EVERYTHING ON WHEELS

Annual Report 2009

AUTO

Contents

Highlights of 2009

Delivery Against Goals

We Said…	We Did…
Manage Costs and Working Capital	A program was implemented in Q408 and continued throughout the first half of 2009 where costs were reduced by 25%, saving in excess of LE 50 million starting in 4Q09. That included a headcount reduction from a peak of 6,800 at the end of September 2008 to 5,100 by the half year without impacting efficiency or quality. Furthermore, inventories were reduced by nearly LE 200 million and manufacturing overhead under recovery had been eliminated by the end of the year.
Slow Capex Without Cutting Corners	Despite a sharp reduction in capital expenditures in 1H09, we managed to maintain progress at our new GB Polo plant, and we paced the construction of our second CKD paint shop. At the same time we increased our trailer capacity and began to break ground on our largest-ever after-sales service center. We spent less than half the original capital expenditure budget.
Penetrate New Markets	After successfully launching its trailer distributorship in the highly promising 5,000-unit-per-year Algerian market, GB Auto spent the balance of 2009 exploring several new regional territories. This culminated in the February 2010 announcement of Gabbour Al-Kasid, a joint venture with exclusive distributorship rights of Hyundai products in Iraq's 150,000 unit-per-year market.
Harness Growth in Consumer Credit	Throughout 2009, GB Auto continued to explore a number of potential partnerships with leading consumer finance providers and we expect to conclude on this front during 2010. Late last year, the company formed Mashro'ey, a new microfinance venture that will, in its first phase of development, extend credit to purchasers of three-wheelers used as peri-urban taxis.
Pursue New Representations	In 2H09, GB Auto entered into talks to once again become the exclusive representative in Egypt for Mazda after letting go the representation in 2001 in the face of an unfavorable customs regime. Regulatory changes since enacted saw us announce in January 2010 that we had resumed the representation at a price point that complements our strategic partnership with Hyundai Motor Company. GB Auto continues to explore new and complementary tire brand representations.
Explore New Sources of Financing	After a challenging first half, GB Auto refined its financing mix by working with international institutions including a US$ 20 million structured trade finance credit facility agreement with J.P. Morgan. In addition to this, management worked with local banks to underwrite a LE 1 billion public bond issue that is expected to be complete by early April 2010.
Target 25% of the National Taxi Replacement Program	GB Auto made its first sale of Hyundai Verna models to the national taxi replacement program in April 2009, targeting a 25% market share for the year. By December 31, the company had sold 4,584 units to the program, securing it a 34.1% market share.
Deepen our Management Team & Institutionalization	We completed the design phase of our institutionalization at the end of 2009 and we are in the process of implementing the business processes. As part of that program we set about creating an organization structure that will support the business for years to come. In that regard we have now developed a structure that sees senior management made up of a C-Suite and Business Directors. More than 90% of those positions are filled and we are now focusing on ensuring we have properly qualified staff at all levels. An assessment of competencies is expected to complete at the end of March 2010 and from that the appropriate training, recruitments and salary structures are being put in place. In addition we have introduced an Excellence program for attracting high caliber graduates who have qualified within the past two years with a view to developing future management in the organization.


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CEO's Letter to Shareholders

Fellow Shareholders,

Great companies are distinguished not only by how they manage growth in normal markets, but also by their responses to very challenging times. I have long contended that GB Auto is a great company, and while we could all have done without having to prove that amid a global crisis, our rapid response to the tremendous challenges of 2009 has resulted not just in a leaner, more assertive company, but in a more international one with new representations and new markets to drive growth going forward.

The first quarter of 2009 was terrible due to spill-over into the local market of the global crisis, but a combination of tight financial discipline and decisive moves to support our dealer network — coupled with the slow return of consumer sentiment — saw each successive quarter of the year better than the previous one. This culminated in a return to growth in the final quarter of the year, by which time we had reduced inventory levels, eliminated un-recovered manufacturing overheads, right-sized our labor force and simultaneously increased both productivity and quality. At precisely the right moment, as the market hit bottom, we moved our bus manufacturing facility from Qaliyoub to our new GB Polo facility in Suez — despite the slower pacing of our capital expenditures. And we have done all of this while remaining respectably profitable and cash generative.

In 2010, we enter a year that will see us expand our strategic collaboration with Hyundai Motor Company while focusing on diversification: Diversification of sources of financing, of commercial vehicle and tires brands represented, of product lines and of geography. Our financial position is healthier than ever and credit is once again becoming available as global economies begin to improve; these factors coupled with our anticipated LE 1 billion bond issue should provide us with cost-effective, stable finance for our immediate expansion plans.

On the brand horizon, we have renewed our exclusive right to represent Mazda in Egypt amid a new customs regime that we believe will make the brand commercially viable at a price point that complements our existing Hyundai range. On the product side of the equation, the second quarter of this year will see the first substantial sales of tuk-tuks and motorcycles through Mashro'ey ("My Project"), our new microfinance joint venture, and we look forward to continued strong growth at GB Lease, our corporate financing arm. After expanding into Algeria in 2009 with our trailer venture, GB Allab-Remorque, we were delighted to announce in February 2010 our entry into Iraq with Al-Kasid Group of Companies, which holds the exclusive right to distribute Hyundai products in that nation. At a conservative estimate, we believe our Iraqi joint venture could sell in excess of 36,000 vehicles a year within 12 months of the start of operations.

These developments are very much the product of 2009: Where others saw disaster, we saw opportunity. Our quick reaction in late 2008 and early 2009 allowed us to spend the balance of the year exploring those

opportunities that would fit perfectly with our multi-market strategy. Later this year, we hope to make announcements about one or more new tire representations, an additional commercial vehicle partnership, new geographic markets and the field of consumer finance appears to us more interesting than ever.

In partnership with great global brands such as Hyundai, Mitsubishi-Fuso, Mazda and Volvo, among others in our portfolio, we look forward to being a prime driver of growth in the Middle East and Africa automotive industry for decades to come.

Finally I would like to express my thanks and appreciation to the management and staff of GB Auto for their tremendous effort and support during a very challenging period. This effort will help create a stable platform from which to grow in 2010 and beyond.

Sincerely,

Raouf Ghabbour
CEO

Summary Overview of Performance by LOB

Passenger Car LOB		FY2009	FY2008	% Change	FY2007	% Change
Total Sales Revenue	(LE million)	2,893.1	3,675.4	-21.3	3,314.4	10.9
Total Gross Profit	(LE million)	348.3	613.1	-43.2	447.2	37.1
Gross Profit Margin	(%)	12.0	16.7	-4.7	13.5	3.2
Commercial Vehicle LOB						
Total Sales Revenue	(LE million)	585.6	761.8	-23.1	590.0	29.1
Total Gross Profit	(LE million)	80.1	130.6	-38.7	122.3	6.8
Gross Profit Margin	(%)	13.7	17.1	-3.4	20.7	-3.6
Motorcycle & 3-Wheeler LOB						
Total Revenue	(LE million)	597.8	571.3	4.6	528.2	8.2
Total Gross Profit	(LE million)	148.6	115.1	29.1	86.1	33.7
Gross Profit Margin	(%)	24.9	20.1	4.8	16.3	3.8
Other Lines of Business						
Total Revenue	(LE million)	181.9	183.8	-1.1	197.5	-6.9
Total Gross Profit	(LE million)	17.5	14.4	21.5	14.6	-
Group						
Group Revenues	(LE million)	4258.4	5,192.3	-18.0	4,630.1	12.1
Group Gross Profit	(LE million)	594.5	873.2	-31.9	670.2	30.2
Group Gross Margin	(%)	14.0	16.8	-2.8	14.5	2.3

Management Review

The year 2009 was one of responsiveness and positioning at GB Auto. Our focus was balanced on dual objectives: short-term performance amid a confluence of extremely challenging events in 2008 and the first half of 2009, and long-term growth as we look to broaden our regional stature as the leading automotive producer and distributor in some of the world's most promising markets.

The story of 2009 actually began during the close of 2008, when financial markets the world over hinged at near collapse, credit markets froze and, ultimately, demand of all kinds withered. Demand was particularly diminished for durable goods like passenger cars and construction equipment. The effect of the global slowdown on the Egyptian market was only exacerbated by ill-timed statements in the media about a potential cut in customs duties on automobiles that further curbed consumer demand. This confluence of factors in 2H08 came just after dealers had built up inventories amid record demand during a period of supply constraints from some of our international partners.

The year's challenges required timely and decisive responses that would not come at the expense of long-term objectives. In fact, the challenges GB Auto faced in 2009, and our management's responses to those challenges, shaped our company into a stronger producer and more efficient company, in a better condition than ever for an expansionary future.

These responses can broadly be categorized as targeting market position, cost control and financial sourcing.

Market Position

As consumer demand surged in early 2008, many among our passenger car dealer network were unafraid to see their inventories rise. As the market fell off sharply in late 2008 and the first quarter of 2009, however, corrective steps were required and we decided not to force inventory onto over-stocked dealers. The decision had a negative short-term impact on our 2H08 and 1Q09 sales, but it was a decisive move that allowed passenger car dealers to reduce their inventories by approximately 3,300 units and return to a more normal level of 3,100 units at the end of 1Q09.

Furthermore, throughout the first quarter of 2009, GB Auto supported distributors with incentives to ensure our brands and dealers retained competitive advantages in a market where cash-strapped competitors were reducing their prices. We matched these market-wide price cuts in the first quarter as consumers' expectations of reduced prices on passenger cars were stoked by ill-considered government statements about customs and tax cuts. This came at a time when consumers feared Egypt's economy might move into recession. Our willingness to match competitor prices and targeted effort to significantly reduce consumer resistance saw GB Auto grow its market share in the first half of 2009.

Cost Control

GB Auto's program to reduce overhead costs and preserve working capital throughout 2009 included particularly cautious order management and close monitoring of inventory levels and consumer demand. Production levels were curtailed as demand slumped early in the year, resulting in just under LE 15 million of under-recovered overhead in the first quarter, a figure that was all but eliminated by the final quarter of the year as demand strengthened and productivity gains supported margin growth.

Our management team also viewed this crisis as an opportunity to emerge leaner and more efficient as we continue expanding our business model. This has left GB Auto a more productive firm poised to efficiently grow into 2010 and beyond.

With relatively little fanfare, these cost-cutting measures included substantial cuts in our head count throughout this year as we trimmed some 1,700 positions. The layoffs were not merely temporary measures to counter market conditions but were largely a permanent move to lower per-unit production costs across our operations.

As we pared back our workforce, we continued our program to identify and recruit globally talented staff to add both breadth and depth at the senior management level. Going forward, this program will allow us to better manage day-to-day operations and — critically — to begin positioning the firm to grow as a regional producer staffed with the highest caliber international talent.

Finance Sourcing

GB Auto's management team placed an even more acute emphasis on our financial position in 2009, particularly with efforts to explore new sources of finance while right-sizing old ones. Management also focused on cash flow by placing particular importance in 2009 on building systems to preserve working capital over the longer term.

By the end of the third quarter, inventories were down more than LE 200 million on the year and continued falling, leading directly to improved liquidity. GB Auto also substantially enhanced its working capital position by being able to revert back to more efficient use of supplier credits. Strengthening our working capital position provides critical support to GB Auto's operational growth going forward.

GB Auto management also explored sources of longer-term funding that would better match planned capital expenditure and expansion programs and their associated debt profiles. In July 2009 we were privileged to arrange a US$ 20 million structured trade finance credit facility from J.P. Morgan, becoming one of the first companies in North Africa to secure such a facility from this leading global financial services firm.

In late 2009, GB Auto was in discussions with leading Egyptian financial institutions for its first-ever unsecured bond issue. The LE 1 billion bond would bear a fixed coupon rate of 12.0% to be paid quarterly. The five-year issue would carry a two-year grace period and would be non-convertible as well as callable two years after its issuance.

Amid Challenges, Delivery

In 2008 and in the first quarter of the year just past, GB Auto set about achieving a number of targets for fiscal year 2009 that would set the groundwork for our company's sustainable growth. Despite challenging short term conditions, this longer term outlook was not set aside or compromised in 2009.

- In the third quarter of 2009, management finalized a microfinance venture named Mashro'ey ("My Project") that will, to begin with, acquire Bajaj-branded motorcycles and three-wheelers imported and assembled by GB Auto and then sell the products to consumers on installment payment plans. In time and as the law permits, this subsidiary company will provide other forms of microfinance. This business should begin financing purchases of GB Auto's motorcycles and three-wheelers in April 2010.

- GB Auto management also secured in late 2009 and early 2010 an exclusive agreement to import and distribute Mazda-branded vehicles in Egypt and support the Mazda franchise with new dealer and after-sales networks. Mazda complements our existing range of imported and locally assembled Hyundai passenger cars, and with a different price point, it directly targets market share currently held by Japanese and European brands.

- GB Auto was also pleased to announce in 2009 its expansion into the Algerian market through GB Allab-Remorque, a joint venture that sells in the Algerian market trailers produced in Egypt. GB Allab-Remorque products are competitively priced against Tunisian and European imports into Algeria.

- GB Polo, our bus assembly joint venture with Marcopolo, also saw major progress in 2009 on the large-scale construction works and by year's end 419 units had been sold by the company. Production capacity will grow significantly in 2010 with the completion of the paint-shop and other facilities. This Suez joint venture with the Brazil-based bus manufacturing giant will then be well positioned to better serve recovering local demand while targeting new export markets.

- Sales to the national taxi replacement program that began in May 2009 stood at 4,584 units representing a market share of that program of 34.1%, considerably higher than the 25% we originally targeted.

Looking forward, 2010 will see us expand our strategic collaboration with Hyundai Motor Company while focusing on diversification of sources of financing, diversification and of commercial vehicle and tires brands represented, diversification of product lines and markets.

As a tangible demonstration of what we expect the year to bring, we announced in February 2010 our entry into Iraq with Al-Kasid Group of Companies, which holds the exclusive right to distribute Hyundai products in that nation. At a conservative estimate, we believe our Iraqi joint venture could sell in excess of 36,000 vehicles a year within 12 months of the start of operations.

Company at a Glance

68% of FY09 Group Sales
Passenger Cars

Import, retail distribution, fleet sales and assembly of cars

Description

- Exclusive agent and sole distributor for Hyundai and Mazda
- Joint venture to distribute Hyundai in Iraq
- Imports and distributes CBU units (Hyundai and Mazda) and assembles CKD units (Hyundai)
- We have begun work on our largest passenger car after-sales center to date on the Cairo-Ismaliyya Highway; expected to be recording revenues in early 2011
- Large distribution and after-sales network with six 3S facilities (sales, service and spare parts) and 373 service bays (expected to more than double to in excess of 600 working bays as we enter 2011).
- Market share of 26.2% in Egypt in FY09
- 34.1% share of national taxi replacement program

14% of FY09 Group Sales
Commercial Vehicles

Distribution of locally assembled trucks and buses

Description

Buses

- Exclusive agent for Mitsubishi, Volvo and Hyundai buses
- Assembles and distributes buses for public, commercial and tourism sectors
- JV with Marcopolo for bus-body assembly facility in Suez
- 32.3% market share in FY09 (excl. microbuses)

Trucks

- Exclusive agent for Mitsubishi, Volvo and Hyundai trucks
- Includes heavy, medium and light weight trucks

Trailers

- Manufactured in Egypt, distributed in Egypt and Algeria

GB Auto is a leading player in the Egyptian automotive industry and is the holding company for a uniquely diversified group of subsidiaries that operate across the industry value chain. These companies focus primarily on automotive assembly, distribution and the industry's growing after-sales market, which includes vehicle servicing and related products.

The largest and most diverse player of its kind in the Middle East and North Africa, GB Auto is the market leader in the Egyptian passenger car segment and the largest player in three-wheeler sales, and continues rapidly growing its commercial vehicles division. The group assembles and distributes its diversified product mix to an extensive customer base that includes Egyptian retail consumers, transportation companies, private sector companies, and governmental authorities and agencies.

GB Auto's assembly operations include production of passenger cars and commercial vehicles at plants in Cairo (2), Sadat City and Suez. At these plants, assembly largely refers to Completely Knocked Down (CKD) vehicles imported as kits from leading international brands that are assembled with a legally mandated percentage of local content. For the group's commercial vehicle line, production extends beyond assembly to include design and manufacture of complete vehicles, except for imported engines and chassis.

The company's retail distribution activities include the sale of CKD and Completely Built Up (CBU) passenger cars, commercial vehicles, motorcycles and three-wheelers, and construction equipment. CBU vehicles are imported already assembled, generally at a higher import tariff. GB Auto's distribution network includes partnerships with 38 authorized retailers throughout Egypt. The company continues to invest in expanding its reach to more customers while maximizing its ownership and control of retail sales channels.

Throughout its 60 year history, GB Auto has built a strong reputation for standing behind its customers and is renowned for providing unmatched after-sales service in the Egyptian market. GB's Auto's growing national after-sales service network includes 6 passenger car and 6 commercial vehicle outlets, and a planned expansion will bring these totals to 25 passenger car and 10 commercial vehicle centers. Together with the group's new vehicles sales, the company's service and parts outlets make GB a fully integrated automotive player — a "one stop shop" that provides customers with lower ownership costs and real value.

14% of FY09 Group Sales
Motorcycles & Three-Wheelers

Local assembly of imported Semi Knocked Down (SKD) units and distribution

Description

- Exclusive agent for Bajaj three-wheelers and motorcycles
- SKD assembly and distribution of Bajaj three-wheelers
- Distribution via three retail showrooms as well as network of local dealers
- Three after-sale service and spare parts centers
- 10 sales centers for motorcycles and 40 for three-wheelers
- New microfinance venture expected to provide substantial sales momentum for this LOB in 2010 and beyond
- GB Auto is the market for three-wheelers in Egypt

4% of FY09 Group Sales
Others

Includes tires, construction equipment, transportation services and export activities

Description

Tires

- GB Auto distributes passenger and light truck tires under license from Lassa; seeking new representations for bus, truck and off-road tires

Construction Equipment

- GB Auto distributes Volvo brand construction equipment serving public and private clients

Transportation Services

- Cargo services (90-truck fleet) on fixed-price contracts as well as passenger transport that in 2010 will be directed away from the municipal sector toward the private sector.

Financing

- Financing for corporate fleet sales; now launching a microfinance operation.

Our Strategy

Sustainable, Long-term Growth

GB Auto is a uniquely diversified player in the MENA automotive segment. The company's assembly, sales and distribution, and after-sales service operations span multiple market segments, including passenger cars, commercial vehicles, construction equipment, and motorcycles and three-wheelers, as well as being complemented by corporate financing and microfinancing activities. These activities occupy four assembly plants, a growing national sales network of 38 independent dealers, and six passenger car and six commercial vehicle after-sales service outlets. While Egypt remains our base and our strength, GB Auto began expanding in 2009 and 2010 into Algeria and Iraq and is preparing for further geographical diversification in the years to come.

GB Auto believes that the region's economic fundamentals will continue to support growing demand in the decade ahead. Rising per-capita income, increasing availability of consumer finance in a highly under-leveraged market and lingering pent-up demand for automotive products in an under-motorized market will support the sector's growth in Egypt and the region.

The company's activities form a three-axis strategy: investing in core businesses, exploring export opportunities and leveraging business relations.

By investing in core businesses, GB Auto has created a one-stop shop for consumers. The company's vertically integrated sales, finance and after-sales support functions provide automotive customers a single touch point for the life of their vehicles. This comprehensive approach is built on an unmatched nationwide distribution and after-sales network and offers customers the lowest available lifetime ownership costs.

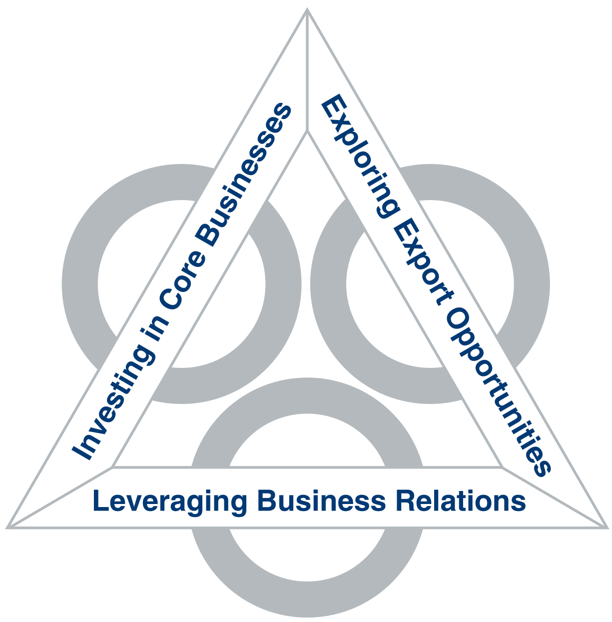
GB Auto is also increasingly exploring export opportunities. Particularly, the group is moving to capture regional market share by leveraging its existing low-cost, highly trained workforce and partnering with leading global brands.

In 2009, the company began first production at GB Polo, a joint-venture bus assembly plant with Marcopolo, the leading Brazil-based, global bus manufacturer. During the same period, GB Auto began exporting semi-truck trailers to Algeria through GB Allab-Remorque.

In February 2010 we announced our entry into Iraq with Al-Kasid Group of Companies, which holds the exclusive right to distribute Hyundai products in that nation. At a conservative estimate, we believe our Iraqi joint venture could sell in excess of 36,000 vehicles a year within 12 months of the start of operations. GB Auto will continue this formula: It will build on its financial strength, assembly and technology advantages, retail expertise, and its years of experience working with leading global brands to create a wide-reaching export platform.

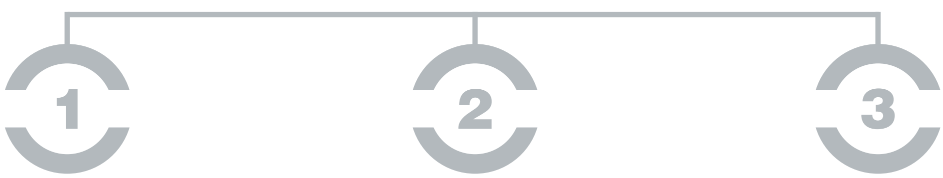
Finally, GB Auto looks to extend its domestic businesses by growing its relationships with current partners and entering new arrangements with leading global brands. GB Auto is the clear partner of choice for any OEM (original equipment manufacturer) that wants to successfully operate in Egypt's automotive sector, a factor we expect to equally apply to the Middle East and Africa going forward. In 2009, GB Auto extended such global partnerships to include Mazda passenger cars in Egypt.

GB Auto is a uniquely diversified player in the MENA automotive segment with assembly, sales and distribution, and after-sales service activities spread across multiple market segments including passenger cars, commercial vehicles, construction equipment, and motorcycles and three-wheelers. These activities involve four plants, a growing national sales network that also includes 38 independent dealers, and six passenger car and six commercial vehicle after-sales service outlets.



GB Auto's strategy is built on 3 core axes

These activities are part of a three-axis strategy to maximize growth by:



Investing in core businesses, creating a one-stop shop for consumers by vertically integrating sales, consumer finance and after-sales support functions under one roof. The company is investing an unmatched nationwide distribution and after-sales network as well as positioning its products as having the lowest ownership cost in the market, further entrenching GB Auto's strong position across the widest range of products.

Leveraging its domestic strength and regional footprint, GB Auto is strengthening its business relationships with current partners while searching for the best brands with which to open new lines of business. GB Auto is the clear partner of choice for any OEM that wants to successfully operate in Egypt's automotive sector.

While catering to the fast-growing Egyptian market — which is underpinned by strong fundamentals — GB Auto is also exploring new export opportunities in partnership with leading global brands.

Our Lines of Business and Brands

Passenger Cars

GB Auto is the exclusive distributor in Egypt for Hyundai and Mazda. The Hyundai brand, well-established and supported by Egypt's largest integrated distribution and after-sales network, has become the nation's undisputed passenger car leader, with a market share of 26.2%. Hyundai's persistent top-selling status reflects the success of GB Auto's vertically integrated sales, consumer finance and after-sales support functions and Hyundai's superior value proposition, which positions the brand as the best value for money. GB Auto works to ensure Hyundai cars have the lowest cost of ownership of any brand on the market. A new joint venture will see GB Auto distributing Hyundai passenger cars throughout Iraq beginning in 2010, and GB Auto will re-introduce Mazda to the Egyptian market later this year, having renewed its representation rights.

Commercial Vehicles

The MENA region's largest bus manufacturer and distributor, GB Auto offers an unmatched range of minibuses, buses and coaches targeting the public, commercial and tourism sectors. The company is the exclusive distributor of leading international brands Volvo, Mitsubishi and Hyundai. Each bus that rolls out of the GB factory is the product of decades of development, design and engineering expertise, and GB Auto's joint-venture with Marcopolo to establish a bus body assembly facility (with an ultimate production capacity of 8,000 units per year) is set to build on this tradition as it targets European, African and Middle Eastern export markets.

GB Auto is the exclusive agent for Mitsubishi and Volvo trucks and serves fleet operators, contractors, and large industrial corporations. The company's locally assembled medium and light trucks are fully customizable for any application and remain renowned for withstanding the region's toughest operating environments.

Motorcycles and Three-Wheelers

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

Tires

GB Auto has been among Egypt's leading tire dealers for more than 50 years and distributes passenger car and light-truck tires under a license with Lassa, the Turkish producer. The company is also in the final stages of road and safety testing for a new brand of commercial vehicle tires and is actively exploring other potential partnerships with major global brands.

Construction Equipment, Transportation and Financing

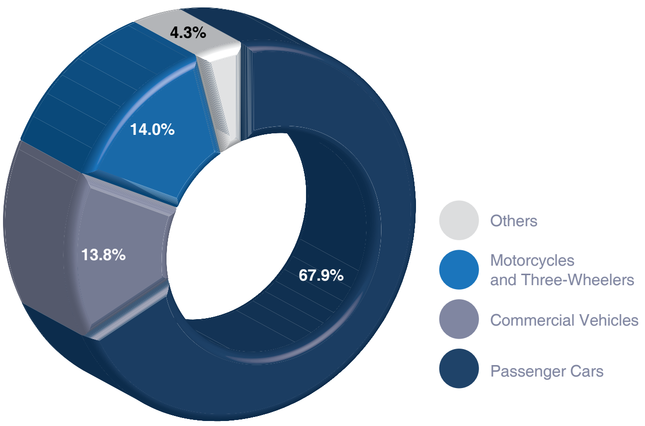
The company carries a wide line of construction equipment and materials-handling products under license from Volvo, now the second leading brand in Egypt, while Haram Transport (a wholly owned GB Auto subsidiary) is a leading provider of transportation services (passenger and cargo) to corporate clients. Haram operates using GB Auto brands including Hyundai, Mitsubishi and Volvo. GB Auto's financing arm supports commercial vehicle and passenger car fleet sales; and the recently launched microfinance venture will support sales of two- and three-wheeler products beginning in 2010.

Group Financial Performance

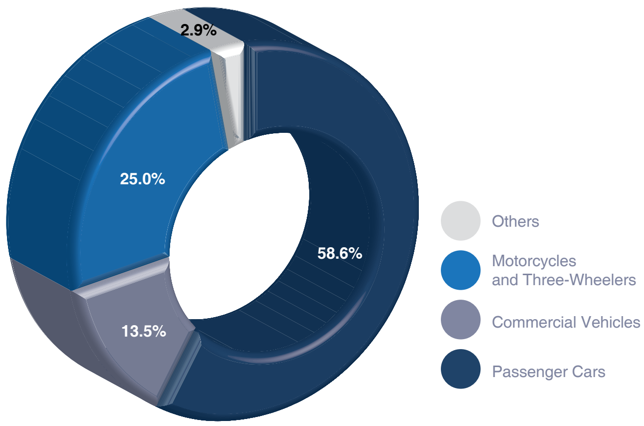
Despite a marketwide slump of 22%, GB Auto posted revenues of LE 4,258.4 million, four percentage points better than the market drop in sales. Fiscal restraint throughout the year, the gradual recovery of some of the price cuts implemented on Passenger Cars early in the year, the elimination of long-term debt, and management's adoption of a working-capital preservation plan in late 2008 (before the worst of the slowdown hit) allowed the company to see only a three percentage point drop in gross profit margins while minimizing damage to bottom-line profits and margins. The fourth quarter of 2009, meanwhile, saw significant improvement with revenues of LE 1,318.1 million, or a 47.9% gain year-on-year, and margins returning to more normal levels.

For 2009, GB Auto posted a gross profit of LE 594.5 million, down 31.9% from the previous year, with gross margins dropping 2.8 percentage points to 14.0%. EBIT for 2009 stood at LE 396.7 million while net income before provisions dropped 39% to LE 382.8 million. Again, the fourth quarter improved significantly with a 151.4% rise to LE 153.6 million. GB Auto's net profit margin contracted to 4.7%, a dip of 3.3 percentage points. While net income

Revenues



Gross Profit



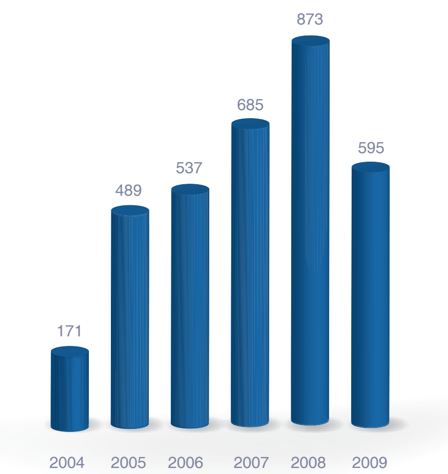
dropped by 51.6% for the year, it was up substantially for fourth quarter in a return to growth that we see continuing in 2010.

Total passenger car sales revenues dropped 22.2% to LE 2,734.0 million (accounting for 67.9% of group revenues against 70.8% in 2008), while sales revenues from the commercial vehicles business dropped 26.0% to LE 521.9 million (accounting for 13.8% of group revenues against 14.7% in 2008). Meanwhile, motorcycle and three-wheeler revenues for 2009 rose 4.2% to LE 581.4 million (14.0% of group revenues in 2009 against 11.0% last year), while tire sales dipped 16.6% to LE 62.7 million and construction equipment revenues rose 21.6% to LE 53.5 million.

Realizing that GB Auto, like the rest of the market, would face a slowdown in sales, senior management worked diligently in 4Q08 to formulate a short-term cash management strategy to further bolster our already-strong balance sheet. In this context, it is worth noting the elimination of long-term debt from GB Auto's balance sheet as of December 31, 2008. This left GB Auto debt-efficient, using primarily short-term debt incurred as overdrafts to finance working capital, and in an excellent position to face a global slowdown.

Revenues
L.E. million

Gross Profit
L.E. million



Passenger Cars

GB Auto's Passenger Cars business line holds the exclusive license to assemble, import and distribute Hyundai Motor Company (Hyundai) and Mazda cars in Egypt. The business markets a variety of products with a diverse range of sizes, prices and engine segments, ranging from 1.1 liter engine capacity cars to SUVs of over 2.0 liters.

GB Auto is the largest player in the Egyptian automotive market in terms of sales revenue, market share, and production capacity. More than one in four new cars sold in Egypt are Hyundai, with Hyundai enjoying a 26.2% market share, double the market position of its closest competitor. GB Auto obtained the right to represent Mazda at the end of 2009 in early 2010 and will begin sales to the market by mid 2010 through a dedicated dealer network.

Over the years, the company has accomplished 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 and after-sales support. Its commitment to total customer care allows the company to offer Egypt's car-buying market a powerful value proposition — GB Auto has positioned Hyundai cars as the best value for money. The company now looks to do the same with Mazda at its unique price point.

With Egypt's largest sales and after-sales network, GB Auto has transformed the nation's new car experience. The company's 3S business model promises showrooms, services and spare parts. GB Auto's six large service centers and nearly 380 service bays; 16 owned showrooms comprising approximately 5,000 square meters and partnerships with 38 independent automotive retailers; and a spare parts distribution channel of 49 dealers throughout the country delivers Egypt's car market comprehensive service.

GB Auto's start-to-finish customer orientation has helped make Hyundai's resale value the highest in Egypt. The 3S model has helped make Hyundai cars synonymous with positive customer care and has strengthened GB Auto's brand and boosted its market position across its product offerings.

In the coming years, GB Auto will continue directing investment to expand its capabilities and offerings. A new passenger car paint shop has removed a bottleneck that will allow the company to increase CKD production capacity to 100,000 units per year, supporting both growth of the domestic market and sales to new export markets GB Auto is now exploring.

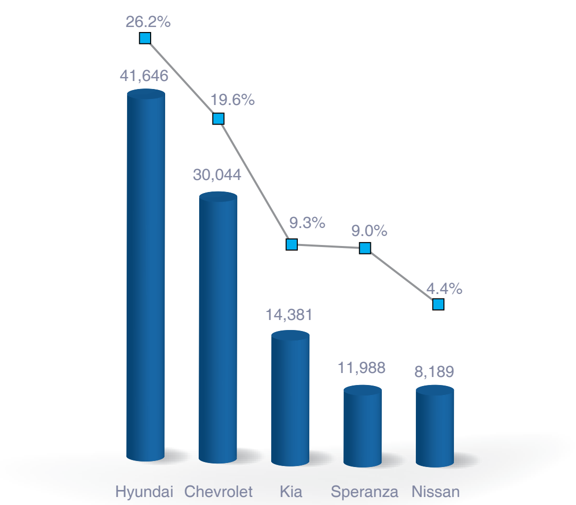
The company expects to maximize ownership and control of retail sales, building 10 new showrooms that will add 8,500 square meters of floor space. GB auto will more than double its service capacity in 2011 to over 600 bays as it brings its largest-ever service center on the Cairo-Ismaliyya Highway and six other centers online in 2010 and into 2011.

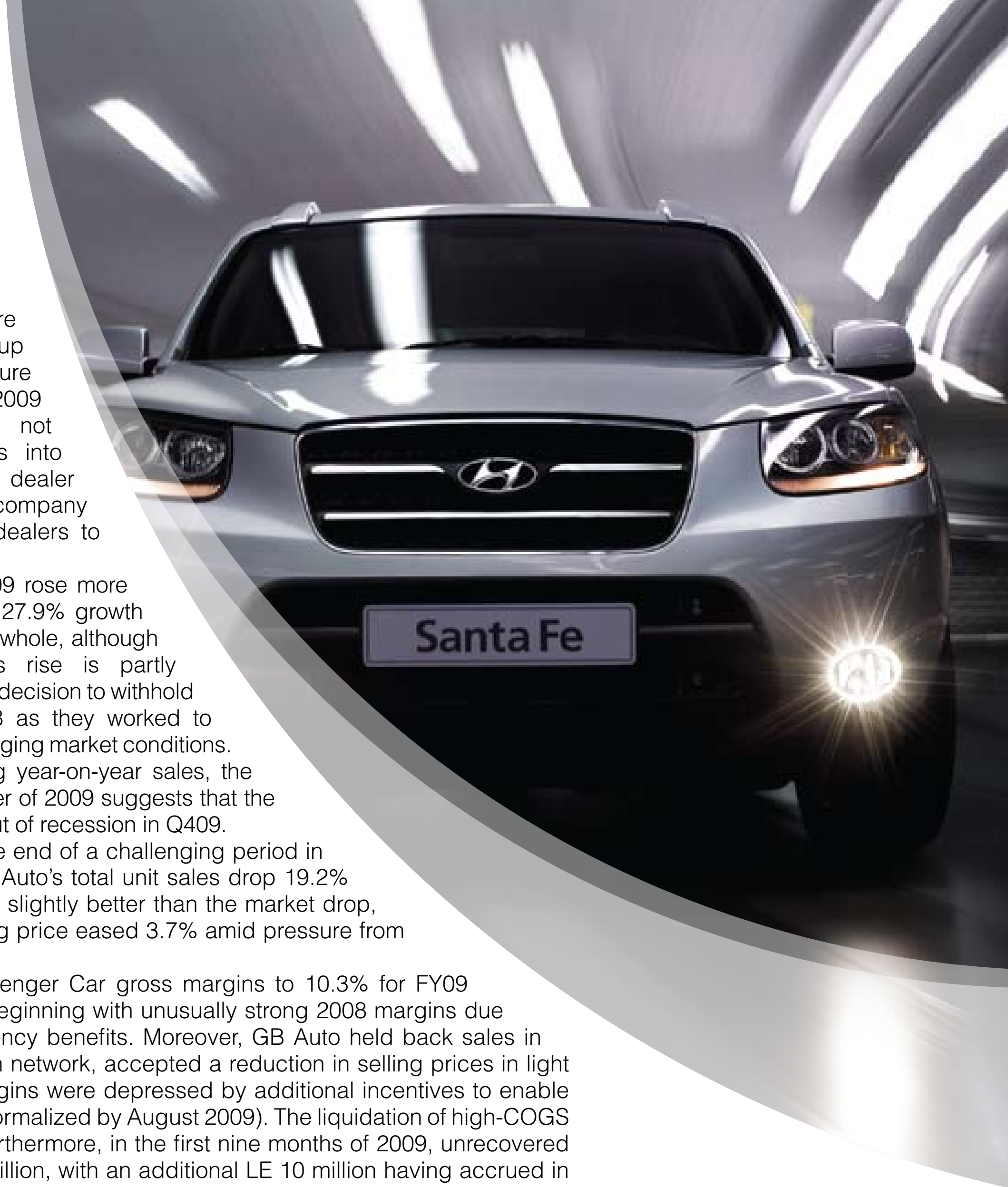
2009 Business Review

Egypt's passenger car market shrank 20.0% in 2009 with 158,926 units sold against 198,800 the previous year, according to data from the Automotive Marketing Information Council (AMIC), an independent industry body.

Market Segmentation

Units sold and % mkt share as of year-end 2009





GB Auto's market share improved slightly to 26.2% up from 25.9% in FY08, a figure which, as detailed in the 2009 earnings newsletters, does not take into consideration sales into the market through GB Auto's dealer network in 1Q09 when the company withheld shipments to allow dealers to reduce inventory.

GB Auto's unit sales in 4Q09 rose more than 2.5 times faster than the 27.9% growth in unit sales in the market as a whole, although management notes that this rise is partly exaggerated by the company's decision to withhold shipments to dealers in 4Q08 as they worked to reduce inventories amid challenging market conditions. After four quarters of declining year-on-year sales, the significant rise in the last quarter of 2009 suggests that the Egyptian auto market moved out of recession in Q409.

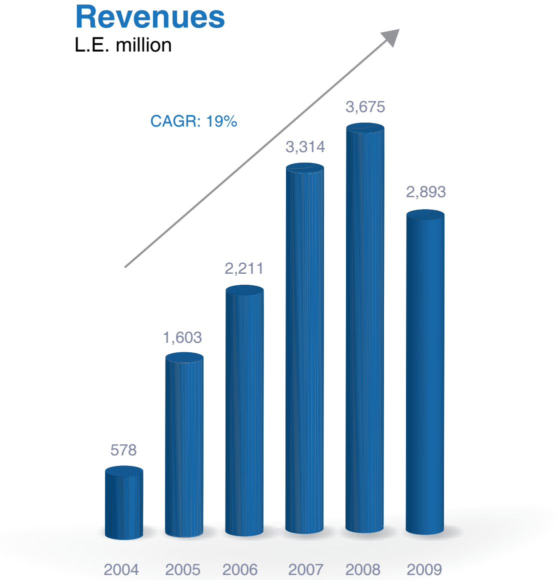
The close of 2009 marks the end of a challenging period in the wider market that saw GB Auto's total unit sales drop 19.2% to 41,646 in the full year 2009, slightly better than the market drop, while GB Auto's average selling price eased 3.7% amid pressure from the market early in the year.

The 5.2 point drop in Passenger Car gross margins to 10.3% for FY09 reflects a number of factors, beginning with unusually strong 2008 margins due to supply shortages and currency benefits. Moreover, GB Auto held back sales in 1Q09 to support its distribution network, accepted a reduction in selling prices in light of competitor moves, and margins were depressed by additional incentives to enable dealers to reduce overstock (normalized by August 2009). The liquidation of high-COGS inventory was also a factor. Furthermore, in the first nine months of 2009, unrecovered PC overheads totaled LE 18 million, with an additional LE 10 million having accrued in final quarter of 2008. Those unrecovered margins were eliminated by 4Q09, which saw gross margins rise 1.6 percentage points year-on-year.

Meanwhile, lower-margin sales by GB Auto to the national taxi replacement program in 4Q09 stood at 1,701 units, bringing total GB Auto sales to the program to 4,584 for 2009. GB Auto has enjoyed a 34.1% market share of sales through this program, significantly beyond the 25% figure initially targeted. We expect to maintain our market share in this range going forward.

Sales Volume
Vehicle Units

Revenues
L.E. million











Car Factory

At our Prima factory, we assemble Hyundai passenger cars and Canter cabins from imported CKD (completely knocked down) kits, using locally sourced parts.

Commercial Vehicles

GB Auto's Commercial Vehicle line of business distributes imported and locally assembled trucks and buses and provides financing to select fleet clients. The division assembles Mitsubishi, Volvo and Hyundai buses and Mitsubishi trucks at plants in Sadat and Suez (home to the new GB Polo factory), and the group imports Volvo heavy trucks. GB Auto also manufactures and distributes semi-trailers and super-structures such as oil and chemical tankers and concrete mixers under its Commercial Vehicles line.

The company's bus segment produces a range of transportation solutions, including large buses, or coaches, with a maximum capacity of 50 passengers; mini-buses that seat between 23 and 33 passengers; and mini-buses that hold 29 individuals. GB Auto's bus line is Egypt's largest supplier, holding a 32.3% market share in 2009.

GB Auto's Commercial Vehicles line markets heavy-, medium- and light-weight trucks for fleet operators, contractors, large industrial operators and government agencies throughout Egypt. GB Auto expects significant growth in this line of business on the back of infrastructure spending by the state and the acceleration of economic growth in 2010 and beyond.

The Commercial Vehicles line, more than any other GB Auto operation, demonstrates the group's capabilities as a manufacturer. With the exception of the engines and chassis, the company designs and manufactures complete buses at its facilities. At these production facilities, GB Auto produces the Mitsubishi RP coach, the Mitsubishi Cruiser mini and medium sized buses, and tourism buses including Volvo and Hyundai models.

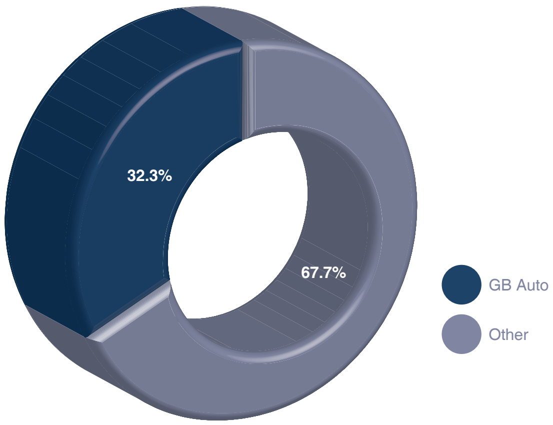
In 2008, the company entered a joint-venture that has built a state-of-the-art bus assembly plant in Suez with global giant Marcopolo. The partnership will develop an 8,000 unit-per-year capacity bus body assembly facility targeting local and export markets and is a move to capture export opportunities in commercial vehicle manufacturing by leveraging GB Auto's quality standards and low-cost, highly-trained workforce.

2009 Business Review

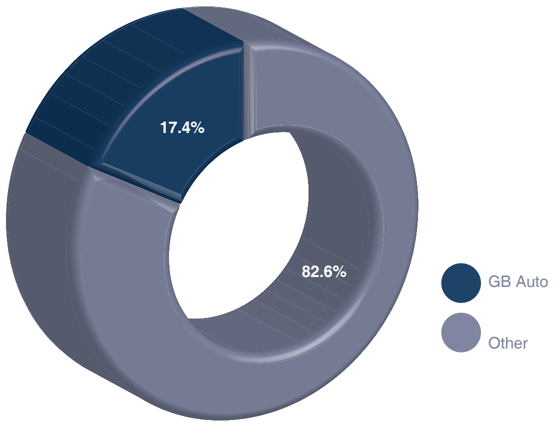
Fiscal year 2009 witnessed a 20.2% decline in our commercial vehicle sales to 2,666 units as economic uncertainty had an immediate and acute impact on corporate and tourism-industry sales. After lost sales from the relocation of bus assembly facilities to GB Polo (in Suez) from Qualiyoub in the second half of 2009 (timed to occur during low season), GB Auto gained 6.7 points of bus market share in 4Q09 (down just 0.9 points for the year), while truck market share rose 7.6 points to 23.6% for 4Q09 (up 1.4 points in FY09).

Margins across the Commercial Vehicles business declined 4.6 percentage points in FY09, with constraints arising as a result of unrecovered factory overheads, the relocation of bus assembly operations, and some lost sales arising from a one-time shortage of a key truck product due to a planned model change by the manufacturer. FY09 also saw product delivered to the more competitive price-sensitive government tenders sector.

Bus Market Share %



Truck Market Share %



Heavy truck sales were challenged on a cost basis for Volvo products as most opportunities resulted from highly competitive government tenders. While Volvo has a higher cost of acquisition, its lower cost of ownership in the long term makes it more of a favorite of corporate clients, where we expect the acceleration of economic growth in 2010 to stimulate new demand. The market for Hyundai heavy trucks was hit by a sharp decline in container transport and food and beverage transport activities. Both markets should improve once 2010 as economic growth accelerates.

On the trailer line of business, growth was muted as Egyptian truck drivers facing the legislated replacement of their drawbar trailers resisted buying as the measure has not been widely enforced. Our expansion into Algeria through GB Allab-Remourque will offer some compensatory sales now that it is fully registered in all of that country's provinces.

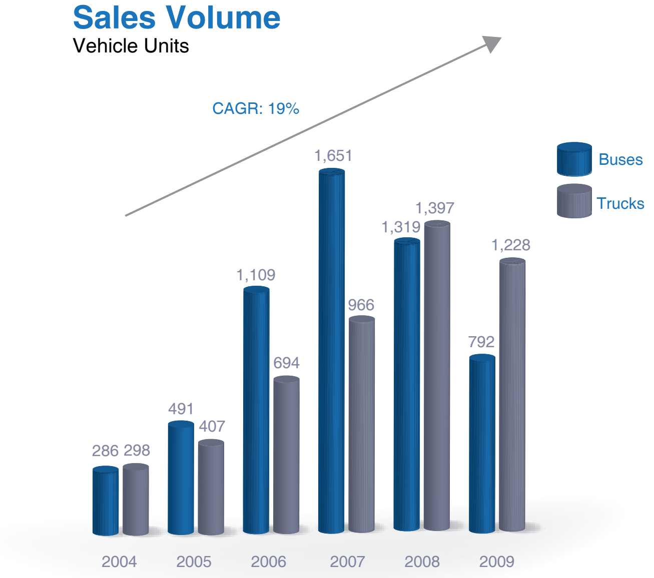
Importantly, the Commercial Vehicles line of business saw a return to growth in 4Q09 across the board as corporates experienced a return themselves to normality and tourist numbers improved. The rise of bus sales in 4Q09 is an important indicator of recovering sentiment in the sector, but results from 1Q10 will be more indicative of whether the market is fully in recovery.

Truck revenues rose 54.4% year-on-year in 4Q09 as recovering demand supported prices. GB Auto truck sales in FY09 were strongly impacted by a model change on the Mitsubishi Canter TD line (an event that happens just once every 12 years on this product). This created a particular shortage of the 130HP model preferred by corporate clients, which in turn translated into lost sales and lower market share up until Q309. Truck sales growth in 4Q09 can in part be attributed to normalization as supply of the new model came on stream.

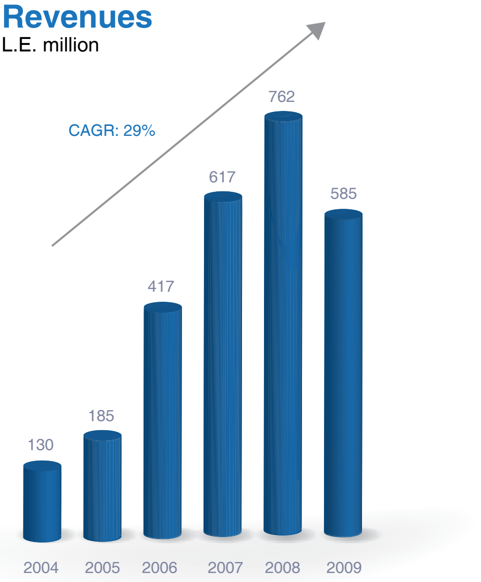
After-sales revenue growth in both 4Q09 (a 37.4% rise) and FY09 (13.2%) came as cost-sensitive clients opted to repair and maintain their existing fleets in light of conditions in their own markets.

Going forward, management expects growth across the Commercial Vehicles line of business to be driven by the continued recovery of the broader economy. Industry veteran Mr. Osman Sever will head this line of business as our newly hired Chief Operating Officer for GB Auto's C-CAT Division.

Sales Volume
Vehicle Units



Revenues
L.E. million



GB Polo – Bus Factory

The GB Polo facility in Suez, a joint venture with Brazil's Marco Polo, assembles a range of buses.

Motorcycles and Three-Wheelers

GB Auto is the exclusive local agent and distributor of Bajaj Auto's Boxer motorcycles, two-wheel scooters and three-wheel vehicles, often called auto-rickshaws or tuk-tuks. Bajaj, an Indian brand, is the largest global manufacturer of three-wheelers and the largest supplier of India's robust motorcycles and scooters market.

Bajaj vehicles are imported as SKD (Semi-Knocked Down) units and are assembled and finished locally by GB Auto at the company's Sixth of October City Industrial Zone factory.

GB Auto introduced the affordable three-wheel vehicles to the Egyptian market in 1999, and today its first mover advantage helps the company maintain a 99% share of the country's tuk-tuk sales. In rural and low income areas, three-wheel vehicles are used for personal and commercial purposes as an alternative to common urban and peri-urban transport methods.

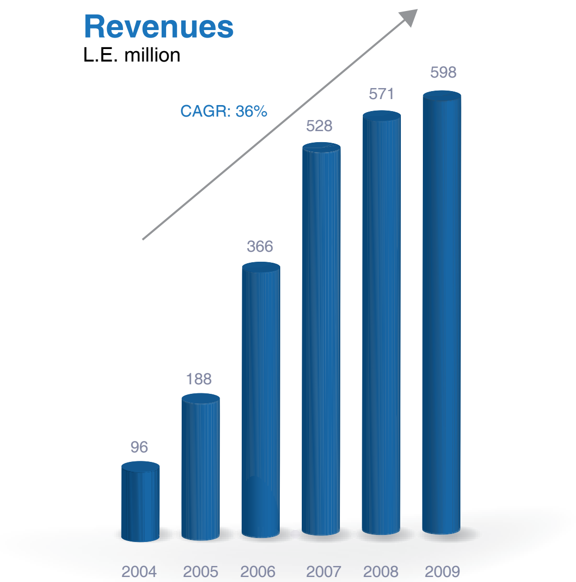
Three-wheelers' relatively low up-front cost, minimal fuel consumption and ease of movement often provide these areas a preferred transportation option. GB Auto provides its motorcycle and three-wheeler customers the same comprehensive service that it offers its car buyers, and the group's 3S business model — showrooms, service and spare parts — extends to its motorcycles and tuk-tuks business as well. Its nationwide network of three retail showrooms and after-sales service centers, eight GB Auto-owned spare parts outlets and numerous local dealers extends GB Auto's commitment to total customer care to its motorcycle and three-wheeler customers.

2009 Business Review

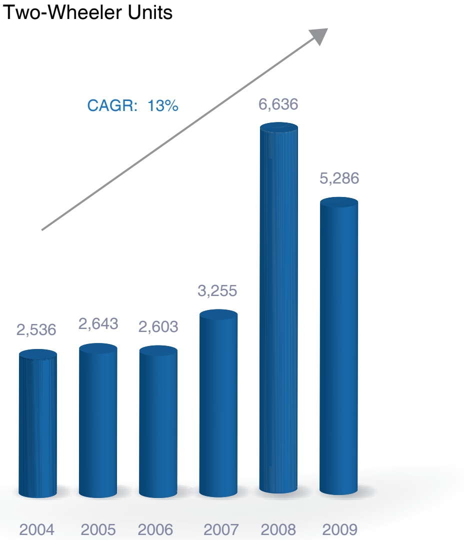
The Motorcycles and Three-Wheelers line of business grew 10.7% in FY09 by unit volume. Three-Wheeler sales grew 16.3% compared to 2008 on the back of mid-2008 traffic law amendments that outlined procedures for the licensing of three-wheelers. Motorcycles unit sales fell to 5,286 in FY09 from 6,636 the previous year, a 20.3% decline. However, adjusting for a one-off 1,500 unit government contract in 2Q08, Motorcycle volumes grew by 2.9% in 2009.

Three-wheeler sales grew significantly in FY09 despite continued consumer complaints about high licensing fees and a patchwork approach to local licensing requirements (color, restraints, etc.) as well as a one-off timing issue that affected supply to the market in September 2009. As tuk-tuks reached a critical mass of product in the market, the After-Sales service and parts business line similarly witnessed a substantial increase in demand.

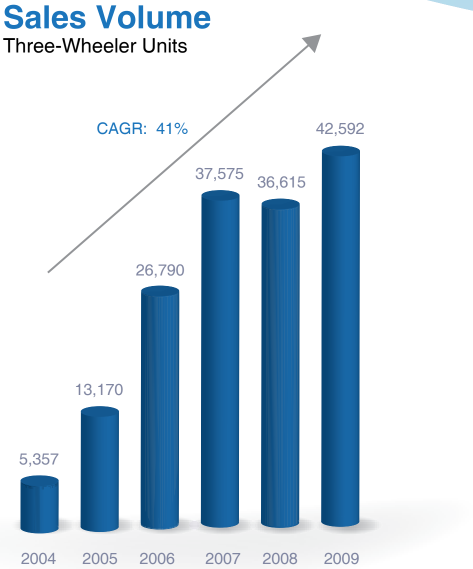
The margin improvement in FY09 was largely due to a more favorable exchange rate, some internal cost efficiency, and a reduction in customs duties from 40% to 10% on these products. Most of that reduction was passed on to the consumer, with some benefit retained for the company. The outlook for this product class remains one of steady growth thanks to broad appreciation by low-income earners. As noted previously, GB Auto's new microfinance venture (established in 4Q09) should provide substantial sales momentum for the Motorcycles and Three-Wheeler segment in 2010 and beyond. The new JV, named Mashro'ey (My Project), should begin delivering transactions by April 2010.



Sales Volume
Two-Wheeler Units



Sales Volume
Three-Wheeler Units




CANTER
CANTER
FUSO

Truck Factory

GB Auto manufactures Mitsubishi and Volvo medium and light weight trucks.

Other Lines of Business

GB Auto's other business lines include Tires, Construction Equipment, Transportation Services and Financing.

Tires

GB Auto distributes passenger and light tires under a license from Lassa, a Turkish manufacturer that produces the tires under a joint-venture with global leaders Bridgestone and Sabanci Group. The Egyptian automotive market recognizes Lassa tires as a high-quality product at an affordable price point, with approximately 40 different sizes of passenger and light truck tires.

The 16.6% decline in 2009 tire revenues reflects a number of factors, including 1Q08 comparatives that included sales of the popular Double Coin brand before the imposition of anti-dumping duties on Chinese products made these prohibitively expensive. Sales of the Lassa brand in fact grew slightly by 1.3% in 2009 and gross margin on that brand improved because of both better selling and cost prices.

Construction Equipment

GB Auto's Construction Equipment line of business includes trucks and earth movers distributed under a license from Volvo Construction. The group markets its heavy-duty equipment line to public and governmental customers, as well as to private sector companies.

GB Auto has distributed Volvo construction equipment since 1997, and was the second-largest distributor of construction equipment in 2009.

A robust fourth quarter helped the Construction Equipment division close the year with a slight rise over FY08. The division became the second-largest player in the Egyptian market in 4Q09 as sales of Volvo construction equipment surged, albeit on much lower margin to government contracts. That did, however, allow the Volvo brand to become number two in Egypt behind Catepillar.

GB Auto continues to view Construction Equipment as a very promising business and remains committed to investment in after-sales service, a key sales driver in this segment.

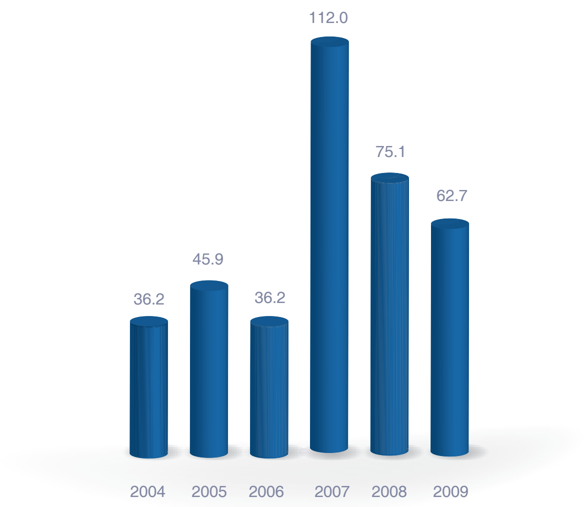
Transportation Services

In addition to supplying the industry, GB Auto has also invested directly in Egypt's transportation sector with Haram Transport Company, a fully-owned subsidiary which provides cargo services by providing truck rentals on a fixed-contract basis.

At the beginning of 2009, Haram Transport also operated more than 60 intra- and inter-urban passenger transport routes in Alexandria, Daqahliyah, Damietta, Suhag and Qena using a fleet of more than 250 vehicles.

Tires Revenues

L.E. million



While the Cargo division weathered 2009 handily, the Passenger Transport division struggled with profitability due largely to the challenges inherent in working with municipal authorities in the operation of inter- and intra-urban bus transportation lines. Although the Ministry of Transportation has been supportive of this project, GB Auto was forced to discontinue service on non-performing lines that it began operating in the second half of 2008. The company does not anticipate resuming service to those lines.

Haram Transport's cargo business grew 6.2% year-on-year in 4Q09 (up 11.4% in FY09) as we witnessed a modest resurgence in demand from corporate clients seeking fixed-contract services.

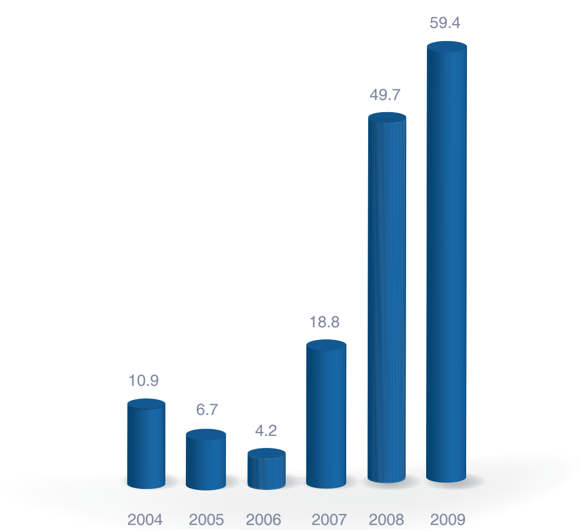
Long-term prospects for a national cargo transportation business remain attractive, and we note that competition remains low both nationally and regionally.

Financing Businesses

GB Lease began operations in 2008 to finance commercial vehicle sales as well as corporate clients purchasing passenger cars for fleets. This line of business started cautiously and with very modest investment and is making continuous progress as it accumulates a promising client base. As of 31 December 2009, GB Lease had an outstanding loan book of LE 37.2 Million.

GB Auto's newly established (and majority owned) microfinance venture will report in this space in 2010. In that context, we are pleased to note that all GB Auto financing businesses are now headed by Mrs. Amal Ragheb, our Chief Operating Officer (Financing Businesses). Mrs. Ragheb is a veteran of the regional banking industry and joined the company in October 2009.

Construction Equipment Revenue
L.E. million

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AUTO

Trailer Factory

GB Auto manufactures trailers and superstructures, including tankers, cargo boxes, tippers, fire trucks and cement silos.

A Year of Institutionalization

As an important part of the transformation from family-rooted business into a regional presence, GB Auto has been focusing on institutionalizing the business by deepening our management team and corporate systems with a view to creating the organizational structure and infrastructure that will support the company through our expansion into new markets and product lines.

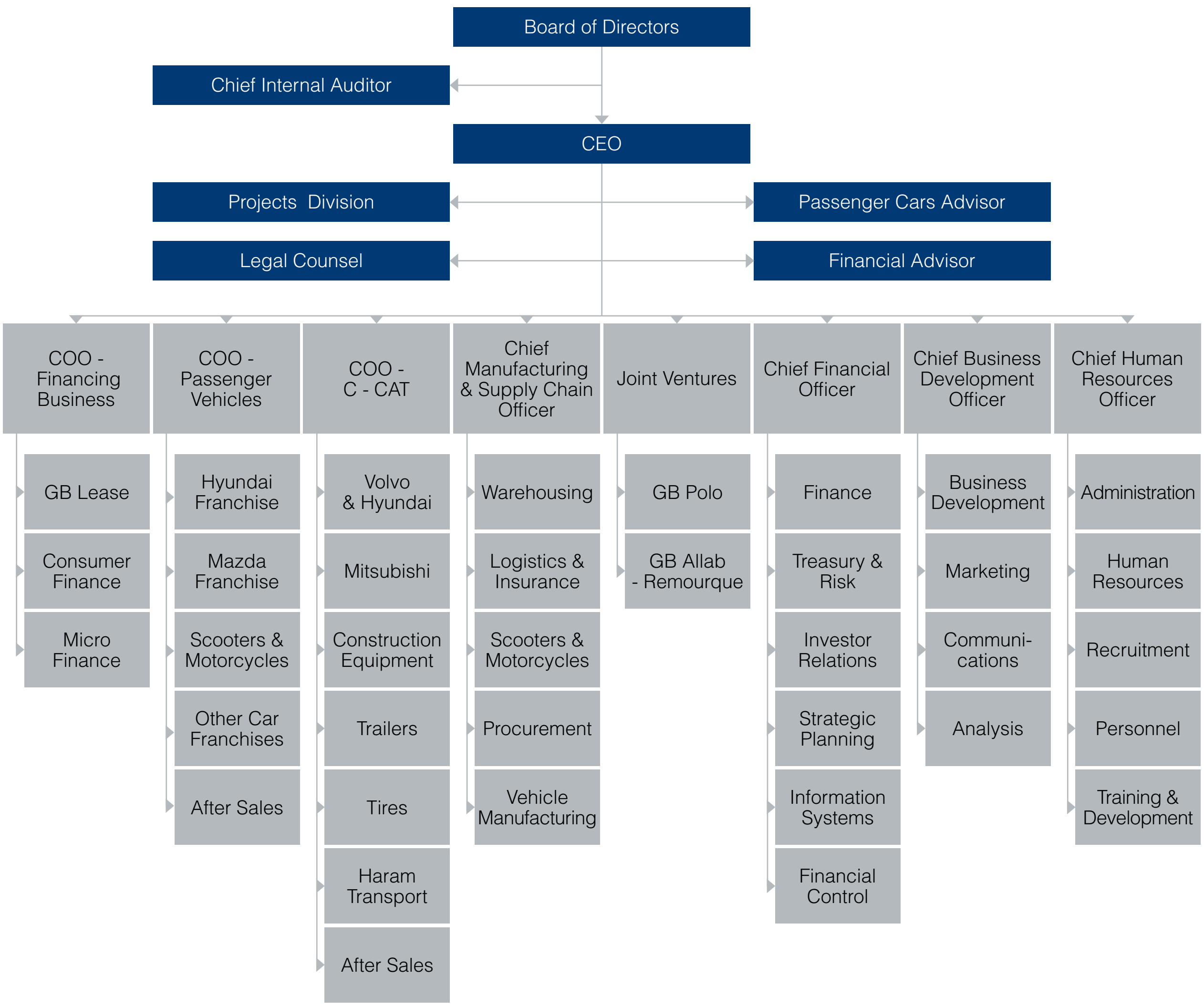
Reorganization, while critical to the future of the company, can be a painful process if not executed correctly. To ensure a solid long-term platform, we spent considerable time in the planning process. Part of 2008 and the bulk of 2009 was spent designing the new company blueprint — from identifying missing leadership positions to analyzing the skill sets required for continued longevity and ensuring our technical base was sufficient. By the end of 2009, we had completed the design phase of the program, and we are now implementing the business processes.

An important part of the reorganization is the deepening of our senior management team. In that regard we have diversified senior management into a C-Suite that includes Chief Operating Officers, a Chief Financial Officer, a Chief Business Development Officer and a Chief Human Resources Officer, each of whom oversees a team of Business Directors, as the organization chart below illustrates. More than 90% of those positions are filled and we are now focusing on ensuring we have properly qualified staff at all levels.

The next step is an assessment of management's competencies, which is being conducted and should be completed at the end of March 2010. Based on the results of the assessments, the appropriate training, recruitments and salary structures will be applied.

Finally, to ensure continuous recruitment access to top talent, we have introduced an Excellence program to attract high caliber graduates who have qualified within the past two years.

Organization Structure



Corporate Structure

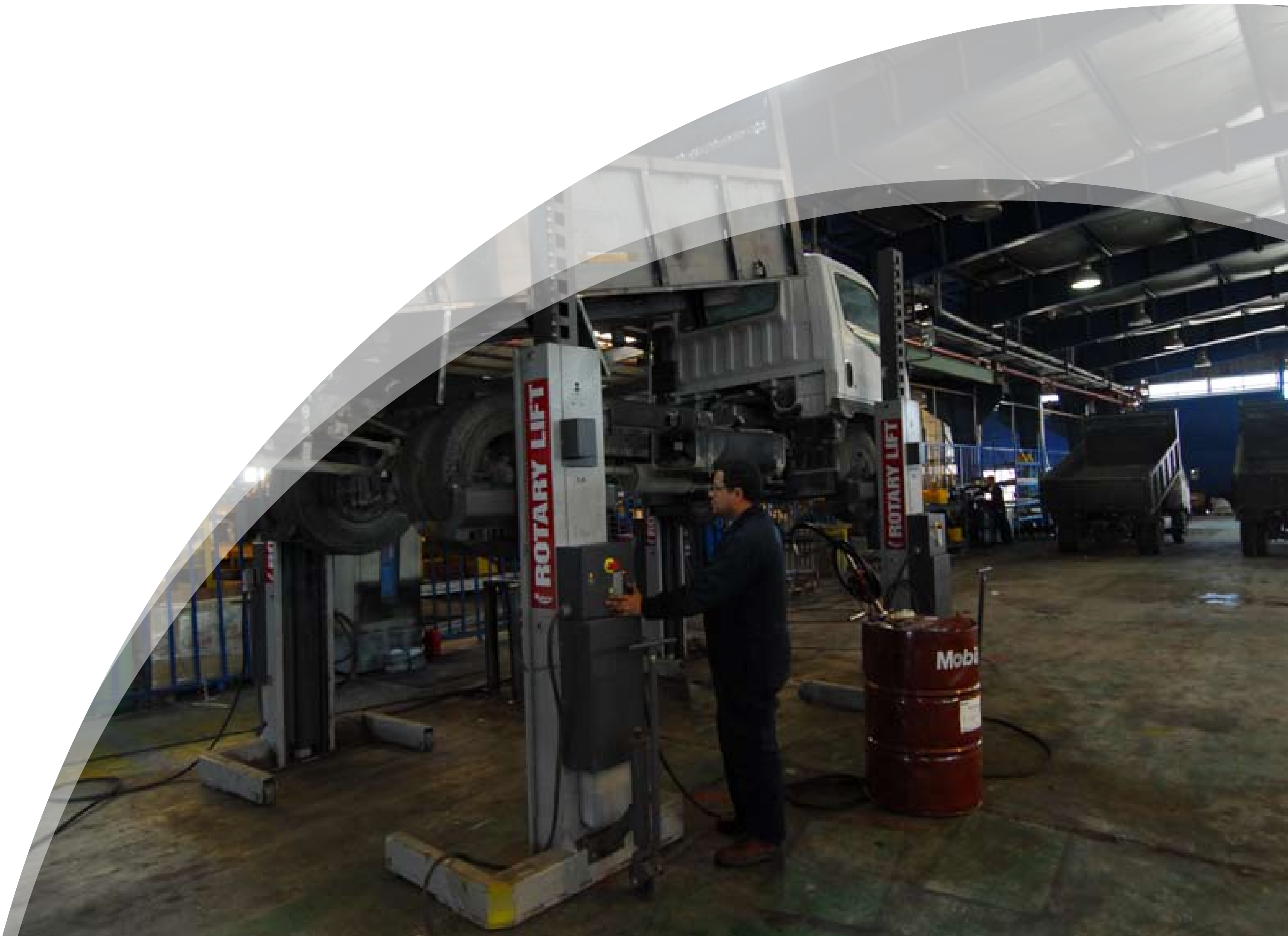
Assembly

Sales & Distribution + Exports

After-Sales Service

Transportation Services

Itamco	Ghabbour Egypt	Haram Transport	Financing Business	GB Polo	G.I.T.
Passenger Transportation	Commercial Transportation	Passenger & Cargo Services	Commercial vehicle and fleet sales of passenger cars. Microfinance business launched in 1Q10.	JV Bus Assembly	Free Zone Exports



Board of Directors

GB Auto's Non-Executive Chairman

Mr. Mohamed Abdel Wahab

is a renowned political figure in Egypt who has previously served as Minister of Industry. Mr. Abdel Wahab is a former Chairman of El Nasr Automotive Manufacturing Company (NASCO), the state-owned auto manufacturer which was the sole market player in the Egyptian automotive industry leading up to the privatization of the sector in 1992. Mr. Abdel Wahab brings to the Board of Directors deep-rooted industry experience.

Chief Executive Officer

Dr. Raouf Ghabbour

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

Independent Director

Mr. Mohamed Naguib Ibrahim

was appointed as a General Manager of the largest leasing company in Egypt, International Company of Leasing "Incolease," and became the Managing Director in 2003. Mr. Ibrahim was also appointed to serve on the boards of several local and international companies, among which are Glaxo Welcome Egypt, Middle East for Glass, Global Management Company (Milbank's venture capital fund management company), Stilco Company (public sector), Allweiler Farid Company & ESB Securities. Finally, Mr. Ibrahim was appointed to the board of the General Authority for Investment (GAFI) in 2007.

Independent Director

Eng. Mohamed Salah El Hadary

is currently serving as the Secretary-General of the Egyptian Automotive Manufacturers' Association (EAMA) and brings to the board a wealth of automotive expertise on the back of his experience serving as the managing director of Suzuki Egypt Company and as the managing director and board member of El Nasr Automotive Manufacturing Company (NASCO).

Independent Director

Mr. Byung-Ho Sung

is a former executive of the Hyundai Motor Company passenger vehicle operations in South Korea and India. Mr. Sung also gained insight as to the dynamics of the local market during his post as the executive vice president of the Kia Motor Company's Middle East headquarters.

Independent Director
Mr. Roger Rau

is a former president of Volvo's bus and truck operations in Germany. Mr. Rau also has experience managing commercial vehicle and construction equipment operations in neighboring markets, particularly Saudi Arabia. Mr. Rau has dedicated the past 30 years of his career to restructuring distressed divisions of automotive companies and is widely known for his success in managing turnarounds.

Independent Director
Mr. Juan Carlos Callieri

recently retired as the Senior Industry Specialist of the automotive sector at the International Finance Corporation based in Washington DC. Throughout his tenure, Mr. Callieri was responsible for all investments made by the IFC in automotive and related companies with the additional task of helping shape the business development strategy of some of the most successful automotive manufacturers and distributors in emerging markets.

Independent 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 Exchange, National Bank of Egypt, various corporations and investment funds.

Independent 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 Bank department of SAMBA. Mr. Abanumay is a board member of several prominent companies: Madinet Nasr for Housing and Development (since 1998), and Raya Holding (since 2005), and Beltone Financial.

Contents

The Board Report

The Directors of GB Auto are pleased to present their Annual Report together with the audited consolidated financial statements for the year ended December 31, 2009.

Principal Activities

GB Auto is a leading player in the automotive industry and is the holding company for a group of subsidiaries operating at all levels of the automotive industry value chain, including assembling, distributing and selling passenger cars and commercial vehicles, manufacturing semi-trailers and superstructures for trucks and buses, selling automotive components, motorcycles and three-wheelers, tires, and construction equipment, as well as providing after-sales service through a nation-wide after-sales service network. The company owns and operates two assembly facilities, one for passenger cars and the other for commercial vehicles. GB Auto also provides public passenger and private freight transport services in governorates throughout Egypt. And after expanding into Algeria in 2009 with its trailer venture, GB Allab-Remorque, GB Auto entered Iraq with Al-Kasid Group of Companies, which holds the exclusive right to distribute Hyundai products in that nation. GB Auto also reached a distribution agreement with Mazda in 2009 to distribute its vehicles in Egypt. The detailed analysis by line of business is dealt with by management elsewhere in this Annual Report document.

Operating Results

The consolidated group revenue for the year 2009 reached EGP 4,258.4 million versus EGP 5,192.3 for the year 2008, a decrease of 18%.

The net profit for the year after accounting for minority interest was EGP 201.4 million, down 51.6% from 2008 amid recession in Egypt's automotive market.

GB Auto saw a marked improvement in the business environment towards the close of the year, with a sharp seven-fold rise in the fourth quarter of 2009 over the same quarter of the previous year. Notably, GB Auto's 70.7% jump in passenger car unit sales in 4Q09 was 2.5 times faster than the rise in unit sales in the market at large.

Dividends

The shareholders will approve any profit distributions at the forthcoming Annual General Meeting.

Directors

The Directors of the company are shown on page 36 of this document. Also provided is their industry background information. The Board is constituted of eight Independent Directors and one Executive Director.

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 an Audit Committee of three independent directors along with representatives from company management. There is also a Remuneration Committee made up of four independent directors together with representatives from company management. See overleaf for additional information.

Employees

The number of employees at GB Auto and its subsidiaries as of December 31, 2009 was 4,825, down 27.2% from 6,624 at the same date the previous year.

Shareholders

The shareholding structure of the company as of December 31, 2009 was: Dr. Raouf Ghabbour family and related parties 70.92%, while public ownership stood at 29.08%.

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

Annual General Meeting

The annual general meeting will be held at 11 am on 31 March 2010 at Main Meeting Room, Smart Village, Sixth of October City, Kilometer 28 of the Cairo-Alexandria Desert Road.

Auditor

A resolution will be proposed to reappoint Mansour & Co. PricewaterhouseCoopers as auditor and to authorize the directors to determine their remuneration at the Annual General Meeting.

Approved by the Board
7 March 2009

Corporate Governance Report

GB Auto is committed to following the principles of good corporate governance and has started institutionalizing corporate governance guidelines in compliance with the applicable laws and the regulations of the Egyptian Exchange. GB Auto believes that effective corporate governance is essential to enhancing shareholders' value and protecting stakeholders' interests. Accordingly, the company has taken several 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 of GB Auto is the ultimate governing body of the company. The General Assembly:

- 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 have an extraordinary meeting as needed
- The responsibilities of the GA are based on the laws and company statutes
- It appoints the Board, approves the financial results, appoints the external auditors, and approves dividend distributions

Disclosure Rules and Transparency

GB Auto is subject to disclosure rules and the new listing rules set by the Egyptian Exchange and approved by the Egyptian Capital Markets Authority on June 18, 2002. The company has been in compliance with the corporate governance, financial reporting, and disclosure provisions of the EGX listing rules through the year ended December 31, 2008.

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

The Board confirms that there is an ongoing process for identifying, evaluating, and managing the significant 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 two committees, the Audit Committee and the Remuneration Committee, to assist in discharging its oversight responsibilities.

The Audit Committee

The Audit Committee consists of three independent non-executive members and its primary purpose is to assist the Board in its oversight of:

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

Chairman: Mr. Mohamed Abdel Wahab
Members: Eng. Mohamed Salah El Hadary and Mr. Juan Carlos Callieri

The Remuneration Committee

The Remuneration Committee consists of four independent non-executive members and its primary purpose is to assist the Board in its oversight of all matters relating to director compensation.

Chairman: Mr. Mohamed Abdel Wahab
Members: Mr. Juan Carlos Callieri, Mr. Byong-Ho Sung, and Mr. Roger Rau

Independent Auditor's Report

To: The Shareholders of GB Auto and Its Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GB Auto (S.A.E) and Its Subsidiaries (the Group) which comprise the consolidated balance sheet as of 31 December 2009 and its related consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations.

Ahmed Gamal Hamdallah Al-Atrees

R.A.A. 8784
Egyptian Financial Supervisory Authority "136"
Mansour & Co. PricewaterhouseCoopers

7 March 2010
Cairo

Consolidated Balance Sheet

At December 31, 2009

(all amounts in thousand Egyptian Pounds)

	Note	2009	2008
Non-current Assets			
Property, plant and equipment	5	1,360,920	1,181,462
Intangible assets	6	184,269	188,658
Investment in associates	7	2,414	2,414
Long term notes receivable	8	31,355	31,958
Deferred tax assets	9	14,057	10,467
Investment property	10	7,523	13,128
Total Non-current Assets		**1,600,538**	**1,428,087**
Current Assets			
Inventories	11	1,183,979	1,345,182
Accounts and notes receivable	12	519,319	500,335
Debtors and other debit balances	13	246,988	222,264
Due from related parties	14	1,351	8,581
Cash on hand and at banks	15	141,611	124,239
Total Current Assets		**2,093,248**	**2,200,601**
Current Liabilities			
Provisions	16	42,638	74,011
Current tax liabilities	17	45,198	66,285
Loans and borrowings	18	787,158	756,251
Due to related parties	14	9,283	520
Trade payables and other credit balances	19	718,656	785,674
Derivative financial liability	20	8,724	13,560
Total Current Liabilities		**1,611,657**	**1,696,301**
Working Capital		**481,591**	**504,300**
Total Invested Funds		**2,082,129**	**1,932,387**
Represented in:			
Company's Equity Holders			
Share capital	21	129,000	129,000
Payment under capital increase	22	2,258	-
Shares held by the Group	23	(3,275)	(3,275)
Legal reserve	24	138,832	139,698
Other reserves	25	1,022,610	1,024,174
Retained earning		638,927	436,613
		1,928,352	1,726,210
Minority interest	**26**	**66,585**	**14,979**
Total Equity		**1,994,937**	**1,741,189**
Non - Current Liabilities			
Loans and borrowings	18	-	101,485
Notes payables Long-term	27	22,634	26,372
Deferred revenue	28	32,474	42,498
Lands installments obligation	29	-	2,555
Deferred tax liabilities	9	21,775	18,288
Amounts under settlement on lease contract	30	10,309	-
Total non-current liabilities		87,192	191,198
Total Equity and Non–current Liabilities		2,082,129	1,932,387

The accompanying notes on pages 48 to 80 form an integral part of these consolidated financial statements.

Mr. Amr Kassem **Finance Director**	**Mr. Colin Sykes** **Chief Financial Officer**	**Dr. Raouf Ghabbour** **Managing Director**

March 7, 2010
Independent auditor's report attached

Consolidated Statement of Income

For the year ended December 31, 2009

(all amounts in thousand Egyptian Pounds)

	Notes	2009	2008
Sales		4,258,365	5,192,375
Cost of sales		(3,663,892)	(4,319,972)
Gross profit		**594,473**	**872,403**
Selling and marketing expenses		(117,126)	(123,634)
Administration expenses		(126,663)	(152,054)
Provision no longer required	31	23,088	37,106
Provision	32	(2,471)	(18,033)
Other income		25,350	32,209
Operating profit		**396,651**	**647,997**
Gain / (loss) from property investment revaluation		1,229	(188)
Finance costs - net	33	(114,042)	(134,504)
Stock options at fair value	34	(17,260)	(1,290)
Net profit before tax		**266,578**	**512,015**
Income tax	35	(63,195)	(94,111)
Net profit for the period before minority interest		**203,383**	**417,904**
Minority interest		(1,935)	(2,030)
Net profit for the period after minority interest		**201,448**	**415,874**
Basic Earnings per share	**36**	**1.62**	**3.17**
Diluted Earnings per share	**36**	**1.66**	**3.16**

The accompanying notes on pages 48 to 80 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Owners' Equity

For the year ended December 31, 2008 and December 31, 2009

For the year ended December 31, 2008 (all amounts in thousand Egyptian Pounds)

								Equity		
Year ended 31 December 2008	Note	Share Capital	Treasury Shares	Share Premium	Legal Reserve	Other Reserves	Retained earnings	Total Shareholders' Equity	Minority Interest	Total Equity
Balance at 1 January 2008 as issued before merger results		**129,000**	**(3,275)**	**1,040,088**	**44,227**	**48,290**	**(427,955)**	**830,375**	**6,102**	**836,477**
Modify 2007 with fixed assets depreciation variance and minority interest profit share		-	-	-	-	-	(19,839)	(19,839)	5,454	(14,385)
Modify 2007 legal reserve		-	-	-	(10,827)	-	10,827	-	-	-
Merger surplus	40	-	-	-	-	-	539,604	539,604	2,667	542,271
Balance at 1 January 2008 after restatement		**129,000**	**(3,275)**	**1,040,088**	**33,400**	**48,290**	**102,637**	**1,350,140**	**14,223**	**1,364,363**
Share premium	24	-	-	(1,040,088)	64,400	975,688	-	-	-	-
Capital decrease		-	-	-	-	-	-	-	(1,274)	(1,274)
Currency translation differences		-	-	-	-	196	-	196	-	196
Net profit for the period		-	-	-	-	-	415,874	415,874	2,030	417,904
Transfer to legal reserve		-	-	-	41,898	-	(41,898)	-	-	-
Dividends		-	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Balance at 31 December 2008		**129,000**	**(3,275)**	**-**	**139,698**	**1,024,174**	**436,613**	**1,726,210**	**14,979**	**1,741,189**

For the year ended December 31, 2009 (all amounts in thousand Egyptian Pounds)

								Equity		
Year ended 31 December 2009	Note	Share Capital	Payment under capital increase	Shares Held by the Group	Legal Reserve	Other Reserves	Retained earnings	Total Shareholders' Equity	Minority Interest	Total Equity
Balance at 1 January 2009		**129,000**	**-**	**(3,275)**	**139,698**	**1,024,174**	**436,613**	**1,726,210**	**14,979**	**1,741,189**
Capital increase		-	-	-	-	-	-	**0**	12,010	**12,010**
Currency translation differences		-	-	-	-	(787)	-	**(787)**	52	**(735)**
Transfer the legal reserves to retained earnings as result of the liquidation of a subsidiary		-	-	-	(1,090)	-	1,090	**-**	-	**-**
Realized currency translation difference as result of the liquidation of a subsidiary		-	-	-	-	(17,069)	-	**(17,069)**	-	**(17,069)**
Net profit for the period		-	-	-	-	-	201,448	**201,448**	1,935	**203,383**
Investments in subsidiaries		-	-	-	-	-	-	**-**	251	**251**
Transfer to legal reserve		-	-	-	224	-	(224)	**-**	58	**58**
Payment under capital increase		-	-	-	-	-	-	**-**	37,300	**37,300**
Stock issuance bonus to the Managing Director	34	-	2,258	-	-	16,292	-	**18,550**	-	**18,550**
Balance at 31 December 2009		**129,000**	**2,258**	**(3,275)**	**138,832**	**1,022,610**	**638,927**	**1,928,352**	**66,585**	**1,994,937**

The accompanying notes on pages 48 to 80 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

For the year ended December 31, 2009

(all amounts in thousand Egyptian Pounds)

	Note	2009	2008
Cash flows from operating activities			
Net profit for the year		201,448	415,874
Adjustments:			
Income tax expenses	35	63,195	94,111
Minority interest share in net profit	26	1,935	2,030
Depreciation and amortization		55,018	51,024
Provisions no longer required	31	(23,088)	(37,106)
Provisions	32	2,471	18,033
Fair value of foreign currency swap contracts	20	(4,836)	13,560
Deferred revenue		(10,024)	-
(Gain) on sale of fixed assets		(77)	(6,300)
(Gain) / loss for the re-valuation of investments property	10	(1,229)	188
(Gain) / loss on sale of property		434	(902)
Stock option fair value for the managing director	34	18,550	-
Net profit before changes in working capital		**303,797**	**550,512**
Changes in working capital			
Inventories		164,706	(728,989)
Accounts and notes receivables		(11,282)	106,551
Debtors and other debit balances		(19,079)	(28,061)
Due from related parties		7,230	(6,330)
Due to related parties		8,763	(71,332)
Trade payables other credit balances		(67,018)	179,603
Provisions used		(27,003)	(3,234)
Withholding tax paid during the year	17	(22,736)	(26,781)
Income tax paid during the year	17	(61,649)	(24,510)
Net cash generated from (used in) operating activities		**275,729**	**(52,571)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(234,538)	(263,124)
Proceeds from sale of property, plant and equipment		5,773	8,257
Purchase of intangible assets	6	(1,245)	(5,736)
Proceeds from sale of investments property		6,400	2,622
Net cash (used in) investing activities		**(223,610)**	**(257,981)**
Cash flows from financing activities			
Increase in minority interest	26	49,671	-
Loans and borrowings		(70,578)	97,806
Long-term notes payables		(3,738)	(7,221)
Installment land obligation		(2,555)	(2,345)
Proceeds from sale and lease back asset		-	80,000
Amounts under settement on lease contract		10,309	-
Net cash (used in) generated from financing activities		**(16,891)**	**168,240**
Net increase / (decrease) in cash and cash equivalents		**35,228**	**(142,312)**
Cash and cash equivalents at beginning of the year		124,239	266,355
Translation Differences		(17,856)	196
Cash and cash equivalents at end of the year	15	**141,611**	**124,239**

The accompanying notes on pages 48 to 80 form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

1. General information

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

Based on the decision of the Extraordinary General Assembly Meeting held on 26 April 2007, it was agreed to changing the Company name to be GB Auto from GB Capital for Trading and Capital Lease, and modification of the Company name was approved in the commercial register on 23 May 2007.

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

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

The major shareholders of the Group are Dr. Raouf Ghabbour and his family, who collectively own approximately 71% of the Company shares outstanding at 31 December 2009.

The financial statements are approved for issuance by the Board of Director on its meeting dated 7 March 2010.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

A. Basis of preparation

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

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

The new EAS’s requires the reference to the IFRS when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

B. Basis of consolidation

(a) Subsidiaries

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

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

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

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

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

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

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

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

(c) Associates

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

C. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

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

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

(3) Group companies

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- Income and expenses for each income statement are translated at average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

- And all resulting exchange differences are recognised as a separate component of equity.

- The foreign currency exchange results arising from translation of the net investment in entities and loans or financial instruments in foreign currencies allocated to cover these investments are recognized in the equity on the consolidated financial statements. The foreign currencies exchange charged to the equity are recognized as part of gain or loss upon the disposal of these investments.

D. Property, plant and equipment

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

Buildings	2% - 4%
Machinery	10% - 20%
Vehicles	20% - 25%
Furniture, fittings and equipment	6% - 33%

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

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

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

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

E. Intangible assets

i. Goodwill

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

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

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

ii. Computer software

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

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

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

iii. Knowhow

The amounts paid against knowhow are recognized as intangible assets in case of knowhow have a finite useful

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

life and amortized over their estimated useful lives.

The Company assesses the estimate useful life of the knowhow agreement with Hyundai Corporation Company for Vehicles Manufacturing under trade name of Hyundai Sonata.

The estimated useful life has been determined based on the number of vehicles expected to be sold under this agreement.

The statement of income is charged with amortization expense equivalent to the percentage of number sold vehicles divided total vehicles expected to be sold under this agreement.

F. Impairment of long lived assets

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

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

G. Investments available for sale

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

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

H. Lease

For leases within the scope of Law 95 of 1995, lease costs including maintenance expense of leased assets are recognized in the statement of income 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 (lease) also in case of selling property, plant and equipment and leasing it back are capitalized at the inception of the lease at the lower of the fair value of the leased property 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 financial balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant period rate of interest on 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.

Profits created when the collected payments exceed the book value of the non-current assets that are being sold and leased back through finance leases are not directly charged to the statement of income and are deferred and amortized over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line period of the lease.

I. Investment property

Investment property is measured at fair value. The fair value is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Any gain or loss arising from a change in the fair value of investment property is recognized in the statement of income for the period in which it arises according to the market value which is determined using independent expect.

J. Inventories

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

K. Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held for maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a. Financial assets at fair value through profit or loss

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

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

b. Held for maturity

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

- Those that the entity upon initial recognition designates as at fair value through profit or loss

- Those that the entity designates as available for sale; and

- Those that meet the definition of loans and receivables.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables have been included in the balance sheet with accounts and notes receivable (Note 12), debtors and other debit balances (Note 13), and due from related parties (Note 14).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

d. Available-for-sale financial assets

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

(ii) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification

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

(iii) Measurement and subsequent measurement

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

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

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

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

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

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

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

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

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

L. Trade receivables and notes receivable

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

M. Cash and cash equivalent

Bank overdrafts are included within loans and borrowings in current liabilities on the balance sheet.

For the purposes of the cash flow statement presentation, cash and cash equivalents comprise cash on hand, deposits held at call with banks maturing within period.

N. Share capital

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

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

O. Share based payments

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

P. Loans and borrowings

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

The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at the initial recognition and subsequently recorded

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at an amortised cost basis until extinguished on conversion or maturity of the bonds whichever the lower. The remainder of the proceeds are allocated to the conversion option, which is recognised in shareholders' equity.

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

Q. Employee benefits

(1) Defined contribution plan

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

(2) Profit sharing

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

R. Provisions

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

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

S. Trade payables

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

T. Derivative financial instruments

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

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

U. Revenue recognition

Revenue comprises 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 entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies

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relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods – wholesale

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

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

(b) Sales of goods – retail

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

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

(c) Sales of services – maintenance

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

(d) Lease

Lease income is recognized on the basis of the rate of return on the lease contract plus an amount equal to the depreciation charge for the 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 until the termination of the lease contract.

(e) Interest income

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

(f) Dividend income

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

V. Current and deferred income tax

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

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

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

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

W. Segment reporting

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

X. Dividends

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

Y. Comparative figures

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

3. Financial risk management

(1) Financial risk factors

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

Market risk

I. Foreign exchange risk

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

The table that folows shows the foreign currency positions:

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

	31 December 2009			31 December 2008
	Assets	Liabilities	Net	Net
United States Dollars	114,340	(300,962)	**(186,622)**	(164,834)
Euros	5,156	(984)	**4,172**	(16,751)
Other currencies	7,765	(22,714)	**(14,949)**	(4,792)

II. Price risk

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

III. Cash flow and fair value interest rate risk

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

Loans and borrowings at the balance sheet date with variable interest rates amounted to LE 682,660 and the loan and borrowing with fixed interest rate amounted to LE 104,498k. The fair value for borrowings with fixed interest rate is approximately near it's earnings amount.

Financial assets exposed to the changes in the interest rate are amounted to LE 70,710k as of 31 December 2009 (31 December 2008: LE 78,394 k).

		31 December 2009	31 December 2008
Time deposit	LE	2,454	8,418
Time deposit	US $	68,256	68,754
Time deposit	Euro	-	1,222
		70,710	**78,394**

IV. Credit risk

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

For banks and financial institutions, the Group is dealing with the banks which have a high independent rating and banks and financial institutions with a good reputation.

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

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

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

	2009	2008
Notes and accounts receivables	819,448	814,085
Allowance for impairment of accounts and notes receivable	265,439	275,153
Allowance to receivables	**32.39%**	**33.80%**

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V. Liquidity risk

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

(2) Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings and notes payables, less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt. The gearing ratios at 31 December 2009 and 31 December 2008 were as follows:

Description	2009	2008
Total loans and borrowings and notes payable		
Borrowings	787,158	857,736
Notes payable short-term	76,689	89,632
Notes payable long-term	22,634	26,372
Total loans and borrowings	**886,481**	**973,740**
Less: cash on hand and at bank	(141,611)	(124,239)
Net debt	**744,870**	**849,501**
Total equity	1,928,352	1,741,189
Total capital	**2,673,222**	**2,590,690**
Gearing ratio	**27.8%**	**32.8%**

(3) Fair value estimation

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

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

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

4. Critical accounting estimates and judgments

(1) Critical accounting estimates and assumptions

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

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

a. Impairment of investment property

The evaluation of the fair value of investment property which consists of lands and buildings is based on an independent expert.

The independent expert uses technical elements for the preparation of the evaluation such as the location, area and usage. The management do not expect a negative effect on the operations results by the change in the fair value of investment property where the real estate market in the areas related to the Group lands and buildings is in a continuous growth and there is no recognition for the increase in fair value in the statement of income.

b. Impairment of accounts and notes receivables

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

c. Warranty provision

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

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

d. Income tax

The Group is subject to corporate income tax. The Group estimates the income tax provision by using the advice of an expert. In case there are differences between the final and preliminary results, these differences will affect the income tax and deferred tax provision in these periods.

e. Impairment of goodwill

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

(2) Critical Judgements in applying the Group accounting policies

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

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5. Property, plant and equipment

	Land & Buildings	Machinery & Equipment	Vehicles	Fixtures & Office Furniture	Projects Under Construction	Total
Cost						
Balance at 1 January 2009	787,326	179,266	121,787	66,735	111,986	1,267,100
Financial statements translation differences	56	1	1	1	11	70
Balance at 1 January 2009 after financial statements translation	**787,382**	**179,267**	**121,788**	**66,736**	**111,997**	**1,267,170**
Additions	11,027	10,744	42,645	11,130	158,992	234,538
Disposals	(38)	(33)	(5,969)	(95)	-	(6,135)
Transfer from projects under construction	48,836	11,636	70	10,383	(70,925)	-
Balance at 31 December 2009	**847,207**	**201,614**	**158,534**	**88,154**	**200,064**	**1,495,573**
Accumulated depreciation						
Balance at 1 January 2009	14,401	37,070	21,924	12,256	-	85,651
Financial statements translation differences	55	2	-	-	-	57
Balance at 1 January 2009 after financial statements translation	**14,456**	**37,072**	**21,924**	**12,256**	**-**	**85,708**
Depreciation charge	6,763	15,452	14,676	12,493	-	49,384
Disposals	-	(6)	(420)	(13)	-	(439)
Balance at 31 December 2009	**21,219**	**52,518**	**36,180**	**24,736**	**-**	**134,653**
Net book value at 31 December 2009	**825,988**	**149,096**	**122,354**	**63,418**	**200,064**	**1,360,920**
Net book value at 31 December 2008	**772,926**	**142,195**	**99,864**	**54,480**	**111,997**	**1,181,462**

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

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

	2009	2008
Capitalized finance leases (cost)	18,500	18,500
Accumulated depreciation	(8,757)	(5,058)
Net book value	**9,743**	**13,442**

The Group has finance leased assets (trailers) according to contracts under Law No. 95 for 1995, that is not considered as property, plant and equipment according to the accounting policies (2H) and according to the requirement of the Egyptian Accounting Standards (No. 20) it recognizes the annual leased payment as an expense in the income statement for the period and the leased contracts are as follows:

	2009	2008
Total contractual lease payments	93,012	97,914
Total purchase price on termination of leases	214	284
Average useful life	10 years	10 years
Annual lease payments	13,511	18,924

Finance leased assets

The vehicles include vehicles leased to other, under finance lease contract which are subject to act No. 95 at 1995 as follows:

	2009	2008
Cost	38,501	5,437
Accumulated depreciation	(3,904)	(276)
Net book value	**34,597**	**5,161**

6. Intangible assets

	Computer software	Knowhow	Goodwill	Total
Balance at 1 January 2009	6,604	3,680	178,374	188,658
Additions during the year	1,245	-	-	1,245
Amortization for the year	(4,211)	(1,423)	-	(5,634)
Balance at 31 December 2009	**3,638**	**2,257**	**178,374**	**184,269**

Goodwill

- On 28 September 2007, the Company and its subsidiaries fully acquired the shares of Cairo Individual Transport Industries “CITI” by purchasing 49.03% which were owned by the minority at a value of LE 209,997k and obtained by ordinary shares from GB Auto’s capital increase in shares (Note 20-C). The acquisition resulted in a goodwill amounting to LE 177,374k which represents the increase in the acquisition value over the net book value of the Company’s acquired assets. This goodwill has been allocated to the assets of Cairo Individual Transport Industries “CITI”.
- On 8 September 2008, the Company and its subsidiaries acquired the shares of the GB Company for Capital Lease (S.A.E) which the Company’s main activity is financial leasing and the acquisition resulted in goodwill amounted to LE 1,000k.

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Impairment test of good will

The recoverable amounts of the goodwill is not less than the carrying amount.

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

An operating segments level summary of the goodwill allocation is presented below:

	2009	2008
Two and three wheelers	177,374	177,374
Capital leasing activity	1,000	-
	178,374	**177,374**

The recoverable amounts is determined based on value in use calculations. These calculations use the discounted cash flow projections based on financial budget approved by the Board of Directors covering four years period.

The key assumption used for value in use calculations are as follow:

	2009	2008
Growth margin	23%	20%
Discount rate	13%	13%
Growing rate beyond budget period	Zero%	Zero%

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

Knowhow

- Knowhow represents the amount paid to Hyundai Corporation in exchange for the production knowhow of the brand "Hyundai Sonata".

7. Investment in associates

	2009	2008
GB Trade-In Co.	2,414	2,414
Total	**2,414**	**2,414**

8. Long-term notes receivable

	2009	2008
Long-term notes receivable	34,753	33,716
Deferred interest on installment sales	(618)	(766)
Net present value for long-term notes receivable	**34,135**	**32,950**
Allowance for impairment of notes receivable	(2,780)	(992)
Net	**31,355**	**31,958**

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9. Deferred tax assets and liabilities

	Fixed Assets Depreciation	Carry forward losses	Inventory Provision	Warranty Provision	Legal Claims Provision	Convertible Loans	Total 2009	Total 2008
A. Deferred tax assets								
Balance at 1 January	22	-	4,225	5,489	731	-	10,467	4,995
Charged to the statement of income	-	5,174	738	(2,429)	107	-	3,590	5,472
Balance at 31 December	**22**	**5,174**	**4,963**	**3,060**	**838**	**-**	**14,057**	**10,467**
B. Deferred tax liabilities								
Balance at 1 January	17,985	-	-	-	-	303	18,288	8,936
Charged to the statement of income	3,487	-	-	-	-	-	3,487	9,352
Balance at 31 December	**21,472**	**-**	**-**	**-**	**-**	**303**	**21,775**	**18,288**
Net deferred tax assets (liabilities)	**(21,450)**	**5,174**	**4,963**	**3,060**	**838**	**(303)**	**(7,718)**	**(7,821)**
Balance at 1 January	(17,963)	-	4,225	5,489	731	(303)	(7,821)	(3,941)
Charged to the statement of income	(3,487)	5,174	738	(2,429)	107	-	103	(3,880)
Balance at 31 December	**(21,450)**	**5,174**	**4,963**	**3,060**	**838**	**(303)**	**(7,718)**	**(7,821)**

Unrecognised deferred tax assets

There are unrecorded tax assets because there is no certainty that those items will have a future tax benefit.

	2009	2008
Impairment reserve in accounts and notes receivables	38,182	55,011
Impairment reserve in other debit balances	858	1,470
Total	**39,040**	**56,481**

10. Investment property

	2009	2008
Balance at 1 January	13,128	15,037
Disposals	(6,834)	(1,721)
Revaluation gain / (loss)	1,229	(188)
Balance at 31 December	**7,523**	**13,128**

Investment property represents values for land and buildings transferred to the Group as settlement for debts of some receivables. The Investment property is presented in non-current assets as the management has no intention to sell these assets in the near future.

The Company engages an independent technical expert at the end of the financial year for the re-valuation of these assets and define their fair market value, and the expert prepared his final report about the re-valuation of these assets at 31 December 2009, and the fair value of these assets according to the final re-valuation report was LE 7,523 thousand.

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11. Inventories

	2009	2008
Raw material and car components	453,120	330,745
Finished goods	216,983	451,334
Goods in transit	362,957	317,639
Work in progress	24,144	174,798
Spare parts (for sale)	159,442	106,754
Other materials	-	121
Total	**1,216,646**	**1,381,391**
Provision for decrease in the net realizable value	(32,667)	(36,209)
Net	**1,183,979**	**1,345,182**

12. Accounts and notes receivables

	2009	2008
Total notes receivable	351,765	308,033
Long-term notes receivable (Note 8)	(34,753)	(33,716)
Short-term notes receivable	**317,012**	**274,317**
Deferred interest on installment sales	(2,717)	(5,873)
Net present value for short-term notes receivable	**314,295**	**268,444**
Trade receivable	450,798	460,620
Checks under collection	16,885	45,432
Total	**781,978**	**774,496**
Allowances for impairment of accounts and notes receivable balances	(262,659)	(274,161)
Net	**519,319**	**500,335**

13. Debtors and other debit balance

	2009	2008
Advance payments to suppliers	75,934	64,059
Letters of credit	51,035	49,363
Withholding tax	17,013	28,860
Sales tax	9,774	22,340
Prepaid expenses	18,167	18,992
Other debit balances	15,855	13,428
Prepaid rent short-term	860	12,403
Staff loans	13,002	11,037
Letters of guarantee coverage	38,750	3,731
Customs duties	7,753	2,942
Refundable deposit	1,376	1,892
Accrued interest	212	569
Total	**249,731**	**229,616**
Allowance for impairment of other debit balances	(2,743)	(7,352)
	246,988	**222,264**

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

14. Related party transactions

The subsidiaries have current accounts with related parties which include all payments made on behalf of or through the subsidiaries. The companies collect and pay these amounts regularly. The Group charged the income statement during the period with amount of LE 32,049 thousand to the members of the top management of the Group, which represents their salaries and bonus.

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

	2009	2008
Due from related parties		
Due from Executive Directors	-	6,392
GB Trade-In Co. (associate)	1,351	2,184
Itamco Agriculture Company (associate)	-	5
Total	**1,351**	**8,581**

	2009	2008
Due to related parties		
Marcopolo Company – Brazil (shareholder in a subsidiary)	5,386	-
Ghabbour Gulf Company (associate)	-	520
Due to executive directors	3,897	-
	9,283	**520**

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

Related party name	Relation type	Transaction nature	Transaction amount
Group Executive Directors	Board of director members	Cash transfers	4,437
Marcopolo Company – Brazil	Partner in one of the subsidiaries	Cash transfers	4,931
Cougar Company for Capital Management	Owned by the managing director	Loan interest settlement	13,398

15. Cash on hand and at banks

	2009	2008
Cash at bank and on hand	141,611	124,239
	141,611	**124,239**

16. Provisions

As at 31 December 2008

	Legal Claims	Warranty	Other Provisions	Total
Balance 1 January 2008	4,225	16,604	42,638	63,467
Additional provision	175	13,603	-	13,778
Utilized during the year	(125)	(2,761)	(348)	(3,234)
Balance at 31 December 2008	**4,275**	**27,446**	**42,290**	**74,011**

Notes to the Consolidated Financial Statements

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As at 31 December 2009

	Legal Claims	Warranty	Other Provision	Total
Balance 1 January 2009	4,275	27,446	42,290	74,011
Provision in acquired companies during the year	978	-	-	978
Additional provision	1,225	-	1,246	2,471
Utilized during the year	(167)	(5,302)	(22,512)	(27,981)
Provision no longer required	-	(6,841)	-	(6,841)
Balance at 31 December 2009	**6,311**	**15,303**	**21,024**	**42,638**

Legal claim

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group. In the opinion of the directors, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2009.

Warranty

The Group provides warranties on its products and guarantees to either fix or replace the products it sells, and accordingly the Group has estimated its warrant liability to be LE 15,303k at the end of the period for warranty requirements based on the experience from previous years.

Other provision

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

17. Current tax liabilities

	2009	2008
Balance at 1 January	66,285	27,344
Tax paid	(61,649)	(26,647)
Income tax	63,298	90,232
Withholding tax	(22,736)	(24,644)
Balance at the end of the period/year	**45,198**	**66,285**

18. Loans and borrowings

	2009			2008		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
A. Banks loans and overdrafts						
Banks overdraft	682,660	-	**682,660**	746,280	-	746,280
	682,660	**-**	**682,660**	**746,280**	**-**	**746,280**
B. Convertible loans to ordinary shares	104,498	-	**104,498**	9,971	101,485	111,456
Total	**787,158**	**-**	**787,158**	**756,251**	**101,485**	**857,736**

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For the year ended 31 December 2009

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

A. Bank overdraft

The bank overdraft are guaranteed by R.G. Investment and GB Auto Company.

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

	2009	2008
Less than one year	787,158	756,251
From two year to five years	-	101,485
	787,158	**857,736**

The fair values of the bank loans are near to their net book value and the average interest rate on the Egyptian and the dollar bank overdraft are 11% and 3.7% respectively.

B. Loans convertible to common stock

On 10 April 2007, one of the subsidiaries acquired a loan amounting to LE 103 million from Cougar Capital Management to be paid once in cash on October 10, 2010, or converting the loan value into capital shares (call option) at a price of LE 31.45 per share.

The subsidiary has used such loan to subscribe in the capital increase of the ultimate parent Company in order to reduce the risk of any changes in the fair market value in case the lender will practice the call option.

At the date of the loan acquisition, the Company classified the loan taken into a part that represents the liabilities and a part that represents the right to convert it into equity instruments.

The fair value of the liability part of the loan is determined based on prevalent market interest rates used for similar loans but unconvertible. The difference between the receipts and the fair value for the liability part represents the fair value for the right to convert into equity instruments.

The fair value of the liability part of the loans is classified within long-term liabilities and the fair value of the right to convert is classified within owner's equity.

The loans convertible to capital instruments are recognized in the financial statements as follows:

	2009	2008
Stated value for the loan on 10 April 2007	103,000	103,000
Fair value of converting option	(1,515)	(1,515)
The value of the liability part on 10 April 2007	**101,485**	**101,485**
Accrued interest	3,013	9,971
The value of the liability part at the end of the year	**104,498**	**111,456**

A small value of simple interest amounting to 7% (seven percent) annually is accrued for on the loan, and in addition charges on the highest debit balance amounting to 0.5% monthly (half per thousand) is accrued. The interest and charges are due every half year. The fair value is calculated based on the current value of cash flows using an assumed borrowings interest rate of 14%.

The loan was obtained by the following collaterals:

- The shares of Almora Resources Co. which is owned 100% by GB Auto.
- GB Auto and RG Investment Guarantees.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

19. Trade payables and other credit balances

	2009	2008
Trade payables	410,288	468,301
Advances from customers	102,291	95,991
Notes payable (Note 27)	76,689	89,632
Dividends payable	35,809	40,000
Other credit balances	35,298	14,245
Accrued expenses	33,185	33,967
Tax Authority	12,291	29,880
Deferred revenue	10,250	10,024
Installment land obligation (Note 29)	2,555	2,344
Payment under capital increase	-	1,290
	718,656	**785,674**

20. Derivative financial liability

	2009	2008
Fair value of foreign currency swap contracts	8,724	13,560
	8,724	**13,560**

Represents the commitments to exchange foreign currencies against local currencies. The notional principal amounts of the outstanding forward exchange contracts at the balance sheet date were LE 56,445,662 (2008: LE 56,652,867) are expected to be executed during the coming 12 months. Profit from the forward foreign exchange contracts were LE 4,836k (31 December 2008: LE 13,560k) and are recognized in the income statement for the year.

21. Share capital

	2009	2008
Authorized capital (400,000,000 shares with par value LE 1 each)	400,000	400,000
Issued capital and paid (129,000,000 shares of LE 1 each) (in thousand)	129,000	129,000

On 9 July 2007, the Company increased its capital with an amount of LE 33,163k (shares with par value LE 1 each) through private and public subscription with total amount of LE 1,208,855k of which LE 33,163k (share with par value LE 1) and LE 1,175,691k (stock issuance premium) resulting in the issued and paid up capital becoming LE 129,000k. The following is a list of all the details of the public subscription and private offering:

a. Public subscription

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

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

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

b. Private placement

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

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

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

d. Private placement (Almora Resources)

3,275,040 shares (only three million two hundred seventy five and forty) are subscribed at a total value of LE 103,000,000 (only one hundred and three million) and at a price of LE 31,45 (only thirty one pound forty five) per share.

22. Payment under capital increase

According to the decision of the Extraordinary General Assembly meeting held on 30 March 2009, the Managing Director was granted a reward for his services to the company during the past two years in the form of 2,257,500 shares of the company’s capital with a vesting period for disposal of 3 years. Meanwhile he has the right in the vested period to obtain the dividends and the voting rights for these shares. The balance of payments under capital increase above represents the par value of these shares and paid by the company. The company is taking the action of having the approval of the Capital Market Authority for the issuance of these shares.

23. Shares held by the Group

Shares held by the Group represent the ownership of 3,275,040 shares at the par value of LE 3,275k in GB Auto Company Capital which is acquired by Almora Resources Company, a subsidiary that is 100% owned by the Group.

The acquisition cost of these shares amounted to LE 103,000k. The issuance premium of the consolidated financial statements has been reduced by the difference between the acquisition cost and the par value of these shares in the amount of LE 99,725k.

24. Legal reserve

	2009	2008
Balance at 1 January before merger effect	139,698	44,227
Merger effect	-	(10,827)
	139,698	33,400
Transfers to the legal reserve	224	41,898
Transfer to retained earning as result of the liquidation of subsidiary	(1,090)	-
Stock issuance premium	-	64,400
Balance at the end of the year	**138,832**	**139,698**

Notes to the Consolidated Financial Statements

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The legal reserve included amount of LE 64,500K related to the Company, the rest of legal reserve balance is related to the rest of group's Company.

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

The share premium is the difference between the issued and the paid up capital.

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

Transfer of the share premium to the legal reserve and other reserves

	2009	2008
Total collected share premium at subscription	-	1,175,691
Shares premium of shares held by the Group	-	(99,725)
Shares issuance expense	-	(35,878)
Transferred to legal reserve	-	(64,400)
Transferred to other reserve	-	(975,688)
Balance at the end of the year	**-**	**-**

Share issuance expenses

The balance amounting to to LE 35,878k represents the value of expenditures of offering the stocks for capital increase (public and private replacement) in the form of registration, marketing, legal, professional and other expenses. The stock issuance cost is offset from the legal reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

25. Other reserves

	Provision for foreign currency translation	Fixed asset evaluation surplus	Provision for convertible loans	Other reserve	Total 2009	Total 2008
Balance at 1 January	44,776	2,498	1,212	975,688	**1,024,174**	**48,290**
Realized currency translation difference as result of the liquidation of a subsidiary	(17,069)	-	-	-	**(17,069)**	**-**
Stock option at fair value for the Managing Director (difference)	-	-	-	16,292	**16,292**	
Share premium	-	-	-	-	**-**	**975,688**
Foreign currency translation differences	(787)	-	-	-	**(787)**	**196**
Balance at 31 December	**26,920**	**2,498**	**1,212**	**991,980**	**1,022,610**	**1,024,174**

The stock option fair value for the managing director difference represents in the book value differences (charged on payments under capital increase) and the fair value for those shares at the financial statements date distributed over the vested period (Note 34).

26. Minority interest

	Capital	Reserves	Retained earning	Total 2009	Total 2008
Balance at 1 January	11,332	391	3,256	**14,979**	**14,223**
Capital increase / decrease	12,010	-	-	**12,010**	**(1,274)**
Transferred to legal reserve	-	58	-	**58**	**-**
Profit for the year	-	-	1,935	**1,935**	**2,030**
Investments in subsidiaries	-	-	251	**251**	**-**
Currency translation differences	-	52		**52**	**-**
Payments under capital increase	37,300	-	-	**37,300**	**-**
Balance at 31 December	**60,642**	**501**	**5,442**	**66,585**	**14,979**

27. Notes payable long-term

Notes payable represent the values for installment of land purchased from the International Islamic Bank for Investment and Development and the installments of the cars rented from Incolease Co.

	2009		2008	
	Notes Payable	Current Value	Notes Payable	Current Value
Due in less than 1 year	77,322	76,689	89,632	89,632
Due in more than 1 year but less than 5 years	29,328	22,634	30,348	26,372
Total	**106,650**	**99,323**	**119,980**	**116,004**

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28. Long-term deferred revenue

The long term deferred revenue represents the difference between the sale price of land and its carrying amount which is leased back during the period. The resulting capital gain is amortized over the lease contract period which ends on September 2015. In addition this account includes revenue collected in advance of marketing contract which will end on December 2010.

	2009	2008
Sale and lease back asset gain	28,374	34,798
Marketing contract deferred revenue	4,100	7,700
	32,474	**42,498**

29. Land instalment obligations

	2009			2008		
	Current Portion	Long-term Portion	Total	Current Portion	Long-term Portion	Total
Total obligation	2,555	-	2,555	2,555	2,555	5,110
Present value	-	-	-	(211)	-	(211)
Net value	**2,555**	**-**	**2,555**	**2,344**	**2,555**	**4,899**

This obligation represents the total installment value for lands purchased from the New Cairo City development authority with the last installment due on January 18, 2010.

30. Amounts under settlement on lease contract

This account represents the difference (either positive or negative) between the recognized lease revenue and the gross lease receivable.

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

31. Provision no longer required

	2009	2008
Reversing of the impairment in accounts and notes receivable balances	7,099	30,004
Reversing of inventory provision for decrease in the net realizable value	3,503	5,902
Reversing of the impairment in other debit balances	5,645	1,200
Other provision no longer required	6,841	-
	23,088	**37,106**

32. Provision (statement of income)

	2009	2008
Allowance for impairment in accounts and notes receivable balances	-	2,321
Provision for decrease in the net realizable value	-	1,838
Allowance for impairment in other debit balances	-	95
Other provision	2,471	13,779
	2,471	**18,033**

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33. Finance cost - net

	2009	2008
Interest expenses	(138,759)	(131,806)
Installment sales interest	5,863	8,505
Interest income	1,752	7,087
Net foreign exchange transaction losses	12,267	(4,730)
Change in fair value of foreign currency swap contracts	4,836	(13,560)
	(114,041)	**(134,504)**

34. Stock option fair value for the managing director

The shareholders decide in the Extra Ordinary General Assembly Meeting held on 30 March 2009 to grant the managing director Dr. Raoof Ghabbour under the employees stock option plan a free shares amounting to 2,257,500 shares as rewarding for his services for the group for years 2007 and 2008 with reservation for 3 years starting from the date of assigning those shares to him.

Description	Amount
Number of shares	2,258K share
Share fair value at 31 December 2009	LE 24.65
	55,647k
3 years (Prohibition Period)	3
Current year portion	**18,550k**
Previously added to income statement in 2008	(1,290)k
Income statement 2009	**17,260k**

An amount of LE 18,550K was added to the shareholders equity as follows:

Description	Amount
Payment under capital increase	2,258
Stock option fair value 2009	16,292
Total	**18,550k**

35. Income tax

	2009	2008
Current tax	63,298	90,232
Deferred tax	(103)	3,879
	63,195	**94,111**

	2009	2008
Consolidated net profit for the period before taxes and minority interest	266,577	512,015
Income tax calculated at a tax rate of 20%	53,316	102,403
Tax effect for expenses not deductible for tax purposes	13,728	15,836
Tax effect for income not subject to tax	(3,212)	(16,557)
Tax effect for tax deductible expenses	(9,680)	(14,491)
Deferred tax not previously recognized	(4,255)	4,243
Carried forward tax losses	9,361	2,677
Deferred tax assets recognized	3,937	-
Income tax for the period	**63,195**	**94,111**

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36. Earnings per share

i. Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares issued during the period, and after deducting the shares held by the Group (Note 22).

	2009	2008
Net profit for the shareholders	203,383	417,904
Less:		
Employee share profit – subsidiaries	-	(19,000)
Net profit for the shareholders	**203,383**	**398,904**
Weighted average number of ordinary shares in issue (in thousands)	125,725	125,725
Basic earnings per share	**1.62**	**3.17**

ii. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The cause of this dilution resulted from a convertible loan to ordinary shares agreement and the net income has been adjusted to cancel the loan interest, taking into consideration the tax effect The number of convertible shares is 3,275,040 shares and appears as calculated below. As at 31 December 2009 the potential ordinary shares are anti-dilutive as their conversion to ordinary shares increase the earning per share from continuing operations. Therefore, their impact on the calculation of diluted earning per share is ignored.

	2009	2008
Net profit for the shareholders	203,383	396,874
Debit interest on convertible loan (net after tax)	10,712	10,712
	214,095	**407,586**
Weighted average number of ordinary shares in issue (in thousands)	125,725	125,725
Adjusted:		
Convertible loan	3,275	3,275
Weighted average number of ordinary shares (in thousands)	**129,000**	**129,000**
Diluted earnings per share	**1.66**	**3.16**

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37. Income statement by nature

	2009	2008
Sales	4,258,365	5,192,375
Direct manufacturing cost	(3,541,561)	(4,193,884)
Overhead cost		
Salaries	(69,933)	(78,337)
Others	(52,398)	(47,751)
Gross profit	**594,473**	**872,403**
Other income	37,439	32,209
Forex gain (loss)	12,198	(4,730)
Reversing of the impairment in accounts and notes receivables	7,099	30,004
Interest on installment sales	6,561	8,505
Reversing of the impairment in other debit balance	5,644	1,200
Provision no longer required taxes	5,754	-
Change in fair value of foreign currency swap contract	4,836	(13,560)
Warranty provision no longer required	3,818	-
Reversing of inventory provision for decrease in the net realizable value	3,503	5,902
Investment property revaluation	1,228	(188)
Interest income	1,122	7,087
Interest expense	(138,706)	(131,806)
Employees salaries and benefits	(79,878)	(104,844)
Selling and marketing	(49,483)	(54,104)
Provisions	(24,236)	(18,033)
Depreciation and amortization	(21,622)	(20,508)
Rent expense	(19,076)	(9,808)
Stock option at fair value	(17,259)	-
Consulting and advisory services	(16,869)	(22,566)
Other miscellaneous expenses	(9,399)	(2,859)
Transportation	(9,168)	(5,587)
Vehicles expenses	(9,101)	(5,730)
Governmental fees, stamps, etc.	(6,141)	(5,608)
Utilities	(4,816)	(2,638)
Hounability	(4,229)	(3,212)
IT and network and PC’s expenses	(4,203)	(1,985)
Safety and security expenses	(3,653)	(3,335)
Insurance	(3,606)	(1,835)
Donations	(3,590)	(9,075)
Administration supplies	(3,567)	(3,932)
Telecommunication	(2,474)	(3,502)
Public relations expenses	(1,913)	(1,632)
Repair and maintenance shipping	(1,881)	(3,394)
Shipping	(549)	(7,990)
Gifts	(539)	(1,036)
Warranty provision	(425)	-
Bank charges	(174)	(1,798)
Net profit before tax	**266,578**	**512,015**
Tax expenses	(63,195)	(94,111)
Net profit before minority interest	**203,383**	**417,904**
Minority interest	(1,935)	(2,030)
Net Profit after minority interest	**201,448**	**415,874**

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38. Segment reporting

	Passenger Car		Buses and Trailers		Two & Three Wheels		Other Operation		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues	2,893,364	3,675,465	644,555	740,899	598,065	571,318	122,381	204,693	4,258,365	5,192,375
Segment profit	**348,350**	**613,122**	**80,168**	**129,559**	**148,437**	**115,177**	**17,563**	**14,545**	**594,473**	**872,403**
Selling and marketing expenses									(117,126)	(123,634)
Administration expenses									(126,663)	(153,344)
Other income									25,350	32,209
Provisions									(2,471)	(18,033)
Provisions no longer required									23,088	37,106
Stock option fair value bonus for managing directors									(17,260)	-
Operating profit									**379,391**	**646,707**
Property investment									1,229	(188)
Finance cost									(114,042)	(134,504)
Income tax									(63,195)	(94,111)
Net profit of the period									**203,383**	**417,904**
Minority interest									(1,935)	(2,030)
Net profit of the period after minority interest									**201,448**	**415,874**

	Passenger Car		Buses and Trailers		Two & Three Wheels		Other Operation		Consolidated	
Other information	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Segment assets	1,893,658	1,696,310	1,241,405	1,374,026	157,958	239,293	393,400	316,645	3,686,422	3,626,274
Investment in associates	-	-	-	-	-	-	2,414	2,414	2,414	2,414
Total distributed assets	**1,893,658**	**1,696,310**	**1,241,405**	**1,374,026**	**157,958**	**239,293**	**395,814**	**319,059**	**3,688,836**	**3,628,688**
Segment liabilities	1,079,663	1,123,794	428,399	600,313	10,190	24,474	178,051	138,918	**1,696,303**	**1,887,499**
Capital expenditures	76,907	117,175	126,429	97,194	-	328	41,716	48,427	**245,052**	**263,124**
Depreciation	23,940	26,321	14,720	13,799	-	224	10,724	5,994	**49,384**	**46,338**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

39. Contingent assets and liabilities

a. Contingent assets

The Group has a legal claim against Egyptian Development Bank amounting to LE 67 million which represents the value of the notes receivable of the Group customers deposited in the bank for collection. The bank did not perform due care in collection of these notes receivable nor took a legal action against the customers which led to the expiry of these notes and a foregoing of the Groups right in collecting them or taking a legal action. Based on the advice of legal counsel, the Group expects judgment in its favor. The impairment of accounts and notes receivables includes an amount of LE 23 million against the value of these notes receivables in custody of EDB. That impairment provision will be reversed in case the verdict is in favor of the Company.

b. Contingent Liabilities

There are contingent liabilities on the Group represented in letters of guarantee. The balance of the letters of guarantee granted in Egyptian Pounds and United States Dollars through it is regular operations amounted to LE 8,915,701 and US $585,625,399 and YN 235,636 at 31 December 2009 (31 December 2008: LE 3,959,268 and US $421,697,794 and YN 808,518).

40. Structuring of subsidiaries

The Group management decided on merging some of subsidiaries as follows:

a. Merging Prima Engineering Industries Co. and Cairo Individual Transport Industries Co. into International Trading and Marketing Co.
b. Merging Vehicle Components Industries Co. and Interland Motors Co. and Engineering Company for Marketing and Trade into Ghabbour Egypt.
c. These mergers are approved in the General Assemblies Meeting for the Companies on 13 August 2007, and approved by General Authority for Investment on 31 December 2008. The merger resulted in a revaluation surplus of LE 542,271 thousand according to the report prepared by GAFI, The revaluation surplus is represented in:

Description	Amount
Fixed assets revaluation surplus	545,781
Increase in other debit balance provision	(1,927)
Increase in inventory provision for decrease in the net realizable value	(1,214)
Decrease in cash	(119)
Increase in other provision	(250)
Total revaluation surplus	**542,271**
Minority interest	(2,667)
Shareholder's interest	**539,604**

41. Capital commitments

The capital expenditure commitment at the balance sheet date reached LE 30.1 million representing amounts to be paid after completing the new production lines currently under construction.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

42. Subsidiaries

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

Company	Percentage of ownership
RGI Investment S.A.E	100%
International Trade Agencies and Marketing Co. (ITAMCO) S.A.E	99.449%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) S.A.E	99.528%
Ghabbour Continental Trading Co. (GCT) S.A.E.	100%
GB Polo Buses Manufacturing S.A.E.	51%
Almora Resources Co. S.A.E	100%
GB Trailers Co. S.A.E	100%
Haram Transportation Co. S.A.E.	99%
GB Company for Capital Lease S.A.E.	100%
Haram for Tourism S.A.E.	100%
GB Allab Company (Algerian Company)	51%
Masters Automotive Company (S.A.E.)	75%
Microfinance Consultancy Services «Mashro’ey» (S.A.E.)	90%

43. Subsequent events

On 29 January 2010, the Extraordinary General Assembly Meeting, approved the issuance of 10,000,000 (ten million) negotiable and nonconvertible bonds with nominal value of 100 Egyptian pounds (one hundred Egyptian pounds) each amounted to LE 1,000,000,000 (one billion Egyptian pounds). The purpose of the bonds issuance were to finance capital expansions and investment activities related to the company and its subsidiaries.

44. Translation

These financial statements are a translation into English from the original Arabic statements. The original Arabic statements are the official financial statements.

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