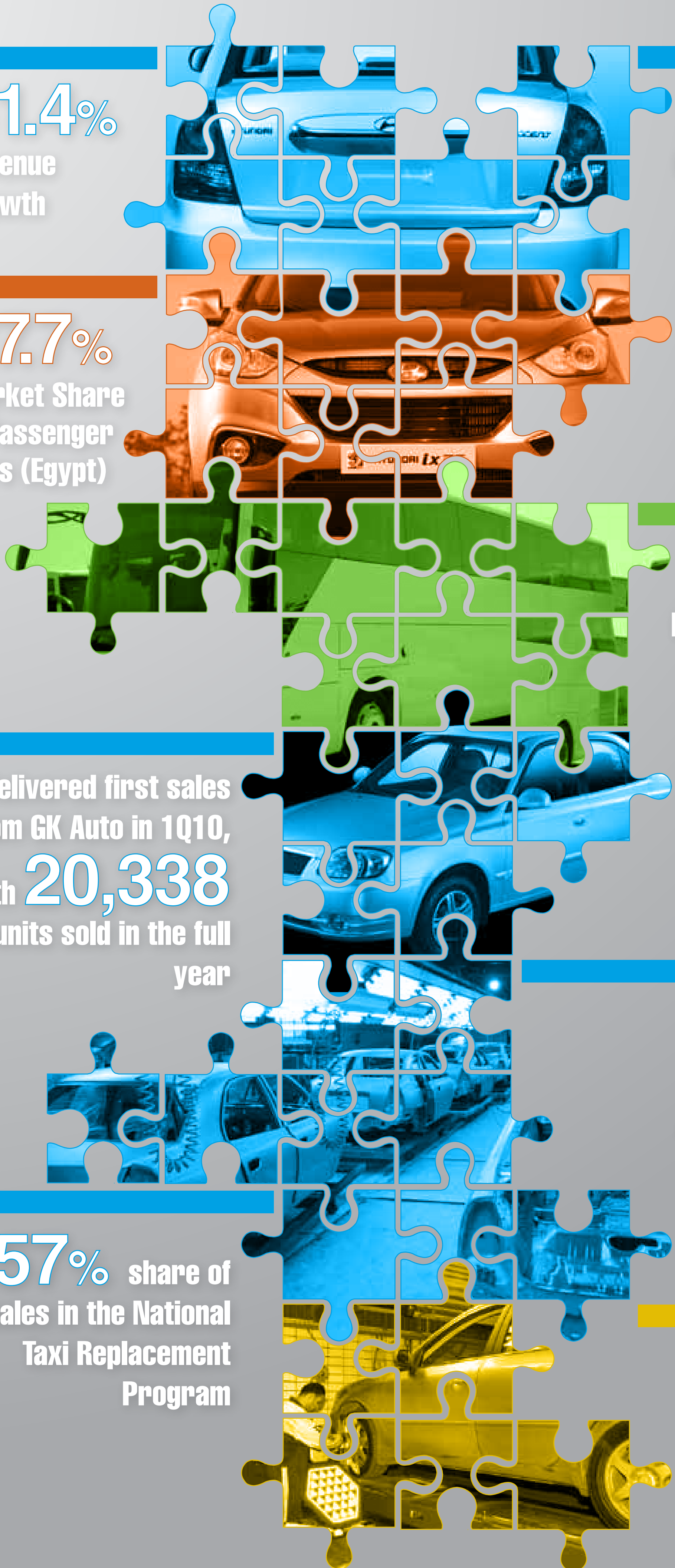
GHABBOUR AUTO

2010 ANNUAL REPORT

PASSENGER CARS, COMMERCIAL VEHICLES, MOTORCYCLES & THREE-WHEELERS, AFTER-SALES, FINANCING BUSINESSES, EXPORTS, HUMAN RESOURCES = PIECES OF THE WHOLE

Contents



61.4%
Revenue Growth

49.1%
Operating Profit Growth

27.7%
Market Share in Passenger Cars (Egypt)

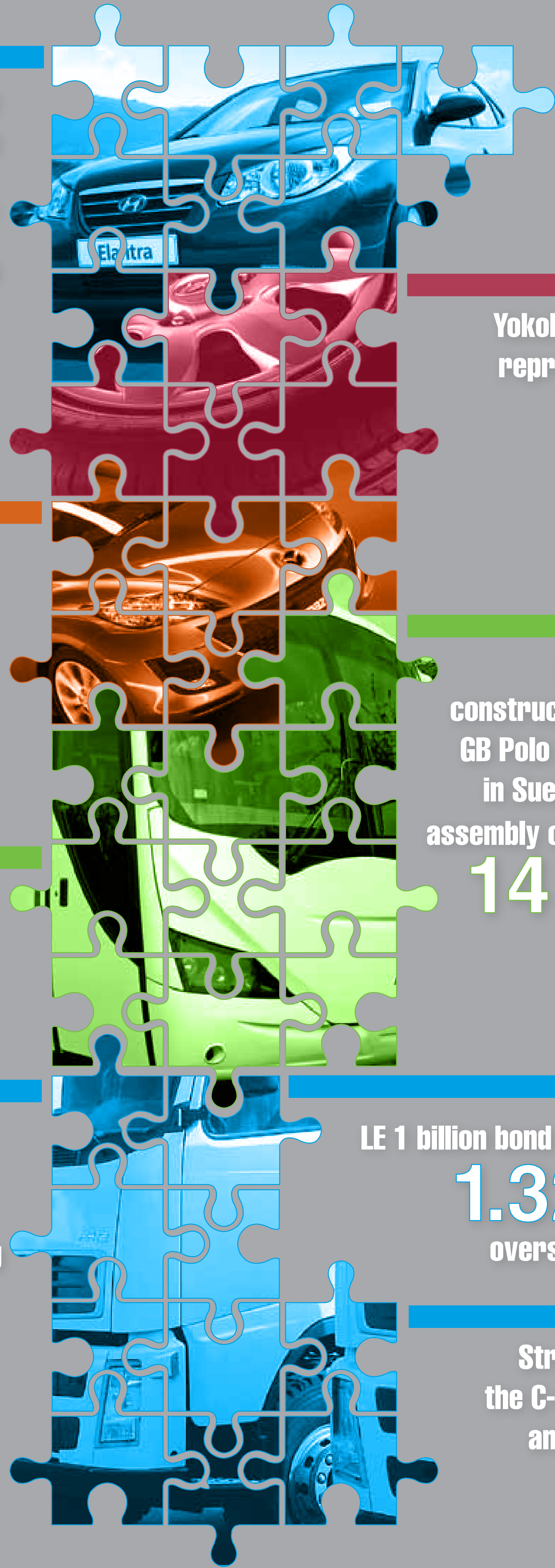
37.3%
Market Share in Buses (Egypt)

Delivered first sales from GK Auto in 1Q10, with **20,338** units sold in the full year

Set in motion consumer finance venture **'Drive'**

57% share of sales in the National Taxi Replacement Program

Opened new service center in Hurghada



Mashro'ey finances more than **4,000** units, opens **25** branches

Yokohama Tires representation launched

Mazda passenger cars re-introduced to the Egyptian market

Completed construction of the GB Polo paint shop in Suez, bringing assembly capacity to **14** buses per shift day

First export sales through GB Polo

Partnered with Canada's Centennial College to create a company-wide training center

LE 1 billion bond issue was **1.325x** oversubscribed

Strengthened the C-suite team and Board of Directors

Message from the CEO

I had expected to open this letter remarking on a year of phenomenal achievements. Instead, I begin by saying that I am very optimistic about the future of Egypt. The Revolution of 25 January 2011 may be disruptive to business in the short term, but the long-term implications of a truly democratic nation — whatever form that democracy may take — will be fundamentally good for our economy.

The challenge, then, is not reading the long-term tea leaves, but rather arriving at a reasonable estimate as to how long the "short term" will last.

Whatever the duration of the short term, I feel confident in forecasting that any negative impact on our segment of the automotive market will be short-lived, with a significant pickup in sales during summertime at the onset of the market's historical high season. Automotive products in the EGP 50,000-120,000 range have in the past proven more resistant to downturns than higher-end goods, and our target consumers remain (as a group) young, under-motorized, and lacking in public transportation options even as the nature of their employment and of life in Egypt demands increasing mobility.

I am pleased to note we weathered the unrest of the week following 25 January largely without incident: Our management team is intact. We faced no labor action from our workforce. Both our inventory and our national distribution and service network were fully protected. At time of writing, we are seeing indications that a recovery is underway. Walk-in demand for Passenger Cars across our dealer network picked up before 11 February, when now-former President Mubarak stepped down, and is rising daily. Demand for Two- and Three-Wheelers is returning even faster, as are after-sales activity and Tire sales. We expect similarly bright prospects from our Financing Business.

The challenge, obviously, will be to the Commercial Vehicles business (9.7% of total sales revenues in 2010) in light of pressure on the tourism industry and a general economic downturn that will make it unlikely corporates will opt to significantly expand or renew their fleets this year.

GB Auto is well-placed to weather the coming period:

1. We draw strength from a very healthy balance sheet that will give us considerable financial power at the same time as others face extremely cautious lenders in the period ahead.

2. Moreover, we have "been here before." GB Auto not only emerged stronger than ever from the financial crisis of 2008-09, we have a management team that draws on more than 35 years of experience with volatility in both markets and exchange rates.

3. Finally, we are among the few major corporations in Egypt that can say it has remained staunchly apolitical; none of our senior staff were members of the National Democratic Party or confidantes of either the former President or his retinue.

When we resumed full operations 6 February, we immediately implemented a plan to help contain the short-term economic impact of recent events. This included:

1. A decisive cut to marketing expenditures ahead of a climate in which we expect our competitors will face significant supply constraints. We have further frozen new hires for the time being and are presently reviewing administrative costs on a line-by-line basis with a view to additional cost savings.

2. A reduction in inventory by LE 400 million without cutting so deep as to lose our supply edge during the critical summer high season. We have prioritized orders and production of those models we expect to be in demand by the onset of high season in June.

3. We have reduced our planned capital expenditure program by almost LE 130 million by prioritizing the build-out of five Passenger Car after-sales locations and four Commercial Vehicle centers, deferring less strategic locations to 2012.

The speed with which we have implemented this program is a testament to the success of our institutionalization efforts of the past two years, allowing us to calibrate our costs and market strategy to give us ample flexibility to respond to the inevitable upturn in demand.

2010 in Review

I am particularly pleased with the business fundamentals over the past year, which saw us realize a number of important milestones in our continuing growth story. Our accomplishments in 2010 represent the culmination of two years of efforts to both strengthen our core business and strategically expand into under-served markets regionally. To remain vital, it is not enough for GB Auto to be the leading market player in Egypt; we must continually evolve to meet the changing needs of the market, while at the same time keeping our core strong. Our performance this past year has shown the ability of our management team to walk that line.
Unfortunately, the efforts of the past two years were undermined by currency fluctuations and supply constraints we faced at key junctures in 2010. Together, these factors eroded bottom line profitability by as much as LE 77 million. As noted above, we are cognizant of the risk that these pressures will carry through 2011, but are optimistic that our active approach to management and our new pricing strategy will serve us in good stead.

> "The long-term implications of a truly democratic nation — whatever form that democracy may take — will be fundamentally good for our economy."

While I am generally very pleased with our 2010 performance, our results for the year were negatively affected to the extent of LE 35 million by two loss making divisions: Mazda passenger cars and the Transportation line of business. We are working with Mazda on improving the performance of this segment, but, unfortunately, municipalities were not responsive to private sector practices, forcing us to begin cutting back in 2009 and completely ceasing operations in the Public Transport segment of that line of business.

A primary focus for GB Auto going forward is the diversification of our profit streams. In pursuit of this, we will continue the paced roll-out of our After-Sales network and continued growth in our Financing Businesses.

We continue to seek additional representations that would allow us to diversify our product offerings in our Passenger Cars line of business, particularly aimed at making full use of our increased CKD capacity and complementing our current offerings. Hyundai Motor Corporation is in agreement with this strategy and we look forward to many more years of representing their important interests in both the Egyptian and Iraq markets.

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 African automotive industry for decades to come.

Whatever the short-term impact on our economies may be, we are — as many of our investors say — "long Egypt and long MENA."

Dr. Raouf Ghabbour, CEO

Summary Overview of Performance by LOB

Passenger Car LOB		**FY2010**	**FY2009**	**% Change**	**FY2008**	**% Change**
Total Sales Revenue	(LE million)	5,383.0	2,893.1	86.1	3,675.4	-21.3
Total Gross Profit	(LE million)	612.2	348.2	75.8	613.1	-43.2
Gross Profit Margin	%	11.4	12.0	-0.7	16.7	-4.7
Commercial Vehicles & Construction Equipment LOB						
Total Sales Revenue	(LE million)	665.4	645.0	3.2	811.4	-29.1
Total Gross Profit	(LE million)	77.0	87.9	-12.4	138.5	-51.9
Gross Profit Margin	%	11.6	13.6	-2.0	17.1	5.5
Motorcycle & 3-Wheeler LOB						
Total Sales Revenue	(LE million)	624.7	597.8	4.5	571.3	4.6
Total Gross Profit	(LE million)	169.7	148.6	14.2	115.1	29.1
Gross Profit Margin	%	27.2	24.9	2.3	20.1	4.8
Tires, Transportation & Financing lines of business						
Total Sales Revenue	(LE million)	200.7	122.4	64.0	134.1	-8.7
Total Gross Profit	(LE million)	26.6	9.1	192.3	6.7	35.8
Gross Profit Margin	%	13.3	7.4	5.9	4.9	2.5
Group						
Group Revenue	(LE million)	6,873.8	4,258.4	61.4	5,192.3	-18.0
Group Gross Profit	(LE million)	885.4	593.9	49.1	873.2	-31.9
Group Gross Margin	%	12.9	13.9	-1.1	16.8	-2.8

Management Review and Financial Performance

The year 2010 saw GB Auto strengthen its existing position as Egypt's market leader while strategically launching a number of initiatives into new market segments, product ranges and geographies.

In 2008 and 2009, Management focused on laying the foundations of a carefully planned growth strategy that today sees GB Auto transformed into a diversified, regional player. In 2010, GB Auto successfully launched a micro-finance venture (Mashro'ey), set in motion a consumer finance venture (Drive), entered the Iraqi market (GK Auto), completed a factory build-out in the Suez (GB Polo), successfully completed an LE 1 billion bond issue, initiated a company-wide human resources development program, re-introduced Mazda passenger cars to the Egyptian market and strengthened the company's C-Suite and upper management structure.

Expansion to Iraq

This past year built on the foundations of regional expansion that were laid in 2009. Early in 2010, GB Auto formed a joint venture with an Iraqi company and moved to serve the highly-underserved, pent-up demand in the war-torn Iraqi market. The Company did not go blindly into this venture: Management is aware that Iraq is a potentially volatile market; but entrepreneurship is at its heart about taking considered risks — and the payoff that accompanies success is worth the effort.

Indeed, in the fourth quarter of 2010, after less than one full year of operations, GK Auto contributed 30.6% of our overall passenger car sales revenues, and mitigated some of the weakness of the Egyptian pound against the dollar with much-welcomed dollar sales.

Expansion in Egypt

GB Auto's most significant domestic achievement for 2010 is Mashro'ey — the Company's majority owned microfinance venture, headed by Mrs. Amal Ragheb, an industry veteran with more than 30 years of experience and newcomer to our team. Mashro'ey writes loans for motorcycles and three-wheelers, and in less than one year of operations has earned the trust of the market and has reached break-even, even turning a slight profit in the fourth quarter, substantially ahead of schedule. The venture had 25 branches throughout Egypt by year-end — 10 more than originally intended — and had financed the purchase of 4,412 two- and three-wheelers from a zero start.

Expansion isn't always about adding a new line of business. Indeed, 2010 also saw decisive moves to strengthen market leadership in existing and successful lines of business. Examples of these would be the Yokohama tires representation, reintroducing Mazda into the Egyptian market, and the continued expansion of after-sales capacities for all lines of business.

The Yokohama tire representation gives GB Auto the right to distribute passenger car, semi-truck, truck, bus and construction equipment tires in Egypt through its own outlets as well as a dealership network that gives the company a total of 300 points of presence nationwide.

This past year also saw the Company reintroduce Mazda passenger cars to the Egyptian market following a 9-year hiatus, with the June rollout of the critically acclaimed Mazda3 into showrooms. Currency pressures have kept wider market sales low, but Management is confident in the fundamentals of this segment.

After-Sales capacity meanwhile, remains a management priority, as across all lines of business this small but important function is a secondary sales driver and high-margin revenue stream. GB Auto's after-sales capacity and the availability of spare parts has been cited as a major consideration for taxi cab owners when choosing their vehicle in the national taxi replacement program, and Management is currently targeting expansion into under-served markets in areas outside the Greater Cairo Area, with the target of more than doubling capacity over the coming two years.

Financial Results

Currency pressures and supply shortages had notable effects on GB Auto's financial performance in the last three quarters of 2010. Devaluation of the Egyptian pound against the US dollar and the Japanese yen translated into a net erosion of LE 43.5 million in profits for the year.

Similarly impacting the company's performance were supply shortages of CBU vehicles in Iraq (LE 12.7 million in lost profits in the full year) and of three-wheelers in Egypt (LE 16.3 million in lost profits). While the one-off three-wheeler shortage has been addressed, Management continues to work with Hyundai to refine the mix and quantity of product available in Iraq.

SG&A costs rose in 2010, largely on the back of increased costs due to the new microfinance venture Mashro'ey (LE 9 million), the Iraqi operations (LE 28 million) and the new Mazda operation (LE 15 million, including an LE 13.1 million one-time cost of launching the new Mazda representation). The strengthening of GB Auto's management talent also increased SG&A but Management expects the benefits to accrue down the road. In this respect we note that the human resources exercise in early 2010 to address salaries and levels across the company has resulted in the addition of a further LE 16.5 million in salary outlay when compared with 2009 and of that LE 6.5 million was unbudgeted.

Financial costs have increased because the company is financing increased working capital in the new businesses and also incurred costs of the bond while the funds were not fully utilized. At 31 December, LE 440 million remained underutilized from the bond. The 2010 CAPEX program continues to fund expansion of the after-sales network (as noted above), but some of the CAPEX originally planned for 2010 will be rolled over into 2011 and 2012.

As mentioned, debt has risen because GB Auto is financing increased inventory due to the rise in business activity, but overall in terms of days on hand, it remains at the same level as 2009. Debtor days have shown improvement and we are also making better use of supplier facilities. That said, net debt-to-equity rose to 0.51 at the end of 2010 from 0.38 at the end of 2009. The increase is as expected due to the investments in Iraq and the after-sales expansion.

Outlook

Management expects to maintain its position as the market leader by maintaining at least a 27.5% share of the passenger car market. Prior to recent events in Egypt, we had anticipated a 10-15% market growth in 2011; we now anticipate the market closing at 2010 levels. Expenditures on the expansion of the Company's market-leading After-Sales program continue, but we will postpone some of the less strategically important locations until 2012. That said, the target of a network of 55 locations and 966 bays by the end of 2012 remains.

In Iraq, we look forward to further significant growth in 2011 and we are working with Hyundai Motor Corporation to improve our current allocation of vehicles to better serve demand. We will also focus on establishing retail networks, service centers and spare parts outlets in key locations in the country.

We continue to seek additional representations that would allow us to diversify our product offerings in our Passenger Cars line of business, and that will also make full use of our increased CKD capacity. Efforts to improve the product mix and pricing on Mazda vehicles should lead to an improvement in that segment's market share, as well.

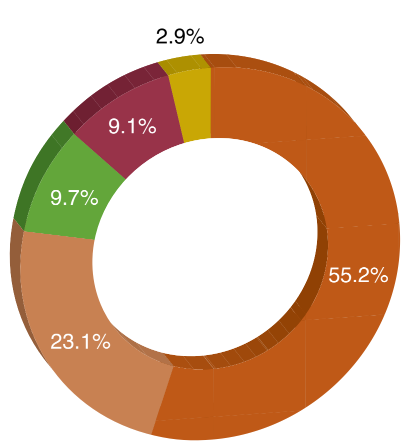
Also contributing to revenue streams, capital expenditures have been carefully paced for this line of business, and management has implemented a program to allow the company to identify both efficiencies and areas for improvement, a move that will ultimately see optimized use of human resources, equipment and facilities. The launch of consumer finance company "Drive" will also boost sales of Passenger Cars. Management believes that although the current political situation in Egypt may be impacting sales, ultimately recent events will lead to a significant uptick in unit sales and revenues.

On the Commercial Vehicles front, there will be challenges in 2011 due to the fact that the nation's tourism industry has been badly hit by current events, a development that will impact the sales of coaches. Corporate and government spending decisions taken in the context of the current economic slowdown will also affect our trucks and trailers segments. Management's view, therefore, is that 2011 will be relatively flat locally but this will be somewhat offset by export opportunities. GB Polo is now capable of producing 4,000 buses annually (current levels are 2,500 annually), and with the new designs coming from Marcopolo we expect to see some important exports in 2011.

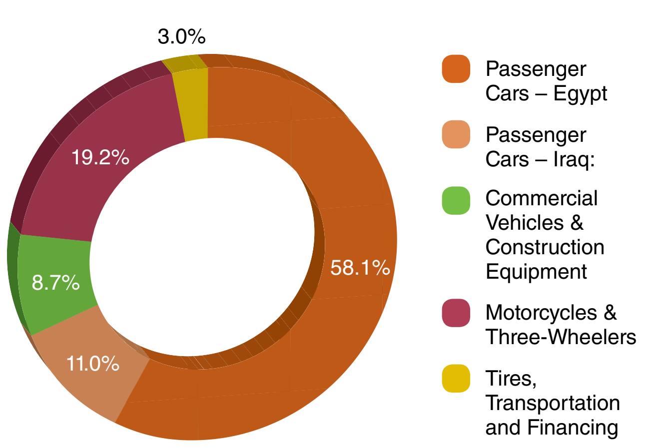
The Motorcycles and Three-Wheelers line of business continues to thrive despite the political situation, and this market segment is expected to witness double digit growth in 2011. Three-wheeler sales will be further enhanced by the ongoing growth of the firm's microfinance venture.

Results to date confirm the business is on a strong underlying track, but of course remains exposed to adverse foreign currency movements of the type seen through much of 2010.

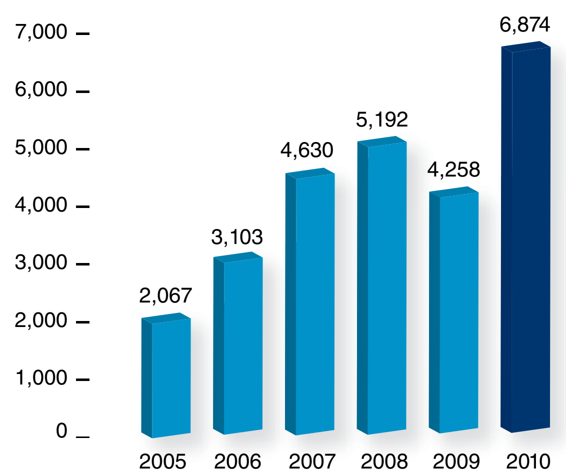
Revenue Contributions by LOB



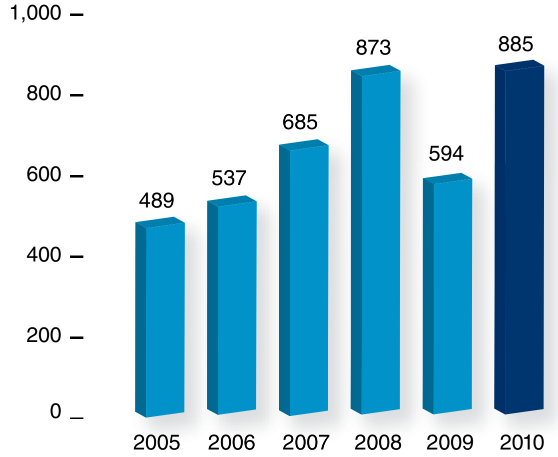
Gross Profit Contributions by LOB



Revenues by Year (LE million)



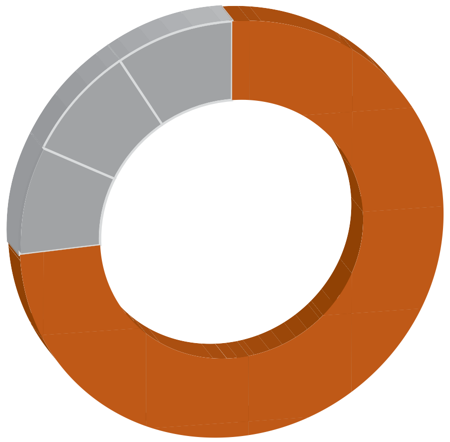
Gross Profit by Year (LE million)



Passenger Cars

78.3%
of FY10 Group Sales

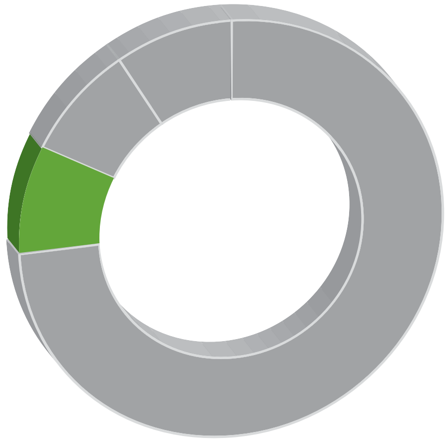
- Assembly and distribution of imported un-assembled units (CKD)
- Distribution of fully-assembled imported units (CBU)
- After-sales service and distribution of spare parts



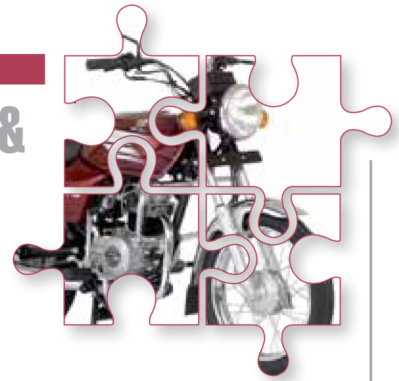
Commercial Vehicles

9.7%
of FY10 Group Sales

- Assembly and distribution of trucks and buses
- Bus-body manufacturing
- Manufacturing and distribution of superstructures and trailers
- Distribution of construction equipment
- After-sales service and distribution of spare parts

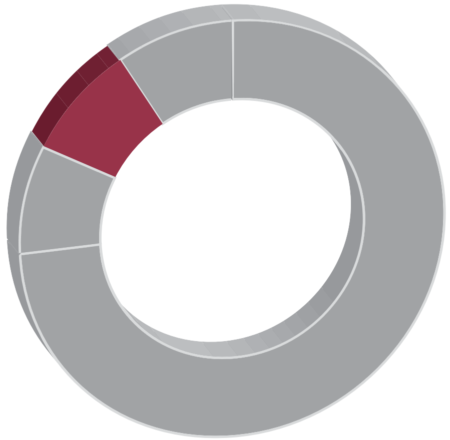


Motorcycles & Three Wheelers



9.1%
of FY10 Group Sales

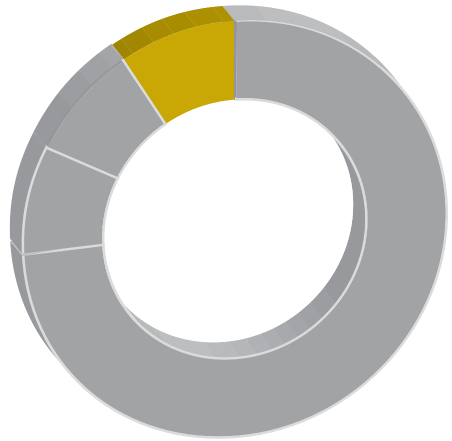
- Distribution of two-wheel scooters, Boxer motorcycles and three-wheelers (“tuk-tuks”)
- After-sales service and distribution of spare parts



Tires, Transportation and Financing

2.9%
of FY10 Group Sales

- Distribution of passenger car, truck, and bus tires
- Microfinance venture to finance the purchase of motorcycles and tuk-tuks
- Finance for commercial vehicle and corporate lease clients



Vertically integrated, horizontally diverse

GB Auto is the 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 on automotive assembly, distribution, after-sales — including vehicle servicing and related products — and consumer finance.

Among the largest and most diverse players of its kind in the Middle East and North Africa, GB Auto is the market leader in the Egyptian passenger car segment with Hyundai and Mazda models, and is the exclusive distributor of Hyundai passenger cars in the fast-growing Iraqi market through its joint venture GK Auto.

GB Auto is Egypt’s largest player in three-wheeler sales, a position the company has maintained despite the appearance for the first time of competition in this fast-growing segment. Bolstering sales for this division is the expansion of GB Auto’s financing businesses with Mashro’ey, the Company’s newly formed microfinance joint venture that focuses on writing loans for motorcycles and three-wheelers.

The Company continues to grow its Commercial Vehicles line of business, with a particular focus on serving Egypt’s and the region’s growing demand for buses through GB Polo, its joint venture manufacturing facility with global leader Marcopolo. GB Auto assembles, manufactures and distributes its diversified product mix to an extensive customer base that includes retail consumers, transportation companies, private sector companies, and governmental authorities and agencies in Egypt and abroad.

GB Auto’s assembly operations include production of passenger cars and commercial vehicles at two plants in the Greater Cairo Area as well as facilities in 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 Vehicles line, production extends beyond assembly to include design and manufacture of complete vehicles, except for imported engines and chassis, at two plants in the Greater Cairo Area as well as facilities in Suez.

The Company’s retail distribution activities include the sale of CKD and Completely Built Up (CBU) passenger cars in Egypt and Iraq, commercial vehicles in Egypt and the region, and motorcycles and three-wheelers in Egypt. CBU vehicles are imported already assembled, generally at a higher import tariff.

GB Auto’s distribution network includes partnerships with 50 authorized retailers throughout Egypt and 8 authorized retailers in Iraq. The Company continues to invest in expanding its reach to more customers while maximizing its ownership and control of retail sales channels. Currently, GB Auto has 19 owned-retail outlets in Egypt and 3 in Iraq.

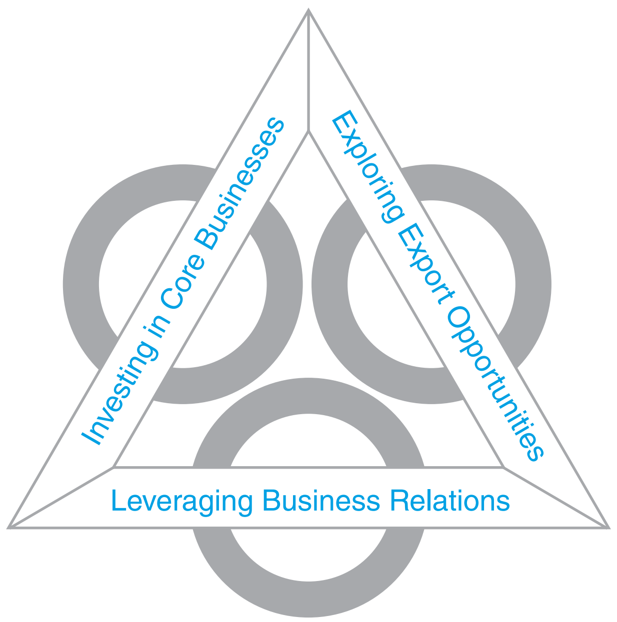
Throughout its 60 year history, GB Auto has built a strong reputation for standing behind its customers and is renowned for providing unmatched after-sales service in the Egyptian market. GB’s Auto’s growing national after-sales service network includes 7 passenger car and 7 commercial vehicle outlets, and a planned expansion will bring these totals to 17 passenger car and 10 commercial vehicle centers by the end of 2012. 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.

Our Strategy

GB Auto is a uniquely diversified player in the Middle East and North African region's 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 three assembly and manufacturing plants, a growing national sales network of 50 independent dealers, 19 owned-retail outlets, and 7 passenger car and 7 commercial vehicle after-sales service outlets, as well as 25 microfinance branches. While Egypt remains our base and our strength, GB Auto has expanded into Algeria and Iraq, and is preparing for further geographical diversification in the years to come.

As the Middle East and North Africa embarks on the journey towards democracy and transparency, GB Auto believes that the region's economic fundamentals will continue to support growing demand in the decade ahead. Political freedoms and the rooting out of corruption will lead to greater economic stability and a healthier investment environment. These positive changes, coupled with 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, Iraq and the region. The company's activities form a three-axis strategy: investing in core businesses, exploring export opportunities and leveraging business relations.



GB Auto's strategy is built on 3 core axes

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

1

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.

2

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.

3

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.

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. At the same time, the Company is increasingly horizontally integrated, as well, rounding out its brand portfolio and product offerings to meet the needs of as diverse a selection of consumers as possible.

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. Production at GB Polo — the company's joint-venture bus assembly plant with Marcopolo, the leading Brazil-based, global bus manufacturer — has reached full capacity of 14 buses per shift day. By the end of the fourth quarter of 2010, exports from GB Polo had begun. In February 2010, we announced our entry into Iraq with Al-Kasid Group of Companies, through a joint venture called GK Auto. In the months since GK Auto began selling Hyundai passenger vehicles in Iraq, the joint venture has grown to account for 23.2% of group revenues.

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 2010, with the full support of existing suppliers, GB Auto continued talks with a number of OEMs to round out its representations in the Passenger Cars, Commercial Vehicles, and Tires lines of business.

> "Political freedoms and the rooting out of corruption will lead to greater economic stability and a healthier investment environment."

Expansions and New Representations in 2010

GB Auto has been aggressively pursuing expansion plans since mid-2009, bolstered by a strong balance sheet and with new assembly, sales and after-sales service capacity coming on stream in a number of lines of business, including Passenger Cars, Commercial Vehicles and Consumer Finance.

GK Auto

In February 2010, the Company announced that it had entered into a joint venture with Al-Kasid Group of Companies that would see it as the sole authorized representative of Hyundai Motor Company's passenger car line in the underserved, promising Iraqi automotive market.

The venture, named GK Auto, is 50-50 owned by Al-Kasid and GB Auto. GB Auto holds full responsibility for the day-to-day management, and Al-Kasid will provide existing resources to support the operation. GK Auto made its first sales in 1Q10.

To read more about this new venture, please see page 17.

Mashro'ey

In 4Q09, GB Auto announced plans for a microfinance venture that would allow it to extend installment payment options to consumers unable to obtain mainstream financing; the project — which began operations late in 1Q10 — became known as Mashro'ey and has been the runaway success of GB Auto's expansion plans.

Mashro'ey acquires Bajaj-branded motorcycles and three-wheelers ("tuk tuks") already imported and assembled by GB Auto, then sells the products to consumers on installment payment plans. The installment financing options allow low-income earners to extend the cost of vehicle ownership over an extended period, thereby making purchases of two- and three-wheelers affordable for a broader market segment.

Mashro'ey has engaged the experienced microfinance consultant and service provider EQI on a shareholder basis. EQI, a locally based firm that has equipped and launched microfinance operations throughout Egypt, the Middle East and Africa, will transfer its knowledge and expertise to the new venture and be a participating shareholder.

To read more about this new venture and our Financing businesses, please see page 22.

Mazda

In January of 2010, GB Auto announced that it had entered into an exclusive agreement to import and distribute Mazda-branded vehicles in Egypt, a representation that it had discontinued in 2001 due to an unfavorable customs regime.

The representation launched with the Mazda3, which the Company imports Completely Built-Up (CBU). GB Auto supports the Mazda franchise with new dealer and after-sales networks.

With a different price point and customer demographic, Mazda is a very complementary product to GB Auto's range of imported and locally assembled Hyundai passenger cars.

Yokohama

In April of 2010, the Company announced that it had concluded an agreement to represent Japanese-based global tire giant Yokohama in Egypt. The Yokohama representation complements GB Auto's exclusive representation of Turkish-made Lassa tires in Egypt.

To read more about our Tires line of business, please see page 24.

GB Polo Exports

In late 2008, GB Auto entered into a joint venture with Brazil's global bus manufacturer Marcopolo, to build a bus assembly plant in Suez to target local and export markets. In 4Q10, the venture, known as GB Polo, completed the factory build-out, bringing assembly capacity to 14 units per shift day, and made its first exports.

To read more about our this new venture and our Commercial Vehicles & Construction Equipment line of business, please see page 18.

Drive

GB Lease has set in motion a consumer finance company, to be called Drive for Car Trading (Drive), in partnership with a leading Egyptian commercial bank and Cairo-based Blue Bay Management. To be based out of GB Financing Businesses' new headquarters in Mohandisseen, Drive will focus initially on serving GB Auto's Hyundai and Mazda passenger car sales outlets, and is expected to be a significant sales driver for this segment.

In the long-term, Drive will expand operations to include the firm's independent dealer network, as well as extending credit to finance retail client purchases of brands that are not exclusive to GB Auto, if consumer demand proves sufficient.

Drive will begin operations with LE 50 million in capital in the first quarter of 2011 and targets growing its capital to LE 150 million by the fifth year of operations depending on business growth.

To read more about this new venture and our Financing businesses, please see page 22.

Future Expansions and New Representations

Management is actively seeking additional representations to round out our Passenger Cars, Commercial Vehicles and Tires lines of business.

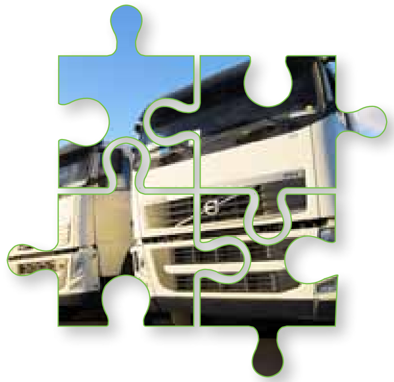
In addition, the success of Mashro'ey is clearly underpinned by a real market need; the success of this venture has led Management to examine other under-utilized segments, and in the coming years, Management anticipates expanding the product portfolio and consumer base served with financing businesses.

Our Lines of Business and Brands

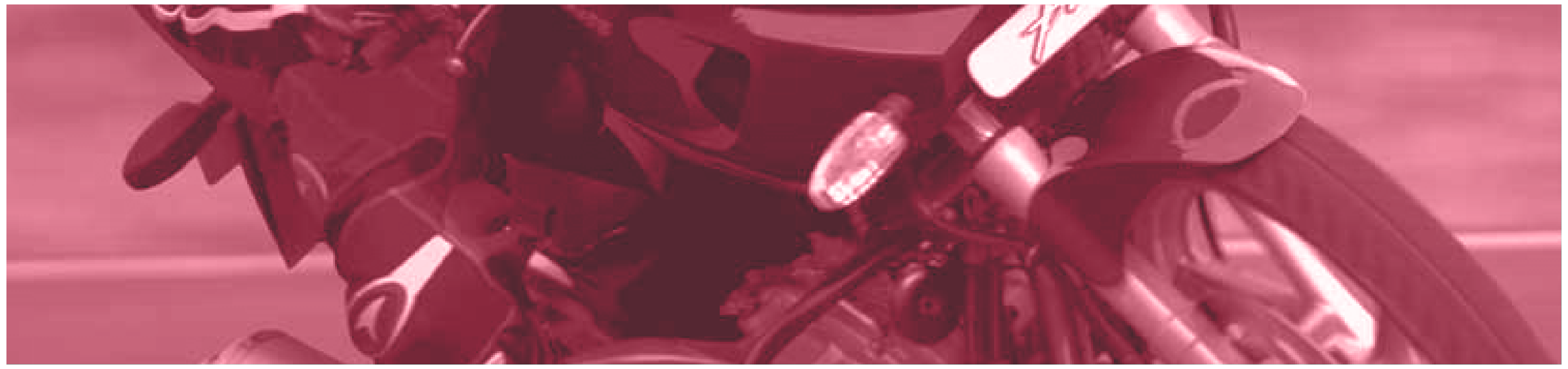
Passenger Cars

GB Auto is the exclusive distributor in Egypt and Iraq for Hyundai, and in Egypt for 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 27.7% in FY10. 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.

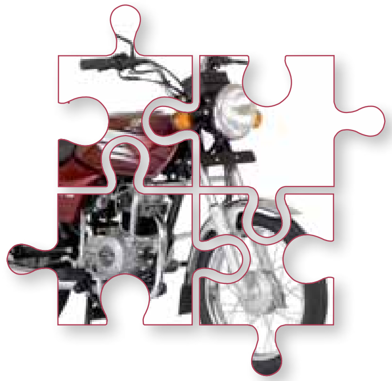
Commercial Vehicles & Construction Equipment



One of the MENA region's largest bus manufacturers and distributors, 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 and Mitsubishi. 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 is building on this tradition as it targets European, African and Middle Eastern export markets — exports to the Gulf have begun. 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. The Company carries a wide line of construction equipment and materials-handling products under license from Volvo, now the third leading brand in Egypt.



Motorcycles and Three-Wheelers

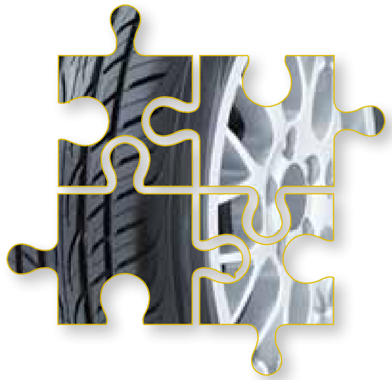


GB Auto is Egypt's exclusive assembler and distributor of motorcycles and three-wheelers from Bajaj, the largest global manufacturer of three-wheelers, often known as auto-rickshaws or "tuk-tuks." GB Auto imports Semi Knocked Down (SKD) units from the Indian producer and assembles and finishes the vehicles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

Financing

GB Auto's financing arm supports commercial vehicle and passenger car fleet sales through GB Lease, and new microfinance venture Mashro'ey is an important sales driver of two- and three-wheeler products.

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, and Japanese-based Yokohama.

Transportation

Haram Transport (a wholly owned GB Auto subsidiary) provides cargo services to corporate clients. Haram operates using GB Auto brands.

Passenger Cars

GB Auto's Passenger Cars business line holds the exclusive license to assemble, import and distribute Hyundai Motor Company (Hyundai) cars in Egypt and Iraq, and Mazda in Egypt. The business markets a variety of products with a diverse range of sizes, prices and engine capacities, 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 27.7% market share, seven percentage points higher than the market position of its closest competitor.

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

The Company also distributes Hyundai passenger vehicles and spare parts in Iraq through its joint venture with Al-Kasid Group of Companies, GK Auto. Through a newly formed joint venture in a Jordanian free zone, a wholly-owned Iraqi subsidiary of the joint venture distributes Hyundai vehicles across Iraq. GB Auto holds full responsibility for the day-to-day management, and Al-Kasid has provided existing resources to support the operation.

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 7 large service centers and nearly 450 service bays; 19 owned showrooms and partnerships with 50 independent automotive retailers; and a spare parts distribution channel that stretches across the country delivers Egypt's car market comprehensive service. The franchise is looking to build Iraq's leading after-sales service franchise on this model.

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 in the Greater Cairo Area has removed a bottleneck that will allow the company to increase CKD production capacity to 80,000 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 5 new showrooms that will add 11,250 square meters of floor space. In 2011-12, GB auto will bring its service capacity to over 600 bays as its largest-ever service center on the Cairo-Ismaliyya Highway and the other centers come online.

2010 Business Review

Management is particularly pleased with the Passenger Car line of business' results in 2010, which contributed 78.3% of group revenues, an increase of 14.1 percentage points over 64.2% in 2009. The fundamental strength of this line of business is supported by the return to growth of the Egyptian passenger car market and by the addition of the Iraqi market to this LOB's operations.

In Egypt:

The Passenger Cars line of business performed well in its core market despite the dampening effects of more than three full quarters of foreign exchange pressures.

As a whole, the Egyptian passenger car market grew 21% in 2010 to 192,848 units, up from 158,926 units in FY09, according to data from the Automotive Marketing Information Council (AMIC), an independent industry body. Overall, GB Auto's unit sales were up 29.8% in the full year to 54,052 units for both Hyundai and Mazda brands.

Completely Knocked Down (CKD) units have had a strong year, with a 59% increase in unit sales over FY09, driven largely by the popularity of the Hyundai Verna in the national taxi replacement program, which accounted for 7,306 Vernas sold in Egypt in 2010. GB Auto carried a 57% share of Phase Two of the program this year — far surpassing the 30% market share that Management had anticipated.

As new CKD capacity comes on stream in 1Q11, GB Auto has already increased its order of CKD models with Hyundai Motor Corp by 25% for the coming year in anticipation of that increase in capacity. Management continues to explore additional representations that would further increase utilization of the new CKD capacity and round out the current product offering, complementing the Hyundai range of passenger cars now available. HMC is supportive of these additional representations and has already granted approval.

The After-Sales division for this line of business performed quite well, with 20.7% growth in FY10 year-on-year to LE 199.2 million, although that growth was slower than anticipated due to the paced roll-out of new service centers. The rollout of one new service center in 2010, and the scheduled opening of 5 new service centers 2011, will drive additional growth in this segment, as they target under-served consumers on nationwide.

Our Mazda representation, meanwhile, disappointed with a net LE 11.2 million loss largely on the back of foreign currency factors. Management continues to work with the supplier to find a way to resolve this and also to optimize the mix and price point of Mazda passenger cars.

In Iraq:

As anticipated, pent-up demand in Iraq is significant and has translated into sales of more than 20,000 units in the months since GK Auto launched operations in 1Q10. Supply constraints that challenged this segment through its first few quarters of operations are likely to spill over into 2011, but Management still anticipates that the coming year will see monthly unit sales in excess of 2,500 units as product mix is optimized and better product allocation is secured.

GK Auto is working to strengthen its retail presence through showrooms across the country. The coming year will also see GK Auto optimizing its sales channels in Iraq, primarily through relationships with dealers and establishing warehouses to shorten lead time on sales.

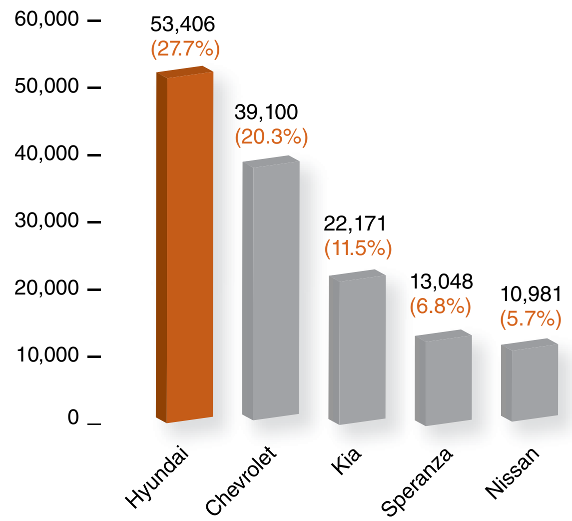
While reliable statistics on the Iraqi passenger car market remain unavailable, signs are promising, particularly with regards to the nascent re-emergence of the Iraqi middle class. Experts note that while the Iraqi consumer market remains undeveloped — hindered as it has been, first by UN sanctions and later by war and insurgency — it is, nevertheless, growing. The country saw an estimated 5.5% growth in Real GDP from 2009 to 2010, and the International Monetary Fund is projecting 11% growth for the country in the coming year, while other economic watch groups are projecting growth of 4-9% through 2014.

Of the non-oil growth sectors, consumer goods appears to be the front-runner, spurred in part by one of the lowest consumer inflation rates in the world (4.2% in 2010) and official interest rates of 4%. And, as this sector grows, GB Auto is on the ground, prepared to serve the pent-up demand of a consumer class composed of more than 29 million people.

As sales continue to grow, and the numbers of potential new after-sales customers likewise grows, management focus will be on building an After-Sales program fashioned after the company's highly successful network in Egypt. This will begin with a campaign to educate the Iraqi consumer as to the importance of regular maintenance service, followed by the establishment of after-sales centers in the three main centers of commerce: Baghdad, Erbil, and Basra and then expand from there.

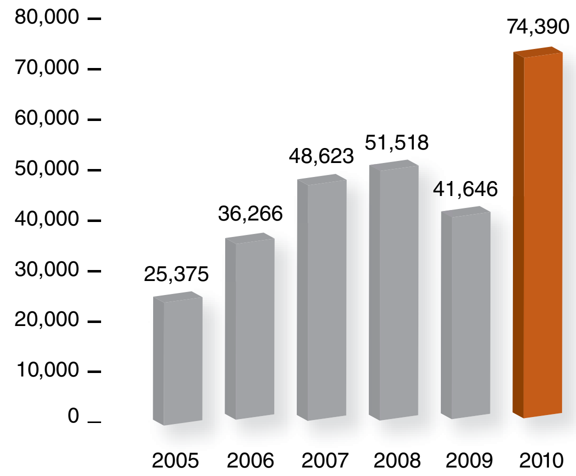
Segmentation of the Egyptian Passenger Car Market

Units sold and % market share as of year-end 2010



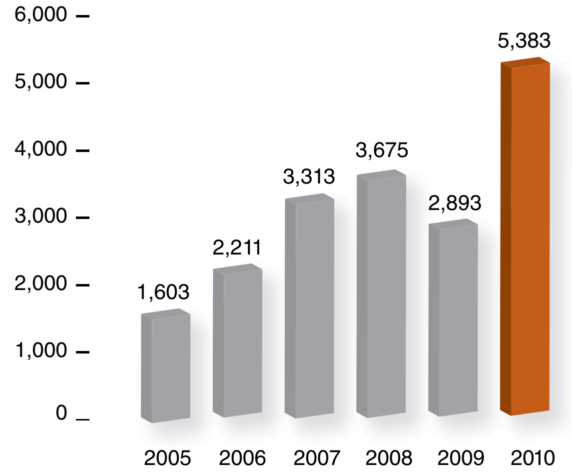
Sales Volume

Vehicle Units



Revenues by Year

LE million



Commercial Vehicles & Construction Equipment

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 and Volvo buses as well as 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 37.3% market share in 2010. GB Auto's Commercial Vehicles line markets heavy-, medium- and light-weight trucks for fleet operators, contractors, large industrial operators and government agencies throughout Egypt.

The Commercial Vehicles 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 Volvo model tourism buses.

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 has completed the build-out of a 5,000 unit-per-year capacity (potential capacity, based on two shifts daily) bus body assembly facility targeting local and export markets. GB Polo was conceived as a move to capture export opportunities in commercial vehicle manufacturing by leveraging GB Auto's quality standards and low-cost, highly-trained workforce; exports began in late 2010.

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 1999, and is Egypt's third-largest distributor of construction equipment.

2010 Business Review

GB Auto has spent the past 12 months strengthening the organizational structure and management team of this line of business, reducing levels of high-COGS inventory, finalizing the build-out of the GB Polo factory in Suez and addressing quality issues in the trailer segment. As a result, the Commercial Vehicles LOB is in a particularly strong position to capitalize on growth anticipated for this market segment in the coming years as well as to establish itself as a key exporter.

In FY10, growth in the Commercial Vehicles & Construction Equipment line of business was constrained by the impact of the strength of the Japanese yen and the euro on this price-sensitive segment.

The Bus segment closed 2010 with a market share of 37.3% and sales revenue of LE 234.6 million, driven by a 17.0% increase in unit sales. Construction of the new paint shop at the GB Polo factory in Suez is complete, and the factory is now capable of producing at full capacity of 14 units per single-shift day, equivalent to an annual capacity of 4,000 units based on a single shift.

GB Auto's strategy to grow the Bus segment is two-pronged: domestic and regional. Management is streamlining operations while collaborating with partner Marcopolo to optimize designs and pricing of products for the Egyptian market, and simultaneously seeking an additional representation that would see GB Auto add a microbus to its product line up. Meanwhile, GB Polo has launched export operations and made its first export sales in 4Q10. Management is now in the process of establishing export offices in key markets; offices in Syria, Algeria, Dubai and Saudi Arabia will be fully staffed and operational in the first quarter of 2011.

The Truck segment saw mixed results in 2010, performing fairly well on the full year, with a slight uptick in unit sales despite a difficult fourth quarter that saw revenues drop due to the strength of the Japanese yen. Heavy trucks, meanwhile, saw a 49.3% decline in unit sales, primarily as a result of pricing issues. Management anticipates that 2011 will see similar challenges, although the long-term prospects for this segment remain promising. The coming year will see this segment restructured and streamlined, and Management continues to seek a representation for a pick-up truck to considerably boost sales.

Overall, the Egyptian trailer market as a whole reached a low-point in 2010, a situation attributable in large part to the collapse of the second-hand truck market, which dropped from unit sales of nearly 5,000 units per year in 2008 and 2009 to approximately 1,500 in 2010. Also in 2010, the government-mandated drawbar trailer ban and replacement program was postponed. At the same time, the transport sector has experienced a slow-down, with the result that corporate fleets and other businesses have adopted a wait-and-see attitude that has them maintaining current levels of stock as they watch the market for signs of renewed growth.

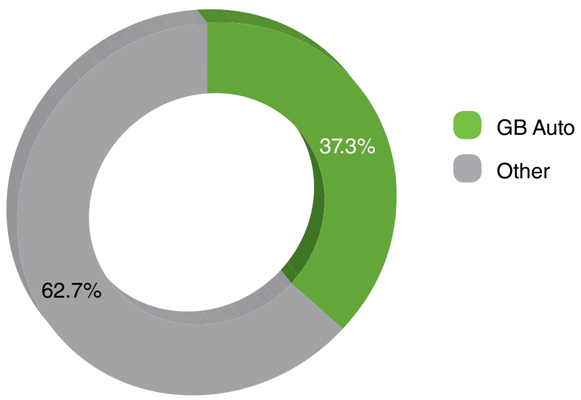
At the same time as market pressures were hampering trailer sales, Management effectively suspended manufacturing to address quality issues and right-size high-COGS inventory. By the close of the fourth quarter, quality was once again at GB Auto's exacting standards, and Management anticipates that the first quarter of 2011 will see the last of high-COGS inventory liquidated.

It is unlikely that 2011 will see the re-imposition of the ban on draw-bar trailers, given the political climate at this time. Nonetheless, the core fundamentals of our Trailers segment — a global-quality management team overseeing an efficient organization that manufactures a high-quality product — lead GB Auto to be quite positive about the medium-term outlook for this segment.

The Construction Equipment segment, meanwhile, saw modest results in 2010, largely due to forex-related product pricing issues with its key supplier. More competitive pricing is in the pipeline and Management anticipates a stronger year ahead for this segment.

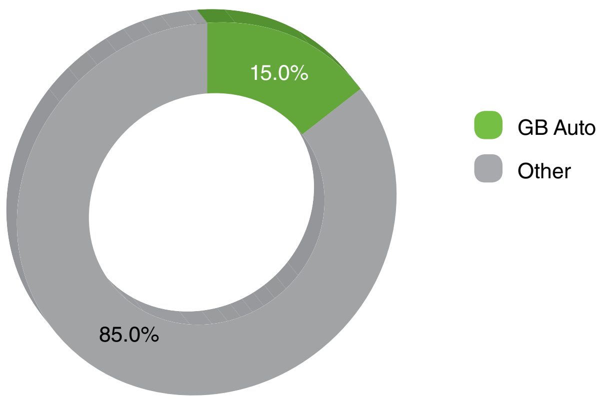
After-Sales for the Commercial Vehicles line of business also had a challenging year, with revenues declining y-o-y, although gross profit was up 5.6%. To return this key segment to growth, Management is focused on expanding the reach of the After-Sales network, with plans to establish 7 new centers in strategic locations across the country by the end of 2011-12.

Bus Market Share* %



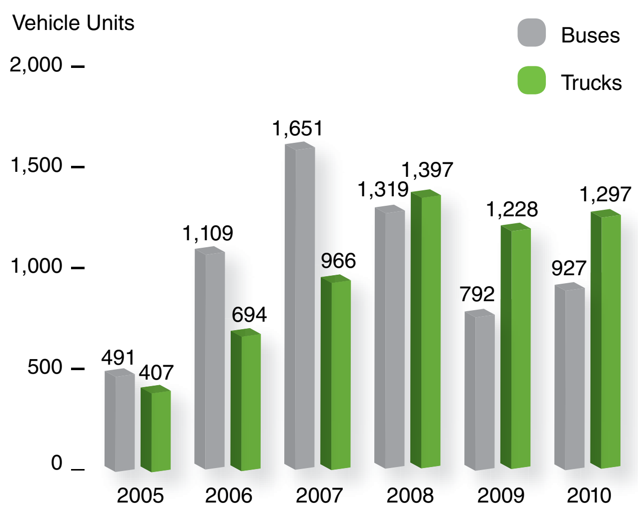
*Market share excludes microbuses

Truck Market Share** %

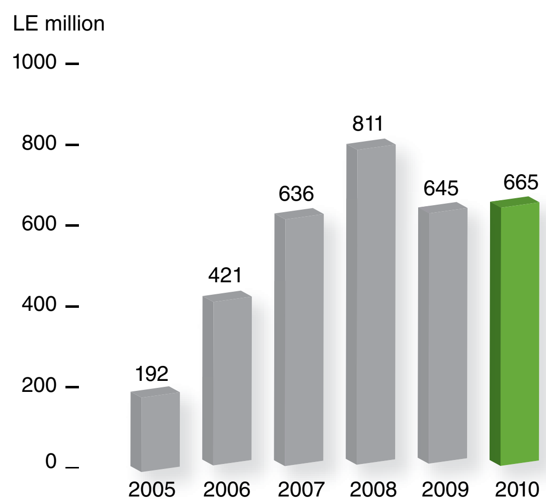


**Market share excludes pick-up trucks

Sales Volume



Revenues by Year



Motorcycles & 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 the lion's share of the country's tuk-tuk sales, despite the first appearance of competition this year. 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. After-Sales is a small but important component of this line of business, given that the consumers attracted to motorcycles and three-wheelers place strong emphasis on the availability of spare parts and service centers. To capitalize on this 'built-in' demand, each new sales branch has an in-house mechanic, thus encouraging customers to return to GB Auto for maintenance, spare parts and repairs.

Its nationwide network of 15 owned-retail showrooms including 7 after-sales service centers, 21 GB Auto-owned spare parts outlets and network of more than 50 authorized dealers across Egypt, extends GB Auto's commitment to total customer care to its motorcycle and three-wheeler customers.

2010 Business Review

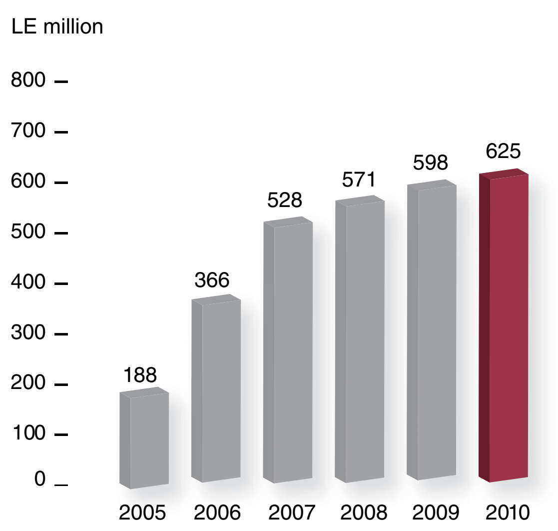
Our Motorcycle and Three-Wheelers line of business ended 2010 on a high note, contributing significantly to the company's overall revenues and profit. Management is particularly pleased with this division's increase in profitability, as it comes in the face of supply constraints that pushed three-wheeler units sales down from 2009. As previously reported those supply constraints arose because of one-time issues related to the intersection of new safety standards being implemented in the Egyptian market at the same time as the factories in India were focusing on their domestic high season; this is now resolved.

Sales momentum through our new microfinance venture Mashro'ey and massive market demand for three-wheelers, coupled with the Three-Wheelers segment's efficiency of process and the clear superiority of Bajaj products over the competition, has seen GB Auto maintain a clear market leadership position despite the appearance this year of competition and a slight dip in unit sales growth.

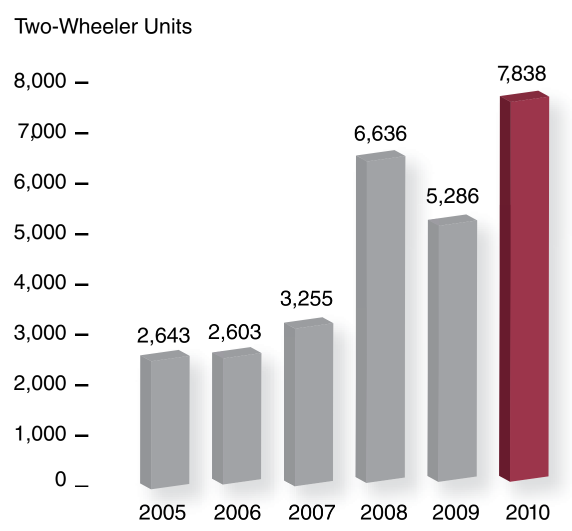
Motorcycle sales were particularly competitive in 2010, with a 48.1% increase in revenue driven by sales to individual buyers and corporate fleets whose experience has shown the superior quality of GB Auto's products and after-sales offerings.

As noted, After-Sales is an important component of this line of business and has grown significantly given that the consumers attracted to motorcycles and three-wheelers place strong emphasis on the availability of spare parts and service centers. To capitalize on and sustain this 'built-in' demand, each new sales branch has an in-house mechanic, thus encouraging customers to return to GB Auto for maintenance, spare parts and repairs.

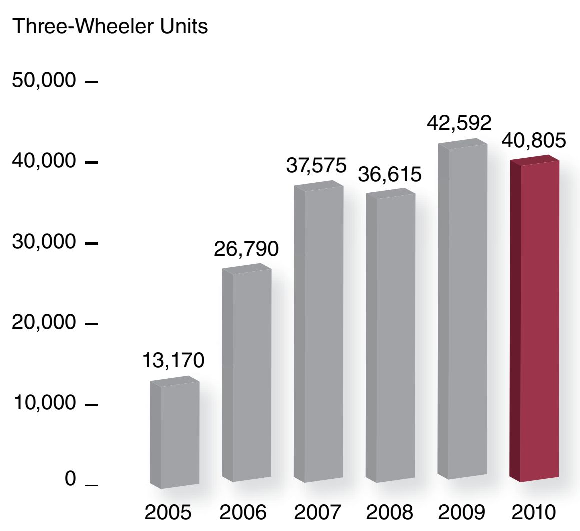
Revenues by Year



Motorcycles Sales Volume



Three-Wheeler Sales Volume



Financing Businesses

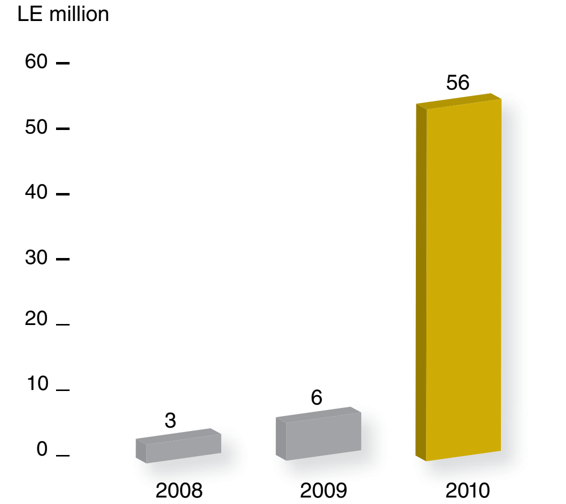
This past year was especially successful for GB Auto's Financing Businesses line, with GB Lease continuing its strategy of growth and the diversification of its portfolio, Mashro'ey exceeding expectations following its launch in 1Q10, and the finalization of an agreement to launch a consumer financing venture that will focus on passenger car loans beginning in 2011.

GB Lease, which began operations in 2008 to finance commercial vehicle sales as well as corporate clients purchasing passenger cars for fleets, closed 2010 with a loan book of LE 208.3 million, a more than five-fold increase over LE 37.2 million at the close of 2009. In its continuing bid to improve its risk profile, the division has diversified its portfolio into a number of sectors, at the same time diversifying its client base.

Still only in its first year of operations, GB Auto's new microfinance venture Mashro'ey has outperformed expectations significantly, closing with a profit in the fourth quarter and only turning a slight loss since inception of operations. The original business plan called for 15 branches by year-end, but, in fact, demand supported the establishment of 25 by the close of the fourth quarter. In the coming year, Management expects to see Mashro'ey continue with this outstanding performance, driving sales of motorcycles and three-wheelers, and perhaps branching out into other areas of microfinance.

Mashro'ey brings GB Auto products to new customers and addresses a gap in available credit that was restricting sales in the Company's fast-growing Motorcycles and Three-Wheelers line of business. Before Mashro'ey began operating, consumers had very limited financing options and faced exorbitant borrowing costs. Against that backdrop, Mashro'ey provides a range of affordable options to extend the availability of finance and increase sales of the product. This venture will work closely with our existing independent dealers, GB Auto distributorships and lending partners to connect GB Auto vehicles to more customers with affordable and flexible payment options.

Financing Businesses Revenues by Year



Tires

GB Auto distributes passenger and light truck 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.

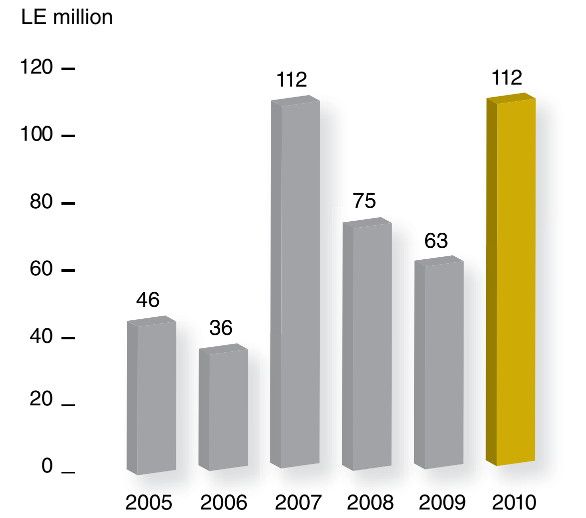
The company also distributes tires through agreement with Japan's Yokohama. Under the agreement, GB Auto has the right to distribute passenger car, semi-truck, truck, bus and construction equipment tires in Egypt through its own outlets as well as a dealership network that gives it a total of 300 points of presence nationwide.

Management is now working with the supplier to ensure that the proper mix of products is being offered in this line at a locally competitive price point by managing the foreign currency situation. Foreign exchange pressure and the ongoing adjustment of product mix could see margins in this segment remain steady through the coming year.

Overall, the Tires line of business had a successful year, with 29.5% growth in revenues from Lassa tires and strong performance by the recently introduced Yokohama line.

Management continues to look for additional representations to round out this line of business.

Tires Line of Business Revenues by Year

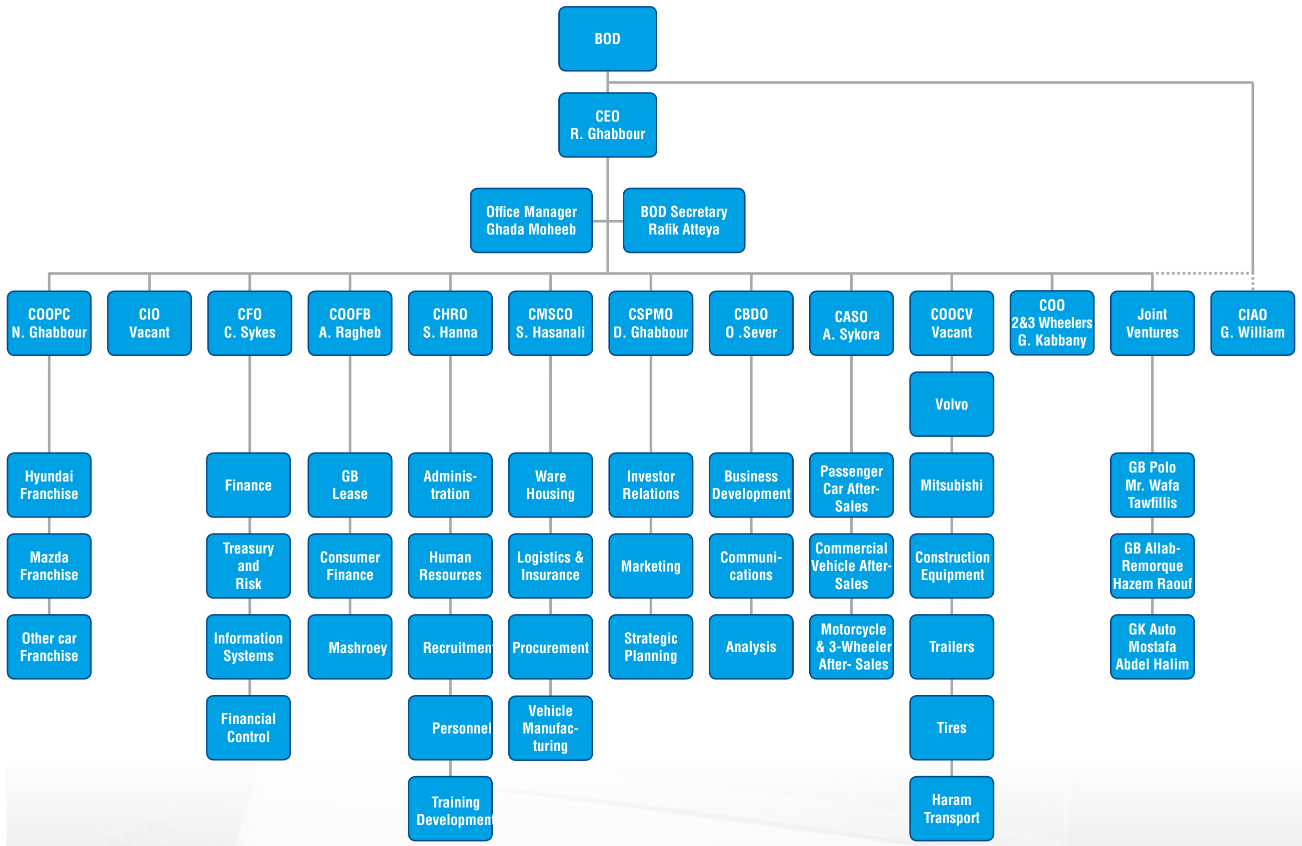


Transportation Services

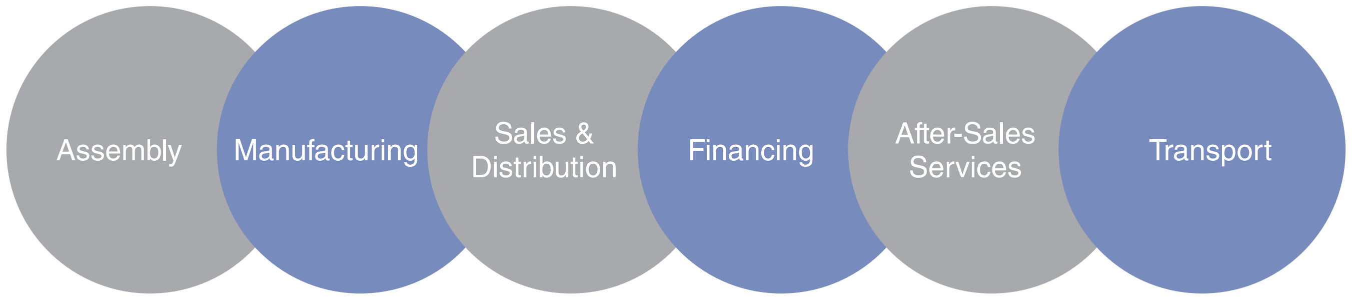
In addition to supplying the industry, GB Auto has also invested directly in Egypt's transportation sector with Haram Transport Company, a fully-owned subsidiary which provides cargo services by providing truck rentals on a fixed-contract basis.

The Transportation Services line of business had a difficult year. After good faith attempts to work with municipal governments, management was compelled to discontinue municipal passenger transportation services, and in the coming year, will focus on delivering break-even through contracts for cargo services and has streamlined the fleet to suit that arrangement.

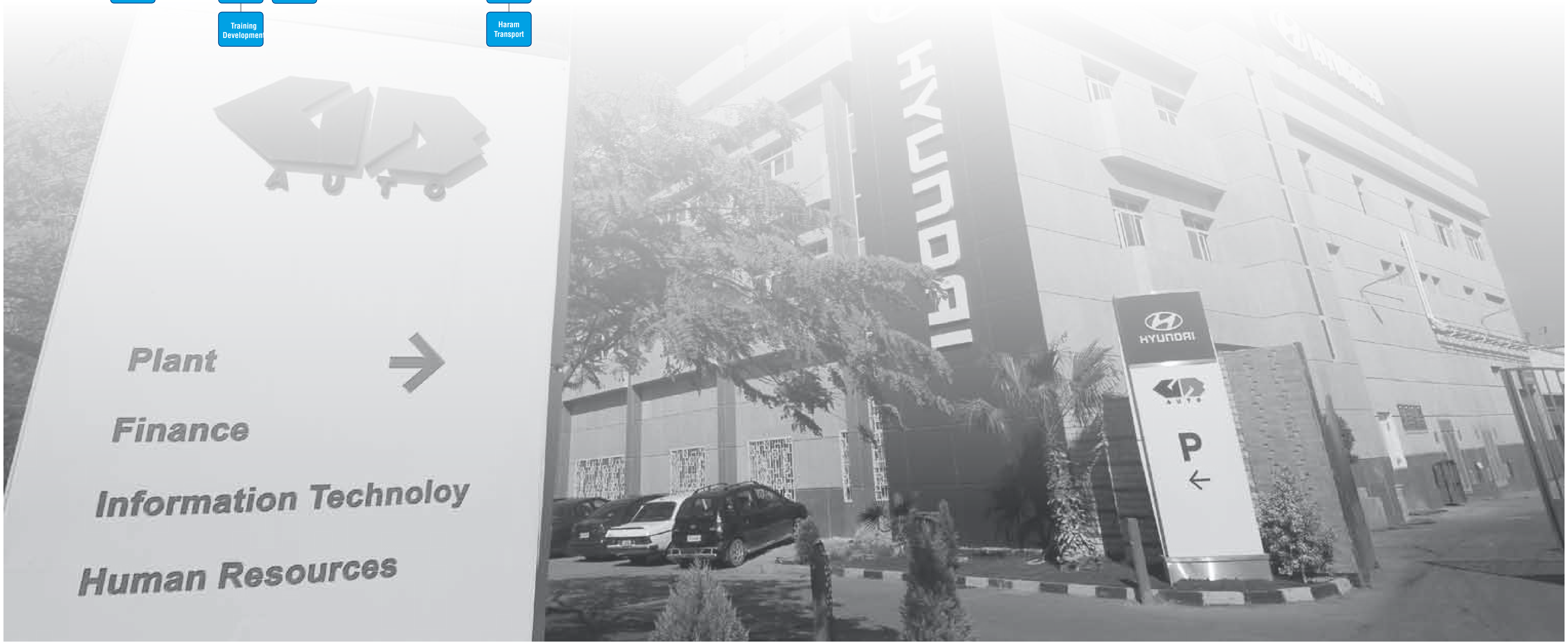
Organization Structure



Corporate Structure



Itamco	Ghabbour Egypt	Haram Transport	Financing Business	GB Polo	G.I.T.	GK Auto
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	Passenger Car Sales



Executive Committee

Dr. Raouf Ghabbour, Chairman of the Board of Directors and Chief Executive Officer, is the founder of The Ghabbour Group of Companies, which he began incepting 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 acquire agency agreements from global OEMs, which he steadfastly turned into successful businesses. Dr. Ghabbour has grown the Company to the leading automotive assembler and distributor in the Middle East and North Africa.

Mr. Alain Sykora, Chief After-Sales Officer (CASO), has developed extensive wholesale and retail experience in the automotive industry in both mature and emerging markets. Mr. Sykora also has experience in the sales, after-sales, marketing and business development segments of the business. Previously, Mr. Sykora worked at Zahid Tractor in Saudi Arabia as Director of the Automotive Division and held several managerial roles in Volvo Dubai and Volvo Canada. Mr. Sykora holds a degree in Economics from the University of Quebec, an Executive MBA from Paris-Dauphine-UQAM and has attended the Advanced Management Program of INSEAD.

Mrs. Amal Ragheb, COO of Financing Businesses, joined GB Auto in 2009 to take charge of the Group's business activities : Leasing, Microfinance and Consumer Finance. Mrs. Ragheb holds the position of Executive Chairman for each of the individual entities set up for such purposes. Mrs. Ragheb is also in charge of the entire credit risk management policies and applications for the Group. A seasoned hands-on and results-oriented banker with a proven track record spanning 30 years, Mrs. Ragheb joined GB Auto from Mashreq Bank, UAE where she held the position of Senior Vice President of Risk Management for 2 years, moving from the same bank in Egypt where she was CEO and Country Manager for 4 years, during which period she restructured and turned around the Bank and forged its future growth strategies in Egypt. Mrs. Ragheb started her banking career with Bank of America where she spent 23 years; spanning across a series of various positions in Cairo and Dubai, until finally rising to become Bank of America's Country Manager and CEO for Egypt, as well as Regional Manager for the MENA Region, Turkey, and Sub-Sahara Africa.

Mr. Colin Sykes, Chief Financial Officer, has an international career that spans publicly listed, equity-backed and private family-owned organizations advising various types of shareholders and businesses on corporate strategy, business and operational matters. Mr. Sykes' leadership has extended to operational areas such as supply chain and assembly. Mr. Sykes has been with GB Auto over three years as CFO. Prior to that Mr. Sykes held CFO and Finance Director positions at Lecico Egypt, Tellermate plc and the Gargour Group. He qualified as a Chartered Accountant in 1984 with the international BDO partnership and also holds a Fuqua School of Business MBA from Duke University in the USA.

Ms. Dina Ghabbour, Chief Strategic Planning and Marketing Officer (CSPMO), began her career at GB Auto in 2004 in the commercial vehicle division as a heavy truck sales person and grew to assume a general and strategic management position in the commercial vehicle division. By early 2006, Ms. Ghabbour was assigned the role of IPO coordinator and worked closely with different entities, including investment banks, law firms and the stock exchange throughout the process of instituionalizing the business and successfully taking it public. She was also involved in setting strategies, budgets and growth plans for GB Auto. In 2008, Ms. Ghabbour received an MBA from Instituto de Empresa in Madrid and returned to GB Auto to head the Business Development and Marketing units of GB Auto.

Mr. Gamil William Guirguis, Chief Internal Audit Officer (CIAO), joined the Ghabbour Group in 2005, first taking responsibility for the Credit and Recovery Division, and later as CIAO for GB Auto and other Ghabbour Group companies in 2007. Mr. Guirguis began his career in 1966 with National Bank of Egypt, where he served for 12 years; he left NBE in 1978 to work for the Egyptian American Bank. He was at the Egyptian American Bank for 27 years, serving in a number of positions, eventually becoming General Manager and Chief Auditor, reporting directly to the Bank's Board of Directors. While at Egyptian American Bank, Mr. Guirguis took part in a number of international auditing assignments with the loan examiners of American Express Bank (Egyptian American Bank's major shareholder) and was a member of major committees.

Mr. Nader Ghabbour, COO of Passenger Cars, started his career at GB Auto as a showroom sales representative for the passenger car division. He worked his way up to running the daily sales operations within the show room and later assumed the role of showroom sales supervisor and manager. Mr. Ghabbour's managerial capabilities were proven when he took on the more strategic role of managing the business-to-business arm of the passenger car segment. He currently serves as the chief operating officer for the passenger car division, managing the passenger car sales and after sales functions, regional operations, and the 2- and 3-Wheeler operations. Mr. Ghabbour graduated with BA in Business Administration from Boston University.

Mr. Osman Sever, Chief Business Development Officer, has dedicated his entire career to the automotive industry in which he has more than 20 years of experience. Mr. Sever recently joined GB Auto from Bayraktar Automotive A.S. in Turkey where he was a General Manager. He previously served in a number of Turkey's most prominent automotive companies: Tirsan Treyler San, Karsan Automotive Sanayi, Ford Automotive Sanayi, and Oyak Renault. Accordingly, Mr. Sever has considerable exposure to MENA and international automotive markets. Mr. Sever holds a B.Sc. in Mechanical Engineering from Istanbul Technical University and an MBA from Huran University.

Mr. Seifi Hasanali, Chief Manufacturing and Supply Chain Officer (CMSCO), recently joined GB Auto from Lecico Egypt SAE, a manufacturer sanitary products with 5,700 employees, where he held the position of Chief Operating Officer. Prior to this, he spent 17 years with Alfa Laval, where he managed multiple manufacturing locations in Canada and the United States. He has also managed large structural/special projects, and his last position was managing a global parts distribution center with complete order-to-fulfillment responsibility including procurement, materials management, warehousing and logistics functions. Mr. Seifi holds a Bachelor degree in Mechanical Engineering from the University of Birmingham in England.

Mr. Sherif Hanna, Chief Human Resource Officer, recently joined GB Auto from Pepsico where he spent 6 years and held a number of positions. During his last position as the North East Africa Business Unit HR Director, he was responsible for the total HR strategic operations covering approximately 11,000 employees. In his previous experience, Mr. Hanna worked with American Express for 11 years in several locations including Egypt, the UK and Bahrain where he was responsible for the Middle East and North Africa Region as HR Development manager accountable for strategic direction and new HR initiatives for the Region.

Board of Directors

Dr. Raouf Ghabbour (Chairman of the Board of Directors and Chief Executive Officer), is the founder of The Ghabbour Group of Companies, which he began incepting 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 acquire agency agreements from global OEMs, which he steadfastly turned into successful businesses. Dr. Ghabbour has grown the Company to the leading automotive assembler and distributor in the Middle East and North Africa.

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

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

Mr. Colin Sykes (Chief Financial Officer) has an international career that spans publicly listed, equity-backed and private family-owned organizations advising various types of shareholders and businesses on corporate strategy, business and operational matters. Mr. Sykes' leadership has extended to operational areas such as supply chain and assembly. Mr. Sykes has been with GB Auto over three years as CFO. Prior to that Mr. Sykes held CFO and Finance Director positions at Lecico Egypt, Tellermate plc and the Gargour Group. He qualified as a Chartered Accountant in 1984 with the international BDO partnership and also holds a Fuqua School of Business MBA from Duke University in the USA.

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

Mr. Hassan Abdalla (independent director) is the Vice Chairman and Managing Director of the Arab African International Bank (AAIB). He sits on the boards of a number of prominent private and government businesses, including the Central Bank of Egypt, the Egyptian Stock Exchange, and UBAF Bank in Hong Kong. Mr. Abdalla is Chairman of the Arab African Investment Management Company and the founder and former chairman of the Egyptian Junior Business Association.

Mr. J.E. Kim (independent director) is the Chief Executive Officer and President of LOHAS Logitec. Mr. Kim has long been affiliated with Hyundai Motor Corporation (HMC), which he first joined in September 1978. Working his way up through the ranks, Mr. Kim became an HMC Service Team Engineer in 1980 and by 2003 had become Export Director for Middle East & Africa; his final posting at HMC was as CEO of Hyundai Motor America. Mr. Kim graduated from Korea's Kyungpook National University in 1976 with a degree in Mechanical Engineering.

Mr. Rainer Schmückle (independent director) comes to us with 15 years experience from Daimler AG, where for the past five years he was Chief Operating Officer (COO) for Mercedes Benz cars in Germany. Mr. Schmückle also brings important commercial vehicles experience to the Board, having served five years as Chief Financial Officer of Daimler's Freightliner business and then a further five years as Chief Executive Officer of the same. He left Daimler AG earlier this year to pursue international independent directorships in the field. Mr. Schmückle holds a degree in Industrial Engineering from Karlsruhe University in Germany.

Corporate Social Responsibility

GB Auto has always taken the safety and well-being of employees seriously, and has striven to positively impact the communities in which it does business. The Company has always donated significant funds to hospitals, training foundations and educational funds. Taking this corporate consciousness to the next level, a major development of 2010 was the creation of a CSR department. This department, which is in its infancy, is actively streamlining the Company's CSR strategy and goals.

Vision

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

Mission

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

- Education
- Environment
- Social Actions

Key Highlights

AIESEC (Egypt's international Students' Forum)

Our interaction with AIESEC will focus on enhancing the leadership and business skills of the students.

PLAN International

We are working closely with Plan Egypt to create a vocational training program at our Sadat manufacturing facilities that would train young people to become welders.

United Nations Global Compact Network (UNGC)

GB Auto joined the UNGC in November 2010. This organization is the world's largest voluntary corporate citizenship initiative with over 7,700 member companies representing 130 countries. The UNGC provides a policy platform and practical framework for companies committed to sustainability and responsible business practices.

GB Academy

In a move to bring the leading manufacturer of passenger cars in the MENA region to the forefront of human resource development, GB Auto has partnered with Toronto's Centennial College to create GB Academy, the first automotive specific training academy in the region.

The GB Academy will focus on delivering a signature learning experience to all GB Auto employees, from the frontline to the executive level, based on training paths and career development defined through the HR Training and Development team. Programs will include management and executive training, business, IT, Finance, Supply Chain, sales & after sales, manufacturing technology, and more.

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, 2010.

Principal Activities

GB Auto is a leading player in the MENA region's automotive industry and is the holding company for a group of subsidiaries operating at all levels of the value chain, including assembling, distributing and selling passenger cars and commercial vehicles, manufacturing semi-trailers and superstructures for trucks and buses, selling automotive components, motorcycles and three-wheelers, tires, and construction equipment, as well as providing after-sales service through a nation-wide after-sales service network and consumer finance and microfinancing. The company owns and operates three manufacturing and assembly facilities, one for passenger cars, one for commercial vehicles, and another for buses. GB Auto also provides private freight transport services in governorates throughout Egypt. In 2010, GB Auto successfully launched a micro-finance venture (Mashro'ey), set in motion a consumer finance venture (Drive), entered the Iraqi market (GK Auto), completed a factory build-out in the Suez (GB Polo), successfully completed an LE 1 billion bond issue, initiated a company-wide human resources development program, re-introduced Mazda passenger cars to the Egyptian market and strengthened the company's C-Suite and upper management structure. 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 2010 reached EGP 6,873.8 million versus EGP 4,258.4 million, an increase of 61.4%. The net profit for the year after accounting for minority interest was EGP 257.9 million, up 28.1% over 2009.

GB Auto weathered the unrest of the week following 25 January largely without incident: Our management team is intact. We faced no labor action from our workforce. Both our inventory and our national distribution and service network were fully protected. The CEO's note on page 4 of this report goes into details concerning Management's actions, strategy and outlook for the coming period.

Dividends

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

Directors

The Directors of the company are shown on page 28 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 a Corporate Governance Committee of four members, an Audit Committee of three independent directors along with representatives from company management, and 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, 2010 was 5,524 including all subsidiaries and ventures, up 14.5% from 4,825 at the same date the previous year.

Shareholders

The shareholding structure of the company as of December 31, 2010 was: Dr. Raouf Ghabbour family and related parties 73.5%, while public ownership stood at 26.5%.

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 3:00 pm on 30 March 2011 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
3 March 2011

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 three committees, the Corporate Governance Committee, the Audit Committee and the Remuneration Committee, to assist in discharging its oversight responsibilities.

Corporate Governance Committee

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

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

Chairman

Yasser Zaki Hashem

Members

Alaa Saba, Member
Walid Solaiman Abanumy, Member
Hassan Abdallah, Member
J.E.Kim, Member

The Audit Committee

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

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

Chairman:

Alaa Saba

Members:

Yasser Zaki Hashem, Member
Walid Solaiman Abanumy, Member
Hassan Abdallah, Member
Chief Executive Officer
Chief Financial Officer
Chief Internal Auditor
Director of Finance
External Auditor, as needed

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.

Objective and scope:

- To determine the remuneration policy of the Company and to make recommendations to the Board on the Company's policy and structure for all remuneration and fees of senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration as the Committee may consider appropriate.
- Determine and agree with the Board the broad policy for the remuneration of the Board Executive Directors, the Chairman and other members of the executive management.
- Recommend and monitor and note the level and structure of remuneration for senior management.
- The fees and other payment arrangements for Non-Executive Directors are matters for consideration by a sub-committee of the Board, consisting of the Chairman and one or more Executive Directors, which shall make recommendations to the Board as a whole.

Chairman:

Alaa Saba

Members:

Yasser Zaki Hashem
Walid Solaiman Abanumy
Hassan Abdallah
J.E. Kim

GB Auto and its Subsidiaries (S.A.E)

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 and its Subsidiaries (S.A.E) (the Group) which comprise the consolidated balance sheet as of 31 December 2010 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 2010, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note (41) in the notes to the financial statements which descript the fact that Arab Republic of Egypt has faced recent events that have had a considerable impact on the economic sectors which will most likely result in a reduction in overall economic activity in the forthcoming period. However in the current time it is difficult to determine the effect on the assets, liabilities and financial statements of the company as the degree of impact depends majorly on the expected duration of this crisis and its consequences

Report on Other Legal and Regulatory Requirements

The Group keeps proper financial records, which includes all that is required by the law and the Group's statute, and the accompanying financial statements are in agreement therewith, the inventory counts were taken in accordance with recognized practices.

The financial information included in the Board of Directors' report was prepared in compliance with Companies Law number 159 of 1981 and its executive regulations and is in agreement with the Group's accounting records.

Ahmed Gamal Hamdallah Al-Atrees

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

3 March 2011
Cairo

Consolidated Balance Sheet

At December 31, 2010

(all amounts in thousand Egyptian Pounds)

	Note	2010	2009
Non-current Assets			
Property, plant and equipment	5	1,688,120	1,360,920
Intangible assets	6	181,708	184,269
Investment in associates	7	2,414	2,414
Long term notes receivable	8	32,848	31,355
Deferred tax assets	9	14,495	14,057
Investment property	10	5,436	7,523
Total Non-current Assets		**1,925,021**	**1,600,538**
Current Assets			
Inventories	11	1,661,114	1,183,979
Accounts and notes receivable	12	691,956	519,319
Debtors and other debit balances	13	410,221	246,988
Due from related parties	14	1,351	1,351
Cash on hand and at banks	15	828,501	141,611
Total Current Assets		**3,593,143**	**2,093,248**
Current Liabilities			
Provisions	16	56,931	42,638
Current tax liabilities	17	47,767	45,198
Loans and borrowings	18	827,884	787,158
Due to related parties	14	17,716	9,283
Trade payables and other credit balances	19	1,214,236	727,380
Total Current Liabilities		**2,164,534**	**1,611,657**
Working Capital		**1,428,609**	**481,591**
Total Invested Funds		**3,353,630**	**2,082,129**
Represented in:			
Company's Equity Holders			
Share capital	20	129,000	129,000
Payment under capital increase	21	2,258	2,258
Shares held by the Group	22	(3,275)	(3,275)
Legal reserve	23	185,655	138,832
Other reserves	24	1,028,381	1,022,610
Retained earning		652,768	638,927
		1,994,787	**1,928,352**
Minority interest	**25**	**222,466**	**66,585**
Total Equity		**2,217,253**	**1,994,937**
Non - Current Liabilities			
Bonds payables	26	989,714	-
Long-term loans	18	41,396	-
Notes payables long-term	27	16,461	22,634
Deferred revenue	28	23,649	32,474
Deferred tax liabilities	9	26,568	21,775
Amounts under settlement on lease contract	29	38,589	10,309
Total non-current liabilities		**1,136,377**	**87,192**
Total Equity and Non–current Liabilities		**3,353,630**	**2,082,129**

The accompanying notes on pages 42 to 76 form an integral part of these consolidated financial statements.

Mr. Bassem Iskander **Group Finance Director**	**Mr. Colin J. Sykes** **Chief Financial Officer**	**Dr. Raouf Ghabbour** **Chairman and Managing Director**

3 March 2011
Independent auditor's report attached

Consolidated Statement of Income

For the year ended December 31, 2010

(all amounts in thousand Egyptian Pounds)

	Notes	2010	2009
Sales		6,873,812	4,258,365
Cost of sales		(5,988,404)	(3,663,892)
Gross profit		**885,408**	**594,473**
Selling and marketing expenses		(130,018)	(117,126)
Administration expenses		(231,918)	(126,663)
Provisions - net	30	(29,312)	20,617
Other income		33,565	25,350
Operating profit		**527,725**	**396,651**
Gain from property investment revaluation		-	1,229
Finance costs - net	31	(170,979)	(114,042)
Stock options at fair value	32	-	(17,260)
Net profit before tax		**356,746**	**266,578**
Income tax	33	(72,790)	(63,195)
Net profit for the period before minority interest		**283,956**	**203,383**
Minority interest		(26,106)	(1,935)
Net profit for the period after minority interest		**257,850**	**201,448**
Basic Earnings per share	**34**	**1.99**	**1.62**
Diluted Earnings per share	**34**	**2.136**	**1.687**

The accompanying notes on pages 42 to 76 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Owners' Equity

For the year ended December 31, 2009 and December 31, 2010

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

Year ended 31 December 2009	Note	Share Capital	Payment under capital increase	Shares Held by the Group	Legal Reserve	Other Reserves	Retained earning	Total Shareholders' Equity	Minority Interest	Total Equity
								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	32	-	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**

For the year ended December 31, 2010 (all amounts in thousand Egyptian Pounds)

Year ended 31 December 2010	Note	Share Capital	Payment under capital increase	Shares Held by the Group	Legal Reserve	Other Reserves	Retained earning	Total Shareholders' Equity	Minority Interest	Total Equity
								Equity		
Balance at 1 January 2010		**129,000**	**2,258**	**(3,275)**	**138,832**	**1,022,610**	**638,927**	**1,928,352**	**66,585**	**1,994,937**
Capital increase		-	-	-	-	-	-	**-**	129,659	**129,659**
Currency translation differences		-	-	-	-	5,771	-	**5,771**	-	**5,771**
Net profit for the period		-	-	-	-	-	257,850	**257,850**	26,106	**283,956**
Investments in subsidiaries		-	-	-	-	-	-	**-**	-	**-**
Transfer to legal reserve		-	-	-	46,823	-	(46,823)	**-**	-	**-**
Payment under capital increase		-	-	-	-	-	-	**-**	116	**116**
Dividends		-	-	-	-	-	(197,186)	**(197,186)**	-	**(197,186)**
Balance at 31 December 2010		**129,000**	**2,258**	**(3,275)**	**185,655**	**1,028,381**	**652,768**	**1,994,787**	**222,466**	**2,217,253**

The accompanying notes on pages 42 to 76 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

For the year ended December 31, 2010

(all amounts in thousand Egyptian Pounds)

	Note	2010	2009
Cash flows from operating activities			
Net profit for the year		257,850	201,448
Adjustments:			
Income tax expenses	33	72,790	63,195
Minority interest share in net profit	25	26,106	1,935
Depreciation and amortization		79,105	55,018
Provisions no longer required	30	(19,822)	(23,088)
Provisions	30	49,133	2,471
Fair value of foreign currency swap contracts		(8,724)	(4,836)
Deferred revenue	28	(8,825)	(10,024)
(Gain) on sale of fixed assets		1,156	(77)
(Gain) / loss for the re-valuation of investments property	10	-	(1,229)
Gain on sale of investment property		423	434
Stock option fair value for the managing director	32	-	18,550
Net profit before changes in working capital		**449,192**	**303,797**
Changes in working capital			
Inventories		(480,161)	164,706
Accounts and notes receivables		(156,041)	(11,282)
Debtors and other debit balances		(164,574)	(19,079)
Due from related parties		-	7,230
Due to related parties		8,433	8,763
Trade payables other credit balances		476,975	(67,018)
Provisions used		(31,766)	(27,003)
Withholding tax paid during the year	17	(21,659)	(22,736)
Income tax paid during the year	17	(44,207)	(61,649)
Net cash generated from operating activities		**36,192**	**275,729**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(419,326)	(234,538)
Proceeds from sale of property, plant and equipment		14,392	5,773
Purchase of intangible assets	6	(1,623)	(1,245)
Proceeds from sale of investments property		1,664	6,400
Net cash (used in) investing activities		**(404,893)**	**(223,610)**
Cash flows from financing activities			
Increase in minority interest	25	129,659	49,671
Minority payment under capital increase		116	-
Loans and borrowings		85,134	(70,578)
Long-term notes payables		(6,173)	(3,738)
Bonds payable		989,714	-
Dividends paid		(176,911)	-
Installment land obligation		-	(2,555)
Proceeds from sale and lease back asset		-	-
Amounts under settlement on lease contract		28,280	10,309
Net cash generated (used) from financing activities		**1,049,819**	**(16,891)**
Net increase in cash and cash equivalents		**681,119**	**35,228**
Cash and cash equivalents at beginning of the year		**141,611**	**124,239**
Translation differences		5,771	(17,856)
Cash and cash equivalents at end of the year	15	**828,501**	**141,611**

The accompanying notes on pages 42 to 76 form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

(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 Group and it's subsidiaries (will be referred to as "the Group") main activities include trading, distributing and marketing of all transportation means including heavy trucks, semi trucks, passenger cars, buses, mini buses, micro buses, agriculture tractors, pick-ups, mechanical tools equipments for sail movement and motors with their different structures and types 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 owns approximately 70% of the Company shares.

The financial statements are approved for issuance by the Board of Director at its meeting dated

3 March 2011.

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

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convertible are considered when assessing whether the Group controls another entity.

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

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

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

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

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

(b) Transactions and minority interests

The Group 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.

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

C. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

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

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

(3) Group companies

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

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

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

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

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

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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:

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

E. Intangible assets

i. Goodwill

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

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

Gains and losses on the disposal of 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

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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 3 years.

iii. Knowhow

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

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 year for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash flows.

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

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 year incurred. If the Company elects to exercise the purchase option on the leased asset, the option cost is capitalised as property, plant, and equipment and depreciated over their expected remaining useful lives on a basis consistent with similar assets.

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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 year so as to produce a constant year rate of interest on the remaining balance of the liability for each six months. 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.

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

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 year in which it arises according to the market value which is determined using independent expertise.

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 to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable

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payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than:

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

2) Those that the entity designates as available for sale; and

3) Those that meet the definition of loans and receivables.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 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).

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

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through profit or loss are subsequently carried at fair value. Held to maturity, loans and receivables are carried at amortised cost using the effective interest method

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognized in the income statement in the year 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.

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 year.

N. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group will reclassify this entire category, to available for sale investments category if, sold more than an insignificant amount other than in specific situations.

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O. Share capital

Ordinary shares are classified as equity. Share premiums, if any, are taken to statutory reserve. The costs of issuing capital and amounts collected from shareholders to recover such costs are taken to the 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.

P. Share based payments

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

Q. Loans and borrowings

Loans are recognised initially at the amount of the proceeds received, net of transaction costs incurred. Loans are subsequently 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 year 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 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.

R. Employee benefits

(1) Defined contribution plan

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

(2) Profit sharing

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

S. Provisions

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

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amount has been reliably estimated.

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

T. Trade payables

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

U. Derivative financial instruments

Derivatives are initially recognized at fair value on the date 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.

V. 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 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 instalments.

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

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(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 year and the difference between the recognized lease revenue and the gross receivable is deferred in the balance sheet in the same financial year in a separate account either debit or credit and is offset against the net book value of the leased asset 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 year to maturity, when it is determined that such income will accrue to the Group.

(f) Dividend income

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

W. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted 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.

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

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

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

X. Segment reporting

Business segments provide products or services that are subject to risks and returns that are different 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.

Y. Dividends

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

GB Auto and its Subsidiaries (S.A.E)

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the Group's shareholders.

Z. Comparative figures

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

3. Financial risk management

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including 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 it's functional and presentation currency differ from that used by the Group (Free Zone Companies).

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

	2010			2009
	Assets	Liabilities	Net	Net
United States Dollars	58,798	(662,257)	**(603,459)**	(186,622)
Euros	768	(787)	**(19)**	4,172
Other currencies	9	(9,795)	**(9,786)**	(14,949)

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 767,793k and the loan and borrowing with fixed interest rate amounted to LE 101,485k. The fair value for borrowings with fixed interest rate is approximately near its earnings amount.

Financial assets exposed to the changes in the interest rate are amounted to LE 163,130k as of 31 December 2010 (31 December 2009: LE 70,710k).

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

		2010 LE	2009 LE
Time deposit	LE	2,368	2,454
Time deposit	US $	160,762	68,256
		163,130	**70,710**

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 follows:

	2010	2009
Notes and accounts receivable	979,998	819,448
Allowance for impairment of accounts and notes receivable	247,350	265,439
Allowance to receivables	**25.24%**	**32.39%**

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 2010 and 31 December 2009 were as follows:

Description	2010	2009
Total loans and borrowings and notes payable		
Borrowings	1,858,994	787,158
Notes payable short-term	58,348	76,689
Notes payable long-term	16,461	22,634
Total loans and borrowings	**1,933,803**	**886,481**
Less: cash and cash equivalent	(828,501)	(141,611)
Net debt	**1,105,302**	**744,870**
Total equity	1,994,787	1,928,352
Total capital	**3,100,089**	**2,673,222**
Gearing ratio	**36%**	**28%**

(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.

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

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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 receivable

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 local 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 2010	847,383	201,646	158,536	88,246	200,064	1,495,875
Foreign currency translation differences	(176)	(32)	(2)	(92)	-	(302)
Balance at 1 January 2010 after foreign currency translation differences	847,207	201,614	158,534	88,154	200,064	1,495,573
Additions	62,081	23,171	142,835	29,703	161,536	419,326
Disposals	(2,164)	(275)	(18,969)	(4,007)	(394)	(25,809)
Transfer from projects under construction	54,636	16,766	-	7,221	(78,623)	-
Balance at 31 December 2010	**961,760**	**241,276**	**282,400**	**121,071**	**282,583**	**1,889,090**
Accumulated depreciation						
Balance at 1 January 2010	21,395	52,521	36,182	24,744	-	134,842
Foreign currency translation differences	(176)	(3)	(2)	(8)	-	(189)
Balance at 1 January 2009 after foreign currency translation differences	**21,219**	**52,518**	**36,180**	**24,736**	**-**	**134,653**
Depreciation charge	7,771	16,967	33,264	16,919	-	74,921
Disposals	(108)	(92)	(4,689)	(3,715)	-	(8,604)
Balance at 31 December 2010s	**28,882**	**69,393**	**64,755**	**37,940**	**-**	**200,970**
Net book value at 31 December 2010	**932,878**	**171,883**	**217,645**	**83,131**	**282,583**	**1,688,120**
Net book value at 31 December 2009	**825,988**	**149,096**	**122,354**	**63,418**	**200,064**	**1,360,920**

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

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For the year ended 31 December 2010

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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:

	2010	2009
Capitalized finance leases (cost)	18,500	18,500
Accumulated depreciation	(8,831)	(8,757)
Net book value	**9,669**	**9,743**

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 year and the leased contracts are as follows:

	2010	2009
Total contractual lease payments	83,940	93,012
Total purchase price on termination of leases	169	214
Average useful life	10 years	10 years
Lease payments for the year	16,465	13,511

Finance leased assets

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

	2010	2009
Cost	194,221	38,501
Accumulated depreciation	(24,621)	(3,904)
Net book value	**169,600**	**34,597**

6. Intangible assets

	Computer software	Knowhow	Goodwill	Total
Balance at 1 January 2010	3,638	2,257	178,374	**184,269**
Additions during the year	1,623	-	-	**1,623**
Amortization for the year	(2,758)	(1,426)	-	**(4,184)**
Balance at 31 December 2010	**2,503**	**831**	**178,374**	**181,708**

Goodwill

On 28 March 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 178,374k 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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For the year ended 31 December 2010

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Impairment test of good will

The management annually (At 31 December) assesses whether the carrying amount of the goodwill is fully recoverable, unless there are indicators regarding the impairment of such goodwill, An operating segments level summary of the goodwill allocation is presented below.

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

The results of the impairment test as of 31 December 2010 as follows:

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

	2010	2009
Two and three wheelers	177,374	177,374
Capital leasing activity	1,000	1,000
	178,374	**178,374**

The recoverable amount 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 Three years period.

The key assumption used for value in use calculations as of 31 December 2010, are as follow:

	2010	2009
Growth margin	23%	23%
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

	2010	2009
GB Trade-In Co.	2,414	2,414
Total	**2,414**	**2,414**

8. Long-term notes receivable

	2010	2009
Long-term notes receivable	36,276	34,753
Deferred interest on installment sales	(1,494)	(618)
Net present value for long-term notes receivable	**34,782**	**34,135**
Allowance for impairment of notes receivable	(1,934)	(2,780)
Net	**32,848**	**31,355**

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9. Deferred tax assets and liabilities

	Fixed and Intangible Assets	Carry forward losses	Inventory Provision	Warranty Provision	Legal Claims Provision	Convertible Loans	Total 2010	Total 2009
A. Deferred tax assets								
Balance at 1 January	22	5,174	4,963	3,060	838	-	**14,057**	**10,467**
Charged to the statement of income	-	21	-	746	(329)	-	**438**	**3,590**
Balance at 31 December	**22**	**5,195**	**4,963**	**3,806**	**509**	**-**	**14,495**	**14,057**
B. Deferred tax liabilities								
Balance at 1 January	21,472	-	-	-	-	303	**21,775**	**18,288**
Charged to the statement of income	4,793	-	-	-	-	-	**4,793**	**3,487**
Balance at 31 December	**26,265**	**-**	**-**	**-**	**-**	**303**	**26,568**	**21,775**
Net deferred tax Liability	**(26,243)**	**5,195**	**4,963**	**3,806**	**509**	**(303)**	**(12,073)**	**(7,718)**
Balance at 1 January	(21,450)	5,174	4,963	3,060	838	(303)	**(7,718)**	**(7,821)**
Charged to the statement of income	(4,793)	21	-	746	(329)	-	**(4,355)**	**103**
Balance at 31 December	**(26,243)**	**5,195**	**4,963**	**3,806**	**509**	**(303)**	**(12,073)**	**(7,718)**

Unrecognised deferred tax assets

There are deferred tax assets were not recorded due to the uncertainty that those items will have a future tax benefit.

	2010	2009
Impairment reserve in accounts and notes receivables	47,056	38,182
Impairment reserve in other debit balances	1,430	858
Total	**48,486**	**39,040**

10. Investment property

	31 December 2010	31 December 2009
Balance at 1 January	7,523	13,128
Disposals	(2,087)	(6,834)
Revaluation gain	-	1,229
Balance	**5,436**	**7,523**

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 defines their fair market value, and the expert prepared his final report about the re-valuation

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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.

11. Inventories

	2010	2009
Raw material and car components	191,879	216,983
Finished goods	903,145	453,120
Goods in transit	395,639	362,957
Work in progress	32,381	24,144
Spare parts (for sale)	170,737	159,442
Total	**1,693,781**	**1,216,646**
Provision for decrease in the net realizable value	(32,667)	(32,667)
Net	**1,661,114**	**1,183,979**

12. Accounts and notes receivables

	2010	2009
Total notes receivable	199,519	351,765
Long-term notes receivable (Note 8)	(36,276)	(34,753)
Short-term notes receivable	**163,243**	**317,012**
Deferred interest on installment sales	(6,349)	(2,717)
Net present value for short-term notes receivable	**156,894**	**314,295**
Trade receivable	744,507	450,798
Checks under collection	35,972	16,885
Total	**937,373**	**781,978**
Allowances for impairment of accounts and notes receivable balances	(245,417)	(262,659)
Net	**691,956**	**519,319**

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13. Debtors and other debit balance

	2010	2009
Advance payments to suppliers	257,633	75,934
Letters of credit	6,677	51,035
Withholding tax	23,007	17,013
Sales tax	37,454	9,774
Prepaid expenses	25,642	18,167
Other debit balances	10,424	15,855
Prepaid rent short-term	898	860
Staff loans	7,992	13,002
Letters of guarantee coverage	25,518	38,750
Customs duties	13,507	7,753
Refundable deposit	4,796	1,376
Accrued interest	897	212
Total	**414,445**	**249,731**
Allowance for impairment of other debit balances	(4,224)	(2,743)
Net	**410,221**	**246,988**

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 year with amount of LE 20,358 thousands 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.

	2010	2009
Due from related parties		
GB Trade-In Co. (associate)	1,351	1,351
Total	**1,351**	**1,351**

	2010	2009
Due to related parties		
El Kassed For commercial agencies	8,813	-
Marco Polo Company – Brazil (subsidiaries shareholder)	6,853	5,386
Due to executive directors	2,050	3,897
	17,716	**9,283**

GB Auto and its Subsidiaries (S.A.E)

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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	(1,847)
Marco Polo Company – Brazil	Contribution in one of subsidiaries	Cash transfers	1,467
Cougar Company for capital management	Owned by the managing director	Loan interest settlement	13,398

15. Cash on hand and at banks

	2010	2009
Cash on hand and cash at banks	828,501	141,611
	828,501	**141,611**

16. Provisions

As at 31 December 2010

	Legal Claims	Warranty	Other Provision	Total
Balance 1 January 2010	6,299	15,303	21,036	42,638
Additional provision	-	14,953	25,405	40,358
Utilized during the year	(1,673)	(11,992)	(2,164)	(15,829)
Provision no longer required	-	(236)	(10,000)	(10,236)
Balance at 31 December 2010	**4,626**	**18,028**	**34,277**	**56,931**

As at 31 December 2009

	Legal Claims	Warranty	Other Provision	Total
Balance 1 January 2009	4,263	27,446	42,302	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	**6,299**	**15,303**	**21,036**	**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 2010.

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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 18,028K at the end of the year 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 development, discussions and agreements with the third party.

17. Current tax liabilities

	2010	2009
Balance at 1 January	45,198	66,285
Tax paid during the year	(42,207)	(61,649)
Income tax during the year	68,435	63,298
Withholding tax	(21,659)	(22,736)
Balance at the end of the year	49,767	45,198

18. Loans and borrowings

	2010			2009		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
A. Banks loans and overdrafts						
Banks overdraft	726,397	-	**726,397**	682,660	-	**682,660**
Loans	-	41,396	**41,396**	-	-	**-**
B. Convertible loans to ordinary shares	101,485	-	**101,485**	104,498	-	**104,498**
Total	**827,882**	**41,396**	**869,278**	**787,158**	**-**	**787,158**

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A. Bank overdraft

The bank overdrafts 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:

	2010	2009
Less than one year	827,882	787,158
More than one year and less than five years	41,396	-
	869,278	**787,158**

Long term loans (More than one year and less than five years) represent Loans from Marco Polo Co. and Bank Loans by L.E (19,676K), (21,720K) respectively. The fair values of the bank loans are approximately equal the 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 10 October 2010, or converting the loan value into capital shares (call option) in a price 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 apart 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:

	2010	2009
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	**101,485**	**101,485**

A small value of simple interest amount to 7% (seven percent) annually is accrued for on the loan, In addition to 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 to the part of liabilities in the loan 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.

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GB Auto and RG Investment Guarantees.

19. Trade payables and other credit balances

	2010	2009
Trade payable	936,422	410,288
Dividends payable	56,084	35,809
Advances from customers	37,712	102,291
Notes payable (Note 28)	58,349	76,689
Accrued expenses	32,429	33,185
Tax Authority	42,212	12,291
Other credit balances	41,977	44,022
Deferred revenue	9,051	10,250
Installment land obligation*	-	2,555
	1,214,236	**727,380**

* This obligation represents the total instalment value for lands purchased from the New Cairo City development authority with the last instalment settled on 18 January 2010.

20. Share capital

	2010	2009
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**

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 capital increase was concluded 9 July 2007.

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

a. Public subscription

The public subscription is opened on 22 September 2007 and closed at the end of the working day 2 July 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.

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%.

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b. Private placement

16,712,356 (only sixteen million seven hundred twelve thousands three hundred fifty six) shares are subscribed at a total value of LE 618,357,172 (nine hundred eighteen millions 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 millions nine hundred seventy five nine hundred and three) are subscribed at a total of LE 209,997,468 (only two hundred nine millions 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 millions two hundred seventy five and forty) are subscribed at a total value of LE 103,000,000 (only one hundred and three millions) and at a price of LE 3,145 (only thirty one pound forty five) per share.

21. Payment under capital increase

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

22. Shares held by the Group

Shares held by the Group represents 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 one of the Group subsidiaries which 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 shares amounted to LE 99,725k.

23. Legal reserve

	2010	2009
Balance at 1 January	138,832	139,698
Transfer to Legal reserve	46,823	224
Transfer to retained earning as result of the liquidation of subsidiary	-	(1,090)
Balance at the end of the year	**185,655**	**138,832**

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

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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**

24. Other reserves

	Provision for foreign currency translation	Fixed asset evaluation surplus	Provision for convertible loans	Other reserve	Total 2010	Total 2009
Balance at 1 January	43,212	2,498	1,212	975,688	1,022,610	1,024,174
Realized currency translation difference as result of the liquidation of a subsidiary	-	-	-	-	-	(17,069)
Stock option fair value for the Managing Director	-	-	-	-	-	16,292
Foreign currency translation differences	5,771	-	-	-	5,771	(787)
Balance	**48,983**	**2,498**	**1,212**	**975,688**	**1,028,381**	**1,022,610**

The stock option fair value for the managing director difference represents 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 32).

Notes to the Consolidated Financial Statements

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

25. Minority interest

	Capital	Reserves	Retained earning	Total 2010	Total 2009
Balance at 1 January	60,642	501	5,442	66,585	14,979
Capital increase	129,659	-	-	129,659	12,010
Transferred to legal reserve	-	-	-	-	58
Profit for the year	-	-	26,106	26,106	1,935
Investments in subsidiaries	-	-	-	-	251
Currency translation differences	-	-	-	-	52
Payments under capital increase	-	-	116	116	37,300
Balance	**190,301**	**501**	**31,664**	**222,466**	**66,585**

26. Bonds Payable

	2010	2009
Bonds Payable	1,000,000	-
Less		
Bonds transaction cost	(10,286)	-
Net	**989,714**	**-**

The Company undertook a public subscription in bonds amounting to LE 1 billion on 14 April 2010, and that was closed on 2 May 2010. The subscriptions received amounted to LE 1.335 billion and an amount of LE 1 billion was allocated. The bonds interest rate is 12% fixed, paid quarterly, and the first interest amounted to LE 19,826k was due and paid on 1 July 2010. After an initial grace period, the bonds are to be repaid over 13 quarterly instalments commencing 1 January 2012. An amount of LE 12M was paid as transaction cost, which will be amortized over the Bonds' life. As at 31 December 2010 the balance of this cost amounted to LE 10,286k.

27. Notes payable long-term

Notes payable include the values for instalment of land purchased from the International Islamic Bank for Investment and Development and the instalments of the cars rented from Incolease Co.

	2010 Notes Payable	2010 Present Value	2009 Notes Payable	2009 Present Value
Less than 1 year	59,685	58,349	77,322	76,689
More than 1 year and less than 5 years	18,417	16,461	29,328	22,634
Total	**78,102**	**74,810**	**106,650**	**99,323**

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 year. 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 May 2013.

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	2010	2009
Sale and lease back asset gain	21,949	28,374
Marketing contract deferred revenue	1,700	4,100
	23,649	**32,474**

29. 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.

30. Provisions (Income statement)

Provision no longer required:

	2010	2009
Reversing of the impairment in accounts and notes receivable balances	9,585	7,099
Reversing of inventory provision for decrease in the net realizable value	-	3,503
Litigation no longer required	-	5,645
Reversing of the impairment in other debit balance	-	6,841
Warranty provision no longer required	236	-
Other provision no longer required	10,000	-
Total Provision no longer required	**19,821**	**23,088**

Provision Expense:

	2010	2009
Warranty provision	(14,953)	-
Allowance for impairment in other debit balances	(1,341)	-
Provision for decrease in the net realizable value	(5,270)	-
Allowances for impairment of accounts and notes receivable balances	(2,164)	-
Other provisions	(25,405)	(2,471)
Total Provision Expense	**(49,133)**	**2,471**
Net	**(29,312)**	**20,617**

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For the year ended 31 December 2010

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

31. Finance cost - net

	2010	2009
Installment sales interest	4,525	5,863
Interest income	34,844	1,752
Net foreign exchange transaction losses/gain	(8,741)	12,267
Interest expenses	(128,398)	(138,759)
Bonds Interest expenses	(81,933)	-
Gain on the change in fair value of foreign currency swap contracts	8,724	4,836
	(170,979)	**(114,041)**

32. Stock option fair value for the managing director

The shareholders decided at the Extra Ordinary General Assembly Meeting held on 30 March 2009 to grant the managing director Dr. Raouf Ghabbour under the employees stock option plan free shares amounting to 2,257,500 shares as reward 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.

The fair value of the share has been revaluated as of 31 December 2010 as follows:

Description	Amount
Number of shares	2,257,500
Share fair value at the grant date 30 March 2009	10.9
	24,606,750
3 years (Prohibition Period) starting from 2009	3
The year's portion until 31 December 2010	**16,404,500**
Total amounts that were charged in prior years	**(18,549,996)**
Current year portion	**-**
Charged during the year	**-**

33. Income tax

	2010	2009
Current tax	68,435	63,298
Deferred tax	4,355	(103)
	72,790	**63,195**

	2010	2009
Consolidated net profit for the year before taxes and minority interest	356,749	266,578
Income tax calculated at a tax rate of 20%	**71,350**	**53,316**
Expenses not deductible for tax purposes	18,081	13,728
Tax loss carry	-	9,361
Tax deductible expenses	(12,658)	(9,680)
Income not subject to tax	(4,217)	(3,212)
Deferred tax recognized	1,798	3,937
Deferred tax not previously recognized	(1,564)	(4,255)
Income tax for the year	**72,790**	**63,195**

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34. 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 six months, and after deducting the shares held by the Group (Note 21).

	2010	2009
Profit attributable to equity holders of the Company	257,850	201,448
Weighted average number of ordinary shares in issue	129,000	129,000
Basic earnings per share	**1.56**	**1.56**

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 it calculated below that the potential ordinary shares are ant dilutive as at 31 December 2010 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.

	2010	2009
Net profit attributable to shareholders	257,850	201,448
Debit interest on convertible loan (net after tax)	10,712	10,712
	268,562	**212,160**

	2010	2009
Weighted average number of ordinary shares in issue	129,000	129,000
		-
Convertible Loan	(3,275)	(3,275)
Weighted average number of ordinary shares	**125,725**	**125,725**
Diluted earnings per share	**2.136**	**1.687**

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35. Income statement by nature

	2010	2009
Sales	6,873,812	4,258,365
Direct manufacturing cost	(5,848,172)	(3,471,628)
Overhead cost		
Salaries	(62,050)	(69,933)
Others	(78,182)	(122,331)
Gross profit	**885,408**	**594,473**
Other income	33,564	37,439
Forex (gain) loss	(8,741)	12,198
Reversing of the impairment in accounts and notes receivable	-	7,099
Interest on installment sales	4,525	6,561
Reversing of the impairment in other debit balance	-	5,644
Provision no longer required	19,822	6,841
Warranty provision no longer required	-	-
Change in fair value of foreign currency swap contract	8,724	4,836
Reversing of inventory provision for decrease in the net realizable value	-	3,503
Investment property revaluation	-	1,228
Interest income	34,844	1,122
Interest expense	(210,331)	(138,706)
Employees salaries and benefits	(104,337)	(79,878)
Selling and marketing	(87,513)	(49,483)
Provisions	(34,180)	(2,471)
Depreciation and amortization	(23,676)	(21,622)
Rent expense	(31,431)	(19,076)
Stock option at fair value	-	(17,259)
Consulting and advisory services	(15,667)	(16,869)
Other miscellaneous expenses	(6,762)	(9,399)
Transportation	(22,950)	(9,168)
Vehicles expenses	(13,390)	(9,101)
Governmental fees, stamps, etc.	(6,547)	(6,141)
Utilities	(4,729)	(4,816)
Hounability	(7,452)	(4,229)
IT and network and PC's expenses	(8,342)	(4,203)
Safety and security expenses	(5,645)	(3,652)
Insurance	(3,827)	(3,606)
Donations	(3,663)	(3,590)
Administration supplies	(4,818)	(3,567)
Telecommunication	(2,974)	(2,474)
Public relations expenses	(630)	(1,913)
Repair and maintenance shipping	(5,041)	(1,881)
Shipping	(787)	(549)
Gifts	(1,755)	(539)
Warranty provision	(14,953)	-
Bank charges	-	(174)
Net profit before tax	**356,746**	**266,578**
Tax expenses	(72,790)	(63,195)
Net profit before minority interest	**283,956**	**203,383**
Minority interest	(26,106)	(1,935)
Net Profit after minority interest	**257,850**	**201,448**

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36. Segment reporting

	Passenger Car		Buses and Trailers		Two & Three Wheelers		Other Operations		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenues	5,383,038	2,893,364	665,400	644,555	624,735	598,065	200,639	122,437	6,873,812	4,258,421
Segment profit	**612,252**	**348,350**	**76,990**	**87,941**	**169,651**	**148,437**	**26,515**	**9,745**	**885,408**	**594,473**
Selling and marketing expenses									(130,018)	(117,126)
Administration expenses									(231,918)	(126,663)
Other income									33,565	25,350
Provisions - Net									(29,312)	20,617
Stock option fair value bonus for managing directors									-	(17,260)
Operating profit									**527,725**	**379,391**
Property investment									-	1,229
Finance cost									(170,979)	(114,042)
Income tax									(72,790)	(63,195)
Net profit of the year									**283,956**	**203,383**
Minority interest									(26,106)	(1,935)
Net profit of the year after minority interest									**257,850**	**201,448**

	Passenger Car		Buses and Trailers		Two & Three Wheelers		Other Operations		Consolidated	
Other information	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Segment assets	2,755,555	1,893,658	1,533,597	1,241,405	44,637	157,958	1,184,377	393,400	5,518,165	3,686,422
Investment in associates	-	-	-	-	-	-	2,414	2,414	2,414	2,414
Total distributed assets	**2,755,555**	**1,893,658**	**1,533,597**	**1,241,405**	**44,637**	**157,958**	**1,186,790**	**395,814**	**5,520,579**	**3,688,836**
Segment liabilities	1,679,303	1,079,663	360,699	428,399	15,119	10,190	1,245,787	178,051	**3,300,908**	**1,696,303**
Capital expenditures	159,589	76,907	86,301	126,429	1,577	-	171,859	41,716	**419,326**	**245,052**
Depreciation	25,519	23,940	20,464	14,720	122	-	28,816	10,724	**74,921**	**49,384**

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37. Contingent assets and liabilities

a. Contingent assets

The Group raised 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 council, 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 presented in letters of guarantee. The balance of the letters of grantee granted in Egyptian Pounds, United States Dollars and Japanese Yen through it is regular operations, presented in LE as follows:

	2010 LE	2009 LE
EGP	59,572,740	8,915,701
USD	824,124,031	585,625,399
YN	331,678	235,636
Other	**575,202**	**-**

38. 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 such companies of LE 542,271 thousand according to the report prepared by GAFI. This revaluation surplus is represented as follows:

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**

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39. Capital commitments

The capital expenditure commitment at the balance sheet date reached LE 8.5 million representing amounts to be paid after completing the new production lines currently under construction.

40. Subsidiaries

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

Company	Percentage of ownership
RGI Investment S.A.E	100%
International Trade Agencies and Marketing Co. (ITAMCO) S.A.E	99.449%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) S.A.E	99.528%
Ghabbour Continental Trading Co. (GCT) S.A.E.	100%
GB Polo Buses Manufacturing S.A.E.	51%
Almora 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%
Al Majmoa Al Alamih Litijaret Asiarat Ltd (Jordan Free Zone Company) - GK Auto	50%
Microfinance Consultancy Services "Mashro'ey" (S.A.E.)	90%

41. Subsequent events

The Arab Republic of Egypt has faced recent events that have had a considerable impact on the economic sectors which will most likely result in a reduction in overall economic activity in the forthcoming period. However in the current time it is difficult to determine the effect, if any, on the assets, liabilities and financial statements of the company as the degree of impact depends largely on the expected duration of this crisis and its consequences.

42. 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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Reuters Code
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Bloomberg Code
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Number of Shares Outstanding
129,000,000

GHABBOUR AUTO

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