

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

**Consolidated Interim Financial Statements**  
**For The Financial Period Ended June 30, 2021**  
**And Limited Review Report**

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**Limited review report on consolidated interim financial statements**

**To: The Board of Directors of GB Auto (S.A.E)**

***Introduction***

We have performed a limited review for the accompanying consolidated balance sheet of GB Auto (S.A.E) as at June 30, 2021 and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the Six -month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

***Scope of Limited Review***

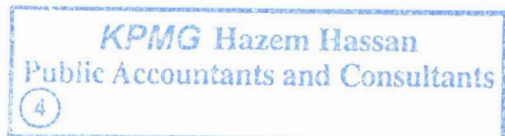
We conducted our limited review in accordance with Egyptian Standard on Review Engagements (no. 2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2021 and of its financial performance and its cash flows for the Six -month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan  
Public Accountants & Consultants

Cairo August 11, 2021



GB Auto (S.A.E)  
(An Egyptian Joint Stock Company)  
Consolidated Interim Statement of Financial Position  
as at June 30, 2021

(All amounts in thousand Egyptian Pound)	Note No.	30 June 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, equipment and projects under construction (Net)	(16)	4 100 132	4 167 572
Assets right of use	(17)	366 765	-
Intangible assets and goodwill	(18)	450 538	453 238
Payments under investment	(31)	54 528	72
Investment in associate	(35)	389 790	97 904
Long term notes receivables (Net)	(12)	6 237 671	4 779 240
Deferred tax assets	(10-B)	427 718	540 627
Investment property	(19)	90 905	90 905
Debitors and other debit balances	(14-A)	144 200	153 379
<b>Total non-current assets</b>		<b>12 262 247</b>	<b>10 282 937</b>
<b>Current assets</b>			
Inventories (Net)	(11)	4 107 210	3 367 987
Accounts and notes receivables (Net)	(13)	8 396 251	7 106 385
Debitors and other debit balances (Net)	(14-B)	2 254 255	1 697 179
Due from related parties	(34)	471 292	337 332
Cash on hand and at banks	(15)	2 176 796	1 797 830
<b>Total current assets</b>		<b>17 405 804</b>	<b>14 306 713</b>
<b>Total assets</b>		<b>29 668 051</b>	<b>24 589 650</b>
<b>Equity</b>			
Issued and paid in capital	(20)	1 094 010	1 094 010
Treasury bills	(21)	-	( 8 000)
General risk reserve	(39)	56 452	-
Legal reserve	(22)	503 529	451 064
Other reserves	(23)	2 182 658	2 156 417
Private risk reserve - Non banking financial service	(38)	94 003	-
Retained Earning		447 698	17 653
Net Profit for the period		673 099	916 955
<b>Equity attributable to shareholders of the parent</b>		<b>5 051 449</b>	<b>4 628 099</b>
Non-controlling interests	(24)	1 414 968	1 485 969
<b>Total equity</b>		<b>6 466 417</b>	<b>6 114 068</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans	(26)	4 526 441	3 582 377
Long term notes payables and creditors		357 340	325 082
Right of use Liability		308 786	-
Warranty provisions	(28)	6 272	3 697
Deferred tax liabilities	(10-B)	346 796	359 105
<b>Total non-current liabilities</b>		<b>5 545 635</b>	<b>4 270 261</b>
<b>Current liabilities</b>			
Provisions	(28)	211 952	185 011
Current tax liabilities	(10-A)	152 296	296 730
Loans, borrowings and overdrafts	(26)	12 583 616	10 459 290
Due to related parties	(34)	120 472	120 198
Trade payables and other credit balances	(27)	4 587 663	3 144 092
<b>Total current liabilities</b>		<b>17 655 999</b>	<b>14 205 321</b>
<b>Total liabilities</b>		<b>23 201 634</b>	<b>18 475 582</b>
<b>Total equity and liabilities</b>		<b>29 668 051</b>	<b>24 589 650</b>

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

Group Chief Financial Officer  
Executive Board Member  
Abbas Elsayed



Executive Board Member  
Nader Ghabbour



\*\*Limited review report "attached"

**GB Auto (S.A.E)**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Interim Statement of Income**  
**for the financial Period ended 30 June 2021**

		The Six Months ended 30, June		The three Months ended 30, June	
(All amounts in thousand Egyptian Pound)	Note No.	2021	2020	2021	2020
<u>Continuing operations</u>					
Operating revenue		14 096 608	9 913 478	7 269 014	4 024 754
Operating cost		(11 285 364)	(7 893 734)	(5 810 740)	(3 103 193)
Gross profit		2 811 244	2 019 744	1 458 274	921 561
Other income	(6)	127 414	205 080	87 595	174 944
Selling and marketing expenses		( 827 234)	( 589 118)	( 543 328)	( 377 018)
General and administrative expenses		( 656 457)	( 525 170)	( 228 562)	( 149 866)
Provisions and Impairment of Current and Non-Current assets (Net)	(8)	( 99 501)	(96 954)	(30 299)	(62 553)
Operating results		1 355 466	1 013 582	743 680	507 068
Finance costs (Net)	(7)	( 280 430)	( 487 859)	( 133 803)	( 266 788)
Investment in associates losses		( 1 332)	-	-	-
Net profit for the period before income tax		1 073 704	525 723	609 877	240 280
Income tax (expense)	( 10-C )	( 258 297)	(162 699)	(143 992)	(93 408)
Net profit for the period		815 407	363 024	465 885	146 872
Attributable to:					
Shareholder's of the parent company		673 099	254 192	374 249	115 821
Non-controlling interests		142 308	108 832	91 636	31 051
		815 407	363 024	465 885	146 872
Basic earnings(EGP/Share)	(9)	0.615	0.234	0.343	0.106

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

**GB Auto (S.A.E)**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Interim Statement of Comprehensive Income**  
**for the financial Period ended 30 June 2021**

(All amounts in thousand Egyptian Pound)	Note No.	The Six Months ended 30, June		The three Months ended 30, June	
		2021	2020	2021	2020
Net profit for the period after income tax		815 407	363 024	465 881	146 872
<b>Other comprehensive income items</b>					
Foreign currency translation difference		( 7 333)	( 45 195)	8 297	30 784
Modification surplus of fixed assets result		11 374	15 558	4 502	8 686
<b>Total other comprehensive income for the period before income tax</b>		<b>4 041</b>	<b>( 29 637)</b>	<b>12 799</b>	<b>39 470</b>
Income tax related to other comprehensive income item		( 2 406)	( 5 034)	( 360)	( 2 632)
<b>Other comprehensive income for the period after income tax</b>		<b>1 635</b>	<b>( 34 671)</b>	<b>12 439</b>	<b>36 838</b>
<b>Total other comprehensive income for the period</b>		<b>817 042</b>	<b>328 353</b>	<b>478 320</b>	<b>183 710</b>
<b>Other comprehensive income is attributable to:</b>					
Shareholder's of the parent company		695 044	236 266	403 151	136 624
Non-controlling interests		121 998	92 087	75 169	47 086
		<b>817 042</b>	<b>328 353</b>	<b>478 320</b>	<b>183 710</b>

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

GB Auto (S.A.E)  
(An Egyptian Joint Stock Company)  
Consolidated Interim Statement of Shareholders Equity  
for the financial Period ended 30 June 2021

30 June 2021

(All amounts in thousand Egyptian Pound)	Shareholder's equity of the parent company													
	Share capital	Legal reserve	Treasury Bills	Foreign currency translation reserve	ESOP (Fair value) reserve	Revaluation surplus of fixed assets reserve	Share premium (Special reserve)	General risk reserve	Private risk reserve - Non banking financial service	Retained Earning	Net profit for the year	Total	Non-Controlling interests	Total equity
<b>Balance at December 31, 2020</b>	<b>1 094 010</b>	<b>451 064</b>	<b>( 8 000)</b>	<b>1 057 721</b>	<b>88 882</b>	<b>97 833</b>	<b>911 981</b>	<b>-</b>	<b>-</b>	<b>20 333</b>	<b>916 955</b>	<b>4 630 779</b>	<b>1 485 969</b>	<b>6 116 748</b>
<b>Adjustments on opening balance</b>														
Invsetment in associate losses	-	-	-	-	-	-	-	-	-	( 2 680)	-	( 2 680)	-	( 2 680)
Adjustments	-	-	-	-	-	-	-	-	-	( 17 551)	-	( 17 551)	( 9 455)	( 27 005)
<b>Balance at December 31, 2020 Restated</b>	<b>1 094 010</b>	<b>451 064</b>	<b>( 8 000)</b>	<b>1 057 721</b>	<b>88 882</b>	<b>97 833</b>	<b>911 981</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>916 955</b>	<b>4 610 548</b>	<b>1 476 514</b>	<b>6 087 063</b>
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	916 955	( 916 955)	-	-	-
<b>Total comprehensive income</b>														
Net profit for the period	-	-	-	-	-	-	-	-	-	-	673 099	<b>673 099</b>	142 308	<b>815 407</b>
Modification surplus of fixed assets after income tax (Net)	-	-	-	-	-	( 8 968)	-	-	-	11 373	-	<b>2 405</b>	-	<b>2 405</b>
Other Comprehensive income items	-	-	-	12 977	-	-	-	-	-	-	-	<b>12 977</b>	( 20 310)	( 7 333)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 977</b>	<b>-</b>	<b>( 8 968)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 373</b>	<b>673 099</b>	<b>688 481</b>	<b>121 998</b>	<b>810 479</b>
<b>Transactions with owners of the Company</b>														
The impact of applying the new Egyptian standards.	-	-	-	-	-	-	-	-	-	<b>16 105</b>	-	<b>16 105</b>	<b>23 821</b>	<b>39 926</b>
General risk reserve	-	-	-	-	-	-	-	<b>56 452</b>	-	( 56 452)	-	-	-	-
Private risk reserve - Non banking financial service	-	-	-	-	-	-	-	-	<b>94 003</b>	( 94 003)	-	-	-	-
Decrease capital of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	( 80 472)	( 80 472)
Change in non-controlling interests without changing in control	-	<b>19 630</b>	-	-	-	-	-	-	-	<b>14 655</b>	-	<b>34 285</b>	( 366 981)	( 332 696)
Dividends Distribution	-	-	-	-	-	-	-	-	-	( 328 203)	-	( 328 203)	( 53 480)	( 381 683)
Paid under capital increase	-	-	-	-	-	-	-	-	-	-	-	-	<b>292 980</b>	<b>292 980</b>
Selling Treasury Bills	-	-	8 000	-	-	-	22 232	-	-	-	-	<b>30 232</b>	-	<b>30 232</b>
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	588	588
Transferred to legal reserve	-	32 835	-	-	-	-	-	-	-	( 32 835)	-	-	-	-
<b>Total Transactions with owners of the company</b>	<b>-</b>	<b>52 465</b>	<b>8 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22 232</b>	<b>56 452</b>	<b>94 003</b>	<b>( 480 733)</b>	<b>-</b>	<b>( 247 581)</b>	<b>( 183 544)</b>	<b>( 431 125)</b>
<b>Balance at June 30, 2021</b>	<b>1 094 010</b>	<b>503 529</b>	<b>-</b>	<b>1 070 698</b>	<b>88 882</b>	<b>88 865</b>	<b>934 213</b>	<b>56 452</b>	<b>94 003</b>	<b>447 698</b>	<b>673 099</b>	<b>5 051 449</b>	<b>1 414 968</b>	<b>6 466 417</b>

\* The accompanying notes form an integral part of these interim 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 Period ended 30 June 2021**

**30 June 2020**

(All amounts in thousand Egyptian Pound)

Shareholdr's equity of the parent Company											
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/Carry forward (Losses)	Net profit for the year	Total	Non-Controlling interests	Total equity
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
-	-	-	-	-	-	-	42 674	( 42 674)	-	-	-
-	-	-	-	-	-	-	-	254 192	254 192	108 832	363 024
-	-	-	-	-	( 10 524)	-	15 558	-	5 034	-	5 034
-	-	-	( 28 450)	-	-	-	-	-	( 28 450)	( 16 745)	( 45 195)
-	-	-	( 28 450)	-	( 10 524)	-	15 558	254 192	230 776	92 087	322 863
-	-	( 10 000)	-	-	-	( 9 570)	-	-	( 19 570)	-	( 19 570)
-	-	-	-	-	-	-	-	-	-	4 375	4 375
-	37 269	-	-	-	-	-	( 37 269)	-	-	-	-
-	37 269	( 10 000)	-	-	-	( 9 570)	( 37 269)	-	( 19 570)	4 375	( 15 195)
1 094 010	418 777	( 10 000)	1 089 329	88 882	108 060	907 231	43 559	254 192	3 994 040	1 461 358	5 455 398

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



**GB Auto (S.A.E)**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Interim Statement of Cash Flows**  
**for the financial period ended 30 June 2021**

(All amounts in thousand Egyptian Pound)

	Note No.	30 June 2021	30 June 2020
Net profit for the period before tax		1 073 704	525 723
<b><u>Adjustments for:</u></b>			
Interest expense	(7)	361 339	520 712
Depreciation and amortization for the period	(16-17)	175 896	139 958
Provisions movements (net)	(27)	35 863	62 858
Impairment losses on current assets (net)		96 269	70 500
Interest income	(7)	( 62 810)	( 52 152)
Gain from sale of property, plant, equipment and assets held for sale	(6)	( 48 202)	( 147 355)
Investment losses in subsidiaries		1 332	-
		<b>1 633 391</b>	<b>1 120 244</b>
<b>Changes in:</b>			
Inventories		( 726 334)	156 755
Accounts and notes receivables		(2 753 081)	(1 306 484)
Debtors and other debit balances		( 548 833)	543 446
Due from related parties		( 133 384)	( 82 114)
Due to related parties		274	56 244
Proceeds from loans and borrowings		2 385 435	447 616
Trade payables and other credit balances		1 103 151	221 238
<b>Cash provided from operating activities</b>		<b>960 619</b>	<b>1 156 945</b>
Provisions used		( 5 774)	( 34 392)
Income tax paid		( 299 728)	( 224 012)
Dividends paid		( 29 328)	-
<b>Net cash provided from operating activities</b>		<b>625 789</b>	<b>898 541</b>
<b><u>Cash flows from investing activities</u></b>			
Acquisition of property, plant, equipment and projects under constructions		( 192 962)	( 382 503)
Paid for Acquisition of non controlling interest		( 165 112)	-
Acquisition of intangible assets		( 24)	-
Interest income received		62 810	52 152
Payment under investment		( 54 456)	-
Proceeds from sale of property, plant, equipment and assets held for sale		146 196	282 533
<b>Net cash (used in) investing activities</b>		<b>(203 548)</b>	<b>( 47 818)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from non controlling interest to increase capital of subsidiaries		588	-
Dividends Distribution		( 298 875)	-
Payment to buy Treasury bills		-	( 19 570)
Dividends paid -minority equity		( 53 480)	-
Gain From selling Treasury bills		30 232	-
Proceeds from loans and borrowings		682 955	67 130
Decrease capital of subsidiary		( 80 472)	-
Long-Term notes payable		32 258	( 9 361)
Interest expense paid		( 368 714)	( 520 712)
<b>Net cash(used in) financing activities</b>		<b>( 55 508)</b>	<b>( 482 513)</b>
<b>Net Increase/Decrease in cash and cash equivalents</b>		<b>366 732</b>	<b>368 210</b>
Cash and cash equivalents at the beginning of the period		1 797 830	1 408 948
Effect of movements in exchange rates on cash and cash equivalents		12 598	( 47 714)
<b>Cash and cash equivalents at end of the period</b>	(15)	<b>2 177 160</b>	<b>1 729 444</b>

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

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## **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 June 30, 2021.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on August 11, 2021.

## **2- Basis of preparation of consolidated financial statements**

The consolidated interim financial statements have been prepared in accordance with an updated 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.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

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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 "

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:

- Egyptian Accounting Standard No (47) Financial Instrument
  - Egyptian Accounting Standard No (48) Revenue from contracts with customers
  - Egyptian Accounting Standard No (49) Operating lease
- The company has assessed the impact of the new accounting standards and applied them from 1 January 2021

### **3- Functional and presentation currency**

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

### **4- Use of judgement and estimates**

- In preparing the consolidated financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis.
- The recognition of the change in accounting estimates in the period in which the change in estimate, if the change affects only that period, or in the period of change and future periods if the change affects both.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended June30, 2021

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

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#### **A- Measurement of fair value**

- The fair value of financial instruments determines based on the market value of a financial instrument or similar financial instruments at the date of the financial statements without deducting any estimate future costs of sale. The financial asset values determine at current prices for the purchase of those assets, while determining the value of financial liabilities at current prices, which could be settled by those commitments.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the transactions price that has recently or be guided by the current fair value of other instruments which is substantially similar. Or the use of discounted cash flow or any other evaluating method that leads to results can rely on it.
- When using the discounted cash flow method as a way for the evaluation, the future cash flows are estimated based on the best estimates of management. And determined the discount rate used in the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

#### **5- Operating Segments**

- The Group has the following four operational segments, which are its reportable segments to top management. These segments offer different products and services and are managed separately because they require different technology and marketing strategies.
- The following summery describes the operations for each reportable segment:

<b><u>Reportable segment</u></b>	<b><u>Operations</u></b>
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.

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Notes to the consolidated interim financial statements for the financial Period ended June 30, 2021

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

## 5-Operating Segments(Continued)

### A-Total Revenue

	June 30, 2021	June 30, 2020
Passenger car	46.44%	45.26%
Buses and trucks	3.63%	5.86%
2 & 3 Wheels	20.21%	18.02%
Financial Services non-Banking	20.45%	23.07%
Other Operations	9.27%	7.79%

### B-Revenue from foreign operations

	June 30, 2021	June 30, 2020
Passenger car	7.13%	31.24%
2 & 3 Wheels	33.20%	28.60%
Other Operations	0.00%	0.00%

### C- Segments results

	June 30, 2021	June 30, 2020
Passenger car	30.00%	20.67%
Buses and trucks	0.25%	2.92%
2 & 3 Wheels	17.75%	18.39%
Financial Services non-Banking	46.00%	50.38%
Other Operations	6.00%	7.64%

### D-Assets

	June 30, 2021	June 30, 2020
Passenger car	13.0%	16.0%
Buses and trucks	9.0%	9.0%
2 & 3 Wheels	9.0%	10.0%
Financial Services non-Banking	52.0%	45.0%
Other Operations	17.0%	20.0%

### E- Liabilities

	June 30, 2021	June 30, 2020
Passenger car	29.0%	30.0%
Buses and trucks	15.1%	17.0%
2 & 3 Wheels	1.4%	2.0%
Financial Services non-Banking	50.0%	46.0%
Other Operations	4.5%	5.0%

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Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

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

	June 30, 2021	June 30, 2020
<b>Revenues</b>		
Total revenues for operating segments	15 761 493	10 923 655
Elimination of inter-segment revenue	(1 664 885)	(1 010 177)
<b>Consolidated Revenue</b>	<b>14 096 608</b>	<b>9 913 478</b>
<b>Segments result</b>		
Gross profit for operating segment	2 827 429	2 027 155
Elimination of inter-segment gross profit	( 16 185)	( 7 411)
<b>Consolidated Gross Profit</b>	<b>2 811 244</b>	<b>2 019 744</b>
<b>Assets</b>		
Total assets for operating segments	48 586 905	41 252 612
Elimination inter-segment assets	(18 918 854)	(17 626 116)
<b>Total Consolidated Assets</b>	<b>29 668 051</b>	<b>23 626 496</b>
<b>Liabilities</b>		
Total Liabilities for operating segments	32 251 796	26 689 153
Elimination inter-segment Liabilities	(9 050 162)	(8 518 055)
<b>Total Consolidated Liabilities</b>	<b>23 201 634</b>	<b>18 171 098</b>

**G-Other martial amounts**

	Total reportable segment	Adjustments	Total consolidated June 30, 2021
Finance income	62 810	-	<b>62 810</b>
Interest expense and Bank Charges	( 371 727)	10 388	<b>( 361 339)</b>
Capital expenditure	( 192 985)	-	<b>( 192 985)</b>
Depreciation and amortization	175 896	-	<b>175 896</b>
	<b>Total reportable segment</b>	<b>Adjustments</b>	<b>Total consolidated June 30, 2020</b>
Finance income	52 152	-	<b>52 152</b>
Interest expense and Bank Charges	( 511 163)	( 9 549)	<b>( 520 712)</b>
Capital expenditure	382 503	-	<b>382 503</b>
Depreciation and amortization	139 958	-	<b>139 958</b>

**GB Auto (S.A.E.)****Notes to the consolidated interim financial statements for the financial Period ended March 31, 2021****(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)**

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**5- Operating segments (continued)****H- Operations results**

	Passenger cars		Commercial vehicles		Two and three Wheelers		Financial Services Non Banking		Other operations		Total	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Operating revenue	6 546 560	4 486 675	511 400	580 407	2 849 188	1 786 482	2 882 563	2 287 477	1 306 897	772 437	<b>14 096 608</b>	<b>9 913 478</b>
<b>Gross profit</b>	<b>838 991</b>	<b>417 635</b>	<b>( 12 986)</b>	<b>58 949</b>	<b>520 954</b>	<b>371 471</b>	<b>1 286 364</b>	<b>1 017 410</b>	<b>177 921</b>	<b>154 279</b>	<b>2 811 244</b>	<b>2 019 744</b>
General and administrative expenses											( 827 233)	( 589 118)
Marketing and Selling expenses											( 656 457)	( 525 170)
Provisions and Impairment of Current and Non-Current assets (Net)											( 99 501)	( 96 954)
Other income											127 414	205 080
<b>Operating results</b>											<b>1 355 466</b>	<b>1 013 582</b>
Investment losses											( 1 332)	-
Finance cost(Net)											( 280 430)	( 487 859)
<b>Net profit for the period before income tax</b>											<b>1 073 704</b>	<b>525 723</b>
Income tax expense											( 258 297)	( 162 699)
<b>Net profit for the period</b>											<b>815 407</b>	<b>363 024</b>
<b>Attributable to:</b>												
Equity holders of the Company											673 099	254 192
Non-controlling interests											142 308	108 832
											<b>815 407</b>	<b>363 024</b>

**6- Other Income**

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Gain on sale of fixed asset	48 202	147 754
Scrap Sales	29 440	19 721
Commission for reissuance loans	13 546	14 923
Other revenues	18 395	14 323
Cash incentive revenue	800	481
Rent	17 031	7 877
	<b>127 414</b>	<b>205 080</b>

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

#### 7-Finance Costs

	June 30, 2021	June 30, 2020
Interest income	51 898	37 587
Interest income on installment sales	10 912	14 565
Foreign exchange gain	18 099	-
<b>Total Finance Income</b>	<b>80 909</b>	<b>52 152</b>
Interest expense and bank charges	( 361 339)	( 520 712)
Foreign exchange loss	-	( 19 299)
<b>Total Finance Cost</b>	<b>( 361 339)</b>	<b>( 540 011)</b>
<b>Net Finance Cost</b>	<b>( 280 430)</b>	<b>( 487 859)</b>

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

##### Provisions no longer required

	June 30, 2021	June 30, 2020
Warranty provision	3 310	4 849
Impairment of accounts and notes receivables	8 620	7 603
Impairment of debtors and other debit balances	2 067	241
Other Provisions	60 938	9 929
Impairment of Cash and cash equivalents According to EAS 47	1 255	-
<b>Total provisions no longer required</b>	<b>76 190</b>	<b>22 622</b>

##### Provisions formed

Warranty provision	( 17 002)	( 20 724)
Impairment of accounts and notes receivable	( 106 023)	( 78 344)
Impairment of debtors and other debit balances	( 2 188)	-
Other provisions	( 50 478)	( 20 508)
<b>Total provisions formed</b>	<b>( 175 691)</b>	<b>( 119 576)</b>
<b>Net provisions in the income statement</b>	<b>( 99 501)</b>	<b>( 96 954)</b>



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

	Balance at 1/1/2021	Impairment during the period	Used during the period	Reversal of Impairment during the period	Effect of movements of exchange rates	the impact of the change in egyptian accounting standard charget on equity	Balance at 30/06/2021
Impairment of Accounts & Notes receivable	638 781	106 023	-	( 8 620)	( 1 184)	( 91 434)	643 566
Impairment of due from related parties	26 648	-	-	-	( 576)	-	26 072
Impairment of Debtors & Other debit balances	31 990	2 188	-	( 2 067)	( 918)	261	31 454
Impairment of Cash and cash equivalent	-	-	-	( 1 255)	-	1 621	366
	<b>697 419</b>	<b>108 211</b>		<b>( 11 942)</b>	<b>( 2 678)</b>	<b>( 89 553)</b>	<b>701 457</b>
Impairment of Inventory *	52 480	1 511	-	( 14 400)	-	-	39 591
	<b>749 899</b>	<b>109 722</b>	-	<b>( 26 342)</b>	<b>( 2 678)</b>	<b>( 89 553)</b>	<b>741 048</b>

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

## 9-Earnings per share

### i.Basic

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

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

	June 30, 2021	June 30, 2020
Net profit for the year attributable to the shareholders	673 099	254 192
Weighted average number of ordinary shares issued	1 094 010	1 088 023
Basic profit earnings per share/ EGP	0.615	0.234

## 10-Income tax

### A-Income tax liabilities

	June 30, 2021	December 31, 2020
Balance at 1 January	296 730	234 505
Taxes paid during the period	( 299 728)	( 245 099)
Current income tax during the period (Note 10-C)	155 294	307 324
<b>Balance at the end of the period</b>	<b>152 296</b>	<b>296 730</b>

GB Auto (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

10-Income tax (Continued)								Total	
B-Deferred tax Asset and Liability	Fixed Assets	Carried forward losses	Impairment of Inventory	Warranty Provision	Revaluation surplus of fixed assets	Notes payable	Capital Gains	30-Jun-21	31-Dec-20
Deferred tax assets									
Balance at 1 January	11	355 563	4 173	44 305	–	136 574	–	540 626	618 310
Charged to the income statement	–	( 97 056)	311	121	–	( 16 284)	–	( 112 908)	( 77 683)
Balance at the end of the period	11	258 507	4 484	44 426	-	120 290	-	427 718	540 627
Deferred tax liabilities									
Balance at 1 January	( 297 220)	–	–	–	( 14 247)	–	( 47 638)	( 359 105)	( 345 055)
Charged to the income statement	2 509	–	–	–	–	–	7 396	9 905	( 23 766)
Charged to Statement of comprehensive income	–	–	–	–	2 406	–	–	2 406	9 716
Balance at the end of the period	( 294 711)	–	–	–	( 11 841)	–	( 40 242)	( 346 794)	( 359 105)
Net Balance at the end of the period	( 294 700)	258 507	4 484	44 426	( 11 841)	120 290	( 40 242)	80 924	181 522
Net									
Balance at 1 January	( 297 209)	355 563	4 173	44 305	( 14 247)	136 574	( 47 638)	181 521	273 255
Charged to the income statement (10-B)	2 509	( 97 056)	311	121	–	( 16 284)	7 396	( 103 003)	( 101 449)
Charged to Statement of comprehensive income	–	–	–	–	2 406	–	–	2 406	9 716
Balance at the end of the period	( 294 700)	258 507	4 484	44 426	( 11 841)	120 290	( 40 242)	80 924	181 522

. 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)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

(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.

	June 30, 2021	December 31, 2020
Impairment of accounts and notes receivables	144 802	143 726
Impairment of other debit balances	7 077	7 198

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)

	June 30, 2021	June 30, 2020
Current income tax (Note 10-A)	( 155 294)	( 122 055)
Deferred tax – (Note 10-B)	( 103 003)	( 40 644)
Income tax for the period	<b>( 258 297)</b>	<b>( 162 699)</b>

## D-Amounts recognized in OCI

	June 30, 2021			June 30, 2020		
	<u>Before Tax</u>	<u>Taxes</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>Taxes</u>	<u>After Tax</u>
Foreign Currency translation difference	( 7 333)	-	( 7 333)	( 45 195)	-	( 45 195)
Modification surplus of fixed assets cost	11 374	( 2 406)	8 968	15 558	( 5 034)	10 524
	<b>4 041</b>	<b>( 2 406)</b>	<b>1 635</b>	<b>( 29 637)</b>	<b>( 5 034)</b>	<b>( 34 671)</b>

## 11-Inventories

	June 30, 2021	December 31, 2020
Goods in transit	820 274	558 181
Cars, buses and trucks	1 568 794	1 338 961
Raw material and car components	958 631	767 392
Spare parts for sale	456 216	416 255
Work in progress	223 064	200 295
Tires	99 325	111 741
Oils	20 497	27 642
<b>Total</b>	<b>4 146 801</b>	<b>3 420 467</b>
Impairment of inventory *	( 39 591)	( 52 480)
<b>Net</b>	<b>4 107 210</b>	<b>3 367 987</b>

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

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Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

<b>12-Long term notes receivables</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Long-term notes receivable	6 777 192	5 351 017
Interest income on installment sales	( 394 081)	( 497 081)
<b>Net present value for long-term notes receivable</b>	<b>6 383 111</b>	<b>4 853 936</b>
Impairment of long-term notes receivable	( 145 440)	( 74 696)
<b>Net</b>	<b>6 237 671</b>	<b>4 779 240</b>
 <b>13-Accounts and notes receivables</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Total notes receivable	9 038 658	7 546 402
Long-term notes receivable (Note 12)		
Unamortized interest	( 795 623)	( 556 472)
<b>Net present value for short-term notes receivable</b>	<b>8 243 035</b>	<b>6 989 930</b>
Trade receivable	651 341	680 540
<b>Total</b>	<b>8 894 376</b>	<b>7 670 470</b>
Impairment of accounts and notes receivable balances	( 498 125)	( 564 085)
<b>Net</b>	<b>8 396 251</b>	<b>7 106 385</b>

The following table represents the decrease in the value of clients' balances and receivables according to the expected losses model on March 31, 2021:

1-Non Banking -Financial Services

	<b>Stage 1: Expected credit losses over 12 months</b>	<b>Stage 2: Lifetime ECL is not credit impaired</b>	<b>Stage 3: Life Expected Credit Losses with impaired credit</b>	<b>Total</b>
Account & notes recivables	11 558 587	939 263	714 897	<b>13 212 747</b>
Adjust:				
Impairment of accounts and notes receivable balances	( 75 646)	( 43 590)	( 290 032)	<b>( 409 268)</b>
	<b>11 482 941</b>	<b>895 673</b>	<b>424 865</b>	<b>12 803 479</b>

2- Passenger cars, transport, buses and motorcycles sector - tuk-tuks and other operations

	<b>The Balance</b>	<b>The percentage of expected losses</b>	<b>Decrease in the balance of account &amp; notes recivable</b>	<b>Net</b>
Notes Recivable	1 373 376	12%	( 158 245)	<b>1 215 131</b>
Trade recivables	315 533	1%	( 3 817)	<b>311 715</b>
From 1 to 30	39 493	6%	( 2 539)	<b>36 954</b>
From 31 to 60	14 165	14%	( 1 982)	<b>12 183</b>
From 61 to 90	27 830	12%	( 3 397)	<b>24 433</b>
From 91 to 120	7 051	22%	( 1 578)	<b>5 473</b>
More than 120	287 294	22%	( 62 740)	<b>224 554</b>
<b>Total</b>	<b>2 064 742</b>		<b>( 234 298)</b>	<b>1 830 443</b>

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(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**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Debt securitization Companies	145 671	153 379
Provision of Expected credit loss	( 1 471)	-
	<u>144 200</u>	<u>153 379</u>

**B-Debtors and other debit balances**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Advance payments to suppliers	677 321	410 225
Withholding tax	362 870	302 681
Value added tax	193 815	172 679
Accrued interest	63 378	3 493
Accrued revenue	36 894	95 593
Letters of credit	526 025	345 557
Prepaid expenses	194 838	125 238
Security deposits with others	23 344	37 464
Letters of guarantee margin	86 987	134 797
Staff loans and custodies	41 831	33 113
Other debit balances	73 241	65 039
Customs duties	5 165	3 290
<b>Total</b>	<b>2 285 709</b>	<b>1 729 169</b>
Impairment of debtor and other debit balances	( 31 454)	( 31 990)
<b>Net</b>	<b>2 254 255</b>	<b>1 697 179</b>

**15-Cash on hand and at banks**

**A-Cash on hand and at banks**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Time deposits	427 779	353 258
Current accounts	1 464 246	1 132 586
Checks under collections	225 858	90 448
Treasury bills	59 278	221 538
<b>Total</b>	<b>2 177 161</b>	<b>1 797 830</b>
Impairment of Cash and cash equivalent According to EAS 47	( 365)	-
<b>Net</b>	<b>2 176 796</b>	<b>1 797 830</b>

**B-Cash and cash equivalents**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Cash on hand and cash at banks	2 177 161	1 729 444
	<u>2 177 161</u>	<u>1 729 444</u>

## Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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## 16 - Property, plant, equipments and projects under construction

	Land and Buildings	Machinery & equipment	Vehicles	Computers	Fixtures & furniture	Leasehold improvements	* Projects under construction	Total
<b>Cost</b>								
<b>Cost at 1 January 2020</b>	2 553 827	1 044 495	515 254	223 714	902 221	41 903	367 393	<b>5 648 807</b>
Additions during the year	82 526	16 020	224 515	32 358	44 844	32 681	274 822	<b>707 765</b>
Transferred from projects under construction to PP&E and intangible assets	7 506	74 541	-	742	56 131	1 504	( 160 867)	<b>( 20 443)</b>
Disposals during the year	( 175 974)	( 77 326)	( 76 019)	( 4 650)	( 6 994)	( 2 793)	( 1 693)	<b>( 345 448)</b>
Effect of cost modification using modification factor	-	-	( 4 028)	( 2 928)	( 2 396)	-	-	<b>( 9 352)</b>
Effect of movements of exchange rates	( 32 731)	( 1 396)	( 727)	( 270)	( 1 978)	( 386)	-	<b>( 37 488)</b>
<b>Balance at 31 December 2020</b>	<b>2 435 154</b>	<b>1 056 333</b>	<b>658 995</b>	<b>248 966</b>	<b>991 829</b>	<b>72 909</b>	<b>479 655</b>	<b>5 943 840</b>
<b>Cost at 1 January 2020</b>	2 435 154	1 056 333	658 995	248 966	991 829	72 909	479 655	<b>5 943 840</b>
Additions during the period	5 999	13 260	76 587	15 352	28 071	4 713	48 980	<b>192 962</b>
Transferred from projects under construction to PP&E and intangible assets	75 665	4 753	766	-	2 604	-	( 83 211)	<b>576</b>
Disposals during the period	( 44 373)	( 825)	( 66 415)	( 464)	( 1 923)	-	( 15 318)	<b>( 129 318)</b>
Effect of cost modification using modification factor	-	-	( 904)	-	( 61)	-	-	<b>( 964)</b>
Effect of movements of exchange rates	( 3 987)	( 82)	( 49)	( 7)	228	( 235)	-	<b>( 4 131)</b>
<b>Balance at 30 June 2021</b>	<b>2 468 458</b>	<b>1 073 439</b>	<b>668 980</b>	<b>263 847</b>	<b>1 020 749</b>	<b>77 388</b>	<b>430 105</b>	<b>6 002 965</b>
<b>Accumulated depreciation and impairment losses</b>								
<b>Accumulated depreciation at 1 January 2020</b>	299 904	577 503	178 871	173 212	350 603	25 495	-	<b>1 605 588</b>
Depreciation during the year	30 910	80 219	86 116	22 157	77 356	9 318	-	<b>306 076</b>
Disposals during the year	( 14 111)	( 69 269)	( 33 073)	( 3 645)	( 5 800)	( 322)	-	<b>( 126 220)</b>
Effect of accumulated depreciation modification using modification factor	-	( 5 147)	( 10 290)	( 2 928)	( 2 255)	-	-	<b>( 20 620)</b>
Impairment of fixed asset	-	-	-	-	-	-	13 278	<b>13 278</b>
Effect of movements of exchange rates	( 1 703)	( 27)	( 16)	( 3)	( 32)	( 54)	-	<b>( 1 835)</b>
<b>Accumulated depreciation at 31 December 2020</b>	<b>315 000</b>	<b>583 279</b>	<b>221 608</b>	<b>188 793</b>	<b>419 872</b>	<b>34 437</b>	<b>13 278</b>	<b>1 776 267</b>
<b>Accumulated depreciation at 1 January 2020</b>	315 000	583 279	221 608	188 793	419 872	34 437	-	<b>1 762 989</b>
Depreciation during the period	17 860	39 988	48 553	13 752	45 576	7 441	-	<b>173 171</b>
Disposals during the period	-	( 747)	( 27 807)	( 463)	( 2 307)	-	-	<b>( 31 324)</b>
Effect of accumulated depreciation modification using modification factor	-	-	( 1 797)	4	( 96)	-	-	<b>( 1 888)</b>
Effect of movements of exchange rates	( 76)	( 5)	13	1	6	( 56)	-	<b>( 116)</b>
<b>Accumulated depreciation at 30 June 2021</b>	<b>332 784</b>	<b>622 515</b>	<b>240 570</b>	<b>202 088</b>	<b>463 051</b>	<b>41 823</b>	<b>-</b>	<b>1 902 833</b>
<b>Net carrying Amount</b>								
<b>At 1 January 2020</b>	<b>2 253 923</b>	<b>466 992</b>	<b>336 383</b>	<b>50 502</b>	<b>551 618</b>	<b>16 408</b>	<b>367 393</b>	<b>4 043 219</b>
<b>At 31 December 2020</b>	<b>2 120 154</b>	<b>473 055</b>	<b>437 385</b>	<b>60 173</b>	<b>571 957</b>	<b>38 472</b>	<b>466 376</b>	<b>4 167 572</b>
<b>At 30 June 2021</b>	<b>2 135 674</b>	<b>450 924</b>	<b>428 408</b>	<b>61 759</b>	<b>557 697</b>	<b>35 565</b>	<b>430 105</b>	<b>4 100 132</b>

\* 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)****Notes to the consolidated interim financial statements for the financial period ended June 30, 2021**  
**(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)****17- Asset Right Of Use**

The company applied an Egyptian Accounting Standard No. (49) (lease contracts) as of January 1, 2021, and this resulted in the recognition of right of use assets and liabilities as follows:

	<u>Land &amp; building</u>	<u>Total</u>
<b>Cost</b>		
Balance at 1 January 2021		
Asset right of use during the period	412 726	<b>412 726</b>
<b>Balance at June 30, 2021</b>	<b>412 726</b>	<b>412 726</b>
<b>Accumulated depreciation at 1 January 2021</b>		
Depreciation	45 961	<b>45 961</b>
<b>Balance at June 30, 2021</b>	<b>45 961</b>	<b>45 961</b>
<b>Net carrying amount at June 30, 2021</b>	<b>366 765</b>	<b>366 765</b>

The right of use is represented in renting warehouses and showrooms, which are used in the activities of the group companies.

**GB Auto (S.A.E)**

**Notes to the consolidated interim financial statements for the financial period ended June 30, 2021**  
**(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)**

**18- Intangible assets and goodwill**

	<u>Goodwill</u>	<u>Computer software</u>	<u>Knowhow</u>	<u>Total</u>
<b>Cost</b>				
Balance at 1 January	430 155	62 179	5 703	<b>498 037</b>
Additions during the period	-	24	-	<b>24</b>
<b>Balance at June 30, 2021</b>	<b>430 155</b>	<b>62 203</b>	<b>5 703</b>	<b>498 061</b>
<b>Accumulated amortization</b>				
Balance at 1 January	-	39 096	5 703	<b>44 799</b>
Amortization during the period	-	2 724	-	<b>2 724</b>
<b>Balance at June 30, 2021</b>	<b>-</b>	<b>41 820</b>	<b>5 703</b>	<b>47 523</b>
<b>Net carrying amount at June 30, 2021</b>	<b>430 155</b>	<b>20 383</b>	<b>-</b>	<b>450 538</b>
<b>Net carrying amount at December 31, 2020</b>	<b>430 155</b>	<b>23 083</b>	<b>-</b>	<b>453 238</b>

**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 Alsaiaarat (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**

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Two and three wheels' activities	177 375	177 375
Hyundai Iraq sales	248 910	248 910
Financial leasing activity	1 000	1 000
After Sale service- PC	2 870	2 870
	<b>430 155</b>	<b>430 155</b>



GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021  
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

#### **18-Intangible assets and goodwill (Continued)**

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.

#### **19-Investments property**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Balance at 1 January	90 905	90 905
<b>Balance at the end of the period</b>	<b>90 905</b>	<b>90 905</b>

#### **20-Issued and paid in capital**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
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)	<b>1 094 010</b>	<b>1 094 010</b>

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.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021  
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

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#### **21-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.

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 .

During the period from January 1, 2021 to March 31, 2021, the company sold 8 million shares with a total value of 30 232 million Egyptian pounds, resulting in a reduction of 8 million Egyptian pounds. This represents the nominal value of the share and the difference between the sale value and the face value of 22,232 million Egyptian pounds among other reserves (Note 23)

#### **22-Legal reserve**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Balance at 1 January	451 064	381 508
Transferred to legal reserve	52 465	69 556
<b>Balance at the end of the period</b>	<b><u>503 529</u></b>	<b><u>451 064</u></b>

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

GB Auto (S.A.E)  
Notes to the consolidated interim financial statements for the financial period ended June 30, 2021  
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

## 23-Other reserves

	Foreign currency translation reserve	ESOP (Fair value) reserve	Surplus Revaluation of fixed assets reserve	Share premium (special reserves)	Total
<b>Balance as at January 1, 2021</b>	1 057 721	88 882	97 833	911 981	<b>2 156 417</b>
Foreign currency translation	12 977	-	-	-	<b>12 977</b>
Selling Treasury Bills	-	-	-	22 232	<b>22 232</b>
Modification surplus of fixed assets cost	-	-	( 8 968)	-	<b>( 8 968)</b>
<b>Balance at June 30, 2021</b>	<b>1 070 698</b>	<b>88 882</b>	<b>88 865</b>	<b>934 213</b>	<b>2 182 658</b>

### 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.

	June 30, 2021	December 31, 2020
Share premium	934 213	911 981

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.

## 24-Non-controlling Interest

	Capital	Payment Under capital increase	Reserves	Legal reserve	Private risk reserve - Non banking	General risk reserve	Retained earnings	Total	
								June 30, 2021	December 31, 2020
Balance at 1 January	580 303	10 033	593 532	60 806	-	-	241 295	1 485 969	1 364 896
Adjustments	-	-	-	-	-	-	( 9 455)	( 9 455)	-
Net profit for the period	-	-	-	-	-	-	142 308	142 308	199 106
Foreign currency translation results	-	-	( 20 310)	-	-	-	-	( 20 310)	( 48 706)
Capital increase	8 433	( 7 845)	-	-	-	-	-	588	42 587
Capital Decrease	( 29 672)	-	( 50 800)	-	-	-	-	( 80 472)	-
Change in Non-controlling interests	( 119 932)	-	( 258 242)	( 19 630)	-	-	30 823	( 366 981)	( 6 410)
Trasnfer to legal reserve	-	-	-	1 531	-	-	( 1 531)	-	-
Payment Under capital increase	-	292 980	-	-	-	-	-	292 980	-
The Impact of new egyptian accounting standards	-	-	-	-	-	-	23 821	23 821	-
Transfer to risk reserve	-	-	-	-	30 166	-	( 30 166)	-	-
Transfer to general reserve	-	-	-	-	-	16 314	( 16 314)	-	-
Dividends	-	-	-	-	-	-	( 53 480)	( 53 480)	( 65 504)
<b>Balance at the end of the period/ year</b>	<b>439 132</b>	<b>295 168</b>	<b>264 180</b>	<b>42 707</b>	<b>30 166</b>	<b>16 314</b>	<b>327 301</b>	<b>1 414 968</b>	<b>1 485 969</b>

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021  
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## 25-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 June 30, 2021 and December 31, 2020 restated were as follows:

	June 30, 2021	December 31, 2020
Loans, borrowings and overdrafts	17 110 056	14 041 667
Short-term notes payable - suppliers	522 584	413 762
<b>Total loans and notes payables</b>	<b>17 632 640</b>	<b>14 455 429</b>
<b>Less:</b> Cash and cash equivalent	(2 176 796)	(1 797 830)
Letters of credit	( 526 025)	( 345 557)
Letters of guarantee	( 86 987)	( 134 797)
<b>Net debt</b>	<b>14 842 832</b>	<b>12 177 245</b>
Shareholders' equity	5 051 449	4 630 779
<b>Net debt to equity ratio</b>	<b>2.94</b>	<b>2.63</b>

## 26-Loans, borrowings and overdrafts

	June 30, 2021			December 31, 2020		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	10 843 505	-	10 843 505	9 005 209	-	9 005 209
Loans	1 740 111	4 526 441	6 266 552	1 454 081	3 582 377	5 036 458
<b>Total</b>	<b>12 583 616</b>	<b>4 526 441</b>	<b>17 110 057</b>	<b>10 459 290</b>	<b>3 582 377</b>	<b>14 041 667</b>

### A.Banks overdraft

	June 30, 2021	December 31, 2020
Less than one year	10 843 505	9 005 209
	<b>10 843 505</b>	<b>9 005 209</b>

### 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

	June 30, 2021	December 31, 2020
Less than one year	1 740 111	1 454 081
More than one year and less than five years	4 526 441	3 582 377
	<b>6 266 552</b>	<b>5 036 458</b>

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

**27-Trade payables and other credit balances**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Trade payables	1 839 543	1 397 145
Other credit balances	132 049	109 252
Advances from customers	1 058 744	338 300
Tax Authority	34 159	48 544
Value added tax	154 768	102 384
Accrued expenses	625 974	559 262
Accrued interest exoense	78 601	85 977
Deposits from others	50 929	35 886
Notes payables	522 584	464 374
Right of use liability	65 861	-
Dividends payable	4	2 500
Deferred revenues	24 447	469
	<b>4 587 663</b>	<b>3 144 093</b>

**28-Provisions**

	<b>Legal Claims</b>	<b>Warranty Provision</b>	<b>Other Provisions</b>	<b>Total</b>
<b>Balance at January 1, 2021</b>	<b>7 140</b>	<b>79 296</b>	<b>102 272</b>	<b>188 708</b>
Provisions formed during the period	-	17 002	87 133	<b>104 135</b>
Provisions utilized during the period	-	( 4 325)	( 1 449)	<b>( 5 774)</b>
Provisions no longer required	-	( 3 310)	( 64 962)	<b>( 68 272)</b>
Effect of movement of exchange rates	-	-	( 573)	<b>( 573)</b>
<b>Balance at June 30, 2021</b>	<b>7 140</b>	<b>88 663</b>	<b>122 421</b>	<b>218 224</b>
<b>Balance at January 1, 2020</b>	<b>6 112</b>	<b>98 469</b>	<b>125 216</b>	<b>229 797</b>
Provisions formed during the year	1 038	51 092	144 330	<b>196 460</b>
Provisions utilized during the year	-	( 39 828)	( 54 024)	<b>( 93 852)</b>
Provisions no longer required	-	( 30 437)	( 112 139)	<b>( 142 576)</b>
Effect of movement of exchange rates	( 10)	-	( 1 111)	<b>( 1 121)</b>
<b>Balance at December 31, 2020</b>	<b>7 140</b>	<b>79 296</b>	<b>102 272</b>	<b>188 708</b>

**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 June 30, 2021.

**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 82 684 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 June 30, 2020 EGP 6 272 (December 31, 2020 EGP 3 697).

GB Auto (S.A.E)

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**Other provisions**

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

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 June 30, 2020 amounted to 36 655 thousand Egyptian pounds and the value of the no longer required provisions is 4 024 thousand Egyptian pounds EGP.

**29-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:

	June 30, 2021			December 31, 2020
	Assets	Liabilities	Net	Net
US Dollars	535 148	(1 278 351)	( 743 203)	( 652 217)
Euros	5 258	( 15 915)	( 10 657)	( 20 104)
Other currencies	2 491	( 58 229)	( 55 738)	( 38 286)

**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 17 110 056 as at June 30,2021 (EGP 14 041 668 as at December 31, 2020).

Financial assets that carry fixed interest rates are amounted to EGP 427 779 as at June 30, 2021 (EGP 353 258 as at December 31, 2020).

		June 30, 2021	December 31, 2020
Time deposits	USD	57 256	57 474
Time deposits	EGP	370 523	295 784
		<b>427 779</b>	<b>353 258</b>

GB Auto (S.A.E)

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#### **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:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Notes and accounts receivables	16 467 191	13 577 959
Impairment of accounts and notes receivable balances	643 565	638 781
<b>The ratio of the allowance to total accounts and notes receivable</b>	<b>3.91%</b>	<b>4.70%</b>

#### **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.

#### **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.

GB Auto (S.A.E)

Notes to the consolidated Interim financial statements for the financial period ended June 30, 2021

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### 30-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	
	June 30, 2021	December 31, 2020
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 Alsaiaarat (GK)	83.33%	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%
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%



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Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

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%
Rassedy 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%
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%	-
Halan Consumer Finance	62.00%	-

### 31- Payment under Investment

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Auto Market Company	54 456	-
GBM Global	72	72
Total	<u>54 528</u>	<u>72</u>

### 32-Capital Commitments

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 85 174 at June 30,2021 (EGP 97 974 as at December 31, 2020) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

### 33-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:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
USD	1 678 325	908 966
EGP	150 300	139 657
Japanese Yen	58 348	47 108
Euro	3 039	14 396
Cny	1 942	12 179

GB Auto (S.A.E)

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

### 34-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:

<u>Due from related parties</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
El Bostan Holding	66 737	66 992
SARL SIPAC – Algeria	11 452	11 978
Algematco – Algeria	28 701	25 270
Halan for Information technology	269 289	178 150
Kassed Shareholders' Current Account	6 459	7 746
El Qalam Shareholders' Current Account	108 726	73 844
Tokyo Marine	6 000	–
<b>Total</b>	<b>497 364</b>	<b>363 980</b>
Impairment of due from related parties	( 26 072)	( 26 648)
	<b>471 292</b>	<b>337 332</b>
	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<u>Due to related parties</u>		
Marco Polo Company	59 432	59 659
EQI	761	761
Al Watania for car accessories and spare parts	8 090	6 146
Gaya	10 799	11 119
Wahdan Company	68	2 534
EL Ghalban Company	41 322	39 979
	<b>120 472</b>	<b>120 198</b>

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

Related party name	Relation type	Transaction nature	Transaction amount	
			June 30, 2021	December 31, 2020
Executive BOD	Board of Directors	Management Salaries	20 376	32 093
Al Watania for Vehicles Accessories and spare parts	Related Party	Purchases	11	11
SARL SIPAC – Algeria	Related Party	Cash transfer	( 11 978)	1 649
Kassed Shareholders' current account	Shareholder in one of the subsidiaries	Sales	-	-
		Cash transfer	( 7 746)	3 407
El- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Sales	( 108 271)	( 108 271)
		Services	34 427	14 355
Marco Polo Company	Shareholder in one of the subsidiaries	Services	( 59 659)	1 568
Algematco – Algeria	Shareholder in one of the subsidiaries	Cash transfers	( 25 270)	3 338
Bostan Holding	Related Party	Foreign Currency translation difference	( 66 992)	1 315
Halan for Information technology	Related Party	Cash transfers	( 178 150)	( 108 006)
Gaya	Shareholder in one of the subsidiaries	Cash transfers	11 119	6 029
El Ghalban	Shareholder in one of the subsidiaries	Cash transfers	39 979	39 617

### 35-Investment in associates

	Contribution percentage	December 31, 2020	Adjustment on Opening balance	December 31,2020 Restated	Net Profit /Losses for the period	June 30, 2021
Halan for Information technology	38.70%	8 034	-	8 034	-	301 252
Bedaia for Real estate Financing	33.33%	50 000	5 859	55 859	2 427	58 286
Tokyo Marine	37.50%	42 549	( 8 539)	34 010	( 3 758)	30 252
		<b>100 583</b>	<b>( 2 680)</b>	<b>97 903</b>	<b>( 1 331)</b>	<b>389 790</b>

**GB Auto (S.A.E)**

Notes to the consolidated interim financial statements for the financial period ended June 30, 2021

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

**36- Income statement according to expense nature**

	<u>June 30, 2021</u>	<u>March 31, 2020</u>
Operating Revenue	14 096 608	9 913 478
Operating Cost	(11 285 364)	(7 893 734)
<b>Gross Profit</b>	<b>2 811 244</b>	<b>2 019 744</b>
Other income	127 414	205 080
Provisions no longer required	8 852	22 622
Investment in associates losses	( 1 332)	-
Interest income	51 898	37 587
Installment sales interest	10 912	14 565
Bank charge	( 39 898)	( 45 752)
Interest expense	( 321 440)	( 474 960)
Salaries & Benefits	( 918 445)	( 699 773)
Selling & Marketing	( 128 920)	( 27 342)
Rents	( 38 988)	( 61 604)
Net Gain foreign exchange transaction	18 098	( 19 298)
Provisions formed	( 108 353)	( 119 576)
Depreciation and Amortization	( 114 556)	( 72 708)
Consulting	23 454	( 21 201)
Transportation	( 17 680)	( 28 536)
vehicles expense	( 29 751)	( 17 886)
Governmental Fees & stamps	( 17 656)	( 17 694)
IT Expense	( 43 050)	( 28 196)
Other Expenses	( 78 298)	( 29 139)
Insurance	( 8 948)	( 8 874)
Security Expense	( 13 032)	( 11 101)
Repair/Maintenance Expenses	( 494)	( 532)
Administration Supplies	( 22 034)	( 18 480)
Utilities	( 9 157)	( 8 847)
Donations & Puplic relation	( 27 976)	( 37 271)
Medical Fund	( 33 183)	( 21 041)
Freight	( 4 977)	( 4 064)
<b>Net profit for the period before income tax</b>	<b>1 073 704</b>	<b>525 723</b>

**37- 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.

<u>June 30, 2021</u>		<u>December 31, 2020</u>	
Total Value	Current Value	Total Value	Current Value
3 230 892	2 561 351	3 769 976	2 988 824

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Notes to the consolidated interim financial statements for the financial period ended June30, 2021

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

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### **38 –Private Risk Reserve**

The risk reserve is represented in non-banking financial services, the effects of applying the Egyptian Accounting Standard No. 47 “Financial Instruments” equivalent to 1% of the assets listed in the risk weights in accordance with the provisions of the decisions issued by the Board of Directors of the General Authority for Financial Supervision No. 200 of 2020 on some companies that engage in financial activities

Non-banking, and the balance on June 30, 2021 reached 94 million Egyptian pounds, and the balance of this reserve will not be used after applying Standard No. 47 except after obtaining the prior approval of the Authority.

### **39 – General Risk Reserve**

A general risk reserve is the difference between applying the expected credit loss model according to the non-bank financial companies' application of the Egyptian Accounting Standard No. 47 on January 1, 2021 for the provision for doubtful debts, and the management of the subsidiaries decided to create this reserve until it was presented to the general assemblies of the subsidiaries for approval.

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

#### **40- 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-existing relationship. Such amounts are generally recognised in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

##### **1) Subsidiaries**

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

##### **2) Non-controlling interests**

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

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

##### **3) Loss of control**

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

##### **4) Transaction elimination on consolidation**

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

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Notes to the consolidated interim financial statements for the financial period ended June30, 2021

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#### **40-Significant accounting policies (Continued)**

##### **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 Other comprehensive income:

- 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.

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#### **40 -Significant accounting policies (Continued)**

##### **1) Revenue from customer contracts.**

##### **Egyptian Accounting Standard No. 48 - Revenue from contracts with customers.**

Egyptian Accounting Standard No. 48 specifies a comprehensive framework for determining the value and timing of revenue recognition. This standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts". Revenue is recognized

When a customer is able to control units or services, determining the timing of the transfer of control - over a period of time or at a point in time - requires a measure of personal judgment.

##### **Revenue Recognition**

According to the nature of the group's activities, in addition to the group's current accounting policies, the effect of Egyptian Accounting Standard No. 48 on the recognition of revenue by the group will be immaterial, as the net effect of retained earnings amounted to 12.5 million Egyptian pounds.

##### **The costs of assign a contract with customers**

Under Egyptian Accounting Standard 48, some of the additional costs incurred in acquiring a contract with a customer ("contract costs"), which previously did not qualify for recognition as an asset under any of the other accounting standards, have been deferred in the consolidated statement of financial position.

##### **Transitional period**

The Group applied the standard using the modified cumulative effect method, which means that the effect of applying the standard has been recognized in retained earnings with effect from January 1, 2021, and the comparative figures have not been adjusted.

The effect of applying Egyptian Accounting Standard 48 on the opening balances of the group's financial position, as of

January 1, 2021, and this resulted in an impact on the retained earnings on January 1, 2021, an amount of 12.5 million Egyptian pounds



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**40 -Significant accounting policies (Continued)****D- 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) Defined 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.

**E- 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.

**F- 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.

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**40 -Significant accounting policies (Continued)****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.

**G- 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.

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**40 -Significant accounting policies (Continued)****H- 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:

<b>Asset</b>	<b>Depreciation rate</b>
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.

**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.

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#### 40 -Significant accounting policies (Continued)

##### 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.

#### I- 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.

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#### **40 -Significant accounting policies (Continued)**

##### **J- 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.

#### **EAS 47 - Financial instruments**

EAS 47 – Defined the recognition and measurement of financial assets and financial liabilities and some of non-financial items agreements for sale or purchase. This standard replaces EAS 25 financial instruments: presentation and disclosure and EAS 26 financial instruments.

The recognition and measurement and EAS 40 financial instruments disclosures applied on 2021 disclosures.

#### **Financial assets and financial liabilities Classification and measurement**

The new standard requires the company to value the classification of financial assets at the company's financial statements according to the financial assets cash flow conditions and the company related business module for financial assets certain category.

EAS 47 has no longer available for sale classification for financial assets. The new standard contains different requirements for financial asset in debit instruments or equity instruments.

The financial instruments must be classified and measured by one of the following:

- Amortized cost, which actual interest rate will be applied
- Fair value through comprehensive profit and loss with subsequent reclassification to profits and losses when the financial assets sale or fair value through profit and losses
- Investments in equity instruments must be classified and measured by one of the following methods except for those considered and applied owners' equity accounting
- Fair value through other comprehensive income through subsequent reclassification to profits and losses statement when financial assets have been sold
- Fair value through profits and losses
- The company initially continues in measurement of financial assets by using fair value plus cost of transaction at the initial recognition except the financial assets measured at fair value through profits and loss in accordance with the current

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practices, most of financial assets classification have not been effected by the adoption of EAS 47 at 1 January 2021

EAS 47 largely retains the current requirements including those in EAS 26 for financial liabilities classification and measurements

The application of EAS 47 didn't have a significant impact on the company's accounting policies related to financial liabilities and derivatives.

Impairment: -

EAS 47 uses the expected credit loss model, which replaces the exposure loss model EAS 26, where there was no need for a provision for doubtful debts except in cases in which there is actual loss incurred in contrast, the ECL model requires the company to recognize for doubtful debts provisions on all financial assets included in amortized cost as well as debt instruments classified as fair value through other comprehensive income since initial recognition regardless of whether loss was incurred as a result, the company's doubtful debts provisions has been increased when applying EAS 47 at 1 January 2021 Below are the main changes in the group's accounting policy for impairment of financial assets.

When determining a default for the purpose of determining the risk of a default, the entity shall apply a default definition consistent with Identification used for internal credit risk management purposes of the relevant financial instrument and theoretical qualitative indicators when appropriate. However, it is a rebuttable assumption that the default does not occur later when the financial asset is due.

for a period of 90 days unless an entity has reasonable and supportive information to demonstrate that the non-satisfactory default criterion is the most appropriate.

The default definition used for these purposes is applied consistently to all financial instruments unless information is available.

Which prove that non-consensual recognition of the other is not appropriate for a particular financial instrument.

A three-stage approach is applied to measure expected credit losses for financial assets listed at cost

depreciated and debt instruments designated as Fair value through other comprehensive income. Assets are transferred through

The following three stages are based on the change in the quality of credit ratings since initial recognition for these assets :

- Stage one: 12-month expected credit losses

For exposures that have not resulted in a quantitative increase in credit risk since initial recognition, a portion of the credit risk is recognized. Lifetime ECL based on the probability of default occurring over the next 12 months

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- Stage 2: Lifetime ECL - not credit-impaired

For credit exposures that have resulted in a significant increase in credit risk since initial recognition, but not Credit impaired, lifetime expected credit losses are recognized.

- Stage Three: Lifetime Expected Credit Loss Financial assets are credit-impaired when the One or more events that have a detrimental effect on the estimated future cash flows of those assets Finance.

#### - **hedge accounting**

Egyptian Accounting Standard No. 47 increases the company's ability to apply hedge accounting. In addition, it has been Align the requirements of the standard more closely with the company's risk management policies, so high coverage will be measured in the future.

#### - **Transitional period**

The company applied the standard using the modified cumulative effect tick, which means that the impact of applying the standard has been recognized In retained earnings as of January 1, 2021, the comparative figures have not been adjusted

### **K- 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.

### **L- 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.

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**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.

**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..



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**40 -Significant accounting policies (Continued)****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.

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- 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.

**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.

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### **Initial measurement of the right-of-use asset**

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

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.

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

Any initial direct costs incurred by the lessee.

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.

### **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.

### **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.

### **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.

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### **Egyptian Accounting Standard No. (49 - Lease contracts**

- The Egyptian Accounting Standard (49) replaces the Egyptian Accounting Standard No. (20) - the accounting rules and standards related to financial leasing operations.
- Egyptian Accounting Standard No. (49) “Lease Contracts” provides a single accounting model for the lessor and the lessee where the lessee recognizes the right to use the leased asset within the company's assets and recognizes a commitment which represents the current value of unpaid lease payments within the company's obligations, bearing in mind that Leases are not classified to the lessee as an operating lease or a finance lease. There are optional exemptions for short-term and low-value leases.
- With regard to the lessor, the lessor must classify each of his lease contracts either as an operating lease contract or as a finance lease contract.
- With regard to the financial lease, the lessor must recognize the assets held under a finance lease contract in the balance sheet and display them as receivable sums in an amount equal to the net investment in the lease contract.
- For an operating lease, the lessor must recognize lease payments from operating lease contracts as income, either on a straight line basis or on any other regular basis.

### **Recognition and measurement**

- Upon the commencement of the contract, the company evaluates whether the contract contains lease arrangements, and for such arrangements for leasing contracts, the company recognizes Right of use assets and liabilities for lease contracts, with the exception of short-term leasing contracts and low-value asset contracts as follows:
  - On initial recognition, the Right of use asset is measured as the amount equal to the rental obligation measured initially and adjusted for pre-contract lease payments, initial direct cost, rental incentives, and the discounted value of the estimated costs of dismantling and removing the asset.

In the subsequent measurement, the right of use base is measured at cost deducted from the depreciation aggregate and the sum of the impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Right of use assets or the lease term, whichever is less.
- Lease commitment is measured at the beginning of the lease contract at the present value of the lease payments unpaid on that date over the lease period. Lease payments must be deducted using the country's incremental borrowing rate in general. The company uses the additional borrowing rate as the discount rate.

Then the lease contract liability is measured at amortized cost using the effective interest rate method.

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- The Right of use assets and lease obligation of the lease contracts will be re-measured later in the event that any of the following events occur:
  - The change in the rental price due to the link to the price or the rate that became effective in the period.
  - Amendments to the lease contract
  - Reassessment of the lease term

Leases of non-core assets that are not related to the main operating activities of the company, which are short-term in nature (less than 12 months including renewal options) and low-value commodity leases are included in the income statement as incurred.

### **Transitional period**

The company has applied the Egyptian Accounting Standard No. (49) with effect from January 1, 2021, and the comparative figures have not been modified. Upon switching to LAS 49, the company chose to apply the practical method to exclude the valuation whereby transactions represent lease contracts. It applied Egyptian Accounting Standard 49 only to contracts that were previously defined as lease contracts. Contracts that were not defined as lease contracts under Egyptian Accounting Standard 20 were not re-evaluated. Consequently, the definition of a lease contract under Egyptian Accounting Standard 49 was applied only to contracts concluded or changed on or after January 1, 2021, as the company adopted practical incentives. When applying the Egyptian Accounting Standard No. (49) to the following:

Lease contracts previously classified as operating leases under the Egyptian Accounting Standard No. (20):

Application of a single discount rate to a group of leases with reasonably similar characteristics the average additional interest rate applied to the lease obligations recognized on January 1, 2021, was 9.12%.

The application of the exemption by not recognizing the assets and liabilities of the Right of use asset that expire during the year 2021.

Excluding the initial direct cost from measuring the Right of use asset on the first application date.

The company has also chosen to use recognition exemptions for leasing contracts whose lease period does not exceed 12 months or less from the date of the first application and does not contain the option to purchase "short-term lease contracts" as well as low-value leasing contracts for "low-value assets."

### **Important rulings in determining the lease term for contracts that include renewal options**

The term of the leasing contract determines, along with a period of time, the lease option contract, or this right may be exercised, and to a reasonable extent, or periods covered by the option to terminate the lease, may exercise this right.

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The company has the option under some lease contracts to lease assets for additional periods, the company applies judgment in assessing whether it is certain and to a reasonable degree to exercise the renewal option, and this means that all relevant factors that create an economic incentive to practice renewal are taken into consideration, after the start date

The company shall return the lease term if there is a major event or change in the circumstances under its control that affects its ability to exercise (or not exercise) the renewal option (for example) a change in the business strategy.

#### **M- 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.

#### **N- Dividends**

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

#### **O- Comparative figures**

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

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#### **41- Important events**

During the period, the group increased its shares in Almajmoa Alalamia for Cars Trading (GK) from 50% to 83.33%, and the acquisition resulted a profit of 45.5 million Egyptian pounds, which were included in the retained earnings within the total equity of the parent company.

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