GHABBOUR AUTO

ANNUAL REPORT 2011

PEOPLE DRIVEN

Contents

Highlights of 2011

Completed two new After-Sales centers for Passenger Cars line of business

Set in motion new partnership with Geely

7.9%
Revenue Growth

89.3%
share of sales in the National Taxi Replacement Project

Soft-launched After-Sales for Passenger Cars line of business in Iraq

Revenues of LE **7.4** billion

32.6%
market share in Egypt's passenger car market

Initiated negotiations for a number of contracts that will fill GB Auto's product gaps in Egypt's commercial vehicles market

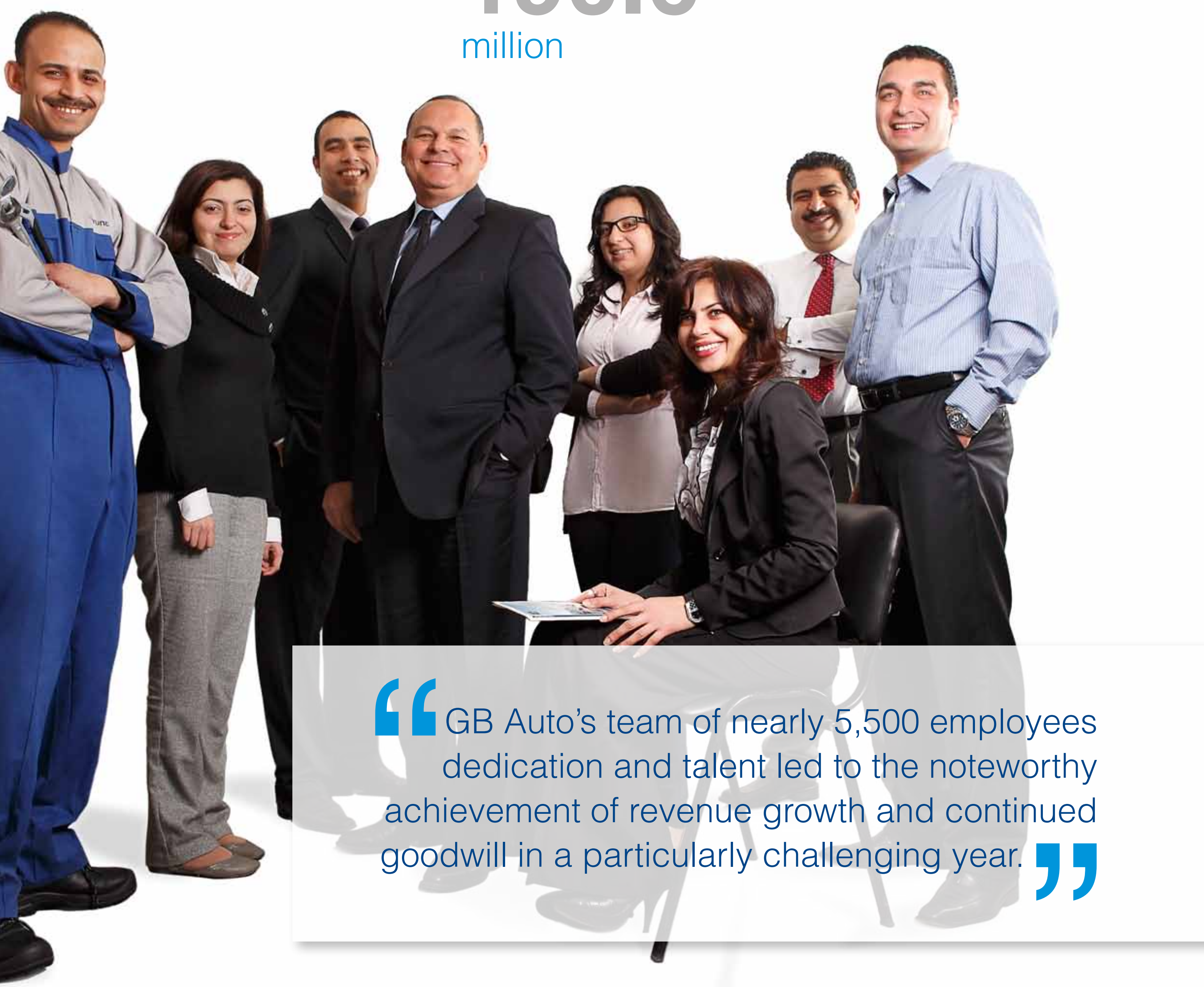
Diversified financing business portfolio

Dominated market share in Iraq with sales of
24,721
units

Mashroey expands its operational branches to
42

A positive bottom line of LE
190.6
million

Motorcycles and Three-Wheelers move a record total of
73,827
units



“GB Auto’s team of nearly 5,500 employees dedication and talent led to the noteworthy achievement of revenue growth and continued goodwill in a particularly challenging year.”

Message from the CEO

It would have been tempting, 12 months ago, to write 2011 off from a business point of view: 18 days of lost sales due to the closure of an entire economy, expectations of a sharp and lasting slowdown, and lingering security concerns are hardly the things of which solid profits are generated.

And yet here we stand, a year after the Egyptian Revolution, discussing not the (very strong) long-term prospects for the economy presented by greater democracy and transparency, but an outstanding business performance that serves as a testament to our management team's decisive response to the events of the Revolution and to the outstanding value-for-money proposition offered by our portfolio of products and services.

I will not belabor our performance in 2011 — this annual report clearly outlines the factors that saw us grow our top line, preserve our bottom line, capture a 32.6% share of the Egyptian passenger car market, and achieve record two- and three-wheeler sales. Instead, I will dwell for a moment on our outlook for 2012 and beyond.

Since 2010, GB Auto has been laying the groundwork for an ambitious expansion program that will deliver outstanding value post the investment phase to be concluded this year. This program is structured to expand both our current portfolio of brands across key lines of business including Passenger Cars, Commercial Vehicles and Tires while simultaneously diversifying our geographic presence to include both new markets and new products in existing markets.

Growth of Existing Passenger Car Businesses

Our distribution and after-sales networks have always been the most extensive in Egypt. In 2012, our investment in new 3S (Sales, Service and Spares) facilities in Assiut, the Cairo Ring Road, and our largest-ever facility at the Cairo-Ismailia Desert Road will begin delivering sales. Meanwhile, we are creating an analogous national network in Iraq, where our growth is limited only by the availability of supply. Hyundai is the market leader in Egypt and Iraq, and we look forward to more generous allocations as Hyundai completes its capacity expansion.

New Passenger Car Representations

Hyundai Motor Co. products remain at the core of GB Auto's Passenger Car offering. HMC is a trusted and sought-after mid-to-high-end brand with immense appeal to key MENA markets, as we have proven in Egypt (where we have captured more than 32% market share) and in Iraq (where demand for Hyundai vehicles far outstrips available supply).

The reality, however, is that there is significant pent-up demand in the lower and lower-middle income for safe, high-quality, feature-rich products. These are consumers for whom Hyundai is an aspirational brand, but not yet an achievable goal. To put a point on it: These are consumers whose automotive entry point is a scooter, a low-end Chinese motorcycle or an aged used automobile.

We firmly believe that Egypt and our core expansion markets in North Africa are now entering substantial, sustainable growth phases. A rising economy, as the saying goes, floats all boats. By providing lower and lower-middle income earners with brands they can afford today, we thus capture them as long-term customers not just for aftersales on their first vehicle, but for their second and third cars as their personal economic situations improve.

That's where Geely comes in — a best-in-class brand with whom we have partnered after extensive research and a protracted due-diligence process.

Our partnership with Geely will not just allow us to make better use of our CKD assembly capacity. It will not only allow us to capture new clients today. It will lock-in clients who, as their situations in life improve, will graduate from an entry-level Geely to a mid-level Geely to a mid-level Hyundai in the course of their lifetimes.

New Geographies

As it was with Hyundai, Egypt is merely the beginning with Geely, which we see as the crown jewel of the Chinese automotive market. Our partnership with Geely extends across the North African market, and we are now working together to prioritize our first expansion markets. Regionality is similarly a hallmark of the

> If 2011 proved nothing else, it is that great brands are rudderless without the management talent to guide them through good times and bad.

other representation agreements we are now pursuing in Commercial Vehicles, Tires and Farm Equipment.

A Competitive Commercial Vehicles Offering

We are presently negotiating a group of interlocking representation agreements that would give GB Auto highly competitive offerings in the CV segment, affording us for the first time true entrants in the pickup truck, microbus and micro-microbus ranges. These agreements would extend beyond Egypt to high-potential North African markets. While one or more agreement to secure competitive microbus, pickup truck and micro-microbus offerings is our top priority, we are also exploring potential partnerships in the construction equipment, agricultural equipment and tires segments, among others.

Expansion of Financing Businesses

A prudent approach to risk management (including diversification of lease / loan portfolios) underpinned the success of our Financing Businesses in 2011 and allowed GB Lease to grow well ahead of its business plan despite the turmoil of the year, and Mashroey to close its second profitable year. This emphasis carries forward to 2012, where we expect the launch of Drive, our consumer finance venture, to be a critical driver of Passenger Car sales and a long-term driver of growth.

If 2011 proved nothing else, it is that great brands are rudderless without the management talent to guide them through good times and bad. Management's response to the challenges of the year just ended underpinned our performance — and afforded us the breathing room we needed to seek out and begin negotiations with the brands we will add to our portfolio this year.

With that in mind, I am entirely confident that our newly completed C-suite team — dominated by Egyptians who have proven national and global expertise in their fields — will lead growth across existing and expansion lines of business and geographies.

Dr. Raouf Ghabbour, CEO

Summary Overview of Performance by LOB

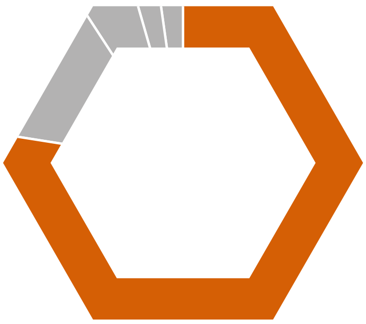
Passenger Car LOB		FY2011	FY2010	% Change	FY2009	% Change
Total Sales Revenue	(LE million)	5,741.9	5,383.0	26.7	2,893.1	86.1
Total Gross Profit	(LE million)	569.1	612.2	-7.0	348.2	75.8
Gross Profit Margin	%	9.9	11.4	-1.5	12.0	-0.7
Motorcycle & 3-Wheeler LOB						
Total Sales Revenue	(LE million)	1,001.7	624.7	60.3	597.8	4.5
Total Gross Profit	(LE million)	254.4	169.7	49.9	148.6	14.2
Gross Profit Margin	%	25.4	27.2	-1.8	24.9	2.3
Commercial Vehicles & Construction Equipment LOB						
Total Sales Revenue	(LE million)	340.5	665.4	-48.9	645.0	3.2
Total Gross Profit	(LE million)	6.2	77.0	-91.9	87.9	-12.4
Gross Profit Margin	%	1.8	11.6	-9.8	13.6	-2
Tires, Transportation & Financing lines of business						
Total Sales Revenue	(LE million)	331.3	200.7	65.1	122.4	64
Total Gross Profit	(LE million)	53.6	26.6	101.5	9.1	192.3
Gross Profit Margin	%	16.2	13.3	2.9	7.4	5.9
Group						
Group Revenue	(LE million)	7,415.3	6,873.8	7.9	4,258.4	61.4
Group Gross Profit	(LE million)	883.3	885.4	-0.2	593.9	49.1
Group Gross Margin	%	11.9	12.9	-1.0	13.9	-1.1

Company at a Glance

Passenger Cars

- Assembly and distribution of imported un-assembled units (CKD) in Egypt
- Distribution of fully-assembled imported units (CBU) in Egypt and Iraq
- After-sales service and distribution of spare parts in Egypt and Iraq
- Brands: Hyundai, Mazda and Geely (newly introduced)

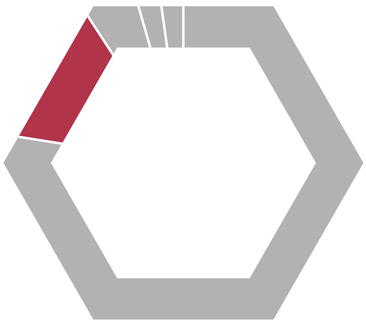
77.4% of FY11 Group Sales



Motorcycles & Three-Wheelers

- Distribution of two-wheel scooters, Boxer motorcycles and three-wheelers ("tuk-tuks") in Egypt
- After-Sales service and distribution of spare parts
- Brands: Bajaj

13.5% of FY11 Group Sales



Commercial Vehicles & Construction Equipment

- 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
- Brands: Volvo, Mitsubishi and JV with Marcopolo

4.6% of FY11 Group Sales

Vertically integrated, horizontally diverse

GB Auto is a leading player in the Egyptian automotive industry and is the holding company for a uniquely diversified group of subsidiaries that operate across the industry value chain and throughout the Middle East and North Africa. 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, Geely and Mazda models, and is the exclusive distributor of Hyundai passenger cars in the fast-growing Iraqi market through its joint venture GK Auto. The Company also has agreements with Geely to distribute their passenger cars in a number of other North African markets. As it expands, the company's strategy is to enter new markets with a leading brand and a supporting brand, and follow this with customer care options including after-sales support and financing.

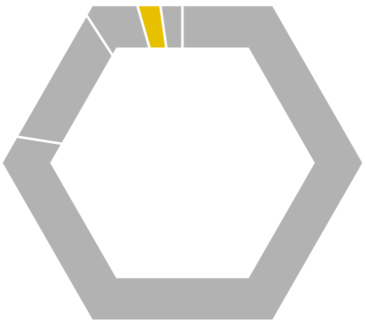
GB Auto is the sole distributor in Egypt of Bajaj-branded motorcycles and three-wheelers. For three-wheelers (often referred to as "tuk-tuks") the Company holds by-far the largest share of market sales. Bolstering sales for this division is the supporting micro-financing option under Mashroey as well as GB Auto's expansive After-Sales network.

The Company continues to grow its Commercial Vehicles and Construction Equip-

Tires

- Distribution of passenger car, truck, and bus tires in Egypt
- Brands: Lassa and Yokohama

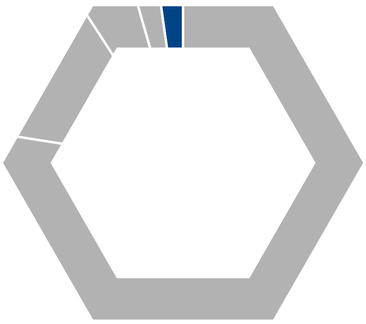
2.2% of FY11 Group Sales



Financing Businesses

- Microfinance venture Mashroey sells motorcycles, tuk-tuks and electrical appliances on credit terms
- Financial lease for a diversified asset base by GB Lease
- Regulatory approvals are underway for Drive, our consumer finance venture

2.1% of FY11 Group Sales



"As a natural progression of its asembly, manufacturing and distribution activities, GB Auto is committed to total customer care: after-sales service and financing options."

ment line of business, with a number of agreements being negotiated that would give GB Auto 100% coverage of this key market segment. GB Auto's focus remains 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 existing product mix to an extensive customer base that includes retail consumers, transportation companies, private sector companies, and other local and foreign organizations.

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 including Hyundai and Geely (beginning in 3Q12) that are assembled with a legally mandated percentage of local content. For the Group's Commercial Vehicles & Construction Equipment 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.

In addition to Mashroey, GB Auto provides financing services through GB Lease (which extends diverse asset lease finance to a wide range of clients) and will launch in 2012 Drive, its first consumer finance arm, which will initially finance GB Auto's passenger cars brands and thereafter finance all types of automotives which are not exclusive to GB Auto.

Throughout its more-than 60-year history, GB Auto has built a strong reputation for standing behind its customers and is renowned for providing unmatched after-sales service in the Egyptian market. GB's Auto's growing national After-Sales service network includes 9 passenger car and 7 commercial vehicle outlets, and a planned expansion will add another branch 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, consumer and microfinance activities.

These activities occupy three assembly and manufacturing plants in Egypt, a growing sales network of independent dealers and owned-retail outlets in Egypt and Iraq, and 9 passenger car and 7 commercial vehicle after-sales service outlets in Egypt and one in Iraq, as well as 42 microfinance branches in Egypt. Mashroey currently plans to have expanded its network to 60 branches by the end of 2012. While Egypt remains our base and our strength, GB Auto has expanded into Iraq and plans to expand further into North Africa, as a start.

As the Middle East and North Africa continues its 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 highly underleveraged markets and lingering pent-up demand for automotive products in under-motorized markets 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.

By investing in core businesses, GB Auto has created a one-stop shop for consumers. In Egypt, 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 now actively replicating this proven strategy in other core Middle Eastern and North African markets.

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 — is now operating at 2,000 units per year / one shift day. The addition of the Iveco chassis to the lineup and the transition to Marcopolo bus designs in the second half of 2012 will improve design efficiency and quality, and significantly reduce the weight of the buses, saving cost and improving performance of the finished vehicles.

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 are beginning to successfully apply to the wider region going forward. In 2011, with the full support of existing suppliers, GB Auto finalized negotiations with a number of OEMs to round out its representations in the Passenger Cars, Commercial Vehicles & Construction Equipment, and Tires lines of business.

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; a position the Company is actively seeking to replicate in other Middle Eastern and African markets.

3

While catering to the fast-growing Egyptian market — which is underpinned by strong fundamentals — GB Auto is working on expansion opportunities in a number of countries starting with North Africa, in partnership of leading global brands, and using a diversified portfolio of products.

Expansion and New Representations in 2011

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 & Construction Equipment, Tires and Finance. In 2011, the Company succeeded in capitalizing on the expansion plans of a number of dynamic Chinese brands for distribution agreements across the Middle East and North Africa.

Geely

In 2011, Management secured an exclusive, five-year contract with leading Chinese brand Geely to distribute their popular, affordable passenger cars in Egypt with additional regional markets to follow. GB Auto will start assembling the first model in the second half of 2012. Further CKD models will follow in Egypt in 2013.

Future Expansions and New Representations

Passenger Cars

The Company is also involved in negotiations with two additional suppliers for potential passenger car representations in markets other than Egypt as part of our long term strategy of regional expansion with more than one brand per market.

Commercial Vehicles

Also in 2011, GB Auto entered negotiations with a number of OEMs for distribution of pickup trucks in Egypt and Iraq, and commercial vehicles in Libya and Egypt. The company has also been negotiating with a third supplier to market a 15-seater microbus, a 7-seater minivan, and a micro-pickup in Egypt, all of which will fill important gaps in the Company's product line-up. Negotiations for an additional construction equipment representation and an agricultural equipment representation are also in progress. Management anticipates making an announcement on some of these potential contracts before the end of 1H12.

Tires

GB Auto is in advanced stages of negotiations for a series of representations of leading Chinese tires brands. These agreements would cover multiple territories across the Middle East and North Africa, among others.

Building on this, and all the above agreements GB Auto is actively researching additional markets including Sub-Saharan African markets for possible opportunities.

Management Review and Financial Performance

2011 Highlights

- **GB Auto revenue** rose 7.9% in FY11 to LE 7,415.3 million despite sales lost in 1Q11 and a slow market recovery. Growth was fuelled largely by standout performances in Passenger Cars and Motorcycles & Three-Wheelers.

- **Consolidated gross profit** eased just 0.2%, closing FY11 at LE 883.3 million as sales momentum in the three quarters following the Revolution made up for lost sales during it, and for the liquidation of stocks of old Passenger Car models ahead of the new model launches in 2011. **Gross profit margin**, meanwhile, eased 1.0 percentage point year-on-year to 11.9%.

- **EBIT** stood at LE 519.2 million at the close of FY11, a 1.6% drop year-on-year. **EBIT margin** was 7.0%, down 0.7 percentage points from the previous year.

- **Net income** was LE 190.6 million at year-end 2011, a 26.1% decline from the previous year, pushed down by market developments in the first half, one-time foreign exchange hedging expenses, and costs related to moving the Sultan Hussein branch to Alexandria as well as one-off costs relating to non-recurring items and some liquidations all booked for FY11 as a management decision to clear all outstanding issues. **Net profit margin** was 2.6%, a 1.2 percentage point drop from the same period of last year.

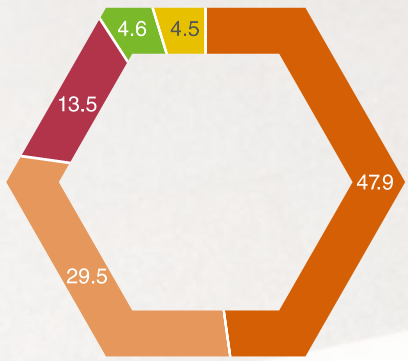
- **Passenger Car revenues** dipped just 1.9% to LE 3,555.7 million in FY11 on the back of an 8.8% drop in unit sales attributable to developments in the first half and supply constraints in 2H11. **Gross profits**, meanwhile, fell 4.0% to LE 509.2 million on the back of higher-COGS inventory and LE 14.7 million in unrecovered overheads on a full-year basis as a 21.0% decline in CKD unit sales slowed assembly. Meanwhile, **gross profit margin** was 9.2%.

- **Motorcycle and Three-Wheelers** moved a total of 73,827 units in FY11, a 51.8% increase over 2010, resulting in **sales revenues** of LE 1,001.7 million, a rise of 60.3% year-on-year. **Gross profit** for the LOB rose 49.9% to LE 254.4 million, driven by continued strong sales of three-wheelers. The Company also successfully introduced the Boxer 150 motorcycle, a new model expected to prove commercially important in 2012.

- **Commercial Vehicle and Construction Equipment revenues** dropped 50.3% in FY11 to LE 330.5 million. **Gross profits** were down 91.9% to LE 6.2 million for the full year.

- **Financing Businesses** reported strong growth in FY11, with **revenues** up 181.9% to LE 156.4 million and **gross profits** rising 97.0% in the same period to LE 38.4 million. **Gross profit margin** fell 10.6 percentage points to 24.6%, as the business (mostly Mashroey) posted reduced sales in the wake of the January 25th Revolution, coupled with a reduction in interest margins in line with the market and a ramping up of its operations in the full year.

Revenue Contributions by LOB



Passenger Cars – Egypt

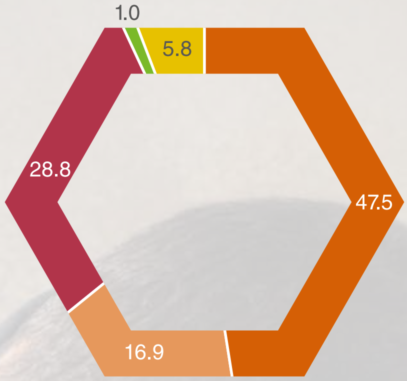
Passenger Cars – Iraq

Motorcycles & Three-Wheelers

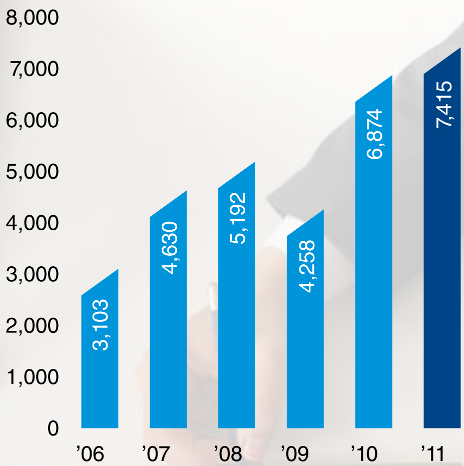
Commercial Vehicles & Construction Equipment

Tires, Transportation and Financing

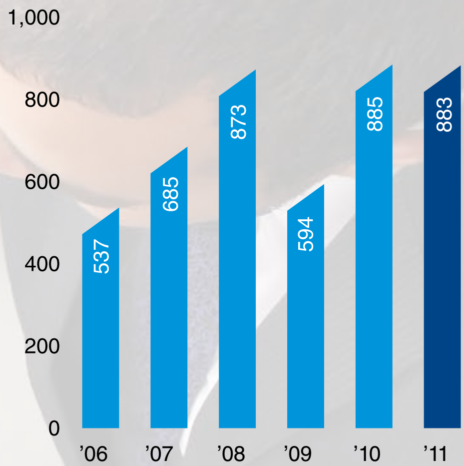
Gross Profit Contributions by LOB

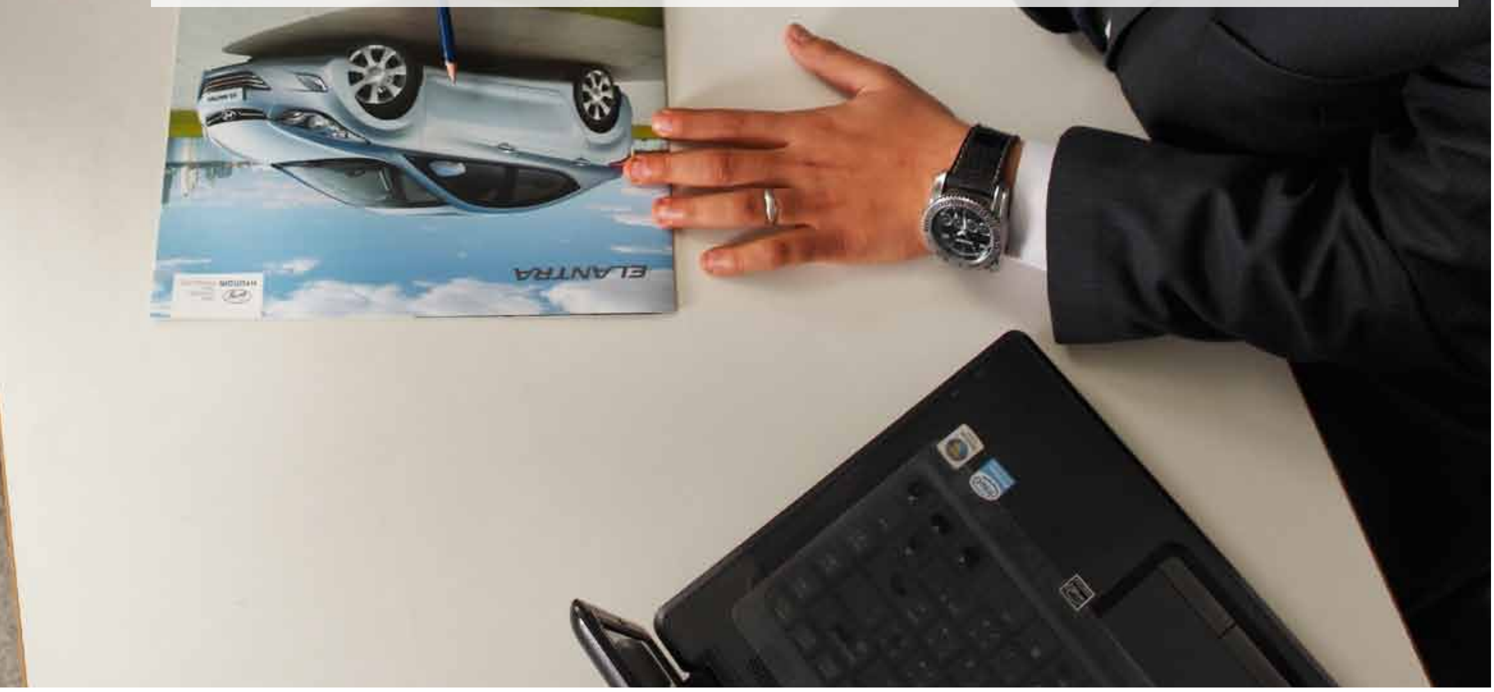


Revenues by Year (LE million)



Gross Profit by Year (LE million)





Although the Group witnessed a challenging year, GB Auto managed its working capital efficiently, enabling itself to achieve cash flows of approximately LE 365 million from operations in FY11, versus LE 8 million in FY10.

The Company will continue to focus on working capital to ensure maximum efficiency in light of potential market volatility. In this respect, both the Passenger Cars and Commercial Vehicles & Construction Equipment lines of business have seen notable inventory reductions. On a full-year basis, inventories across all lines of business are down by LE 397 million. On the back of this development and Management's decision in early February 2011 to pace capital expenditures and other investments, the company has seen an improved liquidity. On the other hand, interest expense increased on the back of higher bond interest expense incurred for a full year in 2011 compare to 8 months in 2010 as well as higher working capital facility utilization.

The Company has continued to invest in its fixed assets, which increased to LE 1.80 billion up from LE 1.69 billion in FY10. While total debt increased to LE 2.0 billion from LE1.8 billion last year, the Company's debt service coverage is at a healthy 1.8x as GB Auto is due to pay its bond installment of LE 305 million in March 2012. Net Debt / EBITDA remained almost unchanged at 1.7x supported by the strong operational performance in 2011 despite market conditions.

Overall, GB Auto closed FY11 with total debt to equity of 0.88x, a robust cash flow from operations of LE 354 million and ample liquidity to capture market opportunities both organically and non-organically.

Outlook

GB Auto expects growth of the Passenger Car line of business will be tempered by the availability of supply from Hyundai Motor Company throughout 2012. Management notes that while there is strong market demand for Hyundai products in Egypt and Iraq, full allocations may not be possible in the coming 12 months or more pending capacity expansions at HMC. GB Auto continues to work with HMC on a trusted-partner basis to secure additional supply. On the other hand, Management expects that the complementary CKD assembly agreement with Geely Automotive Ltd. will allow the company to make better use of its expanded CKD assembly capacity. Capacity allotted to Geely will increase gradually starting with the anticipated 3Q12 launch of assembly operations.

Going forward, GB Auto will aim to maintain a Passenger Car market share in excess of 30%. Some short-term upward momentum in sales is also possible in light of consumer expectations of higher pricing arising from devaluation of the Egyptian pound against key import currencies.

"Revenue growth was fuelled largely by standout performances in Passenger Cars and Motorcycles & Three-Wheelers."

Commercial Vehicles will remain impaired so long as (a) the general economic downturn continues, as customers for the division's current product lineup are particularly sensitive to economic shocks, and (b) GB Auto does not hold a complete product portfolio including microbus, pickup truck and micro-microbus products. Management has taken active steps in this respect, and anticipates making an announcement in 2Q12.

The potential devaluation of the Egyptian pound against key import currencies presents downside risk in that GB Auto's ability to pass-on price increases to consumers may be limited by developments in the broader economy. That said, Management notes the Company's success in introducing both higher-priced new Passenger Car models in FY11 as well as the ability last year to pass organic price rises on to the market. Offering a cost-competitive Commercial Vehicles product in the context of devaluation and / or rising inflation may serve as an additional advantage to GB Auto.

Consumers for products in the Motorcycles and Three-Wheelers line of business are largely de-coupled at present from the economic slowdown, leading Management to expect continued growth in this segment, although at levels below the 2010-11 peak. Downside risks include a sharper-than-expected deterioration of the economy which could lead consumers to delay purchasing decisions. However, these vehicles provide service to an exceptionally large and under-served peri-urban population, and GB Auto's ability to finance purchases through Mashroey will be a further bulwark against sales erosion or new competition.

Growth in the After-Sales segment is dependent on maintaining improved Passenger Car and Motorcycle and Three-Wheeler volumes and the planned doubling of capacity through the opening of three new After-Sales facilities in 2012. This is expected to deliver considerable growth in this high-margin segment heading into 2013.

On the Financing Businesses front, we expect the business to continue to grow and thrive, and that Drive, the consumer financing arm, will launch operations in 2Q12.

Finally, we note that our forecasts for the year do not include allowance for exogenous shocks that may have an impact on market sentiment. At present, these shocks are largely of a political nature. We believe, however, in our strong management team's ability to rationalize the performance of the different segment during FY12 with their special focus on cost effectiveness and their quick response to market changes. This is underpinned by a strong balance sheet at the beginning of the year as well as a sound liquidity position.

Our Lines of Business and Brands

Passenger Cars

GB Auto distributes passenger cars in Egypt and Iraq, and is actively seeking to expand into North Africa. In Egypt, GB Auto is the exclusive distributor for passenger cars that address market needs from the very-affordable Geely brands to the market-leading Hyundai range of models, to the Japanese Mazda. In Iraq, the Company currently distributes a range of highly-popular Hyundai vehicles.

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 32.2% in FY11. GB Auto will work to replicate this success across all its brands and markets.

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

Commercial Vehicles & Construction Equipment

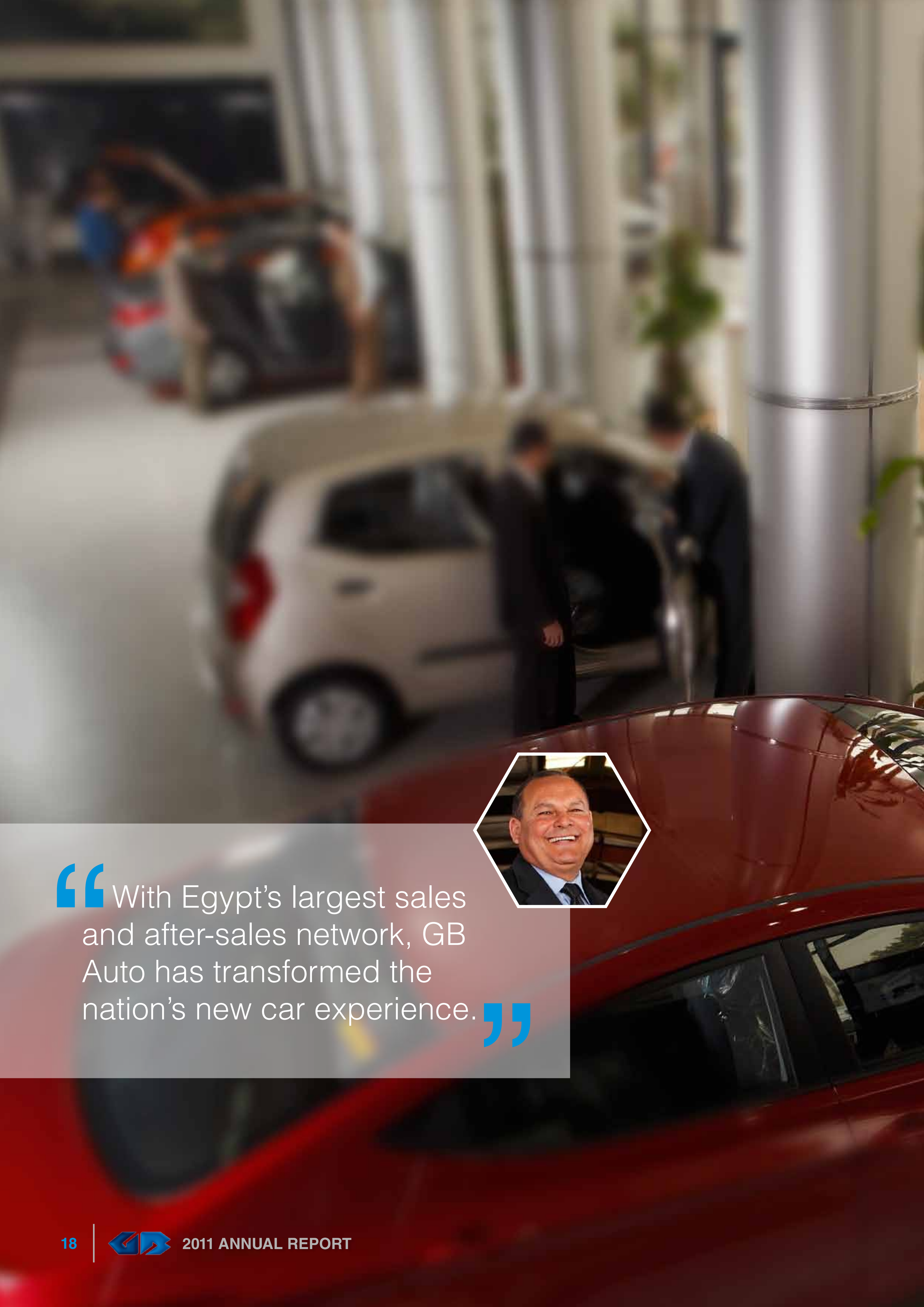
GB Auto's Commercial Vehicles & Construction Equipment line of business manufactures and distributes a wide range of vehicles across Egypt, and is actively negotiating to expand its coverage to other North African markets. The bus product lineup now includes minibuses, buses and coaches targeting the public, commercial and tourism sectors for Volvo and Mitsubishi. The Company also produces buses for domestic and export markets through GB Polo, a state-of-the-art facility in partnership with global leader Marcopolo. GB Auto is the exclusive agent for Mitsubishi and Volvo heavy trucks. 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. GB Auto carries a wide line of construction equipment and materials-handling products under license from Volvo.

Tires

GB Auto has been among Egypt's leading tire dealers for more than 50 years and distributes passenger car, bus, construction equipment and light-truck tires under license with Lassa, the Turkish producer and Japan's Yokohama; pending agreements with leading Chinese manufacturers would see the Tires line of business expand from Egypt to cover Algeria and Jordan, as well as expanding the Company's product offerings in Egypt.

Financing Businesses

GB Auto's financing arm has three complementary businesses. GB Lease supports commercial vehicle and passenger car fleet sales, as well as offering financing for production lines, IT and heavy equipment, and real estate. Microfinance venture Mashroey has proven to be an important sales driver of two- and three-wheeler products, as well as providing financing for home electrical appliances. In 2012, new consumer financing venture Drive will begin operations. Based out of GB Financing Businesses' new headquarters in Mohandiseen, Drive will focus initially on serving GB Auto's Hyundai and Geely passenger car sales outlets, and is expected to be a significant sales driver for this segment. Moreover, Drive will simultaneously work on other consumer financing products.



"With Egypt's largest sales and after-sales network, GB Auto has transformed the nation's new car experience."

Passenger Cars

GB Auto's Passenger Cars business line holds the exclusive license to assemble, import and distribute Hyundai Motor Company (Hyundai) passenger cars in Egypt and is the sole distributor of Hyundai passenger cars in Iraq as well as of Mazda passenger cars in Egypt. GB Auto has added Geely passenger cars to its lineup; sales are anticipated to roll out in 2012.

Through the three OEMs, GB Auto is able to market 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.

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 and Geely at their unique price points.

The Company also distributes Hyundai passenger vehicles and spare parts in Iraq through its joint venture with Al-Kasid Group of Companies, GK Auto. 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 9 large service centers and nearly 700 service bays, 21 owned showrooms and numerous partnerships with independent automotive retailers, and a spare parts distribution channel that stretches across the country delivers Egypt's car market comprehensive service. GK Auto has begun building Iraq's leading after-sales service franchise based 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.

GB Auto has invested in the expansion of its capacity for the past few years, and as a result, 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.

2011 Business Review

Despite an 18-day sales stoppage at the height of civil unrest attendant to the Egyptian Revolution and supply constraints later in the year (on a full-year basis in Iraq and in 2H11 in Egypt), the Passenger Cars line of business reported solid revenue growth in FY11 rising 7.2% over FY10. Demand in both markets remains strong, bolstered by the popularity of new models and, in Egypt, by consumers' perceptions of Hyundai products as offering the best value-for-money amid broadly uncertain economic circumstances.

Egypt

In Egypt, the Passenger Car story is one of resilience in the face of exceptionally challenging market conditions. The loss of nearly a full quarter of business activity followed by a deterioration in consumer confidence on the back of a cloudy macroeconomic picture sent passenger car sales

volumes down 31.0% market-wide in 2011. By contrast, GB Auto's unit sales eased only 20.2% in FY11, essentially equivalent to the sales lost during the work stoppage and market closure during the three weeks of the Revolution, and exacerbated by the weak market performance in the subsequent period.

Management believes that Hyundai's superior value-for-money proposition, strong inventory levels relative to some competitors, and robust consumer appetite for new models introduced in FY11 were determining factors in GB Auto's Hyundai line capturing fully 32.2% of the total national Passenger Car market in FY2011.

Factoring in the effect of short supplies of some of the models starting in 3Q11, Egypt Passenger Car sales revenues dipped just 1.9% on the full year to LE 3,555.7 million. Gross profit for the segment eased 4.0% on the back of rising cost of goods sold, some unrecovered overheads from the slowdown in CKD activity, hedging of foreign currency exchange, and beneficial pricing on old models. Aggressive pricing introduced in late 4Q10 and continuing into FY11 helped liquidate stocks prior to the highly successful launch of the Accent RB, Elantra and Veloster models.

GB Auto was the dominant player in the Government of Egypt's National Taxi Replacement Program in 2011 (as it was in 2010), albeit at lower volumes. After maintaining a 500-unit-per-month run rate through 3Q11, 4Q11 saw overall sales of just 934 models, as November saw sales for the entire program drop to only 87 vehicles. In the full year, GB Auto sold 5,622 Hyundai Vernas through the program, representing an 89.3% share of sales. Management expects that GB Auto will continue to play a dominant role in the program should the Cabinet of Ministers opt to continue it.

On a full-year basis, GB Auto recorded an 17.5% rise in average selling price, reflecting both the popularity of the new, more expensive models as well as the Company's ability to pass on some price increases to the market, although Management felt it necessary to absorb some of those price increases in-house.

Passenger Cars After-Sales revenues remain somewhat challenged by lower overall sales volumes and prevailing economic conditions, with total After-Sales revenues (service and spare parts) declining 6.0% on a full-year basis to LE 187.2 million. Gross After-Sales margins accordingly declined by 26.2% in FY11 as a result of lower utilization of service bays with fixed overheads and the costs associated with setting up the After-Sales network in Iraq.

The service center component of the Cairo-Ismailia Desert Road 3S facility — GB Auto's largest to-date — is now complete, with 220 working bays and a total project area of 24,500 square meters. Work on the 2,700-square-meter showroom will wrap in March . The new Assiut 3S center — which will serve both passenger cars and commercial vehicles — will soft launch in March, with the Ring Road facility to follow by year's end. The division is now proceeding with plans to open new 3S centers in Alexandria (El Amreya) and Suez.

Management notes that GB Auto remains in discussions with Mazda on pricing, with new orders of Mazda CBU vehicles pending the outcome of those talks, as vehicles cannot be priced competitively at the moment given the strength of the Japanese yen. Meanwhile, GB Auto continues to service Mazda cars in Egypt.

Going forward, GB Auto will aim to maintain a Passenger Car market share in excess of 30%, having added an exclusive representation of China's fast-growing Geely brand to its well-established representation of top-tier global player Hyundai.

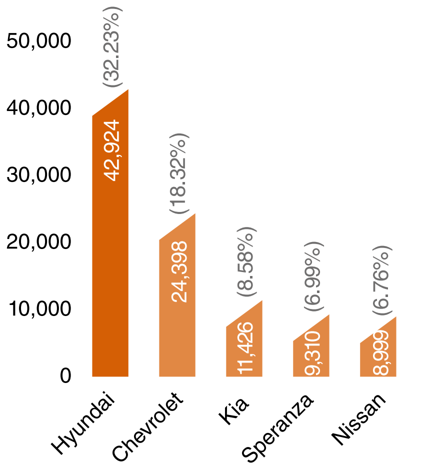
Iraq

In Iraq, supply constraints challenged sales performance throughout 2011, where demand for Hyundai products far outpaces availability; that said, total sales in Iraq grew 21.5% to 24,721 units on a full-year basis. An improvement in mix, overall rise in volumes on a full-year basis, and a 13.2% rise in selling price saw gross margins improve 0.9% in FY11.

Meanwhile, GK Auto is proceeding toward the launch of at least four service centers as it rolls out a nationwide network. The company's first facility in Baghdad is now open with 70 working bays, while centers in Irbil, Suleimaniyya and Basra are set to follow in the course of 2012.

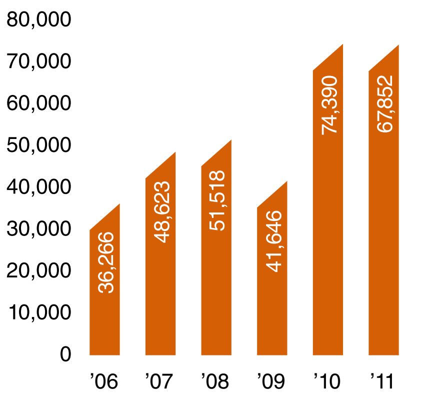
Segmentation of the Egyptian Passenger Car Market

(Units sold and % Market Share as of Year-End 2011)



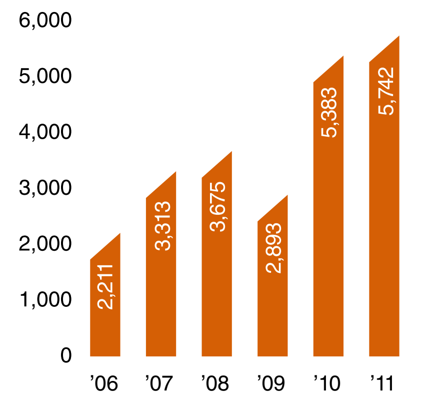
GB Auto Sales Volume Across All Brands and Markets

(Vehicle Units)



Revenues by Year

(LE Million)



“Our Motorcyles and Three-Wheelers line of business provides complete customer care to a large and exceptionally loyal customer base throughout Egypt.”


Pulsar

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, together with the Company's extensive After-Sales support network for the division, helps the Company maintain the lion's share of the country's tuk-tuk sales, despite the appearance of lower-cost Chinese competitors. 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.

Indeed, After-Sales is a small but important component of this line of business and a key differentiator for GB Auto in the market, given that the consumers attracted to two- and three-wheelers place strong emphasis on the availability of spare parts and service centers. To capitalize on this 'built-in' demand, the authorized service center network is continuously expanded to reach out to the customers, thus encouraging customers to return to GB Auto network for maintenance, spare parts and repairs.

GB Auto's commitment to total care for customers of this key segment is evident in its nationwide network of 15 owned-retail showrooms including 1 after-sales service centers, 21 GB Auto-owned spare parts outlets and network of 89 authorized dealers, as well as 25 authorized service centers across Egypt.

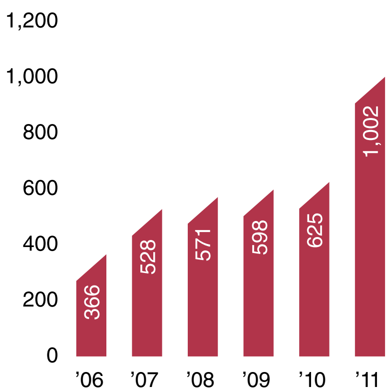
2011 Business Review

The Motorcycle and Three-Wheeler line of business delivered its strongest-ever full-year performance as pent-up demand for three-wheelers converted into sales following the authorities' decision post-Revolution to clarify the vehicles' legal position. The Division's full-year sales of 73,827 units (a rise of 51.8% year-onyear) drove a 60.3% growth in sales revenues to LE 1,001.7 million in FY11. Gross profits surged 49.9% to LE 254.4 million in the same period. Sales were accelerated in part by a strong performance by Mashroey, GB Auto's microfinance arm, a trend which Management anticipates will continue in the future.

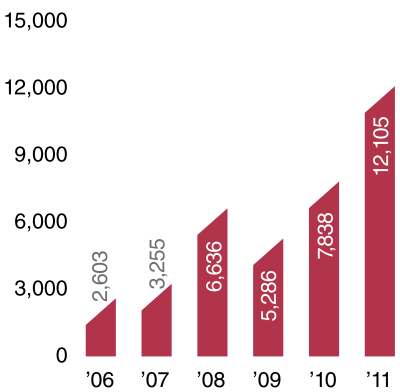
Notable in 4Q11 is the 197.5% rise in motorcycle sales to 4,466 units on the back of the successful introduction of the Boxer 150. Management anticipates that two-wheeler sales, which presently account for less than 10% of total Motorcycle and Three-Wheeler sales revenues, will become increasingly important to the LOB given the Boxer 150's popularity, price point and fast-growing reputation for quality and reliability among consumers.

> “Three-wheelers’ relatively low up-front cost, minimal fuel consumption and ease of movement often provide rural and peri-urban areas a preferred transportation option.”

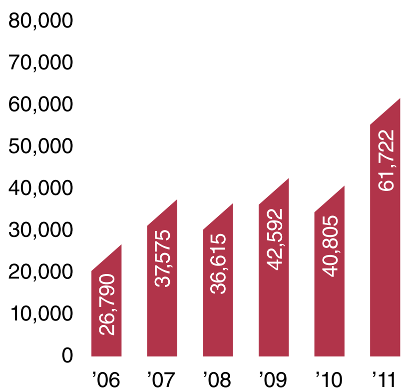
Revenues by Year
(LE Million)



Motorcycle Sales Volume
(Two-Wheeler Units)



Three-Wheeler Sales Volume
(Three-Wheeler Units)



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 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 maxi buses, or coaches, with a maximum capacity of 55 passengers; mini buses (24-29 seats) and midi buses (30-38 seats). 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 4,000 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; the addition of the IVECO chassis will prove a further boost to the strength of this line.

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.

2011 Business Review

The Commercial Vehicles and Construction Equipment line of business has been impaired since the global financial crisis spilled over into the local market in 2009. As Management has noted in its quarterly Earnings Newsletters, the Division has been further hobbled by its lack of competitive offerings in the crucial micro-bus, pickup-truck and micro-microbus segments and by the price point at which it competes (being priced for lowest total cost of ownership and not lowest initial acquisition cost).

Efforts to remediate these deficiencies through the acquisition of cost-competitive microbus and pickup-truck offerings continue, with an announcement in this respect expected before the end of the second quarter.

This impact was particularly pronounced in FY11 as an uncertain economic climate saw a dramatic slowdown in tourism as well as construction and infrastructure spending and prompted corporate clients to postpone non-essential fleet renewal. This past year also saw the LOB faced with the additional challenges of currency pressures and disruption of supply following the tragedy of the March 2011 tsunami that devastated Japan's coast.

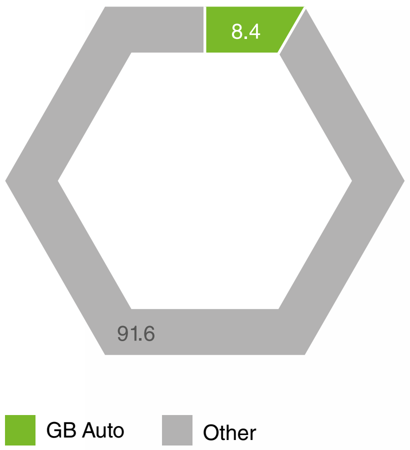
Alongside sharp moves to contain unrecovered overheads (including reduction in staff levels at Suez and a paring-down of workforce in sales operations), GB Auto accordingly prioritized the liquidation of high-COGS goods to stimulate demand throughout the year.

Sales revenues closed FY11 down 50.3% at LE 330.5 million with gross profits of LE 6.2 million, a decline of 91.9%.

A slight uptick in trailer sales, lower sales erosion on buses and trucks, and stable unrecovered overheads saw the division swing back to profitability in 4Q11 from a small loss the previous quarter.

Moreover, Management presently expects to receive in April 2012 new bus designs from Marcopolo, which should prove particularly attractive in export territories.

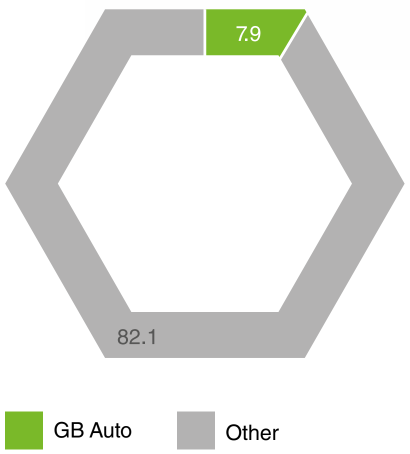
Bus Market Share* %



*Market share excludes microbuses

> Manufacturing and distributing a wide range of vehicles across Egypt, this line of business is actively negotiating to expand its coverage to Libya, Iraq and Algeria.

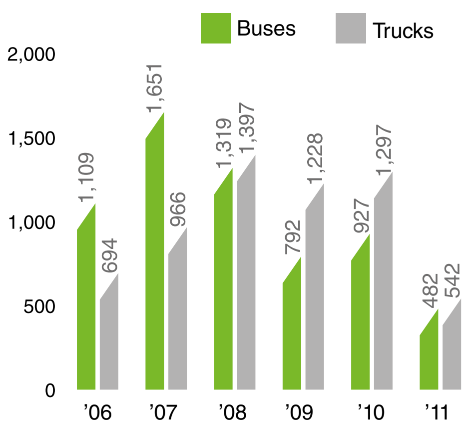
Truck Market Share** %



** Market share excludes pick-up trucks

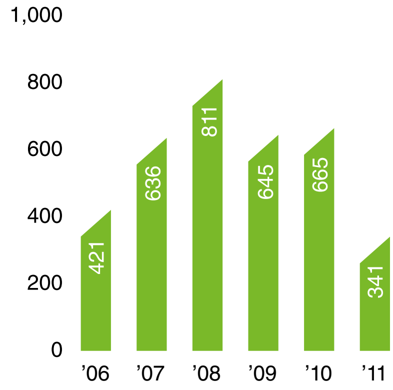
Sales Volume

(Vehicle Units)



Revenues by Year

(LE Million)



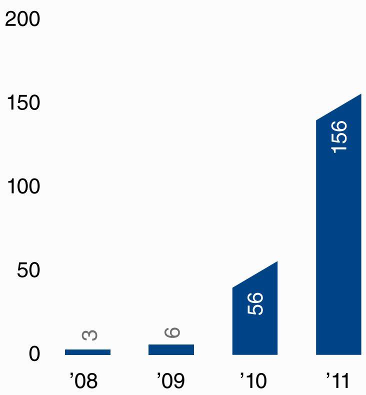
Financing Businesses

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, Mashroey growing its branch network to 42, and the finalization of an agreement to launch a consumer financing venture that will focus on passenger car loans beginning in 2012.

While GB Lease's initial mandate was to provide financing for commercial vehicle and corporate fleet clients, the company now extends lease finance for a diverse asset base including the automotive, heavy equipment, real estate, and production

Financing Businesses Revenues by Year

(LE Million)



lines, among others. GB Lease closed FY11 with a notes-receivable book of LE 159.6 million. Moreover, GB Lease continues to report strong collections to-date.

Mashroey added in 2Q11 a selection of home electrical appliances to its range of products sold on credit terms to micro-finance-eligible clients, which further complements its active sales of GB Auto's Bajaj-branded two and three-wheelers. This contributed to strong growth in the quarter and full year, with net notes receivable of LE 71 million. Mashroey has reported its second profitable year, and now has 42 operational branches nationwide. Like GB Lease, Mashroey also reports strong collections to date.

Meanwhile, Drive — GB Auto's new consumer finance venture — has recently obtained regulatory approvals to start operations in 2Q 2012. Management views Drive as a natural progression of GB Auto's strategy to diversify the Financing Businesses' revenue base into passenger cars and both builds on and complements GB Lease and Mashroey. Drive will be an important sales driver for the Passenger Cars business, in addition to being the only private company in Egypt offering consumer finance for GB Auto's line of products.

2011 Business Review

Overall, the Financing Businesses continue to outperform expectations, closing FY11 with revenues of LE 156.4 million, a 181.9% improvement on the previous year. Gross profits, meanwhile, nearly doubled to LE 38.4 million. Asset quality remained satisfactory despite the broad-based economic slowdown.

This performance was driven, in part, by the Financing Businesses' strategic move to diversify its portfolios at the corporate and microfinance levels in 2011.

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 an extensive, nationwide dealership network.

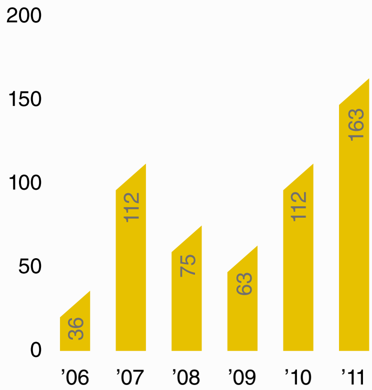
2011 Business Review

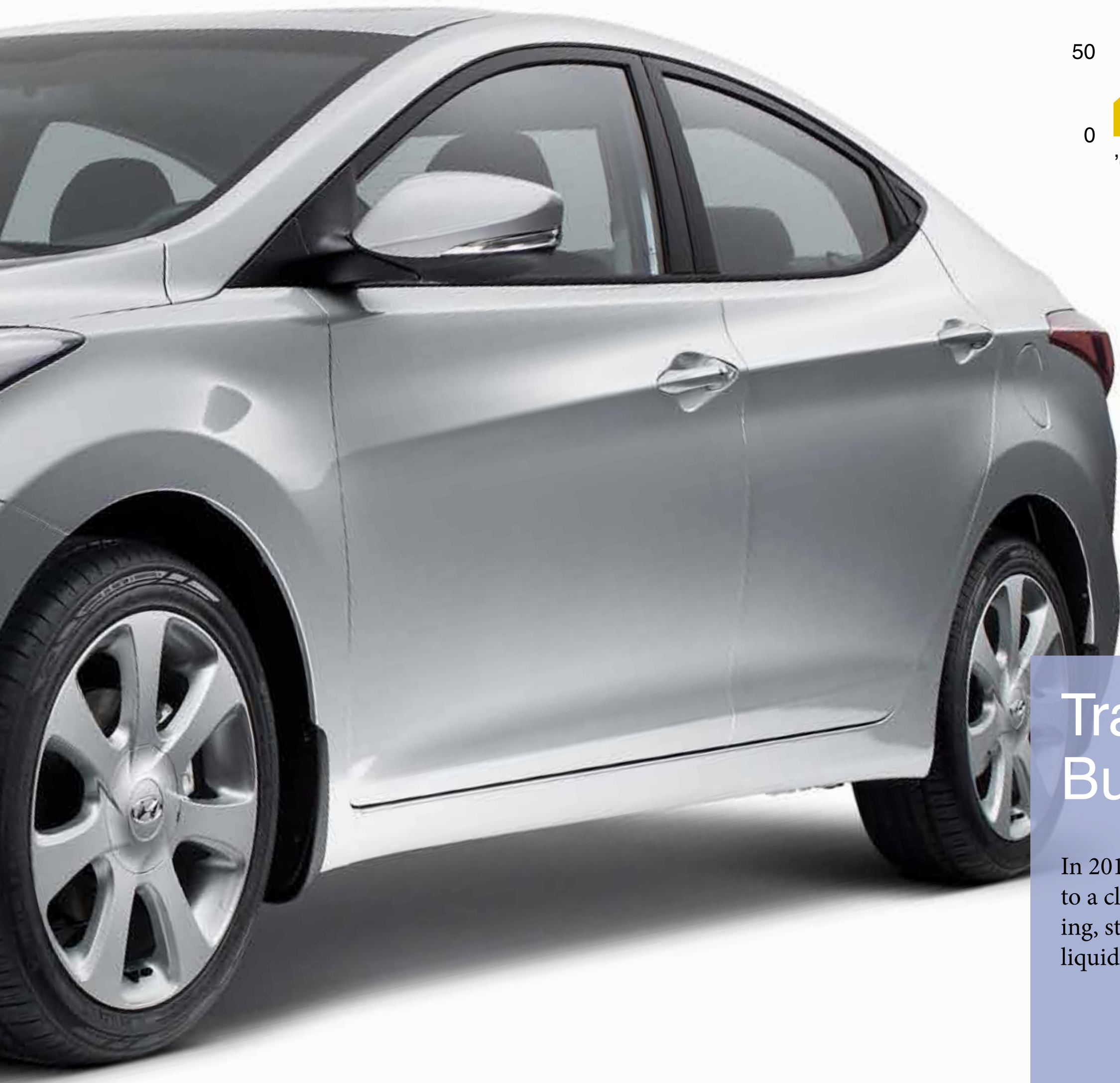
The Tires line of business reported strong growth on a full-year basis, largely on the back of the new Yokohama representation as Lassa tires continue to face supply constraints. Indeed, the slight contraction in 4Q11 sales revenue came entirely due to supply shortages.

Management views Tires as a solid, steadily growing business and is currently in the process of adding new representations that would round out the product offering of this line of business.

Tires Line of Business Revenues by Year

(LE Million)



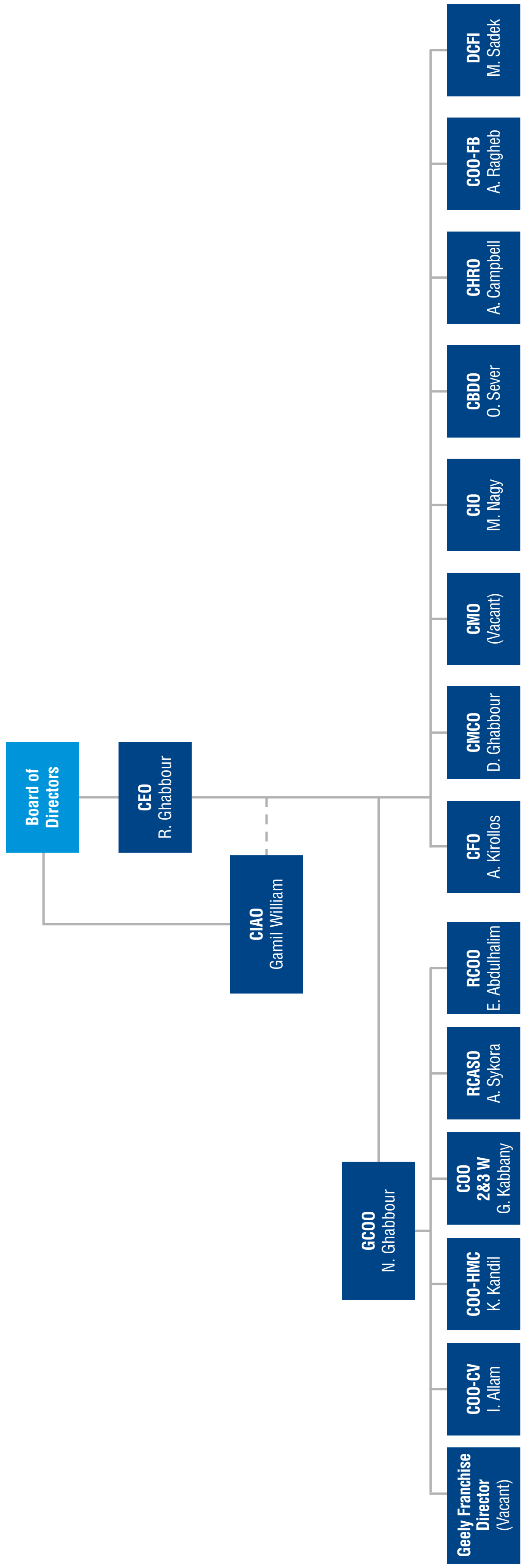


Transportation Business

In 2011, this line of business was drawn to a close, with business activity ceasing, staff largely laid-off, and the assets liquidated.

“From the customer to the sales team to the production line to the C-Suite, people are GB Auto’s most important resource.”

Organization



Board of Directors

Dr. Raouf Ghabbour

Chairman of the Board of Directors and Chief Executive Officer

Dr. Raouf Ghabbour 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 into one of the leading automotive assembler and distributor in the Middle East and North Africa.

Mr. Aladdin Hassouna Saba

Independent Director

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

Dr. Walid Sulaiman Abanumay

Independent Director

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

Mr. Hassan Abdalla

Independent Director

Mr. Hassan Abdalla 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.

Board of Directors

Mr. Yasser Hashem

Independent Director

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

Mr. Nader Ghabbour

Group Chief Operating Officer

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

Mr. Ali Pandir

Independent Director

Mr. Ali Pandir recently retired from his position as Chief Executive Officer of Tofas, a joint venture between Fiat of Italy and Koc of Turkey, and the largest automotive manufacturer and market leader in Turkey. During his tenure at Tofas, production capacity nearly doubled, two light commercial vehicles and one passenger car were engineered, developed, launched and exported to Fiat, PSA and GM under different brand names. Mr. Pandir has 16 years experience with global leader GM, where he worked his way from Aftersales Manager in Turkey to President of GM Indonesia. Mr. Pandir began his career at Tekersan in Turkey as a press tool design engineer, and was promoted to tool shop manager after only one year.

Executive Committee

Dr. Raouf Ghabbour

Chairman of the Board of Directors and Chief Executive Officer

Dr. Raouf Ghabbour 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)

Mr. Alain Sykora 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.

Mr. Alexander Campbell

Chief Human Resources Officer

Mr. Alexander Campbell joined GB Auto with more than 35 years of international HR experience at senior levels. He spent the initial part of his career with Shell International Petroleum Co. where he held a variety of positions including industrial relations. After Shell, he worked in HR in advertising before becoming a senior management consultant in HR for Coopers and Lybrand in London. He then moved into financial services where he was Head of HR for Chemical Bank in London, Europe, and Asia Pacific, and Head of HR Asia Pacific for Lehman Brothers. He then moved to Swiss Bank Corporation, which subsequently merged with UBS. At UBS, he held a number of senior HR positions including Head of HR for Australia and New Zealand, Managing Director HR and co-head of HR for the investment bank, and ultimately Managing Director Global Head of Human Capital Management based at the UBS Group level in Zurich. In the four years before joining GB Auto, Mr. Campbell was Group Director of HR for Al-Futtaim Private Company in the United Arab Emirates. He is a graduate of London University and holds a Postgraduate HR qualification from the London School of Economics.

Mrs. Amal Ragheb

Chief Operating Officer (Financing Businesses) (COO FB)

Mrs. Amal Ragheb 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 32 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 Africa.

Amir Kirollos

CFO & Managing Partner, Drive

Mr. Kirollos joined GB Auto in 2011 as Managing Partner of Drive, GB Auto's new consumer finance joint venture, bringing with him a decade of experience in Egypt's unique, fast-changing market. Mr. Kirollos is a Founding Partner of Blue Bay Management, which is GB Auto's partner in the Drive JV. He began his career in New Zealand, then relocated to Egypt and joined Al Ahram Beverages Company (Heineken Egypt) in 2001 as a Senior Financial Analyst and quickly moved up to reach Chief Financial Officer for the Group. In 2006, he joined ASEC Company for Mining – ASCOM, a Platform Company of Citadel Capital, as Executive Board Member and Chief Financial Officer. At ASCOM, he oversaw the operations and investments of the group in Egypt, North & East Africa as well as the Gulf. Mr. Kirollos holds a Bachelor of Commerce & Management in Finance and Economics and a Masters of Commerce & Management in Finance from Lincoln University, New Zealand.

Mrs. Dina Ghabbour

Chief Marketing and Communications Officer (CMCO)

Mrs. Dina Ghabbour 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 institutionalizing 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. Elmostafa Abdulhalim

Regional Chief Operating Officer

Mr. Elmostafa Abdulhalim joined GB Auto in 1998 from Abdul-Latif Al-Jameel Toyota in Saudi Arabia, where he began his career in 1994 as a Junior Sales Representative. Abdulhalim first worked in the GB Auto Sales Analysis & Planning department as an Analyst. In 2000 he was promoted laterally to be the Sales Manager for the Canal

Area, overseeing Retail Fleet Wholesales. He returned to the Sales Analysis & Planning as Division Head in 2003, where he remained until he was promoted to Hyundai Franchise Director in 2007. Mr. Abdulhalim oversaw the start-up of Iraqi operations as Managing Director of GK Auto from February 2010 until he was promoted to Regional Chief Operating Officer for the Group. Mr. Abdulhalim holds a Bachelor of Commerce and MBA with a focus on Business & Strategies.

Mr. Gamil William Guirguis

Chief Internal Audit Officer (CIAO)

Mr. Gamil William Guirguis 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. Ghassan Kabbani

Chief Operating Officer of Two- and Three-Wheelers

Mr. Ghassan Kabbani brings more than 30 years' experience to GB Auto. He first worked in the family textile business from 1980 through1994, when he left to join T.E.S. sheet metal. In 1996, together with Dr. Ghabbour and other partners, he established CITI (a 2+3 wheeler company). In 2007 CITI merged with GB Auto, and Mr. Kabbani joined the company at that time. Mr. Kabbani graduated from the American University in Cairo 1979 with a Bachelor of Arts Economics and Business Administration.

Mr. Ihab Allam

Chief Operating Officer (Commercial Vehicles) (COO CV)

Prior to joining GB Auto, Mr. Ihab Allam served for 10 years as General Manager of Cairo National Automotive (Mercedes Benz Egypt). He was earlier Vice-President for Business Development at the Mansour Group of Companies (Manufacturing and Distribution) and served eight years with Pepsi Cola International, where he held roles including Operations Manager for the Arab Gulf Area and Technical Services Manager for the UAE and Oman. He began his career with Schlumberger Wireline Services as a Senior Field Engineer in Pakistan, Scotland and Abu Dhabi.

Mr. Khaled Kandil

Chief Operating Officer (Hyundai Motor Corp) (COO HMC)

Mr. Khaled Kandil joined GB Auto from ExxonMobil, where he was most recently Vice-Chairman of ExxonMobil Egypt and Managing Director of ExxonMobil Lubricants and Specialties covering operations in North and East Africa. His service to ExxonMobil included secondment to the company's corporate headquarters, during which time he participated in the 2000 merger between the Exxon and Mobil corporations. He participated in a number of market entry and exit projects in South America, South East Asia and Africa.
In 1998, Mr. Kandil was assigned by the corporation's CEO to become a member of a global leadership team. A 32-year veteran of the oil and gas industry, he headed in 1996 a business reengineering project for the company's Egyptian operations following which he led the implementation of Mobil lubricants' integrated business strategy, which saw the company become the market leader in less than one year after being traditionally the third-ranked market player.

Mr. Mostafa Nagy

Chief Information and Technology Officer (CIO)

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

Mr. Nader Ghabbour

Group Chief Operating Officer

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

Mr. Osman Sever

Chief Business Development Officer

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


HYUNDAI
GB
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Information Technoloy
Human Resources
HYUNDAI

"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."

Human Resources

People are GB Auto's most important resource: From the boardroom to the assembly line to the sales floor, GB Auto's success is driven by people. Knowing that, the Company has invested heavily in all aspects of its human resources.

The GB Academy

Most recently, in September 2011 the GB Academy began training classes for with Toronto's Centennial College to create GB Academy, among the first automotive specific training academies in the region, in a move that the Company fully expects will enhance organizational efficiency and raise quality standards, benefitting customers and placing GB Auto at the forefront of regional employers.

The GB Academy is focused 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 range from soft-skills enhancement to management and finance topics as well as on-the-job training and refresher courses for after-sales service employees.

GB Auto chose Canada's Centennial College of Toronto, Ontario, as the best partner for the Academy. Centennial College currently has more than 42,000 full- and part-time students based in Canada and a presence in 30 countries around the world.

First classes at the Academy were held starting on September 6th at GB Auto's Prima facility in the Greater Cairo Area's Abu Rawash Industrial Zone, where Centennial's mentoring team is administering the program, overseeing training of trainers, and collaborating with GB Auto staff to mentor employees in the workplace.

Once construction is complete, the LE 16 million GB Academy will be housed in a purpose built, 4,000- square-meter facility in Abu Rawash, scheduled to open in the second quarter of 2012. The facility will include 22 classrooms and labs including allocated space for commercial vehicle training, manufacturing training, after sales and business, finance and IT training.

Fleshing out the Executive Team

In 2011 and early 2012, concerted efforts to find the strongest management talent to round out the C-Suite bore fruit, with the addition of a a Chief Operating Officer for Passenger Cars and another for the Commercial Vehicles & Construction Equipment line of business; a Director of Corporate Finance and Investments; a Group Chief Operating Officer; a Regional Chief Operating Officer; and a Chief Human Resources Officer.

- Khaled Kandil joined GB Auto as Chief Operating Officer (Passenger Cars). Kandil was most recently Vice-Chairman of ExxonMobil Egypt and Managing Director of ExxonMobil Lubricants and Specialties covering operations in North and East Africa. Please see page 34 for his full bio.

- Ihab Allam joined GB Auto as Chief Operating Officer (Commercial Vehicles), having previously served for 10 years as General Manager of Cairo National Automotive (Mercedes Benz Egypt). Please see page 35 for his full bio.

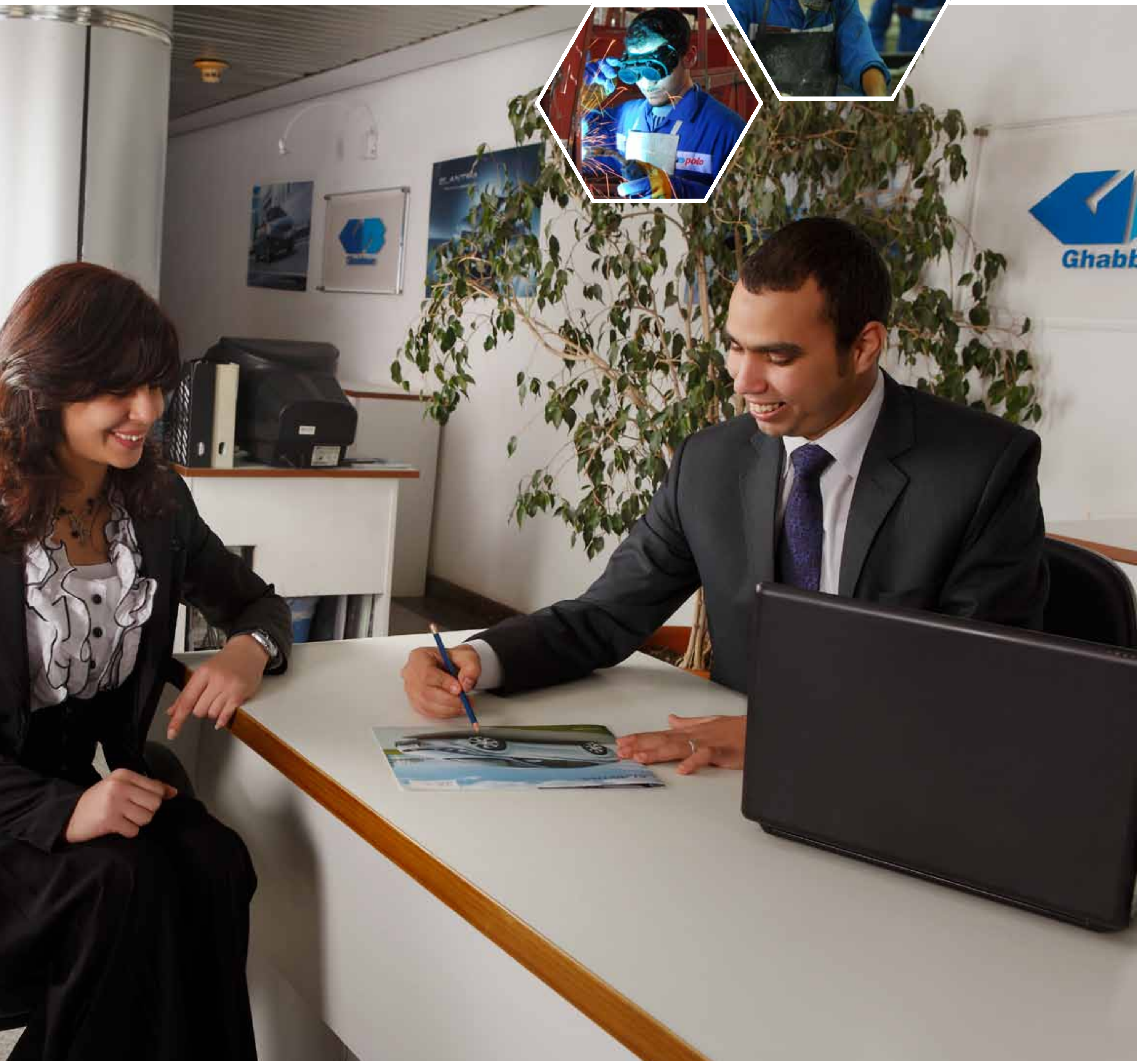
- Menatalla Sadek was appointed GB Auto's first Director of Corporate Finance and Investments, bringing to the company more than 11 years of experience in Egypt and Europe, most recently as head of consumer goods research at regional investment bank Beltone Financial, where she was part of the team that helped take GB Auto public.

- Nader Ghabbour, previously responsible for Passenger Car operations, has been named GB Auto's first Group Chief Operating Officer. Please see page 34 for his full bio.

- Elmostafa Abdulhalim, previously Managing Director of GK Auto in Iraq, was named Regional Chief

Operating Officer. Please see page 35 for his full bio.

- Alexander Campbell joined GB Auto as Chief Human Resources Officer (CHRO). Please see page 35 for his full bio.



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, in 2010 the Company created a CSR department with the aim of streamlining the Company's CSR strategy and goals. In 2011, given the difficulties faced by all Egyptians, the CSR Department undertook four major initiatives that were aimed at all segments of society. The Company worked with Resala Foundation to fund a water desalination plant for a rural village, initiated a fund to support a bakery for a village in Giza, hosted an event to educate children about road-safety, and provided support to people who experienced financial difficulties or lost family members during the 25th of January Revolution, and the events that followed it.

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 of 2011

GB Auto worked with Resala Foundation — Egypt's largest charity and social services organization — to identify the most urgently needed projects for less fortunate communities. As a result of the study's findings, the Company will fund two projects. First will be a water desalination plant for Mandisha, a village in the Bahariyya Oasis, where lack of access to safe drinking water affects more than 5,000 people. Next will be a bakery in Gezirat Al-Salam, a village in Giza where a clean, good quality bread is needed by more than 6,000 families; the bakery will also create 25 much-needed new job opportunities for the residents.

In an effort to improve Egypt's notoriously dangerous roads, GB Auto hosted an educational entertainment event for children, in cooperation with Hyundai, aiming to teach children about road safety in a fun, simple and easy to comprehend way. More than 600 Egyptian children and 80 Korean children attended the event.

Early in the year, in an effort to provide support to people who experienced financial difficulties post the 25 January Revolution, the Company again worked with Resala Foundation on two initiatives aiming to help the country regain balance and return to growth.

The first initiative worked to provide food and other basic necessities to more than 10,000 families who lost their daily source of income. The second initiative was designed to honor and support 30 families who lost family members during the Revolution by helping them start small projects, buy investment certificates, and even perform pilgrimage to Mecca, as a spiritual relief to cope with their loss.

Financial Review

Contents

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, 2011.

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.

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

Operating Results

The consolidated group revenue for the year 2011 reached LE 7,415.3 million versus LE 6,873.8 million the previous year, an increase of 7.9%. The net profit for the year after accounting for minority interest was LE 190.6 million, a 26.1% drop from 2010.

Dividends

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

Directors

The Directors of the company are shown on page 33 of this document. Also provided is their industry background information. The Board is constituted of five Independent Directors and two Executive Directors.

Corporate Governance

The Board is committed to and provides oversight to the management of GB Auto and its subsidiaries, meeting at least three times each year. The Board has created a Corporate Governance Committee of 4 members, an Audit Committee of 4 independent directors along with representatives from company management, and a Remuneration Committee made up of 4 independent directors together with representatives from company management.

Employees

The number of employees at GB Auto and its subsidiaries as of December 31, 2011 was 5,481 including all subsidiaries and ventures.

Shareholders

The shareholding structure of the company as of December 31, 2011 was: Dr. Raouf Ghabbour family and related parties 73.5%, while public ownership stood at 26.5%.

Annual General Meeting

The annual general meeting will be held at 3:00 pm on 28 March 2012 at the Smart Village, 6th of October – KM 28, 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
28 March 2012

Corporate Governance Report

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

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
Walid Solaiman Abanum
Hassan Abdallah

The Audit Committee

The Audit Committee consists of 4 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
Walid Solaiman Abanumy
Hassan Abdallah

The Remuneration Committee

The Remuneration Committee consists of 4 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

Independent auditor’s report

To the Shareholders of GB Auto and its Subsidiaries (S.A.E)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GB Auto and its Subsidiaries (S.A.E) (the Group) which comprise the consolidated balance sheet as of 31 December 2011 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 the 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 and in light with applicable Egyptian laws and regulations. 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 2011, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations.

Ahmed Gamal El-Atrees

Fellow of the Egyptian Society for Accountants and Auditors
Fellow of the Egyptian Society for Taxation
R.A.A. 8784
E.F.S.A. 136

4 March 2012
Cairo

Consolidated balance sheet

At 31 December 2011

(All amounts in thousand Egyptian pounds)

	Note	2011	2010
Non-current assets			
Property, plant and equipment	5	1,802,674	1,688,120
Intangible assets	6	179,722	181,708
Investment in associates	7	2,414	2,414
Long term notes receivables	8	20,226	11,707
Long term prepaid rent	9	-	5,141
Deferred tax assets	10	16,210	14,495
Investment property	11	5,481	5,436
Total non-current assets		2,026,727	1,909,021
Current assets			
Inventories	12	1,259,846	1,661,114
Accounts and notes receivables	13	790,350	692,206
Debtors and other debit balances	14	518,176	491,542
Due from related parties	15	3,469	1,351
Treasury Bills	16	280,519	-
Cash on hand and at banks	17	729,585	828,501
Total current assets		3,581,945	3,674,714
Current liabilities			
Provisions	18	43,238	41,181
Current tax liabilities	19	24,845	47,767
Loans and borrowings	20	1,046,825	827,884
Due to related parties	15	8,387	17,716
Trade payables and other credit balances	21	1,056,078	1,214,236
Bonds liabilities - short term	29	305,121	-
Total current liabilities		2,484,494	2,148,784
Working capital		1,097,451	1,525,930
Total invested funds		3,124,178	3,434,951
Represented in:			
Company's equity holders			
Share capital	22	129,000	129,000
Payment under capital increase	23	2,258	2,258
Shares held by the group	24	(3,275)	(3,275)
Treasury shares	25	(9,462)	-
Legal reserve	26	214,158	191,704
Other reserves	27	1,036,306	1,028,381
Retained earning		614,995	646,719
		1,983,980	1,994,787
Minority interest	28	343,942	303,787
Total Equity		2,327,922	2,298,574
Non-current liabilities			
Bonds liabilities	29	610,242	989,714
Long-term loans	20	91,369	41,396
Notes payables long-term	30	9,090	16,461
Deferred revenue	31	16,025	23,649
Deferred tax liabilities	10	31,096	26,568
Amounts under settlement on lease contract	32	38,434	38,589
Total non-current liabilities		796,256	1,136,377
Total equity and non–current liabilities		3,124,178	3,434,951

The accompanying notes on pages 49 to 83 form an integral part of these consolidated financial statements.

Bassem Iskander
Group Finance Director

Mahmoud Masoud
Chief Financial Officer

Dr. Raouf Ghabbour
Chairman and Managing Director

4 March 2012
Independent auditor's report attached

Consolidated statement of income

For the year ended 31 December 2011

(All amounts in thousand Egyptian pounds)

	Notes	2011	2010
Sales		7,415,292	6,873,812
Cost of sales		(6,531,989)	(5,988,404)
Gross profit		883,303	885,408
Other income		20,035	33,565
Selling and marketing expenses		(107,814)	(130,018)
Administration expenses		(254,248)	(231,918)
Provisions - net	33	(16,168)	(29,312)
Other operating expenses		(1,187)	-
Stock option fair value for the managing director	34	(4,693)	-
Operating profit		519,228	527,725
Finance costs - net	35	(219,233)	(170,979)
Net profit before tax		299,995	356,746
Income tax	36	(77,008)	(72,790)
Net profit for the year		222,987	283,956
Profit is attributable to:			
Shareholders of the parent		190,628	257,850
Minority interest		32,359	26,106
		222,987	283,956
Basic earnings per share in EGP	37	1.48	1.99
Diluted earnings per share in EGP	37	1.46	1.99

The accompanying notes on pages 49 to 83 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2010, and 31 December 2011

For the year ended 31 December 2010 (All amounts in thousand Egyptian pounds)

	Share capital	Payment under capital increase	Shares held by the group	Legal reserve	Other reserves	Retained earning	Equity		
							Shareholders' equity	Minority interest	Total 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	-	-	-	-	-	-	-	210,980	210,980
Currency translation differences	-	-	-	-	5,771	-	5,771	-	5,771
Net profit for the year	-	-	-	-	-	257,850	257,850	26,106	283,956
Transfer to legal reserve	-	-	-	52,872	-	(52,872)	-	-	-
Payment under capital increase	-	-	-	-	-	-	-	116	116
Dividends	-	-	-	-	-	(197,186)	(197,186)	-	(197,186)
Balance at 31 December 2010	129,000	2,258	(3,275)	191,704	1,028,381	646,719	1,994,787	303,787	2,298,574

The accompanying notes on pages 49 to 83 form an integral part of these consolidated financial statements.

For the year ended 31 December 2011 (All amounts in thousand Egyptian pounds)

	Share capital	Payment under capital increase	Shares held by the group	Treasury shares	Legal reserve	Other reserves	Retained earning	Equity		
								Shareholders' equity	Minority interest	Total equity
Balance at 1 January 2011	129,000	2,258	(3,275)	-	191,704	1,028,381	646,719	1,994,787	303,787	2,298,574
Capital increase	-	-	-	-	-	-	-	-	7,134	7,134
Currency translation differences	-	-	-	-	-	4,444	-	4,444	2,181	6,625
Net profit for the year	-	-	-	-	-	-	190,628	190,628	32,359	222,987
Treasury shares	-	-	-	(9,462)	-	-	-	(9,462)	-	(9,462)
Transfer to legal reserve	-	-	-	-	22,454	-	(22,454)	-	-	-
Transfer to other reserve	-	-	-	-	-	3,481	-	3,481	-	3,481
Dividends	-	-	-	-	-	-	(199,898)	(199,898)	(1,519)	(201,417)
Balance at 31 December 2011	129,000	2,258	(3,275)	(9,462)	214,158	1,036,306	614,995	1,983,980	343,942	2,327,922

The accompanying notes on pages 49 to 83 form an integral part of these consolidated financial statements.

Consolidated statement of cash flow

For the year ended 31 December 2011

(All amounts in thousand Egyptian pounds)

	Note	2011	2010
Cash flows from operating activities			
Net profit before tax		299,995	356,746
Adjustments:			
Interest expense		261,760	210,331
Depreciation and amortization		134,674	79,105
Provisions - net		16,168	29,312
Stock option fair value for the managing director		4,693	-
Bond issue cost amortization		2,572	1,714
Impairment losses		1,187	-
(Gain) on sale of property and equipments		345	1,156
Interest income		(44,298)	(39,369)
Interest expense capitalized on property, plant, and equipment		(28,230)	(18,916)
Deferred revenue amortization - Sale and lease back		(6,424)	(6,424)
Deferred revenue amortization - Marketing contract		(1,200)	(2,401)
Gain for the re-valuation of investments property		(45)	-
Gain on sale of investment property		-	423
Fair value of foreign currency swap contracts		-	(8,724)
Net profit before changes in working capital		641,197	602,953
Changes in working capital			
Inventories		397,298	(480,161)
Accounts and notes receivables		(110,078)	(156,041)
Debtors and other debit balances		(13,560)	(136,294)
Due from related parties		(2,118)	-
Due to related parties		(9,329)	8,433
Trade payables other credit balances		(175,141)	476,975
Cash flow generated from operating		728,269	315,865
Provisions used		(4,942)	(31,766)
Income tax paid during the year		(96,814)	(65,866)
Interest paid		(261,760)	(210,331)
Net cash flow generated from operating activities		364,753	7,902
Cash flows from investing activities			
Payments for projects under constructions		(163,379)	(257,790)
Purchase of property, plant and equipment		(76,767)	(142,620)
Purchase of intangible assets		(725)	(1,623)
Interest received		44,298	39,369
Proceeds from sale of property, plant and equipment		9,686	14,392
Proceeds from sale of investments property		-	1,664
Net cash flow used in investing activities		(186,887)	(346,608)
Cash flows from financing activities			
Loans and borrowings		268,914	85,134
Proceeds from minority share capital		7,134	129,659
Dividends paid		(184,434)	(176,911)
Bonds liabilities		(76,923)	988,000
Treasury shares		(9,462)	-
Long-term notes payables		(7,371)	(6,173)
Minority payment under capital increase		-	116
Net cash flow (used in) generated from financing activities		(2,142)	1,019,825
Net increase in cash and cash equivalents		175,724	681,119
Cash and cash equivalents at beginning of the year		828,501	141,611
Translation differences		5,879	5,771
Cash and cash equivalents at end of the year		1,010,104	828,501

The accompanying notes on pages 49 to 83 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

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

1. General information

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

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

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

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

The major shareholders of the company are Dr. Raouf Ghabbour and his family who collectively owns approximately 70.56% of the Company shares.

The consolidated financial statements are approved for issuance by the chairman and managing director on 4 March 2012 and the General Assembly of shareholders has the right to change the consolidated financial statements after issuance.

2. Significant accounting policies

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

A. Basis of preparation of consolidated financial statements

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

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

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

B. Basis of consolidation

(a) Subsidiaries

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

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

Notes to the Consolidated Financial Statements

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

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

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

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

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

(b) Transactions and minority interests

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

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

(c) Associates

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

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

C. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

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

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

(3) Group companies

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

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

D. Property, plant and equipment

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

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

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

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

Notes to the Consolidated Financial Statements

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

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

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

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

E. Intangible assets

i. Goodwill

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

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

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

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

ii. Computer software

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

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

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

iii. Knowhow

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

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.

Notes to the Consolidated Financial Statements

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

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

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

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

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

G. Investments available for sale

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

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

H. Lease

Finance lease

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

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

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

Operating lease

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

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I. Investment property

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

J. Inventories

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

K. Financial assets

(i) Classification

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

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

a. Financial assets at fair value through profit or loss

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

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

b. Held to maturity

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

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

c. Loans and receivables

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

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d. Available-for-sale financial assets

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

(ii) Reclassification

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

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

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

(iii)Measurement and subsequent measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

N. Share capital

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

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

O. Share based payments

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

P. Loans and borrowings

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

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

Notes to the Consolidated Financial Statements

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nearest of conversion or maturity of the bonds. The difference between the proceeds and the fair value of the liability portion is recognised in shareholders' equity.

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

Q. Employee benefits

(1) Defined contribution plan

The Group pays contributions to the Public Authority for Social Insurance retirement plans on a mandatory basis based on the rules of the social insurance law. Once contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net 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.

R. Provisions

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

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

S. Trade payables

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

T. Derivative financial instruments

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

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

U. Revenue recognition

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

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

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(a) Sales of goods – wholesale

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

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

(b) Sales of goods – retail

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

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

(c) Sales of services – maintenance

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

(d) Lease

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

(e) Interest income

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

(f) Dividend income

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

V. Current and deferred income tax

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

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

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that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

W. Segment reporting

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

X. Dividends

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

Y. Comparative figures

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

3. Financial risk management

(1) Financial risk factors

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

Market risk

i. Foreign currency exchange rate risk

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

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

	2011			2010
	Assets	Liabilities	Net	Net
United States Dollars	1,088,456	(705,644)	382,812	(401,313)
Euros	256	(798)	(542)	(19)
Other currencies	1,349	(14,479)	(13,130)	9,786

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ii. Price risk

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

iii. Cash flow and fair value interest rate risk

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

Loans and borrowings at the balance sheet date with variable interest rates amounted to EGP 1,138,194 and the loans and borrowings with fixed interest rate amounted to
EGP 923,077. The fair value for borrowings with fixed interest rate is approximately near its fair value at the balance sheet date.

Financial assets that carry fixed interest rates are amounted to EGP 329,256 as of 31 December 2011 (31 December 2010: EGP 163,130).

		2011 EGP	2010 EGP
Time deposit	EGP	17,372	2,368
Time deposit	US $	311,884	160,762
		329,256	163,130

iv. Credit risk

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

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

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

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

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

	2011	2010
Notes and accounts receivables	913,128	916,536
Allowance for impairment of accounts and notes receivable	(249,587)	(247,101)
Allowance to receivables	27%	27%

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v. Liquidity risk

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

(2) Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings and notes payables, less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt. The gearing ratios at 31 December 2010 and 31 December 2011 were as follows:

Description	2011	2010
Total loans and borrowings and notes payable		
Borrowings	2,053,557	1,858,994
Notes payable short-term – lease contract	633	4,416
Notes payable short-term suppliers	43,373	53,932
Notes payable long-term suppliers	9,090	16,461
Total loans and borrowings	2,106,653	1,933,803
Less: cash and cash equivalent	(1,010,104)	(828,501)
Net debt	1,096,549	1,105,302
Total equity	1,983,980	1,994,787
Total capital	3,080,529	3,100,089
Gearing ratio	36%	36%

(3) Fair value estimation

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

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

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

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4. Critical accounting estimates and judgments

(1) Critical accounting estimates and assumptions

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

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

a. Impairment of 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 evaluation such as the location, area and usage. The management do not expect a negative effect on the operations results by the change in the fair value of investment property related to the Group lands and buildings and there is no recognition for the increase in fair value in the income statement.

b. Impairment of accounts and notes receivables

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

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

d. Income tax

The Group companies are 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.

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(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.

5. Property, plant and equipment

	Land & buildings	Machinery & equipment	Vehicles	Fixtures & office furniture	Projects under construction	Total
Cost						
Balance at 1 January 2011	961,760	241,276	282,400	121,071	282,583	1,889,090
Foreign currency translation differences	139	24	10	331	-	504
Additions	8,665	10,861	49,818	9,794	191,610	270,748
Disposals	(15)	(941)	(36,537)	(1,793)	-	(39,286)
Transfer from projects under construction	44,109	25,514	1,648	14,492	(85,763)	-
Impairment of projects under construction	-	-	-	-	(1,187)	(1,187)
Balance at 31 December 2011	1,014,658	276,734	297,339	143,895	387,243	2,119,869
Accumulated depreciation						
Balance at 1 January 2011	28,882	69,393	64,755	37,940	-	200,970
Foreign currency translation differences	139	5	(9)	42	-	177
Depreciation charge	27,470	37,319	46,790	20,384	-	131,963
Disposals	-	(414)	(14,095)	(1,406)	-	(15,915)
Balance at 31 December 2011	56,491	106,303	97,441	56,960	-	317,195
Net book value at 31 December 2011	958,167	170,431	199,898	86,935	387,243	1,802,674
Net book value at 31 December 2010	932,878	171,883	217,645	83,131	282,583	1,688,120

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

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

	2011	2010
Capitalized finance leases (cost)	10,625	18,500
Accumulated depreciation	(5,788)	(8,831)
Net book value	4,837	9,669

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 lease payments as an expense in the income statement for the period and the leased contracts are as follows:

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	2011	2010
Total contractual lease payments	32,695	83,940
Total purchase price on termination of leases	86	169
Average useful life	5 years	5 years
lease payments for the year	7,500	16,465

Finance leased assets

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

	2011	2010
Cost	220,629	194,221
Accumulated depreciation	(56,481)	(24,621)
Net book value	164,148	169,600

6. Intangible assets

	Computer software	Knowhow	Goodwill	Total
Balance at 1 January 2011	2,503	831	178,374	181,708
Additions during the year	725	-	-	725
Amortization for the year	(1,880)	(831)	-	(2,711)
Balance at 31 December 2011	1,348	-	178,374	179,722

Goodwill

- On 28 March 2007, the Company and its subsidiaries fully acquired the shares of Cairo Individual Transport Industries "CITI" by acquiring 49.03% which were owned by the minority at a value of EGP 209,997 and obtained by issue of ordinary shares from GB Auto (Note 22-C). The acquisition resulted in a goodwill amounting to EGP 177,374 thousands which represents the increase in the acquisition value over the fair value of the Company's acquired assets. This goodwill has been allocated as an asset of Cairo Individual Transport Industries "CITI".

- On 8 September 2008, the Company and its subsidiaries acquired the shares of the GB for Capital Lease (S.A.E) which the Company's main activity is financial leasing and the acquisition resulted in goodwill amounted to EGP 1,000 thousands.

Impairment test of good will

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

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

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	2011	2010
Two and three wheels	177,374	177,374
Capital leasing activity	1,000	1,000
	178,374	178,374

An operating segments level summary of the goodwill allocation are determined based on value in use calculations. These calculations use the discounted cash flow projections based on financial budget approved by the Board of Directors covering five years period using the following assumptions as of 31 December 2011:

	2011
Growth margin	24%
Return on capital	22%
Growing rate beyond budget period	3%

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

The recoverable amount of the goodwill is not less than the carrying amount at the balance sheet date.

Knowhow

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

7. Investment in associates

	2011	2010
GB Trade-In Co.	2,414	2,414
Total	2,414	2,414

8. Long-term notes receivables

	2011	2010
Long-term notes receivable	25,741	15,135
Deferred interest on installment sales	(4,421)	(1,494)
Net present value for long-term notes receivable	21,320	13,641
Allowance for impairment of notes receivable	(1,094)	(1,934)
Net	20,226	11,707

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9. Long-term prepaid rent

	2011	2010
Long-term prepaid rent	15,976	22,039
Deduct: Short-term prepaid rent	(478)	(898)
Finance lease charges variances allocation	(15,498)	(16,000)
Net	-	5,141

Finance lease charges variances allocation represents the variances between the annual lease amount according to the finance lease contracts calculated on the contract period and the lease amount calculated on the expected operating period for the asset.

10. Deferred tax assets and liabilities

	Fixed and Intangible Assets	Carry forward losses	Inventory Provision	Warranty Provision	Legal Claims Provision	Convertible Loans	Total 2011	Total 2010
A. Deferred tax assets								
Balance at 1 January	22	5,195	4,963	3,806	509	-	14,495	14,057
Charged to the income statement	-	-	1,464	365	(114)	-	1,715	438
Balance at 31 December	22	5,195	6,427	4,171	395	-	16,210	14,495
B. Deferred tax liabilities								
Balance at 1 January	26,265	-	-	-	-	303	26,568	21,775
Charged to the income statement	4,831	-	-	-	-	-	4,831	4,793
Unutilization of convertible loan option	-	-	-	-	-	(303)	(303)	-
Balance at 31 December	31,096	-	-	-	-	-	31,096	26,568
Net deferred tax (liability) / assets	(31,074)	5,195	6,427	4,171	395	-	(14,886)	(12,073)
Balance at 1 January	(26,243)	5,195	4,963	3,806	509	(303)	(12,073)	(7,718)
Charged to the income statement	(4,831)	-	1,464	365	(114)	-	(3,116)	(4,355)
Unutilization of convertible loan option	-	-	-	-	-	303	303	-
Balance at 31 December	(31,074)	5,195	6,427	4,171	395	-	(14,886)	(12,073)

Unrecognised deferred tax assets

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

	2011	2010
Allowance for impairment of accounts and notes receivables	49,917	49,420
Allowance for impairment of other debit balances	1,521	845

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11. Investment property

	2011	2010
Balance at 1 January	5,436	7,523
Disposals	-	(2,087)
Revaluation gain	45	-
Balance	5,481	5,436

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

The Company engages an independent technical expert at the end of the financial year for the re-valuation of these assets and define their fair market value. The expert report on the re-valuation of these assets at January 2012, and the fair value of these assets according to the final re-valuation report was EGP 5,481.

12. Inventories

	2011	2010
Cars, buses and trucks	537,621	903,145
Goods in transit	309,258	395,639
Raw material and car components	306,021	191,879
Spare parts (for sale)	125,248	170,737
Work in progress	18,335	32,381
Total	1,296,483	1,693,781
Provision for decrease in the net realizable value	(36,637)	(32,667)
Net	1,259,846	1,661,114

13. Accounts and notes receivables

	2011	2010
Total notes receivable	395,367	178,378
Long-term notes receivable (Note 8)	(25,741)	(15,135)
Short-term notes receivable	369,626	163,243
Deferred interest on installment sales	(14,168)	(6,349)
Net present value for short-term notes receivable	355,458	156,894
Trade receivable	531,929	744,507
Checks under collection	151,456	35,972
Total	1,038,843	937,373
Allowances for impairment of accounts and notes receivable balances	(248,493)	(245,167)
Net	790,350	692,206

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14. Debtors and other debit balance

	2011	2010
Advance payments to suppliers	212,763	257,633
Payment under investment	101,871	81,321
Prepaid expenses	33,847	26,540
Withholding tax	33,030	23,007
Refundable deposit	31,282	4,796
Letters of credit	23,256	6,677
Sales tax	21,872	37,454
Other debit balances	21,216	10,424
Customs duties	13,522	13,507
Letters of guarantee margin	13,089	25,518
Staff loans	10,475	7,992
Prepaid employees dividends	5,069	-
Accrued interest	4,490	897
Total	525,782	495,766
Allowance for impairment of other debit balances	(7,606)	(4,224)
Net	518,176	491,542

15. Related party transactions

The subsidiaries have current accounts with related parties which include all payments made on behalf of or through the subsidiaries. The subsidiaries collect and pay these amounts regularly. The Group charged the income statement during the period with amount of EGP 20,322 thousands (2010: EGP 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.

	2011	2010
Due from related parties		
El-Kassed for Commercial Agencies	1,796	-
GB Trade-In Co. (associate)	1,351	1,351
GK El-Moultaqa	314	-
GK Berline	8	-
	3,469	1,351

	2011	2010
Due to related parties		
Marco Polo Company – Brazil	8,182	6,853
Due to executive directors	205	2,050
El Kassed for Commercial Agencies	-	8,813
	8,387	17,716

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

			Transaction amount	
Related party name	**Relation type**	**Transaction nature**	**2011**	**2010**
Group Executive Directors	Board of director members	Cash transfers	1,845	1,847
Marco Polo Company – Brazil	Contribution in one of subsidiaries	Cash transfers	1,329	1,467
El Kassed for Commercial Agencies	Contribution in one of subsidiaries	Cash transfers	(10,609)	-

16. Treasury bills

On 4 October 2011 and 1 November 2011, the Group purchased treasury bills with face value amounted to EGP 50,000 and 233,000 with annual interest rate of 12.25% and 12.85% respectively. These treasury bills are due on 3 January 2012 and 31 January 2012 respectively. The total accrued interest income at the end of the year amounted to EGP 6,087.

	2011	2010
Treasury bills (par value)	283,000	-
Total Interest income	(8,568)	-
Total paid	274,432	-
Accrued interest till 31 December 2011	6,087	-
Treasury bills balance	280,519	-

17. Cash on hand and at banks

	2011	2010
Cash on hand and cash at banks	729,585	828,501
	729,585	828,501

Cash and cash equivalent include the following for the purpose of the cash flow statement:

	2011	2010
Cash on hand and cash at banks	729,585	828,501
Treasury bills	280,519	-
	1,010,104	828,501

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18. Provisions

	Legal Claims	Warranty	Other Provision	Total
Balance at 1 January 2011	4,626	18,028	18,527	41,181
Additional provision	4,412	470	5,581	10,463
Utilized during the year	(385)	(4,557)	-	(4,942)
Provision no longer required	(768)	(2,696)	-	(3,464)
Balance at 31 December 2011	7,885	11,245	24,108	43,238

	Legal Claims	Warranty	Other Provision	Total
Balance at 1 January 2010	6,299	15,303	5,036	26,638
Additional provision	-	14,953	25,655	40,608
Utilized during the year	(1,673)	(11,992)	(2,164)	(15,829)
Provisions no longer required	-	(236)	(10,000)	(10,236)
Balance at 31 December 2010	4,626	18,028	18,527	41,181

Legal claim

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group. Management opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2011.

Warranty

The Group provides warranties on its products and guarantees to either fix or replace the products that are not working properly. Accordingly, the Group has estimated its warranty liability to be EGP 11,245 at the end of the year for warranty claims based on management experience for repair and returns in previous years.

Other provision

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

19. Current tax liabilities

	2011	2010
Balance at 1 January	47,767	45,198
Taxes paid during the year	(46,811)	(44,207)
Income tax expense (Note 36)	73,892	68,435
Withholding tax	(50,003)	(21,659)
Balance at 31 December	24,845	47,767

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20. Loans and borrowings

	2011			2010		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	1,038,306	-	1,038,306	726,399	-	726,399
Loans	8,519	91,369	99,888	-	41,396	41,396
Loans convertible to ordinary shares	-	-	-	101,485	-	101,485
Total	1,046,825	91,369	1,138,194	827,884	41,396	869,280

A. Banks overdraft

The banks overdraft is guaranteed by R.G. Investment Co. and GB Auto Company. The fair values of the bank loans are approximately equal the net book value and the average interest rate on the Egyptian Pounds and the US Dollars bank overdraft are 11% and 3.7% respectively.

B. Loans

Loans represent the following:

- Loan from Marco Polo Co.– Brazil amounted to EGP 20,519 with interest rate at 3% + LIBOR annually, to be settled in 5 years, where the first installment will be due in October 2013.

- Bank loans amounted to EGP 36,504 with annual interest rate at 10.75% for the EGP and 4.21% for the USD, to be settled in 5 years, where the first installment will be due in July 2012.

- At September 2011, there was another loan agreement with Marco Polo Co. - Brazil amounted to EGP 42,865 with interest rate of 3% + LIBOR annually, to be settled in 5 years, where the first installment will be due in October 2014.

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

	2011	2010
Less than one year	1,046,825	827,884
More than one year and less than five years	91,369	41,396
	1,138,194	869,280

C. Loans convertible to ordinary share

On 10 April 2007, one of the subsidiaries acquired a loan amounting to EGP 103 million from Cougar Capital Management to be paid on one installment cash on 10 October 2010, or converting the loan value into capital shares (call option) in a price EGP 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 issue, the Group classified the loan taken into a part that represents the liabilities and apart that represents the right to convert it into equity instruments.

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The fair value of the liability component of the loan is determined based on relevant 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 the loan into equity instruments.

The fair value of the liability component of the loans is classified within loans and borrowings and the fair value of the conversion right is classified within owner's equity.

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

	2011	2010
Nominal value for the loan on 10 April 2007	103,000	103,000
Amount paid during the year	(103,000)	-
Fair value of conversion option	-	(1,515)
The value of the liability	-	101,485

A small value of simple interest amount to 7% annually is accrued for on the loan, In addition to charges on the highest debit balance amounting to 0.5% monthly 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 Company.
- GB Auto and RG Investment Guarantees.

21. Trade payables and other credit balances

	2011	2010
Trade payables	754,952	936,422
Dividends payable	73,067	56,084
Other credit balances	60,577	41,977
Advances from customers	57,053	37,712
Notes payables (Note 30)	44,006	58,349
Accrued expenses	24,364	32,429
Tax Authority	34,287	42,212
Deferred revenues	7,772	9,051
	1,056,078	1,214,236

22. Share capital

	2011	2010
Authorized capital (400 million shares with par value EGP 1 each)	400,000	400,000
Issued and paid capital (129 million shares of EGP 1 each) (in thousands)	129,000	129,000

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

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

a. Public subscription

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

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

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

b. Private placement

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

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

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

d. Private placement (Almora Resources)

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

23. Payment under capital increase

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

24. Shares held by the Group

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

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

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25. Treasury shares

During the year the Group purchased the following treasury shares:

Purchase date	No. of shares	Par value	Purchase price
29 March 2011	107,100 share	EGP 1	3,096
19 April 2011	35,000 share	EGP 1	982
20 April 2011	181,840 share	EGP 1	5,384
Total	323,940 share		9,462

26. Legal reserve

	2011	2010
Balance at 1 January	191,704	138,832
Transfer to legal reserve	22,454	52,872
Balance	214,158	191,704

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

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

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:

	2011	2010
Share premium	1,175,691	1,175,691
Less		
Issuance cost	(35,878)	(35,878)
Share premium for the shares held by the group	(99,725)	(99,725)
Share premium balance	1,040,088	1,040,088
Transfer to legal reserve	(64,400)	(64,400)
	975,688	975,688

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

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

27. Other reserves

	Foreign currency translation reserve	shares option – managing director	Fixed asset evaluation surplus	Reserve for convertible loans	Special reserve	Total 2011
Balance at 1 January	32,691	16,292	2,498	1,212	975,688	1,028,381
Foreign currency translation differences	4,445	-	-	-		4,445
Stock option - managing director	-	4,692	-	-	-	4,692
Unutilization of convertible loan option	-	-	-	(1,212)	-	(1,212)
Balance	37,136	20,984	2,498	-	975,688	1,036,306

The other reserve consists of the determined amount from the net share premium for shares of 2007 less the amount transferred to the legal reserve (Note 26).

28. Minority interest

	Capital	Reserves	Retained earning	Total 2011	Total 2010
Balance at 1 January	271,738	501	31,548	303,787	66,585
Capital increase	7,134	-	-	7,134	210,980
Profit for the year	-	-	32,359	32,359	26,106
Currency translation differences	-	2,181	-	2,181	-
Dividends	-	-	(1,519)	(1,519)	-
Payments under capital increase	-	-	-	-	116
Balance at 31 December	278,872	2,682	62,388	343,942	303,787

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29. Bonds payables

	2011			2010		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Bonds payables	307,692	615,385	923,077	-	1,000,000	1,000,000
Less						
Bonds transaction cost	(2,571)	(5,143)	(7,714)	-	(10,286)	(10,286)
Net	305,121	610,242	915,363	-	989,714	989,714

Bonds issuance

The Group has opened the public subscription in bonds amounted to EGP 1 billion on 14 April 2010, and was closed on 2 May 2010. The subscriptions was received in amount of EGP 1.033 billion and an amount of EGP 1 billion was allocated. The bond interest rate is 12% paid quarterly, and the first interest amounted to EGP 51,373 thousands was due and paid on 1 July 2010. The bond will be paid over 13 quarterly instalments after grace period, accordingly, the first instalment will due on 1 January 2012. An amount of EGP 12M was paid as transaction cost, which will be amortized over the Bonds' life, as at 31 December 2011 the balance of this cost amounted to EGP 7,714 thousands.

30. Notes payables long-term

Notes payable include the values for the instalments of the cars rented from Incolease Co.

	2011		2010	
	Notes Payable	Present Value	Notes Payable	Present Value
Less than 1 year	45,146	44,006	59,685	58,349
More than 1 year and less than 5 years	9,090	9,090	18,417	16,461
	54,236	53,096	78,102	74,810

31. Long-term deferred revenue

The long-term deferred revenue represents the difference between the sale price of land and its carrying amount which is leased back during the period. The resulting capital gain is amortized over the lease contract period which ends on September 2015. In addition this account includes revenue collected in advance of marketing contract which will end on May 2013.

	2011	2010
Gain on sale and lease back asset	15,525	21,949
Marketing contract deferred revenue	500	1,700
	16,025	23,649

32. Amounts under settlement on lease contract

This account represents the difference (either positive or negative) between the recognized lease revenue and the gross lease receivable as per revenue recognition policy in Note (4-V/b).

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.

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33. Provisions (income statement)

Provision no longer required:

	2011	2010
Impairment in accounts and notes receivable balances	2,799	9,585
Warranty provision	2,696	236
Inventory provision for decrease in the net realizable value of inventories	1,089	-
Litigation provision	768	-
Other provision no longer required	550	10,000
Total provision no longer required	7,902	19,821

Provision expense:

	2011	2010
Allowances for impairment of accounts and notes receivable balances	(5,942)	(2,164)
Provision for decrease in the net realizable value	(4,822)	(5,270)
Litigation provision	(4,412)	-
Warranty provision	(471)	(14,953)
Impairment in other debit balances	(3,423)	(1,341)
Other provisions	(5,000)	(25,405)
Total provision expense	(24,070)	(49,133)
Net	(16,168)	(29,312)

34. Stock option fair value for the managing director

The shareholders decided in the Extraordinary General Assembly Meeting held on 30 March 2009 to grant the managing director Dr. Raouf Ghabbour under the employees stock option plan a free shares amounting to 2,257,500 shares as rewarding for his services for the Group under the condition of serving the Group for 3 years starting from the date of assigning those shares to him. After the three years the shares ownership will be transferred to him.

The fair value of the share has been revalued as of 31 December 2011 as follows:

Description	Amount
Number of shares	2,257,500
Share fair value at the grant date 30 March 2009	10.90
	24,606,750
3 years (restriction period) starting from 2009	3 years
The period's portion since granting date till 31 December 2011	23,242,708
Total amounts that were charged in prior years	(18,549,996)
Charged during the year	4,692,712

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The shareholders equity was charged with EGP 23,243 thoushands as follows:

	Amount
Payments under capital increase	2,258
Other reserves	20,985
Total charged on shareholders' equity	23,243

35. Finance costs- net

	2011	2010
Treasury bills interest income	22,927	-
Interest income	19,560	34,844
Installment sales interest	1,811	4,525
Net foreign exchange transaction losses	(1,771)	(8,741)
Bonds Interest expenses	(122,571)	(81,933)
Interest expenses	(139,189)	(128,398)
Gain on the change in fair value of foreign currency swap contracts	-	8,724
	(219,233)	(170,979)

36. Income tax

	2011	2010
Current income tax (Note 19)	73,892	68,435
Deferred income tax (Note 10)	3,116	4,355
	77,008	72,790

	2011	2010
Consolidated profit for the year before taxes and minority interest	299,995	356,749
Income tax calculated at a tax rate of 20% "1st Tire"	22,907	71,350
Income tax calculated at a tax rate of 25% "2nd Tire"	275,534	-
Expenses not deductible for tax purposes	16,697	18,081
Tax loss carry forward	9,603	-
Tax deductible expenses	-	(12,658)
Income not subject to tax	(247,733)	(4,217)
Deferred tax recognized	-	1,798
Deferred tax not previously recognized	-	(1,564)
Income tax for the year	77,008	72,790

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For the year ended 31 December 2011

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37. Earnings per share

i. Basic

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

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

	2011	2010
Profit attributable to equity holders of the Company	190,628	257,850
Weighted average number of ordinary shares in issue	128,757	129,000
Basic earnings per share	1.48	1.99

The weighted average number of ordinary shares was calculated as follows:

	No. of shares	Period	Weighted averages
Number of shares till 31 March 2011	129,000K shares	3 months	32,250
Number of shares from 1 April till 31 December 2011	128,676K shares	9 months	96,507
			128,757

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 anti dilutive as at 31 December 2011 as their conversion to ordinary shares increase the earning per share from continuing operations. Therefore, their impact on the calculation of diluted earnings per share is ignored.

	2011	2010
Net profit attributable to shareholders	190,628	257,850
Debit interest on convertible loan (net after tax)	-	10,712
	190,628	268,562

	2011	2010
Weighted average number of ordinary shares in issue	128,757	129,000
Share option – managing director	2,258	2,258
Convertible loan	-	3,275
Weighted average number of ordinary shares	131,015	134,533
Diluted earnings per share	1.46	1.99

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38. Income statement by nature

	2011	2010
Sales	7,415,292	6,873,812
Direct manufacturing cost	(6,370,702)	(5,848,172)
Overhead cost		
Salaries	(71,067)	(62,050)
Others	(90,220)	(78,182)
Gross profit	883,303	885,408
Treasury bills interest income	22,927	-
Interest income	19,560	34,844
Other income	19,534	33,564
Warranty provision no longer required	2,225	-
Interest on installment sales	1,811	4,525
Investment property revaluation gain	45	-
Gifts	(493)	(1,755)
Public relations expenses	(597)	(630)
Shipping	(675)	(787)
Impairment losses	(1,187)	-
Net foreign exchange transaction losses	(1,771)	(8,741)
Donations	(2,052)	(3,663)
Bank charges	(2,621)	-
Impairment in accounts and notes receivables	(3,143)	-
Utilities	(3,306)	(4,729)
Impairment in other debit balances	(3,423)	(1,341)
Litigation provision	(3,644)	-
Inventory provision for decrease in the net realizable value	(3,733)	(5,270)
Insurance	(3,792)	(3,827)
Telecommunication	(3,944)	(2,974)
Provisions	(4,450)	(15,405)
Share option fair value for managing director	(4,693)	-
Administration supplies	(4,698)	(4,818)
Hounability	(5,379)	(7,452)
Repair and maintenance shipping	(5,836)	(5,041)
Safety and security expenses	(6,024)	(5,645)
Other miscellaneous expenses	(6,757)	(6,762)
Governmental fees, stamps, etc.	(7,007)	(6,547)
IT and network and PC's expenses	(7,786)	(8,342)
Vehicles expenses	(9,199)	(13,390)
Consulting and advisory services	(11,894)	(15,667)
Transportation	(14,596)	(22,949)
Depreciation and amortization	(27,974)	(23,676)
Rent expense	(35,672)	(31,431)
Advertising	(70,769)	(87,513)
Bonds interest expenses	(122,571)	(81,933)
Employees salaries and benefits	(130,535)	(104,337)
Interest expense	(139,189)	(128,398)
Impairment in accounts and notes receivables no longer required	-	7,421
Impairment in other debit balance no longer required	-	-
Change in fair value of foreign currency swap contract	-	8,724
Warranty provision	-	(14,717)
Net profit before tax	299,995	356,746
Tax expenses	(77,008)	(72,790)
Net profit for the year	222,987	283,956
Shareholders of the parent	190,628	257,850
Minority interest	32,359	26,106
	222,987	283,956

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39. Segment reporting

	Passenger Car		Buses and Trailers		Two & Three Wheels		Other Operation		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues	5,741,614	5,386,505	340,662	661,933	1,001,598	624,735	331,418	200,639	7,415,292	6,873,812
Segment profit	566,563	613,121	7,210	76,121	255,656	169,651	53,874	26,515	883,303	885,408
Other income									20,035	33,565
Selling and marketing expenses									(107,814)	(130,018)
Administration expenses									(254,248)	(231,918)
Provisions - Net									(16,168)	(29,312)
Other operating expenses									(1,187)	-
Share option fair value for managing directors									(4,693)	-
Operating profit									519,228	527,725
Finance cost									(219,233)	(170,979)
Income tax									(77,008)	(72,790)
Net profit of the year									222,987	283,956
Profit is attributable to shareholders of the parent									190,628	257,850
Minority interest									32,359	26,106
Net profit of the year									222,987	283,956
Segment assets	3,313,551	2,755,555	1,337,492	1,533,597	274,497	44,637	680,718	1,247,532	5,606,258	5,581,321
Investment in associates	-	-	-	-	-	-	2,414	2,414	2,414	2,414
Total distributed assets	3,313,551	2,755,555	1,337,492	1,533,597	274,497	44,637	683,132	1,249,946	5,608,672	5,583,735
Segment liabilities	1,888,795	1,679,303	279,593	360,699	74,297	15,119	1,038,065	1,230,040	3,280,750	3,285,161
Capital expenditures	153,642	159,589	84,169	86,301	4,482	1,577	28,455	171,859	270,748	419,326
Depreciation	59,014	25,519	27,572	20,464	1,967	122	43,410	28,816	131,963	74,921

40. Contingent assets and liabilities

a. Contingent assets

The Group raised a legal claim against Egyptian Development Bank (EDB) amounting to EGP 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 EGP 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.

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b. Contingent Liabilities

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

	2011 EGP	2010 EGP
EGP	42,644	59,573
USD	624,322	824,124
Japanese YN	78	332
Other	-	575

41. 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.

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 is EGP 542,271 thousand according to the report prepared by GAFI, The revaluation surplus is represented in:

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

42. Capital commitments

The capital expenditure commitment at the balance sheet date reached EGP 40,254 thousands representing amounts to be paid for the new production lines currently under construction.

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43. 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%
Alomar Recourses 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%
Universal Group for Trading (GK Auto)	50%
Microfinance consultancy Services «Mashro›ey» (S.A.E.)	90%
GB Logistics (S.A.E.)	99.98%
GB Capital (S.A.E.)	99%
Drive Automotive (S.A.E.)	90%

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Shareholder Information
Reuters Code: AUTO.CA
Bloomberg Code: AUTO.EY
Number of Shares Outstanding: 129,000,000

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