GHABBOUR AUTO

ANNUAL REPORT

BACK TO BASICS

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

PERFORMANCE
SPEAKS FOR ITSELF

GB Auto has leveraged its unmatched position in the industry to provide world-class automotive and non-bank financial service excellence.

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Message From the CEO

We knew heading into 2016 that it would be a challenging year, not just for GB Auto but for the entire Egyptian business community. From the start, we were faced with the continuation of a foreign currency crisis in our home market and a tumultuous economic background for our regional operations. Based on this, we aligned our strategy throughout the year with two fundamental aspects: aggressively securing foreign currency required to build up inventory and passing on price increases to end consumers.

Believing in the solid fundamentals of the automotive market in Egypt, we employed throughout the year a calculated price-passing strategy that consumers seemed to take in stride for the first three quarters of the year. We raised prices on passenger cars by an average of 40% between January 2016 and October 2016 and ensured we replenished our stock of in-demand vehicles. Revenues for the year grew 24.6% y-o-y and we captured an all-time high market share of 45% in April 2016, closing the full year at 36.8% versus 26.8% the year before.

We were aware, however, that the sales momentum we had experienced would not be long lived as we sat in wait of the anticipated, historic floatation of the Egyptian pound. The day came on 3 November 2016. With the lion's share of the true cost of foreign exchange already passed on to consumers, we rolled out another 15% price increase on passenger cars between November 2016 and March 2017. As anticipated, unit sales fell from almost 5,800 in October 2016 to c.2,600 units in November and December, and into a trough in demand of just over 200 vehicles in February 2017.

The market was paralyzed as it adapted to its new realities, supported by the performance of our Motorcycle & Three-Wheeler segment where sales declined from 9,000 units in October to about 2,000 in November, but quickly recovered to around 5,000 in December. This was the first indication that consumer demand would come back. To test the waters, we rolled out discount pricing in a special sale the first week of March 2017, cutting prices temporarily by an average of 10-15% across our Passenger Car portfolio. Despite cars still being priced at a premium to October 2016 sticker prices, customers quickly returned to our showrooms with a significant number of walk-ins.

As we go into 2017, we are beginning to see clear signs that consumers will remain enthusiastic buyers of passenger cars, motorcycles and three-wheelers. At the price of short-term pain, we have gained a new, healthier outlook on our core market that leaves us optimistic about the resilience of the Egyptian consumer and the prospects of our business.

We believe our Motorcycle and Three-Wheelers line of business is set to make an even faster recovery than Passenger Cars considering three-wheelers both serve demand for transportation and are themselves revenue-generating for their owners. After finalizing technical assistance agreements with Bajaj to provide engineering data and technical know-how and expertise pertaining to the making of the Boxer 150 and Auto-Rickshaw models, we are currently on track to construct new component manufacturing hangers, and purchas-

ing machines and equipment for new painting and welding shops to support the growth of this line of business.

Throughout this period, the diversity of our product portfolio has stood us in good stead, with our Commercial Vehicles & Construction Equipment, After-Sales, and Financing Businesses continuing to deliver solid performances after the float of the Egyptian pound and throughout the first three months of 2017. Our expectation is that they will become increasingly important as our Egyptian Passenger Car business returns to profitability.

For one, the Commercial Vehicles & Construction Equipment line of business continued its solid growth trajectory throughout the year, with revenues climbing on a quarterly basis. The segment is anticipated to benefit from the Egyptian government's emphasis on infrastructure development in the years to come, particularly within the bus segment. The year saw us successfully deliver 150 vehicles to the CTA and 10 Viaggio 1050 buses, which is expected to see us overtake Super Jet to occupy a leadership position in the city and intercity segments. We also successfully penetrated the tourism segment after a delivery made to TEZ and Carols in 2016, which is anticipated to further boost profitability for the segment as the tourism industry revs up for a recovery.

Likewise, the After-Sales division has become increasingly important during this time as customers sought out our exceptional maintenance services to increase vehicle lifetime. The segment posted solid growth under all three divisions it covers, with service centers running at higher-than-average capacity utilization rates to cope with this increasing demand. We plan to continue expanding our branch network and upgrade our service centers to cater to an even larger demographic.

Our Financing Business was also a top-performer in 2016, showing growth with a healthy loan portfolio and a coverage ratio in excess of 100%. It is expected to continue to perform well into 2017 and beyond. We expect to roll out new, innovative products across our portfolio of financing ventures, catering to the unique demands of our customers.

As a believer in the solid fundamentals of the Egyptian automotive market, GB Auto has valued long-term growth more than short-term gains. While we anticipate the float of the Egyptian pound is a challenge our business and others will be managing into 2018, we stand by the majority of the Egyptian business community in welcoming the government's extensive basket of reforms, seeing them as the future of the automotive industry. We believe the finalization of the Automotive Directive's pro-local industry policies are set to support both local automotive players and national economic development.

2017 is providing to be challenging. With higher than usual inventory and debt levels at the end of 1Q17, in addition to the 200 bps hike in interest rate in May 2017, just before the release of this Annual Report, our strategy has shifted quite fast to conduct an inventory and debt reduction program that would see us return to a leaner form by the end of the year

I would like to extend my sincere gratitude for all your support throughout both the challenging times behind us and the road ahead. We are under no false assumptions that the journey forward will be without bumps in the road, but stand rooted in our belief that companies like GB Auto who weather the storm now, will reap substantial rewards as we roll out new products, technologies, and partnerships that will both boost customer satisfaction and maximize value for shareholders.

Dr. Raouf Ghabbour, CEO

Summary Overview of Performance by Line of Business*

(LE million)	2016	2015	Change
Egypt Passenger Cars			
Revenue	8,016.1	5,713.1	40.3%
Total Gross Profit	942.3	647.9	45.4%
Gross Profit Margin	11.8%	11.3%	0.4
Egypt Motorcycles and Three-Wheelers			
Revenue	1,708.2	1,892.5	-9.7%
Gross Profit	241.2	328.7	-26.6%
Gross Profit Margin	14.1%	17.4%	-3.3
Commercial Vehicles and Construction Equipment			
Revenue	1,113.3	1,216.9	-8.5%
Gross Profit	201.3	167.7	20.0%
Gross Profit Margin	18.1%	13.8%	4.3
Egypt Tires			
Revenue	462.5	203.2	-
Gross Profit	101.3	27.5	-
Gross Profit Margin	21.9%	13.6%	8.4
Financing Businesses			
Revenue	1,739.6	1,046.2	66.3%
Gross Profit	404.9	233.8	73.2%
Gross Profit Margin	23.3%	22.3%	1.0
Egypt After-Sales			
Revenue	826.2	569.1	45.2%
Gross Profit	262.0	164.4	59.4%
Gross Profit Margin	31.7%	28.9%	2.8
Regional			
Revenue	1,201.4	1,544.6	-22.2%
Gross Profit	19.6	25.0	-21.4%
Gross Profit Margin	1.6%	1.6%	-
Others			
Revenue	218.5	79.0	-
Gross Profit	29.6	9.0	-
Gross Profit Margin	13.5%	11.3%	2.2
Group			
Revenue	15,285.7	12,264.7	24.6%
Gross Profit	2,202.1	1,603.9	37.3%
Gross Profit Margin	14.4%	13.1%	1.3

** All figures provided above are net after elimination of inter-company accounts*

BANKING ON DIVERSITY

The success of GB Auto's business model lies in its diverse LOBs that cushion its primary operations in times of downturn

HIGHLIGHTS OF 2016

15.3 LE BN

Group Revenues

14.4%

Group Gross Profit Margin

2.2 LE BN

Group Gross Profit

LUBRICANTS

Began generating significant income and showed impressive growth during 2016

BAJAJ

GB Auto finalized technical assistance agreements with Bajaj to provide expertise on making the Boxer 150 and Auto-Rickshaw models

FABRIKA

Grew revenues 184.1% y-o-y, with a top line of LE 119.3 mn vs LE 42.0 mn last year, continuing its expansion trajectory

** Factoring out FX losses of LE 1.1 billion.*

345.9 LE MN
Group Net Profit*

36.8%
Total Market Share in Egypt

2.2%
Group Net Profit Margin*

NEW BRANDS

Added Double Coin and Westlake tires to its portfolio, in addition to its own Verde brand in the Egyptian Agro tire sphere

AFTER-SALES

Soaring demand for GB Auto’s after-sales services saw centers running at higher-than-average capacity utilization rates in 2016

GB POLO

Delivered 10 Viaggio 1050 buses, which is expected propel GB Auto into a leadership position in the city and intercity segments

GB Auto at a Glance

Expanding high-margin business, emphasizing export growth.

With seven primary lines of business across four major markets in the Middle East and North Africa, GB Auto is a leading automotive company in the region and non-bank financial services provider in Egypt. The company is focused on automotive assembly, manufacturing, sales & distribution, after-sales services, which include vehicle servicing and related products, and the financing businesses.

GB Auto's partners include the leading global brands of Hyundai, Mazda, Geely, Chery, Karry, Bajaj, Marcopolo, Iveco, Volvo, Sino Truck, Mitsubishi Fuso, SDLG, AKSA, YTO, Gazprom Neft, Lassa, Yokohama, Westlake, Waterfall, Triangle, Diamond Back, Avon, Double Coin, Grandstone, Goodyear, Jumbo, and Monroe.

The company also has five non-bank financial subsidiaries, launched with the aim of offering financing options to all client categories from major corporations and small and medium enterprises to retail clients and individuals eligible for micro credit. In addition to the standalone success of each subsidiary, some of the finance companies are essential sales drivers for the Passenger Cars (Drive and Haram Tourist Transport) and Motorcycles & Three-Wheelers (Mashroey) lines of business.

For more on GB Auto's business units, kindly turn to page 20 of this Annual Report.

GB Auto's assembly operations include passenger cars, commercial vehicles, and motorcycles and three-wheelers. It also designs and manufactures complete buses, semi-trailers, and superstructures — with the exception of chassis — in the Greater Cairo and Suez Canal areas.

With a decades-long history in the industry, GB Auto has built a solid 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 more recently done the same with Geely and Mazda at unique price points. GB Auto's growing regional after-sales service network includes 14 passenger cars with 802 bays and 6 commercial vehicle outlets in Egypt, in addition to 15 passenger car service centers in Iraq. With new vehicle sales, the company's service and parts outlets make GB Auto a fully integrated, "one-stop-shop" automotive provider that delivers on promises of lower ownership costs and real value to customers.

A FUTURE BUILT ON
HERITAGE

With decades-long track record in the industry, GB Auto has leveraged its experience and reputation to emerge as the leading automotive player in the region

Egypt Passenger Cars

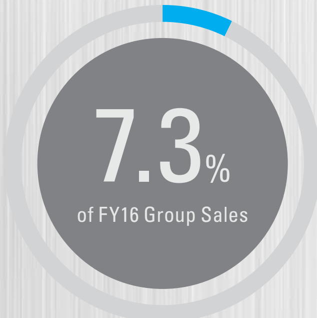
- Assembly and distribution of imported completely-knocked-down (CKD) kits with a production capacity of around 70,000 units per year for the Egyptian market
- Distribution of imported completely-built-up (CBU) vehicles
- Financing options provided through Drive
- **Brands:** Hyundai, Mazda, Geely, Chery

Egypt Motorcycles & Three-Wheelers

- Distribution of motorcycles and three-wheelers ("tuk-tuks")
- Financing options provided through Mashroey
- **Brands:** Bajaj

Egypt Commercial Vehicles & Construction Equipment

- Assembly and distribution of trucks
- Bus-body manufacturing; distribution of buses
- Manufacturing and distribution of superstructures and trailers
- Distribution of construction and farming equipment
- **Brands:** Mitsubishi, Volvo, Iveco, Fuso, YTO, Marcopolo, Monroe, Karry, SDLG, AKSA



Egypt Tires

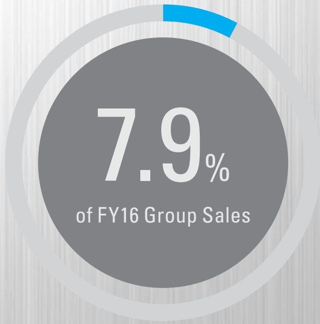
- Distribution of passenger car, van, truck, construction equipment and bus tires
- **Brands:** Yokohama, Lassa, Westlake, Double Coin

Egypt After-Sales

- After-sales services and distribution of spare parts for passenger cars, motorcycles & three-wheelers, and commercial vehicles
- The largest cross-country network of its kind
- Constant and ongoing expansion of network and service center capacities

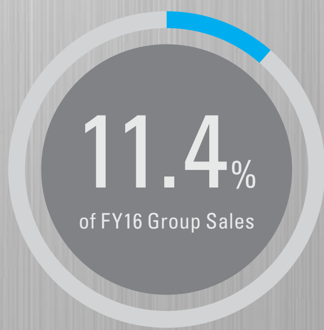
Regional

- Distribution of imported completely-built-up (CBU) passenger car units in Iraq (Hyundai) and Algeria (Geely)
- Distribution of Bajaj motorcycles & three-wheelers in Iraq
- Distribution of Westlake, Diamond Back, and Jumbo tires in Iraq; Avon, Diamond Back, Triangle, Waterfall, and Jumbo in Jordan; and Goodyear, Lassa, and Grandstone in Algeria
- The company operates after-sales service centers in both Iraq and Algeria
- **Markets:** Algeria, Iraq, Jordan
- **Brands:** Hyundai, Geely, Bajaj, Westlake, Diamond Back, Jumbo, Avon, Triangle, Goodyear, Lassa, Grandstone



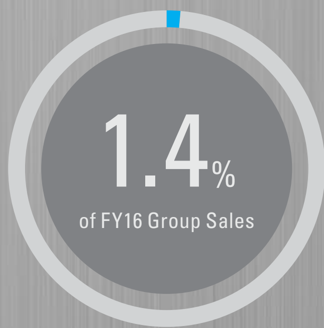
Financing Businesses

- GB Auto's Financing Businesses cater to all market segments
- GB Lease provides business-to-business financial leasing solutions, with diversified assets financed, including real estate, equipment, production lines, automotive and other asset classes
- Mashroey offers asset-based micro lending to eligible clients for the purchase of motorcycles, tuk-tuks, YTO tractors and motor tricycles
- Drive offers factoring services of auto and non-auto products to retail and SMEs
- Haram Tourism Transport (HTT) provides car rental services on a quasi-operational lease basis
- Tasaheel offers microfinance lending solutions to micro-entrepreneurs throughout Egypt, with a specific focus on group lending to women
- **Market:** Egypt
- **Companies:** GB Lease, Mashroey, Drive, Haram Tourism Transport, Tasaheel



Others

- Parts and lubricants business, PAL, distributes Gazprom Neft Lubricants in Egypt
- The pre-owned vehicles division rolled out a Western-style pre-owned car operation under the brand name Fabrika
- GB Pre-owned construction equipment and heavy trucks trading
- Retail division 360 operates after-sales and retail outlets, distributing tires, tire parts, batteries, parts, and lubricants and will also offer related services in various locations
- **Market:** Egypt
- **Companies:** PAL, Fabrika, 360



PERFORMANCE NEEDS NO WORDS

YOU CAN SEE IT

Management Review and Financial Performance

Despite the challenges faced in 2016, GB Auto reported solid figures for the year compared to competitors, expecting to return to normalized levels in the years to come.

GB Auto's overall annual sales revenues increased by 24.6% y-o-y in FY16 owing to the company's competitive pricing power within an inflationary environment.

4Q16 witnessed increased pressures relative to the three preceding quarters where the float of the Egyptian pound on 3 November 2016 diminished consumers' purchasing power and applied downward pressure on demand during the final two months of the year — with volumes declining relative to the record unit sales and strong revenues across all divisions in October 2016. Nevertheless, GB Auto closed 4Q16 with a 52.9% y-o-y increase in sales versus 4Q15.

Operating profit grew more than revenues, up c.40% y-o-y to LE 1.0 billion in FY16 versus the LE 742 million posted in the previous year. However, improved profitability was offset by several factors, including FX losses of LE 1.2 billion, which was a non-cash expense recorded following the revaluation of foreign currency exposure, which stood at $106.6 million on 31 December 2016.

The Group recorded an increase in finance cost owing to official interest rate hikes (+5.5% versus last year), reaching LE 642 million in FY16 as well as incurring additional working capital requirements for day-to-day operations. Following the devaluation in November and with weakened market demand, cash levels were pressured as the company continued to accumulate inventory while sales were significantly slower.

The Group's market leadership was successfully expanded, with GB Auto's market share increasing to c.36.8% for FY16 versus 26.8% in FY15. The Group's net debt stood at LE 7.5 billion, an increase of LE 1.5 billion compared to 3Q16.

Net debt/equity was maintained at c.1.5x as at 31 December 2016 compared to 1.4x at the end of September 2016. During the quarter, total consolidated debt increased to LE 8.7 billion compared to LE 6.7 billion in 3Q16, which includes LE 2.5 billion in Financing Business debt as we continue to expand our healthy financing operations.

Overall, GB Auto maintained its strong position within the market compared to its rivals and continues to do so despite higher inventory levels at the close of the year. We expect to return to lower levels in the second half of 2017, with cash flow levels set to improve significantly.

Corporate Developments

1. GB Auto inks agreement with Bajaj to expand Egypt operations

GB Auto signed an agreement with Indian two- and three-wheelers maker, Bajaj, in 1Q16 that signaled the commencement of work on the expansion of assembly operations in Egypt. Bajaj will be providing GB Auto with engineering data as well as technical expertise and assistance on the Boxer 150 and Auto-Rickshaw models.

2. GB Auto awarded tenders for 260 buses

During 1H16, GB Auto was awarded a new tender from the Egyptian Public Transport Authority to deliver 260

2016 FINANCIAL HIGHLIGHTS**

15.3 BN
Group Revenues

2.2 BN
Group Gross Profit

14.4 %
Group Gross Profit Margin

866 MN
Group EBIT

345.9 MN
Group Net Profit*

2.2 %
Group Net Profit Margin*

8.0 BN
Passenger Car Revenue

1.7 BN
Motorcycles and Three-Wheelers Revenue

826 MN
After-Sales Revenues

1.7 BN
Financing Revenues

* *Factoring out FX losses of LE 1.1 billion.*
** *All figures provided above are net after elimination of inter-company accounts*

Volvo city buses to the Cairo and Alexandria authorities.

3. GB Auto launches first branch of 360

GB Auto launched its first '360' store in Cairo's Mohandessin district. The outlet offers a diverse range of light passenger car services and guarantees customers a unique experience at competitive prices.

4. GB Auto establishes 3S, Marghem service facilities in Alexandria

In March 2016, GB Auto established its latest 3S facility in Amareya, Alexandria to service its passenger cars and commercial vehicle brands. Within a single month of operations, the branch reported a 50% capacity utilization rate. It also launched the Margham center in Alexandria, including a 1,150 sqm showroom for Hyundai vehicles and a 5,000 sqm workshop that can accommodate up to 120 vehicles a day.

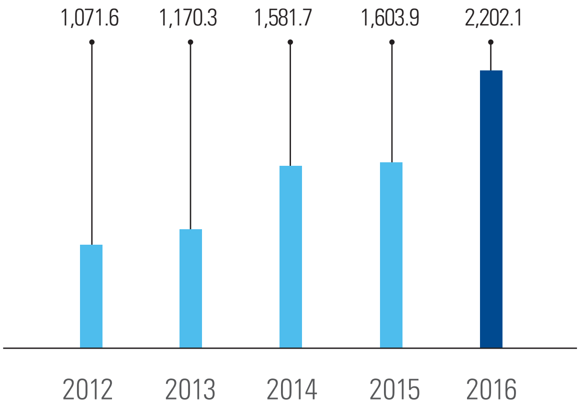
Outlook

GB Auto continues to believe in the strong fundamentals of the Egyptian economy. The float of the Egyptian pound in 2016 has undoubtedly had short-term downsides for the market, but signs are emerging that the automotive industry is on the road to recovery.

The value of the Egyptian pound is just one of the issues GB Auto will be assessing on a regular basis as we expect the exchange rate to continue to be volatile into 2018. The unpredictability is not only set to cause profitability to vary, but have a marked impact on consumer spending, particularly in the current highly inflationary environment. We plan to bring inventory back down to historical days-on-hand.

We also expect the diversity of our product portfolio will play in our favor, with our Commercial Vehicles & Construction Equipment, After-Sales, and Financing Business lines delivering

Group Gross Profit by Year (LE million)



24.6%

Y-o-Y Increase in Group Revenues

solid performances as the Passenger Car and Motorcycle & Three-Wheeler businesses recover. In addition, management continues to place emphasis on efficiency and operating in a resourceful manner. Management expects to see the Automotive Directive, a legislation that aims to benefit local assemblers and open up new opportunities for GB Auto and other local producers, finalized before the end of 2017.

In the Passenger Car segment, management acknowledges the downside risk to the line of business due to the float of the Egyptian pound and how the move has impacted consumer demand. As it did throughout 2016, GB Auto plans to continue formulating cost-cutting schemes and pricing policies that will preserve margins and allow the company to leverage its leading market position and capitalize on the long-term upside. We also believe consumers will soon adapt to the new price realities and expect demand to pick up and return to close-to-normal sales levels before the end of the year.

Motorcycles and Three-Wheelers are anticipated to make an even faster recovery than Passenger Cars as the segment serves consumer demand for transportation. Performance is expected to begin to pick up starting 2Q17.

We are strong believers in the Commercial Vehicles & Construction Equipment line of business due to the ramp-up in investments in infrastructure development in Egypt and the government turning its attention to transport demand. GB Auto secured a leadership position in the city and intercity segments in 2016 with several successful deliveries throughout the year. GB Auto is also set to benefit from the steady recovery in tourism after having to re-penetrate the market in 2016.

The After-Sales division is one that has come into particular focus during the year, having performed exceptionally well as customers maintain their current vehicles through GB Auto's network amid concerns about the price of replacement vehicles. The segment is expected to continue providing a cushioning against hits taken by other lines of business and boosting the company's profitability in 2017 and beyond.

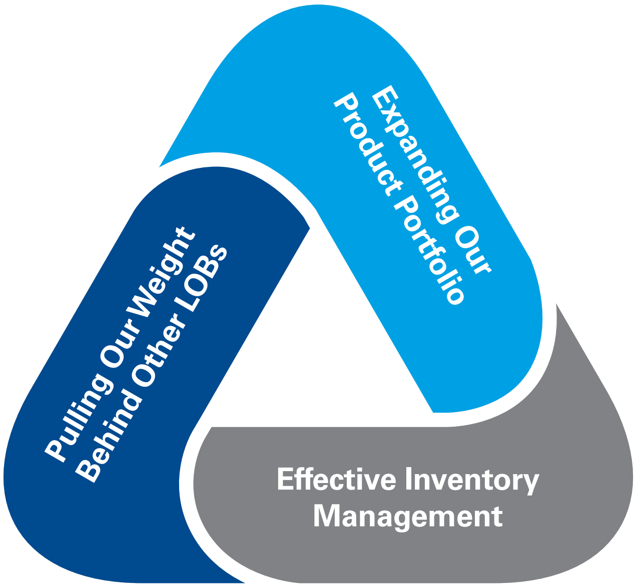
The Tire division should also see an uptick going forward, with solid performance seen in 2016 despite strained foreign currency supply. GB Auto introduced in May its own brand Verde, added representations such as Double Coin and Westlake, and extended its business cooperation with ZC Rubber, proving that it remains committed to the segment and plans to expand its tire supply and boost brand representations in the future.

Meanwhile, our Financing Business is expected to continue outperforming in the coming year after having delivered strong results in FY16 that boosted the company's profitability.

GB Auto continues to take a measured approach to its Regional activities, opting for long-term growth rather than short-term payoffs. In Algeria, it is adjusting to regulatory reforms to see operations ramp-up, with tire representations being received well. The Iraqi market continued to be pressured into 2017, having experienced turbulent market conditions throughout 2016. It is likely turmoil will remain a feature of the market for some time, but private-sector actors who stay the course will be ideally positioned to benefit from a potential turnaround.

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

Our Strategy



GB Auto is a primary player in key markets in the Middle East and North African automotive industry and a leading non-bank financial institution in Egypt. With a diverse product portfolio in several regional markets, the company continues to drive value for shareholders through carefully calculated strategies that have allowed it to stay well ahead of competition.

Nowhere were these strategies more evident than in 2016, a year that demanded flexibility from the automotive industry to remain afloat. The year saw GB Auto leverage a strategy of balancing inventory management and product pricing that allowed it to weather the hampered passenger car and motorcycle & three-wheeler demand toward the end of the year.

While the company anticipates both these lines of business (LOB) will make a steady recovery going forward as customers and businesses alike adjust to the new realities of the market and the Egyptian pound finds its footing, GB Auto's strategy for 2017 is to enhance its other lines of business while simultaneously continuing to grow and expand in its current markets and segments.

Pulling Our Weight Behind other LOBs

With demand for passenger cars and motorcycles & three-wheelers hampered by rising inflation, GB Auto is leveraging its diverse lines of businesses to act as a cushion going forward while these other LOBs return to profitability.

Throughout 2016, customers continued to seek out car maintenance with GB Auto, translating to strong sales of all products offered by the company's After-Sales division, a trend we expect to continue into 2017 as customers look to extend the lives of their vehicles. After-sales service centers were running at higher-than-average capacity utilization rates to cope with this increasing demand.

Going forward, GB Auto intends to continue expanding its branch network and upgrading its service centers to cater to an even larger demographic.

Some companies under the Financing Businesses Division are also expected to come into increased focus as retail customers' purchasing power is hampered by inflation. Nonetheless, the division is set to continue offering new, innovative products that cater to the unique demands of its client base.

Expanding Our Product Portfolio

GB Auto plans to continue the strategy leveraged in recent history of embarking on both growth and vertical expansion of its lines of business.

In the Motorcycle & Three-Wheeler division, GB Auto has already finalized technical assistance agreements with Bajaj, who will provide engineering data and technical know-how and expertise pertaining to the making of the Boxer 150 and Auto-Rickshaw models. The company plans to press on with the construction of new component manufacturing hangers, and purchasing machines and equipment for new painting and welding shops.

The Construction Vehicle & Construction Equipment line of business is expected to continue its expansion into the tourism sector (having already throughout the year delivered coaches for companies TEZ and Carols) and pursue new agreements for the supply of intercity buses. In light of this, GB Auto expects to be able to take full control of GB Polo's activities, with a focus on export potentials, after having increased its share in the joint venture to 80% from 51% in 2016. Other divisions in this LOB, such as trucks and trailers, are also expected to take on a more important role in GB Auto's strategy as the Egyptian government presses on with large infrastructure developments.

The company also expects to increase its supply of tires and expand its brand representations, particularly with the success noted after the company added Double Coin, Westlake, and its own brand Verde in 2016. Going into 2017, GB Auto is negotiating the distributorship of several reputable brands to reinforce its brand portfolio in Egypt and Algeria, where the company plans to launch its Verde tires in 1Q17.

Effective Inventory Management

While GB Auto expects to return to normal run rates by the end of 2017, the company is still holding back inventory to its network of independent dealers, meaning inventory will take time to normalize. We also expect to shift our strategy for inventory management from one based on pricing to bringing inventory back down to historical days-on-hand.

REGIONAL FOOTPRINT

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: Haram
- Others: Gazpromneft

Algeria

- Passenger Cars: Geely
- Tires: Goodyear, Lassa, Grandstone

GB Auto's unwavering commitment to and understanding of its home market, of Egypt combined with strong management, helped it transform from a local firm to a regional, multinational success story.

The company announced in 2009 that it was considering growth opportunities outside of Egypt, and in 2010 it entered a joint venture to distribute Hyundai vehicles in Iraq, while boosting operations and increasing its brand representations.

With strong key fundamental growth drivers in the MENA region, GB Auto believes the automotive market in offers ample opportunities despite macro or political turbulence. Significant GDP growth, a large and fast growing consumer base, and a low motorization index are several reasons the company feels the region is prime for expansion.

In 2016, operations in Iraq accounted for 6.8% of GB Auto's total revenues, proving the compatibility and success of the GB Auto model in another key regional market. With operations expanding since 2010 to include the distribution of Bajaj motorcycles & three wheelers, Westlake, Diamond Back, and Jumbo tires, and service centers and spare parts outlets in Baghdad and Al Najaf, management is optimistic about its long-term potential in the country so long as conditions on the ground allow.

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 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.

GB Auto's product offerings in the country include Geely passenger cars, as well as Lassa, Grandstone, and Goodyear tires. Management is continuing to pursue additional opportunities for long-term growth in Algeria due to the market's lucrative nature, with the company waiting on regulatory reforms to be able to ramp up operations further in the country. The company expects to launch its own brand, Verde, to the Algerian market in 1Q17.

GB Auto's Jordan operations currently consist of the distribution of Avon, Diamond Back, Triangle, Waterfall, and Jumbo tires. Operations in the country continue to perform well at both the bottom- and top-line levels, with the country eyeing expansion opportunities there such as potentially opening a branch of 360 — GB Auto's premium express service — in the capital city of Amman.

Future Expansions

GB Auto is actively exploring further markets into which it can expand and capitalize 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.

Our Business Units

37.3%

Y-o-Y Increase in Gross Profit

Passenger Cars

GB Auto is a leading passenger car importer, assembler, and distributor in the Middle East and North Africa. It is the largest player in its home market of Egypt as the sole representative of Hyundai, Geely, Mazda, and Chery passenger cars. GB Auto also has an established regional footprint in the segment, distributing Hyundai passenger cars in Iraq and Geely passenger cars in Algeria. The company serves the Egyptian market with both Completely-Knocked-Down (CKD) and Completely-Built-Up (CBU) products while operating in Iraq and Algeria with CBU units.

Motorcycles & Three-Wheelers

GB Auto is Egypt's exclusive assembler and distributor of motorcycles and three-wheelers from India's Bajaj, the largest global manufacturer of three-wheelers (often called auto-rickshaws or tuk-tuks). GB Auto imports Bajaj's Completely-Knocked-Down (CKD) units and assembles them locally at the company's Sixth of October City Industrial Zone factory. The company has been Egypt's market leader for the vehicles since it began importing them in 1999 and provides high-quality, low-cost after-sales service to this segment. GB Auto also introduced Bajaj three-wheelers to the Iraqi market in 2015 and continues to be optimistic about their long-term potential in the country.

Commercial Vehicles & Construction Equipment

The Commercial Vehicles & Construction Equipment line of business offers a wide range of assembled-in-Egypt trucks and locally manufactured buses under exclusive agent and distributorship agreements with Mitsubishi Fuso, Volvo, and Iveco. GB Auto also 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 distribution agreements 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, and Iveco chassis).

Tires

GB Auto is the sole distributors of a number of reputable tire brands in Egypt, Algeria, Jordan and Iraq. Among our partners we count top players including Lassa (Bridgestone Sabanci Group), Yokohama, Westlake (ZC Rubber), Avon (Cooper), Triangle and Double Coin.

Passenger Cars

Motorcycles &
Three-Wheelers

Tires

Commercial Vehicles
& Construction
Equipment

Financing Businesses

The Group's financial arm, GB Capital, is responsible for the Financing Businesses line, which consists of five independent companies: GB Lease (financial leasing), Mashroey (asset-based lending to eligible microfinance clients), Drive (factoring services), Haram (car rental on a quasi-operational lease basis), and Tasaheel (microfinance). GB Capital seeks to develop a diversified and synergetic group of financial services to build on GB Auto's strategic objectives while maintaining each company's individuality and expertise. GB Capital is constantly on the lookout for new additions to complement its growing and successful portfolio of its non-bank financial services.

Others

The company's Pre-Owned Vehicles division — Fabrika — rolled-out a Western-style pre-owned car operation at all GB Auto-owned points of presence in Egypt. GB Auto's Lubricants business, PAL, distributes Gazprom Neft Lubricants 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 and offer services including tire installation, battery service, and the sale of lubricants in various locations.

After-Sales Services

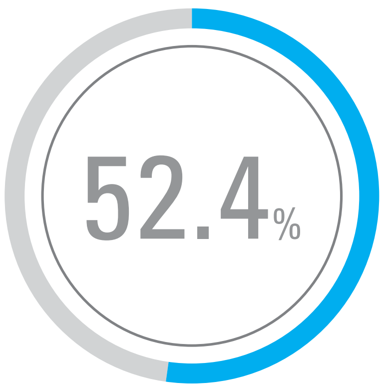
GB Auto operates Egypt's largest and fastest-growing network of after-sales service centers for passenger cars, motorcycles & three-wheelers, and commercial vehicles & construction equipment in Egypt. It is the leading service provider for Chery passenger cars in its home market and is working to build Iraq's foremost after-sales franchise based on the Egyptian model. After-sales is also an important component of the motorcycles & three-wheeler market and is a key differentiator for GB Auto both in Egypt and in Iraq where it offers after-service facilities for Bajaj motorcycles and three-wheelers. Motorcycle & three-wheeler customers place strong emphasis on the availability of spare parts and service centers, meaning the company's authorized service center network is continuously expanding to reach out to them and encourage them to return to the GB Auto network for maintenance, spare parts, and repairs. The Commercial Vehicles & Construction Equipment business unit is supported by a robust after-sales framework that extends GB Auto's total care model to customers, offering a nationwide network of owned-retail showrooms including 14 after-sales service centers.

39.2%

Y-o-Y Increase in Operating Profit

Egypt Passenger Cars

GB Auto is a leading automotive company in the Middle East and North Africa and non-bank financial services provider in Egypt.



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 imports and distributes Hyundai, Geely, and Mazda passenger cars, as well as spare parts for all three brands. GB Auto is 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 Aboul Fotouh Automotive (AF Automotive).

Through Hyundai, Geely, Mazda, and 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, 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 currently owns 14 large service centers, more than 711 service bays, and 45 showrooms. This along with the company's numerous partnerships with independent automotive retailers and its spare parts distribution channel that stretches across the country allows the company to deliver comprehensive service within the Egyptian car market.

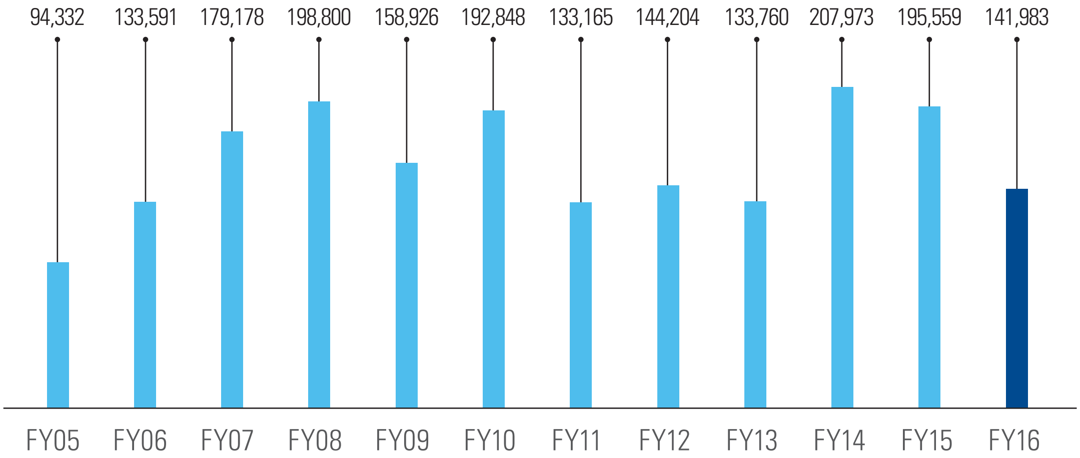
GB Auto has invested significantly in the expansion of its assembly capacity. At the Prima plant, the company assembles Hyundai and Geely passenger cars and Mitsubishi Canter cabins from imported CKD kits, as well as locally sourced components. The plant, which spans across nearly 58,000 sqm, was established 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.

FUELED BY CONTINUOUS

INNOVATION

As an industry leader, we know the cornerstone of growing a business is constant, dynamic innovation

Egyptian PC Market Annual Sales (LE million)



2016 Business Review

Egypt

Despite the foreign currency shortage, the Egyptian pound's liberalization impacting the company's FX costs, and an overall challenging macroeconomic landscape, GB Auto continued to reap the benefits of its calculated cost-cutting and price-increase strategy on its Hyundai, Geely, Mazda, and Chery brands.

According to the Egyptian Automotive Marketing Information Council (AMIC)'s full-year report on the Egyptian passenger car market, the total automotive market fell 27.4% y-o-y in FY16. More specifically, vehicles within the 1.0-1.3 liter range witnessed a 54% y-o-y decline in volumes, while those within the 1.3-1.5 liter range fell 27%. Meanwhile, vehicles within the 1.5-1.6 liter range saw sales volumes decrease 28%, while SUVs with an engine capacity larger than 2.0 liters saw volumes drop 3% y-o-y.

FY16 saw GB Auto's Egypt Passenger Cars division grow its sales revenues by 40.3% y-o-y to LE 8,016.1 million despite a 1.2% y-o-y drop in sales volume during the year.

While demand for passenger cars weakened during the year as a result of the continuing rise in vehicle prices, GB Auto was still able to grow its market share by capturing existing underserved demand, after many players in the market decidedly reduced their stock levels in response to rising FX costs.

The company's share of the Egyptian passenger car market, which includes Hyundai, Geely, Mazda, and Chery, rose to 36.8% YTD in December 2016 compared to 26.8% last year. The availability of inventory and competitive pricing strategies were key to GB Auto's success during the year.

Hyundai CBU sales volumes remained almost flat with a slight decrease of 0.5% y-o-y during the year, while CKD sales volumes witnessed a 23.5% y-o-y fall. Overall revenues from the brand increased 31.1% y-o-y as the company introduced gradual price increases to help preserve profitability and margins.

Mazda also did well during the year, with revenues rising 7.7% y-o-y despite a 12.3% y-o-y drop in volumes. Meanwhile, Geely's revenues fell 25.8% over FY16 as sales volumes for both its CBU and CKD units decreased during the year.

Since its launch in March 2016, GB Auto's latest PC product, the Chinese Chery vehicle, has delivered promising results in terms of both profitability and market share. In FY16, Chery's market share stood at 5.8% with over 8,000 units sold in its first year with GB Auto. With the addition of Chery's two new CKD models, alongside the Hyundai Elantra, Karry, and Geely, GB Auto now offers five CKD models compared to only two last year.

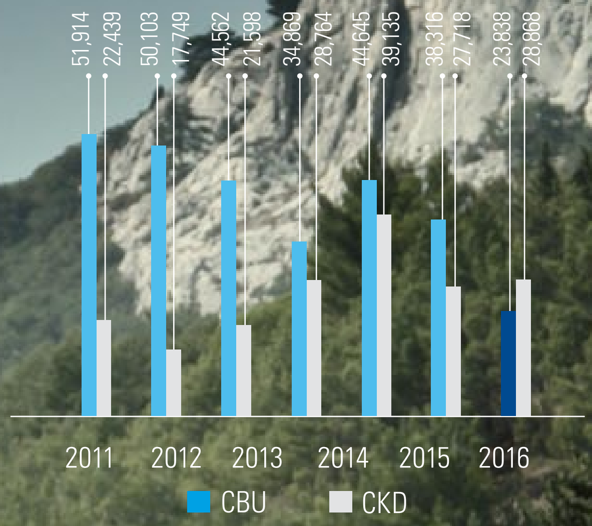
DELIVERING

PERFORMANCE

We pride ourselves on the unparalleled, superior performance of the brands under our offering

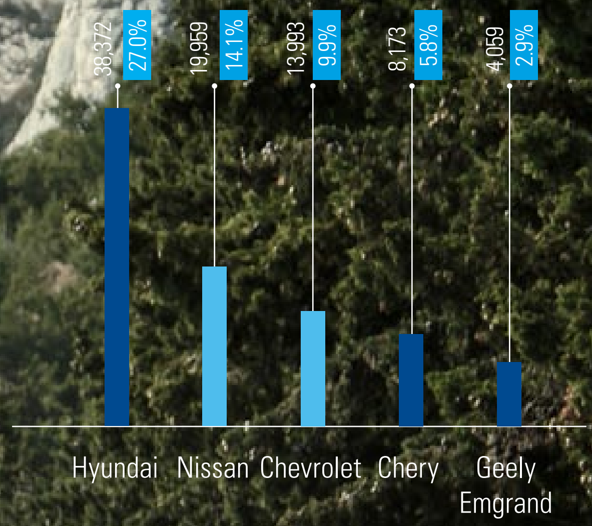
GB Auto Sales Volume Across All Brands and Markets

(Vehicle Units)



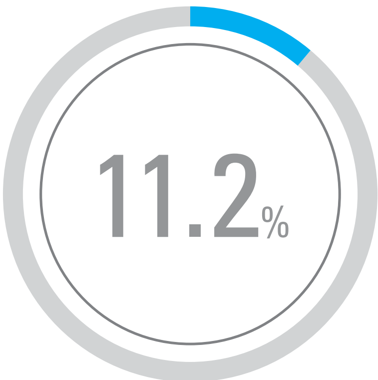
Segmentation of the Egyptian Passenger Car Market (AMIC)

(Units Sold and % Market Share as of Year-End 2016)



Egypt Motorcycles & Three-Wheelers

GB Auto is Egypt's leading assembler and distributor of Bajaj three-wheelers and motorcycles, operating the brand's largest mechanical assembly line outside India.



GB Auto is Egypt's exclusive assembler and distributor of motorcycles and three-wheelers from Bajaj, the world's largest manufacturer of three-wheelers, often known as auto-rickshaws or tuk-tuks. GB Auto imports Completely-Knocked-Down (CKD) units from the Indian producer and assembles the vehicles locally at the company's Sixth of October City Industrial Zone factory; with some components also manufactured locally.

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 providing quality, low-cost after-sales service to this segment's price-conscious consumers, and later as it introduced financing for this line via Mashroey.

In rural and low-income areas, three-wheelers 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 mode of transport.

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

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 3 3-S, 18 2-S, and 1 1-S after-sales service center, as well as a network of 125 authorized dealers and 70 authorized service centers across Egypt.

2016 Business Review

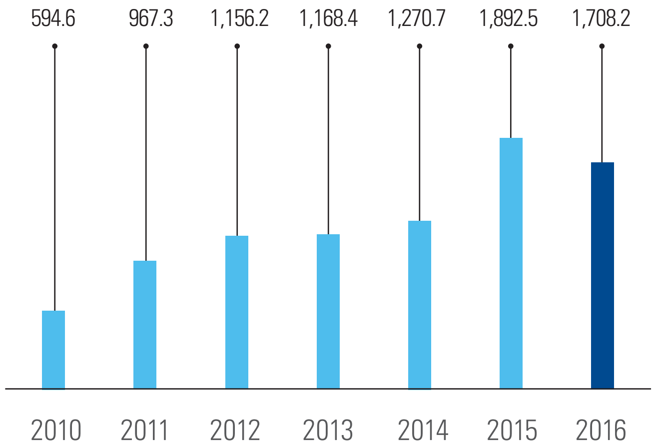
In FY16, revenues from the line of business declined 9.7% y-o-y on the back of lower sales volumes, which came in 26.8% y-o-y below levels reported in FY15 as the division typically targets a lower-income segment that has been pressured by rising in inflation.

To combat rising inflation and the impact of the pound's liberalization, GB Auto adopted a set of cost cutting initiatives during the year as well as price hikes. However, considering the company opted not to fully pass on the sharp devaluation against the US dollar to consumers, margins for the division fell slightly throughout the year.

GB Auto has finalized technical assistance agreements with Bajaj, which will provide engineering data and technical know-how and expertise pertaining to the making of the Boxer 150 and Auto-Rickshaw models. The company is on track with the construction of new component manufacturing hangers and purchasing machinery and equipment for new painting and welding shops.

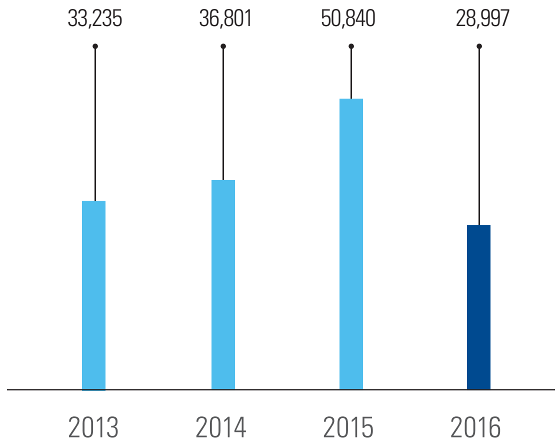
GB Auto's 2&3 Wheeler Revenues by Year

(LE million)



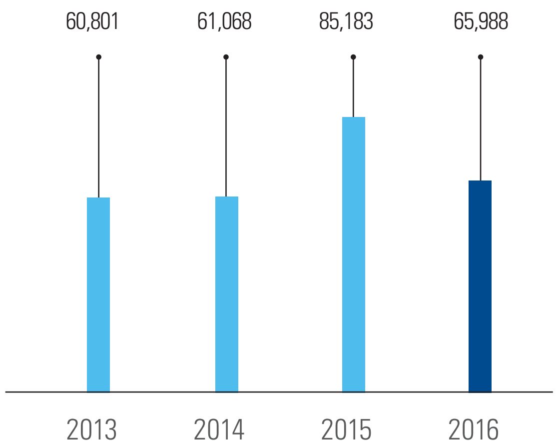
Motorcycle Sales Volumes

(Vehicle Units)



Three-Wheeler Sales Volumes

(Vehicle Units)

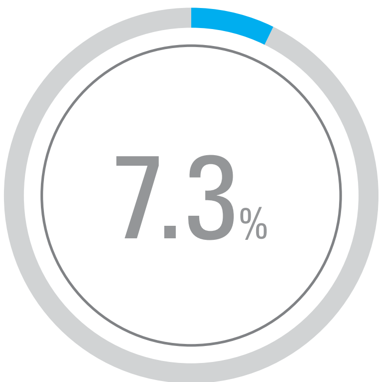


SUPERIOR
DRIVING

Our brands offer some of the safest, smoothest, and most reliable driving experiences

Egypt Commercial Vehicles & Construction Equipment

GB Auto offers a wide range of trucks and locally manufactured buses under exclusive distributorship agreements with Mitsubishi, Volvo, and Iveco.



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

The company's Bus segment produces a full range of transportation solutions, including maxi buses with a varying passenger capacity, midi buses (30-38 seats), mini buses (24-29 seats), micro buses (17 seats), and micro-micro buses (7 seats).

GB Auto's Commercial Vehicles line markets heavy, medium, and light duty 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 driveline components, 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 state-of-the-art bus body manufacturing facility with a 5,000 unit-per year capacity (potential capacity, based on two shifts daily) that targets local and export markets. GB Polo produces buses covering all applications (micro, mini, midi, city, school/labor, intercity, and coach) and the facility utilizes almost 285,000 sqm of land.

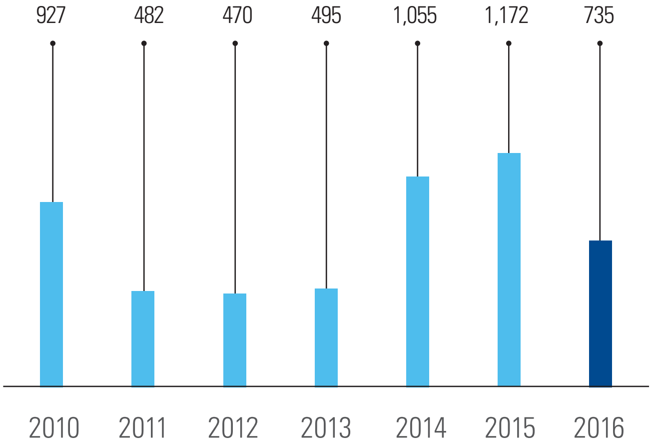
GB Polo was conceived as a move to capture export opportunities in bus field manufacturing by utilizing GB Auto's quality standards and relatively low-cost, highly-trained workforce in combination with Marcopolo's 65-year history of successfully developing technological and innovative concepts for full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

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

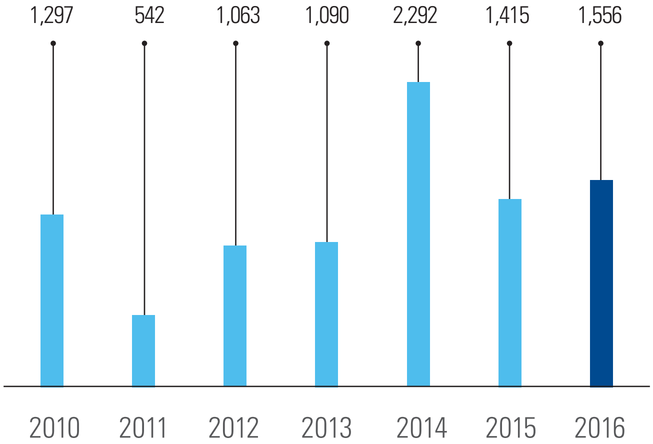
20.0%

Y-o-Y Increase in CV & CE Gross Profit

Bus Sales Volume by Year
(Vehicle Units)



Truck Sales Volume by Year
(Vehicle Units)



In 4Q16, GB Auto increased its share in GB Polo, its JV with global giant Marcopolo, to 80% from 51%, which should boost profitability as the company takes full control of the venture and bolsters its performance, with a focus on export potentials.

The Commercial Vehicles & Construction Equipment business unit is supported by financing through GB Lease as well as a robust after-sales framework that extends GB Auto's total care model to customers of this key line of business. This business unit offers GB Auto customers throughout Egypt a nationwide network of owned-retail showrooms, including 14 after-sales service centers.

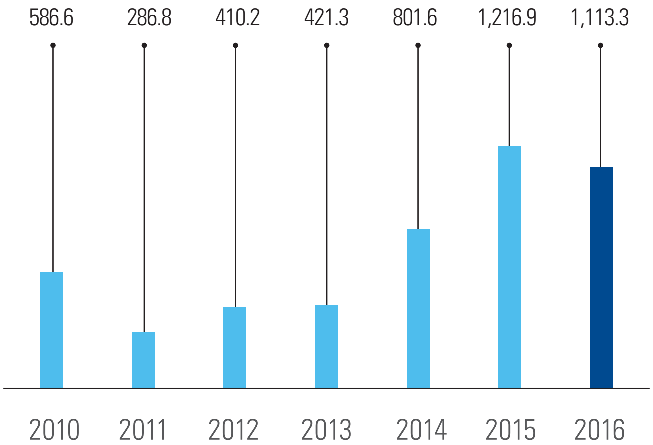
2016 Business Review

GB Auto's Commercial Vehicles & Construction Equipment line of business saw overall sales volume drop 15.6% y-o-y in FY16. Revenues also fell, dropping 8.5% y-o-y to LE 1,113.3 million for the full year, while gross profit gained 20.0% y-o-y to LE 201.3 million throughout the year, with a gross profit margin of 18.1%, 4.3 percentage points higher than last year.

Trucks were the top contributors to the segment's profitability during the year, with a 28.0% y-o-y increase in sales revenues, which climbed to LE 504.7 million during the year thanks to a 10.0% y-o-y boost in sales volumes driven by a renewed appetite for construction activity in Egypt.

Buses came closely behind despite a drop in volumes and revenues in FY16. GB Auto is expected to deliver 90 coaches for intercity usage worth LE 200 million in 1Q17. The fourth quarter saw the delivery of 10 Viaggio 1050 buses from GB Polo on Volvo B9R bus chassis, which is expected to see GB

CV&CE Total Revenues by Year
(LE million)



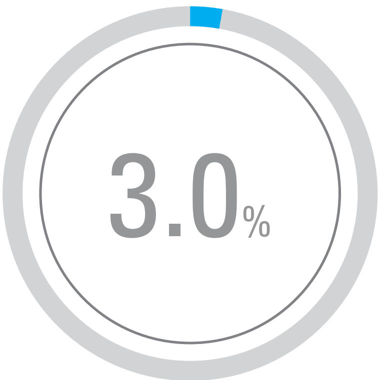
Auto occupy a leadership position in the city and intercity segments, overtaking Super Jet.

GB Auto also penetrated the tourism segment after delivering coaches for companies TEZ and Carols, helping to boost the segment's performance going forward as tourism begins to show signs of recovery.

Trailer revenues slowed down in FY16 as sales volumes decreased 54.5% y-oy. Management, however, expects improvements on this front, especially after the introduction of the new silos and tanks product lines. It also expects the overall division to continue on its path of gradual growth, supported by investments in infrastructure development in Egypt.

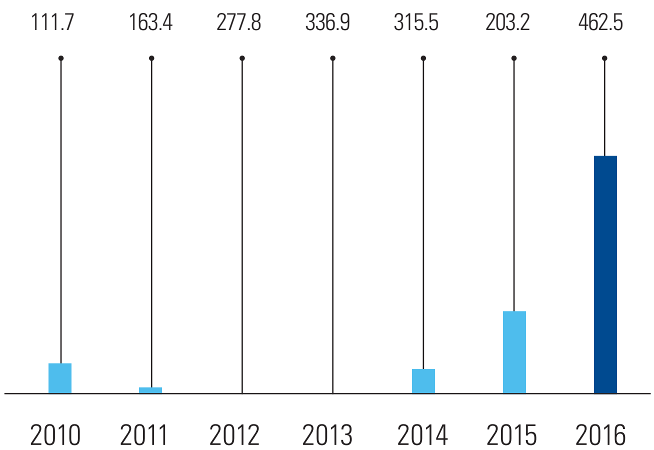
Egypt Tires

GB Auto enjoys a strong leadership position in the Egyptian tire market thanks to its quality tire partners including Lassa (Bridgestone Sabanci Group), Yokohama, Westlake (ZC Rubber), Double Coin and Verde (GB Auto own brand) and its widespread distribution network.



Tires Revenues by Year

(LE million)



GB Auto has been among Egypt's leading tire distributors for over 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'sWestlake, Triangle, Double Coin.

Despite difficulties faced throughout the year due the foreign currency crunch and subsequent floatation of the local currency, the Tires business unit is an increasingly important contributor to GB Auto's revenue and profitability stream, through both increased sales volume and sustained foreign currency sales in an environment of devaluation in the company's home market of Egypt.

In line with its plans to expand the business, GB Auto continued to add brand representations to its portfolio during 3Q16, including its own in house brand Verde, which has so far delivered promising sales figures.

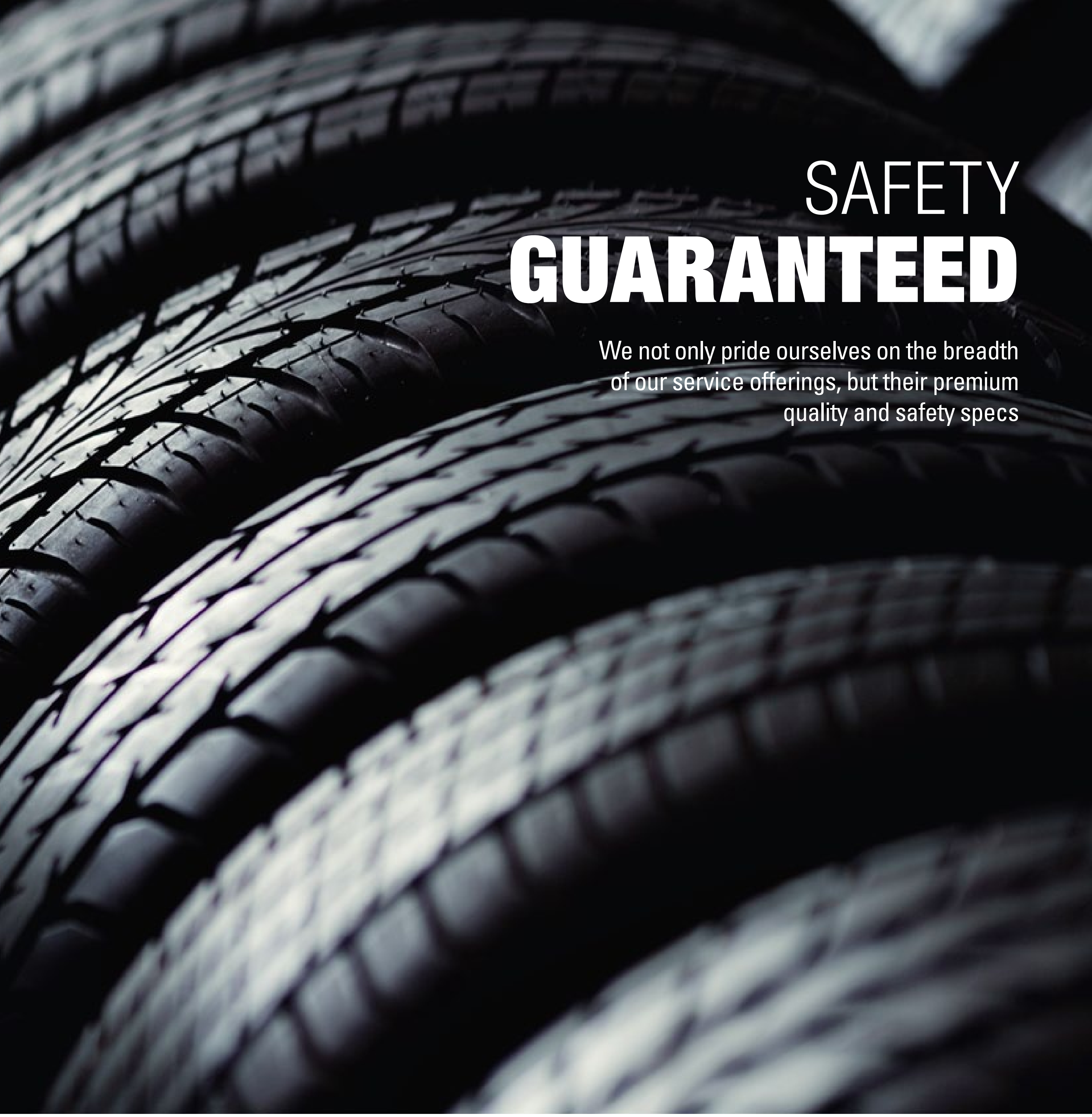
2016 Business Review

The Tires division continued to outpe form at both the top- and bottom-lin levels in FY16, posting revenues of LE 462.5 million compared to LE 203.2 million last year, up 127.6%. Gross profit came in 267.9% higher y-o-y at LE 101.3 million compared to LE 27.5 million last year. The gross profit margin stood at 21.9% compared to 13.6% in FY15.

During the year, GB Auto performed positively in the Egyptian Agro tire market with its own brand Verde.

SAFETY
GUARANTEED

We not only pride ourselves on the breadth of our service offerings, but their premium quality and safety specs



The division continued to pursue its expansion strategy, extending its cooperation with ZC Rubber, one of the top 10 worldwide tire manufacturers with the distribution of Westlake Heavy Truck tires in Egypt. The brand is known worldwide for its consistent product quality and will be a fundamental par ner to acquire shares in the growing value segments.

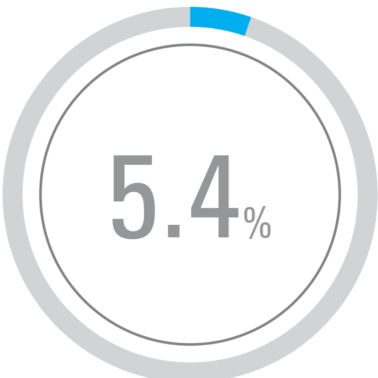
Expansion was also supported by a set of initiatives launched a year before, including adding new brands and product lines to cover more profitable segments, such as Double Coin (Truck and OTR) and Waterfall (Car and Light Truck).

Numerical distribution in Egypt was also optimized during the year to gain market share in key geographical areas and profitable brands and segments. A network of premium express service centers, branded 360, were launched in May to reach high-end consumers.

GB Auto remains committed to this division and will continue to increase the supply of tires and expand the company's brand representations in the years to come.

Egypt After-Sales

GB Auto operates Egypt's largest and fastest-growing network of after-sales service centers for Passenger Cars, Motorcycles & Three-Wheelers, and Commercial Vehicles & Construction Equipment.



GB Auto operates Egypt's largest and fastest-growing network of after-sales service centers for passenger cars, motorcycles & three-wheelers, and commercial vehicles & construction equipment. For passenger cars, the company is the leading service provider for Chery passenger cars in its home market. After-sales is a vital component of the company's Motorcycles & Three-Wheeler division and is a key differentiator for GB Auto in Egypt as motorcycle & three-wheeler customers place importance on the availability of spare parts and service centers. The Commercial Vehicles & Construction Equipment business unit is also supported by a robust after-sales framework that extends GB Auto's total care model to customers, offering GB Auto customers a nationwide network of owned-retail showrooms including 14 after-sales service centers.

2016 Business Review

The After-Sales division proved successful in FY16, with management expecting the division to remain highly profitable and continue yielding excellent returns. GB Auto intends to establish additional after-sales outlets in new locations, such as Upper Egypt and the North Coast, to meet the ever-increasing capacity that has nearly doubled over the last two years. The division has already launched a night-shift operation at its Ring Road Katameya branch — the first in Egypt — starting from 5 pm until midnight and running seven days a week. The new shift complements the branch's existing quick-service operation and will help absorb increased demand.

Passenger Cars

Investments made to upgrade and expand GB Auto's network of after-sales workshops for passenger cars have proven fruitful throughout the year, with the Passenger Cars After-Sales division posting strong growth figures and very healthy margins. Revenues from After-Sales operations in Egypt reached LE 826.2 million, reflecting a 45.2% y-o-y increase over FY15, while gross profit rose 59.4% y-o-y to LE 262.0 million, with a gross profit margin of 31.7%, up 2.8 percentage points over last year.

After-sales service centers have been running at higher-than-average capacity utilization rates, with GB Auto's Ring Road service center, for instance, exceeding the 100% mark in 2Q16. To cope with increasing demand, GB Auto expanded its capacity by launching Quick Service operations in Obour and Abou Rawash. In August, GB Auto launched an external Quick Service operation in the Katameya center to meet rising customer demand. Going forward, GB Auto intends to continue expanding its branch network and upgrading its service centers to cater to an even larger demographic.

Motorcycles & Three-Wheelers

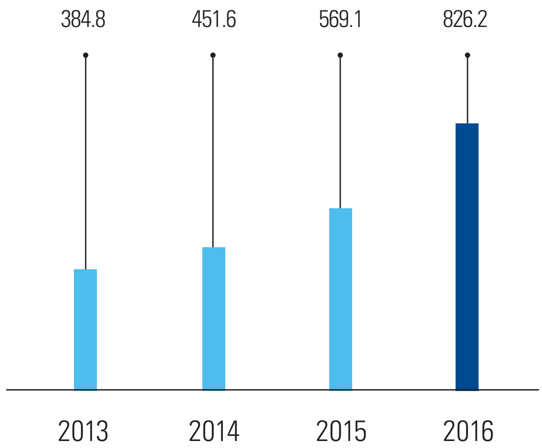
The Motorcycles & Three-Wheelers After-Sales division reported substantial increases in both revenues and gross profit throughout the year, with revenues climbing 58.1% y-o-y to LE 150.4 million, while gross profit stood at LE 40.5 million compared to LE 16.7 million in FY15.

Commercial Vehicles & Construction Equipment

The After-Sales division for commercial vehicles & construction equipment continued to steadily grow, with revenues standing at LE 160.8 million and gross profit LE 31.1 million during the year.

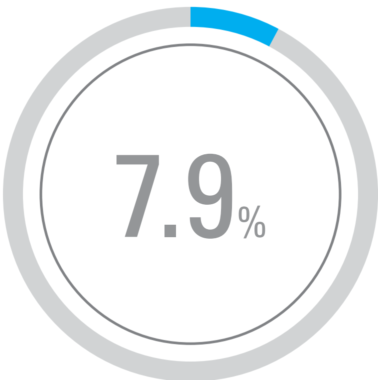
Egypt After-Sales Revenue Progression

(LE million)



Regional

GB Auto continues to keep a watchful eye on growth opportunities in its regional markets of Iraq, Algeria, and Jordan, where it offers PC and motorcycle & three-wheeler distribution, after-sales, and tire services.



GB Auto distributes CBU units of Hyundai passenger cars in Iraq and Geely passenger cars in Algeria, and offers after-sales services in both markets. The company recently launched a successful venture for Bajaj motorcycles & three-wheelers in Iraq, where it also operates two after-sales service centers. GB Auto's regional operations also extend to the Tires division, with the company distributing Westlake, Diamond Back, and Jumbo tires in Iraq; Avon, Diamond Back, Triangle, Waterfall, and Jumbo in Jordan; and Goodyear, Lassa, and Grandstone in Algeria. Despite the challenging environment throughout 2016, the company continued to take measured steps in dealing with these geopolitical and economic difficulties.

2016 Business Review

Passenger Cars

Iraq

Challenges in the Iraqi market continued to impact market demand for passenger cars, dropping significantly compared to previous years, causing revenue to drop 27.0% y-o-y to LE 897.8 million. The After-Sales division, however, delivered promising results, with revenues up 66.7% y-o-y to LE 107.1 million during the year versus LE 64.3 million in FY15. GB Auto reduced losses by almost 40% during the year by hedging against all downside scenarios. Management, however, remains watchful of the political, economic, and security developments on the ground and is considering contingency scenarios should losses from this market continue into the near future.

Algeria

Algerian operations were impacted by low volumes, with rev-

enue down 65.3% y-o-y in FY16 on total sales volumes of LE 25.7 million. Revenue for the After-Sales division rose 59.0% y-o-y.

Motorcycles & Three-Wheelers

Iraq

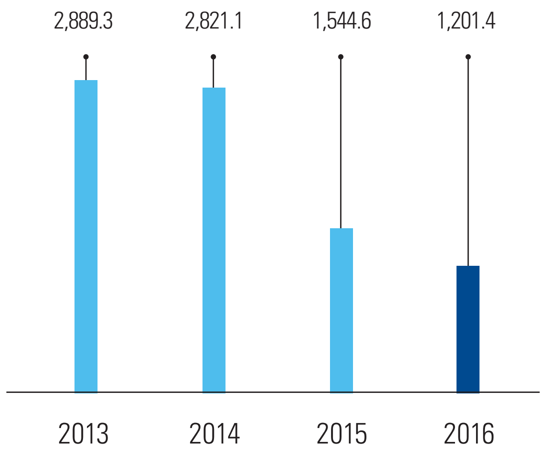
Iraqi operations were promising, showing considerable growth y-o-y in terms of sales volumes, up 118.2% y-o-y, and revenues, up 223.7% y-o-y. Management had launched sales of these popular vehicles in Iraq last year to a promising market reception. GB Auto operates a small service center and spare parts outlet in Baghdad, and has added a second in Al Najaf that also includes a Bajaj showroom.

Tires

GB Auto's Regional Tires division reported a 15.2% y-o-y decrease in revenues throughout the year. Management expects the division's performance to improve going forward despite the region's challenging operating environment. Jordanian operations are performing well at both the top and bottom line while Iraq business is still suffering due to severe market conditions. Algeria's top line is growing fast owing to better market coverage and new organization.

Total Regional Revenue

(LE million)



Financing Businesses

Through GB Capital, GB Auto's aims to create a full-fledged financial arm that serves its core business while competing with other non-bank financial service providers.

GB Auto has always aimed to create a full-fledged financial arm that partially serves its core business while competing with other non-bank financial service providers. At the forefront of this strategy is **GB Capital**, which today oversees the operations of the Group's five non-bank financial service providers.

Overall, the Financing Businesses line has been 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 GB Capital companies are staffed with veterans of the financial services industry to provide the required expertise and know-how in their distinctive areas, and all companies work on a non-exclusive basis with GB Auto to ensure the competitiveness of their operations.

The companies' credit approval and disbursement mechanisms are highly advanced and fully comply 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 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. 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 to provide financing to GB Auto's commercial vehicles and corporate fleet clients. The company started active operations in 4Q09 and has now grown into a well-developed organization with a diversified lease asset base that covers all asset classes, including real estate, construction equipment, production lines, automotive 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. GB Lease is regulated by and operates under the auspices of the

Egyptian Financial Services Authority (EFSA). As per the EFSA, at yeat end 2016 GB Lease ranked as the third leasing company in the Egyptian market with a market share of 10.66%, rising to the position of first place contender as at March 2017, with a market share of 14.7%.

Mashroey is GB Auto's second financing venture. Founded in late 2009, it began operations in March 2010 and offers asset-based lending to eligible microfinance clients. Like GB Lease, the company is now well-developed and is 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 tuk-tuks (GB Auto product), motor tricycles (non-GB Auto product), YTO tractors, minivans (GB Auto product), and pre-owned tuk-tuks. Mashroey's credit policy is stringent and its portfolio tenor is predominantly short term. Mashroey operates a nationwide network of over 100 branches and units.

Drive was licensed as a factoring services company in 3Q12, and today 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 since inception. 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 automotive brands.

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. Drive is regulated by and operates under the auspices of the EFSA. As per the EFSA, at year end 2016 Drive ranked as the third factoring company in Egypt with a market share of 18.72%, rising to second as at March 2017, with a market share of 20.86%.

Haram Tourism Transport (HTT, also known as Haram Limousine) operates as a car rental company on a quasi-operational lease basis. It is one of the market leaders in fleet leasing 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 their 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. It launched operations in August 2015 and provides 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. Currently, the company operates a nationwide network of 70 branches, with plans to further sustainably expand its national network to at least 100 branches and have over 2,000 people in employment by 2020. Like Drive and GB Lease, Tasaheel is regulated by and operates under the auspices of the EFSA.

2016 Business Review

The Financing Businesses under GB Capital are on a path of constant growth; overall revenues for FY16 increased 66.3% y-o-y to LE 1,739.6 million compared to LE 1,046.2 million last year. Total gross profit rose 73.2% y-o-y to LE 404.9 million versus LE 233.8 million in FY15.

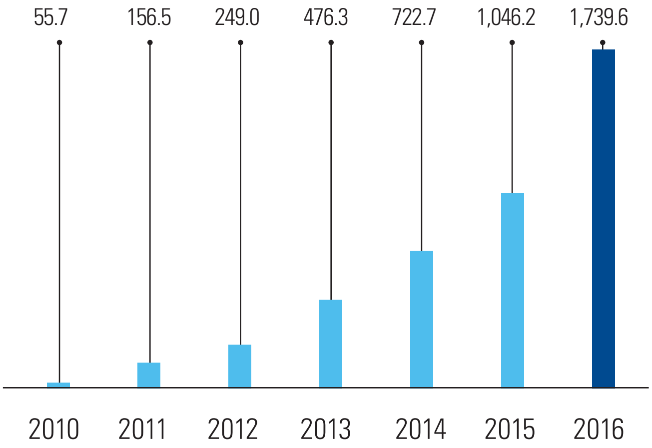
At 23.3%, the division's gross profit margin showed consecutive quarterly improvements and remains robust compared to market norms. Nonetheless, gross profit margin is an unusual measurement of profitability or operations for

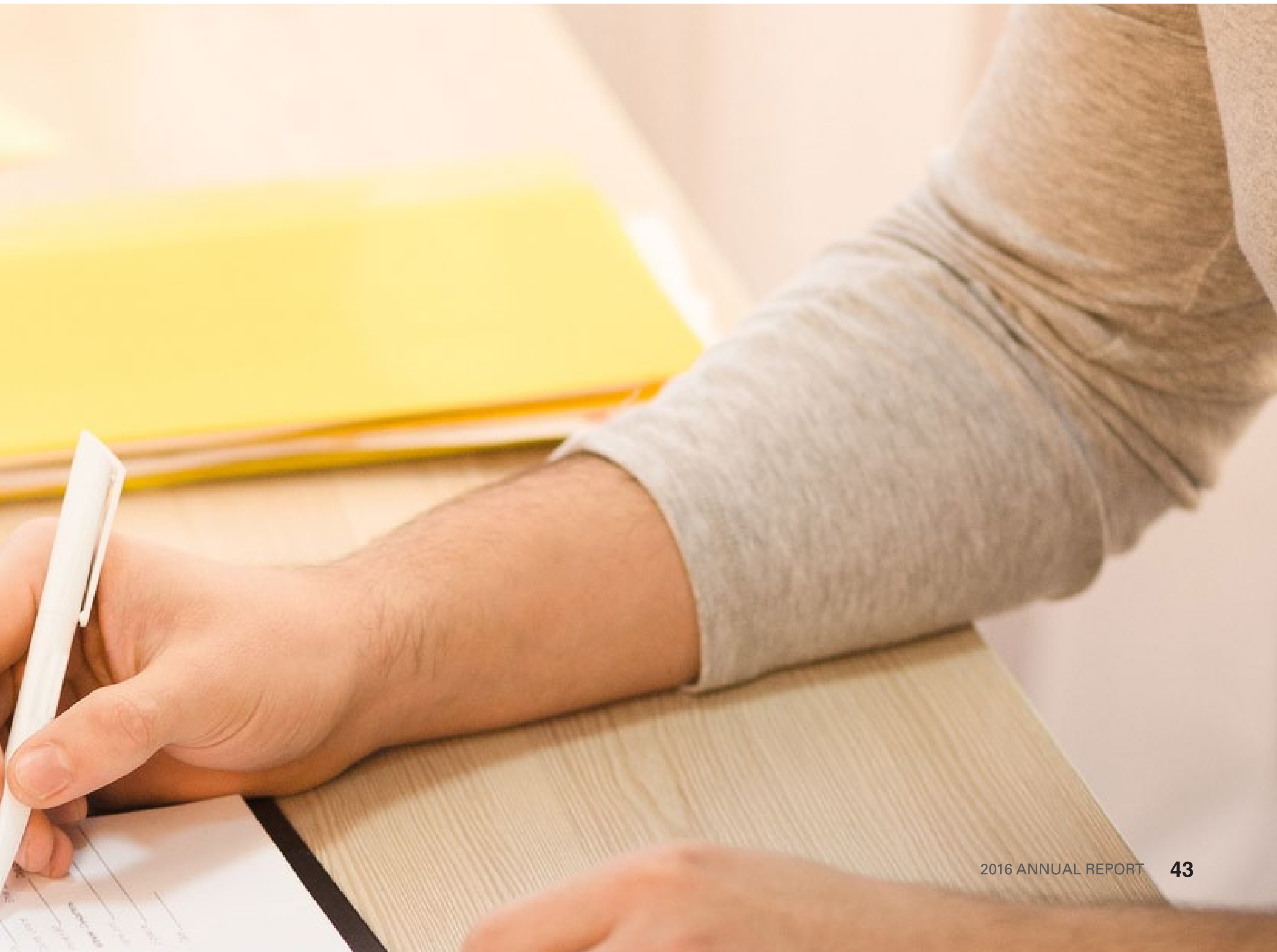
financial institutions, as the latter focuses on net bottom line, ROAE, and portfolio quality. Along these measurement criteria, the Financing Businesses maintained a healthy loan portfolio quality, with non-performing loans at 0.42% and a coverage ratio in excess of 100%. ROAE stood at 29.8%.

The Financing Business model is built on the companies' ability to obtain leverage to fuel their lending portfolios, which widely differs from the trading or manufacturing business models in terms of the amount of debt incurred and the tenor of such debt by any company. All companies under GB Capital remain strongly under-leveraged compared to industry norms and regulatory caps, which in light of the nature of the business (for GB Lease, Drive and Tasaheel) allows the companies to borrow up to 8x Shareholders' Equity. Total leverage for the Financing Businesses stood at 3.74x as of 31 December 2016.

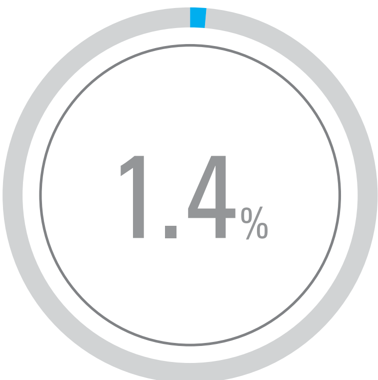
Financing Business Revenues by Year

(LE million)





Others



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

GB Auto's Retail arm operates retail after-sales outlets, known as 360, to distribute tires, tire parts, batteries, parts and lubricants. These points of presence also offer services including tire installation, battery services, and the sale and injection of lubricants in select locations

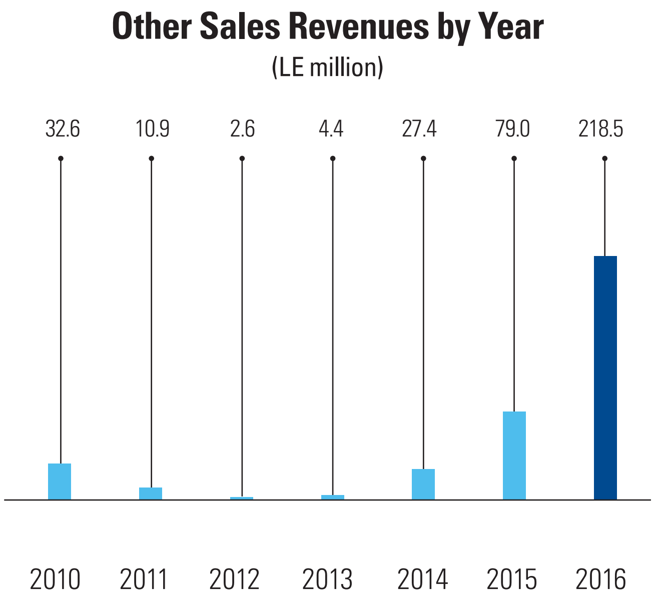
The company's western-style pre-owned car operation, Fabrika, is now operational at all GB-owned points of presence in Egypt, with operations having started in 2014 and the market proving receptive. Management anticipates further announcements regarding product representations within GB Auto-branded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

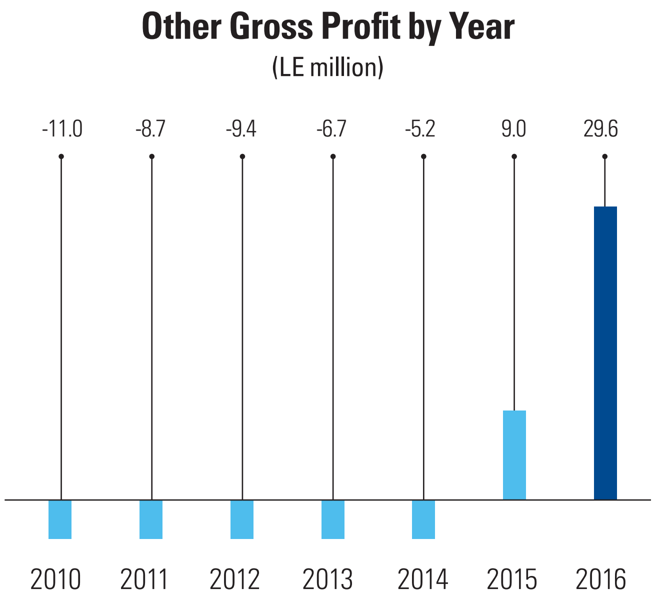
2016 Business Review

PAL operations showed substantial and promising growth in 2016, as revenues jumped 84.6% y-o-y in FY16 to LE 62.7 million compared to LE 33.9 million in FY15. The division has been exhibiting steady growth since its launch, but has recently faced competition from multinational counterparts who produce locally and are not subject to the same FX challenges.

GB Auto signed an agreement with Shell in 2016 to supply GB Auto's after-sales service centers across its brand portfolio with motor oil, which is expected to boost the company's bottom line.

Fabrika recorded sales revenue increases of 184.1% y-o-y for FY16, with its top line coming in at LE 1,19.3 million compared to LE 42.0 million last year. The business began recording net operating profits for the first time in 1Q16 and has remained on a steady path of growth since, with the company continuously expanding its product and services offerings to





better cater to its clients within this segment. Management is currently in the process of developing an incentive scheme that is expected to further boost the division's operational and financial performance.

GB Auto's newly launched pre-owned Commercial Vehicle & Construction Equipment venture, GB for Heavy Trucks and Construction Equipment Trading, also yielded promising results during its first six months in operation, with revenues of LE 33.3 million and gross profit of LE 4.0 million.

360, GB Auto's new after-sales retail outlets, made minor losses despite healthy margins during the year due to profits being cut into by overheads as only one branch remained operational during the year. 360 stores offer a range of PC tires, batteries, lubricants, spare parts, and accessories. It also provides related services such as tires and battery installation, oil and filter changing, in addition to some light mechanical services.

Gross profit from the division in FY16 was up an impressive 229.5% at LE 29.6 million, with the gross profit margin increasing 2.2 percentage points to 13.5%.

Organizational Structure


Board of Directors
Board Secretariat and Corporate Governance
Group CEO
CIAO
(Chief Internal Audit Officer)
SVP - Compliance
Chief Executive Officer, Tires
GCOO (Group Chief Operating Officer) - Automotive
CMO (Chief Manufacturing Officer)
COO (Chief Operating Officer) Financing Businesses
Tires Operations
Automotive Operations
Egypt Manufacturing Operations
Financing Businesses

Board of Directors

Dr. Raouf Ghabbour

Chairman of the Board of Directors and Chief Executive Officer

Dr. Raouf Ghabbour founded the Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour began his career working in his family's auto-related trading business, where he initially established himself in the Tire division. Having quickly gained a commendable reputation in the market for 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. 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. Ahmed El Wakil

Non-Executive Director

Mr. Ahmed El Wakil is a highly active and reputable member of Egypt's business community and joins GB Auto's Board of Directors with over four decades of experience. Since 1971, he has served as Chairman of his growing privately owned ventures — El Wakil Oil Mills, El Wakil Cotton Gins, and El Beheira Rice Mills — which all fall under the umbrella of the self-founded Wakalex Group. Mr. El Wakil has been the Chairman of the Federation of Egyptian Chambers of Commerce since 2010 and sits on the boards of various organizations, including the National Organization for Social Insurance, the Alexandria Port Authority, and the Internal Trade Development Authority, in addition to being the Vice Chairman of the Association of the Mediterranean Chambers of Commerce and Industry (ASCAME).

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 with a focus on 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 & 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. Mounir Fakhry Abdelnour

Non-Executive Director

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

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 with a focus on 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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Group Chief Operating Officer for Automotive

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Mr. George Sedky

Senior Vice President – Head of Human Resources

Mr. George Sedky is an experienced HR Senior Director and Consultant who specializes in strategic management and planning and has a successful track record of leading organizational transformation by adopting differentiated talent models and building a culture of engagement. During his 20 years' experience in the field of Human Resources, Mr. Sedky has lead major multinational and local corporations to re-engineer their HR departments to align with company goals and objectives effectively. Mr. Sedky holds a BSc. in Aerospace Engineering from the Faculty of Engineering and an MBA in HR Specialization.

Mrs. Amal Ragheb

Chief Operating Officer of Financing Business and Chief Credit Risk Officer

Mrs. Amal Ragheb joined GB Auto in October 2009 as Chief Operating Officer of the Financing Businesses. She is responsible for all of the Group's Financing Business activities — Financial Leasing, Microfinance, Factoring and Quasi-operational Lease Transport Services — and holds the position of Executive chairman for each of the aforementioned entities. Mrs. Ragheb is also the chief credit risk officer, in charge of all credit risk management policies and applications for the Group, as well as collections under legacy credits. A seasoned hands-on and results-oriented banker with a proven track record spanning over 30 years, Mrs. Ragheb joined GB Auto from Mashreq Bank, Dubai, UAE, where she held the position of Senior Vice President of 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. Tarek Hamdy

Vice President – Head of Administration

Mr. Tarek Hamdy joined GB Auto in 2016, heading the Administration, Travel, Fleet, Safety and Security departments. With over 16 years' experience in Administration, Safety and Security in different industries, Mr. Hamdy has a proven record of accomplishments including his ability to enact business plans and develop administrative services. Mr. Hamdy began his career in 1999 at the US Embassy in Cairo as a Diplomatic Operations Supervisor and in 2012, Mr. Hamdy accepted a position as Regional Admin & Security Manager at PepsiCo International, where he handled administration and oversaw security for major projects in the region.

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 the American University in Cairo in 1979 with a BA in Economics and Business Administration.

Mrs. Odette Gamil

Senior Vice President – CEO Assistant and Head of Internal Audit

Mrs. Odette Gamil joined GB Auto in September 2013 as Senior Vice President – CEO Assistant, her responsibilities being delegated directly by Dr. Raouf Ghabbour. She brought with her 22 years of experience in Finance and Internal Audit, 14 years of which were spent at multinational companies, Nestle & Heineken. Prior to joining GB Auto, Mrs. Gamil spent nine years at Nestle Egypt where she oversaw a number of areas and held various positions in Finance and Budgeting before ending her time at Nestle Egypt as Cost Controller. Mrs. Gamil was Head of Internal Audit at Heineken Egypt for five years, as well as performing audits for other companies in Africa and Middle East. In May 2017, Mrs. Gamil was appointed as Head of Internal Audit at GB Auto. She graduated from the Faculty of Commerce at Ain Shams University.

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. Mrs. Sadek is a CFA Charterholder.

Mr. Mohamed Wahby

Senior Vice President – Head of Supply Chain

Mr. Mohamed Wahby joined GB Auto in 2008 and joined the company with more than 21 years of experience in the automotive industry. Throughout his career, Mr Wahby has filled key positions across multiple areas due to his diversified experience in planning, distribution logistics, aftersales, manufacturing supply chain, warehousing management, purchasing and external logistics. Mr. Wahby has worked for several automotive multinational and national sole agents, such as: Fiat & Alfa Romeo (Aftersales), Citroen (Parts Planning), Daewoo (Parts Sales & Distribution), and BMW (Manufacturing Logistics). Since joining GB Auto, Mr. Wahby has provided the best in quality, innovation, and cost effectiveness, while also successfully motivating the members of his team to excel. Mr. Wahby is a Mechanical Automotive Engineer graduate from Helwan University.

Mr. Ramez Adeeb

Chief Manufacturing Officer

Mr. Ramez Adeeb joined GB Auto in 1995, holding a number of positions 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 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 chief information technology officer of the Americana Group where he managed 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.

Our People

+10,000

Talented Members of the GB Auto Family

GB Auto believes employees are the driving force behind our long-term success in the Egyptian market. As an employer of choice, we aim to attract, retain, and motivate the best employees through our unique outreach, development, and benefit programs. GB Auto and all its subsidiaries and ventures had 10,100 staff members in employment as of 31 December 2016.

Development

The GB Academy began as a collaboration between GB Auto and Centennial College of Toronto, Canada in 2010. Located in Abu Rawash, Giza, the training site opened its doors in June 2013 and has since been training nearly 8,000 GB Auto employees both nationally and regionally. Some 20 new courses are under development at the academy, and it hopes to extend its courses to others in the community so they can benefit from modules on offer.

For the second year, the GB Auto Academy acted as a springboard for GB Auto and Cisco's collaboration to offer ICT training workshops to all GB Auto employees to help them keep pace with technological advancements and equip them with technical skills applicable to their current jobs and future endeavors.

Also in 2016, the company joined forces with Nile University to allow manufacturing employees to attend academic courses at their training centers to build their drive for innovation and encourage them to keep up to date with technological advances.

In support of our strategy to reward and grow talent from within, the year saw another iteration of the company's Potential Leaders Program, a management training program designed to give high-performance employees comprehensive on-the-job training to build their leadership potential.

Outreach

GB Auto has put in place a full-fledged internal communication strategy to ensure we liase with employees in a transparent and effective way. In 2016, we launched the web-based GB Auto Employee Satisfaction Survey to better understand employee issues and assess morale, satisfaction, and engagement. We've also installed complaints and suggestion boxes at all premises for employees to raise concerns and grievances directly to the Chairman and CEO.

Benefits

GB Auto has developed comprehensive compensation, benefit, and bonus schemes for employees by carefully assessing all jobs in the company and undergoing thorough job evaluations. To support a healthy work-life balance, fringe benefits have also been integrated into this strategy, including flexible hours, meal allowances, transportation to and from work by bus, car maintenance services, discounts on company products, and travel opportunities at discounted prices.

Health and Safety

Under the "Your Safety Is Important to

OUR PEOPLE OUR ENGINE

As an employer of choice, we believe employees are the driving force for our long-term, sustainable growth

Us" initiative, the company regularly offers safety workshops, training modules, and classes for employees and a life and accident insurance policy free of charge. It also offers an up-to-date medical insurance policy that covers all employees for regular healthcare, in addition to availing medical practitioners on site. For the second year, the company pressed on with its company-wide employee immunization campaign against seasonal influenza for around 3,000 employees. The company also launched various drug-awareness campaigns to safeguard the health of its staff.

GB Auto continues to support employee sports and wellness initiatives that take place throughout the year. In 2016, the company outfitted the GB Auto Star Football team with all the necessary equipment and gear to compete in the annual Ramadan GB Auto Football League. GB Auto also distributed 3,690 Ramadan food supply bags to its employees during the holy month at its premises across Egypt.

Corporate Social Responsibility at GB Auto

Corporate Social Responsibility (CSR) has always been an integral component of GB Auto's business philosophy. In 2016, with the foundation of our dedicated CSR Department, we set out to create a stronger impact in the societies we work in, through several channels such as education, health, and road safety, guided by the tenants of our CSR strategy.

Education

Our biggest area of focus is education, with particular attention paid to vocational training as GB Auto believes funneling investments into this plank plays a direct role in the betterment of society.

In 2016, we signed a protocol with the Ministry of Trade and Industry's Productivity & Vocational Training Department and Industrial Training Council to sponsor a three-year vocational school. GB Auto will provide training modules for teachers, review curriculum, and enhance the school management system in collaboration with an international vocational training institution. It will also upgrade the school workshop and conduct renovations on the building.

In 2016, GB Auto funded Cairo University's student engineers who engage in global competitions that challenge participants to design, build, and simulate real-world engineered cars. The winning team from the university participated at engineering design events that took place in Silverstone, UK and Hockenheimring, Germany. The company was honored with the Cairo University Appreciation Award for its efforts.

During the year, GB Auto invested $50,000 in a collaboration with Takreem, which identifies and honors Arabs who have excelled in their field and inspired others in their quest for cultural, educational, scientific, environmental, humanitarian, social, and economic excellence.

In partnership with the Misr El Kheir Foundation, GB Auto also funded the travel mobile library Tales on 4 Wheels that provides reading books of various genres for school children.

Road Safety

GB Auto recognizes the gravity of road safety problems Egyptians face. Car accidents are the second major cause of fatalities, killing around 12,000 people a year, according to a World Health Organization report. We set up a three-week Safe Driving Initiative in 2016 that, in collaboration with Hyundai Motor Company, sought to create safe driving awareness for 1,000 drivers. The program was a huge success, garnering the interest of over 4,000 people. We plan to continue the program and reach an even wider segment of Egyptian society.

Health

Through various outreach programs and donations, GB Auto has worked to improve the health of the communities in which we do business. In 2016, as part of our responsibility to these communities, we donated LE 100,000 to the Abu El Rish Children's Hospital that was used to provide dialysis machines for children suffering from kidney disease.

Philanthropy

GB Auto continues to focus on fulfilling its philanthropic duties, going beyond the prevention of potential harm to helping improve public welfare. We have supported mothers-in-debt, organized orphan days at Kidzania, and provided funding to foundations that support street children.

Durig the year, the Misr El Kheir Foundation extended our CSR Department an award for its efforts to Egyptian mothers. During the year, GB Auto donated LE 850,000 to 100 mothers in debt.

To view our full Sustainability Report please click here.


سلامتك تهمنا
٢٠١٦
HYUNDAI


سلامتك تهمنا
٢٠١٦

SUPERIOR GROWTH

The success of our dynamic business model has allowed us to drive value for stakeholders at every step in our growth story

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 31 December 2016

Principal Activities

GB Auto is a leading player in the MENA region's automotive industry and non-bank financial services field. It 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 services through a nation-wide after-sales service network and non-bank financial services that include financial leasing, factoring, consumer finance, and micro financing. 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 2016 reached LE 15,285.7 million versus LE 12,264.7 million the previous year, a decrease of 24.6%. Net loss for the year stood at LE 865.7 million, falling by 471.4% from 2015 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 48 and 49 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 as of 31 December 2016 was 10,100 including all subsidiaries and ventures.

Shareholders

The shareholding structure of the company as of 31 December 2016 was as follows: Dr. Raouf Ghabbour family and related parties holding 59.9%; public holding 40.1%.

Annual General Meeting

The annual general meeting was held at 11:00 am on 19 April 2017 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
26th March, 2017

SOUND
GOVERNANCE

High standards of governance are key to maintaining the trust of investors and all our stakeholders

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

- Mounir Abelnour
- Ahmed El Wakil
- 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 sub-committee of the Board, consisting of the Chairman and one or more Executive Directors, which shall make recommendations to the Board as a whole.

President

- Alaa Saba

Members

- Mounir Abelnour
- Ahmed El Wakil
- 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

- Alaa Saba

Members

- Mounir Abelnour
- Ahmed El Wakil
- Walid Sulaiman Abanumay

Auditor's Report

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

Limited review report of consolidated interim financial statements

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

Introduction

We have performed a limited review for the accompanying consolidated balance sheet of GB Auto (S.A.E.) as at March 31, 2017 and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2017 and of it financial performance and its cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

Cairo May 11, 2017

KPMG Hazem Hassan
Public Accountants & Consultants

Consolidated Balance Sheet

as at December 31, 2016

(All amounts in thousand Egyptian Pound)	Note	2016	2015
Assets			
Non-current assets			
Property, plant, equipment and projects under construction (Net)	(16)	4 898 939	3 175 486
Intangible assets and goodwill	(17)	437 208	293 078
Payments Under Investments		5 500	
Notes receivables (Net)	(11)	756 751	414 330
Deferred tax assets	(9 - B)	159 355	40 640
Investment property	(18)	91 512	91 512
Debit balances		24 110	24 110
Total non-current assets		**6 373 375**	**4 039 156**
Current assets			
Inventories (Net)	(10)	5 820 482	2 950 981
Assets held for sale	(15)	-	329 175
Accounts and notes receivables (Net)	(12)	2 363 801	1 649 624
Debtors and other debit balances (Net)	(13)	1 208 354	1 069 509
Due from related parties	(34)	105 516	86 203
Cash on hand and at banks	(14)	1 225 300	1 188 704
Total current assets		10 723 453	7 274 196
Total assets		17 096 828	11 313 352
Equity			
Issued and paid in capital	(19)	1 094 010	1 094 010
Shares held by the group	(20)	(26 506)	(26 506)
Legal reserve	(21)	311 125	296 570
Other reserves	(22)	2 548 975	1 152 989
Retained earnings		759 762	584 288
Net (Loss) / Income for the year		(865 656)	233 095
Equity attributable to owners of the company		**3 821 710**	**3 334 446**
Non-controlling interests	(23)	1 169 638	608 660
Total equity		**4 991 348**	**3 943 106**
Liabilities			
Non-current liabilities			
Loans	(25)	1 663 490	898 473
Warranty provisions	(27)	49 174	54 741
Deferred revenues		21 142	-
Deferred tax liabilities	(9 - B)	164 389	82 926
Total non-current liabilities		**1 898 195**	**1 036 140**
Current liabilities			
Provisions	(27)	161 891	88 470
Current tax liabilities	(9 - A)	98 115	61 555
Loans, borrowings and overdrafts	(25)	7 068 619	4 334 801
Due to related parties	(34)	70 710	62 404
Trade payables and other credit balances	(26)	2 807 950	1 786 876
Total current liabilities		**10 207 285**	**6 334 106**
Total liabilities		**12 105 480**	**7 370 246**
Total equity and liabilities		**17 096 828**	**11 313 352**

* 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 Director
Abbas Elsayed	and Board of Director Member	Dr. Raouf Ghabbour
	Mostafa Ahmed Elmahdi	

Consolidated Statement of Income

for financial year ended December 31, 2016

(All amounts in thousand Egyptian Pound)	Note	2016	2015
Continuing operations			
Revenue		15 285 672	12 264 689
Cost of revenue		(13 083 613)	(10 660 759)
Gross profit		**2 202 059**	**1 603 930**
Other income		40 734	126 302
Selling and marketing expenses		(449 848)	(364 486)
General and administrative expenses		(749 706)	(531 124)
Provisions and Impairment of Current and Non-Current assets (Net)	(7)	(184 856)	(58 460)
Reverse impairment / (Impairment) of Non-Current assets held for sale		21 229	(18 719)
Impairment on fixed assets		(2 788)	(1 591)
Investment Losses		(10 862)	(5 688)
Operating results		**865 962**	**750 164**
Finance costs (Net)	(6)	(1 853 352)	(513 265)
Net (Loss) / profit for the year before income tax		**(987 390)**	**236 899**
Income tax expense	(9-C)	(2 420)	(45 385)
(Loss) / Profit from continuing operations		**(989 810)**	**191 514**
Discontinued operations		-	-
Profit / (Losses) from discontinued operations after income tax		-	-
Net (Loss) / Profit for the year		**(989 810)**	**191 514**
Attributable to:			
Owners of the company		(865 656)	233 095
Non-controlling interests		(124 154)	(41 581)
		(989 810)	**191 514**
Basic (Loss) / earnings per share/ EGP	(8)	(0.811)	0.342

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

Consolidated statement of comprehensive income

for financial year ended December 31, 2016

(All amounts in thousand Egyptian Pound)	Note	2016	2015
Net (Loss) / Profit for the year after income tax		(989 810)	191 514
Other comprehensive income items			
Foreign currency translation difference		1 808 645	95 456
Modification surplus of fixed assets result		318 250	-
Total other comprehensive income for the year before income tax		**2 126 895**	**95 456**
Income tax Related to other comprehensive income item		(61 163)	-
Other comprehensive income for the year after income tax		**2 065 732**	**95 456**
Total other comprehensive income for the year		**1 075 922**	**286 970**
Other comprehensive income is attributable to:			
Owners of the company		511 667	301 851
Non-controlling interests		564 255	(14 881)
		1 075 922	**286 970**

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

Consolidated Statement of Changes in Equity

for the financial year ended December 31, 2016

(All amounts in thousand Egyptian Pound)	Attributed to owners of the company											
	Share capital	Shares held by the group	Legal reserve	Foreign currency translation reserve	"ESOP (Fair value) reserve"	Surplus Revaluation of fixed assets reserve	Share premium (Special reserve)	Retained earnings	Net profit / (losses) for the year	Total	Non-Controlling interests	Total equity
Balance at 31 December 2015	**1 094 010**	**(26 506)**	**296 570**	**115 275**	**67 777**	**2 498**	**967 439**	**584 288**	**233 095**	**3 334 446**	**608 660**	**3 943 106**
Transferred to retained earnings	-	-	-	-	-	-	-	233 095	(233 095)	-	-	-
Total comprehensive income												
Net (loss) for the year	-	-	-	-	-	-	-	-	(865 656)	(865 656)	(124 154)	(989 810)
Modification surplus of fixed assets after income tax	-	-	-	-	-	257 087	-	-	-	257 087	-	257 087
Other comprehensive income items	-	-	-	1 120 236	-	-	-	-	-	1 120 236	688 409	1 808 645
Total comprehensive income	-	-	-	**1 120 236**	-	**257 087**	-	-	**(865 656)**	**511 667**	**564 255**	**1 075 922**
Transactions with owners of the company												
Change of non-controlling interests without changing in control	-	-	-	-	-	-	-	-	-	-	(5 929)	(5 929)
Dividends	-	-	-	-	-	-	-	(43 066)	-	(43 066)	(11 367)	(54 433)
ESOP fair value	-	-	-	-	18 663	-	-	-	-	18 663	-	18 663
Capital increase	-	-	-	-	-	-	-	-	-	-	14 019	14 019
Transferred to Legal reserve	-	-	14 555	-	-	-	-	(14 555)	-	-	-	-
Total Transactions with owners of the company	-	-	**14 555**	-	**18 663**	-	-	**(57 621)**	-	**(24 403)**	**(3 277)**	**(27 680)**
Balance at December 31, 2016	**1 094 010**	**(26 506)**	**311 125**	**1 235 511**	**86 440**	**259 585**	**967 439**	**759 762**	**(865 656)**	**3 821 710**	**1 169 638**	**4 991 348**

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

Consolidated Statement of Changes In Equity

for financial year ended December 31,2015

(All amounts in thousand Egyptian Pounds)	Attributed to owners of the company											
	Share capital	Shares held by the group	Legal reserve	Foreign currency translation reserve	"ESOP (Fair value) reserve"	Surplus Revaluation of fixed assets reserve	Share premium (Special reserve)	Retained earnings	Net profit for the year	Total	Non-Controlling interests	Total equity
Balance at 31 December 2014	135 338	(3 275)	267 265	46 519	49 114	2 498	968 653	496 040	173 989	**2 136 141**	637 782	**2 773 923**
Transferred to retained earnings	-	-	-	-	-	-	-	173 989	(173 989)	-	-	-
Total comprehensive income												
Net profit / (Loss) for the year	-	-	-	-	-	-	-	-	233 095	**233 095**	(41 581)	**191 514**
Other comprehensive income items	-	-	-	68 756	-	-	-	-	-	**68 756**	26 700	**95 456**
Total other comprehensive income	-	-	-	**68 756**	-	-	-	-	**233 095**	**301 851**	**(14 881)**	**286 970**
Transactions with owners of the company												
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)**
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)	-	-		-
Total Transactions with owners of the company	**958 672**	**(23 231)**	**29 305**	-	**18 663**	-	**(1 214)**	**(85 741)**	-	**896 454**	**(14 241)**	**882 213**
Balance at December 31, 2015	**1 094 010**	**(26 506)**	**296 570**	**115 275**	**67 777**	**2 498**	**967 439**	**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 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 (loss) / profit for the year before tax		(987 390)	236 899
Adjustments for:			
Interest expense		596 228	360 888
Depreciation and amortization for the year	(16.17)	320 759	254 724
Provisions movements (net)	(27)	102 666	43 045
Impairment losses on current assets (net)		93 506	37 820
(Reverse impairment) / Impairment on non current asset held for sale	(11)	(21 229)	18 719
ESOP fair value		18 663	18 663
Issuance costs of Share capital		-	(1 214)
Interest income	(6)	(15 965)	(46 034)
Loans capitalized interest		(12 459)	(6 212)
Capital gain - Sale and lease back		-	(2 677)
Impairment on fixed assets		2 788	1 591
Foreign currency translation losses (Unrealized)		836 632	-
Gain from revaluation of investment properties after development		-	(87 341)
Loss from sale of property, plant,equipment and assets held for sale		675	3 099
		934 874	**831 970**
Changes in:			
Inventories		(2 927 403)	(628 574)
Accounts and notes receivables		(1 041 547)	(235 699)
Debtors and other debit balances		(134 390)	(261 578)
Due from related parties		20 973	(56 305)
Due to related parties		8 306	2 303
Trade payables and other credit balances		1 007 118	479 457
Cash (used in) / generated from operating activities		**(2132 069)**	**131 574**
Provisions used		(68 044)	(13 887)
Income tax paid		(64 275)	(68 433)
Dividends paid		(54 434)	(46 747)
Net cash (used in) / generated from operating activities		**(2 318 822)**	**2 507**
Cash flows from investing activities			
Acquisition of property, plant, equipment and projects under constructions		(1 385 345)	(1 259 383)
Change of non-controlling interests without changing in control		(5 929)	(5 643)
Acquisition of intangible assets		(843)	(847)
Interest income received		9 012	45 280
Payment under Investment		(5 500)	-
Proceeds from sale of property, plant, equipment and assets held for sale		197 785	21 548
Net cash used in investing activities		**(1190 820)**	**(1199 045)**
Cash flows from financing activities			
Proceeds from non controlling interest to increase capital of subsidiaries		14 019	10 678
Proceeds from loans and borrowings		3 498 836	991 298
Proceed from capital increase	(21)	-	449 994
Interest paid		(561 130)	(349 101)
Net cash generated from financing activities		**2 951 725**	**1 102 869**
Net decrease in cash and cash equivalents		**(557 917)**	**(93 669)**
Cash and cash equivalents at the beginning of the year		1 188 704	1 177 577
Effect of movements in exchange rates on cash and cash equivilants held		594 513	104 796
Cash and cash equivalents at end of the year	**(14-B)**	**1 225 300**	**1 188 704**

* 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, 2016

1 Reporting entity

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

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

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

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

The major shareholders of the company are Dr. Raouf Ghabbour and his family who collectively owns approximately 54.41% of the Company's shares as at December 31, 2016.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on March 26, 2017.

2 Basis of preparation of consolidated financial statements

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

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

3 Functional and presentation currency

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

4 Use of judgement and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis.

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

A Measurement of fair value

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

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

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

5 Operating Segments

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

- The following summery describes the operations for each reportable segments:

Reportable segment	Operations
Passenger car	Trading, distributing and marketing for all kinds of passenger cars, whether locally manufactured or imported.
Buses and trucks	Trading, distributing and marketing for all kinds of heavy trucks, semi-trucks, buses, mini buses, micro buses, agriculture tractors, whether locally manufactured or imported.
2 & 3 Wheels	Trading, distributing and marketing for all kinds of 2 & 3 Wheels, whether locally manufactured or imported.
Other Operations	Trading spare parts, and its accessories whether locally manufactured or imported, tires for vehicles and equipment whether locally manufactured or imported. export activities, selling locally manufactured and imported products for cash, on credit or through finance leasing and microfinance. and trade in all goods including light truck and sale by instalments 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.

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

A Total Revenue

	December 31, 2016	December 31, 2015
Passenger car	62.8%	61.1%
Buses and trucks	8.3%	10.8%
2 & 3 Wheels	12.4%	16.3%
Other Operations	16.5%	11.8%

B Revenue from foreign operations

	December 31, 2016	December 31, 2015
Passenger car	11.1%	18.9%
2 & 3 Wheels	1.6%	0.48 %
Other Operations	4.1%	8.4%

C Segments results

	December 31, 2016	December 31 2015
Passenger car	51.84%	49.4%
Buses and trucks	10.55%	11.6%
2 & 3 Wheels	13.08%	21.6%
Other Operations	24.53%	17.4%

D Assets

	December 31, 2016	December 31, 2015
Passenger car	50.9%	51.8%
Buses and trucks	20.3%	19.7%
2 & 3 Wheels	3.3%	5.5%
Other Operations	25.5%	23%

E Liabilities

	December 31, 2016	December 31, 2015
Passenger car	60.1%	59.5%
Buses and trucks	%14.3	13.7%
2 & 3 Wheels	2.2%	5.1%
Other Operations	23.4%	21.7%

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

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

	December 31, 2016	December 31, 2015
Revenues		
Total revenues for reportable segments	17 557 695	13 802 134
Elimination of inter-segment revenue	(2 272 023)	(1 537 445)
Consolidated Revenue	**15 285 672**	**12 264 689**
Segments result		
Gross profit for reportable segment	2 174 733	1 609 006
Elimination of inter-segment gross profit	27 326	(5 076)
Consolidated Gross Profit	**2 202 059**	**1 603 390**
Assets		
Total assets for reportable segments	31 314 948	23 475 305
Elimination inter-segment assets	(14 317 120)	(12 161 953)
Total Consolidated Assets	**17 096 828**	**11 313 352**
Liabilities		
Total Liabilities for reportable segments	21 822 941	15 006 664
Elimination inter-segment Liabilities	(9 717 461)	(7 636 418)
Total Consolidated Liabilities	**12 105 480**	**7 370 246**

G Other martial amounts

	Total reportable segment	Adjustments	Total consolidated December 31, 2016
Finance income	50 529	(34 564)	**15 965**
Interest expense and Bank Charges	(646 608)	(10 688)	**(657 296)**
Capital expenditure	2 029 780	(347 308)	**1 682 472**
Depreciation and amortization	321 208	(449)	**320 759**

	Total reportable segment	Adjustment	Total consolidated December 31, 2015
Interest income	63 287	(17 253)	**46 034**
Interest expense and Bank Charges	(401 113)	17 253	**(383 860)**
Capital expenditure	1 265 664	-	**1 265 664**
Depreciation and amortization	254 724	-	**254 724**

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

6 Finance Costs

	December 31, 2016	December 31, 2015
Interest income	12 605	43 876
Interest income on installment sales	3 360	2 158
Total Finance Income	**15 965**	**46 034**
Interest expense and bank charges	(657 296)	(383 860)
Foreign exchange differences	(1 212 021)	(175 439)
Total Finance Cost	**(1 869 317)**	**(559 299)**
Net Finance Cost	**(1 853 352)**	**(513 265)**

7 Provisions and Impairment of Current and Non-Current assets

Provisions no longer required

	December 31, 2016	December 31, 2015
Warranty provision	-	17 662
Reversal impairment of accounts and notes receivables, debtors and other debit balances.	2 767	1 514
Litigation provision	23	-
Total provisions no longer required	**2 790**	**19 176**

Provisions formed

	December 31, 2016	December 31, 2015
Warranty provision	(48 309)	(30 593)
Impairment of accounts and notes receivable, debtors and other debit balances	(84 957)	(16 929)
Litigation provision	(520)	(21)
Other provisions	(53 860)	(30 093)
Total provisions formed	**(187 646)**	**(77 636)**
Net provisions in the income statement	**(184 856)**	**(58 460)**

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

	Balance at 1/1/2016	Impairment during the year	Used during the year	Reversal of Impairment during the year	Effect of movements of exchange rates	Balance at 31/12/2016
Impairment of Accounts & Notes receivable	290 783	82 457	(33 230)	(2 767)	42 486	379 729
Impairment of Debtors & Other debit balances	5 407	2 500	-	-	-	7 907
	296 190	**84 957**	**(33 230)**	**(2 767)**	**42 486**	**387 636**
Impairment of Inventory*	69 222	29 224	-	(17 908)	46 586	127 124
	365 412	**114 181**	**(33 230)**	**(20 675)**	**89 072**	**514 760**

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

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

8 Earnings / (Loss) per share

i Basic

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

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

	December 31, 2016	December 31, 2015
Net (loss)/profit for the year attributable to the shareholders	(865 656)	233 095
Weighted average number of ordinary shares issued	1 067 504	681 883
Basic (loss) / earnings per share/ EGP	**(0,811)**	**0.342**

9 Income tax

A Income tax liabilities

	December 31, 2016	December 31, 2015
Balance at 1 January	61 555	76 942
Taxes paid during the year	(64 275)	(68 433)
Current income tax during the year (Note 9-C)	100 835	53 046
Balance at the end of the year	**98 115**	**61 555**

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

B Deferred tax assets and liabilities

	Note	Fixed and Intangible Assets	Carried forward losses	Impairment of Inventory	Warranty Provision	Surplus revaluation of fixed assets*	Foreign exchange loss	Total December 31, 2016	Total December 31, 2015
Deferred tax assets									
Balance at 1 January		825	15 063	9 910	14 842	-	-	**40 640**	**35 517**
Reclass		(814)	814	-	-	-	-	-	-
Charged to the income statement		-	(6 005)	(2 455)	5 177	-	121 998	**118 715**	**5 123**
Balance at the end of the year		**11**	**9 872**	**7 455**	**20 019**	-	**121 998**	**159 355**	**40 640**
Deferred tax liabilities									
Balance at 1 January		(82 926)	-	-	-	-	-	**(82 926)**	**(85 464)**
Charged to the income statement		(20 300)	-	-	-	-	-	**(20 300)**	**2 538**
Charged to Statement of comprehensive income		-	-	-	-	(61 163)	-	**(61 163)**	-
Balance at the end of the year		**(103 226)**	-	-	-	**(61 163)**	-	**(164 389)**	**(82 926)**
Net deferred tax liabilities		**(103 215)**	**9 872**	**7 455**	**20 019**	**(61 163)**	**121 998**	**(5 034)**	**(42 286)**
Net									
Balance at 1 January		**(82 101)**	**15 063**	**9 910**	**14 842**	-	-	**(42 286)**	**(49 947)**
Reclass		(814)	814	-	-	-	-	-	-
Charged to the income statement	(9-C)	(20 300)	(6 005)	(2 455)	5 177	-	121 998	**98 415**	**7 661**
Charged to Statement of comprehensive income		-	-	-	-	(61 163)	-	**(61 163)**	-
Balance at the end of the year		**(103 215)**	**9 872**	**7 455**	**20 019**	**(61 163)**	**121 998**	**(5 034)**	**(42 286)**

* Deferred tax expense on surplus revaluation of fixed assets is charged to consolidated statement of comprehensive income.

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

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, 2016	December 31, 2015
Impairment of accounts and notes receivables	85 439	65 426
Impairment of other debit balances	1 779	1 217

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

C Income tax expenses

	December 31, 2016	December 31, 2015
Current income tax for the year (Note 9-A)	(100 835)	(53 046)
Deferred tax – benefit (Note 9-B)	98 415	7 661
Income tax for the year	**(2 420)**	**(45 385)**

D Amounts recognized in OCI

	December 31, 2016			December 31, 2015		
	Before Tax	Taxes	After Tax	Before Tax	Taxes	After Tax
Foreign Currency translation difference	1 808 645	-	1 808 645	95 456	-	95 456
Modification surplus of fixed assets result	318 250	(61 163)	257 087	-	-	-
	2 126 895	**(61 163)**	**2 065 732**	**95 456**	-	**95 456**

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

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

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

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

On August 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 decreeNo. 44 for the year 2014 that imposing a temporary additional income tax, this decree shall be in effect from the next day of issuance. The most important changes included in the decree are as follows:

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

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

In November 2016, The Supreme Council of Investment was issued a decision to extend the decision to freeze the work on the tax on the profits of activity in the stock market for three years. But no law has been passed in this regard until this decision becomes effective from its date.

10 Inventories

	December 31, 2016	December 31, 2015
Goods in transit	1 267 505	940 125
Cars, buses and trucks	2 876 875	1 171 703
Raw material and car components	1 118 781	491 091
Spare parts for sale	461 464	264 052
Work in progress	92 371	56 452
Tires	106 337	81 622
Oils	24 273	15 158
Total	**5 947 606**	**3 020 203**
Impairment of inventory *	(127 124)	(69 222)
Net	**5 820 482**	**2 950 981**

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

11 Long term notes receivables

	December 31, 2016	December 31, 2015
Long-term notes receivable (Note 12)	1 015 981	542 265
Interest income on installment sales	(256 483)	(125 768)
Net present value for long-term notes receivable	**759 498**	**416 497**
Impairment of long-term notes receivable	(2 747)	(2 167)
Net	**756 751**	**414 330**

12 Accounts and notes receivables

	December 31, 2016	December 31, 2015
Total notes receivable	3 017 124	1 650 927
Long-term notes receivable (Note 11)	(1 015 981)	(542 265)
Unamortized interest	(264 933)	(128 239)
Net present value for short-term notes receivable	**1 736 210**	**980 423**
Trade receivable	1 004 573	957 817
Total	**2 740 783**	**1 938 240**
Impairment of accounts and notes receivable balances	(376 982)	(288 616)
Net	**2 363 801**	**1 649 624**

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

13 Debtors and other debit balances

	December 31, 2016	December 31, 2015
Advance payments to suppliers	607 101	202 565
Withholding tax	185 815	143 631
Sales tax receivable	82 740	-
Accrued interest	7 090	754
Letters of credit	83 437	521 906
Prepaid expenses	68 930	88 324
Deposits with others	23 804	10 956
Letters of guarantee margin	56 813	19 966
Staff loans and custodies	23 802	18 340
Other debit balances	74 298	63 268
Customs duties	2 431	5 206
Total	**1 216 261**	**1 074 916**
Impairment of debtor and other debit balances	(7 907)	(5 407)
Net	**1 208 354**	**1 069 509**

14 Cash on hand and at banks

A Cash on hand and at banks

	December 31, 2016	December 31, 2015
Cash on hand and cash at banks	1 225 300	1 188 704
	1 225 300	**1 188 704**

B Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand and cash at banks	1 225 300	1 188 704
	1 225 300	**1 188 704**

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

15 Non-Current assets held for sale

	December 31, 2016				December 31, 2015
	Land	Building	Investment	Total	Total
Cost					
Balance at 1 January	**300 471**	**14 288**	**34 750**	**349 509**	**314 759**
Additions during the year	-	-	-	-	**34 750**
Disposal during the year	-	-	(39 409)	**(39 409)**	-
Transferred to fixed assets	(300 471)	(14 288)	-	**(314 759)**	-
Effect of movement of exchange rates	-	-	4 659	**4 659**	-
Balance at December 31, 2016	-	-	-	-	**349 509**
Accumulated depreciation and impairment					
Balance at 1 January	-	1 615	18 719	**20 334**	**1 615**
Impairment of non – current asset held for sale	-	-	-	-	**18 719**
Reversal impairment of non – current asset held for sale	-	-	(21 229)	**(21 229)**	-
Transferred to fixed assets	-	(1 615)	-	**(1 615)**	-
Effect of movement of exchange rates	-	-	2 510	**2 510**	-
Balance at December 31, 2016	-	-	-	-	**20 334**
Net carrying amount at the end of the year	-	-	-	-	**329 175**

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

16- Property, plant, equipment and Projects under constructions

	Lands & buildings	Machinery & equip-ments	Vehicles	IT infra-structures & computers	Fixtures & furniture	Leasehold improve-ments	Projects under construction *	Total
Cost								
Cost at 1 January 2015	1 888 118	657 401	628 880	87 519	174 339	16 155	230 905	**3 683 317**
Reclassification	-	(38)	-	359	(1 148)	827	-	-
Additions during the year	630 076	55 519	278 395	36 853	19 758	373	243 846	**1 264 820**
Transferred to investment property under development	(3 565)	-	-	-	-	-	-	**(3 565)**
Transferred from projects under construction to PP&E and intangible assets	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)**
Effect of movements of exchange rates	(9 793)	811	382	238	3 697	(99)	930	**(3 834)**
Balance at 31 December 2015	**2 360 254**	**729 137**	**787 823**	**124 947**	**204 069**	**19 365**	**289 231**	**4 514 826**
Cost at 1 Januaray 2016	2 360 254	729 137	787 823	124 947	204 069	19 365	289 231	**4 514 826**
Reclassification	-	(188)	-	-	188	-	-	-
Additions during the year	1 070 022	144 967	229 071	14 468	19 606	2 193	201 302	**1 681 629**
Transferred from projects under construction to PP&E and intangible assets	195 053	49 376	-	1 048	26 774	-	(274 497)	**(2 246)**
Reclassification from assets held for sale	314 759	-	-	-	-	-	-	**314 759**
Disposals during the year	(210 852)	(28 808)	(117 800)	(133)	(10 993)	-	-	**(368 586)**
Effect of cost modification using modification factor	-	355 861	82 401	57 643	120 330	-	32 538	**648 773**
Effect of movements of exchange rates	236 772	24 088	16 875	4 945	56 483	3 104	4 302	**346 569**
Balance at 31 December 2016	**3 966 008**	**1 274 433**	**998 370**	**202 918**	**416 457**	**24 662**	**252 876**	**7 135 724**
Accumulated depreciation and impairment losses								
Accumulated depreciation at 1 Januaray 2015	108 007	210 460	234 049	51 836	81 698	8 423	-	**694 473**
Reclassification	-	(9)	-	123	(542)	428	-	-
Depreciation during the year	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 during the year	-	1 343	-	-	115	-	133	**1 591**
Effect of movements of exchange rates	114	161	78	147	1 143	(17)	-	**1 626**
Accumulated depreciation at 31 December 2015	**137 890**	**262 408**	**271 912**	**67 941**	**102 115**	**12 071**	**133**	**854 470**
Accumulated depreciation at 1 Januaray 2016	137 890	262 408	271 912	67 941	102 115	12 071	133	**854 470**
Depreciation during the year	48 847	69 395	149 171	20 791	26 559	3 170	-	**317 933**
Reclassification from assets held for sale	1 615	-	-	-	-	-	-	**1 615**
Disposals during the year	(3 755)	(12 899)	(74 044)	(95)	(5 425)	-	-	**(96 218)**
Effect of accumulated depreciation modification using modification factor	-	164 986	56 359	42 104	67 074	-	-	**330 523**
Impairment of Fixed Assets	-	-	-	-	-	-	2 788	**2 788**
Effect of movements of exchange rates	13 420	5 401	7 142	3 870	23 410	842	2 895	**56 980**
Accumulated depreciation at 31 December 2016	**198 017**	**489 291**	**410 540**	**134 611**	**213 733**	**16 083**	**5 816**	**1 468 091**
Net carring Amount								
At 1 January 2015	**1 780 111**	**446 941**	**394 831**	**35 683**	**92 641**	**7 732**	**230 905**	**2 988 844**
At 31 December 2015	**2 222 364**	**466 729**	**515 911**	**57 006**	**101 954**	**7 294**	**289 098**	**3 660 356**
At 31 December 2016	**3 767 991**	**785 142**	**587 830**	**68 307**	**202 724**	**8 579**	**247 060**	**5 667 633**

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

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

Property, plant, equipments and projects under construction (Net)

	Note	31 December 2016	31 December 2015
Property, plant, equipments and projects under construction (Net)		5 667 633	3 660 356
Deduct:-			
Amounts under settlement of financial lease contracts	(29)	768 694	484 870
		4 898 939	**3 175 486**

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

A Financial leased assets:

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

	Lands & buildings	Machinery & equipments	Vehicles	IT infrastructures & computers	Fixtures & furniture	Total
Cost						
Cost at 1 January 2015	692 850	195 461	444 487	16 514	1 757	**1 351 069**
Additions during the year	616 293	22 275	252 030	21 173	-	**911 771**
Disposals during the year	(286 256)	(3 830)	(107 275)	-	-	**(397 361)**
Balance at 31 December 2015	**1 022 887**	**213 906**	**589 242**	**37 687**	**1 757**	**1 865 479**
Cost at 1 Januaray 2016	1 022 887	213 906	589 242	37 687	1 757	**1 865 479**
Additions during the year	1 386 160	124 732	184 190	505	-	**1 695 587**
Disposals during the year	(210 852)	(25 209)	(100 655)	-	-	**(336 716)**
Balance at 31 December 2016	**2 198 195**	**313 429**	**672 777**	**38 192**	**1 757**	**3 224 350**
Accumulated depreciation						
Accumulated depreciation at 1 Januaray 2015	8 739	21 530	158 498	2 469	146	**191 382**
Depreciation during the year	15 082	20 977	101 987	6 612	351	**145 009**
Disposals during the year	(4 497)	(1 149)	(81 038)	-	-	**(86 684)**
Accumulated depreciation at 31 December 2015	**19 324**	**41 358**	**179 447**	**9 081**	**497**	**249 707**
Accumulated depreciation at 1 Januaray 2016	19 324	41 358	179 447	9 081	497	**249 707**
Depreciation during the year	25 027	27 582	127 623	8 369	351	**188 952**
Disposals during the year	(3 755)	(10 111)	(64 176)	-	-	**(78 042)**
Accumulated depreciation at 31 December 2016	**40 596**	**58 829**	**242 894**	**17 450**	**848**	**360 617**
Carring Amount						
At 1 January 2015	**684 111**	**173 931**	**285 989**	**14 045**	**1 611**	**1 159 687**
At 31 December 2015	**1 003 563**	**172 548**	**409 795**	**28 606**	**1 260**	**1 615 772**
At 31 December 2016	**2 157 599**	**254 600**	**429 883**	**20 742**	**909**	**2 863 733**

Financial leased assets (Net)

	Note	31 December 2016	31 December 2015
Financial leased assets (Net)		2 863 733	1 615 772
Deduct:-			
Amounts under settlement of financial lease contracts	(29)	768 694	484 870
		2 095 039	**1 130 902**

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

B Leased Assets:

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 (35/Q) and according to the requirement of the Egyptian Accounting Standard (No.20), according to, the annual lease payments are recognized as an expense in the income statement for the year. And the leased contracts are as follows:

	December 31, 2016	December 31, 2015
Total contractual lease payments	35 393	23 679
Total purchase price on termination of leases	100	2
Average contracts life	4 years	5 years
lease payments for the year	8 071	6 514

17 Intangible assets and goodwill

	Goodwill	Computer software	Knowhow	Total
Cost				
Balance at 1 January	288 065	23 260	5 703	**317 028**
Additions during the year	-	843	-	**843**
Transferred from projects under construction	-	2 246	-	**2 246**
Effect of movement of exchange rates	143 867	-	-	**143 867**
Balance at December 31, 2016	**431 932**	**26 349**	**5 703**	**463 984**
Accumulated amortization				
Balance at 1 January	-	18 247	5 703	**23 950**
Amortization charge for the year	-	2 826	-	**2 826**
Balance at December 31, 2016	**-**	**21 073**	**5 703**	**26 776**
Net carrying amount at December 31, 2016	**431 932**	**5 276**	**-**	**437 208**
Net carrying amount at December 31, 2015	**288 065**	**5 013**	**-**	**293 078**

Goodwill

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

- On 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.

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

Impairment test of cash generating units including goodwill

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

	December 31, 2016	December 31, 2015
Two and three wheels' activities	177 375	177 375
Hyundai Iraq sales	253 557	109 690
Financial leasing activity	1 000	1 000
	431 932	**288 065**

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

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

18 Investments property

	December 31, 2016	December 31, 2015
Balance at 1 January	91 512	606
Additions during the year	-	3 565
Developed investment property revaluation – Gain	-	87 341
Balance at the end of the year	**91 512**	**91 512**

19 Issued and paid in capital

	December 31, 2016	December 31, 2015
Authorized capital (5 000 000 000 shares with par value EGP 1 each)	5 000 000	5 000 000
Issued and paid capital (1 094 009 733 shares of EGP 1 each)	**1 094 010**	**1 094 010**

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

Private placement (Capital Increase)

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

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

- 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.

20 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 which is transferred to special reserve has been reduced by the difference between the acquisition cost and the par value amounted to EGP 99 725 thousands.

21 Legal reserve

	December 31, 2016	December 31, 2015
Balance at 1 January	296 570	267 265
Transferred to legal reserve	14 555	29 305
Balance at the end of the year	**311 125**	**296 570**

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

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

Share premium

The share premium represented in the difference between the amount paid and par value for issued shares and issuance cost is deducted from it. The share premium was transferred to both legal reserve and special reserve according to Law No. 159 of 1981, based on the authorization of the General Assembly Meeting dated 29 March 2008:

	December 31, 2016	December 31, 2015
Share premium	975 688	975 688

22 Other reserves

	Foreign currency translation reserve	ESOP (Fair value) reserve	Surplus Revaluation of fixed assets reserve	Share premium (special reserves)	Total
Balance as at 1 January 2016	**115 275**	**67 777**	**2 498**	**967 439**	**1 152 989**
Foreign currency translation differences	1 120 236	-	-	-	1 120 236
ESOP fair value	-	18 663	-	-	18 663
Modification surplus of fixed assets after income tax	-	-	257 078	-	257 078
Balance at December 31, 2016	**1 235 511**	**86 440**	**259 585**	**967 439**	**2 548 975**

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

The special reserve represented in the transferred amount from the net share premium in 2007 less the amount transferred to the legal reserve (Note 21).

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 EGP 107 thousand 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.

23 Non-controlling Interest

					Total	
	Capital	Reserves	Legal Reserve	Retained earnings	December 31, 2016	December 31, 2015
Balance at 1 January	451 578	79 751	30 601	46 730	**608 660**	**637 782**
Net loss for the year	-	-	-	(124 154)	**(124 154)**	**(41 581)**
Transferred to Legal reserve	-	-	667	(667)	-	-
Foreign currency translation results	-	688 409	-	-	**688 409**	**26 700**
Capital increase	14 019	-	-	-	14 019	**10 678**
Change in Non-controlling interests	(5 929)	-	-	-	**(5 929)**	**4 141**
Dividends	-	-	-	(11 367)	**(11 367)**	**(29 060)**
Balance at the end of the year	**459 668**	**768 160**	**31 268**	**89 456**	**1 169 638**	**608 660**

24 Capital Management

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

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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

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

The gearing ratio at December 31, 2016 and December 31, 2015 were as follows:

Total loans and borrowings and notes payable	December 31, 2016	December 31, 2015
Loans, borrowings and overdrafts	8 732 109	5 233 274
Short-term notes payable and suppliers	222 697	78 125
Total loans and borrowings and notes payables	**8 954 806**	**5 311 399**
Less: Cash and cash equivalent	(1 225 300)	(1 188 704)
Letters of credit margin	(83 437)	(521 906)
Letters of guarantee margin	(56 813)	(19 966)
Net debt	**7 589 256**	**3 580 823**
Shareholders' equity	3 821 710	3 334 446
Net debt to equity ratio	**1.99**	**1.07**

25 Loans, borrowings and overdrafts

	December 31, 2016			December 31, 2015		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	6 474 248	-	6 474 248	3 862 541	-	3 862 541
Loans	594 371	1 554 772	2 149 143	472 260	817 779	1 290 039
Related parties' loans	-	108 718	108 718	-	80 694	80 694
Total	**7 068 619**	**1 663 490**	**8 732 109**	**4 334 801**	**898 473**	**5 233 274**

A Banks overdraft

The average interest rate on the outstanding Egyptian Pounds and the US Dollars bank overdraft are 17.31% 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 108 718 thousands as at December 31, 2016 and to be settled on an annual installment.

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

	December 31, 2016	December 31, 2015
Less than one year	7 068 619	4 334 801
More than one year and less than five years	1 663 490	898 473
	8 732 109	**5 233 274**

26 Trade payables and other credit balances

	December 31, 2016	December 31, 2015
Trade payables	1 958 888	1 277 279
Other credit balances	58 254	25 687
Advances from customers	154 685	129 803
Tax Authority	25 973	53 495
Accrued expenses	372 944	220 278
Notes payables	222 697	78 125
Dividends payable	75	1 196
Deferred revenues	14 434	10 580
	2 807 950	**1 796 443**

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

27 Provisions

	Legal Claims	Warranty Provision	Other Provisions	Total
Balance at January 1, 2016	5 147	77 752	60 312	143 211
Provisions formed during the year	520	48 309	53 860	102 689
Provisions utilized during the year	(3 372)	(31 377)	(65)	(34 814)
Provisions no longer required	(23)	-	-	(23)
Effect of movement of exchange rates	2	-	-	2
Balance at December 31, 2016	**2 274**	**94 684**	**114 107**	**211 065**
Balance at 1 January 2015	5 773	77 306	30 313	113 392
Provisions formed during the year	21	30 593	30 093	60 707
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**	**77 752**	**60 312**	**143 211**

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, 2016.

Warranty Provision

The Group provides warranty on its products and guarantees to either fix or replace the products that are not working properly, and the Group has estimated its warranty provisions to be EGP684 94 at the end of the year for expected warranty claims in the light of management experience for repair and returns level in previous years.

The warranty provision includes a long term provision amounted to EGP 49 174 (December 31, 2015 EGP 54 741).

Other provisions

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

28 Trade and notes payables long term

	December 31, 2016		December 31, 2015	
	Present Value	Notes Payable	Present Value	Notes Payable
Total notes payables and creditors	222 697	222 697	78 125	78 125
Notes payable Less than 1 year (Note 26)	(222 697)	(222 697)	(78 125)	(78 125)
Total	-	-	-	-

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

29 Amounts under settlement of financial lease contacts

This account represents the differences (either positive or negative) between the earned revenue which is recorded according to revenue recognition policy in Note (35-D/4), and the due lease receivable.

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

	December 31, 2016	December 31, 2015
Advances from customers	542 007	354 715
Amounts under settlement of financial lease contacts	226 687	130 155
	768 694	**484 870**

30 Financial risk management

1 Financial risk factors

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

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

A Market risk

1 Foreign currency exchange rate risk

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

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

	December 31, 2016			December 31, 2015
	Assets	Liabilities	Net	Net
US Dollars	743 949	(3 197 480)	**(2 453 531)**	**(862 869)**
Euros	62 208	(40 189)	**22 019**	**2 324**
Other currencies	242 018	(142 954)	**99 064**	**316 626**

- The Central Bank of Egypt had decided in its meeting held on November 3, 2016 to float exchange rates of foreign currencies, to give the Egyptian banks more flexibility in the process of pricing selling & buying foreign currencies.

2 Price risk

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

3 Cash flows and fair value interest rate risk

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

Loans, borrowings and overdrafts at the balance sheet date with variable interest rates are amounted to EGP 8 732 109 as at December 31, 2016 (EGP 5 233 274 as at December 31, 2015).

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

Financial assets that carry fixed interest rates are amounted to EGP 144 270 as at December 31, 2016 (EGP 175 867 as at December 31, 2015).

		December 31, 2016	December 31, 2015
Time deposits	USD	139 980	2 392
Time deposits	EGP	4 290	173 475
		144 270	**175 867**

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, 2016	December 31, 2015
Notes and accounts receivables	4 021 697	2 608 744
Impairment of accounts and notes receivable balances	(379 729)	(290 783)
The ratio of the allowance to total accounts and notes receivable	**9.44%**	**11%**

C Liquidity risk

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

2 Fair value estimation

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

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

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

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

31 Investment in subsidiary companies

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

	Percentage of ownership	
Companies	31 December 2016	31 December 2015
RG Investment "S.A.E."	100%	100%
International Trade Agencies and Marketing Co. (ITAMCO) "S.A.E."	99.449%	99.449%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) "S.A.E."	99.528%	99.528%
Ghabbour Continental Trading Co. (GCT) –Alex "S.A.E."	100%	100%
GB Polo Buses Manufacturing "S.A.E."	51%	51%
Almora Recourses Co. "B.V.I."	100%	100%
Haram Transportation Co. "S.A.E."	99%	99%
GB Company for financial lease "S.A.E."	100%	100%
Haram for transpiration Tourism "S.A.E."	100%	100%
GB Allab Company	66.20%	66.20%
Masters Automotive Company "S.A.E."	75%	75%
Microfinance consultancy Services (Mashro›ey) "S.A.E."	80%	80%
Almajmoa Alalamia; Litijaret Alsaiarat (GK)	50%	50%
GB Logistics "S.A.E."	99.98%	99.98%
GB Capital holding for financial investments "S.A.E."	99%	99%
Gulf Company	100%	100%
Drive Automotive "S.A.E."	90%	90%
Drive Finance "S.A.E."	76%	76%
Ghabbour Al Qalam	68%	68%
GB Global Company	100%	100%
GBR Company	54%	54%
GBR Services Company	48.80%	48.80%
Egypt Auto Mall Company for used car "S.A.E."	99%	99%
GB El Bostan	60%	60%
Ghabbour general trade	25%	25%
Egypt Tires Market "S.A.E."	90%	90%
Pan African Egypt Company for Oil "S.A.E."	100%	100%
Tires & more Company for car services "S.A.E."	100%	100%
Suez Canal logistic services Co. "S.A.E."	100%	100%
GB Automotive Manufacturing Co. "S.A.E."	100%	100%
Ready Parts for automotive spare parts "S.A.E."	100%	100%
GB Light transport manufacturing company (GB LTMC) "S.A.E."	100%	100%
Tasaheel Microfinance company ((Tasaheel)) "S.A.E."	90%	90%
GB for heavy truck and construction equipment trading "S.A.E"	100%	100%
GB for water and environment technology. "S.A.E."	100%	-

32 Capital commitments

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 251 480 (EGP 229 257 as at December 31, 2015) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

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

33 Contingent liabilities

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

	December 31, 2016	December 31, 2015
USD	985 725	727 445
EGP	149 748	153 301
Japanese Yen	516	207
Euro	3 111	2 569

34 Related party transactions

The subsidiaries have current accounts with related parties which include all payments made on behalf of or through the subsidiaries. The subsidiaries collect and pay these amounts regularly.
Balances due from and to related parties are as follows:

Due from related parties	December 31, 2016	December 31, 2015
GB Trade-In Co.	-	1 477
GB for Import and Export	-	13 196
Itamco for import and export	-	2 582
Al Watania for Vehicles Accessories and spare parts	1 027	4 725
Al Watania for tires import	-	2 296
Itamco agriculture development	1 000	134
El Bostan Holding	41 246	52 342
SARL SIPAC – Algeria	17 016	8 302
Algematco – Algeria	18 105	-
Blue Bay Management Company	12 000	-
Kassed Shareholders› Current Account	10 438	-
EL-Nabateen Shareholders› Current Account	4 684	1 149
	105 516	**86 203**

Due to related parties	December 31, 2016	December 31, 2015
Marco Polo Company	62 699	21 203
Board Members	152	474
Kassed Shareholders› Current Account	-	31 694
EQI	1 477	-
Al Watania for tires import	1 039	-
Itamco for import and export	1 259	-
El-Qalam Shareholders› Current Account	4 084	9 033
	70 710	**62 404**

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

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

Related party name	Relation type	Transaction nature	Transaction amount December 31, 2016	Transaction amount December 31, 2015
Executive Directors	Board of director members	Cash transfers	322	(2 453)
		Top management salaries	30 444	22 312
EQI	Shareholder in one of the subsidiaries	Dividends	(1 477)	-
GB Trade-In Co.	Shareholder in one of the subsidiaries	Cash transfers	(1 477)	26
GB for import and export.	Related Party	Cash transfer	(8 512)	13 196
Al Watania for Vehicles Accessories and spare parts	Related Party	Cash transfer	(3 698)	4 725
SARL SIPAC – Algeria	Related Party	Cash transfer	(1 020)	8 302
Kassed Shareholders› current account	Shareholder in one of the subsidiaries	Cash transfers	42 132	3 550
		Dividends	-	(35 325)
Itamco agriculture development	Related Party	Cash transfers	866	134
El- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Cash transfers	4 949	15 559
El-Nabateen Shareholders› current account	Shareholder in one of the subsidiaries	Cash transfers	(1 149)	311
GK Berlin Shareholder current account	Shareholder in one of the subsidiaries	Cash transfers	-	(3)
Marco Polo Company	Shareholder in one of the subsidiaries	Cash transfers	(41 496)	(3 129)
Itamco for Import and Export	Related Party	Cash transfers	(3 841)	2 582
Al Watania for Tires Import	Related Party	Cash transfers	(3 335)	2 296
GK Auto Shareholder current account	Shareholder in one of the subsidiaries	Cash transfers	-	3 774
Blue Bay Management Company	Shareholder in one of the subsidiaries	Cash transfers	12 000	-
Algematco – Algeria	Shareholder in one of the subsidiaries	Sales	8 912	-

35 Significant accounting policies

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

A Business combination

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

1 Subsidiaries

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

2 Non-controlling interests

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

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

3 Loss of control

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

4 Transaction elimination on consolidation

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

B Foreign currency

1 Foreign currency transactions

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

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

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

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

Foreign currency differences are generally recognised in profit or loss.

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

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

2 Foreign Operations

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

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

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

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

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

C Discontinued operation

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

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

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

D Revenue

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

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

1 Sales – wholesale and showrooms

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

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

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

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

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

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

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

E Employee benefit

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

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

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

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

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

4 Termination benefits

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

F Finance income and finance costs

The Group's finance income and finance costs include:

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

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

G Income Tax

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

1 Current income tax

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

2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for:

- Taxable temporary differences arising on the initial recognition of goodwill.,
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:

1. A business combination.
2. And not affects neither accounting nor taxable profit or loss.

Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

H Inventories

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

I Property, plant and equipment

1 Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The modified cost model was adopted which the cost and accumulated depreciation for some categories of fixed assets (Machinery and equipment, Vehicles, Furniture and office equipment, Tools and supplies) are modified using modification factors stated in annex (A) of EAS no. (13). The increase of net fixed assets which are qualified to modification, were recognized in other comprehensive income items and was presented as a separate item in equity under the name of "modification surplus of fixed assets". The realized portion of modification surplus of fixed assets is transferred to retained earnings or losses in case of disposal or abandonment of the asset which qualified for modification or usage (depreciation difference resulting from the adoption of the special accounting treatment) , as described in details in note no.(7).

2 Subsequent expenditure

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

3 Depreciation

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

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

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

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

4 Reclassification to investment property

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

5 Project under construction

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

J Intangible assets and goodwill

1 Recognition and measurement

I Goodwill:

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

II Other intangible assets:

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

III Computer software

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

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

IV Knowhow

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

2 Subsequent expenditure

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

3 Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the (straight-line method) over their estimated useful lives, and is generally recognised in profit or loss.
Goodwill is not amortised.

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

K Investment property

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

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

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

L Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for- sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for- distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

M Financial instruments

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

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

1 Non-derivative financial assets and financial liabilities – Recognition and de-recognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

2 Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss

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

Held-to-maturity financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

3 Non-derivative financial liabilities – Measurement

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

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

N Share capital

1 Ordinary Shares

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

2 Repurchase and reissue of ordinary shares (treasury shares)

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

O Impairment

1 Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

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

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses which have been recognized previously in OCI and the accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or Impairment loss.

losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

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

2 Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

P Provisions

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

1 Warranties

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

2 Legal Claims

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

3 Other Provisions

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

Q Leases

1 Financial lease

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

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

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

2 Operational lease

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

R Segmental Reports

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

S Dividends

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

T Comparative figures

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

U New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) and it have been applied from January 01, 2016.

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 represent the most significant amendments that have been applied on the financial statements on December 31, 2016 of the company at the beginning of the implementation thereof:

New or Amended Standards	Summary of the Most Significant Amendments	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)/ and 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.

New or Amended Standards	Summary of the Most Significant Amendments	Impact on the Financial Statements
EAS (10) **Property, Plant and Equipment (PPE) and its depreciations**	• **The option of using the revaluation model in the subsequent measurement of PPE has been canceled.** • The financial shall disclose a 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).	The amendment does not apply retroactively, and the carrying amounts in the transitional date is the cost and the accumulated depreciation at the beginning of the application of this revised standard. It has been 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.
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.
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.	The standard has been applied prospectively in the preparation of financial statements in December 31, 2016, including the disclosure contained in this standard requirements.
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 contingent 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 the period in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity instrument or debt instruments directly related to the acquisition process.	This amendment Standard applied for all business combination which its acquisition date on or after the beginning of January 2016, therefore no adjustment made for assets and liabilities which arising from business combination acquired before the beginning of January 2016.

New or Amended Standards	Summary of the Most Significant Amendments	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.	There is no impact to the comparative figures in the financial statements.
	• Accounting for the changes in the equity of the parent company in a subsidiary which don't lead to loss of control are accounted for as transactions of equity. • Any Investment quotes 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. • In case of losses applicable to the Non-Controlling Interest "NCI" in a subsidiary are more than its share in equity including all 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.	This amendment doesn't apply retroactively
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 separate Financial Statements issued thereby.	There is no impact to the presented financial statements figures upon these amendments.
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.	There is no impact to the presented financial statements figures upon these amendments.
	• 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 continues 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.	There is no impact to the presented financial statements figures upon these amendments.

New or Amended Standards	Summary of the Most Significant Amendments	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.	There is no impact to the presented financial statements figures upon these amendments.
EAS (34) **Investment Property**	**The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.**	The fair value of the investment at the beginning of the application of this standard (the date of transition to cost model) is the cost of that investment, for the purposes of subsequent accounting treatment.
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.	There is no impact to the presented financial statements figures upon these amendments.
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 executes a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provisions Standard).	There is no impact to the presented financial statements figures upon these amendments.
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.	Re-presenting the information corresponding to the earlier periods including the periods.

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

New or Amended Standards	Summary of the Most Significant Amendments	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.	There is no impact to the presented financial statements figures upon these amendments.
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 carried out.

V The impact of special accounting treatment to deal with the effects of liberalization of foreign exchange rates:

The Company's management has applied some of the special accounting treatments listed in Appendix A of Egyptian Accounting Standard No. 13, amended in 2015, "Effects of Changes in Foreign Exchange Rates" issued on 7 February 2017 by the Minister of Investment Decision No. (16) of 2017, Accounting for dealing with the effects of the floatation of foreign exchange rates, these treatments are as follows:

First, Modified cost model is adopted as the cost and accumulated depreciation for some categories of fixed assets (Machinery and equipment, Vehicles, Furniture and office equipment, Tools and supplies) were modified using modification factors stated in the above-mentioned annex. The increase of net fixed assets which are qualified to modification, were recognized as a separate item in other comprehensive income items and was presented as a separate item in equity under the name of "modification surplus of fixed assets". The realized portion of modification surplus of fixed assets was transferred to retained earnings or losses (depreciation difference resulting from the adoption of the special accounting treatment).

The application of these treatments has impacted the independent financial statements for the current year as follows:

	31/12/2016 Before adopting special accounting treatment Debit /(Credit)	Effect of applying special accounting treatment Debit /(Credit)	31/12/2016 After adopting special accounting treatment Debit /(Credit)
	EGP	EGP	EGP
First: - statement of Financial Position			
Property, plant, equipment and projects under construction (Net)	**4 580 689**	**318 250**	**4 898 939**
Deferred tax liabilities	**103 226**	**61 163**	**164 389**
Modification surplus of fixed assets	-	**257 087**	**257 087**
Second: - Consolidated statement of Comprehensive Income			
Modification surplus of fixed assets	-	**318 250**	**318 250**
Deferred tax	-	**61 163**	**61 163**
	-	**257 087**	**257 087**

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