GHABBOUR AUTO

ANNUAL REPORT 2014

PROVEN TRACTION
NEW MOMENTUM

Continuously diversifying across multiple product and regional revenue paths is key to our continued market leadership

CONTENTS

MESSAGE FROM THE CEO

On the face of it, the year just ended was outstanding: Our home market of Egypt broke 2008 levels of performance in passenger car sales, suggesting we have at last recovered from the spillover of the global financial crisis and, more critically, the 2011 revolution and its complex aftermath. Heavy spending on infrastructure and renewed corporate appetite saw the return to life of our Commercial Vehicles & Construction Equipment, validating our steadfast belief in this critical business. The market for our Motorcycles & Three-Wheelers division is nothing short of brilliant — an adjective that could equally apply to the performance of our Financing Businesses. Meanwhile, our Tires, New Businesses and After-Sales activities all took important strides forward.

And yet it is hard not to wonder what might have been. Our bottom line was eroded by foreign exchange losses, due entirely to challenges created by Egypt's foreign currency regime. We lost more than a full quarter of three-wheeler sales after a since-aborted import ban. Libya and Iraq, our most promising expansion markets, ran headlong into political and security challenges beyond the control of any market player.

The need to navigate opportunities and challenges is, fundamentally, the greatest balancing act in any business. Happy, then, is the day when you can address existing challenges by seizing opportunities.

On the challenges side of the ledger, we have internal and external issues to address. The external headwinds are simple: No business owner today can claim to have clarity on where Iraq is heading, and the security challenges in Libya are clear. Equally clear is our response: With our inventory in Libya fully insured, we remain careful observers of the situation, but will not re-enter the market until our staff can be safely deployed. In Iraq, we continue to plan for the future while maintaining relatively normal operations in both the nation's southern and central provinces.

Equally clear is the domestic challenge, where we are calling on the government of Egypt to take steps that will ensure the continued viability of the local automotive assembly industry and the hundreds of thousands of direct and indirect jobs it supports. As matters stand, trade liberalization under the European Union, Moroccan and Turkish partnership agreements gives imports from those areas an exceptionally unfair advantage over products assembled in Egypt. Indeed, the advantage is sufficiently unfair that it is difficult to envision how a single car will be assembled and sold in Egypt by 2019.

Alongside careful planning and execution, we will handle these challenges in the same manner as we have since 2011: By pursuing geographic and product line diversification, now with a twist.

We continue to see outstanding avenues to create shareholder value by deriving a larger part of our revenues outside of Egypt (our core geography) and passenger cars (our core product line). In light of the era of stability into which Egypt is now passing, we are aiming to capture more of the opportunities presented by this diversification drive without leaving home. In short: We will export, export and export still more — even as we pursue growth in our current markets and product lines.

This export drive takes a number of forms. First, we have established a reputation for quality and value-for-money with the products of GB Polo, our bus manufacturing operation in Suez, which has successfully penetrated the GCC and East African markets even as it wins new orders on the back of rising mass-transport spending here at home.

Also, we are returning to my roots in this industry with our plan to build a tire plant that will allow us to start locking in supplies of high-quality tires across a wide spectrum of sizes and uses. By doing so, we will add another strong brand to our portfolio, giving us more control over pricing and margins.

Fellow shareholders, Egypt is a nation endowed not just with the Suez Canal, Mediterranean and Red Sea coast lines, a growing 90-million person consumer market, cultural leadership of 300+ million Arabic speakers and a diverse economy. Ours is also a nation marked by an entrepreneurial spirit and an innate ability to take and mitigate risks. I see vast opportunities in this nation.

I thank you all once more for your trust, and look forward to reporting on the latest chapters we've written in our drive to grow an exceptionally exciting business.

Dr. Raouf Ghabbour, CEO

"OUR HOME MARKET OF EGYPT BROKE 2008 LEVELS OF PERFORMANCE IN PASSENGER CAR SALES, SUGGESTING WE HAVE AT LAST RECOVERED FROM THE SPILLOVER OF THE GLOBAL FINANCIAL CRISIS AND, MORE CRITICALLY, THE 2011 REVOLUTION AND ITS COMPLEX AFTERMATH."

Summary Overview of Performance by Line of Business

(LE million)		2014	2013	% Change	2012	% Change
Passenger Cars						
Revenue		8,909.9	6,536.9	36.3%	6,072.3	7.7%
Total Gross Profit		1,010.8	766.3	31.9%	719.0	6.6%
Gross Profit Margin	%	11.3%	11.7%	-0.4	11.8%	-0.1
Motorcycles & 3-Wheelers						
Revenue		1,334.0	1,229.0	8.5%	1,209.0	1.7%
Gross Profit		245.6	190.4	29.0%	228.5	-16.7%
Gross Profit Margin	%	18.4%	15.5%	2.9	18.9%	-3.4
Commercial Vehicles & Construction Equipment						
Revenue		912.9	481.0	89.8%	465.8	3.3%
Gross Profit		98.1	37.9	159.0%	20.4	85.2%
Gross Profit Margin	%	10.7%	7.9%	2.9	4.4%	3.5
Tires						
Revenue		415.2	390.4	6.4%	290.1	34.6%
Gross Profit		63.7	58.3	9.3%	42.7	36.3%
Gross Profit Margin	%	15.3%	14.9%	0.4	14.7%	0.2
Financing Businesses						
Revenue		722.7	485.1	49.0%	250.4	91.3%
Gross Profit		168.8	124.2	35.9%	68.8	78.5%
Gross Profit Margin	%	23.4%	25.6%	-2.3	27.5%	-1.9
Others						
Revenue		27.4	4.4	-	2.6	-
Gross Profit		-5.2	-6.7	-	-9.4	-
Gross Profit Margin	%	-	-	-	-	-
Group						
Revenue		12,322.1	9,126.7	35.0%	8,290.1	10.1%
Gross Profit		1,581.7	1,170.3	35.2%	1,070.0	9.4%
Gross Profit Margin	%	12.8%	12.8%	-	12.9%	-0.1

HIGHLIGHTS OF 2014

"GB AUTO IS A LEADING REGIONAL PLAYER WITH A STRONG OPERATIONAL FOOTPRINT IN KEY MARKETS AND SECTORS THROUGHOUT THE MIDDLE EAST AND NORTH AFRICA."

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LE 12.3 BILLION
Group Revenues

35%
Group Revenue Growth

LE 1.6 BILLION
Group Gross Profit

LE 174.0 Million
Group Net Profit

29.8%
Passenger Car Market Share in Egypt (all brands)

PRE-OWNED VEHICLES
Launched Pre-Owned Vehicles Operations

LUBRICANTS
Began Sales of Lubricants

NEW BRAND REPRESENTATIONS
Three New Brand Representations: Goodyear, Double Coin, Jumbo

NEW MAZDA MODEL
Launched the Newest Generation of the Mazda 3 Sedan

Best Distributor Award
Received Best Distributor Award from Geely Emgrand

After-Sales Service
Honored for Excellent After-Sales Service by Hyundai

LE 960 Million
Shareholders approve a c.LE 960 million capital increase

GB AUTO AT A GLANCE

Leveraging diversification, focusing on growth

GB Auto is a leading regional player with a strong operational footprint in key markets and sectors throughout the Middle East and North Africa. The company is focused on automotive assembly, manufacturing, sales & distribution, non-bank financial services and after-sales services — including vehicle servicing and related products — and has diverse operations spanning six business units.

GB Auto's portfolio of partners currently includes the leading global brands of Hyundai, Mazda, Geely Emgrand, Bajaj, Marcopolo, Karry, Iveco Chassis, Volvo, Fuso, SDLG, AKSA, YTO, Lassa, Yokohama, Westlake, Triangle, Diamondback, Double Coin, Grandstone, Goodyear, Jumbo, Gazpromneft and Monroe, with more to follow as part of our expansion drive.

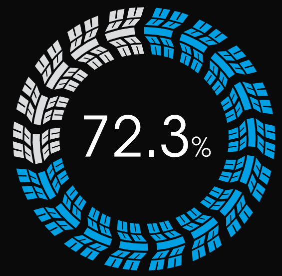
The company also has four financing companies, launched with an eye on offering financing options to all client categories from major corporations and small and medium enterprises to retail clients and micro credit eligible individuals. In addition to their standalone success, the financing businesses are important sales drivers for the Passenger Cars and Motorcycles & Three-Wheelers lines of business.

You can learn more about the company's business units beginning on page 16 of this Annual Report.

GB Auto's assembly operations include passenger cars and commercial vehicles, while the company also designs and manufactures complete buses, semi-trailers and superstructures — with the exception of chassis — at three plants in the Greater Cairo Area as well as facilities in Suez.

Throughout its more-than 60-year history, GB Auto has built a strong reputation for standing behind its customers and is renowned for providing unmatched after-sales service in Egypt, having long positioned Hyundai cars as the best value for money in the Egyptian market and having more recently done the same with Geely Emgrand and Mazda at their unique price points. GB Auto's growing regional After-Sales service network includes 9 passenger car and 6 commercial vehicle outlets in Egypt and another 4 in Iraq. Together with the group's new vehicles sales, the company's service and parts outlets make GB a fully integrated automotive player — a "one-stop-shop" that provides customers with lower ownership costs and real value.

FY14 Group Sales



PASSENGER CARS

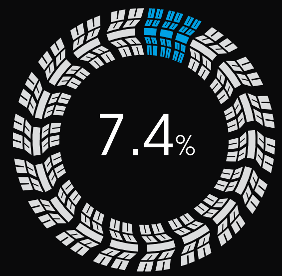
- Assembly and distribution of imported completely-knocked-down (CKD) kits with a production capacity of around 70,000 units per year for the Egyptian market
- Distribution of imported completely-built-up (CBU) vehicles across footprint
- After-Sales service and distribution of spare parts
- Financing options provided through Drive in Egypt
- ***Markets:*** Egypt, Iraq, Algeria, Libya
- ***Brands:*** Hyundai, Geely Emgrand, Mazda

FY14 Group Sales

MOTORCYCLES & THREE-WHEELERS

- Distribution of motorcycles and three-wheelers ("tuk-tuks")
- After-Sales service and distribution of spare parts
- Financing options provided through Mashroey
- ***Market:*** Egypt
- ***Brands:*** Bajaj

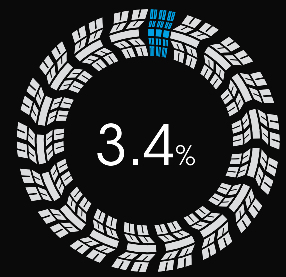
FY14 Group Sales



COMMERCIAL VEHICLES & CONSTRUCTION EQUIPMENT

- Assembly and distribution of trucks
- Bus-body manufacturing; distribution of buses
- Manufacturing and distribution of superstructures and trailers
- Distribution of construction and farming equipment
- Distribution of generators
- After-Sales service and distribution of spare parts
- ***Market:*** Egypt
- ***Brands:*** Volvo, Fuso, YTO, Marcopolo, Iveco, Monroe, Karry, SDLG, AKSA

FY14 Group Sales



TIRES

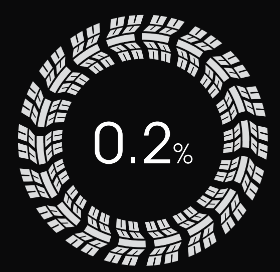
- Distribution of passenger car, van, light truck, truck, bus, agriculture and off-the-road tires
- ***Markets:*** Egypt, Iraq, Libya, Algeria, Jordan
- ***Brands:*** Yokohama, Lassa, Westlake, Triangle, Goodyear, Grandstone, Diamondback, Double Coin, Jumbo

FY14 Group Sales

FINANCING BUSINESSES

- GB Auto's Financing Businesses offer financing in all segments of the market
- GB Lease provides business-to-business financial leasing solutions, covering all asset classes
- Mashroey finances the purchase of motorcycles, tuk-tuks, YTO tractors and motor tricycles
- Drive offers factoring services, both business-to-business and business-to-consumer
- Haram Tourism Transport (HTT) provides operational leasing
- ***Market:*** Egypt
- ***Company Names:*** GB Lease, Mashroey, Drive, Haram Tourism Transport

FY14 Group Sales



OTHERS

- The Lubricants business distributes Gazprom Neft-Lubricants in Egypt
- The Pre-Owned Vehicles division is rolling out a Western-style pre-owned car operation under the brand name Fabrika
- The Retail division will operate retail After-Sales outlets to distribute tires, tire parts, batteries, parts and lubricants, and will also offer related services in select locations
- ***Market:*** Egypt
- ***Brands:*** Gazpromneft, Fabrika, 360

MANAGEMENT REVIEW AND FINANCIAL PERFORMANCE

"AS THE COMPANY CONTINUES TO INVEST IN HIGHER-MARGIN ACTIVITIES, MANAGEMENT FORESEES AN IMPROVEMENT IN NET PROFIT MARGINS."

During the full year of 2014, GB Auto revenues increased 35% over FY13, while total gross profits increased 35.2% resulting in stable gross profit margins at 12.8%. EBITDA margins improved by 50 basis points in the same period, as EBITDA reached LE 1.1 billion.

The improvement in operating margins did not trickle down to the bottom line for two main reasons: a) the impact of FOREX expenses totaling LE 157 million during the year; b) the impact of an income tax expense in FY14 of LE 90 million as the company paid an effective tax rate of 27.7% because of the increase in tax rates, and the improved profitability of the majority of its primary business lines.

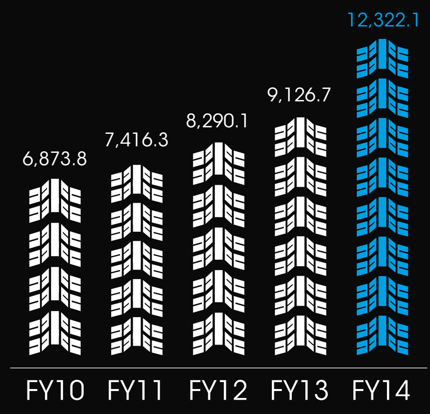
GB Auto's total debt climbed to LE 4.8 billion, a figure that included the Financing Business's debt, which represented c.20% of the total group debt reaching LE 907 million, as well as a shareholder loan approved at a general assembly of shareholders held on 2 June 2014.

GB Auto has concluded two loan agreements with its main shareholder (including a USD tranche and another in Egyptian pounds). The balance of the shareholder loan at 31 December 2014, including accrued interest, stood at LE 516 million; the loan carries an annual interest rate of 10.5% on the LE tranche (against the company's current average borrowing rate of 11.92%) and of 3.25% on the USD portion (compared with 4.21% as the current average rate). The shareholder loan is expected to be settled upon the completion of the capital increase process.

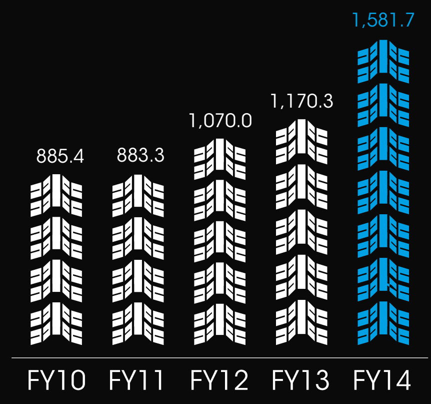
While the Passenger Car division was able to decrease its excess inventory during 2014, the demand growth for the Commercial Vehicles & Construction Equipment line of business required higher inventory levels leading to an overall increase in the inventory balance. This, together with the increase in receivables from sales to government entities, resulted in pressure on the operating cash flow.

Looking ahead, as the economy continues to improve and demand continues to grow, management expects to see continued improvement of key financial indicators. GB Auto is continuously working on growing its product portfolio while enhancing profitability by going up the value chain in its most profitable business divisions. In particular, as the company continues to invest in higher-margin activities management foresees an improvement in net profit margins, noting that we cannot foresee the impact of extraordinary events. The company's ambitious investment plans are set to start shortly after the capital increase.

Group Revenues by Year
(LE million)



Group Gross Profits by Year
(LE million)



Latest Corporate Developments

1) GB Auto Shareholders Approve c.LE 960 Million Capital Increase

GB Auto's extraordinary general assembly of shareholders approved a c.LE 960 million rights issue that will see the company's issued capital rise to LE 1.095 billion. Proceeds from the capital raising will be used to fuel the company's drive to grow its Tires and Motorcycles & Three-Wheelers businesses, allowing GB Auto to build a new two- and three-wheelers plant to allow full CKD assembly; to deepen the group's presence in the tires line of business through entering the tire manufacturing business; and to pursue additional expansion opportunities in select businesses.

2) GB Auto Ranks 2nd Place for Investor Relations in Egypt

GB Auto was honored with a second-place ranking in the "Best Company for Investor Relations in Egypt in 2014" awards category at Middle East Investor Relations Society's Annual Conference and Awards ceremony on 27 November 2014 at the DIFC Conference Centre in Dubai. Management considers it noteworthy that there was only a one percentage point difference between GB and the company that took first place.

Moreover, GB Auto's Investor Relations Manager, Hoda Yehia, was named Best Investor Relations Professional in Egypt for the year 2014.

The Awards, carried out in collaboration with Thomson Reuters Extel, recognize the efforts of regional companies and IR professionals who play a critical role in developing investor relations. The event is the largest IR conference in the Middle East and has been held annually for the past five years. It is attended by delegates from across the region and beyond.

Outlook

Given the fundamental strengths supporting Egypt's economy, including a population of 90 million people, a key geographic position and basket of free trade agreements, GB Auto sees real growth potential in the Egyptian market and is continuing to invest accordingly.

In that vein, management has sought and received approval for an LE 960 million capital increase to fund construction of two new facilities. The first will be a wholly-owned plant that will assemble motorcycles and three-wheelers, which management believes to be the first of its kind outside of India for Bajaj. The second will be a new tires manufacturing facility. Both plants will open new opportunities for GB Auto in these fast-growing lines of business.

2014 Highlights

35.0%
Revenue Increase
GB Auto's revenue rose 35.0% to LE 12,322.1 mn in FY14

1.4%
Net Profit Margin
GB Auto's net profit margin was 1.4% in FY14, a slight increase y-o-y

174.0 mn
Net Income
Net income was LE 174.0 mn in FY14, a 50.0% rise over FY13

36.3%
Improvement
Passenger Cars revenue saw a 36.3% improvement year-on-year in FY14

1.3 bn
Motorcycles & Three-Wheelers Revenue
Motorcycles & Three-Wheelers revenue increased 8.5% in FY14 to LE 1.3 bn

89.8%
CV&CE Revenue Increase
Commercial Vehicles & Construction Equipment revenues rose 89.8% in FY14

415.2 mn
Tires Revenue in FY14
Tires revenues were LE 415.2 mn in FY14, a 6.4% improvement y-o-y

722.7 mn
Financing Businesses Revenue
Revenues of LE 722.7 mn in FY14 were a 49.0% improvement y-o-y

27.4 mn
Others Revenues
The Others line of business revenues registered at LE 27.4 mn in FY14

"GB AUTO SEES REAL GROWTH POTENTIAL IN THE EGYPTIAN MARKET AND IS CONTINUING TO INVEST ACCORDINGLY."

Management's plans include the exploration of new export vistas in East Africa, North Africa and the Gulf Cooperation Council, marking a significant new development in the company's drive to diversify both revenues and earnings by product line and geography.

Moreover, serving clear demand in export markets from Egypt — a fully known market to management which now enjoys political stability and which is becoming a cost-competitive export base as a result of devaluation of the Egyptian pound — will allow the company to mitigate new foreign territory risk while working simultaneously to address risk in Iraq and Algeria, the two most promising of the company's present expansion markets.

In addition to a continual focus on growth and investment in long-term opportunities, management has also stressed efficiency. The company is accustomed to operating in a lean, efficient manner in all aspects of the business — a trait that will serve us well as the country's free trade agreements with the EU and Turkey on imports duties are fully implemented. These agreements have already placed Chinese and Korean vehicles at a disadvantage, and management believes the full implementation of the two partnership agreements could have a substantial negative impact on the market. The Government of Egypt appears to recognize the difficult position in which automotive manufacturers and assemblers find themselves, and management is cautiously hopeful that it will take action. That said, GB Auto is looking forward to fairly strong growth of the passenger car market in the coming year.

On the Commercial Vehicles & Construction Equipment line of business, management does not expect significant growth of the tourism market —and therefore the bus segment — until the latter half of the year. However, given the ongoing investment in infrastructure and renewed economic activity, the other divisions in this key line of business are expected to continue their current growth trends.

The other line that management expects notable changes from in 2015 is the After-Sales division. With new outlets opening and the recent uptick in sales of new vehicles, it is considered likely that After-Sales will turn in a particularly strong performance in the coming period, boosting the contribution of the Passenger Cars, Motorcycles & Three-Wheelers and Commercial Vehicles & Construction Equipment.

Tires and Financing Businesses both reported solid performances in 2014, a trend that management anticipates continuing in 2015.

Turning our attention to the region, GB Auto continues to view measured risk as worthwhile and remains an investor in long-term growth, not immediate payoffs. Our operations in Algeria, Iraq and Libya should be viewed through that lens.

In Algeria, GB Auto is set for a good year. Management is convinced of the long-term potential of this market and has worked to align with Geely Emgrand to get the right models at the right prices, set up an excellent management team, and establish an effective dealer network. Furthermore, our representations in tires are very warmly received in Algeria.

The Iraqi market, as expected and discussed in detail in our 2014 Earnings Releases, closed 2014 on a challenging note as a result of Iraqi political and security developments. That said, management remains optimistic that Iraq will not be left to fail, and that private-sector actors who stay the course throughout the present period of turmoil will be those ideally placed to capture the upswing when the market begins to improve. Furthermore, as we weather this period, management is exploring all options to improve run-rates and profitability for our operations there in the long term, with a present focus on central and southern Iraq, where operations have been less impacted than in the north.

In Libya, the security situation remains very challenging and management is maintaining the company's position there in a very cautious manner while still positioning GB Auto to capitalize on a recovery to that market when and if that should come to pass. In the interim, all inventory in the country is insured and no personnel are present on the ground in Libya.

Finally, we note that our forecasts for the year do not include allowances for exogenous shocks that may have an impact on market sentiment. At present, these shocks are largely of a political nature, but extend to the potential for shocks related to economic policy swings.

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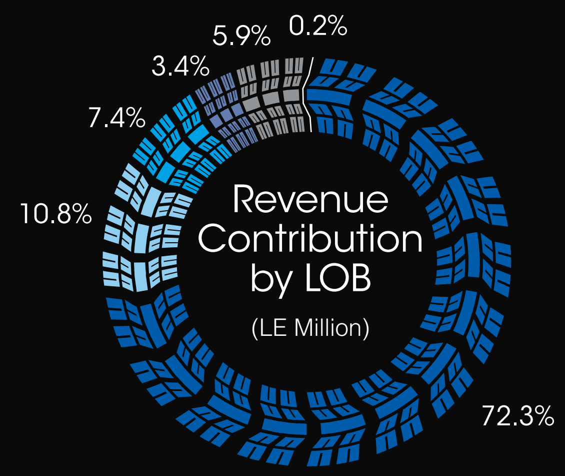
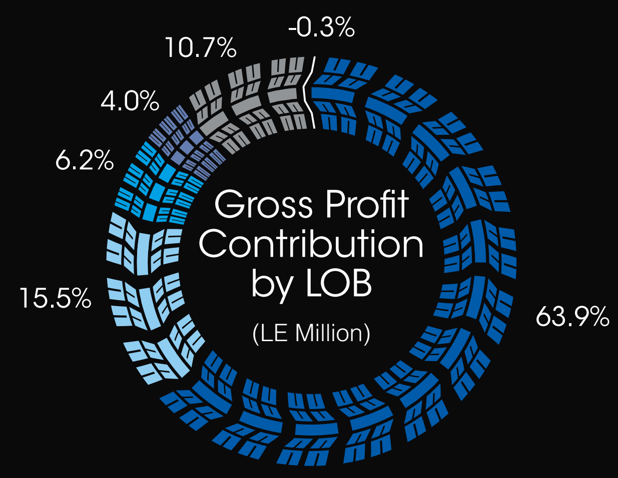


- Passenger Cars, 72.3%
- Motorcycles & Three-Wheelers, 10.8%
- Commercial Vehicles & Construction Equipment, 7.4%
- Tires, 3.4%
- Financing Businesses, 5.9%
- Others, 0.2%



- Passenger Cars, 63.9%
- Motorcycles & Three-Wheelers, 15.5%
- Commercial Vehicles & Construction Equipment, 6.2%
- Tires, 4.0%
- Financing Businesses, 10.7%
- Others, -0.3%

OUR STRATEGY

GB Auto is a uniquely diversified, leading player in key markets of the Middle East and North African region's automotive segment. The company's assembly, manufacturing, sales and distribution, and after-sales service operations span multiple market segments, including passenger cars, motorcycles, three-wheelers, commercial vehicles, construction equipment, tires, lubricants, pre-owned vehicles and retail, as well as being complemented by corporate, consumer and microfinance activities.

These activities occupy:

- 4 assembly and manufacturing plants in Egypt.
- A growing sales network of independent dealers and owned-retail outlets in Egypt and Iraq.
- 9 passenger car and 6 commercial vehicle after-sales service outlets in Egypt and 4 in Iraq.
- 65 microfinance branches.
- Consumer finance done through a network of independent dealer showrooms plus 25 owned-showrooms.

While Egypt remains our base and our strength, GB Auto has an established footprint in Iraq and Algeria, with operations on pause in Libya. Exports to the GCC and East Africa have also begun, and management is exploring other opportunities in that regard.

The company's activities form a three-axis strategy: expanding high-margin operations, growing our portfolio of products and targeting exports to high-growth markets.

Expanding High-Margin Operations

Following the approval of the EGP c.960 million capital increase, GB Auto is set to expand its high-margin Motorcycles & Three-Wheelers and Tires lines of business through both the construction of a new two- and three-wheelers plant to allow full CKD assembly and through deepening the company's presence in the tires industry by entering the tire manufacturing business. GB Auto will also remain focused on nurturing steady growth in other lines of business.

Growing our Product Portfolio

With the recent launch of pre-owned vehicles and lubricants — and final preparations underway to launch the retail division in 2015 — GB Auto is looking to further expand its product reach across all countries of operation with new brand representations and a wider product portfolio. GB Auto remains the clear partner of choice for any OEM (original equipment manufacturer) and we expect our positive reputation to help us grow our relationship with current partners as well as enter into new arrangements with other leading global brands.

Targeting Exports to High-Growth Markets

Going forward, GB Auto will continue to target exports in new high-growth markets, including the Gulf Cooperation Council (GCC) and East African markets the company has entered via GB Polo. Management's plans include the exploration of new export vistas in East Africa, North Africa and the GCC, marking a significant new development in the company's drive to diversify both revenues and earnings by product line and geography. Serving clear demand in export markets from Egypt will allow GB Auto to mitigate new foreign territory risk while working simultaneously to address risk in Iraq and Algeria, the two most promising of the company's present expansion markets.

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REGIONAL FOOTPRINT

GB Auto is a leading regional player, complementing its Egyptian operations with a strong presence in Iraq and a growing presence in Algeria. Headquartered in Egypt, GB Auto's deep commitment to and understanding of its home market, combined with strong management and a sound strategy, helped it springboard from a local concern to a regional success story.

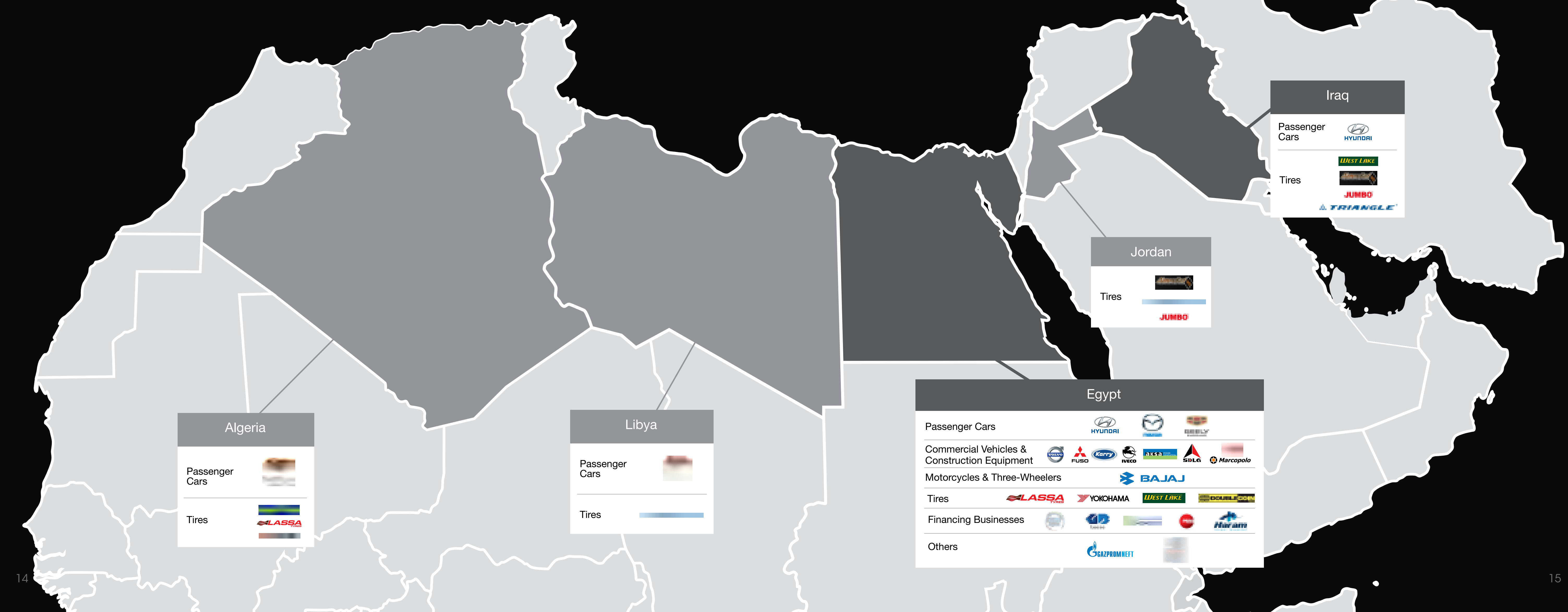
The company first announced in 2009 that it was exploring opportunities for growth outside of Egypt, and, in 2010 entered a joint venture to distribute Hyundai vehicles in Iraq, subsequently boosting operations and increasing its brand representations. In 2014, passenger car operations in Iraq accounted for 20.7% of the company's total revenues — proving the compatibility and success of the GB Auto model in another key regional market.

The company also has an established presence in Algeria, with key brand representations and sales and after-sales operations having begun in 2013. GB Auto has established a foothold in the Algerian market — with management control — in cooperation with the Group Rahmoune, a strategic player in the Algerian economy, with investments mainly in building materials, basic infrastructure and the automotive business. As it ramps up operations and increases sales, the company's product offerings in the country now include Geely Emgrand passenger cars, and Lassa, Grandstone and Goodyear tires.

Having also entered Libya in 2013, GB Auto is now taking a "wait-and-see" approach towards the country, with an eye towards the long-term potential of the market.

Future Expansions

GB Auto is actively exploring further markets into which it can expand, building on its established presence in Iraq and Algeria and capitalizing on the region's untapped potential and pent-up demand for real value backed by true customer care. Management looks forward to announcing further developments on this front going forward, with Sub-Saharan Africa as the current focus for growth.



OUR LINES OF BUSINESS AND BRANDS

Passenger Cars

GB Auto is a leading passenger car importer, assembler and distributor in the Middle East and North Africa. In Egypt, it is the largest player in the market, as the sole representative of Hyundai, Geely Emgrand and Mazda passenger cars and owning the biggest nationwide distribution and after-sales service networks of any brand. GB Auto also has an established regional footprint, distributing Hyundai passenger cars in Iraq and Geely Emgrand passenger cars in Algeria, with operations on pause in Libya. GB Auto serves the Egyptian market with both Completely-Knocked-Down (CKD) and Completely-Built-Up (CBU) products while operating in Iraq, Algeria and Libya with CBU units.

Motorcycles and Three-Wheelers

GB Auto is Egypt's exclusive assembler and distributor of motorcycles and three-wheelers from Bajaj, the largest global manufacturer of three-wheelers, often known as auto-rickshaws or tuk-tuks. GB Auto imports Semi-Knocked-Down (SKD) units from the Indian producer and assembles and finishes the vehicles locally at the company's Sixth of October City Industrial Zone factory. Since it first began importing and selling three-wheelers, the company has been the country's market leader for the popular vehicles, in part due to its efforts at providing quality, low-cost after-sales service to this segment's price-conscious consumers, and later as the company introduced financing for this line via Mashroey.

Commercial Vehicles and Construction Equipment

The Commercial Vehicles & Construction Equipment line of business offers a wide range of assembled-in-Egypt trucks and locally manufactured buses under exclusive agent and distributorship agreements with Fuso and Volvo. GB Auto manufactures and distributes semi-trailers and superstructures (i.e., oil and chemical tankers as well as concrete mixers). This business unit also distributes earth moving equipment, road machinery and power generators in Egypt under a distribution agreement with Volvo Construction, SDLG and AKSA; distributes YTO tractors in Egypt; and produces buses for domestic and export markets through GB Polo (a state-of-the-art facility in partnership with global leader Marcopolo and using Volvo, Fuso, and Iveco chassis).

Tires

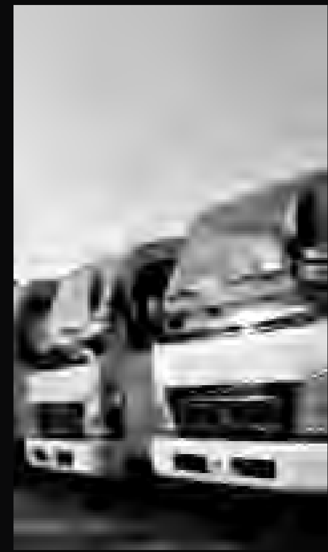
GB Auto has agreements with a number of Original Equipment Manufacturers (OEMs) to distribute a wide variety of tires in five countries. In Egypt, the company distributes Lassa, Yokohama, Westlake and Double Coin tires while it distributes Diamondback, Triangle, Westlake and Jumbo tires in Iraq. In Jordan, the company distributes Triangle, Diamondback, and Jumbo tires; in Algeria it distributes Goodyear, Lassa and Grandstone tires; and in Libya, the company has adopted a wait-and-see approach.

Financing Businesses

GB Capital serves as the group's financial arm and is responsible for the Financing Businesses line, which consists of four independent financial services companies comprising GB Lease, which offers financial leasing services to a wide range of companies; Mashroey, which offers microfinance services to individuals throughout Egypt; Drive, which offers factoring services to individuals and companies; and, most recently, Haram Limousine, which offers car rental / quasi-operational leasing services. The aim of GB Capital is to develop a well-diversified and synergetic group of financial services building on the spirit and strategy of GB Auto while maintaining a high level of focus and specialized expertise within each company. To that end, GB Capital is also on the lookout for new additions to complement its portfolio.

Others

GB Auto's newly launched Lubricants business distributes Gazprom Neft-Lubricants at GB Auto-branded and third-party points of presence in the Egyptian market under an exclusive strategic alliance with Gazprom Neft. The company's Fabrika is rolling-out a Western-style pre-owned car operation at all GB-owned points of presence in Egypt. GB Auto's Retail arm will operate retail After-Sales outlets to distribute tires, tire parts, batteries, parts and lubricants. These points of presence will also offer services including tire installation and balancing, battery service and the sale and injection of lubricants in select locations.



"IN EGYPT, GB AUTO IS THE LARGEST PLAYER IN THE MARKET, AS THE SOLE REPRESENTATIVE OF HYUNDAI, GEELY EMGRAND AND MAZDA PASSENGER CARS."

PASSENGER CARS

GB Auto is the largest player in the Egyptian passenger car market in terms of sales revenue, market share and production capacity. The company holds the exclusive license to assemble and distribute Hyundai and Geely Emgrand passenger cars, and import and distribute Hyundai, Geely Emgrand and Mazda passenger cars, as well as spare parts for all three brands.

GB Auto also has an established regional footprint, with a strong presence in the Iraqi market and a growing presence in Algeria. In Iraq, the company is a leading player in the passenger car market, where it is the sole distributor of Hyundai passenger cars and spare parts. In Algeria, GB sells Geely Emgrand branded passenger cars via a local venture, while the company maintains a presence in Libya, where it has adopted a wait-and-see approach.

Through Hyundai, Geely Emgrand and Mazda, GB Auto is able to market a variety of products with a diverse range of sizes and prices.

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

With Egypt's largest sales and after-sales network, GB Auto has transformed the nation's new car experience. The company's 3S business model promises showrooms, services and spare parts. GB Auto's 9 large service centers and more than 650 service bays, 25 owned showrooms and numerous partnerships with independent automotive retailers, and a spare parts distribution channel that stretches across the country deliver comprehensive service to Egypt's car market. The company is working towards implementing the same successful model across its footprint, building Iraq's leading after-sales service franchise based on the Egyptian model, with 4 service centers now open in the country in Baghdad, Irbil, Suleimaniyya and Basra. The company has plans to introduce a similar network to the Algerian market going forward.

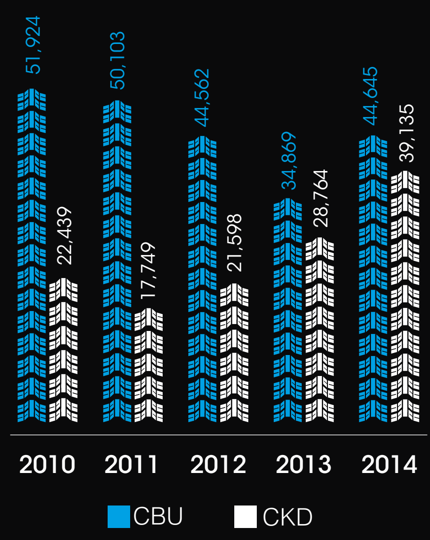
GB Auto has invested significantly in the expansion of its assembly capacity. At the Prima plant, the company assembles Hyundai and Geely Emgrand passenger cars and Mitsubishi Canter cabins from imported CKD kits and locally sourced components. The plant — which covers almost 58,000 square meters — was established in 1994 and, by February 2015, had produced more than 300,000 passenger cars. In September 2012, GB Auto completed a major investment, growing production to include its new Geely Emgrand models while modernizing certain aspects of the assembly process. Today, Prima is a truly state-of-the-art facility with fully-automated conveyer systems, robots for the painting, and more.

2014 Business Review

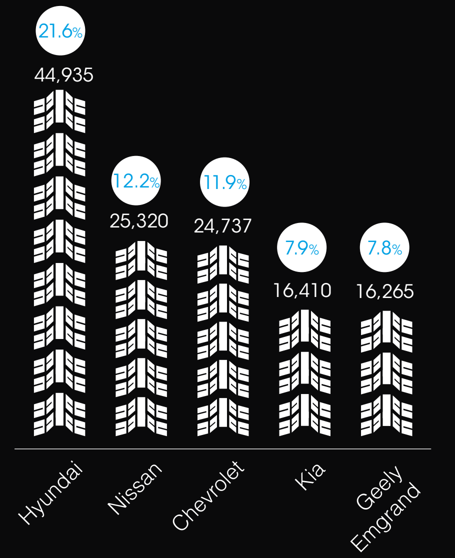
Egypt

- According to the Egyptian Automotive Marketing Information Council (AMIC), the Egyptian passenger car market saw overall sales rise a sharp 55.5% to 207,973 units in FY14 from 133,760 units in FY13. The pronounced surge in sales comes as the market continued showing signs of a sustainable recovery, with a steady improvement in the consumer environment on the back of political and economic stability.
- Meanwhile, AMIC's full year 2014 Passenger Car Value Report notes that total sales value in the Egyptian passenger car market reached LE 30.2 billion in FY14. Fully 68.6% of those sales are in the LE 70,000 to 150,000 range, where the bulk of GB Auto sales fall.
- This was reflected in GB Auto's results, where the company saw total unit sales surge 52.8% in FY14, on par with the market average despite the rising cost competitiveness of Japanese and European imports owing to devaluation of the Japanese yen and the euro against the US dollar (and relative stability of the Korean won).
- Across all brands, GB Auto held a total FY14 market share of 29.8% (including Hyundai, Geely Emgrand and Mazda), on par with FY13.
- Hyundai captured a market share of 21.6% as total sales of both CKD and CBU units rose substantially in 2014. Sales were slightly weighted towards CKD units, which accounted for 55.3% of unit sales in FY14, while sales of CBU units increased nearly two-fold in FY14.

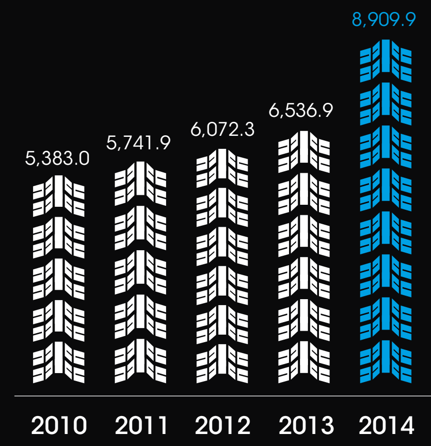
GB Auto Sales Volume Across All Brands and Markets
(Vehicle Units)



Segmentation of the Egyptian Passenger Car Market*
(Units sold and % Market Share as of Year-End 2014)



Revenues by Year
(LE million)



- Geely Emgrand, meanwhile, also saw sales increase y-o-y in FY14, capturing a 7.8% share of the market, up from 7.3% the previous year.
- Mazda continues to report increases in unit sales, revenues and contributions to the LOB's gross profit.
- The Passenger Cars After-Sales division improved in FY14 in terms of revenue, gross profit and customer satisfaction, as expected given GB Auto's sustained investment in soft skills, technical knowledge and retention. The division is expected to further increase its contribution in 2015 and 2016 as the company looks to make full use of new After-Sales facilities on the Ring Road and Suez Road in particular. Moreover, a sharp increase in Units in Operation (UIO) from both 2014 sales and anticipated sales in 2015 will bolster performance of After-Sales.

Iraq

- On a full-year basis, gross profits for Iraqi operations dropped 10.1% y-o-y, while the division's After-Sales operations report a y-o-y growth rate of 24.2%.
- GB Auto continues to operate in Iraq despite adverse conditions, and is exploring contingency plans that should see operations remain steady in 2015, the security situation permitting. Operations in central and southern Iraq have been relatively less affected by challenges in the second half of 2014 and into 2015 than were operations in the north, GB Auto's traditional base of strength in Iraq. As with all other companies operating in the Iraqi market, GB Auto has reasonably low visibility at present on the expected pace of operations in 2015.

Algeria

- After successfully learning the intricacies of and settling into this unique market, management continues to target a modest increase in sales in the near term and a gradual ramp up in the medium term. New models are filtering into the market following the liquidation of an overstock of less popular models, and they have thus far been well-received by consumers.

Libya

- Conditions in Libya are increasingly volatile and management is simply maintaining its foothold in the country so that GB Auto will be in position to capitalize on a recovery when the political and security situation stabilizes. In the meantime, it is noteworthy that the company does not have any personnel in Libya. All inventory presently in Libya remains fully insured.

** Source: Automotive Marketing Information Council (AMIC). Please note that AMIC figures are based on individual companies willingly contributing / reporting their sales and that GB Auto cannot check the full accuracy of these or guarantee that all companies operating in Egypt report to AMIC.*

MOTORCYCLES & THREE-WHEELERS

"GB AUTO'S CURRENT FACILITIES IN EGYPT ARE CONSIDERED TO BE THE FIRST MOTORIZED ASSEMBLY LINE OF PRODUCTION FOR BAJAJ THREE-WHEELERS OUTSIDE OF INDIA."

GB Auto is Egypt's exclusive assembler and distributor of motorcycles and three-wheelers from Bajaj, the largest global manufacturer of three-wheelers, often known as auto-rickshaws or tuk-tuks. GB Auto imports Semi-Knocked-Down (SKD) units from the Indian producer and assembles and finishes the vehicles locally at the company's Sixth of October City Industrial Zone factory.

Since it first began importing and selling three-wheelers in Egypt in 1999, the company has been the country's market leader for the popular vehicles, in part due to its efforts at providing quality, low-cost after-sales service to this segment's price-conscious consumers, and later as the company introduced financing for this line via Mashroey.

In rural and low income areas, three-wheel vehicles are used for personal and commercial purposes as an alternative to common urban and peri-urban transport methods. Three-wheelers' relatively low up-front cost, minimal fuel consumption and ease of movement often provide these areas a preferred transportation option.

GB Auto provides its motorcycle and three-wheeler customers the same comprehensive service that it offers its car buyers, and the group's 3S business model — showrooms, service and spare parts — extends to its motorcycles and three-wheelers business as well.

Indeed, as noted above, After-Sales is an important component of this business unit and a key differentiator for GB Auto in the market, given that the consumers attracted to motorcycles and three-wheelers place strong emphasis on the availability of spare parts and service centers.

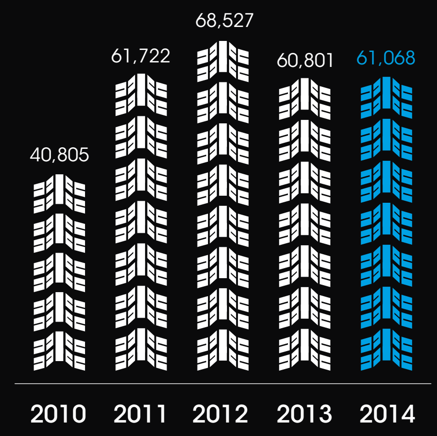
To capitalize on this 'built-in' demand, the authorized service center network is continuously expanding to reach out to customers, thereby encouraging them to return to the GB Auto network for maintenance, spare parts and repairs.

GB Auto's commitment to total care for customers of this key segment is evident in its nationwide network of 21 owned-retail showrooms including 1 after-sales service center, 21 GB Auto-owned spare parts outlets and a network of 120 authorized dealers, as well as 60 authorized service centers across Egypt.

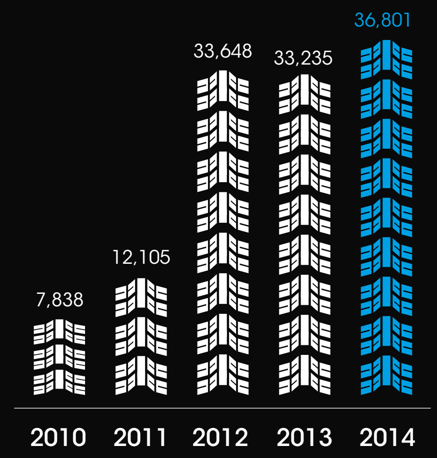
2014 Business Review

- The Motorcycles & Three-Wheelers line of business reported a year-on-year increase in sales volumes, revenues and gross profits in FY14. This positive growth comes despite the three-month ban on the import of components for motorcycles and three-wheelers, which expired in May and the effects of which carried over well into the third quarter.
- Management expects to see volume growth and margins at normal levels looking ahead, and the coming period promises to be quite strong on the back of persistent market demand, with any consumer reticence in the wake of the brief 2014 ban having faded entirely by the fourth quarter.
- GB Auto's current facilities in Egypt are considered to be the first motorized assembly line of production for Bajaj Three-Wheelers outside of India. The company is finalizing studies to install new painting and welding shops with considerable components and process localization. The capital increase through rights issue proceeds will be used to finance this expansion.

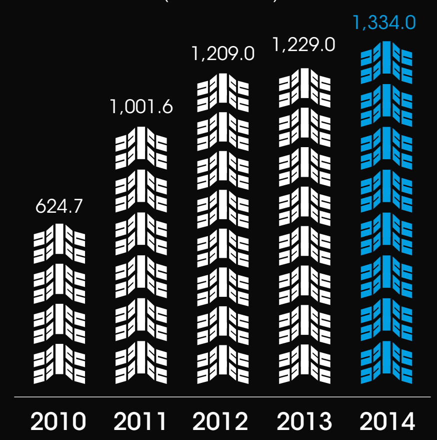
Three-Wheeler Sales Volumes
(Vehicle Units)



Motorcycle Sales Volumes
(Vehicle Units)



Revenues by Year
(LE million)



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COMMERCIAL VEHICLES & CONSTRUCTION EQUIPMENT

GB Auto's Commercial Vehicles business unit distributes imported and locally assembled trucks and buses in Egypt. The division assembles Fuso and Volvo buses as well as Fuso trucks at plants in Sadat and Suez (home to the new GB Polo factory), and distributes Volvo heavy trucks and YTO tractors in Egypt. GB Auto also manufactures and distributes semi-trailers and super-structures under its Commercial Vehicles line.

The company's bus segment produces a full range of transportation solutions, including maxi buses, or coaches, with a maximum capacity of 55 passengers; midi buses (30-38 seats); mini buses (24-29 seats); micro buses (17 seats); and micro-micro buses (7 seats).

GB Auto's Commercial Vehicles line markets heavy-, medium- and light-weight trucks for fleet operators, contractors, large industrial operators and government agencies throughout Egypt.

The Commercial Vehicles unit, more than any other GB Auto operation, demonstrates the group's capabilities as a manufacturer. With the exception of the chassis, the company designs and manufactures complete buses at its facilities. At these production facilities, GB Auto produces the Fuso RP coach, the Fuso Cruiser mini and medium-sized buses, and Volvo model tourism buses and introduced the new-generation Marcopolo bus range in 2014.

GB Polo, the company's joint-venture with global giant Marcopolo, is home to a 5,000 unit-per year capacity (potential capacity, based on two shifts daily) state-of-the-art bus body manufacturing facility targeting local and export markets. GB Polo produces buses covering all applications (micro, mini, midi, city, school / labor, intercity and coach) and the facility utilizes almost 285,000 square meters of land.

GB Polo was conceived as a move to capture export opportunities in bus field manufacturing by utilizing GB Auto's quality standards and relatively low-cost, highly-trained workforce in combination with Marcopolo's 65-year history of successfully developing technological and innovative concepts for full transportation solutions and setups in key markets worldwide. The addition of the Iveco chassis has also proven to be a further boost to the strength of GB Auto's Bus division.

GB Auto's Construction Equipment business unit includes earth moving equipment, road machinery and power generators distributed in Egypt under distribution agreements with Volvo Construction, SDLG and AKSA. The group markets its heavy-duty equipment line to public and governmental customers, as well as to private sector companies, and the company is exploring options to expand this segment into other key regional markets.

The Commercial Vehicles & Construction Equipment business line is supported by financing through GB Lease as well as a robust After-Sales framework that extends GB Auto's total care model to customers of this key LOB. This business unit offers GB Auto customers throughout Egypt a nationwide network of owned-retail showrooms including 6 after-sales service centers.

2014 Business Review

- The year just passed witnessed both increased spending on infrastructure investments and strong signs of new economic activity in the public and private sectors, supported by Gulf Cooperation Council (GCC) aid packages and a stable political environment. These factors had a positive impact on the Commercial Vehicles & Construction Equipment line of business, which saw a surge in both revenues and gross profits in FY14. Management expects this trend to continue into 2015.
- Gross profit margins for the line of business, overall, posted an increase year-on-year of 2.9 ppt in FY14, to 10.7%, and management remains confident that current levels are sustainable.
- In FY14, the Bus division registered a more than two-fold increase in sales volumes on the back of a public stimulus and investments in fleet renewal. The division continues to expect a further lift when the rise in spending on public transportation projects begins to fully materialize.
- Exports through GB Polo to markets in East Africa and the GCC began in earnest in 2014, and the company has done well in terms of market acceptance and repeat orders. The division also began delivering 300 city buses in the fourth quarter of 2014, with the final batch of the order delivered in 1Q15.
- Heavy, medium and light trucks all performed well in FY14, attributable to the improved market conditions and uptick in infrastructure spending, with the Trucks division reporting sales in FY14 of more than double the previous year.

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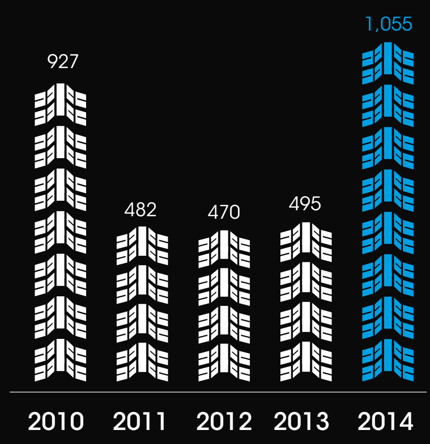
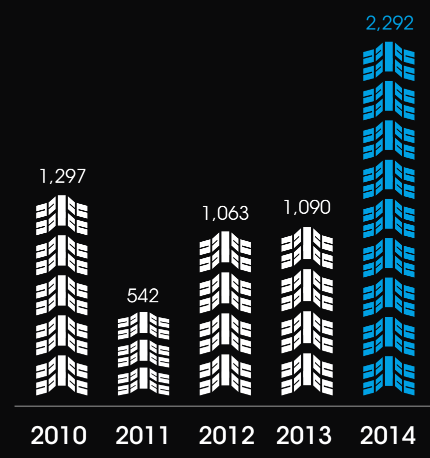
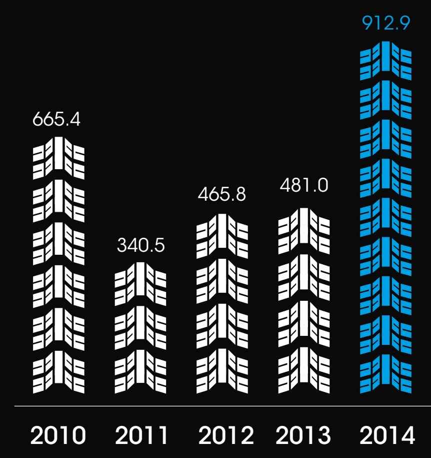
Bus Sales Volume by Year
(Vehicle Units)



Truck Sales Volume by Year
(Vehicle Units)



CV&CE Total Revenues by Year
(LE million)



TIRES

"GB AUTO HAS AGREEMENTS WITH A NUMBER OF ORIGINAL EQUIPMENT MANUFACTURERS (OEMS) TO DISTRIBUTE A WIDE VARIETY OF TIRES IN FIVE COUNTRIES. "

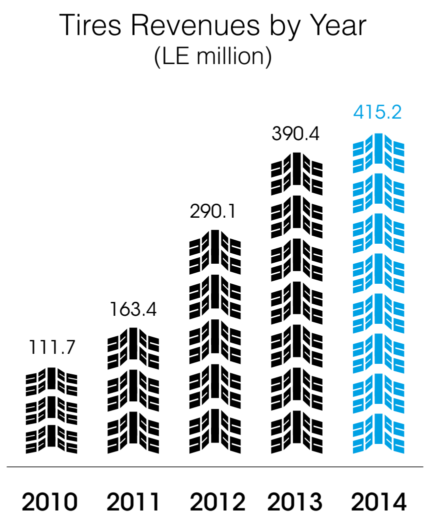
GB Auto has been among Egypt's leading tire distributors for more than 50 years. The company distributes passenger car, van, light truck, truck, bus, agriculture and off-the-road tires from manufacturers including Turkey's Lassa, Japan's Yokohama, China's Westlake, Triangle, Diamondback, Double Coin, Grandstone, Jumbo and Goodyear.

This business unit also has an established regional presence, with operations covering Iraq, Algeria and Jordan, while GB Auto has adopted a wait-and-see approach to Libya. Efforts are ongoing to round out the company's product offering, with more important representations to come on stream soon.

The Tires business unit is an increasingly important contributor to GB Auto's revenue and profitability stream, through both increased sales volume and sustained foreign currency sales in an environment of devaluation in the company's home market of Egypt.

2014 Business Review

- The Tires line of business reported an increase in both revenues and gross profit on a full-year basis, with regional sales climbing 86.5% in FY14 when compared to the previous year. Domestically, sales revenues and gross profits were also up in the fourth quarter, a further sign that the over-supply in the Egyptian market continues to correct itself.
- GB Auto has soft launched sales of Goodyear and expects to officially launch sales in mid-2015, marking the ramp-up of tires sales in Algeria.
- Construction will begin in 2015 on a new tires manufacturing facility. The tires plant will permit GB Auto to lock-in supplies of products appropriate to its markets while simultaneously catering to strong local demand in North and East Africa and the GCC, where c.99% of tires sold are imported. The plant will also give GB Auto access to a sufficient quantity of light truck tires, the absence of which (as a result of supplier constraints) has been a persistent obstacle to the division's growth.



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FINANCING BUSINESSES

GB Auto's strategy aims to create a full-fledged financial arm that serves its core business while competing with other non-bank financial service providers. **GB Capital** is the driver of this strategy. Today, GB Capital oversees the operations of the group's four financial service providers.

Overall, the Financing Businesses line is growing steadily, with GB Capital's strategy being to benchmark its operations against the best in the field, building on strict and robust credit policies specifically developed for each industry. All companies are staffed with veterans of the financial services industry to provide the required expertise and know-how to their distinctive areas, and all companies work on a non-exclusive basis with GB Auto to ensure the competitiveness of their operations.

The companies' credit approval and disbursement mechanisms are well advanced and comply with best practices of financial institutions in the country.

Furthermore, asset quality and collections — being the backbone for the success of any financial institution — are closely monitored, well-maintained and controlled within each company, with results that match and exceed industry norms.

The aim of GB Capital is to develop a well-diversified and synergetic group of financial services building on the spirit and strategy of GB Auto, while maintaining a high level of focus and specialized expertise within each company. To that end, GB Capital is also on the lookout for new additions to complement its portfolio.

GB Lease is the first financing company established by GB Auto. Initially established in 2008 to provide finance to GB Auto's commercial vehicles and corporate fleet clients, the company started active operations in 4Q 2009. GB Lease is now a well-developed and well-established company with a diversified field of operations. The company's lease asset base now covers all asset classes, including real estate, automotive, production lines and others. Tenor is medium term, and the company focuses on risk diversification by asset class, industry sector and clients, and operates prudent risk management practices with respect to provisions and risk recognition.

GB Lease provides business-to-business financial leasing solutions. It is non-exclusive to GB Auto, and caters to a diversified client base ranging from top-tier multinationals to local corporations of various scales, as well as small and medium enterprises.

As at 31 December 2014, GB Lease ranked as Egypt's second largest leasing company (ranked by total contracts value) with a 15.24% market share (with the market leader at 15.44%), as declared by the Egyptian Financial Services Authority (EFSA). For 4Q14 standalone, it ranked as the largest leasing company by contracts value and market share. GB Lease fully complies with all regulations and operates under the auspices of the EFSA.

Mashroey is GB Auto's second financing venture. Founded in late 2009, it began operations in March 2010 and offers microfinance services on credit terms to eligible clients. Like GB Lease, the company is now well developed and growing rapidly across Egypt, with a nationwide network coverage of around 65 branches.

Mashroey started out selling GB Auto's Bajaj-branded motorcycles and three wheelers on credit terms. While these vehicles continue to constitute the bulk of Mashroey's portfolio — accounting for c. 80% of its business — the company has since added motor tricycles (a non-GB Auto product) and GB Auto's YTO agricultural tractors, minivans, animal feedstock and pre-owned tuk-tuks to its suite of products for which it offers microfinancing. The company plans to pursue other product lines to diversify its portfolio.

Drive is GB Auto's third financing venture. Licensed as a Factoring Company in 3Q12, it offers factoring services to a well-diversified client base, ranging from business-to-business (SMEs) to business-to-consumer (retail), which includes auto loans to end consumers. Drive is now far into the growth phase of its development and is growing steadily. Since its launch, the company has made remarkable strides in market presence, achieving operational breakeven and carving a place for itself in the very competitive automotive financing sector within its first year of operations. Drive anticipates a further boost to its operations after factoring regulations expanded the scope of operations to allow both business-to-consumer and business-to-business. The company has a well-developed portfolio, tenor is medium term, and its focus is on risk diversification by finance product types, client base, and brands (as far as auto loans are concerned).

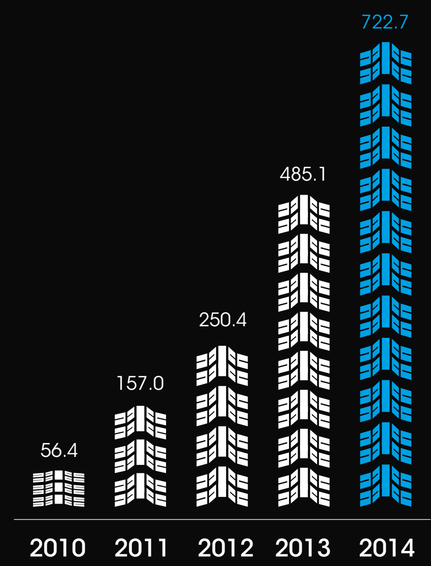
Drive finances sales of GB Auto's Hyundai and Geely passenger cars out of the company's showrooms and has quickly expanded its reach to serve customers at GB Auto's independent dealer network. Drive is non-exclusive to GB Auto and covers a multitude of financial solutions for various SMEs and consumers. The company fully complies with all regulations and operates under the auspices of the Egyptian Financial Supervisory Authority (EFSA).

Haram Tourism Transport (HTT, also known as Haram Limousine) is GB Auto's most recent financing businesses company under GB Capital. It operates as a car rental / quasi-operational lease company, is the premier vehicle fleet leasing company in Egypt and serves top-tier multinationals, financial institutions and private sector companies, with an average tenor of 3 years. HTT supports its clients by enabling them to focus on their core competencies and strengths while directing scarce funding resources to mainstream operations and leaving vehicle sourcing and management to HTT. The company's service agreements entail acquisition, registration, insurance and maintenance of the vehicle, with insurance in place to cover third-party damage and passengers within the vehicle. Other complementary services include fleet management reports.

2014 Business Review

- GB Auto's Financing Businesses are increasingly contributing a higher share to the company's overall profitability, contributing significantly to total GB Auto profitability in FY14.
- The Financing Businesses under GB Capital are growing steadily, with revenues up 49.0% year-on-year in FY14 to LE 722.7 million and gross profit up 35.9% y-o-y to LE 168.8 million. At 23.4%, gross profit margin in FY14 remains robust compared to market norms and is reflective of the status of this line of business as a well-diversified, non-bank financial service provider. Management notes that as Mashroey, Drive and Haram Tourism Transport transact with the Passenger Cars and the Motorcycles & Three Wheelers lines of business, there are invariably intercompany sales between these units. The results mentioned above are after elimination of these intercompany sales. Before elimination, revenues stood at LE 1.11 billion, a 50.2% increase y-o-y. Performance would have been higher if it were not disrupted by the ban on the import of motorcycles and three-wheelers into Egypt, which impacted the performance of Mashroey for the majority of the first half of the year.
- At year-end 2014, total receivables for the financing businesses stood at approximately EGP 1.6 billion, with excellent portfolio quality.
- The Financing Business model is built on companies' ability to obtain leverage to fuel their lending portfolios, which differs from the trading or manufacturing business model in terms of the amount of debt incurred and the tenor of such debt. All companies under GB Capital remain strongly under-leveraged compared to industry norms and regulatory caps which, in light of the nature of the business (and particularly for GB Lease and Drive), allows the companies to borrow up to 8x shareholders' equity..
- GB Lease reported strong performance in FY14. The company grew its top line 72.4% y-o-y and maintained a strong foothold in the market, with excellent portfolio quality.

Financing Businesses Revenues by Year
(LE million)



- Mashroey continued to exhibit solid profitability backed by strong pricing power despite the downturn caused by the ban on the import of motorcycles and three-wheelers into Egypt. The company's portfolio quality, meanwhile, is very sound.
- Drive reported impressive 121% y-o-y growth in its top line (before elimination of intercompany sales), with a very healthy asset portfolio quality.
- Haram Tourism Transport also recorded a remarkable 115.7% rise in revenues y-on-y in FY14. As it only transacts with top-tier clients, the company has a clean portfolio, with assets under management exceeding EGP 100 million.

OTHERS

"MANAGEMENT ANTICIPATES FURTHER ANNOUNCEMENTS REGARDING PRODUCT REPRESENTATIONS WITHIN GB AUTO-BRANDED SERVICE CENTERS AND THIRD-PARTY POINTS OF SALE IN THE NEAR FUTURE. "

GB Auto's newly launched Lubricants business distributes Gazprom Neft-Lubricants at GB Auto-branded and third-party points of presence in the Egyptian market under an exclusive strategic alliance with Gazprom Neft. The company announced in January 2014 that it has entered into an exclusive strategic alliance to distribute Gazprom Neft-Lubricants, giving GB Auto access to a 400-450,000 ton per year market that grows at a 4-5% annual pace. The company will aim to take the partnership to other regional markets, possibly incorporating other lines of business from Gazprom Neft's downstream portfolio, following a successful rollout in Egypt at both GB Auto-branded and third-party points of sale.

The company is also rolling-out a Western-style pre-owned car operation — branded Fabrika — at all GB-owned points of presence in Egypt, with operations having begun and the market proving receptive. Management anticipates further announcements regarding product representations within GB Auto-branded service centers and third-party points of sale in the near future.

GB Auto's Retail arm will operate retail After-Sales outlets to distribute tires, tire parts, batteries, parts and lubricants. These points of presence will also offer services including tire installation and balancing, battery service and the sale and injection of lubricants in select locations. The retail outlets will be called '360' and operations are set to launch in 2015 at three branches in prime locations in Cairo.

2014 Business Review

- **Lubricant** operations are on-track with test sales having begun in 3Q14 and continuing in 4Q14. Management anticipates further announcements regarding product representations within GB Auto-branded service centers and third-party points of sale in the near future.
- **Fabrika** closed its third full quarter of operations at the end of FY14 with LE 9.3 million in sales. The full integration of Pre-Owned Vehicles into the GB Auto-owned new car sales locations was accomplished in 3Q14, and proved in 4Q14 to be beneficial for both divisions.
- Preparations are well underway for the **Retail** division to launch operations in 2015 at three branches, to be called '360' in prime locations in Cairo.

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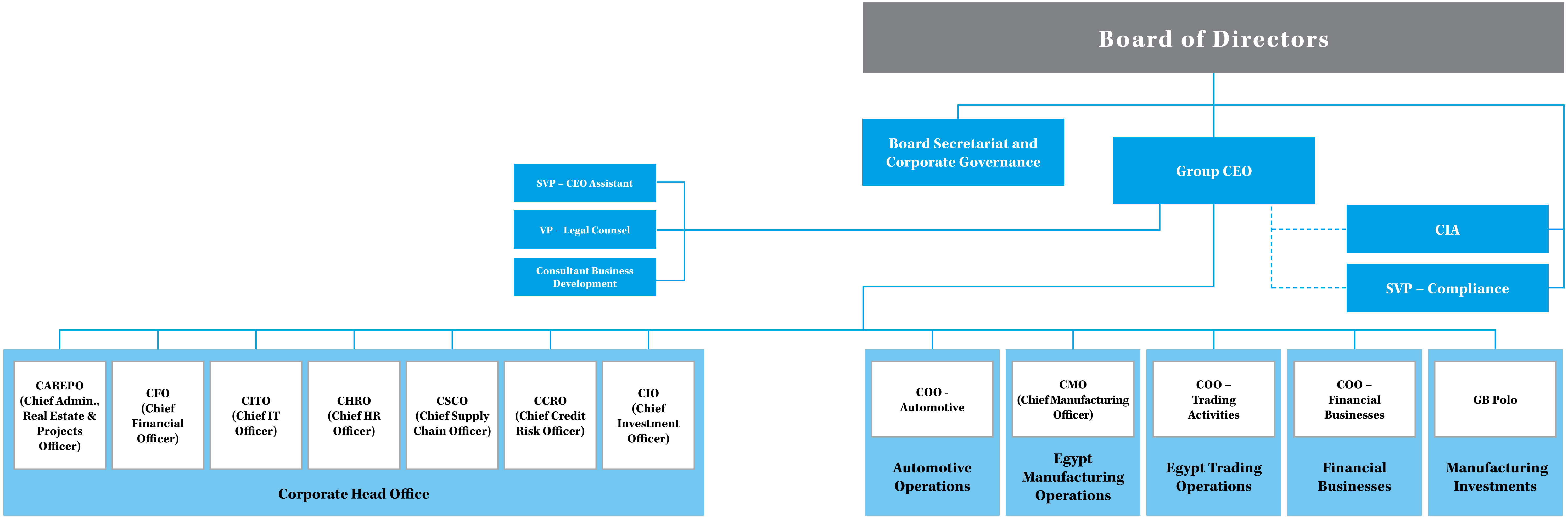
ORGANIZATION



BOARD OF DIRECTORS

Dr. Raouf Ghabbour

Chairman of the Board of Directors and Chief Executive Officer

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

Mr. Aladdin Hassouna Saba

Non-Executive Director

Mr. Aladdin Hassouna Saba is the co-founder and Chairman of Beltone Financial, a leading regional financial services institution operating in the fields of Investment Banking, Asset Management, Private Equity, Brokerage and Equity Research. Mr. Saba is also a founding member of the Egyptian Investment Management Association, in addition to the Egyptian Capital Markets Association. Mr. Saba sits on the boards of The Egyptian Stock Exchange, National Bank of Egypt, as well as various corporations and investment funds.

Mr. Khaled Kandil

Non-Executive Director

Mr. Khaled Kandil joins the Board of Directors after serving GB Auto as COO for Hyundai Motor Corp operations. He joined the company from ExxonMobil, where he was most recently Vice-Chairman of ExxonMobil Egypt and Managing Director of ExxonMobil Lubricants and Specialties covering operations in North and East Africa. He participated in the merger between the Exxon and Mobil corporations as well as a number of market entry and exit projects in South America, South East Asia and Africa. A 32-year veteran of the oil and gas industry, in 1996 he headed a business reengineering project for the company's Egyptian operations after which he led the implementation of Mobil Lubricants' integrated business strategy. This strategy saw the company become the market leader in less than one year, after being traditionally the third-ranked market player.

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Mr. Mostafa El Mahdi

Executive Director and Chief Financial Officer

Mr. Mostafa El Mahdi brings to GB Auto 22 years of experience at KPMG, where he joined in 1990 before being promoted to Partner in 2001. While there, he was Head of the Manufacturing and Consumer Market line of business and the Responsible Partner for Audit Efficiency. Mr. El Mahdi has also worked as Chief Internal Auditor and Advisor to the President of the Board of Directors for IGI. He has extensive experience in restructuring projects and transaction services, including due diligence and mergers & acquisitions. Mr. El Mahdi holds a Bachelor of Commerce degree with a focus in Accounting from Cairo University and is a Fellow of the Egyptian Society of Accountants and Auditors, as well as a Member of the American Institute of Accounts and Auditors.

Mr. Nader Ghabbour

Executive Director and Group Chief Operating Officer

Mr. Nader Ghabbour started his career at GB Auto as a showroom sales representative for the passenger car division. He worked his way up to running the daily sales operations within the show room and later assumed the role of showroom sales supervisor and manager. Mr. Ghabbour's managerial capabilities were proven when he took on the more strategic role of managing the business-to-business arm of the passenger car segment. He currently serves as the chief operating officer for the passenger car division, managing the passenger car sales and after-sales functions, regional operations, and the Motorcycle and Three-Wheeler operations. Mr. Ghabbour graduated with a Bachelor of Arts in Business Administration from Boston University.

Dr. Walid Sulaiman Abanumay

Non-Executive Director

Dr. Walid Sulaiman Abanumay has been the Managing Director of Al-Mareefa Al Saudia Company since 1997, where he oversees investments in both developed and emerging markets. Mr. Abanumay has held several executive roles: between February 1993 and January 1994, he was the General Manager of the Investment Department of the Abanumay Commercial Center; between November 1990 and February 1993, he worked in the Treasury and Corporate Banking department of SAMBA. Mr. Abanumay is a board member of several prominent companies, including: Madinet Nasr for Housing and Development (since 1998), Raya Holding (since 2005), and Beltone Financial.

Mr. Yasser Hashem

Non-Executive Director

Mr. Yasser Hashem is a Managing Partner of the renowned law firm, Zaki Hashem & Partners. A member of the Egyptian Bar Association since 1989, Mr. Hashem graduated from the American University in Cairo with an undergraduate degree, and achieved his LLB in 1989 from Cairo University..

MANAGEMENT

Dr. Raouf Ghabbour

Chairman of the Board of Directors and Chief Executive Officer

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

Mr. Mostafa El Mahdi

Executive Board Member and Chief Financial Officer

Mr. Mostafa El Mahdi brings to GB Auto 22 years of experience at KPMG, where he joined in 1990 before being promoted to Partner in 2001. While there, he was Head of the Manufacturing and Consumer Market line of business and the Responsible Partner for Audit Efficiency. Mr. El Mahdi has also worked as Chief Internal Auditor and Advisor to the President of the Board of Directors for IGI. He has extensive experience in restructuring projects and transaction services, including due diligence and mergers & acquisitions. Mr. El Mahdi holds a Bachelor of Commerce degree with a focus in Accounting from Cairo University and is a Fellow of the Egyptian Society of Accountants and Auditors, as well as a Member of the American Institute of Accounts and Auditors.

Mr. Nader Ghabbour

Executive Board Member and Group Chief Operating Officer

Mr. Nader Ghabbour started his career at GB Auto as a showroom sales representative for the passenger car division. He worked his way up to running the daily sales operations within the showroom and later assumed the role of showroom sales supervisor and manager. Mr. Ghabbour's managerial capabilities were proven when he assumed the more strategic role of managing the business-to-business arm of the passenger car segment. He currently serves as the COO for the Passenger Car division, managing the sales and after sales functions, regional operations, and the Motorcycle and Three-Wheeler operations. Mr. Ghabbour graduated with a Bachelor of Arts in Business Administration from Boston University.

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"GB AUTO'S EXPERIENCED AND DEDICATED LEADERSHIP GIVE THE COMPANY A LEG UP ON THE COMPETITION, AS ALL ARE VETERANS IN THEIR RESPECTIVE FIELDS."

Mrs. Amal Ragheb

Chief Operating Officer of Financing Businesses and Chief Credit Risk Officer

Mrs. Amal Ragheb joined GB Auto in October 2009 as Chief Operating Officer of Financing Businesses. She is responsible for all of the Group's financing business activities and holds the position of Executive Chairman for each. Mrs. Ragheb is also the Chief Credit Risk Officer, in charge of all credit risk management policies and applications for the Group, as well as Collections under legacy credits. A seasoned hands-on and results-oriented banker with a proven track record spanning over 29 years, Mrs. Ragheb joined GB Auto from Mashreq Bank, Dubai / UAE, where she held the position of Senior Vice President, Risk Management for two years. While there, Mrs. Ragheb spearheaded international growth initiatives, moving from its branch in Egypt where she was CEO & Country Manager for 4 years, during which time she restructured and revamped the bank, setting forth its future growth strategies in Egypt.

Mrs. Ragheb started her banking career with Bank of America where she spent 23 years, holding a series of positions in Cairo and Dubai. She rose to become BoA's Country Manager and CEO for Egypt, as well as Regional Manager for the MENA Region, Turkey, and Africa, in which capacity she managed and set the Bank's strategies for the subject markets and oversaw the Bank's global business in the region. During her tenure at Bank of America, she was awarded the "Deal Team Honor of Excellence," as well as the "Best Contact Officer of the Year." Mrs. Ragheb holds a BA in Economics with High Honors from the American University in Cairo, and an MA in Economics from the same university.

Mrs. Amani Eskandar

Chief Human Resources Officer

Mrs. Amani Eskandar joined GB Auto in 2014 and brings with her over 25 years of experience in Egypt. Prior to joining GB Auto, Mrs. Eskandar was Group Human Resources Director at ASEC Company for Mining "ASCOM," a position she had held since 2007. Previously, she was Chief Human Resources Officer at Al Ahram Beverages Company, "Heineken Egypt," from 1997 to 2006. Mrs. Eskandar has a strong track record of utilizing and retaining high caliber talent and is a Business Administration graduate of Helwan University, Faculty of Foreign Trade.

Mr. Ghassan Kabbani

Chief Operating Officer of Two- and Three-Wheelers

Mr. Ghassan Kabbani brings more than 30 years' experience to GB Auto. He first worked in the family textile business from 1980 through 1994, when he left to join T.E.S. sheet metal. In 1996, together with Dr. Ghabbour and other partners, he established CITI (a 2- and 3-Wheeler company). In 2007 CITI merged with GB Auto, at which time Mr. Kabbani joined the company. Mr. Kabbani graduated from AUC in 1979 with a BA in Economics and Business Administration.

Mr. Hamza Selim
Chief Administrative, Real Estate & Projects Officer

Mr. Hamza Selim joined GB Auto in 2015 and started his career in Hyatt International Hotels, where he worked from 1980 to 2005. During his career at Hyatt, Mr. Selim assumed different positions until becoming Regional Marketing Director for Hyatt Hotels in the Middle East in 1991. From 1993 to 2000, Mr. Selim was the General Manager for Hyatt in Jeddah and later in Dubai, and from 2001 to 2005 he served as Area General Manager for Hyatt hotels in Egypt. Mr. Selim then worked at Orascom Group where served as VP & MD for Al Gouna Resorts in Egypt, Chief Destination Management Officer for Orascom Development Group and, most recently, CEO for Orascom's subsidiary in Oman (Muriya). Mr. Selim holds a bachelor of Business Administration degree.

Mr. Haytham Abou Taleb
Chief Internal Audit Officer

Mr. Haytham Abou Taleb brings to GB Auto over 17 years of experience in the review of governance, risks, and internal controls. Prior to joining GB Auto, he served as Group Internal Audit Manager at AW Rostamani Holding LLC – UAE; Group Internal Auditor at Al Futtaim Holding LLC – UAE; and Senior Internal Auditor at Social Fund for Development – (UNDP) – EGYPT. He is a specialist in internal control and governance processes review; compliance and continuous auditing; business process improvement and cost saving practices; fraud detection / investigation; and data mining and systems / business applications general controls review. Mr. Abou Taleb is experienced in the automotive, financial services, retail, insurance, construction sectors and holding companies in the MENA region. He graduated from the Faculty of Commerce at Ain Shams University and holds a postgraduate degree in Banking, Credit Management from AUC. He is a Certified Internal Auditor and Certified Internal Controls Auditor, member of the Institute of Internal Auditors – USA, the Internal Control Institute – USA, and the Association of Fraud Examiners – UAE Chapter.

Mrs. Menatalla Sadek
Chief Investment Officer

Mrs. Menatalla Sadek joined GB Auto in December 2011 to lead the creation of an in-house corporate finance department to screen, initiate and conclude merger and acquisition transactions as part of the company's growth strategy. Mrs. Sadek also directs the firm's investor relations activities. She is a member of the company's Executive Committee and a regular attendee of the firm's board meetings. Mrs. Sadek brings with her more than a decade of experience in the investment field in Egypt and Europe. She was head of consumer goods research at regional investment bank Beltone Financial, where she was part of the team that helped take GB Auto public. Previously, she was in Sweden with Standard & Poor's European Rating Team, and was earlier Assistant Corporate Manager at Barclays Bank. Mrs. Sadek is a CFA Charterholder.

Mr. Ossama El Awady
Chief Supply Chain Officer

Mr. Ossama El Awady joined GB Auto in 2014 and comes with more than 17 years of multinational experience within the Supply Chain. Mr. El Awady worked in different roles across the supply chain at Unilever from 1997 (post-graduation) until joining GB Auto. His most recent role was in Global Material Procurement. Mr. El Awady has multi-function experience (R&D, manufacturing, supply chain logistics, planning, warehousing and procurement), as well as cross regional supply chain experience, where he has led teams both remotely and physically in manufacturing, planning & logistics, and procurement, across regions of Africa, Turkey, the Middle East and Russia. He has a track record of setting regional & global strategies, as well as seamless execution, especially in start-up operations and emerging businesses. Mr. El Awady is an industrial engineer graduate from Alexandria University.

Mr. Ramez Adeeb
Chief Manufacturing Officer

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

Mr. Wissam Al-Adany
Chief Information Technology Officer

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

HUMAN RESOURCES

"GB AUTO'S GRADUATE PROGRAMS CREATE LINKS WITH EDUCATIONAL INSTITUTIONS TO POSITION THE COMPANY AS AN EMPLOYER OF CHOICE IN EGYPT AND THE REGION."

People are the backbone of GB Auto and are our most valuable asset and resource: From the boardroom to the assembly line to the sales floor, GB Auto's success is driven by people. Knowing that, the company has invested heavily in all aspects of its human resources. GB Auto and all its subsidiaries and ventures employed 7,342 staff members as at 31 December 2014.

GB Auto HR Initiatives

Believing that the success of the company depends on the well-being, motivation and satisfaction of its staff, GB Auto's Human Resources Department has launched a number of key initiatives, chief amongst which are:

- Introducing an employee stock ownership program of 5% of the company's issued and paid in capital. The program has two tranches — discounted shares and free shares — with a lock-up and vesting period of two and three years. The shares granted to staff are based on performance, grade and seniority;
- Revamping and launching a new and very competitive medical insurance scheme;
- Introducing a high-quality Life and Accident Insurance plan;
- Finalizing a savings and pension plan for staff, which will be released shortly;
- Implementing a system of salary reviews based on Hay benchmarking, providing for standard annual as well as performance merit increases;
- Recognizing "Employees of the Month," which is currently being piloted in select business units;
- Enhancing focus on training and development to manage a successful career path.

GB Academy

Realizing the value and importance of enhancing the knowledge and skill sets of all our technical and business teams, GB Auto established the GB Academy in 2010. The GB Academy began as a collaboration agreement between GB Auto and Centennial College of Toronto, Canada. Located in Abu Rawash - Giza, the Academy training site opened its doors in June 2013 and has since been training the nearly 7,500 GB Auto employees both nationally and regionally.

GB Academy's mission is to deliver premium quality training to ensure improved work standards, a qualified workforce, superior customer satisfaction and a diversified training portfolio.

The 3,400 square meter training facility includes automotive technical blended-use workshops, business skills classrooms, an assessment center and meeting rooms along with an indoor-outdoor conference center.

Today, the GB Academy holds more than 100 classes each month and has a portfolio of more than 120 courses on topics ranging from automotive basics, brand-specific technical training, product launches and upgrades training, business skills and management training.

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CORPORATE SOCIAL RESPONSIBILITY

"GB AUTO'S EFFORTS TO IMPROVE EDUCATIONAL LEVELS IN EGYPT WILL IN TURN HELP THE COUNTRY'S GROWTH INITIATIVES."

GB Auto has always taken the safety and well-being of employees seriously, and has striven to positively impact the communities in which it does business, in part through donations to hospitals, training foundations and educational funds. Taking this corporate consciousness to the next level, in 2010 the company created a CSR department with the aim of streamlining the company's CSR strategy and goals.

Vision

GB Auto recognizes its position within the Egyptian community and the importance of contributing to the well-being of the communities in which we operate. GB Auto believes in the necessity of enhanced cooperation between the private sector and civil society and close interaction with governmental authorities in order to overcome socio-economic challenges.

Mission

Reducing poverty and raising standards of living in Egypt by fostering:

- Education
- Environment
- Social Actions

Education-Related CSR Initiatives

GB Auto is a firm believer in the need to improve educational levels in Egypt. By doing so, the company seeks to improve standards of living amongst the population by offering them better employment opportunities to support a reasonable living. Such support will, in turn, help the country's growth initiatives. Working on that belief, GB Auto not only established the GB Academy — as outlined in the HR section on pages 38-39 of this report — but embarked on a number of education-related CSR initiatives.

GB Auto Sponsors Baja SAE, Helwan University

GB Auto's graduate programs create linkages with educational institutions to position the company as an employer of choice in Egypt and the region. In light of this initiative, GB Auto offers development opportunities to undergraduate engineers in local universities. Driven by this commitment, GB Auto signed an MOU with the Society of Automotive Engineering - SAE, Helwan University to support and sponsor senior students in their bachelor project in the Baja competition that was held in Texas from 24-27 March 2014.

The competition aims to encourage students to manufacture a Baja racing car, which is a single seated, off-road race car that can successfully navigate all types of terrain. The car can drive across lakes, fly off jumps, go over boulders and logs two feet in diameter, and can also climb 45 degree slopes. The cars race on dirt, mud, snow, ice, rocks and virtually any other terrain imaginable. The competition also examines the team business plan, presentation skills, management, engineering design and manufacturing skills.

GB Auto Renews Scholarship for Imbaba Students

With the beginning of a new academic year, GB Academy has paid a visit to Imbaba Technical School to provide a full academic scholarship for 30 new students who will be enrolled in the young technicians program for the academic year 2014/15 and to orient them to the program and its objectives. The visit also aimed at renewing the scholarship for 29 students who were promoted to year two of the program and awarding 18 of them with attendance certificates for having successfully completed a two-month summer training program.

Khatwa Teghayar Bokra

GB Auto launched an initiative entitled "Khatwa Teghayar Bokra (A Step to Change Tomorrow)," aimed at the now Ministry of Technical Education (which was, at the time of the launch, a part of the Egyptian Ministry of Education). The initiative is still being rolled out and will be implemented by the GB Academy. The program aims to develop technical education across all governorates in Egypt to generate highly qualified technical talent to meet the needs of the job market.

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Other CSR Initiatives

GB Auto Empowers Egyptian Mothers

As development is the key path to a brighter future, GB Auto is focused on where development ultimately begins: with Egyptian mothers. Improving the well-being of Egyptian mothers — and indeed Egyptian women more broadly — will have a significant impact on the welfare of Egypt, and investing in the improvement of women's lives is a key starting point for the development of a country.

Driven by this belief, GB Auto was among the first contributors to the powerful mothers' program provided and initiated by Misr El-Kheir Foundation. Misr El Kheir Foundation prides itself on being Egypt's pioneer in developing human potential, and GB Auto was therefore keen to sign a protocol with the foundation. This protocol entails donating EGP 400,000 to improve the livelihood of Egyptian mothers in debt in a program called "Gharemat."

GB Auto is also seizing this opportunity to raise society's awareness of the importance of supporting underprivileged Egyptian mothers and to highlight that this support is indeed a national duty to which all Egyptians must commit. GB Auto expresses its overall gratitude and appreciation for the immense efforts exerted by the Misr El-Kheir Foundation to help develop the community.

Hyundai Supports Egyptian Orphans through GB Auto

Driven by its commitment to its core values, which focus on contributing to community development, Hyundai launched the "Hyundai Loves You" campaign through GB Auto. The campaign aims at integrating orphans into society. GB Auto branded Kidzania City with "Hyundai Loves You" to emphasize to those children that they are part of the society and all Egyptians are their family.

Through GB Auto, Hyundai invited 1,100 children to spend a day in Kidzania, an entertainment center that provides a safe, unique, and very realistic educational environment that allows children between the ages of 4 to 14 to play at adult occupations and effectively learn skills useful for their future. This invitation gave the children a unique experience, as it contributes to raising their awareness of the real world by learning about jobs, money, and social responsibility, and will be engraved in their minds for years to come.

This campaign comes as a part of GB Auto's new strategic plan aimed at long-term support for orphans who need continuous help from society at large. GB Auto and Hyundai are firm believers in the notion that developing children's cognitive capabilities through imagination is essential to encouraging creativity.

GB Auto Works to Improve the Lives of Egypt's Orphans

GB Auto is calling on Egyptian society to further develop care systems for its orphans, as society's current approach to orphan care is in serious need of improvement. Care for orphans is currently limited to certain days or months, while support for orphans is often limited to visiting kids in orphanages. GB Auto is concerned about the effect this will have on their social upbringing, believing that blending kids into society is one of the essential factors that will lead to a healthy social upbringing for Egypt's orphans.

Accordingly, the company was honored to invite Dar El-Orman orphans to attend the "Bollywood Show" that was performed in the Cairo Opera House and sponsored by GB Auto. The event was organized in the context of cultural and artistic exchange between Egypt and India. The main aim of this invitation was to embrace kids in society and open the door for them to integrate into their communities. Moreover, GB Auto aimed to provide the kids with an exceptional experience that they will never forget, exposing them to new cultures and expanding their horizons. The company succeeded in achieving its goals, as the kids interacted with the company's team effectively, enjoyed the show, and expressed a desire to repeat these experiences in the future.

GB Auto would like to express its sincere gratitude to Dar El-Orman for accepting the invitation and granting the company the opportunity to put a smile on the faces of Egypt's beloved kids.

AUDITED FINANCIAL STATEMENTS

BOARD REPORT

Principal Activities
GB Auto is a leading player in the MENA region's automotive industry and is the holding company for a group of subsidiaries operating at all levels of the value chain, including assembling, distributing and selling passenger cars and commercial vehicles, manufacturing semitrailers and superstructures for trucks and buses, selling automotive components, motorcycles and three-wheelers, tires, and construction equipment, as well as providing after-sales service through a nation-wide after-sales service network. The company owns and operates four manufacturing and assembly facilities for passenger cars and commercial vehicles. In 2008, GB Auto established a non-bank financial services arm, which now offers various financial solutions to businesses and consumers through financial leasing, factoring and microfinance.

The detailed analysis by line of business is dealt with by management elsewhere in this Annual Report.

Operating Results
The consolidated group revenue for the year 2014 reached LE 12,322.1 million versus LE 9,126.7 million the previous year, an increase of 35.0%. The net profit for the year after accounting for minority interest was LE 174.0 million, a 50.0% rise from 2013.

Dividends
The shareholders will discuss any suggested profit distributions at the upcoming Annual General Assembly Meeting.

Directors
The Directors of the company are shown on pages 32 and 33 of this Annual Report. Also provided is their industry background information. The Board is constituted of four Non-Executive Directors and three Executive Directors.

Corporate Governance
The Board is committed to and provides oversight to the management of GB Auto and its subsidiaries, meeting at least three times each year. The Board has created a Corporate Governance Committee of four independent directors, an Audit Committee of four independent directors, a Remuneration Committee made up of four independent directors, and a compliance committee with three independent directors.

Employees
The number of employees at GB Auto and its subsidiaries as of December 31, 2014 was 7,342 including all subsidiaries and ventures.

Shareholders
The shareholding structure of the company as of December 31, 2014 was: Dr. Raouf Ghabbour family and related parties 61.6%, while public ownership stood at 38.4%.

The company has also received regulatory approval and issued shares of 5% of the issued and paid-in capital to implement its employee stock ownership program.

Annual General Meeting
The annual general meeting was held at 3:00pm on 22 March 2015 at the GB Academy, Main Conference Room – KM 28, Cairo-Alexandria Desert Road.

Auditor
A resolution will be proposed to appoint the external auditor and authorize the fees charged. The external auditor authorizes the directors to determine their remuneration at the Annual General Meeting.

Approved by the Board
1 March 2015

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CORPORATE GOVERNANCE REPORT

GB Auto is committed to following the principles of good corporate governance and has institutionalized corporate governance guidelines in compliance with the applicable laws and the regulations of the Egyptian Exchange.

To enhance shareholders' value and protect stakeholders' interests, the company has taken steps to ensure transparency, accountability, and effective internal controls. The key corporate governance principles and practices are as follows:

The General Assembly

The General Assembly (GA) is the ultimate governing body of the company. The GA:

- Includes all the shareholders of the company.
- Takes its decision by voting among shares represented in the meeting. The voting rule is: 1 share = 1 vote for all shares.
- Holds at least one ordinary meeting per year and may hold extraordinary meeting as needed.
- The responsibilities of the GA are based on the laws and company statutes.
- Appoints the Board, approves the financial results, appoints the external auditors, and approves dividend distributions; it can take further extraordinary decisions at the extraordinary meetings.

Disclosure Rules and Transparency

GB Auto is subject to disclosure rules and the new listing rules set by the Egyptian Exchange and approved by the Egyptian Capital Markets Authority on June 18, 2002. The company is in compliance with the corporate governance, financial reporting, and disclosure provisions of the rules.

In addition to reporting its financials on a quarterly basis and announcing all major news and developments of the company, GB Auto follows complete transparency about all material matters regarding the corporation, including company objectives, financial and operational results, major share ownership and voting rights, information about Board members, related party transactions, foreseeable risk factors, and governance structures and policies.

The Board confirms that there is an ongoing process for identifying, evaluating, and managing the risks faced by the company, and that the process has been in place for the year under review and up to the date of approval of the annual report and accounts.

Board Committees

The Board has established three committees to assist in discharging its oversight responsibilities. Each committee consists of four independent non-executive members.

The Audit Committee

The Audit Committee's primary purpose is to focus on aspects of financial reporting and on the entity's processes to manage business and financial risk, and for compliance with significant applicable legal, ethical, and regulatory requirements, also to assist the Board in its oversight of:

- The integrity of the company's financial statements
- The company's compliance with legal and regulatory requirements
- The independent auditor's qualifications and independence
- The performance of the company's internal audit function and independent auditors

President

Alaa Saba

Members

Yasser Hashem
Khaled Kandil
Walid Sulaiman Abanumay

The Remuneration Committee

The Remuneration Committee's primary purpose is to assist the Board in its oversight of all matters relating to director compensation. The Remuneration Committee:

- Determines the remuneration policy of the company and makes recommendations to the Board on the policy and structure for remuneration and fees of senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration as it may consider appropriate.
- Determines and agrees with the Board the broad policy for the remuneration of the Board Executive Directors, the Chairman and other members of the executive management.
- Recommends, monitors and notes the level and structure of remuneration for senior management.
- The fees and other payment arrangements for Non-Executive Directors are matters for consideration by a sub-committee of the Board, consisting of the Chairman and one or more Executive Directors, which shall make recommendations to the Board as a whole.

President

Alaa Saba

Members

Yasser Hashem
Khaled Kandil
Walid Sulaiman Abanumay

Corporate Governance Committee

The Corporate Governance Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibilities with respect to four key matters:

- Overseeing the development and the regular assessment of GB Auto's approach to corporate governance issues.
- Ensuring that such approach supports the effective functioning of GB Auto, with a view to the best interests of the shareholders and effective communication between the Board of Directors and the management team.
- Overseeing the process, structure and effective system of accountability by management to the Board of Directors and by the Board to the shareholders, in accordance with applicable laws, regulations and industry standards for good governance practices.
- Carrying out the functions and responsibilities of a nomination committee to recommend to the Board of Directors candidates for election or appointment to the Board of Directors.

President

Yasser Hashem

Members

Alaa Saba
Khaled Kandil
Walid Sulaiman Abanumay

Compliance Committee

The Compliance Committee is appointed by the Board of Directors to monitor adherence to laws, official regulations and internal policies. The Compliance Committee is responsible for:

- Ensuring GB Auto's compliance with all relevant statutory provisions, official regulations and internal company policies, including enabling for the effective communication of compliance-related matters to the Board and to other Board committees.
- Broad oversight and approval of compliance-related policies, internal systems and procedures, including meeting regularly to ensure company-wide adherence.
- Reviewing potential compliance risk areas and ensuring procedures are in place for management to control, monitor and report exposures to such compliance risks.
- Reporting compliance matters that could have substantial financial implications to GB Auto's Audit Committee, while otherwise assisting in the undertaking of such Committee's responsibilities related to matters of compliance.

President

Alaa Saba

Members

Yasser Hashem
Khaled Kandil

AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GB Auto (S.A.E.), which comprise the consolidated balance sheet as at December 31, 2014, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, Bearing in mind that the consolidated financial statements for the financial year ended December 31, 2013, had been audited by another auditor who issued an unqualified report for it, dated March 4, 2014.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GB Auto (S.A.E.) as of December 31, 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphasis of matter

Without qualifying our opinion

As it is mentioned in Note No.(32) of the notes to the financial statements, On June 30, 2014, a presidential decree has been issued by the Law No. (53) for the year 2014, Regarding amendments for some articles of Income Tax Law, and as the executive regulations related to the previously mentioned law has not been issued till the date of this report, the Company's management has used the best practices in the light of its explanation of its articles. These values and results may differ if reliable information is available upon issuance of the executive regulations of this matter.

Report on Other Legal and Regulatory Requirements

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

KPMG Hazem Hassan
Cairo, March 1, 2015

CONSOLIDATED BALANCE SHEET

as at December 31, 2014

(All amounts in thousand Egyptian Pounds)	Note	December 31, 2014	December 31, 2013 **Restated
Non-current assets			
Property, plant and equipment	5	2 988 844	2 212 743
Intangible assets	6	282 456	280 018
Long term notes receivables-Net	7	274 897	145 882
Deferred tax assets	8	35 517	21 270
Investment property	9	606	3 117
Long-term debit balances		24 110	37 218
Total non-current assets		**3 606 430**	**2 700 248**
Current assets			
Inventories-Net	10	2 345 709	2 127 589
Assets held-for-sale	11	313 144	313 144
Accounts and notes receivables-Net	12	1 308 954	875 491
Debtors and other debit balances-Net	13	803 169	510 202
Due from related parties	14	30 147	3 399
Treasury bills	15	736	1 431
Cash on hand and at banks	16	1 176 841	1 083 674
Total current assets		**5 978 700**	**4 914 930**
Current liabilities			
Provisions	17	48 639	39 748
Current tax liabilities	18	76 942	13 421
Loans, borrowings and overdrafts	19	4 144 838	2 789 841
Due to related parties	14	24 775	30 903
Trade payables and other credit balances	20	1 298 343	1 371 750
Bond liabilities - short term	21	-	305 122
Total current liabilities		**5 593 537**	**4 550 785**
Working capital		**385 163**	**364 145**
Total invested funds		**3 991 593**	**3 064 393**
Represented in:			
Equity			
Shareholders' capital and reserves			
Paid in capital	22	135 338	128 893
Payments under capital increase		-	4 514
Shares held by the group	23	(3 275)	(3 275)
Legal reserve	24	267 265	265 125
Other reserves	25	1 066 784	1 078 427
Retained earnings		496 040	421 617
Net Income for the year		173 989	116 001
Total Shareholders' equity		**2 136 141**	**2 011 302**
Minority interest	26	637 782	618 275
Total equity		**2 773 923**	**2 629 577**
Non-current liabilities			
Long-term loans	19	680 853	217 012
Long-term warranty provisions	17	64 753	25 876
Notes payables and creditors long-term	27	-	150
Deferred revenues	28	-	2 677
Deferred tax liabilities	8	85 464	66 839
Amounts under settlement on financial lease contract	29	386 600	122 262
Total non-current liabilities		**1 217 670**	**434 816**
Total equity and non–current liabilities		**3 991 593**	**3 064 393**

* The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith.
** See Note (38)

Group Finance Director	Chief Financial Officer and Board of Director Member	Chairman and Managing Director
Abbas Elsayed	Mostafa Ahmed Elmahdi	Dr. Raouf Ghabbour

CONSOLIDATED STATEMENT OF INCOME

for financial year ended December 31, 2014

(All amounts in thousand Egyptian Pounds)	Note	2014	2013
Sales		12 322 079	9 126 721
Cost of sales		(10 740 412)	(7 956 434)
Gross profit		**1 581 667**	**1 170 287**
Selling and marketing expenses		(298 599)	(261 350)
Administration expenses		(413 558)	(332 051)
Provisions - Net	(30)	(67 796)	(20 400)
Other income		55 720	30 013
Operating profit		**857 434**	**586 499**
Finance costs - net	(31)	(531 538)	(372 324)
Net profit before tax		**325 896**	**214 175**
Income tax	(32)	(90 206)	(29 794)
Net profit for the year		**235 690**	**184 381**
Profit is attributable to:			
Shareholders of the parent		173 989	116 001
Minority interest		61 701	68 380
		235 690	**184 381**
Basic earnings per share/ EGP	(33)	1.38	0.90
Diluted earnings per share/ EGP	(33)	1.38	0.87

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

for financial year ended December 31, 2014

December 31, 2014		Attributed to owners of the company									
(all amounts in thousand Egyptian Pounds)	Note	Share capital	Payment under capital increase	Shares held by the group	Legal reserve	Other reserves	Retained earning	Net profit for the year	Total	Minority interest	Total equity
Balance at January 1, 2014		**128 893**	**2 258**	**(3 275)**	**288 739**	**1 089 499**	**393 424**	**116 001**	**2 015 539**	**611 526**	**2 627 065**
Adjustments on beginning balances	(38)	-	2 256	-	-	26 766	(26 510)	-	2 512	-	2 512
Reclassification		-	-	-	(23,614)	(37 838)	54 703	-	(6 749)	6 749	-
Restated balance as at January 1, 2014		**128 893**	**4 514**	**(3 275)**	**265 125**	**1 078 427**	**421 617**	**116 001**	**2 011 302**	**618 275**	**2 629 577**
Transefered to Retained Earning		-	-	-	-	-	116 001	(116 001)	-	-	-
Net profit for the year		-	-	-	-	-	-	173 989	173 989	61 701	235 690
Increase in Capital of subsidiaries		-	-	-	-	-	-	-	-	1 563	1 563
Change of minority without changing in control		-	-	-	(91)	(554)	(10 554)	-	(11 199)	9 970	(1 229)
Dividends		-	-	-	-	(3,163)	(28 793)	-	(31,956)	(52 024)	(83,980)
Currency translation differences		-	-	-	-	(5 995)	-	-	(5 995)	(1 703)	(7 698)
Transfer to legal reserve in reserves		-	-	-	2 231	-	(2 231)	-	-	-	-
Capital increase	(22)	6,445	(4,514)	-	-	(1,931)	-	-	-	-	-
Balance at December 31, 2014		**135 338**	**-**	**(3 275)**	**267 265**	**1 066 784**	**496 040**	**173 989**	**2 136 141**	**637 782**	**2 773 923**

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

for financial year ended December 31, 2013

December 31, 2013

(all amounts in thousand Egyptian Pounds)	Attributed to owners of the company									
	Share capital	Payments under capital increase	Shares held by the group	Legal reserve	Other reserves	Retained earning	Net profit for the year	Total	Minority interest	Total equity
Balance at January 1, 2013	**128 893**	**2 258**	**(3 275)**	**225 469**	**1 052 093**	**483 025**	**217 796**	**2 106 259**	**424 453**	**2 530 712**
Adjustments on beginning balances	-	1 290	-	-	16 248	(15 924)	-	1 614	-	1 614
Restated balance as at January 1, 2013	**128 893**	**3 548**	**(3 275)**	**225 469**	**1 068 341**	**467 101**	**217 796**	**2 107 873**	**424 453**	**2 532 326**
Transefered to retained Earning	-	-	-	-	-	217 796	(217 796)	-	-	-
Net profit for the year	-	-	-	-	-	-	116 001	116 001	68 380	184 381
minority shares in subsidiries	-	-	-	-	-	-	-	-	138 434	138 434
Dividends	-	-	-	-	-	(244 127)	-	(244 127)	(35 731)	(279 858)
Currency translation differences	-	-	-	-	37 406	-	-	37 406	15 990	53 396
Transfer to legal reserve	-	-	-	63 270	-	(63 270)	-	-	-	-
Balance at 31 December, 2013	**128 893**	**3 548**	**(3 275)**	**288 739**	**1 105 747**	**377 500**	**116 001**	**2 017 153**	**611 526**	**2 628 679**

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

CONSOLIDATED STATEMENT OF CASH FLOW

for financial year ended December 31, 2014

(All amounts in thousand Egyptian Pounds)	Note	December 31, 2014	December 31, 2013 restated
Cash flows from operating activities			
Net profit for the year before tax		325 896	214 175
Adjustments			
Interest expense	(31)	367 503	379 225
Depreciation and amortization	(5/6)	199 145	152 259
Bond issuance cost amortization	(31)	11 575	2 571
Provisions - net	(30)	60 922	12 400
Impairment of current assets - net		16 182	-
Interest income	(31)	(8 961)	(24 016)
Loans capitalized interest		(5 271)	(11 928)
Revenue amortization - Sale and lease back		(9 101)	(6 959)
Revenue amortization - Property Investment		1 110	-
Gain on sale of fixed assets and assets held for sale		(820)	(103)
Net profit before changes in working capital		**958 180**	**717 624**
Changes in working capital			
Inventories		(234 189)	(423 784)
Accounts and notes receivables		(565 816)	(207 485)
Debtors and other debit balances		(276 636)	(27 078)
Due from related parties		(27 037)	3 443
Due to related parties		(6 737)	730
Trade payables and other credit balances		(79 775)	126 531
Provisions used		(13 155)	(5 739)
Cash flows (used in)/ generated from operating activities		**(245 165)**	**184 242**
Income tax paid during the year		(22 306)	(12 536)
Dividends paid to Employee		(42 240)	-
Net cash flows (used in)/ generated from operating activities		**(309 711)**	**171 706**
Cash flows from investing activities			
Purchase of property, plant and equipment		(870 859)	(872 889)
Purchase of minority		(1 114)	-
Payments for projects under constructions		(138 037)	(82 612)
Purchase of intangible assets		(1 262)	(4 332)
Interest received		8 961	23 539
Proceeds from sale of assets held for sale		1 400	1 534
Proceeds from sale of property, plant and equipment		31 532	396 536
Net cash flow (used in) investing activities		**(969 379)**	**(538 224)**
Cash flows from financing activities			
Loans and borrowings		2 083 175	1 099 441
Paid from minority to increase capital of subsidiaries		1 566	138 434
Bonds liabilities		(316 696)	(307 691)
Interest Paid		(356 358)	(377 842)
Dividends paid		(34 221)	(301 780)
Long-term notes payables		(150)	(113 886)
Net cash flows generated from financing activities		**1 377 316**	**136 676**
Net increase/(decrease) in cash and cash equivalents		**98 226**	**(229 842)**
Cash and cash equivalents at beginning of the year		1 085 105	1 264 734
Impact of translation differences on cash and cash equivalents		(5 754)	50 213
Cash and cash equivalents at end of the year	**(3/10,16-B)**	**1 177 577**	**1 085 105**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial Year ended December 31, 2014

1. Background

GB Auto Co. (the Company) is an Egyptian joint stock company incorporated on 15 July 1999 under the name of GB Capital for Trading and Capital Lease and under Law No. 159 of 1981. The company is commercially registered under No. 3422, Cairo.

Based on the decision of the Extraordinary General Assembly Meeting held on 26 April 2007, it was agreed to changing the Company name to be GB Auto. The update of the company's name was approved in the commercial register on 23 May 2007.

The company is located 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 and accessories whether locally manufactured or imported. The Group also undertakes import and export activities, trading agencies, selling locally manufactured and imported products for cash, on credit or through finance leasing. The group also provides group transportation services and cargo services.

The major shareholders of the company are Dr. Raouf Ghabbour and his family who collectively owns approximately 61.64% of the Company's shares as at December 31, 2014.

The consolidated financial statements are approved for issuance by the Board of Directors on March 1, 2015.

2. Significant accounting policies

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

A. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) and applicable laws and regulations. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit and loss.

The preparation of consolidated financial statements in conformity with Egyptian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the consolidated financial statements are disclosed in Note (4).

EAS requires the reference to International Financial Reporting Standards (IFRS) when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

B. Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions of selling, acquisition and minority interests

The Group recognize transactions with minority interests that do not result in change in control as equity transactions. Gains and losses resulted from selling equity to minority interest are recorded in the equity. Purchases from minority interests recording in equity, being the difference between the consideration paid and carrying value of the share acquired of net assets of the subsidiary.

If the losses applicable to the minority in a consolidated subsidiary exceed the minority interest in the subsidiary's equity, the excess, and any future losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

C. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Egyptian Pounds which is the Group's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign currency differences arising on the retranslation of monetary financial assets and liabilities in foreign currencies designated as hedge of the variability of cash flows or hedge of net investments are presented in the translation reserve within equity.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(3) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); And all resulting exchange differences are recognised as a separate component of equity.
- The foreign currency exchange results arising from translation of the net investment in entities and loans or financial instruments in foreign currencies allocated to cover these investments are recognized in the equity on the consolidate financial statement. The foreign currencies exchange charged to the equity are recognized as part of gain or loss upon the disposal of these investments.

D. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual values over the estimated useful lives of assets excluding land, which is not depreciated. Estimated depreciation rates of assets are as follows:

Buildings	**2% - 4%**
Machinery & equipment	**10% - 20%**
Vehicles	**20% - 25%**
Fixtures & office furniture	**6% - 33%**

The assets' residual values and useful lives are reviewed, and adjusted yearly, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains (losses) – net, in the income statement.

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GB Auto and its subsidiaries (S.A.E.)
Notes to the consolidated financial statements For the financial Year ended December 31, 2014
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

Repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset or the estimated useful life of the renovation, whichever is less.

E. Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

The management annually assesses whether the carrying amount of goodwill is fully recoverable. Impairment losses on goodwill are charged to the statement of income and are not reversed.
Gains and losses on the disposal of investments in subsidiaries / associates include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit directly from the business combination in which the goodwill arose.

(ii) 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 economic benefits exceeding costs beyond one year, are recognised as intangible assets.

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

Computer software costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a year of 3 years.

(1) 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.

F. Impairment of non-financial assets – long-term

Property, plant, equipment, and other non-current assets, including intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of income for the year for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash flows.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or has decreased. Impairment losses are also reversed to release the impairment amount that is equal to the depreciation for the year of the impaired balance. The reversals are recorded in income statement.

G. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

GB Auto and its subsidiaries (S.A.E.)
Notes to the consolidated financial statements For the financial Year ended December 31, 2014
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

H. Investments available for sale

The investments available for sale are initially recognized at their fair value at the acquisition date. Subsequently, available for sale investments are measured at fair value (market value) and the changes in fair value are recognized as available for sale reserve in the equity. The reserve related for an available for sale investment is realized in income statement when such investment is disposed.

Unquoted investments in equity instruments (have no market value in active market) are recognized at its acquisition cost, if its fair value could not be accurately determined through acceptable evaluation method. The carrying amount is decreased by any impairment which is charged to the statement of income per each investment.

I. Lease

Financial lease

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

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

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

Operating lease

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

J. Investment property

Investment property is measured at fair value. The fair value is the value of which the property could be traded between knowledgeable and willing parties in an arm's length transaction. Any gain or loss arising from a change in the fair value of investment property is recognized in the income statement in the same year of change. The fair value of the investment property is reviewed at each balance sheet date based on the market value which is determined by independent expert.

K. Inventories

Inventories are stated at the lower of cost or net realisable value. 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 related 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.

GB Auto and its subsidiaries (S.A.E.)
Notes to the consolidated financial statements For the financial Year ended December 31, 2014
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

L. Financial assets

(i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition as following.

- Financial assets at fair value through profit or loss (Investments in securities for trading).
- Investments held to maturity.
- Loans and receivables.
- Available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Investments Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the intention and ability to hold it to maturity other than:

1. Those that the company upon initial recognition recognize them as at fair value through profit or loss
2. Those that the company recognize them as available-for-sale; and
3. Those that meet the definition of loans and receivables.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with specified or determinable value that are not quoted in an active market. They are included in current assets, if their maturities are less than 12 months after the balance sheet date. If not they are classified as non-current assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that are either classified under this category at acquisition date or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose it within 12 months of the balance sheet date.

(ii) Reclassification

The Group may choose to reclassify the financial assets other than non-derivative that are not going to be available-for-sale or repurchased it in the near future out of financial instruments at fair value through profit or loss if this instrument has not been initially recognised by the company as financial assets at fair value through profit or loss.

Financial assets other than loans and receivables are permitted to be reclassified out of the financial assets at fair value through profit or loss category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near future. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the financial assets at fair value through profit or loss or the available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Measurement and subsequent measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset.

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Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At the balance sheet date, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held to maturity, loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognized in the income statement in the year which they arise. Dividend income from financial assets at fair value through profit or loss is

recognised in the income statement as part of other income when the Group has the right to receive these dividends.

Changes in the fair value of monetary securities debt instruments (bonds, treasury bills) denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the income statement, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Interest on available-for-sale securities (bonds, treasury bills) calculated using the effective interest method is recognised in the income statement as part of financial income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group has the right to receive these dividends.

The Group assesses at balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets are impaired.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains or losses from investment securities'.

M. Trade receivables and notes receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than granted credit limits) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

N. Cash and cash equivalent

In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

For the purposes of the consolidated cash flow statement presentation, cash and cash equivalents comprise cash on hand, banks deposits held at call, banks deposits and treasury bills with original maturities of three months.

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O. Share capital

Ordinary shares are classified as equity. Share premiums, if any, are taken to statutory reserve. The costs of issuing capital and amounts collected from shareholders to recover such costs are taken to the statutory reserve initially, and if it exceeded the share premium for the same shares the excess amount is posted to special reserve in equity.

Where the Company or its subsidiaries purchases share capital of the parent company, the consideration paid including any attributable incremental external costs is deducted from total shareholders' equity of the parent company as treasury shares until they are cancelled, sold, or reissued within one year from the date of purchase. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity of the parent company.

P. Share based payments

The Company has equity settled share based compensation plan. Equity settled share based payments are measured at fair value determined at the grant date of the equity settled share based payments. The fair value of the share based payment is charged over the vesting period based on the Company's estimate of awards that will eventually vest.

Q. Loans and borrowings

Loans are recognised initially at the amount of the proceeds received, net of transaction costs incurred. Loans are subsequently carried at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the borrowings periods.

The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at the initial recognition and subsequently carried at an amortised cost until the nearest of conversion or maturity of the bonds. The difference between the proceeds and the fair value of the liability portion is recognised in shareholders' equity.

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for more than 12 months after the balance sheet date.

R. Employee benefits

(1) Defined contribution plan

The Group pays contributions to the Public Authority for Social Insurance retirement plans on a mandatory basis based on the rules of the social insurance law. Once contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net year costs for the year in which they are due and as such are included in staff costs.

(2) Profit sharing

When the Group pays cash dividends, the employees are entitled to 10% of those dividends as profit sharing. This is normally paid in instalments during the year. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Group's shareholders. No liability is recognized for profit sharing related to undistributed profits.

S. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

T. Trade payables

Trade payables are recognized initially at the value of goods or services received from others, and subsequently measured at amortized cost using the effective interest rate.

U. Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

All derivatives are presented as assets when its fair value is positive and as liabilities when its fair value is negative.

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V. Revenue recognition
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 contingencies relating to the sale have been resolved. 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.

a. 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.

b. Sales – retail and Companies
The Group operates a chain of showrooms for selling. The retail sales are usually made in instalments.

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.

c. Sales of services – maintenance
The Group's entities sells a maintenance service. That service is provided on a time and material basis. Revenue from time and spare parts is recognised on delivering the services.

d. Financial Lease
Lease income is recognized on the basis of the rate of return on the lease contract plus an amount equal to the depreciation charge for the year and the difference between the recognized lease revenue and the gross receivable is deferred in the balance sheet in the same financial year in a separate account either debit or credit and is offset against the net book value of the leased asset on termination of the lease contract.

e. Interest income
Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group.

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

W. Current and deferred income tax
The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business.

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Combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

X. Segmental reporting
Business segments provide products or services that are subject to risks and returns that are different from those of other business segment. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in another economic environment.

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

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

3. 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.

Market risk

(i) 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 foreign currency positions at the consolidated balance sheet date, presented in EGP, as follows:

	December 31, 2014			December 31, 2013
	Assets	**Liabilities**	**Net**	**Net**
US Dollars	176 066	(567 045)	(390 979)	(54 872)
Euros	2 140	(6 156)	(4 016)	(1 977)
Other currencies	**73 013**	**(97 900)**	**(24 887)**	**7 497**

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

(iii) 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. 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 4 825

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691 (EGP 3 006 853 as at December 31, 2013) and the loans and borrowings with fixed interest rate are amounted to zero (EGP 305 122 as at December 31, 2013). The fair value for borrowings with fixed interest rate is approximately near its fair value at the balance sheet date.

Financial assets that carry fixed interest rates are amounted to EGP 324 374 as at December 31, 2014 (EGP 306 822 as at December 31, 2013).

		December 31, 2014	December 31, 2013
Time deposits	**US $**	322 032	300 738
Time deposits	**EGP**	1 607	4 653
Treasury bills	**EGP**	736	1 431
		324 375	**306 822**

(iv) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesalers and retail customers, including outstanding receivables and committed transactions.

For banks and financial institutions, the Group is dealing with the banks which have a high independent rating and banks and financial institutions with a good reputation.

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

For individuals the legal arrangements and documents accepted by the customer are minimizing the credit risk. Provisions are accounted for doubtful debts on an individual basis.
The ratio of allowance for impairment of accounts and notes receivables to the total debts is as following:

	December 31, 2014	December 31, 2013
Notes and accounts receivables	2 014 749	1 371 556
Allowance for impairment of accounts and notes receivable balances	(267 005)	(264 137)
The ratio of the allowance to total debts	**13%**	**19%**

(v) 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. Financial risk management (continued)

2. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The gearing ratio at December 31, 2014 and December 31, 2013 were as follows:

	December 31, 2014	December 31, 2013
Total loans and borrowings and notes payable		
Loans, borrowings and overdrafts	4 825 691	3 311 975
Notes payable (short-term)- suppliers	143 458	132 431
Notes payable (long-term) and creditors	-	150
Total loans and borrowings and notes payables	4 969 149	3 444 556
Less: cash and cash equivalent	(1 177 577)	(1 085 105)
Net debt	3 791 572	2 359 451
Shareholders' equity	2 136 141	2 011 302
Total Shareholders' equity	5 927 713	4 370 753
Gearing ratio	64%	54%

3. 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. 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.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. 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 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 do not significantly differ from their carrying amount.

4. Critical accounting estimates and judgments

1. Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Impairment of accounts and notes receivables

The evaluation of the impairment value in accounts and notes receivables is made through monitoring aging of the receivable. The Group management is studying the credit position and the customers' ability to pay their debts falling due within the credit limits granted to them. Impairment is recorded at values of the due amounts on the customers where the Group management determine that their credit position does not allow them to settle their liabilities.

(b) Warranty provision

The Group provides warranty for the manufacturing defaults concerning the local manufactured products.

The warranty provision is estimated based on the expected cost for providing the warranty service. These costs include the value of spare parts, labour cost and a share of indirect costs. This estimation is based on management experience resulting from the actual warranty costs for the 3 preceding years. Management does not take into consideration the present value of the expected warrant cost when estimating the warranty provision, and also the inflation rate is not considered for this purpose.

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(c) Impairment of goodwill

The management annually assesses the goodwill to determine the existence of impairment in the carrying amount. If the carrying amount of the goodwill is higher than its recoverable amount, the carrying amount will be reduced and the impairment losses will be charged to the statement of income and cannot be reversed.

2. Critical Judgements in applying the Group accounting policies

In general, applying the Group accounting policies does not require judgments (apart from those involving estimates refer to in Note 4-1) that have significant effects on the amounts recognized in the financial statements.

5. Property, plant and equipment

	Lands & buildings	Machinery and equipments	Vehicles	IT infrastructures and computers	Fixtures & furniture	Leasehold improvements	Projects under construction	Total
Cost								
Balance at January 1, 2014	**1 413 875**	**498 742**	**455 830**	**68 908**	**151 276**	**-**	**160 924**	**2 749 555**
Reclassification of some fixed assets	(8 093)	(8 176)	2 375	1 551	(532)	12 875	-	
Translation differences	(8 286)	152	31	67	1 031	(3)	-	(7 008)
Additions	433 141	163 144	232 267	25 119	13 905	3 283	147 781	1 018 640
Transfers from projects under construction	59 145	5 051	-	-	9 130	-	(73 326)	-
Disposals	(1 664)	(1 512)	(61 623)	(8 126)	(471)	-	(4 474)	(77 870)
Balance at December 31, 2014	**1 888 118**	**657 401**	**628 880**	**87 519**	**174 339**	**16 155**	**230 905**	**3 683 317**
Depreciation								
Balance at January 1, 2014	**86 516**	**169 792**	**176 725**	**44 743**	**59 036**	**-**	**-**	**536 812**
Reclassification of some fixed assets	(2 450)	(5 429)	732	643	1 100	5 404	-	-
Translation differences	281	194	109	178	1 089	(7)	-	1 844
Depreciation charge	23 795	46 245	92 081	11 556	20 796	3 026	-	197 499
Disposals	(135)	(342)	(35 598)	(5 284)	(323)	-	-	(41 682)
Balance at December 31, 2014	**108 007**	**210 460**	**234 049**	**51 836**	**81 698**	**8 423**	**-**	**694 473**
Net book value at December 31, 2014	**1 780 111**	**446 941**	**394 831**	**35 683**	**92 641**	**7 732**	**230 905**	**2 988 844**
Net book value at December 31, 2013	**1 327 359**	**328 950**	**279 105**	**24 165**	**92 240**	**-**	**160 924**	**2 212 743**

* Projects under construction represent the cost of buildings, factories expansions and showroams, which are being prepared and fixed for the Group use.

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The Group has financial leased assets (trailers and buses) according to contracts under Law No. 95 for 1995, that is not considered as property, plant and equipment according to the accounting policy (2/I) and according to the requirement of the Egyptian Accounting Standard (No.20), according to, the annual lease payments are recognized as an expense in the income statement for the year. and the leased contracts are as follows:

	December 31, 2014	December 31, 2013
Total contractual lease payments	8 004	16 469
Total purchase price on termination of leases	23	40
Average contracts life	5 Years	5 Years
lease payments for the year	2 870	3 367

Financial leased assets

Property, plant and equipment include assets financially leased to others, under contracts which are subject to the provisions of the Law No. 95 for 1995, and it recognized as fixed assets as follows:

	December 31, 2014	December 31, 2013
Cost	1 351 070	628 559
Accumulated depreciation	(191 382)	(126 349)
Net book value	**1 159 688**	**502 210**

6. Intangible assets

	Goodwill	Computer software	Knowhow	Total
Cost				
Balance at January 1, 2014	276 136	18 498	5 703	**300 337**
Foreign currency translation differences	2 823	-	-	**2 823**
Additions	-	1 262	-	**1 262**
Balance at December 31, 2014	**278 959**	**19 760**	**5 703**	**304 422**
Accumulated amortization				
Balance at January 1, 2014	-	14 616	5 703	**20 319**
Amortization charge	-	1 647	-	**1 647**
Balance at December 31, 2014	-	**16 263**	**5 703**	**21 966**
Net book value at December 31, 2014	**278 959**	**3 497**	-	**282 456**
Net book value at December 31, 2013	**276 136**	**3 882**	-	**280 018**

Goodwill

- On March 28, 2007, the Company and its subsidiaries fully acquired the shares of Cairo Individual Transport Industries "CITI" by acquiring 49.03% which were owned by the minority at a value of EGP 209 997, in return of acquiring shares of GB Auto share capital increase (Note 22-C). The acquisition resulted in a goodwill amounting to EGP 177 million which represents the increase in the acquisition value over the book value of the acquired Company's acquired assets. This goodwill has been allocated as an asset of the business of two and three wheels segment.
- On September 8, 2008, the Company and its subsidiaries fully acquired the shares of GB for Capital Lease (S.A.E) which its business is financial leasing with all its fields, and the acquisition resulted in goodwill amounted to EGP 1 m.
- During November 2010, the Group entered into 50% investment as a joint venture agreement in Almajmoa Alalamia Litijaret Alsaiarat (GK), in Jordan, to acquire the existing business of Hyundai Vehicles Agency in Iraq, the joint venture agreement gives the group the power to govern the financial and operating policies of (GK). and as a result of this investment the group recognized a goodwill.

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Impairment test of goodwill

The company assesses annually the impairment of goodwill at December 31, to insure whether the carrying amount of the goodwill is fully recoverable, unless there are indicators required to test the impairment through the year.
Goodwill is allocated to the Group's cash generating units according to operating segments as presented below,

	December 31, 2014	December 31, 2013
Two and three wheels	177 375	177 375
Hyundai Iraq sales	100 584	97 761
Financial leasing activity	1 000	1 000
	278 959	**276 136**

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.

7. Long-term notes receivables

	December 31, 2014	December 31, 2013
Long-term notes receivable (Note 12)	359 759	177 571
Interest income on installment sales	(82 703)	(31 219)
Net present value for long-term notes receivable	**277 056**	**146 352**
Allowance for impairment of notes receivable	(2 159)	(470)
Net	**274 897**	**145 882**

8. Deferred tax assets and liabilities

	Fixed and Intangible Assets	Carried forward losses	Inventory Provision	Warranty Provision	Legal Claims Provision	Total December 31, 2014	Total December 31, 2013
A. Deferred tax assets							
Balance at January 1,	**70**	**4 056**	**12 008**	**4 741**	**395**	**21 270**	**19 089**
Opening balance reclassification	(48)	1 139	(6 263)	3 786	1 386	-	-
Balance at January 1, after classification	22	5 195	5 745	8 527	1 781	21 270	19 089
Charged to the income statement	(11)	2 655	2 911	10 438	(1 746)	14 247	2 181
Balance at the end of the year	**11**	**7 850**	**8 656**	**18 965**	**35**	**35 517**	**21 270**
B. Deferred tax liabilities							
Balance at January 1,	**(66 839)**	-	-	-	-	**(66 839)**	**(55 123)**
Charged to the income statement	(18 625)	-	-	-	-	(18 625)	(11 716)
Balance at the end of the year	(85 464)	-	-	-	-	(85 464)	(66 839)
Net deferred tax liabilities	**(85 453)**	**7 850**	**8 656**	**18 965**	**35**	**(49 947)**	**(45 569)**
C. Net Deferred tax							
Balance at January 1,	**(66 817)**	**5 195**	**5 745**	**8 527**	**1 781**	**(45 569)**	**(36 034)**
Charged to the income statement	(18 636)	2 655	2 911	10 438	(1 746)	(4 378)	(9 535)
Balance at the end of the year	**(85 453)**	**7 850**	**8 656**	**18 96**	**35**	**(49 974)**	**(45 569)**

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Unrecognised deferred tax assets

Some deferred tax assets were not recognized due to the uncertainty that those items will have a future tax benefit.

	December 31, 2014	December 31, 2013
Allowance for impairment of accounts and notes receivables	67 291	66 034
Allowance for impairment of other debit balances	1 628	2 434

9. Investment property

	December 31, 2014	December 31, 2013
Balance at January 1, 2014	3 117	3 117
Disposals of the year	(2 511)	-
Balance at the end of year	**606**	**3 117**

10. Inventories - Net

	December 31, 2014	December 31, 2013
Goods in transit	553 443	966 728
Cars, buses and trucks	789 228	599 528
Raw material and car components	683 671	321 781
Spare parts for sale	231 478	190 607
Work in progress	55 043	24 231
Tires	77 710	54 565
Lubricants	1 056	-
Total	**2 391 629**	**2 157 440**
Impairment of cost lower than net realizable value	(45 920)	(29 851)
Net	**2 345 709**	**2 127 589**

11. Assets held for sale

	Land	Building	December 31, 2014 Total	December 31, 2013 Total
Cost	300 471	14 288	**314 759**	**314 759**
Accumulated depreciation	-	(1 615)	**(1 615)**	**(1 615)**
Net book value at the end of the Year	**300 471**	**12 673**	**313 144**	**313 144**

Assets held for sale represented in lands and buildings which the board of directors of the subsidiaries decided to sell it as no longer benefits holding it within the companies' assets.
The Companies' management has decided to keep the long term assets within the same classification according to the continuance of the company's management intention to use these assets as well as having the capability of doing so.

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12. Accounts and notes receivables

	December 31, 2014	December 31, 2013
Total notes receivable	1 041 198	750 774
Long-term notes receivable (Note 7)	(359 759)	(177 571)
Interest income on installment sales	(79 031)	(54 827)
Net present value for short-term notes receivable	**602 408**	**518 376**
Trade receivable	973 551	620 782
Total	**1 575 959**	**1 139 158**
Allowance for impairment of accounts and notes receivable balances	(267 005)	(263 667)
Net	**1 308 954**	**875 491**

13. Debtors and other debit balance

	December 31, 2014	December 31, 2013
Advance payments to suppliers	297 140	190 465
Withholding tax	156 521	94 632
Accrued interest	2 349	-
Letters of credit	55 166	22 883
Prepaid expenses	63 169	27 791
Deposits with others	17 740	6 922
Letters of guarantee margin	73 099	27 164
Staff loans and custodies	16 021	13 365
Other debit balances	103 201	119 784
Sales tax	22 257	12 587
Customs duties	3 016	4 343
Total	**809 679**	**519 936**
Allowance for impairment of debtor and other debit balances	(6 510)	(9 734)
Net	**803 169**	**510 202**

14. 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.

Below is a list of the balances due from and to related parties.

	December 31, 2014	December 31, 2013
Due from related parties		
El Bostan Holding	-	51
GB Trade-In Co.	1 451	1 424
Berlin Shareholders' Current Account	3	-
El Bostan Holding	21 248	-
Kassed Shareholders' Current Account	81	-
El-Kalam Shareholders' Current Account	6 526	-
EL-Nabateen Shareholders' Current Account	838	1 025
Executive directors	-	899
	30 147	**3 399**

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	December 31, 2014	December 31, 2013
Due to related parties		
Marco Polo Company	18 074	14 499
Executive directors	2 927	-
GK Auto Shareholders' Current Account	3 774	2 183
GK Berlin Shareholders' Current Account	-	3 491
El-Kalam Share holders' Current Account	-	10 730
	24 775	**30 903**

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

Related party name	Relation type	Transaction nature	Transaction amount December 31, 2014	Transaction amount December 31, 2013
Executive Directors	Board of director members	Cash transfers	(3 826)	-
	Board of director members	Top management salaries	19 407	23 769
El Bostan Holding	Contribution in one of subsidiaries	Cash transfers	21 197	-
GB Trade-In Co.	Contribution in one of subsidiaries	Cash transfers	27	-
GB Kassed Shareholders' Current Account	Contribution in one of subsidiaries	Cash transfers	81	-
El-Nabateen Shareholders' Current Account	Contribution in one of subsidiaries	Cash transfers	186	-
Marco Polo Company	Contribution in one of subsidiaries	Cash transfers	3 576	2 274
GK Auto Shareholders' Current Account	Contribution in one of subsidiaries	Cash transfers	1 591	-
El Kassed for Commercial Agencies	Contribution in one of subsidiaries	Cash transfers	-	12 109
GK Berline Shareholders' Current Account	Contribution in one of subsidiaries	Cash transfers	3 488	7 828
GK El Moultaqa for Trade and Investment	Contribution in one of subsidiaries	Cash transfers	-	2 456
El-Kalam for Public Trading	Contribution in one of subsidiaries	Cash transfers	17 256	-

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15. Treasury bills

	December 31, 2014	December 31, 2013
Treasury bills (par value)	733	1 414
Total Interest income	3	-
Total paid for treasury bills	736	1 414
Accrued interest till the end of the year	-	17
Balance at the end of the year	**736**	**1 431**

16. Cash on hand and at banks

(a) Cash on hand and at banks

	December 31, 2014	December 31, 2013
Cash on hand and cash at banks	1 176 841	1 083 674
	1 176 841	**1 083 674**

(b) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand and cash at banks	1 176 841	1 083 674
Treasury bills less than 91 Day	736	1 431
	1 177 577	**1 085 105**

17. Provisions

	Legal Claims	Warranty	Other Provisions	Total
Balance at January 1, 2014	8 318	34 907	22 399	**65 624**
Foreign currency translation differences	-	-	6	**6**
Provisions formed during the year	2 250	51 100	8 144	**61 494**
Provisions utilized during the year	(4 795)	(8 123)	(236)	**(13 154)**
Provisions no longer required	-	(578)	-	**(578)**
Balance at December 31, 2014	**5 773**	**77 306**	**30 313**	**113 392**
Balance at 1 January 2013	8 262	17 695	25 557	**51 514**
Foreign currency translation differences	-	-	480	**480**
Provisions formed during the year	400	23 293	2 629	**26 322**
Provisions utilized during the year	(344)	(5 395)	-	**(5 739)**
Provisions no longer required	-	(686)	(6 267)	**(6 953)**
Balance at December 31, 2013	**8 318**	**34 907**	**22 399**	**65 624**

Legal claim

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group, and management opinion, after taking appropriate legal advice, that the outcome of these legal claims will not exceed significantly the provision formed as at December 31, 2014.

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Warranty

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 liability to be EGP 77 307 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 to LE 64 753 (December 31, 2013: LE 25 876).

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 prejudice the outcome of the negotiation with that third party. These provisions are reviewed by management every year and adjusted based on latest developments, discussions and agreements with the third party.

18. Current tax liabilities

	December 31, 2014	December 31, 2013
Balance at 1 January	13 421	5 698
Taxes paid during the year	(22 307)	(9 192)
Income tax during the year (Note 32)	85 828	20 259
Withholding tax	-	(3 344)
Balance at the end of the year	**76 942**	**13 421**

19. Loans, borrowings and Banks overdraft

	December 31, 2014			December 31, 2013		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	3 246 050	-	**3 246 050**	2 627 186	-	**2 627 186**
Loans	331 567	656 140	**987 707**	162 655	217 012	**379 667**
Related parties loans	567 221	24 713	**591 934**	-	-	-
Total	**4 144 838**	**680 853**	**4 825 691**	**2 789 841**	**217 012**	**3 006 853**

A. Banks overdraft

The average interest rate on the Egyptian Pounds and the US Dollars bank overdraft are 11.82% and 3.5% respectively.

B. Loans

Loans are represented in the following:

- Bank loans are secured by post dated checks that have been received from the customers. The average interest rates are 4.21% for the loans dominated in US Dollars and 11.92% for the loans in Egyptian pounds. The maturity dates falls within 5 to 7 years, to be settled within 2013 to 2019. The balance of the loans amounted to EGP 783 753 as at December 31, 2014.

C. Loans from related parties

- The Group obtained a loan from Marco Polo [a related party - Brazil] in US dollars with an interest rate of LIBOR + 3%. The loan balance amounted to EGP 76 208 as at December 31, 2014 and to be settled on an annual installments and the last installment on September 2016.
- On June 2, 2014, the ordinary general assembly meeting agreed unanimously after abstention Dr. Raouf Kamal Hanna Ghabbour from voting, upon signing 2 loan contracts from the main shareholder of the Company, and the loans contracts were signed on 3 June 2014, the following is a summary of the important conditions for the contracts.

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Loan	The maximum loan amount	Payment Period	Payment terms	Annual interest rate	Balance as at December 31, 2014 EGP
Loan (A)	Up to 273 m EGP	30 days automatically renewable for the same period unless either party notifies the other party with a written notice to terminate the loan 3 days prior to the thirty days ending (facility period).	The loan shall be paid on the final maturity date along with interest.	10.5%	289 625 637
Loan (B)	Up to 70 m USD			3.25%	31 488 613 USD Equivalent to 226 100 684 EGP

- The short-term loans balance from the main shareholder as at December 31, 2014 includes interest charged to the loans principal from the beginning date of the withdrawals.
- On 29 June 2014 the main shareholder noticed the company his intention not to renew the loans, accordingly the balance becomes due and payable. (cash payable by the company)
- At December 31, 2014, the main shareholder notifies the company`s management through assignment of rights to transfer part of the principle of the loan with the company as at June 3, 2014, with an amount of 273 million Egyptian Pound and 70 million US$, to other shareholders and the outstanding balances due to each shareholders are shown as follows :

Shareholder	Current due debt				
	Principle debt in US$	Equivalent by EGP	Principle debt in EGP	Accrued Interest	Total in EGP
Dr. Raouf Ghabbour	30 931 489	222 100 470	273 000 000	20 625 851	515 726 321
Deduct: transferred to other shareholders					
Mr. Nader Raouf Ghabbour	(17 340 538)	(124 512 000)	-	-	(124 512 000)
Mrs. Dina Raouf Ghabbour	(2 066 245)	(14 836 466)	(79 915 534)	-	(94 752 000)
Mr. Kamal Raouf Ghabbour	(11 524 706)	(82 752 000)	-	-	(82 752 000)
The cash balance due for the shareholder, Dr. Raouf Ghabbour after the due transfers	-	4	193 084 466	20 625 851	213 710 321
The total shareholder`s loans balance after the due transfers as at December 31,2014	-				515 726 321

- The Board of Directors in his meeting held at February 15, 2015, has agreed upon the due transfers mentioned above of the current cash due debt for the main shareholder.
- The fair value of the loans is near to its book value.
- detailed analysis of the bank loans and banks overdraft according to their maturity dates is as follows:

	December 31, 2014	December 31, 2013
Less than one year	4 144 838	2 789 841
More than one year and less than five years	680 853	217 012
	4 825 691	**3 006 853**

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20. Trade payables and other credit balances

	December 31, 2014	Restated December 31, 2013
Trade payables	698 681	982 107
Other credit balances	96 748	41 454
Advances from customers	147 012	72 542
Tax Authority	74 921	61 645
Accrued expenses	120 257	74 966
Notes payables	143 458	132 431
Dividends payable	6 295	163
Deferred revenues	10 971	6 442
	1 298 343	**1 371 750**

21. Bonds payable

	December 31, 2014			December 31, 2013		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Bonds	-	-	-	307 693	-	307 693
Less						
Bond issuance cost	-	-	-	(2 571)	-	(2 571)
Net	-	-	-	305 122	-	305 122

Bond issuance

The Company has opened the public subscription in bonds amounted to EGP 1 billion on April 14, 2010, the subscription was in EGP 1.33 billion, and the allocation procedures were finalized and the bond interest rate is 12% on bonds, and the first interest was due on 1 July 2010. The bonds are to be paid over 13 quarterly instalments, starting after the grace period, to the first instalment to be due on 1 January 2011. An amount of EGP 12 M was paid as issuance cost, which will be amortized over the Bonds' life (Note 3-1-A).

During March 2014, the Company made the whole accelerated amortization with the tenth last instalment value which represents total outstanding balance of that issuance of bonds.

22. Paid in capital

	December 31, 2014	December 31, 2013
Authorized capital (400 million shares with par value EGP 1 each)	400 000	400 000
Issued and paid capital (135 million shares of EGP 1 each) (in thousands)	135 445	129 000
Treasury shares write off (107 thousand shares)	(107)	(107)
	135 338	**128 893**

Treasury share write off

A number of 107 100 shares was written off by the Company during 2012 represent the shares that purchased at 29 March 2011 with purchasing cost amounted to EGP 3 097 thousands including a par value for the shares amounted to EGP 107 thousands.

Public and private subscription

The Company increased its issued capital with an amount of EGP 33 163 thousand (shares with par value EGP 1 each) through private and public subscription with total amount of EGP 1 208 855 thousand of which EGP 33 163 thousand (par value EGP 1) and EGP 1 175 691 thousand share premium, resulting in the issued and paid in capital becoming EGP 129 000 thousand. The capital increasing shares were allocated on July 9, 2007.

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The following is the details of the public subscription and private placement:

a. Public subscription
The public subscription was opened on 2 July 2007 and closed at the end of the working day of 22 September 2007. The shares have 7.5 million shares with total amount of EGP 277 500 000 and the subscription was received in 29 703 533 shares with a total amount of EGP 1 099 030 721 (only one billion ninety-nine million thirty thousand seven hundred twenty one EGP). The percentage of coverage approximately reached 3.96 times from the number of shares offered for subscription.

The first allocation was done by offering each subscriber 150 shares and the second allocation on the basis of the residual amount of shares subscribed by the subscriber (after deducting 150 shares) to the total shares subscribed after deducting the total shares that were allocated through the first allocation.

In the allocation, fractions of the shares were rounded up in the favor of investors with smaller subscription amounts. The second allocation rate reached the value of 20.33%.

b. Private placement
16 712 356 shares (only sixteen million seven hundred twelve thousand three hundred fifty six shares) are subscribed at a total value of EGP 618 357 172 (Only six hundred eighteen millions three hundred fifty seven thousands one hundred seventy two EGP) and at a subscription price of EGP 37 per share. (Thirty seven EGP per share).

c. Private placement (shareholders of Cairo Individual Transport Industries Co. "CITI")
5 675 306 shares (only five million six hundred seventy five thousand three hundred six) are subscribed at a total of EGP 209 997 468 (only two hundred nine millions nine hundred ninety seven four hundred sixty eight EGP) and at price of EGP 37 per share. (Thirty seven EGP per share).

d. Private placement (Almora Resources)
3 275 040 shares (only three million two hundred seventy five thousand forty shares) are subscribed at a total value of EGP 103 000 000 (only one hundred and three millions EGP) and at a price of EGP 31.45 (only thirty one pound forty five piasters EGP/share).

At the date of August 31, 2014, the Board of Directors according to the delegation of the extra ordinary assembly meeting held on March 27, 201, 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.

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 divided on 1 095 337 545 shares with a par value of 1 EGP each.(In additional to issuance cost of 1 pts./share), with an increase of EGP 960 million, and that increase to be fully allocated for the favor of old shareholders each according to his 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 subscribed by the company according to his contribution share.

23. Shares of the Company held by the Group

Shares of the Company held by the Group represented in the shares owned by one of the Company's of the Group amounted to 3 275 040 shares at the par value of EGP 3 275 thousand in GB Auto Company Capital which is acquired by Almora resources Company one of the Group subsidiaries which is 100% owned by the Group.

The acquisition cost of these shares amounted to EGP 103 000 thousands. The share premium has been reduced by the difference between the acquisition cost and the par value transferred to special reserve amounted to EGP 99 725 thousands.

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24. Legal reserve

	December 31, 2014	Restated December 31, 2013
Restated Balance at 1 January	265 125	225 469
Transferred to legal reserve	2 231	63 270
Changing in minority without changing in control	(91)	-
Reclassification	-	(23 614)
Balance at the end of the year	**267 265**	**265 125**

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 management, 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 included amount of EGP 66 667 related to the Company, the rest of the balance represents the legal reserve of the Group's Companies.

Share premium

The share premium was transferred to the legal reserve and special reserve according to Law No. 159 of 1981, based on the authorization of the General Assembly Meeting dated 29 March 2008:

	December 31, 2014	December 31, 2013
Share premium	1 175 691	1 175 691
Less		
Issuance cost	(35 878)	(35 878)
Share premium of the shares of the Company held by the group	(99 725)	(99 725)
Share premium balance	**1 040 088**	**1 040 088**
Transferred to legal reserve	(64 400)	(64 400)
	975 688	**975 688**

The share premium is the difference between the amount paid and par value for issued shares:

	Paid amount	No. of shares (in thousands)	Face value	Issued capital	shares issuance premium
Public subscription	277 500	7 500	EGP 1	7 500	270 000
Private subscription	618 357	16 712	EGP 1	16 712	601 645
Private subscription (for Cairo Individual Transport Industrial shareholders)- "CITI"	209 997	5 676	EGP 1	5 676	204 321
Private subscription (Almora Resources Company)	103 000	3 275	EGP 1	3 275	99 725
	1 208 854	**33 163**		**33 163**	**1 175 691**

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25. Other reserves

	Foreign currency translation reserve	ESOP-Fair value	Payments under capital increase	Fixed asset evaluation surplus	Special reserve	Total
Balance as at 1 January 2014 (Restated)	**56 231**	**53 628**	**(4 514)**	**2 498**	**970 584**	**1 078 427**
Foreign currency translation differences	(9 712)	-	-	-	-	**(9 712)**
Capital Increase	-	-	-	-	(1 931)	**(1 931)**
Balance at December 31, 2014	**46 519**	**53 628**	**(4 514)**	**2 498**	**968 653**	**1 066 784**

The special reserve represented in the transferred amount from the net share premium on 2007 less the amount transferred to the legal reserve (Note 24).

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

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

26. Minority interest

	Capital	Reserves	Retained earnings	Total December 31, 2014	Total December 31, 2013
Balance at 1 January	435 448	81 545	101 282	**618 275**	**424 453**
Reclassification	-	-	-	-	**6 749**
Net profit for the year	-	-	61 701	**61 701**	**68 380**
Currency translation differences	-	(1 703)	-	**(1 703)**	**15 990**
Capital increase	1 563	-	-	**1 563**	**138 434**
Transferred to legal reserve	-	348	(348)	-	-
Changing in minority without changing in control	1 809	285	7 876	**9 970**	-
Dividends	-	-	(52 024)	**(52 024)**	**(35 731)**
Balance at the end of the year	**438 820**	**80 485**	**118 487**	**637 782**	**618 275**

27. Notes payables and creditors long-term

	December 31, 2014		December 31, 2013	
	Present Value	Notes Payable	Present Value	Notes Payable
Total notes payables and creditors	143 458	143 458	132 581	132 581
Less than 1 year (Note 20)	(143 458)	(143 458)	(132 431)	(132 431)
	-	-	150	150

28. Long-term deferred revenues

The long-term deferred revenues represents the difference between the sale price of plot of land and its carrying amount which was sold and financially leased back. The resulted selling profit is recognized in the income statement over the lease contract period which ends on May 2015.

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	December 31, 2014	December 31, 2013
Gain on sale and lease back asset	-	2 677
	-	**2 677**

29. Amounts under settlement of financially lease contracts

This account represents the differences (either positive or negative) between the earned revenue which is recorded according to revenue recognition policy in Note (2-V/d), and the deu lease receivable.

The balance of such account is settled against the net book value of the leased asset at the termination date of the leasing contract.

30. Provisions-Net

Provision no longer required

	December 31, 2014	December 31, 2013
Warranty provision	578	685
Impairment of debtors and other debit balances	416	3 504
Other provisions	-	6 267
Total provision no longer required	**994**	**10 456**

Provision formed

	December 31, 2014	December 31, 2013
Warranty provision	(51 100)	(23 293)
Impairment of accounts and notes receivable balances and other debit balances	(5 631)	(4 535)
Legal claims provision	(2 250)	(400)
Impairment of investment amount in GB North America company	(1 665)	-
Other provisions	(8 144)	(2 628)
Total provisions formed	**(68 790)**	**(30 856)**
Net provisions in the income statement	**(67 796)**	**(20 400)**

31. Finance costs- net

	December 31, 2014	December 31, 2013
Treasury bills interest income	-	4 096
Interest income	7 651	17 469
Installment sales interest	1 310	2 451
Net Finance income	**8 961**	**24 016**
Interest expenses and bank charges	(373 785)	(316 924)
Bonds Interest expenses	(11 575)	(62 407)
Net foreign exchange transaction losses	(155 139)	(17 009)
Net Finance Cost	**(540 499)**	**(396 340)**
	(531 538)	**(372 324)**

32. Income tax

	December 31, 2014	December 31, 2013
Income tax for the year (Note 18)	85 828	20 259
Deferred tax (Note 8)	4 378	9 535
Income tax for the year	**90 206**	**29 794**

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On June 2, 2014, Law No. (22) for the year 2014 has been issued to impose a temporary three years additional tax amounting to (5%) starting from the current taxable period. This additional tax is imposed on the tax pool over an amount of One Million Egyptian pounds by individuals or corporates as stipulated in the articles of the Income tax Law. This additional tax should be assessed and collected according to those articles. This law became into force starting from June 5, 2014.

On June 30, 2014, Law No. (53) for the year 2014 has been issued by a presidential decree. This law included amendments for some articles of Income Tax Law No. (91) for the year 2005. The most important amendments are as follows:

1. Imposing a tax on Dividends.
2. Imposing a tax on the capital gains resulted from sale of capital contribution shares and securities.

As the executive regulations related to the previously mentioned law has not been issued yet, that may result in inconsistency in interpreting the articles of the law, the company's management has assessed and quantified the impact of these amendments is in the light of its explanations for applying the articles of the law, this assessment and quantification may differ upon issuance of the executive regulations of this law.

33. Earnings per share

(i) Basic

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

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.

	2014	2013
Net profit attributable to shareholders	173 989	116 001
Weighted average number of ordinary shares issued	125 636	128 893
Basic earnings per share/ EGP	**1.38**	**0.90**

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares for all the resulted effects for all dilutive potential ordinary shares.

	2014	2013
Net profit attributable to shareholders	173 989	116 001
Weighted average number of ordinary shares	125 636	128 893
Restated		
Stock option for the managing director	-	4 514
	125 636	133 407
Diluted earnings per share/ EGP	**1.38**	**0.87**

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34. Income statement by nature

	December 31, 2014	December 31, 2013
Sales	12 322 079	9 126 721
Direct manufacturing cost	(10 208 656)	(7 735 867)
Indirect manufacturing cost		
Wages and Salaries	(123 196)	(120 003)
Others	(408 560)	(100 564)
Gross profit	**1 581 667**	**1 170 287**
Other income	57 072	30 013
Provisions no longer required	994	10 456
Interest income	15 471	21 565
Interest on installment sales	1 128	2 451
Interest expense	(362 495)	(316 924)
Employees salaries and benefits	(298 922)	(262 704)
Selling and marketing expenses	(103 838)	(71 966)
Bonds interest expenses	(11 575)	(62 407)
Rent expense	(69 206)	(60 193)
Forex (loss)-Net	(155 685)	(17 009)
Provisions formed	(71 499)	(30 856)
Depreciation and amortization	(39 950)	(31 613)
Consulting and advisory services	(12 844)	(38 703)
Transportation	(24 094)	(22 148)
Vehicles expenses	(23 949)	(17 034)
Governmental fees	(10 421)	(17 814)
IT, network and pc's expenses	(8 299)	(13 121)
Other expenses	(26 131)	(801)
Insurance	(7 545)	(8 641)
Administration supplies	(10 861)	(8 310)
Safety and security expenses	(10 665)	(8 717)
Hounability	(6 685)	(6 225)
Telecommunication	(6 091)	(5 757)
Repair and maintenance	(11 256)	(4 510)
Utilities	(7 580)	(5 835)
Bank charges	(23 577)	(4 055)
Public relations expenses	(1 667)	(1 872)
Donations	(21 637)	(1 601)
Gifts	(799)	(422)
Shipping	(3 165)	(1 409)
Net profit of the year before tax	**325 896**	**214 175**

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

35. Segmental reporting

	Passenger Cars		Buses and Trailers		Two & Three Wheels		Other Operation		Total	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Results of operations										
Revenues	8 909 887	6 537 328	912 874	480 983	1 334 047	1 228 982	1 165 271	879 428	12 322 079	9 126 721
Segment result	**1 010 764**	**766 489**	**98 080**	**37 866**	**245 557**	**190 383**	**227 266**	**175 549**	**1 581 667**	**1 170 287**
Marketing expenses									(298 599)	(261 350)
Administration expenses									(413 558)	(332 051)
Provisions									(68 790)	(30 856)
Provisions –no longer required									994	10 456
Other revenue									55 720	30 013
Operating profit									**857 434**	**586 499**
Finance cost – net									(531 538)	(372 324)
Net profit before tax									**325 896**	**214 175**
Income tax									(90 206)	(29 794)
Net profit for the year									**235 690**	**184 381**
Profit is attributable to:										
Shareholders of the parent									173 989	116 001
Minority interest									61 701	68 380
									235 690	**184 381**
Other information										
Segment assets	4 334 995	4 705 134	253 944	1 461 112	398 716	415 521	4 597 475	1 033 122	9 585 130	7 614 889
Total distributed assets	**4 334 995**	**4 705 134**	**253 944**	**1 461 112**	**398 716**	**415 521**	**4 597 475**	**1 033 122**	**9 585 130**	**7 614 889**
Segment liabilities	3 973 783	3519 095	633 657	515 215	160 308	147 187	2 043 459	806 327	**6 811 207**	**4 987 824**
Capital expenditures	134 514	285 610	54 747	20 316	984	1 744	829 657	690 921	**1 019 902**	**998 591**
Depreciation	57 769	47 858	28 158	28 453	1 331	803	111 888	73 948	**199 146**	**151 062**

36. Contingent assets and liabilities

Contingent assets

The Group raised a legal claim against Egyptian Development Bank (EDB) with an amount of EGP 76 million which represents the value of the notes receivable of the Group customers deposited in the bank for collection. The bank did not perform due care in collection of these notes receivable nor took a legal action against the customers which led to the expiry of these notes and a foregoing of the Group's right in collecting them or taking the required legal action. Based on the advice of legal council of the Group, the Group management believes that judgment in this case will be in its favor.

Contingent Liabilities

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

	December 31, 2014	December 31, 2013
USD	251 020	547 830
EGP	115 925	59 625
Japanese Yen	230	3 096
Sweden Krona	-	15 647
Euro	59 355	1 542

37. Capital commitments

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 104 217 (EGP 73 943 as at December 31, 2013) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

38. Adjustments on beginning balances

The company has applied the Accounting Standard of Employee Stock Option Plan in accordance with Egyptian Accounting Standard no. 39, which has been approved by the Extra Ordinary General Assembly Meeting. As a result, the following adjustments have been made:-

	Due from related parties L.E	Creditors and other credit balances L.E	Payments under capital increase L.E	Other reserves L.E	Retained earnings L.E
Balances as it is presented at January 1, 2014	2 500	1 373 363	2 258	1 089 499	393 424
Adjustments on beginning balances	899	(1 613)	2 256	26 766	(26 510)
Restated Balance after adjustments as at January 1, 2014	**3 399**	**1 371 750**	**4 514**	**1 116 265**	**482 915**

GB Auto and its subsidiaries (S.A.E.)

Notes to the consolidated financial statements For the financial Year ended December 31, 2014

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

39. Subsidiary companies

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

	Percentage of ownership
RGI Investment S.A.E	100%
International Trade Agencies and Marketing Co. (ITAMCO) S.A.E	99.449%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) S.A.E	99.528%
Ghabbour Continental Trading Co. (GCT) –Alex S.A.E.	100%
GB Polo Buses Manufacturing S.A.E.	51%
Almora Recourses Co. S.A.E	100%
Haram Transportation Co. S.A.E.	99%
GB Company for financial lease S.A.E.	100%
Haram for transpiration Tourism S.A.E.	100%
GB Allab Company (Algerian Company)	66.20%
Masters Automotive Company (S.A.E.)	75%
Microfinance consultancy Services "Mashro'ey" (S.A.E.)	80%
Universal Group for Automotive Trading (GK)	50%
GB Logistics (S.A.E.)	99.98%
GB Capital (S.A.E.)	99%
Drive Automotive (S.A.E.)	90%
Drive Finance (S.A.E.)	90%
Ghabbour Al Kalam	68%
GB Global Company	100%
GBR Company	54%
GBR Service Company	48.80%
Egypt Auto Mall Company	99%
GB El Bostan	60%
Egypt Tires Market	90%
Pan African Company	100%
Tires & more Company	100%
Ghabbour for General Trading Company	25%
G.B Tires Company	95%
Gulf Automotive Trading Company	100%