates also receive specialized trainings and counseling from the program's German partner Bosch as well as its affiliate companies. GB Auto provides candidates with funding support in the form of facilitated loans with minimum interests during the first three years of operation. El Mikaneeky believes that the Foundation's graduates will provide added value to the company as they expand its operations nationwide while leading their own ventures, providing employment opportunities in their communities, and demonstrating the expertise and professionalism they have acquired through their studies. An orientation session was organized for interested candidates in November 2020, with Managing Director Eng. Mohamed Wahdan explaining the program's benefits to over 30 attendees.

Employment Opportunities for Graduates

Ghabbour Foundation for Development launched an in-house Career Office in 2020 to serve its current and future graduates. The Office links graduates with potential employers in the automotive industry and adopts a centralized, full-fledged career services model for technicians that includes pre- and post-hiring support. It also provides pre-hiring technical assessments to its database of graduates to provide correct professional counseling and deliver additional technical trainings when needed. In addition to GB Auto and its affiliates, the Career Office collaborates with some of Egypt's key automotive players that include Al-Mansour, Nissan, Al-Kasrawy, Shell, Family Corporation, Arabcom, and more reputable service providers. Within one month of graduation, all graduates entered the job market as top-tier technicians and were able to share their resumes, schedule personal interviews, and receive technical pre-hiring assessments. Many are now officially employed with GB Auto and other companies, and the rest are in progress.



A Level Accreditation Scholarship Programs

Ghabbour Foundation and SIS ME collaborated to present the five top-performing graduates with scholarships to pursue further advanced international certifications in Germany. By the end of their studies, the selected graduates will sit for exams at the Chamber of Industry and Commerce (IHK) in Zwickau-Chemnitz, and will receive A-level qualification certificates from the IHK. They will then rejoin the Foundation in Egypt as heads of training to transfer their knowledge, ensure the sustainable continuity of its programs and build a new generation of qualified Egyptian technicians. In preparation for this, the selected five students are currently undertaking 10-month courses at GB Academy on advanced mechatronics topics, as well as intensive German language courses.

Collaborations with Goethe-Institut

Ghabbour Foundation and SIS ME signed a cooperation agreement with Goethe-Institut Cairo to introduce German as a foreign language to their vocational schools. The cooperation is expected to boost students' learning abroad and international cultural exchange opportunities, thereby continuously enhancing the educational experiences offered. Vocational schools developed by Ghabbour Foundation will also join the network of "Schools: Partners for the Future" (PASCH), an initiative developed by Germany's Federal Foreign Office in cooperation with multiple educational policy and cultural relations organizations in Germany that include Goethe-Institut. The institute supported the Foundation by designing and implementing German language curricula across the Foundation's vocational schools. It also provided advisory services on teaching methods, materials, and resources. Scholarships are also offered to select German language teachers and students to enable them to participate in training courses, language courses, and other events in Germany and Egypt.

The First Online Vocational Learning Platform

The spread of COVID-19 halted in-person academic and training activities in 2020, and students were asked to stay home for their safety and prepare for their end-of-term examinations, which posed challenges to their practical learning tasks and trainings. The Foundation was motivated by this to develop a dedicated learning platform that provides teachers, trainers, and students with direct channels for communication. The platform serves as an alternative to physical classes during extreme times, such as pandemics, extreme weather conditions, and other similar scenarios; it also provides a digital medium for additional support lessons after official school hours in place of face-to-face interactions. Next to technical developments, Ghabbour Foundation and SIS teams collaborated to develop customized static, dynamic and video content for theoretical and practical lessons. Through the platform, the founders aim to create a repository of high-quality content and a dynamic interface customized per students' grades, specializations, and personal attributes. Some of the materials are also available online for public use through the Foundation's YouTube channel.

AHK Midterm Accreditation Exams

In 2020, 262 students from three governorates sat for their midterm examinations on both theoretical and practical studies in the Mechatronics and Body and Paint specializations, under the supervision of 14 examiners from the AHK Automotive Board. The Foundation's students demonstrated outstanding results and achieved a success rate of 99%.

B Level Accreditation

In further collaboration with the AHK, Ghabbour Foundation for Development has begun the process of upgrading its accreditations from C-level to B-level during the round of 2021 midterm examinations. The Foundation received the approval of the IHK following a close inspection of the schools' curricula, and visits were organized by the AHK Automotive Board to determine the suitability of Kafr El Zayat and Moharam Bek vocational training centers.



Fueling Egypt's Sustainable Growth

Throughout 2020, 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.

By gradually weaving sustainable solutions into its companies' daily operations, and by spearheading multiple initiatives that fuel social development and inclusion, GB Auto aims to build a comprehensive operation that delivers value for the company and its communities at large

GB Auto's sustainability strategy is derived from the company's efforts to develop its operational frameworks by increasing investments in green solutions. A growing portfolio across both major subsidiaries has served as additional incentive for the company to begin soliciting reports from experts that evaluate its environmental impact and provide recommendations for curbing emissions. It has also left the company with opportunities to grow its social involvement and further invest in developmental projects that support current and future generations. The company continues to build its efforts on the pillars of efficiency and diversification, which have served its resilience on the operational level and promise to yield impressive results on the sustainability front.

The onset of COVID-19 in 2020 did not impact the company's strategy to prioritize social, economic and environmental action. This includes efforts made by GB Auto and Auto Related to monitor and evaluate its emissions, and GB Capital's efforts in providing financing support to various members of the Egyptian community. It also includes Ghabbour Foundation for Development's new and continuing initiatives to support multiple beneficiaries, which are detailed in the upcoming "Social Contribution" section.

GB Auto and Auto Related

Next to safeguarding its operations against the impact of the pandemic, GB Auto and Auto Related continued to introduce operational efficiencies in 2020 to expand its reach, minimize costs, and launch new ventures. The company's decision-making throughout the year, which ranged from striking strategic partnerships with El-Ghalban Group and Goodyear Middle East and Africa for new ventures in Egypt, to a new partnership with SAIC Motor Middle East FZE to expand its footprint in Iraq, has further solidified its positioning across its markets. As the subsidiary continues to streamline operations, company-wide policies that put sustainable practices and social involvement at the forefront have been

steadily gaining traction. Next to controlling the company's emissions by shifting to clean energy sources; recycling and reusing resources when viable; and embracing digitization at every possible opportunity, this also includes optimizing employee health and safety at every possible opportunity; investing in their career advancement; and ensuring that the company's work culture remains tolerant, ethical, and diverse at all times. Therefore, and despite the threat of the pandemic, the company was able to maintain steadiness and upkeep practices that move it closer towards a fully-sustainable future.

GB Capital

GB Capital's operations have gained momentum in 2020 with the fulfillment of many projects, at the forefront of which is the finalization of the majority stake acquisition of Tokio Marine Egypt Family Takaful alongside EFG Hermes Finance Holding. Through this acquisition, the company aims to introduce new offerings to the Egyptian community that allows coverage under varied circumstances and increase people's reach to affordable insurance solutions.

As a central non-bank financing institution that finances people's professional and personal objectives, GB Capital's sustainability strategy champions social awareness and community support, and aims to introduce initiatives that help the company smartly expand its portfolio while providing potentially life-changing opportunities to as many individuals as possible. As GB Capital continues to grow, it will seek to introduce more products and ventures that accommodate its customers' purchasing power; cover different needs and requirements; and extend the company's financing to underserved segments.

Alignment with Local and International Standards

GB Auto benchmarks its operational strategies against local and international best practices, and aligns its efforts with multiple global organizations that promote sustainable development in industries. Between the United Nations' Global Compact's 10 principles, the 17 sustainable development goals (SDGs), and Egypt Vision 2030 for sustainable development and growth, the company is guided by multiple indicators that it uses to grow multiple facets of its operations. These range from drafting policies and procedures to launching products, services ventures and partnerships, and introducing new social and environmental initiatives.

Adherence to the principles serves to highlight GB Auto's support of human rights, and the company's condemnation of child and slave labour. It also underpins the company's efforts in successfully and regularly maintaining its employees' labor rights and protection; its constant strive to improve its environmental footprint; and its diligent efforts in fighting corruption, in the industry as a whole and within its own operations.



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, intensity of illumination, 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.



2020 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.

Promote safety and awareness

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.

Responsible use of natural resources and waste management

To ensure that employees work in the most comfortable and healthy environments, we have installed in our plants a water desalination system to ensure that employees have constant access to drinking water. We also plan to start shipping wastewater to agricultural areas from our paint shop, where its high salt and mineral content is ideal for soil health.

Society

Employee Empowerment

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.

To Ensure Continued Engagement by the business

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.





Share Performance and Information

Shareholder Information

Share Price and Shareholder Information

As at 31st December 2020 GB Auto had 3,326 shareholders. Corporate investors represent 65% of the total share ownership, while individual investors represent 35%. There are 275 shareholders owning one million or more shares in GB Auto, representing 98% 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)

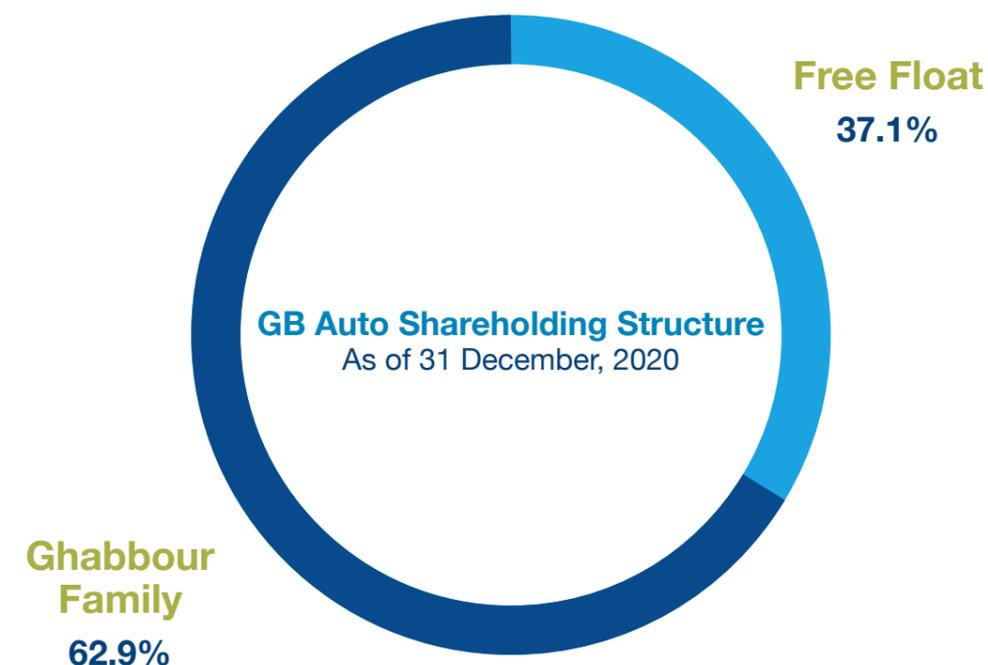
Investor Type	Number of Shareholders	Number of Shares	Percentage of Ownership
Corporate	168	264,164,991	65%
Individuals	3,158	141,810,611	35%

GB Auto shareholders according to nationality (free float)

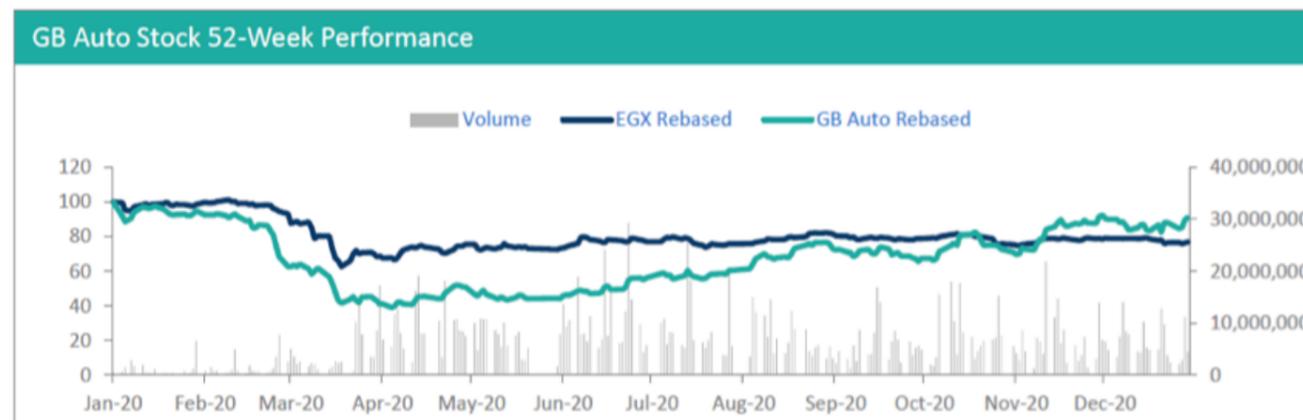
Investor Type	Number of Shareholders	Number of Shares	Percentage of Ownership
Egypt	3,184	220,025,584	54%
Saudi Arabia	72	97,631,336	24%
Rest of EU	20	57,126,638	14%
Rest of World	37	17,383,229	5%
UK	3	4,746,173	1%
USA	10	9,062,642	2%

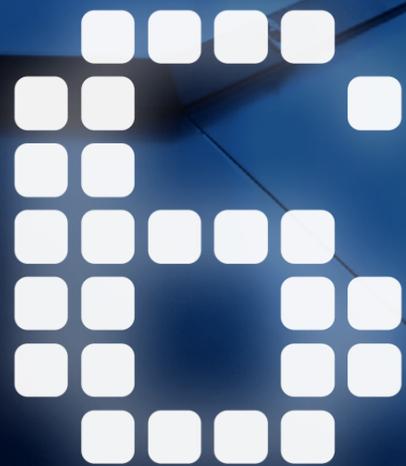
GB Auto shareholders according to size of ownership

Investor Type	Number of Shareholders	Percentage of Ownership
More than 10 million	5	32%
From 1 million to 10 million	70	47%
From 100,000 to 1 million	200	15%
Less than 100,000	3,051	5%



DR Information
DR Symbol
CUSIP
DR Exchange
DR ISIN
Ratio
Depository
Effective Date
Underlying ISIN
Underlying SEDOL





Governance

Board of Directors

Dr. Raouf Ghabbour

Chairman and the CEO
Tenor Since IPO: 2007 - Present
Share Ownership: 0.904%

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. Mansour Kabbani

Non-Executive Director
Tenor Since IPO: 2015 - Present
Share Ownership: 0.351%

Mr. Mansour Kabbani brings more than 30 years of experience to GB Auto, where he joined as VP for project co-ordination in 2015 and currently oversees group investments as well as investor relations. Mr. Kabbani spent a decade working in textile spinning before becoming CFO at Technological and Electrical Systems (TES) for two years. With Dr. Ghabbour and partners, he helped establish CITI in 1997 which later merged with GB Auto. From 1997 to 2015, Mr. Kabbani has run his family investments and accumulated vast experience in capital markets. Mr. Kabbani graduated from AUC in 1981 with a BA in Economics.



Mr. Nader Ghabbour

Deputy CEO
Tenor Since IPO: 2007 - Present
Share Ownership: 0.066%

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. Abbas El Sayed

Executive Director
Tenor Since IPO: 2014 - Present
Share Ownership: -

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 BA in Accounting from Ain Shams University. He is a member of the Association of Chartered Certified Accountants (ACCA) in the UK and is a Certified Management Accountant (CMA).



Mr. Mounir Fakhry Abdelnour

Independent Board Member
Tenor Since IPO: 2016 - Present
Share Ownership: -

Mr. Mounir Fakhry Abdelnour is currently the Chairman of Beltone Financial Holding (BHF) and of Rashidi El Mizan, and Member of the Board of Directors of Audi Bank, Ghabbour Auto, EDITA, and Domty. He also acts as Senior Adviser for Rothschild & Co., one of the world's largest independent financial advisory groups. Mr. Abdelnour, between 2011 and 2015, was Minister of Tourism, Minister of Investments and Minister of Trade and Industry; between 2006 and 2011, Secretary General of the Wafd Party; and between 2000 and 2005, leading the opposition in the Egyptian Parliament. Prior to joining the Egyptian Cabinet, Mr. Abdelnour was founder and Chairman of Hero Middle East and Africa, previously Société Egypto-Française pour les industries agro-alimentaires (Vitrac), member of the Board of Directors of Egypt Arab African Bank, Founder and Managing Director of Egyptian Finance Company, Vice President of American Express Bank and representative of Banque de l'Union Européenne Paris in Egypt and the Middle East. Mr. Abdelnour was a member of the Board of Directors of the Federation of Egyptian Industries, the Egyptian Competition Authority, the Cairo Stock Exchange and the Egyptian Expo and Convention Authority. He has also served as Chairman of the Egyptian Center for the Economic Studies. Mr. Abdelnour earned his undergraduate degree in Statistics from the Faculty of Economics and Political Science from Cairo University and a Master's degree in Economics from the American University in Cairo.

**Mr. Mohamed Naguib**

Independent Board Member
Tenor Since IPO: 2019 - Present
Share Ownership: -

Mr. Mohamed Naguib has served at the boards of various prominent banks and corporations in Egypt and has accumulated nearly 40 years of experience in the fields of Banking, Leasing and Credit. Between 2011 and 2018, Mr. Naguib was Chairman and Managing Director of SAIB Bank and prior to that as Vice-Chairman and Head of the Credit and Investment Committee at Banque Misr. Mr. Naguib had also served at Misr International (MIBank) for over 20 years as General Manager of Credit and Marketing before joining Incolase 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 as well as his membership of the boards of the National Bank of Egypt, the Civil Aviation Finance Holding Company, and the Small and Medium Sized Projects Fund among many others. Mr. Naguib has attended various banking and credit seminars across the United States and the UK in addition to retaining a CPA certification in the state of Colorado for 12 years. Mr. Naguib holds a bachelor's in Accounting from Cairo University and an MBA from the American University in Cairo.

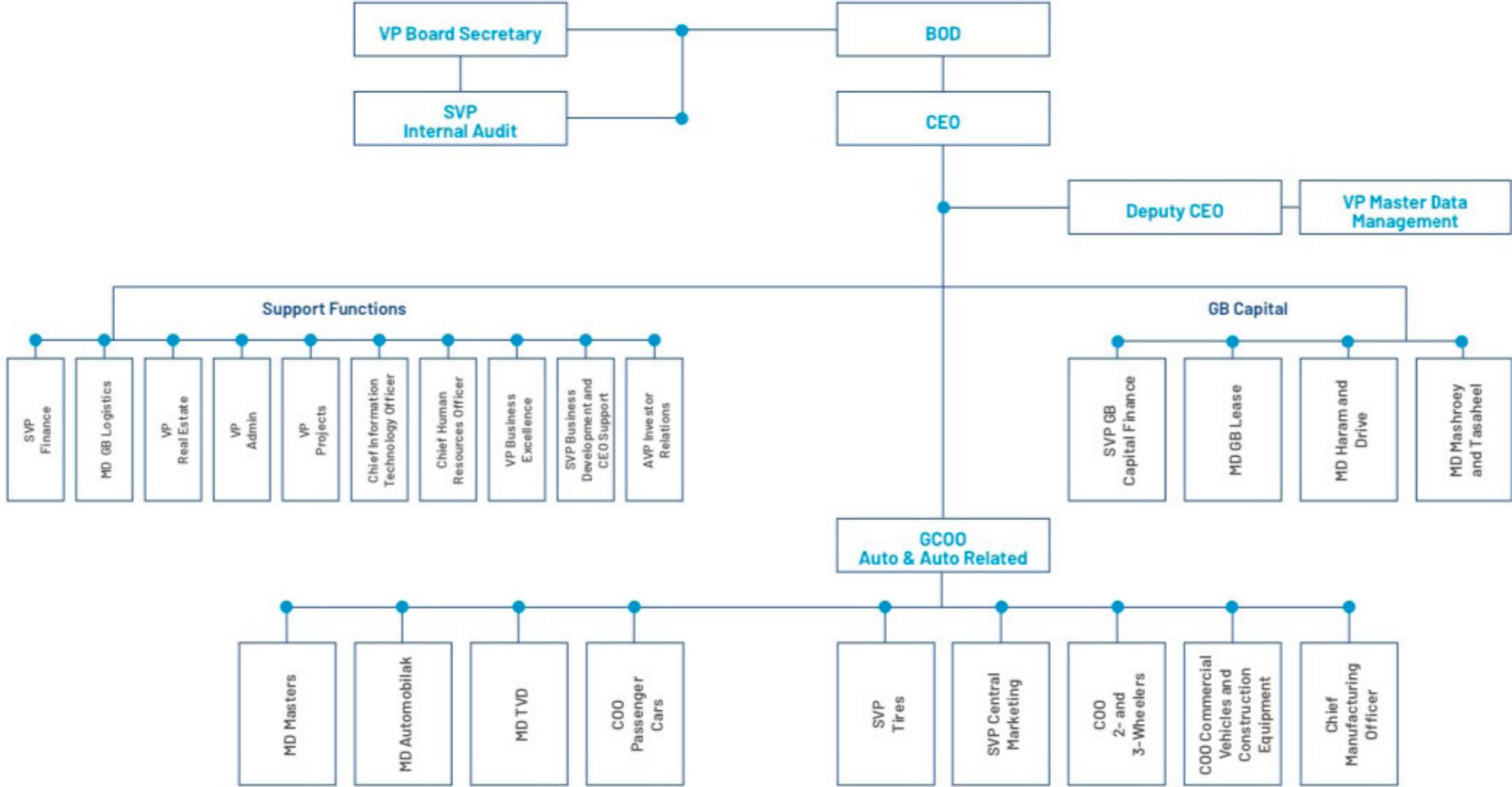


Lobna El Dessouky
Independent Board Member
Tenor Since IPO: 2020 - Present
Share Ownership: -

Ms. El Dessouky leverages over two decades of professional experience in a wide range of sectors to fulfill her numerous advisory and board roles. She's currently an independent member of the Advisory Board of Alexandria Business Association Small and Micro Enterprise Project, independent Board and Audit Committee member at Cleopatra Hospital Company, Advisor for the European Bank for Construction and Development's Enterprise Growth Program and is an Advisor to the Audit Committee at Qalaa Holdings, having served as a member of the committee from December 2012 to 2014. Prior to this, she spent six years as Group Chief Financial Officer at Asec Holding and served on the Group's board for eight years. Ms. El Dessouky spent most of her career with Coca Cola Egypt, starting as Head Office Financial Controller in 1997 and eventually working her way to Group Chief Financial Officer in 2001 and serving in that post till 2006. She began her career at PricewaterhouseCoopers as part of the audit staff in 1993, ending her stint at the company as Audit Senior in 1997. She has also been highly involved in teaching since 1997, she worked with Eslsca Business School, Edinburgh Business School, The American University in Cairo (AUC), and The Regional Information Technology Institute (RITI) in association with Maastricht School of Management (MSM). Ms. El Dessouky holds a Bachelor's degree in Commerce from Helwan University and an MBA in Management Consultancy from Sheffield University, UK. She is a CPA, CFM, and CMA holder and is also a Member of the Association of Corporate Governance Practitioners and a Certified Director from the Egyptian Institute of Directors.



Organizational Chart



Management



Dr. Raouf Ghabbour
Executive Chairman and CEO

Dr. Raouf Ghabbour, Chairman of the Board of Directors and Chief Executive Officer, is the founder of The Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour jump-started 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 steadfastly turned into successful businesses. Dr. Ghabbour has grown the Company to the leading automotive assembler and distributor in the Middle East and North Africa.



Mr. Nader Ghabbour
Deputy CEO

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 the IE Business School in Madrid.



Mr. George Sedky
Chief Human Resources Officer

Mr. George Sedky 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 re-engineering 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

Mr. Wissam Al-Adany joined GB Auto in 2014 and brings with him over 19 years of experience in information technology 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 BSc in Communications & Electronics Engineering from Ain Shams University in Cairo, and an MBA from the American University in Cairo.



Ms. Cherine Kallal
Senior Vice President Business Development & CEO Support

Ms. Cherine Kallal joined GB Auto in November 2011 and currently spearheads the Group's Business Development Division in her capacity as Senior Vice President Business Development. She is responsible for overseeing the successful execution of business development initiatives and strategic projects as part of the Group's growth strategy. She also directs the Group's China based unit. In January 2016, Ms. Kallal was appointed as CEO Support in addition to her Business Development role, where she directly supports the Group's CEO in designated operational and organizational tasks. In her roles, she is a member of the Group's Executive Committee and Management Steering Committees. A diligent and results-oriented strategist with strong experience in structured planning and cross-functional management; Ms. Kallal spent several years in the Telecom services sector where she served in several roles prior to joining GB Auto Group. Ms. Kallal holds a BSc in Mechanical Engineering from Loughborough University in UK.



Mrs. Odette Gamil
Senior Vice-President, Internal Audit

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.

Auto and Auto-Related

Mr. Ramez Adeeb Chief Manufacturing Officer



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 GB Auto & Auto Related Finance Director



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 BA in Accounting from Ain Shams University. He is a member of the Association of Chartered Certified Accountants (ACCA) in the UK and is a Certified Management Accountant (CMA).

Mr. Karim Gaddas Group Chief Operating Officer



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 headquarter-level 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 B.A. in Business Administration from the Sup de Co Montpellier in France and an MBA from SDA Bocconi in Milan, Italy.



Mr. Ghassan Kabbani Chief Operating Officer of Two- and Three-Wheelers

Mr. Ghassan Kabbani brings more than 30 years' 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 2- and 3-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 BA in Economics and Business Administration.

Mr. Ahmed Fathy Senior Vice President, Tires



Mr. Ahmed Fathy brings over sixteen years of experience in the automotive and engineering fields to his role at GB Auto. Prior to his current role, he served across a plethora of positions at the Group, which include VP Commercial Vehicles in the Heavy Trucks, Trailers and Superstructure Department, as well as Division Head B2B, Trucks Sales Manager B2B and Trucks Senior Sales Engineer B2B for Volvo. Before joining GB Auto, Mr. Fathy held the position of Sales Engineer at Cairo Hydraulic Group. He has a BSc. in Engineering from the faculty of Engineering in Zagazig University, and a mini-MBA in management from the Knowledge Academy.

Mr. Ibrahim Naguib Chief Operating Officer of Passenger Car Operations



Mr. Ibrahim Naguib 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. Naguib holds a BA from the American International University in London, UK and an MBA from the Maastricht School of Management, The Netherlands.

Eng. Sameh Ali Chief Operating Officer for Commercial Vehicles and Construction Equipment



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 MBA degree from Faculty of Business and Innovation at Toledo University, USA.

GB Capital



Mr. Ahmed Ossama

GB Capital Head of Finance, Haram Tourism and Drive Chairman and MD

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.



Mr. Sherif Tawadros

Senior Vice President Finance

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. Sherif Sabry

GB Lease Chairman and MD

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. Mounir Nakhla

Mashroey and Tasaheel Co-founder and MD

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.

GB Auto (S.A.E.)
(An Egyptian Joint Stock Company)
 Consolidated Financial Statements
 For The Financial year Ended December 31, 2020
And Auditor's Report

KPMG Hazem Hassan
Public Accountants & Consultants

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

Consolidated Statement of Financial Position as at December 31, 2020

Assets

Non-current assets	Note No.	31 December, 2020	31 December, 2019
Property, plant, equipment and projects under construction (Net)	(16)	4 167 572	4 043 219
Intangible assets and goodwill	(17)	453 238	433 945
Payments under investment		72	72
Investment in associate	(33)	100 584	58 034
Notes receivables (Net)	(12)	4 779 240	3 233 203
Deferred tax assets	(B-10)	540 627	618 310
Investment property	(18)	90 905	90 905
Debtors and other debit balances	(14-A)	153 379	131 779
Total non-current assets		10 285 617	8 609 467
Current assets			
Current assets	Note No.	31 December, 2020	31 December, 2019
Inventories (Net)	(11)	3 367 987	3 788 210
Accounts and notes receivables (Net)	(13)	7 106 385	6 435 527
Debtors and other debit balances (Net)	(14-B)	1 697 179	2 095 178
Due from related parties	(32)	337 332	272 202
Cash on hand and at banks	(15)	1 797 830	1 408 948
Total current assets		14 306 713	14 000 065
Total assets		24 592 330	22 609 532

Equity	Note No.	31 December, 2020	31 December, 2019
Issued and paid in capital	(19)	1 094 010	1 094 010
Treasury bills	(20)	(8 000)	-
Legal reserve	(21)	451 064	381 508
Other reserves	(22)	2 156 417	2 242 046
Retained Earning		20 333	22 596
Net Profit for the year		916 955	42 674
Equity attributable to owners of the company		4 630 779	3 782 834
Non-controlling interests	(23)	1 485 969	1 364 896
Total equity		6 116 748	5 147 730

Liabilities

Non-current liabilities	Note No.	31 December, 2020	31 December, 2019
Loans	(25)	3 582 377	3 002 093
Long term notes payables and creditors		325 082	163 504
Warranty provisions	(27)	3 697	4 168
Deferred tax liabilities	(10-B)	359 105	345 055
Total non-current liabilities		4 270 261	3 514 820

Current liabilities	Note No.	31 December, 2020	31 December, 2019
Provisions	(27)	185 011	225 629
Current tax liabilities	(10-A)	296 730	234 505
Loans, borrowings and overdrafts	(25)	10 459 290	10 661 022
Due to related parties	(32)	120 198	73 643
Trade payables and other credit balances	(26)	3 144 092	2 752 183
Total current liabilities		14 205 321	13 946 982
Total liabilities		18 475 582	17 461 802
Total equity and liabilities		24 592 330	22 609 532

* The accompanying notes are an integral part of these consolidated financial statements, and to be read therewith.

Chief Financial Officer
Executive Board Member
Abbas Elsayed

Executive Board Member
Nader Ghabbour

Chairman and Managing Director
Dr. Raouf Ghabbour

(All amounts in thousand Egyptian Pound)	Note No.	31 December, 2020	31 December, 2019
Operating revenue		23 310 764	25 398 046
Operating cost		(18 546 406)	(21 582 070)
Gross profit		4 764 358	3 815 976
Other income	(6)	425 605	157 544
Selling and marketing expenses		(1 369 201)	(1 018 504)
General and administrative expenses		(1 243 943)	(1 165 702)
Provisions and Impairment of Current and Non-Current assets (Net)	(8)	(272 871)	(306 360)
Operating results		2 303 948	1 482 954
Finance costs (Net)	(7)	(779 114)	(1 167 018)
Net profit for the year before income tax		1 524 834	315 936
Income tax (expense)	(10-C)	(408 773)	(92 380)
Net profit for the year		1 116 061	223 556
Attributable to:			
Shareholder's of the parent company		916 955	42 674
Non-controlling interests		199 106	180 882
		1 116 061	223 556
Basic Earnings (losses) (EGP/Share)	(9)	0.844	0.039

* The accompanying notes are an integral part of these consolidated financial statements, and to be read therewith.

(All amounts in thousand Egyptian Pound)	Note No.	31 December, 2020	31 December, 2019
Net profit for the year after income tax		1 116 061	223 556
Other comprehensive income items	Note No.	31 December, 2020	31 December, 2019
Foreign currency translation difference		(108 194)	(365 746)
Modification surplus of fixed assets result		30 467	36 221
Total other comprehensive income for the year before income tax		(77 727)	(329 525)
Income tax related to other comprehensive income item		(9 716)	(6 316)
Other comprehensive income for the year after income tax		(68 011)	(323 209)
Total other comprehensive income for the year		1 048 050	(99 653)
Other comprehensive income is attributable to:			
Shareholder's of the parent company		897 650	(133 571)
Non-controlling interests		150 400	33 918
		1 048 050	(99 653)

* The accompanying notes are an integral part of these consolidated financial statements, and to be read therewith.

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

Consolidated Statement of Shareholders Equity for the financial year ended

Shareholder's equity of the parent company

31 December, 2020

(All amounts in thousand Egyptian Pound)	Share capital	Legal reserve	Treasury Bills	Foreign currency translation reserve	ESOP (Fair value) reserve	Revaluation surplus of fixed assets reserve	Share premium (Special reserve)	Retained Earning	Net profit for the year	Total	Non-Controlling interests	Total equity
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
Transferred to retained earnings	-	-	-	-	-	-	-	42 674	(42 674)	-	-	-
Total comprehensive income												
Net profit for the year	-	-	-	-	-	-	-	-	916 955	916 955	199 106	1 116 061
Modification surplus of fixed assets after income tax (Net)	-	-	-	-	-	(20 751)	-	30 469	-	9 718	-	9 718
Other Comprehensive income items	-	-	-	(60 058)	-	-	-	-	-	(60 058)	(48 706)	(108 764)
Total comprehensive income	-	-	-	(60 058)	-	(20 751)	-	30 469	916 955	866 615	150 400	1 017 015
Transactions with owners of the Company												
Change in non-controlling interests without changing in control	-	-	-	-	-	-	-	(5 850)	-	(5 850)	(6 410)	(12 260)
Dividends Distribution	-	-	-	-	-	-	-	-	-	-	(65 504)	(65 504)
Purchase of Treasury Bills	-	-	(10 000)	-	-	-	(9 570)	-	-	(19 570)	-	(19 570)
Selling Treasury Bills	-	-	2000	-	-	-	4 750	-	-	6 750	-	6 750
Capital increase	-	-	-	-	-	-	-	-	-	-	42 587	42 587
Transferred to legal reserve	-	69 556	-	-	-	-	-	(69 556)	-	-	-	-
Total Transactions with owners of the company	-	69 556	(8 000)	-	-	-	(4 820)	(75 406)	-	(18 670)	(29 327)	(47 997)
Balance at December 31, 2020	1 094 010	451 064	(8 000)	1 057 721	88 882	97 833	911 981	20 333	916 955	4 630 779	1 485 969	6 116 748

* The accompanying notes are an integral part of these consolidated financial statements, and to be read therewith.

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

Consolidated Statement of Shareholders Equity for the financial year ended

Shareholder's equity of the parent company

31 December, 2019

(All amounts in thousand Egyptian Pound)	Share capital	Legal reserve	Foreign currency translation reserve	ESOP (Fair value) reserve	Revaluation surplus 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	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 Carry forward losses	-	-	-	-	-	-	544 833	544 833	-	-	-
Total comprehensive income											
Net profit for the year	-	-	-	-	-	-	-	42 674	42 674	180 882	223 556
Modification surplus of fixed assets after income tax (Net)	-	-	-	-	(29 905)	-	36 221	-	6 316	-	6 316
Other Comprehensive income items	-	-	(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											
Dividends Distribution	-	-	-	-	-	-	(31 219)	-	(31 219)	(1 942)	(33 161)
The share of non-controlling rights holders in the companies that were liquidated	-	-	-	-	-	-	-	-	-	(700)	(700)
Capital increase	-	-	-	-	-	-	-	-	-	6 167	6 167
Transferred to legal reserve	-	49 979	-	-	-	-	(49 979)	-	-	-	-
Payment under increase in investment	-	-	-	-	-	-	-	-	-	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 are an integral part of these consolidated financial statements, and to be read therewith.

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

Consolidated Statement of Cash Flows for the financial year ended

(All amounts in thousand Egyptian Pound)

	Note No.	31 December, 2020	31 December, 2019
Net profit for the year before tax		1 524 834	315 936
Adjustments for:			
Interest expense	(7)	918 196	1 461 955
Depreciation and amortization for the year	(16,17)	310 190	654 742
Provisions movements (net)	(27)	53 884	109 566
Impairment losses on current assets (net)		212 268	124 354
Interest income	(7)	(152 421)	(112 796)
Gain from sale of property, plant, equipment and assets held for sale	(6)	(295 049)	(12 292)
		2 571 902	2 541 465
Changes in:			
Inventories		435 028	1 028 494
Accounts and notes receivables		(2 412 847)	(828 763)
Debtors and other debit balances		377 273	(604 846)
Due from related parties		(63 213)	(68 780)
Due to related parties		46 555	(19 263)
Proceeds from loans and borrowings		1 155 212	1 504 433
Trade payables and other credit balances		391 910	80 430
Cash provided from operating activities		2 501 820	3 633 170
Provisions used		(93 852)	(226 980)
Income tax paid		(245 099)	(140 606)
Dividends paid		(65 504)	(33 161)
Net cash provided from operating activities		2 097 366	3 232 423

Cash flows from investing activities	Note No.	31 December, 2020	31 December, 2019
Acquisition of property, plant, equipment and projects under constructions		(707 765)	(1 736 040)
Acquisition of intangible assets		(2 964)	(4 877)
Interest income received		152 421	112 796
Payment under investment		-	(72)
Proceeds from sale of property, plant, equipment and assets held for sale		514 278	831 252
Net cash (used in) investing activities		(44 030)	(796 941)

Cash flows from financing activities	Note No.	31 December, 2020	31 December, 2019
Proceeds from non controlling interest to increase capital of subsidiaries		42 587	6 167
Proceeds from non controlling interest to increase paid under capital increase of subsidiaries		-	24 091
Shares of non controlling interest in liquidated companies		-	(700)
Payment to purchase Treasury bills		(19 570)	-
Gain From selling Treasury bills		6 750	-
Proceeds from loans and borrowings		(776 660)	(263 989)
Payment under investment in associate companies		(42 550)	(50 000)
Long-Term notes payable		161 578	(137 647)
Interest paid		(924 860)	(1 460 926)
Net cash(used in) financing activities		(1 552 725)	(1 883 004)
Net Increase/Decrease in cash and cash equivalents		500 611	552 478
Cash and cash equivalents at the beginning of the year		1 408 948	1 179 275
Effect of movements in exchange rates on cash and cash equivalents		(111 729)	(322 805)
Cash and cash equivalents at end of the year	(15)	1 797 830	1 408 948

* The accompanying notes are an integral part of these consolidated financial statements, and to be read therewith.

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

Notes to the consolidated financial statements for the financial year ended December 31, 2020

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

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, 2020.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on February 25, 2021.

2- Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards (EAS) 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 above-mentioned 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.

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.

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.

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.

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

Notes to the consolidated financial statements for the financial year ended December 31, 2020

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

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 summary describes the operations for each reportable segment:

Reportable segment	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	31 December, 2020	31 December, 2019
Passenger car	44.94%	56.70%
Buses and trucks	4.10%	6.60%
2 & 3 Wheels	20.11%	13.20%
Financial Services non-Banking	23.00%	17.10%
Other Operations	7.85%	6.40%

B-Revenue from foreign operations	31 December, 2020	31 December, 2019
Passenger car	19.68%	42.10%
2 & 3 Wheels	33.30%	32.50%
Other Operations	0.00%	0.10%

C- Segments results	31 December, 2020	31 December, 2019
Passenger car	22.23%	27.64%
Buses and trucks	1.70%	6.78%
2 & 3 Wheels	20.01%	14.34%
Financial Services non-Banking	48.56%	43.70%
Other Operations	7.50%	7.55%

D-Assets	31 December, 2020	31 December, 2019
Passenger car	12.0%	18.3%
Buses and trucks	7.9%	8.1%
2 & 3 Wheels	11.1%	10.5%
Financial Services non-Banking	49.5%	42.8%
Other Operations	19.5%	20.3%

E- Liabilities	31 December, 2020	31 December, 2019
Passenger car	30.6%	32.8%
Buses and trucks	13.0%	16.6%
2 & 3 Wheels	1.8%	2.6%
Financial Services non-Banking	50.4%	43.7%
Other Operations	4.2%	4.3%

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

Notes to the consolidated financial statements for the financial year ended December 31, 2020

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

5- Operating Segments (Continued)**F- Reconciliations of information on reportable segments to financial statements according to EASs**

Revenues	31 December, 2020	31 December, 2019
Total revenues for operating segments	25 851 536	27 562 160
Elimination of inter-segment revenue	(2 540 772)	(2 164 114)
Consolidated Revenue	23 310 764	25 398 046

Segments result	31 December, 2020	31 December, 2019
Gross profit for operating segment	4 792 215	3 797 558
Elimination of inter-segment gross profit	(27 857)	18 418
Consolidated Gross Profit	4 764 358	3 815 976

Assets	31 December, 2020	31 December, 2019
Total assets for operating segments	42 368 159	39 610 873
Elimination inter-segment assets	(17 775 829)	(17 001 341)
Total Consolidated Assets	24 592 330	22 609 532

Liabilities	31 December, 2020	31 December, 2019
Total Liabilities for operating segments	26 940 324	26 057 638
Elimination inter-segment Liabilities	(8 464 743)	(8 595 836)
Total Consolidated Liabilities	18 475 581	17 461 802

G-Other martial amounts	Total reportable segment	Adjustments	Total consolidated December 31, 2020
Finance income	152 421	-	152 421
Interest expense and	(924 906)	6 710	(918 196)
Bank Charges Capital expenditure	(710 729)	-	(710 729)
Depreciation and amortization	310 190	-	310 190

	Total reportable segment	Adjustments	Total consolidated December 31, 2019
Finance income	112 796	-	112 796
Interest expense and	(1 438 711)	(23 244)	(1 461 955)
Bank Charges Capital expenditure	1 740 917	-	1 740 917
Depreciation and amortization	654 742	-	654 742

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

Notes to the consolidated financial statements for the financial year ended December31, 2020

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

5- Operating Segments (Continued)

(All amounts in thousand Egyptian Pound)	Passenger cars		Commercial vehicles		Two and three Wheelers		Financial Services Non Banking		Other operations		Total	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Operating revenue	10 487 743	14 399 207	957 959	1 664 080	4 694 114	3 341 240	5 337 844	4 349 306	1 833 105	1 644 213	23 310 764	25 398 046
Gross profit	1 058 559	1 053 826	81 169	258 374	988 761	546 791	2 314 409	1 668 915	321 460	288 070	4 764 358	3 815 976
General and administrative expenses											(1 369 201)	(1 018 504)
Marketing and Selling expenses											(1 243 943)	(1 165 702)
Provisions and Impairment of Current and Non- Current assets (Net)											(272 871)	(306 360)
Other income											425 605	157 544
Operating results											2 303 948	1 482 954
Finance cost(Net)											(779 114)	(1 167 018)
Net profit for the year before income tax											1 524 834	315 936
Income tax expense											(408 773)	(92 380)
Net profit for the year											1 116 061	223 556
Attributable to:											916 955	42 674
Equity holders of the Company											199 106	180 882
Non-controlling interests											1 116 061	223 556

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

Notes to the consolidated financial statements for the financial year ended December 31, 2020

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

6- Other Income	31 December, 2020	31 December, 2019
Gain on sale of fixed asset	295 049	12 292
Scrap Sales	36 989	39 875
Commission for reissuance loans	36 915	32 721
Other revenues	19 518	23 826
Cash incentive revenue	19 466	37 425
Gain on transfer of ownership	6 663	-
Rental Revenue	11 005	11 406
	425 605	157 544

7-Finance Costs	31 December, 2020	31 December, 2019
Interest income	122 933	105 047
Interest income on installment sales	29 488	7 749
Foreign exchange gain / (Loss)	(13 339)	182 141
Total Finance Income	139 082	294 937
Interest expense and bank charges	(918 196)	(1 461 955)
Total Finance Cost	(918 196)	(1 461 955)
Net Finance Cost	(779 114)	(1 167 018)

8-Provisions and Impairment of Current and Non-Current assets

Provisions no longer required	31 December, 2020	31 December, 2019
Warranty provision	30 437	32 290
Impairment in value of accounts and notes receivables	14 711	45 509
Impairment in value of debtors and other debit balances	2 645	-
Other Provisions	20 152	111 980
Total provisions no longer required	67 945	189 779

Provisions formed	31 December, 2020	31 December, 2019
Warranty provision	(51 092)	(73 213)
Impairment in value of accounts and notes receivable	(214 248)	(140 884)
Impairment in value of debtors and other debit balances	(2 099)	(24 855)
Legal Claims	(1 038)	(829)
Impairment in value of Fixed assets	(13 277)	(69 625)
Other provisions	(59 062)	(186 733)
Total provisions formed	(340 816)	(496 139)
Net provisions in the income statement	(272 871)	(306 360)

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

Notes to the consolidated financial statements for the financial year ended December 31, 2020

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

	Balance at 1/1/2020	Form during the year	Used during the year	Reversal of Impairment during the year	Effect of movements of exchange rates	Balance at 31/12/2020
Impairment in value of Accounts & Notes receivable	442 829	214 248	-	(14 711)	(3 585)	638 781
Impairment in value of due from related parties	28 565	-	-	-	(1 917)	26 648
Impairment in value of Debtors & Other debit balances	32 864	2 099	-	(2645)	(328)	31990
	504 258	216 347	-	(17 356)	(5 830)	697 419
Impairment in value of Inventory *	67 285	5 301	-	(20 106)	-	52 480
	571 543	221 648	-	(37 462)	(5 830)	749 899

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

9-Earnings per share

i. Basic

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 period.

	December 31, 2020	December 31, 2019
Net profit for the year attributable to the shareholders	916 955	42 674
Weighted average number of ordinary shares issued	1 086 298	1 094 010
Basic profit earnings per share/ EGP	0.844	0.039

10-Income tax

A-Income tax liabilities	December 31, 2020	December 31, 2019
Balance at 1 January	234 505	139 185
Income tax paid during the year	(245 099)	(140 743)
Current income tax during the year (Note 10-C)	307 324	236 063
Balance at the end of the year	296 730	234 505

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

Notes to the consolidated financial statements for the financial year ended December 31, 2020

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

10-Income tax (Continued)

B-Deferred Tax	Fixed Assets	Carried forward losses	Impairment in value of Inventory	Warranty Provision	Revaluation surplus of fixed assets	Notes payable	Capital Gains	Total	
								31-Dec-20	31-Dec-19
Deferred tax assets									
Balance at 1 January	11	424 098	10 342	31 276	-	152 583	-	618 310	455 682
Charged to the income statement	-	(68 535)	(6 169)	13 029	-	(16 009)	-	(77 683)	162 628
Balance at the end of the year	11	355 563	4 173	44 305	-	136 574	-	540 627	618 310
Deferred tax liabilities									
Balance at 1 January	(258 666)	-	-	-	(23 959)	-	(62 430)	(345 055)	(332 426)
Charged to the income statement	(38 558)	-	-	-	-	-	14 792	(23 766)	(18 945)
Charged to Statement of comprehensive income	-	-	-	-	9 716	-	-	9 716	6 316
Balance at the end of the year	(297 224)	-	-	-	(14 243)	-	(47 638)	(359 105)	(345 055)
Net Balance at the end of the year	(297 213)	355 563	4173	44 305	(14 243)	136 574	(47 638)	181 522	273 255
Net									
Balance at 1 January	(258 655)	424 098	10 342	31 276	(23 959)	152 583	(62 430)	273 255	123 256
Charged to the income statement (10-B)	(38 558)	(68 535)	(6 169)	13 029	-	(16 009)	14 792	(101 449)	143 683
Charged to Statement of comprehensive income	-	-	-	-	9 716	-	-	9 716	6 316
Balance at the end of the year	(297 213)	355 563	4 173	44 305	(14 243)	136 574	(47 638)	181 522	273 255

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

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

Notes to the consolidated financial statements for the financial year ended December 31, 2020

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

10-Income tax (Continued)**B-Deferred tax assets and liabilities (Continued)****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.

	31 December, 2020	31 December, 2019
Impairment in value of accounts and notes receivables	143 726	99 637
Impairment in value of other debit balances	7 198	7 394

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)	31 December, 2020	31 December, 2019
Current income tax (Note 10-A)	(307 324)	(236 063)
Deferred tax – (Note 10-B)	(101 449)	143 683
Income tax for the year	(408 773)	(92 380)

D-Amounts recognized in OCI

	31 December, 2020			31 December, 2019		
	Before Tax	Taxes	After Tax	Before Tax	Taxes	After Tax
Foreign Currency translation difference	(108 194)	-	(108 194)	(365 746)	-	(365 746)
Modification surplus of fixed assets cost	30 467	(9 716)	20 751	(36 221)	6 316	(29 905)
	(77 727)	(9 716)	(87 443)	(401 967)	6 316	(395 651)

11-Inventories

	31 December, 2020	31 December, 2019
Goods in transit	558 181	795 657
Cars, buses and trucks	1 338 961	1 378 068
Raw material and car components	767 392	871 336
Spare parts for sale	416 255	488 284
Work in progress	200 295	154 613
Tires	111 741	113 434
Oils	27 642	54 103
Total	3 420 467	3 855 495
Impairment in value of inventory *	(52 480)	(67 285)
Net	3 367 987	3 788 210

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

12-Long term notes receivables

	31 December, 2020	31 December, 2019
Long-term notes receivables	5 351 017	3 932 299
Interest income on installment sales	(497 081)	(641 866)
Net present value for long-term notes receivable	4 853 936	3 290 433
Impairment in value of long-term notes receivable	(74 696)	(57 230)
Net	4 779 240	3 233 203

13-Accounts and notes receivables

	31 December, 2020	31 December, 2019
Total notes receivable	12 897 419	11 750 129
Long-term notes receivable (Note 12)	(5 351 017)	(3 932 299)
Unamortized interest	(556 472)	(1 818 583)
Net present value for short-term notes receivable	6 989 930	5 999 247
Trade receivable	680 540	821 879
Total	7 670 470	6 821 126
Impairment in value of accounts and notes receivable balances	(564 085)	(385 599)
Net	7 106 385	6 435 527

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

Notes to the consolidated financial statements for the financial year ended December31, 2020

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

14-Debtors and other debit balances

A-Long term debtors and other debit balance	31 December, 2020	31 December, 2019
Debt securitization Companies	153 379	131 779
	153 379	131 779

B-Debtors and other debit balances	31 December, 2020	31 December, 2019
Advances to suppliers	410 225	463 388
Withholding tax	302 681	261 755
Value added tax	172 679	95 724
Accrued interest	3 493	134 417
Accrued revenue	95 593	347
Letters of credit	345 557	201 104
Due from securitizaion operaions	-	573 797
Prepaid expenses	125 238	113 466
Deposits with others	37 464	32 710
Letters of guarantee margin	134 797	136 440
Staff loans and custodies	33 113	27 269
Other debit balances	65 039	83 899
Customs duties	3 290	3 726
Total	1 729 169	2 128 042
Impairment in value of debtor and other debit balances	(31 990)	(32 864)
Net	1 697 179	2 095 178

15-Cash on hand and at banks

A-Cash on hand and at banks	31 December, 2020	31 December, 2019
Time deposits	353 258	92 289
Current accounts	1 132 586	1 173 867
Checks under collections	90 448	133 164
Treasury bills	221 538	9 628
	1 797 830	1 408 948

B-Cash and cash equivalents	31 December, 2020	31 December, 2019
Cash on hand and cash at banks	1 797 830	1 408 948
	1 797 830	1 408 948

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

Notes to the consolidated financial statements for the financial year ended December31, 2020

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

16 - Property, plant, equipments and projects under construction

	Land and Buildings	Machinery & equipment	Vehicles	Computers	Fixtures & furniture	Leasehold improvements	* Projects under construction	Total
Cost								
Cost at 1 January 2019	2 238 785	963 962	532 080	196 148	617 572	32 365	619 415	5 200 327
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)	-	(1089)	-	-	(4 676)
Effect of movements of exchange rates	1 417	(249)	(362)	(74)	(1230)	(256)	-	(754)
Balance at 31 December 2019	2 553 827	1 044 495	515 254	223 714	902 221	41 903	367 393	5 648 807
Cost at 1 January 2020	2 553 827	1 044 495	515 254	223 714	902 221	41 903	367 393	5 648 807
Additions during the year	82 526	16 020	224 515	32 358	44 844	32 681	274 822	707 765
Transferred from projects under construction to PP&E and intangible assets	7 506	74 541	-	742	56 131	1504	(160867)	(20443)
Disposals during the year	(175 974)	(77 326)	(76 019)	(4 650)	(6994)	(2793)	(1693)	(345 448)
Effect of cost modification using modification factor	-	-	(4028)	(2 928)	(2396)	-	-	(9 352)
Effect of movements of exchange rates	(32 731)	(1 396)	(727)	(270)	(1978)	(386)	-	(37 488)
Balance at 31 December 2020	2 435 155	1 056 333	658 994	248 966	991 829	72 909	479 655	5 943 840

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

Notes to the consolidated financial statements for the financial year ended December31, 2020

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

16 - Property, plant, equipments and projects under construction (Continued)

	Land and Buildings	Machinery & equipment	Vehicles	Computers	Fixtures & furniture	Leasehold improvements	* Projects under construction	Total
Accumulated depreciation and impairment losses								
Accumulated depreciation at 1 January 2019	209 067	530 899	153 373	153 453	292 793	21 577	-	1 361 162
Depreciation during the year	206 710	168 131	190 772	22 054	61 775	4 213	-	653 655
Disposals during the year	(173 943)	(125 566)	(156 395)	(1 431)	(2007)	(97)	-	(459 439)
Effect of accumulated depreciation modification using modification factor	-	-	(6 816)	(1)	(1088)	-	-	(7 905)
Impairment in value of fixed asset	59 093	5 807	-	71	4 653	-	-	69 624
Effect of movements of exchange rates	(1 024)	(1 768)	(2 063)	(934)	(5523)	(198)	-	(11 510)
Accumulated depreciation at 31 December 2019	299 904	577 503	178 871	173 212	350 603	25 495	-	1 605 588
Accumulated depreciation at 1 January 2020	299 904	577 503	178 871	173 212	350 603	25 495	-	1 605 588
Depreciation during the year	30 910	80 219	86 116	22 157	77 356	9 318	-	306 076
Disposals during the year	(14 111)	(69 269)	(33 073)	(3 645)	(5800)	(322)	-	(126 219)
Effect of accumulated depreciation modification using modification factor	-	(5 147)	(10 290)	(2 928)	(2255)	-	-	(20 620)
Impairment in value of fixed assets	-	-	-	-	-	-	13 278	13 278
Effect of movements of exchange rates	(1 703)	(27)	(16)	(3)	(32)	(54)	-	(1 835)
Accumulated depreciation at 31 December 2020	315 000	583 278	221 609	188 793	419 872	34 437	13 278	1 776 268
Net carrying Amount								
At 1 January 2019	2 029 718	433 063	378 707	42 695	324 779	10 788	619 415	3 839 165
At 31 December 2019	2 253 923	466 992	336 383	50 502	551 618	16 408	367 393	4 043 219
At 31 December 2020	2 120 154	473 055	437 385	60 173	571 957	38 472	466 376	4 167 572

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

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

Notes to the consolidated financial statements for the financial year ended December 31, 2020

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

17- Intangible assets and goodwill

Cost	Goodwill	Computer software	Knowhow	Total
Balance at 1 January	430 155	38 772	5 703	474 630
Additions during the year	-	2 964	-	2 964
Transfer from PUC	-	20 443	-	20 443
Balance at December 31, 2020	430 155	62 179	5 703	498 037

Accumulated amortization

Balance at 1 January	-	34 982	5 703	40 685
Amortization during the year	-	4 114	-	4 114
Balance at December 31, 2020	-	39 096	5 703	44 799
Net carrying amount at December 31, 2020	430 155	23 083	-	453 238
Net carrying amount at December 31, 2019	430 155	3 790	-	433 945

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 210 EGP million pound, in return of acquiring shares of GB Auto share capital increase. The acquisition resulted in a goodwill amounting to EGP177 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.

On October 26, 2017 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

	31 December, 2020	31 December, 2019
Two and three wheels' activities	177 375	177 375
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.

18-Investments property

	31 December, 2020	31 December, 2019
Balance at 1 January	90 905	90 905
Balance at the end of the year	90 905	90 905

19-Issued and paid in capital

	31 December, 2020	31 December, 2019
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 with par value 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 addition 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.

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20-Treasury Bills

On March 1, 2020, the Board of Directors of the company decided to purchase treasury shares with an amount of 10 000 000 shares of the company, which represents 0.914% of the total shares of the company, through the open market, and that implementation be carried out from the session of March 2, 2020 and Until April 2, 2020, or until the full amount is executed, with the same price of the security during trading sessions in the execution period in light of the amendment issued in Article (51) bis of the registration rules issued by the Board of Directors of the Financial Supervisory Authority No. 27 of 2020 on February 29, 2020 And that works in it as of the date of its issuance, as well as the statement posted on the announcement screens on the Egyptian Stock Exchange on March 1, 2020 regarding the exceptional procedures for companies whose securities are listed on the stock exchange wishing to purchase treasury shares.

On March 3, 2020 to March 18, 2020 The company has purchased 10 million shares with a total value of 19.570 million Egyptian pounds. The amount of 10 million pounds has been recorded as treasury shares representing the nominal value of the share. The difference between the purchase cost and the nominal value of the amount of 9.570 million Egyptian pounds has been recorded in the other reserves (Note 22).

During the year, the company sold 2 million shares with a total value of 6 750 million Egyptian pounds, resulting in a reduction of 2 million Egyptian pounds. This represents the nominal value of the share, and the difference between the sale value and the nominal value of 4 750 million Egyptian pounds was recorded within the other reserves (note 22).

21-Legal reserve

	31 December, 2020	31 December, 2019
Balance at 1 January	381 508	331 529
Transferred to legal reserve	69 556	49 979
Balance at the end of the year	451 064	381 508

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

	Foreign currency translation reserve	ESOP (Fair value) reserve	Surplus Revaluation of fixed assets reserve	Share premium (special reserves)	Total
Balance as at January 1, 2020	1 117 779	88 882	118 584	916 801	2 242 046
Foreign currency translation	(60 058)	-	-	-	(60058)
Purchase of Treasury Bills	-	-	-	(9 570)	(9 570)
Selling Treasury Bills	-	-	-	4 750	4 750
Modification surplus of fixed assets cost	-	-	(20 751)	-	(20 751)
Balance at December 31, 2020	1 057 721	88 882	97 833	911 981	2 156 417

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.

	31 December, 2020	31 December, 2019
Share premium	911 981	916 801

The special reserve represented in the transferred amount from the net share premium in 2007 less the amount transferred to the legal reserve (Note 21).

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.

The share premium was reduced by an amount of 9 570 thousand EGP ,which represent the difference between cost of purchasing treasury shares during the year 2020 with an amount of 19 570 thousand EGP and the par value of shares of 10 million EGP.

The share premium has also been increased by an amount of 4,750,000 Egyptian pounds, representing the difference between the sale price of treasury shares during the year 2020 by an amount of 6,750,000 Egyptian pounds and the nominal value of the shares of 2 million Egyptian pounds.

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

23-Non-controlling Interest	Capital	Payment Under capital increase	Reserves	Legal reserve	Retained earnings	Total	
						December 31, 2020	December 31, 2019
Balance at 1 January	523 659	24 090	642 238	43 527	131 382	1 364 896	1 303 362
Net profit for the year	-	-	-	-	199 106	199 106	180 882
Foreign currency translation results	-	-	(48 706)	-	-	(48 706)	(147 395)
Capital increase	56 644	(14 057)	-	-	-	42 587	6 167
Change in Non-controlling interests	-	-	-	-	(6 410)	(6 410)	(700)
Transfer to legal reserve	-	-	-	17 279	(17 279)	-	-
Dividends	-	-	-	-	(65 504)	(65 504)	(1 509)
Payment under capital increase	-	-	-	-	-	-	24 090
Balance at the end of the year	580 303	10 033	593 532	60 806	241 295	1 485 969	1 364 896

24-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, 2020 and December 31, 2019 restated were as follows:

	31 December, 2020	31 December, 2019
Loans, borrowings and overdrafts	14 041 667	13 663 115
Short-term notes payable - suppliers	413 762	375 694
Total loans and notes payables	14 455 429	14 038 809
Less: Cash and cash equivalent	(1 797 830)	(1 408 948)
Letters of credit margin	(345 557)	(201 103)
Letters of guarantee margin	(134 797)	(136 440)
Net debt	12 177 245	12 292 318
Shareholders' equity	4 630 779	3 782 834
Net debt to equity ratio	2.63	3.25

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

25-Loans, borrowings and overdrafts

	December 31, 2020			December 31, 2019		
	Short term	Long-term portion	Total	Short term	Long-term portion	Total
Banks overdraft	9 005 209	35 064	9 040 273	8 910 667	27 737	8 938 404
Loans	1 454 081	3 547 313	5 001 394	1 750 355	2 974 356	4 724 711
Total	10 459 290	3 582 377	14 041 667	10 661 022	3 002 093	13 663 115

A.Banks overdraft

The average interest rate on the outstanding Egyptian Pounds and the US Dollars bank overdraft are 9.12% and 3.24% respectively.

	31 December, 2020	31 December, 2019
Less than one year	9 005 209	8 910 667
More than one year and less than five years	35 064	27 737
	9 040 273	8 938 404

B.Loans

The group (the non-banking financial services sector) obtained medium and long-term bank loans for the purpose of financing car sales contracts and operational and financial lease contracts. The repayment period for these loans reached 5 years for each operation financed by guaranteeing the financial rights of the contracts concluded and arising from those contracts towards the clients of the group companies

	31 December, 2020	31 December, 2019
Less than one year	1 454 081	1 750 355
More than one year and less than five years	3 547 313	2 974 356
	5 001 394	4 724 711

26-Trade payables and other credit balances

	31 December, 2020	31 December, 2019
Trade payables	1 397 145	1 291 729
Other credit balances	109 252	75 318
Advances from customers	338 300	360 840
Tax Authority	48 544	30 798
Value added tax	102 384	93 188
Accrued expenses	559 262	335 253
Accrued interest expense	85 977	81 972
Deposits from others	35 886	29 968
Notes payables	464 374	375 694
Dividends payable	2 500	37 440
Deferred revenues	469	39 983
	3 144 093	2 752 183

27-Provisions	Legal Claims	Warranty Provision	Other Provisions	Total
Balance at January 1, 2020	6 112	98 469	125 216	229 797
Provisions formed during the year	1 038	51 092	144 330	196 460
Provisions used during the year	-	(39 828)	(54 024)	(93 852)
Provisions no longer required	-	(30 437)	(112 139)	(142 576)
Effect of movement of exchange rates	(10)	-	(1 111)	(1 121)
Balance at December 31, 2020	7 140	79 296	102 272	188 708
Balance at January 1, 2019	5 387	77 115	186 197	268 699
Provisions formed during the year	828	73 213	186 732	260 773
Provisions utilized during the year	(40)	(19 568)	(128 326)	(147 934)
Provisions no longer required	-	(32 291)	(118 917)	(151 208)
Effect of movement of exchange rates	(63)	-	(470)	(533)
Balance at December 31, 2019	6 112	98 469	125 216	229 797

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, 2020.

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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 79 297 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 as at December 31, 2020 EGP 3 697 (December 31, 2019 EGP 4 168).

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 affect 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.

A portion of the value of the formed and (no longer required) of the other provisions is included in the sales revenue. The value of the formed provisions on December 31, 2020 amounted to 85 268 thousand Egyptian pounds and the value of the no longer required provisions is 91 987 thousand Egyptian pounds EGP.

28-Financial risk management

1 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.

A-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:

	December 31, 2020			December 31, 2019
	Assets	Liabilities	Net	Net
USD	445 634	(1 097 851)	(652 217)	(714 352)
Euro	4 775	(24 879)	(20 104)	(544 443)
Other currencies	6 891	(45 177)	(38 286)	(126 425)

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 14 041 668 as at December 31, 2020 (EGP 13 663 115 as at December 31, 2019).

Financial assets that carry fixed interest rates are amounted to EGP 353 258 as at December 31, 2020 (EGP 92 289 as at December 31, 2019).

		31 December, 2020	31 December, 2019
Time deposits	USD	57 474	69 612
Time deposits	EGP	295 784	22 677
		353 258	92 289

B-Credit risk

Credit risk is managed on a group basis. 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:

	31 December, 2020	31 December, 2019
Notes and accounts receivables	13 577 959	12 572 008
Impairment in value of accounts and notes receivable balances	638 781	442 829
The ratio of the allowance to total accounts and notes receivable	4.70%	3.52%

C-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.

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D- 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.

29-Investment in subsidiary companies

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

Companies	Percentage of ownership	
	31 December, 2020	31 December, 2019
RG Investment “S.A.E.”	99.99%	99.99%
International Trade Agencies and Marketing Co. (ITAMCO) “S.A.E.”	99.45%	99.45%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) “S.A.E.”	99.53%	99.53%
Ghabbour Continental Trading Co. (GCT) –Alex “S.A.E.”	100.00%	100.00%
GB Polo Buses Manufacturing “S.A.E.”	80.00%	80.00%
Haram Transportation Co. “S.A.E.”	99.00%	99.00%
GB Company for financial lease “S.A.E.”	100.00%	100.00%
Haram for transpiration Tourism “S.A.E.”	100.00%	100.00%
GB Allab Company	66.20%	66.20%
Masters Automotive Company “S.A.E.”	75.00%	75.00%
Microfinance consultancy Services (Mashro'ey) “S.A.E.”	65.00%	65.00%
Almajmoa Alalamia; Litijaret Alsaiarat (GK)	50.00%	50.00%
GB Logistics “S.A.E.”	99.98%	99.98%
GB Capital holding for financial investments “S.A.E.”	99.00%	99.00%
Gulf Company	100.00%	100.00%
Drive Automotive “S.A.E.”	100.00%	100.00%
Drive Finance “S.A.E.”	100.00%	100.00%

Companies	Percentage of ownership	
	31 December, 2020	31 December, 2019
Ghabbour Al Qalam	68.00%	68.00%
GB Global Company	100.00%	100.00%
GBR Company	54.00%	54.00%
GBR Services Company	48.80%	48.80%
Egypt Auto Mall Company for used car “S.A.E.”	99.00%	99.00%
GB El Bostan	60.00%	60.00%
Ghabbour general trade	25.00%	25.00%
Egypt Tires Market “S.A.E.”	90.00%	90.00%
Pan African Egypt Company for Oil “S.A.E.”	100.00%	100.00%
Tires & more Company for car services “S.A.E.”	100.00%	100.00%
Suez Canal logistic services Co. “S.A.E.”	100.00%	100.00%
GB Automotive Manufacturing Co. “S.A.E.”	100.00%	100.00%
Ready Parts for automotive spare parts “S.A.E.”	100.00%	100.00%
GB Light transport manufacturing Company (GB LTMC) “S.A.E.”	100.00%	100.00%
GB for Import & export	100.00%	-
Tasaheel Microfinance Company ((Tasaheel)) “S.A.E.”	65.00%	65.00%
GB for heavy truck and construction equipment trading “S.A.E.”	100.00%	100.00%
GB for water and environment technology. “S.A.E.”	100.00%	100.00%
Engineering Company for transportation maintenance El Mikaneeky	65.00%	65.00%
Egyptian International Maintenance and cars Manufacturing Company EIAC “S.A.E.”	100.00%	100.00%
GB Finance S.A.R.L.	100.00%	100.00%
MNT for SME Development “S.A.E.”	53.33%	53.33%
BBAL Blue Bay Auto Loan Investments Cyprus LTD	100.00%	100.00%
Salexia L.T.D. Trading (Cyprus)	100.00%	100.00%
MNT Investment B.V. (Netherland)	53.33%	53.33%
GB Capital Securitization S.A.E.	100.00%	100.00%
Rassedey S.A.E.	47.70%	57.00%
GB Real Estate Mortgage Finance B.V.	100.00%	100.00%
GB for Import & Export	100.00%	100.00%
GB Real Estate BV	100.00%	100.00%
Transport Vehicle Distribution TVD S.A.E.	51.00%	51.00%

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29-Investment in subsidiary companies (Continued)

Companies	Percentage of ownership	
	31 December, 2020	31 December, 2019
Automobilk S.A.E	65.00%	65.00%
GB Finance Lease BV	100.00%	100.00%
GB Microcredit BV	100.00%	100.00%
GB Operational Lease BV	100.00%	100.00%
GB Consumer Finance BV	100.00%	100.00%
Rassedy For Collection S.A.E	41.25%	41.25%
GB Factoring BV	100.00%	-
GB Global BV	100.00%	-
GB Clean Label Foods	90.00%	-

30-Capital Commitments

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 97 974 (EGP 205 680 as at December 31, 2019) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

31-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:

	31 December, 2020	31 December, 2019
USD	908 966	2 455 842
EGP	139 657	180 672
Yen	47 108	22 821
Euro	14 396	24 744
Cny	12 179	-

32-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	31 December, 2020	31 December, 2019
El Bostan Holding	66 992	68 307
SARL SIPAC – Algeria	11 978	13 627
Algematco – Algeria	25 270	28 608
Halan for Information technology	178 150	70 144
Kassed Shareholders' Current Account	7 746	11 153
El Qalam Shareholders' Current Account	73 844	108 928
Total	363 980	300 767
Impairment of due from related parties	(26 648)	(28 565)
	337 332	272 202

Due to related parties	31 December, 2020	31 December, 2019
Marco Polo Company	59 659	61 227
EQI	761	761
Al Watania for car accessories and spare parts	6 146	6 135
Gaya	11 119	5 090
Wahdan Company	2 534	68
EL Ghalban Company	39 979	362
	120 198	73 643

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The following is the nature and the values for the most significant transactions with the related- parties during the year

Companies	Relation type	Transaction nature	Transaction amount	
			31 December, 2020	31 December, 2019
Executive BOD	Board of Directors	Management Salaries	32 093	78 637
Al Watania for Vehicles Accessories and spare parts	Assosiate	Purchases	11	(1 955)
SARL SIPAC – Algeria	Assosiate	Cash transfer	1 649	(1 656)
Kassed Shareholders' current account	Shareholder in one of the subsidiaries	Sales	-	(1 650)
		Cash transfer	3 407	(69 997)
EI- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Sales	(108 271)	(81 806)
		Services	143 355	6 472
Marco Polo Company	Shareholder in one of the subsidiaries	Services	1 568	4 442
Itamco for Import and Export	Assosiate	Cash transfers	-	(1 286)
Watania Company for Tires Import	Assosiate	Cash transfers	-	(1 111)
Algematco – Algeria	Shareholder in one of the subsidiaries	Cash transfers	3 338	(12 005)
Bostan Holding	Assosiate	Foreign Currency translation difference	1 315	(7 891)
GB produce	Assosiate	Cash transfers	-	(4 000)
Halan for Information technology	Related party	Cash transfers	(108 006)	(70 144)
Gaya	Shareholder in one of the subsidiaries	Cash transfers	6 029	6 785
El Ghalban	Shareholder in one of the subsidiaries	Cash transfers	39 617	362

33-Investment in associates

	Contribution percentage	31 December, 2020	31 December, 2019
Halan for Information technology	2.28%	8 034	8 034
Bedaia for Real estate Financing	33.33%	50 000	50 000
Tokyo Marine Insurance	37.50%	42 550	-
		100 584	58 034

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34- Income Statement According expenses nature

	31 December, 2020	31 December, 2019
Operating Revenue	23 310 764	25 398 046
Operating Cost	(18 546 406)	(21 582 070)
Gross Profit	4 764 358	3 815 976
Other income	425 605	157 544
Provisions no longer required	113 338	189 779
Interest income	122 933	105 047
Installment sales interest	29 488	7 749
Bank charge	(91 660)	(103 811)
Interest expense	(826 536)	(1 358 144)
Salaries & Benefits	(1 529 451)	(1 135 518)
Advertising & Marketing	(198 518)	(221 903)
Rents	(121 619)	(147 548)
Net Gain/losses foreign exchange transaction	(13 339)	182 141
Provisions formed	(386 209)	(496 139)
Depreciation and Amortization	(146 287)	(124 358)
Consultation expenses	(112 672)	(35 806)
Transportation	(60 014)	(66 275)
Vehicles expense	(38 646)	(42 616)
Governmental Fees & stamps	(47 444)	(47 312)
IT, Network & PCs	(59 916)	(55 532)
Other Expenses	(60 584)	(77 995)
Insurance	(17 987)	(17 483)
Security Expense	(22 904)	(21 218)
Repair/Maintenance Expenses	(1 101)	(1 569)
Administration Supplies	(42 021)	(36 992)
Utilities	(22 356)	(26 024)
Donations & Puplic relation	(70 603)	(68 216)
Medical Fund	(51 362)	(49 950)
Freight	(9 659)	(7 891)
Net profit for the period before income tax	1 524 834	315 936

35- Securitized Operations

During the year the group (the non-banking financial services sector) signing into money transfer contracts and the data on securitization operations are as follows:

The securitization portfolio consists of financial rights and deferred dues secured by various guarantees in favor of the assignor, which have been transferred to the assignee. The assignor has transferred financial rights and deferred payment dues for the purpose of issuing securitized bonds.

31 December, 2020		31 December, 2019	
Total Value	Current Value	Total Value	Current Value
3 769 976	2 988 824	2 591 657	2 040 697

The Group issued 29 330,000 securitization bonds for the year 2020 (19 256 500 securitization bonds in 2019) in exchange for a securitization portfolio of EGP 2.93 billion for the year 2020 (EGP 1.93 billion for 2019).

36- 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 is 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.

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36- Significant accounting policies (Continued)

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.

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36- Significant accounting policies (Continued)

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

Instalment sales revenues are those that require the payment of the value in instalments that are charged at sale price excluding interest as revenues on the sales date. The selling price is the present value of the instalments and is determined by discounting the value of the instalments 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.

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36- Significant accounting policies (Continued)

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	%4 - %2
Machinery & equipment	%20 - %10
Vehicles	%25 - %20
Fixtures & Office furniture	%33 - %6
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.

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36- Significant accounting policies (Continued)

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 re-measurement 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.

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36- Significant accounting policies (Continued)

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.

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36- Significant accounting policies (Continued)

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.

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.

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36- Significant accounting policies (Continued)

Q- Leases

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

An entity shall determine the lease term as the non-cancellable period of a lease, together with both:

- Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.
- Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

As a lessor:

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

Examples of situations that individually or in combination would normally lead to lease being classified as a finance lease are:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.
- The lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised.
- The lease term is for the major part of the economic life of the underlying asset even if title is not transferred.
- At the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset.
- The underlying asset is of such a specialised nature that only the lessee can use it without major modifications.

Recognition and measurement

Initial measurement

At the commencement date, a lessor shall recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- Fixed payments (including in-substance fixed payments as described in paragraph B42), less any lease incentives payable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee. The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Assessed considering the factors described in paragraph B37 (payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option).
- Terminate the lease.

Operating leases

Recognition and measurement

Recognition of the lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Sale and leaseback transactions

If an entity (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, both the seller-lessee and the buyer-lessor shall account for the transfer contract and the lease applying:

1) Assessing whether the transfer of the asset is a sale

The Company shall apply the requirements for determining when a performance obligation is satisfied in EAS (48) to determine whether the transfer of an asset is accounted for as a sale of that asset.

2) Transfer of the asset is a sale

a) If the transfer of an asset by the seller-lessee satisfies the requirements of EAS (48) to be accounted for as a sale of the asset:

- The seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.
- The buyer-lessor shall account for the purchase of the asset applying applicable Standards, and for the lease applying the lessor accounting requirements in this Standard.

b) If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity shall make the following adjustments to measure the sale proceeds at fair value:

- Any below-market terms shall be accounted for as a prepayment of lease payments.
- Any above-market terms shall be accounted for as additional financing provided by the buyer lessor to the seller-lessee.

c) The entity shall measure any potential adjustment required on the basis of the more readily determinable of:

- The difference between the fair value of the consideration for the sale and the fair value of the asset.
- The difference between the present value of the contractual payments for the lease and the present value of payments for the lease at market rates.

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36- Significant accounting policies (Continued)

3) Transfer of the asset is not a sale

If the transfer of an asset by the seller-lessee does not satisfy the requirements of EAS (48) "Revenue from Contracts with Customers" to be accounted for as a sale of the asset:

- The seller-lessee shall continue to recognise the transferred asset and shall recognise a financial liability equal to the transfer proceeds. It shall account for the financial liability applying EAS (47) "Financial Instruments".

- The buyer-lessor shall not recognise the transferred asset and shall recognise a financial asset equal to the transfer proceeds. It shall account for the financial asset applying EAS (47) "Financial Instruments".

As a lessee:

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. The Company may elect not to apply that for the short-term leases and leases for which the underlying asset is of low value, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

Measurement:

1) Initial measurement of the right-of-use asset

The cost of the right-of-use asset shall comprise:

a) The amount of the initial measurement of the lease liability shall measure at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

b) Any lease payments made at or before the commencement date, less any lease incentives received.

c) Any initial direct costs incurred by the lessee.

d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

2) Subsequent measurement of the right-of-use asset

After the commencement date, a lessee shall measure the right-of-use asset applying a cost model:

a) Less any accumulated depreciation and any accumulated impairment losses.

b) Adjusted for any re-measurement of the lease liability.

3) Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

4) Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability.

b) Reducing the carrying amount to reflect the lease payments.

c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

- Right-of-use asset and lease liabilities shall present in the statement of financial position separately from other assets and other liabilities.

- Lease contracts includes lessee performing maintenance and insurance for the leased asset, the lease contract does not include any arrangements to transfer of ownership by the end of the lease period.

- For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

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.

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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. Given the current circumstances that the country is going through due to the outbreak of the new Corona virus and its Economic and financial effects related to it, in addition implementing prevention measures and countering its spread from imposing restrictions on the presence of human resources in companies at their full capacity on a regular basis. The Higher

Committee for the Review of Egyptian Accounting Standards, Limited review, and Other Verification Tasks Formulated by Prime Minister Decision No. 909 of 2011 which states that the application of the New Egyptian Accounting standards can be postponed and the amendments related to this issued by decision No. 69 on the annual financial statements of these companies at the end of 2020 and include the combined effect for the whole year. By the end of 2020 the laws have been postponed again on January 1, 2021, based on the Prime Minister's Decision No. 1871 of 2020. 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
<p>1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"</p>	<p>1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the 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 to the choice of the enterprise.</p> <p>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.</p> <p>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.</p> <p>4- based on the requirements of this standard the following standards were amended:</p> <p>1-Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019]</p> <p>2-Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".</p> <p>3-Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.</p> <p>These amendments are effective as of the date of implementing Standard No. (47) the date of a doubting this standard has been postpone until January 1, 2021 according to the head of minister decision no.1871,2020</p>

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New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
	<p>4-Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".</p> <p>5-Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "</p>		
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<p>1.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:</p> <p>2.Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</p> <p>3.Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.</p> <p>4.For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>5.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</p> <p>6.the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>7.Expanding in the presentation and disclosure requirements</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No (48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted the date of a doubting this standard has been postpone until January 1, 2021 according to the head of minister decision no.1871,2020</p>
<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts"</p>	<p>1- 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</p> <p>2- 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.</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>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</p>

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New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
	<p>4- 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.</p> <p>5- 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.</p>		<p>period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued. the date of a doubting this standard has been postpone until January 1, 2021 according to the head of minister decision no.1871,2020</p>
<p>Egyptian Accounting Standard No. (38) as amended “Employees Benefits”</p>	<p>A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>
<p>Egyptian Accounting Standard No. (42) as amended “ Consolidated Financial Statements”</p>	<p>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 amended are as follows:</p> <ul style="list-style-type: none"> - (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. 	<p>The Management is currently assessing the potential impact of implementing the amendment of the applying the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>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</p>
<p>Issuance of Egyptian Accounting Interpretation No. (1) “ Public Service Privileges Arrangements” ...</p>	<p>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</p> <p>This interpretation gives the option of continuing to apply the prior treatment of public service privileges 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 .</p>	<p>There is no effect From applying the standard on the financial statements.</p>	<p>Interpretation No. (1) applies to financial periods beginning on or after January 1st, 2019,</p>

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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. (22) as amended “ Earnings per Share	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The company take the impact of this standard on the Prior year.	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (34) as amended “ Real Estate Investment	<p>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.</p> <p>While only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets.</p> <p>Based on this amendment, the following standards were amended :</p> <p>Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation</p> <p>Egyptian Accounting Standard No. (31) Impairment of Assets</p>	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 amended “ 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.

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37- Other Events

GB Auto Group announced the suspension of its representation of Hyundai brand in Iraq, this comes after the parent company's decision to change its strategy in the Iraqi market to adopt the multi-distributor model.

Based on the above, the management will continue its operations until it sells all the stocks in full, which may continue until the third quarter of 2020.

GB Auto Group has announced an agreement to market, distribute and provide aftermarket and warranty services for vehicles produced by MG International. Operations are expected to start late in the third quarter, early in the fourth quarter of 2020.

38- Important Events

Most of the world countries, including Egypt, were exposed during the first quarter of 2020 to a state of slowdown and economic contraction as a result of the outbreak of the new Corona Pandemic (Covid-19), and the governments of the world, including the Egyptian government, made packages of precautionary measures to prevent the spread of the Pandemic, and these measures led to a situation From the economic slowdown at the global and local levels, whose impact appeared on all activities in different forms and on the trade, distribution and marketing of all types of transportation of all kinds, locally manufactured and imported, exporting and selling products and goods, imported and local, in cash or on time, financial leasing and microfinance in Egypt in particular.

Regarding the group's activities outside the Egyptian market, the vehicle sectors have witnessed a noticeable decline, as the Iraqi market has been affected by the closure and curfews, in addition to the travel restrictions. While two- and three-wheeled scooters showed less damage.

On the other hand, **the non-bank financial sectors**, and based on the recent decisions issued by the Financial Supervision Authority and the Central Bank of Egypt, which allow debtors to extend a period of up to six months to repay the loan instalments of banks and other financial institution, the company have not been witnessed fluctuations in collections and the demands and reservations are increasing which is considered exceptional advantage of the company in comparison to other companies at the market.

39- Subsequent Events

During the period from January 3, 2021 to February 11, 2021, the company sold 6 262 585 treasury shares for value of 23 258 297 Egyptian pounds.

