GHABBOUR AUTO

ANNUAL REPORT 2013

WHAT'S NEXT

New Products | New Markets | New Value

"THE PAST THREE YEARS HAVE BEEN INCREDIBLY CHALLENGING. WHILE WE EXPECT TO SEE THE GREEN SHOOTS OF A RECOVERY IN 2014, WE WILL NOT FALTER IN THE FACE OF ANY TEMPORARY OBSTACLES."

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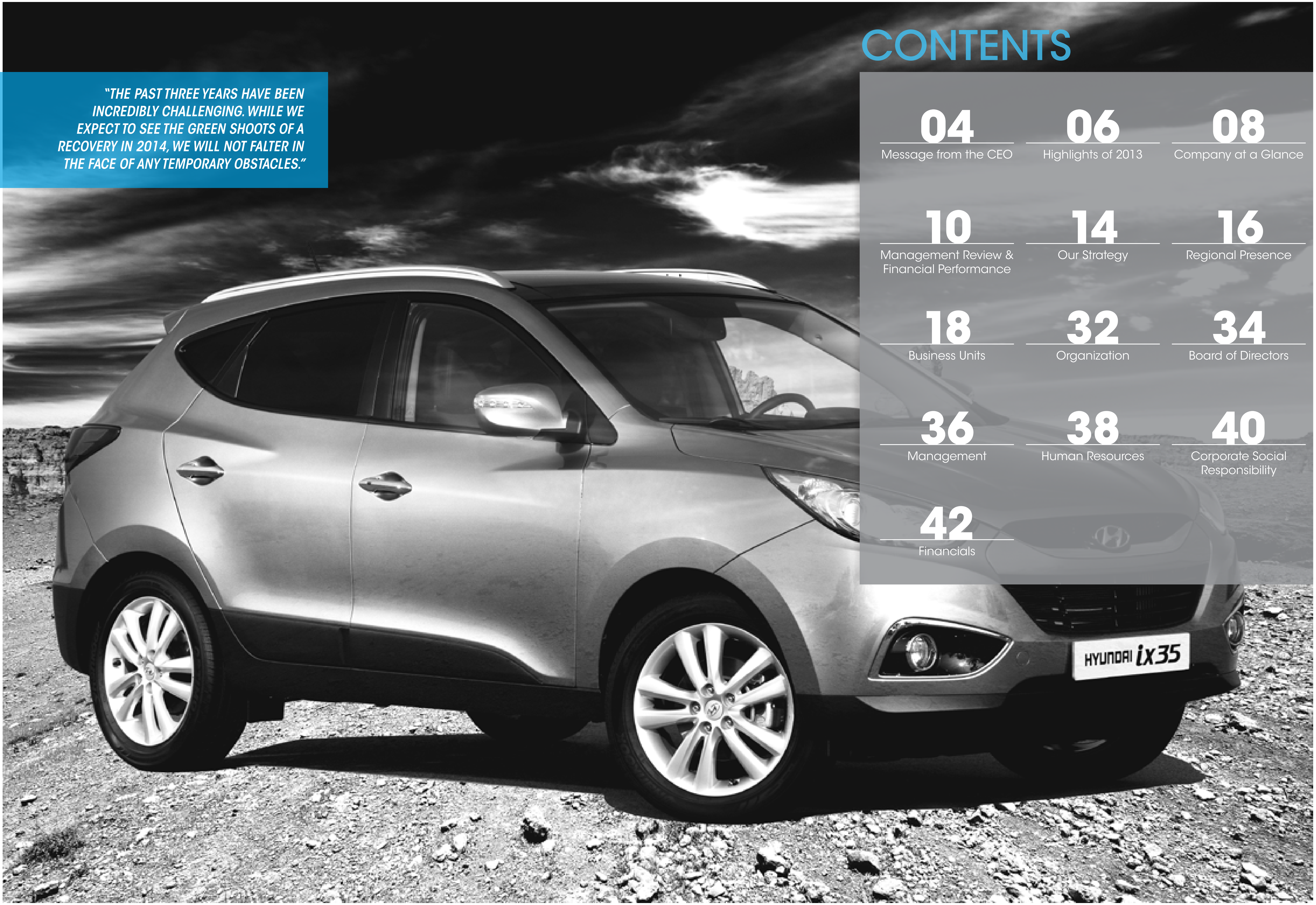


MESSAGE FROM THE CEO

The year just ended was one of the worst, in business terms, that I have ever seen. It was also a decisive turning point for GB Auto: We leveraged our experience in challenging markets to thrive in Egypt and Iraq as we simultaneously entered Libya and Algeria; captured 10% market share in Egypt with Geely; grew Drive, our consumer finance business, to break-even; laid the groundwork for a sustainable recovery in Commercial Vehicles and Construction Equipment; rounded out our product portfolio; added new representations; and prepared to decisively enter the Lubricants, Retail, and Pre-Owned Cars markets in Egypt and, eventually, in expansion markets.

This performance is a testament to our having the people, systems and brands we need to thrive in markets that less aggressive companies would have long ago fled.

Many things go into having the "right people:" Experience. Training. The ability to balance the risk-reward equation. Maturity. Part of that maturity is the ability to take responsibility for — and learn from — one's mistakes. Multiple factors played into our loss of Hyundai Passenger Car market share in Egypt last year, from the new price competitiveness of Japanese brands to the implementation of the EU-Egypt Association Agreement — and, unfortunately, our attempt to restructure the wholesale market for Hyundai vehicles by dealing directly with sub-dealers. This approach cost GB Auto market share due to our decision to purposefully withhold vehicles from the marketplace. We began winning back that market share with sought-after Hyundai offerings in September 2013 and now, as Geely continues to gain ground, we look forward to a record combined market share in Egypt this year.

In Commercial Vehicles and Construction Equipment, we saw GB Polo successfully start to penetrate Sub-Saharan and Middle Eastern export markets in 2013. The division looks forward to capturing market share with new product launches in the microbus and seven-seater bus segments, the latter of which GB Auto imports completely-built-up.

In Egypt, the Motorcycles & Three-Wheelers line of business is likely to face a challenging year, given recent unfortunate regulatory decisions by the Government of Egypt that will constrain supply. While we believe that top-line sales figures will be affected by the ban, it will have a minimal impact on our bottom line this year. The challenges faced by this LOB may also impact growth for microfinance venture Mashroey, although we will actively funnel a higher proportion of unit sales to Mashroey in an attempt to alleviate this potential impact. Furthermore, by the start of next year, we will begin seeing the first significant returns from new ventures including Libya, Algeria, Lubricants, Retail and Pre-Owned Cars.

As we look to deliver our budgeted FY14 profitability despite a slightly curbed top line versus our original expectations, we are very aggressively managing SG&A spending. We are determined to rationalize administrative costs and expect to see a real improvement in total SG&A expenses as a percentage of sales going forward. In this context, we view the additional LE 128 million in spending we incurred last year (compared with FY12) not as an expense, but as an investment in the people, systems and portfolios we need to grow our geographical and product-line footprint as well as our share of each of our clients' total automotive spending by deepening our relationships with them and improving satisfaction.

From Iraq to Egypt and beyond, 2013 was tough, as business has been since the dawn of the Arab Spring in January 2011. I am confident, however, that in the not too distant future, we will look back on the past three years as a period in which we invested in our future where others pulled back, in which we ran while others lurched from crisis to crisis. It has been a challenge, but it is the type of challenge of which great case studies are written.

I am delighted to have each and every one of you along for the ride.

Dr. Raouf Ghabbour, CEO

Summary Overview of Performance by Line of Business

(LE million)		2013	2012	% Change	2011	% Change
Passenger Cars						
Revenue		6,536.9	6,072.3	7.7%	5,741.9	5.8%
Total Gross Profit		766.3	719.0	6.6%	569.0	26.4%
Gross Profit Margin	%	11.7%	11.8%	-0.1	9.9%	1.9
Motorcycles & 3-Wheelers						
Revenue		1,229.0	1,209.0	1.7%	1,001.6	20.7%
Gross Profit		190.4	228.5	-16.7%	254.4	-10.2%
Gross Profit Margin	%	15.5%	18.9%	-3.4	25.4%	-6.5
Commercial Vehicles & Construction Equipment						
Revenue		481.0	465.8	3.3%	340.5	36.8%
Gross Profit		37.9	20.4	85.2%	6.3	223.8%
Gross Profit Margin	%	7.9%	4.4%	3.5	1.8%	2.6
Tires						
Revenue		390.4	290.1	34.6%	163.4	77.5%
Gross Profit		58.3	42.7	36.3%	24.6	73.6%
Gross Profit Margin	%	14.9%	14.7%	0.2	15.1%	-0.4
Financing Businesses						
Revenue		476.3	249.0	91.3%	156.5	59.1%
Gross Profit		123.9	69.4	78.5%	38.5	80.3%
Gross Profit Margin	%	26.0%	27.9%	-1.9	24.6%	3.3
Others						
Revenue		13.2	4.0	230.1%	11.5	-65.2%
Gross Profit		-6.4	-10.0	-36.1%	-9.5	5.3%
Gross Profit Margin	%	-48.4%	-249.7%	201.3	-82.3%	-167.4
Group						
Revenue		9,126.7	8,290.1	10.1%	7,415.3	11.8%
Gross Profit		1,170.3	1,070.0	9.4%	883.3	21.1%
Gross Profit Margin	%	12.8%	12.9%	-0.1	11.9%	1.0

HIGHLIGHTS OF 2013

IN 2013, WE SIMULTANEOUSLY ENTERED LIBYA AND ALGERIA; CAPTURED 10% MARKET SHARE IN EGYPT WITH GEELY; GREW DRIVE, OUR FACTORING AND CONSUMER FINANCE BUSINESS; ROUNDED OUT OUR PRODUCT PORTFOLIO; ADDED NEW REPRESENTATIONS; AND PREPARED TO DECISIVELY ENTER THE LUBRICANTS, RETAIL, AND PRE-OWNED CARS SEGMENTS IN EGYPT AND, EVENTUALLY, IN EXPANSION MARKETS.

LE 9.1 Billion
Group Revenues

10.1%
Group Revenue Growth

LE 1.2 Billion
Group Gross Profit

LE 116 Million
Group Net Profit

29.9%
Passenger Car Market Share in Egypt (all brands)

IR Team
GB Auto's Investor Relations Team wins IR Global Ranking's Best Website in the Middle East award

New Operations
Launches Operations in Libya and Algeria

New Family of Buses
Launches New Family of Buses for Domestic and Export Sale

Export Contract
Signs successful export contract with GM East Africa

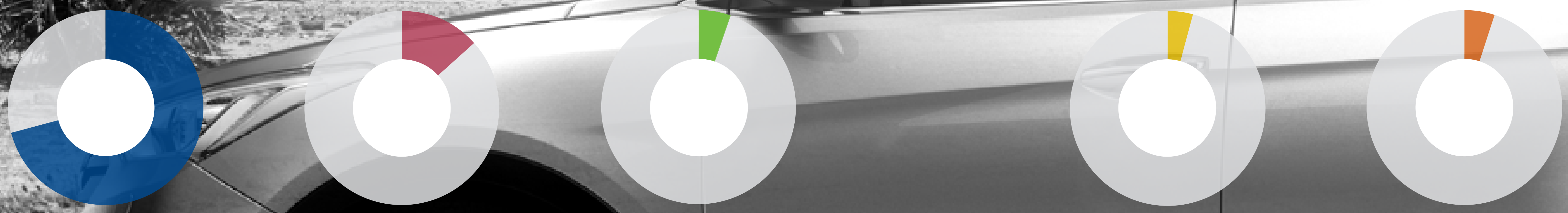
GB Academy
Opens Doors at Purpose-Built GB Academy Campus in Abu Rawash

Hyundai Gold Medal
Receives Hyundai Gold Medal at HMC's 10th World Skill Olympics Event

New Distributor Award
Receives Geely's 2012 Best New Distributor Award

COMPANY AT A GLANCE

THROUGHOUT ITS MORE-THAN 60-YEAR HISTORY, GB AUTO HAS BUILT A STRONG REPUTATION FOR STANDING BEHIND ITS CUSTOMERS.



Passenger Cars

71.6% of FY13 Group Sales

71.6%

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

Motorcycles & Three-Wheelers

13.5% of FY13 Group Sales

13.5%

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

Commercial Vehicles & Construction Equipment

5.3% of FY13 Group Sales

5.3%

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

Tires

4.3% of FY13 Group Sales

4.3%

- Distribution of passenger car, van, truck, construction equipment and bus tires
- **Markets:** Egypt, Iraq, Libya, Algeria, Jordan
- **Brands:** Lassa, Yokohama, Westlake, Grandstone, Diamondback, Triangle, Goodyear

Financing Businesses

5.2% of FY13 Group Sales

5.2%

- GB Auto's Financing Businesses offer financing in all segments of the market
- GB Lease provides financing for commercial vehicle and corporate lease clients
- Mashroey finances the purchase of motorcycles, tuk-tuks, YTO tractors and motor tricycles
- Drive offers consumer financing of passenger cars and factoring of auto and non-auto products
- **Market:** Egypt
- **Companies:** GB Lease, Mashroey, Drive

Vertically integrated, horizontally diverse

GB Auto is a leading player in the Egyptian automotive industry and has launched a number of operations in key markets and sectors throughout the Middle East and North Africa.

The company is focused on automotive assembly, manufacturing, sales & distribution, financing and after-sales services — including vehicle servicing and related products.

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

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

You can learn more about the company's lines of business beginning on page 18 of this Annual Report.

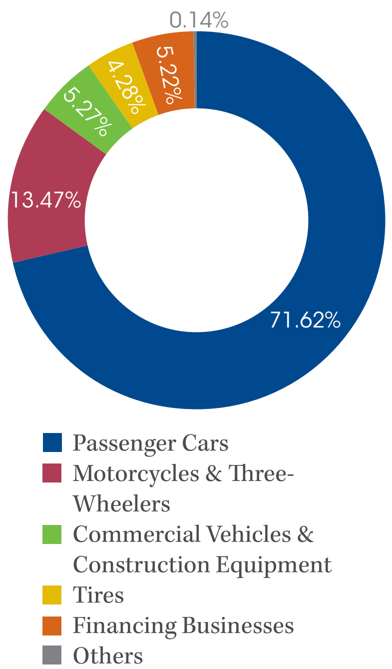
GB Auto's assembly operations include passenger cars and commercial vehicles, while the company also designs and manufactures complete buses, semi-trailers and superstructures — with the exception of chassis — at three plants in the Greater Cairo Area as well as facilities in Suez.

Throughout its more-than 60-year history, GB Auto has built a strong reputation for standing behind its customers and is renowned for providing unmatched after-sales service in the Egyptian market. GB Auto's growing national After-Sales service network includes 9 passenger car and 6 commercial vehicle outlets, and a planned expansion will see an additional location in 2014. Together with the group's new vehicles sales, the company's service and parts outlets make GB a fully integrated automotive player — a "one-stop-shop" that provides customers with lower ownership costs and real value.

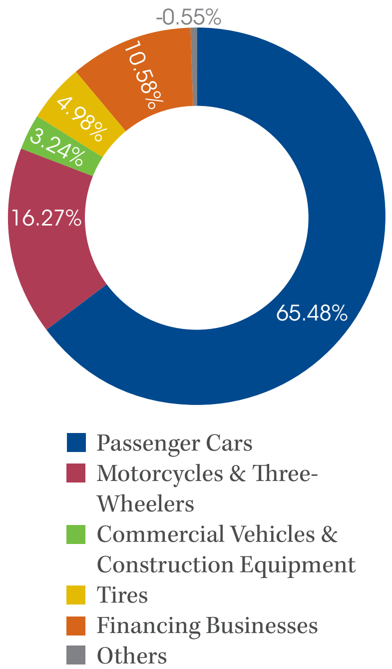
MANAGEMENT REVIEW AND FINANCIAL PERFORMANCE

2013 WAS A VERY CHALLENGING YEAR... WHILE WE BEGAN THE YEAR WITH VERY STRONG SALES AND OPERATING PROFITS IN THE FIRST QUARTER, THE SECOND AND THIRD QUARTERS WERE TWO OF THE TOUGHEST QUARTERS WE HAVE SEEN IN THE POST-REVOLUTIONARY PERIOD. THE FINAL QUARTER, HOWEVER, EXCEEDED OUR EXPECTATIONS IN TERMS OF THE RECOVERY WE HAVE SEEN ON ALL FRONTS.

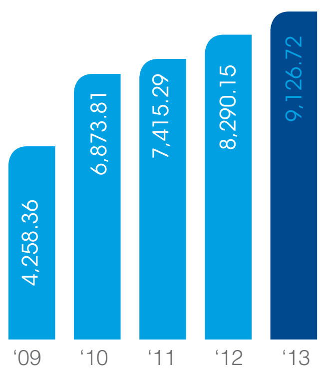
Revenue Contribution by LOB (LE Million)



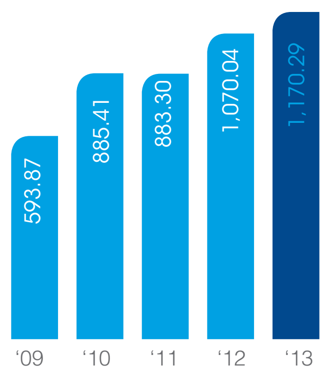
Gross Profit Contribution by LOB (LE Million)



Group Revenues by Year (LE million)



Group Gross Profit by Year (LE million)



2013 was a very challenging year, particularly on the operational environment and the working capital management front. While we began the year with very strong sales and operating profits in the first quarter, the second and third quarters were two of the toughest quarters we have seen in the post-Revolutionary period. The final quarter, however, exceeded our expectations in terms of the recovery we have seen on all fronts.

As a result, we have recorded growth in both the top line (10.1%) and gross profit (9.4%) on a full year basis. Our decision to continue to invest in the business and our people while proceeding with our planned expansions — including the establishment of new business lines and entry into new geographies — led to a natural increase in the company's SG&A, one that looks robust if compared to sales. We expect SG&A as a percentage of our turnover to decline as our new businesses begin contributing to the top line and as we continue with our aggressive cost rationalization strategies. Alongside increased costs, the bottom line was weighed-down by interest expenses incurred as a result of surging working capital needs, due primarily to the build-up of our inventory of CKD kits. Total group debt, accordingly, climbed to LE 3.3 billion at year-end 2013 from LE 2.5 billion at December 31, 2012, leading to a 24% increase in our interest expenses to LE 372 million. This resulted in a weaker EBITDA-interest coverage at 2.1x compared with 2.5x in 2012.

Having said that, GB Auto closed the year with its working capital cycle back to the levels of 2012 and significantly down from 9M 2013 with further improvement to show in 1Q14 figures (and going forward in 2014) as a result of the natural decrease of CKD stocks as we start deploying the inventory built-up in 2013.

Receivables reached LE 875 million at year-end, up from LE 781 million in FY12, with the increase driven mainly by the growth in our financing businesses.

Due to the inventory build-up during the full year as well as the interest incurred, the group ran an operational cash flow deficit of about LE 206 million, a trend we are expecting to reverse during 2014.

Readers may recall that we reported in 9M13 that our business had faced significant challenges that reached their peak in 3Q13, post the second Egyptian revolution in two years. The trend then immediately reversed when we reached September 2013 and recorded our first-month-ever of sales of nearly LE 1 billion, a figure that we have essentially maintained until early 2014. This indicates that we have started to see a recovery that we expect to continue in 2014.

Despite the very recent regulatory changes banning the import of motorcycles and three wheelers, we only see the top line being impacted while we leverage our market position and management capabilities to deliver the same bottom line profitability that we had already anticipated.

While we continue to look to long-term growth prospects in existing markets, we have nevertheless maintained an aggressive pace of investment in future expan-

2013 HIGHLIGHTS

GB Auto revenue in full-year 2013 was up 10.1% at LE 9,126.7 million	Consolidated gross profit was LE 1,170.3 million in FY13, a 9.4% increase over the previous year; gross profit margin was flat year-on-year at 12.8%.	EBIT was down 4.6% in FY13 at LE 586.5 million, while EBIT margin fell 1.0 percentage point to 6.4%.
Net income was LE 116.0 million in FY13, a decrease of 46.7% from LE 217.8 million in FY12. Net profit margin was down 1.4 percentage points at 1.3%.	Passenger Cars revenue saw a 7.7% improvement year-on-year in FY13 to LE 6,536.9 million, while gross profit rose 6.6% to LE 766.3 million. Gross margin was largely unchanged year-on-year at 11.7%.	Motorcycles & Three-Wheelers reported revenue of LE 1,229.0 million in FY13, a 1.7% increase year-on-year. Gross profit fell 16.7% y-o-y to LE 190.4 million on the impact of national events in Egypt, while gross profit margin eased 3.4 percentage points to 15.5%.
Commercial Vehicles & Construction Equipment revenue was LE 481.0 million, up 3.3% from LE 465.8 million in FY12. Gross profit surged 85.2% to LE 37.9 million, and gross profit margin nearly doubled to 7.9%.	Tires reported revenue of LE 390.4 million, a 34.6% increase over FY12, while gross profit rose 36.3% to LE 58.3 million. Gross profit margin was stable at 14.9%.	Financing Businesses revenue nearly doubled year-on-year, reaching LE 476.3 million. Gross profit rose 78.5% to LE 123.9 million in FY13, while gross profit margin declined slightly by 1.9 percentage points to 26.0%.

Management Review and Financial Performance

sion, leading to a cash flow mismatch that is natural for an expanding business. We expect, however, that the payoff from these new businesses will more than compensate for both our increased costs and the substantial staff work expansion efforts are absorbing. Management fully expects better capital utilization and return ratios as this evolves.

Latest Corporate Developments

1) Goodyear Representation in Algeria to Launch in 2Q14

GB Auto has acquired distribution rights for Goodyear tires in Algeria and is open to expanding this representation to other high-potential markets in North and Sub-Saharan Africa. The company will launch in 2Q14 a portfolio that comprehensively covers passenger car, light truck and truck tires. Management estimates the Algerian tires market to be c. 3 million units per year.

2) Pre-Owned Cars in Egypt to Launch in 2Q14

GB Auto has finalized plans to launch a pre-owned automobile business in Egypt, giving the company first-mover advantage in a market that is estimated at more than three times the size of the new car segment. With dedicated assets now in place and training well underway with a globally experienced manager, GB Auto will offer a Western-style pre-owned car operation at all of its GB-owned points of presence in Egypt. Vehicles will be sold with superior benefits including warranties (a first in the local market), bolstering future After-Sales revenues and providing a unique opportunity to improve customer satisfaction. Customers will be able to trade their existing vehicle for a new or pre-owned vehicle across all GB Auto brands. As a further selling point, qualified clients will have access to financing from Drive, GB Auto's consumer finance arm. GB Auto is simultaneously studying opportunities in other parts of the pre-owned vehicle value chain. The first major pre-owned vehicles unit within a GB Auto showroom will open at the Ring Road, Cairo, facility in April 2014.

3) Retail

GB Auto will open up to five retail After-Sales outlets in 2014 to distribute tires, spare parts, batteries and lubricants. These points of presence will also offer services including tire installation and balancing, battery service and lubricants services. While year one of operations will focus primarily on Cairo, the company will aim to comprehensively cover major pockets of demand nationwide within three years. These points of presence will give GB Auto direct access to the retail market for tires and lubricants and provide clients with an enhanced range of maintenance options for key safety features of their vehicles.

4) Gazprom Neft-Lubricants

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

Outlook

Management's outlook for 2014, while reasonably optimistic, is dampened somewhat by the substantial influence of current affairs on the business in the core markets of Egypt and Iraq.

In Egypt, GB Auto sees the improvement in 4Q13 sales as possibly heralding the first signs of a return to broad-based economic growth. Given the clear impact of current affairs on consumer sentiment since January 2011 and the capacity of governments to rapidly enact regulatory change when faced with stretched balance sheets, management remains cautious in its outlook for 2014. That said, the successful completion of elections in Egypt and Iraq would open the prospect of a return to rapid growth in existing core markets in 2015 at the same time as GB Auto gains traction in the expansion territories of Libya and Algeria. The year 2015 will, therefore, see the actual de-risking of GB Auto's business as all the new ventures become significant contributors to both the top and bottom lines, which will place the group in a completely different league.

In Egypt, a strong Passenger Car sales performance in September and October contributed to record sales months, heralding a partial recovery in sales in 4Q13 following the challenges of the first nine months. Broadly speaking, management believes growth in the 15-20% range is possible in Egyptian Passenger Car sales this year, barring unforeseen shocks. Market performance in early 2014 has so far reinforced this outlook.

As the overall market returns to growth, unit sales of CBU vehicles will likewise begin to normalize. Through the year, however, lower cost entries including the Hyundai Verna and Geely Emgrand models will benefit from price consciousness.

For both brands, management anticipates that 2014 will see stronger unit sales, particularly heading into the latter part of the year, driven by pent up demand released by the strong inherent fundamentals of the market.

While management expects strong growth from Iraq in the medium- and long-term, short-term growth may be dampened by any changes in the security situation in the run-up to the April 2014 elections. With an emphasis on delivering new unit sales in 2014, management may accept some erosion of margins as the price of capturing new market share and insulating the country against illegal parallel imports.

As for the Motorcycles & Three-Wheelers line of business, the announcement on 13 February 2014 of an effective ban on the import of motorcycles and three-wheelers for a 12-month period and parts for a three-month period does raise downside risk to this segment, in particular to top-line sales. However, management is confident that the ban will have a minimal impact on the company's bottom line in the current fiscal year.

The division continues to enjoy strong pricing power on a product that is highly sought-after. Existing stocks here will support a few months of sales, and management will work to funnel a higher proportion of unit sales to Mashroey, our Microfinance business.

The Commercial Vehicles & Construction Equipment line of business is likely to continue its momentum, with real progress beginning to show in late 2014 and in particular in 2015, driven by two new product launches, rising export sales, and government stimulus spending on infrastructure projects and municipal transport services.

Tires and the Financing Businesses are expected to continue growing in the period ahead, with growth drivers remaining unchanged for the latter while the former benefits from the strong regional expansion drive, especially with the addition of top brands like Goodyear in Algeria.

Ongoing sales from our new territories remain unlikely to significantly contribute to the firm's income statement until late 2014 as management rolls out product road maps for both markets.

GB Auto's strategy of cost containment and investment is ongoing: The company continues to invest in staff and staff training initiatives that are directly additive to the company's top- and bottom-lines in the short-to-medium term.

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

OUR STRATEGY

GOING FORWARD, GB AUTO WILL CONTINUE TO EXPAND INTO NEW HIGH-GROWTH MARKETS, WITH THE ONGOING SUPPORT OF STRONG, SUSTAINABLE GROWTH IN EGYPT AND IRAQ.

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

These activities occupy:

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

While Egypt remains our base and our strength, GB Auto has expanded into Iraq, Libya and Algeria, with plans to expand further into Sub-Saharan Africa, as a start.

The company's activities form a three-axis strategy: expanding new ventures, growing our portfolio of products and targeting high-growth markets for expansion.

Expanding New Ventures

By expanding its operations through newly established ventures in Libya and Algeria, GB Auto is replicating the proven strategies used in Egypt and Iraq. As the company develops its presence in Libya and Algeria, we are actively working to extend our industry-leading vertically integrated sales, finance and after-sales support functions, as well as our unmatched distribution network and product offering to these core North African markets.

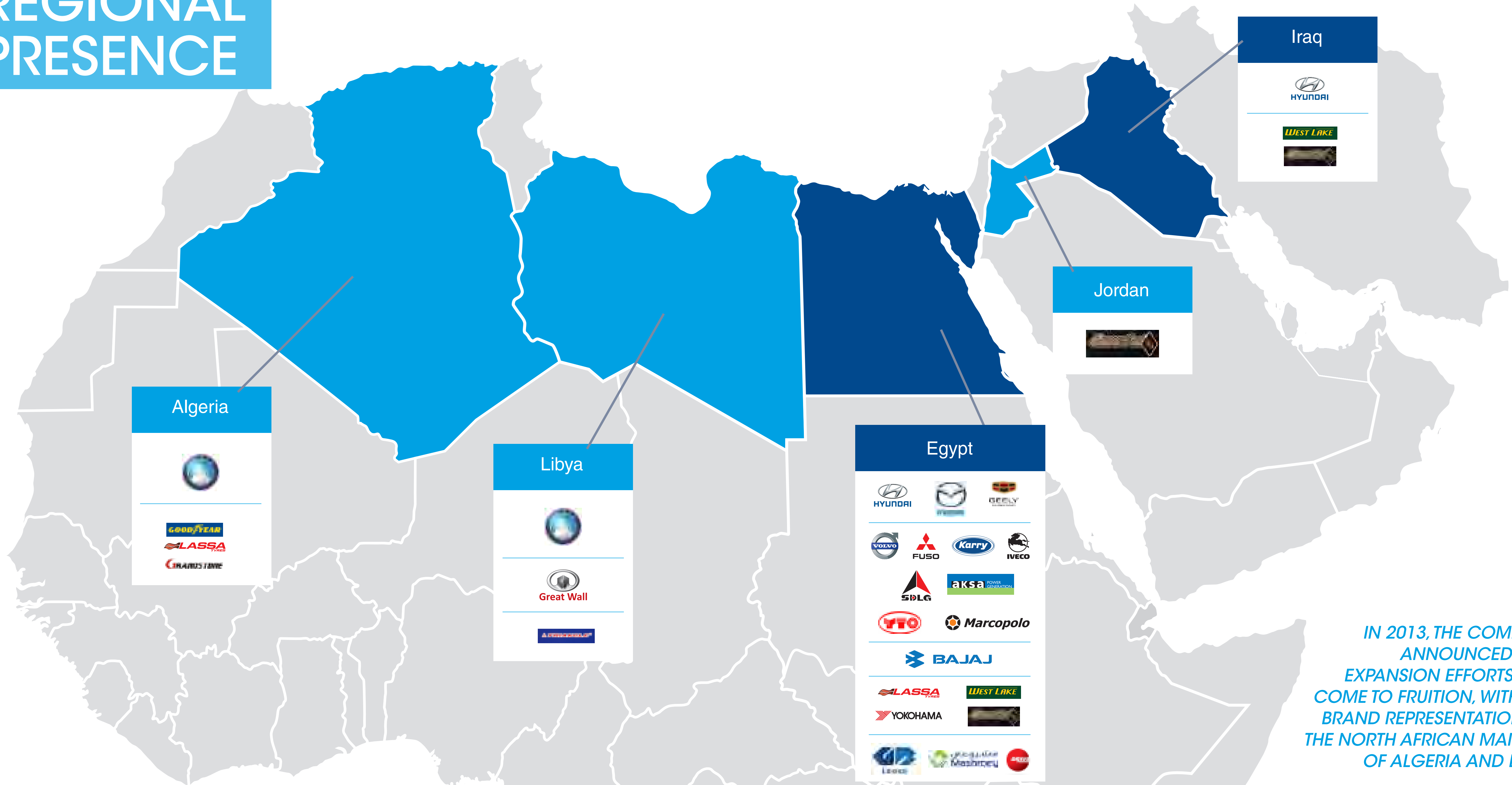
Growing our Product Portfolio

GB Auto is also looking to expand its product reach across all countries of operation with new brand representations and a wider product portfolio. GB Auto remains the clear partner of choice for any OEM and we expect our positive reputation to help us grow our relationship with current partners as well as enter into new arrangements with other leading global brands.

Targeting High-Growth Markets

Going forward, GB Auto will continue to expand into new high-growth markets, with the ongoing support of strong, sustainable growth in Egypt and Iraq. One of our consistent strengths as a company is our ability to identify and capitalize on potential for growth. As we move forward with the next step of our regional expansion, we plan to focus on the opportunity-rich region of Sub-Saharan Africa.

REGIONAL PRESENCE



IN 2013, THE COMPANY ANNOUNCED THAT EXPANSION EFFORTS HAD COME TO FRUITION, WITH KEY BRAND REPRESENTATIONS IN THE NORTH AFRICAN MARKETS OF ALGERIA AND LIBYA.

GB Auto first announced in 2009 that it was exploring opportunities for growth outside its home market of Egypt. In 2010, the company entered a joint venture to distribute Hyundai vehicles in Iraq. Proving the essential soundness of the strategy, in 2013, Iraqi operations accounted for 31% of GB Auto's total revenues. Not a company to rest on its laurels, GB Auto continued searching for additional opportunities in the region.

In 2013, the company announced that these efforts had come to fruition, with key brand representations in the North African markets of Algeria and Libya. Sales and after-sales operations in the markets began in 2013; GB Auto has management control of each local venture.

Algeria

The company entered the Algerian market in cooperation with the Group Rahmoune, a strategic player in the Algerian economy, with investments mainly in building materials, basic infrastructure and the automotive business. GB Auto entered Algeria with Geely passenger cars in 2013, augmenting its lineup with Lassa, Grandstone and Goodyear tires.

Libya

In Libya, GB Auto began selling Triangle-brand tires, Geely passenger cars and Great Wall pickup trucks in 2013. GB Auto entered the Libyan market in cooperation with El-Bostan Holding Company, a well-established consumer goods, retail, automotive and logistics conglomerate owned by the Al Said family. GB Auto has identified a cost-effective strategy to rapidly roll-out sales and after-sales facilities in Tripoli.

Future Expansions

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

BUSINESS UNITS

GB AUTO IS A UNIQUELY DIVERSIFIED PLAYER IN THE MIDDLE EAST AND NORTH AFRICAN REGION'S AUTOMOTIVE SEGMENT.

OUR LINES OF BUSINESS AND BRANDS

Passenger Cars

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

Motorcycles and Three-Wheelers

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

Commercial Vehicles and Construction Equipment

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

Tires

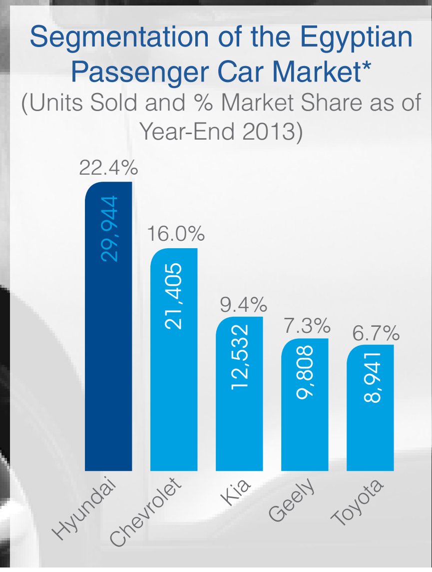
GB Auto has agreements with a number of Original Equipment Manufacturers (OEMs) to distribute a wide variety of tires in five countries. In Egypt, the company distributes Lassa, Yokohama, Westlake and Diamond Back tires while it distributes Westlake and Diamond Back tires in Iraq. In Jordan, the company distributes Diamond Back tires; in Libya it distributes Triangle tires; and in Algeria it distributes Lassa, Grandstone and Goodyear tires.

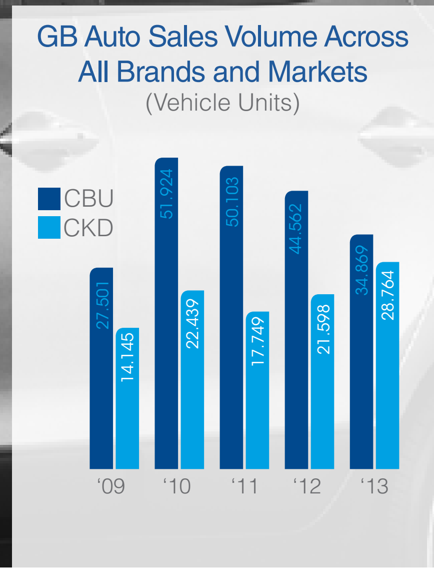
Financing Businesses

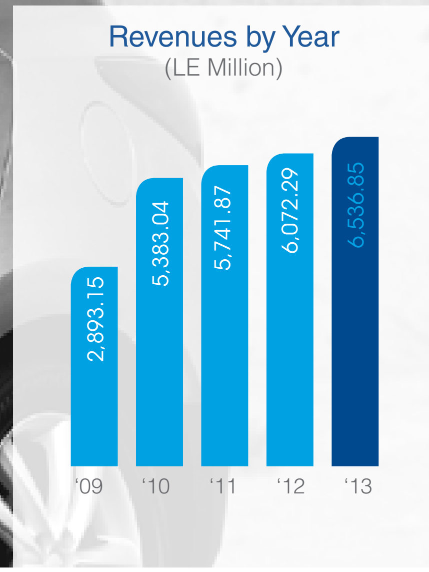
GB Capital serves as the group's financial arm, and is responsible for the Financing Businesses line, which consists of three independent companies comprising GB Lease (financial leasing), Mashroey (microfinance), and Drive (consumer finance and factoring). The aim of GB Capital is to develop a well-diversified and synergetic group of financial services. To that end, GB Capital is also on the lookout for new additions to complement its portfolio.

THE COMPANY'S ASSEMBLY, MANUFACTURING, SALES AND DISTRIBUTION, AND AFTER-SALES SERVICE OPERATIONS SPAN MULTIPLE MARKET SEGMENTS, INCLUDING PASSENGER CARS, MOTORCYCLES, THREE-WHEELERS, COMMERCIAL VEHICLES, CONSTRUCTION EQUIPMENT AND TIRES, AS WELL AS BEING COMPLEMENTED BY CORPORATE, CONSUMER AND MICROFINANCE ACTIVITIES.

PASSENGER CARS







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

GB Auto is also a leading player in the Iraqi passenger car market, where it is the sole distributor of Hyundai passenger cars and spare parts, and, beginning in the third quarter of 2013, operations for Geely branded passenger cars began in Libya and Algeria via local ventures.

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

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

With Egypt's largest sales and after-sales network, GB Auto has transformed the nation's new car experience. The company's 3S business model promises showrooms, services and spare parts. GB Auto's 9 large service centers and more than 650 service bays, 25 owned showrooms and numerous partnerships with independent automotive retailers, and a spare parts distribution channel that stretches across the country deliver comprehensive service to Egypt's car market. The company has begun building Iraq's leading after-sales service franchise based on the Egyptian model, with 4 service centers now open in Baghdad, Irbil, Suleimaniyya and Basra, with additional centers to follow in 2014, and plans to introduce a similar network in Libya and Algeria going forward.

The past several years have seen GB Auto invest in the expansion of its assembly capacity. At the Prima plant, the company assembles Hyundai and Geely passenger cars and Mitsubishi Canter cabins from imported Completely-Knocked-Down kits as well as locally sourced components. The plant — which covers almost 58,000 square meters — was established in 1994 and, by February 2014, had produced more than 240,000 passenger cars. In September 2012, GB Auto completed a significant investment, allowing production to grow to include its new Geely models while at the same time modernizing certain aspects of the assembly process.

Today, Prima is truly state-of-the-art, with fully-automated conveyer systems and robots for painting.

2013 Business Review

Egypt

- The Egyptian passenger car market was down 7% y-o-y at 133,760 units in FY13, according to data from the Egyptian Automotive Marketing Information Council (AMIC). Sales were particularly challenged by the impact of political conditions on consumer sentiment in the first eight months of the year (reaching its nadir in July) and by the effective elimination of prime-time automobile shopping hours due to the evening curfew in place in August and into September.
- Market dynamics were influenced by a sharp rise in the price-competitiveness of Japanese models as the yen depreciated against the USD while the Korean won maintained its strength. Moreover, the appreciation of the euro against the EGP was partially compensated for by the continued implementation of customs duties cuts on European Union models under the EU-Egypt Association Agreement, whereas the EGP devaluation against the USD dampened demand on passenger cars, particularly in the first half of 2013.
- With consumers being cautious about spending in much of 2013 because of the turbulent political environment, sales of higher-price-point CBU vehicles were particularly hard-hit, slipping 12.9% market-wide against a rise of just 2.4% in CKD unit sales.
- These factors, alongside GB Auto's bid earlier in the year to restructure relations with sub-dealers at some cost to market share due to units purposefully withheld from the market as well as global currency trends, saw Hyundai's Egyptian market share fall 6.2 percentage points to 22.4% in FY13.
- Across all brands, GB Auto held a total FY13 market share of 29.9% (including Hyundai, Geely and Mazda), up 1.1 percentage points from the previous year.
- This came as a 7.3 percentage point contribution from Geely, which has continued to be warmly welcomed by Egyptian consumers, outweighed the decline in Hyundai market share. Geely has held an impressive 10% of the market every month since July 2013, a figure management expects will hold through 2014.
- Management's continued investment in the After-Sales function continues to bolster GB Auto's profitability, contributing 7.1% of revenues in FY13 and fully 19.8% of gross profit from Egyptian operations. The company continues to invest in enhancing customer satisfaction at all levels of the After-Sales experience, including the restructuring of the Passenger Cars After-Sales division alongside a considerable emphasis on training for technicians and engineers.

Iraq

- Management views the maintenance of profitability in Iraqi operations on par with 2012 as a considerable achievement given market turbulence in the past year, as regulatory changes were buffeted by the political and security situation in the country.
- Management is targeting increased sales volumes in 2014 and 2015, and may accept some compromise on margins as the cost of acquiring market share and continuing to eliminate parallel imports into Iraq by non-authorized dealers. Also potentially impacting margins in the year will be the increased price competitiveness of Japanese vehicles on the devaluation of the JPY.

Algeria

- GB Auto's Algerian management team is operating with increasing confidence. Local and headquarters management now have a clear road map for GB Auto's Algerian product portfolio on the Passenger Car side of the house and will emphasize continued education of the market as to the unique cost advantages of Chinese models. With lengthy regulatory procedures now complete, management will focus in 2014 on establishing the groundwork for a successful three-to-four-vehicle portfolio with a view to substantial growth beginning in 2015.

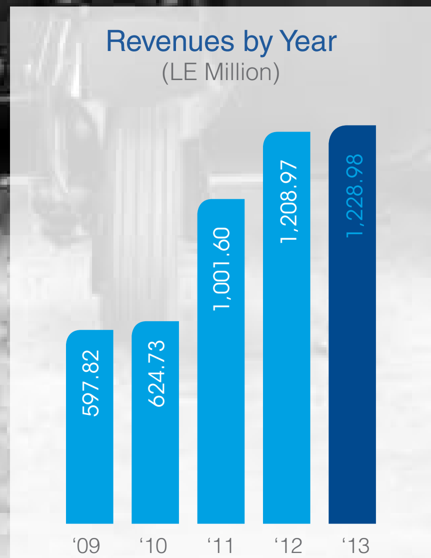
Libya

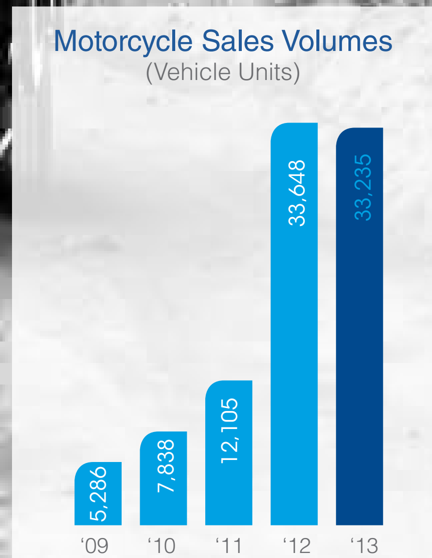
- Libya remains a challenging market at present on the back of a decentralized governance framework (which leads to the expected regulatory delays), fluid security situation and still-young consumer market.
- GB Auto is pioneering the introduction of Chinese automobiles in Libya, where the sole Chinese product to gain market traction prior to the introduction of Geely was Great Wall, of which GB Auto is also the distributor.
- After a very slow start to sales in 4Q13, GB Auto moved a few hundred units into the market at a very low margin to begin educating consumers. With Geely now visibly present in the streets of select major cities, management believes that Libyan passenger car sales will ramp up over the course of 2014.

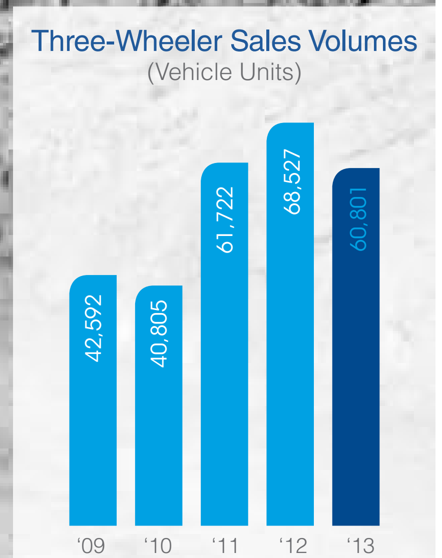
** Source: Automotive Marketing Information Council (AMIC). Please note that AMIC figures are based on individual companies willingly contributing / reporting their sales and that GB Auto cannot check the full accuracy of these or guarantee that all companies operating in Egypt report to AMIC.*

MOTORCYCLES AND THREE-WHEELERS

AN EFFECTIVE BAN ON THE IMPORT OF MOTORCYCLES AND THREE-WHEELERS WILL HAVE A MINIMAL IMPACT ON THE COMPANY'S BOTTOM LINE IN THE CURRENT FISCAL YEAR.







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

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

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

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

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

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

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

2013 Business Review

- Despite a challenging third quarter on the back of logistics disruptions associated with recent events — and the doubling of customs duties earlier this year on three-wheelers — the segment reports a strong close to FY13. This performance continued into February 2014, with the segment reporting record sales in January despite the winter season being the traditional slow sales months for motorcycles and three-wheelers.
- An effective ban on the import of motorcycles and three-wheelers will have a minimal impact on the company's bottom line in the current fiscal year; the 12-month ban on fully built-up units was announced by the Ministry of Trade and Industry in February 2014, alongside a three-month prohibition on the import of components.
- Management is confident that organic growth, new business ventures and cost control initiatives will allow the company to deliver the same profitability in FY14 as we had originally planned, even as our top line falls slightly short.
- Management remains convinced that the ban will have a sharply negative impact on the Egyptian economy and the development of peri-urban and rural areas.

COMMERCIAL VEHICLES AND CONSTRUCTION EQUIPMENT

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

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

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

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

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

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

GB Auto's Construction Equipment business unit includes earth moving equipment, road machinery and power generators distributed in Egypt under distribution agreements with Volvo Construction, SDLG and AKSA. The group markets its heavy-duty equipment line to public and governmental customers, as well as to private sector companies.

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

2013 Business Review

- The Commercial Vehicles & Construction Equipment line of business is continuing its steady improvement. Revenues and gross profits were up considerably in the fourth quarter and on a full-year basis, as strong performances and a better sales mix from buses and trucks, in particular, offset lingering challenges in the trailers business.
- As noted in our quarterly Earnings Newsletters (available for download on our website), GB Auto anticipates a substantial recovery in the CV&CE division to begin in 2014 on the back of multiple factors. A substantial portion of the budget support to the Government of Egypt from the GCC countries is flowing into infrastructure development and improvements to the nation's public transport system. Moreover, the government has prioritized stimulus spending for projects that improve the national infrastructure base and the standard of living of low- and middle-income Egyptians. Spending in these sectors will spur significant demand for heavy, medium and light commercial vehicles.
- GB Polo, the company's bus manufacturing arm, also continues to build a strong export pipeline to the GCC, Sub-Saharan Africa and potentially Europe on the back of its export drive, which saw its real start in 2013. The division anticipates additional growth in its tender business as the year continues and as corporations are expected to resume spending on fleet renewal by late 2014 at most, having refrained from spending in this sector essentially since 2009.
- Meanwhile, and most importantly, the CV&CE division has closed two key gaps in its product portfolio. The January 2014 introduction of the 17-seat X-Bus microbus gives the company a viable entry in a category with nationwide sales of c. 12,000 units per year. GB Auto will target a market share in excess of 20% in this segment.
- Simultaneously, the company has launched the seven-seater Karry. This opens the door to a segment that sells a further c. 10,000 units per annum as alternatives to taxis, and in which GB Auto will target a double-digit market share. Notably, new taxi licenses are not presently being issued in Egypt.
- Management will also target in 2014 the improvement of GB Auto's market share in the light and heavy truck segments.

TIRES

GB Auto has been among Egypt's leading tire distributors for more than 50 years. The company distributes passenger car, van, bus, construction equipment and light-truck, truck and bus-truck tires from manufacturers including Turkey's Lassa, Japan's Yokohama, China's Westlake, Triangle, Diamond Back, Grandstone and Goodyear.

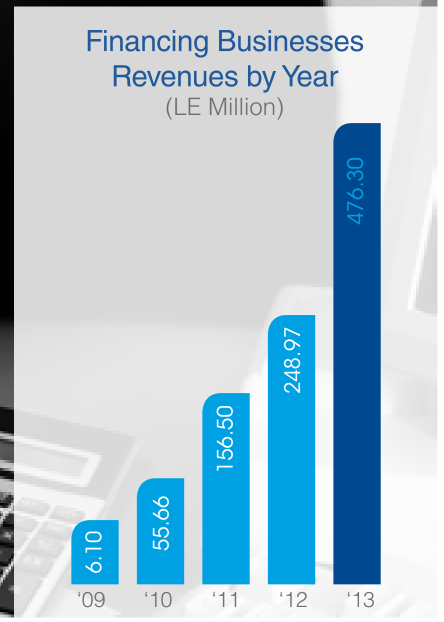
In early 2013, this business unit announced that it had successfully concluded agreements that have seen it expand from Egypt to cover Algeria, Iraq, Jordan, and Libya, as well as diversify the company's product offerings in Egypt.

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

2013 Business Review

- 2013 was a particularly strong year for the Tires line of business, with both the first and second quarters of the year seeing record revenue contributions, a strong performance that continued through the second half.
- Improvement in Egyptian consumer sentiment and the easing of logistics constraints arising from the August curfew saw Egypt's contribution to total Tires sales improve in 4Q13 to 4Q12 levels at the same time as regional tire sales more than tripled to represent more than 22% of total Tires sales in the quarter.
- In FY13, regional sales represented 13.7% of total Tires revenues.
- Notably, in 2014 management expects to secure allocations from Lassa, Yokohama and Westlake in Egypt that will be sufficient to allow the company to meet surging market demand.
- Management expects the Tires division to post a strong increase in sales and improved margins in 2014 from organic growth in Egypt and Iraq as well as the fast-rising contribution from Algeria, where sales will be bolstered by the upcoming introduction of Goodyear tires.

FINANCING BUSINESSES



GB Auto established GB Capital as the sub-holding entity serving as its financial arm, which consists of three distinct and independent companies. The aim of GB Capital is to develop a well-diversified and synergetic group of financial services. To date, the three companies have out-performed expectations and feature solid, aggressive growth strategies.

Overall, the Financing Businesses line is growing steadily and is strictly governed by robust credit policies specifically developed for each industry. The companies' credit approval and disbursement mechanisms are well-advanced and adhere to international best practices.

Furthermore, asset quality and collections — being the backbone for the success of any financial institution — are closely monitored, well-maintained and controlled within each company, with results that match and exceed industry norms. Going forward, GB Capital will focus on bringing all three businesses to maturity and is on the lookout for new additions to complement its portfolio.

GB Lease is the first financing company that GB Auto established. Initially established to provide finance to GB Auto's commercial vehicles and corporate fleet clients, GB Lease has since diversified its field of operations into other asset classes. It is now far into the growth phase, is well established, and is one of the top 10 leasing institutions in Egypt.

GB Lease provides business-to-business financial leasing solutions. It is non-exclusive to GB Auto, and caters to a diversified client base ranging from top tier multinationals, to local corporations of various scales, as well as small and medium enterprises. The company fully complies with all regulations and operates under the auspices of the Egyptian Financial Supervisory Authority (EFSA).

GB Auto's second financing venture, Mashroey, was founded in late 2009, began operations in March 2010 and offers microfinance services on credit terms to eligible clients. The company is at the end of its startup phase and is growing rapidly all across Egypt, with a network coverage of around 65 branches.

Mashroey started out selling GB Auto's Bajaj-branded motorcycles and three wheelers on credit terms. While these vehicles continue to constitute the bulk of Mashroey's portfolio — accounting for c. 80% of its business — the company has since added motor tricycles (a non-GB Auto product) and GB Auto's YTO agricultural tractors, minivans, and pre-owned tuk-tuks to its suite of products for which it offers micro financing. It will also soon venture into other product lines outside the automotive sector to further diversify its portfolio—all on credit basis.

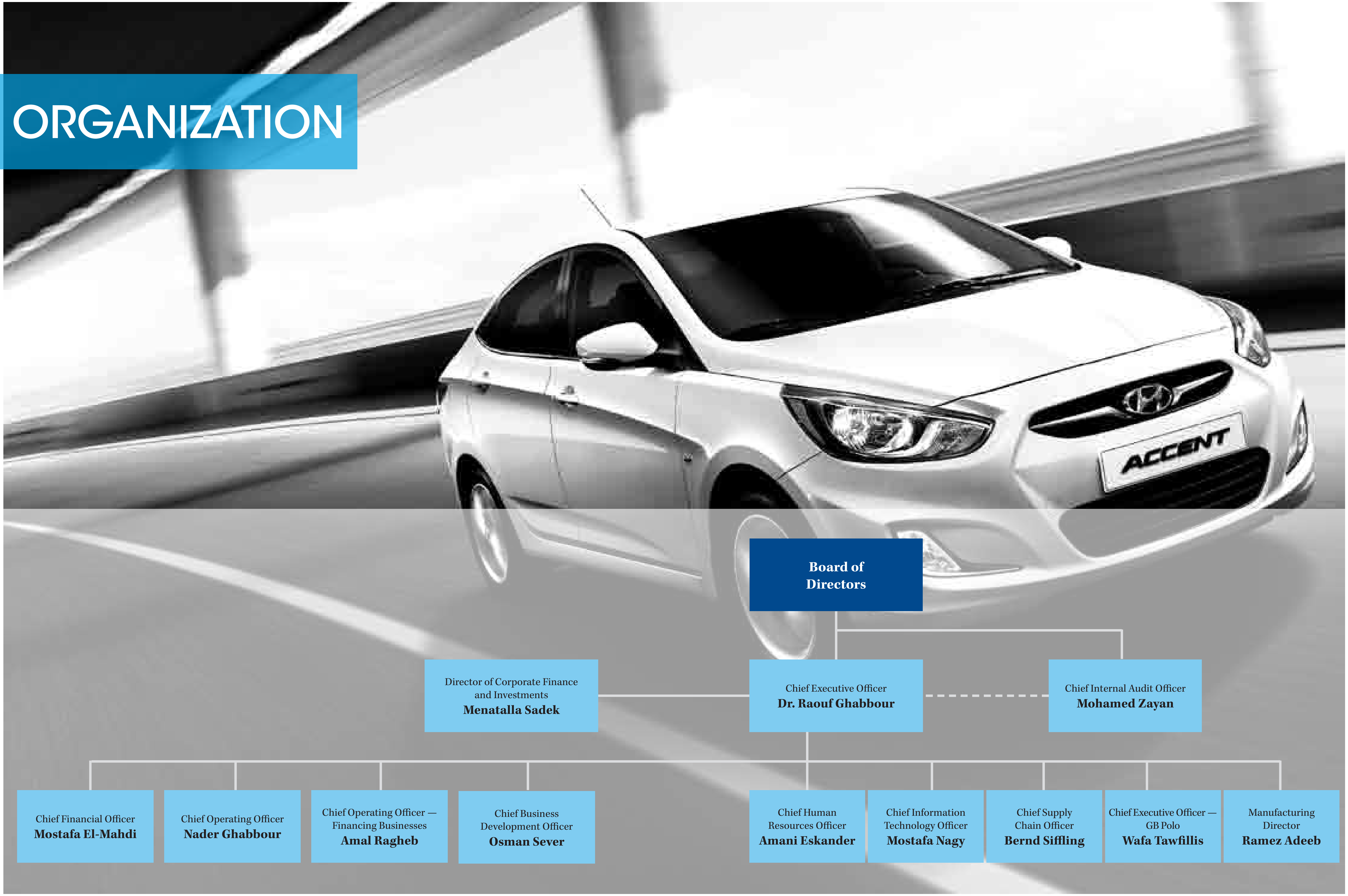
GB Auto's most recent financing business is Drive, a consumer finance company focusing on offering auto loans to end consumers, as well as corporate factoring services to a specific range of companies. Drive is still in the start-up phase of its development and is growing steadily. Since its launch in 3Q12, the company has made remarkable strides in market presence; achieving operational breakeven and carving a place for itself in the very competitive automotive financing sector within its first year of operations.

Drive's initial strategy was to focus on financing sales of GB Auto's Hyundai and Geely passenger cars out of GB Auto's showrooms. Having successfully completed this phase ahead of schedule, the company has advanced its operational strategy and is expanding to serve customers at GB Auto's independent dealer network, as well as incorporating the finance of consumer purchases of brands that are not exclusive to GB Auto. The company operates under the auspices of the Egyptian Financial Supervisory Authority (EFSA).

2013 Business Review

- The Financing Business line is growing steadily, with revenues nearly doubled year-on-year in FY13 to LE 476.3 million and gross profit up 78.5% y-o-y at LE 123.9 million. At 26.0%, gross profit margin is very strong compared to market norms. Portfolio quality and collections remain strong.
- Considering the regulatory framework and market norms for typical non-bank financial entities where leverage stands at eight times, both GB Lease and Drive have a long way to go before they reach mature leverage standards.
- GB Lease's strong performance continued in FY13. The company has nearly doubled its portfolio and realized c. 40% growth in its bottom line.
- Mashroey's portfolio grew c. 70% and bottom line has more than doubled. The company is focused on diversifying into and growing other product offerings. To offset any potential impact on Mashroey of the government's effective ban on the import of new tuk-tuks and motorcycles, GB Auto management will work to funnel a higher proportion of units for sale via Mashroey.
- Drive has now completed its first full year of operations with positive net bottom line and its portfolio doubled in size over the past 12 months.
- Management notes that as Mashroey and Drive transact with the Passenger Cars and Motorcycles & Three Wheelers lines of business, there are invariably intercompany sales between these units. It should be noted that top line results for the Financing Businesses reported in this annual report are recorded net of intercompany eliminations.

ORGANIZATION



- **Board of Directors**
  - Chief Executive Officer — **Dr. Raouf Ghabbour**
    - Director of Corporate Finance and Investments — **Menatalla Sadek**
    - Chief Financial Officer — **Mostafa El-Mahdi**
    - Chief Operating Officer — **Nader Ghabbour**
    - Chief Operating Officer — Financing Businesses — **Amal Ragheb**
    - Chief Business Development Officer — **Osman Sever**
    - Chief Human Resources Officer — **Amani Eskander**
    - Chief Information Technology Officer — **Mostafa Nagy**
    - Chief Supply Chain Officer — **Bernd Siffling**
    - Chief Executive Officer — GB Polo — **Wafa Tawfillis**
    - Manufacturing Director — **Ramez Adeeb**
  - Chief Internal Audit Officer — **Mohamed Zayan**

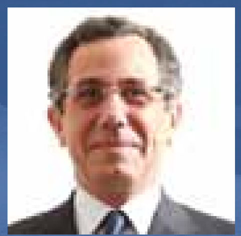
BOARD OF DIRECTORS

OUR PERFORMANCE IN 2013 IS A TESTAMENT TO OUR HAVING THE PEOPLE, SYSTEMS AND BRANDS WE NEED TO THRIVE IN MARKETS THAT LESS AGGRESSIVE COMPANIES WOULD HAVE LONG AGO FLED.

Dr. Raouf Ghabbour

Chairman of the Board of Directors and Chief Executive Officer

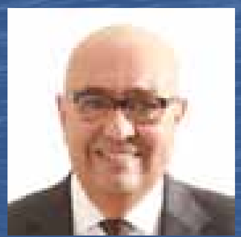
Dr. Raouf Ghabbour founded the Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour began his career working in his family's auto-related trading business, where he initially established himself in the tire division. Having quickly gained a commendable reputation in the market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



Mr. Aladdin Hassouna Saba

Non-Executive Director

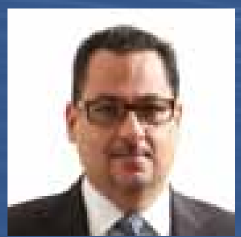
Mr. Aladdin Hassouna Saba is the co-founder and Chairman of Beltone Financial, a leading regional financial services institution operating in the fields of Investment Banking, Asset Management, Private Equity, Brokerage and Equity Research. Mr. Saba is also a founding member of the Egyptian Investment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



Mr. Khaled Kandil

Non-Executive Director

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



Mr. Mostafa El Mahdi

Executive Director and Chief Financial Officer

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

Mr. Nader Ghabbour

Executive Director and Group Chief Operating Officer

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

Dr. Walid Sulaiman Abanumay

Non-Executive Director

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

Mr. Yasser Hashem

Non-Executive Director

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

MANAGEMENT

MANY THINGS GO INTO HAVING THE "RIGHT PEOPLE:" EXPERIENCE. TRAINING. THE ABILITY TO BALANCE THE RISK-REWARD EQUATION.

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.

Mrs. Amal Ragheb

Chief Operating Officer of Financing Businesses and Chief Credit Risk Officer

Mrs. Ragheb joined GB Auto in October 2009 as Chief Operating Officer of Financing Businesses. She is responsible for all of the Group's financing business activities — Leasing, Microfinance, Consumer Finance and Factoring — and holds the position of Executive Chairman for each of the aforementioned entities. Mrs. Ragheb is also the Chief Credit Risk Officer, in charge of all credit risk management policies and applications for the Group. A seasoned hands-on and results-oriented banker with a proven track record spanning over 33 years, Mrs. Ragheb joined GB Auto from Mashreq Bank, Dubai / UAE, where she held the position of Senior Vice President, Risk Management for two years. While at Mashreq Bank, Dubai / UAE, Mrs. Ragheb spearheaded new international growth initiatives, moving from its branch in Egypt where she was CEO & Country Manager for 4 years, during which time she restructured and revamped the bank, setting forth its future growth strategies in the country.

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

Mrs. Amani Eskandar

Chief Human Resources Officer

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

Mr. Bernd Siffling

Chief Supply Chain Officer

Mr. Bernd Siffling joined GB Auto in 2013 from Abdel Latif Jameel, KSA. Mr. Siffling is a Mechanical Engineering Graduate of the University of Applied Science in Karlsruhe, Germany, and has a post graduate qualification from the Institute of Technology in Linkoeping, Sweden. He has over 15 years' experience in Automotive Supply Chain, Warehouse and Inventory Management, and worked until 2009 with Mercedes Benz in Europe, Asia and KSA.

Mrs. Menatalla Sadek

Director of Corporate Finance and Investments

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

Mr. Mohamed Zayan

Chief Internal Audit Officer

Mr. Mohamed Zayan has a degree in Commerce and Business from Helwan University, is a US Certified Internal Auditor, and has attended postgraduate training at INSEAD and Stanford University. Mr. Zayan worked for CEMEX between 2000 and 2008 in a variety of roles including Business Process and Internal Control, Merger Integration, and Sarbanes Oxley implementation. He subsequently worked for Elsewedy Cables and then ASEC Cement as Group Head of Internal Audit.

Mr. Mostafa El Mahdi

Chief Financial Officer

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

Mr. Mostafa Nagy

Chief Information Officer

Mr. Mostafa Nagy joined GB Auto from Coca-Cola Bottling Company. He started with Coca-Cola in the IT Support team and was later promoted to lead the IT team in Egypt. He then assumed responsibility for Libya, and ended his time there as IT Director of Egypt, Libya and Yemen. At Coca-Cola he was involved with completing the business application portfolio, streamlining and aligning operations in line with the organization's objectives. In Libya he revamped operations and established a hosted IT service organization in Egypt. He reengineered Coca-Cola Yemen's business processes and implemented Oracle E-Business Suite there. Mr. Nagy earned his Bachelor's degree in Engineering from Alexandria University and did his engineering training with Siemens KWU in Germany. He acquired his MBA with Majors in Strategic Management and Information Management from the German University in Cairo. Mr. Nagy holds IT and Management certifications and in 2008 was awarded the Symantec EMEA IT Visionary Award.

Mr. Nader Ghabbour

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.

Mr. Osman Sever

Chief Business Development Officer

Mr. Osman Sever joined GB Auto in 2009 to assume the Chief Operating Officer-Commercial Vehicles Position. He assumed the Chief Business Development Office role at the end of 2010 to coordinate and lead the growth strategy of GB Auto. Mr. Sever has dedicated his entire career to automotive industry, with more than 25 years of experience at Renault Turkey, Ford Turkey and Karsan AS in Turkey in positions including sales, marketing, engineering and export areas. Accordingly, Mr. Sever has considerable exposure to MENA and international automotive markets. Prior to joining GB Auto Mr. Sever worked as General Manager in Bayraktar Automotive, General Manager in Tirsan AS and Deputy GM in Karsan. He holds a Bachelor of Science in Mechanical Engineering from Istanbul Technical University and an MBA from Huron University.

Mr. Ramez Adeeb

Manufacturing Director

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. Wafa Tawfillis

Chief Executive Officer of GB Polo

Mr. Tawfillis joined GB Polo in 2008 to assume the position of Chief Executive Officer of GB Polo. Mr. Tawfillis has dedicated most of his career to the bus building industry, with more than 20 years of experience in Egypt and the United Kingdom. His background includes a diverse range of activities such as manufacturing, supply chain and product support, with extensive experience in sales and marketing. Prior to joining GB Polo, Mr. Tawfillis worked as Director at MCV – Bus & Coaches in the United Kingdom, General Manager at MCV Egypt, and other positions in manufacturing, sales, after-sales and marketing. He holds a Bachelor of Science in Mechanical Engineering from Helwan University, Egypt.

HUMAN RESOURCES

Recognizing that our main asset is investment in human capital, from the assembly line to the sales floor to the boardroom, GB Auto's success is driven by its people.

GB Auto as a Market Leader

In an effort to foster a performance-driven culture where pay and promotion opportunities are merit-based, GB Auto's Human Resources Department implemented an international job evaluation system to better assess the contribution of every position at the organization. Human Resources has reviewed and successfully restructured incentive schemes for the majority of its product lines — linking pay to performance — and set SMART key performance indicator criteria in line with the company's objectives to achieve customer satisfaction.

Furthermore, the Human Resources Department has conducted an extensive revision of all HR-related policies, procedures and benefits to better align them with market practices. In 2014, GB Auto will launch an Employee Stock Ownership Program (ESOP) and pension plan to increase retention rates of the company's brightest talent and attract the highest caliber employees. By adopting the new ESOP plan, GB Auto will encourage its staff to consider themselves partners in the business, linking their welfare to that of the company's and maximizing shareholder value, employees included.

GB Auto Invests in Egypt's Future

GB Auto believes that Egypt's true wealth lies in its future generations. Accordingly, the company has launched several human resources development programs, including technical scholarships and targeted apprenticeships providing exposure to both the fundamentals of management and the practical aspects of identifying, evaluating and moving business ideas forward.

Potential Leaders Program

Launched in 2013, the Potential Leaders Program (PLP) is a management training program designed to target current GB Auto employees with high potential and a strong performance record. The program aims to provide employees with career development insights and the comprehensive on-the-job training, skills development and education needed for them to thrive as GB Auto grows in Egypt and the region.

Ignition

Launched in February 2013 and currently in its second year, GB Auto's first graduate program — "Ignition" — is aimed at those who have innovative ambition. The launching of a formal graduate selection and training program was a key initiative for the company and places GB Auto among an elite group of employers in Egypt who rely on the careful selection of outstanding young graduates to lay the foundation for a diverse pool of talented future managers and leaders.

GB Auto Sponsorship of Young Technicians

GB Auto launched its first academic scholarship program for young technicians in the academic year 2013/14. The program — which provides both general support for the training of 14-15 year old youth in Egypt and a stream of outstanding technical recruits for companies like GB Auto — includes 30 academic scholarships for young achievers enrolled in automotive technical schools, with Imbaba Technical School serving as the pilot institution. The technical trainees will be offered summer training through the end of their second year of schooling, at which point they will be enrolled in the apprenticeship program offered by GB Auto. To maintain the scholarship, students must exhibit exceptional technical skills and personal traits.

GB Auto Apprenticeship Program

The GB Auto Apprenticeship Program is an avenue to introduce apprentice technicians to basic mechanical fundamentals and work ethics. The objective of the program is to provide both mentorship and direction for young Egyptians at a critical stage in adolescence with a view to potential employment. The first group of 35 students started their curriculum on 16 September 2013 and will graduate on 22 January 2015.

CORPORATE SOCIAL RESPONSIBILITY

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

Vision

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

Mission

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

- Education
- Environment
- Social Actions

CSR Philosophy

Sustainability is at the heart of all of our CSR activities. A one-time donation may feed a village for a month, but if you invest in the underlying infrastructure and education surrounding that project, that same village will develop the skills to feed itself for generations to come. Our development initiatives are the result of thorough research and targeted funding, ensuring that money goes where it is most effective.

Key Highlights of 2013

10,000 Blankets Initiative

As a part of the "One Million Blankets Campaign," launched by news anchor Amr Adeeb, GB Auto made a donation of LE 500,000 to provide over 10,000 blankets to help residents of communities in Upper Egypt stay warm during the winter months.

GB Auto staff and employees are actively involved in the campaign and were responsible for distributing blankets to residents of the Halayeb and Shalateen regions, located south of the Red Sea Governorate. GB Auto also closely cooperated with Al-Orman Charity Foundation and the Al-Qahira Al-Youm television show to successfully carry out the initiative.

The company's involvement in the donation campaign is a cornerstone of its efforts to improve the lives of residents of Halayeb and Shalateen. GB Auto continues working to expand its efforts to provide for the basic needs of those residing in Upper Egyptian governorates by actively working to develop human capital and improve living conditions in the area—building blocks of sustainable development in the region.

Kidzania

GB Auto believes that Egypt's true wealth lies in its next generation, a vision it actively supports through Kidzania, an initiative aimed at empowering the young and developing their mental capabilities. The company works to encourage imagination and creativity in young people by displaying the Hyundai 10 and providing screens through which the kids can imagine the car's design and color, stimulating cognitive functions and development. GB Auto also works — through GB Driving School — to plant the seeds of self-reliance in kids at a young age, teaching them the importance of a driver's license and respect for traffic laws.

Herfty

Herfty is a CSR program designed by GB Auto's Graduate Program Department to support Egypt's underprivileged youth by providing them with academic scholarships and career opportunities at the company.

AUDITED FINANCIAL STATEMENTS

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BOARD REPORT

The Directors of GB Auto are pleased to present their Annual Report together with the audited consolidated financial statements for the year ended December 31, 2013.

Principal Activities

GB Auto is a leading player in the MENA region's automotive industry and is the holding company for a group of subsidiaries operating at all levels of the value chain, including assembling, distributing and selling passenger cars and commercial vehicles, manufacturing semi-trailers and superstructures for trucks and buses, selling automotive components, motorcycles and three-wheelers, tires, and construction equipment, as well as providing after-sales service through a nation-wide after-sales service network and consumer finance and microfinancing. The company owns and operates four manufacturing and assembly facilities for passenger cars and commercial vehicles.

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

Operating Results

The consolidated group revenue for the year 2013 reached LE 9,126.7 million versus LE 8,290.1 million the previous year, an increase of 10.1%. The net profit for the year after accounting for minority interest was LE 1,170.3 million, a 9.4% rise from 2012.

Dividends

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

Directors

The Directors of the company are shown on pages 34 and 35 of this Annual Report. Also provided is their industry background information. The Board is constituted of four Non-Executive Directors and three Executive Directors.

Corporate Governance

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

Employees

The number of employees at GB Auto and its subsidiaries as of December 31, 2013 was 6,592 including all subsidiaries and ventures.

Shareholders

The shareholding structure of the company as of December 31, 2013 was: Dr. Raouf Ghabbour family and related parties 71%, while public ownership stood at 29%.

The company is authorized to issue shares of up to 2% of the issued and paid-in capital to implement its employee and share-based incentive program.

Annual General Meeting

The annual general meeting will be held at 3:00 pm on 26 March 2014 at the Oasis Hotel – KM 4.5, Cairo-Alexandria Desert Road.

Auditor

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

Approved by the Board
3 March 2014

CORPORATE GOVERNANCE REPORT

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

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

The General Assembly

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

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

Disclosure Rules and Transparency

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

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

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

Board Committees

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

The Audit Committee

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

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

President
Alaa Saba
Members
Yasser Hashem, Khaled Kandil, Walid Sulaiman Abanumay

The Remuneration Committee

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

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

President
Alaa Saba
Members
Yasser Hashem, Khaled Kandil, Walid Sulaiman Abanumay

Corporate Governance Committee

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

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

President
Yasser Hashem
Members
Yasser Hashem, Khaled Kandil, Walid Sulaiman Abanumay

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GB AUTO AND ITS SUBSIDIARIES (S.A.E)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GB Auto and its Subsidiaries (S.A.E) which comprise the consolidated balance sheet as of 31 December 2013 and the consolidated statements of income, changes in equity and cash flows for the fiscal 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 the Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and in 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 Egyptian Standards on Auditing and in 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 that 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 consolidated 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 these consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GB Auto and its Subsidiaries (S.A.E)as of 31 December 2013, and of its financial performance and its cash flows for the fiscal year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Ahmed Gamal El-Atrees

R.A.A. 8784
E.F.S.A. 136
Mansour & Co.
PricewaterhouseCoopers

4 March 2014
Cairo

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2013

(All amounts in thousand Egyptian pounds)

	Note	2013	2012
Non-current assets			
Property, plant and equipment	5	2,212,743	1,721,061
Intangible assets	6	280,018	269,058
Long term notes receivables	7	145,882	42,153
Deferred tax assets	8	21,270	19,089
Investment property	9	3,117	3,117
Long-term debit balances		37,218	-
Total non-current assets		**2,700,248**	**2,054,478**
Current assets			
Inventories	10	2,127,589	1,752,269
Assets held-for-sale	11	313,144	329,998
Accounts and notes receivables	12	875,491	781,477
Debtors and other debit balances	13	510,202	456,965
Due from related parties	14	3,110	6,553
Treasury bills	15	1,431	91,202
Cash on hand and at banks	16	1,083,674	1,173,532
Total current assets		**4,914,641**	**4,591,996**
Current liabilities			
Provisions	17	39,748	40,658
Current tax liabilities	18	13,421	5,698
Loans and borrowings	19	2,789,841	1,778,110
Due to related parties	14	31,513	30,783
Trade payables and other credit balances	20	1,373,363	1,267,371
Bond liabilities - short term	21	305,122	228,840
Total current liabilities		4,553,008	3,351,460
Working capital		361,633	1,240,536
Total invested funds		**3,061,881**	**3,295,014**
Represented in:			
Equity			
Shareholders' equity			
Share capital	22	128,893	128,893
Payment under capital increase	23	2,258	2,258
Shares held by the group	24	(3,275)	(3,275)
Legal reserve	25	288,739	225,469
Other reserves	26	1,089,499	1,052,093
Retained earnings		509,425	700,821
Total Shareholders' equity		2,015,539	2,106,259
Minority interest	27	611,526	424,453
Total eq uity		**2,627,065**	**2,530,712**
Non-current liabilities			
Bond liabilities	22	-	381,402
Long-term loans	19	217,012	129,302
Long-term warranty provisions	17	25,876	10,856
Notes payables and creditors long-term	28	150	115,533
Deferred revenues	29	2,677	9,636
Deferred tax liabilities	8	66,839	55,123
Amounts under settlement on lease contract	30	122,262	62,450
Total non-current liabilities		434,816	764,302
Total equity and non–current liabilities		**3,061,881**	**3,295,014**

The accompanying notes on pages 51 to 81 form an integral part of these consolidated financial statements.

Bassem Iskander
Group Finance Director

Mostafa Elmahdi
Chief Financial Officer
and Board of Director Member

Dr. Raouf Ghabbour
Chairman and Managing Director

3 March 2014
Auditor's report attached

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

(All amounts in thousand Egyptian pounds)

	Notes	2013	2012
Sales		9,126,721	8,290,147
Cost of sales		(7,956,434)	(7,220,107)
Gross profit		1,170,287	1,070,040
Other income		30,013	27,712
Administration expenses		(332,051)	(304,908)
Selling and marketing expenses		(261,350)	(159,152)
Provisions - net	31	(20,400)	(17,349)
Stock option fair value for the managing director	32	-	(1,364)
Operating profit		586,499	614,979
Finance costs - net	33	(372,324)	(300,182)
Net profit for the year before tax		214,175	314,797
Income tax	34	(29,794)	(38,867)
Net profit for the year		184,381	275,930
Profit is attributable to:			
Shareholders of the parent		116,001	217,796
Minority interest		68,380	58,134
		184,381	275,930
Basic earnings per share	35	0.90	1.69
Diluted earnings per share	35	0.88	1.66

The accompanying notes on pages 51 to 81 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012, AND 31 DECEMBER 2013

For the year ended 31 December 2013 (All amounts in thousand Egyptian pounds)

							Equity		
	Share capital	Payment under capital increase	Shares held by the group	Legal reserve	Other reserves	Retained earning	Total Shareholders' equity	Minority interest	Total equity
Balance at 1 January 2013	128,893	2,258	(3,275)	225,469	1,052,093	700,821	2,106,259	424,453	2,530,712
Net profit for the year	-	-	-	-	-	116,001	116,001	68,380	184,381
Minority share in subsidiaries' capital	-	-	-	-	-	-	-	138,434	138,434
Dividends	-	-	-	-	-	(244,127)	(244,127)	(35,731)	(279,858)
Currency translation differences	-	-	-	-	37,406	-	37,406	15,990	53,396
Transfer to legal reserve	-	-	-	63,270	-	(63,270)	-	-	-
Balance at 31 December 2013	128,893	2,258	(3,275)	288,739	1,089,499	509,425	2,015,539	611,526	2,627,065

The accompanying notes on pages 53 to 83 form an integral part of these consolidated financial statements.

For the year ended 31 December 2012 (All amounts in thousand Egyptian pounds)

								Equity		
	Share capital	Payment under capital increase	Shares held by the group	Treasury shares	Legal reserve	Other reserves	Retained earning	Total Shareholders' equity	Minority interest	Total equity
Balance at 1 January 2012	129,000	2,258	(3,275)	(9,462)	214,158	1,036,306	614,995	1,983,980	343,942	2,327,922
Net profit for the year	-	-	-	-	-	-	217,796	217,796	58,134	275,930
Dividends	-	-	-	-	-	-	(120,659)	(120,659)	(21,459)	(142,118)
Currency translation differences	-	-	-	-	-	19,527	-	19,527	16,556	36,083
Treasury shares	(107)	-	-	9,462	-	(5,104)	-	4,251	-	4,251
Other reserve	-	-	-	-	-	1,364	-	1,364	-	1,364
Minority share in subsidiaries' capital	-	-	-	-	-	-	-	-	27,280	27,280
Transfer to legal reserve	-	-	-	-	11,311	-	(11,311)	-	-	-
Balance at 31 December 2012	128,893	2,258	(3,275)	-	225,469	1,052,093	700,821	2,106,259	424,453	2,530,712

The accompanying notes on pages 51 to 81 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2013

(All amounts in thousand Egyptian pounds)

	Note	2013	2012
Cash flows from operating activities			
Net profit before tax		214,175	314,797
Adjustments:			
Interest expense		379,225	296,985
Depreciation and amortization		152,259	123,582
Provisions - net		12,400	17,349
Stock option fair value for the managing director		-	1,364
Bond issue cost amortization		2,571	2,572
Loss on sale at assets held for sale		126	-
(Gain) / loss on sale of property and equipments		(229)	2,303
Interest income		(24,016)	(41,072)
Loans interest expense capitalized on property, plant and equipment		(11,928)	(16,548)
Deferred revenue amortization - Sale and lease back		(6,959)	(5,889)
Deferred revenue amortization - Marketing contract		-	(500)
Gain for the re-valuation of investments property		-	(307)
Gain on sale of investment property		-	(329)
Net profit before changes in working capital		717,624	694,307
Changes in working capital			
Inventories		(423,784)	(461,097)
Accounts and notes receivables		(207,485)	(174,004)
Debtors and other debit balances		(27,078)	27,595
Due from related parties		3,443	(3,084)
Due to related parties		730	22,396
Trade payables other credit balances		126,531	260,662
Cash flow generated from operating		189,981	366,775
Provisions used		(5,739)	(7,316)
Income tax paid during the year		(12,536)	(33,466)
Interest paid		(377,842)	(296,985)
Net cash flow (used in) generated from operating activities		(206,136)	29,008
Cash flows from investing activities			
Payments for projects under constructions		(82,612)	(147,471)
Purchase of property, plant and equipment		(872,889)	(270,386)
Purchase of intangible assets		(4,332)	(518)
Interest received		23,539	41,072
Proceeds from sale of property, plant and equipment		396,536	11,846
Proceeds from sale of investments property		-	3,000
Proceeds from sale at assets held for sale		1,534	-
Treasury bills		547	823
Net cash flow used in investing activities		(537,677)	(361,634)
Cash flows from financing activities			
Loans and borrowings		1,099,441	769,218
Proceeds from minority share subsidiaries capital		138,434	27,280
Dividends paid		(301,780)	(191,487)
Bonds liabilities		(307,691)	(307,693)
Proceed from sale of treasury shares		-	4,251
Long-term notes payables		(113,886)	106,443
Net cash flow generated from financing activities		514,518	408,012
Net (decrease) / increase in cash and cash equivalents		(229,295)	75,386
Cash and cash equivalents at beginning of the year		1,262,756	1,158,759
Translation differences		50,213	28,611
Cash and cash equivalents at end of the year	16	1,083,674	1,262,756

The accompanying notes on pages 51 to 81 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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

1. GENERAL INFORMATION

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

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

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

The company and its subsidiaries (will be referred to as "the Group") main activities include trading, distributing and marketing of all transportation means including heavy trucks, semi trucks, passenger cars, buses, mini buses, micro buses, agriculture tractors, pick-ups, mechanical tools equipments for sail movement and motors with their different structures and types whether locally manufactured and imported (new and used ones) and trading in spare parts and accessories whether locally manufactured or imported. The Group also undertakes import and export activities, trading agencies, selling locally manufactured and imported products for cash, on credit or through finance leasing. The group also provides group transportation services and cargo services.

The major shareholders of the company are Dr. Raouf Ghabbour and his family who collectively owns approximately 70.91% of the Company shares.

The consolidated financial statements are approved for issuance by the Board of Directors on 3 March 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of preparation of consolidated financial statements

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

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

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

B. Basis of consolidation

(a) Subsidiaries

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

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

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

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

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

(b) Transactions and minority interests

The Group recognize transactions with minority interests as transactions with non related parties to the Group. Gains and losses resulted from selling equity to minority interest are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between the consideration paid and carrying value of the share acquired of net assets of the subsidiary.

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

(c) Associates

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

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

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

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

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

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

C. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

GB AUTO AND ITS SUBSIDIARIES (S.A.E)

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

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

(3) Group companies

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

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

D. Property, plant and equipment

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date

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

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

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

E. Intangible assets

i. Goodwill

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

The management annually assesses whether the carrying amount of goodwill is fully recoverable. Impairment losses on goodwill are charged to the statement of income and are not reversed.

Gains and losses on the disposal of investments in subsidiaries / associates include the carrying amount of goodwill relating to the entity sold.

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

ii. Computer software

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

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

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

iii. Knowhow

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

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

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

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

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

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

H. Investments available for sale

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

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

I. Lease

Finance lease

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

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

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

Operating lease

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

J. Investment property

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

K. Inventories

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

L. Financial assets

(i) Classification

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

- Financial assets at fair value through profit or loss.
- Held to maturity.
- Loans and receivables.
- Assets available-for-sale.

a. Financial assets at fair value through profit or loss

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

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

b. Held to maturity

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

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

c. Loans and receivables

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

d. Available-for-sale financial assets

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

(ii) Reclassification

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

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

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

(iii) Measurement and subsequent measurement

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

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

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

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

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognized in the income statement in the year which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group has the right to receive these dividends.

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

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

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

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

M. Trade receivables and notes receivable

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

N. Cash and cash equivalent

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

For the purposes of the consolidated cash flow statement presentation, cash and cash equivalents comprise cash on hand, banks deposits held at call, and treasury bills with original maturities of 3 months or less.

O. Share capital

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

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

P. Share based payments

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

Q. Loans and borrowings

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

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

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

R. Employee benefits

(1) Defined contribution plan

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

(2) Profit sharing

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

S. Provisions

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

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

T. Trade payables

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

U. Derivative financial instruments

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

All derivatives are presented as assets when it's fair value is positive and as liabilities when it's fair value is negative.

V. Revenue recognition

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

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

(a) Sales of goods – wholesale

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(b) Sales of goods – retail

The Group operates a chain of showrooms for selling. The retail sales are usually made in instalments.

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

(c) Sales of services – maintenance

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

(d) Lease

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

(e) Interest income

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

(f) Dividend income

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

W. Current and deferred income tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

X. Segment reporting

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

Y. Dividends

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

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Z. Comparative figures

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

3. FINANCIAL RISK MANAGEMENT

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rates risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's efforts are addressed to minimize potential adverse effects of such risks on the Group's financial performance.

Market risk

i. Foreign currency exchange rate risk

The Group is exposed to foreign exchange rate risk arising from various currency exposures, primarily with respect to the US Dollar, Euro and other currencies. Foreign exchange rate risk arises from future commercial transaction, recognised assets and liabilities and net investments in foreign operations where its functional and presentation currency differ from that used by the Group

The below table shows the foreign currency positions, presented in EGP:

	2013			2012
	Assets	Liabilities	Net	Net
United States Dollars	256,899	(311,771)	(54,872)	(355,718)
Euros	1,310	(3,287)	(1,977)	(673)
Other currencies	47,810	(40,313)	7,497	92,289

ii. Price risk

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

iii. Cash flow and fair value interest rate risk

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

Loans and borrowings at the balance sheet date with variable interest rates amounted to EGP 3,00,6,853 and the loans and borrowings with fixed interest rate amounted to
EGP 305,122. The fair value for borrowings with fixed interest rate is approximately near its fair value at the balance sheet date.

Financial assets that carry fixed interest rates are amounted to EGP 306,822 as of 31 December 2013 (31 December 2012: EGP 734,688).

		2013	2012
Time deposit	US $	300,738	607,202
Treasury bills	EGP	4,653	36,284
Time deposit	EGP	1,431	91,202
		306,822	734,688

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iv. Credit risk

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

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

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

The ratio of allowance for impairment of accounts and notes receivables is as following:

	2013	2012
Notes and accounts receivables	1,371,556	1,095,110
Allowance for impairment of accounts and notes receivable	(264,138)	(257,406)
Allowance receivables	19%	24%

v. Liquidity risk

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

(2) Capital risk management

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

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

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

The gearing ratios at 31 December 2013 and 31 December 2012 were as follows:

Description	2013	2012
Total loans and borrowings and notes payable		
Borrowings	3,311,975	2,517,654
Notes payable short-term suppliers	132,431	73,234
Notes payable and creditors long-term	150	115,533
Total loans and borrowings	3,444,556	2,706,421
Less: cash and cash equivalent	(1,083,674)	(1,262,755)
Net debt	2,360,882	1,443,666
Total shareholders' equity	2,015,539	2,106,259
Total capital	4,376,421	3,549,925
Gearing ratio	54%	41%

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(3) Fair value estimation

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

(1) Critical accounting estimates and assumptions

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a. Impairment of accounts and notes receivables

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

b. Warranty provision

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

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

c. Impairment of goodwill

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

(2) Critical Judgements in applying the Group accounting policies

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

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5. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Machinery & equipment	Vehicles	Fixtures & office furniture	Projects under construction	Total
Cost						
Balance at 1 January 2013	1,047,525	449,118	318,600	169,539	124,165	2,108,947
Transfers between fixed assets	(368)	1,479	2,946	(4,057)	-	-
Foreign currency translation differences	316	311	341	1,839	-	2,807
Additions	698,762	40,010	129,882	31,064	94,541	994,259
Transfers from projects under construction	24,067	8,932	-	22,598	(55,597)	-
Transfers from inventory	-	-	55,914	-	-	55,914
Transfers from assets held-for-sale	10,791	-	-	-	-	10,791
Disposals	(367,218)	(174)	(51,853)	(275)	(2,185)	(421,705)
Adjustments	-	(934)	-	(524)	-	(1,458)
Balance at 31 December 2013	1,413,875	498,742	455,830	220,184	160,924	2,749,555
Accumulated depreciation						
Balance at 1 January 2013	68,335	133,185	107,097	79,269	-	387,886
Transfers between fixed assets	-	211	595	(806)	-	-
Foreign currency translation differences	316	45	73	363	-	797
Depreciation charge	17,976	36,461	71,413	25,212	-	151,062
Transfers from inventory	-	-	23,924	-	-	23,924
Disposals	(111)	(35)	(26,377)	(151)	-	(26,674)
Adjustments	-	(75)	-	(108)	-	(183)
Balance at 31 December 2013	86,516	169,792	176,725	103,779	-	536,812
Net book value at 31 December 2013	1,327,359	328,950	279,105	116,405	160,924	2,212,743
Net book value at 31 December 2012	979,190	315,933	211,503	90,270	124,165	1,721,061

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

The vehicles include financially leased passenger cars that fall outside the scope of EAS No. 20 which are treated in accordance with IAS 17, and therefore will be considered as property, plant and equipment as stated above in the Group accounting policies (2D), and their net book value is as follows:

	2013	2012
Capitalized finance leases - cost	-	10,625
Accumulated depreciation	-	(10,625)
Net book value	-	-

The Group has finance 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 policies (2I) and according to the requirement of the Egyptian Accounting Standards (No. 20) it recognizes the annual lease payments as an expense in the income statement for the year and the leased contracts are as follows:

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	2013	2012
Total contractual lease payments	16,469	40,699
Total purchase price on termination of leases	40	69
Average useful life	5 years	5 Years
lease payments for the year	3,367	5,269

Finance leased assets

Property, plant and equipment include assets leased to others, under finance lease contract which are subject to Law No. 95 for 1995 as follows:

	2013	2012
Cost	628,559	366,911
Accumulated depreciation	(126,349)	(84,906)
Net book value	502,210	282,005

6. INTANGIBLE ASSETS

	Goodwill	Computer software	Knowhow	Total
Cost				
Balance at 1 January 2013	268,311	14,166	5,703	288,180
Foreign currency translation differences	7,825	-	-	7,825
Additions	-	4,332	-	4,332
Balance at 31 December 2013	276,136	18,498	5,703	300,337
Accumulated amortization				
Balance at 1 January 2013	-	13,419	5,703	19,122
Amortization charge	-	1,197	-	1,197
Balance at 31 December 2013	-	14,616	5,703	20,319
Net book value at 31 December 2013	276,136	3,882	-	280,018
Net book value at 31 December 2012	268,311	747	-	269,058

Goodwill

- On 28 March 2007, the Company and its subsidiaries fully acquired the shares of Cairo Individual Transport Industries "CITI" by acquiring 49.03% which were owned by the minority at a value of EGP 209,997 and obtained by issue of ordinary shares from GB Auto (Note 22-C). The acquisition resulted in a goodwill amounting to EGP 177 M which represents the increase in the acquisition value over the fair value of the Company's acquired assets. This goodwill has been allocated as an asset of Cairo Individual Transport Industries "CITI".
- On 8 September 2008, the Company and its subsidiaries acquired the shares of the GB for Capital Lease (S.A.E) which the Company's main activity is financial leasing and the acquisition resulted in goodwill amounted to EGP 1 m.
- During November 2010, the Group entered into 50% investment as a joint venture interest in Almajmoa Alalamia Litijaret Alsaiarat (GK) in Jordan to acquire the existing business of the 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 of EGP 97 m. As of 31 December 2012 the group recognized this amount as an intangible asset (exclusive agency and trading rights) in the Group's consolidated financial statements. The Group obtained the appropriate accounting and legal advices for the proper application of the purchase method of accounting to recognize the investment of Almajmoa Alalamia Litjarat Alsaiarat (GK), and as a result of this fact the group reclassified this amount into goodwill instead of the exclusive agency and trading rights.

Impairment test of goodwill

The management assesses annually at the balance sheet date at 31 December whether the carrying amount of the goodwill is fully recoverable, unless there are indicators regarding the impairment of such goodwill.

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

	2013	2012
Two and three wheels	177,375	177,375
Hyundai Iraq sales	97,761	89,936
Capital leasing activity	1,000	1,000
	276,136	268,311

An operating segments level summary of the goodwill allocation are determined based on value in use calculations. These calculations use the discounted cash flow projections based on financial budget approved by the Board of Directors covering five years period.

Management determined budgeted gross margin based on past performance and its expectations of the market development using the following assumption.

	Two and three wheels and leasing activity	Hyundai Iraq sales
Average gross margin	13%	8%
Discount rate	23.75%	17%
Growth rate beyond budget period	3%	3%

7. LONG-TERM NOTES RECEIVABLES

	2013	2012
Long-term notes receivable	177,571	56,869
Deferred interest on installment sales	(31,219)	(14,074)
Net present value for long-term notes receivable	146,352	42,795
Allowance for impairment of notes receivable	(470)	(642)
Net	145,882	42,153

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8. DEFERRED TAX ASSETS AND LIABILITIES

	Fixed and Intangible Assets	Carry forward losses	Inventory Provision	Warranty Provision	Legal Claims Provision	Total 2013	Total 2012
A. Deferred tax assets							
Balance at beginning of the year	70	6,056	7,760	4,808	395	19,089	16,210
Charged to the income statement	-	(2,000)	4,248	(67)	-	2,181	2,879
Balance at end of the year	70	4,056	12,008	4,741	395	21,270	19,089
B. Deferred tax liabilities							
Balance at beginning of the year	55,123					55,123	31,096
Charged to the income statement	11,716					11,716	24,027
Balance at end of the year	66,839	-	-	-	-	66,839	55,123
Net deferred tax liabilities	(66,769)	4,056	12,008	4,741	395	(45,569)	(36,034)
Balance at beginning of the year	(55,053)	6,056	7,760	4,808	395	(36,034)	(14,886)
Charged to the income statement	(11,716)	(2,000)	4,248	(67)	-	(9,535)	(21,148)
Balance at end of the year	(66,769)	4,056	12,008	4,741	395	(45,569)	(36,034)

Unrecognised deferred tax assets

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

	2013	2012
Allowance for impairment of accounts and notes receivables	66,034	64,352
Allowance for impairment of other debit balances	2,434	2,661

9. INVESTMENT PROPERTY

	2013	2012
Balance at 1 January	3,117	5,481
Selling of investment property	-	(2,671)
Revaluation gain	-	307
Balance at end of year	3,117	3,117

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10. INVENTORIES

	2013	2012
Goods in transit	966,728	869,008
Cars, buses and trucks	599,528	413,470
Raw material and car components	321,781	293,903
Spare parts for sale	190,607	156,244
Work in progress	24,231	24,955
Tires	54,565	-
Used cars	-	31,990
Total	2,157,440	1,789,570
Provision for decrease in the net realizable value	(29,851)	(37,301)
Net	2,127,589	1,752,269

11. ASSETS HELD FOR SALE

	Land	Building	2013 Total	2012 Total
Cost	300,471	14,288	314,759	331,613
Accumulated depreciation	-	(1,615)	(1,615)	(1,615)
Net book value	300,471	12,673	313,144	329,998

Assets held for sale represented in lands and buildings which the board of directors of the subsidiaries decided to sell it as no longer future economic benefits expected from holding it within the subsidiaries assets.

12. ACCOUNTS AND NOTES RECEIVABLES

	2013	2012
Total notes receivable	750,774	489,513
Long-term notes receivable (Note 7)	(177,571)	(56,869)
Deferred interest on installment sales	(54,827)	(24,398)
Net present value for short-term notes receivable	518,376	408,246
Trade receivable	620,782	629,995
Total	1,139,158	1,038,241
Allowances for impairment of accounts and notes receivable balances	(263,667)	(256,764)
Net	875,491	781,477

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13. DEBTORS AND OTHER DEBIT BALANCE

	2013	2012
Advance payments to suppliers	190,465	165,841
Withholding tax	94,632	85,496
Letters of credit	22,883	93,020
Prepaid expenses	27,791	40,706
Refundable deposit	6,922	17,462
Letters of guarantee margin	27,164	13,948
Staff loans	13,365	12,025
Other debit balances	119,784	13,899
Sales tax	12,587	9,666
Prepaid employees dividends	-	7,787
Customs duties	4,343	7,759
Total	519,936	467,609
Allowance for impairment of debit balances	(9,734)	(10,644)
Net	510,202	456,965

14. RELATED PARTY TRANSACTIONS

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

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

	2013	2012
Due from related parties		
El Bostan Holding	51	-
GB Trade-In Co. (associate)	1,424	1,351
GK Berlin	-	4,337
El-Kalam for Public Trading	1,635	865
	3,110	6,553

	2013	2012
Due to related parties		
Marco Polo Company – Brazil	14,499	12,225
El-Kassed for Commercial Agencies	2,183	14,292
Due to executive directors	-	1,281
GK – El-Moultaqa for Trade and Investment	-	2,456
Autos Co. For Car Trading	-	418
EL-Solaimanya for Car Trading	-	111
El-Kalam for Public Trading	11,340	
GK Belin	3,491	
	31,513	30,783

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

			Transaction amount	
Related party name	Relation type	Transaction nature	2013	2012
Group Executive Directors	Board of director members	Cash transfers	-	1,076
		Management compensation	23,769	24,060
Marco Polo Company – Brazil	Contribution in one of subsidiaries	Cash transfers	2,274	4,043
El Kassed for Commercial Agencies	Contribution in one of subsidiaries	Cash transfers	12,109	16,088
GK Berline	Contribution in one of subsidiaries	Cash transfers	7,828	4,319
GK El Moultaqa for Trade and Investment	Contribution in one of subsidiaries	Cash transfers	2,456	2,456

15. TREASURY BILLS

	2013	2012
Treasury bills (par value)	1,414	92,975
Total Interest income	-	(2,863)
Total paid	1,414	90,112
Accrued interest	17	1,090
Treasury bills balance	1,431	91,202

16. CASH ON HAND AND AT BANKS

	2013	2012
Cash on hand and cash at banks	1,083,674	1,173,532
	1,083,674	1,173,532

For the purpose of the cash flow statement, cash and cash equivalent include cash on hand and at banks and treasury bills with maturities of there months or less, as follows:

	2013	2012
Cash on hand and cash at banks	1,083,675	1,173,532
Treasury bills	-	89,224
	1,083,675	1,262,756

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17. PROVISIONS

	Legal Claims	Warranty	Other Provisions	Total
Balance at 1 January 2013	8,262	17,695	25,557	51,514
Foreign currency translation differences	-	-	480	480
Additional provision	400	23,293	2,629	26,322
Utilized during the year	(344)	(5,395)	-	(5,739)
Provisions no longer required	-	(686)	(6,267)	(6,953)
Balance at 31 December 2013	8,318	34,907	22,399	65,624

	Legal Claims	Warranty	Other Provisions	Total
Balance at 1 January 2012	7,284	11,671	24,283	43,238
Foreign currency translation differences	-	-	306	306
Additional provision	1,478	17,091	3,405	21,974
Utilized during the year	(500)	(4,416)	(2,400)	(7,316)
Provisions no longer required	-	(6,651)	(37)	(6,688)
Balance at 31 December 2012	8,262	17,695	25,557	51,514

Legal claim

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group. Management opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2013.

Warranty

The Group provides warranties on its products and guarantees to either fix or replace the products that are not working properly. Accordingly, the Group has estimated its warranty liability to be
EGP 34,907 at the end of the year for warranty claims based on management experience for repair and returns in previous years.

The warranty provision includes a long term provision amounted to LE 25,876 (2012: LE 10,856).

Other provisions

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

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18. CURRENT TAX LIABILITIES

	2013	2012
Balance at 1 January	5,698	21,445
Taxes paid during the year	(9,192)	(27,911)
Income tax expense (Note 34)	20,259	17,719
Withholding tax	(3,344)	(5,555)
Balance at end of the year	13,421	5,698

19. LOANS AND BORROWINGS

	2013			2012		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	2,627,186	-	2,627,186	1,750,110	-	1,750,110
Loans	162,655	217,012	379,667	28,000	129,302	157,302
Total	2,789,841	217,012	3,006,853	1,778,110	129,302	1,907,412

A. Banks overdraft

The banks overdraft is guaranteed by R.G. Investment Co. and GB Auto Company. The average interest rate on the Egyptian Pounds and the US Dollars bank overdraft are 11% and 3.7% respectively.

B. Loans

Loans represents the following:

- Bank loans are secured by post dated checks that have been received from the customers. The average interest rates are 4.21% for the loans dominated in US Dollars and 11.92% for the loans in Egyptian pounds. The maturity dates falls within 5 to 7 years, to be settled within 2013 to 2019. The bank loans balance amounted to EGP 379,667 as of 31 December 2013..
- Loan from Marco Polo [a related party - Brazil] in a US dollars with an interest rate of LIBOR + 3%. The loan balance amounted to EGP 72,151 as of 31 December 2013 and to be settled on an annual installments and the last installment on September 2016.

The fair value for bank loans is approximately near its fair value at the balance sheet date.

The detailed analysis of the bank loans and banks overdraft according to their maturity dates are as follows:

	2013	2012
Less than one year	2,789,841	1,778,110
More than one year and less than five years	217,012	125,930
More than 5 years	-	3,372
	3,006,853	1,907,412

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20. TRADE PAYABLES AND OTHER CREDIT BALANCES

	2013	2012
Trade payables	982,107	940,048
Other credit balances	41,454	28,279
Advances from customers	72,542	86,483
Tax Authority	61,645	33,912
Accrued expenses	74,966	75,165
Notes payables	132,431	73,234
Dividends payable	1,776	23,698
Deferred revenues	6,442	6,552
	1,373,363	1,267,371

21. BOND PAYABLE

	2013			2012		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Bond liabilities	307,693	-	307,693	230,769	384,615	615,384
Less						
Bond transaction cost	(2,571)	-	(2,571)	(1,929)	(3,213)	(5,142)
Net	305,122	-	305,122	228,840	381,402	610,242

Bond issuance

The Group has opened the public subscription in bonds amounted to EGP 1 billion on 14 April 2010, and was closed on 2 May 2010. The bond interest rate is 12% paid quarterly, and the first interest amounted to EGP 51,373 thousands was due and paid on 1 July 2010. The bond will be paid over 13 quarterly instalments, the first instalment will due on 1 January 2013. An amount of EGP 12M was paid as transaction cost, which will be amortized over the Bonds' life.

22. SHARE CAPITAL

	2013	2012
Authorized capital (400 million shares with par value EGP 1 each)	400,000	400,000
Issued and paid capital (129 million shares of EGP 1 each) (in thousands)	129,000	129,000
Treasury shares write off (107 thousands share)	(107)	(107)
	128,893	128,893

Treasury share write off

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

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Public and private subscription

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

The following is a list of all the details of the public subscription and private offering:

a. Public subscription

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

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

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

b. Private placement

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

c. Private placement (shareholders of Cairo Individual Transport Industries Co. "CITI")

5,675,306 shares (only five million six hundred seventy five thousand three hundred six) are subscribed at a total of EGP 209,997,468 (only two hundred nine millions nine hundred ninety seven four hundred ninety eight) and at price of EGP 37 per share.

d. Private placement (Almora Resources)

3,275,040 shares (only three million two hundred seventy five thousand forty) are subscribed at a total value of EGP 103,000,000 (only one hundred and three millions) and at a price of EGP 31.45 (only thirty one pound forty five) per share.

23. PAYMENT UNDER CAPITAL INCREASE

The amount represent the payments under paid capital increase for 2,257,500 shares at par value infavour of rewards and motivation system adopted at the Extraordinary General Assembly of the Company.

24. SHARES HELD BY THE GROUP

Shares held by the Group represents the ownership of 3,275,040 shares at the par value of EGP 3,275 thousands in GB Auto Company Capital which is acquired by Almora resources Company one of the Group subsidiaries which is 100% owned by the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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

25. LEGAL RESERVE

	2013	2012
Balance at 1 January	225,469	214,158
Transfer to legal reserve	63,270	11,311
Balance at end of the year	288,739	225,469

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

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

Share premium

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

	2013	2012
Share premium	1,175,691	1,175,691
Less		
Issuance cost	(35,878)	(35,878)
Share premium for treasury shares held by the group	(99,725)	(99,725)
Share premium balance	1,040,088	1,040,088
Transfer to legal reserve	(64,400)	(64,400)
	975,688	975,688

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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26. OTHER RESERVES

	Foreign currency translation reserve	Shares option – managing director	Fixed asset evaluation surplus	Special reserve	Total
Balance at 1 January 2013	56,663	22,348	2,498	970,584	1,052,093
Foreign currency translation differences	37,406	-	-	-	37,406
Balance at 31 December 2013	94,069	22,348	2,498	970,584	1,089,499

The other reserve consists of the determined amount from the net share premium for shares of 2007 less the amount transferred to the legal reserve (Note 25).

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

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

27. MINORITY INTEREST

	Capital	Reserves	Retained earnings	Total 2013	Total 2012
Balance at 1 January	306,152	19,238	99,063	424,453	343,942
Profit for the year	-	-	68,380	68,380	58,134
Currency translation differences	-	15,990	-	15,990	16,556
Capital increase	138,434	-	-	138,434	27,280
Dividends	-	-	(35,731)	(35,731)	(21,459)
Balance at end of the year	444,586	35,228	131,712	611,526	424,453

28. NOTES PAYABLES AND CREDITORS LONG-TERM

	2013 Present Value	2013 Notes Payable	2012 Present Value	2012 Notes Payable
Total notes payables and creditors	132,581	132,581	188,767	188,987
Less than 1 year (Note 20)	(132,431)	(132,431)	(73,234)	(73,234)
	150	150	115,533	115,753

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29. LONG-TERM DEFERRED REVENUES
The long-term deferred revenues represents the difference between the sale price of land and its carrying amount which is leased back during the year. The resulting capital gain is amortized over the lease contract period which ends on September 2015

	2013	2012
Gain on sale and lease back asset	2,677	9,636
	2,677	9,636

30. AMOUNTS UNDER SETTLEMENT ON LEASE CONTRACT
This account represents the difference (either positive or negative) between the recognized lease revenue and the gross lease receivable as per revenue recognition policy in Note (2-V/d).

The balance of such accounts will be settled against the net book value of the leased asset at the termination date of the leases contract.

31. OTHER EXPENSES
Provisions no longer required:

	2013	2012
Prepaid rent provision no longer required	3,129	11,802
Warranty provision no longer required	685	6,651
Reversing of the impairment in accounts and notes receivable balances	-	2,283
Other debit balances provision	375	-
Other provision no longer required	6,267	37
Total provision no longer required	10,456	20,773

Provision expense:

	2013	2012
Warranty provision	(23,293)	(17,091)
Allowances for impairment of accounts and notes receivable balances	(4,119)	(10,696)
Other provisions	(2,628)	(3,405)
Allowance for impairment of debit balances	(416)	(3,038)
Impairment for investment in associate	-	(2,414)
Provision for legal claims	(400)	(1,478)
Total provision expense	(30,856)	(38,122)
Net	(20,400)	17,349

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FOR THE YEAR ENDED 31 DECEMBER 2013
(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

32. STOCK OPTION FAIR VALUE FOR THE MANAGING DIRECTOR
The shareholders decided in the Extraordinary General Assembly Meeting held on 30 March 2009 to grant the managing director Dr. Raouf Ghabbour under the employees stock option plan a free shares amounting to 2,257,500 shares as rewarding for his services for the Group under the condition of serving the Group for 3 years starting from the date of assigning those shares to him. After the three years the shares ownership will be transferred to him. The value of these services has been determine by the fair value of the shares at the grant date 30 March 2009 amounted to EGP 24,607K and the restriction period has ended in 2012.

The shareholders equity was charged as follows:

	Amount
Payments under capital increase (Note 23)	2,259
Other reserves (Note 26)	22,348
Total charged on equity	24,607

33. FINANCE COSTS - NET

	2013	2012
Treasury bills interest income	4,096	19,698
Interest income	17,469	18,043
Installment sales interest	2,451	3,331
Interest expenses	(316,924)	(197,351)
Bonds Interest expenses	(62,407)	(99,634)
Net foreign exchange transaction losses	(17,009)	(44,269)
	(372,324)	(300,182)

34. INCOME TAX

	2013	2012
Current income tax	20,259	17,719
Deferred income tax	9,535	21,148
Income tax	29,794	38,867

	2013	2012
Consolidated net profit for the year before taxes and minority interest	214,175	314,797
Income tax calculated at a tax rate of 25%	53,544	71,159
Expenses not deductible for tax purposes	903	19,557
Tax losses not recognized before	21,586	10,820
Income not subject to tax	(44,846)	(61,864)
Utilization of provisions previously subject to tax	(1,393)	(805)
Income tax for the year	29,794	38,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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

35. EARNINGS PER SHARE

i. Basic

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

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares issued during the year, and after deducting the shares held by the Group.

	2013	2012
Profit attributable to equity holders of the Company	116,001	217,796
Weighted average number of ordinary shares in issue	128,893	128,833
Basic earnings per share	0.90	1.69

Weight average number of ordinary shares in 2012 was calculated as follows:

	No. of shares	Period	Weighted averages
Number of shares till 11 April 2012	128,676	101 days	35,606
Number of shares since 12 April 2012 to 31 December 2012	128,893	264 days	93,227
			128,833

ii. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2013	2012
Net profit attributable to shareholders	116,001	217,796
Weighted average number of ordinary shares	128,893	128,833
Stock option for the managing director	2,258	2,258
Weighted average number of ordinary shares	131,151	131,091
Diluted earnings per share	0.88	1.66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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

36. INCOME STATEMENT BY NATURE

	2013	2012
Sales	9,126,721	8,290,147
Direct manufacturing cost	(7,735,867)	(7,059,430)
Salaries	(120,003)	(79,863)
Others	(100,564)	(80,814)
Interest income	21,565	37,741
Other income	30,013	27,712
Provisions no longer required	10,456	20,773
Interest on installment sales	2,451	3,331
Employees salaries and benefits	(262,704)	(202,044)
Interest expense	(316,924)	(197,351)
Bonds interest expenses	(62,407)	(99,634)
Selling and marketing	(71,966)	(64,316)
Rent expense	(60,193)	(48,232)
Forex gain (loss)	(17,009)	(44,269)
Depreciation and amortization	(31,613)	(25,506)
Transportation	(22,148)	(22,468)
Provisions	(30,856)	(38,122)
Consulting and advisory services	(38,703)	(15,713)
Vehicles expenses	(17,034)	(14,240)
IT and network and pc's expenses	(13,121)	(11,258)
Hounability	(6,225)	(11,750)
Governmental fees, stamps, etc.	(17,814)	(7,347)
Safety and security expenses	(8,717)	(6,163)
Insurance	(8,641)	(5,832)
Telecommunication	(5,757)	(5,242)
Other expenses	(801)	(3,518)
Administration supplies	(8,310)	(5,932)
Utilities	(5,835)	(4,254)
Bank charges	(4,005)	(4,197)
Repair and maintenance shipping	(4,510)	(3,343)
Stock option fair value bonus for managing directors	-	(1,364)
Shipping	(1,409)	(935)
Donations	(1,601)	(515)
Public relations expenses	(1,872)	(789)
Gifts	(422)	(466)
Net profit before tax	214,175	314,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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

37. SEGMENT REPORTING

	Passenger Car		Buses and Trailers		Two & Three Wheels		Other Operation		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenues	6,537,328	6,050,515	480,983	465,491	1,228,982	1,208,971	879,428	565,170	9,126,721	8,290,147
Segment profit	766,489	720,416	37,866	20,439	190,383	228,492	175,549	100,693	1,170,287	1,070,040
Selling and marketing expenses									(261,350)	(159,152)
Administration expenses									(332,051)	(304,908)
Other income									30,013	27,712
Provisions – net									(20,400)	(17,349)
Stock option fair value bonus for managing directors									-	(1,364)
Operating profit									586,499	614,979
Finance cost									(372,324)	(300,182)
Income tax									(29,794)	(38,867)
Net profit for the year									184,381	275,930
Profit is attributable to:										
Shareholders of the parent									116,001	217,796
Minority interest									68,380	58,134
Net profit after minority interest									184,381	275,930
Segment assets	4,705,134	4,281,039	1,461,112	1,320,160	415,521	329,641	1,033,122	715,634	7,614,889	6,646,474
Total distributed assets	4,705,134	4,281,039	1,461,112	1,320,160	415,521	329,641	1,033,122	715,634	7,614,889	6,646,474
Segment liabilities	3,519,095	2,860,356	515,215	338,058	147,187	85,770	806,327	831,578	4,987,824	4,115,762
Capital expenditures	285,610	186,353	20,316	43,110	1,744	-	690,921	204,942	998,591	434,405
Depreciation	47,858	36,184	28,453	27,955	803	826	73,948	57,499	151,062	122,464

38. CONTINGENT ASSETS AND LIABILITIES

a. Contingent assets

The Group raised a legal claim against Egyptian Development Bank (EDB) amounting to EGP 76 million which represents the value of the notes receivable of the Group customers deposited in the bank for collection. The bank did not perform due care in collection of these notes receivable nor took a legal action against the customers which led to the expiry of these notes and a foregoing of the Groups right in collecting them or taking a legal action. Based on the advice of legal council, the Group expects judgment in its favor.

b. Contingent Liabilities

There are contingent liabilities on the Group presented in letters of guarantee. The balance of the letters of grantee granted in Egyptian Pounds, United States Dollars and Japanese Yen through it is regular operations, presented in EGP as follows:

GB AUTO AND ITS SUBSIDIARIES (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2013	2012
USD	547,830	699,344
EGP	59,625	39,802
Japanese Yen	3,096	536
Sweden Krona	15,647	-
Euro	1,542	-

39. CAPITAL COMMITMENTS

The capital expenditure commitment at the balance sheet date reached EGP 73,943 thousands representing amounts to be paid for the new production lines and other branches across the country currently under construction.

40. SUBSIDIARIES

The Group consolidated financial statements include the financial statements of the following subsidiaries.

Company	Percentage of ownership
RGI Investment S.A.E	100%
International Trade Agencies and Marketing Co. (ITAMCO) S.A.E	99.449%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) S.A.E	99.528%
Ghabbour Continental Trading Co. (GCT) S.A.E.	100%
GB Polo Buses Manufacturing S.A.E.	51%
Almora Recourses Co. S.A.E	100%
Haram Transportation Co. S.A.E.	99%
GB Company for capital lease S.A.E.	100%
Haram for Tourism S.A.E.	100%
GB Allab Company (Algerian Company)	51%
Masters Automotive Company (S.A.E.)	75%
Microfinance consultancy Services "Mashro'ey" (S.A.E.)	80%
Universal Group for Trading (GK Auto)	50%
GB Logistics (S.A.E.)	99.98%
GB Capital (S.A.E.)	99%
Drive Automotive (S.A.E.)	90%
Drive Finance (S.A.E.)	90%
Ghabbour Al Kalam	68%
GB Global Company	100%
GBR Company	54%
Egypt Auto Mall Company	99%
GB El Bostan	60%
Misr Tires	90%
Pan Africa	100%

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GHABBOUR AUTO

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