

Translation of standalone financial statement  
Originally issued in Arabic

**GB Corp**  
**(An Egyptian Joint Stock Company)**

**Standalone Financial Statements**  
**For The Financial Year Ended December 31, 2023**  
**And Auditor's Report**

 **Hazem Hassan**  
**Public Accountants & Consultants**

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## **Hazem Hassan**

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### **Auditors' Report** **To the Shareholders of GB Corp (S.A.E.)**

#### ***Report on the Separate Financial Statements***

We have audited the accompanying separate financial statements of GB Corp (S.A.E.), which comprise the separate statement of financial position as at December 31, 2023, and the separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### ***Management's Responsibility for the Financial Statements***

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### ***Auditor's Responsibility***

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

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

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



**Hazem Hassan**

***Opinion***

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of GB Corp (S.A.E.), as at December 31, 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

***Report on Other Legal and Regulatory Requirements***

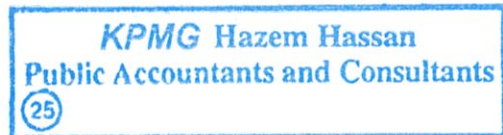
The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company, the financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account, within the limits that such information is recorded therein.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo February 29, 2024



GB Corp  
(An Egyptian Joint Stock Company)  
Standalone Statement of Financial Position  
as of December 31, 2023

Note No.	31 December 2023	31 December 2022
	EGP	EGP
<b>Assets</b>		
<b>Non-current assets</b>		
Payments under investment in subsidiaries	(15) 27 428 770	23 107 500
Investment in subsidiaries	(6) 2 125 819 007	2 112 637 615
<b>Total non-current assets</b>	<b>2 153 247 777</b>	<b>2 135 745 115</b>
<b>Current assets</b>		
Debtors and other debit balances	(7) 1 162 840	1 460 271
Due from related parties (Net)	(8) 763 616 803	505 142 040
Cash and cash equivalent	(9) 4 165 200	1 507 504
<b>Total current assets</b>	<b>768 944 843</b>	<b>508 109 815</b>
<b>Total assets</b>	<b>2 922 192 620</b>	<b>2 643 854 930</b>
<b>Equity</b>		
Issued and paid up capital	(10-A) 1 085 500 000	1 085 500 000
Legal reserve	(11) 74 772 626	66 762 249
Other reserves	(12) 1 143 287 400	1 143 287 400
Retained Earning	291 234 961	139 037 798
<b>Total Equity</b>	<b>2 594 794 987</b>	<b>2 434 587 447</b>
<b>Current liabilities</b>		
Current tax liabilities	4 163 794	-
Creditors and other credit balances	(13) 323 233 839	209 267 483
<b>Total Current liabilities</b>	<b>327 397 633</b>	<b>209 267 483</b>
<b>Total equity and liabilities</b>	<b>2 922 192 620</b>	<b>2 643 854 930</b>

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

Group Chief Financial Officer and  
Executive Board Member  
Abbas Elsayed

Executive Board Member  
Nader Ghabbour

\*\*Auditor's report "attached"

GB Corp  
(An Egyptian Joint Stock Company)  
Standalone Statement of Profit or Loss  
for the financial Year ended 31 December 2023

	Note No.	31 December 2023	31 December 2022
		EGP	EGP
Dividend income	(8)	185 057 503	-
General and administrative expenses		( 344 186 484)	( 125 329 210)
Charged expenses to subsidiaries		344 186 484	124 945 793
Charged finance cost to subsidiaries		16 576 091	-
Impairment on non current assets	(6)	( 19 556 050)	-
<b>Gross profit</b>		<b>182 077 544</b>	<b>( 383 417)</b>
Finance Cost -Net	(16)	(16 576 091)	383 417
<b>Net profit for the year before income tax</b>		<b>165 501 453</b>	<b>-</b>
Income tax (Current)		(5 293 913)	-
<b>Net profit for the year after tax</b>		<b>160 207 540</b>	<b>-</b>
Basic earning per share	(14)	<b>0.087</b>	-

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

**GB Corp**  
**(An Egyptian Joint Stock Company)**  
**Standalone Statement of Comprehensive Income**  
**for the financial Year ended 31 December 2023**

	Note No.	31 December 2023 EGP	31 December 2022 EGP
<b><u>Comprehensive income items</u></b>			
Net profit for the year after income tax		160 207 540	-
Unrecognized Foreign currency exchange losses	(23)	-	( 7 763 857)
<b>Total comprehensive income for the year</b>		<b>160 207 540</b>	<b>( 7 763 857)</b>

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

QIB Corp  
(An Egyptian Joint Stock Company)  
Standalone Statement of Changes in equity  
for the financial year ended 31 December 2023

	Issued and paid in capital	Treasury Bills	Legal reserve	Other reserves	Retained Earning	Total
	ECP	ECP	ECP	ECP	ECP	ECP
Balance at December 31, 2021	1 094 009 733	( 8 509 733)	66 762 249	1 143 287 400	602 711 655	2 898 261 304
Cancel treasury bills	( 8 509 733)	8 509 733	-	-	-	-
Dividends Distributions	-	-	-	-	( 455 910 000)	( 455 910 000)
Comprehensive Income Items:	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-
Unrecognized foreign currency exchange loss	-	-	-	-	( 7 763 857)	( 7 763 857)
Total comprehensive income for the year	-	-	-	-	( 7 763 857)	( 7 763 857)
Balance at December 31, 2022	1 085 500 000	-	66 762 249	1 143 287 400	139 037 798	2 434 587 447
Balance at December 31, 2022	1 085 500 000	-	66 762 249	1 143 287 400	139 037 798	2 434 587 447
Transfer to legal reserve	-	-	8 010 377	-	( 8 010 377)	-
Comprehensive Income Items:	-	-	-	-	-	-
Net profit for the year	-	-	-	-	160 207 540	160 207 540
Unrecognized foreign currency exchange loss	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	160 207 540	160 207 540
Balance at December 31, 2023	1 085 500 000	-	74 772 626	1 143 287 400	291 234 961	2 594 794 987

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



**GB Corp**  
**(An Egyptian Joint Stock Company)**  
**Standalone Statement of Cash Flow**  
**for the financial Year ended 31 December 2023**

	Note No.	31 December 2023	31 December 2022
		EGP	EGP
<b><u>Cash Flow from operating activities</u></b>			
Net profit for the year before income tax		165 501 453	-
<b><u>Adjustments for:</u></b>			
Impairment on investments		19 556 050	-
Interest expense		395 014	247 952
Interest Income		( 1 194)	-
		<b>185 451 323</b>	<b>247 952</b>
<b><u>Changes in:</u></b>			
Debtors and other debit balances		297 431	2 404 748
Due from related parties		(258 474 763)	494 565 472
Creditors and other credit balances		113 966 356	442 244
Dividends distributions to Employees and members of the board of directors		-	(75 985 000)
Cash provided from operating activities		<b>41 240 347</b>	<b>421 675 416</b>
Income tax paid		(1 130 119)	-
Net cash provided from operating activities		<b>40 110 228</b>	<b>421 675 416</b>
<b><u>Cash flows from investing activities</u></b>			
Payment under investment		(4 321 270)	(23 107 500)
Investment in subsidiaries		(32 737 442)	(17 216 010)
Interest income received		1 194	-
Net cash (used in) Investing activities		<b>(37 057 518)</b>	<b>(40 323 510)</b>
<b><u>Cash flows from financing activities</u></b>			
Interest expense paid		( 395 014)	( 247 952)
Dividends paid-shareholders		-	(379 925 000)
Net cash (used in) financing activities		<b>( 395 014)</b>	<b>(380 172 952)</b>
Net Increase in cash and cash equivalents		<b>2 657 696</b>	<b>1 178 954</b>
Cash and cash equivalents at the beginning of the year		1 507 504	328 550
Cash and cash equivalents at end of the year	(9)	<b>4 165 200</b>	<b>1 507 504</b>

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

GB Corp (S.A.E)

Notes to the standalone financial statements for the financial year ended December 31, 2023

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

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#### **1- Background of the Company**

GB Corp S.A.E 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 GB Auto. This amendment was registered in the commercial register on May 23, 2007.

Based on the decision of the Extraordinary General Assembly Meeting held on March 26, 2023, it has been agreed to change the Company's name to be GB Corp S.A.E This amendment was registered in the commercial register on May 7, 2023.

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 Company”) 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.

The major shareholders of the Company are the family of Dr. Raouf Ghabbour who collectively owns approximately 63.38% of the Company's shares as at December 31, 2023.

The Standalone financial statements were authorized for issue by the Company's Board of Directors on February 29, 2024.

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

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

#### **3- Consolidated financial statements**

The company has subsidiaries and according to Egyptian Accounting Standard No. (42) “Consolidated Financial Statements” and Article 188 of the executive regulations of Companies Law No. 159 of 1981, the company prepares consolidated financial statements for the Company, as it is necessary to refer to them to obtain an understanding of the financial position, business results and cash flows for the Company.

#### **4- Functional and presentation currency**

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

**5- Use of judgement and estimates**

- In preparing the standalone financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgements, estimates and assumptions that affect the application of the Company'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 happen, if the change affects only that period, or in the period of change and future periods if the change affects both.

The following is a statement of the most important items in which estimates, and personal judgment are used:

- Impairment in the value of financial and non-financial assets.
- Recognizing and measuring deferred tax assets and liabilities.

**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 according to current prices, which could settle those liabilities.

- 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 valuation method that leads to results can rely on it.
- When using the discounted cash flow method as a way for the valuation, 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 Corp (S.A.E)

Notes to the standalone financial statements for the financial year ended December 31, 2023

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

## 6- Investment in subsidiaries

	Shareholding %		<u>31/12/2023</u>	<u>31/12/2022</u>
	Direct	Indirect		
RG Investment "S.A.E."	99.99%	-	1 003 306 970	1 003 306 970
International Trade Agencies and Marketing Co. (ITAMCO) "S.A.E."**	9.21%	90.79%	318 141 120	318 141 120
GB Global Company**	100%	-	267 493 424	773 973 515
International Company For car components (S.A.E)	51%	-	15 300 000	15 300 000
GB Automotive For Trade and Manufacture *	0.0000036%	99.9999964%	10	10
GB Kenya	100%	-	25 023 501	1 916 000
Transport Vehicle Distribution TVD S.A.E.*	1%	93%	1 541 252	-
Salexia L.T.D. Trading (Cyprus)**	100%	-	506 480 091	-
Automobilk S.A.E*	20%	65%	7 800 499	-
GB Tanzania	100%	-	286 230	-
GB Polo Buses Manufacturing "S.A.E."**	1%	99%	1 960	-
<b>Total</b>			<b>2 145 375 057</b>	<b>2 112 637 615</b>
Impairment on investments (GB Global Company)			(19 556 050)	-
			<b>2 125 819 007</b>	<b>2 112 637 615</b>

\* Investments were classified under investments in subsidiaries, where the Company controls the investee when it is exposed to or entitled to variable returns through its participation and its ability to influence returns through its power over the investee where the companies are owned directly and indirectly by GB Corp (GB Auto previously).

\*\* On December 12, 2023, the company transferred ownership shares of (Salexia Limited Trading Company (Cyprus)) from GB Global to GB Corp (GB Auto previously), by reducing the capital of GB Global in exchange for Salexia thus becoming a direct investment for the company.

## 7- Debtors and other debit balances

	<u>31/12/2023</u>	<u>31/12/2022</u>
Advance Payments	164 006	152 221
Withholding tax	186 124	224 926
Prepaid Expense	633 940	925 433
Other debit balances	178 770	157 691
	<b>1 162 840</b>	<b>1 460 271</b>

**8- Transactions with related parties**

Related parties represent the company's shareholders and companies in which the company and/or shareholders directly or indirectly own shares that give them the right to control or exercise a strong influence over these companies. The following are the balances of the related parties, explained in the following statement:

<b><u>Due from related parties</u></b>	<b><u>31/12/2023</u></b>	<b><u>31/12/2022</u></b>
RG Investment "S.A.E."	246 725 804	1 739 590 413
International Trade Agencies and Marketing Co. (ITAMCO) "S.A.E."	71 501 678	-
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) "S.A.E."	365 051 374	-
Al Watania for car accessories and spare parts	-	50
GB Capital Holding for Financial Investments "S.A.E."	39 192 758	231 205 797
GB Auto Rental For Transportation "S.A.E."	55 513	134 513
GB Company for Financial Lease and Factoring "S.A.E."	737 058	201 282
Drive for Car Trading "S.A.E."	-	75 982
Drive for Financing and Non Banking Service "S.A.E."	55 513	306 669
Automobilk S.A.E	48 654	216 514
Masters Automotive Company "S.A.E."	-	194 831
Mashroey Trading "S.A.E."	-	133 462
GB Polo Buses Manufacturing "S.A.E."	46 221	328 100
Rassedey S.A.E.	-	149 964
Tires & More Company for car Services "S.A.E."	-	77 367
MNT Tech "S.A.E."	-	74 982
Transport Vehicle Distribution TVD S.A.E.	445 000	227 094
Ready Parts for Automotive Spare Parts "S.A.E."	51 247	224 905
Tasaheel for Financing Company "S.A.E."	-	133 462
Halan for Information Technology	-	74 982
Egyptian International Maintenance and Cars Manufacturing Company EIAC "S.A.E."	-	75 668
Engineering Company for Transportation Maintenance (El Mikaneeky)	315 799	165 591
GB Kenya	25 008 423	2 379 869
GB Logistics "S.A.E."	128 652	-
GB Tanzania	16 225 469	-
SME Credit Eteman "S.A.E."	83 261	-
	<b><u>765 672 424</u></b>	<b><u>1 975 971 497</u></b>

GB Corp (S.A.E)

Notes to the standalone financial statements for the financial year ended December 31, 2023

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

<b>Due to related parties</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
International Trade Agencies and Marketing Co. (ITAMCO) "S.A.E."	-	1 083 233 402
Haram Company for Transportation and Trading "S.A.E."	452 806	761 246
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) "S.A.E."	-	346 944 363
Ghabbour Continental Trading Co. (GCT) –Alex "S.A.E."	-	38 698 191
GB for Import & Export	-	314 273
Egypt Auto Mall Company for Used Car "S.A.E."	1 602 805	151 162
GB Logistics "S.A.E."	-	726 810
GB Global BV	10	10
	<b>2 055 621</b>	<b>1 470 829 457</b>
<b>Net</b>	<b>763 616 803</b>	<b>505 142 040</b>

- The company Agreed a contract on December 26, 2006, and the company renewed the contract on January 1, 2022 between the company and its subsidiaries and associate companies in the GB Corp Company of companies (GB Auto previously) on the basis that all companies are owned by one group of shareholders, and there are multiple commercial transactions between them. All parties of the contract, represented by all subsidiaries and associates, have agreed that it will be concluded at the end of each fiscal year to conduct a settlement of the joint accounts between them resulting from their transactions by settling between the total amounts due to each party with the other parties and the total amounts due from him in favor of all other parties, provided that the balance resulting from the clearing is shown in the financial statements of each party, whether the balance is credit or debit, provided that the financial position in each period will be the basis for offsetting and settlement between all companies.
- Based on the foregoing, the company made a set-off between the debit amounts due from subsidiaries and associates on December 31, 2023, and the credit amounts due to subsidiaries and associates on the same date and the result of offset is 763 616 803 EGP debit due from other Company companies.
- During the year, the company conducted some transactions with related parties represented in cash transfers and other services related to the activity. During the year, the company paid an amount of 48 157 956 Egyptian pounds as salaries to members of the company's senior management.
- The following is a description, nature, and value of the most important transactions with related parties during the year:

GB Corp (S.A.E)

Notes to the standalone financial statements for the financial year ended December 31, 2023

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

	Type of transaction		*Redistribution of expenses to subsidiary	Transfer / Clearing Balances	Forex	**Dividends	Ending Balance
	Beg. Balance	Expense paid on behalf					
International Trade Agencies and Marketing Co. (TTAMCO) "S.A.E."	(1 083 233 402)	(153 012 840)	96 664 000	1 211 083 920	-	-	71 501 678
RG Investment "S.A.E."	1 739 590 413	44 227	-	(1 677 966 339)	-	185 057 503	246 725 804
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) "S.A.E."	(346 944 363)	(32 365 293)	264 098 574	480 262 456	-	-	365 051 374
Ghabbour Continental Trading Co. (GCT) –Alex "S.A.E."	(38 698 191)	(1 032 609)	-	50 257 945	(10 527 145)	-	-
GB Capital Holding for Financial Investments "S.A.E."	231 205 797	210 715 194	-	(402 728 233)	-	-	39 192 758
GB Logistics "S.A.E."	(726 810)	322 250	-	533 212	-	-	128 652
Egypt Auto Mall Company for Used Car "S.A.E."	(151 162)	193 810	-	(1 645 453)	-	-	(1 602 805)
Ready Parts for Automotive Spare Parts "S.A.E."	224 905	201 273	-	(374 931)	-	-	51 247
Haram Company for Transportation and Trading "S.A.E."	(761 246)	195 358	-	113 082	-	-	(452 806)
Al Watania for car accessories and Spare parts	50	-	-	(50)	-	-	-
GB for Import & Export	(314 273)	267 062	-	47 211	-	-	-
Halan for Information Technology	74 982	101 553	-	(176 535)	-	-	-
GB Company for financial lease and Factoring "S.A.E."	201 282	535 776	-	-	-	-	737 058
GB Polo Buses Manufacturing "S.A.E."	328 100	267 491	-	(549 370)	-	-	46 221
GB Auto Rental for Transportation "S.A.E."	134 513	324 666	-	(403 666)	-	-	55 513
Mashroey Trading "S.A.E."	133 462	178 034	-	(311 496)	-	-	-
Drive for Financing and Non-Banking Service "S.A.E."	306 669	407 827	-	(658 983)	-	-	55 513
Drive for Car Trading "S.A.E."	75 982	203 704	-	(279 686)	-	-	-
Masters Automotive Company "S.A.E."	194 831	195 401	-	(390 232)	-	-	-
Tires & More Company for Car Services "S.A.E."	77 367	48 196	-	(125 563)	-	-	-
MNT for SME Development "S.A.E."	74 982	393 476	-	(468 458)	-	-	-

GB Corp (S.A.E)  
Notes to the standalone financial statements for the financial year ended December 31, 2023

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

Tasheel for Financing Company "S.A.E."	133 462	178 034	-	(311 496)	-	-	-
Rasedy S.A.E.	149 964	150 222	-	(300 186)	-	-	-
Egyptian International Maintenance and cars	75 668	46 235	-	(121 903)	-	-	-
Manufacturing Company EIAC "S.A.E."							
Engineering Company for transportation maintenance	165 591	150 208	-	-	-	-	315 799
El Mikanecky							
Automobilk S.A. E	216 514	207 176	-	(375 036)	-	-	48 654
Transport Vehicle Distribution TVD S.A.E.	227 094	217 906	-	-	-	-	445 000
GB Global BV	(10)	-	-	-	-	-	(10)
SME Credit Eteman "S.A.E."	-	-	-	83 261	-	-	83 261
GB Tanzania	-	-	-	16 225 469	-	-	16 225 469
GB Kenya	2 379 869	256 101	-	22 372 453	-	-	25 008 423

**\*Redistribution of expense to subsidiary**

The company charges some of its subsidiaries with its administrative, selling, marketing, and financing expenses, and what was charged during the year amounted 360 762 575 Egyptian pounds until December 31, 2023 (compared to an amount of 124 945 793 Egyptian pounds until December 31, 2022).

\*\* On November 15,2023 RGI approved on the distribution of dividends for the financial period ending at November 15,2023 amounted 185 057 503 Egyptian pounds.



**9- Cash and cash equivalent**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Cheques under collection	653 177	-
Cash at banks	3 512 023	1 507 504
	<u>4 165 200</u>	<u>1 507 504</u>

**10- Capital****A- Issued and paid capital**

- The company's authorized capital is 5 billion Egyptian pounds (five billion Egyptian pounds).
- The issued and paid up capital is 1 085 500 000 Egyptian pounds distributed over 1 085 500 000 shares with a nominal value of one pound per share (one pound per share).
- On August 31, 2014, the Board of Directors according to the delegation of the extra ordinary assembly meeting held on March 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 82 973 195 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.

- This increase was subscribed for in the amount of 958 672 188 Egyptian pounds (the amount of 473 225 502 Egyptian pounds in cash and the amount of 485 440 686 EGP financing from the account through the current account credited to the shareholders) divided by a number 958 672 188 shares at 1 Egyptian pound per share, so that the issued and fully paid-up capital after the increase becomes 1 094 009 733, and this was noted in the commercial register on May 31, 2015.
- The Extraordinary General Assembly unanimously agreed on June 5, 2022 to destroy the company's treasury shares amounting to 8 509 733 shares and to reduce the capital by the amount of these shares, so that the issued and paid-up capital of the company after the reduction becomes 1 085 500,000 Egyptian pounds, and it was approved by the General Authority for Investment on 3/8/2022 It was noted in the Commercial Register on August 15, 2022.
- Misr for Central Clearing Depository & Registry accepted the implementation of the capital reduction decision on October 26, 2022.

**B- Treasury Stocks**

- 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 12).
- During the year of 2020, the company sold 2 million shares with a total value of 6 750 Thousand Egyptian pounds, resulting in a reduction of 2 million Egyptian pounds. This represents the nominal value of the share, and the difference between the sale value and the nominal value of 4 750 thousand Egyptian pounds was recorded within the other reserves (Note 12).
- During the period from January 1, 2021 to March 31,2021, the company sold 8 million shares with the total value of 30.232 million Egyptian pounds, which resulting a reduction of 8 million Egyptian pounds. This represents the nominal value of the shares and the difference between sale value and the nominal of 22.232 million Egyptian pound was recorded within other reserves (Note 12).
- During December 21, 2021The company has purchased 8 509 733 shares with a total value of 38.681 million Egyptian pounds. The amount of 8.510 million Egyptian 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 30.172 million Egyptian pounds has been recorded in the other reserves (Note 12).
- On June 5, 2022, the Extraordinary General Assembly unanimously approved the execution of the company's treasury shares, amounting to 8 509 733 shares, and the reduction of the capital by the amount of these shares, so that the issued and paid-up capital of the company after the reduction became 1 085 500 000 Egyptian pounds, and it was approved by the General Authority for investment on August 3, 2022, and was noted in the commercial register on August 15,2022 .

**11- Legal Reserve**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Legal Reserve	74 772 626	66 762 249

- 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 issuance premium has been transferred to both the legal reserve and the special reserve in accordance with the requirements of Law No. 159 of 1981 based on the approval of the Ordinary General Assembly on March 29, 2008.

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Notes to the standalone financial statements for the financial year ended December 31, 2023

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## 12- Other Reserves

Other reserves represent what has been transferred from the issuance premium in accordance with the requirements of Law No. 159 of 1981.

	<b>Fair value reserve for reward and incentive shares</b>	<b>Issuance premium* (special reserve)</b>	<b>Total</b>
	88 882 300	1 054 405 100	1 143 287 400
Balance at December 31, 2023	<b>88 882 300</b>	<b>1 054 405 100</b>	<b>1 143 287 400</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 198 based on the approval of the Ordinary General Assembly on March 29, 2008.

During the year 2020, the company sold 2 million shares, with a total value of 6.75 million Egyptian pounds, which resulted in a reduction of 2 million Egyptian pounds. This represents the nominal value of the share. The difference between the sale value and the nominal value of 4.75 million Egyptian pounds was recorded in other reserves.

During the period from January 1, 2021 to March 31, 2021, the company sold 8 million shares with a total value of 22.232 million Egyptian pounds, which resulted in a reduction of 8 million Egyptian pounds. This represents the nominal value of the share, and the difference between the sale value and the nominal value of 30.171 million Egyptian pounds recorded in other reserves.

## 13- Creditors and other credit balances

	<u>31/12/2023</u>	<u>31/12/2022</u>
Tax authority	903 229	792 430
Trade payables	4 637 380	2 473 660
Accrued expenses	315 527 506	203 536 444
Other credit balances	367 105	2 089 769
Notes Payables	1 798 619	375 180
	<u>323 233 839</u>	<u>209 267 483</u>

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#### 14- Earnings per share

Basic earnings per share is calculated by dividing net profit for the year by the weighted average number of ordinary shares issued during the year as follows:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Net profit for the year	160 207 540	-
Employee's share of profit	(48 157 956)	-
Board of director compensation	(17 182 996)	-
<b>Divided by:</b>	<b>94 866 588</b>	-
Weighted average number of ordinary shares issued	1 085 500 000	1 088 221 841
<b>Earnings per share</b>	<b>0.087</b>	-

\* Proposed by the board of directors and subjected to the approval of the general assembly.

#### 15- Payment under investment

	<u>31/12/2023</u>	<u>31/12/2022</u>
GB Kenya	24 620 000	23 107 500
GB Tanzania	2 808 770	-
	<b>27 428 770</b>	<b>23 107 500</b>

#### 16- Finance cost-Net

	<u>31/12/2023</u>	<u>31/12/2022</u>
Interest Income	1 194	276
Foreign exchange profit	-	631 093
<b>Total Finance Income</b>	<b>1 194</b>	<b>631 369</b>
Interest expense and bank charges	(395 015)	(247 952)
Foreign exchange loss	(16 182 270)	-
<b>Total Finance Cost</b>	<b>(16 577 285)</b>	<b>(247 952)</b>
<b>Net Finance Cost</b>	<b>(16 576 091)</b>	<b>383 417</b>

## **17- Tax position**

### **First: Corporate tax:**

- The company is subject to the provisions of the income tax law promulgated by Law No. 91 of 2005 and its executive regulations.
- The company submits tax returns on legal dates.
- The company was inspected and paid until 2019.
- Not requested for examination years from 2020 to 31 December 2023.

### **Second: Value added tax:**

- Completed, settled and paid until 2020.
- Not requested for examination years from 2021 to 31 December 2023.

### **Third: Salaries tax:**

- The tax is deducted monthly and is supplied to the tax authority regularly.
- Completed, settled and paid for until 2021.
- Not requested for examination years from 2022 to 31 December 2023.

### **Fourth: withholding Tax:**

- The Fourth quarter has been paid for the year 2023.

### **Fifth: Stamp tax:**

- The company is committed to the provisions of the stamp tax law and is supplied on the legal dates.
- The examination and payment have been completed until 2017.
- Examination is in progress for the years 2018/2019.
- Not requested for examination years from 2020 to 31 December 2023.

## **18- Financial risk management**

### **18-1 Financial risk factors**

- The Company's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rates risk, price risk and interest rate risk on cash flows and fair value), credit risk and liquidity risk.
- The Company's efforts are addressed to minimize the potential adverse effects of such risks on the Company's financial performance.
- The company does not use any derivative financial instruments to cover specific risks.

#### **A- Market risk**

##### **1. Foreign currency exchange rate risk**

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

**2. Price risk**

The Company has no investments in equity security or recorded debit instruments that are traded on the stock exchange, so it's not exposed to fair value risk due to changes in prices.

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

The Company is exposed to interest rate risk as it doesn't undertake borrowing operations.

**B- Credit risk**

- Credit risk arises from cash and cash equivalents, and deposits with banks, as well as credit exposure to distributors, wholesalers and customers including outstanding accounts and notes receivable. Credit risk is managed on a Company basis.
- For banks, the Company deals with banks which have a high credit rating and banks with a good solvency in the absence of an independent credit rating.

**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 Company's management aims at maintaining flexibility in funding by keeping committed credit lines available.

**18-2 Capital Risk Management**

- The Company's management aims to manage capital to maintain the Company's ability to continue in a way that achieves a return for shareholders and provides benefits to other stakeholders that use the financial statements. Providing and maintaining the best capital structure for the purpose of reducing the cost of capital.
- To maintain the best capital structure, management changes the value of dividends paid to shareholders, reduces capital, or issues new shares.
- The company's management monitors the capital structure using the ratio of net loans to total capital. Net loans are represented in total creditors and other credit balances and borrowings minus cash and cash equivalents. Total equity is represented by the company's total equity as shown in the standalone balance sheet plus net borrowings.
- The net loans to total equity ratio on December 31, 2023, and December 31, 2022 is as follows:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Creditors and other credit balances	323 233 839	209 267 483
<b>(Deduct):</b> Cash and cash equivalents	<u>(4 165 200)</u>	<u>(1 507 504)</u>
<b>Net Loans</b>	<b>319 068 639</b>	<b>207 759 979</b>
Equity	<u>2 594 794 987</u>	<u>2 434 587 447</u>
<b>Net debt to equity</b>	<b><u>0.123</u></b>	<b><u>0.085</u></b>

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Notes to the standalone financial statements for the financial year ended December 31, 2023

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

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**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 to determine the fair value of financial liabilities at the current market interest rate that is available to the Company for similar financial instruments.
  
- For the fair value of financial instruments that are not traded in an active market, The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each financial position date. Quoted market prices and dealer prices for 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 financial position date, the fair value of non-current liabilities does not significantly differ from their carrying amount.

**19- Contingent liabilities**

There are no contingent liabilities during the year.

**20- Capital Commitments**

There are no capital commitments during the year.

## **21- Significant accounting policies**

The following accounting policies that are adopted in the preparation of the standalone financial statements are summarized below:

### **21-1 Foreign currency transactions**

Foreign transactions in the Company's functional currency are translated at the exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate at the date of the financial statements.

Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate used when determining the fair value.

Generally, currency differences are recognized in profit or loss. Excluding, currency differences arising from translation are recognized in other comprehensive income.

### **21-2 Investments in subsidiaries**

Investments in subsidiaries are accounted for using the cost method, where investments in subsidiaries are recorded at acquisition cost less impairment in value. The impairment is estimated for each investment separately and it is recorded in the income statement. Subsidiaries are companies controlled by the Company controls an investee when it is exposed to, or has rights to, variable returns through its involvement and ability to affect the returns through its control over the investee.

### **21-3 Financial Instruments**

#### **1- Recognition and initial measurement**

Initially issued clients and debt securities are recognized at their inception. All other financial assets and liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless clients without a significant financing component) or financial liability is initially measured at fair value plus, for an item not measured in fair value through profit or loss, transaction costs directly attributable to its acquisition or issuance. Debit customers without a significant financing component are initially measured by the transaction price.

#### **2- Subsequent classifications and measurements**

##### **Financial assets-**

Upon initial recognition, the financial asset is classified and measured at amortized cost or at fair value through other comprehensive income – debt securities or at fair value through other comprehensive income – equity instruments, or fair value through profit or loss.

Financial assets are reclassified after initial recognition only if the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the initial reporting period following the change in business model.



A financial asset is measured at amortized cost if it meets both of the following conditions and is not allocated at fair value through profit or loss:

- If the holding of these assets is within the management business model for the purpose of collecting future cash flows.
- If the contractual terms of these financial assets specify a certain date for cash flows (principal amount and interest on the remaining principal and unpaid amount).

Debt instruments are measured at fair value through other comprehensive income if they meet the following conditions and if they are not previously classified as financial assets at fair value through the statement of profit or loss: -

- If the holding of these assets within the management business model includes both the collection of future cash payments and the sale of financial assets.
- If the contractual terms of these financial assets specify a specific date for cash flows (principal and interest on the remaining and unpaid principal amount).

Upon initial recognition of equity instruments not held for trading, the Company may adjustably choose to display subsequent changes in the fair value of such investments in the statement of other comprehensive income so that such selection is made for each investment separately.

All financial assets that are not measured at amortized cost or fair value through the above-mentioned statement of other comprehensive income must be measured at fair value through the profit or loss statement and this includes all derivatives of financial assets. Upon initial recognition, the Company has the possibility to irrevocably choose to classify and measure financial assets at fair value through the statement of profit or loss and other comprehensive income if this substantially reduces the accounting incompatibilities that may arise.

#### **Financial Assets - Business Model Valuation:**

The company assesses the objective of the business model in which the financial asset is held at the portfolio level as this reflects the best way to manage the business and provide information to management. Information considered includes:

- Policies and specific objectives of the portfolio and the operation of those policies in practice. This includes whether management's strategy focuses on generating contractual interest income, maintaining a certain form of interest rate, matching the duration of financial assets with the duration of any related liabilities or cash outflows or generating cash flows through the sale of assets and
- to evaluate the performance of the portfolio and report to the company's management about it and
- Risks that affect the performance of the business model (and the financial assets held within the business model) and how these risks are managed.
- how operation managers are compensated – for example whether compensation is based on the fair value of the assets under management or the contractual cash flows collected; and
- The frequency, volume, and timing of sales of financial assets in previous periods, the reasons for these sales and expectations related to future sales activity.

Transfers of financial assets to third parties in transactions that are not eligible for cancellation are not considered sales for this purpose, consistent with the Company's ongoing recognition of assets. Financial assets held for the purpose of trading or managed and whose performance is valued on the basis of fair value are measured at fair value through profit or loss.

**Financial assets - assess whether contractual cash flows are only payments for principal amount and interest:**

For the purposes of this valuation, "Principal of the amount" is defined as the fair value of the financial asset upon initial recognition. "Interest" is defined as the time value of money and credit risk associated with the principal amount due over a specified period of time and to other underlying lending risks and costs (such as liquidity risk and administrative costs), as well as a profit margin.

When estimating whether contractual cash flows are payments for principal amount and interest only, the Company considers the contractual terms of the instrument. This includes assessing whether a financial asset has a contractual term that can change the timing or amount of contractual cash flows so that it does not meet this requirement. In making this assessment, the Company shall consider the following:

- contingencies that change the amount or timing of cash flows.
- Terms that may modify the contractual coupon rate, including the characteristics of the variable rate.
- advance payment and extension features; and
- Conditions that limit the company's claim to cash flows from specific assets (e.g., the qualities of the right of non-recourse).

The cash payment class corresponds to principal and interest payments only if the amount of the advance payment largely represents the unpaid amounts of principal and interest on the outstanding principal amount, which may include reasonable additional compensation for early termination of the contract. In addition, for a financial asset obtained at a discount or premium to its contractual amount which is a feature that allows or requires advance payment in an amount that is substantially the contractual nominal amount plus contractual interest due (but unpaid) (which may also include reasonable additional amounts to be treated with early termination compensation) consistent with this standard if the fair value of the advance payment row is immaterial at initial recognition.

**Financial assets - subsequent measurement, profit, and loss:**

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**Financial assets classified at fair value through profit or loss** Financial assets valued at fair value are measured through profit or loss at fair value and changes in fair value are recognized including any returns or dividends in profits or losses.

**Financial assets recognized at depreciated cost** These assets are then measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. interest income, foreign exchange gains and losses, and impairment in profit or loss are recognized. Any profit or loss when derecognized as gain in profit or loss.

**Investments in equity instruments measured at fair value through other comprehensive income.** These assets are subsequently measured at fair value. Dividends are recognized as profit or loss revenue unless dividends clearly represent a partial recovery of the cost of the investment. Other net profit or loss are recorded in other comprehensive income and are never reclassified as profit or loss.

**Debt instruments measured at fair value through other comprehensive income.** These assets are subsequently measured at fair value. Calculated interest income is calculated using the effective interest method, foreign exchange gains and losses, and impairment of profit or loss. Net other profit and loss is recorded in the statement of other comprehensive income. Upon derecognized, the profit and loss accumulated in the other comprehensive income is reclassified to profit or loss.

**21-4 Impairment**

1) **Non-derivative financial assets**  
**Financial instruments and assets arising from the contract.**

The Company recognizes the provision for loss for expected credit losses for:

- Financial assets that are measured at amortized cost.
- Investments in debt instruments that are measured at fair value through other comprehensive income.
- Assets arising from the contract.

The Company measures provisions for loss in an amount equal to the expected credit losses over the life of the financial asset, except for the following, which are measured in an amount equal to the expected credit losses for a period of 12 months:

- Debt instruments identified with low credit risk at the reporting date; and
- Other debt instruments and bank balances for which credit risk (i.e., the risk of default over the expected life of the financial instrument) has not significantly increased since the initial recognition.
- The provisions for losses of account receivables and assets arising from contracts are always measured in an amount equal to the expected credit losses over their lifetime.

In determining whether the credit risk of a financial asset has significantly increased since the initial recognition and when estimating expected credit losses, the Company shall consider reasonable and supportive information that is relevant and available at no cost or undue effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and the assessment of known credit including future information.

The Company assumes that the credit risk of the financial asset has increased significantly if it has been due on its collection for a period of more than 30 days.

**The Company considers that the financial asset has failed to pay when:**

- The Borrower is unlikely to pay its fiduciary obligations to the Company in full, without the Company resorting to actions such as liquidation of collateral (if any); or
- The financial assets are more than 90 days old.

The Company considers debt instruments to have low credit risk when their credit risk rating is equal to the universally understood definition of "investment grade".

Expected credit losses over the life of an asset are expected credit losses that result from all possible failure events over the expected life of a financial instrument.

Expected credit losses over a period of 12 months are part of the expected credit losses that result from failure events that are possible within a period of 12 months after the reporting date (or a shorter period if the life expectancy of the instrument is less than 12 months).

The maximum period to be considered when estimating expected credit losses is the maximum contractual period in which the company is exposed to credit risk.

**Measuring expected credit losses**

It is a weighted estimate of probabilities for credit losses. The present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity according to the contract and the cash flows that the company expects to receive) is measured.

Expected credit losses are deducted at the effective interest rate of the financial asset.

**Credit impaired financial assets**

At the date of each report, the Company assesses whether the financial assets recognized at amortized cost and debt instruments measured at fair value through other comprehensive income have impaired in credit value. A financial asset is considered a "credit impairment", when one or more events occur that have a detrimental effect on the estimated future cash flows of the financial asset.

**The evidence of impaired of financial assets includes monitorable data:**

- A Substantial financial difficulty for the lender or importer and
- Contract violation such as failure or being in arrears for a period greater than 90 days and
- restructuring of a loan or advance by the Company on terms that the Company will not observe in any way or another; and
- the borrower is likely to enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for securities due to financial difficulties.

### **Disclosing provision for expected credit losses in statement of financial position**

The provision for losses for financial assets that are measured at depreciated cost is deducted from the total amount of book value of the assets.

For securities in debt securities that are measured at fair value through other comprehensive income, the provision for loss is charged to profit or loss and is recognized in other comprehensive income.

### **Write off**

The total carrying amount of a financial asset is written off when the company does not have reasonable expectations for the recovery of all or part of the financial asset. For individual clients, the Company has a policy of write off the total book value when the financial asset is due for more than two years based on previous experience in recovering similar assets. For corporate clients, the Company makes an individual assessment regarding the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company does not expect any significant amount recoverability of the written off. However, financial assets that have been written off may still be subject to commitment activities to comply with the Company's procedures for recovering outstanding amounts.

### **Hedge accounting.**

Egyptian Accounting Standard No. 47 increases the company's ability to apply hedge accounting. In addition, the requirements of the standards have been aligned more closely with the company's risk management policies, so based on that the effectiveness of the hedge will be measured in the future.

### **21-5 Lease Contracts**

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

#### **Recognition and measurement**

- At the inception of the contract, the company evaluates whether the contract contains lease arrangements. For such lease arrangements, the company recognizes right of use assets and lease obligations, with the exception of short-term lease contracts and low-value asset contracts as follows:
    - On initial recognition, a right-of-use asset is measured as the amount equal to the lease liability, which is initially measured, adjusted for previous lease payments, initial direct cost, lease incentives, and the discounted value of the estimated costs of dismantling and removing the asset. On subsequent measurement, the right-of-use asset is measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the shorter of the estimated useful lives of the right of use assets or the lease term.
    - The lease obligation is measured at the beginning of the lease contract at the present value of the unpaid lease payments on that date over the lease period, and the lease payments must be discounted at the rate using the incremental borrowing rate prevailing in the country. In general, the company uses the incremental borrowing rate as a discount rate. The lease liability is then measured at amortized cost using the effective interest method.
    - The right of use assets and lease obligation will be remeasured later in the presence of one of the following events:
      - The change in the lease price due to the linkage to the prices or the rate that became effective in the period.
      - Amendments to the lease.
      - Re-evaluation of the lease term.
- Leases of non-core assets not related to the Company's main operating activities, which are short-term in nature (less than 12 months including renewal options) and leases of low-value goods are recognized in the income statement as incurred.

#### **21-6 Cash and Cash Equivalents**

- Overdraft bank balances are displayed under loans and borrowings as part of current liabilities in financial position.
- For the purposes of presenting the statement of cash flows, cash and cash equivalents include cash in the treasury, deposits in demand with banks and treasury bills whose maturity period does not exceed three months from the date of deposit.

#### **21-7 Capital**

##### **A- Common Shares:**

Transaction costs directly related to the issuance of common shares are accounted for by deducting them from equity. Income tax related to equity-related transaction costs is accounted for in accordance with Egyptian Accounting Standard No. (24) "Income Taxes".

##### **B- Repurchase and reissue of ordinary shares (treasury shares):**

Upon repurchase of issued share capital, the amount paid for the repurchase, which includes all direct costs related to the repurchase, is recognized as a reduction in equity. Purchased shares are classified as treasury shares and presented as deducted from equity. When selling or reissuing treasury shares, the amount collected is recognized as an increase in shareholders' equity and the surplus or deficit resulting from the transaction is displayed in the issuance premium.

## **21-8 Employee Benefits**

### **A- Short-term employee benefits**

Short-term employee benefits are recognized as an expense when the relevant service is provided. The amount expected to be paid is recognized as an obligation when the company has a legal or implied obligation to pay this amount as a result of the worker providing a previous service, and the obligation can be assessed to a reliable degree.

### **B- Share-based payments**

The fair value (at the date of grant) of equity-based payment transactions made in the form of equity instruments is recognized as an expense and as a corresponding increase in equity during the maturity period. The amount recognized as an expense is adjusted to reflect the number of grants for which the relevant services and performance conditions are expected to be met, so that the amount ultimately recognized is based on the number of equity instruments granted that have met the relevant terms of service and non-market performance conditions at the maturity date.

For the granting of equity instruments on non-maturity terms, the fair value (as at the date of grant) of equity-based payment transactions paid in equity instruments is measured to reflect those terms and there is no subsequent adjustment to the differences between the expected and achieved results.

### **C- Defined contribution benefit plan**

The obligations of the Defined contribution Benefit plan are recognized as an expense upon the provision of the relevant service. Contributions paid in advance are recognized as an asset to the extent that the advance payment leads to a reduction in future payments or a cashback.

The company contributes to the government social insurance system for the benefit of its employees in accordance with the Social Insurance Law No. 79 of 1975. Employees and employers under this Law shall contribute to the system with a fixed percentage of wages. The company's obligation is limited to the value of its contribution, and the company's contributions shall be borne through profits or losses on the accrual basis.

### **D- End of service benefits**

The Company recognizes end of service benefits as an expense on one of the following two dates, whichever comes first, when the Company can no longer cancel the offer of such benefits or when the Company recognizes restructuring costs. Where benefits are not expected to be fully settled within 12 months after the date of the financial statements, they must be discounted at a discount rate – before taxes – to reflect the time value of the money.

### **21-9 Provisions**

- The provision is determined by the present value of projected future cash flows discounted by a pre-tax discount rate that reflects current market estimates of the time value of money and the specific risk of the liability. The increase in the book value of the provision resulting from the use of the discount to find the present value and that reflects the passage of time is recognized as a borrowing cost.
- The legal claims allowance is recognized when there are legal claims against the company and after obtaining appropriate legal advice.
- Recognition of other provisions when there are expected claims from other parties in relation to the company's activities, in accordance with the latest developments, discussions and agreements with those parties.

### **21-10 Revenue Recognition**

#### **A- Dividends**

The dividends revenue is recognized through profit or loss statement at the date which the company has the right to collect those dividends.

#### **B- Profit from sale of investment.**

Profits from the sale of financial investments are recognized immediately upon receipt of evidence of the transfer of ownership to the buyer on the basis of the difference between the sale price and their book value on the date of sale.

#### **C- Revenue from contracts with customers**

Egyptian Accounting Standard No. (48) sets out a comprehensive framework for determining the value and timing of revenue recognition, and this standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts"), revenue is recognized when the customer can control units or services. Determining the timing of the transfer of control – over a period of time or at a point in time – requires a degree of personal judgment.

#### **Costs of obtaining a contract with the client**

Under Egyptian Accounting Standard 48, certain additional costs incurred to obtain a contract with a client ("contract costs"), which were not previously eligible for recognition as an asset under any of the other accounting standards, have been deferred in the statement of financial position.

### **21-11 Income Taxes**

Current tax and deferred tax are recognized as revenue or as an expense in the profits or losses of the period, except where the tax arises from an operation or recognized event – in the same period or in a different period – outside profits or losses, whether in other comprehensive income or directly within equity.



### **1- Current income tax**

Current taxes for the current and previous periods that have not yet been paid are recognized as a liability, but if the tax is already paid in the current and previous periods exceed the value due for these periods, this increase is recognized as an asset. The values of current tax liabilities (Assets) for the current and prior periods are measured at the value expected to be paid to (recovered from) the tax authority, using the current tax rates (and tax laws) in the process of being issued on the date of the end of the financial period. Dividends are taxable as part of current tax. offsetting tax assets and liabilities is carried out only when certain conditions are met.

### **2- Deferred Tax**

Deferred tax is recognized for temporary differences between the accounting basis of assets and liabilities and the tax basis of those assets and liabilities. Except for the following:

- The first recognition of good will,
- or the initial recognition of the assets or liabilities of the operation that:

(1)Not a business combination.

and (2) does not affect the net accounting profit or tax profit (tax loss).

A deferred tax asset arising from the carry forward of tax losses, the right to unused tax deduction and temporary deductible differences are recognized when there is a probability of future taxable profits from which that asset can be used. The future tax profit is determined by the company's future business plan. The position of unrecognized deferred tax assets that are determined at the end of each fiscal period is reassessed and deferred tax assets that have not previously been recognized are recognized to the extent that in the future it is likely that there will be a tax profit that allows the value of the deferred tax asset to be utilized.

Deferred tax is measured using the tax rates expected to be applied when temporary difference are achieved.

When measuring deferred tax at the end of the financial period, the tax effects of the company's procedures for recovery or payment of the book value of its assets and liabilities are considered. offsetting tax assets and liabilities is carried out only when certain conditions are met.

### **21-12 Dividends**

Dividends shall be recognized in the standalone financial statements in the year in which such distributions are approved by the General Assembly of Shareholders.

### **21-13 Comparative Figures**

Comparative figures are reclassified as necessary to correspond to changes in presentation used in the current year.

**21-14 New versions and amendments to the Egyptian Accounting Standards:**

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p><b>Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".</b></p>	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <p>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Interim Financial Reporting"</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul> <p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <p>- The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</p>	<p>The company has no fixed assets so there's no impact on the financial Statements.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <b><u>on or after January 1, 2023, retrospectively.</u></b> cumulative impact of the preliminary applying of the revaluation model shall be <b>added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</b></p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>- The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented.</p>		
<p><b>Egyptian Accounting Standard No. (34) amended 2023 "Investment property".</b></p>	<p>1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements"</li> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates"</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Interim Financial Reporting "</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul>	<p>The company hasn't investment property so there's no impact on financial statements.</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting <b><u>on or after January 1, 2023</u></b> retrospectively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.</p>
<p><b>Egyptian Accounting Standard No. (50) "Insurance Contracts".</b></p>	<p>1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of financial statements with the basis for assessing the impact of insurance contracts on the company's</p>	<p>The company's management will study the impact of implementing the standard during the next year.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <b><u>on or after July 1, 2024</u></b>, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the</p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>financial position, financial performance, and cash flows.</p> <p>2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</p> <p>3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (10) "Fixed Assets".</li> <li>- Egyptian Accounting Standard No. (23) "Intangible Assets".</li> <li>- Egyptian Accounting Standard No. (34) " Investment property ".</li> </ul>		company should disclose that fact.

## 22- Significant Events

- 1- On May 16, 2023, Prime Minister Decision No. 1847 of 2023 was issued to replace the texts of paragraphs 5 / (c), (7), (9) of Appendix (c) accompanying the Egyptian Accounting Standard No. (13) related to "The Effects of Changes in Foreign Exchange Rates." added by the Prime Minister's Resolution No. 4706 of 2022, the following texts:

Paragraph 5 / (c): The financial period for applying the special accounting treatment mentioned in this appendix is the fiscal year or period that begins before October 27, 2022, the date of the exchange rate move, and ends on or after this date, and the following fiscal period or year.

Paragraph (7): An entity that, prior to the date of moving the exchange rate, acquire fixed assets, real estate investments, exploration and evaluation assets, intangible assets (other than goodwill) and right of use assets for lease contracts, financed by outstanding obligations on that date in foreign currencies, to recognize within the cost of those assets the debit currency differences resulting from the settled part of these obligations during the financial period for applying this special accounting treatment, in addition to the currency difference resulting from translating the remaining balance of these obligations at the end of December 31 2023 or at the end of the closing date of the financial statements for the financial period to apply this special accounting treatment, using the exchange rate used on that date. The entity can apply this option for each asset separately.

Paragraph (9): As an exception to the requirements of Paragraph No. "28" of the amended Egyptian Accounting Standard No. (13) "The effects of changes in foreign exchange rates for the recognition of foreign currency differences, the entity whose business were affected by the net profits or losses of currency differences due to movement of the price of Foreign exchange, whether the currency of its functional currency is the Egyptian pound or any other foreign currency, to recognize within the other comprehensive income the net debit and credit currency differences realized during the period, in addition to the differences resulting from retranslating the balances of the existing monetary items at the end of December 31, 2023, or at the end of the closing date of the financial statements for the financial period to apply this special accounting treatment, using the exchange rate used on that date, less any foreign currency translation differences recognized as cost of assets in accordance with paragraph 7 of this Appendix. Considering that these differences resulted mainly from the unusual movements of the exchange rate.

- 2- The company filed an arbitration case against the People's Democratic Republic of Algeria during the year 2022. These proceedings were initiated as a result of the severe damage and losses suffered by the company due to the measures taken by the Algerian government against the company's business and investments in Algeria through the company's indirect shareholding amounting to 54% of the company's shares GBR Auto and 48.8% of the shares of GBR Service, which were incorporated in Algeria.  
It should be noted that the minimum damage suffered by the company is the loss of its invested capital, amounting to approximately USD 24 million, excluding foregone profit and interest.