GHABBOUR AUTO

EFFICIENT PATH OF GROWTH

Annual Report 2018

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VISION

Leading the markets where we operate by providing an elite customer experience and becoming the brand of choice to our stakeholders.

MISSION

Granting a premium experience while developing our communities, enriching the lives of our employees and maximizing our shareholders' returns through our corporate values and operational excellence.

CORE COMPETENCIES

WORKING WITH PEOPLE

Shows respect for the views and contributions of other team members;
shows empathy;
listens, supports and cares for others;
consults others and shares information and expertise with them;
builds team spirit and reconciles conflict;
adapts to the team and fits in well.

DELIVERING RESULTS MEETING CUSTOMER EXPECTATIONS

Focuses on customer needs and satisfaction;
sets high standards for quality and efficiency;
monitors and maintains quality and productivity; works in a systematic, methodical and orderly way;
consistently achieves project goals.

ADHERING TO PRINCIPLES & VALUES

Upholds ethics and values by demonstrating integrity;
promotes and defends equal opportunities with builds diverse teams;
encourages organizational and individual responsibility towards the community and the environment.

LEADING & SUPERVISING

Provides others with a clear direction;
motivates and empowers others;
recruits staff of a high caliber;
provides staff with development opportunities and coaching;
sets appropriate standards of behavior.

CREATING & INNOVATING

Produces new ideas, approaches, or insights;
creates innovative products or designs;
produces a range of creative solutions to problems.

COMPANY OVERVIEW

GB AUTO
AT A GLANCE

GB Auto operates under two distinct segments:
Auto and Auto Related which operates the core automotive business, and GB Capital, which oversees the operations of the group's five non-bank financial service providers.
The distinction, which came into effect in 2017, presents a clear and accurate picture of each business, its operations, and value for stakeholders.

GB AUTO
(AUTO & AUTO RELATED)

WITH A HISTORY OF OVER SIX DECADES IN THE INDUSTRY

GB Auto has built a solid reputation for its automotive service offerings. It is renowned for providing unmatched after-sales services in Egypt along with positioning its passenger cars as some of the best value for money in the Egyptian market. Also making a name for itself as a front-runner in the manufacturing and distribution of two- and three-wheelers, as well as Commercial Vehicles and Construction Equipment.

ASSEMBLY AND MANUFACTURING OPERATIONS INCLUDE

Passenger cars, commercial vehicles, and motorcycles and three-wheelers. The company also designs and manufactures components, complete buses, semi-trailers and superstructures at plants in the Greater Cairo Area and facilities in the Suez Canal Area.

OPERATING SIX LINES OF BUSINESS ACROSS FOUR MAJOR MARKETS IN THE MIDDLE EAST & NORTH AFRICA

GB Auto is a leading regional automotive player with a strong operational footprint in key markets and sectors with plans to expand into new, lucrative markets. The company is focused on automotive assembly, manufacturing, sales and distribution, and after-sales services, which includes vehicle servicing and related products.

GB AUTO REMAINS A STRONG PLAYER

with an unmatched distribution and After-sales network, while growing its regional after-sales service network. This includes passenger car centers in Egypt for both body and mechanical work. With new vehicle sales, the company's service and parts outlets make GB Auto a fully integrated, "one-stop-shop" automotive provider that delivers on promises of lower ownership costs and real value to customers.

GB AUTO'S PORTFOLIO OF PARTNERS INCLUDES

the leading global brands of Hyundai, Mazda, Geely, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Bus, Volvo Construction Equipment, Sinotruk, Mitsubishi Fuso, YTO, Karry, SDLG, Aksa, Lassa, Yokohama, Pirelli, Westlake, Double Coin, Double-star, Verde, Techking and Gazpromneft.

HEAD OFFICE

- Giza, Egypt

EGYPT PASSENGER CARS

- Assembly
- Sales & Distribution

EGYPT MOTORCYCLES & THREE WHEELERS

- Assembly
- Manufacturing
- Sales & Distribution

EGYPT CV & CE

- Assembly
- Manufacturing
- Sales & Distribution

EGYPT TIRES

- Sales & Distribution

EGYPT AFTER-SALES

- Sales & Distribution of Spare parts for passenger cars, two- and three-wheelers, and commercial vehicles

REGIONAL

- SKD Assembly
- Sales & Distribution
- After-sales services for passenger cars & two- and three-wheelers

GB CAPITAL

GB Capital oversees the operations of the group's five non-bank financial service providers: GB Lease, which offers financial leasing services to a wide range of companies; Mashroey, which offers asset-based lending to microfinance eligible clients; Drive, which offers consumer finance and factoring services to retail and corporates; Haram Limousine, which offers car rental services on a quasi-operational lease basis to companies in the market; and Tasaheel which, offers direct microfinance lending services to micro-entrepreneurs.

GB Capital's strategy is to benchmark its operations against the best in the field, building on strict and robust credit, risk classification and provisioning policies specifically developed for each industry. The companies' credit approval and disbursement mechanisms comply with best practices of financial institutions in the country. Asset quality and collections - the backbone for the success of any financial institution are closely monitored, well-maintained and controlled within the group.

WHAT WE DO...

EGYPT PASSENGER CARS

40.3% of FY18 Group Sales

- Assembly and distribution of imported CKD kits with a production capacity of around 80,000 units per year
- Distribution of imported CBU vehicles
- Brands: Hyundai, Mazda, Geely, Chery

EGYPT MOTORCYCLES & THREE-WHEELERS

13.4% of FY18 Group Sales

- Assembly, distribution and components manufacturing of motorcycles and three-wheelers (tuk-tuks)
- Brands: Bajaj

EGYPT COMMERCIAL VEHICLES & CONSTRUCTION EQUIPMENT

5.8% of FY18 Group Sales

- Assembly and distribution of trucks Bus-body manufacturing, distribution through GB Polo
- Manufacturing and distribution of superstructures and trailers
- Distribution of construction and farming equipment
- Brands: Volvo, Iveco, Mitsubishi Fuso, Sinotruk, YTO, Marcopolo, Karry, SDLG, AKSA

EGYPT TIRES

4.3% of FY18 Group Sales

- Distribution of passenger car, van, truck, construction equipment, and bus tires
- Brands: Lassa, Yokohama, Pirelli, Westlake, Doublecoin, Doublestar, Verde, Techking

EGYPT AFTER SALES

4.4% of FY18 Group Sales

- After-sales services and distribution of spare parts for passenger cars, two- and three-wheelers, and commercial vehicles
- Constant and ongoing expansion of network and service center capacities

STARTUPS

2.0% of FY18 Group Sales

- Parts and lubricants business, PAL, distributes Gazpromneft Lubricants
- Fabrika is a Pre-Owned Vehicles division
- Retail division 360 operates after sales services
- Market: Egypt
- Companies: PAL, Fabrika, 360

REGIONAL

15.4% of FY18 Group Sales

- Distribution of imported completely-built-up (CBU) passenger car units in Iraq (Hyundai) and Algeria (Geely) with after-sales services in both markets
- SKD assembly and distribution of Bajaj motorcycles & three-wheelers in Iraq and after sales services.
- Distribution of Westlake and Jumbo tires in Iraq; Lassa, Verde and Grandstone in Algeria and Triangle tires in Jordan
- Markets: Iraq, Algeria, Jordan (The latter two have been liquidated by year end as well as the tires operations in Iraq)
- Companies: Hyundai, Geely, Bajaj, Westlake, Doublecoin, Lassa, Verde, Grandstone, Triangle

GB CAPITAL

14.3% of FY18 Group Sales

- GB Capital's subsidiaries cater to all market segments
- GB Lease provides business-to-business financial leasing solutions. Assets financed are diversified and include real estate, automotive, production lines, and other asset classes. Tenor is medium term, and the company's focus is on risk diversification by asset class, industry sector, and clients.
- Mashroey offers asset-based microfinance lending to eligible clients for the purchase of motorcycles, tuk-tuks, YTO tractors and motor tricycles. Mashroey's credit policy is stringent, and its portfolio tenor is predominantly short term.
- Drive provides factoring services to a diversified client base, ranging from business-to-business (SMEs) to business-to consumer (retail), with a focus on the auto finance sector. It continues to expand its factoring solutions, offering innovative financing products. Operating under a robust credit policy, the company's portfolio tenor is predominately medium term.
- Haram Tourism Transport (HTT) provides car rental services on a quasi-operational lease basis. Its service agreements are tailored and entail acquisition, registration, insurance and maintenance of vehicles, with third party insurance in place. Average tenor of the portfolio is three years.
- Tasaheel is a microfinance company and focuses on direct lending to microfinance eligible clients, predominately group lending to women, with the aim of helping low-income earners generate higher incomes and improve their living standards. Loan tenor is short term.
- Market: Egypt

CONTINUOUS INNOVATION SINCE IPO

2007

PUBLIC COMPANY
- GB Auto completes an IPO and shares begin trading on the Cairo stock Exchange. The IPO raised 1.2 billion.

2008

OPPORTUNITY
- GB Auto established financial leasing company to operate as GB Lease which finances commercial vehicle sales as well as corporate clients purchasing passenger cars for fleets.
- GB Auto enters a joint venture with Marcopolo, the Brazil-based global bus manufacturer, to build a production facility in Suez where the JV produces buses for domestic and export sales.

2009

INNOVATION
- GB Auto launches GDR program to allow global investors to trade its shares in London and New York.

2010

COLLABORATION
- GB Auto enters into an exclusive agreement to import and distribute Mazda vehicles in Egypt.
- GB Auto establishes Mashroey, a majority-owned micropayments joint venture to finance purchases of Bajaj-branded motorcycles and three-wheelers.
- GB Auto enters a joint venture with the Al-Kasid group of companies, which holds and acquires exclusive rights to distribute Hyundai vehicles in Iraq.
- GB Auto signs an agreement to be the exclusive distributor of Yokohama passenger car, truck, semi-truck, bus and construction equipment tires in Egypt

2011

CREATIVITY
- GB Auto soft launches GB Academy which will focus on improving employees' skills including communication strategies, critical thinking and time management.

2012

PARTNERSHIP
- GB Auto partners with Geely in CKD assembly in Egypt and distribution in the Egyptian market
- GB Auto's consumer finance venture, Drive, begins to operate financing consumer purchases of passenger cars.
- GB Auto won Geely International Corporation's Best Distribution Award.

2013

NEW MARKETS
- GB Auto expands its geographical foot print with key brand representation in Algeria and Libya
- GB Auto won the gold medal in the Engine System Support category at Hyundai Motor Corporation's World Skill Olympic Competition

2014

CREATIVITY
- GB Auto fully launches the GB Academy which provides development needs to GB Auto as well as its authorized dealer network

2015

AWARDS
- GB Auto obtains approval on a LE 960 million capital increase.
- GB Auto won the FUSO award for the Best NV Fleet Volume and the Volvo bus award.
- GB Auto won the technical best skill performance for Hyundai in after-sales service.

2016

OPERATIONS
- GB Auto inks technical agreement with Bajaj.
- GB Lease receives second place ranking from FRA.
- GB Auto tires division acquires the distribution of Westlake Heavy Truck Tires in Egypt.
- GB Auto won the Volvo Bus Award of Excellence for the second year in a row.
- GB Auto won the Service advisor gold medal and the Service award in after-sales service.

2017

STRUCTURING
- In 2Q17, GB Auto adopts a new disclosure structure that separately reports GB Auto & Auto-Related and GB Capital. This facilitates more accurate valuations and reveals hidden value in the company's share
- GB Auto won the Technical silver medal, the Volvo bus award and the Service Award in after-sales service

2018

CORPORATE DEVELOPMENTS
- Leading private equity firm Development Partners International invests in two GB Capital subsidiaries (Mashroey and Tasaheel)
- GB Auto launches Hyundai's first Ioniq hybrid car in Egypt
- GB Auto won the Volvo Bus Award for excellent performance
- GB Auto won several awards such as: Advisor Skill Contest Gold medal, outstanding after sales performance for Chery, Service Advisor Skill Contest Silver medal for Mazda, and Customer experience Leader Special for Hyundai

A LETTER FROM THE CEO

DR. RAOUF GHABBOUR,
CEO

Dear Shareholders,

2018 was by all means a year of recovery and growth for our industry and our company following a period of strong headwinds and shifting market dynamics. As consumers adjusted to the new norm and price points post the devaluation of the Egyptian pound, automotive demand made a strong recovery, and GB Auto was successful in capturing the upside thanks to our portfolio and sales mix realignment efforts. The results speak for themselves with Group revenues of EGP 25,812.0 million, a year-on-year increase of 46.2%, along with bottom-line of EGP 515.7 million versus a loss in the previous year. At our Auto & Related (A&AR) segment, we remained the market leader in Egyptian passenger cars (PC) with a market share of 25.4% in FY2018. While we grappled with the ripple effects of new market and macro-level regulation, the PC LoB's performance still surpassed our most bullish expectations. Total PC revenues were up 52.2% year-on-year in FY2018 on the back of both higher volumes and improved sales mix, leading to improved profitability at the LoB. Growth also came despite a temporary pullback on demand toward the tail end of year as consumers anticipated a phase-out of customs duty on European passenger car imports starting January 2019. Our strategy will see us continuing to realign our passenger car portfolio in response to new regulations, with plans to expand our CKD and CBU offerings to remain ahead of the competition.

GB Auto's motorcycles and three-wheelers LoB also experienced strong performance throughout 2018, as volumes grew 51.8% year-on-year to 128,160 units. Our three-wheeler volumes continued to break records, supported by strong market fundamentals where three-wheelers fill a gap in the transportation industry and are a leading source of employment opportunities. Meanwhile, two-wheelers grew almost threefold supported by localization of production at our Badr factory, increasing our capacity to quickly respond to market trends. This LoB's performance was also buoyed by the strong relationship with Mashroey, GB Capital's asset-based lending offering for three-wheelers. Within our Auto Related lines of business, total volumes sold by our Commercial Vehicles and Construction Equipment segment grew 31.7% year-on-year to reach 2,238 vehicles, and this growth coupled with improved financing saw revenues increase 38.0% to EGP 1,507.1 million. Our management team is currently taking steps to streamline the working capital cycle, including inventory levels and supplier terms, in response to further adaptations in the market.

We are also moving forward with plans to expand our aftersales and workshop network to better serve our customers. Several new locations were opened in 2018, including a new center in Minya, and our After Sales team also launched our new GB Express concept in partnership with Wattaneya gas station in Mansoura, Zagazig, and Port Said. This new concept will allow us to expand our reach while providing quick and convenient service to customers across the country. In addition to geographic expansion, our management team is pursuing increased operational efficiencies to improve profitability. Revenues generated our After Sales business increased 9.9% in FY2018, reaching EGP 1,129.9 million, and we expect this growth trend to continue in the coming years supported by growth in the automotive market along with our expansionary strategy for the LoB.

Our tires segment continues to maintain a strong growth trajectory, with revenues up 57.8% year-on-year at EGP 1,103.5 million in FY2018. As the automotive market has picked up, this segment has captured growth demand while capitalizing on new distribution agreements. Management aims to continue growing this segment and capturing new demand by pursuing representation in niche markets, such as those for TBR overload and other specialty tires. At the same time, we will continue to leverage our growing distribution network for commercial tires. At our regional operations, growing demand for passenger cars in the Iraqi market driven by an improved security situation and political stability saw volumes grow 34.4% in 2018.

Similarly, volumes of two and three-wheelers grew more than threefold to 20,763 units, leading to an overall 35.5% year-on-year increase in regional revenue to EGP 3,977.7 million. We expect this growth trajectory to continue in 2019 as the situation within Iraq continues to improve. GB Auto is also executing a strategy to expand our sales and aftersales networks for Passenger Cars and Two- and Three-Wheelers in Iraq with the aim of replicating the success we achieved in Egypt.

Our decision in 2017 to separate our A&AR segment from our financing arm has provided us with increased flexibility in adapting growth strategies best-suited for each business. In 2018 we capitalized on this flexibility and rolled out several initiatives at GB Capital that will help unlock significant value. We concluded a securitization transaction at GB Lease which works to deleverage the company and demonstrates the quality of its portfolio. Additionally, we have concluded the sale of a minority stake in Mashroey and Tasaheel to private equity firm Development Partners International. Our new partners will lend significant expertise in driving long-term growth at both companies and delivering value to shareholders. Management also adopted a more conservative provisions policy to maintain the quality of our loan book, with nonper-forming loans remaining at a low 1.2% in 2018. These efforts work to maintain a strong balance sheet that is still strongly underleveraged compared to industry norms and regulatory caps and provide for ample room to capture growth at our financing businesses in 2019.

For the past couple of years our strategies across our LoBs had focused on managing market headwinds and driving growth and profitability through portfolio realignment and improved sales mix. Our results for 2018 illustrate the success of our efforts and provide the Group with the solid foundations from which to pursue the next phase of maximizing shareholder value. With the aim of strengthening our versatility as an automotive producer and supplier, and capitalizing on market opportunities, in 2019 our strategies will increasingly focus on maximizing efficiency across all segments of GB Auto and Auto Related. In particular, we aim to optimize inventory levels, achieve favorable receivables and payable terms, and manage our cash flow in a prudent way. This will allow management to extract working capital efficiencies to further augment the segment's performance.

I am very pleased with the sweeping success we have experienced this year largely because of the talent and dedication of all our employees. I would like to extend my sincere gratitude to our Board of Directors and senior managers who have guided the execution of our strategy across all business lines. Finally, I look forward to reporting on our accomplishments in 2019 as the market continues to recover and we embark on new ventures aimed at delivering real value for our shareholders and communities.

Dr. Raouf Ghabbour
CEO

GB AUTO
HIGHLIGHTS OF 2018

25.8
EGP BN
GROUP REVENUE

13.8
%
GROUP GROSS PROFIT MARGIN

3.6
EGP BN
GROUP GROSS PROFIT

2.0
EGP MN
GROUP OPERATING PROFIT

25.4
%
MARKET SHARE OF PC EGYPT

359.4
EGP MN
GB CAPITAL NET PROFIT (AFTER MINORITY)

HYUNDAI

LAUNCHES HYUNDAI'S **FIRST IONIQ HYBRID CAR** IN EGYPT

GB CAPITAL'S PORTFOLIO OUTSTANDING REACHED **EGP 8.1 BILLION**

OVER **20+** PC MODELS

LARGEST **AFTER-SALES** NETWORK IN EGYPT & IRAQ

STRATEGIC REPORT

GB AUTO STRATEGY OVERVIEW

AUTO AND AUTO RELATED

EXPANDING HIGH-MARGIN DIVISIONS

GB Auto's strategy is not only to continue to look at long-term growth opportunities for the business, but to also expand its high-margin operations. The company will continue leveraging its Excellence in Operations based on Trust, Proximity, Service Quality and Availability to drive value for stakeholders.

Throughout 2018, customers continued to seek out car maintenance with GB Auto, translating to strong sales of all products offered by the company's After Sales Division, a trend we expect to continue. The expansion of GB Auto's network of After-Sales workshops continued to bear fruit this year, with After-Sales service centers running at higher-than-average capacity utilization rates to cope with this increasing demand. Going forward, GB Auto intends to expand its workshop network within the next years

GB Auto is looking to put significant weight behind its high-margin Tires by reinforcing its brand portfolio with the distribution of additional reputable brands. This effort driven by management has shown success in the past years which is evident in the exponential growth while maintaining its high level of profitability.

IMPROVING OUR WORKING CAPITAL

Our aim is to capitalize and improve our working capital efficiency across all lines of business in the Auto and Auto related segment to increase the operation cash generation. We strive to streamline our operations across the value chain, ensuring the attainment of target productivity. Inventory days on hand and debt levels has been maintained at a decent level while successfully recovering our margins. We are working to maintain tight control on our working capital, operating costs, putting in place measures to maximize working capital efficiency.

GB CAPITAL

Through its five key operations (GB Lease, Mashroey, Drive, HTT, and Tasaheel) GB Capital's strategy is to build on strict and robust credit policies, risk classification and provisioning policies specifically developed for each industry.

GB Capital has come into increased focus as customers' purchasing power is hampered in an increasingly inflationary environment. The business is set to continue offering new, innovative products that cater to the unique demands of its customers through veterans of the financial services industry that provide the required expertise and know-how.

In 2018, we rolled out several initiatives at GB Capital that will help unlock significant value. We concluded a securitization transaction at GB Lease which works to deleverage the company and demonstrates the quality of its portfolio. Additionally, we have concluded the sale of a minority stake in Mashroey and Tasaheel to private equity firm Development Partners International.

BUSINESS MODEL

GB Auto's business model is focused to drive value for shareholders through strategies in the Auto and Auto related that the company adopted in order to stay well ahead of our competitors. Our business model helps to build our brand portfolio and representations, maintain our margins as well as improving our working capital across all lines of business.

The aim of GB Capital is to develop a well-diversified and synergetic group of financial services, while maintaining a high level of focus and specialized expertise within each company.

DIVISIONAL REVIEW

EGYPT PASSENGER CARS

GB Auto is a leading passenger car importer, assembler, and distributor in the Middle East and North Africa. The largest player in the Egyptian passenger car market in terms of market share and production capacity. It holds the exclusive license to assemble and distribute Hyundai, Chery and Geely passenger cars, in addition to the exclusive distribution of Mazda passenger cars, and spare parts for all four brands.

Over the years, the company has solidified its market leadership with a dedication to value, unparalleled service, and best-in-class products. GB Auto created its "one-stop-shop" approach to retail auto buying by vertically integrating sales, consumer finance (through Drive, GB Auto's consumer finance arm), after-sales support, and used cars operations and trade in (through Fabrika). Its commitment to total customer care allows the company to offer Egypt's car-buying market a powerful value proposition.

GB Auto has long positioned Hyundai cars as the best value for money in the Egyptian market and has more recently done the same with Geely, Mazda, and Chery at their unique price points. GB Auto has invested significantly in the expansion of its assembly capacity reaching approximately 80,000 units per year. At the Prima plant, the company assembles Hyundai and Geely passenger cars from imported CKD kits, as well as locally sourced components. The plant which spans across nearly 58,000 square meters was established in 1994. In September 2012, GB Auto completed a major investment, growing production lines capacity and adopting more advanced techniques to include new Geely models while modernizing assembly process. Today, Prima is a state-of-the-art facility with fully-automated conveyer systems, welding robots and ED-coating paint shop. In addition, GB Auto signed a tripartite agreement with the Chinese company, Chery and Egypt's Aboul Fotouh Automotive where it started assembling CKD models in its plant.

2018 BUSINESS REVIEW

According to the Egyptian Automotive Marketing Information Council (AMIC)'s full-year report on the Egyptian Passenger Cars market, the total automotive market grew 46.6% y-o-y to 145,886 units in FY18 compared to 99,530 units in FY17. More specifically, vehicles within the 1.0-1.3 liter range witnessed a 2.0% y-o-y increase in volumes and those within the 1.3-1.5 liter range increased to 20.0%. Meanwhile, vehicles within the 1.5-1.6 liter range saw sales volumes increase by 52.2%, and finally SUVs with an engine capacity larger than 2.0 liters saw volumes drop 25.7% y-o-y.

The company remained as the leader of the Egyptian passenger car market, which includes Hyundai, Geely, Mazda, and Chery, with an overall market share 25.4% in 2018. Hyundai maintained its number one market leadership position with a 21.0% market share for the full year. In FY18, Chery's market share stood at 3.2%, relatively flat on a y-o-y basis, with 4,649 units sold during the year vs. 5,477 units in 2017, Geely sold 961units in FY18 vs. 2,956 units in FY17, the drop in volumes was due to negotiations of the contract terms in Geely that took place at the beginning of the year with sales resumption in September 2018. While Mazda sold 800 units in 2018, compared to 851 in the previous year.

FY18 saw GB Auto's Egypt Passenger Cars division increase its sales revenues by 52.2% y-o-y to EGP 10,407.8 million compared to EGP 6,840.5 million in FY17 driven by volumes, a better product mix and a strong price discipline. It is worth noting the gross profit witnessed a strong recovery where it increased 3.5x compared to the previous year coming at EGP 986.3 million in 2018 compared to EGP 283.4 million in 2017, reaching a 9.5% gross profit margin, vs 4.1% in 2017.

EGYPT MOTORCYCLES AND THREE-WHEELERS

GB Auto is Egypt's exclusive assembler and distributor of motorcycles and three-wheelers from Bajaj, the world's largest manufacturer of three-wheelers, often known as auto-rickshaws or tuk-tuks.

Since it first began importing and selling three-wheelers in Egypt in 1999, the company has been the country's market leader for the popular vehicles, due to providing quality, low-cost after-sales service to this segment's price-conscious consumers.

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

2018 BUSINESS REVIEW

In FY18, revenues from the line of business delivered a solid performance with 57.3% y-o-y increase posting EGP 3,470.2 million vs EGP 2,206.2 million in 2017, which was backed by the strong increase in volumes reaching 128,160 units compared to 84,427 units in the previous year.

In the motorcycles division, volumes nearly tripled coming at 8,662 units to 24,146 units in 2018. This strong increase in volumes was caused by the localization of components in our Badr facility that took place in December 2017. This resulted into the division to gain its competitiveness in the market and regain market share.

With regards to three-wheelers, it continued to pick up in volumes on a quarterly basis as the demand increases in parallel with the population growth, where it continued to break the record with volumes increasing 38.7% y-o-y from 97,798 units vs. 70,507 units in 2017.

EGYPT COMMERCIAL VEHICLES & CONSTRUCTION EQUIPMENT

GB Auto's Commercial Vehicles business unit distributes imported and locally assembled trucks and buses in Egypt. The division assembles Fuso and Volvo buses as well as Fuso trucks in Sadat and Suez, where the company's GB Polo factory is located. It also distributes Volvo and Sinotruk heavy trucks and YTO tractors in Egypt and manufactures and distributes semi-trailers and super-structures under its Commercial Vehicles line.

The company's Bus segment produces a full range of transportation solutions, including maxi buses, mini/midi buses and microbuses with different seating capacities. GB Auto's Commercial Vehicle line markets heavy, medium, and lightweight trucks for fleet operators, contractors, large industrial operators, and government agencies throughout Egypt. The Commercial Vehicles unit demonstrates the group's capabilities as a manufacturer. With the exception of chassis, the company designs and manufactures complete buses at its facilities.

GB Auto maintained its leadership position in the city and intercity bus segments and reported an uptick in demand from the tourism sector. Management sees the segment poised for accelerated growth in the coming period, particularly with the revival of the tourism industry, where the company has seen rising appetite for its product lineup, after GB Auto successfully ventured into the urban transport and intercity bus markets.

GB Polo, the company's joint-venture with global giant Marcopolo, is home to a state-of-the-art bus body manufacturing facility that targets local and export markets. GB Polo produces buses covering all applications (micro, mini, midi, city, school/labor, intercity, and coach) and the facility utilizes almost 285,000 square meters of land. GB Auto managed to export 20 buses during the year and looking to increase further. GB Polo was conceived as a move to capture export opportunities in bus field manufacturing by utilizing GB Auto's quality standards and relatively low-cost, highly-trained workforce in combination with Marcopolo's 65-year history of successfully developing technological and innovative concepts for full transportation solutions.

GB Auto's construction equipment department distributes wide range of construction and road construction machineries that are currently serving nation wide. Finally, Aksa generators provides wide variety from generators units up to 3 MVA, on various ranges and types of engines and alternators.

2018 BUSINESS REVIEW

GB Auto's Commercial Vehicles & Construction Equipment line of business saw overall revenues increase by 38.0% y-o-y to EGP 1,507.1 million from EGP 1,092.2 million in the previous, this came on the back of volumes pick, as tourism picks up and private sector business slowly returns to the market. Volumes sold in the business line picked up compared to 2017 to 2,238 vehicles in FY18, a 31.7% increase y-o-y, compared to 1,699 vehicles in 2017. However, the gross profit decreased to EGP 161.9 million compared to EGP 176.8 million in 2017, with a gross profit margin of 10.7% during the year, 5.4 percentage points lower than last year.

Buses were once again the top contributors to the segment's profitability during the year as revenues gained 36.9% y-o-y from EGP 720.6 million in 2018 vs. EGP 526.2 million in 2017. Trucks came closely behind buses in terms of contribution to profit, while the segment saw a 41.1% y-o-y increase in revenues as well as volumes increased 33.1% y-o-y to 998 units in FY18, compared to 750 in FY17. Meanwhile, the Trailers and Construction Equipment divisions saw improved performance, with Trailer revenues up 76.6% y-o-y.

As the market adapts to new price points, management is in parallel working to streamline the division's working capital cycle, including inventory levels and supplier terms, to help drive up profitability in 2019.

EGYPT TIRES

GB Auto has been among Egypt's leading tire distributors for more than 50 years. Today, the company commercializes on an exclusive basis some of the most valuable brands in the passenger car, light truck, heavy truck, OTR and agro tires market including Yokohama (Japan), Lassa (Brisa Bridgestone Sabancı Lastik, Turkey), Westlake (Thailand), Pirelli (Prometeon Egypt), Double Coin (China) and DoubleStar (China). The Tires business unit has become an increasingly important contributor to GB Auto's revenue and profitability, through both increased sales volume and wider product mix.

2018 BUSINESS REVIEW

In Egypt, the Tires division continued to outperform at top line and gross profit levels in FY18, posting revenues of EGP 1,103.5 million compared to EGP 699.1 million last year, up 57.8% y-o-y. The gross profit margin stood at 16.4% in FY18 compared to 18.8% in FY17, this decrease in margin was due to the strong increase in Truck Tires sales during the year.

The division continued to pursue its expansion strategy, with efforts to drive improved profitability across the segment. In 2018, GB Auto was able to further reinforce its brand and product portfolio to cover new profitable segments. In 1Q18, the Tires division began distributing Turkish-made tuk-tuk tires, a profitable segment where the company expects to leverage its strong market position. With the aim of sustaining its growth in the truck-bus radial segment, the Tires division will also commercialize Pirelli tires.

The company is also formulating individual sales teams for its key brands to create a tailored and streamlined process. The efforts are driven by management's belief that the division is expected to be one of the fastest growing, with solid profitability and low working capital. Management continues to pursue tire representations in niche markets, such as TBR overload tires and is also looking for a premium brand, while growing its distribution network for commercial tires.

EGYPT AFTER-SALES

GB Auto operates Egypt's largest and fastest-growing network of after-sales service centers for passenger cars, motorcycles & three-wheelers and commercial vehicles & construction equipment. Having a strong after-sales network in PC within the Egyptian market is a vital component and a key differentiator for GB Auto. The availability of spare parts and speed are also important factors for the Egyptian consumer. Investments made to upgrade and expand the company's network of After-Sales workshops have continued to bear fruit during the year, as After-Sales service centers ran at higher-than-average capacity utilization rates to cope with increasing demand.

GB Auto's solid reputation for quality service has cemented customers' confidence, translating to strong sales and higher-than-average capacity utilization rates across service centers. GB Auto opened Minya service center during 2018, with other facilities in the pipeline to expand its workshop network. GB Auto also launched its new concept "GB Express" in partnership with Wattaneya gas station in 3 locations: Mansoura, Zagazig and Port Said. With GB Express, GB Auto has extended its capacity to provide quick service offers to its customers nearest to their home for their convenience.

The After-Sales division proved successful in FY18, with management expecting the division to remain highly profitable and continue yielding excellent returns. The division provided an important stream of high-margin revenues throughout the year as customers continued to choose GB Auto's network to maintain their vehicles. GB Auto's commitment to total care for customers of this key segment is evident in its nationwide network where each line of business has its own 3-S (sales, service & spare parts center), 2-S (sales & spare parts center) and 1-S (Sales or Service or Spare parts center) after-sales service center.

Division	3S (Sales, Service & Spare parts center)	2S (Sales & Spare parts center)	1S (Sales or Service or Spare parts center)
PC	12	9	29
CV	3	5	5
2 & 3 WHEELERS	5	17	3

2018 BUSINESS REVIEW

PASSENGER CARS

Passenger Cars After-Sales division posted strong growth figures and very healthy margins. Revenues from After-Sales operations in Egypt reached EGP 706.5 million during the year compared to EGP 684.7 million in 2017, reflecting a 3.2% y-o-y increase.

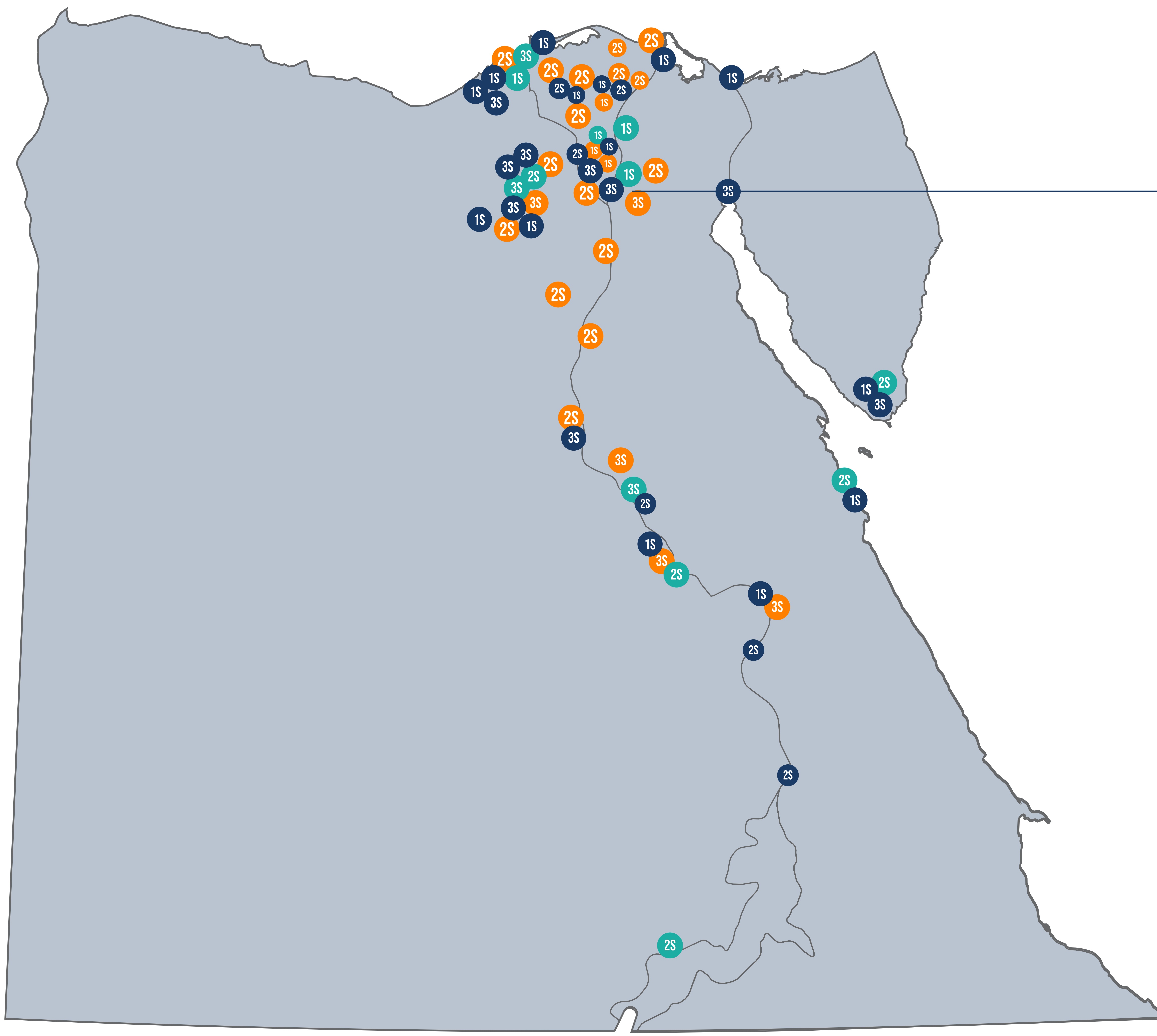
MOTORCYCLES & THREE-WHEELERS

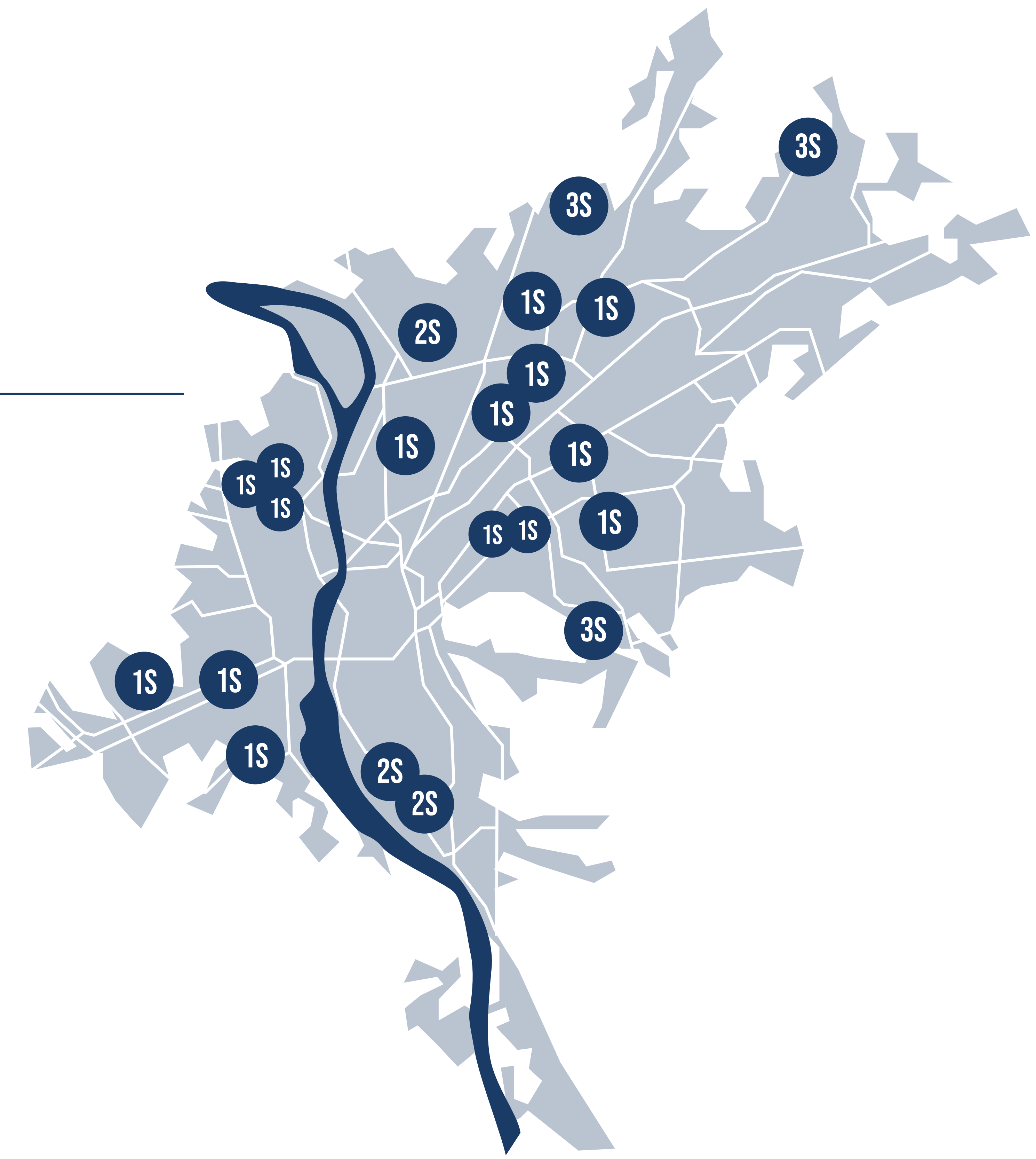
Revenues from 2&3 wheelers recorded a 29.0% y-o-y increase in FY18 to EGP 185.5 million compared to 143.8 million in FY17, whereas gross profit decreased 24.0% y-o-y to EGP 24.8 million vs EGP 32.6 million in the previous year.

COMMERCIAL VEHICLES & CONSTRUCTION EQUIPMENT

The After-Sales division for commercial vehicles & construction equipment continued to grow, with revenues standing at EGP 238.0 million during the year, compared to EGP 199.8 million in 2017, up 19.1% y-o-y.

LOCATION OF GB AUTO AFTER-SALES FACILITIES





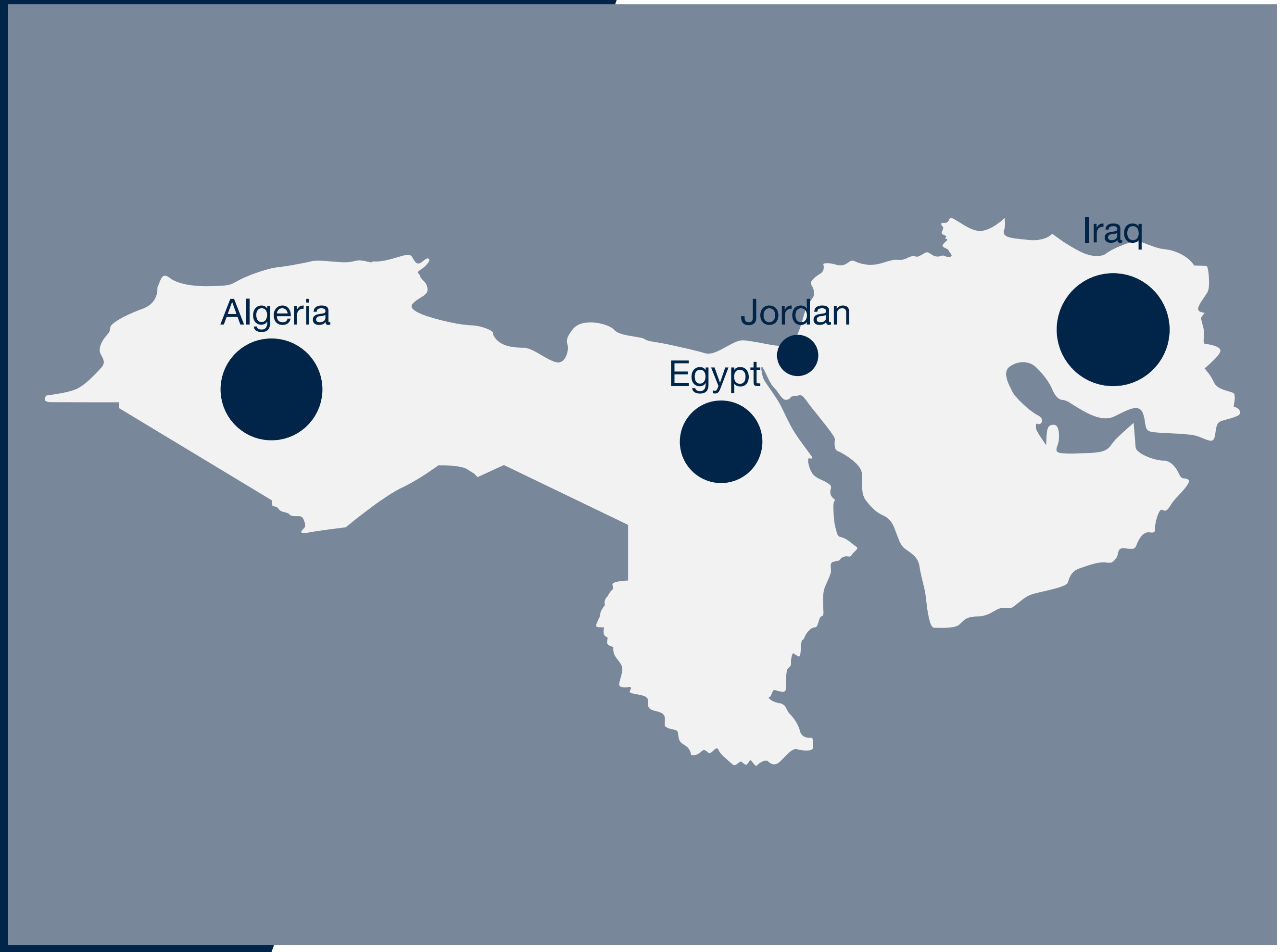
50	PASSENGER CARS	1S	SALES OR SERVICE OR SPARE PARTS CENTER
25	2 & 3 WHEELERS	2S	SALES & SPARE PARTS CENTER
13	COMMERCIAL VEHICLES	3S	SALES, SERVICES & SPARE PARTS CENTER

REGIONAL FOOTPRINT

In 2009, GB Auto was considering growth opportunities outside of Egypt and in 2010 it entered a joint venture to distribute Hyundai vehicles in Iraq, boost operations and to increase its brand representations. The MENA region has strong fundamental growth drivers, such as significant GDP growth, a strategic location, a large and fast-growing consumer base coupled with a rapidly burgeoning middle class and a low motorization index.

GB Auto is an established regional automotive player and a key constituent of the Egyptian market and is committed to build our existing presence in Iraq. GB Auto's commitment to and understanding of its home market, combined with strong management and a sound strategy, helped it transform from a local firm to a regional, multinational success story.

GB Auto distributes CBU units of Hyundai passenger cars in Iraq and launched a successful venture for Bajaj Motorcycles & Three-Wheelers in Iraq, where it also operates after-sales service centers for its products. It is also actively working to build Iraq's foremost after-sales franchise based on the Egyptian model where we opened "un-matched" 3S facilities for Bajaj.



2018 BUSINESS REVIEW

PASSENGER CARS

IRAQ

In Iraq, GB Auto saw passenger car volumes ramping up with the company benefiting from the economic recovery and political stability in the country. The Iraqi Passenger Car division saw volumes grow 34.4% y-o-y to 10,034 units during the year vs. 7,465 units in 2017. The After-Sales division in Iraq delivered promising results, with revenues up 38.4% y-o-y to EGP 334.5 million in 2018, compared to EGP 241.7 million in the previous year.

ALGERIA

Revenues from the Passenger Car division fell 86.7% y-o-y to EGP 10.9 million in 2018 compared to EGP 81.9 million in 2017. The operation in Algeria has been terminated by the end of 2018.

MOTORCYCLES & THREE- WHEELERS

IRAQ

Results from Iraqi operations were very promising this year, as management replicates the success of its home market in Iraq, showing strong growth where volumes increased to 20,763 units in FY18 from 6,441 units in FY17.

TIRES

GB Auto's regional Tires division reported a decrease in revenues throughout the year by 72.6% y-o-y to EGP 37 million in 2018 vs. EGP 135.3 million in 2017; this is part of the liquidation process as management decided to shut down its tires operation in Algeria and Jordan.

STARTUPS

In light of GB Auto's strategy to expand its opportunities within the Automotive industry, the company is investing in startups that have great potential in the future, to complement our portfolio offerings. Hoping for one day they get to be reported as a standalone line of business within the automotive segment.

PAL distributes Gazpromneft products at GB Auto-branded and third-party points of sales in the Egyptian market under an exclusive strategic alliance with Gazpromneft Lubricants.

GB Auto's Pre-Owned Vehicles division "Fabrika" provides the consumer with a variety of used cars from all manufacturers, and trade in offers at GB Auto showrooms in Egypt.

BUSINESS REVIEW 2018

PAL operations showed promising growth, as revenues increased by 35.9% from EGP 94.0 million to EGP 127.8 million in FY17. The division has been exhibiting steady growth since its launch, however has recently faced stiffer competition from multinational counterparts who produce locally within the market.

Fabrika recorded strong sales revenue, posting EGP 332.8 million in FY18, compared to EGP 163.7 million last year. The company is continuously expanding its product and services offerings to better cater to its clients within this segment. 360, GB Auto's after-sales retail outlets, have exhibited significant growth since their launch in June 2016.

Sales revenues from overall startup operations was up 81.4% y-o-y at the end of the year, posting EGP 522.2 million vs. EGP 287.9 million in FY17, while gross profit grew 18.4% to EGP 53.7 million in FY18 compared to EGP 45.3 million in the previous year.

GB CAPITAL

GB Capital oversees the Group's five non-bank financial service providers: GB Lease, which offers financial leasing services to a wide range of corporates and SMEs; Mashroey, which offers asset-based lending to microfinance eligible clients; Drive, which offers factoring services to retail and corporates; Haram Limousine, which offers car rental services on a quasi-operational lease basis to companies in the market; and Tasaheel offers direct microfinance lending services to micro-entrepreneurs.

Through GB Capital, GB Auto aims to create a full-fledged financial arm that serves its core business while competing with other non-bank financial service providers. GB Capital's strategy is to benchmark its operations against the best in the field, building on strict and robust credit, risk classification and provisioning policies specifically developed for each industry. All companies are staffed with veterans of the financial services industry to provide the required expertise and know-how. The companies' credit approval and disbursement mechanisms comply with best practices of financial institutions in the country. Furthermore, asset quality and collections — the backbone for the success of any financial institution — are closely monitored, well-maintained and controlled within the group. The aim of GB Capital is to develop a well-diversified and synergetic group of financial services, while maintaining a high level of focus and specialized expertise within each company.

With the Group's financing operations taking a spotlight over the last year, starting 2Q17, management adopted a new disclosure structure that separately reports the core automotive and high-margin GB Capital considering the two businesses are sharply different in terms of financing and capital structure as well as underlying risks. The move was aimed at providing a true reflection of the business's net debt, facilitate more accurate valuations and reveal hidden value in the company's share.

GB Lease is GB Auto's first financing venture. Established in 2008 with operations actively beginning in 4Q09, it has grown into a well-developed organization with a diversified lease asset base that covers all asset classes, including real estate, automotive, production lines, and others. Tenor is medium to long term, and the company focuses on risk diversification by asset class, industry sector, and client — operating with prudent risk management practices with regards to provisions and risk recognition.

GB Lease provides business-to-business financial leasing solutions that are non-exclusive to GB Auto, catering to a diversified client base ranging from top-tier multinationals to local corporations of various scales, as well as small and medium enterprises. It is one of the top-tier active players in the market, operating under the auspices of the Financial Regulatory Authority (FRA) and fully complies with all regulations.

Mashroey is GB Auto's second financing venture. Founded in late 2009, it began operations in March 2010 and offers asset-based microfinance lending to eligible clients. Mashroey started out selling GB Auto's Bajaj-branded three-wheelers on credit terms, but now has an extensive product base that extends credit and financing options for tuk-tuks, motor tricycles, YTO tractors, minivans, pre-owned tuk-tuks, electronics, and electrical appliances. Mashroey's credit policy is stringent, and its portfolio tenor is predominantly short term. Mashroey operates over 120 branches.

Drive is one of Egypt's top three factoring companies, according to the FRA. Since receiving its license in 3Q12, Drive extends its services to a diversified client base, ranging from business-to-business (SMEs) to business-to-consumer (retail), with a focus on auto finance. Since its establishment, it has taken remarkable strides in market presence and carved out a place for itself in the very competitive automotive financing sector. Drive anticipates a further boost to its operations after factoring regulations expanded the scope of operations to allow both business-to-consumer and business-to-business operations. The company has a well-developed portfolio, offers medium-term tenors, and focuses on risk diversification by finance product types, client base, and brands (as far as auto loans are concerned). Drive is non-exclusive to GB Auto and offers a multitude of financial solutions for various SMEs and consumers. The company fully complies with all regulations and operates under the auspices of the FRA.

Haram Tourism Transport (HTT, also known as Haram Limousine) operates as a car rental/quasi-operational lease company. It is the premier vehicle fleet leasing company in Egypt, and serves top-tier multinationals, financial institutions, as well as private sector companies, with its average tenor standing at three years. HTT supports its clients by enabling them to focus on their core competencies and strengths while directing scarce funding resources to mainstream operations; leaving vehicle sourcing and management to HTT. The company's service agreements entail acquisition, registration, and maintenance of the vehicle, in addition to insurance that extends to third-party damage and passengers within the vehicle.

Tasaheel is the most recent addition to GB Auto's portfolio of financing businesses, launched in August 2015 to provide direct microfinance lending to eligible clients, with a specific focus on group lending to women. Through Tasaheel, GB Auto aims to help low-income earners generate higher returns to improve their living standards, which in turn supports overall community development and economic growth. The company operates a nationwide network of 200+ branches; with plans to substantially expand its branch network. The company fully complies with all regulations and operates under the auspices of the FRA.

2018 BUSINESS REVIEW

GB Capital has continued to show phenomenal performance over 2018 as the business grows into a full-fledged financial operation. GB Capital's Net Portfolio assets stood at EGP 8.1 billion (after securitization) as of 31 December 2018 compared to EGP 5.8 billion in the same period last year, representing c.40% growth y-o-y with NIMs expanding 2.3% during 2018.

GB Capital recorded revenues (pre intercompany eliminations) of EGP 5,118.1 million in FY18, up 51.4% y-o-y compared to EGP 3,381.1 million in FY17.

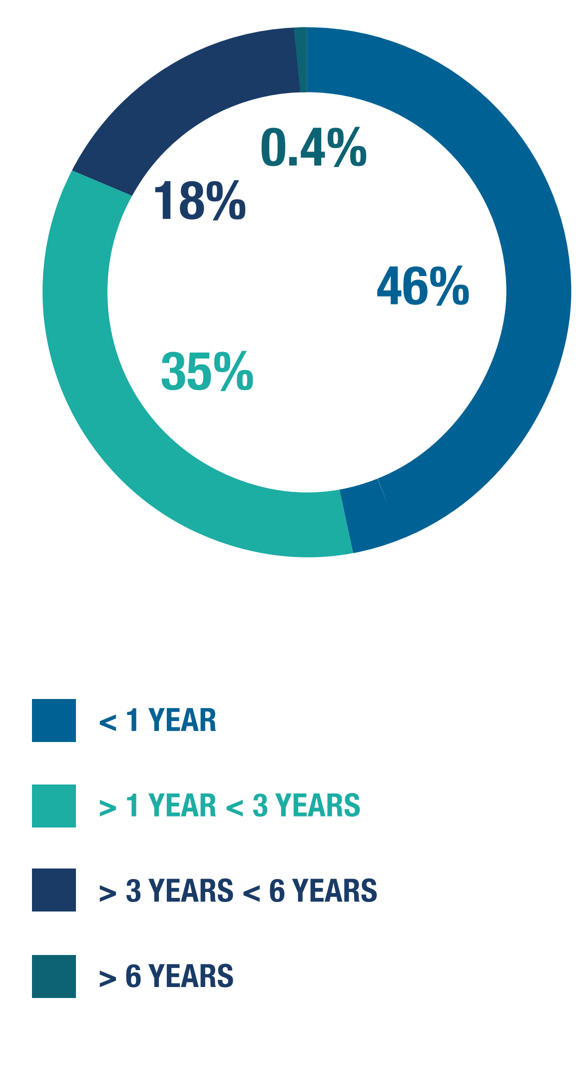
GB Capital's ROAE stood at 30.5% and ROAA of 22.3%, ahead of cost capital. The business continued to maintain a healthy loan portfolio quality throughout the year, with non-performing loans (NPLs) at 1.2% and an NPL coverage ratio of 212%. The high ratio reflects the company's prudent risk policies and provisions taken against its growing portfolio, with varying provisioning levels taken through each risk bucket. While the NPL ratio remains well under market norms, it grew throughout 2018 due to conservative risk rating policies as the year saw interest rates and inflation mount. GB Capital's loans/receivables portfolio stood at EGP 8.1 Billion in FY18, with portfolio health and quality remaining solid and intact.

The company's provision levels commensurately grew in line with loan portfolio growth as a matter of prudent risk management. GB Capital's loans/receivables portfolio health is supported by a number of factors, key being: 1) net financed assets are typically a percentage of total financed assets as clients provide an initial down payment and make further repayments over the financing term, 2) all financing businesses companies maintain sufficient collateral and/or title against the financed portfolio, and 3) there is an inherent incremental cushion embedded in the value of the financed assets, which has increased on account of the prevailing high inflation rates and the devaluation of the Egyptian pound.

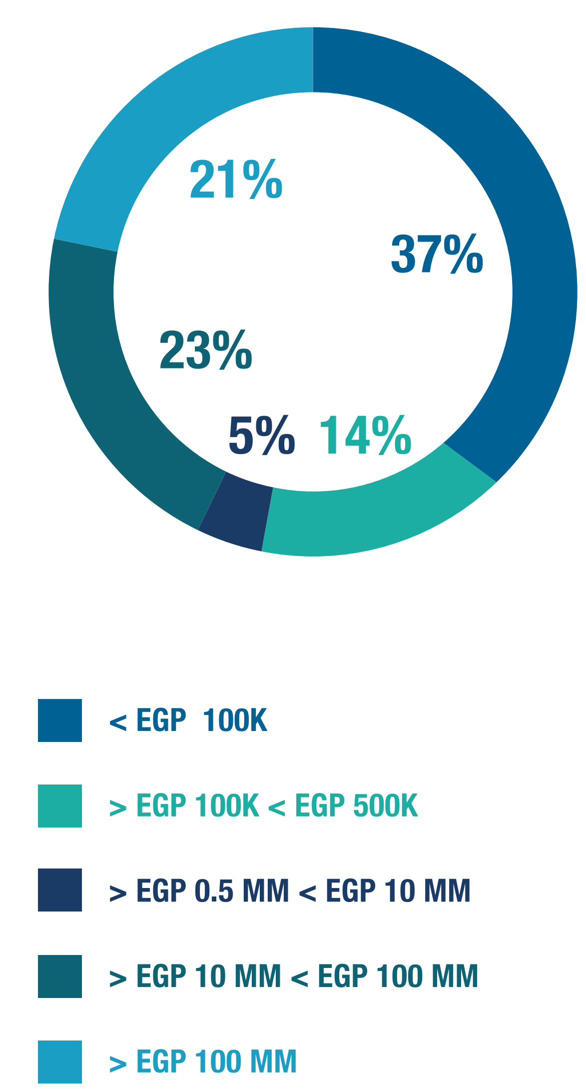
Exposure related to GB Auto accounts for less than c.12.5% of GB Capital's loans/receivables portfolio. GB Capital's model is built on its companies' ability to obtain leverage against their lending portfolios. GB Capital companies remain strongly under-leveraged compared to industry norms and regulatory caps which, in light of the nature of the business, allow the companies to borrow up to 9x shareholders' equity for GB Lease and Drive, and up to 10x shareholders' equity for Tasaheel.

Standard total leverage for GB Capital stood at 3.88x as of 31 December 2018, compared to 3.72x in 3Q18, and was 3.12x as per the regulator's definition. GB Capital related companies' debt stood at EGP 6.4 billion at the end of 2018, with debt levels expected to continue rising as the company funds its growing operations.
GB Capital's assets and debts are well matched by tenor.

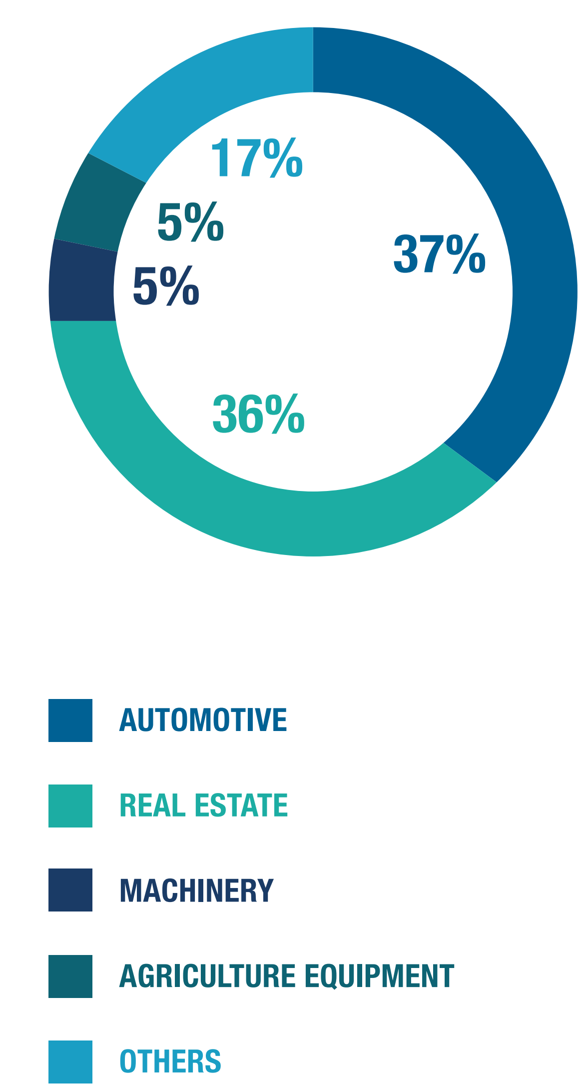
GB Capital Portfolio Breakdown By Maturity (Excluding provision)



GB Capital Portfolio Breakdown By Value (Excluding provision)



GB Capital Portfolio Breakdown By Asset Type (Excluding provision)



INTERNAL CONTROL

AND RISK MANAGEMENT

GB Auto has defined its internal control and risk management processes according to:

- Strategy that supports a company's mission and vision
- Effective and efficient use of resources
- Accuracy of financial reporting
- Compliance with applicable laws and regulations including FRA and EGX

BUSINESS CONTINUITY

A key component of robust corporate governance is responding to any incident or emergency situation in a consistent, professional, and effective manner. GB Auto's Business Continuity and Crisis Management Policy includes a policy response and strategy for managing such events, and every staff member, student, contractor, and volunteer on premises owned or operated by the company is required to adhere to it.

Under the company's corporate governance structure, the Board of Directors is responsible for setting the company's risk appetite and subsequently monitoring exposure to risk. In the case of an incident or emergency, the GCOO and chairman are responsible for implementing the Business Continuity and Crisis Management Policy through the following mechanisms:

- The Business Continuity Planning Committee is responsible for planning and testing the company's responsiveness to potential emergencies or incidents.
- The Crisis Management Control Committee coordinates the company's overall response to incidents or emergencies at all premises owned or operated by GB Auto

The GCOO and chairman may require the company's internal or externally appointed auditors to conduct compliance audits for processes and performances in the process of implementing this policy. Company-wide business continuity plans are submitted to the board for consideration and adoption at least once per year.

THE AUDIT COMMITTEE

The Audit Committee oversees aspects of the company's financial reporting and processes for managing business and financial risk. This committee assists the board in overseeing the following areas:

1. The integrity of financial statements
2. Company compliance with legal and regulatory requirements
3. Performance of the company's internal audit function including the qualifications and independence of auditors

IN 2018 THE AUDIT COMMITTEE COMPRISED THE FOLLOWING MEMBERS:

- SHERIF SAMY, PRESIDENT
- MOUNIR FAKHRY ABDELNOUR, MEMBER
- MANSOUR KABBANI, MEMBER
- WALID SULAIMAN ABANUMAY, MEMBER

THE REMUNERATION COMMITTEE

The Remuneration Committee assists the board in overseeing matters related to director compensation including the following:

1. Determining the company's remuneration policy

2. Making recommendations to the board regarding the establishment of formal and transparent procedures for developing policies on remuneration including the policy and structure for the remuneration and fees of senior management

3. Collaborating with the board to determine the broad policy for remuneration of the board's Executive management team including executive directors, and the chairman

4. Recommending, monitoring, and noting the level and structures of remuneration for top management

Fees and other payment arrangements for non-executive directors are considered by a board sub-committee consisting on the chairman and one or more executive directors.

THE 2018 REMUNERATION COMMITTEE COMPRISED THE FOLLOWING MEMBERS:

- SHERIF SAMY, PRESIDENT
- MOUNIR FAKHRY ABDELNOUR, MEMBER
- MANSOUR KABBANI, MEMBER
- WALID SULAIMAN ABANUMAY, MEMBER

THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee assists the board in fulfilling its responsibilities in four key areas, including:

1. Overseeing the development and regular assessment of the company's approaches to corporate governance issues

2. Ensuring that any approach supports the company's effective functioning and accounts for the best interest of shareholders while also maintaining effective communication between the board and the management team

3. Overseeing the process, structures, and systems that ensure management's accountability to the board and the board's accountability to shareholders; ensuring that these structures are in accordance with applicable laws, regulations, and industry standards for good governance

4. Executing the functions and responsibilities of a nomination committee to recommend to the board candidates for election or appointment

THE 2018 CORPORATE GOVERNANCE COMMITTEE COMPRISED THE FOLLOWING MEMBERS:

- SHERIF SAMY, PRESIDENT
- MOUNIR FAKHRY ABDELNOUR, MEMBER
- MANSOUR KABBANI, MEMBER
- WALID SULAIMAN ABANUMAY, MEMBER

INVESTING IN
OUR PEOPLE

OUR PEOPLE

At GB Auto, we believe that our people are not only the backbone of our organization, but the driving force behind our success in all our markets we operate in. As an employer of choice, we strive to provide our employees with a safe and enriching work environment through clearly outlined and implemented policies, procedures and benefit and compensation structures. This year, the Human Resources (HR) department worked under the theme of transparency and employee empowerment, developing various initiatives and projects.

1 STRATEGIC RECRUITMENT

During 2018, the Recruitment activities have been focused on strategic Talent Acquisition for the purpose of attracting calibers who can support and achieve the company's various expansion plans.

We always strive to ensure that our selection process maintains equal opportunity and fairness for all applicants; since the main pillar in GB Auto's Recruitment policies is to objectively assess all applicants with no reference to their age, race, gender, religion, sexual orientation, or other individual characteristic, and depending only on qualifications and competencies to ensure demographic diversity in our company.

In order to achieve that goal, we have participated in numerous employment fairs and increased our sourcing channels to expand our outreach and presence in the job market while working on enhancing our employer brand.

2 EMPLOYEE RECOGNITION & ENGAGEMENT

GB SUPER HEROES

The goal of the program is to provide special recognition to GB employees who have accomplished an extraordinary achievement and innovation within our organization. The Award recipient's contributions are tied to the values of the company and the strategic plan. Recipients' accomplishments are shared with the rest of the staff as models for outstanding performance. It is believed that a program for recognizing outstanding employees serves as an incentive and motivational tool to all employees of GB Group to perform their assigned tasks in a manner which will reflect favorably on the individual and the Company goals.

ALEX MARATHON

In GB Auto we sincerely care about our employees and the wellbeing of the societies we operate in; and accordingly, Hyundai sponsored Cairo Runners Alex Marathon that took place in December. The company also provided our colleagues with free tickets and transportation to participate and become a part of this fun and stress releasing activity. The Event was divided into three runs; the 10 KM fun run, the 21 KM run and the 42KM Marathon.

SKIP LEVEL MEETING

Skip Level Meeting is a meeting conducted by the Mid-Level Management where meetings are arranged by the HR Business Partner with employees at all levels. Conducting a skip-level meeting provides additional insight of what's happening inside the organization by simply understanding how the employee does perceives the organization as a whole and what changes or improvements they believe might help them in their everyday work environment. This creates an open environment for sharing ideas, thoughts and gathering insights. The main aim for this meeting is to guarantee that the communication, transparency and fairness are effectively integrated within the company's layers through all employee's levels while creating a room for improvements within the culture. These meetings are meant to be constructive and totally open.

TEAM BUILDING

Team building is a collective term for various types of activities used to enhance social relations and define roles within teams, often involving collaborative tasks. Iincluding:

- Aligning overall goals
- Building effective working relationships
- Reducing team members' role ambiguity
- Finding solutions to team problems

GB Auto Team building activities started with the Manufacturing team building event for almost 135 employees, where team members try to address underlying concerns and build trust by engaging in activities that are not part of what they ordinarily do as a team.

3 TALENT MANAGEMENT & ORGANIZATIONAL DEVELOPMENT

360 SURVEY

In line with the corporate's vision to change and improve our overall culture and performance to sustain and ensure our long-term prosperity, we launched an effective and needed program that will provide the company leadership with the necessary tools to enhance the company culture and make it a better place for each employee to work in. The program is "The 360 Feedback" which is designed to provide people managers with different perspectives on the leadership styles and the different components of our work environment. Typically, managers are given the opportunity to assess themselves and get the feedback of their own direct managers, their peers and two levels of their subordinates, when applicable. The program depends on the absolute confidentiality and anonymousness of the collected feedback. The program was addressing five pillars:

1/ TRUST & INTEGRITY

2/ TEAM WORK & COLLABORATION

3/ DRIVE FOR RESULTS

4/ COMMUNICATION & INFLUENCING

5/ INRPIRING & ENGAGING

Phase one already started successfully by gathering the feedback on leaders from the Top Management Layer while Phase 2 will start during 2019 and will include the rest of all company leaders.

GB STARS

During 2018 the talent team have identified the current Talent Pool after going through specific assessment process, and the critical positions in each business unit to prepare future successors.

The program structure will include mentoring, development activities and on the job assignments to enable them to assume future key roles in the organization.

CORE VALUES AND CORE COMPETENCIES

Talent team has modified the company vision and Core values which fundamental beliefs of GB. These guiding principles dictate behavior and can help people understand the difference between right and wrong. Core values also help GB to determine if they are on the right path and fulfilling their goals by creating an unwavering guide.

VALUE OUR PEOPLE

IMPROVE COMMUNITIES

THINK INNOVATIVELY

LEAD WITH A VISION

DRIVE SUSTAINABLE RESULTS

Accordingly, Talent team have designed the core competencies which is driven from the GB's Vision, Mission & Values. Our GB's core competencies are going to be used in different HR projects.

- **Working with people**
- **Delivering Results & meeting customer Expectations**
- **Adhering to Principles & Values.**
- **Creating & Innovating**
- **Leading and Supervising**

COMPENSATION & BENEFITS

Updated loans policy to reduce the waiting lists and improve the benefit to the employees.

Updated Fuel Allowance to cope with the raised fuel prices

Provided Back to School packages for blue collar employees.

Provided Ramadan food bags for blue collar employees.

Updated Relocation Allowance for employees who are seconded to different cities.

Updated Car Policy to provide company cars for Area Sales Managers who make extensive visits to different governorates.

HEALTH AND SAFETY

GB Auto upgraded its medical insurance network to Prime Health Medical Services, offering up-to-date medical insurance that covers all employees for regular health care. Under the new insurance plan, employees are now eligible to enroll their family members. The company also provides a life and accident insurance policy to all its staff members free of charge.

CORPORATE SOCIAL RESPONSIBILITY

GB Auto's Corporate Social Responsibility (CSR) platform is aligned with both our sustainability agenda and business strategy. The company is working to develop a more efficient and robust vocational education framework that improves the lives of Egyptians and bolsters the economy's ability to grow.

GHABBOUR FOUNDATION FOR DEVELOPMENT

QUICK GLANCE

Stemming from this imperative need, GB Auto set out in 2017 to provide a comprehensive, radical initiative to develop vocational education in Egypt and modify the perception of the community towards it.

The establishment of “Ghabbour Foundation for Development”, a non-profit organization established under the Ministry of Solidarity with the mission of affecting positive economic and social development in Egypt by bridging the gap between the quality of vocational education in Egypt, on one hand, and industry needs for skilled workers on the other hand. Given the fact that the Foundation was initiated by GB Auto and its Chairman, Dr. Raouf Ghabbour, it benefits from the privileges of the company in terms of financial support, training opportunities, practical experience of the company’s engineers and trainers, latest car models, high-tech equipment and machinery, as well as training and employment opportunities for vocational school graduates.

PRESENT AND FUTURE OUTLOOK

Following its first successful pilot project in Imbaba vocational Center which was launched in September 2017, Ghabbour Foundation for Development’s operations have expanded in the academic year 2018/2019 to include two new training centers: Muharram Bek in Alexandria and Kafr Elzayat in Gharbeya to be followed by Shubra Vocational Center in the academic year 2019 / 2020 to match the growing demand in Cairo region. More schools and vocational centers are to follow over the next years in various governorates.

For the first early years of its operations, the Foundation is focusing on the automotive sector as its core area of expertise. However, in the subsequent years, Ghabbour Foundation is planning expansion in other vocational sectors critical to the Egyptian economy, applying the same successful development methodology it has adopted with the automotive sector.

GHABBOUR FOUNDATION'S DEVELOPMENT APPROACH

ANNUAL FUNDING
EGP 25 MILLION
IN 2017
EGP 20 MILLION
IN 2018

3 VOCATIONAL SCHOOLS DEVELOPED BY GHABBOUR FOUNDATION UNTIL
ACADEMIC YEAR 2018/2019

NUMBER OF STUDENTS IN ALL SCHOOLS IN 2018
350
BETWEEN 1ST & 2ND YEAR

NUMBER OF TRAINERS
30
VOCATIONAL TRAINERS & ENGINEERS

The Foundation, together with its academic partner Saxony International Schools (SIS) conducts regular assessments and development plans for its staff members to ensure they are following and embracing the established criteria for quality vocational education.

Stemming from its strong belief in the importance of work and study in a healthy and positive atmosphere. The Foundation pays great attention to everyone in the school, including trainees, teachers, trainers, administrators and staff members to adopt a culture of tolerance, discipline, respect, creativity and cooperation.

GHABBOUR FOUNDATION SCHOOLS' CERTIFICATES AND ACCREDITATIONS

Upon completion of the program, graduates from vocational education schools developed by Ghabbour Foundation for Development receive two certificates:

FIRST

Diploma in apprenticeship from the PVTD (Productivity and Vocational Training Department), under the umbrella of the Ministry of Trade and Industry.

SECOND

Certificate from Saxony International School, under accreditation from the AHK Ägypten (German Arab Chamber for Industry and Commerce).

SPECIALIZATIONS AND CAREER OPTIONS

The vocational educational system as per the German standards in the schools developed by Ghabbour Foundation, qualifies its students to pursue several career tracks:
Immediate hiring in GB Auto or in any of the other leading companies in the automotive sector, whether in Egypt, Gulf Countries or Europe, in positions such as: Service advisory at service centers, maintenance and modification of cars, training in vocational schools and transportation companies.

Establishing their own workshops and start-ups with support from the company and armed with a background on financial literacy and entrepreneurship as embedded in their curriculum
Higher Education in Engineering fields following the guidelines of the Supreme Council for universities. The following specializations are currently offered at the schools:

AUTOMOTIVE MECHATRONICS

Including the following subjects:
Engine Technology, Transmission, Automotive Electricity, Automotive Technology, Maintenance Service and Diagnosis.

AUTOMOTIVE BODY REPAIR

Including the following subjects:
Properties of Materials, Metal Processing, Welding, Chassis Replacement, Installation of Spare Parts and Repair and Installation of Glass.

AUTOMOTIVE PAINT

Including the following subjects:
Basics of Chemistry, Arts and Graphics, Smart Repair, Color Technology and Car Care. Additional specializations related to the automotive field are planned for the upcoming years to match market demand.

COMMUNITY OUTREACH

One of the objectives of Ghabbour Foundation for Development is to generate awareness about the role of vocational education in alleviating the unemployment rates among youth and contributing to shaping a different mindset towards vocational education and the graduates of these schools.

With that purpose in mind, Ghabbour Foundation has organized several events open to the community in various locations such as Imbaba Vocational Center in Cairo and Semouha Youth Center in Alexandria with the participation of schools' trainers, teachers and trainees as well as the German Academic Partner Saxony International Schools (SIS) team. School aged students were introduced to actual car parts and tools and were engaged in hands on activities related to the different specializations of the automotive vocational education such as car maintenance, body repair and paint.

SCHOLARSHIPS

Ghabbour Foundation for Development subsidizes students' education with around 70% of the actual cost of education. Moreover, the Foundation has collaborated this year with other NGOs that share its vision for development of Egyptian youth. Through partnerships with Banque Misr Foundation for Community Development, Orphans' Friends Association, and Starchem for Paints, full scholarships were offered to marginalized segments such as orphans and financially impaired families.

Thanks to these scholarship programs, 15 orphans, or students deprived of family care have joined Ghabbour Foundation developed schools in 3 governorates this year. They are also being provided with the care and support of the social workers who maintain regular communication and follow up with the fostering institutions to make sure the students make the most out of this opportunity and to mitigate any challenges that may encounter them on their educational journey.

ENVIRONMENTAL AWARENESS

Throughout the year, GB Auto took steps to lower its environmental footprint while making sure to raise awareness of environmental issues with its staff members. The company worked with the National Center for the Study of Occupational Safety and Health to improve environmental impact at all levels of the organization, taking calculated steps to manage noise level, humidity, heat degree stress, the level of illumination intensity, overall mechanical vibration process, metal fumes and vapors, caustic soda spray and industrial wastewater.

GB Auto put in place a wastewater discharge management plan and developed an industrial wastewater unit where industrial wastewater is treated. The output is measured by the National Center for the Study of Occupational Safety and Health on a regular basis to make sure the company conforms to lawful limits.

GB Auto supports the deployment of modern machinery, using modern furnaces where fumes are compressed into the surface of water and delivering them to Eco Converse Company for Environmental Services (a company mandated under Egypt's Ministry of Environment) which then separates the fumes and disposes of them safely. It is through Eco Converse that the company also manages hazardous materials/substances and waste, transporting hazardous waste to designated locations away from residential areas.

ROAD SAFETY

As one of the leading automotive brands in Egypt, Hyundai is constantly striving to offer the best. We find it pertinent to address the rapidly increasing rates of traffic accidents. GB Auto launched the 3rd annual CSR Safe Driving campaign in 2018. Our mission is to build on the improved rates by continuing our successful defensive driving campaign. In addition, with the continuingly evolving and improving road conditions and network we have a responsibility to educate and raise awareness.

SHAREHOLDER
INFORMATION

SHARE PRICE AND SHAREHOLDER INFORMATION

As at 31st December 2018 GB Auto had 2191 shareholders. Corporate investors represent 82% of the total share ownership, while individual investors represent 18%. There are 57 shareholders owning one million or more shares in GB Auto, representing 89% of the issued shares. The following tables provide an overview of GB Auto's shareholders:

GB AUTO SHAREHOLDERS ACCORDING TO NATURE OF SHAREHOLDER (FREE FLOAT)

INVESTOR TYPE	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
CORPORATE	162	333,968,510	82%
INDIVIDUALS	2,029	74,668,077	18%

GB AUTO SHAREHOLDERS ACCORDING TO NATIONALITY (FREE FLOAT)

INVESTOR TYPE	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
EGYPT	2,065	100,674,925	25%
SAUDI ARABIA	55	100,523,777	25%
REST OF EU	17	96,511,923	24%
REST OR WORLD	33	69,812,707	17%
UK	6	23,935,335	6%
USA	15	17,177,920	4%

GB AUTO SHAREHOLDERS ACCORDING TO SIZE OF OWNERSHIP

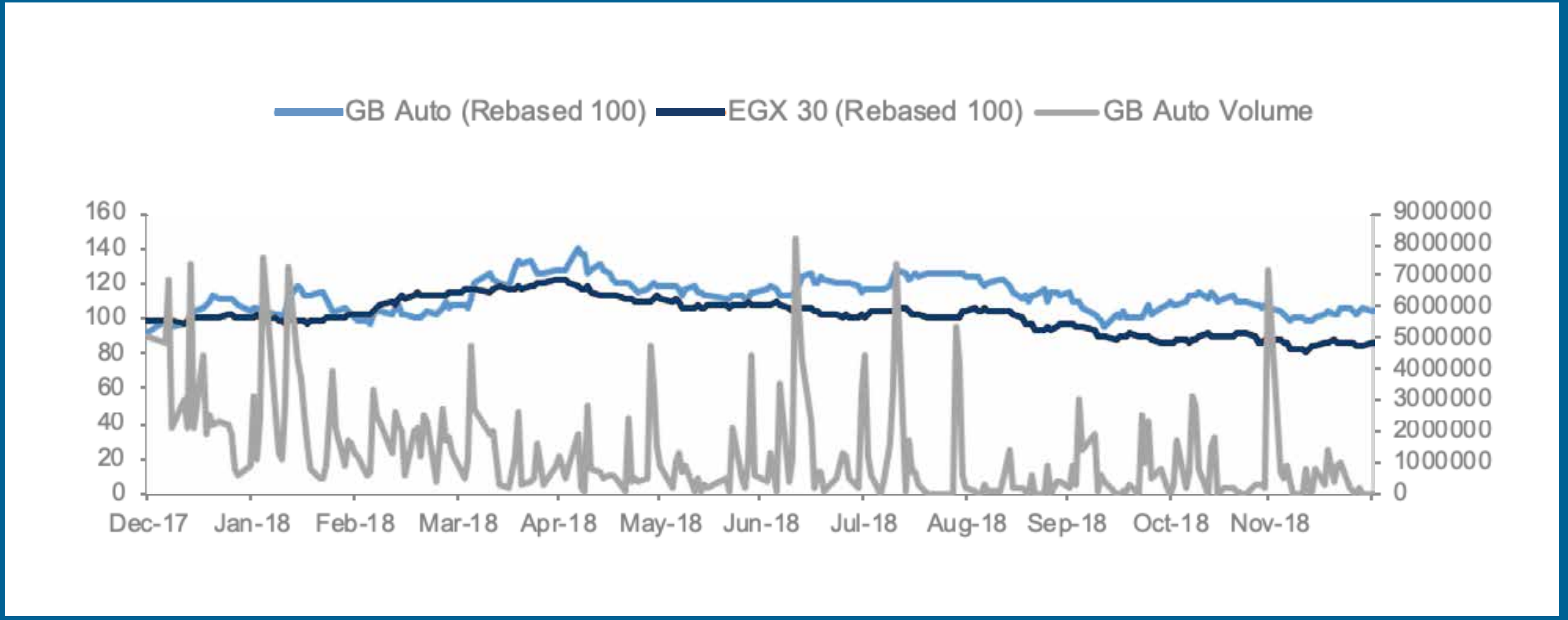
NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF OWNERSHIP
MORE THAN 10 MILLION	6	46%
FROM 1 MILLION TO 10 MILLION	51	43%
FROM 100,000 TO 1 MILLION	101	9%
LESS THAN 100,000	2,033	2%

GB AUTO SHAREHOLDING STRUCTURE
AS OF 31 DECEMBER 2018

GB AUTO'S SHARE PRICE FOR FY 2018

MONTH	HIGHEST PRICE	LOWEST PRICE
JANUARY	5.50	4.65
FEBRUARY	5.70	4.83
MARCH	5.30	4.74
APRIL	6.45	5.23
MAY	6.77	5.58
JUNE	5.74	5.36
JULY	6.04	5.36
AUGUST	6.17	5.62
SEPTEMBER	6.01	5.33
OCTOBER	5.30	4.63
NOVEMBER	5.59	5.14
DECEMBER	5.13	4.75

GB AUTO STOCK 52-WEEK PERFORMANCE



GOVERNANCE

BOARD OF DIRECTORS

DR. RAOUF GHABBOUR

Chairman of the Board of Directors and Chief Executive Officer

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

TENOR SINCE IPO
2007 - PRESENT

SHARE OWNERSHIP
28.2%
(DIRECTLY AND INDIRECTLY)

MR. SHERIF SAMY

Non-Executive Director

Mr. Sherif Samy currently serves on the board of several companies, including a post as Non-executive Chairman of the National Asset Management & Investment SAE, and on the Investment Board of the State Pension Funds and the Waqf Authority. He is also a member of the International Advisory Board of the UAE Securities & Commodities Authority. Most recently, he completed a four-year term as head of Egypt's Financial Regulatory Authority after having spent two consecutive terms on the board of the International Organization of Securities Commissions and serving on the board of the CBE and its Monetary Policy Committee for four years. Prior to that, he was a board member for Banque Du Caire and was appointed for several consecutive terms to the board of Egypt's GAFI. He has a long track record in investment management and consulting, having spent years working in the fields both in Egypt and other parts of the Arab world. He holds a BA from Alexandria University's Faculty of Commerce.

TENOR SINCE IPO
2018 - PRESENT

MR. MANSOUR KABBANI

Non-Executive Director

Mr. Mansour Kabbani brings more than 30 years of experience to GB Auto, where he joined as VP for project co-ordination in 2015 and currently oversees group investments as well as investor relations. Mr. Kabbani spent a decade working in textile spinning before becoming CFO at Technological and Electrical Systems (TES) for two years. With Dr. Ghabbour and partners, he helped establish CITI in 1997 which later merged with GB Auto. From 1997 to 2015, Mr. Kabbani has run his family investments and accumulated vast experience in capital markets. He graduated from AUC in 1981 with a BA in Economics.

TENOR SINCE IPO
2015 - PRESENT

SHARE OWNERSHIP
0.351%

MR. NADER GHABBOUR

Executive Director and Group Chief Operating Officer

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

TENOR SINCE IPO
2007 - PRESENT

SHARE OWNERSHIP
12.5%
(DIRECTLY AND INDIRECTLY)

MR. MOSTAFA EL MAHDI

Executive Director and Chief Financial Officer

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

TENOR SINCE IPO
2013 - JUNE 2018

SHARE OWNERSHIP
0.033%

DR. WALID SULAIMAN ABANUMAY

Non-Executive Director

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

TENOR SINCE IPO

2008 - PRESENT

SHARE OWNERSHIP

0.708%

MR. MOUNIR FAKHRY ABDELNOUR

Non-Executive Director

Mr. Mounir Fakhry Abdelnour brings more than 40 years of economy-centric experience to GB Auto's Board of Directors. Since 1970, he has occupied various high-ranking positions at a number of reputable banking institutions and also served in different ministerial posts, including Minister of Tourism and Minister of Industry and Trade, among others. In 1976, he co-founded American Express Middle East (AMEX), where he served as Vice President and board member until 1980. He was also a founder and Chairman of the Egyptian-French Agro-foods Company between 1983 and 2014. Throughout his career, Mr. Abdelnour served as a board member at the EGX, the National Council for Human Rights, and the Federation of Egyptian Industries. He currently sits on the board of Commercial International Bank of Egypt (CIB), Beltone Financial, and Domty. As an active participant in Egyptian political life, Mr. Abdelnour headed the opposition bloc in parliament between 2000 and 2005 and was a member of the time-honored political party Al Wafd from 2005-2011.

TENOR SINCE IPO

2016 - PRESENT

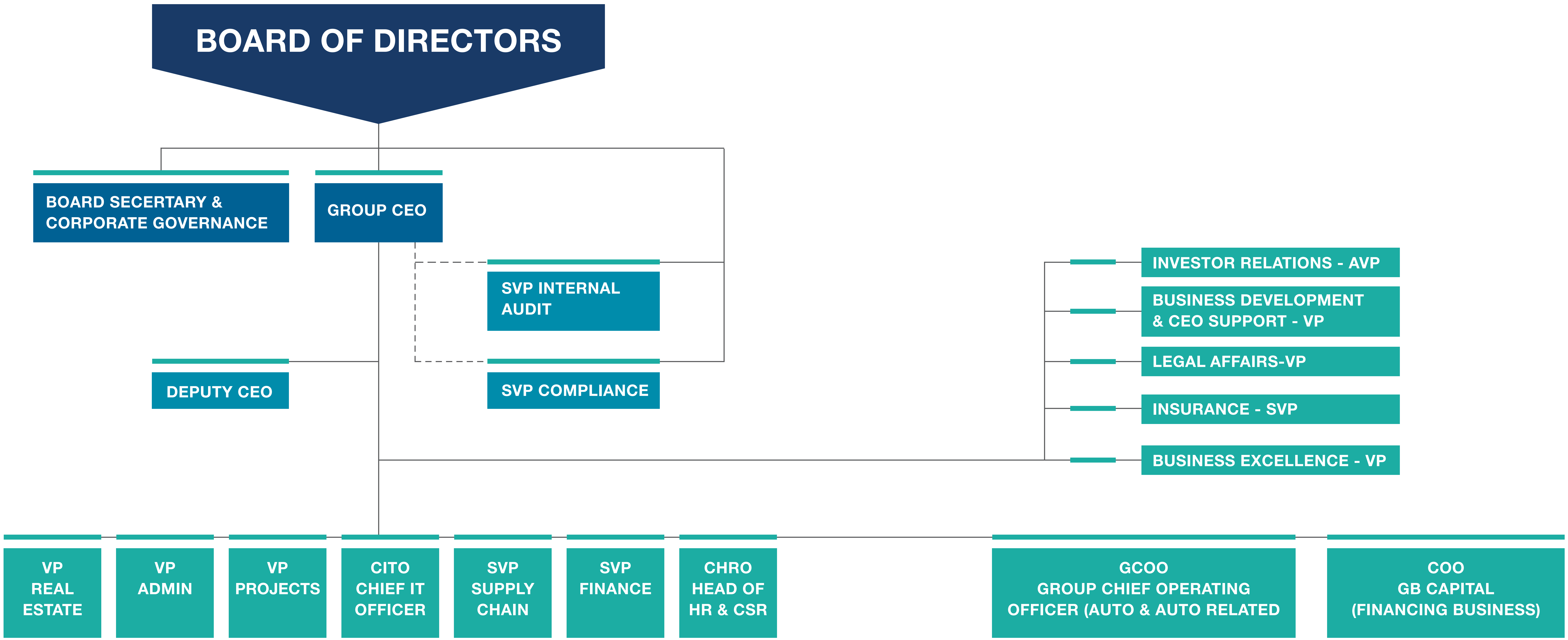
BOARD OF DIRECTORS MEETINGS DURING 2018

MEMBER NAME	POSITION	4TH MARCH	15TH APRIL	10TH MAY	3RD JUNE	8TH AUG	11TH NOV	ATTENDANCE RATE
Dr Raouf Ghabbour	Chairman of the board of directors and Chief Executive officer	✓	✓	✓	✓	✓	✓	100%
Mr Nader Ghabbour	Executive director and Group Chief Operating officer	✓	✓	✓	✓	✓	✓	100%
Mr. Sherif Samy	Non-Executive Director	-	-	✓	-	✓	✓	50%
Mr. Mounir Fakhry Abdel Nour	Non-Executive Director	✓	✓	✓	-	✓	✓	83%
Dr. Walid Sulaiman Abanuway	Non-Executive Director	✓	-	-	-	-	✓	33%
Mr. Mansour Kabbani	Non-Executive Director	✓	✓	✓	✓	✓	✓	100%
Mr Mostafa El Mahdi	Executive Board Member and Chief Financial Officer	✓	-	✓	Resigned	-	-	33%

AUDIT COMMITTEE MEETINGS DURING 2018

MEMBER NAME	POSITION	MARCH	MAY	AUGUST	NOVEMBER	ATTENDANCE RATE
Mr. Sherif Samy	President	✓	✓	✓	✓	100%
Mr. Mounir Abdel Nour	Member	✓	✓	✓	✓	100%
Dr. Walid Abanuway	Member	✓	-	✓	✓	75%
Mr. Mansour Kabbani	Member	✓	✓	✓	✓	100%

CURRENT ORGANIZATIONAL STRUCTURE



GB AUTO MANAGEMENT

DR. RAOUF GHABBOUR

Chairman of the Board of Directors and Chief Executive Officer

TENOR SINCE IPO
2007 - PRESENT

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

MR. NADER GHABBOUR

Executive Board Member and Group Chief Operating Officer

TENOR SINCE IPO
2007 - PRESENT

Mr. Nader Ghabbour started his career at GB Auto as a showroom sales representative for the passenger car division. He worked his way up to running the daily sales operations within the show room and later assumed the role of showroom sales supervisor and manager. He currently serves as the chief operating officer for the Passenger Car division, managing the Passenger Car sales and After-Sales functions, regional operations, and the Motorcycle and Three-Wheeler operations. Mr. Ghabbour graduated with a Bachelor of Arts in Business Administration from Boston University. He also holds an MBA from IE School of Business.

MR. MOSTAFA EL MAHDI

Executive Board Member and Chief Financial Officer

TENOR SINCE IPO
2013 - 2018

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

MR. GHASSAN KABBANI

Chief Operating Officer of Two- and Three-Wheelers

TENOR SINCE IPO
2007 - PRESENT

Mr. Ghassan Kabbani brings more than 30 years of experience to GB Auto. He first worked in the family textile business from 1980 through 1994, when he left to join T.E.S. sheet metal. In 1996, together with Dr. Ghabbour and other partners, he established CITI (a two- and three-wheeler company). In 2007, CITI merged with GB Auto, at which time Mr. Kabbani joined the company. Mr. Kabbani graduated from AUC in 1979 with a Bachelor of Arts in Economics and Business Administration.

MR. KARIM GADDAS

Chief Executive Officer of Tires

TENOR SINCE IPO
2015 - PRESENT

Mr. Karim Gaddas joined GB Auto in 2015 as Chief Executive Officer of Tires, boasting 20 years of experience in general management, operations, and sales and marketing. In the last 16 years, he occupied various positions at Pirelli that included headquarter-level roles in Milan and regional-level roles in Paris, Cairo, Alexandria, and Dubai. In addition to being the Global Sales Director for BU trucks, the CEO of the company's Middle East and India operations, and the CEO of African and Egyptian operations, Mr. Gaddas also served as Pirelli's Vice Chairman. He was also a member of the board at the Alexandria Tire Company for eight years. He holds a Bachelor of Arts in Business Administration from the Sup de Co Montpellier in France and an MBA from SDA Bocconi in Milan, Italy.

MR. RAMEZ ADEEB

Chief Manufacturing Officer

TENOR SINCE IPO
2007 - PRESENT

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

MR. WISSAM AL-ADANY

Chief Information Technology Officer

TENOR SINCE IPO
2014 - PRESENT

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

MR. GEORGE SEDKY

Chief Human Resources Officer

TENOR SINCE IPO
2015 - PRESENT

Mr. George Sedky has two decades of experience in personnel management, having held positions in the Human Resources divisions of several major corporations. He has a long track record of success in recruiting and gaining top talent, organizational transformation, and building cultures of engagement. He was successful in re-engineering GB Auto's Human Resources department goals and practices, aligning them with the Group's strategic business goals. He is specialized in strategic management and planning; directing all HR functions; introducing new methodologies that maximize performance through training and development; compensation and benefits; and organizational development. He holds a BSc. In Aerospace Engineering from Cairo University and an MBA with an HR Specialization from Arab Academy for Science, Technology and Maritime Transport.

GB CAPITAL
MANAGEMENT

MR. SHERIF SABRY

GB Lease Chairman and MD

TENOR SINCE IPO
2008 - PRESENT

Mr. Sherif Sabry is the Chairman and MD of GB Lease, having held the post since 2008 when he was appointed to manage the restructuring of the company upon GB Auto Group's acquisition of the firm under its financing arm. He has been a member of the GB Auto family since 1995 in several capacities, including Group Treasury Division Head and Group Treasury Director. He holds a BA of Commerce from Cairo University and an MBA in Finance and Banking from Maastricht School of Management. He is also a graduate of the Chase Manhattan Bank Credit Program.

MR. AHMED OSSAMA

GB Capital Head of Finance,
Haram Tourism Chairman and MD

TENOR SINCE IPO
2007 - PRESENT

Mr. Ahmed Ossama bolds the position of GB Capital Head of Finance and Chairman and MD of Haram Tourism. He has under his belt over two decades of experience in accounting and finance across a broad range of industries, including telecoms, petroleum, manufacturing, mining, and financial institutions. He holds a BA in Accounting from Helwan University.

MR. MOUNIR NAKHLA

Tasaheel Co-founder and MD

TENOR SINCE IPO
2009 - PRESENT

Mr. Mounir Nakhla is the Co-founder and Managing Director of Tasaheel, leveraging his entrepreneurial drive, calculated management style and hands-on problem-solving to grow the company to the positioning it holds today. Prior to his establishment of Tasaheel, he founded Mashroey, Egypt's fastest growing asset-based microfinance company, and assumed the role of Managing Director in 2009. He was part of EQI's growth story, holding several positions with the company and bookending his career there as Managing Partner in 2008. Mr. Nakhla holds a BSc. in International Business Studies from the European Business School and an MSc in Environment & Development from the London School of Economics.

FINANCIAL STATEMENTS

Translation from Arabic

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

Consolidated Financial Statements
For The Financial Year Ended December 31, 2018

And Audit Report

KPMG Hazem Hassan
Public Accountants & Consultants

CONTENTS

Translation of financial statements originally issued in Arabic

AUDITOR'S REPORT TO THE SHAREHOLDERS OF GB AUTO (S.A.E.)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of GB Auto (S.A.E.), which comprise the consolidated balance sheet as at December 31, 2018, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GB Auto (S.A.E.) as of December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo February 27, 2019

GB AUTO (S.A.E)
(AN EGYPTION JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

(All amounts in thousand Egyptian Pound)	NOTE	31 DECEMBER, 2018	DECEMBER 31, 2017
Assets			
Non-current assets			
Property, plant, equipment and projects under construction (Net)	(15)	6 271 129	5 602 626
Intangible assets and goodwill	(16)	430 155	430 346
Payments Under Investments		1 000	6 478
Investment in Assosiate		8 034	
Notes receivables (Net)	(11)	1 548 842	1 006 159
Deferred tax assets	(9-B)	282 584	282 653
Investment property	(17)	90 905	90 905
Debit balances		-	8 222
TOTAL NON-CURRENT ASSETS		**8 632 649**	**7 427 389**
Current assets			
Inventories (Net)	(10)	4 820 828	3 012 824
Accounts and notes receivables (Net)	(12)	4 610 991	2 972 213
Debtors and other debit balances (Net)	(13)	1 625 165	1 234 882
Due from related parties	(33)	202 019	140 341
Cash on hand and at banks	(14)	1 179 275	1 242 776
TOTAL CURRENT ASSETS		**12 438 278**	**8 603 036**
TOTAL ASSETS		**21 070 927**	**16 030 425**
Equity			
Issued and paid in capital	(18)	1 094 010	1 094 010
Legal reserve	(20)	331 529	320 992
Other reserves	(21)	2 490 733	2 462 968
Retained earnings		(512 319)	(144 564)
Net profit /(Losses)for the year		515 710	(666 900)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	(22)	**3 919 663**	**3 066 506**
Non-controlling interests		1 290 717	1 163 158
TOTAL EQUITY		**5 210 380**	**4 229 664**

	NOTE	31 DECEMBER, 2018	DECEMBER 31, 2017
Liabilities			
Non-current liabilities			
Loans	(24)	3 170 887	2 573 823
Notes payables and creditors	(27)	-	558
Warranty provisions	(26)	15 159	42 834
Deferred revenues		54 321	78 682
Deferred tax liabilities	(9-B)	155 399	152 501
TOTAL NON-CURRENT LIABILITIES		**3 395 766**	**2 848 398**
Current liabilities			
Provisions	(26)	253 540	240 928
Current tax liabilities	(9-A)	131 690	80 565
Loans, borrowings and overdrafts	(24)	9 251 784	7 040 969
Due to related parties	(33)	94 861	70 067
Trade payables and other credit balances	(25)	2 732 906	1 519 834
TOTAL CURRENT LIABILITIES		**12 464 781**	**8 952 363**
TOTAL LIABILITIES		**15 860 547**	**11 800 761**
TOTAL EQUITY AND LIABILITIES		**21 070 927**	**16 030 425**

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

GROUP FINANCE DIRECTOR	CHIEF OPERATING OFFICER AND EXECUTIVE BOARD MEMBER	CHAIRMAN AND MANAGING DIRECTOR
ABBAS ELSAYED	**NADER GHABBOUR**	**DR. RAOUF GHABBOUR**

"Limited review report attached"

GB AUTO (S.A.E)
(AN EGYPTION JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2018

(All amounts in thousand Egyptian Pound)	NOTE	2018	2017
Continuing operations			
Revenue		25 811 964	17 656 586
Cost of revenue		(22 248 011)	(15 703 786)
GROSS PROFIT		**3 563 953**	**1 952 800**
Other income		173 107	151 528
Selling and marketing expenses		(908 624)	(583 586)
General and administrative expenses		(793 878)	(699 205)
Provisions and Impairment of Current and Non-Current assets (Net)	(7)	(59 153)	(203 364)
OPERATING RESULTS		**1 975 405**	**618 173**
Finance costs (Net)	(6)	(1 187 257)	(1 369 902)
NET PROFIT / (LOSS) FOR THE YEAR BEFORE INCOME TAX		**788 148**	**(751 729)**
Income tax expense	(9-C)	(151 414)	28 074
NET PROFIT / (LOSS) FOR THE YEAR		**636 734**	**(723 655)**
ATTRIBUTABLE TO:			
Owners of the company		515 710	(666 900)
Non-controlling interests		121 024	(56 755)
		636 734	**(723 655)**
Basic earnings / (Loss) per share/ EGP	(8)	0.471	(0.610)

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

GB AUTO (S.A.E)
(AN EGYPTION JOINT STOCK COMPANY) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

(All amounts in thousand Egyptian Pound)	NOTE	2018	2017
Net Profit / (Loss) for the year after income tax		636 734	(723 655)
OTHER COMPREHENSIVE INCOME ITEMS			
Foreign currency translation difference		53 545	68 979
Modification surplus of fixed assets result		(25 684)	(116 300)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR BEFORE INCOME TAX		**27 861**	**(47 321)**
Income tax Related to other comprehensive income item		8 755	22 133
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER INCOME TAX		**36 616**	**(25 188)**
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		**673 350**	**(748 843)**
OTHER COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:			
Owners of the company		543 475	(657 612)
Non-controlling interests		129 875	(91 231)
		673 350	**(748 843)**

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

GB AUTO (S.A.E)
(AN EGYPTION JOINT STOCK COMPANY) CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

31 December 2018	Attributed to owners of the company										
(ALL AMOUNTS IN THOUSAND EGYPTIAN POUND)	SHARE CAPITAL	LEGAL RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ESOP (FAIR VALUE) RESERVE	SURPLUS REVALUATION OF FIXED ASSETS RESERVE	SHARE PREMIUM (SPECIAL RESERVE)	RETAINED EARNINGS	NET PROFIT FOR THE YEAR / (LOSSES) YEAR	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE AT 31 DECEMBER 2017	1 094 010	320 992	1 291 867	88 882	165 418	916 801	(144 564)	(666 900)	3 066 506	1 163 158	4 229 664
Transferred to retained earnings	-	-	-	-	-	-	(666 900)	666 900	-	-	-
Total comprehensive income											
Net profit for the year	-	-	-	-	-	-	-	515 710	515 710	121 024	636 734
Modification surplus of fixed assets after income tax	-	-	-	-	(16 929)	-	25 684	-	8 755	-	8 755
Other comprehensive income items	-	-	44 694	-	-	-	-	-	44 694	8 851	53 545
TOTAL COMPREHENSIVE INCOME	-	-	44 694	-	(16 929)	-	25 684	515 710	569 159	129 875	699 034
TRANSACTIONS WITH OWNERS OF THE COMPANY											
Change in non-controlling interests without changing in control	-	877	-	-	-	-	300 233	-	301 110	(36 554)	264 556
Transferred to Legal reserve	-	(7 735)	-	-	-	-	-	-	(7 735)	(1 673)	(9 408)
Dividends	-	-	-	-	-	-	(9 377)	-	(9 377)	--	(10 934)
Capital increase	-	-	-	-	-	-	-	-	-	37 468	37 468
Transferred to Legal reserve	-	17 395	-	-	-	-	(17 395)	-	-	-	-
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY	-	10 537	-	-	-	-	273 461	-	283 998	(2 316)	281 682
BALANCE AT DECEMBER 31, 2018	1 094 010	331 529	1 336 561	88 882	148 489	916 801	(512 319)	515 710	3 919 663	1 290 717	5 210 380

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

GB AUTO (S.A.E)
(AN EGYPTION JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

31 December 2017

(ALL AMOUNTS IN THOUSAND EGYPTIAN POUND)	Attributed to owners of the company											
	SHARE CAPITAL	SHARES HELD BY THE GROUP	LEGAL RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ESOP (FAIR VALUE) RESERVE	SURPLUS REVALUATION OF FIXED ASSETS RESERVE	SHARE PREMIUM (SPECIAL RESERVE)	RETAINED EARNINGS	NET PROFIT FOR THE YEAR / (LOSSES) YEAR	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE AT 31 DECEMBER 2016	1 094 010	(26 506)	311 125	1 235 511	86 440	259 585	967 439	759 762	(865 656)	3 821 710	1 169 638	4 991 348
Transferred to retained earnings	-	-	-	-	-	-	-	(865 656)	865 656	-	-	-
TOTAL COMPREHENSIVE INCOME												
Net (Loss) for the year	-	-	-	-	-	-	-	-	(666 900)	(666 900)	(56 755)	(723 655)
Modification surplus of fixed assets after income tax	-	-	-	-	-	(94 167)	-	47 099	-	(47 068)	-	(47 068)
Other comprehensive income items	-	-	-	56 356	-	-	-	-	-	56 356	12 623	68 979
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	56 356		(94 167)	-	47 099	(666 900)	(657 612)	(44 132)	(701 744)
TRANSACTIONS WITH OWNERS OF THE COMPANY												
Results of sale of shares held by the group	-	26 506	-	-	-	-	(50 638)	-	-	(24 132)	-	(24 132)
Change in non-controlling interests without changing in control	-	-	-	-	-	-	-	(44 702)	-	(44 702)	44 702	-
Dividends	-	-	-	-	-	-	-	(31 200)	-	(31 200)	(8 800)	(40 000)
ESOP fair value	-	-	-	-	2 442	-	-	-	-	2 442	-	2 442
Capital increase	-	-	-	-	-	-	-	-	-	-	1 750	1 750
Transferred to Legal reserve	-	-	9 867	-	-	-	-	(9 867)	-	-	-	-
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		26 506	9 867	-	2 442	-	(50 638)	(85 769)	-	(97 592)	37 652	(59 940)
BALANCE AT DECEMBER 31, 2017	1 094 010	-	320 992	1 291 867	88 882	165 418	916 801	(144 564)	(666 900)	3 066 506	1 163 158	4 229 664

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

GB AUTO (S.A.E)
(AN EGYPTION JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2018

(All amounts in thousand Egyptian Pound)	NOTE	31 DECEMBER 2018	DECEMBER 31 2017
Cash flows from operating activities			
Net profit / (loss) for the year before tax		788 148	(751 729)
Adjustments for:			
Interest expense		1 346 704	1 224 710
Depreciation and amortization for the year	(16,15)	434 327	434 762
Provisions movements (net)	(26)	25 151	159 586
Impairment losses on current assets (net)		(28 716)	64 386
ESOP fair value		-	2 442
Interest income	(6)	(171 992)	(31 218)
Loans capitalized interest		(50 884)	(37 329)
Loss from sales of shares held by the group	(19)	-	(50 638)
Gain from sales of investment properties		-	(344)
Gain from sale of property, plant, equipment and assets held for sale		(38 818)	(45 685)
		2 303 920	**968 943**
CHANGES IN:			
Inventories		(1 745 798)	2 809 414
Accounts and notes receivables		(2 197 387)	(901 307)
Debtors and other debit balances		(393 125)	(9 253)
Due from related parties		(77 347)	(53 314)
Due to related parties		24 794	(643)
Trade payables and other credit balances		1 211 084	(1 242 397)
CASH (USED IN) / PROVIDED FROM OPERATING ACTIVITIES		**(873 859)**	**1571 443**
Provisions used		(41 010)	(85 279)
Income tax paid		(88 568)	(102 795)
Dividends paid		-	(40 000)
NET CASH (USED IN) / PROVIDED FROM OPERATING ACTIVITIES		**(1 003 437)**	**1343 369**

	NOTE	31 DECEMBER 2018	DECEMBER 31 2017
Cash flows from investing activities			
Acquisition of property, plant, equipment and projects under constructions		(3 288 502)	(1 429 438)
Acquisition of non controlling interest		(167 827)	-
Sale of shares in subsidiaries		480 000	-
Acquisition of intangible assets		(2 870)	(2 332)
Interest income received		167 225	30 772
Payment under Investment		(1 000)	(979)
Payment in Investment in associates		(8 034)	
Proceeds from sale of property, plant, equipment and assets held for sale		2 191 960	319 137
NET CASH USED IN INVESTING ACTIVITIES		**(629 048)**	**(1 082 840)**
Cash flows from financing activities			
Proceeds from non controlling interest to increase capital of subsidiaries		37 468	1 750
Proceeds from sales of shares held by the group		-	77 144
Proceeds from loans and borrowings		2 807 879	846 449
Long-Term notes payable		(558)	558
Interest paid		(1 316 644)	(1 164 079)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**1 528 145**	**(238 178)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(104 340)	22 351
Cash and cash equivalents at the beginning of the year		1 242 776	1 225 300
Effect of movements in exchange rates on cash and cash equivalents held		40 839	(4 875)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(14-B)	**1 179 275**	**1 242 776**

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

1 REPORTING ENTITY

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

Based on the decision of the Extraordinary General Assembly Meeting held on 26 April 2007, it has been agreed to change the Company's name to be GB Auto. This amendment was registered in the commercial register on 23 May 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 shareholders of the company are Dr. Raouf Ghabbour and his family who collectively owns approximately 60.58% of the Company's shares as at December 30, 2018.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on February 27, 2019.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with an updated Egyptian Accounting Standards (EAS) issued as per the decree of the minister of investment No. 110 for the year 2015, issued on 9 July 2015 and effective for financial years commence on 1st January 2016 and the related Egyptian laws and regulations.

The Company's management adopted the special accounting treatment stated in annex (A) of the modified Egyptian Accounting Standard no. (13) as amended in 2015, "The Effects of Changes in Foreign Exchange Rates" issued on 7 February 2017 by the Minister of Investment Decision No. (16) of 2017, whereby both the cost and accumulated depreciation of some fixed assets categories are modified using modification factors which are stated in the above- mentioned annex.

3 FUNCTIONAL AND PRESENTATION CURRENCY

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

4 USE OF JUDGEMENT AND ESTIMATES

In preparing the consolidated financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

The recognition of the change in accounting estimates in the period in which the change in estimate, if the change affects only that period, or in the period of change and future periods if the change affects both.

A- MEASUREMENT OF FAIR VALUE

The fair value of financial instruments determines based on the market value of a financial instrument or similar financial instruments at the date of the financial statements without deducting any estimate future costs of sale. The financial asset values determine at current prices for the purchase of those assets, while determining the value of financial liabilities at current prices, which could be settled by those commitments.

In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the transactions price that has recently or be guided by the current fair value of other instruments which is substantially similar. Or the use of discounted cash flow or any other evaluating method that leads to results can rely on it.

When using the discounted cash flow method as a way for the evaluation, the future cash flows are estimated based on the best estimates of management. And determined the discount rate used in the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

5 OPERATING SEGMENTS

The Group has the following four operational segments, which are its reportable segments to top management. These segments offer different products and services and are managed separately because they require different technology and marketing strategies.

- *The following summery describes the operations for each reportable segment:*

REPORTABLE SEGMENT	OPERATIONS
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 nonbanking financial services. The factoring services intended to buy existing and future rights of sellers of goods and services and provide related services.*
Other Operations	*Trading spare parts, and its accessories whether locally manufactured or imported, tires for vehicles and equipment whether locally manufactured or imported. export activities, selling locally manufactured and imported products for cash, on credit or through finance leasing and microfinance. and trade in all goods including light truck and sale by instalments.*

A- TOTAL REVENUE

	DECEMBER 31,2018	DECEMBER 31,2017
PASSENGER CAR	55.6%	57.4%
BUSES AND TRUCKS	6.8%	7.3%
2 & 3 WHEELS	16.9%	14.4%
FINANCIAL SERVICES NON-BANKING	14.3%	14.5%
OTHER OPERATIONS	6.4%	6.4%

B- REVENUE FROM FOREIGN OPERATIONS

	DECEMBER 31,2018	DECEMBER 31,2017
PASSENGER CAR	22.6%	25.8%
2 & 3 WHEELS	16.1%	7.5%
OTHER OPERATIONS	0.7%	12.1%

C- SEGMENT RESULTS

	DECEMBER 31,2018	DECEMBER 31,2017
PASSENGER CAR	38.76%	28.82%
BUSES AND TRUCKS	5.91%	11.32%
2 & 3 WHEELS	19.61%	16.69%
FINANCIAL SERVICES NON-BANKING	29.11%	33.60%
OTHER OPERATIONS	6.61%	9.57%

D - ASSETS

	DECEMBER 31,2018	DECEMBER 31,2017
PASSENGER CAR	24.4%	38.5%
BUSES AND TRUCKS	7.7%	3.6%
2 & 3 WHEELS	11.4%	9.7%
FINANCIAL SERVICES NON-BANKING	37.6%	31.3%
OTHER OPERATIONS	18.9%	16.9%

E- LIABILITIES

	DECEMBER 31,2018	DECEMBER 31,2017
PASSENGER CAR	36.2%	46.3%
BUSES AND TRUCKS	16.6%	%13.3
2 & 3 WHEELS	4.3%	2%
FINANCIAL SERVICES NON-BANKING	41.5%	37.1%
OTHER OPERATIONS	1.4%	1.3%

F- RECONCILIATIONS OF INFORMATION ON REPORTABLE SEGMENTS TO FINANCIAL STATEMENTS ACCORDING TO EASS

	DECEMBER 31,2018	DECEMBER 31,2017
REVENUES		
Total revenues for reportable segments	28 484 515	19 414 477
Elimination of inter-segment revenue	(2 672 551)	(1 757 891)
CONSOLIDATED REVENUE	**25 811 964**	**17 656 586**
SEGMENTS RESULT		
Gross profit for reportable segment	3 558 343	1 875 154
Elimination of inter-segment gross profit	5 610	77 646
CONSOLIDATED GROSS PROFIT	**3 563 953**	**1 952 800**
ASSETS		
Total assets for reportable segments	35 553 135	30 068 612
Elimination inter-segment assets	(14 482 208)	(14 038 189)
TOTAL CONSOLIDATED ASSETS	**21 070 927**	**16 030 423**
LIABILITIES		
Total Liabilities for reportable segments	23 371 358	20 007 210
Elimination inter-segment Liabilities	(7 510 811)	(8 206 451)
TOTAL CONSOLIDATED LIABILITIES	**15 860 547**	**11 800 759**

G- OTHER MARTIAL AMOUNTS

	TOTAL REPORTABLE SEGMENT	ADJUSTMENTS	TOTAL CONSOLIDATED DECEMBER 31, 2018
Finance income	189 420	(17 428)	**171 992**
Interest expense and Bank Charges	(1 193 219)	(136 057)	**(1 329 276)**
Capital expenditure	3 313 090	(38 679)	**3 274 411**
Depreciation and amortization	455 365	(21 038)	**7 434**
Interest income	94 092	(62 873)	**31 219**
Interest expense and Bank Charges	(1 217 747)	(93 515)	**(1 311 262)**
Capital expenditure	3 006 654	(539 143)	**2 467 511**
Depreciation and amortization	446 276	(18 586)	**427 690**

6 FINANCE COSTS

	DECEMBER 31, 2018	DECEMBER 31, 2017
Interest income	152 523	27 588
Interest income on installment sales	19 469	8 075
TOTAL FINANCE INCOME	**171 992**	**35 663**
Interest expense and bank charges Foreign	(1 329 276)	(1 313 734)
exchange differences	(29 973)	(91 831)
TOTAL FINANCE INCOME	**(1 359 249)**	**(1 405 565)**
NET FINANCE COST	**(1 187 257)**	**(1 369 902)**

7 PROVISIONS AND IMPAIRMENT OF CURRENT AND NON-CURRENT ASSETS

PROVISIONS NO LONGER REQUIRED	DECEMBER 31, 2018	DECEMBER 31, 2017
Warranty Provision	47 535	-
Impairment of accounts and notes receivables.	29 782	12 639
Impairment of debtors and other debit balances.	724	2 500
Other Provisions	6 639	522
Litigation provision	5 495	-
TOTAL PROVISIONS NO LONGER REQUIRED	**90 175**	**15 661**

PROVISIONS FORMED	DECEMBER 31, 2018	DECEMBER 31, 2017
Warranty provision	(24 965)	(65 160)
Impairment of accounts and notes receivable	(45 571)	(60 031)
Impairment of debtors and other debit balances	(3 134)	(725)
Impairment of due from related parties Litigation	(15 803)	(16 510)
provision	(4 574)	(200)
Other provisions	(55 281)	(76 399)
TOTAL PROVISIONS FORMED	**(149 328)**	**(219 025)**
NET PROVISIONS IN THE INCOME STATEMENT	**(59 153)**	**(203 364)**

THE MOVEMENT OF CURRENT AND NON-CURRENT ASSETS IMPAIRMENT REPRESENTED AS FOLLOW:

	BALANCE AT 1/1/2018	IMPAIRMENT DURING THE YEAR	USED DURING THE YEAR	REVERSAL OF IMPAIRMENT DURING THE YEAR	EFFECT OF MOVEMENTS OF EXCHANGE RATES	BALANCE AT 31/12/2018
Impairment of Accounts & Notes receivable	421 092	**45 571**	**(874)**	(29 782)	1 010	437 017
Impairment of due from related parties	16 254	15 803	-	-	(134)	31 923
Impairment of Debtors & Other debit balances	6 968	3 134	-	(724)	488	9 866
	444 314	**64 508**	**(874)**	**(30 506)**	**1 364**	**478 806**
IMPAIRMENT OF INVENTORY*	125 367	-	-	(62 718)	512	63 161
	569 680	**64 508**	**(874)**	**(93 224)**	**1 876**	**541 967**

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

8 EARNINGS / (LOSS) PER SHARE

i. Basic

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

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

	DECEMBER 31, 2018	DECEMBER 31, 2017
Net profit /(loss) for the year attributable to the shareholders	515 710	(666 900)
Weighted average number of ordinary shares issued	1 094 010	1 094 010
BASIC PROFIT (LOSS) / EARNINGS PER SHARE/ EGP	**0.47**	**(0.61)**

9 INCOME TAX

A- Income tax liabilities	DECEMBER 31, 2018	DECEMBER 31, 2017
Balance at 1 January	80 565	98 115
Taxes paid during the year	(88 568)	(102 795)
Effect of movement of exchange rates	-	268
Current income tax during the year (Note 9-C)	139 693	84 977
BALANCE AT THE END OF THE YEAR	**131 690**	**80 565**

9 INCOME TAX (CONTINUED)

B- Deferred tax assets and liabilities	FIXED AND INTANGIBLE ASSETS	CARRIED FORWARD LOSSES	IMPAIRMENT OF INVENTORY	WARRANTY PROVISION	LEGAL PROVISION	SURPLUS REVALUATION OF FIXED ASSETS	TOTAL	
							DECEMBER 31, 2018	DECEMBER 31, 2017
DEFERRED TAX ASSETS								
Balance at 1 January	**11**	**233 765**	**15 891**	**31 749**	**1 236**	-	**282 652**	**159 357**
Charged to the income statement	-	5 537	(9 065)	4 696	(1 236)	-	**(68)**	**123 296**
BALANCE AT THE END OF THE YEAR	**11**	**239 302**	**6 826**	**36 445**	-	-	**282 584**	**282 653**
DEFERRED TAX LIABILITIES								
Balance at 1 January	(113 471)	**-**	-	**-**	-	(39 030)	**(152 501)**	**(164 389)**
Charged to the income statement	(11 653)	**-**	-	**-**	-	-	**(11 653)**	**(10 245)**
Charged to Statement of comprehensive income	**-**	**-**	-	**-**	-	8755	**8755**	**22133**
Balance at the end of the year	**(125 124)**	**-**	**-**	**-**	-	**(30 275)**	**(155 399)**	**(152 501)**
NET DEFERRED TAX LIABILITIES	**(125 113)**	**239 302**	**6 826**	**36 445**	-	**(30 275)**	**134 539**	**130 152**
NET								
Balance at 1 January	(113 460)	233 765	15 891	31 749	**1 236**	**(39 030)**	**130 151**	**(5 032)**
Charged to the income statement	(6 939)	12 122	(7 236)	639	**(1 236)**	**-**	**(11 721)**	**113 051**
Charged to Statement of comprehensive income	-	-	-	-	-	**8755**	**8755**	**22133**
BALANCE AT THE END OF THE YEAR	**(120 399)**	**245 887**	**8 655**	**32 388**	**-**	**(30 275)**	**127 185**	**130 152**

9 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

	DECEMBER 31, 2018	DECEMBER 31, 2017
Impairment of accounts and notes receivables	98 329	94 746
Impairment of other debit balances	2 220	2 291

- 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

	DECEMBER 31, 2018	DECEMBER 31, 2017
Current income tax for the year (Note 9-A)	(139 693)	(84 977)
Deferred tax – benefit \ (expense) (Note 9-B)	(11 721)	113 051
INCOME TAX FOR THE YEAR	**(151 414)**	**28 074**

D- Amounts recognized in OCI

	DECEMBER 31, 2018			DECEMBER 31, 2017		
	Before Tax	**Taxes**	**After Tax**	**Before Tax**	**Taxes**	**After Tax**
Foreign Currency translation difference	53 545	-	53 545	68 979	-	68 979
Modification surplus of fixed assets result	(25 684)	8 755	(16 929)	116 300	(22133)	94 167
	27 861	**8 755**	**36 616**	**185 279**	**(22133)**	**163 146**

On June 4, 2014, Law No. (44) for the year 2014 has been issued to impose a temporary three years' additional tax amounting to (5%) starting from the taxable period of the above-mentioned resolution. This additional tax is taxable profit over an amount of One Million Egyptian pounds by individuals or corporates as stipulated in the articles of the Income Tax Law. This additional tax should be assessed and collected according to those articles. This law became into force starting from June 5, 2014.

On June 30, 2014, Law No. (53) for the year 2014 has been issued by a presidential decree. This law included amendments for some articles of Income Tax Law No. (91) for the year 2005. The most important amendments are as follows:
1. Imposing a tax on Dividends.
2. Imposing a tax on the capital gains resulted from the sale of capital contribution shares and securities.

On April 2015 ,6, ministerial decree No. (11/2) was issued for the year 2015 modifying the Executive regulations of the income tax law issued by ministerial decree No.91 for the year 2005.

On August 2015 ,20, the presidential decree for law No. 96 for the year 2015 has been issued to amend the provisions of income tax law No. 91 for the year 2005 and the decree No. 44 for the year 2014 that imposing a temporary additional income tax, this decree shall be in effect from the next day of issuance. The most important changes included in the decree are as follows:

1. The income tax rate will decrease to be 22.5 % from the annual net profit.
2. Amend the period of imposing the 5 % temporary tax.
3. Amend the tax on dividends.
4. Stopping the imposition of a capital tax on the dealing in securities listed in the stock exchange for a period of two years starting from 17th of May 2017

In November 2016 A decision was issued by the supreme Investment Council to extend the decision freezing the work on the tax on the profits of the activity in the stock market for three years, but no law was issued in this regards until the decision becomes effective from its date

10 INVENTORIES

	DECEMBER 31, 2018	DECEMBER 31, 2017
Goods in transit	854 414	340 488
Cars, buses and trucks	1 992 939	1 322 738
Raw material and car components	1 037 281	752 357
Spare parts for sale	629 637	512 032
Work in progress	201 133	71 059
Tires	104 712	107 654
Oils	63 873	31 863
TOTAL	**4 883 989**	**3 138 191**
IMPAIRMENT OF INVENTORY *	(63 161)	(125 367)
NET	**4 820 828**	**3 012 824**

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

11 LONG TERM NOTES RECEIVABLES

	DECEMBER 31, 2018	DECEMBER 31, 2017
Long-term notes receivable (Note 12)	2 182 196	1 390 856
Interest income on installment sales	(623 941)	(379 413)
NET PRESENT VALUE FOR LONG-TERM NOTES RECEIVABLE	**1 558 255**	**1 011 443**
Impairment of long-term notes receivable	(9 413)	(5 284)
NET	**1 548 842**	**1 006 159**

12 ACCOUNTS AND NOTES RECEIVABLES

	DECEMBER 31, 2018	DECEMBER 31, 2017
Total notes receivable	12 414 187	8 526 478
Long-term notes receivable (Note 11)	(2 182 196)	(1 390 856)
Unamortized interest	(6 456 714)	(4 899 287)
NET PRESENT VALUE FOR SHORT-TERM NOTES RECEIVABLE	**3 775 277**	**2 236 335**
Trade receivable	1 263 318	1 151 686
TOTAL	**5 038 595**	**3 388 021**
Impairment of accounts and notes receivable balances	(427 604)	(415 808)
NET	**4 610 991**	**2 972 213**

13 DEBTORS AND OTHER DEBIT BALANCES

	DECEMBER 31, 2018	DECEMBER 31, 2017
Advance payments to suppliers	721 504	686 767
Withholding tax	223 626	216 745
Sales tax receivable	59 668	24 182
Accrued interest	4 767	446
Letters of credit	148 241	11 418
Prepaid expenses	113 848	93 886
Deposits with others	33 440	33 125
Letters of guarantee margin Staff	216 535	84 892
loans and custodies	25 507	24 660
Other debit balances	84 741	61 159
Customs duties	3 154	4 570
TOTAL	**1 635 031**	**1 241 850**
Impairment of debtor and other debit balances	(9 866)	(6 968)
NET	**1 625 165**	**1 234 882**

14 CASH ON HAND AND AT BANKS

	DECEMBER 31, 2018	DECEMBER 31, 2017
A- CASH ON HAND AND AT BANKS	1 179 275	1 242 776
Cash on hand and cash at banks	**1 179 275**	**1 242 776**

	DECEMBER 31, 2018	DECEMBER 31, 2017
B- CASH AND CASH EQUIVALENTS	1 179 275	1 242 776
Cash on hand and cash at banks	**1 179 275**	**1 242 776**

15 PROPERTY, PLANT, EQUIPMENT AND PROJECTS UNDER CONSTRUCTIONS

Cost	LAND AND BUILDINGS	MACHINERY & EQUIPMENT	VEHICLES	IT INFRA-STRUCTURES & COMPUTERS	FIXTURES & FURNITURE	LEASHOLD IMPROVEMENTS	* PROJECTS UNDER CONSTRCTION	TOTAL
COST AT 1 JANUARY 2017	3 966 008	1 274 433	998 370	202 918	416 457	24 662	252 876	7 135 724
Reclassification	(529)	4 303	-	160	(405)	(3 529)	-	-
Additions during the year	1 384 350	326 196	331 876	15 043	47 278	3 416	374 462	2 482 621
Transferred from projects under construction to PP&E and intangible assets	6 527	2 986	-	409	45 078	4 485	(82 113)	(22 628)
Disposals during the year	(374 221)	(58 994)	(158 402)	(7 666)	(7 680)	-	-	(606 963)
Effect of cost modification using modification factor	-	(88 641)	(13 074)	(1 713)	(4 599)	-	(405)	(108 432)
Effect of movements of exchange rates	(20 937)	(1 356)	(922)	(197)	(1 837)	4		(25 245)
BALANCE AT 31 DECEMBER 2017	**4 961 198**	**1 458 927**	**1 157 848**	**208 954**	**494 292**	**29 038**	**544 820**	**8 855 077**
COST AT 1 JANUARAY 2018	4 961 198	1 458 927	1 157 848	208 954	494 292	29 038	544 820	8 855 077
Additions during the year	2 178 893	83 312	397 396	20 442	44 122	3 838	560 499	3 288 502
Transferred from projects under construction to PP&E and intangible assets	249 265	47 532	-		79 761	1 107	(377 663)	-
Disposals during the year	(1 718 581)	(274 422)	(598 158)	(18 554)	(393)	-	(16 146)	(2 626 254)
Effect of cost modification using modification factor	-		(11 574)	(6)	(1)	(1 563)	(9 897)	(23 041)
Effect of movements of exchange rates	(3 978)	237	27	79	918	(49)	-	(2 766)
BALANCE AT 31 DECEMBER 2018	**5 666 797**	**1 315 586**	**945 539**	**210 915**	**618 699**	**32 371**	**701 613**	**9 491 518**
Accumulated depreciation and impairment losses								
ACCUMULATED DEPRECIATION AT 1 JANUARAY 2017	198 017	489 291	410 540	134 611	213 733	16 083	5 816	1 468 091
Reclassification	-	1 066	-	41	(769)	(338)	-	-
Depreciation during the year	59 714	113 145	176 922	30 810	41 164	3 262	-	425 017
Disposals during the year	(6 382)	(13 483)	(99 870)	(6 385)	(4 933)	-	-	(131 053)
Effect of accumulated depreciation modification using modification factor	-	(22 286)	(10 736)	(1 710)	(4 095)	-	-	(38 827)
Effect of movements of exchange rates	(1 040)	(275)	(496)	(173)	(837)	(104)	-	(2 925)
ACCUMULATED DEPRECIATION AT 31 DECEMBER 2017	**250 309**	**567 458**	**476 360**	**157 194**	**244 263**	**18 903**	**5 816**	**1 720 303**
ACCUMULATED DEPRECIATION AT 1 JANUARAY 2018	250 309	567 458	476 360	157 194	244 263	18 903	5 816	1 720 303
Depreciation during the year	71 685	121 175	163 419	22 168	50 117	2 684	-	431 248
Disposals during the year	(50 297)	(80 475)	(319 415)	(15 106)	(283)	-	-	(465 576)
Effect of accumulated depreciation modification using modification factor	-	-	(30 569)	(8)	-	-	-	(30 577)
Effect of movements of exchange rates	371	235	245	73	471	(9)	-	1 386
ACCUMULATED DEPRECIATION AT 31 DECEMBER 2018	**272 068**	**608 393**	**290 040**	**164 321**	**294 568**	**21 578**	**5 816**	**1 656 784**
Net carring Amount								
AT 1 JANUARY 2017	**3 767 991**	**785 142**	**587 830**	**68 307**	**202 724**	**8 579**	**247 060**	**5 667 633**
AT 31 DECEMBER 2017	**4 710 889**	**891 469**	**681 488**	**51 760**	**250 029**	**10 135**	**539 004**	**7 134 774**
AT 31 DECEMBER 2018	**5 394 729**	**707 193**	**655 499**	**46 594**	**324 131**	**10 793**	**695 797**	**7 834 734**

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

15 PROPERTY, PLANT, EQUIPMENT AND PROJECTS UNDER CONSTRUCTIONS (CONTINUED)

ROPERTY, PLANT, EQUIPMENTS AND PROJECTS UNDER CONSTRUCTION (NET)	NOTE	31 DECEMBER 2018	31 DECEMBER 2017
Property, plant, equipments and projects under construction (Net)		7 834 734	7 134 774
DEDUCT:-			
Amounts under settlement of financial lease contracts	(28)	1 563 605	1 532 148
		6 271 129	**5 602 626**

A-FINANCIAL LEASED ASSETS

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

	LAND AND BUILDINGS	MACHINERY & EQUIPMENT	VEHICLES	IT INFRASTRUCTURES & COMPUTERS	FIXTURES & FURNITURE	TOTAL
Cost						
COST AT 1 JANUARY 2017	2 198 195	313 429	672 776	38 192	1 757	3 224 349
Additions during the year	1 713 373	500 746	226 487	-	-	2 440 606
Disposals during the year	(348 500)	(51 843)	(125 616)	(5 100)	(1 757)	(532 816)
BALANCE AT 31 DECEMBER 2017	**3 563 068**	**762 332**	**773 647**	**33 092**	**-**	**5 132 139**
COST AT 1 JANUARAY 2018	3 563 068	762 332	773 647	33 092	-	5 132 139
Additions during the year	2 460 651	55 105	278 493	-	-	2 794 249
Disposals during the year	(1 396 103)	(274 166)	(500 527)	(18 483)	-	(2 189 279)
BALANCE AT 31 DECEMBER 2018	**4 627 616**	**543 271**	**551 613**	**14 609**	**-**	**5 737 109**
Accumulated depreciation						
ACCUMULATED DEPRECIATION AT 1 JANUARAY 2017	40 596	58 829	242 894	17 450	848	360 617
Depreciation during the year	49 502	61 383	136 453	7 572	205	255 115
Disposals during the year	(5 481)	(10 448)	(80 144)	(3 825)	(1 053)	(100 951)
ACCUMULATED DEPRECIATION AT 31 DECEMBER 2017	**84 617**	**109 764**	**299 203**	**21 197**	**-**	**514 781**
ACCUMULATED DEPRECIATION AT 1 JANUARAY 2018	84 617	109 764	299 203	21 197	-	514 781
Depreciation during the year	73 259	64 827	120 760	4 589	-	263 435
Disposals during the year	(47 407)	(80 237)	(267 662)	(15 075)	-	(410 381)
ACCUMULATED DEPRECIATION AT 31 DECEMBER 2018	**110 469**	**94 354**	**152 301**	**10 711**	**-**	**367 835**
Carring Amount						
AT 1 JANUARY 2017	**2 157 599**	**254 600**	**429 882**	**20 742**	**909**	**2 863 732**
AT 31 DECEMBER 2017	**3 478 451**	**652 568**	**474 444**	**11 895**	**-**	**4 617 358**
AT 31 DECEMBER 2018	**4 517 147**	**448 917**	**399 312**	**3 898**	**-**	**5 369 274**

FINANCIAL LEASED ASSETS (NET)	NOTE	31 DECEMBER 2018	31 DECEMBER 2017
Financial leased assets (Net)		5 369 274	4 617 358
DEDUCT:-			
Amounts under settlement of financial lease contracts	(28)	1 563 605	1 532 148
		3 805 669	**3 085 210**

15 PROPERTY, PLANT, EQUIPMENT AND PROJECTS UNDER CONSTRUCTIONS (CONTINUED)

The Group has financial leased assets (trailers and buses) according to contracts under Law No. 95 for 1995, that is not considered as property, plant and equipment according to the accounting policy (34/Q) and according to the requirement of the Egyptian Accounting Standard (No.20), according to, the annual lease payments are recognized as an expense in the income statement for the year. And the leased contracts are as follows:

	DECEMBER 31, 2018	DECEMBER 31, 2017
Total contractual lease payments	113 512	63 941
Total purchase price on termination of leases	100	100
Average contracts life	4 years	4 years
lease payments for the year	40 627	23 581

16 INTANGIBLE ASSETS AND GOODWILL

	GOODWILL	COMPUTER SOFTWARE	KNOWHOW	TOTAL
COST				
Balance at 1 January	427 309	33 853	5 703	**466 865**
Additions During the year	2 846	42	-	**2 888**
BALANCE AT DECEMBER 31, 2018	**430 155**	**33 877**	**5 703**	**469 752**
ACCUMULATED AMORTIZATION				
Balance at 1 January	-	30 816	5 703	**36 519**
Amortization charge for the year	-	3 079	-	**3 079**
BALANCE AT DECEMBER 31, 2018	-	**33 895**	**5 703**	**39 598**
NET CARRYING AMOUNT AT DECEMBER 31, 2018	**430155**	**-**	**-**	**430 155**
NET CARRYING AMOUNT AT DECEMBER 31, 2017	**427 309**	**3 037**	**-**	**430 346**

GOODWILL

- On March 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 EGP 209 997, in return of acquiring shares of GB Auto share capital increase. The acquisition resulted in a goodwill amounting to EGP 177 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 December 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 Alsaiarat (GK), in Jordan, to acquire the existing business of Hyundai Vehicles Agency in Iraq, the joint venture agreement gives the group the power to govern the financial and operating policies of (GK) and as a result of this investment the group recognized a goodwill.

- During the period GB Auto Company fully acquired the shares of Egyptian International Maintenance and cars Manufacturing Company EIAC SAE, and the acquisition resulted in goodwill amounted EGP 2.8 million.

Impairment test of cash generating units including goodwill

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

	DECEMBER 31, 2018	DECEMBER 31, 2017
Two and three wheels' activities	177 375	177 375
Hyundai Iraq sales	248 910	248 934
Financial leasing activity	1 000	1 000
After Sale service- PC	2 870	-
	430 155	**427 309**

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

17 INVESTMENTS PROPERTY

	DECEMBER 31, 2018	DECEMBER 31, 2017
Balance at 1 January	90 905	91 512
Disposals during the year	-	(607)
Balance at the end of the year	**90 905**	**90 905**

18 ISSUED AND PAID IN CAPITAL

	DECEMBER 31, 2018	DECEMBER 31, 2017
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 of EGP 1 each)	**1 094 010**	**1 094 010**

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

19 SHARES OF THE COMPANY HELD BY THE GROUP

-Shares of the Company held by the Group represented in the shares owned by one of the Companies of the Group amounted to 26 506 119 shares at the par value of EGP 26 506 thousand in GB Auto Company capital which is acquired by Almora resources Company one of the Group subsidiaries which is 100% owned. The acquisition cost amounted to EGP 126 231 thousand. The share premium which is transferred to special reserve has been reduced by the difference between the acquisition cost and the par value amounted to EGP 99 725 thousand.

-At the date of February 23, 2017, the number of 26 506 119 shares was sold. The special reserve was reduced by an amount of EGP 50 638 thousand which represents the differences between treasury shares purchase cost amounted to EGP 126 231 thousand and its reselling price amounted to EGP 75 593 thousand (Note 21).

20 LEGAL RESERVE

	DECEMBER 31, 2018	DECEMBER 31, 2017
Balance at 1 January	**320 992**	**311 125**
Transferred to legal reserve	17 395	9 867
Change of non-controlling interests without changing in control	877	-
Transferred from legal reserve to increase the capital	(7 735)	-
BALANCE AT THE END OF THE YEAR	**331 529**	**320 992**

- 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.

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, based on the authorization of the General Assembly Meeting dated 29 March 2008.

	DECEMBER 31, 2018	DECEMBER 31, 2017
Share premium	916 801	916 801

21 OTHER RESERVES

	FOREIGN CURRENCY TRANSLATION RESERVE	ESOP (FAIR VALUE) RESERVE	SURPLUS REVALUATION OF FIXED ASSETS RESERVE	SHARE PREMIUM (SPECIAL RESERVES)	TOTAL
BALANCE AS AT 1 JANUARY 2018	1 291 867	88 882	165 418	916 801	**2 462 968**
Foreign currency translation differences	44 694	-	-	-	**44 694**
Modification surplus of fixed assets after income tax	-	-	(16 929)	-	**(16 929)**
BALANCE AT DECEMBER 31, 2018	**1 336 561**	**88 882**	**148 489**	**916 801**	**2 490 733**

- The special reserve represented in the transferred amount from the net share premium in 2007 less the amount transferred to the legal reserve (Note 20).

- 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.

- At the date of February 23, 2017, was sold the number of 26 506 119 shares and the special reserve was reduced by an amount of EGP 50 638 thousand which represents the differences between treasury shares purchasing cost amounted to EGP 126 231 thousand and its reselling price amounted to EGP 75 593 thousand.

22 CHANGE IN NON-CONTROLLING INTERESTS WITHOUT CHANGE OF CONTROL

-The Group acquired 10% and 24% of the minority interest of Drive Auto Trading Company and Drive Finance respectively for EGP 167.8 million, resulting in a loss of EGP 150.5 million. The Group sold 20% of MNT Investment BV (Netherlands) for EGP 480 million, resulting in a profit of LE 450.7 million

23 NON-CONTROLLING INTEREST

					TOTAL	
	CAPITAL	RESERVES	LEGAL RESERVE	RETAINED EARNINGS	DECEMBER 31, 2018	DECEMBER 31, 2017
Balance at 1 January	465 418	780 783	32 219	(115 262)	**1 163 158**	**1 169 638**
Net profit /loss for the year	-	-	-	121 024	**121 024**	**(56 755)**
Foreign currency translation results	-	8 851	-	-	**8 851**	**950**
Capital increase	37 468	-	-	-	**37 468**	**12 623**
Change in Non-controlling interests	15 306	-	(3 234)	(50 299)	**(38 227)**	**1 750**
Transferred to Legal reserve	-	-	1 578	(1 578)	**-**	**44 702**
Transferred from legal reserve to increase the capital	-	-	-	(1 557)	**(1 557)**	**(9 750)**
BALANCE AT THE END OF THE YEAR	**518 192**	**789 634**	**30 563**	**(47 672)**	**1 290 717**	**1 163 158**

24 CAPITAL MANAGEMENT

- The Group's objectives when managing capital are to safeguard the Group's ability to continue on a going concern basis in order to provide returns to shareholders and benefits for other stakeholders who use these financial statements and to maintain an optimal capital structure to reducing the cost of capital. In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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

- The gearing ratio at December 31, 2018 and December 31, 2017 were as follows:

	DECEMBER 31, 2018	DECEMBER 31, 2017
TOTAL LOANS AND BORROWINGS AND NOTES PAYABLE		
Loans, borrowings and overdrafts	12 422 671	9 485 296
Short-term notes payable and suppliers	201 021	119 784
Long-term notes payables and creditors	-	558
TOTAL LOANS AND BORROWINGS AND NOTES PAYABLES	**12 623 692**	**9 605 638**
LESS: Cash and cash equivalent	(1 179 275)	(1 242 776)
Letters of credit margin	(148 241)	(11 418)
Letters of guarantee margin	(216 535)	(84 892)
NET DEBT	**11 079 641**	**8 266 552**
Shareholders' equity	3 919 662	4 321 302
NET DEBT TO EQUITY RATIO	**2.82**	**1.91**

25 LOANS, BORROWINGS AND OVERDRAFTS

	DECEMBER 31, 2018			DECEMBER 31, 2017		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	8 021 786	81 355	**8 103 141**	6 099 761	-	**6 099 761**
Loans	1 229 998	3 089 532	**4 319 530**	941 208	2 486 127	**3 427 335**
Related parties' loans	-	-	**-**	-	87 696	**87 696**
TOTAL	**9 251 784**	**3 170 887**	**12 422 671**	**7 040 969**	**2 573 823**	**9 614 792**

A. BANKS OVERDRAFT

The average interest rate on the outstanding Egyptian Pounds and the US Dollars bank overdraft are 19.10% and 6.79% respectively.

a. The analysis of the loans and banks overdraft balances according to their maturity dates is as follows:

	DECEMBER 31, 2018	DECEMBER 31, 2017
Less than one year	9 251 784	7 040 969
More than one year and less than five years	3 170 887	2 573 823
	12 422 671	**9 614 792**

26 TRADE PAYABLES AND OTHER CREDIT BALANCES

	DECEMBER 31, 2018	DECEMBER 31, 2017
Trade payables	1 621 578	610 818
Other credit balances	78 122	64 530
Advances from customers	295 557	223 000
Tax Authority	48 889	148 068
Accrued expenses	409 132	285 223
Notes payables	201 021	119 784
Dividends payable	17 575	7 928
Deferred revenues	61 032	60 483
	2 732 906	**1 519 834**

27 PROVISIONS

	LEGAL CLAIMS	WARRANTY PROVISION	OTHER PROVISIONS	TOTAL
Balance at January 1, 2018	7 084	108 844	167 834	**283 762**
Provisions formed during the year	4 574	24 965	55 281	**84 820**
Provisions utilized during the year	(705)	(9 159)	(30 272)	**(40 136)**
Provisions no longer required	(5 495)	(47 535)	(6 639)	**(59 669)**
Effect of movement of exchange rates	(71)	-	(7)	**(78)**
BALANCE AT DECEMBER 31, 2018	**5 387**	**77 115**	**186 197**	**268 699**
Balance at 1 January 2017	2 274	94 684	114 107	**211 065**
Provisions formed during the year	6 081	65 160	88 700	**159 941**
Provisions utilized during the year	(996)	(51 000)	(33 209)	**(85 205)**
Provisions no longer required	(275)	-	(80)	**(355)**
Effect of movement of exchange rates	-	-	(1 684)	**(1 684)**
BALANCE AT DECEMBER 31, 2017	**7 084**	**108 844**	**167 834**	**283 762**

27 PROVISIONS (CONTINUED)

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 December 31, 2018.

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 77 115 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 EGP 15 159 (December 31, 2017 EGP 42 834).

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.

28 TRADE AND NOTES PAYABLES LONG TERM

	DECEMBER 31, 2018		DECEMBER 31, 2017	
	Present Value	**Notes Payable**	**Present Value**	**Notes Payable**
Total notes payables and creditors	201 021	201 021	48 867	48 867
Notes payable Less than 1 year (Note 25)	(201 021)	(201 021)	(48 309)	(48 309)
TOTAL	**-**	**-**	**558**	**558**

29 AMOUNTS UNDER SETTLEMENT OF FINANCIAL LEASE CONTACTS

This account represents the differences (either positive or negative) between the earned revenue which is recorded according to revenue recognition policy in Note (34-D/4), and the due lease receivable.
The balance of such account is settled against the net book value of the leased asset at the termination date of the leasing contract.

	DECEMBER 31, 2018	DECEMBER 31, 2017
Advances from customers	1 339 092	1 156 550
Amounts under settlement of financial lease contacts	224 513	375 598
	1 563 605	**1 532 148**

30 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:

	ASSETS	LIABILITIES	NET DECEMBER 31, 2018	NET DECEMBER 31, 2017
US Dollars	855 599	(1 061 652)	**(206 053)**	**417 197**
Euros	25 521	(6 016)	**19 505**	**19 343**
Other currencies	169 483	(20 343)	**149 140**	**91 473**

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 12 422 671 as at December 31, 2018 (EGP 9 614 792 as at December 31, 2017). Financial assets that carry fixed interest rates are amounted to EGP 97 693 as at December 31, 2018 (EGP 100 670 as at December 31, 2017).

		DECEMBER 31, 2018	DECEMBER 31, 2017
Time deposits	USD	78 750	64 628
Time deposits	EGP	18 943	36 042
		97 693	**100 670**

(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:

	DECEMBER 31, 2018	DECEMBER 31, 2017
Notes and accounts receivables	13 677 505	9 678 810
Impairment of accounts and notes receivable balances	(427 604)	(415 808)
THE RATIO OF THE ALLOWANCE TO TOTAL ACCOUNTS AND NOTES RECEIVABLE	**3.13 %**	**4.29 %**

(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.

(2) 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.

31 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	
	DECEMBER 31, 2018	DECEMBER 31, 2017
RG Investment "S.A.E."	99.99%	99.99%
International Trade Agencies and Marketing Co. (ITAMCO) "S.A.E."	99.449%	99.449%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) "S.A.E."	99.528%	99.528%
Ghabbour Continental Trading Co. (GCT) –Alex "S.A.E."	100%	100%
GB Polo Buses Manufacturing "S.A.E."	80%	80%
Haram Transportation Co. "S.A.E."	99%	99%
GB Company for financial lease "S.A.E."	100%	100%
Haram for transpiration Tourism "S.A.E."	100%	100%
GB Allab Company	66.20%	66.20%
Masters Automotive Company "S.A.E."	75%	75%
Microfinance consultancy Services (Mashro'ey) "S.A.E."	65%	80%
Almajmoa Alalamia; Litijaret Alsaiarat (GK)	50%	50%
GB Logistics "S.A.E."	99.98%	99.98%
GB Capital holding for financial investments "S.A.E."	99%	99%
Gulf Company	100%	100%
Drive Automotive "S.A.E."	100%	90%
Drive Finance "S.A.E."	100%	76%
Ghabbour Al Qalam	68%	68%
GB Global Company	100%	100%
GBR Company	54%	54%
GBR Services Company	48.80%	48.80%
Egypt Auto Mall Company for used car "S.A.E."	99%	99%
GB El Bostan	60%	60%
Ghabbour general trade	25%	25%
Egypt Tires Market "S.A.E."	90%	90%
Pan African Egypt Company for Oil "S.A.E."	100%	100%
Tires & more Company for car services "S.A.E."	100%	100%
Suez Canal logistic services Co. "S.A.E."	100%	100%
GB Automotive Manufacturing Co. "S.A.E."	100%	100%
Ready Parts for automotive spare parts "S.A.E."	100%	100%
GB Light transport manufacturing company (GB LTMC) "S.A.E."	100%	100%
Tasaheel Microfinance company ((Tasaheel)) "S.A.E."	65%	80%
GB for heavy truck and construction equipment trading "S.A.E"	100%	100%
GB for water and environment technology. "S.A.E."	100%	100%
Engineering company for transportation maintenance El Mikaneeky	65%	65%
Egyptian International Maintenance and cars Manufacturing Company EIAC "S.A.E."	100%	-
GB Finance S.A.R.L.	100%	-
MNT for SME Development "S.A.E."	53.33%	-
BBAL Blue Bay Auto Loan Investments Cyprus LTD	100%	-
Salexia L.T.D. Trading (Cyprus)	100%	-
MNT Investment B.V. (Netherland)	53.33%	-
GB Capital Securitization S.A.E.	100%	-
Rassedy S.A.E.	57%	-

31 CAPITAL COMMITMENTS

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 122 452 (EGP 251 480 as at December 31, 2017) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

32 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:

	DECEMBER 31, 2018	DECEMBER 31, 2017
USD	1 984 048	**1 038 322**
EGP	172 132	**150 642**
Japanese Yen	1 556	**603**
Euro	4 174	**2 717**

33 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:

DUE FROM RELATED PARTIES	DECEMBER 31, 2018	DECEMBER 31, 2017
GB for Import and Export	489	6 963
Itamco agriculture development	5 013	2 047
El Bostan Holding	76 273	75 392
SARL SIPAC – Algeria	15 267	15 649
Algematco – Algeria	16 603	16 953
Blue Bay Management Company	-	12 000
Kassed Shareholders' Current Account	82 778	10 666
El Qalam Shareholders' Current Account	33 594	16 925
Aff.Co.-Cur.Acc.-GB Produce	4 000	-
TOTAL	233 942	156 595
Impairment of due from related parties	(31 923)	(16 254)
	202 019	**140 341**

DUE TO RELATED PARTIES	DECEMBER 31, 2018	DECEMBER 31, 2017
Marco Polo Company	65 669	61 300
EQI	761	800
Al Watania for car accessories and spare parts	6 204	5 534
Al Watania for tires import	1 111	1 142
Itamco for import and export	1 286	1 291
Halan for Information Technology	7 887	-
Gaya	11 875	-
Wahdan Company	68	-
	94 861	**70 067**

33 RELATED PARTY TRANSACTIONS (CONTINUED)

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

RELATED PARTY NAME	RELATION TYPE	TRANSACTION NATURE	TRANSACTION AMOUNT DECEMBER 31, 2018	TRANSACTION AMOUNT DECEMBER 31, 2017
Executive BOD	Board of Directors	Management Salaries	24 258	(30 444)
EQI	Related Party	Dividends	39	667
GB for import and export.	Related Party	Cash transfer	(6 481)	6 963
Al Watania for Vehicles Accessories and spare parts	Related Party	Cash transfer	(670)	5 534
SARL SIPAC – Algeria	Related Party	Cash transfer	(382)	1 367
Kassed Shareholders' current account	Shareholder in one of the subsidiaries	Cash transfer	77 112	(228)
Itamco agriculture	Related Party	Cash transfers	2 966	2 047
El- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Cash transfers	16 669	12 841
Marco Polo Company	Shareholder in one of the subsidiaries	Cash transfers	(4 369)	1 399
Itamco for Import and Export	Related Party	Cash transfers	5	1 291
Blue Bay for Management	Shareholder in one of the subsidiaries	Cash transfers	(12 000)	-
Bostan Holding	Related Party	Cash transfers	806	-
GB Produce	Related Party	Cash transfers	4 000	-
Halan for Information technology	Related Party	Cash transfers	(7 887)	-
Gaya	Shareholder in one of the subsidiaries	Cash transfers	(11 875)	-
Wahdan Company	Shareholder in one of the subsidiaries	Cash transfers	(68)	-
Watania Company for Tires Import	Related Party	Cash transfers	(29)	(83)
Algematco – Algeria	Shareholder in one of the subsidiaries	Cash transfers	(350)	1 152

34 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 are 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

a. Subsidiaries are entities controlled by the Group.
b. 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.
c. 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.

B-FOREIGN CURRENCY

1) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.
Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.
Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
Foreign currency differences are generally recognised in profit or loss.
However, foreign currency differences arising from the translation of the following items are recognised in OCI:

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

2) FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.
Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.
When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.
If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.
When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C- DISCONTINUED OPERATION

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.
Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.
When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

D- REVENUE

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales tax, returns, rebates and discounts and after eliminating sales within the Group.
The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contractual obligations have been met. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1) SALES – WHOLESALE AND SHOWROOMS

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

2) SALES – RETAIL AND COMPANIES

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

3) SALES OF SERVICES – MAINTENANCE

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

4) FINANCIAL LEASE CONTRACTS

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

5) INTEREST INCOME

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

6) DIVIDEND INCOME

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

E- EMPLOYEE BENEFIT

1) SHORT – TERM EMPLOYEE BENEFITS

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

2) SHARE – BASED PAYMENT ARRANGEMENTS

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.
For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

F- EMPLOYEE BENEFIT

3) DEFINE CONTRIBUTION PLANS

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
The Group pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The Group's commitment is limited to the value of their contribution. And the Group's contribution amount expensed in profits and losses according to accrual basis.

4) TERMINATION BENEFITS

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

G- 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.

H- INCOME TAX

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

1) CURRENT INCOME TAX

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

2) DEFERRED TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for:
- Taxable temporary differences arising on the initial recognition of goodwill.,
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
1- A business combination.
2- And not affects neither accounting nor taxable profit or loss.

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.

I- 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.

J- 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) , as described in details in note no.(7).

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:

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

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

4) RECLASSIFICATION TO INVESTMENT PROPERTY

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

5) PROJECT UNDER CONSTRUCTION

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

K- 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.

L- 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.

M- ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for- sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.
Impairment losses on initial classification as held-for-sale or held-for- distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.
Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

N- FINANCIAL INSTRUMENTS

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

1) NON-DERIVATIVE FINANCIAL ASSETS ANDFINANCIAL LIABILITIES – RECOGNITION AND DE-RECOGNITION

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

2) NON-DERIVATIVE FINANCIAL ASSETS – MEASUREMENT

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

HELD-TO-MATURITY FINANCIAL ASSETS

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

LOANS AND RECEIVABLES

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

3) NON-DERIVATIVE FINANCIAL LIABILITIES – MEASUREMENT

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

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

O- 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".

P- SHARE CAPITAL

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.

Q- IMPAIRMENT

1) NON-DERIVATIVE FINANCIAL ASSETS

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

Objective evidence that financial assets are impaired includes:

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

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

FINANCIAL ASSETS MEASURED AT AMORTISED COST

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.
In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.
When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.
If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses which have been recognized previously in OCI and the accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.
If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or Impairment loss.
losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

EQUITY-ACCOUNTED INVESTEES

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

2) NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.
Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

R- PROVISIONS

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

1) WARRANTIES

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

2) LEGAL CLAIMS

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

3) OTHER PROVISIONS

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

S- LEASES

1) FINANCIAL LEASE

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

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

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

2) OPERATIONAL LEASE

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

T- 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.

U- DIVIDENDS

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

V- COMPARATIVE FIGURES

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