

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

**Consolidated Interim Financial Statements**  
**For The Financial Period Ended September 30, 2020**  
**And Limited Review Report**

<b>Contents</b>	<b>Page</b>
Limited Review Report	1
Consolidated Interim Statement of Financial Position	3
Consolidated Interim Statement of Income	4
Consolidated Interim Statement of Comprehensive Income	5
Consolidated Interim Statement of Changes in Equity	6
Consolidated Interim Statement of Cash Flows	8
Notes to the Consolidated Interim Financial Statements	9



**Hazem Hassan**  
Public Accountants & Consultants

Translation of limited review report  
Originally issued in Arabic

B (105) – Avenue (2) – Smart Village  
Km 28 Cairo – Alex Desert Road  
Giza – Cairo – Egypt  
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005  
E-mail : Egypt@kpmg.com.eg  
Fax : (202) 35 37 3537  
P.O. Box : (5) Smart Village

**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 September 30, 2020 and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the Nine -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 September 30, 2020 and of its financial performance and its consolidated cash flows for the Nine -month then ended in accordance with Egyptian Accounting Standards.



Hazem Hassan

Translation of limited review report  
Originally issued in Arabic

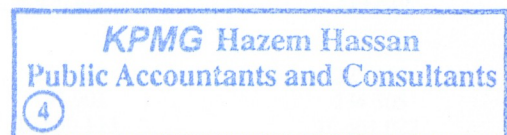
*Emphasis of matter*

Without qualifying our opinion, we draw attention to the following :

As shown by detailed explanation No. 37 of the of the complementary clarifications of the financial statements, most of the world countries, including Egypt, were exposed during the first quarter of 2020 to a state of slowdown and economic contraction as a result of the spread of the Corona Pandemic (Covid-19), and the governments of the world including the Egyptian Government have made a packages of precautionary measures to prevent the spread of the Pandemic, these measures have led to a state of economic slowdown at the global and local levels, which has shown its impact on all activities in different forms in Egypt, so this may have an important impact on the elements of assets, liabilities and business results in the financial statements of the company for the next upcoming years in addition to the potential impact on pre-defined operational and marketing plans and future cash flows associated with them and as indicated in the above-mentioned clarification, the company's management is currently taking several measures to confront this risk and reduce its impact on its financial position and support its ability to Continuity, however, in light of the instability and uncertainty as a result of the current events and as indicated in the above-mentioned clarification, the company's management is currently taking several measures to confront this risk and reduce its impact on its financial position and support its ability to Continuity, however, in light of the instability and uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the expected extent and in the time period at which this event is expected to end and its implications and the company's ability to achieve its plan to face this danger which is difficult to determine at the present time.

  
KPMG Hazem Hassan  
Public Accountants & Consultants

Cairo November 12, 2020





**GB Auto (S.A.E)**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Interim Statement of Financial Position**  
**as at September 30, 2020**

(All amounts in thousand Egyptian Pound)	Note No.	30 September 2020	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, equipment and projects under construction (Net)	(16)	4 130 158	4 043 219
Intangible assets and goodwill	(17)	453 669	433 945
Payments under investment		72	72
Investment in associate	(33)	100 584	58 034
Notes receivables (Net)	(12)	4 296 716	3 233 203
Deferred tax assets	(B-10)	563 808	618 310
Investment property	(18)	90 905	90 905
Debitors and other debit balances	(14-A)	132 070	131 779
<b>Total non-current assets</b>		<b>9 767 982</b>	<b>8 609 467</b>
<b>Current assets</b>			
Inventories (Net)	(11)	3 038 496	3 788 210
Accounts and notes receivables (Net)	(13)	7 383 526	6 435 527
Debtors and other debit balances (Net)	(14-B)	1 766 844	2 095 178
Due from related parties	(32)	435 676	272 202
Cash on hand and at banks	(15)	1 828 911	1 408 948
<b>Total current assets</b>		<b>14 453 453</b>	<b>14 000 065</b>
<b>Total assets</b>		<b>24 221 435</b>	<b>22 609 532</b>
<b>Equity</b>			
Issued and paid in capital	(19)	1 094 010	1 094 010
Treasury bills	(20)	( 10 000)	-
Legal reserve	(21)	418 777	381 508
Other reserves	(22)	2 158 782	2 242 046
Retained Earning		51 006	22 596
Net Profit for the period/year		629 189	42 674
<b>Equity attributable to owners of the company</b>		<b>4 341 764</b>	<b>3 782 834</b>
Non-controlling interests	(23)	1 490 782	1 364 896
<b>Total equity</b>		<b>5 832 546</b>	<b>5 147 730</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans	(25)	3 643 208	3 002 093
Long term notes payables and creditors		97 866	163 504
Warranty provisions	(27)	7 160	4 168
Deferred tax liabilities	(10-B)	348 619	345 055
<b>Total non-current liabilities</b>		<b>4 096 853</b>	<b>3 514 820</b>
<b>Current liabilities</b>			
Provisions	(27)	273 023	225 629
Current tax liabilities	(10-A)	191 901	234 505
Loans, borrowings and overdrafts	(25)	10 650 113	10 661 022
Due to related parties	(32)	119 622	73 643
Trade payables and other credit balances	(26)	3 057 377	2 752 183
<b>Total current liabilities</b>		<b>14 292 036</b>	<b>13 946 982</b>
<b>Total liabilities</b>		<b>18 388 889</b>	<b>17 461 802</b>
<b>Total equity and liabilities</b>		<b>24 221 435</b>	<b>22 609 532</b>

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

Group Finance Director  
Executive Board Member  
Abbas Elsayed

Executive Board Member  
Nader Ghabbour

Chairman and Managing Director  
Dr. Raouf Ghabbour

\*\* Limited review report "attached"

**GB Auto (S.A.E)**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Interim Statement of Income**  
**for the financial period ended September 30, 2020**

		The Nine Months ended 30, September		The three Months ended 30, September	
(All amounts in thousand Egyptian Pound)	Note No.	2020	2019	2020	2019
<u>Continuing operations</u>					
Operating revenue		16 109 674	18 304 443	6 196 196	6 769 595
Operating cost		(12 840 472)	(15 626 518)	(4 946 738)	(5 812 227)
<b>Gross profit</b>		<b>3 269 202</b>	<b>2 677 925</b>	<b>1 249 458</b>	<b>957 368</b>
Other income	(6)	379 479	107 462	174 399	33 323
Selling and marketing expenses		( 922 645)	( 784 665)	( 333 527)	( 277 409)
General and administrative expenses		( 847 443)	( 783 056)	( 322 273)	( 270 373)
Provisions and Impairment of Current and Non-Current assets (Net)	(8)	( 177 857)	(134 753)	(80 903)	(82 125)
<b>Operating results</b>		<b>1 700 736</b>	<b>1 082 913</b>	<b>687 154</b>	<b>360 784</b>
Finance costs (Net)	(7)	( 647 789)	( 896 249)	( 159 930)	( 288 998)
<b>Net profit for the Period before income tax</b>		<b>1 052 947</b>	<b>186 664</b>	<b>527 224</b>	<b>71 786</b>
Income tax (expense)	( 10-C )	( 258 169)	(12 592)	(95 470)	(11 195)
<b>Net Profit for the Period</b>		<b>794 778</b>	<b>174 072</b>	<b>431 754</b>	<b>60 591</b>
<b>Attributable to:</b>					
Shareholder's of the parent company		629 189	( 1 157)	374 997	( 8 277)
Non-controlling interests		165 589	175 229	56 757	68 868
		<b>794 778</b>	<b>174 072</b>	<b>431 754</b>	<b>60 591</b>
Basic earnings(losses)(EGP/Share)	(9)	0.579	(0.001)	0.343	(0.008)

\* The accompanying notes form an integral part of these 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 September 30, 2020

(All amounts in thousand Egyptian Pound)	The Nine Months ended 30, September		The three Months ended 30, September	
	2020	2019	2020	2019
Net profit for the Period after income tax	794 778	174 072	431 754	60 591
<b>Other comprehensive income items</b>				
Foreign currency translation difference	( 102 188)	( 397 955)	( 56 993)	( 90 523)
Modification surplus of fixed assets result	(23 005)	(26 915)	(7 447)	(8 743)
<b>Total other comprehensive income for the Period before income tax</b>	<b>( 125 193)</b>	<b>( 424 870)</b>	<b>( 64 440)</b>	<b>( 99 266)</b>
Income tax related to other comprehensive income item	7 421	5 011	2 387	1 172
<b>Other comprehensive income for the Period after income tax</b>	<b>( 117 772)</b>	<b>( 419 859)</b>	<b>( 62 053)</b>	<b>( 98 094)</b>
<b>Total other comprehensive income for the Period</b>	<b>677 006</b>	<b>( 245 787)</b>	<b>369 701</b>	<b>( 37 503)</b>
<b>Other comprehensive income is attributable to:</b>				
Shareholder's of the parent company	555 495	( 248 820)	340 277	( 41 819)
Non-controlling interests	121 511	3 033	29 424	4 316
	<b>677 006</b>	<b>( 245 787)</b>	<b>369 701</b>	<b>( 37 503)</b>

\* The accompanying notes form an integral part of these 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 September 30, 2020**

**30 September 2020**

(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	Surplus Revaluation of fixed assets reserve	Share premium (Special reserve)	Retained Earning	Net profit for the Year/period	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)	-	-	-
-	-	-	-	-	-	-	-	629 189	629 189	165 589	794 778
-	-	-	-	-	( 15 584)	-	23 005	-	7 421	-	7 421
-	-	-	( 58 110)	-	-	-	-	-	( 58 110)	( 44 078)	( 102 188)
-	-	-	( 58 110)	-	( 15 584)	-	23 005	629 189	578 500	121 511	700 011
-	-	( 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)	1 059 669	88 882	103 000	907 231	51 006	629 189	4 341 764	1 490 782	5 832 546

\* The accompanying notes form an integral part of these 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 September 30, 2020**

30 September 2019

(All amounts in thousand Egyptian Pound)

Shareholder's equity of the parent Company										
Share capital	Legal reserve	Foreign currency translation reserve	ESOP (Fair value) reserve	Surplus Revaluation of fixed assets reserve	Share premium (Special reserve)	Retained Earning/Carry forward (Losses)	Net profit for the year /period	Total	Non-Controlling interests	Total equity
1 094 010	331 529	1 336 561	88 882	148 489	916 801	( 517 330)	537 583	3 936 525	1 291 028	5 227 553
-	-	-	-	-	-	537 583	( 537 583)	-	-	-
-	-	-	-	-	-	-	( 1 157)	( 1 157)	175 229	174 072
-	-	-	-	( 21 904)	-	26 915	-	5 011	-	5 011
-	-	( 225 759)	-	-	-	-	-	( 225 759)	( 172 196)	( 397 955)
-	-	( 225 759)	-	( 21 904)	-	26 915	( 1 157)	( 221 905)	3 033	( 218 872)
-	-	-	-	-	-	( 2 803)	-	( 2 803)	( 1 509)	( 4 312)
-	-	-	-	-	-	-	-	-	( 700)	( 700)
-	-	-	-	-	-	-	-	-	3 794	3 794
-	44 724	-	-	-	-	( 44 724)	-	-	-	-
-	-	-	-	-	-	-	-	-	6 450	6 450
-	44 724	-	-	-	-	( 47 527)	-	( 2 803)	8 035	5 232
1 094 010	376 253	1 110 802	88 882	126 585	916 801	( 359)	( 1 157)	3 711 817	1 302 096	5 013 913

\* The accompanying notes form an integral part of these 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 September 30, 2020**

(All amounts in thousand Egyptian Pound)

	Note No.	30 September 2020	30 September 2019
Net profit for the period before tax		1 052 947	186 664
<b><u>Adjustments for:</u></b>			
Interest expense		733 768	1 147 383
Depreciation and amortization for the period	(16-17)	224 514	549 570
Provisions movements (net)	27	100 724	154 851
Impairment losses on current assets (net)		121 157	47 952
Interest income	(7)	( 78 734)	( 94 157)
Loans capitalized interest		-	( 48 555)
Gain from sale of property, plant, equipment and assets held for sale		( 285 120)	( 8 576)
		<b>1 869 256</b>	<b>1 935 132</b>
<b>Changes in:</b>			
Inventories		766 940	1 332 185
Accounts and notes receivables		(2 130 808)	(1 675 979)
Debtors and other debit balances		327 755	( 75 949)
Due from related parties		( 162 159)	21 299
Due to related parties		45 979	( 18 388)
Trade payables and other credit balances		305 194	181 543
<b>Cash provided from operating activities</b>		<b>1 022 157</b>	<b>1 699 843</b>
Provisions used		( 38 539)	( 57 875)
Income tax paid		( 235 286)	( 135 325)
Dividends paid		-	( 7 633)
<b>Net cash provided from operating activities</b>		<b>748 332</b>	<b>1 499 010</b>
<b><u>Cash flows from investing activities</u></b>			
Acquisition of property, plant, equipment and projects under constructions		( 533 040)	(1 678 245)
Acquisition of intangible assets		( 2 578)	( 1 147)
Interest income received		78 734	96 626
Payment under Investment		-	( 50 071)
Proceeds from sale of property, plant, equipment and assets held for sale		473 161	875 814
<b>Net cash provided from / (used in) investing activities</b>		<b>16 277</b>	<b>( 757 023)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from non controlling interest to increase capital of subsidiaries		4 375	3 794
Proceeds from non controlling interest to increase paid under capital increase of subsidiaries		-	6 450
Proceeds from sales of shares held by the group		-	( 700)
Payment in Treasury bills		( 19 570)	-
payment under investment in associate companies		( 42 550)	-
Proceeds from loans and borrowings		630 206	1 332 702
Long-Term notes payable		( 65 638)	( 29 503)
Interest paid		( 733 768)	(1 181 519)
<b>Net cash(used in)/ provided from financing activities</b>		<b>( 226 945)</b>	<b>131 224</b>
<b>Net Increase/Decrease in cash and cash equivalents</b>		<b>537 664</b>	<b>873 211</b>
Cash and cash equivalents at the beginning of the period		1 408 948	1 179 275
Effect of movements in exchange rates on cash and cash equivalents		( 117 701)	( 348 288)
<b>Cash and cash equivalents at end of the period</b>	(15-B)	<b>1 828 911</b>	<b>1 704 198</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 September 30, 2020

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

---

## **1- Background of the Group**

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

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

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

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

The major shareholder's of the Company are Dr. Raouf Ghabbour and his family who collectively owns approximately 62.89% of the Company's shares as at September 30, 2020.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on November 12, 2020.

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

The consolidated financial statements have been prepared in accordance with an updated Egyptian Accounting Standards (EAS) and the related Egyptian laws and regulations.

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

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

The Ministry of Investment and International Cooperation issued Resolution No. 69 of 2019 on April 7, 2019, amending some provisions of the Egyptian accounting standards, including the abolition of the Egyptian Accounting Standard No. (20) rules and accounting standards related to financial leasing and replaced it with the Egyptian Accounting Standard No. (49) leasing contracts. The Egyptian standard is applied to financial periods beginning on or after January 2020. Early application is permitted if Egyptian Accounting Standard (48) " Revenue from Contracts with Customers 2019 " is applied at the same time. As an exception, the first date of application shall be

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

---

the beginning of the annual report period in which the Financial Leasing Law No. 95 of 1995 -and its amendments - was abolished, The issuance of the Financial Leasing and Factoring Activities Law No. 176 of 2018 (January 1, 2018) for financial leasing contracts that were subject to Law 95 of 1995 as well as contracts that are subject to Law 176 of 2018 and were to be processed in accordance with the Egyptian Accounting Standard No. (20) "Accounting Rules and Standards" Related to finance lease "

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

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

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

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

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

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

---

## 5- Operating Segments

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

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



**5-Operating Segments(Continued)****A-Total Revenue**

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Passenger car	45.02%	56.00%
Buses and trucks	4.92%	7.10%
2 & 3 Wheels	19.48%	13.60%
Financial Services non-Banking	22.60%	16.40%
Other Operations	7.98%	6.90%

**B-Revenue from foreign operations**

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Passenger car	24.90%	42.10%
2 & 3 Wheels	32.10%	33.60%
Other Operations	0.00%	0.20%

**C- Segments results**

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Passenger car	21.38%	27.51%
Buses and trucks	2.60%	7.58%
2 & 3 Wheels	20.46%	15.35%
Financial Services non-Banking	48.04%	41.32%
Other Operations	7.52%	8.24%

**D-Assets**

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Passenger car	12.4%	20.0%
Buses and trucks	8.6%	8.4%
2 & 3 Wheels	10.5%	10.8%
Financial Services non-Banking	48.4%	40.8%
Other Operations	20.1%	20.0%

**E- Liabilities**

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Passenger car	27.5%	36.0%
Buses and trucks	16.6%	17.0%
2 & 3 Wheels	1.7%	1.0%
Financial Services non-Banking	49.7%	42.0%
Other Operations	4.5%	4.0%

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

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
<b>Revenues</b>		
Total revenues for operating segments	17 718 838	19 846 872
Elimination of inter-segment revenue	(1 609 164)	(1 542 429)
<b>Consolidated Revenue</b>	<b>16 109 674</b>	<b>18 304 443</b>
<b>Segments result</b>		
Gross profit for operating segment	3 280 294	2 654 300
Elimination of inter-segment gross profit	( 11 092)	23 625
<b>Consolidated Gross Profit</b>	<b>3 269 202</b>	<b>2 677 925</b>
<b>Assets</b>		
Total assets for operating segments	41 837 968	37 586 284
Elimination inter-segment assets	(17 616 533)	(14 954 748)
<b>Total Consolidated Assets</b>	<b>24 221 435</b>	<b>22 631 536</b>
<b>Liabilities</b>		
Total Liabilities for operating segments	26 893 916	25 203 060
Elimination inter-segment Liabilities	(8 505 027)	(7 585 436)
<b>Total Consolidated Liabilities</b>	<b>18 388 889</b>	<b>17 617 624</b>

**G-Other martial amounts**

	<b>Total reportable segment</b>	<b>Adjustments</b>	<b>Total consolidated September 30, 2020</b>
Finance income	78 734	-	<b>78 734</b>
Interest expense and Bank Charges	( 734 940)	1 172	<b>( 733 768)</b>
Capital expenditure	533 040	-	<b>533 040</b>
Depreciation and amortization	224 514	-	<b>224 514</b>
	<b>Total reportable segment</b>	<b>Adjustments</b>	<b>Total consolidated September 30, 2019</b>
Finance income	94 157	-	<b>94 157</b>
Interest expense and Bank Charges	(1 125 709)	( 21 674)	<b>(1 147 383)</b>
Capital expenditure	1 678 245	-	<b>1 678 245</b>
Depreciation and amortization	549 570	-	<b>549 570</b>

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

**Notes to the consolidated Interim financial statements for the financial period ended September 30,2020**  
**(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)**

Translation of interim financial statements  
Originally issued in Arabic

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

	Passenger cars		Commercial vehicles		Two and three Wheelers		Financial Services Non Banking		Other operations		Total	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Operating Revenue	7 252 512	10 242 015	792 769	1 308 207	3 138 240	2 480 848	3 640 640	3 001 525	1 285 513	1 271 848	<b>16 109 674</b>	<b>18 304 443</b>
<b>Gross profit</b>	<b>699 081</b>	<b>736 679</b>	<b>84 977</b>	<b>203 037</b>	<b>668 820</b>	<b>411 081</b>	<b>1 570 498</b>	<b>1 106 429</b>	<b>245 826</b>	<b>220 699</b>	<b>3 269 202</b>	<b>2 677 925</b>
General and administrative expenses											( 922 645)	( 784 665)
Marketing and Selling expenses											( 847 443)	( 783 056)
Provisions and Impairment of Current and Non-Current assets (Net)											( 177 857)	( 134 753)
Other income											379 479	107 462
<b>Operating results</b>											<b>1 700 736</b>	<b>1 082 913</b>
Finance cost(Net)											( 647 789)	( 896 249)
<b>Net profit for the period before income tax</b>											<b>1 052 947</b>	<b>186 664</b>
Income tax expense											( 258 169)	( 12 592)
<b>Net Profit for the Period</b>											<b>794 778</b>	<b>174 072</b>
<b>Attributable to:</b>												
Equity holders of the Company											629 189	( 1 157)
Non-controlling interests											165 589	175 229
											<b>794 778</b>	<b>174 072</b>

**6- Other Income**

	September 30 ,2020	September 30 ,2019
Gain on sale of fixed asset	285 120	8 576
Scrap Sales	28 924	28 143
Commission for reissuance loans	24 185	24 580
Other revenues	18 283	6 336
Cash incentive revenue	10 615	30 365
Gain on transfer of ownership	6 646	-
Rent	5 705	9 462
	<b>379 479</b>	<b>107 462</b>

**7-Finance Costs**

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Interest income	58 755	84 676
Interest income on installment sales	19 979	9 481
Foreign exchange gain	7 245	156 977
<b>Total Finance Income</b>	<b>85 979</b>	<b>251 134</b>
Interest expense and bank charges	( 733 768)	(1 147 383)
<b>Total Finance Cost</b>	<b>( 733 768)</b>	<b>(1 147 383)</b>
<b>Net Finance Cost</b>	<b>( 647 789)</b>	<b>( 896 249)</b>

**8-Provisions and Impairment of Current and Non-Current assets**Provisions no longer required

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Warranty provision	12 402	3 000
Impairment of accounts and notes receivables	7 711	10 208
Impairment of debtors and other debit balances	1 594	-
Other Provisions	7 831	55 681
<b>Total provisions no longer required</b>	<b>29 538</b>	<b>68 889</b>

Provisions formed

Warranty provision	( 27 636)	( 42 215)
Impairment of accounts and notes receivable	( 128 363)	( 38 534)
Impairment of debtors and other debit balances	( 2 099)	( 17 467)
Other provisions	( 49 297)	( 105 426)
<b>Total provisions formed</b>	<b>( 207 395)</b>	<b>( 203 642)</b>
<b>Net provisions in the income statement</b>	<b>( 177 857)</b>	<b>( 134 753)</b>

	Balance at 1/1/2020	Impairment during the period	Used during the period	Reversal of Impairment during the period	Effect of movements of exchange rates	Balance at 30/09/2020
Impairment of Accounts & Notes receivable	442 829	128 363	-	( 7 711)	( 1 356)	562 125
Impairment of due from related parties	28 565	-	-	-	( 1 314)	27 251
Impairment of Debtors & Other debit balances	32 864	2 099	-	( 1 594)	( 217)	33 152
	<b>504 258</b>	<b>130 462</b>	<b>-</b>	<b>( 9 305)</b>	<b>( 2 887)</b>	<b>622 528</b>
Impairment of Inventory *	67 285	1 968	-	( 19 195)	-	50 058
	<b>571 543</b>	<b>132 430</b>	<b>-</b>	<b>( 28 500)</b>	<b>( 2 887)</b>	<b>672 586</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 year.

	September 30, 2020	September 30, 2019
Net profit for the year attributable to the shareholders	629 189	( 1 157)
Weighted average number of ordinary shares issued	1 086 611	1 094 010
Basic profit earnings per share/ EGP	0.579	(0.001)

## 10-Income tax

### A-Income tax liabilities

	September 30, 2020	December 31, 2019
Balance at 1 January	234 505	139 185
Taxes paid during the period	( 235 286)	( 140 743)
Current income tax during the period (Note 10-C)	192 682	236 063
<b>Balance at the end of the period/year</b>	<b>191 901</b>	<b>234 505</b>



GB Auto (S.A.E.)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

10-Income tax (Continued)								Total	
B-Deferred Tax	Fixed Assets	Carried forward losses	Impairment of Inventory	Warranty Provision	Revaluation surplus of fixed assets	Notes payable	Capital Gains	30-Sep-20	31-Dec-19
Deferred tax assets									
Balance at 1 January	11	424 098	10 342	31 276	–	152 583	–	618 310	455 682
Charged to the income statement	–	( 57 016)	( 1 758)	15 526	–	( 11 254)	–	( 54 502)	162 628
Balance at the end of the period / year	11	367 082	8 584	46 802	–	141 329	–	563 808	618 310
Deferred tax liabilities									
Balance at 1 January	( 258 666)	–	–	–	( 23 959)	–	( 62 430)	( 345 055)	( 332 426)
Charged to the income statement	( 22 079)	–	–	–	–	–	11 094	( 10 985)	( 18 945)
Charged to Statement of comprehensive income	–	–	–	–	7 421	–	–	7 421	6 316
Balance at the end of the period/year	( 280 745)	–	–	–	( 16 538)	–	( 51 336)	( 348 619)	( 345 055)
Net Balance at the end of the period / year	( 280 734)	367 082	8 584	46 802	( 16 538)	141 329	( 51 336)	215 189	273 255
Net									
Balance at 1 January	( 258 655)	424 098	10 342	31 276	( 23 959)	152 583	( 62 430)	273 255	123 256
Charged to the income statement (10-B)	( 22 079)	( 57 016)	( 1 758)	15 526	–	( 11 254)	11 094	( 65 487)	143 683
Charged to Statement of comprehensive income	–	–	–	–	7 421	–	–	7 421	6 316
Balance at the end of the period / year	( 280 734)	367 082	8 584	46 802	( 16 538)	141 329	( 51 336)	215 189	273 255

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

**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.

	<b>September 30, 2020</b>	<b>December31, 2019</b>
Impairment of accounts and notes receivables	126 478	99 637
Impairment of other debit balances	7 459	7 394

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

**C-Income tax (expenses)**

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Current income tax (Note 10-A)	( 192 682)	( 134 545)
Deferred tax – (Note 10-B)	( 65 487)	121 953
Income tax for the period	<b>( 258 169)</b>	<b>( 12 592)</b>

**D-Amounts recognized in OCI**

	<b>September 30, 2020</b>			<b>September 30, 2019</b>		
	<b>Before Tax</b>	<b>Taxes</b>	<b>After Tax</b>	<b>Before Tax</b>	<b>Taxes</b>	<b>After Tax</b>
Foreign Currency translation difference	( 102 188)	-	( 102 188)	( 397 955)	-	( 397 955)
Modification surplus of fixed assets cost	( 23 005)	7 421	( 15 584)	( 26 915)	5 011	( 21 904)
	<b>( 125 193)</b>	<b>7 421</b>	<b>( 117 772)</b>	<b>( 424 870)</b>	<b>5 011</b>	<b>( 419 859)</b>

**11-Inventories**

	<b>September 30 ,2020</b>	<b>December 31, 2019</b>
Goods in transit	419 877	795 657
Cars, buses and trucks	1 170 537	1 378 068
Raw material and car components	726 495	871 336
Spare parts for sale	427 256	488 284
Work in progress	232 930	154 613
Tires	82 385	113 434
Oils	29 074	54 103
<b>Total</b>	<b>3 088 554</b>	<b>3 855 495</b>
Impairment of inventory *	( 50 058)	( 67 285)
<b>Net</b>	<b>3 038 496</b>	<b>3 788 210</b>

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

**12-Long term notes receivables**

	<b>September 30,2020</b>	<b>December 31, 2019</b>
Long-term notes receivable	5 138 402	3 932 299
Interest income on installment sales	( 743 991)	( 641 866)
<b>Net present value for long-term notes receivable</b>	<b>4 394 411</b>	<b>3 290 433</b>
Impairment of long-term notes receivable	( 97 695)	( 57 230)
<b>Net</b>	<b>4 296 716</b>	<b>3 233 203</b>

**13-Accounts and notes receivables**

	<b>September 30,2020</b>	<b>December 31, 2019</b>
Total notes receivable	14 109 925	11 750 129
Long-term notes receivable (Note 12)	(5 138 402)	(3 932 299)
Unamortized interest	(1 821 102)	(1 818 583)
<b>Net present value for short-term notes receivable</b>	<b>7 150 421</b>	<b>5 999 247</b>
Trade receivable	697 535	821 879
<b>Total</b>	<b>7 847 956</b>	<b>6 821 126</b>
Impairment of accounts and notes receivable balances	( 464 430)	( 385 599)
<b>Net</b>	<b>7 383 526</b>	<b>6 435 527</b>

**14-Debtors and other debit balances****A-Long term debtors and other debit balance**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Debt securitization Companies	132 070	131 779
	<b>132 070</b>	<b>131 779</b>

**14- B-Debtors and other debit balances**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Advance payments to suppliers	669 385	463 388
Withholding tax	283 072	261 755
Value added tax	134 128	95 724
Accrued interest	3 224	134 417
Accrued revenue	41 639	347
Letters of credit	130 212	201 104
Due from securitization operations	-	573 797
Prepaid expenses	139 233	113 466
Deposits with others	35 157	32 710
Letters of guarantee margin	204 099	136 440
Staff loans and custodies	36 349	27 269
Other debit balances	121 209	83 899
Customs duties	2 289	3 726
<b>Total</b>	<b>1 799 996</b>	<b>2 128 042</b>
Impairment of debtor and other debit balances	( 33 152)	( 32 864)
<b>Net</b>	<b>1 766 844</b>	<b>2 095 178</b>

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Time deposits	311 892	92 289
Current accounts	1 426 988	1 173 867
Checks under collections	80 893	133 164
Treasury bills	9 138	9 628
	<b>1 828 911</b>	<b>1 408 948</b>

**B-Cash and cash equivalents**

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Cash on hand and cash at banks	1 828 911	1 704 198
	<b>1 828 911</b>	<b>1 704 198</b>

## Notes to the consolidated financial statements for the financial period ended September 30, 2020

Originally issued in Arabic

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

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

	Land and Buildings	Machinery & equipment	Vehicles	Computers	Fixtures & furniture	Leasehold improvements	* Projects under construction	Total
<b>Cost</b>								
<b>Cost at 1 January 2019</b>	2 238 785	963 962	532 080	196 148	617 572	32 365	619 415	<b>5 200 327</b>
Additions during the year	1 020 068	139 647	223 588	27 870	58 093	6 908	259 866	<b>1 736 040</b>
Transferred from projects under construction to PP&E and intangible assets	191 300	55 589	-	-	256 998	3 095	( 510 712)	<b>( 3 730)</b>
Disposals during the year	( 897 743)	( 114 454)	( 236 465)	( 230)	( 28 123)	( 209)	( 1 176)	<b>(1 278 400)</b>
Effect of cost modification using modification factor	-	-	( 3 587)	-	( 1 089)	-	-	<b>( 4 676)</b>
Effect of movements of exchange rates	1 417	( 249)	( 362)	( 74)	( 1 230)	( 256)	-	<b>( 754)</b>
<b>Balance at 31 December 2019</b>	<b>2 553 827</b>	<b>1 044 495</b>	<b>515 254</b>	<b>223 714</b>	<b>902 221</b>	<b>41 903</b>	<b>367 393</b>	<b>5 648 807</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 Period	29 913	10 925	183 496	24 783	22 382	27 679	233 862	<b>533 040</b>
Transferred from projects under construction to PP&E and intangible assets	5 000	70 966	-	152	2 708	-	( 98 763)	<b>( 19 937)</b>
Disposals during the period	( 164 113)	( 68 168)	( 42 004)	( 24)	( 1 715)	-2613 -	( 1 163)	<b>( 279 800)</b>
Effect of cost modification using modification factor	-	-	( 2 550)	-	( 663)	-	-	<b>( 3 213)</b>
Effect of movements of exchange rates	( 21 749)	( 1 070)	( 582)	( 234)	( 1 828)	114	-	<b>( 25 349)</b>
<b>Balance at 30 September 2020</b>	<b>2 402 877</b>	<b>1 057 149</b>	<b>653 614</b>	<b>248 392</b>	<b>923 105</b>	<b>67 084</b>	<b>501 328</b>	<b>5 853 549</b>
<b>Accumulated depreciation and impairment losses</b>								
<b>Accumulated depreciation at 1 January 2019</b>	209 067	530 899	153 373	153 453	292 793	21 577	-	<b>1 361 162</b>
Depreciation during the year	206 710	168 131	190 772	22 054	61 775	4 213	-	<b>653 655</b>
Disposals during the year	( 173 943)	( 125 566)	( 156 395)	( 1 431)	( 2 007)	( 97)	-	<b>( 459 439)</b>
Effect of accumulated depreciation modification using modification factor	-	-	( 6 816)	( 1)	( 1 088)	-	-	<b>( 7 905)</b>
Impairment of fixed asset	59 093	5 807	-	71	4 653	-	-	<b>69 624</b>
Effect of movements of exchange rates	( 1 024)	( 1 768)	( 2 063)	( 934)	( 5 523)	( 198)	-	<b>( 11 510)</b>
<b>Accumulated depreciation at 31 December 2019</b>	<b>299 904</b>	<b>577 503</b>	<b>178 871</b>	<b>173 212</b>	<b>350 603</b>	<b>25 495</b>	<b>-</b>	<b>1 605 588</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 period	22 878	58 978	61 426	16 222	56 407	5 812	-	<b>221 723</b>
Disposals during the period	( 10 983)	( 63 232)	( 16 480)	( 24)	( 1 041)	-	-	<b>( 91 759)</b>
Effect of accumulated depreciation modification using modification factor	-	( 3 768)	( 6 333)	-	( 640)	-	-	<b>( 10 741)</b>
Effect of movements of exchange rates	( 1 444)	40	( 4)	( 3)	( 26)	16	-	<b>( 1 420)</b>
<b>Accumulated depreciation at 30 September 2020</b>	<b>310 355</b>	<b>569 521</b>	<b>217 481</b>	<b>189 407</b>	<b>405 303</b>	<b>31 323</b>	<b>-</b>	<b>1 723 391</b>
<b>Net carrying Amount</b>								
<b>At 1 January 2019</b>	<b>2 029 718</b>	<b>433 063</b>	<b>378 707</b>	<b>42 695</b>	<b>324 779</b>	<b>10 788</b>	<b>619 415</b>	<b>3 839 165</b>
<b>At 31 December 2019</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 30 September 2020</b>	<b>2 092 522</b>	<b>487 628</b>	<b>436 134</b>	<b>58 984</b>	<b>517 801</b>	<b>35 761</b>	<b>501 328</b>	<b>4 130 158</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 September 30, 2020 (In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

#### 17- Intangible assets and goodwill

	Goodwill	Computer software	Knowhow	Total
<b>Cost</b>				
Balance at 1 January	430 155	38 772	5 703	<b>474 630</b>
Additions during the year	–	2 578	–	<b>2 578</b>
Transfer from PUC	–	19 937	–	<b>19 937</b>
<b>Balance at September 30, 2020</b>	<b>430 155</b>	<b>61 287</b>	<b>5 703</b>	<b>497 145</b>
<b>Accumulated amortization</b>				
Balance at 1 January	–	34 982	5 703	<b>40 685</b>
Amortization during the period	–	2 791	–	<b>2 791</b>
<b>Balance at September 30, 2020</b>	<b>–</b>	<b>37 773</b>	<b>5 703</b>	<b>43 476</b>
<b>Net carrying amount at September 30, 2020</b>	<b>430 155</b>	<b>23 514</b>	<b>–</b>	<b>453 669</b>
<b>Net carrying amount at December 31, 2019</b>	<b>430 155</b>	<b>3 790</b>	<b>–</b>	<b>433 945</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:

	September 30, 2020	December 31, 2019
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>

#### 17-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.

#### 18-Investments property

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Balance at 1 January	90 905	90 905
<b>Balance at the end of the year</b>	<b>90 905</b>	<b>90 905</b>

#### 19-Issued and paid in capital

	<u>September 30, 2020</u>	<u>December 31, 2019</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.

**20-Treasury Bills**

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

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).

**21-Legal reserve**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Balance at 1 January	381 508	331 529
Transferred to legal reserve	37 269	49 979
<b>Balance at the end of the period / year</b>	<b>418 777</b>	<b>381 508</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

**22-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, 2020</b>	1 117 779	88 882	118 584	916 801	<b>2 242 046</b>
Foreign currency translation	( 58 110)	-	-	-	<b>( 58 110)</b>
Treasury Bills	-	-	-	( 9 570)	<b>( 9 570)</b>
Modification surplus of fixed assets cost	-	-	( 15 584)	-	<b>( 15 584)</b>
<b>Balance at September 30, 2020</b>	<b>1 059 669</b>	<b>88 882</b>	<b>103 000</b>	<b>907 231</b>	<b>2 158 782</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.

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Share premium	907 231	916 801

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

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

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

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

**23-Non-controlling Interest**

	Capital	Payment Under capital increase	Reserves	Legal reserve	Retained earnings	<u>Total</u>	
						September 30, 2020	December 31, 2019
Balance at 1 January	523 659	24 090	642 238	43 527	131 382	1 364 896	1 303 362
Net profit for the period/year	-	-	-	-	165 589	165 589	180 882
Foreign currency translation results	-	-	( 44 078)	-	-	( 44 078)	( 146 963)
Capital increase	22 015	( 17 640)	-	-	-	4 375	6 167
Change in Non-controlling interests	-	-	-	-	-	-	( 700)
Transfer to legal reserve	-	-	-	1 407	( 1 407)	-	-
Dividends	-	-	-	-	-	-	( 1 942)
Payment under capital increase	-	-	-	-	-	-	24 090
<b>Balance at the end of the Period / year</b>	<b>545 674</b>	<b>6 450</b>	<b>598 160</b>	<b>44 934</b>	<b>295 564</b>	<b>1 490 782</b>	<b>1 364 896</b>

**24-Capital Management**

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

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings and notes payables, less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratio at September 30, 2020 and December 31, 2019 restated were as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Loans, borrowings and overdrafts	14 293 321	13 663 115
Short-term notes payable - suppliers	354 799	375 694
<b>Total loans and notes payables</b>	<b>14 648 120</b>	<b>14 038 809</b>
<b>Less:</b> Cash and cash equivalent	(1 828 911)	(1 408 948)
Letters of credit margin	( 130 212)	( 201 103)
Letters of guarantee margin	( 204 099)	( 136 440)
<b>Net debt</b>	<b>12 484 898</b>	<b>12 292 318</b>
Shareholders' equity	4 341 764	3 782 834
<b>Net debt to equity ratio</b>	<b>2.88</b>	<b>3.25</b>

**25-Loans, borrowings and overdrafts**

	<b>September 30, 2020</b>			<b>December 31, 2019</b>		
	<b>Current portion</b>	<b>Long-term portion</b>	<b>Total</b>	<b>Current portion</b>	<b>Long-term portion</b>	<b>Total</b>
Banks overdraft	8 949 962	52 019	<b>9 001 981</b>	8 910 667	27 737	<b>8 938 404</b>
Loans	1 700 151	3 591 189	<b>5 291 340</b>	1 750 355	2 974 356	<b>4 724 711</b>
<b>Total</b>	<b>10 650 113</b>	<b>3 643 208</b>	<b>14 293 321</b>	<b>10 661 022</b>	<b>3 002 093</b>	<b>13 663 115</b>

**A.Banks overdraft**

The average interest rate on the outstanding Egyptian Pounds and the US Dollars bank overdraft are 9.54% and 3.23% respectively.

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Less than one year	8 949 962	8 910 667
More than one year and less than five years	52 019	27 737
	<b>9 001 981</b>	<b>8 938 404</b>



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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Trade payables	1 258 669	1 291 729
Other credit balances	166 102	75 318
Advances from customers	485 632	360 840
Tax Authority	45 067	30 798
Value added tax	198 720	93 188
Accrued expenses	373 839	335 253
Interest Expense Accrual	114 700	81 972
Deposits from others	36 036	29 968
Notes payables	354 799	375 694
Dividends payable	16 266	37 440
Deferred revenues	7 547	39 983
	<b>3 057 377</b>	<b>2 752 183</b>

**27-Provisions**

	<b>Legal Claims</b>	<b>Warranty Provision</b>	<b>Other Provisions</b>	<b>Total</b>
<b>Balance at January 1, 2020</b>				
Provisions formed during the period	<b>6 112</b>	<b>98 469</b>	<b>125 216</b>	<b>229 797</b>
Provisions utilized during the period	-	27 636	122 895	<b>150 531</b>
Provisions no longer required	-	( 38 509)	( 30)	<b>( 38 539)</b>
Effect of movement of exchange rates	-	( 12 402)	( 37 405)	<b>( 49 807)</b>
<b>Balance at September 30, 2020</b>	<b>( 8)</b>	-	<b>( 11 790)</b>	<b>( 11 798)</b>
	<b>6 104</b>	<b>75 194</b>	<b>198 886</b>	<b>280 183</b>
<b>Balance at January 1, 2019</b>	<b>5 387</b>	<b>77 115</b>	<b>186 197</b>	<b>268 699</b>
Provisions formed during the year	828	73 213	186 732	<b>260 773</b>
Provisions utilized during the year	( 40)	( 19 568)	( 128 326)	<b>( 147 934)</b>
Provisions no longer required	-	( 32 291)	( 118 917)	<b>( 151 208)</b>
Effect of movement of exchange rates	( 63)	-	( 470)	<b>( 533)</b>
<b>Balance at December 31, 2019</b>	<b>6 112</b>	<b>98 469</b>	<b>125 216</b>	<b>229 797</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 September 30, 2020.

**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 75 194 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 September 30, 2020 EGP 7160 (December 31, 2019 EGP 4 168).

**Other provisions**

Other provisions are related to claims expected to be made by a third party in connection with the Group operations. The information usually required by accounting standards is not disclosed because the management believes that to do so would seriously 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 September 30, 2020 amounted to 73 598 thousand Egyptian pounds and the value of the no longer required provisions is 29 575 thousand Egyptian pounds EGP.

**28-Financial risk management****1.Financial risk factors**

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

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

**A-Market risk****1.Foreign currency exchange rate risk**

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

The below table shows the exposures of foreign currencies at the consolidated balance sheet date, presented in EGP, as follows:

	<b>September 30, 2020</b>			<b>December 31, 2019</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Net</b>
US Dollars	421 647	(1 075 256)	( 653 609)	(714 352)
Euros	8 623	( 17 864)	( 9 241)	(544 443)
Other currencies	3 719	( 83 068)	( 79 349)	(126 425)

**2.Price risk**

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

**3.Cash flows and fair value interest rate risk**

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

Loans, borrowings and overdrafts at the balance sheet date with variable interest rates are amounted to EGP 14 293 321 as at September 30,2020 (EGP 13 663 115 as at December 31, 2019).

Financial assets that carry fixed interest rates are amounted to EGP 311 892 as at September 30, 2020 (EGP 92 289 as at December 31, 2019).

		<b>September 30, 2020</b>	<b>December 31, 2019</b>
Time deposits	USD	67 146	69 612
Time deposits	EGP	244 746	22 677
		<b>311 892</b>	<b>92 289</b>

**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:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Notes and accounts receivables	14 807 460	12 572 008
Impairment of accounts and notes receivable balances	562 125	442 829
<b>The ratio of the allowance to total accounts and notes receivable</b>	<b>3.80%</b>	<b>3.52%</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.

**29-Investment in subsidiary companies**

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

Companies	Percentage of ownership	
	September 30, 2020	December 31, 2019
RG Investment “S.A.E.”	99.99%	99.99%
International Trade Agencies and Marketing Co. (ITAMCO) “S.A.E.”	99.45%	99.45%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) “S.A.E.”	99.53%	99.53%
Ghabbour Continental Trading Co. (GCT) –Alex “S.A.E.”	100.00%	100.00%
GB Polo Buses Manufacturing “S.A.E.”	80.00%	80.00%
Haram Transportation Co. “S.A.E.”	99.00%	99.00%
GB Company for financial lease “S.A.E.”	100.00%	100.00%
Haram for transpiration Tourism “S.A.E.”	100.00%	100.00%
GB Allab Company	66.20%	66.20%
Masters Automotive Company “S.A.E.”	75.00%	75.00%
Microfinance consultancy Services (Mashro'ey) “S.A.E.”	65.00%	65.00%
Almajmoa Alalamia; Litijaret Alsaiaarat (GK)	50.00%	50.00%
GB Logistics “S.A.E.”	99.98%	99.98%
GB Capital holding for financial investments “S.A.E.”	99.00%	99.00%
Gulf Company	100.00%	100.00%
Drive Automotive “S.A.E.”	100.00%	90.00%
Drive Finance “S.A.E.”	100.00%	76.00%
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%

## GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020  
(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.	57.00%	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%	-

### 30-Capital Commitments

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 118 278 (EGP 205 680 as at December 31, 2019) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

### 31-Contingent liabilities

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
USD	1 542 750	2 455 842
EGP	153 729	180 672
Japanese Yen	89 377	22 821
Euro	12 251	24 744

**32-Related party transactions**

The subsidiaries have current accounts with related parties which include all payments made on behalf of or through the subsidiaries. The subsidiaries collect and pay these amounts regularly.

Balances due from and to related parties are as follows:

<b><u>Due from related parties</u></b>	<b><u>September 30, 2020</u></b>	<b><u>December 31, 2019</u></b>
El Bostan Holding	67 077	68 307
SARL SIPAC – Algeria	12 562	13 627
Algematco – Algeria	26 504	28 608
Halan for Information technology	152 571	70 144
Kassed Shareholders' Current Account	72 652	11 153
El Qalam Shareholders' Current Account	130 734	108 928
Tokyo Marine	827	–
<b>Total</b>	<b>462 927</b>	<b>300 767</b>
Impairment of due from related parties	( 27 251)	( 28 565)
	<b>435 676</b>	<b>272 202</b>
	<b><u>September 30, 2020</u></b>	<b><u>December 31, 2019</u></b>
<b><u>Due to related parties</u></b>		
Marco Polo Company	59 734	61 227
EQI	761	761
Al Watania for car accessories and spare parts	6 146	6 135
Gaya	10 709	5 090
Wahdan Company	68	68
EL Ghalban Company	42 204	362
	<b>119 622</b>	<b>73 643</b>

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

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

Related party name	Relation type	Transaction nature	Transaction amount	
			September 30, 2020	December 31, 2019
Executive BOD	Board of Directors	Management Salaries	24 307	78 637
Al Watania for Vehicles Accessories and spare parts	Related Party	Purchases	11	(1 955)
SARL SIPAC – Algeria	Related Party	Cash transfer	1 065	(1 656)
Kassed Shareholders' current account	Shareholder in one of the subsidiaries	Sales	( 63 240)	(1 650)
		Cash transfer	1 741	(69 997)
El- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Sales	( 74 405)	(81 806)
		Services	52 599	6 472
Marco Polo Company	Shareholder in one of the subsidiaries	Services	1 493	4 442
Itamco for Import and Export	Related Party	Cash transfers	-	(1 286)
Watania Company for Tires Import	Related Party	Cash transfers	-	(1 111)
Algematco – Algeria	Shareholder in one of the subsidiaries	Cash transfers	2 104	(12 005)
Bostan Holding	Related Party	Foreign Currency translation difference	1 230	(7 891)
GB produce	Related Party	Cash transfers	-	( 4 000)
Halan for Information technology	Related Party	Cash transfers	( 82 427)	(70 144)
Gaya	Shareholder in one of the subsidiaries	Cash transfers	5 619	6 785
El Ghalban	Shareholder in one of the subsidiaries	Cash transfers	41 842	362
Tokyo Marine	Related Party	Cash transfers	( 827)	-

**33-Investment in associates**

	Contribution percentage	September 30, 2020	December 31, 2019
Halan for Information technology	3.50%	8 034	8 034
Bedaia for Real estate Financing	33.33%	50 000	50 000
Tokyo Marine	37.50%	42 550	-
		<b>100 584</b>	<b>58 034</b>

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

**Notes to the consolidated interim financial statements for the financial period ended September 30, 2020**

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

**34- Income as per expense nature**

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Operating Revenue	16 109 674	18 304 443
Operating Cost	(12 840 472)	(15 626 518)
<b><u>Gross Profit</u></b>	<b><u>3 269 202</u></b>	<b><u>2 677 925</u></b>
Other income	379 479	107 462
Provisions no longer required	29 538	68 889
Interest income	58 756	84 676
Installment sales interest	19 979	9 482
Bank charge	( 68 343)	( 79 117)
Interest expense	( 665 424)	(1 068 266)
Salaries & Benefits	(1 038 208)	( 825 790)
Advertising & Marketing	( 152 274)	( 148 874)
Rents	( 92 148)	( 113 077)
Net Gain/losses foreign exchange transaction	7 244	156 977
Provisions formed	( 207 395)	( 203 642)
Depreciation and Amortization	( 109 562)	( 91 224)
Consulting	( 34 158)	( 19 153)
Transportation	( 44 474)	( 49 439)
vehicles expense	( 27 007)	( 34 748)
Governmental Fees & stamps	( 37 062)	( 32 316)
IT, Network & PCs	( 42 697)	( 39 165)
Other Expenses	( 30 516)	( 40 163)
Insurance	( 12 866)	( 12 847)
Security Expense	( 16 365)	( 15 280)
Repair/Maintenance Expenses	( 875)	( 986)
Administration Supplies	( 29 153)	( 27 895)
Utilities	( 15 099)	( 17 265)
Public relations	( 46 205)	( 59 010)
Medical Fund	( 33 517)	( 34 598)
Freight	( 7 903)	( 5 892)
<b>Net profit for the period before income tax</b>	<b><u>1 052 947</u></b>	<b><u>186 664</u></b>



GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

### 35- Significant accounting policies

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

#### A- Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase recognized in profit or loss immediately.
- Transaction cost 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.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

### 35-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 OCI:

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

##### **2) Foreign Operations**

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

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

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

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

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

#### **C- Discontinued operation**

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

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

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

**35 -Significant accounting policies (Continued)****D- Revenue**

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

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

**1) Sales – wholesale and showrooms**

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

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

**2) Sales – retail and Companies**

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

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

**3) Sales of services – maintenance**

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

**4) Revenue from finance lease contracts**

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

**5) Revenue from operating lease**

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

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

#### **6) Interest income**

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

#### **7) Dividend income**

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

### **E- Employee benefit**

#### **1) Short – term employee benefits**

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

#### **2) Share – based payment arrangements**

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

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

#### **3) Define contribution plans**

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

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

#### **4) Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then

they are discounted - before tax – to reflect the time value of money.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

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

#### **F- Finance income and finance costs**

The Group's finance income and finance costs include:

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

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

#### **G- Income Tax**

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

##### **1) Current income tax**

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

##### **2) Deferred tax**

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

Deferred tax is not recognised for:

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

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

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

at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

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

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

#### **H- Inventories**

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

#### **I- Property, plant and equipment**

##### **1) Recognition and measurement**

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

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

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

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

##### **2) Subsequent expenditure**

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

### 35 -Significant accounting policies (Continued)

#### 3) Depreciation

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

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

Asset	Depreciation rate
Buildings	%4 – %2
Machinery & equipment	%20 – %10
Vehicles	%25 – %20
Fixtures & Office furniture	%33 – %6
IT infrastructures & Computers	%25
Leasehold improvements	20% - or lease period whichever is less

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

#### 4) Reclassification to investment property

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

#### 5) Project under construction

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

### J- Intangible assets and goodwill

#### 1) Recognition and measurement

##### I. Goodwill:

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

##### II. Other intangible assets:

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

##### III. Computer software

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

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Expenditure to

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

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

acquire computer software is capitalized and included as an intangible asset. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives and not exceeding a year of 3 years.

#### **IV. Knowhow**

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

##### **2) Subsequent expenditure**

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

##### **3) Amortization**

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

Goodwill is not amortised.

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

#### **K- Investment property**

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

The depreciation of investment property calculated using (straight-line method) over their estimated useful lives for each type of investment property, land is not depreciated.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### **L- Assets held for sale**

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

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

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

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



GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

### 35 -Significant accounting policies (Continued)

#### M- Financial instruments

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

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

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

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

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

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

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

##### 2) Non-derivative financial assets – Measurement

###### Financial assets at fair value through profit or loss

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

###### Held-to-maturity financial assets

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

###### Loans and receivables

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

###### Available-for-sale financial assets

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

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

#### **3) Non-derivative financial liabilities – Measurement**

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

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

#### **N- Share capital**

##### **1) Ordinary Shares**

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

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

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

#### **O- Impairment**

##### **1) Non-derivative financial assets**

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

Objective evidence that financial assets are impaired includes:

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

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

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

#### **Financial assets measured at amortised cost**

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

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

#### **1) Non-derivative financial assets**

##### **Financial assets measured at amortised cost**

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

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

##### **Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses which have been recognized previously in OCI and the accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or Impairment loss.

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

##### **Equity-accounted investees**

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

**35 -Significant accounting policies (Continued)****2) Non-financial Assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

**P- Provisions**

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

**1) Warranties**

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

**2) Legal Claims**

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

**3) Other Provisions**

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

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

#### **Q- Leases**

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

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

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

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

#### **As a lessor:**

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

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

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

#### **Recognition and measurement**

##### **Initial measurement**

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

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

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

### **Operating leases**

#### **Recognition and measurement**

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

### **Sale and leaseback transactions**

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

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

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

#### **2) Transfer of the asset is a sale**

- a) If the transfer of an asset by the seller-lessee satisfies the requirements of EAS (48) to be accounted for as a sale of the asset:
  - The seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.
  - The buyer-lessor shall account for the purchase of the asset applying applicable Standards, and for the lease applying the lessor accounting requirements in this Standard.
- b) If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity shall make the following adjustments to measure the sale proceeds at fair value:
  - Any below-market terms shall be accounted for as a prepayment of lease payments.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

- 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.

**Measurement**

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

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

- a) The amount of the initial measurement of the lease liability shall measure at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.
- b) Any lease payments made at or before the commencement date, less any lease incentives received.
- c) Any initial direct costs incurred by the lessee.
- d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

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

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

- a) Less any accumulated depreciation and any accumulated impairment losses.
- b) Adjusted for any re-measurement of the lease liability.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September 30, 2020

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

---

**3) Initial measurement of the lease liability**

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

**4) Subsequent measurement of the lease liability**

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

- a) Increasing the carrying amount to reflect interest on the lease liability.
  - b) Reducing the carrying amount to reflect the lease payments.
  - c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.
- Right-of-use asset and lease liabilities shall present in the statement of financial position separately from other assets and other liabilities.
  - Lease contracts includes lessee performing maintenance and insurance for the leased asset, the lease contract does not include any arrangements to transfer of ownership by the end of the lease period.
  - For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

**R- Segmental Reports**

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

**S- Dividends**

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

**T- Comparative figures**

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



GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

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:

<b>New or Amended Standards</b>	<b>A Summary of the Most Significant Amendments</b>	<b>The Possible Impact on the Financial Statements</b>	<b>Date of Implementation</b>
1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

	<p>enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3- When measuring the impairment of financial assets, the Incurred Loss Model is replaced by the Expected Credit Loss (ECL)Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- based on the requirements of this standard the following standards were amended:</p> <p>1-Egyptian Accounting Standard No. (1) “Presentation of Financial Statements” as amended in 2019]</p> <p>2-Egyptian Accounting Standard No. (4) - “Statement of Cash Flows”.</p> <p>3-Egyptian Accounting Standard No. (25) - “Financial Instruments: Presentation.</p> <p>4-Egyptian Accounting Standard No. (26) - “Financial Instruments: Recognition and Measurement”.</p> <p>5-Egyptian Accounting Standard - EAS No. (40) - “Financial Instruments: Disclosures “</p>		-These ammendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (48) - “Revenue from Contracts with Customers”	<p>1.The new Egyptian Accounting Standard No. (48) - “Revenue from Contracts with Customers” shall supersede the following standards and accordingly such standards shall be deemed null and void:</p> <p>2.Egyptian Accounting Standard No. (8) - “Construction Contracts” as amended in 2015.</p> <p>3.Egyptian Accounting Standard No. (11) – “Revenue” as amended in 2015.</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

	<p>4.For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>5.incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</p> <p>6.the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>7.Expanding in the presentation and disclosure requirements</p>		
The new Egyptian Accounting Standard No. (49) "Lease Contracts	<p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the Company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the Company's liabilities, taking into account that the lease contracts are not classified in respect of the lease as operating l or finance lease contracts.</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and</p>

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

	<p>amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p>		<p>standards related to financial leasing ” as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.</p>
Egyptian Accounting Standard No. (38)) as ammended " Employees Benefits "	<p>A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>
Egyptian Accounting Standard No. (42)) as ammended " Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows:</p> <ul style="list-style-type: none"> <li>- (ESA 15) Related Party Disclosures</li> <li>- (ESA 17) Consolidated and Separate Financial Statements</li> <li>- (ESA 18) Investments in Associates</li> <li>- (ESA 24) Income Taxes</li> <li>- (ESA 29) Business Combinations</li> </ul>	<p>The Management is currently assessing the potential impact of implementing the amendment of the applying the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs pertaining to the ammended standards concerning the investment entities shall apply on the effective date of</p>

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

	<ul style="list-style-type: none"> <li>- ESA( 30) Periodical Financial Statements</li> <li>- EAS (44) Disclosure of Interests in Other Entities.</li> </ul>		Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019
Issuance of Egyptian Accounting Interpretation No. (1)" Public Service Privileges Arrangements" ...	<p>This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks. ..., etc</p> <p>This interpretation gives the option of continuing to apply the prior treatment of public service privileges arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation"until their useful lives are expired .</p>	There is no effect From applying the standard on the financial statements .	Interpretation No. (1) applies to financial periods beginning on or after January 1st, 2019,
Egyptian Accounting Standard No. (22)) as ammended " Earnings per Share	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The company take the impact of this standard on the Prior year.	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (34)) as ammended " Real Estate Investment	The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model.	The Management is currently assessing the potential impact of implementing the amendment of the	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

	<p>while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets.</p> <p>Based on this amendment, the following standards were ammended :</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation</li> <li>- Egyptian Accounting Standard No. (31) Impairment of Assets</li> </ul>	standard on the financial statements	
Egyptian Accounting Standard No. (4) as ammended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

### 36- Other Events

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

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

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial Period ended September30, 2020

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

---

### 37- Important events

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

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

On the other hand, **the non-bank financial sectors**, and based on the recent decisions issued by the Financial Supervision Authority and the Central Bank of Egypt, which allow debtors to extend a period of up to six months to repay the loan instalments of banks and other financial institutions:

**GB finance leasing sector** has witnessed requests to postpone instalments (about 30%), and we expect the portfolio to continue growing as demand from the private sector increases.

The company has not witnessed a disturbance in collections, and orders and reservations are still growing, due to the exceptional advantage of the company compared to the rest of the market where consumers are allowed to receive their cars provided that they are funded through a financial institution subject to the Financial Supervision Authority.

**Mashroey and Tasaheel** Our microfinance company has not been affected, as collections and growth rates are constantly growing, but at a slightly slower rate.

GB Auto Group works to maintain operations in a safe way and reduce expenses and operating expenses, as the group took several steps in this path to reflect positively on our financial statements as of the second quarter of 2020