GHABBOUR AUTO

MOVING MARKETS DELIVERING RESULTS

ANNUAL REPORT **2015**

GB AUTO'S LINES OF BUSINESS AND DIVERSE PRODUCT PORTFOLIO CATER TO A WIDE RANGE OF CUSTOMERS WITH VARYING NEEDS.

CONTENTS

Message from the CEO

When I look back at 2015, I see a year that was wrought with both challenges and opportunity for GB Auto. From the very start, we found ourselves faced with several obstacles, including a challenging macroeconomic backdrop across our footprint, a currency crisis in our home market of Egypt, and increasing security risks and political unrest in our regional expansion markets.

But GB Auto is no stranger to challenges. Drawing on past experience, which most importantly taught us to always keep one eye on the future, we leveraged our deep knowledge and diversification strategy not only to survive, but to thrive amid adversity. Our results in 2015 are a testament to the effectiveness of the strategy we began implementing in 2011: creating shareholder value by deriving a larger part of our revenues outside of Egypt (our core market) and Passenger Cars (our core product line). It is this diversification drive that is shielding us today from economic and geopolitical conditions that are beyond our control.

Softening demand due to political unrest in Iraq and an uncertain regulatory climate in Algeria took a toll on our Passenger Car sales, as did the shortage of foreign currency in Egypt, which imposed new constraints on the supply side even as demand remained robust. Nevertheless, we continued to invest in the growth of our business and our product portfolio: 2015 saw us sign an agreement with Aboul Fotouh (AF) Automotive and China's Chery International to become the sole authorized distributor of these vehicles in Egypt. In 2016, GB Auto entered the market with five CKD models compared to only two last year. We remain watchful for a legislative package that has come to be known as the "Automotive Directive" that would work to protect the domestic assembly industry from unfair import-based competition.

Meanwhile, difficulties sourcing foreign currency in our home market affected our inventory levels and our ability to meet market demand for some of our products, especially on the Passenger Cars and Tires fronts. The Tires division was hit hardest by the FX blow but started showing signs of recovery toward the end of the year as we also began fine-tuning our overall go-to market approach through activities aimed at increasing market share and lifting profitability, such as expanding the range of products we offer and shifting payment terms to an all-cash system. Our plans to launch a tire-manufacturing facility in the region are also underway — a step that should allow us to lock-in supplies of products appropriate for our domestic market, while also catering to strong demand in the GCC and other MENA markets.

Our Motorcycle and Three-Wheelers line of business continued on a solid growth track, nearly doubling its revenues from the year before. In 2015, we had decided to commence sales of the popular Bajaj three-wheelers in Iraq, and opened up a small service center and spare parts outlet in Baghdad. The success of the launch prompted us to begin operations at a second service center in Al Najaf, which also includes a showroom.

Our current facilities in Egypt are considered the first motorized assembly line of production for Bajaj three-wheelers outside of India. The company has finalized technical agreements and will begin building new component manufacturing hangers to install new painting and welding shops with considerable localization of both components and processes. Proceeds from the capital increase through rights issue finalized in May 2015 will be used to finance this expansion.

The Egyptian government's emphasis on infrastructure development in 2015 drove growth in our Commercial Vehicles and Construction Equipment division, especially within the bus segment. An attempted overhaul of the country's public transportation system saw us deliver more than 400 buses to the Cairo and Alexandria Transport Authorities – and sign tenders that should keep our pipelines busy well into the second half of 2016.

Likewise, our Financing business was a top-performer in 2015, showing steady and promising growth. This year, and to a great reception, we launched our fifth financing venture, Tasaheel, which focuses primarily on direct microfinance group lending to women.

Across our different business lines, the After-Sales division posted promising results, contributing positively to the group's profitability. GB Auto's retail arm is in the process of rolling-out new after-sales retail outlets that will be called "360," and will distribute tires, tire parts, batteries, parts and lubricants. These points of presence will also offer other services, such as tire installation and the sale and injection of lubricants in several locations, among other things.

As an investor in long-term growth, we have always looked ahead and we continue to do so now. We have a steadfast belief in the fundamental strengths of the Egyptian economy and the eventual recovery of regional markets. As our approach in 2015 clearly reflects, we remain in pursuit of diversification, on both the product and geographic levels. Our margins throughout all those difficulties remained strong, and as we await the return of FX liquidity to our home market, we will continue to use our pricing power, not only to preserve margins, but to hedge our business against unforeseen developments, while keeping all our costs under tight control and ensuring that working capital remains at healthy levels.

From a macroeconomic standpoint, it is our view that the government of Egypt needs to send two clear and strong signals to businesses and investors alike: that it will be responsive to new economic realities and that it will support primarily medium-weight and medium-technology industries that will create jobs and grow exports. The Central Bank of Egypt's c. 14% devaluation of the LE against the USD in March 2016 is the first step in the direction of aligning monetary policies with prevailing economic realities. On the second front, I would like here to reiterate the importance of an automotive directive as a pro-local industry policy to support national economic development.

In closing, I would like to thank you all for your continued support. We are well aware of how fast things can change in emerging markets, and we will continue to hold a long-term view that supports our growth and allows us to maintain profitability in adverse conditions.

Dr. Raouf Ghabbour, CEO

Summary Overview of Performance by Line of Business

(LE million)		2015	2014	% Change
Passenger Cars				
Revenue		7,489.9	8,909.9	-15.9%
Total Gross Profit		793.0	1,010.8	-21.5%
Gross Profit Margin	%	10.6%	11.3%	-0.8
Motorcycles and Three-Wheelers				
Revenue		1,997.2	1,334.0	49.7%
Gross Profit		346.7	245.6	41.2%
Gross Profit Margin	%	17.4%	18.4%	-1.0
Commercial Vehicles and Construction Equipment				
Revenue		1,327.9	912.9	45.5%
Gross Profit		175.8	98.1	79.3%
Gross Profit Margin	%	13.2%	10.7%	2.5
Tires				
Revenue		324.4	415.2	-21.9%
Gross Profit		36.0	63.7	-43.4%
Gross Profit Margin	%	11.1%	15.3%	-4.2
Financing Businesses				
Revenue		1,046.2	722.7	44.8%
Gross Profit		233.8	168.8	38.5%
Gross Profit Margin	%	22.3%	23.4%	-1.0
Others				
Revenue		75.9	24.1	-
Gross Profit		15.8	1.6	-
Gross Profit Margin	%	0.2	0.1	14.3
Group				
Revenue		12,264.7	12,322.1	-0.5%
Gross Profit		1,594.4	1,581.7	0.8%
Gross Profit Margin	%	13.0%	12.8%	0.2

Highlights of 2015

12.3 LE BN

Group Revenues

1.6 LE BN

Group Gross Profit

13%

Group Gross Profit Margin

233.1 LE MN

Group Net Profit

26.8%

Total Market Share in Egypt

1.9%

Group Net Profit Margin

LUBRICANTS

Began generating signifcant income and showed impressive growth during 2015

TASAHEEL

GB Auto's fifth financing venture was launched in 2H15 to provide direct microfinance lending to eligible groups of women

FABRIKA

Grew its revenues from LE 22.0 mn in 2014 to LE 42.0 mn this year, continuing on a path of steady growth and expansion

NEW BRAND REPRESENTATIONS

Included China's Chery International CKD and CBU Passenger Cars, including compacts, sub-compacts, sedans, and SUVs within the 1.0L-2.4L range

AFTER-SALES SERVICE

Extended to Passenger Cars, Commercial Vehicles, and Motorcycles and Three-Wheelers at 13 different outlets across Egypt, and plans are underway to expand GB Auto's Afer-Sales network to reach other, underserved parts of the country

GB POLO

Delivered 150 Macropolo buses assembled on Volvo chassis to the Alexandria Transport Authority as part of the Transport Ministry's initiative to encourage the use of public transportation and resolve Egypt's ever-growing traffic crisis

GB auto at a Glance

"ALWAYS LOOKING AHEAD"

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

GB Auto's portfolio of partners currently includes the leading global brands of Hyundai, Mazda, Geely Emgrand, Chery, Karry, Bajaj, Marcopolo, Iveco, Volvo, Sino Truck Fuso, SDLG, AKSA, YTO, Gazpromneft, Lassa, Yokohama, Westlake, Triangle, Diamondback, Double Coin, Grandstone, Goodyear, Jumbo, and Monroe.

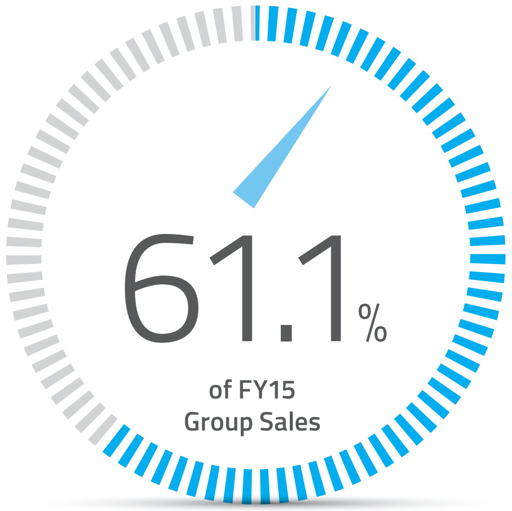
The company also has five non-bank financial subsidiaries, launched with an eye on offering financing options to all client categories from major corporations and small and medium enterprises to retail clients and micro credit eligible individuals. In addition to their standalone success, the financing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

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

GB Auto's assembly operations include Passenger Cars, commercial vehicles, and motorcycles and three-wheelers. 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.

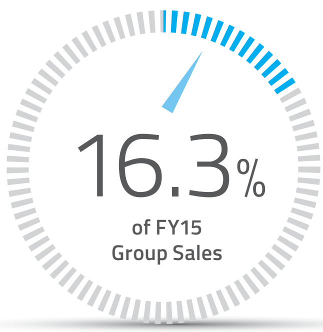
Throughout its more than 60-year history, GB Auto has built a strong reputation for standing behind its customers and is renowned for providing unmatched after-sales services in Egypt, having long positioned Hyundai cars as the best value for money in the Egyptian market and having done the same with Geely Emgrand and Mazda at their unique price points. GB Auto's growing regional After-Sales service network includes 13 Passenger Car and 6 commercial vehicle outlets in Egypt and another 6 in Iraq. Together with the group's new vehicle 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.

Passenger Cars



- Assembly and distribution of imported completely-knocked-down (CKD) kits with a production capacity of around 90,000 units per year within 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, GB Lease for corporate fleet sales, and Haram Tourism Transport for car rental on quasi-operational lease basis
- **Markets:** Egypt, Iraq, Algeria
- **Brands:** Hyundai, Mazda, Geely, Chery

Motorcycles and Three-Wheelers

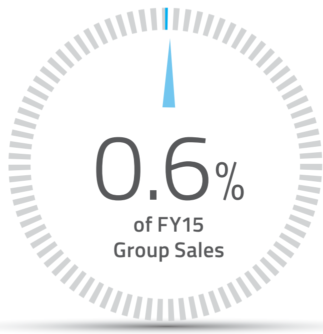


- Distribution of motorcycles and three-wheelers
- Assembly, after-sales service, and distribution of spare parts
- Financing options provided through Mashroey
- **Market:** Egypt, Iraq
- **Brands:** Bajaj

Commercial Vehicles and Construction Equipment

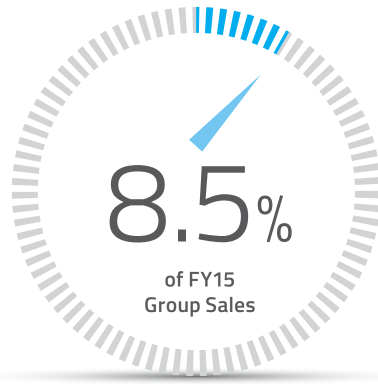
- Assembly and distribution of trucks and buses
- Bus-body manufacturing and distribution
- Manufacturing and distribution of superstructures and trailers
- Distribution of generators, and construction and farming equipment
- After-sales service and distribution of spare parts
- Financing options provided through GB Lease for business-to-business corporate sales
- **Market:** Egypt
- **Brands:** Volvo, Fuso, YTO, Marcopolo, Iveco, Monroe, Karry, SDLG, AKSA

Others



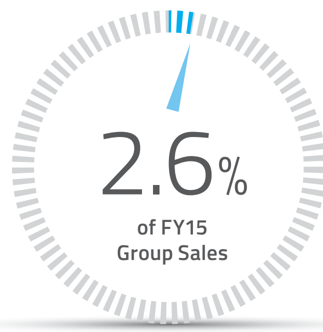
- The Parts and Lubricants (PAL) business distributes Gazpromneft Lubricants in Egypt
- The Pre-Owned Vehicles division rolled out a Western-style pre-owned car operation under the brand name Fabrika
- The Retail division, now called 360, will operate new after-sales and retail outlets, which will distribute tires, tire parts, batteries, parts, and lubricants, and will also offer related services in several locations
- **Market**: Egypt, Jordan
- **Companies:** PAL, Fabrika, 360

Financing Businesses



- GB Auto's Financing Businesses cater to all market segments
- GB Lease provides business-to-business financial leasing solutions. Assets financed are diversified and include real estate, automotive, production lines, and other asset classes
- Mashroey offers asset-based microfinance lending to eligible clients for the purchase of motorcycles, three-wheelers, YTO tractors, and motor tricycles
- Drive offers consumer financing of Passenger Cars and factoring of auto and non-auto products
- Haram Tourism Transport (HTT) provides car rental services on a quasi-operational lease basis
- Tashaeel Microfinance Company offers microfinance lending solutions to micro-entrepreneurs throughout Egypt, with a focus on group lending to females
- **Market:** Egypt
- **Companies:** GB Lease, Mashroey, Drive, Haram Tourism Transport, and Tasaheel

Tires



- Distribution of Passenger Cars, vans, trucks, construction equipment, and bus tires
- **Markets:** Egypt, Iraq, Algeria, Jordan
- **Brands:** Yokohama, Lassa, Westlake, Triangle, Goodyear, Grandstone, Diamondback, Double Coin, Jumbo

Management Review and Financial Performance

GB Auto saw total salea revenue decrease 23.0% y-o-y in 4Q15 and 0.5% y-o-y in FY 2015, mainly as a result of the challenging FX environment in Egypt (especially towards the end of the year) as well as the turbulent Iraqi market (throughout FY 2015). In Egypt, the Passenger Car division's decrease in sales was compensated by the Two- and Three-Wheeler division, the Commercial and Construction Vehicles division, as well as our Financing businesses. Despite the decrease in sales in 4Q15, our gross profit margins were quite strong y-o-y, as we reported GPMs of 15% in 4Q15 vs. 11.8% in 4Q14 as a result of price increases the group introduced in the quarter. Full year profitability also improved, as we ended the year at a GPM of 13%.

Overall, our operating profit decreased 30.5% y-o-y while our net profit showed a 34.4% increase compared to 2014 on the back of a one-time gain from the fair value reassessment of an investment property reported in 3Q15, as well as lower taxes paid due to a weak 4Q15 and an overall lower tax rate of 22.5%. The positive minority interest reported throughout the year is mainly due to the reported regional losses, especially in Iraq where low oil prices have taken their toll on the economic situation, in addition to the regional over-supply situation, with spillovers mainly affecting Iraqi operations.

On the cash front, the company has used most of its cash generated throughout the year (funds from operations in the first nine months of 2015 amounted to LE 622.5 million in addition to outstanding cash balances that stood at LE 2.2 billion at the end of 3Q15) to build inventory later in 4Q15, which will boost performance during 2016. We have now replenished most of our Passenger Car stocks, as well as two- and three-wheelers and commercial vehicles, in a difficult FX environment. This is an operational hedge that we wouldn't have achieved had we not had access to this excess liquidity by the end of 2015. As a result, the group returned to a negative FFO front, albeit in a much better situation than at the end of 2014.

2015 Financial Highlights

12.3BN	1.6 BN	13 %	1.0 BN
Group Revenues	Group Gross Profit	Group Gross Profit Margin	Group EBITDA
233.1 L.E MN	1.9 %	7.5 L.E BN	1.9 L.E BN
Group Net Profit	Group Net Profit Margin	Passenger Car Revenue	Motorcycles and Three-Wheelers Revenue
1.3 L.E BN	324 L.E MN	1.0 L.E BN	79.0 L.E MN
Commercial Vehicles and Construction Equipment	Tires Business Revenue	Financing Business Revenues	Other Revenues

34.4%

Y-o-Y Increase in Group Net Profit

The group's net debt stood at LE 4.0 billion, an increase of LE 1.2 billion compared to 3Q15, and LE 300 million above the final figure at the end of 2014. Net debt/equity dropped to 1.0x as of 31 December, 2015 from 1.3x at the end of 2014. Meanwhile, net debt/ EBITDA from continuing operations stood at 3.1x vs. 3.5x as at 31 December 2014. Total debt climbed to LE 5.2 billion at the end of 2015, and includes LE 1.3 billion of financing business debt, as we continue to expand and grow our operations. The figure also includes an FX exposure equivalent to LE 668.8 million. GB Auto is working to settle its FX debt promptly and has already taken steps to reduce it.

As we enter 2016 with replenished inventory, a solid pricing strategy, and a rather healthy market demand (despite natural inflation), we are in a better position to reap the benefits from our high-growth markets.

We continue to operate a relatively lean company, with CAPEX for the full year standing at LE 290.3 million (compared to a depreciation expense of LE 255 million), leaving ample room for GB Auto's planned expansion in the Tire and the Two- and Three-Wheeler businesses, which we expect to report solid developments on very soon.

Latest Corporate Developments

1. Successful Close of LE 960 mn Capital Increase via Rights Issue

GB Auto concluded a LE 960 million capital increase in 2015 that saw the company's issued and paid-in capital rise to LE 1,094,009,733 through the issuance of 958,672,188 new shares, which became eligible to trade on the Egyptian Exchange (EGX) on 22 June. Proceeds from the capital increase will be used to support GB Auto's expansion plans, which involve the establishment of a plant that assembles CKD Bajaj motorcycles and three-wheelers in Egypt, as well as a new tire manufacturing facility. By becoming a local manufacturer rather than importer of tires, GB Auto will be able to simultaneously lock-in supplies of products that match its local demand, while also catering to markets in the GCC and MENA region, where nearly 99% of tires sold are imported.

2. GB Auto Launches Fifth Financing Venture

In August, GB Auto announced the launch of its fifth non-banking financial venture, Tasaheel Microfinance Company, which offers much-needed financing solutions to micro-entrepreneurs — an underserviced segment of the Egyptian population. The new company, which is 90% owned by GB Auto and 10% by microfinance veteran EQI, aims to support national socioeconomic development by helping individuals with potential realize their goals, becoming agents of growth. The deployment of capital to the microfinance industry will help increase household income and improve overall standards of living within Tasaheel's target segment. Tasaheel is expected to grow into a thriving business and plans to establish over 100 branches across the country and employ more than 2,000 people within a five-year timeframe, empowering a new generation of entrepreneurs to shape the face of the new Egypt.

3. GB Auto Adds Chery Vehicles to its Brand Portfolio in Tripartite Cooperation Agreement

In October 2015, GB Auto entered into a tripartite cooperation agreement with China's Chery International and Egypt's AF Automotive that will see GB Auto exclusively distribute Chery vehicles through its nationwide network in Egypt. The agreement covers CKD and CBU models produced by Chery International, including sub-compacts, compacts, sedans, and small SUVs, all with engines in the 1.0L to 2.4L range. Together, GB Auto and AF Automotive's combined capacity could reach up to 90,000 vehicles per annum.

Outlook

The Egyptian economy rests on a number of pillars, including a swelling population figure, a key geographic position, and the existence of multiple free-trade agreements, which

GB Auto believes play a pivotal role in supporting fundamental and long-term growth in the market. We continue to invest accordingly, despite a lack of short-term visibility imposed by the nation's current foreign currency situation and procedural reforms.

Management has successfully closed an LE 960 million capital increase to fund construction of two new facilities. The first will be a wholly owned plant that will assemble motorcycles and three-wheelers, which management believes to be the first Bajaj plant outside of India. The second will be a new tire-manufacturing facility to serve the MENA region's growing tires market. The two new facilities will expand GB Auto's opportunities in these fast-growing lines of business, enhancing the group's profitability and FX outlook in the long term (via exports).

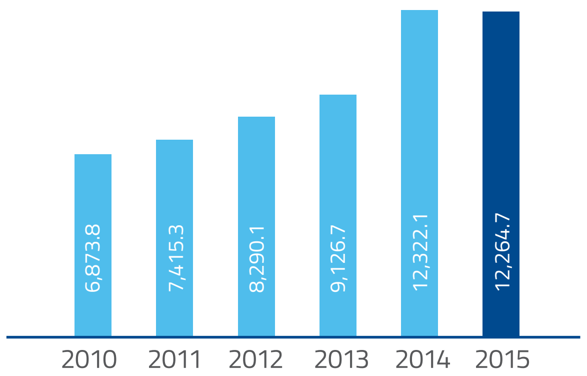
In addition to a continual focus on growth and investment in long-term opportunities, management has also stressed efficiency. The company is accustomed to operating in a lean, efficient manner in all aspects of the business — a trait that will serve us well as the country's free trade agreements with the EU and Turkey on import duties are fully implemented. These agreements have already placed Chinese and South Korean vehicles at a disadvantage, and management believes the full implementation of the two partnership agreements could have a substantial negative impact on the market. The government of Egypt appears to recognize the difficult position in which automotive manufacturers and assemblers find themselves, and management continues to actively advocate for legislation that protects domestic assemblers and the countless valuable manufacturing jobs they support.

In the Passenger Car segment, management acknowledges the downside risk to previous guidance arising from the current national foreign-exchange crunch and a lack of

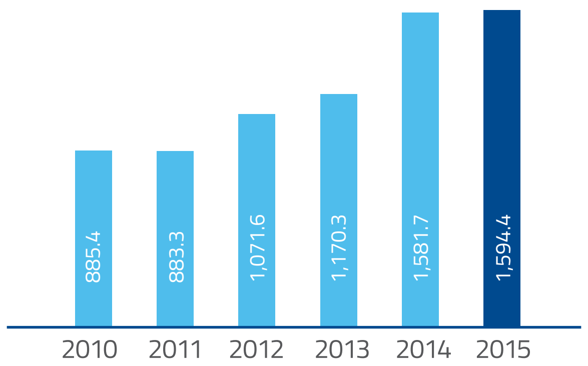
■	Passenger Cars	61.1%
■	Motorcycles and Three-Wheelers	16.3%
■	Commercial Vehicles and Construction Equipment	10.8%
■	Tires	2.6%
■	Financing Businesses	8.5%
■	Others	0.6%

■	Passenger Cars	49.7%
■	Motorcycles and Three-Wheelers	21.7%
■	Commercial Vehicles and Construction Equipment	11.0%
■	Tires	2.3%
■	Financing Businesses	14.7%
■	Others	0.6%

Group Revenues by Year
(LE million)



Group Gross Profit by Year
(LE million)



visibility as to when this will be resolved. GB Auto will continue to prioritize a lean and efficient cost base, formulating pricing policies that will take judicious advantage of its pricing power to preserve margins for as long as possible. Downside risk could be mitigated by any move to prioritize foreign exchange for CKD kits as opposed to CBU units, given GB Auto's position as a leading domestic assembler. Furthermore, the market still awaits the finalization of the Automotive Directive, which aims to benefit local assemblers and will be a game changer for our margins.

On the Commercial Vehicles and Construction Equipment line of business, management does not expect significant growth of the tourism market until 2016. However, given the ongoing investment in infrastructure and renewed economic activity – such as the recent overhaul in public transport that saw the government purchase more than 400 new city buses – divisions in this key line of business are expected to continue their current growth trends for so long as state spending on infrastructure (including urban transport fleets) continues. As part of GB Auto's ongoing drive for investment, the company intends to launch a pre-owned construction and heavy-truck distribution venture in the first half of 2016, propelled by the success of our pre-owned Passenger Car operation.

In-line with management expectations, GB Auto's After-Sales division performed well in 2015, boosting the contribution of the Passenger Cars, Motorcycles and Three-Wheelers, and Commercial Vehicles and Construction Equipment opertions to the company's overall profits. It is considered likely that After-Sales will turn in a particularly strong performance in 2016, especially as the company rolls out new outlets in key, underserved geographic locations.

Since the beginning of the year, we had shifted payment terms for our Tire business to an all-cash system. While this initially pressured our sales levels during the first quarter of the year, sales began to pick up again in the second quarter. In the second half of the year, however, issues with FX allocation began challenging the LOB once more.

Meanwhile, our Financing business delivered strong performance throughout the year and management expects this line of business to continue this trend, especially with company's fifth financing venture, Tasaheel, posting promising results during its first months in operation. Turning our attention to the wider region, GB Auto continues to view measured risk as worthwhile and remains an investor in long-term growth, not immediate payoffs. Our operations in Algeria and Iraq should be viewed through that lens.

GB Auto is convinced of the long-term potential of the Algerin market and has worked to align with Geely to get the right models at the right prices, set up an excellent management team, and establish an effective dealer network. Furthermore, our representations in tires are very warmly received in Algeria. Going forward, management remains watchful of opportunities to deliver a product offering specifically tailored to the Algerian market.

The Iraqi market, as expected and discussed in previous earnings releases, began 2015 on a challenging note as a result of political and security developments. Although it remains possible that turmoil will remain a feature of the Iraqi market for some time to come, private-sector actors who stay the course throughout the headwinds will be those ideally placed to capture the upswing when the market begins to improve. Furthermore, management continues to pursue a capital-light approach to in-market expansion that has already seen it roll out its motorcycle and three-wheeler offerings in Iraq, with the latter capturing the attention of Iraqi consumers and achieving promising results.

In Libya, the challenging security situation is seeing GB Auto liquidate its stocks as it prepares to exit the market. All inventory currently still in Libya remains insured.

Finally, we note that guidance going forward remains subject to change in light of changing regional geopolitical and macroeconomic conditions as well as the ongoing foreign exchange challenge in Egypt.

Our Strategy

GB Auto is a uniquely diversified and established automotive player in key Middle Eastern and North African markets. The company's assembly, manufacturing, sales and distribution, and after-sales service operations span multiple market segments, including Passenger Cars, motorcycles and three-wheelers, commercial vehicles, construction equipment, tires, lubricants, pre-owned vehicles, and retail, in addition to complementary corporate, consumer, and microfinance activities.

These activities occupy:

- 4 assembly and manufacturing plants in Egypt
- Growing sales network of independent dealers and owned-retail outlets in Egypt and Iraq
- 13 passenger car, 6 commercial vehicle after-sales service outlets in Egypt, and 6 in Iraq
- 80 microfinance branches
- Consumer finance through a network of independent dealer showrooms, plus 25 company-owned showrooms

GB Auto's most recent strategic direction focuses on vertical expansion in our most profitable segments to allow us to capture the full value chain from these LOBs. This means the company is becoming a more serious manufacturer of a number of key products, supported by the benefits and low-cost advantages we enjoy in our main market, such as the different free-trade agreements Egypt has signed with neighbouring countries, the strength of our technology partners, the breadth of our logistical outreach, and strong relationships within the government.

On the geographical expansion front, while Egypt remains our base and strength, GB Auto has an established footprint in Iraq and Algeria and plans to expand further into Sub-Saharan Africa, as a start. GB Auto ventured into Libya in 2013, adopting a wait-and-see approach at first, but soon deciding to exit the turbulent North African market in 2015.

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

Growth and Vertical-Expansion of our Product Portfolio

With the recent launch of GB Auto's new financing business, Tasaheel, the announcement of its tripartite agreement with Chery International and AF Automotive to exclusively distribute Chery vehicles in Egypt, and the commencement of motorcycle and three-wheeler sales in the Iraqi market, GB Auto is following through on plans to further expand its product reach and grow its portfolio across its markets of operation. The company also intends to begin manufacturing tires in its domestic market, which would be sold regionally and locally. GB Auto remains the clear partner of choice for any OEM (original equipment manufacturer), and we expect our positive reputation to help us further develop our relationships with current partners and enter into new arrangements with other leading global brands.

Expanding New Ventures

GB Auto is replicating the proven strategies it used in Egypt and Iraq as it settles in and ramps up its business in Algeria, where sales and operations have been increasing gradually. We are actively working to extend our leading vertically integrated sales, finance, and after-sales support functions, as well as our unmatched distribution network and product offering, to this core MENA market.

Targeting High-Growth Markets

Going forward, GB Auto will continue to expand its footprint into new high-growth markets, supported by strong, sustainable growth in Egypt, Iraq, and Algeria. One of our consistent strengths as a company is our ability to identify and capitalize on potential for growth. As we look to further cement our regional footprint, we plan to focus on the opportunity-rich region of Sub-Saharan Africa.

Regional Footprint

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

The company first announced in 2009 that it was exploring opportunities for growth outside of Egypt, and in 2010, it entered a joint venture to distribute Hyundai vehicles in Iraq, subsequently boosting operations and increasing its brand representations. In 2015, operations in Iraq accounted for 1.7% of the company's total revenues — proving the compatibility and success of the GB Auto model in another key regional market and prompting management to launch sales of the popular Bajaj three-wheeler vehicles in Iraq after years of proven success in Egypt. Sales so far have been promising, with over 850 units sold by the end of 2015, and management is optimistic about their long-term potential, conditions on the ground allowing.

The company also has an established presence in Algeria, with key brand representations and sales, and after-sales operations having begun in 2013. GB Auto has established a foothold in the Algerian market — with management control — in cooperation with the Group Rahmoune, a strategic player in the Algerian economy, with investments mainly in building materials, basic infrastructure, and the automotive business. The company's product offerings in the country now include Geely Passenger Cars, as well as Lassa, Grandstone, and Goodyear tires. Although constant regulatory changes in Algeria make it difficult to plan ahead, management is still pursuing additional opportunities for long-term growth in this potentially lucrative market.

GB Auto entered Libya in 2013, at first adopting a "wait-and-see" approach toward the country, while keeping an eye on the long-term potential of the market. However, the persistently volatile political situation in the country compelled GB Auto to begin exiting the market to avoid sustaining any severe losses. Management is currently in the process of liquidating inventory, and, at the moment, only insured assets remain in Libya.

Future Expansions

GB Auto is actively exploring further market expansion, building on its established presence in Iraq and Algeria and capitalizing on the region's untapped potential and pent-up demand for real value and true customer care. Management looks forward to announcing further developments on this front going forward, with Sub-Saharan Africa being its current focal point for growth.

Egypt	
Passenger Cars	Hyundai, Mazda, Geely, Chery
Commercial Vehicles and Construction Equipment	Volvo, Fuso, Iveco, aksa, SDLG, Marcopolo
Motorcycles and Three-Wheelers	Bajaj
Tires	Lassa, Yokohama, West Lake, Double Coin
Financing Businesses	Lease, Mashroey, Haram
Others	Gazpromneft

Algeria	
Passenger Cars	Geely
Tires	Goodyear, Lassa, Grandstone

Iraq	
Passenger Cars	Hyundai
Tires	Jumbo, West Lake, Triangle

Jordan	
Tires	Jumbo, Triangle

Our Business Units 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, Mazda, and most recently Chery Passenger Cars, and the owner of the largest nationwide distribution and after-sales service network. GB Auto also has an established regional footprint, distributing Hyundai Passenger Cars in Iraq and Geely Passenger Cars in Algeria. GB Auto serves the Egyptian market with both CKD and CBU products while operating in Iraq 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. 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. The company has been the country's market leader for the popular vehicles since it first began importing them in 1999, thanks to its efforts to provide 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 line with its expansion strategy, GB Auto has also introduced Bajaj three-wheelers to the Iraqi market and is optimistic about their long-term potential.

Commercial Vehicles and Construction Equipment

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

Tires

GB Auto has agreements with a number of original equipment manufacturers (OEMs) to distribute a wide variety of tires in five countries. In Egypt, the company distributes Lassa, Yokohama, Westlake, and Double Coin tires, while it distributes Westlake, Diamondback, and Jumbo in Iraq. In Jordan, GB Auto distributes Triangle, Diamondback, and Jumbo tires, and offers Lassa, Grandstone, and most recently, Goodyear tires in Algeria. Given the ongoing challenges on the ground in Libya, GB Auto is liquidating its assets and inventory in the country as it prepares to fully exit the market.

Financing Businesses

GB Capital serves as the group's financial arm, and is responsible for the Financing Businesses line, which consists of five independent companies comprising GB Lease (financial leasing), Mashroey (asset-based microfinance lending to eligible clients), Drive (consumer finance and factoring), Haram (car rental on a quasi-operational lease basis), and the newly-launched Tasaheel (microfinance). The aim of GB Capital is to develop a well-diversified and synergetic group of financial services building on the spirit and strategy of GB Auto while maintaining a high level of focus and specialized expertise within each company. GB Capital is constantly on the lookout for new additions to complement its growing and successful portfolio.

Others

The company's Pre-Owned Vehicles division, Fabrika, is rolling-out a Western-style pre-owned car operation at all GB-owned points of presence in Egypt. GB Auto's Lubricants business, PAL, distributes G-Energy and Gazprom Neft-Lubricants at GB Auto-branded and third-party points of presence in the Egyptian market under an exclusive strategic alliance with Gazprom Neft. The company's Retail arm, 360, will operate retail after-sales outlets to distribute tires, tire parts, batteries, spare parts, and lubricants. These points of presence will also offer services, including tire installation and balancing, battery service, and the sale and injection of lubricants in select locations.

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 now also the exclusive distributor and after-sales service provider for Chery-brand vehicles in Egypt, through a tripartite agreement with the Chinese company and Egypt's AF Automotive.

GB Auto also has an established regional footprint, with a strong presence in the Iraqi market and a growing presence in Algeria. In Iraq, the company is a leading player in the Passenger Car market, where it is the sole distributor of Hyundai Passenger Cars and spare parts. In Algeria, GB Auto sells Geely Emgrand Passenger Cars through a local venture. Although the company had first adopted a wait-and-see approach in Libya, where it had been a distributor of Geely Passenger Cars, GB Auto has halted its operations and is in the process of liquidating its assets.

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

Over the years, the company has solidified its market leadership with a dedication to value, unparalleled service and best-in-class products. GB Auto created its "one-stop-shop" approach to retail auto buying by vertically integrating sales, consumer finance (through Drive, GB Auto's consumer finance venture) and after-sales support. Its commitment to total customer care allows the company to offer Egypt's car-buying market a powerful value proposition — GB Auto has long positioned Hyundai cars as the best value for money in the Egyptian market and has more recently done the same with Geely Emgrand, Mazda, and Chery 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 13 large service centers and more than 700 service bays, 25 owned showrooms, and several partnerships with independent automotive retailers, and a spare parts distribution channel that stretches across the country deliver comprehensive service to Egypt's car market. The company is working towards implementing the same successful model across its footprint, building Iraq's leading after-sales service franchise based on the Egyptian model. The company has plans to introduce a similar network to the Algerian market going forward.

GB Auto has invested significantly in the expansion of its assembly capacity. At the Prima plant, the company assembles Hyundai and Geely Passenger Cars and Mitsubishi Canter cabins from imported CKD kits, as well as locally sourced components. The plant, which spans across nearly 58,000 square meters, was established in 1994 and, by January 2016, had produced more than 285,000 Passenger Cars. In September 2012, GB Auto completed a major investment, growing production to include its new Geely models while modernizing certain aspects of the assembly process. Today, Prima is a truly state-of-the-art facility with fully-automated conveyer systems, robots for painting and welding shops.

2015 Business Review

Egypt

According to the Egyptian Automotive Marketing Information Council (AMIC), the Egyptian Passenger Car market witnessed a 6% drop in total sales volumes during FY15, falling to 195,559 units this year from 207,973 units in FY14. The decline came mainly on the back of economic challenges and an unstable regulatory environment in Egypt, especially during the second half of 2015 when uncertainties began surrounding the future of car prices in Egypt, affecting demand.

AMIC's full-year report on the Egyptian Passenger Cars market showed volumes for brands within the 1.0-1.3 liter range declining by 14% y-o-y, while those between 1.3-1.5 liters fell by 22%. Vehicles with higher-capacity engines witnessed slight increases in volumes, with those falling

5

CKD models planned for 2016

> *"OVER THE YEARS, THE COMPANY HAS SOLIDIFIED ITS MARKET LEADERSHIP WITH A DEDICATION TO VALUE, UNPARALLELED SERVICE, AND BEST-IN-CLASS PRODUCTS."*

between 1.5-1.6 liters rising by 5%, while SUVs larger than 2.0 liters climbed up 27%.

The decline in overall market sales was reflected in GB Auto's performance and results for FY15, especially since the bulk of the company's sales falls within the 1.3-1.6 liter range. GB Auto's Passenger Cars division saw total volumes and revenues drop by 14.6% and 3.4% y-o-y respectively during the year, affected by weaker market demand coupled with difficulties in sourcing foreign currency due to a national shortage.

The effects of the foreign currency shortage were particularly accentuated during the fourth quarter of 2015 and had a direct and severe impact on GB Auto's ability to finance imports and restock its inventory. Across all its brands, GB Auto held a total market share of 26.8% (including Hyundai, Geely Emgrand, and Mazda), 3 percentage points below FY14's share of 29.8%.

Hyundai continued to outperform during FY15, capturing a total market share of 22.2% during the year and contributing c.52.4% of the LOB's total revenues. The brand's CBU sales increased by 4.8% y-o-y, while CKD sales declined by 11.7% over the same period, hindered by disruptions in assembly operations due to FX challenges.

2015 also saw Mazda sustain its upward trend, with sales volumes increasing more than twofold over the course of the year to reach 1,937 from 823 units in the year prior. Meanwhile, Geely's CBU sales volumes increased by 12.7% over the same period, as CKD sales fell by 61.6%. Since its launch, GB Auto has sold over 30,000 units of Geely's Emgrand 7 model. However, sales during 2015 declined due to a negative social media campaign, which the company dealt with decisively by obtaining third-party quality certifications that proved the erroneousness of the claims made on social media.

The Passenger Cars After-Sales division posted impressive

results during 2015, as it continued on its gradual growth trajectory. Revenues for the year reached LE 433.9 million, an increase of 15.9% y-o-y. While the division's gross profit rose by 26.7% to LE 150.7 million. Management expects After-Sales to remain highly profitable and continue yielding excellent returns. GB Auto intends to establish additional after-sales outlets in new locations, primarily underserviced areas such as Upper Egypt and the North Coast, to meet the ever-increasing capacity that has nearly doubled over the last two years.

Iraq

GB Auto continues to operate in the Iraqi market despite the adverse geopolitical conditions that negatively impacted our operations in the country. Revenues from the market came in 50.9% lower y-o-y for the full year of 2015 on the back of a 44.0% decrease in sales volumes, largely due to the country's sluggish economic backdrop, affecting market demand as well as oversupply problems. Despite the weakening demand for Passenger Cars, however, Iraqi After-Sales performed well during 2015, recording revenues of LE 64.3 million, an increase of 30.7% y-o-y.

From a comparative standpoint, GB Auto's position in the Iraqi market is better than most in terms of bank debt, stocks, and foreign currency. As is the case with many other businesses in the troubled country, there is limited visibility on future conditions. GB Auto intends to maintain its operations and management is exploring a number of contingency plans that should allow the company to tackle whatever challenges that may arise.

Algeria

GB Auto's operations in Algeria were hampered by a difficult economic and regulatory climate during 2015. In addition to a generally sluggish economic backdrop, Algeria also found itself grappling with a foreign currency shortage and restrictions on car imports, which the government temporarily suspended until new legislation is put in place. The focus of 2015 was on liquidating the company's Algerian stock, leaving only 250 units by year-end, which management intends to sell during the first half of the coming year.

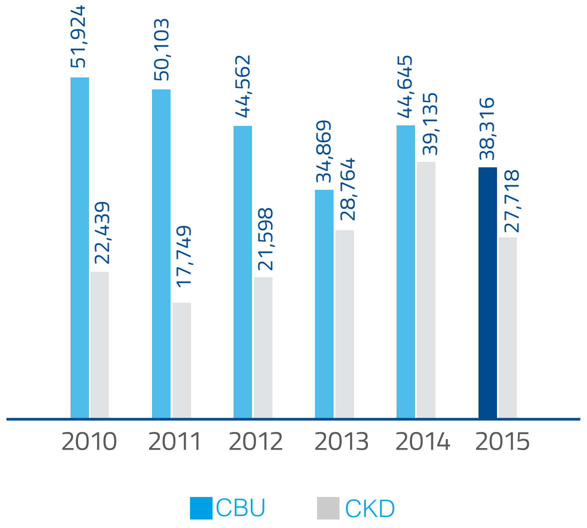
Despite these challenges, management remains optimistic about the recovery of this potentially lucrative market and will continue to pursue additional opportunities for long-term growth in Algeria.

Libya

Given the increasingly volatile conditions on the ground in Libya, GB Auto began liquidating its inventory in the country as it arranged to exit the turbulent market. It is worth nothing that GB Auto has no personnel in Libya and all inventory in the country remains fully insured.

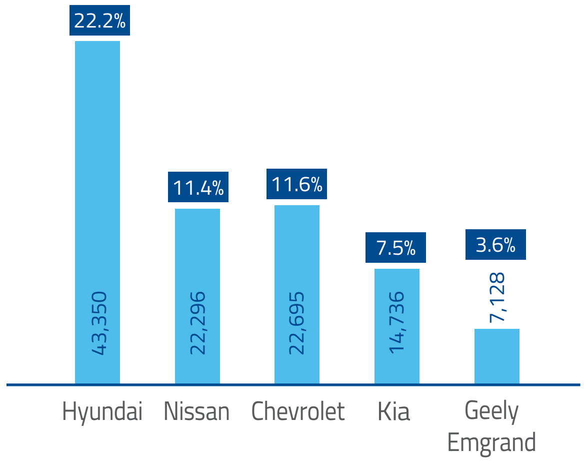
GB Auto Sales Volume Across All Brands and Markets

(Vehicle Units)



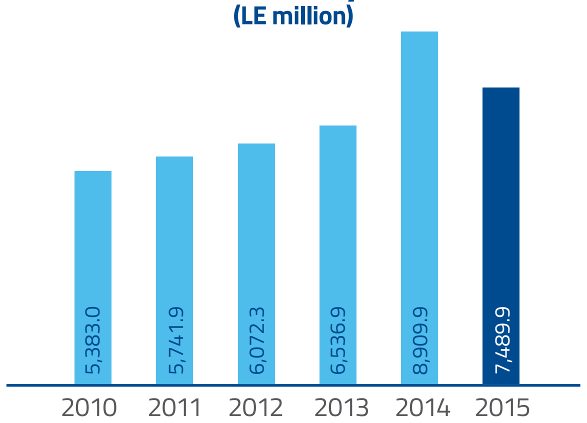
Segmentation of the Egyptian Passenger Car Market

(Units sold and % Market Share as of Year-End 2015)



Revenues by Year

(LE million)



Motorcycles and Three-Wheelers

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

As noted above, After-Sales is an important component of this business unit and a key differentiator for GB Auto in the market, given that consumers are attracted to motorcycles and three-wheelers, which places 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 22 owned retail showrooms, that include three 3-S, 18 2-S, and one 1-S after-sales service center, as well as an extensive network of 125 authorized dealers, as well as 70 authorized service centers across Egypt.

GB Auto has also launched sales of these popular vehicles in Iraq and is optimistic about their long-term potential in the market. The vehicles are imported from India as SKD units that are assembled in Iraq and distributed through local dealers that GB Auto selects based on geography and sales performance. GB Auto also operates a small service center and spare parts outlet in Baghdad, and has recently added another in the area of Al Najaf with an adjunct two- and three-wheeler showroom.

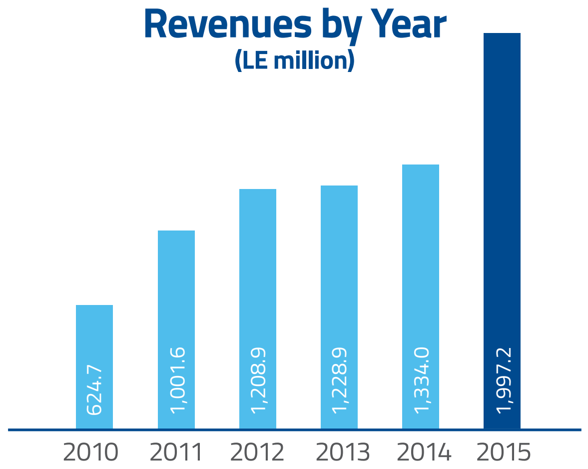
2015 Business Review

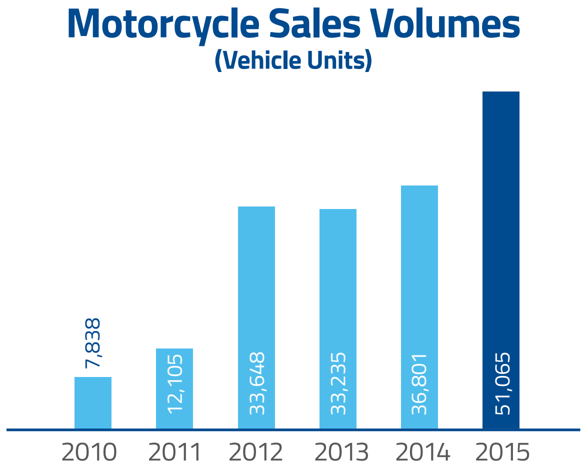
The Motorcycles and Three-Wheelers division reported strong results for FY15, posting a 40.3% y-o-y increase in sales volumes and 49.6% in revenues. Gross profit also rose by 40.9% to LE 330 million.

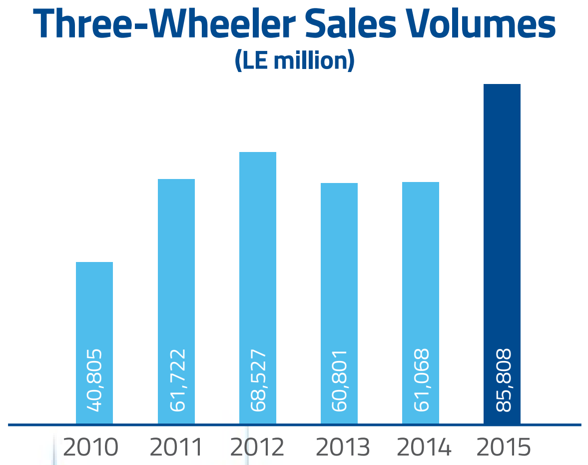
The division's After-Sales revenue and gross profit also witnessed significant growth, rising by 51.5% and 47.0% y-o-y respectively as a result of strengthening operations in both the Egyptian and Iraqi markets.

Management believes the division still has ample room to grow and expand further. GB Auto's current facilities in Egypt are considered to be the first motorized assembly line of production for Bajaj three-wheelers outside of India. The company has finalized technical agreements with the producer to expand current operations and install new painting and welding shops with considerable components and process localization, with Bajaj providing engineering data and technical know-how. Proceeds from the recently finalized capital increase through a rights issue will in part be used to finance this expansion, and the company is in the process of acquiring machinery for the new assembly line.

Management has also launched sales of these vehicles in Iraq, with unit sales so far showing promising results. Since the launch of operations, GB Auto has sold a total 850 units, in addition to the operation of one small service center and spare parts outlet in Baghdad and another in the area of Al Najaf that also includes a Bajaj showroom.







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), and distributes Volvo heavy trucks and YTO tractors in Egypt. GB Auto also manufactures and distributes semi-trailers and super-structures under its Commercial Vehicles line.

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

GB Auto's Commercial Vehicles line markets heavy-, medium- and lightweight 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, the Volvo-model tourism buses, and the new-generation Marcopolo bus range, which was introduced in 2014.

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

GB Polo was conceived as a move to capture export opportunities in bus field manufacturing by utilizing GB Auto's quality standards and relatively low-cost, highly-trained workforce in combination with Marcopolo's 65-year history of successfully developing technological and innovative concepts for full transportation solutions and setups in key markets worldwide. The addition of the Iveco chassis has also 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, and the company is exploring options to expand this segment into other key regional markets.

The Commercial Vehicles and 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 13 after-sales service centers.

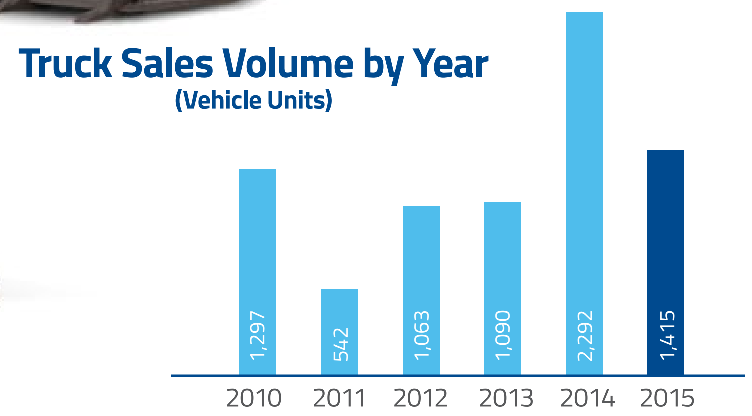
2015 Business Review

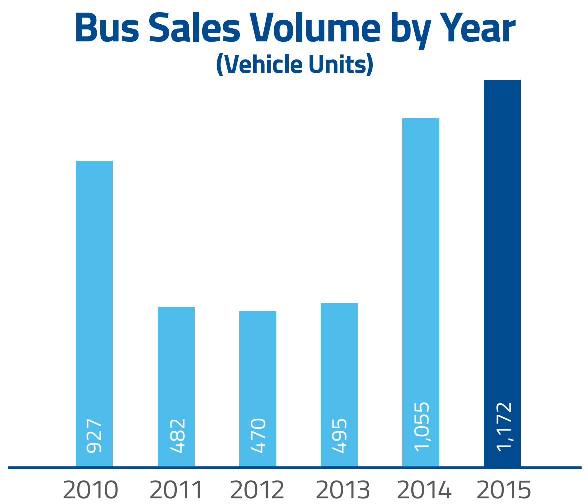
The Commercial Vehicles and Construction Equipment line of business saw total revenues and gross profit rise by 45.5% and 79.3% y-o-y respectively during FY15, owing mainly to a renewed drive for public- and private-sector investments in Egyptian infrastructure, helping GB Auto maintain a healthy order pipeline throughout the year and deliver a total of 450 buses to the Egyptian Public Transport Authority.

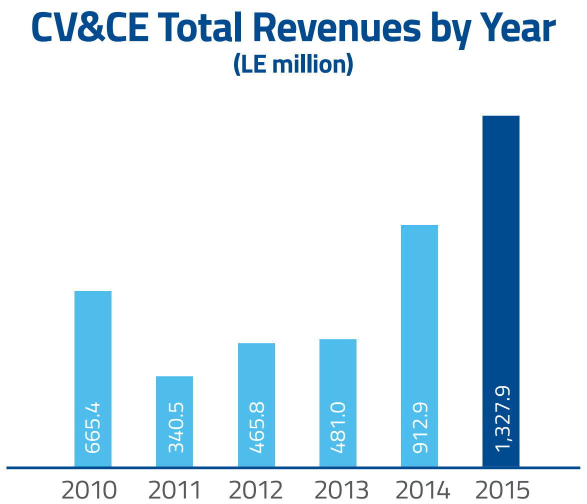
During the year, GB Polo delivered the first Cairo Transport Authority (CTA) buses assembled on Volvo chassis to a committee of CTA inspectors, who approved the order upon first inspection. The successful delivery of that order has helped strengthen GB Polo and GB Auto's market standing in the city bus segment and is a testament to GB Auto's ability to benefit from the sharing of knowledge and expertise, delivering world-class standards to the local market.

Management is optimistic about the LOB's performance going forward, and GB Auto is expected to continue delivering units to the Transport Authority well into the second half of 2016.

Meanwhile, Trucks reported a y-o-y drop in volumes, impacted by currency shortages in the third and fourth quarters of the year. Management expects new product offers, that now cater to high- and low-end segments, to help ramp-up the division's performance during 2016, especially as greater investments are made in infrastructure and other development-related projects.







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, light-truck, truck, and bus-truck tires from manufacturers including Turkey's Lassa, Japan's Yokohama, China's Westlake, Triangle, Diamondback, Double Coin, Grandstone, and Goodyear.

This business unit also has an established regional presence, with operations covering Iraq, Algeria, and Jordan. Efforts are ongoing to round out the company's product offerings, with more important representations set to come on stream soon.

Despite difficulties faced towards the end of 2015 due to a foreign currency crunch in Egypt, the Tires business unit remains an increasingly important contributor to GB Auto's revenue and profitability stream, through both increased sales volume and sustained foreign currency sales in an environment of devaluation in the company's home market of Egypt.

Going forward, GB Auto intends to begin manufacturing tires, which should allow the company to lock-in supplies to meet domestic demand and regional demand, especially in the GCC area, where c.99% of tires sold are imported.

2015 Business Review

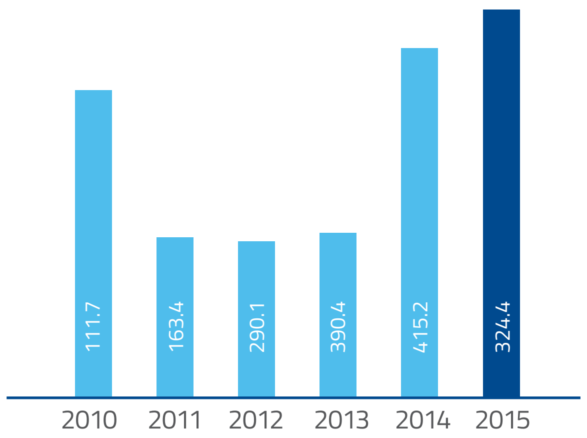
2015 was an especially challenging year for GB Auto's Tires line of business, as revenues and profitability suffered from the severe foreign currency shortage in Egypt as well as the challenging geopolitical conditions in the region. Total sales revenues dipped 21.9% y-o-y while gross profit decreased by 43.4% over the same period.

During the second and third quarters of 2015, the company incurred hefty demurrage charges related to delays in FX allocation, which – coupled with the liquidation of slow-moving inventory – adversely affected the Tires business' top line and margins. Additionally, at the start of the year, GB Auto had made a strategic and far-sighted decision to shift payment terms to an all-cash system, which initially also pressured sales levels. Management, however, expects this decision to begin bearing fruit as economic conditions, and in turn demand, begin to gradually improve.

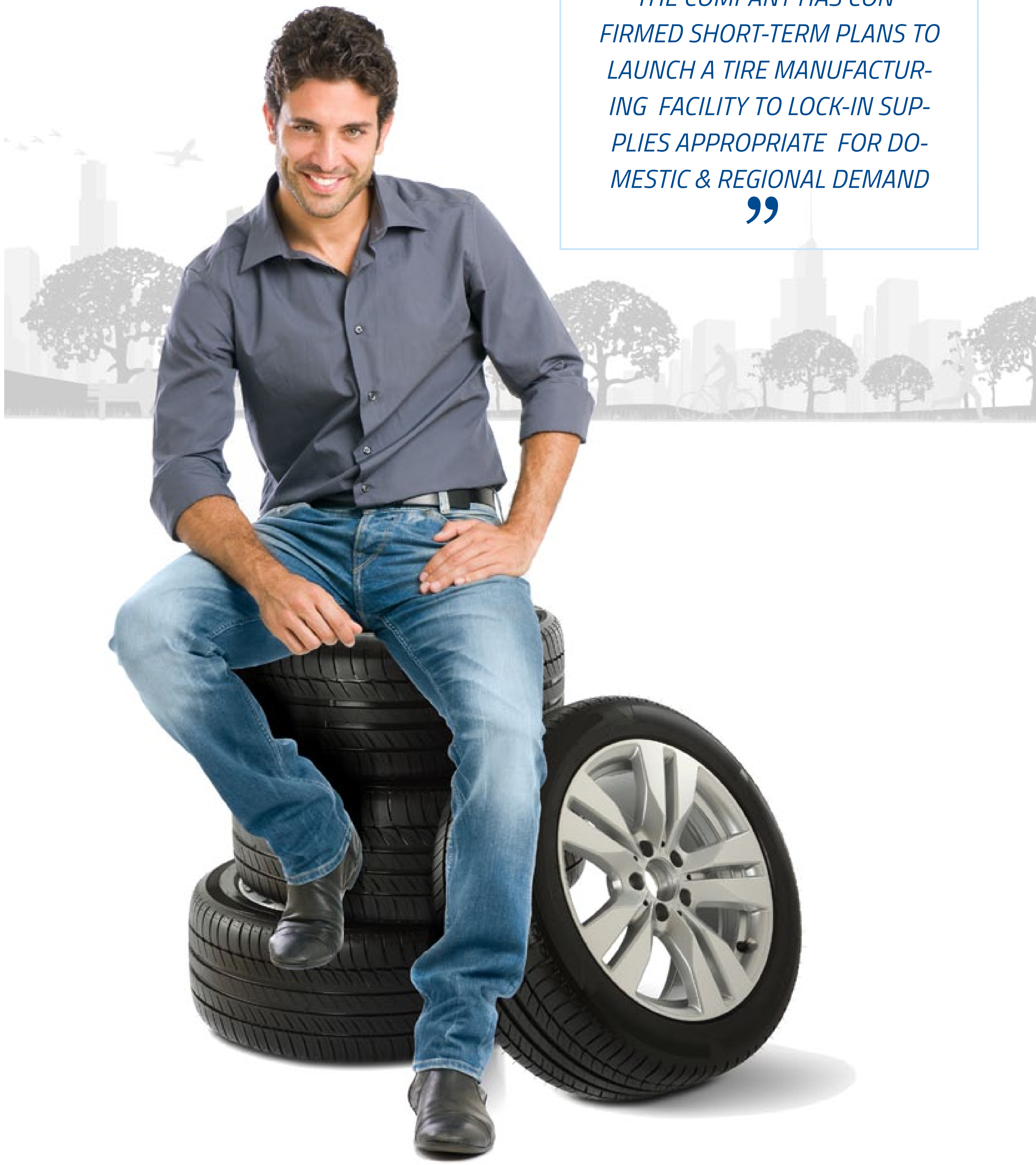
GB Auto is also fine-tuning its overall go-to market approach through a number of activities aimed at increasing market share and lifting profitability across the region and starting 2016 on a more solid footing. Among these efforts are, 1) the optimization of our brand portfolio to cover new profitable segments (Double Coin for trucks and light trucks, OTR tires in Egypt, Avon tires for Passenger Cars and SUVs in Jordan and Iraq as well as Primo for Agri-tires in Egypt.); 2) Consolidating our position in the Passenger Car retail channels to improve the distributed volumes and cement our position in direct sales to heavy truck fleets and; 3) Shifting our payment terms to an all-cash system for 80% of our Egyptian tire business and the reorganization of our sales force to achieve a more effective coverage of key areas in Egypt and Algeria.

The company has confirmed its short-term plans to launch a tire manufacturing facility in the region to lock-in supplies of products appropriate to its markets while also catering to a strong local demand in the GCC and MENA regions. Negotiations are ongoing with technology partners to grant the most suitable product portfolio and competitive cost structure for the project. Overall required capacity will be above 100,000 tons, in line with our cost competitive strategy.

Tires Revenues by Year
(LE million)



> *"THE COMPANY HAS CONFIRMED SHORT-TERM PLANS TO LAUNCH A TIRE MANUFACTURING FACILITY TO LOCK-IN SUPPLIES APPROPRIATE FOR DOMESTIC & REGIONAL DEMAND"*



Financing Businesses

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

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

The companies' credit approval and disbursement mechanisms are highly-advanced and comply fully with the best practices observed by financial institutions in the country.

Furthermore, asset quality and collections — being the backbone for the success of any financial institution — are closely monitored, well-maintained, and controlled within each company, with results that match and exceed industry norms. The aim of GB Capital is to develop a well-diversified and synergetic group of financial services, building on the spirit and strategy of GB Auto, while maintaining a high level of focus and specialized expertise within each company. To that end, GB Capital is constantly on the lookout for new additions to complement its portfolio.

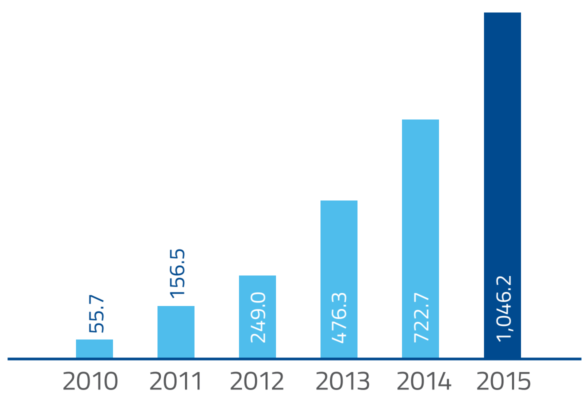
GB Lease is GB Auto's first financing venture, established in 2008 with the purpose of providing finance to GB Auto's commercial vehicles and corporate fleet clients. The company started active operations in the fourth quarter of 2009 and has now grown into a well-developed organization with a diversified lease asset base that covers all asset classes, including real estate, automotive, production lines, and others. Tenor is medium-term, and the company focuses on risk diversification by asset class, industry sector, and client – operating with prudent risk management practices with regards to provisions and risk recognition.

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

Mashroey is GB Auto's second financing venture. Founded in late 2009, it began operations in March 2010 and offers asset-based microfinance lending to eligible clients. Like GB Lease, the company is now well-developed and growing rapidly across Egypt, with a nationwide network of around 80 branches and units.

Mashroey started out selling GB Auto's Bajaj-branded three wheelers on credit terms, but now has an extensive product base that extends credit and financing options for the purchase of three-wheelers, motorcycles (GB Auto product), motor tricycles (non-GB Auto product), YTO tractors, minivans (GB Auto product), and pre-owned three-wheelers. Mashroey's credit policy is stringent and its portfolio tenor is predominantly short-term. It also operates a nationwide network of over 80 branches and units.

Financing Businesses Revenues by Year (LE million)



17.8%

Contribution to Group Gross Profit

Drive is GB Auto's third financing venture. Licensed as a Factoring Company in 3Q12, it extends its services to a well-diversified client base, ranging from business-to-business (SMEs) to business-to-consumer (retail), which includes auto loans to end consumers. Drive has grown steadily since its establishment, making remarkable strides in market presence and carving a place for itself in the very competitive automotive financing sector as of its first year in operation. Drive anticipates a further boost to its operations after factoring regulations expanded the scope of operations to allow both business-to-consumer and business-to-business. The company has a well-developed portfolio, offers medium-term tenors, and focuses on risk diversification by finance product types, client base, and brands (as far as auto loans are concerned).

Drive finances sales of GB Auto's Passenger Cars out of the company's showrooms and also transacts with key independent dealers in the company's network. Drive is non-exclusive to GB Auto and offers a multitude of financial solutions for various SMEs and consumers. The company fully complies with all regulations and operates under the auspices of the EFSA.

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

Tasaheel is the most recent addition to GB Auto's portfolio of financing businesses, launched in August 2015 to provide direct microfinance lending to eligible clients, with a specific focus on group lending to women. Through Tasaheel, GB Auto aims to help low-income earners generate higher returns to improve their living standards, which in turn supports overall community development and economic growth. At the end of 2015, the company had 16 operational branches, and aims to establish a nationwide network of at least 100 branches and have over 2,000 people in employment by 2020.

2015 Business Review

The Financing Businesses under GB capital are on a path of constant growth; overall revenues for FY15 increased by 44.8% to LE 1,046.2 million compared to LE 722.7 million in FY14. Total gross profit rose to LE 233.8 million in 2015 from LE 168.6 million the year before, showing an increase of 38.5% y-o-y.

At 22.3%, the division's gross profit margin, albeit 1% lower than FY14, showed consecutive quarterly improvements, and remains robust compared to market norms. Nonetheless, it is to be noted that gross profit margin is an unusual measurement of profitability or operations for financial institutions, as the latter focuses on net bottom line, RoE, and portfolio quality. Along these measurement criteria, the Financing Businesses reported a net bottom line of LE 99.6 million for FY15, up 56.9% y-o-y, and maintained a very healthy loan portfolio quality with non-performing loans below 1% and with a coverage ratio in excess of 100%. ROAE stands at 26.2%.

The Financing Business model is built on the companies' ability to obtain leverage to fuel their lending portfolios, which widely differs from the trad¬ing or manufacturing business models in terms of amount of debt incurred and the tenor of such debt by any company. All companies under GB Capital re¬main strongly under-leveraged compared to industry norms and regulatory caps, which in light of the nature of the business (especially for GB Lease, Drive and Tasaheel) allows the companies to borrow up to 8x Shareholders' Equity. Total leverage for the Financing Businesses stood at 2.74x as at December 31st, 2015.

Others

PAL is GB Auto's newly launched Lubricants business. It distributes Gazprom Neft-Lubricants at GB Auto-branded and third-party points of presence in the Egyptian market under an exclusive strategic alliance with Gazprom Neft. The company had announced in January 2014 that it has entered into an exclusive strategic alliance to distribute Gazpromneft Lubricants, giving GB Auto access to a 400-450 tons per year market that grows at an annual pace of 2-3%. The company will aim to take the partnership to other regional markets, possibly incorporating other lines of business from Gazpromneft's downstream portfolio, following a successful rollout in Egypt at both GB Auto-branded and third-party points of sale.

GB Auto's Retail arm operates retail After-Sales outlets to distribute tires, tire parts, batteries, parts and lubricants. These points of presence also offer services including tire installation and balancing, battery services, and the sale and injection of lubricants in select locations. Operations are expected to launch in 2Q16.

The company's western-style pre-owned car operation, Fabrika, is now operational at all GB-owned points of presence in Egypt, with operations having started in 2014 and the market proving receptive. Management anticipates further announcements regarding product representations within GB Auto-branded service centers and third-party points of sale in the near future.

2015 Business Review

PAL operations showed substantial and promising growth in 2015, as revenues jumped to LE 33.9 million from to LE 2 million during the previous year. The division's sales and profits were in line with management's expectations and GB Auto anticipates further announcements regarding new product representations within company-branded service centers and third-party points of sale in the near future.

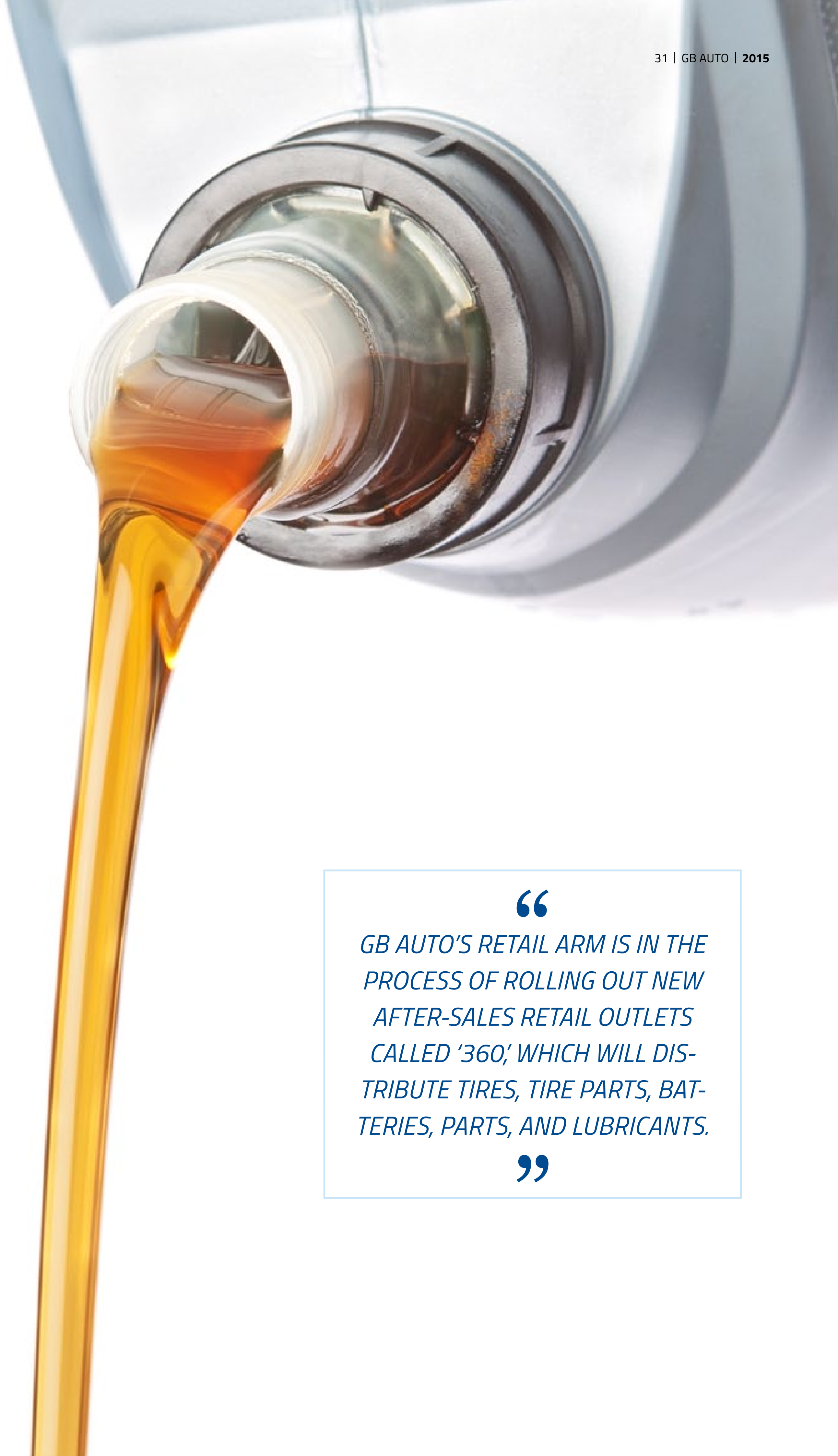
Fabrika also posted solid figures for FY15 as it continued to steadily grow its sales and expand its range of products.

GB Auto's pre-owned vehicles operation closed the year with LE 42.0 million in sales revenues, compared to LE 22.0 million the year before.

The division's gross profit margin also increased, coming in at 20.9%, showing an improvement of 14.4 percentage points over FY14.

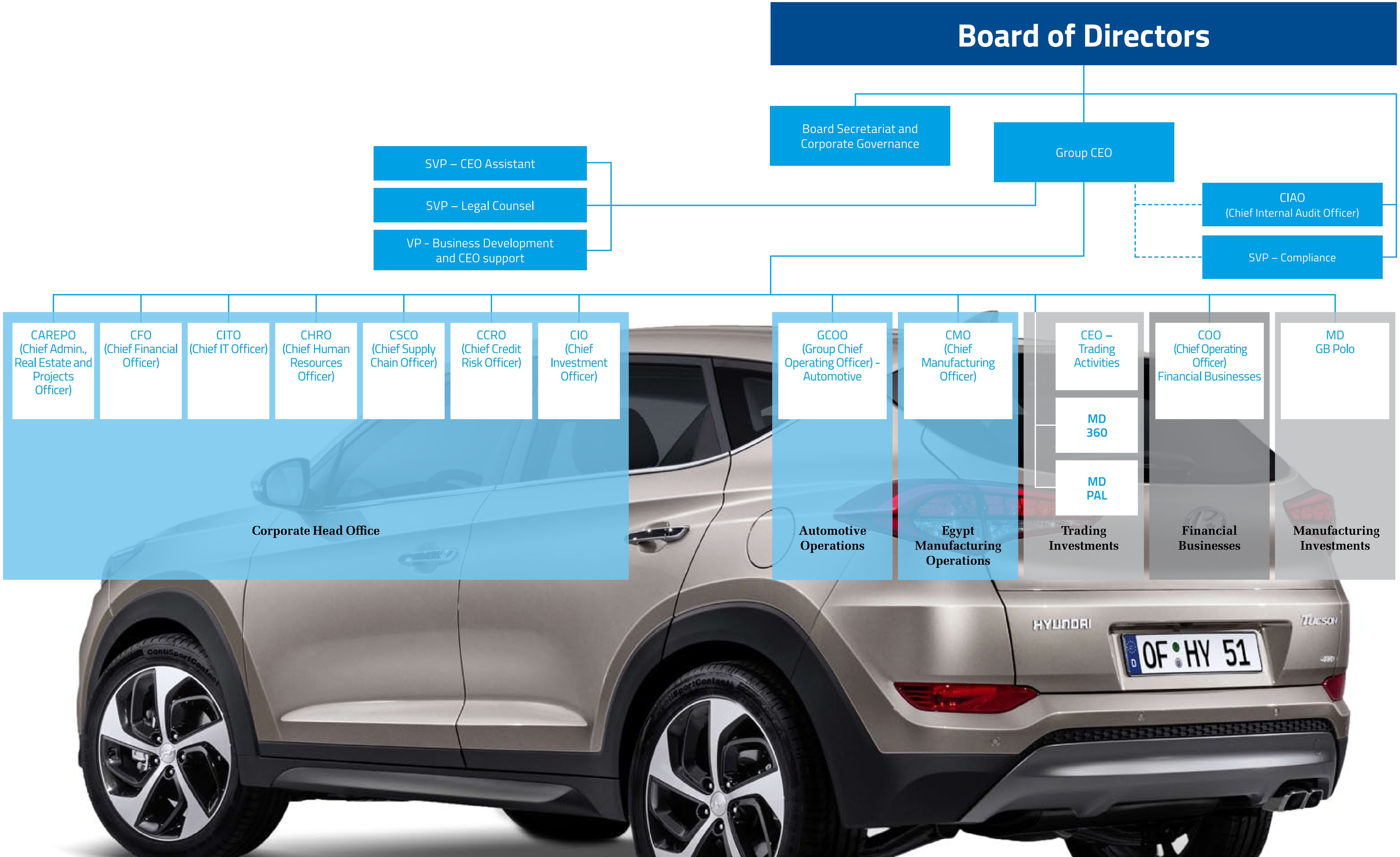
GB Auto's Retail arm is in the process of rolling out new After-Sales retail outlets called '360,' which will distribute tires, tire parts, batteries, parts, and lubricants. These points of presence will also offer services, including tire installation and balancing, battery services, and the sale and injection of lubricants in select locations.

Overall, new divisions contributed positively to the group's gross profits in 2015 and are set to deliver solid results and further contributions from 2016 onwards.



> *"GB AUTO'S RETAIL ARM IS IN THE PROCESS OF ROLLING OUT NEW AFTER-SALES RETAIL OUTLETS CALLED '360,' WHICH WILL DISTRIBUTE TIRES, TIRE PARTS, BATTERIES, PARTS, AND LUBRICANTS."*

Organizational Structure



Board of Directors

DR. RAOUF GHABBOUR

CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Dr. Raouf Ghabbour founded the Ghabbour Group of Companies, which he started incepting in 1985. Dr. Ghabbour began his career working in his family's auto-related trading business, where he initially established himself in the Tires division. Having quickly gained a commendable reputation in the market for being 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 joined 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 and acquisitions. Mr. El Mahdi holds a BA in 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 FOR AUTOMOTIVE

Mr. Nader Ghabbour started his career at GB Auto as a showroom sales representative for the Passenger Car division. He worked his way up to running the daily sales operations within the showroom and later assumed the role of showroom sales supervisor and manager. Mr. Ghabbour's managerial capabilities were proven when he 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 BA 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 amd Partners. A member of the Egyptian Bar Association since 1989, Mr. Hashem graduated from the American University in Cairo with an undergraduate degree, and achieved his LLB in 1989 from Cairo University.

Management

DR. RAOUF GHABBOUR

CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Dr. Raouf Ghabbour founded the Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour began his career working in his family's auto-related trading business, where he initially established himself in the Tire division. Having quickly gained a commendable reputation in the market for being 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. Dr. Ghabbour graduated from Cairo University's Faculty of Medicine in 1976.

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 and acquisitions. Mr. El Mahdi holds a BA in 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.

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MRS. AMAL RAGHEB

EXECUTIVE DIRECTOR AND GROUP CHIEF OPERATING OFFICER FOR AUTOMOTIVE

Mrs. Amal Ragheb joined GB Auto in October 2009 as chief operating officer of financing businesses. She is responsible for all of the group's financing business activities — Leasing, Microfinance, Consumer Finance, and Factoring — and holds the position of eExecutive 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, as well as collections under legacy credits. A seasoned hands-on and results-oriented banker with a proven track record spanning over 29 years, Mrs. Ragheb joined GB Auto from Mashreq Bank, Dubai, UAE, where she held the position of senior vice president, Risk Management for two years. While at Mashreq Bank, Mrs. Ragheb spearheaded new international growth initiatives, moving from its branch in Egypt where she was CEO and country manager for four years, during which time she restructured and revamped the bank, setting forth its future growth strategies in Egypt.

Mrs. Ragheb started her banking career with Bank of America where she spent 23 years, holding a series of positions in Cairo and Dubai. She rose to become 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 its global business in the region. During her tenure at Bank of America, she was awarded the "Deal Team Honor of Excellence," as well as the "Best Contact Officer of the Year." Mrs. Ragheb holds a BA and MA in economics, both of which from the American University in Cairo.

MR. AYMAN AL KADY

CHIEF ADMINISTRATION, REAL ESTATE, AND PROJECTS OFFICER

Mr. Ayman Al Kady joined GB Auto in November 2015 as chief of Administration, Real Estate and Projects. Those three functions support GB Auto's subsidiaries with a wide range of services. Mr. Al Kady is an electrical power engineer and CFM with around 30 years of experience in administration, facilities management, and program management. Prior to joining GB Auto, Mr. Al Kady was the general manager at Cairo Festival City Mall and a director of administration and facilities management at several multinationals, including Vodafone Egypt and Orascom Construction Industries in Algeria, and telecom provider Etisalat.

MR. GHASSAN KABBANI

CHIEF OPERATING OFFICER OF TWO- AND THREE-WHEELERS

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

MR. HAYTHAM ABOU TALEB

CHIEF INTERNAL AUDIT OFFICER

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

MR. KARIM GADDAS

CHIEF EXECUTIVE OFFICER OF TIRES

Mr. Karim Gaddas joined GB Auto in 2015 as chief executive officer of Tires, boasting 20 years of experience in general management, operations, and sales and marketing. In the last 16 years he occupied various positions at Pirelli that included headquarter-level roles in Milan and regional-level roles in Paris, Cairo, Alexandria, and Dubai. In addition to being the global sales director for BU trucks, the CEO of the company's Middle East and India operations, and the CEO of African and Egyptian operations, Mr. Gaddas also served as Pirelli's vice chairman. He was also a member of the board at the Alexandria Tire Company for eight years. Mr. Gaddas began his career in 1996 at Gewiss, an electrical materials company based in Bergamo, Italy, where he was the area manager for Central America, the Middle East, and Africa. He holds a BA in business administration from the Sup de Co Montpellier in France and an MBA from SDA Bocconi in Milan, Italy.

MRS. MENATALLA SADEK

CHIEF INVESTMENT OFFICER

Mrs. Menatalla Sadek joined GB Auto in December 2011 to lead the creation of an in-house corporate finance department to screen, initiate, and conclude merger and acquisition transactions as part of the company's growth strategy. Mrs. Sadek 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. OSSAMA EL AWADY

CHIEF SUPPLY CHAIN OFFICER

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

MR. RAMEZ ADEEB

CHIEF MANUFACTURING OFFICER

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

MR. WISSAM AL-ADANY

CHIEF INFORMATION TECHNOLOGY OFFICER

Mr. Wissam Al-Adany joined GB Auto in 2015, bringing with him over 19 years of experience in information technology management that included four years of international experience in Brazil, France and Kazakhstan. Prior to joining GB Auto, Mr. Al-Adany served as group chief information technology officer of the Americana Group — whose major shareholder is the multinational Al Kharafi Conglomerate — where he managed the group's IT Operations for 15 companies. He started his career with GlaxoSmithKline as a senior systems engineer, and from there moved on to Lafarge as Country IT Director for four years. Mr. Al-Adany has deep techno-functional knowledge in all facets of IT and a robust track record in IT infrastructure management, service delivery, ERP implementation and techno-commercial support. He holds a BSc in communications and electronics engineering from Ain Shams University in Cairo, and an MBA from the American University in Cairo.

Human Resources

People are GB Auto's backbone and are our most valuable asset and resource: From the boardroom to the assembly line to the sales floor, GB Auto's success is driven by its people. Knowing that, the company has invested heavily in all aspects of its human resources. GB Auto and all its subsidiaries and ventures had 8,034 staff members in employment as of 31 December, 2015.

GB Auto HR Initiatives

Believing the success of the company depends on the wellbeing, motivation and satisfaction of its staff, GB Auto's Human Resources Department has launched a number of key initiatives, chief amongst them were:

- Channeled partial proceeds from the rights issue to staff members benefiting from the Employee Stock Ownership Program, ESOP, which was launched in late 2014. ESOP has two tranches — discounted shares and free shares — with a lock-up and vesting period of two and three years. The shares granted to staff members through ESOP are based on performance, grade, and seniority.
- Created a new medical department to cater to all aspects of our staff members' medical and health-related needs. In that vein, the department conducted medical check-ups, launched seasonal flu vaccination programs, and organized a number of health and safety awareness events during the year.
- Further updated the company's very competitive medical insurance scheme and enhanced the Life and Accident Insurance plan, both of which were launched in the second half of 2014.
- Finalizing a savings and pension plan for staff, which will be released shortly.
- Implementing a system of salary reviews based on Hay benchmarking, providing for standard annual as well as performance merit increases.
- Recognizing "Employees of the Month," which is currently being piloted in select business units.
- Enhancing focus on training and development to manage a successful career path.

GB Academy

Realizing the value and importance of enhancing the knowledge and skill sets of all our technical and business teams, GB Auto established the GB Academy in 2010. The GB Academy began as a collaboration agreement between GB Auto and Centennial College of Toronto, Canada.

Located in Abu Rawash, Giza, the academy training site opened its doors in June 2013 and has since been training the nearly 8,000 GB Auto employees both nationally and regionally.

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

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

Today, the GB Academy trains an average 100 people per day and has a portfolio of more than 185 courses on topics ranging from automotive basics, brand-specific technical training, product launches and upgrades training, business skills and management training.

During 2015, the academy signed a cooperation agreement with Cisco that now allows it to offer the full-range of Cisco Academy ICT training courses to both GB Auto staff members and non-staff members to help them embrace the growing technology in today's Internet-of-Things Era.

Corporate Social Responsibility at GB Auto

Corporate Social Responsibility (CSR) has always been an important part of GB Auto's business philosophy. We have always been keen to contribute, in a variety of ways, to the well-being of our people, the environment, and the communities in which we live and work.

In 2015, in an effort to align our CSR initiatives with our business strategy and ensure they are managed in a business-driven approach, we established an independent and fully-fledged CSR department.

GB Auto's CSR strategy rests on four primary pillars that we believe are important for our business, community, and stakeholders. Our goal is to make CSR part of the value proposition we offer our customers, business partners, investors, and employees, and to communicate and measure our CSR ambitions and efforts.

The Four Pillars of CSR			
Vocational Education and Training	People - Employee Well-Being	Road Safety	Philanthropy – Our Community

Our Commitment to Vocational Education

Our first area of focus is Vocational Education and Training, which centers around skill acquisition – vital for the growth and competitiveness of the Egyptian economy. The absence of a competent workforce hinders economic development and reform, leaving industrial sectors in Egypt in dire need of skilled and well-trained labor. Vocational Education and Training aims to provide workers with the skills they need to meet the evolving needs of employers and the economy. GB Auto works closely with the Egyptian government and local educational institutions to develop more efficient educational systems and modules at schools and training facilities. Our short-term goal is to adopt and reform automotive schools in Cairo, and in the long run we aim to extend our reach to the whole of Egypt.

Our Promise to our People

Our second area of focus is our People. Our employees are fundamental to our success, and we hold their health and safety in the highest regard. GB Auto HR's newly-launched medical department, together with CSR, are charged with implementing proactive, relevant, and efficient employee wellbeing programs that manage the highly complex, diverse, and ever-changing health and safety needs of our employees in the workplace. As we believe that employee wellbeing is at the core of GB Auto's new sustainability model, the CSR department, in collaboration with the medical department, ran annual medical check-ups and launched seasonal flu vaccination and health awareness campaigns. We also launched employee engagement surveys to gauge and assess staff members' views on all matters pertaining to the quality of their work environment.

Our Concern for Safer Roads

Our third area of focus is Road Safety. GB Auto recognizes the gravity of the road safety problems all Egyptians face. Car accidents are the second major cause of fatalities in Egypt, killing around 12,000 people a year, according to a World Health Organization (WHO) report. GB Auto is committed to protecting the lives of its employees, customers, and suppliers by helping raise awareness and encouraging drivers to become more safety conscious.

Our Responsibly towards our Community - Philanthropy

GB Auto continues to focus on fulfilling its Philanthropic Duties, going beyond the prevention of potential harm to helping improve public welfare. In 2015, the company invested over LE 4 million in projects that aided in the creation of opportunities for disadvantaged members of Egyptian society, and those who struggle due to identity, financial status, and gender. We have supported mothers-in-debt, organized orphan days at Kidzania, and provided funding to foundations that support street children.

Audited Financial Statements

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, 2015.

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 non-bank financial services that include financial leasing, factoring, 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 2015 reached LE 12,264.7 million versus LE 12,322.1 million the previous year, a decrease of 0.5%. Net profit for the year, after accounting for minority interest, stood at LE 233.1 million, rising by 34.4% from 2014 levels.

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 three members, an Audit Committee of three independent directors along with representatives from company management, and a Remuneration Committee made up of three independent directors together with representatives from company management.

Employees

The number of employees at GB Auto and its subsidiaries as of December 31, 2015 was 8,034 including all subsidiaries and ventures.

Shareholders

The shareholding structure of the company as of December 31, 2015 was as follows: Dr. Raouf Ghabbour family and related parties holding 58.7%; public holding 41.3%.

Annual General Meeting

The annual general meeting was held at 11:00 am on 1 April 2016 at the GB Academy Building, 6th of October – KM 28, Cairo-Alexandria Desert Road.

Auditor

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

Approved by the Board
1 April 2016

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 EGX.

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

The General Assembly

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

- Includes all the shareholders of the company.
- Takes its decision by voting among shares represented in the meeting. The voting rule is: 1 share = 1 vote for all shares.
- Holds at least one ordinary meeting per year and may hold extraordinary meetings as needed.
- Has responsibilities 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 EGX 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. Additionally, the committee assists 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 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 subcommittee 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

- YasserHashem
- Khaled Kandil
- Walid Sulaiman Abanumay

Corporate Governance Committee

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

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

President

- Yasser Hashem

Members

- Alaa Saba
- Khaled Kandil
- Walid Sulaiman Abanumay

Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GB Auto (S.A.E.), which comprise the consolidated balance sheet as at December 31, 2015, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GB Auto (S.A.E.) _as of December 31, 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

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

Cairo, March 15, 2016

KPMG Hazem Hassan

Consolidated Balance Sheet

as at December 31, 2015

(All amounts in thousand Egyptian Pounds)	Note	2015	2014
Non-current assets			
Property, plant, equipment and project under construction (Net)	(5)	3 660 356	2 988 844
Intangible assets	(6)	293 078	282 456
Notes receivables (Net)	(7)	414 330	274 897
Deferred tax assets	(8)	40 640	35 517
Investment property	(9)	91 512	606
Other debit balances		24 110	24 110
Total non-current assets		4 524 026	3 606 430
Current assets			
Inventories (Net)	(10)	2 950 981	2 345 709
Non-current assets held-for-sale	(11)	329 175	313 144
Accounts and notes receivables (Net)	(12)	1 649 624	1 308 954
Debtors and other debit balances (Net)	(13)	1 069 509	803 169
Due from related parties	(14)	86 203	30 147
Treasury bills	(15)	-	736
Cash on hand and at banks	(16)	1 188 704	1 176 841
Total current assets		7 274 196	5 978 700
Current liabilities			
Provisions	(17)	78 903	48 639
Current tax liabilities	(18)	61 555	76 942
Loans, borrowings and overdrafts	(19)	4 334 801	4 144 838
Due to related parties	(14)	62 404	24 775
Trade payables and other credit balances	(20)	1 796 443	1 298 343
Total current liabilities		6 334 106	5 593 537
Working capital		940 090	385 163
Total investment		5 464 116	3 991 593
Represented in:			
Equity			
-			
Paid in capital	(21)	1 094 010	135 338
Shares held by the group	(22)	(26 506)	(3 275)
Legal reserve	(23)	296 570	267 265
Other reserves	(24)	1 152 989	1 066 784
Retained earnings		584 288	496 040
Net Income for the year		233 095	173 989
Equity attributable to owners of the company		3 334 446	2 136 141
Non-Controlling interests	(25)	608 660	637 782
Total equity		3 943 106	2 773 923
Non-current liabilities			
loans	(19)	898 473	680 853
Warranty provisions	(17)	54 741	64 753
Deferred tax liabilities	(8)	82 926	85 464
Amounts under settlement on financial lease contract	(27)	484 870	386 600
Total non-current liabilities		1 521 010	1 217 670
Total equity and non–current liabilities		5 464 116	3 991 593

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

Group Finance Director	Chief Financial Officer	Chairman and Managing DirectorDr.
Abbas Elsayed	and Board of Director MemberMostafa	Raouf Ghabbour
	Ahmed Elmahdi	

Consolidated Statement of Income

for financial year ended December 31, 2015

(All amounts in thousand Egyptian Pounds)	Note	2015	2014
Sales		12 264 689	12 322 079
Cost of sales		(10 670 326)	(10 740 412)
Gross profit		**1 594 363**	**1 581 667**
Other income	(9)	126 302	55 720
Administrative expenses		(531 124)	(413 558)
Selling and marketing expenses		(364 486)	(298 599)
Provisions (Net)	(28)	(48 893)	(67 796)
Impairment of property, plant, equipment and project under construction		(1 591)	-
Impairment of non-current assets held of sale		(18 719)	-
Investment losses		(5 688)	-
Operating profit		**750 164**	**857 434**
Finance costs (Net)	(29)	(513 265)	(531 538)
Net profit for the year before tax		**236 899**	**325 896**
Income tax	(30)	(45 385)	(90 206)
Net profit for the year after tax		191 514	235 690
Profit is attributable to:			
Owners of the parent Company		233 095	173 989
Non-controlling interests		(41 581)	61 701
		191 514	**235 690**
Basic earnings per share/ EGP	(31)	0.342	1.38
Diluted earnings per share/ EGP	(31)	0.342	1.38

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

Consolidated Statement of Shareholders Equity

for the financial year ended December 31, 2015

	Attributed to owners of the company								
(All amounts in thousand Egyptian Pounds)	Share capital	Shares held by the group	Legal reserve	Other reserves	Retained earning	Net profit for the year	Total	Non-Controlling interests	Total equity
Balance at 1 January 2015	135 338	(3 275)	267 265	1 066 784	496 040	173 989	2 136 141	637 782	2 773 923
Transferred to retained earning	-	-	-	-	173 989	(173 989)	-	-	-
Net profit for the year	-	-	-	-	-	233 095	233 095	(41 581)	191 514
Change of non-controlling interests without changing in control	-	-	-	-	(9 785)	-	(9 785)	4 141	(5 644)
Dividends	-	-	-	-	(46 651)	-	(46 651)	(29 060)	(75 711)
Currency translation differences from foreign operations	-	-	-	68 756	-	-	68 756	26 700	95 456
ESOP fair value	-	-	-	18 663	-	-	18 663	-	18 663
Capital increase issuance costs	-	-	-	(1 214)	-	-	(1 214)	-	(1 214)
Capital increase	958 672	(23 231)	-	-	-	-	935 441	10 678	946 119
Transfer to legal reserve	-	-	29 305	-	(29 305)	-	-	-	-
Balance at December 31, 2015	1 094 010	(26 506)	296 570	1 152 989	584 288	233 095	3 334 446	608 660	**3 943 106**

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

Consolidated Statement of Shareholders Equity

for the financial year ended December 31, 2014

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

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

Consolidated Statement of Cash Flows

for the financial year ended December 31, 2015

(All amounts in thousand Egyptian Pounds)	Note	2015	2014
Cash flows from operating activities			
Net profit for the year before tax		236 899	325 896
Adjustments			
Interest expense		360 888	367 503
Depreciation and amortization	(6,5)	254 724	199 145
Bond issuance cost amortization		-	11 575
Provisions (net)	(28)	33 478	60 922
Impairment losses on current assets (net)		37 820	16 182
Impairment losses on non current asset held for sale	(11)	18 719	-
ESOP fair value		18 663	-
Capital increase issuance costs		(1 214)	-
Interest income	(29)	(46 034)	(8 961)
Loans capitalized interest		(6 212)	(5 271)
Capital gain - Sale and lease back		(2 677)	(9 101)
Impairment losses of property, plant,equipment and project under construction		1 591	-
Gain from revaluation of investment properties after development		(87 341)	-
Gain from sale investment property		-	1 110
Gain or (loss) on sale property, plant, equipment and asset held for sale		3 099	(820)
Net profit before changes in working capital		822 403	958 180
Changes in working capital			
Inventories		(628 574)	(234 189)
Accounts and notes receivables		(235 699)	(565 816)
Debtors and other debit balances		(261 578)	(276 636)
Due from related parties		(56 305)	(27 037)
Due to related parties		2 303	(6 737)
Trade payables and other credit balances		489 024	(79 775)
Cash flows generated from / (used in) operating activities		131 574	(232 010)
Provisions used		(13 887)	(13 155)
Income tax paid during the year		(68 433)	(22 306)
Dividends paid - Employees		(46 747)	(42 240)
Net cash flows generated from / (used in) operating activities		2 507	(309 711)
Cash flows from investing activities			
Acquisition of property, plant, equipment and projects under constructions		(1 259 383)	(1 008 896)
Change of non-controlling interests without changing in control		(5 643)	(1 114)
Acquisition of intangible assets		(847)	(1 262)
Interest received		45 280	8 961
Proceeds from sale of property, plant, equipment and non current assets held for sale		21 548	32 932
Net cash flow used in investing activities		(1 199 045)	(969 379)
Cash flows from financing activities			
Paid from non controlling interest to increase capital of subsidiaries		10 678	1 566
Proceed from loans and borrowings		991 298	2 083 175
Dividends paid		-	(34 221)
Proceed from capital increase	(21)	449 994	-
Bonds liabilities		-	(316 696)
Long-term notes payables		-	(150)
Interest paid		(349 101)	(356 358)
Net cash flows generated from financing activities		1 102 869	1 377 316
Net (decrease) / increase in cash and cash equivalents		(93 669)	98 226
Cash and cash equivalents at the beginning of the year		1 177 577	1 085 105
Effect of exchange rates changes on the the balance of cash and cash equivilants		104 796	(5 754)
Cash and cash equivalents at end of the year	(16-B)	1 188 704	1 177 577

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

Notes to the Consolidated Financial Statements

for the financial year ended December 31, 2015

1. Background

GB Auto Co. (the parent 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, and was registered in the commercial register under No. 3422, Cairo.

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

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

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

The major shareholders of the company are Dr. Raouf Ghabbour and his family who collectively owns approximately 58.8% of the Company's shares as at December 31, 2015.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on March 15, 2016.

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 on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities at fair value through profit and loss.

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

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

B. Basis of consolidation

1. 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

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

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

Intra-group balances, transactions and any unrealised income arising from intra – Group transaction 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.

2. Transactions of selling, acquisition and non – controlling interest (minority)

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

If the losses applicable to the non – controlling interest (minority) in a consolidated subsidiary exceed the non – controlling interest (minority) in the subsidiary's equity, the excess, and any future losses applicable to the non – controlling interest (minority), are allocated against the equity attributable to owners of the company (majority) except to the extent that the non – controlling interest (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 equity attributable to owners of the company (majority) until the non – controlling interest (minority's) share of losses previously absorbed by the equity attributable to owners of the company (majority) has been recovered.

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 equivalent to the group's share in associates 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.

GB Auto (S.A.E.)

Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

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 in foreign currencies

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

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

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in shareholders' 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 financial statements of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency (foreign activity) (none of which are foreign currencies entities with hyperinflation economy) 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 prevailing the period (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);
- All financial statement translation differences of foreign activity are recognised as a separate component of shareholders' 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 consolidated 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 measured at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight – line method over their estimated useful lives .Land is not depreciated. Estimated depreciation rates for each type of assets are as follows:

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

GB Auto (S.A.E.)

Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

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

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

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

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 the cost of essential innovations 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 acquisition cost 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 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 future economic benefits beyond one year, are recognised as intangible assets.

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

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

(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 within the already established and does not exceed the cost.

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 or 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 investment available for sale reserve in the shareholders' equity. The reserve related for an available for sale investment is realized in income statement when such investment is disposed.

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

I. Lease

Financial lease

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

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

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

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 represented at the financial statement by the 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.

Investment property under development is property (Land or a building or both) held for development or redevelopment to future use as investment property.

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Investment properties under development are initially measured at cost, including transaction costs, when the development is complete, its transfer to investment property represented at the financial statement by the fair value

K. Inventories

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

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.

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

A. Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

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

B. Investments Held to maturity

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

Other than

- Those that the company upon initial recognition recognize them as at fair value through profit or loss.
- Those that the company recognize them as available-for-sale.
- 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.

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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) Initial recognition 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. While the financial assets which 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 rate.

Gains (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/period 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 investment 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 shareholders' equity. The changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in shareholders' 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, and reduced by estimated impairment losses from its value.

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 in the income statement.

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N. Cash and cash equivalent

In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.
For the purposes of the cash flow statement, cash and cash equivalent include cash on hand, demand deposits at banks, and treasury bills which have maturities in three months or less from the deposit date. Also, the overdrafts that are paid upon request which considered as a completing part of the group's financial management system.

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 shareholders' equity.

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

P. Share based payments

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

Q. Loans and borrowings

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

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

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

R. Employee benefits

1. Defined contribution plan

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

2. Employees' profit sharing

When the Group pays cash dividends, the employees are entitled to 10% of those dividends as profit sharing. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Group's shareholders

S. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
The provision balances are revised in going basis at the balance sheet date to disclose the best estimate.
If the time value effect of money is material provisions are measured at the present value of the expenditures expected to be required to settle the obligation. (Discounted using the discount price per tax rate)

T. rade payables

Trade payables are recognized initially at the fair value of goods or services received from others either the invoices have been received or not, 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 of 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.

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 contractual obligations have been met. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a). Sales – wholesale and showrooms

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

(b). Sales – retail and Companies

The Group operates a chain of showrooms for selling.
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 provides maintenance service. That service is provided on a time and material basis. Revenue from time and spare parts is recognised on delivering the services.

(d). Financial Lease

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

(e). Interest income

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

(f). Dividend income

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

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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 valuing commitment for tax authority.

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. Segmental reporting

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

Y. Dividends

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

Z. Comparative figures

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

AA. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted.

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial periods that start after January 1, 2016, while taking into consideration that the early implementation of these standards is not permissible.

In the following table, we shall review the most prominent amendments on the Egyptian Accounting Standards (EAS) that may have a significant impact on the financial statements of the company at the beginning of the implementation thereof:

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New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) **Presentation of Financial Statements**	**Financial Position Statement** • The Standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation. • A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. **Income Statement (Profit or Loss)/ Statement of Comprehensive Income** The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income Statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard. • Adding a new statement, Statement of Comprehensive Income, for the current and comparative period.
EAS (10) **Property, Plant and Equipment (PPE)**	• **The option of using the revaluation model in the subsequent measurement of PPE has been canceled.** • The financial shall disclose a reconciliation of the carrying amount – movement of the PPE and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period. • The strategic (major) spare parts and stand-by equipment can be classified as PPE when the entity expects to use them for more than one period (when the definition of PPE applies thereto).	**In case the company previously revaluated its assets; due to a restructuring process (merger or demerger,….), the note shall be as follows:** Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard. **In case the company did not revaluated its assets before, the note shall be as follows:** The amendment on the standard has no impact on the figures presented in the financial statements. Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.

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New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (23) **Intangible Assets**	**The option of using the revaluation model in the subsequent measurement of intangible assets has been canceled.**	The amendment on the standard has no impact on the figures presented in the financial statements. (Note: In case the company previously re-valuated its assets, the previous paragraph shall be replaced with the first paragraph stated in the PPE).
Egyptian Standard No. (45) **Fair Value Measurement**	**The new Egyptian Accounting Standard No. (45) "Fair Value Measurement" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value.** **This Standard aims the following:** (a) Defining the fair value (b) Laying down a framework to measure the fair value in one Standard and (c) Identifying the disclosure required for the fair value measurements.	**Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.**
Egyptian Standard No. (29) **Business Combination**	**The purchase method was cancelled and replaced by the acquisition method; as results:** 1 Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date. 2 Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. 3 Changing the method of measuring goodwill in case of Step Acquisition is made. • **The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to the acquisition process**.	**Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.**

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New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian -Standard No.(42): **The Consolidated Financial Statements**	• The new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" was issued and accordingly Egyptian Accounting Standard No. (17) "The Consolidated and Separate Financial Statements" has changed to become "The Separate Financial Statements". • Pursuant to the new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" • The control model has changed to determine the investee entity that must be consolidated. • Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. • Any Investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement. • Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.	Retroactive amendment to all the comparative figures of the consolidated financial statements and financial information presented. Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.

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New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No.(43): **Joint Arrangements**	• The new Egyptian Accounting Standard No. (43) "Joint Arrangements" was issued and accordingly Egyptian Accounting Standard No. (27) "Interests in Joint Ventures" was replaced. • According to the new Egyptian Accounting Standard No. (43) "Joint Arrangements" a new model for the joint arrangements was laid down in order to classifies and determine their kind whether (Joint Venture) or (Joint Operation). • As such, action depends on the substance of the arrangement and not only its legal form. • In case the arrangement is classified as a joint venture, each party of the arrangement parties shall account for that investment using the equity method only (as the proportionate consolidation method was eliminated) whether in the Consolidated or Individual Financial Statements issued thereby.	Amendment shall be applied starting from the prior period to the application of this standard (i.e. first of January 2015), and all the comparative figures of the financial statements and financial information.

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New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (18): **Investments in Associates**	The accounting treatment of the joint ventures shall be added to this standard, accordingly the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the Consolidated and Individual Financial Statements.	Retroactive amendment to all the comparative figures and financial information presented.
	• The entity shall discontinue to use the Equity method from the date when its investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and the difference shall be recognized in the Income Statement . • If an investment in an associate becomes an investment in a joint venture or vice versa, the entity continue to apply the Equity Method and does not re-measure the retained Interest. • If an entity's ownership interest in an associate or a joint venture reduced, but the entity continues to apply the Equity Method, the entity shall reclassify to profit or loss the proportions of the gain or loss that previously been recognized in OCI relating to that reduction in Ownership interest.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard

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New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (44): **Disclosure of Interests in Other Entities**	• A new Egyptian Accounting Standard No.(44) **"Disclosure of Interests in Other Entities"** was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements ,and the unconsolidated Structured Entities. • The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.	Retroactive amendment to all the comparative figures for the disclosures presented.
EAS (34) **Investment Property**	The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.	**For the companies that applied the fair value model, the note shall be as follows:** The fair value of the investment at the beginning of the implementation of this Standard shall be considered deemed cost of that investment for the purposes of the subsequent accounting treatment according to EAS (10) "PPE".
EAS (14) **Borrowing Costs**	Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.	**For the companies that applied the benchmark treatment, the note shall be as follows:** The entity shall apply this Standard to the borrowing costs attributable to the qualifying assets, where the start date of capitalization falls within or after the date of the implementation of this Standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (38) **Employee Benefits**	**Actuarial Gains and Losses** • All the accumulated actuarial gains and losses shall be immediately recognized as part of the defined benefit liabilities and charged to the Other Comprehensive Income items. **The Cost of Past Service** An entity shall recognize past service cost as an expense at the earlier of the following dates: (a) When the plan amendment or curtailment occurs; and (b) When the entity execute a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provisions Standard).	Retroactive amendments on the employee benefits that that exist on the date of implementing this amended Standard and on all presented comparative figures.
EAS (41) **Operating Segments**	**EAS 33 "Segment Reports" has been replaced with EAS (41) "Operating Segments".** Accordingly, the disclosure and the volume of the required disclosures that the Segment Reports must disclose on; mainly depends on the Segments information presented to Chief Operating Decision Maker (CODM) of the entity to make decisions on the resources that must be allocated to the segment and assess its performance.	On the date of implementing the standards the entity shall re-present the information corresponding to the earlier periods including the interim periods, unless the information is not available and the cost of preparing such information is too high.

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New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (25) **Financial Instruments: Presentation**	Any financial instrument with a resale right shall be classified as an equity instrument instead of classifying it as a financial liability; if it meets the conditions in accordance with the paragraphs (16 A or 16 b) or paragraphs (16 c and 16 d) of the same Standard, from the date the instrument has all the features and meets all the conditions set out in those paragraphs. An entity shall re-classify the financial instrument from the date the instrument ceases to have all the features or meet all conditions set out in those paragraphs.	Re-presenting any financial instrument meets all the conditions including all the presented comparative periods.
EAS (40) **Financial Instruments: Disclosures**	• **A new Egyptian Accounting Standard No.(40) "Financial Instruments: Disclosures" was issued including all the disclosures required for the financial instruments**. • Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became "Financial Instruments: Presentation" instead of "Financial Instruments: Presentation and Disclosure"	Retroactive amendment to all the comparative figures of the presented disclosures shall be carried out.

3. Financial risk management

1. Financial risk factors

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

(a) Market risk

1.Foreign currency exchange rate risk

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

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

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	December 31, 2015			December 31, 2014
	Assets	Liabilities	Net	Net
US Dollars	675 274	(1 474 892)	**(799 618)**	(390 980)
Euros	2 700	(376)	**(2 324)**	(4 016)
Other currencies	1 399 273	(1 529 068)	**(129 795)**	(24 687)

2.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.

3.Cash flows and fair value interest rate risk

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

Loans, borrowings and overdrafts at the balance sheet date with variable interest rates are amounted to EGP 5 233 274 as at December 31, 2015 (EGP 4 825 691 as at December 31, 2014).
Financial assets that carry fixed interest rates are amounted to EGP 175 867 as at December 31, 2015 (EGP 324 375 as at December 31, 2014).

		December 31, 2015	December 31, 2014
Time deposits	USD	2 392	322 032
Time deposits	EGP	173 475	1 607
Treasury bills	EGP	-	736
		175 867	**324 375**

(b) Credit risk

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

For banks, the Group is dealing with the banks which have a high independent rating and banks with a good solvency in the absence of an independent credit rating.
For suppliers and wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account their financial position, past experience and other factors.
For individuals the legal arrangements and documents accepted by the customer are minimizing the credit risk to its lowest level. Provisions are accounted for doubtful debts on an individual basis.
The ratio of allowance for impairment of accounts and notes receivables to the total debts is as following:

	December 31, 2015	December 31, 2014
Notes and accounts receivables	2 608 744	2 014 749
Impairment of accounts and notes receivable balances	(290 783)	(267 005)
The ratio of the allowance to total accounts and notes receivable	**11%**	**13 %**

(c) Liquidity risk

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

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Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

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 who use these financial statements and to maintain an optimal capital structure to reduce the cost of capital.

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

The gearing ratio at December 31, 2015 and December 31, 2014 were as follows:

	December 31, 2015	December 31, 2014
Total loans and borrowings and notes payable		
Loans, borrowings and overdrafts	5 233 274	4 825 691
Notes payable (short-term)- suppliers	78 125	143 458
Total loans and borrowings and notes payables	**5 311 399**	**4 969 149**
Less: Cash and cash equivalent	(1 188 704)	(1 177 577)
Letter of credit margin	(521 906)	(55 166)
Letter of guarantee margin	(19 966)	(73 099)
Net debt	**3 580 823**	**3 663 307**
Shareholders' equity	3 334 446	2 136 141
Total Shareholders' equity	**6 915 269**	**5 799 448**
Gearing ratio	**52%**	**63%**

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 less any estimated credit adjustments. The fair value of financial liabilities – for disclosure purposes – is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For the fair value of financial instruments that are not traded in an active market, The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the financial instruments or similar instruments are used for long-term debt.
Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. At the balance sheet date, the fair value of non-current liabilities do not significantly differ from their carrying amount, as the interest rates do not significantly differ

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

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 following represents the most significant assumptions and estimates which are used by the Group:

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. Impairment is recorded at values of the due amounts on the customers whom 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 previous years, also the inflation rate is not considered for this purpose.

The value of warranty provision is being determined by discounting expected future cash flows using a pre-tax rate in a manner that reflects the time value of money and related liability risks.

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 may have significant effects on the amounts recognized in the consolidated financial statements.

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5. Property, plant and equipment

	Lands & buildings	Machinery & equipments	Vehicles	IT infrastructures & computers	Fixtures & furniture	Leasehold improvements	Projects under construction *	Total
Cost								
Balance at 1 January 2015	1 888 118	657 401	628 880	87 519	174 339	16 155	230 905	3 683 317
Reclassification of some fixed assets	-	(38)	-	359	(1 148)	827	-	-
Foreign currency translation differences	(9 793)	811	382	238	3 697	(99)	930	(3 834)
Additions during the year	630 076	55 519	278 395	36 853	19 758	373	243 846	1 264 820
Transfers to investment under development**	(3 565)	-	-	-	-	-	-	(3 565)
Transfers from projects under construction	141 674	21 022	-	298	15 788	2 109	(183 544)	(2 653)
Disposals during the year	(286 256)	(5 578)	(119 834)	(320)	(8 365)	-	(2 906)	(423 259)
Balance at 31 December 2015	2 360 254	729 137	787 823	124 947	204 069	19 365	289 231	4 514 826
Depreciation								
Balance at 1 January 2015	108 007	210 460	234 049	51 836	81 698	8 423	-	694 473
Reclassification of some fixed assets	-	(9)	-	123	(542)	428	-	-
Foreign currency translation differences	114	161	78	147	1 143	(17)	-	1 626
Depreciation charge	34 266	53 247	122 961	16 072	22 957	3 237	-	252 740
Disposals during the year	(4 497)	(2 794)	(85 176)	(237)	(3 256)	-	-	(95 960)
Impairment of property, plant, equipment and project under construction during the year	-	1 343	-	-	115	-	133	1 591
Balance at 31 December 2015	137 890	262 408	271 912	67 941	102 115	12 071	133	854 470
Net book value at 31 December 2015	2 222 364	466 729	515 911	57 006	101 954	7 294	289 098	3 660 356
Net book value at 31 December 2014	1 780 111	446 941	394 831	35 683	92 641	7 732	230 905	2 988 844

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

** The development works has been completeted and has been recognized under investment property.

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

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

	December 31, 2015	December 31, 2014
Total contractual lease payments	23 679	8 004
Total purchase price on termination of leases	2	23
Average contracts life	5 Years	5 Years
lease payments for the year	6 514	2 870

Financial leased assets

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

	December 31, 2015	December 31, 2014
Cost	1 865 479	1 351 070
Accumulated depreciation	(249 707)	(191 382)
Net book value	**1 615 772**	**1 159 688**

6. Intangible assets

	Goodwill	Computer software	Knowhow	Total
Cost				
Balance at January 1, 2015	278 959	19 760	5 703	304 422
Foreign currency translation differences	9 106	-	-	9 106
Additions during the year	-	847	-	847
Transferred from projects under constructions	-	2 653	-	2 653
Balance at December 31, 2015	**288 065**	**23 260**	**5 703**	**317 028**
Accumulated amortization				
Balance at January 1, 2015	-	16 263	5 703	21 966
Amortization charge for the year	-	1 984	-	1 984
Balance at December 31, 2015	**-**	**18 247**	**5 703**	**23 950**
Net book value at December 31, 2015	**288 065**	**5 013**	**-**	**293 078**
Net book value at December 31, 2014	**278 959**	**3 497**	**-**	**282 456**

Goodwill

- On March 28, 2007, GB Auto company fully acquired the shares of Cairo Individual Transport Industries “CITI” by acquiring 49.03% which were owned by the minority at a value of EGP 209 997, in return of acquiring shares of GB Auto share capital increase (Note 21-C). The acquisition resulted in a goodwill amounting to EGP 177 million which represents the increase in the acquisition value over the net fair value of the acquired Company’s assets in the acquisition date. This goodwill has been allocated as an asset of the business of two and three wheels segment.

- On September 8, 2008, GB Auto Company fully acquired the shares of GB for financial lease (S.A.E) which its business is financial leasing with all its fields, and the acquisition resulted in goodwill amounted to EGP 1 million.
- During November 2010, the Group entered into 50% investment as a joint venture agreement in Almajmoa Alalamia; Litijaret Alsaiarat (GK), in Jordan, to acquire the existing business of Hyundai Vehicles Agency in Iraq, the joint venture agreement gives the group the power to govern the financial and operating policies of (GK) and as a result of this investment the group recognized a goodwill.

Impairment test of goodwill

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

	December 31, 2015	December 31, 2014
Two and three wheels	177 375	177 375
Hyundai Iraq sales	109 690	100 584
Financial leasing activity	1 000	1 000
	288 065	**278 959**

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

7. Notes receivables

	December 31, 2015	December 31, 2014
Long-term notes receivable (Note 12)	542 265	359 759
Interest income on installment sales	(125 768)	(82 703)
Net present value for long-term notes receivable	**416 497**	**277 056**
Impairment of long-term notes receivable	(2 167)	(2 159)
Net	**414 330**	**274 897**

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

8. Deferred tax assets and liabilities

	Note	Fixed and Intangible Assets	Carried forward losses	Inventory Provision	Warranty Provision	Legal Claims Provision	Total December 31, 2015	Total December 31, 2014
A. Deferred tax assets								
Balance at January 1,		11	7 850	8 656	18 965	35	35 517	21 270
Opening balances reclassification		5 230	(5 195)	-	-	(35)	-	-
Balance at January 1, after classification		5 241	2 655	8 656	18 965	-	35 517	21 270
Charged to the income statement		(4 416)	12 408	1 254	(4 123)	-	5 123	14 247
Balance at the end of the year		**825**	**15 063**	**9 910**	**14 842**	**-**	**40 640**	**35 517**
B. Deferred tax liabilities								
Balance at January 1,		(85 464)	-	-	-	-	(85 464)	(66 839)
Charged to the income statement		2 538	-	-	-	-	2 538	(18 625)
Balance at the end of the year		**(82 926)**	**-**	**-**	**-**	**-**	**(82 926)**	**(85 464)**
Net deferred tax liabilities		**(82 101)**	**15 063**	**9 910**	**14 842**	**-**	**(42 286)**	**(49 947)**
C. Net Deferred tax								
Balance at January 1,		(80 223)	2 655	8 656	18 965	-	(49 947)	(45 569)
Charged to the income statement	(30)	(1 878)	12 408	1 254	(4 123)	-	7 661	(4 378)
Balance at the end of the year		**(82 101)**	**15 063**	**9 910**	**14 842**	**-**	**(42 286)**	**(49 947)**

Unrecognised deferred tax assets

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

	December 31, 2015	December 31, 2014
Impairment of accounts and notes receivables	65 426	67 291
Impairment of other debit balances	1 217	1 628

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

9. Investment property

	December 31, 2015	December 31, 2014
Balance at January 1, 2015	606	3 117
Additions during the year	3 565	-
Developed investment property revaluation – Gain *	87 341	-
Disposals of the year	-	(2 511)
Balance at the end of the year (by the fair value)	**91 512**	**606**

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* Development investment property revaluation – gain has classified as other income in consolidated statement of income.

10. Inventories

	December 31, 2015	December 31, 2014
Goods in transit	940 125	553 443
Cars, buses and trucks	1 171 703	789 228
Raw material and car components	491 091	683 671
Spare parts for sale	264 052	231 478
Work in progress	56 452	55 043
Tires	81 622	77 710
Oils	15 158	1 056
Total	**3 020 203**	**2 391 629**
Impairment of inventory	(69 222)	(45 920)
Net	**2 950 981**	**2 345 709**

11. Non-Current assets held for sale

	December 31, 2015				**December 31, 2014**
	Land	Building	Investment	Total	Total
Cost	300 471	14 288	34 750	**349 509**	**314 759**
Accumulated depreciation	-	(1 615)	-	**(1 615)**	**(1 615)**
Impairment of non – current asset held for sale	-	-	(18 719)	**(18 719)**	**-**
Net book value at the end of the year	**300 471**	**12 673**	**16 031**	**329 175**	**313 144**

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

The Companies' management has decided to keep the long-term assets within the same classification according to the continuance of the company's management intention to use these assets as well as having the capability of doing so.

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12. Accounts and notes receivables

	December 31, 2015	December 31, 2014
Total notes receivable	1 650 927	1 041 198
Long-term notes receivable (Note 7)	(542 265)	(359 759)
Unamortized interest	(128 239)	(79 031)
Net present value for short-term notes receivable	**980 423**	**602 408**
Trade receivable	957 817	973 551
Total	**1 938 240**	**1 575 959**
Impairment of accounts and notes receivable balances	(288 616)	(267 005)
Net	**1 649 624**	**1 308 954**

13. Debtors and other debit balance

	December 31, 2015	December 31, 2014
Advance payments to suppliers	202 565	297 140
Withholding tax	143 631	156 521
Accrued interest	754	2 349
Letters of credit	521 906	55 166
Prepaid expenses	88 324	63 169
Deposits with others	10 956	17 740
Letters of guarantee margin	19 966	73 099
Staff loans and custodies	18 340	16 021
Other debit balances	63 268	103 201
Sales tax	-	22 257
Customs duties	5 206	3 016
Total	**1 074 916**	**809 679**
Impairment of debtor and other debit balances	(5 407)	(6 510)
Net	**1 069 509**	**803 169**

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.

Balances due from and to relate parties are as follows:

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Due from related parties	December 31, 2015	December 31, 2014
GB Trade-In Co.	1 477	1 451
GB For Import And Export	13 196	-
Itamco for import and export	2 582	-
Al Watania for Vehicles Accessories and spare parts	4 725	-
Al Watania for tires import	2 296	-
Itamco agriculture development	134	-
Berlin Shareholders' Current Account	-	3
El Bostan Holding	52 342	21 248
SARL SIPAC – Algeria	8 302	-
Kassed Shareholders' Current Account	-	81
El-Qalam Shareholders' Current Account	-	6 526
EL-Nabateen Shareholders' Current Account	1 149	838
	86 203	**30 147**

Due to related parties	December 31, 2015	December 31, 2014
Marco Polo Company	21 203	18 074
Executive directors	474	2 927
Kassed Shareholders' Current Account	31 694	-
El-Qalam Shareholders' Current Account	9 033	-
GK Auto Shareholders' Current Account	-	3 774
	62 404	**24 775**

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

			Transaction amount	
Related party name	Relation type	Transaction nature	December 31, 2015	December 31, 2014
Executive Directors	Board of director members	Cash transfers	(2 453)	(3 826)
	Board of director members	Top management salaries	22 312	19 407
El Bostan Holding	Shareholder in one of the subsidiaries	Cash transfers	31 094	21 197
GB Trade-In Co.	Shareholder in one of the subsidiaries	Cash transfers	26	27
GB for import and export.	Related Party	Cash transfer	13 196	-
Al Watania for Vehicles Accessories and spare parts	Related Party	Cash transfer	4 725	-
SARL SIPAC – Algeria	Related Party	Cash transfer	8 302	-
Kassed Shareholders' current account	Shareholder in one of the subsidiaries	Cash transfers	3 550	81
	Shareholder in one of the subsidiaries	Dividends	(35 325)	-
Itamco agriculture development	Related Party	Cash transfers	134	-
El- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Cash transfers	(15 559)	17 256

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El-Nabateen Shareholders' current account	Shareholder in one of the subsidiaries	Cash transfers	311	186
GK Berline Shareholders' current account	Shareholder in one of the subsidiaries	Cash transfers	(3)	3 488
Marco Polo Company	Shareholder in one of the subsidiaries	Cash transfers	(3 129)	3 576
Itamco for Import and Export	Related Party	Cash transfers	2 582	-
Al Watania For Tires Import	Related Party	Cash transfers	2 296	-
GK Auto Shareholder current account	Shareholder in one of the subsidiaries	Cash transfers	3 744	1 591

15. Treasury bills

	December 31, 2015	December 31, 2014
Treasury bills (par value)	-	733
Total Interest income	-	3
Total paid for treasury bills	-	736
Balance at the end of the year	-	736

16. Cash on hand and at banks

A. Cash on hand and at banks

	December 31, 2015	December 31, 2014
Cash on hand and cash at banks	1 188 704	1 176 841
	1 188 704	1 176 841

B. Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and cash at banks	1 188 704	1 176 841
Treasury bills less than 91 Day	-	736
	1 188 704	1 177 577

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17. Provisions

	Legal Claims	Warranty Provision	Other Provisions	Total
Balance at January 1, 2015	5 773	77 306	30 313	113 392
Provisions formed during the year	21	21 026	30 093	51 140
Provisions utilized during the year	(647)	(12 485)	(94)	(13 226)
Provisions no longer required	-	(17 662)	-	(17 662)
Balance at December 31, 2015	5 147	68 185	60 312	133 644
Balance at 1 January 2014	8 318	34 907	22 399	65 624
Foreign currency translation differences	-	-	6	6
Provisions formed during the year	2 250	51 100	8 144	61 494
Provisions utilized during the year	(4 795)	(8 123)	(236)	(13 154)
Provisions no longer required	-	(578)	-	(578)
Balance at December 31, 2014	5 773	77 306	30 313	113 392

Legal claims

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group, and management opinion, after taking appropriate legal advice, that the outcome of these legal claims will not exceed significantly the provision formed as at December 31, 2015.

Warranty provision

The Group provides warranty on its products and guarantees to either fix or replace the products that are not working properly, and the Group has estimated its warranty liability to be EGP 68 185 at the end of the period for expected warranty claims in the light of management experience for repair and returns level in previous years.

The warranty provision includes a long term provision amounted to EGP 54 741 (December 31, 2014 EGP 64 753).

Other provisions

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

18. Income tax liabilities

	December 31, 2015	December 31, 2014
Balance at 1 January	76 942	13 421
Taxes paid during the year	(68 433)	(22 307)
Income tax during the year (Note 30)	53 046	85 828
Balance at the end of the year	61 555	76 942

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19. Loans, borrowings and overdrafts

	December 31, 2015			December 31, 2014		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	3 862 541	-	**3 862 541**	3 246 050	-	**3 246 050**
Loans	472 260	817 779	**1 290 039**	331 567	656 140	**987 707**
Related parties loans	-	80 694	**80 694**	567 221	24 713	**591 934**
Total	**4 334 801**	**898 473**	**5 233 274**	**4 144 838**	**680 853**	**4 825 691**

A. Banks overdraft
The average interest rate on the outstanding Egyptian Pounds and the US Dollars bank overdraft are 11.76% and 4% respectively.

B. Loans from related parties
- The Group obtained loans from Marco Polo [a related party - Brazil] in US dollars with an interest rate of LIBOR + 3%. These loans balance amounted to EGP 80 694 thousands as at December 31, 2015 and to be settled on an annual installments.
- On June 2, 2014, the ordinary general assembly meeting agreed unanimously after abstention Dr. Raouf Kamal Hanna Ghabbour (the main shareholder) from voting, upon signing 2 loan contracts from the main shareholder of the Company, and the loans contracts were signed on 3 June 2014, the following is a summary of the important conditions for the contracts.

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

- The short-term loans balance from the main shareholder as at December 31, 2014 includes interest charged to the loans principal from the beginning date of the withdrawals.
- On June 29, 2014 the main shareholder noticed the company his intention not to renew the loans, accordingly the balance becomes due and payable. (Cash payable by the company).
- At December 31, 2014, the main shareholder notifies the company`s management through assignment of rights to transfer part of the principle of the loan with the company as at June 3, 2014, with an amount of 273 million Egyptian Pound and 70 million US$, by amount 30 931 489 USD to other shareholders and the outstanding balances due to each shareholders are shown as follows :

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

- The Board of Directors in his meeting held at February 15, 2015, has agreed upon the due transfers mentioned above of the current cash due debt for the main shareholder.
- The fair value of the loans is near to its book value.

- On May 25, 2015, the Egyptian Financial Supervisory Authority has agreed to use an amount of EGP 485 446 686 to increase the Capital through the outstanding balances due to shareholders according to the company financial statement on December 31, 2014 which approved on March 30, 2015 from the economic sector of the General Authority For Investment and Free Zones, In addition to the amount of EGP 4 854 466 was used as expenses of shares issuance premium and paid the remaining balance.
- The analysis of the loans and banks overdraft balances according to their maturity dates is as follows:

	December 31, 2015	December 31, 2014
Less than one year	4 334 124	4 144 838
More than one year and less than five years	899 150	680 853
	5 233 274	**4 825 691**

20. Trade payables and other credit balances

	December 31, 2015	December 31, 2014
Trade payables	1 277 279	698 681
Other credit balances	25 687	96 748
Advances from customers	129 803	147 012
Tax Authority	53 495	74 921
Accrued expenses	220 278	120 257
Notes payables	78 125	143 458
Dividends payable	1 196	6 295
Deferred revenues	10 580	10 971
	1 796 443	**1 298 343**

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Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

21. Paid-in capital

	December 31, 2015	December 31, 2014
Authorized capital (5 000 000 000 shares with par value EGP 1 each)	5 000 000	400 000
Issued and paid capital (1 094 116 833 shares of EGP 1 each)	1 094 117	135 445
Treasury shares write off (107 thousand shares)	(107)	(107)
	1 094 010	**135 338**

Treasury shares write off

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

Public and private subscription

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

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

a. Public subscription

The public subscription was opened on 2 July 2007 and closed at the end of the working day of 22 September 2007. The shares have 7.5 million shares with total amount of EGP 277 500 000 and the subscription was received in 29 703 533 shares with a total amount of EGP 1 099 030 721 (only one billion ninety-nine million thirty thousand seven hundred twenty one EGP). The percentage of coverage approximately reached 3.96 times from the number of shares offered for subscription.
The first allocation was done by offering each subscriber 150 shares and the second allocation on the basis of the residual amount of shares subscribed by the subscriber (after deducting 150 shares) to the total shares subscribed after deducting the total shares that were allocated through the first allocation.
In the allocation, fractions of the shares were rounded up in the favor of investors with smaller subscription amounts. The second allocation rate reached the value of 20.33%.

b. Private placement

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

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

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

d. Private placement (Almora Resources)

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

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Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

e. Private placement (Capital Increase)

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

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

22. Shares of the Company held by the Group

Shares of the Company held by the Group represented in the shares owned by one of the Companies of the Group amounted to 26 506 119 shares at the par value of EGP 26 506 thousand in GB Auto Company capital which is acquired by Almora resources Company one of the Group subsidiaries which is 100% owned.

The acquisition cost amounted to EGP 126 231 thousands. The share premium transferred to special reserve has been reduced by the difference between the acquisition cost and the par value amounted to EGP 99 725 thousands.

23. Legal reserve

	December 31, 2015	December 31, 2014
Balance at 1 January	267 265	265 125
Transferred to legal reserve	29 305	2 231
Changing in minority without changing in control	-	(91)
Balance at the end of the year	**296 570**	**267 265**

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

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

Share premium

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

GB Auto (S.A.E.)

Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

	December 31, 2015	December 31, 2014
Share premium	1 175 691	1 175 691
Less		
Issuance cost	(35 878)	(35 878)
Share premium of the shares of the Company held by the group	(99 725)	(99 725)
Share premium balance	**1 040 088**	**1 040 088**
Transferred to legal reserve	(64 400)	(64 400)
	975 688	**975 688**

The share premium represented in the difference between the amount paid and par value for issued shares, as follows:

	Paid amount	No. of shares (in thousands)	Par value	Issued capital	shares issuance premium
Public subscription	277 500	7 500	EGP 1	7 500	270 000
Private subscription	618 357	16 712	EGP 1	16 712	601 645
Private subscription (for Cairo Individual Transport Industrial shareholders)- "CITI"	209 997	5 676	EGP 1	5 676	204 321
Private subscription (Almora Resources Company)	126 231	26 506	EGP 1	26 506	99 725
	1 232 085	**56 394**		**56 394**	**1 175 691**

24. Other reserves

	Foreign currency translation reserve	ESOP – Fair value	Payments under capital increase	Fixed asset evaluation surplus	Special reserve	Total
Balance as at 1 January 2015	46 519	53 628	(4 514)	2 498	968 653	**1 066 784**
Foreign currency translation differences	68 756	-	-	-	-	**68 756**
ESOP fair value	-	18 663	-	-	-	**18 663**
Capital increase issuance costs	-	-	-	-	(1 214)	**(1 214)**
Balance at December 31, 2015	**115 275**	**72 291**	**(4 514)**	**2 498**	**967 439**	**1 152 989**

The special reserve represented in the transferred amount from the net share premium on 2007 less the amount transferred to the legal reserve (Note 23).

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

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

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Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

25. Non-Controlling interests

	Capital	Reserves	Legal Reserve	Retained earnings	Total December 31, 2015	Total December 31, 2014
Balance at 1 January	438 820	53 051	23 067	122 844	**637 782**	**618 275**
Net profit for the year	-	-	-	(41 581)	**(41 581)**	**61 701**
Foreign currency translation differences	-	26 700	-	-	**26 700**	**(1 703)**
Capital increase	10 678	-	-	-	**10 678**	**1 563**
Transferred to legal reserve	-	-	7 534	(7 534)	**-**	**-**
Changing in Non-controlling interests without changing in control	2 080	-	-	2 061	**4 141**	**9 970**
Dividends	-	-	-	(29 060)	**(29 060)**	**(52 024)**
Balance at the end of the year	**451 578**	**79 751**	**30 601**	**46 730**	**608 660**	**637 782**

26. Notes payables and creditors (long-term)

	December 31, 2015 Present Value	December 31, 2015 Notes Payable	December 31, 2014 Present Value	December 31, 2014 Notes Payable
Total notes payables and creditors	78 125	78 125	143 458	143 458
Notes payable Less than 1 year (Note 20)	(78 125)	(78 125)	(143 458)	(143 458)
Total	-	-	-	-

27. Amounts under settlement of financial lease contracts

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

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

28. Provisions

Provisions no longer required	December 31, 2015	December 31, 2014
Warranty provision	17 662	578
Impairment of accounts and notes receivables, debtors and other debit balances.	1 514	416
Total provisions no longer required	**19 176**	**994**

GB Auto (S.A.E.)
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Provisions formed	December 31, 2015	December 31, 2014
Warranty provision	(21 026)	(51 100)
Impairment of accounts and notes receivable , debtors and other debit balances	(16 929)	(5 631)
Impairment of investment in GB North America	-	(1 665)
litigation provision	(21)	(2 250)
Other provisions	(30 093)	(8 144)
Total provisions formed	**(68 069)**	**(68 790)**
Net provisions in the income statement	**(48 893)**	**(67 796)**

The movement of current and non-current assets impairment represented as follow:

	Balance at 1/1/2015	Impairment during the year	Reversal of Impairment during the year	Used during the year	Currency Differences	Balance at 31/12/2015
Impairment of Accounts & Notes receivable	269 164	16 703	(185)	(661)	5 762	**290 783**
Impairment of Debtors & Other debit balances	6 510	226	(1 329)	-	-	**5 407**
	275 674	**16 929**	**(1 514)**	**(661)**	**5 762**	**296 190**
Impairment of Inventory *	45 920	26 536	(4 131)	-	897	**69 222**
	321 594	**43 465**	**(5 645)**	**(661)**	**6 659**	**365 412**

* The formed and reversal of inventory impairment are charged in cost of sales at income statement.

29. Finance costs - net

	December 31, 2015	December 31, 2014
Interest income	43 876	7 651
Installment sales interest	2 158	1 310
Total finance income	**46 034**	**8 961**
Interest expenses and bank charges	(383 860)	(373 785)
Bonds Interest expenses	-	(11 575)
Net foreign exchange differences losses	(175 439)	(155 139)
Total finance cost	**(559 299)**	**(540 499)**
Net finance cost	**(513 265)**	**(531 538)**

30. Income tax

	December 31, 2015	December 31, 2014
Current income tax for the year (Note 18)	53 046	85 828
Deferred tax (Note 8)	(7 661)	4 378
Income tax for the year	**45 385**	**90 206**

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

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

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

At April 6, 2015 ministry decree No. (2/11) was issued for the year 2015 modifying the amendments of the Executive regulations of the income taxlaw issued by ministry decree No.91 for the year 2005.
On August 20, 2015, the presidential decree for law No. 96 for the year 2015 has been issued to amend the provisions of income tax law No. 91 for the year 2005 and the decree
No. 44 for the year 2014 that imposing a temporary additional income tax, this decree shall be in effect from the next day of issuance. The most important changes included in the decree are as follows:

1. The income tax rate will decrease to be 22.5 % from the annual net profit.
2. Amend the period of imposition the 5 % temporary tax.
3. Amend the tax on dividends.
4. Ceasing the tax impose of the capital gains resulted from sale capital shares and securities that are listed in capital market for two years starting from 17/5/2015.

31. Earnings per share

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

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

	December 31, 2015	December 31, 2014
Net profit for the period attributable to shareholders	233 095	173 989
Weighted average number of ordinary shares issued	681 883	125 636
Basic earnings per share/ EGP	**0.342**	**1.38**

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

	December 31, 2015	December 31, 2014
Net profit for the period attributable to shareholders	233 095	173 989
Weighted average number of ordinary shares issued	681 883	125 636
Diluted earnings per share/ EGP	**0.342**	**1.38**

GB Auto (S.A.E.)

Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

32. Income statement by nature

	2015	2014
Sales	12 264 689	12 322 079
Direct manufacturing cost	(10 360 841)	(10 208 656)
Employees' salaries and benefits	(155 127)	(123 196)
Other costs	(154 358)	(408 560)
Gross Profit	**1 594 363**	**1 581 667**
Interest income	43 876	15 471
Employees' salaries and benefits	(404 828)	(298 922)
Other income	126 302	57 072
Provisions no longer required	19 176	994
Interest on installment sales	2 158	1 128
Interest expense	(360 888)	(362 495)
Bonds interest expenses	-	(11 575)
Investment losses	(5 688)	-
Impairment of property, plant, equipment and project under construction.	(1 591)	-
Impairment of non - current asset held for sale	(18 719)	-
ESOP Fair value	(18 663)	-
Selling and marketing expenses	(120 643)	(103 838)
Rent expense	(79 580)	(69 206)
Forex (loss)-net	(175 439)	(155 685)
Depreciation and amortization	(46 689)	(39 950)
Transportation	(24 467)	(24 094)
Provisions formed	(68 069)	(68 790)
pConsulting and advisory services	(17 446)	(12 844)
Vehicles expenses	(22 996)	(23 949)
IT, network and pc's expenses	(13 171)	(8 299)
Hounability	(7 832)	(6 685)
Governmental fees	(21 236)	(10 421)
Safety and security expenses	(11 887)	(10 665)
Insurance	(8 812)	(7 545)
Telecommunication	(7 589)	(6 091)
Other expenses	(21 332)	(28 840)
Administration supplies	(3 165)	(10 861)
Utilities	(17 738)	(7 580)
Bank charges	(22 972)	(23 577)
Repair and maintenance	(5 552)	(11 256)
Shipping	(5 646)	(3 165)
Gifts	(1 513)	(799)
Donations	(32 666)	(21 637)
Public relations expenses	(2 159)	(1 667)
Net profit of the year before tax	**236 899**	**325 896**

GB Auto (S.A.E.)

Notes to the consolidated financial statements for the financial year ended December 31, 2015

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

33. Segmental reporting

	Passenger Cars		Buses and Trailers		Two & Three Wheels		Other Operations		Total	
Results of operations	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenues	7 489 940	8 909 887	1 327 913	912 874	1 997 282	1 334 047	1 449 554	1 165 271	12 264 689	12 322 079
Segment result	793 044	1 010 764	175 843	98 080	346 694	245 557	278 782	227 266	1 594 363	1 581 667
Selling and Marketing expenses									(364 486)	(298 599)
Administrative expenses									(512 461)	(413 558)
Provisions (net)									(48 893)	(67 796)
ESOP fair value									(18 663)	-
Investment losses									(5 688)	-
Impairment of non-current assets held for sale									(18 719)	-
Impairment of property, plant, equipment and project under construction									(1 591)	-
Other revenue									126 302	55 720
Operating profit									750 164	857 434
Finance costs (net)									(513 265)	(531 538)
Net profit for the year before tax									236 899	325 896
Income tax									(45 385)	(90 206)
Net profit for the year after tax									191 514	235 690
Profit is attributable to:										
owners of the parent company									233 095	173 989
Non-Controlling interests									(41 581)	61 701
									191 514	235 690
Segment assets	5 861 073	4 334 995	2 227 599	253 944	619 488	398 716	3 090 062	4 597 475	11 798 222	9 585 130
Total distributed assets	5 861 073	4 334 995	2 227 599	253 944	619 488	398 716	3 090 062	4 597 475	11 798 222	9 585 130
Segment liabilities	4 386 844	3 973 783	1 006 305	633 657	377 288	160 308	2 114 679	2 043 459	7 885 116	6 811 207
Capital expenditures	191 593	134 514	74 254	54 747	33 952	984	965 865	829 657	1 265 664	1 019 902
Depreciation	66 395	57 769	27 441	28 158	3 346	1 331	157 542	111 888	254 724	199 146

GB Auto (S.A.E.)
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34. Contingent assets and liabilities

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

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

	December 31, 2015	December 31, 2014
USD	727 445	251 020
EGP	153 301	115 925
Japanese Yen	207	230
Euro	2 569	59 355

35. Capital commitments
The capital contractual expenditure of the Group at the consolidated interim financial statements date reached EGP 229 257 (EGP 104 217 as at December 31, 2014) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

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

	Percentage of ownership
RG Investment "S.A.E."	100%
International Trade Agencies and Marketing Co. (ITAMCO) "S.A.E."	99.449%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) "S.A.E."	99.528%
Ghabbour Continental Trading Co. (GCT) –Alex "S.A.E."	100%
GB Polo Buses Manufacturing "S.A.E."	51%
Almora Recourses Co. "B.V.I."	100%
Haram Transportation Co. "S.A.E."	99%
GB Company for financial lease "S.A.E."	100%
Haram for transpiration Tourism "S.A.E."	100%
GB Allab Company	66.20%
Masters Automotive Company "S.A.E."	75%
Microfinance consultancy Services (Mashro'ey) "S.A.E."	80%
Universal Group for Automotive Trading (GK)	50%
GB Logistics "S.A.E."	99.98%
GB Capital "S.A.E."	99%
Gulf Company	100%
Drive Automotive "S.A.E."	90%
Drive Finance "S.A.E."	76%
Ghabbour Al Qalam	68%
GB Global Company	100%
GBR Company	54%
GBR Services Company	48.80%
Egypt Auto Mall Company "S.A.E."	99%
GB El Bostan	60%
Ghabbour general trade	25%
Egypt Tires Market "S.A.E."	90%
Pan African Company "S.A.E."	100%
Tires & more Company "S.A.E."	100%
Suez canal logistic services Co. "S.A.E."	100%
GB Automotive manufacturing Co. "S.A.E."	100%
Ready Parts for automotive spare parts "S.A.E."	100%
GB Light transport manufacturing company (GB LTMC) "S.A.E."	100%
Tasaheel Microfinance company ((Tasaheel)) "S.A.E."	90%
GB for heavy truck and construction equipment trading "S.A.E"	100%

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