

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

Consolidated Interim Financial Statements
For The Financial period Ended September 30, 2022
And Limited Review Report

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Hazem Hassan
Public Accountants & Consultants

Translation of limited review report
Originally issued in Arabic

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

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

Limited review report on consolidated interim financial statements

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

Introduction

We have performed a limited review for the accompanying consolidated balance sheet of GB Auto (S.A.E) as at September 30, 2022 and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the nine -month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

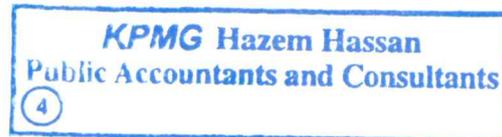
Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2022 and of its financial performance and its cash flows for the nine -month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo November 14, 2022



GB Auto (S.A.E)
(An Egyptian Joint Stock Company)
Consolidated Interim Statement of Financial Position
as at September 30, 2022

(All amounts in thousand Egyptian Pound)	Note No.	30 September 2022	31 December 2021 Restated
Assets			
Non-current assets			
Property, plant, equipment and projects under construction (Net)	(16)	4 652 105	4 208 324
Assets right of use	(17)	594 333	440 333
Intangible assets and goodwill	(18)	686 036	449 990
Payments under investment	(31)	72	54 528
Investment in associate	(35)	787 798	622 910
Other investments	(36)	106 000	104 000
Long term notes receivables (Net)	(12)	7 480 099	5 758 369
Deferred tax assets	(10-B)	259 675	331 341
Investment property	(19)	90 905	90 905
Debtors and other debit balances	(14-A)	305 729	688 262
Subordinated Loan		50 000	-
Total non-current assets		15 012 752	12 748 962
Current assets			
Inventories (Net)	(11)	3 805 861	4 203 342
Accounts and notes receivables (Net)	(13)	11 073 839	10 239 476
Debtors and other debit balances (Net)	(14-B)	2 450 144	2 787 409
Due from related parties	(34)	190 651	193 228
Cash on hand and at banks	(15-A)	2 896 051	1 935 644
Total current assets		20 416 546	19 359 099
Total assets		35 429 298	32 108 061
Equity			
Issued and paid in capital	(20)	1 085 500	1 094 010
Treasury bills	(21)	-	(8 510)
Reserve for financial Solvency		4 263	-
General risk reserve	(42)	49 440	49 472
Legal reserve	(22)	578 440	523 961
Other reserves	(23)	2 597 675	2 140 621
Private risk reserve - Non banking financial service	(41)	47 059	90 399
Retained Earning		1 496 203	517 752
Net Profit for the period / year		1 270 526	1 460 052
Equity attributable to shareholders of the parent		7 129 106	5 867 757
Non-controlling interests	(24)	2 278 155	1 640 720
Total equity		9 407 261	7 508 477
Liabilities			
Non-current liabilities			
Loans	(26)	4 150 521	3 514 992
Bond Payable Long term	(39)	300 000	-
Long term notes payables and creditors		223 381	588 088
Right of use Liability		387 155	327 299
Warranty provisions	(28)	11 372	13 909
Deferred tax liabilities	(10-B)	349 271	348 657
Total non-current liabilities		5 421 700	4 792 945
Current liabilities			
Provisions	(28)	336 775	282 521
Current tax liabilities	(10-A)	470 706	351 279
Loans, borrowings and overdrafts	(26)	14 501 066	13 628 224
Due to related parties	(34)	234 414	125 998
Bond Payable	(39)	310 769	-
Trade payables and other credit balances	(27)	4 746 607	5 418 617
Total current liabilities		20 600 337	19 806 639
Total liabilities		26 022 037	24 599 584
Total equity and liabilities		35 429 298	32 108 061

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

Group Chief Financial Officer
Executive Board Member
Abbas Elsayed



Executive Board Member
Nader Ghabbour



**Limited Review report "attached"

GB Auto (S.A.E)
(An Egyptian Joint Stock Company)
Consolidated Interim Statement of Income
for the financial period ended 30 September 2022

(All amounts in thousand Egyptian Pound)	Note No.	The Nine Months ended 30, September		The three Months ended 30, September	
		2022	2021 Restated	2022	2021 Restated
Operating revenue		22 887 525	22 390 090	7 211 677	8 293 482
Operating cost		(16 778 520)	(17 973 812)	(5 113 432)	(6 688 448)
Gross profit		6 109 005	4 416 278	2 098 245	1 605 034
Other income	(6)	218 608	172 586	62 376	45 172
Selling and marketing expenses		(1 581 468)	(1 177 809)	(477 104)	(350 575)
General and administrative expenses		(1 571 398)	(1 154 422)	(624 930)	(497 965)
Provisions and Impairment of Current and Non-Current assets (Net)	(8)	(171 863)	(171 734)	(120 418)	(64 109)
Operating Profit		3 002 884	2 084 899	938 169	737 557
Finance costs (Net)	(7)	(744 046)	(424 061)	(211 272)	(143 631)
Investment in associates and liquidation gains / (looses)	(35)	53 459	(15 566)	83 968	-
Net profit for the period before income tax		2 312 297	1 645 272	810 865	593 926
Income tax (expense)	(10-C)	(564 182)	(399 715)	(156 625)	(141 418)
Net profit for the period after tax		1 748 115	1 245 557	654 240	452 508
Attributable to:					
Shareholder's of the parent company		1 270 526	997 258	550 662	329 295
Non-controlling interests		477 589	248 299	103 578	123 213
		1 748 115	1 245 557	654 240	452 508
Basic earning per share (EGP/Share)	(9)	1.170	0.912	0.504	0.304

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

GB Auto (S.A.E)
(An Egyptian Joint Stock Company)
Consolidated interim Statement of Comprehensive Income
for the financial period ended 30 September 2022

(All amounts in thousand Egyptian Pound)	The Nine Months ended 30, September		The three Months ended 30, September	
	2022	2021 Restated	2022	2021 Restated
Net profit for the period after income tax	1 748 115	1 245 557	654 240	452 508
Other comprehensive income items				
Foreign currency translation difference	601 759	(14 946)	127 583	(7 613)
Modification surplus of fixed assets result	(10 629)	(18 318)	(3 285)	(29 692)
Total other comprehensive income for the period before income tax	591 130	(33 264)	124 298	(37 305)
Income tax related to other comprehensive income item	2 305	3 700	2 036	6 106
Other comprehensive income for the period after income tax	593 435	(29 564)	126 334	(31 199)
Total other comprehensive income for the Period	2 341 550	1 215 993	780 574	421 309
Other comprehensive income is attributable to:				
Shareholder's of the parent company	1 727 575	988 844	653 895	298 936
Non-controlling interests	613 975	227 149	126 679	122 373
	2 341 550	1 215 993	780 574	421 309

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

GB Auto (S.A.E)
(An Egyptian Joint Stock Company)
Consolidated Interim Statement of Shareholders Equity
for the financial period ended 30 September 2022

30 September 2022

		Shareholder's equity of the parent company														
(All amounts in thousand Egyptian Pound)	Note No.	Share capital	Legal reserve	Treasury Bills	Foreign currency translation reserve	ESOP (Fair value) reserve	Revaluation surplus of fixed assets reserve	Share premium (Special reserve)	Reserve for financial solvency	General risk reserve	Private risk reserve - Non banking financial service	Retained Earning	Net profit for the period	Total	Non-Controlling interests	Total equity
Balance at December 31, 2021 Restated	(40-1)	1 094 010	523 961	(8 510)	1 067 263	88 882	80 435	904 041	-	49 472	90 399	517 752	1 460 052	5 867 757	1 640 720	7 508 477
Transferred to retained earnings		-	-	-	-	-	-	-	-	-	-	1 460 052	(1 460 052)	-	-	-
Total comprehensive income																
Net profit for the period		-	-	-	-	-	-	-	-	-	-	-	1 270 526	1 270 526	477 589	1 748 115
Modification surplus of fixed assets after income tax (Net)		-	-	-	-	-	(8 324)	-	-	-	-	10 629	-	2 305	-	2 305
Other Comprehensive income items		-	-	-	465 378	-	-	-	-	-	-	-	-	465 378	136 381	601 759
Total comprehensive income		-	-	-	465 378	-	(8 324)	-	-	-	-	10 629	1 270 526	1 738 209	613 970	2 352 179
Transactions with owners of the Company																
Reserve for financial solvency		-	-	-	-	-	-	-	4 263	-	-	(4 263)	-	-	-	-
Private risk reserve - Non banking financial service		-	-	-	-	-	-	-	-	-	(43 322)	43 322	-	-	-	-
Decrease capital of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	(5 361)	(5 361)
Cancel Treasury Bills		(8 510)	-	8 510	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Distribution		-	-	-	-	-	-	-	-	-	-	(475 953)	-	(475 953)	(4 340)	(480 293)
Change in non-controlling interests without changing in control		-	(30)	-	-	-	-	-	-	(32)	(18)	(827)	-	(907)	17 966	17 059
Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	14 700	14 700
Transferred to legal reserve		-	54 509	-	-	-	-	-	-	-	-	(54 509)	-	-	-	-
Payment under capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	500	500
Total Transactions with owners of the company		(8 510)	54 479	8 510	-	-	-	-	4 263	(32)	(43 340)	(492 230)	-	(476 860)	27 805	(453 395)
Balance at September 30, 2022		1 085 500	578 440	-	1 532 641	88 882	72 111	904 041	4 263	49 440	47 059	1 496 203	1 270 526	7 129 106	2 282 495	9 407 261

GB Auto (S.A.E)
(An Egyptian Joint Stock Company)
Consolidated Interim Statement of Shareholders Equity
for the financial Period ended 30 September 2022

30 September 2021

(All amounts in thousand Egyptian Pound)	Shareholder's equity of the parent company													
	Share capital	Legal reserve	Treasury Bills	Foreign currency translation reserve	ESOP (Fair value) reserve	Revaluation surplus of fixed assets reserve	Share premium (Special reserve)	General risk reserve	Private risk reserve - Non banking financial service	Retained Earning	Net profit for the year	Total	Non-Controlling interests	Total equity
Balance at December 31, 2020	1 094 010	451 064	(8 000)	1 057 721	88 882	97 833	911 981	-	-	20 333	916 955	4 630 779	1 485 969	6 116 748
Adjustments on opening balance														
Invstment in associate losses	-	-	-	-	-	-	-	-	-	(2 680)	-	(2 680)	-	(2 680)
Adjustments	-	-	-	-	-	-	-	-	-	(17 551)	-	(17 551)	(11 534)	(29 085)
Balance at December 31, 2020 Restated	1 094 010	451 064	(8 000)	1 057 721	88 882	97 833	911 981	-	-	102	916 955	4 610 548	1 474 435	6 084 983
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	916 955	(916 955)	-	-	-
Total comprehensive income														
Net profit for the period	-	-	-	-	-	-	-	-	-	-	997 258	997 258	248 299	1 245 557
Modification surplus of fixed assets after income tax (Net)	-	-	-	-	-	(14 618)	-	-	-	18 318	-	3 700	-	3 700
Other Comprehensive income items	-	-	-	6 204	-	-	-	-	-	-	-	6 204	(21 150)	(14 946)
Total comprehensive income	-	-	-	6 204	-	(14 618)	-	-	-	18 318	997 258	1 007 162	227 149	1 234 311
Transactions with owners of the Company														
The impact of applying the new Egyptian standards.	-	-	-	-	-	-	-	-	-	15 016	-	15 016	22 732	37 748
General risk reserve	-	-	-	-	-	-	-	49 472	-	(49 472)	-	-	-	-
Private risk reserve - Non banking financial service	-	-	-	-	-	-	-	-	90 399	(90 399)	-	-	-	-
Decrease in capital	-	-	-	-	-	-	-	-	-	-	-	-	(80 472)	(80 472)
Change in non-controlling interests without changing in control	-	16 634	-	-	-	-	-	-	-	193 887	-	210 521	(250 664)	(40 143)
Dividends Distribution	-	-	-	-	-	-	-	-	-	(382 929)	-	(382 929)	(53 480)	(436 409)
Payment under capital increase	-	-	-	-	-	-	-	-	-	-	-	-	293 569	293 569
Selling Treasury Bills	-	-	8 000	-	-	-	22 232	-	-	-	-	30 232	-	30 232
Transferred to legal reserve	-	32 847	-	-	-	-	-	-	-	(32 847)	-	-	-	-
Total Transactions with owners of the company	-	49 481	8 000	-	-	-	22 232	49 472	90 399	(346 744)	-	(127 160)	(68 315)	(195 475)
Balance at September 30, 2021 Restated	1 094 010	500 545	-	1 063 925	88 882	83 215	934 213	49 472	90 399	588 631	997 258	5 490 550	1 633 269	7 123 819

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

GB Auto (S.A.E)
(An Egyptian Joint Stock Company)
Consolidated Interim Statement of Cash Flows
for the financial period ended 30 September 2022

(All amounts in thousand Egyptian Pound)

	Note No.	30 September 2022	30 September 2021 Restated
Net profit for the period before tax		2 312 297	1 645 272
Adjustments for:			
Interest expense	(7)	643 399	546 877
Depreciation and amortization for the period	(16-17,18)	297 677	280 302
Provisions movements (net)	(28)	87 151	123 330
Impairment losses on current assets (net)		64 471	111 845
Interest income	(7)	(164 632)	(107 398)
Gain from sale of property, plant, equipment and assets held for sale	(6)	(9 127)	(56 202)
Investment in associates and liquidation losses		(53 459)	15 566
Foreign currency translation losses		461 149	-
Foreign Currency revaluation difference losses (unrealized)		137 695	-
		3 776 621	2 559 592
Changes in:			
Inventories		418 635	(223 711)
Accounts and notes receivables		(2 590 508)	(5 687 144)
Debtors and other debit balances		679 428	(1 004 231)
Due from related parties		(3 491)	(170 700)
Due to related parties		108 416	4 781
Payment rent for asset right of use		(20 092)	(55 245)
Proceeds from loans and borrowings		2 338 854	4 175 385
Trade payables and other credit balances		(685 608)	1 885 734
Cash provided from operating activities		4 022 256	1 484 461
Provisions used		(39 933)	(55 845)
Income tax paid		(370 170)	(302 635)
Employees and members of the board of directors		(96 029)	(84 054)
Net cash provided from operating activities		3 516 124	1 041 927
Cash flows from investing activities			
Payment for acquisition of property, plant, equipment and projects under constructions		(1 131 906)	(286 668)
Pay to buy non controlling interest		-	(206 010)
Proceeds from sale of shares from subsidiaries		-	273 750
Payment for acquisition of intangible assets		-	(2 383)
Interest income received		123 215	107 398
Payment under investment		54 456	(54 956)
Payment in Investment in associates		(164 888)	-
Proceeds from sale of property, plant, equipment and assets held for sale		9 529	174 950
Net cash (used in) investing activities		(1 109 594)	6 081
Cash flows from financing activities			
Proceeds from non controlling interest to increase capital of subsidiaries		-	588
Bonds		615 219	-
Dividends Distribution		(379 925)	(298 875)
Dividends paid -minority equity		(4 340)	(53 480)
Gain From selling Treasury bills		-	30 232
Proceeds from loans and borrowings		(830 483)	396 105
Decrease capital of subsidiary		(5 361)	(80 472)
Long-Term notes payable		(364 706)	(3 025)
Interest expense paid		(682 414)	(534 575)
Net cash(used in) financing activities		(1 652 010)	(543 502)
Net Increase in cash and cash equivalents		754 520	504 506
Cash and cash equivalents at the beginning of the period		1 935 644	1 797 830
Effect of movements in exchange rates on cash and cash equivalents		206 007	6 885
Cash and cash equivalents at end of the period	(15-B)	2 896 171	2 309 221

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

1- Background of the Group

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

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

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

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

The major shareholder's of the Company are Dr. Raouf Ghabbour and his family who collectively owns approximately 63.38% of the Company's shares as at 30 September, 2022.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on November 14, 2022.

2- Basis of preparation of consolidated financial statements

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

3- Functional and presentation currency

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

4- Use of judgement and estimates

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

A- Measurement of fair value

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

5- Operating Segments

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

<u>Reportable segment</u>	<u>Operations</u>
Passenger car	Trading, distributing and marketing for all kinds of passenger cars, whether locally manufactured or imported.
Buses and trucks	Trading, distributing and marketing for all kinds of heavy trucks, semi-trucks, buses, mini buses, micro buses, agriculture tractors, whether locally manufactured or imported.
2 & 3 Wheels	Trading, distributing and marketing for all kinds of 2 & 3 Wheels, whether locally manufactured or imported.
Financial Services non-Banking	Providing services of factoring and financial services non-banking. The factoring services intended to buy existing and future rights of sellers of goods and services and provide related services and selling the locally and imported goods and products by cash or post-paid financial leasing, small financing entities in all kinds of goods and trading such as light transportation and selling it by installments.
Other Operations	Trading spare parts, and its accessories whether locally manufactured or imported, tires for vehicles and equipment whether locally manufactured or imported and exported.

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

5-Operating Segments(Continued)

A-Total Revenue

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Passenger car	44.10%	46.85%
Buses and trucks	5.26%	3.63%
2 & 3 Wheels	16.54%	19.50%
Financial Services non-Banking	25.31%	20.69%
Other Operations	8.79%	9.33%

B-Revenue from foreign operations

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Passenger car	13.88%	7.36%
2 & 3 Wheels	51.61%	34.82%
Other Operations	0.00%	0.00%

C- Segments results

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Passenger car	27.18%	30.00%
Buses and trucks	2.53%	0.09%
2 & 3 Wheels	12.92%	17.89%
Financial Services non-Banking	51.75%	46.03%
Other Operations	5.61%	5.99%

D-Assets

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Passenger car	7.5%	11.6%
Buses and trucks	10.8%	8.4%
2 & 3 Wheels	7.6%	8.3%
Financial Services non-Banking	60.2%	54.9%
Other Operations	13.9%	16.8%

E- Liabilities

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Passenger car	20.1%	27.1%
Buses and trucks	16.8%	14.3%
2 & 3 Wheels	1.1%	1.3%
Financial Services non-Banking	57.3%	51.9%
Other Operations	4.7%	5.4%

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

5-Operating Segments (Continued)

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

	<u>September 30, 2022</u>	<u>30 September 2021 Restated</u>
Revenues		
Total revenues for operating segments	24 957 487	24 885 340
Elimination of inter-segment revenue	(2 069 962)	(2 495 250)
Consolidated Revenue	22 887 525	22 390 090
Segments result		
Gross profit for operating segment	6 064 071	4 470 909
Elimination of inter-segment gross profit	44 934	(54 631)
Consolidated Gross Profit	6 109 005	4 416 278
Assets		
Total assets for operating segments	62 986 845	54 646 015
Elimination inter-segment assets	(27 557 547)	(21 996 133)
Total Consolidated Assets	35 429 298	32 649 882
Liabilities		
Total Liabilities for operating segments	40 951 718	36 601 365
Elimination inter-segment Liabilities	(14 929 681)	(11 074 676)
Total Consolidated Liabilities	26 022 037	25 526 689

G-Other martial amounts

	<u>Total reportable segment</u>	<u>Adjustments</u>	<u>Total consolidated September 30, 2022</u>
Finance income	164 632	-	164 632
Interest expense and Bank Charges	(656 602)	13 203	(643 399)
Capital expenditure	(1 131 906)	-	(1 131 906)
Depreciation and amortization	297 677	-	297 677
	<u>Total reportable segment</u>	<u>Adjustments</u>	<u>Total consolidated September 30, 2021</u>
Finance income	107 398	-	107 398
Interest expense and Bank Charges	(583 098)	36 221	(546 877)
Capital expenditure	(286 668)	-	(286 668)
Depreciation and amortization	280 302	-	280 302

5- Operating segments (continued)

H- Operations results

	Passenger cars		Commercial vehicles		Two and three Wheelers		Financial Services Non Banking		Other operations		Total	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Operating revenue	10 093 613	10 488 644	1 203 919	812 868	3 785 821	4 368 514	5 793 144	4 631 528	2 011 028	2 088 536	22 887 525	22 390 090
Gross profit	1 660 560	1 335 533	154 829	(6 618)	789 387	789 931	3 161 501	2 032 779	342 728	264 653	6 109 005	4 416 278
Marketing and Selling expenses											(1 581 468)	(1 177 809)
General and administrative expenses											(1 571 398)	(1 154 422)
Provisions and Impairment of Current and Non-Current assets (Net)											(171 863)	(171 734)
Other income											218 608	172 586
Operating results											3 002 884	2 084 899
Investment in associates and liquidation losses											53 459	(15 566)
Finance cost(Net)											(744 046)	(424 061)
Net profit for the period before income tax											2 312 297	1 645 272
Income tax expense											(564 182)	(399 715)
Net profit for the period after income tax											1 748 115	1 245 557
Attributable to:												
Equity holders of the Company											1 270 526	997 258
Non-controlling interests											477 589	248 299
											1 748 115	1 245 557

6- Other Income

	September 30, 2022	September 30, 2021
Gain on sale of fixed asset	9 127	56 202
Scrap Sales	43 549	50 412
Commission for reissuance loans	50 973	13 546
Other revenues	90 598	28 395
Cash incentive revenue	8 362	2 000
Rent	15 999	22 031
Total	218 608	172 586

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

7-Finance Costs (Net)

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Interest income	149 213	91 852
Interest income on installment sales	15 419	15 546
Foreign exchange gain	-	15 418
Total Finance Income	164 632	122 816
Interest expense and bank charges	(643 399)	(546 877)
Foreign exchange loss	(265 279)	-
Total Finance Cost	(908 678)	(546 877)
Net Finance Cost	(744 046)	(424 061)

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

Provisions no longer required

	<u>September 30, 2022</u>	<u>30 September 2021 Restated</u>
Warranty provision	3 210	3 741
Expected credit loss for accounts and notes receivables	14 819	14 112
Expected credit loss for debtors and other debit balances	1 277	2 067
Other Provisions	8 900	42 910
Expected credit loss for Cash and cash equivalents	313	1 256
Total provisions no longer required	28 519	64 086

Provisions formed

Warranty provision	(28 330)	(26 798)
Impairment of accounts and notes receivable	(50 718)	(148 534)
Impairment of debtors and other debit balances	(44 586)	(2 188)
Other provisions	(76 748)	(58 300)
Total provisions formed	(200 382)	(235 820)
Net provisions in the income statement	(171 863)	(171 734)

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

	Balance at 1/1/2022	Impairment during the year	Used during the year	Reversal of Impairment during the year	Effect of movements of exchange rates	the impact of the change in egyptian accounting standard charget on equity	Balance at 30/09/2022
Expected credit loss for Accounts & Notes receivable	560 409	50 718	-	(14 819)	(1 484)	-	594 824
Expected credit loss for due from related parties	36 730	6 644	-	-	(576)	-	42 798
Expected credit loss for Debtors & Other debit balances	47 522	44 586	-	(1 277)	(657)	-	90 174
forCash and cash equivalent	347	86	-	(313)	-	-	120
	645 008	102 034	-	(16 409)	(2 717)	-	727 916
Impairment of Inventory *	53 919	-	-	(21 154)	-	-	32 765
	698 927	102 034	-	(37 563)	(2 717)	-	760 681

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

9-Earnings per share

Basic earnings per share is calculated by dividing net profit for the period by the weighted average number of ordinary shares issued during the period.

The General Assembly unanimously agreed on 24/3/2022 to distribute dividends for the financial year ending on 31/12/2021 amount to distribute 379 925 000 EGP (at the rate 0.35 Piasters per share in the total capital 1 085 500 000 after excluding treasury shares of 8 509 733 shares)

it was also agreed on the payment would be in two installments :

the first on 21/4/2022 will be 10 piasters per share while the second payment on 29/9/2022 it will be 25 piasters per share and the general authority for investment approved the decision on 3/04/2022

	September 30, 2022	September 30, 2021 Restated
Net profit for the period attributable to the shareholders	1 270 526	997 258
Weighted average number of ordinary shares issued	1 085 500	1 094 010
Basic profit earnings per share/ EGP	1.170	0.912

10-Income tax

A-Income tax liabilities

	September 30, 2022	December 31, 2021
Balance at 1 January	351 279	296 730
Taxes paid during the period	(370 170)	(305 001)
Current income tax during the period (Note 10-C)	489 597	359 550
Balance at the end of the period	470 706	351 279

GB Auto (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

10-Income tax (Continued)

	Note No.	Fixed Assets	Carried forward losses	Impairment of Inventory	Warranty Provision	Revaluation surplus of fixed assets*	Notes payable	Capital Gains	Total	
									30-Sep-22	31-Dec-21
Deferred tax assets										
Balance at 1 January		11	179 856	4 305	44 450	-	102 719	-	331 341	540 626
Charged to the income statement		-	(33 211)	(1 039)	(8 482)	-	(28 934)	-	(71 666)	(209 285)
Balance at the end of the period		11	146 645	3 266	35 968	-	73 785	-	259 675	331 341
Deferred tax liabilities										
Balance at 1 January		(306 451)	-	-	-	(9 360)	-	(32 846)	(348 657)	(359 105)
Charged to the income statement		(14 012)	-	-	-	-	-	11 093	(2 919)	5 561
Charged to Statement of comprehensive income		-	-	-	-	2 305	-	-	2 305	4 887
Balance at the end of the period		(320 463)	-	-	-	(7 055)	-	(21 753)	(349 271)	(348 657)
Net Balance at the end of the period		(320 452)	146 645	3 266	35 968	(7 055)	73 785	(21 753)	(89 596)	(17 316)
Net										
Balance at 1 January		(306 440)	179 856	4 305	44 450	(9 360)	102 719	(32 846)	(17 316)	181 521
Charged to the income statement	(10-C)	(14 012)	(33 211)	(1 039)	(8 482)	-	(28 934)	11 093	(74 585)	(203 724)
Charged to Statement of comprehensive income		-	-	-	-	2 305	-	-	2 305	4 887
Balance at the end of the period		(320 452)	146 645	3 266	35 968	(7 055)	73 785	(21 753)	(89 596)	(17 316)

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

10-Income tax (Continued)

B-Deferred tax assets and liabilities (Continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the group can use the benefits therefrom.

	September 30, 2022	December 31, 2021
Expected credit loss for accounts and notes receivables	133 835	126 092
Expected credit loss for other debit balances	20 289	10 692

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

C-Income tax (expenses)

	September 30, 2022	September 30, 2021
Current income tax (Note 10-A)	(489 597)	(249 503)
Deferred tax expenses – (Note 10-B)	(74 585)	(150 212)
Income tax for the period	(564 182)	(399 715)

D-Amounts recognized in OCI

	September 30, 2022			September 30, 2021		
	Before Tax	Taxes	After Tax	Before Tax	Taxes	After Tax
Foreign Currency translation difference	601 759	-	601 759	(14 946)	-	(14 946)
Modification surplus of fixed assets cost	(10 629)	2 305	(8 324)	(18 318)	3 700	(14 618)
	591 130	2 305	593 435	(33 264)	3 700	(29 564)

11-Inventories

	September 30, 2022	December 31, 2021
Goods in transit	236 476	1 055 434
Cars, buses and trucks	1 849 566	1 536 578
Raw material and car components	870 693	736 660
Spare parts for sale	606 339	459 787
Work in progress	214 134	165 096
Tires	60 744	299 247
Oils	674	4 459
Total	3 838 626	4 257 261
Impairment of inventory *	(32 765)	(53 919)
Net	3 805 861	4 203 342

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

12-Long term notes receivables

	September 30, 2022	December 31, 2021
Long-term notes receivable	8 667 693	6 650 569
Interest income on installment sales	(1 066 494)	(782 428)
Net present value for long-term notes receivable	7 601 199	5 868 141
Expected credit loss long-term notes receivable	(121 100)	(109 772)
Net	7 480 099	5 758 369

13-Accounts and notes receivables

	September 30, 2022	December 31, 2021
Total notes receivable	11 721 577	10 541 069
Long-term notes receivable (Note 12)		
Unamortized interest	(1 066 494)	(782 428)
Net present value for short-term notes receivable	10 655 083	9 758 641
Trade receivable	892 480	931 472
Total	11 547 563	10 690 113
Expected credit loss for accounts and notes receivable balances	(473 724)	(450 637)
Net	11 073 839	10 239 476

The following table represents the Expected credit loss of account and notes receivables according to the expected losses model on September 30, 2022:

1-Non Banking -Financial Services

	Stage 1: Expected credit losses over 12 months	Stage 2: Lifetime ECL is not credit impaired	Stage 3: Life Expected Credit Losses with impaired credit	Total
Account & notes receivables	15 082 652	811 193	1 471 379	17 365 224
Adjust: Impairment of accounts and notes receivable balances	(91 963)	(44 128)	(220 194)	(356 285)
	14 990 689	767 065	1 251 185	17 008 939

2- Passenger cars, transport, buses and motorcycles sector - 3 wheels and other operations

	The Balance	The percentage of expected losses	Decrease in the balance of account & notes receivable	Net
Notes Recivable	918 575	19%	(170 847)	747 728
Trade recivables	633 875	1.13%	(21 132)	612 743
From 1 to 30	85 208	5%	(4 169)	81 039
From 31 to 60	50 123	2%	(992)	49 131
From 61 to 90	17 361	19%	(3 293)	14 068
From 91 to 120	12 696	74%	(9 432)	3 264
More than 120	65 700	44%	(28 674)	37 026
Total	1 783 538		(238 539)	1 544 999

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Debt securitization Companies	305 729	689 733
Provision of Expected credit loss	-	(1 471)
	<u>305 729</u>	<u>688 262</u>

B-Debtors and other debit balances

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Advance payments to suppliers	779 240	789 448
Withholding tax	558 925	450 966
Value added tax	28 806	41 378
Accrued interest	41 417	40 606
Accrued revenue	16 324	2 739
Letters of credit	39 915	791 566
Prepaid expenses	316 880	172 946
Security deposits with others	35 555	31 938
Letters of guarantee margin	580 556	285 919
Staff loans and custodies	45 209	37 004
Other debit balances	96 042	187 613
Customs duties	1 449	2 808
Total	<u>2 540 318</u>	<u>2 834 931</u>
Impairment of debtor and other debit balances	(90 174)	(47 522)
Net	<u>2 450 144</u>	<u>2 787 409</u>

15-Cash and cash equivalents**A-Cash and cash equivalents**

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Time deposits	207 002	359 595
Current accounts	2 314 212	1 308 674
Checks under collections	22 375	230 343
Treasury bills	352 582	37 379
Total	<u>2 896 171</u>	<u>1 935 991</u>
Impairment of Cash and cash equivalent According to EAS 47	(120)	(347)
Net	<u>2 896 051</u>	<u>1 935 644</u>

B-Cash and cash equivalents

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Cash and cash equivalents	2 896 171	2 309 221
	<u>2 896 171</u>	<u>2 309 221</u>

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

Originally issued in Arabic

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

16 - Property, plant, equipments and projects under construction

	Land and Buildings	Machinery & equipment	Vehicles	Computers	Fixtures & furniture	Leasehold improvements	* Projects under construction	Total
Cost								
Cost at 1 January 2021	2 435 154	1 056 333	658 995	248 966	991 829	72 909	479 655	5 943 840
Additions during the year	93 620	19 727	136 599	33 194	68 595	38 312	77 933	467 981
Transferred from projects under construction to PP&E and intangible assets	170 687	11 014	766	3 825	57 577	-	(238 177)	5 692
Disposals during the year	(44 373)	(9 431)	(89 029)	(859)	(12 790)	(368)	(15 318)	(172 170)
Effect of cost modification using modification factor	-	-	(1 112)	-	(308)	-	-	(1 420)
Effect of movements of exchange rates	(10 496)	202	(109)	(16)	3 558	(670)	-	(7 531)
Balance at 31 December 2021	2 644 591	1 077 846	706 108	285 110	1 108 461	110 183	304 093	6 236 392
Cost at 1 January 2022	2 644 591	1 077 846	706 108	285 110	1 108 461	110 183	304 093	6 236 392
Additions during the period	173 233	12 923	127 659	33 301	45 850	28 728	200 524	622 218
Transferred from projects under construction to PP&E and intangible assets	-	6 686	-	37	36 072	5 731	(42 932)	5 594
Disposals during the period	-	(30 175)	(34 424)	(8 234)	(2 571)	(603)	(6 756)	(82 763)
Effect of cost modification using modification factor	-	-	(471)	(4 610)	(28)	-	-	(5 109)
Effect of movements of exchange rates	99 787	10 662	7 924	3 235	30 244	3 199	-	155 051
Balance at 30 September 2022	2 917 611	1 077 942	806 796	308 839	1 218 028	147 238	454 929	6 931 383
Accumulated depreciation and impairment losses								
Accumulated depreciation at 1 January 2021	315 000	583 278	221 609	188 793	419 872	34 437	13 278	1 776 267
Depreciation during the year	25 955	71 976	96 129	23 223	87 149	13 523	-	317 954
Disposals during the year	(6 368)	(8 073)	(53 094)	(831)	(6 713)	(368)	-	(75 447)
Effect of accumulated depreciation modification using modification factor	-	(674)	(2 608)	8	(631)	-	-	(3 905)
Effect of movements of exchange rates	(129)	59	95	125	537	(224)	-	463
Accumulated depreciation at 31 December 2021	334 458	646 565	262 131	211 318	500 214	47 368	13 278	2 028 068
Accumulated depreciation at 1 January 2022	334 458	646 565	262 131	211 318	500 214	47 368	13 278	2 015 332
Depreciation during the period	25 992	51 687	79 526	25 948	73 648	19 624	-	276 425
Disposals during the period	-	(22 674)	(18 601)	(7 733)	(2 220)	(124)	-	(51 352)
Effect of accumulated depreciation modification using modification factor	-	(5 510)	(471)	(4 582)	(485)	-	-	(11 048)
Effect of movements of exchange rates	22 060	6 378	1 179	2 409	15 653	2 242	-	49 921
Accumulated depreciation at 30 September 2022	382 510	676 447	323 764	227 360	586 810	69 110	13 278	2 279 278
Net carrying Amount								
At 1 January 2021	2 120 154	473 055	437 385	60 173	571 957	38 472	466 376	4 167 572
At 31 December 2021	2 297 397	431 281	443 978	73 792	608 247	62 815	290 815	4 208 324
At 30 September 2022	2 535 101	401 496	483 032	81 479	631 218	78 128	441 651	4 652 105

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

GB Auto (S.A.E)**Notes to the consolidated interim financial statements for the financial period ended September 30, 2022
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)****17- Asset Right Of Use**

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

	<u>Land & building</u>	<u>Total</u>
Cost		
Balance at January 1, 2021	-	-
Asset right of use during the year	537 049	537 049
Balance at December 31, 2021	537 049	537 049
Balance at January 1, 2022	537 049	537 049
Asset right of use during the period	269 287	269 287
Disposals during the period	(39 334)	(39 334)
Effect of movements of exchange rates	40 287	40 287
Balance at September 30,2022	807 289	807 289
Accumulated depreciation at January 1, 2021	-	-
Depreciation during the year	96 716	96 716
Balance at December 31, 2021	96 716	96 716
Accumulated depreciation at January 1, 2022	96 716	96 716
Depreciation during the period	116 141	116 141
Disposals during the period	(8 325)	(8 325)
Effect of movements of exchange rates	8 424	8 424
Accumulated depreciation at 30 September 2022	212 956	212 956
Net carrying amount at September 30, 2022	594 333	594 333
Net carrying amount at December 31, 2021	440 333	440 333

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

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

18- Intangible assets and goodwill

	<u>Goodwill</u>	<u>Computer software</u>	<u>Knowhow</u>	<u>Total</u>
Cost				
Balance at 1 January	430 155	64 630	5 703	500 488
Additions during the period	240 401	-	-	240 401
Balance at September 30, 2022	670 556	64 630	5 703	740 889
Accumulated amortization				
Balance at 1 January	-	44 795	5 703	50 498
Amortization during the period	-	4 355	-	4 355
Balance at September 30, 2022	-	49 150	5 703	54 853
Net carrying amount at September 30, 2022	670 556	15 480	-	686 036
Net carrying amount at December 31, 2021	430 155	19 835	-	449 990

Goodwill

On June 28, 2007, GB Auto Company fully acquired the shares of Cairo Individual Transport Industries "CITI" by acquiring 49.03% which were owned by the minority at a value of 210 EGP million pound, in return of acquiring shares of GB Auto share capital increase. The acquisition resulted in a goodwill amounting to EGP177 million which represents the increase in the acquisition value over the net fair value of the acquired Company's assets at the acquisition date. This goodwill has been allocated for the asset of the operating segment of two and three wheels' segment.

On September 8, 2008, GB Auto Company fully acquired the shares of GB for financial lease (S.A.E) which its business is financial leasing with all its fields, and the acquisition resulted in goodwill amounted to EGP 1 million.

During November 2010, the Group entered into 50% investment as a joint venture agreement in Almajmoa Alalamia Litijaret Alsaiaarat (GK), in Jordan, to acquire the existing business of Hyundai Vehicles Agency in Iraq, the joint venture agreement gives the group the power to govern the financial and operating policies of (GK) and as a result of this investment the group recognized a goodwill with an Amount 249 EGP. During the period the group increased its stake in The International Group For Cars Trading Company (GK) from 50% to 83.33% (Note no.42).

On October 26, 2017 GB Auto Company fully acquired the shares of Egyptian International Maintenance and cars Manufacturing Company EIAC (SAE), and the acquisition resulted in goodwill amounted EGP 2.8 million.

On July 1, 2022, the group completed the full acquisition of Talabiya Distribution Company, and the acquisition resulted in a goodwill of 240 million Egyptian pounds.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Two and three wheels' activities	177 375	177 375
Hyundai Iraq sales	248 910	248 910
Financial leasing activity	1 000	1 000
After Sale service- PC	2 870	2 870
Tabiya For Distribution	240 401	-
	670 556	430 155

GB Auto (S.A.E)

Notes to the consolidated interim financial statements for the financial period ended September 30, 2022
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

18-Intangible assets and goodwill (Continued)

The Company assesses annually the impairment of goodwill at December 31, to ensure whether the carrying amount of the goodwill is fully recoverable, unless there are indicators required to test the impairment through the year.

Impairment of goodwill is assessed based on value in use, which is determined using the expected discounted cash flows based on estimated budgets approved by the Board of Directors covering five years' period. The management is preparing these estimated budgets based on the financial, operating and market performance in the previous years and its expectations for the market development.

19-Investments property

	September 30, 2022	December 31, 2021
Balance at 1 January	90 905	90 905
Balance at the end of the period	90 905	90 905

20-Issued and paid in capital

	September 30, 2022	December 31, 2021
Authorized capital (5 000 000 000 shares with par value EGP 1 each)	5 000 000	5 000 000
Issued and paid capital (1 094 009 733 shares with par value of EGP 1 each)	1 085 500	1 094 010

On August 31, 2014, the Board of Directors according to the delegation of the extra ordinary assembly meeting held on June 27, 2013, has decided unanimously to increase the Company's issued capital with the par value in the limit of the authorized capital with an amount of EGP 6 444 645 divided on 6 444 645 shares with a par value of 1 EGP /share, wholly allocated to ESOP system which is applied by the Company, resulted in an issued capital of EGP 135 337 545 after the increase divided on 135 337 545 shares with a par value of 1 EGP/share, and this increase financially fully paid from the special reserve balance and annotated in the commercial register at December 31, 2014.

Private placement (Capital Increase)

At the date of February 4, 2015, the extra ordinary general assembly meeting, has agreed to increase the Company's authorized capital from 400 million EGP to 5 billion EGP and to increase the Company's issued capital from EGP 135 337 545 to be EGP 1 095 337 545 with an increase of EGP 960 000 000 to be divided on 1 095 337 545 shares with a par value of 1 EGP each. (In addition to issuance cost of 1 pts./share), and that increase to be fully allocated for the favor of old shareholders each according to their share in the Company's issued capital , and it is agreed to use the subscription right separately from the original share, with the Company's issued capital increase to be paid either cash and/or using due cash debts for the subscriber by the Company according to their contribution share.

The subscription was covered by an amount of EGP 958 672 188 (EGP 473 225 502 in Cash and EGP 485 446 686 covered through the outstanding balances due to shareholders) divided on 958 672 188 shares with a par value of 1 EGP each to be the total capital issued and fully paid after the increase equals to EGP 1 094 009 733, it has been annotated in the commercial register at May 31, 2015.

The Extraordinary General Assembly unanimously agreed on June 5, 2022 to destroy the company's treasury shares amounting to 8,509,733 shares and to reduce the capital by the amount of these shares, so that the issued and paid-up capital of the company after the reduction becomes 1,085,500,000 Egyptian pounds, and it was approved by the General Authority for Investment on 3/8/2022 It was noted in the Commercial Register on August 15, 2022.

Misr for Central Clearing Depository & Registry accepted the implementation of the capital reduction decision on October 26, 2022.

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

21-Treasury Bills

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

During the period from March 3,2020 to March 18, 2020 ,The company has purchased 10 million shares with a total value of 19.570 million Egyptian pounds. The amount of 10 million pounds has been recorded as treasury shares representing the nominal value of the share. The difference between the purchase cost and the nominal value of the amount of 9.570 million Egyptian pounds has been recorded in the other reserves (Note 23).

During the year of 2020, the company sold 2 million shares with a total value of 6 750 million Egyptian pounds, resulting in a reduction of 2 million Egyptian pounds. This represents the nominal value of the share, and the difference between the sale value and the nominal value of 4 750 million Egyptian pounds was recorded within the other reserves .

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

During the period from November 28, 2021 to December 21, 2021The company has purchased 8 509 733 shares with a total value of 38 681 million Egyptian pounds. The amount of 8 510 million Egyptian pounds has been recorded as treasury shares representing the nominal value of the share. The difference between the purchase cost and the nominal value of the amount of 30 172 million Egyptian pounds has been recorded in the other reserves (Note 23).

On June 5, 2022 the Extraordinary General Assembly unanimously approved the execution of the company's treasury shares, amounting to 8,509,733 shares, and the reduction of the capital by the amount of these shares, so that the issued and paid-up capital of the company after the reduction became 1 085 500 000 Egyptian pounds, and it was approved by the General Authority for investment on August 3, 2022.

22-Legal reserve

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Balance at 1 January	523 961	451 064
Transferred to legal reserve	54 479	72 897
Balance at the end of the period	578 440	523 961

In accordance with the Companies Law No 159 of 1981 and the Company's articles of association, 5% of annual net profit is transferred to the legal reserve. Upon the recommendation of the board, the Company may stop such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

The legal reserve includes an amount of EGP 66 762 related to the Company, the rest of the balance represents the legal reserve of the Group's Companies

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23-Other reserves

	Foreign currency translation reserve	ESOP (Fair value) reserve	Surplus Revaluation of fixed assets reserve	Share premium (special reserves)	Total
Balance as at January 1, 2022	1 067 263	88 882	80 435	904 041	2 140 621
Foreign currency translation	465 378	-	-	-	465 378
Modification surplus of fixed assets cost	-	-	(8 324)	-	(8 324)
Balance at September 30, 2022	1 532 641	88 882	72 111	904 041	2 597 675

Share premium

The share premium represented in the difference between the amount paid and par value for issued shares and issuance cost is deducted from it. The share premium was transferred to both legal reserve and special reserve according to Law No. 159 of 1981.

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Share premium	904 041	904 041

The special reserve represented in the transferred amount from the net share premium in 2007 less the amount transferred to the legal reserve (Note 22).

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

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

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

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

24-Non-controlling Interest

	Capital	Payment Under capital increase	Reserves	Legal reserve	Private risk reserve - Non banking	General risk reserve	Retained earnings	Total	
								September 30, 2022	December 31, 2021 Restated
Balance at 1 January	738 006	2 188	283 805	56 755	36 829	19 918	503 219	1 640 720	1 485 969
Adjustments	-	-	-	-	-	-	-	-	(20 544)
Net profit for the period	-	-	-	-	-	-	477 589	477 589	368 911
Foreign currency translation results	-	-	136 381	-	-	-	-	136 381	(24 367)
Capital increase	14 700	500	-	-	-	-	-	15 200	293 568
Capital Decrease	(5 361)	-	-	-	-	-	-	(5 361)	(80 471)
Change in Non-controlling interests	17 057	-	-	30	33	18	828	17 966	(250 664)
The Impact of new egyptian accounting standards	-	-	-	-	-	-	-	-	22 732
Dividends	-	-	-	-	-	-	(4 340)	(4 340)	(154 414)
Balance at the end of the period	764 402	2 688	420 186	56 785	36 862	19 936	977 296	2 278 155	1 640 720

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25-Capital Management

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

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

The gearing ratio at September 30, 2022 and December 31, 2021 restated were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021 Restated</u>
Loans, borrowings and overdrafts	18 651 587	17 143 216
Short-term notes payable - suppliers	659 353	800 964
Total loans and notes payables	19 310 940	17 944 180
Less: Cash and cash equivalent	(2 896 051)	(1 935 644)
Letters of credit	(39 915)	(791 566)
Letters of guarantee	(580 556)	(285 919)
Net debt	15 794 418	14 931 051
Shareholders' equity	7 129 106	5 867 757
Net debt to equity ratio	2.22	2.54

26-Loans, borrowings and overdrafts

	<u>September 30, 2022</u>			<u>December 31, 2021</u>		
	<u>Current portion</u>	<u>Long-term portion</u>	<u>Total</u>	<u>Current portion</u>	<u>Long-term portion</u>	<u>Total</u>
Banks overdraft	12 946 305	-	12 946 305	12 104 392	86 128	12 190 520
Loans	1 554 761	4 150 521	5 705 282	1 523 832	3 428 864	4 952 696
Total	14 501 066	4 150 521	18 651 587	13 628 224	3 514 992	17 143 216

A. Banks overdraft

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Less than one year	12 946 305	12 104 392
	12 946 305	12 104 392

B. Loans

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Less than one year	1 554 761	1 523 832
More than one year and less than five years	4 150 521	3 428 864
	5 705 282	4 952 696

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27-Trade payables and other credit balances

	September 30, 2022	December 31, 2021
Trade payables	1 875 180	2 144 143
Other credit balances	320 232	215 268
Advances from customers	320 013	1 128 358
Tax Authority	23 312	30 102
Value added tax	88 379	28 899
Accrued expenses	644 371	860 932
Accrued interest exoense	39 015	52 612
Deposits from others	60 658	45 370
Notes payables	659 353	800 964
Right of use liability	693 087	94 532
Dividends payable	7 325	2 237
Deferred revenues	15 682	15 200
	4 746 607	5 418 617

28-Provisions

	Disclosure No.	Legal Claims	Warranty Provision	Other Provisions	Total
Balance at January 1, 2022	(40-1)	18 195	104 995	173 240	296 430
Provisions formed during the period		24 337	28 330	141 821	194 488
Provisions utilized during the period		-	(16 356)	(23 577)	(39 934)
Provisions no longer required		-	(3 210)	(104 127)	(107 337)
Effect of movement of exchange rates		258	1 775	2 466	4 500
Balance at September 30, 2022		42 790	115 534	189 823	348 147
Balance at January 1, 2021		7 140	79 296	102 272	188 708
Provisions formed during the year		11 055	40 707	187 390	239 152
Provisions utilized during the year		-	(3 558)	(70 519)	(74 077)
Provisions no longer required		-	(11 450)	(45 904)	(57 354)
Effect of movement of exchange rates		-	-	1	1
Balance at December 31, 2021 Restated		18 195	104 995	173 240	296 430

Legal claims

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group, and management opinion, after taking appropriate legal advice, that the outcome of these legal claims will not exceed significantly the provision formed as at September 30, 2022.

Warranty Provision

The Group provides warranty on its products and guarantees to either fix or replace the products that are not working properly, and the Group has estimated its warranty provisions to be EGP 115 534 at the end of the year for expected warranty claims in the light of management experience for repair and returns level in previous years. The warranty provision includes a long-term provision amounted as at September 30, 2022 EGP 11 372 (December 31, 2021 EGP 13 909).

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28-Provisions (Continued)**Other provisions**

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

A portion of the value of the formed and (no longer required) of the other provisions is included in the sales revenue. The value of the formed provisions on September 30, 2022 amounted to 65 073 thousand Egyptian pounds and the value of the no longer required provisions is 95 227 thousand Egyptian pounds EGP.

29-Financial risk management**1- Financial risk factors**

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

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

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

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

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

	September 30, 2022			December 31, 2021
	Assets	Liabilities	Net	Net
US Dollars	302 142	(727 843)	(425 701)	(1 191 480)
Euros	187 689	(20 429)	167 260	90 612
Other currencies	42 861	(94 727)	(51 866)	(79 546)

2.Price risk

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

3.Cash flows and fair value interest rate risk

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

Loans, borrowings and overdrafts at the balance sheet date with variable interest rates are amounted to EGP 18 651 587 as at September 30 ,2022 (EGP 17 143 216 as at December 31, 2021).

Financial assets that carry fixed interest rates are amounted to EGP 207 002 as at September 30, 2022 (EGP 359 595 as at December 31, 2021).

		September 30, 2022	December 31, 2021
Time deposits	USD	108 063	57 489
Time deposits	EGP	98 939	302 106
		207 002	359 595

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B-Credit risk

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

For banks, the Group is dealing with the banks which have a high independent rating and banks with a good solvency in the absence of an independent credit rating.

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

For individuals the legal arrangements and documents accepted by the customer are minimizing the credit risk to its lowest level. Provisions are accounted for doubtful debts on an individual basis.

The ratio of allowance for impairment of accounts and notes receivables to the total debts is as following:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Notes and accounts receivables	21 281 750	18 123 110
Expected credit loss for accounts and notes receivable balances	594 824	560 409
The ratio of the expected credit loss to the total accounts and notes receivable	2.79%	3.09%

C-Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group's management aims at maintaining flexibility in funding by keeping committed credit lines available.

D- Fair value estimation

The fair value of financial assets or liabilities with maturity dates less than one year is assumed to approximate their carrying value less any estimated credit adjustments. The fair value of financial liabilities – for disclosure purposes – is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For the fair value of financial instruments that are not traded in an active market, The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the financial instruments or similar instruments are used for long-term debt.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. At the balance sheet date, the fair value of non-current liabilities does not significantly differ from their carrying amount, as the interest rates do not significantly differ.

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30-Investment in subsidiary companies

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

Companies	Percentage of ownership	
	September 30, 2022	December 31, 2021
RG Investment "S.A.E."	99.99%	99.99%
International Trade Agencies and Marketing Co. (ITAMCO) "S.A.E."	99.45%	99.45%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) "S.A.E."	99.53%	99.53%
Ghabbour Continental Trading Co. (GCT) –Alex "S.A.E."	100.00%	100.00%
GB Polo Buses Manufacturing "S.A.E."	80.00%	80.00%
Haram Transportation Co. "S.A.E."	99.00%	99.00%
GB Company for financial lease "S.A.E."	100.00%	100.00%
GB Auto Rental For transportation "S.A.E."	100.00%	100.00%
GB Allab Company	66.20%	66.20%
Masters Automotive Company "S.A.E."	75.00%	75.00%
Microfinance consultancy Services (Mashro'ey) "S.A.E."	57.26%	57.26%
Almajmoa Alalamia; Litijaret Alsaairat (GK)	83.33%	83.33%
GB Logistics "S.A.E."	99.98%	99.98%
GB Capital holding for financial investments "S.A.E."	99.00%	99.00%
Gulf Company	100.00%	100.00%
Drive Automotive "S.A.E."	100.00%	100.00%
Drive Finance "S.A.E."	100.00%	100.00%
Ghabbour Al Qalam	68.00%	68.00%
GB Global Company	100.00%	100.00%
GBR Auto Company	54.00%	54.00%
GBR Services Company	48.80%	48.80%
Egypt Auto Mall Company for used car "S.A.E."	99.00%	99.00%
GB El Bostan	60.00%	60.00%
Ghabbour general trade	25.00%	25.00%
Pan African Egypt Company for Oil "S.A.E."	100.00%	100.00%
Tires & more Company for car services "S.A.E."	100.00%	100.00%
Ready Parts for automotive spare parts "S.A.E."	100.00%	100.00%
GB for Import & export	100.00%	100.00%
Tasaheel Microfinance Company ((Tasaheel)) "S.A.E."	57.26%	57.26%
Engineering Company for transportation maintenance El Mikaneeky	65.00%	65.00%
Egyptian International Maintenance and cars Manufacturing Company EIAC "S.A.E."	100.00%	100.00%
GB Finance S.A.R.L.	100.00%	100.00%

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MNT for SME Development "S.A.E."	57.26%	57.26%
BBAL Blue Bay Auto Loan Investments Cyprus LTD	100.00%	100.00%
Salexia L.T.D. Trading (Cyprus)	100.00%	100.00%
MNT Investment B.V. (Netherland)	57.26%	57.26%
GB Capital Securitization S.A.E.	100.00%	100.00%
Rassedey S.A.E.	55.10%	55.10%
GB Real Estate Mortgage Finance B.V.	100.00%	100.00%
GB Capital BV	100.00%	100.00%
Transport Vehicle Distribution TVD S.A.E.	51.00%	51.00%
Automobilk S.A.E	65.00%	65.00%
GB Finance Lease BV	100.00%	100.00%
GB Microcredit BV	57.26%	57.26%
GB Operational Lease BV	100.00%	100.00%
GB Consumer Finance B.V.	100.00%	100.00%
Rassedey For Collection S.A.E	55.10%	41.25%
SME's credit facilities company B.V.	100.00%	100.00%
GB Global BV	100.00%	100.00%
Halan Consumer Finance	57.26%	57.26%
GB Automative For Trade and Manufacture	100.00%	-
SME Credit Eteman	100.00%	100.00%
International Company For car components (S.A.E)	51.00%	-
Talabiya For Distrbution	57.22%	-
Talabiya For Distrbution B.V.	57.22%	-
GB Kinya	100.00%	-

31- Payment under Investment

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Auto Market Company	-	54 456
GBM Global	72	72
Total	<u>72</u>	<u>54 528</u>

32-Capital Commitments

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 596 519 at September 30,2022 (EGP 98 353 as at December 31, 2021) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

33-Contingent liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021 Restated</u>
USD	1 499 831	2 566 108
EGP	139 121	1 164 349
Japanese Yen	59 159	9 752
Euro	6 826	7 026
Crona Swidish	48 663	-
CNY	-	124

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34-Related party transactions

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

Balances due from and to related parties are as follows:

<u>Due from related parties</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
El Bostan Holding	83 114	66 865
SARL SIPAC – Algeria	13 853	11 251
Algematco – Algeria	40 675	27 291
Halan for Information technology	22 013	92 505
Kassed Shareholders' Current Account	-	10 805
El Qalam Shareholders' Current Account	66 604	2 520
Bedaia for Real estate Financing	7 190	-
Auto Market misr	-	18 721
Total	233 449	229 958
Impairment of due from related parties	(42 798)	(36 730)
	190 651	193 228
	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<u>Due to related parties</u>		
Marco Polo Company	74 016	59 545
EQI	761	761
Al Watania for car accessories and spare parts	8 084	8 084
Gaya	11 127	10 345
Wahdan Company	68	68
EL Ghalban Company	-	47 195
Egypt auto market	18	-
Talabiya Shareholders' Current Account	140 340	-
	234 414	125 998

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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	
			September 30, 2022	December 31, 2021
Executive BOD	Board of Directors	Management Salaries	33 949	40 070
Al Watania for Vehicles Accessories and spare parts	Related Party	Purchases	-	11
SARL SIPAC – Algeria	Related Party	Cash transfer	(2 602)	-
Kassed Shareholders' current account	Shareholder in one of the subsidiaries	Sales	-	-
		Cash transfer	-	7 746
El- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Sales	-	(108 271)
		Services	3 086	34 427
Marco Polo Company	Shareholder in one of the subsidiaries	Services	(14 471)	113
Algemateco – Algeria	Shareholder in one of the subsidiaries	Cash transfers	13 384	2 021
Bostan Holding	Related Party	Foreign Currency translation difference	(16 249)	127
Halan for Information technology	Related Party	Cash transfers	(70 492)	(85 645)
Gaya	Shareholder in one of the subsidiaries	Cash transfers	(782)	774
El Ghalban	Shareholder in one of the subsidiaries	Cash transfers	-	7 216

35- Investment in associates

	Contribution percentage	December 31, 2021	Net Profit /Losses for the period	Additions during the period	Dividends Distribution	September 30, 2022
Halan for Information technology	40.13%	535 869	39 118	118 618	-	693 604
Bedaia for Real estate Financing	33.33%	62 621	22 291	-	(7 189)	77 723
Tokyo Marine	37.50%	24 420	(7 950)	-	-	16 470
		622 910	53 459	118 618	(7 189)	787 798

36-Other investments

	Contribution percentage	September 30, 2022	December 31, 2021
Sky reality holding	7.49%	103 500	103 500
Atlana company for car service	29.60%	1 500	-
Setre application	17.50%	500	-
Tawfiqia .com	10.00%	500	500
		106 000	104 000

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37- Income statement according to expense nature

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Operating Revenue	22 887 525	22 390 090
Operating Cost	(16 778 520)	(17 973 812)
Gross Profit	6 109 005	4 416 278
Other income	218 608	172 586
Provisions no longer required	66 735	(15 754)
Investment in associates and liquidation losses	53 459	(15 566)
Interest income	149 213	91 852
Installment sales interest	15 419	15 546
Bank charge	(82 375)	(59 453)
Interest expense	(561 024)	(487 424)
Salaries & Benefits	(2 124 437)	(1 493 977)
Selling & Marketing	(113 948)	(209 038)
Rents	(86 067)	(60 835)
Net Gain/Losses foreign exchange transaction	(265 279)	15 417
Provisions formed	(238 598)	(142 958)
Depreciation and Amortization	(186 311)	(172 355)
Consulting	(146 528)	(9 932)
Transportation	(30 182)	(28 836)
vehicles expense	(53 703)	(45 470)
Governmental Fees & stamps	(61 693)	(27 641)
IT Expense	(60 475)	(43 691)
Other Expenses	(50 641)	(31 535)
Penalties	(9 600)	(9 321)
Insurance	(18 369)	(13 263)
Security Expense	(18 703)	(19 747)
training employees	(17 137)	(13 022)
Repair/Maintenance Expenses	(945)	(899)
Administration Supplies	(44 800)	(36 047)
Utilities	(18 816)	(16 705)
Donations & Puplic relation	(48 042)	(51 673)
Medical Fund	(54 109)	(53 822)
Freight	(8 360)	(7 443)
Net profit for the year before income tax	2 312 297	1 645 272

38- Securitized Operations

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

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

<u>September 30, 2022</u>		<u>December 31, 2021</u>	
Total Value	Fair Value	Total Value	Fair Value
14 707 034	8 765 517	11 764 213	10 565 882

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

39-Bonds

The company has adopted a bond issuance program on several issues under the private placement system, which are tradable and non-transferable nominal bonds over several issues for a period of (3) years at an amount of 2,000,000 Egyptian pounds (only two billion Egyptian pounds only) and for a period of no less than For thirteen months for each issue, and with an equal rank in the priority of payment and guarantee with the rank of the current and future long-term financial debts of the issuing company with the exception of the legally established privileges and with the exception of the secured loans mentioned in the information memorandum in accordance with the decision of the Board of Directors of the Financial Supervisory Authority No. 54 of 2014 and its amendments And at a nominal value of (100) pounds per bond.

The first version of the program was launched at an amount of 700 million Egyptian pounds on 23/06/2022, as follows:

Part (A): Nominal bonds that are negotiable, non-convertible to shares and not subject to accelerated call-up for a period of thirteen (13) months starting from the day following the date of closing the subscription door, with a value of EGP 300,000,000,000 (only three hundred million Egyptian pounds). With a nominal value of 100 EGP (only one hundred Egyptian pounds) per bond, it is to be consumed monthly as of the first month from the date of closing the subscription door with a fixed monthly installment amounting to 23 076 923 Egyptian pounds and with a fixed annual return of 14%, calculated starting from the day following the date of closing the subscription door It is paid monthly, starting from the first month of the subscription closing date.

Part (B): Nominal bonds that are negotiable, non-convertible into shares, and subject to accelerated call-up starting from coupon No. (14) (the 14th month of issuance) and for a period of sixty (60) months starting from the next day from the date of closing the subscription door, with a total value of 400,000,000,000 EGP (only four hundred million Egyptian pounds) with a nominal value of 100 EGP (only one hundred Egyptian pounds) per bond to be amortized over a period of 60 months starting from the first month of the subscription closing date with a fixed monthly installment 667 666 EGP 6 with a fixed annual return It amounts to 13.5% and is calculated starting from the day following the closing date of the subscription and is paid monthly, starting from the first month of the closing date.

	September 30, 2022				
	Total Value	Borrowing Cost	Convert from long to short term	Paied	Net
Istallments Due within a year	356 923 077	(1 907 072)	40 534 160	(84 780 934)	310 769 231
Istallments Over a year	343 076 923	(2 542 763)	(40 534 160)	-	300 000 000
Total	700 000 000	(4 449 835)	-	(84 780 934)	610 769 231

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Notes to the consolidated Interim financial statements for the financial period ended September 30, 2022

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

40-1 Adjustment on Consolidated statement of financial position as in 31 December 2021

(All amounts in thousand Egyptian Pound)	Note	Before the amendment	Adjustments	After the amendment
Assets				
Non-current assets				
Property, plant, equipment and projects under construction	(16)	4 208 324	-	4 208 324
Assets right of use	(17)	440 333	-	440 333
Intangible assets and goodwill	(18)	449 990	-	449 990
Payments under investment	(31)	54 528	-	54 528
Investment in associate	(35)	622 910	-	622 910
Other investments	(36)	104 000	-	104 000
Long term notes receivables (Net)	(12)	5 758 369	-	5 758 369
Deferred tax assets	(B-10)	331 341	-	331 341
Investment property	(19)	90 905	-	90 905
Debtors and other debit balances	(A-14)	688 262	-	688 262
Subordinated Loan		-	-	-
Total non-current assets		12 748 962	-	12 748 962
Current assets				
Inventories (Net)	(11)	4 203 342	-	4 203 342
Accounts and notes receivables (Net)	(13)	10 239 476	-	10 239 476
Debtors and other debit balances (Net)	(14-B)	2 787 409	-	2 787 409
Due from related parties	(34)	193 228	-	193 228
Cash on hand and at banks	(15-A)	1 935 644	-	1 935 644
Total current assets		19 359 099	-	19 359 099
Total assets		32 108 061	-	32 108 061
Equity				
Issued and paid in capital	(20)	1 094 010	-	1 094 010
Treasury bills	(21)	(8 510)	-	(8 510)
General risk reserve	(42)	49 472	-	49 472
Legal reserve	(22)	523 961	-	523 961
Other reserves	(23)	2 140 621	-	2 140 621
Private risk reserve - Non banking financial service	(41)	90 399	-	90 399
Retained Earning		547 392	(29 640)	517 752
Net Profit for the period / year		1 477 953	(17 901)	1 460 052
Equity attributable to shareholders of the parent		5 915 298	(47 541)	5 867 757
Non-controlling interests	(24)	1 649 730	(9 010)	1 640 720
Total equity		7 565 028	(56 551)	7 508 477
Liabilities				
Non-current liabilities				
Loans	(26)	3 514 992	-	3 514 992
Bond Payable Long term	(39)	-	-	-
Long term notes payables and creditors		588 088	-	588 088
Right of use Liability		327 299	-	327 299
Warranty provisions	(28)	13 909	-	13 909
Deferred tax liabilities	(B-10)	348 657	-	348 657
Total non-current liabilities		4 792 945	-	4 792 945
Current liabilities				
Provisions	(28)	225 970	56 551	282 521
Current tax liabilities	(10-A)	351 279	-	351 279
Loans, borrowings and overdrafts	(26)	13 628 224	-	13 628 224
Due to related parties	(34)	125 998	-	125 998
Trade payables and other credit balances	(27)	5 418 617	-	5 418 617
Total current liabilities		19 750 088	56 551	19 806 639
Total liabilities		24 543 033	56 551	24 599 584
Total equity and liabilities		32 108 061	-	32 108 061

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Notes to the consolidated Interim financial statements for the financial period ended September 30, 2022

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

40-2 Adjustment on periodic Consolidated income statement as of September 30,2021

(All amounts in thousand Egyptian Pound)	Note	30 September 2021		
		Before the amendment	Adjustments	After the amendment
Continuing operations				
Operating revenue		22 390 090	-	22 390 090
Operating cost		(17 973 812)	-	(17 973 812)
Gross profit		4 416 278	-	4 416 278
Other income	(6)	172 586	-	172 586
Selling and marketing expenses		(1 177 809)	-	(1 177 809)
General and administrative expenses		(1 154 422)	-	(1 154 422)
Provisions and Impairment of Current and Non-Current assets (Net)	(8)	(158 712)	(13 022)	(171 734)
Operating results		2 097 921	(13 022)	2 084 899
Finance costs (Net)	(7)	(424 061)	-	(424 061)
Investment in associates and liquidation losses	(35)	(15 566)	-	(15 566)
Net profit for the period before income tax		1 658 294	(13 022)	1 660 838
Income tax (expense)	(10-C)	(399 715)	-	(399 715)
Net profit for the period after tax		1 258 579	(13 022)	1 261 123
Attributable to:				
Shareholder's of the parent company		1 005 491	(8 233)	997 258
Non-controlling interests		253 088	(4 789)	248 299
		1 258 579	(13 022)	1 245 557
Basic earnings per share/ EGP	(9)	0.919	(0.008)	0.912

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Notes to the consolidated Interim financial statements for the financial period ended September 30, 2022

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

40-3 Adjustment on consolidated Comprehensive income 30 September 2021

(All amounts in thousand Egyptian Pound)

	<u>Before the amendment</u>	<u>Adjustments</u>	<u>After the amendment</u>
Net Profit for the period before income tax	1 258 579	(13 022)	1 245 557
Other comprehensive income items			
Foreign currency translation difference	(14 946)	-	(14 946)
Modification surplus of fixed assets result	(18 318)	-	(18 318)
Total other comprehensive income for the period before income tax	(33 264)	-	(33 264)
Income tax Related to other comprehensive income item	3 700	-	3 700
Other comprehensive income for the period after income tax	(29 564)	-	(29 564)
Total other comprehensive income for the period	<u>1 229 015</u>	<u>(13 022)</u>	<u>1 215 993</u>
Other comprehensive income is attributable to:			
Owners of the company	997 077	(8 233)	988 844
Non-controlling interests	231 938	(4 789)	227 149
	<u>1 229 015</u>	<u>(13 022)</u>	<u>1 215 993</u>

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

41 –Private Risk Reserve

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

Non-banking, and the balance on June 30, 2022 reached 90 million Egyptian pounds, and the balance of this reserve will not be used after applying Standard No. 47 except after obtaining the prior approval of the Authority.

42 – General Risk Reserve

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

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

43- Significant accounting policies

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

A- Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase recognized in profit or loss immediately.
- Transaction cost is expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognised in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

1) Subsidiaries

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

2) Non-controlling interests

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

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

3) Loss of control

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

4) Transaction elimination on consolidation

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

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

43 -Significant accounting policies (Continued)

B- Foreign currency

1) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in Other comprehensive income:

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

2) Foreign Operations

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

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

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

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

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

C- Discontinued operation

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

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

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

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

43 -Significant accounting policies (Continued)

D) Revenue from customer contracts.

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

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

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

Revenue Recognition

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

The costs of assign a contract with customers

Under Egyptian Accounting Standard 48, some of the additional costs incurred in acquiring a contract with a customer ("contract costs"), which previously did not qualify for recognition as an asset under any of the other accounting standards, have been deferred in the consolidated statement of financial position. The effect of capitalization of contracts costs resulting from the application of Egyptian Accounting Standards (no.48)

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

43 -Significant accounting policies (Continued)

E- Employee benefit

1) Short – term employee benefits

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

2) Share – based payment arrangements

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

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

3) Defined contribution plans

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

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

4) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted - before tax – to reflect the time value of money.

F- Finance income and finance costs

The Group's finance income and finance costs include:

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

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

G- Income Tax

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

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

43 -Significant accounting policies (Continued)

1) Current income tax

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

2) Deferred tax

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

Deferred tax is not recognised for:

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

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

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

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

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

H- Inventories

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

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

43 -Significant accounting policies (Continued)

I- Property, plant and equipment

1) Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

2) Subsequent expenditure

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

3) Depreciation

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

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

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

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

4) Reclassification to investment property

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

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

43- Significant accounting policies (Continued)

5) Project under construction

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

J- Intangible assets and goodwill

1) Recognition and measurement

I. Goodwill:

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

II. Other intangible assets:

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

III. Computer software

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

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Expenditure to acquire computer software is capitalized and included as an intangible asset. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives and not exceeding a year of 3 years.

IV. Knowhow

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

2) Subsequent expenditure

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

3) Amortization

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

Goodwill is not amortised.

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

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

43 -Significant accounting policies (Continued)

K- Investment property

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

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

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

L - Financial instruments

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

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

Financial assets and financial liabilities Classification and measurement

- The new standard requires the company to value the classification of financial assets at the company's financial statements according to the financial assets cash flow conditions and the company related business module for financial assets certain category.
- EAS 47 has no longer available for sale classification for financial assets. The new standard contains different requirements for financial asset in debit instruments or equity instruments.

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

- Amortized cost, which actual interest rate will be applied or
- Fair value through comprehensive profit and loss with subsequent reclassification to profits and losses when the financial assets sale .
- fair value through profit and losses
- a. Investments in equity instruments must be classified and measured by one of the following methods except for those considered and applied owners' equity accounting
 - Fair value through other comprehensive income through subsequent reclassification to profits and losses statement when financial assets have been sold
 - Fair value through profits and losses
- b. The company initially continues in measurement of financial assets by using fair value plus cost of transaction at the initial recognition except the financial assets measured at fair value through profits and loss in accordance with the current practices, most of financial assets classification have not been effected by the adoption of EAS 47 at 1 January 2021

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

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

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

Impairment: -

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

Below are the main changes in the group's accounting policy for impairment of financial assets.

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

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

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

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

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

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

Assets are transferred through

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

Principle of these assets

- Stage one: 12-month expected credit losses

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

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Notes to the consolidated interim financial statements for the financial period ended September 30, 2022

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

- Stage two: Lifetime ECL - not credit-impaired

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

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

- **Measurement**

The company apply the simplified approach to calculate expected credit losses for the Auto &Auto related sector companies due to the absence of an important credit component associated with their contracts with customers while apply for the non-banking financial sector companies, the general approach was applied to calculate expected credit losses due to the presence of an important credit component in contracts with customers of that sector.

- **Hedge accounting**

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

M- Share capital

1) Ordinary Shares

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

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

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

N- Provisions

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

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1) Warranties

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

2) Legal Claims

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

3) Other Provisions

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

O- Leases

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

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

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

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

As a lessor:

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

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

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

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

41 -Significant accounting policies (Continued)

Recognition and measurement

Initial measurement

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

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

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

Operating leases

Recognition and measurement

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

Sale and leaseback transactions

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

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

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

2) Transfer of the asset is a sale

- a) If the transfer of an asset by the seller-lessee satisfies the requirements of EAS (48) to be accounted for as a sale of the asset:
 - The seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use

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retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

- The buyer-lessor shall account for the purchase of the asset applying applicable Standards, and for the lease applying the lessor accounting requirements in this Standard.
- b) If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity shall make the following adjustments to measure the sale proceeds at fair value:
 - Any below-market terms shall be accounted for as a prepayment of lease payments.
 - Any above-market terms shall be accounted for as additional financing provided by the buyer lessor to the seller-lessee.
- c) The entity shall measure any potential adjustment required on the basis of the more readily determinable of:
 - The difference between the fair value of the consideration for the sale and the fair value of the asset.
 - The difference between the present value of the contractual payments for the lease and the present value of payments for the lease at market rates.

3) Transfer of the asset is not a sale

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

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

As a lessee:

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

Initial measurement of the right-of-use asset

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

- A- The amount of the initial measurement of the lease liability shall measure at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.
- B- Any lease payments made at or before the commencement date, less any lease incentives received.
- C- Any initial direct costs incurred by the lessee.

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

Subsequent measurement of the right-of-use asset

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

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

Initial measurement of the lease liability

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

Subsequent measurement of the lease liability

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

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

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Egyptian Accounting Standard No. (49 - Lease contracts

- The Egyptian Accounting Standard (49) replaces the Egyptian Accounting Standard No. (20) - the accounting rules and standards related to financial leasing operations.

- Egyptian Accounting Standard No. (49) "Lease Contracts" provides a single accounting model for the lessor and the lessee where the lessee recognizes the right to use the leased asset within the company's assets and recognizes a commitment which represents the current value of unpaid lease payments within the company's obligations, bearing in mind that Leases are not classified to the lessee as an operating lease or a finance lease. There are optional exemptions for short-term and low-value leases.

- With regard to the lessor, the lessor must classify each of his lease contracts either as an operating lease contract or as a finance lease contract.

- With regard to the financial lease, the lessor must recognize the assets held under a finance lease contract in the balance sheet and display them as receivable sums in an amount equal to the net investment in the lease contract.

- For an operating lease, the lessor must recognize lease payments from operating lease contracts as income, either on a straight line basis or on any other regular basis.

Recognition and measurement

- Upon the commencement of the contract, the company evaluates whether the contract contains lease arrangements, and for such arrangements for leasing contracts, the company recognizes Right of use assets and liabilities for lease contracts, with the exception of short-term leasing contracts and low-value asset contracts as follows:
 - On initial recognition, the Right of use asset is measured as the amount equal to the rental obligation measured initially and adjusted for pre-contract lease payments, initial direct cost, rental incentives, and the discounted value of the estimated costs of dismantling and removing the asset.
In the subsequent measurement, the right of use base is measured at cost deducted from the depreciation aggregate and the sum of the impairment losses.
Depreciation is calculated on a straight-line basis over the estimated useful lives of the Right of use assets or the lease term, whichever is less.
- Lease commitment is measured at the beginning of the lease contract at the present value of the lease payments unpaid on that date over the lease period. Lease payments must be deducted using the country's incremental borrowing rate in general. The company uses the additional borrowing rate as the discount rate.
Then the lease contract liability is measured at amortized cost using the effective interest rate method.
- The Right of use assets and lease obligation of the lease contracts will be re-measured later in the event that any of the following events occur:

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- The change in the rental price due to the link to the price or the rate that became effective in the period.
- Amendments to the lease contract
- Reassessment of the lease term

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

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

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

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

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

P- Segmental reports

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

Q-Dividends

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

R-Comparative figures

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

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44- Subsequent Events

The Central Bank of Egypt decided, in its session held on October 27, 2022, to announce the implementation of a flexible exchange rate system for pricing foreign exchange, provided that the buying and selling prices of currencies are determined in Egyptian pounds based on the conditions of supply and demand, and accordingly the exchange rate of the US dollar increased against the Egyptian pound. , which led to an increase from 19.69 Egyptian pounds to about 23 Egyptian pounds at the end of October 27, 2022.

In conjunction with the liberalization of the exchange rate, the Central Bank of Egypt also raised the overnight deposit and lending rates by 200 basis points, to reach 13.25% and 14.25%, respectively. Which may affect the company's revenues and financing costs.