Ghabbour Auto

GB AUTO, S.A.E.

(a joint stock holding company incorporated under the laws of Egypt)

OFFERING PROSPECTUS

Offering of 33,163,000 ordinary shares

At an offering price of EGP 37.00 per ordinary share

This offering prospectus ("Offering Prospectus") relates to a primary offering by GB Auto, S.A.E, ("GB Auto," "The Ghabbour Group" or the "Company") of 25,663,000 newly issued ordinary shares, each with a par value of EGP 1.00 per share (the "New Shares") and a secondary offering of up to 1,676,100 existing ordinary shares with a par value of EGP 1.00 per share on behalf of certain Selling Shareholders (as defined herein) which are not included in the total shown above (together with the New Shares, the "Firm Shares") to (a) institutional investors outside the United States in offshore transactions in a number of countries, including Egypt, in reliance on the exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"), provided by Regulation S thereunder ("Regulation S") and (b) certain qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A")) ("QIBs") in the United States in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (collectively, the "Institutional Offering"). In addition, up to 7,500,000 additional shares are being offered in a domestic offering to the public in Egypt (the "Egyptian Retail Offering"). Egyptian retail investors will be purchasing shares solely in reliance on a Public Subscription Notice and may not rely on this Offering Prospectus. The Institutional Offering and the Egyptian Retail Offering are collectively referred to herein as the "Combined Offering." We will not receive any proceeds from the sale of existing Shares on behalf of the Selling Shareholders.

We have agreed with Beltone Investment Banking, as global coordinator, lead manager and sole bookrunner (the "Global Coordinator" or "Lead Manager"), that the proceeds from the sale of 3,500,000 Shares will be placed in a fund that may be utilized by the Lead Manager for stabilization purposes. Accordingly, the Lead Manager may effect transactions that stabilize or maintain the market price of the shares during the 30-day period from the date on which trading of the shares commences. No more than 3,500,000 shares may be purchased through stabilization and, at the end of the period, all Shares so purchased (and to the extent shares have not been so purchased the proceeds from the original sale of the Additional Shares) must be transferred to the Company.

This Offering Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, Shares in any jurisdiction where such offer or solicitation is unlawful. The Shares have not been, and will not be, registered under the Securities Act, and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Prospective investors are hereby notified that sellers of the Shares may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. For a description of certain restrictions on the offer, sale and transfer of the Shares, see "Transfer and Selling Restrictions."

Prior to the Combined Offering, there has been no public market for the Shares. The Company's shares are listed, but not traded on the Cairo and Alexandria Stock Exchanges (the "CASE") under the symbol AUTO. CA. It is expected that trading in the Shares will commence on or about July 9, 2007.

Investing in the Shares involves risks. See "Risk Factors" beginning on page 11.

The Shares will be offered by the Lead Manager in the Institutional Offering when, as, and if, orders are delivered to, and accepted by, it and subject to its right to reject orders in whole or in part. The offering price of the ordinary Shares in the Institutional Offering (the "Offering Price") is expected to be in the range specified above, although the price may be outside of this range. The offering price in the Egyptian Retail Offering will be the same as the Offering Price. Payment for the Shares allotted in the Combined Offering will be made on or about July 2, 2007 (the "Closing Date") in Egyptian pounds.

Global Coordinator, Lead Manager and Sole Bookrunner

BELTONE

Beltone Investment Banking

Placement Agents

Trust Group for Securities

Pioneers Securities **BMG Financial Advisors** **Securities & Inv. Co. BSC**

The date of this Offering Prospectus is July 2, 2007

From **Tok Toks**

..to **Trailer Trucks**

.. and **EVERYTHING** in between

Ghabbour Auto

Everything on wheels

One of the Arab World's Leading Automative Players

www.ghabbourauto.com

As used in this Offering Prospectus, any reference to "GB Auto," the "Ghabbour Group," the "Company," "our," "us" or "we", refers to GB Auto, S.A.E. together with, unless the context requires otherwise, its subsidiaries.

We accept responsibility for the information contained in this Offering Prospectus. To the best of our knowledge and belief, the information contained in this Offering Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information (and we have taken reasonable care to ensure that such is the case).

Prospective investors are authorized to use this Offering Prospectus solely for the purpose of considering the purchase of the Shares offered in the Institutional Offering. We have furnished the information in this Offering Prospectus. Prospective investors acknowledge and agree that the Lead Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Offering Prospectus is, or shall be relied upon as, a promise or representation by the Lead Manager. Prospective investors may not reproduce or distribute this Offering Prospectus, in whole or in part, and they may not disclose any of the contents of this Offering Prospectus or use any information herein for any purpose other than considering an investment in the Shares. Prospective investors agree to the foregoing by accepting delivery of this Offering Prospectus.

Prospective investors in the Institutional Offering should only rely on the information contained in this Offering Prospectus. No person is authorized to give information or to make any representation or to provide any additional information in connection with the offer or sale of the Shares other than as contained in this Offering Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by us or the Lead Manager or any of our or their affiliates or advisers or selling agents. Nothing in this Offering Prospectus is or should be relied upon as a warranty or representation as to future results or events. Neither the delivery of this Offering Prospectus nor any sale made hereunder shall, under any circumstances, imply that there has been no change in our affairs or that the information set forth in this Offering Prospectus is correct as of any date subsequent to the date of this Offering Prospectus.

Notwithstanding anything in this Offering Prospectus to the contrary, each prospective investor in the Institutional Offering (and each employee, representative or other agent of such prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of any offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable security laws.

In making an investment decision, prospective investors must rely upon their own examination of us and the terms of this Offering Prospectus, including the risks involved.

The distribution of this Offering Prospectus and the offer and sale of the Shares may, in certain jurisdictions, be restricted by law. We and the Lead Manager require persons into whose possession this Offering Prospectus comes to inform themselves of, and to observe, all such restrictions. This Offering Prospectus does not constitute an offer of, or an invitation to purchase, any Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering to occur in any jurisdiction other than in Egypt.

In connection with the offer and sale of the Shares, the Lead Manager, or persons acting on its behalf, may over-allot Shares or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail. However, there is no assurance that the Lead Manager, or persons acting on its behalf, will undertake stabilization activity. Any stabilization may begin on the date trading of the Shares begins and may end at anytime, but no later than 30 calendar days thereafter.

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and, accordingly, may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Neither the U.S. Securities and Exchange Commission, any state securities commission nor any other regulatory authority has approved or disapproved the Shares, nor have any of the foregoing authorities passed upon or endorsed the merits or the Combined Offering or the accuracy or adequacy of this Offering Prospectus. Any representation to the contrary is a criminal offense in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE IMPLIES THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVIALABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "relevant member state"), with effect from and including the date on which the Prospectus Directive is implemented in that member state (the "Relevant Implementation Date"), no offer of Shares to the public will be made in that relevant member state prior to the publication of a prospectus in relation to Shares which has been approved by the competent authority in that relevant member state in accordance with the Prospectus Directive or, where appropriate, published in another relevant member state and notified to the competent authority in that relevant member state in accordance with Article 18 of the Prospectus Directive, except that there may, with effect from and including the Relevant Implementation Date, be an offer of Shares to the public in that relevant member state at any time:

(i) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity that has two or more of (a) an average of at least 250 employees during the last financial year, (b) a total balance sheet of more than €43 million and (c) an annual turnover of more than €50 million as shown in its last annual and/or consolidated accounts; or

(iii) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive other than in reliance on Article 3(2)(b).

For the purposes of this provision, the expression an "offer of the Shares to the public" in relation to any Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Combined Offering and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/F,C and includes any relevant implementing measure in each relevant member state.

No offer of the Shares to the public will be made in connection with the Combined Offering. Each subscriber for or purchaser of Shares in the Combined Offering located within a member state of the European Economic Area will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. We, the Lead Manager and its affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Lead Manager of such fact in writing may, with the consent of the Lead Manager, be permitted to subscribe for or purchase Shares in the Combined Offering.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Offering Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the "Order"), or (iii) high net worth entities, and other persons to whom it may be lawfully communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "relevant persons"). This Offering Prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Prospectus relates is available only to relevant persons and will be engaged in only by relevant persons.

The Shares may not be offered or sold to any person in the United Kingdom, other than to qualified investors as defined in Section 86(7) Financial Services and Markets Act 2000 ("FSMA"), or otherwise in circumstances which would not give rise to a breach of Section 85 FSMA.

NOTICE TO CERTAIN OTHER PROSPECTIVE EUROPEAN INVESTORS

France

Neither this Offering Prospectus nor any other offering material relating to the Shares has been submitted to the clearance procedures of the Autorite des Marches Financiers in France or of the competent authority of another member state of the European Economic Area and notified to the Autorite des Marches Financiers. The Shares have not been offered, sold or otherwise transferred and will not be offered, sold or otherwise transferred, directly or indirectly, to the public in France. Neither this Offering Prospectus nor any other offering material relating to the Shares has been or will be (i) released, issued, distributed or caused to be released, issued or distributed to the public in France or (ii) used in connection with any offer for subscription or sale of the Shares to the public in France. Any offers, sales, distributions or other transfers of the Shares in France will be made only (i) to qualified investors (investisseurs qualifies) and/or to a restricted circle of investors (cercle restraint d'investisseurs), in each case investing for their own account, all as defined in and in accordance with Articles L.411-2, D.411-1, D.411-2. D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monetaire et financier or:

(a) to investment services providers authorised to engage in portfolio management on behalf of third parties, or

(b) in a transaction that, in accordance with Article L.411-2-II-1-or -2 or 3 of the French Code monetaire et financier and article 211-2 of the General Regulations (Reglement General) of the Autorite des Marches Financiers, does not constitute a public offer (appel public a 1'epargne). Such Shares may be resold only in compliance with Articles L.41 I — I, L.411-2, L.412-1, L.621-8 through L.621-8-3 and L.341-1 to L.341-17 of the French Code monetaire et financier.

Germany

The offering of the Shares is not a public offering in the Federal Republic of Germany, accordingly, no securities prospectus for a public offering in the Federal Republic of Germany in accordance with the German Securities Prospectus Act (Wertpapierprospektgesetz) has been or will be published or circulated in the Federal Republic of Germany. The Shares may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (Wertpapierprospektgesetz) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. The Offering Circular has not been approved under the German Securities Prospectus Act (Wertpapierprospektgesetz) or the Prospectus Directive.

Italy

The offering of the Shares has not been registered pursuant to the Italian securities legislation, and therefore, the Shares will not be offered or sold in Italy in a solicitation to the public. The Shares may not be offered, sold or delivered, directly or indirectly, and copies of this Offering Prospectus and any other offering material may not be distributed, directly or indirectly, in Italy or to a resident of Italy other than a Professional Investor pursuant to Article 30, paragraph 2 and Article 100(a) of Legislative Decree no. 58 of February 24, 1998 as defined by article 31, paragraph 2, of Consob Regulation no. 11522 of July 1, 1998 as subsequently modified, and except for individuals as defined pursuant to the aforementioned article 31, paragraph 2, asset management companies authorized to manage investment portfolios in accordance with mandates given by investors on a discriminatory client-by-client basis and fiduciary companies authorized to manage individual portfolios pursuant to Article 60 paragraph 4, of Legislative Decree no. 415 of July 23, 1996. Any such offer, sale or delivery of Shares or any distribution of this Offering Prospectus within Italy and in connection with the offering to which this Offering Prospectus relates must be conducted either by securities dealing firms (SIMs) or by Italian and foreign banks, investment firms and financial companies enrolled in the special register provided for in Article 107 of Legislative Decree No. 385 of September 1, 1993 (the "Consolidated Banking Act") to the extent duly authorized to engage in the placement and/or underwriting of financial instruments in Italy. In any case, the Shares cannot be offered or sold to any individuals in Italy either in the primary or the secondary market, unless in compliance with any applicable securities law.

The Netherlands

In or from the Netherlands (whether as part of their initial distribution or at any time thereafter), the Shares described in this Offering Prospectus may not, are not and will not be offered, distributed, sold, transferred, delivered, directly or indirectly, to any private individual or legal entity other than to individuals or legal entities who or which trade in securities in the conduct of a business or a profession or trade within the meaning of Section 2 of the exemption regulation pursuant to the Netherlands Securities Market Supervision Act 1995 ("artikel 2 Vrijstellingsregeling Wet toezicht effectenverkeer 1994"), which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors, undertakings with a treasury department and commercial enterprises that, as an ancillary activity, regularly invest in securities.

AVAILABLE INFORMATION

As of the date hereof, we are not subject to Section 13 or 15(d) of U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor are we exempt from reporting pursuant to Rule 12g3-2(b) thereunder. Accordingly, for so long as any of the Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, we will furnish, upon request, to any holder or beneficial owner of Shares, or any prospective purchaser designated by a such holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Offering Prospectus, all references to "Egypt" and the "Republic" are to the Arab Republic of Egypt and all references to the "Government" or the "State" are to the Government of Egypt. All references to "Egyptian pounds" and "EGP" are to the lawful currency of Egypt (EGP 1 = 100 piasters). All references to "U.S. dollars" and "U.S.$" are to the lawful currency of the United States of America.

We publish our financial statements in Egyptian pounds. For the convenience of the reader, this Offering Prospectus presents translations into U.S. dollars of certain Egyptian pound amounts. Our audited pro forma consolidated financial statements as of and for the years ended December 31, 2004, 2005 and 2006 included herein have been prepared in accordance with Egyptian Accounting Standards ("EAS") and are referred to herein as our "Financial Statements." Our independent auditors have expressed a qualified opinion on our Financial Statements with respect to (i) the reasonableness of a revaluation of our property, plant and equipment as of December 31, 2006 and (ii) the potential over-provisioning for impairment of trade and notes receivable balances for our fiscal year ended December 31, 2005, in each case as stated more fully in their audit report included in this Offering Prospectus. Except as set forth below and unless otherwise indicated, all financial data in this Offering Prospectus is derived from our Financial Statements. EAS differs in certain significant respects from International Financial Reporting Standards ("IFRS"). For a description of the principal differences between EAS and IFRS that are relevant to our business, see "Summary of Certain Significant Differences between EAS and IFRS."

Notwithstanding the above, we have included in this Offering Prospectus financial information for the three month periods ended March 31, 2005 and 2006, as well as financial data regarding our revenues and operating profit by line of business for our fiscal years ended December 31, 2004, 2005 and 2006 and the three month periods ended March 31, 2005 and 2006. We have included this information since we believe it will help investors, securities analysts and other interested parties in the evaluation of our performance, but the amounts presented are based on management accounts and have not been audited or reviewed and are not necessarily indicative of future results. We urge the reader to consider this financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Financial Statements, including the notes thereto, included elsewhere in this Offering Prospectus.

On May 3, 2007, the exchange rate between U.S. dollars and Egyptian pound was U.S.$1.00 = EGP 5.68. Unless otherwise stated, the U.S. dollar equivalent information presented herein has been calculated on the basis of the U.S.$/EGP exchange rate (published by Reuters) as of May 3, 2007 of U.S.$1.00 = EGP 5.68 and is provided solely for the convenience of the readers of this Offering Prospectus and should not be construed as a representation that the Egyptian pound amounts represent, or could have been or could be converted into, U.S. dollars at such rate of exchange. The Federal Reserve Bank of New York does not certify for customer purposes a noon buying rate for cable transfers in Egyptian pounds. See "Exchange Rate Information and Regulations."

Certain figures included in this Offering Prospectus have been subject to rounding adjustments and, accordingly, figures shown for the same category represented in different tables may vary slightly and figures in a column may not add up to the total of the corresponding column.

INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Offering Prospectus consists of internal estimates based on data reports compiled by professional organizations and analysts, on data from other external sources and on our knowledge of the markets that we serve. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on internally developed estimates. While we have compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, we have not independently verified that data. We cannot assure you of the accuracy and completeness of, and take no responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources, and we cannot assure potential investors as to their accuracy.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Prospectus contains statements that are, or may be deemed to be, "forward-looking statements" which are not historical facts but rather are statements of future expectations and projections based on our management's views and assumptions regarding trends in the Egyptian, Middle Eastern, European and international financial markets and regional economies, the political climate in which we operate and other factors. These forward-looking statements can be identified by the use of forward-looking terminology, including the words "anticipates," "believes," "estimates," "expects," "intends," "may" or "should," or, in each case, the negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events or intentions. Forward-looking statements appear in a number of places throughout this Offering Prospectus and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospectus, growth, strategies and dividend policy and the development of industries in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and that may be beyond our control. Our actual results of operations, financial condition and the development of the industries in which we operate may differ materially from the impression created by the forward-looking statements contained in this Offering Prospectus. In addition, even if our results of operations, financial condition and the development of the industries in which we operate, are consistent with the forward-looking statements contained in this Offering Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause these differences include those discussed below in the section "Risk Factors" and include, without limitation, the following:

- the cyclical nature of our industry;
- the volatility in pricing for our products;
- our reliance on key original equipment manufacturers;
- the competitive nature of our industry;
- our exposure to foreign exchange rate fluctuations;
- any disruption in our supply of raw materials;
- any disruption on our operations at our assembly or other facilities;
- any adverse outcome in legal proceedings;
- our ability to manage our growth;
- our reliance on our senior management;
- the impact of environmental and other government regulations;

- our relations with our employees;
- our management's lack of experience running a public company;
- any detrimental actions taken by our principal shareholders;
- our exposure to economic, political and social risks in Egypt and the Middle East Region;
- any negative changes in tax laws, import regulations or treaties;
- differences between Egyptian, U.S. and U.K. company laws and statutes;
- the lack of a public market for our shares;
- our ability to pay cash dividends;
- sales of a substantial number of our shares in the public market following the Combined Offering; and
- those discussed under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Principal Factors Affecting Our Results of Operations."

These forward-looking statements speak only as at the date of this prospectus. Neither we nor the Lead Manager undertake any obligation to disseminate updates or revisions to any forward-looking statements contained herein to reflect any change whether as a result of new information, future events, or otherwise, unless required to do so by applicable law or regulation.

ENFORCEMENT OF FOREIGN JUDGMENTS AND SERVICE OF PROCESS IN EGYPT

We are a joint stock holding company incorporated in Egypt. Substantially all of our directors and executive officers are Egyptians and residents of Egypt. Substantially all of our assets are located in Egypt. As a result, it may not be possible for investors to effect service of process outside Egypt (including within the United States) upon us, or for such persons to enforce against us, in original actions brought in courts located in Egypt, liabilities predicated upon the civil liability provisions of the federal securities laws of other jurisdictions (including those of the United States).

Enforcement of foreign judgments in Egypt is subject to the following conditions:

(i) the foreign courts rendering the relevant judgment offer reciprocal treatment to judgments obtained in the courts of Egypt. If such reciprocal treatment is not offered by the court where judgment is obtained, then the Egyptian courts will re-examine the merits of the case;

(ii) the courts of Egypt do not have exclusive jurisdiction under Egyptian law to hear the dispute which constituted the object of the foreign judgment in cases in which the foreign courts are shown to have been competent to hear the dispute in accordance with their own laws;

(iii) the parties to the dispute were duly notified and properly represented in the proceedings;

(iv) the foreign judgment is final and conclusive in accordance with the relevant law; and

(v) the foreign judgment does not conflict with a prior Egyptian judgment in the same case and is not contrary to public order or morality in Egypt.

It is uncertain whether the judgments of courts of the United States would be enforceable in Egypt, without re-examination of the merits, because there is no bilateral treaty between Egypt and the United States for the enforcement of court judgments. The courts of the United States may therefore be deemed to not offer reciprocal treatment to judgments obtained in the courts of Egypt.

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Summary

This summary contains basic information about us and the Combined Offering and may not contain all of the information that you should consider in making your investment decision. This summary also contains financial data regarding our revenues and operating profit by line of business for our fiscal year ended December 31, 2006. This financial data is based on management accounts and has not been audited or reviewed by PricewaterhouseCoopers-Mansour & Co., our independent auditors ("PricewaterhouseCoopers"). We have included this financial data in the Offering Prospectus because we believe it will help you evaluate our performance. You should read this summary together with the more detailed information, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Financial Statements and related notes, included elsewhere in this Offering Prospectus. In addition, you should carefully consider, among other things, the matters discussed in "Risk Factors" for an understanding of the risks associated with an investment in the Shares.

GB Auto, S.A.E.

Overview

We are a leading player in the Egyptian automotive industry and we are the holding company for a group of subsidiaries operating at all levels of the automotive industry value chain, including assembling, distributing and selling passenger cars and commercial vehicles, manufacturing semi-trailers and super-structures for trucks and buses, providing after-sales service through our nation-wide after-sales service network and selling automotive components, motorcycles and scooters, tires and construction equipment. We also provide public passenger and private freight transport services in governorates throughout Egypt. We have an extensive and diversified customer base which includes, among others, Egyptian retail consumers, transportation companies, private sector companies, schools and universities, construction companies and various governmental authorities and agencies. We also export our products throughout the MENA region. For the fiscal year ended December 31, 2006, we had total consolidated revenues of approximately EGP 3.1 billion and total consolidated gross profits of approximately EGP 537 million.

Our operations are organized in the following lines of business:

Passenger Cars. Our passenger cars line of business is the sole local importer and assembler of Hyundai Motor Company ("Hyundai") passenger cars and is supported by the largest nation-wide after-sales service network in Egypt, which currently comprises four service centers, as well as our comprehensive spare parts distribution network, which currently comprises four spare parts outlets. In addition to our nine retail showrooms and our after-sales service network, our passenger cars line of business is further supported by the largest sub-dealer network in Egypt. The line of Hyundai passenger cars that we import and/or assemble covers a wide range of specifications with respect to vehicle and engine size, utility and price point, which enables us to appeal to a wide customer base. In 2006, we sold 36,388 Hyundai passenger car units, which represented approximately 27% of all passenger car units sold in Egypt during the period. For the fiscal year ended December 31, 2006, our passenger car line of business generated approximately 72% of our total consolidated revenues and approximately 67% of our total consolidated gross profit.

Commercial Vehicles. Our commercial vehicles line of business offers a wide range of locally-assembled trucks and buses as the exclusive agent and distributor for the Mitsubishi FUSO Truck & Bus Corporation ("Mitsubishi Truck & Bus"), the Volvo Truck Corporation ("Volvo Truck"), the Volvo Bus Corporation ("Volvo Bus") and Hyundai. Our commercial vehicles line of business also manufactures and distributes semi-trailers and super-structures, such as oil and chemical tankers and concrete mixers. Our line of buses is targeted at the transportation and tourism industries and includes large buses or coaches carrying up to a maximum of 50 passengers and mini-buses carrying a maximum capacity of 29 passengers. Our line of trucks is targeted at the construction and hauling industries and includes high-, medium- and light-range trucks that are divisible per utility in various sectors. In 2006, we sold 1,109 buses and 694 trucks and we manufactured and sold an aggregate of 111 semi-trailers and super-structures. For our fiscal year ended December 31, 2006, our commercial vehicles line of business generated approximately 13% of our total consolidated revenues and approximately 19% of our total consolidated gross profit.

Motorcycles and Scooters. Our motorcycles and scooters line of business is the local agent and distributor for Bajaj Auto Ltd. ("Bajaj") three-wheel scooters, also known as tuk-tuk's, two-wheel scooters and Boxer motorcycles. Bajaj is the largest manufacturer of motorcycles and scooters in India and its products are used in Egypt for both commercial and personal purposes. Our motorcycles and scooters line of business is supported by an after-sales service center and spare parts network. In 2006, we sold approximately 27,000 tuk-tuks and approximately 2,500 other motorcycles and scooters. For our fiscal year ended December 31, 2006, our motorcycles and scooters line of business generated approximately 12% of our total consolidated revenues and approximately 10% of our total consolidated gross profit.

Other. In addition to our primary lines of business identified above, we are also engaged in the following lines of business:

Tires. We distribute passenger car and light truck tires under a license with Bridgestone Sabonci Tire Manufacturing & Trading Inc. (known locally and referred to in this Offering Prospectus as "Lassa") and truck, bus and off-road tires under a license with Shanghai Tire & Rubber Co. Ltd. (known locally and referred to in this Offering Prospectus as "Double Coin"). We have been distributing Lassa tires for over 20 years and have recently begun distributing Double Coin tires.

Construction Equipment. We distribute construction equipment, including trucks and earth movers, and material handling equipment (i.e., fork lifts), supplied under licenses from Volvo Construction Equipment ("Volvo Construction") and Linde Material Handling Gmbh & Co. KG ("Linde") to our customers in the public and governmental sectors, as well as to our customers in the private sector. We have been distributing Volvo construction equipment since 1997 and we recently entered into an agreement with Linde regarding distribution of its handling equipment.

Transportation Services. We provide passenger and cargo transportation services through our wholly-owned subsidiary, Haram Transport Company, S.A.E. ("Haram"). Haram provides public passenger transportation services under agreement with the public transport authorities of the governorates in which it operates and currently has over 200 buses in operation. Haram also provides cargo transportation services and currently operates a fleet of 90 trucks that transport cement, silica sand and phosphate.

Export Activities. We are engaged in a number of export activities, including selling commercial vehicles in Saudi Arabia, the United Arab Emirates, Algeria and Ethiopia. As of April 15, 2007, we had export sales for an aggregate of 53 buses, semi-trailers and super-structures.

For our fiscal year ended December 31, 2006, our other line of business generated approximately 3% of our total consolidated revenues and approximately 4% of our total consolidated gross profit.

History

General

Our business began in the 1940's as a family-run trading business led by Messrs. Sadek and Kamal Ghabbour. We were officially incorporated in 1956 as The Ghabbour Brothers and our business activities included trading in automotive-related products and construction materials, such as ceramic and cement, as well as home appliances and electronics. In the early 1970's, as Egypt began to embrace open-door economic policies, we began to focus our activities on the automotive industry sector by securing licenses to act as agents for passenger car, bus and automotive part distributors. Significant milestones in our history are as follows:

- in 1985, we began our manufacturing operations by assembling bus bodies under a technical agreement with Scania AB ("Scania");
- in 1992, we were appointed by Hyundai as its exclusive agent for the distribution of its passenger car line in Egypt, which marked Hyundai's definitive move into the Egyptian passenger car market and led to an immediate capture of market share due to its wide-ranging vehicle portfolio offered at competitive prices;
- in 1995, we were granted a technical license by Hyundai to assemble passenger car completely-knocked down ("CKD") units, which further solidified our strategic relationship with Hyundai;
- in 1996, we began to operate as the local agent for Bajaj;
- in 1997, we began to operate as the local agent for Mitsubishi Truck & Bus;
- in 1997, we began to operate as the local agent for Volvo Truck and Volvo Bus;
- GB Auto was established in 1999; and
- in 2006, we established Haram and began to operate our passenger and cargo transportation services.

We continued to grow rapidly throughout the late 1980's and well into the 1990's until an economic recession hit Egypt in the late 1990's. The recession led to a sharp decline in consumer expenditures and a near standstill of business activity which, in turn, caused our collection rates to fall dramatically and our sales to decline well into

2001. As a result, our debt levels significantly increased and we eventually re-scheduled our obligations. Thereafter, our management undertook a thorough evaluation of business practices and adopted a series of initiatives designed to improve operational performance. Accordingly, we revised our credit policies and implemented other remedial measures such as debt and management restructuring programs in an effort to restore our financial health and viability. Moreover, we embarked on an ambitious program to upgrade our IT infrastructure by implementing an Oracle ERP system in an effort to institute better cost controls and governance. By 2002, we had completed our debt restructuring program and, in 2003, our improved operational scheme combined with an economic upturn led to rapid revenue growth and restored us to profitability on an operating level. We continue to benefit from our improved operational scheme and the economic upturn and have experience consolidated revenue growth of 104%, 109% and 50% in our fiscal years ended December 31, 2004, 2005 and 2006, respectively.

The Restructuring

Prior to 2006, we operated through a number of separate but affiliated companies owned by our holding company, RG Investment, S.A.E. ("RG Investment"). In 2006, we made a strategic decision to position GB Capital, S.A.E. ("GB Capital") as the holding company for our various automotive companies (the "Restructuring"). In order to effect the Restructuring, GB Capital subscribed for a capital increase of approximately 96 million shares at par value in RG Investment and, subsequently, RG Investment repurchased all of its outstanding shares from existing shareholders (other than the shares subscribed for by GB Capital in the capital increase). As a result, RG Investment became a wholly-owned subsidiary of GB Capital. In April 2007, we changed the name of GB Capital to GB Auto, S.A.E.

In connection with the Restructuring, we purchased a 49% interest in Cairo Individual Transport Industry, S.A.E. ("CITI"), for consideration of approximately EGP 210 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Acquisition of a 49% Interest in CITI."

Group Structure

GB Auto is the holding company for our consolidated companies. Our headquarters are located at Cairo-Alexandria Desert Road, Abu Rawash Industrial Area, P.O. Box 120, Giza, Egypt. Our head office coordinates a number of activities for our consolidated companies, including finance, accounting and audit, business development, sales, human resources and administration. The table below sets forth each of our subsidiaries and their primary business activities:

Subsidiary	Business Activities	Ownership (%)
RG Investment, S.A.E.	• Holding company for our consolidated subsidiaries.	99.9
International Trade Agencies Marketing Corporation, S.A.E.	• Sales and distribution of CBU and CKD passenger car units. • Spare parts distribution. • Operation of passenger cars after-sales service networks.	99.3
Interland Motors, S.A.E.	• Sales and distribution of Volvo heavy-range trucks.	97.3
Egyptian Vehicles Manufacturing Company (Ghabbour Misr), S.A.E.	• Assembly of mini-buses and large coaches. • Operation of commercial vehicles after-sales service networks and spare parts. • Distribution of Volvo construction equipment.	99.6
Haram Transport Company, S.A.E.	• Operation of passenger and cargo transportation services.	99.0
Cairo Individual Transport Industry (CITI), S.A.E.	• Operation of motorcycles and scooters line of business.	100.0
Prima Engineering Industries, S.A.E.	• Assembly of Hyundai CKD passenger car units and Mitsubishi light commercial vehicles.	100.0
Vehicle Components Industries, S.A.E.	• Manufacturing of semi-trailers and super-structures, as well as passenger car components.	100.0
Ghabbour Continental Trading Company Free Zones (Alexandria), S.A.E.	• Distribution of passenger cars, mini-buses, spare parts and tires from the Alexandria Free Zone.	100.0
Engineering Company for Marketing and Trading, S.A.E.	• Distribution of tires.	96.4
GB Buses, S.A.E.	• Planned project for manufacturing of bus and coach bodies.	99.9

Competitive Strengths

We believe that we have a number of competitive strengths that will allow us to continue to build upon our strong position in our principal markets and to expand into new markets, including, among others, the following:

Established market position and brand recognition in our core markets. We believe that we are the largest player in the Egyptian automotive market based on a combination of annual revenues, passenger car market share, assembly and manufacturing capacity, distribution and after-sales service networks. We believe that our diversified portfolio of products and services, managed through our distinctive business model, distinguishes us from our competitors and allows us to maximize economies of scale, better manage certain operational risks and expand our revenue base through cross-selling of our products and services. Furthermore, we believe that the Ghabbour brand name, which has existed for over 60 years in Egypt, is identified in Egypt with quality, consistency, customer service, reliability and value.

Large, well-established and loyal customer base. We believe that we have established a large customer base that is loyal to the Ghabbour brand name both among Egyptian retail consumers and private companies.

Our management believes that our longstanding relationships with many of our customers and our on-going commitment to high-quality customer service, combined with our un-paralleled after-sales service network, will contribute to our ability to continue to compete effectively against any future competitors in the automotive markets in which we operate.

Experienced management team. Our management team has a strong track record with respect to the achievement and effective management of growth. In the past three years, our management team has led us to a compound annual growth rate of approximately 77% in terms of revenues. Our management team has also successfully implemented various initiatives to improve operational performance and restore our financial health and viability following the economic recession that hit Egypt in the late 1990's.

Strong partnerships with leading global OEMs with access to "best-in-class" products. We have entered into strategic relationships with certain OEM's to provide "best-in-class" products to the Egyptian automotive market, including, among others, serving as the exclusive distributor and assembler of Hyundai passenger cars and commercial vehicles, Mitsubishi commercial vehicles, Volvo commercial vehicles and construction equipment and Linde handling equipment. We also serve as the exclusive distributor of Lassa and Double Coin tires.

Low cost environment. We believe that we benefit from and have been able to implement a very competitive cost structure across our various lines of business. This is due to several factors, including low labor costs, low energy costs, low transport costs and economies of scale. We believe that our low cost environment will serve as a competitive advantage as we continue to expand and diversify our product and service offerings.

Strategy

We intend to strengthen our position in the markets in which we currently operate and to expand and enhance our production and sales capabilities in new markets in order to drive growth and profitability. As part of our strategy, we intend to:

Increase our market share through continued investment in our diversified range of products and services. We intend to continue to invest in our diversified range of products and services in order to capture additional market share while continuing to focus on meeting the demands of our end-customers by providing comprehensive, widely accessible and cost-competitive products and services. For example, we intend to expand the geographic reach of our distribution and after-sales service networks by opening an aggregate of 16 new service centers throughout Egypt, eight of which will service passenger cars and eight of which will service commercial vehicles. We are also addressing an immediate increase in demand for after-sales service by adding additional shifts at our existing service centers. In addition, we intend to leverage our existing customer relationships to expand our customer base. Furthermore, we intend to identify and market our products to new customers in growing sectors such as petroleum, natural gas and construction.

Leverage our reputation for quality, consistency, reliability and value across all product and service offerings. We intend to take steps to maintain and enhance our reputation for quality, consistency, reliability and value in our core lines of business while leveraging this reputation to cross-sell our newer, emerging products and services. For example, our management believes that there is significant potential for growth in our passenger and cargo transportation line of business, which is a new market for us, and we believe our reputation will assist us in our on-going pursuit of new opportunities.

Position ourselves as indispensable to OEM's. We intend to leverage our market share and distribution and after-sales service networks, together with our local reputation, to position ourselves as an indispensable partner for any OEM that desires to enter and successfully operate in the Egyptian automotive industry.

Capitalize on expected growth in the Egyptian market. We believe that there will be significant economic growth in the local Egyptian market that will generate increased demand for our products and services. In particular, we believe that Egypt's growing consumer base represents an opportunity for us to expand our passenger car and motorcycle and scooter sales to, and develop brand loyalty with, younger Egyptian retail consumers. We also believe that infrastructure spending will increase in the near term, which may increase the demand for our commercial vehicles and construction equipment lines of business.

Provide alternative financing to our customers. We are in the process of evaluating new financing programs to make available to our customers in an effort to expand sales and capture a larger share of sales margins. We believe that we have the necessary experience to implement financing programs, and we expect to combine any such programs with other products and services such as insurance and extended warranties.

Leverage Egypt's low cost environment to expand manufacturing operations. We intend to capitalize on Egypt's low cost labor and production environment by expanding our assembling and manufacturing operations with respect to our assembly of higher margin CKD's for sale in the local market and for export. As part of this strategy, we are maximizing production capacity at our two passenger cars and commercial vehicles assembly facilities by adding additional shifts and we are evaluating leasing opportunities for other facilities that are currently underutilized as an alternative to making extensive capital investments to build new capacity.

Expand regionally. Our management believes that we are well positioned to take advantage of regional export opportunities in the Middle East and Africa, particularly with respect to locally-assembled and manufactured commercial vehicles, semi-trailers and super-structures which benefit from free trade agreements with certain countries.

Description of the Combined Offering

The Combined Offering	The Combined Offering consists of the Institutional Offering and the Egyptian Retail Offering. Beltone Investment Banking (''Beltone'') is the global coordinator, lead manager and sole bookrunner of the Combined Offering.
The Institutional Offering	The Institutional Offering consists of a primary offering by us of 25,663,000 Shares and a secondary offering on behalf of the Selling Shareholders of up to 1,676,100 existing Shares to (i) institutional investors outside the United States in offshore transactions in a number of countries, including Egypt, in reliance on Regulation S and (ii) certain QIBs in the United States in reliance on Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
The Egyptian Retail Offering	The Egyptian Retail Offering consists of a domestic offering by us of up to 7,500,000 Shares to the public in Egypt, subject to Egyptian Capital Market Law no. 95 of 1992 and its Executive Regulations. Persons acquiring shares in the Egyptian Retail Offering are referred to herein as the "Retail Investors."
The Capital Increase	The increase in our issued share capital (the "Capital Increase"), which represents 33,163,000 newly issued ordinary shares, has been approved by our Board of Directors and by an extraordinary resolution of our shareholders passed at the Extraordinary General Meeting of shareholders held on May 24, 2007. Pursuant to Egyptian corporate and securities law requirements, the consummation of the Capital Increase requires the finalization of certain procedures before the Capital Markets Authority (the "CMA") and the General Authority for Investment and Free Zones (the "Investment Authority"), and the approval of the necessary amendment to the Statutes of the Company (the "Statutes"). Completion of the Combined Offering is therefore conditional on our obtaining CMA approval of the Capital Increase and the inscription of the Capital Increase on the Commercial Register of the Company by the Closing Date.
Stabilization	We have agreed with the Lead Manager that the proceeds from the sale of 3,500,000 Share will be placed in a fund that may be utilized by the Lead Manager for stabilization purposes. See "Plan of Distribution."
Use of Proceeds	The net proceeds to us from the Combined Offering (assuming full subscription of the Egyptian Retail Offering), after deducting fees, commissions and offering expenses, are expected to be approximately EGP 846 million. We intend to use the net proceeds to fund our growth strategy, including, among others, to expand our nation-wide distribution and after-sales service network, to expand our assembly capacity and to pursue other expansion opportunities such as strategic bolt-on acquisitions and joint ventures, as well as for working capital and other general corporate purposes. We will not receive any proceeds from the sale of existing Shares on behalf of the Selling Shareholders. See "Use of Proceeds".
The Shares	Up to 33,163,000 newly issued ordinary shares, each with a par value of EGP 1.00 per share, and up to 1,676,100 existing shares owned by certain Selling Shareholders offered in connection with the Combined Offering.
Offering Price	The price for the Shares to be sold in the Combined Offering is EGP 37.00 (the "Offering Price").
Global Coordinator, Lead Manager and Sole Bookrunner	Beltone Investment Banking ("Beltone").

The Selling Shareholders	Beltone Capital Holding for Financial Investments, S.A.E. ("Beltone Capital"), Sherine Shaker Ghabbour, Maged Shaker Ghabbour and Renee Abdo Salama (collectively, the "Selling Shareholders").
Dividends	We intend to follow a conservative dividend policy based on our analysis of our growth, expansion plans and capital needs. See "Dividend Policy."
Egyptian Taxation	Under current Egyptian legislation, dividends paid by us in respect of the Shares are not subject to any Egyptian tax. Capital gains on the sale or exchange of listed shares are exempted from tax. See "Taxation — Egyptian Taxation Considerations."
Restrictions on Transfer of the Shares	Certain approval and disclosure requirements are set forth below under "Voting Rights and Ownership Limitations". All transfers of Shares must be transacted on the CASE through a registered broker. For a detailed discussion of certain other transfer restrictions, see "Description of Shares and Corporate Structure" and "Transfer and Selling Restrictions."
Voting Rights	Holders of Shares are entitled to receive notice of and attend our general meetings. Holders of Shares are entitled to one vote per Share. See "Description of Shares and Corporate Structure."
Listing and Trading of the Shares	Prior to the Combined Offering, there has been no public market for our shares and the shares have been listed, but not traded on the CASE. Trading in the Shares is expected to commence on or about July 9, 2007. In accordance with the regulations of the CMA and the CASE, the Shares will be quoted on the CASE in single units.
Lock-up Arrangements	Subject to certain exceptions, Dr. Raouf Ghabbour, our Chief Executive Officer, and members of his immediate family have agreed that, without the prior written consent of the Lead Manager, he and they will not issue, offer, pledge, sell, contract to sell or otherwise dispose of any shares for a period of 360 days from the Closing Date. In addition, all of our existing shareholders who will own more than 2.0% of our outstanding shares immediately following completion of the Combined Offering will be subject to similar lock-up arrangements. See "Plan of Distribution."
Payment and Settlement	It is expected that settlement of the Shares will be made on or about July 9, 2007. The issue of Shares from us to prospective purchasers of such Shares will be affected in accordance with the relevant transfer and settlement procedures prescribed by the Misr for Clearing, Depositary and Central Registry S.A.E. ("MCDR") for the transfer of Shares on the CASE. See "Plan of Distribution" and "Delivery and Settlement."
Risk Factors	Prospective investors are encouraged to carefully consider the information discussed under the heading "Risk Factors" and other information in this Offering Prospectus prior to making an investment decision with respect to the Shares.

Summary Financial Data

The following tables present summary pro forma consolidated financial and other data regarding our business and should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Financial Statements, including the notes thereto, included elsewhere in this Offering Prospectus. Our Financial Statements have been audited by PricewaterhouseCoopers.

Our Financial Statements have been prepared in accordance with EAS, which differs in certain significant respects from IFRS. For a narrative description of the principal differences between EAS and IFRS that are relevant to our business, see "Summary of Certain Significant Differences between EAS and IFRS." PricewaterhouseCoopers have expressed a qualified opinion on our Financial Statements with respect to (i) the reasonableness of a revaluation of our property, plant and equipment as of December 31, 2006 and (ii) the potential over-provisioning for impairment of trade and notes receivable balances for our fiscal year ended December 31, 2005, in each case as stated more fully in their audit report included in this Offering Prospectus.

Pro Forma Consolidated Income Statement Data

	Fiscal Year Ended December 31,		
	2004	2005	2006
		(EGP, '000's)	
Revenues	990,003	2,066,628	3,103,278
Cost of revenues	(818,641)	(1,577,860)	(2,566,155)
Gross profit	171,362	488,768	537,123
General and administrative expenses	(49,259)	(57,602)	(78,766)
Distribution expenses	(50,811)	(44,285)	(58,933)
Other operating income (expense)	(66,370)	(537,972)	104,177
Operating profit/(loss)	4,922	(151,091)	503,601
Finance costs (net)	(159,604)	(170,161)	(135,807)
Net (loss)/profit before income tax and minority interest	(154,682)	(321,252)	367,794
Income tax	—	(23,410)	(63,123)
Net (loss)/profit before minority interest	(154,682)	(344,662)	304,671
Minority interest	248	(54)	(106)
Net (loss)/profit for the year	(154,434)	(344,716)	304,565

Pro Forma Consolidated Cash Flow Data

	2004	2005	2006
Net cash from operating activities	218,966	224,028	325,234
Net cash used in investing activities	(1,773)	(28,523)	(106,606)
Net cash from (used in) financing activities	(196,624)	79,579	(285,127)
Net increase (decrease) in cash and cash equivalents during the year	20,569	275,084	(66,499)
Cash and cash equivalents at beginning of the year	(272,287)	(251,741)	23,219
Cash and cash equivalents at end of the year	(251,741)	23,219	(43,296)

Pro Forma Consolidated Balance Sheet Data

	As of December 31,		
	2004	2005	2006
		(EGP, '000's)	
Non-current assets			
Property, plant and equipment	1,072,105	1,112,751	1,226,825
Goodwill	197,455	197,455	197,455
Intangible assets	1,782	3,314	4,110
Leased assets	24,249	9,503	—
Long-term investments	2,453	5,109	3,555
Long-term notes receivable	21,489	1,160	46,278
Deferred tax assets	—	1,229	—
Total non-current assets	1,319,533	1,330,521	1,478,223
Current assets			
Property for resale	37,528	25,469	20,276
Inventories	230,088	273,190	358,244
Accounts and notes receivable	559,968	159,250	214,831
Debtors and other debit balances	147,503	166,700	184,316
Due from related parties	57,073	29,017	3,388
Cash on hand and at banks	174,423	206,209	160,795
Total current assets	1,206,583	859,835	941,850
Current liabilities			
Provisions	40,996	168,825	106,351
Current tax liabilities	—	13,857	38,765
Borrowings	681,535	461,015	448,687
Due to related parties	68,047	103,849	128,696
Trade payables and other credit balances	468,858	477,118	679,184
Total current liabilities	1,259,436	1,224,664	1,401,683
Deficit in working capital	(52,853)	(364,829)	(459,833)
Total invested funds	1,266,860	965,692	1,018,390
These investments are financed as follows:			
Shareholders' equity			
Share capital	95,837	95,837	95,837
Amounts under capital increase	209,997	209,997	209,997
Reserves	959,023	951,251	952,803
Accumulated losses	(789,413)	(1,137,730)	(843,091)
Total shareholders' equity	475,444	119,355	415,546
Minority interest	332	917	2,811
Total shareholders' equity	475,776	120,272	418,357
Non-current liabilities Borrowings	790,904	838,894	571,228
Notes payable long-term	—	6,526	27,574
Deferred tax liabilities	—	—	1,231
Total non-current liabilities	790,904	845,420	600,033
Total shareholders' equity and non-current liabilities	1,266,680	965,692	1,018,390

Risk Factors

An investment in our Shares is subject to a number of risks. In addition to other information contained in this Offering Prospectus, prospective investors should carefully consider the risks described below before making the decision to invest in our Shares. If any of the events described below actually occur, our business, financial condition and results of operations could be materially affected and, accordingly, the value and trading price of our Shares may decline, resulting in a loss of all or part of any investment in our Shares. Furthermore, the risks and uncertainties described below may not be the only ones we face and additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations.

Risks Relating to Our Business

The automotive industry is highly cyclical.

The automotive markets in which we compete have been subject to considerable volatility in demand corresponding to cycles in the overall business and economic environment. In particular, a decline in Egyptian consumer demand for our passenger cars could negatively affect not only sales of vehicles but also demand for after-sales service and spare parts. We may be unable to adjust production and/or import capacity and operating expenses to adjust to the peaks and troughs in our industry which may have a material adverse effect on our business, financial condition and results of operation

Prices for our products can be volatile.

Prices for passenger cars and commercial vehicles in certain markets, including Egypt, have from time to time experienced sharp changes over short periods of time. This volatility has been caused by many factors, including, among others, short-term fluctuations in demand, shortages of certain supplies, volatility in underlying economic conditions, changes in import regulations, excess inventory and increased competition. Our success depends, in part, on our ability to react quickly to changes in demand and particularly to adapt our production and import levels, to reduce product and operational costs, as well as to deliver new competitive products and services. There can be no assurance that any such price volatility will not occur or continue or that price volatility will not begin in markets which to date have not experienced such volatility. Overcapacity within the automotive industry may occur if there is an economic downturn in the Egyptian or other regional markets, which may lead to further increased pricing pressure. Accordingly, price volatility in our markets could have a material adverse effect on our business, financial condition and results of operations.

We are highly dependent on our key relationships with OEM's.

We are highly dependent on our relationships with Hyundai, Mitsubishi and Volvo. If our relationships with any of our OEM's were to deteriorate, our business, financial condition and results of operations would be harmed and there can be no assurance that we would be able to find replacement relationships on commercially reasonable terms, if at all. Furthermore, our performance depends, to a certain extent, on the continuing performance of these OEM's. As a result, we are exposed to the risks and uncertainties faced by these OEM's.

We are subject to increasingly intense competition.

The passenger car market is highly competitive and we are subject to competition from a wide range of passenger car manufacturers offering passenger cars of varying in size, engine capacity, exterior and interior features and appearance, price and utility. Furthermore, current industry developments in the form of tariff reductions on vehicles originating from the EU and increasing penetration of the low-end of the Egyptian passenger car market by Chinese auto manufacturers threaten to create more intense competition for our brand of passenger vehicles. If we are unable to maintain a competitive advantage with respect to our existing and potential competition, we risk loosing market share which could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to foreign exchange rate fluctuations.

Our business, results of operations and financial condition are exposed to a variety of market risks, including the effects of changes in the exchange rates of the U.S. dollar, the Korean Won, the Japanese Yen and other world currencies. In particular, we are exposed to foreign exchange rate fluctuations since our revenues are denominated in Egyptian pounds and a significant portion of our cost of goods sold are either priced in foreign currencies or by reference to them. While we may consider entering into transactions to hedge the risk of exchange rate fluctuations in the future, we have not done so in the past. Any devaluation of the Egyptian pound against these currencies that we are unable to offset through price adjustments will require us to use a larger portion of our revenues to fund our cost of goods sold. In addition, any devaluation of the local currency of our international competitors against the Egyptian pound may result in lower local prices for our competitors' products that we may need to match in order to maintain market share. Accordingly, shifts in currency exchange rates may have an adverse effect on our ability to fund our cost of goods sold or compete with less expensive products of our competitors, which in turn could have a material adverse effect on our business, results of operations and financial condition.

In addition, we have experienced difficulty converting Egyptian pounds to foreign currencies in order to fund our capital expenditures due to the unavailability of foreign currency in the Egyptian foreign exchange markets. There can be no assurance that we will be able to obtain enough foreign currency in the future to meet our foreign currency requirements.

We may be adversely affected by disruptions in our supply of certain raw materials and components.

We purchase raw materials and other components from numerous outside suppliers for use by our various lines of business. For example, we purchase steel for use in manufacturing our semi-trailers and superstructures. The cost for raw materials and components can vary significantly over the business cycle and these variations can occur as a result of changes in the commodity market or our suppliers' ability to deliver. We work closely with our suppliers to manage these variations but there can be no assurance that we will not experience problems in the future arising from increasing or fluctuating raw materials and components costs.

We may be adversely affected by a disruption of operations at our assembly or other facilities.

We currently own and operate two passenger cars and commercial vehicles assembly facilities, nine retail showrooms and six after-sales service centers. All of these facilities are subject to operational risks, including, among others, the following:

- equipment failure;
- failure to comply with applicable regulations and standards and to maintain necessary licenses;
- raw material, spare parts and/or energy supply disruption;
- work stoppages; and
- natural or man-made disasters.

We insure our assembling facilities, retail showrooms and after-sales service centers against standard risks such as loss as a consequence of fire or theft, but we generally do not carry terrorism insurance or business interruption insurance. There can be no assurance that the proceeds available to us from our insurance policies would be sufficient to protect us from all possible loss or damage. As a result, a significant disruption in operations at any of our manufacturing facilities, retail showrooms or after-sales service centers due to any of the events described above, or any others, may have an adverse affect on our business, financial condition and results of operations.

We may be subject to adverse outcomes in legal proceedings.

We are subject to legal proceedings arising in the normal course of business from time to time and we are currently subject to an investigation by the State in a potential dumping action with respect to certain tires manufactured in China, India and Turkey. We have been advised that our passenger car and light truck tires manufactured by Lassa may be a subject of this action. Accordingly, there can be no assurance that we will not be subject to legal action by the State arising from this matter or that any such action will not have a material adverse effect on our business, financial condition and results of operations.

We may encounter difficulties in managing our growth and expanding successfully.

A significant component of our growth strategy is to expand our products and services and we are in the process of opening additional retail showrooms and after-sales service centers. Our planned and anticipated growth with respect to the expansion of our production and after-sales service capacity may place a significant strain on our administrative, operational and financial resources. Our ability to continue to successfully manage our growth will require us to further expand our distribution networks and infrastructure, as well as to enhance our operations, management, financial and information systems and controls and to hire and retain qualified financial, sales, marketing, administrative, operating and technical personnel. If we fail to manage our growth effectively, this could have a material adverse effect on our business, financial condition and results of operations.

We depend on the services of our senior management, key personnel and key employees.

We are managed by a relatively small number of senior management and key personnel, many of whom have extensive knowledge and experience with our business, products and services and would be costly and possibly difficult to replace. Any loss or interruption of the services of our senior management or key personnel, or our inability to recruit sufficient qualified personnel, could adversely affect our business, financial condition and results of operations. In addition, certain aspects of our production and after-sales services processes depend upon highly skilled employees. We devote considerable resources to recruiting and developing such individuals and encouraging such individuals to remain employed by us. While we believe that we have been successful in securing the loyalty of our key employees, it is possible that, in the future, we may experience personnel changes and may have difficulty attracting and retaining sufficient numbers of skilled employees.

We are subject to environmental and other government regulations.

The automotive industry is subject to extensive government regulation worldwide. Laws in various jurisdictions generally regulate occupant safety and the environmental impact of vehicles, including emission levels, fuel economy and noise, as well as the levels of pollutants generated by the manufacturing facilities that produce them. The cost of compliance with these regulations is significant and we expect to incur compliance costs on an on-going basis. New legislation or regulations may subject us to additional expense in the future, which may be significant.

We may be faced with labor shortages or stoppages if our relationships with our employees were to deteriorate.

As of March 31, 2007, we employed approximately 5,600 full-time employees. As with any company in our industry, our relations with our employees could deteriorate due to disputes related to, among other things, wage or benefit levels or our response to changes in government regulation of workers and the workplace. Our operations rely heavily on our employees and any labor shortage or stoppage caused by poor relations with employees could adversely affect our ability to operate our business or meet or business objectives.

Our senior management has no experience in managing a publicly-owned company.

Our senior management team has historically operated our business as a family-owned company and has no experience in managing a publicly-owned company. We will need to develop control and reporting systems and procedures adequate to support a public company, and this transition could place a significant strain on our senior management and our administrative, operations, internal audit and accounting, personnel, infrastructure and other resources.

Our principal shareholders, acting together, could exercise their influence over us to the detriment of our other shareholders.

Our principal shareholders are expected to hold approximately 69.4% of our outstanding share capital immediately after the completion of the Combined Offering. One of our principal shareholders, Dr. Raouf Ghabbour, is currently our Chief Executive Officer. As a result, our principal shareholders currently are, and following completion of the Combined Offering are expected to remain, able to influence our business through their ability to control actions that require shareholders' approval and through board and senior management membership.

Risks Relating to Egypt

We are exposed to economic, political and social risks in Egypt and the Middle East Region.

Substantially all of our assets and operations are located in Egypt. As a result, our operating results are, and will continue to be, affected in general by economic, political and social developments in or affecting Egypt and, in particular, by the level of economic activity in Egypt. Although there have been recent signs of stability in certain sectors of the Egyptian economy, there can be no assurance that Egypt will not experience negative changes in its economy, such as increased inflation or changes in government policy that could adversely affect our business, results of operations and financial condition.

The economy of Egypt, like that of many emerging markets, has been characterized by significant government involvement through direct ownership of enterprises and extensive regulation of market conditions, including foreign investment, foreign trade and financial services. Despite the on-going program of deregulation, trade liberalization and privatization, which began in the 1990's, the State continues to exercise significant influence over many aspects of the Egyptian economy. There can be no assurance that capital inflows will remain at recent levels, or that the State will not have to increase interest rates or tighten the monetary supply in order to redress Egypt's trade imbalances. In addition, there can be no assurance that the privatization program or any other aspect of the economic reform program will continue to be implemented by the State in line with the stated timetable, current expectations or at all.

Furthermore, Egypt is located in a region historically characterized by instability and has experienced civil unrest and recent acts of extremism and terrorism. Although the maintenance of domestic order and stability is a major policy objective of the Egyptian government, there can be no assurance that extremists or terrorist groups will not escalate violent activities in Egypt or that the State will continue to be successful in maintaining the prevailing levels of domestic order and stability. Any failure to do so, either in Egypt, specifically, or in the Middle East Region, generally, could have a material adverse effect on the political and economic stability of Egypt and, consequently, on our business, results of operations and financial condition.

In addition to the factors identified above, additional factors that may contribute to economic, political and social instability include, among other things, the following:

- government interventions, including tariffs, protectionism and subsidies;
- arbitrary delays in obtaining operating permits and consents;
- unlawful, arbitrary or inconsistent governmental action;
- cancellation of contractual rights;
- lack of, or very poor condition of, infrastructure;
- expropriation of assets; and
- inability to repatriate profits.

Consequently, our overall, long-term success depends, in part, on our ability to operate successfully in differing economic, political and social conditions in Egypt and the Middle East Region. Any failure to do so, in light of the factors identified above, could have a material adverse effect on our business, results of operations and financial condition, and on the willingness of foreigners to invest in Egyptian companies.

Political developments in neighboring countries may have an adverse effect on our export operation prospects.

We currently undertake, and expect to expand, export operations to markets in the Middle East and Africa regions. We choose the markets for our export operations based on a number of factors, including, among others, regional political and economic conditions and economic developments. If any of the factors on which we choose the markets for our export operations were to change, including regional political and economic conditions and economic developments, our business in those markets could decline which could have a material adverse effect on our business, results of operations and financial condition.

We operate in an uncertain legal and regulatory environment.

Currently, the Egyptian legal system is overburdened and sluggish. Commercial cases are noted to take an average of six years to reach a final decision and appeal procedures may extend beyond 15 years. As a result, many companies find it easier and more convenient to settle cases out of court or to undertake a direct appeal to high-level authorities. The State has announced proposals to establish commercial courts which would have jurisdiction over commercial cases in an effort to streamline the commercial legal process. The State has also announced proposals to establish fast-track courts for foreign investors. However, these proposals have yet to materialize and, if implemented, would require considerable investment in terms of funding and personnel training.

Such impediments not only repel foreign investment but also hamper the ease of the flow of necessary legal business proceedings.

We may be adversely affected by any repeal or nullification of, or change in, Egyptian tax law and import/export regulations or to treaties giving rise to tax benefits.

Beginning in 2004, we have benefited from a reduction in import tariffs on passenger cars from a range of 40% to 160% to a range of 12% to 135%. We also have benefited from a reduction in duties on automotive components from a range of 23% to 33% to a range of 5% to 12%. In addition, pursuant to treaties with the European Union and certain Arab and African countries, no customs are currently imposed on our exports from Egypt to the countries that are a party to these treaties. Any repeal or nullification of, or change in, any of the foregoing or similar laws and treaties giving rise to these tax benefits could have a material adverse effect on our business, financial condition and results or operations.

We may be adversely affected by changes in Egyptian tax regulations and interpretations.

Tax systems in Egypt are often characterized by frequent changes in tax regulations, as a result of which many tax regulations are either not subject to firmly established interpretations or are subject to frequently changing interpretation by tax authorities. Often, tax laws have not been in force for significant periods of time or are constantly amended and only a few precedents regarding tax issues are available. Differing opinions regarding the legal interpretations of tax laws often exist both among and within governmental ministries and authorities, including tax administrations, creating uncertainty and areas of conflict for taxpayers and investors. This degree of uncertainty makes tax planning very difficult for us. Changing tax laws and incentives and rebates and changing interpretations of existing tax regulations by the tax authorities, combined with high penalties for non-compliance and a risk of arbitrary action by government or administrative authorities, may result in tax risks for our companies being significantly higher than in countries with more stable tax systems. For instance, we cannot assure you that preferential customs duties that we currently or expect to enjoy in Egypt will not be retracted by government or administrative authorities, nor can we assure you that the tax authorities in Egypt will not take positions that differ from ours with regard to the interpretative issues, any of which events may result in a material adverse effect on our business, financial condition and results of operations.

Statistical information provided by the Egyptian government and third parties may be unreliable.

Certain source materials on the Egyptian economy, our competitors and the markets in which we operate and the information derived therefrom may not be of the standard of accuracy or availability achievable in the United States, the United Kingdom and certain other jurisdictions.

Risks Relating to the Combined Offering

We are required to make disclosure in accordance with Egyptian laws and regulations, which are different from U.S. or U.K. laws and regulations and which may not provide the same level of disclosure or investor protections.

Provided that certain qualifications required by the CASE are satisfied, after completion of the Combined Offering, the Shares will be upgraded to Official Schedule 1 of the CASE. Once the Shares are upgraded to Official Schedule 1, we will be subject to Egyptian disclosure requirements and will be required to submit annual and semi-annual financial statements on an unconsolidated basis prepared in accordance with EAS, to provide notices of any material developments to the CMA and to the CASE, to provide the CASE with minutes of our ordinary and extraordinary general meetings, and to publish our annual and half-yearly financial statements in local newspapers. However, there is generally less information available about us and other Egyptian companies than is regularly published by or about listed companies in the United States, the United Kingdom or certain other countries. In addition, regulations concerning reporting requirements for Egyptian companies may not afford the same degree of investor protection as is available in other countries. Although Egyptian law imposes blackout periods, restrictions and penalties on insider trading and price manipulation, the Egyptian securities markets are not as highly regulated and supervised as more established securities markets, such as the securities markets in the United States, the United Kingdom or certain other countries.

The rights of investors as shareholders will be affected by the laws of Egypt and differ from the rights of shareholders under U.S., U.K. or other laws.

We are an Egyptian company and our corporate affairs and the rights of our shareholders will be governed by Egyptian company law and our statutes. The rights of our shareholders and the responsibilities of members of our board of directors under Egyptian law are different from, and may be subject to certain requirements not generally applicable to, corporations organized in the United States, the United Kingdom and other countries. For a further description of shareholder rights under our statutes and Egyptian law, see "Description of Shares and Corporate Structure."

A public market for the Shares may not develop and the market price for the Shares may be volatile.

Prior to the Combined Offering, there has been no active public trading market for the Shares, and we can provide no assurance that an active trading market for the Shares on the CASE will develop or be sustained after the Combined Offering. Furthermore, the Offering Price was determined by negotiations between the Lead Manager and us and may not be indicative of prices that will prevail in the later trading market. Therefore, investors may not be able to resell their Shares at or above the Offering Price.

The Egyptian securities market in general, and the CASE in particular, are substantially less liquid and more volatile than established markets such as those in the United States, Western Europe and in other countries and regions with highly developed securities markets. For the period between January 4, 2007 and March 31, 2007, the CASE had an average daily trading volume of approximately 38 million shares, with a value of approximately U.S.$180 million. The ten largest companies in terms of market capitalization represented, as of March 31, 2007, approximately 40% of the CASE's aggregate market capitalization. The relatively small market capitalization and low liquidity of the CASE may impair the ability of shareholders to sell the Shares on the CASE, which could increase the volatility of the price of the Shares.

Although the CASE has a book-entry system for trading dematerialized shares, settlement procedures in Egypt remain relatively less developed and less reliable than those in more established securities markets. Accordingly, while the settlement period for trades affected on the CASE is up to three business days, settlement delays and administrative problems may occur.

You may not receive cash dividends for your Shares.

We have not committed to pay annual dividends and our actual dividends may vary depending on our gross profit and management's analysis of our growth, expansion plans and capital needs. In addition, any distribution of dividends must be approved at an ordinary general meeting of shareholders by a majority of votes present or represented at the meeting. Any dividends shall be distributed to applicable persons and entities holding shares on the date of a general meeting. In some years dividends may not be paid at all. As a result, capital appreciation, if any, realized through a resale of the Shares, if a liquid market develops, may be your sole source of gain. See "Dividend Policy."

Sales of substantial numbers of Shares in the public markets following the Combined Offering could have an adverse effect on the market for, and the prices of, the Shares.

Despite the imposition of selling restrictions on Dr. Raouf Ghabbour, our Chief Executive Officer, members of his immediate family, and all of our existing shareholders who will own more than 2.0% of our outstanding shares immediately following completion of the Combined Offering, with respect to all of their shares for 360 days from the Closing Date, sales of substantial numbers of Shares in the public market following the Combined Offering, as well as the perception that such sales may occur, could have a material adverse effect on the market for and the prices of the Shares. see "Plan of Distribution."

Shareholders in the United States may be unable to participate in future rights offerings.

If we were to grant rights to participate in future equity offerings to our shareholders, U.S. holders may not be entitled to exercise these rights unless the rights and related securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. We intend to evaluate, at the time of any rights offering, the costs and potential liabilities associated with registering the rights and related securities or qualifying for an exemption under the Securities Act, as well as the indirect benefits to us of enabling our U.S. holders to exercise such rights, and any other factors that we consider appropriate at the time, prior to making a decision whether to register such rights or qualify for an exemption. No assurance can be given that we will choose to register any such rights and related securities or that an exemption from the registration requirements of the Securities Act will be available to enable such U.S. holders to exercise such rights or, if available, that we will utilize any such exemption.

A description of pre-emptive rights relating to our share capital is set forth under the heading "Description of Shares and Corporate Structure — Issuance of Shares, Pre-emptive Rights and Increases and Reductions in Share Capital."

Exchange Rate Information and Regulations

The table below sets forth certain information concerning the exchange rate for the U.S. dollar and the Egyptian pound for the periods and dates indicated:

Year Ended December 31,	High	Low	Average	Period End
2003	6.20	4.58	5.86	6.15
2004	6.26	6.05	6.19	6.10
2005	6.05	5.72	5.78	5.74
2006	5.71	5.68	5.69	5.70
2007 (through April 30, 2007)	5.68	5.65	5.66	5.67

Source: Reuters

The official rate of exchange between the U.S. dollar and the Egyptian pound generally has remained relatively stable since January 1, 2005. On May 3, 2007, the rate of exchange was U.S.$1.00 = EGP 5.68.

The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Egyptian pounds.

The Central Bank of Egypt does not usually intervene directly in the foreign exchange market, although it makes use of the four public sector banks to stabilize the exchange rate. Pursuant to Egypt's Banking and Credits Law No. 88 of 2003 (the "Banking and Credits Law"), the Central Bank, registered banks and other authorized entities are free to determine the applicable exchange rate. The Banking and Credits Law and its Executive Regulations also permit the free transfer of foreign currency inside and outside Egypt, provided any such transfer is effected through a registered or authorized bank in Egypt.

Use of Proceeds

The net proceeds to us from the Combined Offering (assuming full subscription of the Egyptian Retail Offering and excluding any proceeds from the sale of existing Shares on behalf of the Selling Shareholders), after deducting fees, commission and offering expenses, are expected to be approximately EGP 846 million. We intend to use the net proceeds to fund our growth strategy and for other general corporate purposes, including, among others:

- to expand our nation-wide distribution and after-sales service network;
- to expand our assembly capacity;
- to pursue other expansion opportunities such as strategic bolt-on acquisitions and joint ventures; and
- for working capital and other general corporate purposes.

Although we may use a portion of the net proceeds to fund our growth strategy, we currently have no commitments or agreements relating to any of these types of transactions. The amounts and timing of expenditures will depend on numerous factors, such as the progress of our growth strategy and the competitive environment for our products and services.

As of the date of this Offering Prospectus, we have not determined the specific amounts that we plan to spend on any of the areas identified above or the timing of these expenditures. As a result, our management will have broad discretion to allocate the net proceeds from the Combined Offering.

We will not receive any proceeds from the sale of Shares by the Selling Shareholders.

Dividend Policy

We intend to follow a conservative dividend policy based on our management's analysis of our growth, expansion plans and capital needs. Accordingly, our future dividends may vary from year to year and we may not pay dividends in some years.

The conditions under which we may declare dividends are based on Egyptian law and our statutes as described under "Description of Shares and Corporate Structure — Payment of Dividends." For a summary of certain U.S. federal income and Egyptian tax consequences of dividend distributions to holders of Shares, see "Taxation."

CAPITALIZATION

The following table sets forth our (i) examined capitalization as of December 31, 2006, derived without material adjustment from our Financial Statements, and (ii) our pro-forma capitalization, which gives effect to the Capital Increase and the Combined Offering (assuming full subscription of the Egyptian Retail Offering and excluding any proceeds from the sale of existing Shares on behalf of the Selling Shareholders). The following table should be read in conjunction with our Financial Statements, including the notes thereto, included elsewhere in this Offering Prospectus and with the information set forth under the headings "Selected Pro Forma Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The information set forth below has been prepared in accordance with EAS, which differs in certain significant respects from IFRS. See "Summary of Certain Significant Differences Between EAS and IFRS."

	Capitalization for the Year Ended December 31, 2006	Pro-forma capitalization after Capital Increase and Combined Offering
	(EGP, '000's)	
Equity:		
Issued Capital	95,837	129,000
Amounts under capital increase	209,997(1)	—
Reserves	952,803	2,128,495(2)
Retained Earnings	(1,147,655)	(1,147,655)
Net Income	304,565	304,565
Total Equity Book Value	415,547	1,414,405
Minority Interest	2,811	2,811
Bank Overdraft	204,091	204,091
Short-term Debt	448,687	448,687
Long-term Debt	571,288	571,228
Total Debt Outstanding	1,224,066	1,224,066
Total Capitalization(3)	1,642,424	2,641,282
Debt/Total Capitalization	74.5 %	46.3%

(1) Reflects amounts related to the issuance of shares in connection with our acquisition of a 49% interest in CITI.

(2) Excludes the impact of pro rata transaction fees estimated at approximately EGP 50.

(3) Total Capitalization equals total equity book value + minority interest + total debt outstanding.

With the exception of the Capital Increase described elsewhere in this Offering Prospectus and a 5:1 stock split ratified by the Company's shareholders on May 20, 2007 (the "Stock Split"), there has been no material change to our consolidated capitalization and indebtedness since December 31, 2006.

DILUTION

Our pro forma total shareholders' equity value at December 31, 2006 was approximately EGP 418.4 million, or EGP 4.37 per share, assuming 95,837,000 ordinary shares issued and outstanding.

Dilution in shareholders' equity value per share represents the difference between the amount per share paid by purchasers of the Shares in the Combined Offering and total shareholders' equity value per share immediately following the Combined Offering.

After giving effect to the Combined Offering (assuming full subscription of the Egyptian Retail Offering excluding any proceeds from the sale of existing Shares on behalf of the Selling Shareholders), our adjusted pro forma total shareholders' equity value as of December 31, 2006 would have been approximately EGP 1,414.4 million, or EGP 10.96 per share. This represents an immediate increase in total shareholders' equity value per share or EGP 6.60. The following table illustrates this dilution per share:

	EGP
Offering Price	37.00
Pro forma total shareholders' equity value per share before the Combined Offering	4.37
Increase per share attributable to investors in the Combined Offering	6.59
Pro forma adjusted total shareholders' equity value, as adjusted to give effect to the Combined Offering(1)	10.96
Dilution per share to new investors in the Combined Offering	26.04

(1) Assuming full subscription of the Combined Offering.

Selected Pro Forma Consolidated Financial Information

The following tables present selected pro forma consolidated financial and other data regarding our business and should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Financial Statements, including the notes thereto, included elsewhere in this Offering Prospectus. Our Financial Statements have been audited by PricewaterhouseCoopers.

Our Financial Statements have been prepared in accordance with EAS, which differs in certain significant respects from IFRS. For a narrative description of the principal differences between EAS and IFRS that are relevant to our business, see "Summary of Certain Significant Differences Between EAS and IFRS." PricewaterhouseCoopers have expressed a qualified opinion on our Financial Statements with respect to (i) the reasonableness of a revaluation of our property, plant and equipment as of December 31, 2006 and (ii) the potential over-provisioning for impairment of trade and notes receivable balances for our fiscal year ended December 31, 2005, in each case as stated more fully in their audit report included in this Offering Prospectus.

Pro Forma Consolidated Income Statement Data

	Fiscal Year Ended December 31,		
	2004	2005	2006
		(EGP, '000's)	
Revenues	990,003	2,066,628	3,103,278
Cost of revenues	(818,641)	(1,577,860)	(2,566,155)
Gross profit	171,362	488,768	537,123
General and administrative expenses	(49,259)	(57,602)	(78,766)
Distribution expenses	(50,811)	(44,285)	(58,933)
Other operating income (expense)	(66,370)	(537,972)	104,177
Operating profit/(loss)	4,922	(151,091)	503,601
Finance costs (net)	(159,604)	(170,161)	(135,807)
Net (loss)/profit before income tax and minority interest	(154,682)	(321,252)	367,794
Income tax	—	(23,410)	(63,123)
Net (loss)/profit before minority interest	(154,682)	(344,662)	304,671
Minority interest	248	(54)	(106)
Net (loss)/profit for the year	(154,434)	(344,716)	304,565
Pro Forma Consolidated Cash Flow Data			
Net cash from operating activities	218,966	224,028	325,234
Net cash used in investing activities	(1,773)	(28,523)	(106,606)
Net cash from (used in) financing activities	(196,624)	79,579	(285,127)
Net increase (decrease) in cash and cash equivalents during the year	20,569	275,084	(66,499)
Cash and cash equivalents at beginning of the year	(272,287)	(251,741)	23,219
Cash and cash equivalents at end of the year	(251,741)	23,219	(43,296)

Pro Forma Consolidated Balance Sheet Data

	As of December 31,		
	2004	2005	2006
		(EGP, '000's)	
Non-current assets			
Property, plant and equipment	1,072,105	1,112,751	1,226,825
Goodwill	197,455	197,455	197,455
Intangible assets	1,782	3,314	4,110
Leased assets	24,249	9,503	—
Long-term investments	2,453	5,109	3,555
Long-term notes receivable	21,489	1,160	46,278
Deferred tax assets	—	1,229	—
Total non-current assets	1,319,533	1,330,521	1,478,223
Current assets			
Property for resale	37,528	25,469	20,276
Inventories	230,088	273,190	358,244
Accounts and notes receivable	559,968	159,250	214,831
Debtors and other debit balances	147,503	166,700	184,316
Due from related parties	57,073	29,017	3,388
Cash on hand and at banks	174,423	206,209	160,795
Total current assets	1,206,583	859,835	941,850
Current liabilities			
Provisions	40,996	168,825	106,351
Current tax liabilities	—	13,857	38,765
Borrowings	681,535	461,015	448,687
Due to related parties	68,047	103,849	128,696
Trade payables and other credit balances	468,858	477,118	679,184
Total current liabilities	1,259,436	1,224,664	1,401,683
Deficit in working capital	(52,853)	(364,829)	(459,833)
Total invested funds	1,266,860	965,692	1,018,390
These investments are financed as follows:			
Shareholders' equity			
Share capital	95,837	95,837	95,837
Amounts under capital increase	209,997	209,997	209,997
Reserves	959,023	951,251	952,803
Accumulated losses	(789,413)	(1,137,730)	(843,091)
Total shareholders' equity	475,444	119,355	415,546
Minority interest	332	917	2,811
Total shareholders' equity	475,776	120,272	418,357
Non-current liabilities			
Borrowings	790,904	838,894	571,228
Notes payable long-term	—	6,526	27,574
Deferred tax liabilities	—	—	1,231
Total non-current liabilities	790,904	845,420	600,033
Total shareholders' equity and non-current liabilities	1,266,680	965,692	1,018,390

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those described in any forward-looking statement. Our Financial Statements have been prepared in accordance with EAS, which differ in certain significant respects from IFRS. For a narrative description of the principal differences between EAS and IFRS that are relevant to our business, see "Summary of Certain Significant Differences Between EAS and IFRS." PricewaterhouseCoopers have expressed a qualified opinion on our Financial Statements with respect to (i) the reasonableness of a revaluation of our property, plant and equipment as of December 31, 2006 and (ii) the potential over-provision for impairment of trade and notes receivable balances for our fiscal year ended December 31, 2005, in each case as stated more fully in their audit report included in this Offering Prospectus. In addition, the following discussion contains financial data regarding our revenues and operating profit by line of business for our fiscal years ended December 31, 2004, 2005 and 2006. This financial data is based on management accounts and has not been audited or reviewed by PricewaterhouseCoopers. We have included this financial data in the Offering Prospectus because we believe it will help you evaluate our performance. You should read this section in conjunction with our Financial Statements, including the notes thereto, and the section entitled "Risk Factors," included elsewhere in this Offering Prospectus.

Overview

We are a leading player in the Egyptian automotive industry and we are the holding company for a group of subsidiaries operating at all levels of the automotive industry value chain, including assembling, distributing and selling passenger cars and commercial vehicles, manufacturing semi-trailers and super-structures for trucks and buses, providing after-sales servicing through our nation-wide after-sales service network and selling automotive components, motorcycles and scooters, tires and construction equipment. We also provide public passenger and private freight transport services in governorates throughout Egypt. We have an extensive and diversified customer base which includes, among others, Egyptian retail consumers, transportation companies, private sector companies, schools and universities, construction companies and various governmental authorities and agencies. We also export our products throughout the MENA region. For the fiscal year ended December 31, 2006, we had total consolidated revenues of approximately EGP 3.1 billion and total consolidated gross profit of approximately EGP 537 million.

Our operations are organized in the following lines of business:

Passenger Cars. Our passenger cars line of business is the sole local importer and/or assembler of Hyundai passenger cars and is supported by the largest nation-wide after-sales service network in Egypt. In addition to our own retail distribution and after-sales service network, our passenger cars line of business is further supported by the largest sub-dealer network in Egypt. For the fiscal year ended December 31, 2006, our passenger car line of business generated approximately 72% of our total consolidated revenues and approximately 67% of our total consolidated gross profit.

Commercial Vehicles. Our commercial vehicles line of business offers a wide range of locally-assembled trucks and buses as the exclusive agent and distributor for Mitsubishi Truck & Bus, Volvo Truck, Volvo Bus and Hyundai and is supported by our nation-wide after-sale service network. Our commercial vehicles line of business also manufactures and distributes semi-trailers and super-structures, such as oil and chemical tankers and concrete mixers. For our fiscal year ended December 31, 2006, our commercial vehicles line of business generated approximately 13% of our total consolidated revenues and approximately 19% of our total consolidated gross profit.

Motorcycles and Scooters. Our motorcycles and scooters line of business is the local agent and distributor for Bajaj tuk-tuks, two-wheel scooters and Boxer motorcycles. Our motorcycles and scooters line of business is supported by an after-sales service center and spare parts network. For our fiscal year ended December 31, 2006, our motorcycles and scooters line of business generated approximately 12% of our total consolidated revenues and approximately 10% of our total consolidated gross profit.

Other. In addition to our primary lines of business identified above, we are also engaged in the following lines of business:

Tires. We distribute passenger car and light truck tires under a license with Lassa and truck, bus and off-road tires under a license with Double Coin.

Construction Equipment. We distribute construction equipment, including trucks and earth movers, and material handling equipment (i.e., fork lifts), supplied under licenses from Volvo Construction and Linde.

Transportation Services. We provide passenger and cargo transportation services through our wholly-owned subsidiary, Haram. Haram provides public passenger transportation services under agreement with the public transport authorities of the governorates in which it operates and currently has over 200 buses in operation. Haram also provides cargo transportation services and currently operates a fleet of 90 trucks that transport cement, silica sand and phosphate.

Export Activities. We are engaged in a number of export activities, including selling commercial vehicles in Saudi Arabia, the United Arab Emirates, Algeria and Ethiopia.

For our fiscal year ended December 31, 2006, our other line of business generated approximately 3% of our total consolidated revenues and 4% of our total consolidated gross profit.

Principal Factors Affecting Our Results of Operations

Overview

Our results of operations are affected by a number of factors, including, among others, demand trends, production capacity, our organic growth, prices of raw materials and seasonality.

Demand Trends

Our results of operations are influenced primarily by the level of consumer demand and spending on automotive-related products and services in Egypt and the other countries in which we sell our products and services. Accordingly, the demand for our products and services is influenced by macroeconomic factors in the markets in which we operate. In particular, our results of operations have been influenced by recent reductions in customs duties on our products, recent reductions in income taxes, the increasing availability of consumer finance and pent-up consumer demand as the Egyptian economy has improved over the past five years.

Production Capacity

We have been operating our assembly facilities for passenger cars at, or near, full capacity and our ability to increase our revenues will depend, in part, on our ability to expand our assembly and manufacturing facilities or to lease other facilities that are currently underutilized.

Organic Growth

Our results of operations have been impacted positively by our organic growth over the past several years, including our continued investment in our diversified range of products and services. Among our recent initiatives is the introduction of Haram, which we established in January 2006 to provide public passenger and cargo transportation services throughout Egypt. In just over a year, Haram has been awarded offers to operate public transportation services in two of the three governorates in which it has tendered offers and it currently operates over 200 buses in connection with the two awarded offers. Haram also currently operates a fleet of 90 trucks that provide cargo transportation services transporting cement, silica sand and phosphate.

Prices of Raw Materials

Certain of the raw materials that we use in our assembly and manufacturing activities have historically been subject to significant price volatility. In particular, we utilize steel in our bus, semi-trailer and super-structure manufacturing activities and yearly average prices for steel in Egypt have risen from a low of EGP 2,350 per ton in 2004 to a high of EGP 3,636 per ton in 2006. We purchase steel from a variety of Egyptian suppliers at prices typically representing a discount of up to 18% of imported steel. We occasionally purchase steel from overseas suppliers to cover shortages in the local supply or for special purposes. We price our sales to customers using a premium to the prices at which we purchase steel and we enter into commodities hedging activities from time to time. As a result, substantially all of our exposure to fluctuations in steel prices is passed on to our customers or hedged.

Seasonality

We experience seasonal fluctuations in our results of operations and we generally record higher net sales from June through December due to a number of factors, including, among others, the following:

- passenger cars, after-sales services, tires and spare parts purchased for the summer holiday and travel season;
- buses and mini-buses purchased by tourism operators in advance of the fall tourist season;
- buses and mini-buses purchased by school districts in advance of the opening of schools in September; and
- expenditures by governorates prior to the annual expiration of budgets at the end of June.

Principal Income Statement Items

The following is a brief description of the principal captions in our income statement:

Gross Profit

Gross profit consists of revenues less cost of revenues:

Revenues. Our revenues are derived from sales to external customers and we divide our revenues among our four lines of business.

Cost of revenues. Cost of revenues includes costs attributable to sales and includes costs for the following:

- products purchased from international original equipment manufacturers ("OEM's"), including CBU and CKD units, tires and spare parts;
- materials used in our manufacturing and assembly processes (including raw materials, energy costs and maintenance materials);
- freight expenses and insurance;
- utilities; and
- labor directly involved in our sales, assembly and manufacturing processes, including gross wages and employee benefits.

Operating profit

Operating profit principally consists of gross profit plus or minus the following items:

Other Revenues. Other revenues include income from gains from sales of assets held for sale, commissions on direct sales and other commissions.

General and administrative expenses. General and administrative expenses include employment expenses of central management, director compensation, maintenance costs for our headquarters, communication and information technology expenses, audit, legal, insurance and travel expenses, and maintenance of our retail showrooms, after-sales service centers, spare parts distribution network and assembly facilities.

Distribution expenses. Distribution expenses include employment expenses of our sales force, advertising and promotional expenses, and export fees.

Other operating income (expense). Other operating income/(expense) includes the following items:

- *Other revenues.* Other revenues includes income from gains from sales of assets held for sale, commissions on direct sales and other commissions;
- *Provisions no longer required.* Provisions no longer required includes releases of unused provisions;
- *Bad debts write-off.* Bad debts write-off relates to outstanding debt that we have determined to be uncollectible;
- *Other expenses.* Other expenses includes impairment loss on trade receivables and others; and
- *Provisions.* Provisions includes doubtful debts, slow moving inventory and others.

Finance Costs — Net

Finance costs consist of the following items:

- credit interest on our balances;
- debit interest on our borrowings; and
- foreign exchange transaction gains/losses.

Income Tax

Income tax includes current income tax and income tax for previous years. Current corporate income tax is the expected tax payable on our taxable corporate income for the year, using tax rates applicable at the balance sheet date and any adjustment to tax payable in respect of previous years. Deferred income tax is provided using the balance sheet method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Recent Developments

Private Financing

On April 10, 2007, we entered into a Loan Agreement pursuant to which Cougar Capital Management Ltd., a subsidiary of Oasis Capital Egypt ("Cougar"), loaned an aggregate of EGP 103 million for the benefit of Almora Resources Inc., a special purpose vehicle wholly owned by us ("Almora"). Almora, in turn, loaned us an amount equivalent to the amount of the Cougar loan. The loan bears simple interest at a rate of 7% per annum and has a maturity date of April 10, 2011. In addition, a highest debt balance fee of 0.5% per month is applicable to the loan. In connection with the Combined Offering, the debt owed by us to Almora in the amount of EGP 103 million shall be swapped into shares representing a specified percentage of our outstanding share capital following the Combined Offering. The specified percentage will be determined based on a 15% discount to the Offering Price. Subject to certain conditions, Cougar shall have the option to convert the loan into shares by exercising a call option on the shares owned by us in Almora. Following the conversion of the loan into shares and subject to certain conditions, Cougar shall have the option to put the shares it owns in Almora back to us based on the current trading price of our shares on the CASE.

Acquisition of a 49% Interest in CITI

On April 23 and May 10, 2007, we acquired a 49% interest in CITI for aggregate consideration of approximately EGP 210 million. The purchase price will be paid to the selling shareholders of CITI at the time of the Combined Offering by the issuance of that number of shares equal to the purchase price divided by the Offering Price.

Stock Split

On May 20, 2007, our shareholders ratified the Stock Split. In connection with the Stock Split, our shareholders ratified a 5:1 stock split which resulted in an increase in our outstanding shares from 19,167,400 to 95,837,000. Following the Restructuring, the interests of our principal shareholders in our shares held directly and indirectly, immediately prior to and following the Stock Split, are set forth in the table below:

Name	Number of Ordinary Shares held Prior to the Stock Split	Number of Ordinary Shares held after the Stock Split
Dr. Raouf Ghabbour	9,583,700	47,918,500
Ola Lotfy Zaki	1,916,720	9,583,600
Kamal Raouf Ghabbour	2,142,060	10,710,300
Dina Raouf Ghabbour	2,142,060	10,710,300
Nader Raouf Ghabbour	2,142,060	10,710,300
Sherine Shaker Ghabbour	200,000	1,000,000
Maged Shaker Ghabbour	400,000	2,000,000
Renee Abdo Salama	88,760	443,800
Soleiman Abu Numay	276,020	1,380,100
Beltone Capital(1)	276,020	1,380,100
TOTAL	19,167,400	95,837,000

(1) Beltone Private Equity is the investment manager for Beltone Capital and is an affiliate of Beltone.

THREE MONTHS ENDED MARCH 31, 2007 COMPARED TO THREE MONTHS ENDED MARCH 31, 2006

Revenues. In our three months ended March 31, 2007, our total consolidated revenues increased by EGP 156 million, or 23%, to EGP 833 million from EGP 677 million for our three months ended March 31, 2006. The increase was primarily due to increased revenues for each of our lines of business. The table below sets forth our total revenues for each of our lines of business for the periods indicated:

	Three Months Ended March 31,	
	2006	2007
	(EGP, '000's)	
Passenger cars	529,189	587,663
Commercial vehicles	85,571	95,034
Motorcycles and scooters	50,099	130,175
Other	11,798	20,272
Total revenues	676,657	833,144

Total revenues in our passenger cars line of business continue to be impacted by strong demand for our products and services, partially offset by disruptions in our supply due to working capital challenges.

Total revenues in our commercial vehicles line of business continue to be impacted by a growing market, an expanded product range, improved management and improved working capital finance.

Total revenues in our motorcycles and scooters line of business continue to be impacted by strong consumer demand for tuk-tuks and our expanded retail and after-sales service operations.

Total revenues in our other line of business continue to be impacted by strong demand for our tires and, to a lesser extent, our sales of construction equipment to a robust construction sector.

Gross Profit. In our three months ended March 31, 2007, our total consolidated gross profit increased by EGP 5.8 million, or 4.9%, to EGP 124 million from EGP 118 million for our three months ended March 31, 2006. The increase was primarily due to increased gross profit for our motorcycles and scooters line of business, partially offset by decreased gross profit for our passenger cars and commercial vehicles lines of business. The table below sets forth our total gross profit for each of our lines of business for the periods indicated:

	Three Months Ended March 31,	
	2006	2007
	(EGP, '000's)	
Passenger cars	85,189	80,328
Commercial vehicles	24,853	22,838
Motorcycles and scooters	6,742	18,566
Other	1,516	2,342
Total gross profit	118,301	124,073

Total gross profit in our passenger cars line of business was impacted by our product mix, working capital challenges that led to supply interruptions and an increase in lower margin sales through wholesalers.

Total gross profit in our commercial vehicles line of business continues to be impacted by lower margins as we continue to work to increase our market share in heavy trucks and luxury coaches.

Total gross profit in our motorcycles and scooters line of business continues to be impacted by the increased volume of tuk-tuk sales, partially offset by price adjustments to maintain our high volume of sales.

Total gross profit in our other line of business continues to be impacted by a management restructuring in our construction equipment operations.

RESULTS OF OPERATIONS

In our fiscal year ended December 31, 2006, our total consolidated revenues increased by EGP 1.0 billion, or 50.2%, to EGP 3.1 billion from EGP 2.1 billion for our fiscal year ended December 31, 2005. In our fiscal year ended December 31, 2005, our total consolidated revenues increased by EGP 1.1 billion, or 108.7%, to EGP

2.1 billion from EGP 990 million in our fiscal year ended December 31, 2004. The table below sets forth our total revenues for each of our lines of business for the periods indicated:

	Year Ended December 31,		
	2004	2005	2006
		(EGP, '000's)	
Line of Business:			
Passenger Cars	577,557	1,603,290	2,230,015
Commercial Vehicles	129,667	185,376	408,081
Motorcycles and Scooters	92,298	187,702	365,632
Other	186,481	90,260	99,550
Total	990,003	2,066,628	3,103,278

Fiscal Year Ended December 31, 2006 Compared to Fiscal Year Ended December 31, 2005

Revenues. In our fiscal year ended December 31, 2006, our total consolidated revenues increased by EGP 1.0 billion, or 50.2%, to EGP 3.1 billion from EGP 2.1 billion for our fiscal year ended December 31, 2005. The increase was primarily due to increased revenues generated by our passenger cars, commercial vehicles and motorcycles and scooters lines of business and, to a lesser extent, increased revenues generated by our other line of business. The table below sets forth our total revenues for each of our lines of business for the periods indicated:

	Year Ended December 31,	
	2005	2006
	(EGP, '000's)	
Passenger cars	1,603,290	2,230,015
Commercial vehicles	185,376	408,081
Motorcycles and scooters	187,702	365,632
Other	90,260	99,550
Total revenues	2,066,628	3,103,278

In our fiscal year ended December 31, 2006, total revenues in our passenger cars line of business increased by EGP 626.7 million, or 39.1%, to EGP 2.2 billion from EGP 1.6 billion for our fiscal year ended December 31, 2005. The increase was primarily due to increased sales of our passenger cars driven by consumer demand and improved working capital toward the end of 2006 that allowed us to meet demand, partially offset by supply disruptions due to working capital challenges earlier in the period.

In our fiscal year ended December 31, 2006, total revenues in our commercial vehicles line of business increased by EGP 222.7 million, or 120%, to EGP 408.1 million from EGP 185.4 million for our fiscal year ended December 31, 2005. The increase was primarily due to increased sales of our commercial vehicles to a growing market, an expanded product range, improved management and improved working capital finance.

In our fiscal year ended December 31, 2006, total revenues in our motorcycles and scooters line of business increased by EGP 177.9 million, or 94.8%, to EGP 365.6 million from EGP 187.7 million for our fiscal year ended December 31, 2005. The increase was primarily due to increased sales of tuk-tuks driven by increased consumer demand and expanded retail and after-sales service operations.

In our fiscal year ended December 31, 2006, total revenues in our other line of business increased by EGP 9.3 million, or 10.3%, to EGP 99.6 million from EGP 90.3 million for our fiscal year ended December 31, 2005. The increase was primarily due to increased demand for our tires and, to a lesser extent, increased export activities related to buses.

Cost of Revenues. In our fiscal year ended December 31, 2006, total cost of revenues increased by EGP 988.3 million, or 62.6%, to EGP 2.6 billion from EGP 1.6 billion for our fiscal year ended December 31, 2005. The increase was primarily due to costs associated with acquiring additional products from OEM's to meet increased demand for our products.

Gross Profit. In our fiscal year ended December 31, 2006, total consolidated gross profit increased by EGP 48.4 million, or 9.9%, to EGP 537.1 million from EGP 488.8 million for our fiscal year ended December 31, 2005. The increase was primarily due to increased gross profit for our commercial vehicles and motorcycles and scooters lines of business, partially offset by decreased gross profit for our passenger cars and other lines of business. The table below sets forth our gross profit for each of our lines of business for the periods indicated:

	Year Ended December 31,	
	2005	2006
	(EGP, '000's)	
Passenger cars	376,498	360,409
Commercial vehicles	62,269	103,127
Motorcycles and scooters	26,755	53,219
Other	23,246	20,368
Total gross profit	488,768	537,123

In our fiscal year ended December 31, 2006, total gross profit in our passenger cars line of business decreased by EGP 16.1 million, or 4.3%, to EGP 360.4 million from EGP 376.5 million for our fiscal year ended December 31, 2005. The decrease was primarily due to tighter product margins in 2006 compared to 2005, as well as our decision to expand sales of lower margin CBU units to capture market share. The decrease was also due to foreign exchange differences related to the appreciation of the Korean Won against the U.S. dollar.

In our fiscal year ended December 31, 2006, total gross profit in our commercial vehicles line of business increased by EGP 40.9 million, or 65.5%, to EGP 103.1 million from EGP 62.3 million for our fiscal year ended December 31, 2005. The increase was primarily due to market share and product sales volume growth, partially offset by our decision to decrease margins to increase our market share in heavy trucks and luxury coaches.

In our fiscal year ended December 31, 2006, total gross profit in our motorcycles and scooters line of business increased by EGP 26.5 million, or 98.9%, to EGP 53.2 million from EGP 26.8 million for our fiscal year ended December 31, 2005. The increase was primarily due to the increased volume of tuk-tuk sales.

In our fiscal year ended December 31, 2006, total gross profit in our other line of business decreased by EGP 2.9 million, or 12.4%, to EGP 20.4 million from EGP 23.2 million for our fiscal year ended December 31, 2005. The decrease was primarily due to our discontinued sales of Goodyear tires and, to a lesser extent, disruptions due to a management restructuring in our construction equipment operations.

Operating Profit. In our fiscal year ended December 31, 2006, total consolidated operating profit increased by EGP 654.8 million to EGP 503.6 million from an operating loss of EGP 151.2 million for our fiscal year ended December 31, 2005. Operating profit increased as a result of the factors described above. Operating profit also increased due to a significant decrease in provisions from EGP 492.1 million at December 31, 2005 to EGP 43.6 million at December 31, 2006, primarily related to an allowance for impairment of receivables of EGP 333.1 million at December 31, 2005. We also had a bad debt-write-off of EGP 98.1 million at December 31, 2005 that decreased our operating profit for that period.

Financing Costs — Net. In our fiscal year ended December 31, 2006, financing costs — net decreased EGP 34.4 million, or 20%, to EGP 135.8 million from EGP 170.2 million in our fiscal year ended December 31, 2005. This decrease was primarily due to a decrease in interest expenses and finance charges associated with our borrowings and, to a lesser extent, a decrease in foreign exchange transaction losses.

Income Tax. In our fiscal year ended December 31, 2006, income tax expense was EGP 63.1 million, of which EGP 47.1 million was current income tax and EGP 16.0 million was income tax for previous years, compared to income tax expense of EGP 23.4 million for our fiscal year ended December 31, 2005, of which EGP 23.0 million was current income tax and EGP 0.4 million was income tax for previous years. Our effective tax rate (tax as a percentage of profit before tax) varies depending on the proportion of our sales from subsidiaries that are taxable versus sales from our subsidiaries that are not taxable.

Net Profit for the Year. Reflecting the foregoing, net profit for the year increased EGP 649.3 million to EGP 304.6 million at December 31, 2006 from a net loss of EGP 344.7 million at December 31, 2005.

Fiscal Year Ended December 31, 2005 Compared to Fiscal Year Ended December 31, 2004

Revenues. In our fiscal year ended December 31, 2005, our total consolidated revenues increased by EGP 1.1 billion, or 108.7%, to EGP 2.1 billion from EGP 990.0 million for our fiscal year ended December 31, 2004. The increase was primarily due to increased revenues generated by our passenger cars, commercial vehicles and motorcycles and scooters lines of business, partially offset by a decrease in revenues generated by our other line of business. The table below sets forth our total revenues for each of our lines of business for the periods indicated:

	Year Ended December 31,	
	2004	2005
	(EGP, '000's)	
Passenger cars	577,557	1,603,290
Commercial vehicles	129,667	185,376
Motorcycles and scooters	96,298	187,702
Other	186,481	90,260
Total revenues	990,003	2,066,628

In our fiscal year ended December 31, 2005, total revenues in our passenger cars line of business increased by EGP 1.0 billion, or 177.6%, to EGP 1.6 billion from EGP 577.6 million for our fiscal year ended December 31, 2005. The increase was primarily due to increased sales of our passenger cars driven by consumer demand.

In our fiscal year ended December 31, 2005, total revenues in our commercial vehicles line of business increased by EGP 55.7 million, or 43%, to EGP 185.4 million from EGP 129.7 million for our fiscal year ended December 31, 2004. The increase was primarily due to increased sales of our commercial vehicles driven by public and private sector demand for buses and trucks.

In our fiscal year ended December 31, 2005, total revenues in our motorcycles and scooters line of business increased by EGP 91.4 million, or 94.9%, to EGP 187.7 million from EGP 96.3 million for our fiscal year ended December 31, 2004. The increase was primarily due to increased sales of our motorcycles and scooters line of business products driven primarily by increased consumer demand for tuk-tuks.

In our fiscal year ended December 31, 2005, total revenues in our other line of business decreased by EGP 96.2 million, or 51.6%, to EGP 90.3 million from EGP 186.5 million for our fiscal year ended December 31, 2004. The decrease was primarily due to a discontinuation of bus exports to Iraq under the "Oil for Food" program, partially offset by a ten-fold increase in demand for our tires.

Cost of Revenues. In our fiscal year ended December 31, 2005, total cost of revenues increased by EGP 759.2 million, or 92.7%, to EGP 1.6 billion from EGP 818.6 million for our fiscal year ended December 31, 2004. The increase was primarily due to costs associated with acquiring additional products from OEM's to meet increased demand for our products.

Gross Profit. In our fiscal year ended December 31, 2005, total consolidated gross profit increased by EGP 317.4 million, or 185.2%, to EGP 488.8 million from EGP 171.4 million for our fiscal year ended December 31, 2004. The increase was primarily due to increased gross profit for our passenger cars line of business and, to a lesser extent, increased gross profit for our commercial vehicles and motorcycles and scooters lines of business, partially offset by decreased gross profit for our other line of business. The table below sets forth our gross profit for each of our lines of business for the periods indicated:

	Year Ended December 31,	
	2004	2005
	(EGP, '000's)	
Passenger cars	94,589	376,498
Commercial vehicles	33,387	62,269
Motorcycles and scooters	16,635	26,755
Other	26,751	23,246
Total gross profit	171,362	488,768

In our fiscal year ended December 31, 2005, total gross profit in our passenger cars line of business increased by EGP 281.9 million, or 298.0%, to EGP 376.5 million from EGP 94.6 million for our fiscal year ended December 31, 2004. The increase was primarily due to consumer demand combined with our ability to maintain high margins as other passenger cars distributors suffered supply shortfalls.

In our fiscal year ended December 31, 2005, total gross profit in our commercial vehicles line of business increased by EGP 28.9 million, or 86.5%, to EGP 62.3 million from EGP 33.4 million for our fiscal year ended December 31, 2004. The increase was primarily due to increased margins at the expense of higher unit sales.

In our fiscal year ended December 31, 2005, total gross profit in our motorcycles and scooters line of business increased by EGP 10.1 million, or 60.8%, to EGP 26.8 million from EGP 16.6 million for our fiscal year ended December 31, 2005. The increase was primarily due to increased demand for tuk-tuks, partially offset by our decision to decrease margins to capture market share.

In our fiscal year ended December 31, 2005, total gross profit in our other line of business decreased by EGP 3.5 million, or 13.1%, to EGP 23.2 million from EGP 26.8 million for our fiscal year ended December 31, 2005. The decrease was primarily due to discontinued high margin bus exports to Iraq under the "Oil for Food" program and, to a lesser extent, decreased unit sales of construction equipment.

Operating Profit. In our fiscal year ended December 31, 2005, total consolidated operating profit decreased by EGP 156.0 million to an operating loss of EGP 151.1 million from an operating profit of EGP 4.9 million for our fiscal year ended December 31, 2004. The decrease was primarily due to provisions of EGP 492.1 million at December 31, 2005, including an allowance for impairment of receivables and of EGP 333.1 million, and a bad debt-write-off of EGP 98.1 million at December 31, 2005.

Financing Costs — Net. In our fiscal year ended December 31, 2005, financing costs — net increased by EGP 10.6 million to EGP 170.2 million from EGP 159.6 million for our fiscal year ended December 31, 2004. This increase was primarily due to a decrease in installment sales interest and an increase in foreign exchange transaction losses, partially offset by an increase in interest income.

Income Tax. In our fiscal year ended December 31, 2005, income tax expense was EGP 23.4 million, of which EGP 23.0 million was current income tax and EGP 0.4 million was income tax for previous years. Our effective tax rate (tax as a percentage of profit before tax) varies depending on the proportion of our sales from subsidiaries that are taxable versus sales from our subsidiaries that are not taxable.

Net Loss for the Year. Reflecting the foregoing, particularly an allowance for impairment of receivables of EGP 333.1 million, net loss for the year increased EGP 190.3 million to EGP 344.7 million at December 31, 2005 from a net loss of EGP 154.4 million at December 31, 2004.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Our primary sources of liquidity have traditionally consisted of net cash flow provided by our operating activities and short- and long-term financing from credit institutions. The table below sets forth certain components of our cash flows for the periods indicated:

	Year Ended December 31,		
	2004	2005	2006
		(EGP, '000's)	
Net cash from operating activities	218,966	224,028	325,234
Net cash used in investing activities	(1,773)	(28,523)	(106,606)
Net cash from (used in) financing activities	(196,624)	79,579	(285,127)
Cash and cash equivalents at the beginning of the year	(272,287)	(251,741)	(66,499)
Cash and cash equivalents at the end of the year	(251,741)	23,219	(43,296)

Net cash from operating activities. For our fiscal year ended December 31, 2006, net cash from operating activities was EGP 325.2 million, compared to EGP 224.0 million for our fiscal year ended December 31, 2005 and EGP 219.0 million for our fiscal year ended December 31, 2004. The increase in net cash from operating activities during our fiscal year ended December 31, 2006 as compared to our prior fiscal year was primarily due to increased inventories and trade payables, partially offset by decreases in accounts and notes receivable, provisions and income tax paid. Net cash from operating activities was relatively flat in our fiscal years ended December 31, 2004 and 2005.

Net cash used in investing activities. For our fiscal year ended December 31, 2006, net cash used in investing activities was EGP 106.6 million, compared to EGP 28.5 million for our fiscal year ended December 31, 2005 and EGP 1.8 million for our fiscal year ended December 31, 2004. The increase in net cash used in investing activities during our fiscal year ended December 31, 2006 as compared to our prior fiscal year was primarily due to increased purchases of property, plant and equipment related to vehicle purchases for Haram and land purchases for continued development of our after-sales service network. The increase in net cash used in investing activities during our fiscal year ended December 31, 2005, as compared to our prior fiscal year was primarily due to was also primarily due to purchases of property, plant and equipment related to land purchases for continued development of our after-sales service network.

Net cash from (used in) financing activities. For our fiscal year ended December 31, 2006, net cash used in financing activities was EGP (285.1) million, compared to net cash from financing activities of EGP 79.6 million for our fiscal year ended December 31, 2005 and net cash used in financing activities of EGP (196.6) million for our fiscal year ended December 31, 2004. The increase in net cash used in investing activities during our fiscal year ended December 31, 2006 as compared to our prior fiscal year, was primarily due to repayment of outstanding debt. The increase in net cash from financing activities during our fiscal year ended December 31, 2005 as compared to our prior fiscal year was primarily due to increased borrowings and, to a lesser extent, increased long-term payables.

As of December 31, 2006, we had cash and bank balances of EGP 160.8 million, long term borrowings of EGP 571.2 million and short term borrowings of EGP 448.7 million.

INDEBTEDNESS

As of December 31, 2006, we held EGP 571.2 million of long term borrowings and EGP 448.7 million of short term borrowings (including bank borrowings and overdrafts).

The table below sets forth summary information regarding certain of our bank borrowings as of December 31, 2006:

Lender	Principal Amount(1)	Interest Rate	Maturity Date
	(EGP, '000's)	(%)	
Egyptian Export Development Bank	55.0	10.0	August 2013
National Bank of Egypt	174.0	12.9	March 2010
Banque Misr	400.0	12.9	December 2010
Misr International Bank	103.0	10.0	July 2010
Islamic International Development Bank	103.0	8.75	November 2010
BNP Paribas	11.5	12.0	October 2008
Delta International Bank	4.8	12.9	June 2008
Total	851.3		

(1) Includes current and non-current portions.

COMMITMENTS

The table below sets forth our contractual obligations and commercial commitments as of December 31, 2006:

Contractual Obligations	Total	Payments and Commitments Due by Period			
		Less than 1 year	1-3 years	4-5 years	After 5 years
	(EGP, '000's)				
Committed capital expenditures	15.0	15.0	—	—	—
Leases	54.0	10.0	35.0	9.0	—
Bank debt	880.0	220.0	632.0	24.0	4.0
Total	949.0	245.0	667.0	33.0	4.0

CAPITAL EXPENDITURES

Historically, our capital expenditures have related primarily to our purchase of fixed assets, such as land, buildings and equipment relating to our manufacturing facilities. We intend to use a portion of the net proceeds of the Combined Offering to fund our growth strategy, including, among others, expanding our nation-wide distribution and after-sales service network and our assembly capacity. This growth strategy will involve capital expenditures throughout 2007. See "Use of Proceeds."

Contingent Obligations

From time to time, we enter into letters of guarantee and extend letters of credit. As of December 31, 2006, we had letters of guarantee of EGP 543.5 million and letters of credit of EGP 33.6 million.

Market Risk

Currency Risk

We are exposed to foreign currency risk on purchases from foreign OEM's and loans denominated in foreign currency. The currencies giving rise to this risk are primarily the U.S. dollar, the British pound, the Korean Won, the Japanese Yen, the Swedish Kroner and the Euro. In our fiscal years ending December 31, 2006, 2005 and 2004, our total losses due to foreign exchange rate fluctuations included in our consolidated results of operations were approximately EGP 1.8 million, EGP 10.4 million and EGP 5.0 million, respectively.

The table below sets forth our net foreign currencies exposure as of December 31, 2006:

Foreign Currency	At December 31, 2006 (EGP, '000's)
U.S. dollar(1)	98.4
Euro(2)	(4.3)
Other currencies(3)	7.2

(1) As of December 31, 2006, the exchange rate of the U.S. dollar to the Egyptian pound was U.S.$1.00 = EGP 5.71.

(2) As of December 31, 2006, the exchange rate of the Euro to the Egyptian pound was EURO 1.00 = 7.53.

(3) Includes the British pound, the Swedish Kroner and the Japanese Yen. As of December 31, 2006, the exchange rate of the British pound to the Egyptian pound was GBP 1.00 = EGP 11.22, the exchange rate of the Swedish Kroner to the Egyptian pound was SEK 1.00 = EGP 0.8225 and the exchange rate of the Japanese Yen to the Egyptian pound was JPY 1.00 = EGP 0.0481.

We currently do not enter into hedging and other activities to mitigate our foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that the value of our financial instruments will fluctuate due to changes in market interest rates. We rely on financing part of our working capital and certain long-term assets with credit facilities, borrowings, and short-term bank loans. As of December 31, 2006, we repaid all of our outstanding financial liabilities that carried variable interest rates and, accordingly, we do not believe we have significant exposure to interest rate risk.

Credit Risk

Credit risk is the risk that our customers will not discharge their obligations at the respective due dates. We believe that our exposure to credit risk is limited to amounts provided for collection losses due to the terms and conditions pursuant to which we contract with our customers.

Commodity Risk

Commodity risk is the risk that the price of raw materials used in our assembly and manufacturing activities will fluctuate. In particular, we are exposed to commodity risk with respect to fluctuations in steel prices. We enter into commodities derivatives from time to time to mitigate our commodities risk.

The Egyptian Automotive Industry

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Offering Prospectus consists of internal estimates based on data reports compiled by professional organizations and analysts, data from other external sources and our knowledge of the markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on internally developed estimates. While we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources, and we cannot assure potential investors as to their accuracy. For further information on the preparation of this section, see "Market and Industry Information."

Industry Overview

Egypt is one of the few countries in the MENA region with domestic automotive production capabilities and is currently the largest automotive producer in North Africa. Vehicle production and assembly began to develop in Egypt in the late 1950's and was dominated by the state-owned El Nasr Automotive Company until the late 1980's. Government liberalization policies began in the 1990's and, thereafter, private sector involvement in the automotive industry increased as foreign automotive companies began to enter the market. The lifting of the ban on imports in 1992 further strengthened the Egyptian automotive sector as local operations proliferated under foreign licensing agreements and joint ventures.

The expansion of the Egyptian automotive market in the early 1990's was impacted by the economic recession of the late 1990's that led to the depreciation of the Egyptian pound and a dramatic decline in consumer spending. As a result, the Egyptian automotive industry suffered a dramatic decrease in domestic production and sales between 2000 and 2003. The automotive industry began to recover in 2004 with an improvement in the overall economic climate and the introduction of industry-related tariff reforms, which have had the effect of decreasing the costs of importing and assembling automotive vehicles, yielding a positive impact on sales of both imported and domestically-assembled vehicles.

Automotive vehicle assembly in Egypt is primarily achieved through joint venture and/or license agreements between Egyptian companies and international OEM's. Pursuant to these agreements, vehicles may either be assembled locally from completely knocked down kits, which are unassembled kits imported by an Egyptian automotive company from its international affiliates and are finished in Egyptian factories ("CKD's"), or completely built up units, which are finished vehicles imported directly from international affiliates ("CBU's"). Some automobile brands and models are supplied to the Egyptian market as CBU imports only from licensed agents or dealers.

As of December 31, 2006, the Egyptian automotive industry employed approximately 62,000 people working in either vehicle assembly or serving the relevant component and service industries. As of early 2005, Egypt had 29 operating vehicle assembly plants, 12 of which assemble passenger cars, nine of which assemble light and medium commercial vehicles and heavy trucks and eight of which assemble buses.

The Egyptian automotive industry is set to play a vital role in enabling Egypt to attain its ambitious economic growth plans. The industry already generates a substantial number of jobs and, with the introduction of export-oriented growth plans, could create a significant number of additional jobs and is expected to have a considerable impact on attracting foreign direct investment. Furthermore, Egypt boasts the largest population in the Arab world with close to 80 million citizens and estimates indicate that 85% of its domestic freight and 60% of its passenger traffic moves along its road network, which should contribute to the potential market for transportation vehicles and related equipment.

Recent Industry Developments

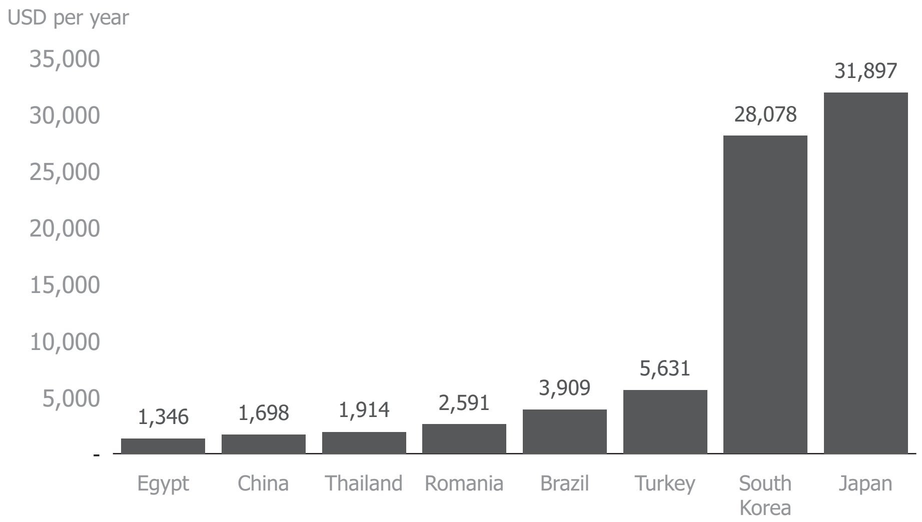
Economic liberalization reforms. Recent reductions in import tariffs schedules for both passenger car CBU's and CKD's have cut average retail prices and increased demand levels, which in turn has led to increased foreign interest in penetrating the Egyptian automotive sector. Furthermore, the new exchange rate regime introduced in 2003 led to a massive depreciation of the Egyptian pound that reached 45% between early 2000 and mid-2003, which increased the attractiveness of the Egyptian automotive market for foreign investors seeking to launch export-oriented operations in the region. As the Egyptian economy continues to strengthen, the new cabinet's reforms and endeavors towards greater economic liberalization, have enhanced both business and consumer confidence in the viability of the local automotive industry.

Enhanced consumer credit facilities. The Egyptian banking sector is currently undergoing significant development and liberalization which, combined with the introduction of long-anticipated commercial courts, are expected to contribute to the availability of consumer credit facilities. The anticipated growth and availability of consumer credit facilities, which are still relatively new in Egypt, are expected to increase consumer consumption of luxury goods such as automobiles.

Increased foreign presence. The actual and potential growth in the Egyptian automotive market has led to growing interest by foreign governments such as China and Iran, two new competitors in the international automotive industry. For these countries, Egypt represents an emerging market with significant growth potential and, consequently, SAIPA (Iran) and Brilliance China Auto (China) have recently established assembly facilities for new CKD models. These and other companies are likely to continue to pursue opportunities to penetrate the Egyptian automotive market in order to capitalize on its significant growth potential.

Competitive Advantages

Low labor costs. Egypt has exceptionally low overall production costs, in general, and low labor costs, in particular, as compared to other automotive producers in the global market. This is a principle factor in attracting foreign investment in automotive production facilities. In addition, the commercial vehicles market tends to be more labor-intensive than the passenger car market and, accordingly, commercial vehicles manufacturers benefit from the low average wages prevalent in the Egyptian market. The following table sets forth a comparison between the average hourly wages in markets selected as having certain comparable dynamics relevant to the assessment of Egypt's automotive industry:



Source: Laborstat: International Labor Organization 2004-2006.

Access to regional markets. Egypt's geographic location at the crosswords between Europe, the Gulf and North Africa renders it strategically situated to serve a number of neighboring export markets. Furthermore, Egypt's access to regional markets is reinforced by various free trade agreements to which it is a party.

Relevant Trade Agreements

Egypt's numerous trade agreements with strategic partners renders it capable of accessing a number of regional and international markets. An opportunity exists for Egypt to increase its exports of finished passenger and commercial vehicles, sub-assemblies and automotive component parts and supplies as a result of, among others, the following agreements:

The EU-Egypt Association Agreement. Egypt and the EU entered into the EU-Egypt Association Agreement, which is a bilateral free-trade agreement with effect from January 1, 2004 and is designed to liberalize trade in industrial and agricultural products. The EU-Egypt Association Agreement was established under the umbrella of the Euro-Mediterranean Partnership, also knows as the Barcelona Process, and has as primary objectives fostering peace, stability and development in a region of strategic importance to Europe. The dismantling of tariffs for industrial products under the EU-Egypt Association Agreement will be implemented over a ten year period after which custom tariffs and duties for European products will be entirely abolished. Relevant provisions of the EU-Egypt Association Agreement for the Egyptian automotive industry include, among others, the following:

- custom duties on raw materials and industrial equipment will be reduced by 25% annually from January 1, 2004 to January 1, 2007;

- custom duties on motor vehicles for the transport of goods will be reduced by 5% in 2007 and 2008 and by 15% annually for each successive year beginning January 1, 2009 and January 1, 2016;
- custom duties on motor vehicles designed for the transport of persons will be reduced by 10% annually from January 1, 2010 to January 1, 2019; and
- beginning January 1, 2004, all custom duties and quantitative restrictions on Egyptian industrial products will be removed entirely.

Europe is the third largest exporter of passenger vehicles to Egypt, providing almost 17% of total unit sales in 2006. As trade becomes less restrictive between Egypt and Europe, the dynamics of the imported car market may shift as tariffs will be reduced by 10% annually for a ten-year period beginning in 2010. The principal benefit inherent in this agreement is in the reduction of prices to consumers creating a more affordable passenger car market for the Egyptian consumer. However, as demand for the less expensive imported vehicles increases, the locally-manufactured passenger car market may suffer. Nevertheless, since the tariff reductions are set to commence in 2010, the local manufacturing industry will have time to enhance their viability and competitiveness in the face of imported products. Furthermore, customs duty reductions on raw materials, industrial equipment, industrial supplies and semi-manufactured goods that are set to commence at an earlier date, may help improve the competitiveness of local car assemblers by leading to decreased input prices that will translate into decreased prices for consumers. Customs duties on commercial vehicles are also set to be reduced and variations in the market dynamics of this segment may also occur.

The Common Market for Eastern and Southern Africa Free Trade Agreement. The Common Market for East and South Africa Treaty (the "COMESA Treaty") originally was signed in 1994 and Egypt became a party in 1998. The COMESA Treaty provides that exports from originating member states, including Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe, with a minimum local value added of 45%, should be exempt from custom duties and other fees and duties having similar effects when imported into other member states.

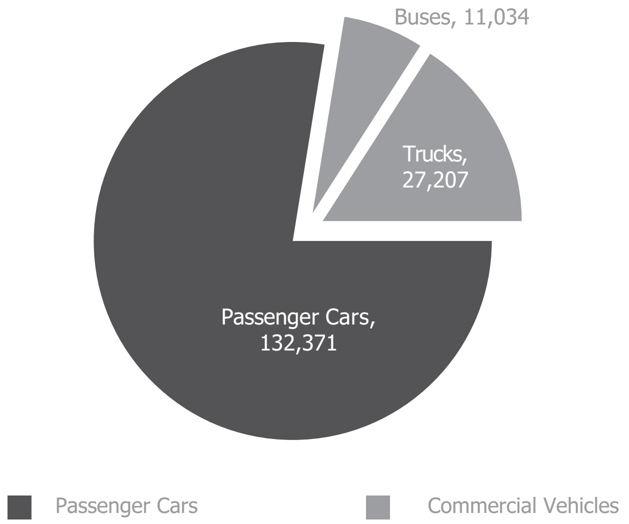
Pan Arab Free Trade Area (PAFTA). The Pan-Arab Free Trade Agreement ("PAFTA") provides for the creation of a free trade area beginning in 2005 among Arab countries, including Algeria, Bahrain, Comoros, Djibouti, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen. The purpose of PAFTA is to liberalize inter-Arab trade in commodities of Arab origin by introducing a uniform Arab market. PAFTA also exempts Arab commodities entering Arab markets from customs and other tax duties that are imposed on foreign commodities.

The Egypt-Turkey Free Trade Agreement. The Egypt-Turkey Free Trade Agreement (the "Egypt-Turkey Agreement") allows for the gradual reduction in tariffs on raw materials, agricultural and industrial goods beginning in 2007 and continuing until 2020. The agreement calls for a 75% reduction in tariffs on Turkish raw materials in 2007 and 25% in 2008, a 10% reduction in tariffs on intermediary products in 2008 and 15% thereafter until 2014, a 5% reduction in tariffs on finished goods in 2010 and 2011 and 15% thereafter until 2017 and a 10% reduction in tariffs on the Turkish automotive industry from 2011 until 2020. In exchange, Turkey has agreed to the immediate elimination of all duties on Egyptian industrial products and the gradual increase in quotas of Egyptian agricultural products exempt from duties, now in the range of 32% to 45%.

Bilateral Trade Agreements. Egypt has also engaged in a number of bilateral trade agreements with nation-states within the MENA region such as Lebanon, Libya, Iraq, Jordan, Morocco, Syria and Tunisia. While, automotive vehicles are not included in any of these agreements within the list of Egyptian products exempt from tariffs or subject to tariff reductions, materials used in the local content requirements of CKD assembly of both passenger cars and commercial vehicles are included in the tariff exemption or reduction schemes.

Automotive Market Segments

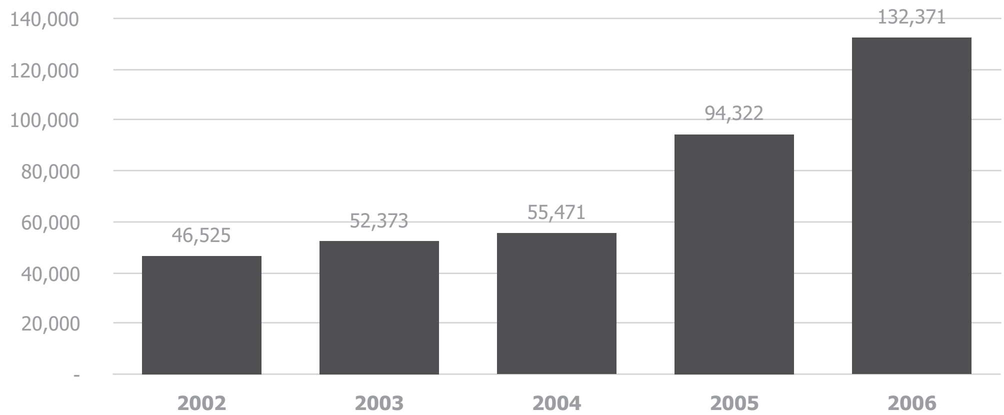
The Egyptian automotive industry is divided into two main segments: (i) passenger cars and (ii) commercial vehicles. The commercial vehicles segment is further divided into two sub-segments: (a) buses and (b) trucks. Total automotive industry sales reached 170,612 units in 2006, representing an increase of 41% over the previous year sales of 121,170 units. The chart set forth below provides unit sales figures in each of the automotive vehicle categories for 2006:



Source: Automotive Marketing Information Council, Egypt.

Passenger Car Market

The Egyptian passenger car market is the largest market segment in the automotive industry, accounting for approximately 75% of total automotive industry sales. The passenger car segment is a cyclical business as consumers' buying power and subsequent purchasing decisions depend to a significant degree on a supportive economic climate. Due in part to high economic and population growth levels, the passenger car market has witnessed a substantial increase in unit sales with 132,371 units sold in 2006, representing a 40% increase over the prior year. The graph below sets forth passenger car sales for each of the periods indicated:



Source: Automotive Marketing Information Council, Egypt.

Market Segmentation. The passenger car market can be divided into sub-segments based on the following criteria: engine capacity and origin type.

Engine Capacity. The majority of Egyptian passenger car sales in 2006 were within the small-medium size category with 1.5-1.6L, 1.3-1.5L, 1.0-1.3L cars each holding a market share of 44%, 27%, and 20%, respectively. The table below sets forth passenger car sales by engine capacity for the periods indicated:

	As of December 31,				
	2005		2006		Increase
	(Units)	(%)	(Units)	(%)	(%)
Compact (<=1.0 L)	1,792	1.9	2,958	2.2	65.1
Small (1.0 L — 1.3 L)	18,144	19.2	26,002	19.6	43.3
Small/Medium (1.3 L — 1.5 L)	24,225	25.7	35,167	26.6	45.2
Medium I (1.5 L — 1.6 L)	43,455	46.1	58,788	44.4	35.3
Medium II (1.6 L — 2.0 L)	2,038	2.2	2,894	2.2	42.0
Large (> 2.0 L)	1,760	1.9	1,893	1.4	7.6
Light SUV (<= 2.0 L)	952	1.0	1,447	1.1	52.0
SUV (>= 2.0 L)	1,956	2.1	3,222	2.4	64.7
Total	94,322	100.0	132,371	100.0	40.3

Source: Automotive Marketing Information Council, Egypt.

Origin Type. As discussed above, passenger cars can be characterized either as CBU's or CKD's. The table below sets forth the number of passenger cars sold by origin for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
CBU	48,034	50.9	59,568	45.0
CKD	46,288	49.1	72,803	55.0
Total	94,322	100.0	132,371	100.0

Source: Automotive Marketing Information Council, Egypt.

Competitive Landscape. Passenger cars manufactured in South Korean, Japan and Europe accounted for approximately 85% of all passenger cars sold in Egypt during 2006. The table below sets forth passenger car sales based on manufacturing origin for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
South Korea	41,203	43.7	54,356	41.1
Japan	19,519	20.7	35,698	27.0
Europe	18,417	19.5	21,928	16.6
US	4,993	5.3	8,989	6.8
Turkey	7,407	7.9	7,198	5.4
China	1,989	2.1	3,542	2.7
Asia	794	0.8	662	0.5
Total	94,322	100.0	132,371	100.0

Source: Automotive Marketing Information Council, Egypt.

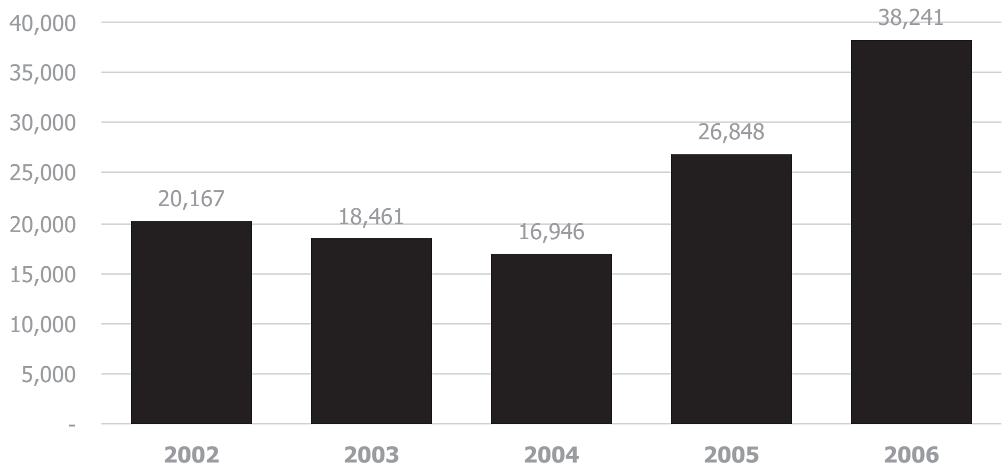
The top-three selling brands in the passenger car market in 2006 were Hyundai, Daewoo and Toyota with market shares of 26.7%, 12.7% and 11.3%, respectively. The table below sets forth aggregate sales by brand for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
Hyundai	24,830	26.3	35,354	26.7
Daewoo	15,670	16.6	16,850	12.7
Toyota	8,244	8.7	14,911	11.3
Mitsubishi	5,794	6.1	10,791	8.2
Chevrolet	3,853	4.1	7,584	5.7
Tofas	7,407	7.9	7,198	5.4
Nissan	2,223	2.4	5,061	3.8
Volkswagen	2,361	2.5	4,343	3.3
Renault	5,182	5.5	2,262	1.7
BMW	1,683	1.8	2,204	1.7
Fiat	N/A	N/A	1,970	1.5
Kia	N/A	N/A	1,825	1.4
Mercedes	1,502	1.6	1,860	1.4
Opel	2,690	2.9	1,386	1.0
Lada	1,382	1.5	1,020	0.8
Other	11,501	12.2	17,752	13.4
Total	94,322	100.0	132,371	100.0

Source: Automotive Marketing Information Council, Egypt.

COMMERCIAL VEHICLES MARKET

The commercial vehicle market is highly cyclical and sales rely heavily on the overall economic growth to drive the purchase of commercial vehicles and related equipment. In 2006, total commercial vehicle sales were 38,241 units, representing a 42% increase from the 26,858 units sold in 2005. The chart below sets forth aggregate commercial vehicle sales for the periods indicated:



Source: Automotive Marketing Information Council, Egypt.

Bus Market Segmentation. The bus market can be divided into sub-segments based on the following criteria: size, utility and origin type.

Size. Due in part to overwhelming population density, small-sized commercial buses are becoming a common mode of public transportation servicing both short distances within metropolitan areas, as well as a means for inter-city commuting. As a result, the most popular size of bus in 2006 were micro- and mini-buses, each with a market share of 62.8% and 26.3%, respectively. The table below sets forth bus unit sales by size category for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
Micro bus	4,313	58.5	6,927	62.8
Mini bus	1,491	26.8	2,905	26.3
Midi bus	228	4.1	528	4.8
Maxi	1,030	18.5	674	6.1
Total	7,369	100.0	11,034	100.0

Source: Automotive Marketing Information Council, Egypt.

Utility. In light of the importance of the tourist industry in sustaining economic growth in Egypt, the number of bus units sold exclusively to the tourism sector is substantial enough to have been awarded a category of its own in terms of market share. The number of buses sold for use in the tourism industry in 2006 was 2,321 units, representing a total market share of 21% and a 22% increase over the prior year sales of 1,902 units. The remaining 79% of buses were sold for general transportation purposes. The table below sets forth bus sales by utility category for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
Transport	5,467	74.2	8,713	79.0
Tourism	1,902	25.8	2,321	21.0
Total	7,369	100.0	11,034	100.0

Source: Automotive Marketing Information Council, Egypt.

Origin Type. Locally assembled CKD unit sales increased in 2006 to 5,339 units, representing a total market share of 48.4% and an increase of 59.5% from 3,348 units sold in the prior year. The remaining 52% of the bus market was dominated by CBU bus sales. The table below sets forth bus sales by origin type for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
CBU	4,021	54.6	5,695	51.6
CKD	3,348	45.4	5,339	48.4
Total	7,369	100.0	11,034	100.0

Source: Automotive Marketing Information Council, Egypt.

Bus Market Competitive Landscape. The leading three brands in the bus market in 2006 were Toyota, Suzuki and Hashem with a market share of 34%, 13% and 13%, respectively. The table below sets forth aggregate sales by brand for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
Toyota	3,216	43.6	3,761	34.1
Suzuki	713	9.7	1,476	13.4
Hashem Bus	1,051	14.3	1,432	13.0
MCV/Mercedes	1,078	14.6	1,154	10.5
Hyundai	625	8.5	1,090	9.9
Mitsubishi	398	5.4	1,048	9.5
Nissan	97	1.3	804	7.3
Others	191	2.6	269	2.4
Total	7,369	100.0	11,034	100.0

Source: Automotive Marketing Information Council, Egypt

As local agent for both Hyundai and Mitsubishi Truck & Bus, our combined market share for buses was approximately 19.4% in 2006.

Truck Market Segmentation. The truck market can be divided into sub-segments based on the following criteria: size-weight category and origin type.

Size-Weight Carry. The most popular trucks in the Egyptian market in 2006 were pick up trucks and light-medium trucks, with a combined market share of almost 90%. The balance of the truck market is fragmented among the different size-weight categories specified below. The table below sets forth aggregate truck sales by size-weight categories for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
Mini Pickup/Van	964	4.9	913	3.4
Pickup	14,495	74.2	20,842	76.6
Light Trucks	273	1.4	505	1.9
Light Medium Trucks	3,238	16.6	4,205	15.5
Medium Trucks	15	0.1	12	—
Heavy Trucks	545	2.8	730	2.7
Total	19,530	100.0	27,207	100.0

Source: Automotive Marketing Information Council, Egypt

Origin Type. The CBU-CKD split in the truck market varies greatly from that of the passenger car and bus markets, with the truck market currently skewed in favor of CKD's and comprised primarily of pickups. In both 2005 and 2006, CKD's dominated the truck market with a 90.4% and 87.8% share, respectively. CKD sales increased 35.2% in 2006 compared to 2005, while CBU sales increased 77.7% during the same period. The table below sets forth aggregate truck sales by origin type for the periods indicated:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
CBU	1,880	9.6	3,323	12.2
CKD	17,650	90.4	23,884	87.8
Total	19,530	100.0	27,207	100.0

Source: Automotive Marketing Information Council, Egypt.

Truck Market Competitive Analysis. General Motors' Chevrolet brand dominated the Egyptian truck market in 2006 with a 67% market share due to sales of its top selling models, the TFR and NPR 66, which fall within the pick-up and light truck segment, respectively. Japanese brands Nissan and Toyota together accounted for 20% of the remaining market share, leaving the balance of the market fragmented amongst various OEM's. The table below sets forth aggregate truck sales by brand:

	As of December 31,			
	2005		2006	
	(Units)	(%)	(Units)	(%)
Chevrolet	13,785	70.6	18,215	66.9
Toyota	1,623	8.3	2,742	10.1
Nissan	2,221	11.4	2,721	10.0
Mitsubishi	323	1.7	1,843	6.8
Suzuki	775	4.0	776	2.9
Mercedes/MCV	428	2.2	353	1.3
IVECO	130	0.7	196	0.7
MAN	42	0.2	48	0.2
Others	203	1.0	313	1.2
Total	19,530	100.0	27,207	100.0

Source: Automotive Marketing Information Council, Egypt

Regulations

Tariff and Tax Structure

Trade regulations related to automotive imports is a dominant topic for Egypt's automotive industry. The automotive industry is both a beneficiary and a victim to changes in import tariff regulations since the government continues to utilize tariffs as a means of protecting the Egyptian automotive industry from more competitively priced foreign products but, in so doing, multinational companies are compelled to set up local manufacturing bases in order to avoid high duties. As a result, the local industry must compete with multinational companies but they also benefit from multinational presence by leveraging their capability to compete internationally.

Import tariffs and sales taxes are applicable to new automotive vehicles depending on their type, size of engine, local component structure and origin, whether locally manufactured or imported. Notwithstanding the higher cost of imported cars, they have captured a substantial segment of passenger car sales as high income-level consumers continue to prefer imported cars due to a perception of their higher quality. Recently, high import tariffs which prevented growth in the automotive sector have been reduced under new trade liberalization efforts. Despite the lifting of the ban on the commercial import of cars, custom tariffs have remained high as a means of protecting the local industry. As a result, many automotive assemblers have decided to set up their CKD assembly facilities through technical agency agreements or joint ventures with OEMs in order to avoid the substantial import tariffs applicable to finished vehicles.

Until 2004, import tariffs on passenger cars fell anywhere within a range of 40% to 160%. Currently, import tariffs on passenger cars and trucks fall anywhere within a range of 12% to 135%. Similarly, duties on automotive components and parts declined to 5-12% from 23-33%. Current legal stipulations require that Egyptian auto manufacturers comply with a 45% local content regulation, which is generally satisfied by the use of low-technology-requiring components and labor "input." The table below sets forth the original and reduced import tariffs by vehicle and engine type:

Vehicle	Engine	Original Tariff	Reduced Tariff
Passenger Car	below 1600 cc	140%	40%
Passenger Car	1600 - 2000 cc	135%	135%
Passenger Car	above 2000 cc	160%	135%
Trucks	N/A	40%	12 - 32%
Auto Parts & Inputs	N/A	23 - 33%	5 - 12%

Source: Egypt: Automotive forecast. Economist Intelligence Unit, February 2006.

The domestic automotive sector has expressed concerns regarding the reforms imposed on automotive import duties due to the fact that the tariff reductions made on final product vehicles were greater than those made on automotive parts and components creating an imbalance in favor of automotive dealers. Accordingly, automotive industrialists voiced their concern that the new tariff schedule is damaging to their businesses.

Currently, Egypt's automotive supplier industry is reputed to produce low-quality products but remains in business due to government regulations requiring manufacturers to utilize 45% local content in their passenger cars and 40% in their commercial vehicles, as discussed more fully below. The supplier industry has expressed its fears that the tariff reductions will create competition they may not be sufficiently equipped to handle. Viewed in a different light, it is critical to realize that ameliorating the quality of parts and components through enhanced competition will increase the attractiveness of Egyptian-built CKDs in export markets.

Local Component Requirements

The local component requisite is governed by President Decree No. 351 for the year 1986, modified by the overruling Presidential Decree No. 429 for the year 2000, and is designed to encourage the use of locally manufactured parts and components. In addition, the directive grants investment incentives for the automotive feeder industries.

The local content in each automotive vehicle is calculated on the basis of the contribution of the labor force, paints and components derived from the domestic market. The General Organization for Industrialization is responsible for determining calculations for local content based on predetermined checklists related to the terms and conditions relevant to the local content proportion stipulated in the vehicle assemblers' manufacturing license.

Other Regulations

Other regulations that have an impact on the Egyptian automotive industry include environmental regulations, such as emissions regulations for petrol engines that will gradually lead to a shift to the use of diesel fuel and the European requirement that all new vehicles be equipped with catalytic converters.

Our Business

The following discussion contains financial data regarding our revenues and operating profit by line of business for our fiscal years ended December 31, 2004, 2005 and 2006. This financial data is based on management accounts and has not been audited or reviewed by PricewaterhouseCoopers. We have included this financial data in the Offering Prospectus because we believe it will help you evaluate our performance. You should read this summary together with the more detailed information, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Financial Statements and related notes, included elsewhere in this Offering Prospectus.

Overview

We are a leading player in the Egyptian automotive industry and we are the holding company for a group of subsidiaries operating at all levels of the automotive industry value chain, including assembling, distributing and selling passenger cars and commercial vehicles, manufacturing semi-trailers and super-structures for trucks and buses, providing after-sales servicing through our nation-wide after-sales service network and selling automotive components, motorcycles and scooters, tires and construction equipment. We also provide public passenger and private freight transport services in governorates throughout Egypt. We have an extensive and diversified customer base which includes, among others, Egyptian retail consumers, transportation companies, private sector companies, schools and universities, construction companies and various governmental authorities and agencies. We also export our products throughout the MENA region. For the fiscal year ended December 31, 2006, we had total consolidated revenues of approximately EGP 3.1 billion and total consolidated gross profit of approximately EGP 537 million.

Our operations are organized in the following lines of business:

Passenger Cars. Our passenger cars line of business is the sole local importer and/or assembler of Hyundai passenger cars and is supported by the largest nation-wide after-sales service network in Egypt, which currently comprises four service centers, as well as our comprehensive spare parts distribution network, which currently comprises four spare parts outlets. In addition to our nine retail showrooms and our after-sales service network, our passenger cars line of business is further supported by the largest sub-dealer network in Egypt. The line of Hyundai passenger cars that we import and/or assemble covers a wide range of specifications with respect to vehicle size, power plant, utility and price point, which enables us to appeal to a wide customer base. In 2006, we sold 36,388 Hyundai passenger car units, which represented approximately 27% of all passenger car units sold in Egypt during the period. For the fiscal year ended December 31, 2006, our passenger car line of business generated approximately 72% of our total consolidated revenues and approximately 67% of our total consolidated gross profit.

Commercial Vehicles. Our commercial vehicles line of business offers a wide range of locally-assembled trucks and buses as the exclusive agent and distributor for Mitsubishi Truck & Bus, Volvo Truck, Volvo Bus and Hyundai and is supported by our nation-wide after-sale service network. Our commercial vehicles line of business also manufactures and distributes semi-trailers and super-structures, such as oil and chemical tankers and concrete mixers. Our line of buses is targeted at the transportation and tourism industries and includes large buses or coaches carrying up to a maximum of 50 passengers and mini-buses carrying a maximum capacity of 29 passengers. Our line of trucks is targeted at the construction and hauling industries and includes high-, medium- and light-range trucks that are divisible per utility in various sectors. In 2006, we sold 1,109 buses and 694 trucks and we manufactured and sold an aggregate of 111 semi-trailers and super-structures (which amount is included in the total number of trucks sold). For our fiscal year ended December 31, 2006, our commercial vehicles line of business generated approximately 13% of our total consolidated revenues and approximately 19% of our total consolidated gross profit.

Motorcycles and Scooters. Our motorcycles and scooters line of business is the local agent and distributor for Bajaj tuk-tuks, two-wheel scooters and Boxer motorcycles. Bajaj is the largest manufacturer of motorcycles and scooters in India and its products are used in Egypt for both commercial and personal purposes. Our motorcycles and scooters line of business is supported by an after-sales service center and spare parts network. In 2006, we sold approximately 27,000 tuk-tuks and approximately 2,500 other motorcycles and scooters. For our fiscal year ended December 31, 2006, our motorcycles and scooters line of business generated approximately 12% of our total consolidated revenues and approximately 10% of our total consolidated gross profit.

Other. In addition to our primary lines of business identified above, we are also engaged in the following lines of business:

Tires. We distribute passenger car and light truck tires under a license with Lassa and truck, bus and off-road tires under a license with Double Coin. We have been distributing Lassa tires for over 20 years and have recently begun distributing Double Coin tires.

Construction Equipment. We distribute construction equipment, including trucks and earth movers, and material handling equipment (i.e., fork lifts), supplied under licenses from Volvo Construction and Linde to our customers in the public and governmental sectors, as well as to our customers in the private sector. We have been distributing Volvo construction equipment since 1997 and we recently entered into an agreement with Linde regarding distribution of its handling equipment.

Transportation Services. We provide passenger and cargo transportation services through our wholly-owned subsidiary, Haram. Haram provides public passenger transportation services under agreement with the public transport authorities of the governorates in which it operates and currently has over 200 buses in operation. Haram also provides cargo transportation services and currently operates a fleet of 90 trucks that transport cement, silica sand and phosphate.

Export Activities. We are engaged in a number of export activities, including selling commercial vehicles in Saudi Arabia, the United Arab Emirates, Algeria and Ethiopia. As of April 15, 2007, we had export sales for an aggregate of 53 buses, semi-trailers and super-structures.

For our fiscal year ended December 31, 2006, our other line of business generated approximately 3% of our total consolidated revenues and approximately 4% of our total consolidated gross profit.

History

General

Our business began in the 1940's as a family-run trading business led by Messrs. Sadek and Kamal Ghabbour. We were officially incorporated in 1956 as The Ghabbour Brothers and our business activities included trading in automotive-related products and construction materials, such as ceramic and cement, as well as home appliances and electronics. In the early 1970's, as Egypt began to embrace open-door economic policies, we began to focus our activities on the automotive industry sector by securing licenses to act as agents for passenger car, bus and automotive part distributors. Significant milestones in our history are as follows:

- in 1985, we began our manufacturing operations by assembling bus bodies under a technical agreement with Scania;
- in 1992, we were appointed by Hyundai as its exclusive agent for the distribution of its passenger car line in Egypt, which marked Hyundai's definitive move into the Egyptian passenger car market and led to an immediate capture of market share due to its wide-ranging vehicle portfolio offered at competitive prices;
- in 1995, we were granted a technical license by Hyundai to assemble passenger car CKD's, which further solidified our strategic relationship with Hyundai;
- in 1996, we began to operate as the local agent for Bajaj;
- in 1997, we began to operate as the local agent for Mitsubishi Truck & Bus;
- in 1997, we began to operate as the local agent for Volvo Truck and Volvo Bus;
- GB Auto was established in 1999; and
- in 2006, we established Haram and began to operate our passenger and cargo transportation services.

We continued to grow rapidly throughout the late 1980's and well into the 1990's until an economic recession hit Egypt in the late 1990's. The recession led to a sharp decline in consumer expenditures and a near standstill of business activity which, in turn, caused our collection rates to fall dramatically and our sales to decline well into 2001. As a result, our debt levels significantly increased and we eventually re-scheduled our obligations. Thereafter, our management undertook a thorough evaluation of business practices and adopted a series of initiatives designed to improve operational performance. Accordingly, we revised our credit policies and implemented other remedial measures such as debt and management restructuring programs in an effort to restore our financial health and viability. Moreover, we embarked on an ambitious program to upgrade our IT infrastructure by implementing an Oracle ERP system in an effort to institute better cost controls and governance. By 2002, we had completed our debt restructuring program and, in 2003, our improved operational scheme combined with an economic upturn led to rapid revenue growth and restored us to profitability on an operating level. We continue to benefit from our improved operational scheme and the economic upturn and have experience consolidated revenue growth of 104%, 109% and 50% in our fiscal years ended December 31, 2004, 2005 and 2006, respectively.

The Restructuring

Prior to 2006, we operated through a number of separate but affiliated companies owned by our holding company, RG Investment. In 2006, we made a strategic decision to position GB Capital as the holding company for our various automotive companies. In order to effect the Restructuring, GB Capital subscribed for a capital increase of approximately 96 million shares at par value in RG Investment and, subsequently, RG Investment repurchased all of its outstanding shares from existing shareholders (other than the shares subscribed for by GB Capital in the capital increase). As a result, RG Investment became a wholly-owned subsidiary of GB Capital. In April 2007, we changed the name of GB Capital to GB Auto, S.A.E.

In connection with the Restructuring, we purchased a 49% interest in CITI. RG Investment owns the remaining 51% interest in CITI.

Group Structure

GB Auto is the holding company for our consolidated companies. Our headquarters are located at Cairo-Alexandria Desert Road, km 28 Industrial Zone, Abo-Rawash. Our head office coordinates a number of activities for our consolidated companies, including finance, accounting and audit, business development, sales, human resources and administration. The table below sets forth each of our subsidiaries and their primary business activities:

Subsidiary	Business Activities	Ownership (%)
RG Investment, S.A.E.	• Holding company for our consolidated subsidiaries.	
International Trade Agencies Marketing Corporation, S.A.E.	• Sales and distribution of CBU and CKD passenger car units.	99.9
	• Spare parts distribution.	99.3
	• Operation of passenger cars after-sales service networks.	
Interland Motors, S.A.E.	• Sales and distribution of Volvo heavy-range trucks.	97.3
Egyptian Vehicles Manufacturing Company (Ghabbour Misr), S.A.E.	• Assembly of mini-buses and large coaches.	
	• Operation of commercial vehicles after-sales service networks and spare parts.	99.6
	• Distribution of Volvo construction equipment.	
Haram Transport Company, S.A.E.	• Operation of passenger and cargo transportation services.	99.0
Cairo Individual Transport Industry (CITI), S.A.E.	• Operation of motorcycles and scooters line of business.	100.0
Prima Engineering Industries, S.A.E.	• Assembly of Hyundai CKD passenger car units and Mitsubishi light commercial vehicles.	100.0
Vehicle Components Industries, S.A.E.	• Manufacturing of semi-trailers and super-structures, as well as passenger car components.	100.0
Ghabbour Continental Trading Company Free Zones (Alexandria), S.A.E.	• Distribution of passenger cars, mini-buses, spare parts and tires from the Alexandria Free Zone.	100.0
Engineering Company for Marketing and Trading, S.A.E.	• Distribution of tires.	96.4
GB Buses, S.A.E.	• Planned project for manufacturing of bus and coach bodies.	99.9

Competitive Strengths

We believe that we have a number of competitive strengths that will allow us to continue to build upon our strong position in our principal markets and to expand into new markets, including, among others, the following:

Established market position and brand recognition in our core markets. We believe that we are the largest player in the Egyptian automotive market based on a combination of annual revenues, passenger car market share, assembly and manufacturing capacity, distribution and after-sales service networks. We believe that our diversified portfolio of products and services, managed through our distinctive business model, distinguishes us from our competitors and allows us to maximize economies of scale, better manage certain operational risks and expand our revenue base through cross-selling of our products and services. Furthermore, we believe that the Ghabbour brand name, which has existed for over 60 years in Egypt, is identified in Egypt with quality, consistency, customer service, reliability and value.

Large, well-established and loyal customer base. We believe that we have established a large customer base that is loyal to the Ghabbour brand name both among Egyptian retail consumers and private companies. Our management believes that our longstanding relationships with many of our customers and our on-going commitment to high-quality customer service, combined with our un-paralleled after-sales service network, will contribute to our ability to continue to compete effectively against any future competitors in the automotive markets in which we operate.

Experienced management team. Our management team has a strong track record with respect to the achievement and effective management of growth. In the past three years, our management team has led us to a compound annual growth rate of approximately 77% in terms of revenues. Our management team has also successfully implemented various initiatives to improve operational performance and restore our financial health and viability following the economic recession that hit Egypt in the late 1990's.

Strong partnerships with leading global OEMs with access to "best-in-class" products. We have entered into strategic relationships with certain OEM's to provide "best-in-class" products to the Egyptian automotive market, including, among others, serving as the exclusive distributor and assembler of Hyundai passenger cars and commercial vehicles, Mitsubishi commercial vehicles, Volvo commercial vehicles and construction equipment and Linde handling equipment. We also serve as the exclusive distributor of Lassa and Double Coin tires.

Low cost environment. We believe that we benefit from and have been able to implement a very competitive cost structure across our various lines of business. This is due to several factors, including low labor costs, low energy costs, low transport costs and economies of scale. We believe that our low cost environment will serve as a competitive advantage as we continue to expand and diversify our product and service offerings.

Strategy

We intend to strengthen our position in the markets in which we currently operate and to expand and enhance our production and sales capabilities in new markets in order to drive growth and profitability. As part of our strategy, we intend to:

Increase our market share through continued investment in our diversified range of products and services. We intend to continue to invest in our diversified range of products and services in order to capture additional market share while continuing to focus on meeting the demands of our end-customers by providing comprehensive, widely accessible and cost-competitive products and services. For example, we intend to expand the geographic reach of our distribution and after-sales service networks by opening an aggregate of 16 new service centers throughout Egypt, eight of which will service passenger cars and eight of which will service commercial vehicles. We are also addressing an immediate increase in demand for after-sales service by adding additional shifts at our existing service centers. In addition, we intend to leverage our existing customer relationships to expand our customer base. Furthermore, we intend to identify and market our products to new customers in growing sectors such as petroleum, natural gas and construction.

Leverage our reputation for quality, consistency, reliability and value across all product and service offerings. We intend to take steps to maintain and enhance our reputation for quality, consistency, reliability and value in our core lines of business while leveraging this reputation to cross-sell our newer, emerging products and services. For example, our management believes that there is significant potential for growth in our passenger and cargo transportation line of business, which is a new market for us, and we believe our reputation will assist us in our on-going pursuit of new opportunities.

Position ourselves as indispensable to OEM's. We intend to leverage our market share and retails sales, distribution and after-sales service networks, together with our local reputation, to position ourselves as an indispensable partner for any OEM that desires to enter and successfully operate in the Egyptian automotive industry.

Capitalize on expected growth in the Egyptian market. We believe that there will be significant economic growth in the local Egyptian market that will generate increased demand for our products and services. In particular, we believe that Egypt's growing consumer base represents an opportunity for us to expand our passenger car and motorcycle and scooter sales to, and develop brand loyalty with, younger

Egyptian retail consumers. We also believe that infrastructure spending will increase in the near term, which may increase the demand for our commercial vehicles and construction equipment lines of business.

Provide alternative financing to our customers. We are in the process of evaluating new financing programs to make available to our customers in an effort to expand sales and capture a larger share of sales margins. We believe that we have the necessary experience to implement financing programs, and we expect to combine any such programs with other products and services such as insurance and extended warranties.

Leverage Egypt's low cost environment to expand manufacturing operations. We intend to capitalize on Egypt's low cost labor and production environment by expanding our assembling and manufacturing operations with respect to our assembly of higher margin CKD's for sale in the local market and for export. As part of this strategy, we are maximizing production capacity at our two passenger cars and commercial vehicles assembly facilities by adding additional shifts, and we are evaluating leasing opportunities for other facilities that are currently underutilized.

Expand regionally. Our management believes that we are well positioned to take advantage of regional export opportunities in the Middle East and Africa, particularly with respect to locally-assembled and manufactured commercial vehicles, semi-trailers and super-structures which benefit from free trade agreements with certain countries.

Lines of Business, Products and Manufacturing

During our fiscal year ended December 31, 2006, our passenger cars line of business generated approximately 71% of our total consolidated revenues and approximately 66% of our total consolidated gross profit, our commercial vehicles line of business generated approximately 14% of our total consolidated revenues and approximately 20% of our total consolidated gross profit, our motorcycles and scooters line of business generated approximately 11% of our total consolidated revenues and approximately 10% of our total consolidated gross profit and our other lines of business generated approximately 4% of our total consolidated revenues and approximately 4% of our total consolidated gross profit. The following table shows a breakdown of our total consolidated revenues by line of business in each of our fiscal years ended December 31, 2004, 2005 and 2006:

	As of December 31,					
	2004		2005		2006	
	(EGP, '000's)	(%)	(EGP, '000's)	(%)	(EGP, '000's)	(%)
Line of Business:						
Passenger Cars	577,557	58.2	1,603,290	77.6	2,230,015	71.9
Commercial Vehicles	129,667	13.1	185,376	9.0	408,081	13.1
Motorcycles and Scooters	92,298	9.7	187,702	9.1	365,632	11.8
Other	186,481	18.8	90,260	4.4	99,550	3.2
Total	990,003	100.0	2,066,628	100.0	3,103,278	100.0

The following table shows a breakdown of our total gross profit by line of business in each of our fiscal years ended December 31, 2004, 2005 and 2006:

	As of December 31,					
	2004		2005		2006	
	(EGP, '000's)	(%)	(EGP, '000's)	(%)	(EGP, '000's)	(%)
Line of Business:						
Passenger Cars	94,589	55.2	376,498	77.0	360,409	67.1
Commercial Vehicles	33,387	19.5	62,269	12.7	103,127	19.2
Motorcycles and Scooters	16,635	9.7	26,755	5.5	53,219	9.9
Other	26,751	15.6	23,246	4.8	20,368	3.8
Total	171,362	100.0	488,768	100.0	537,123	100.0

Passenger Cars

Our passenger cars line of business is the sole local importer and assembler of Hyundai passenger cars. Our passenger car line of business is supported by the largest automotive nation-wide after-sales service network in Egypt, as well as our comprehensive spare parts distribution network. The line of Hyundai passenger cars that we import and/or assemble covers a wide range of specifications with respect to vehicle size, power plant, utility and price point, which enables us to appeal to a wide customer base. In 2006, we sold 36,388 Hyundai passenger car units, which represented approximately 27% of all passenger car units sold in Egypt during the period. For the fiscal year ended December 31, 2006, our passenger car line of business generated approximately EGP 2.3 billion, or approximately 71% of our total consolidated revenues, and approximately EGP 350 million, or approximately 66% of our total consolidated gross profit.

Products, Distribution and Assembly

We market and distribute Hyundai passenger cars directly to consumers through our network of nine retail showrooms located throughout Egypt and on a wholesale basis to top local dealerships. Our current network of retail showrooms occupies a total of 4,000 m^2 and we are in the process of adding an additional 8,500 m^2 in a total of 20 new retail showrooms that we expect to complete by the end of 2008, eight of which will combine a retail showroom, after-sales service center and a spare parts distribution center under one roof (a "3S Center"). We also engage in fleet sales with private businesses such as Ahram Beverages, Orascom, Vodafone, Xerox, Henkel, Pfizer and Novartis, among others, for the distribution of Hyundai passenger cars. In 2006, approximately 40% of our passenger car sales were through our own retail showrooms and the balance were sold on a wholesale basis.

The following table shows a breakdown of the Hyundai passenger cars that we sold in 2006 together with related model specifications:

Model	Size	Engine (L)	Price range (EGP, '000's)	Total units sold in 2006 (units)
Verna	Small/Medium	1.5 - 1.6	62.6 - 67.1	11,896
Accent	Small	1.3	52.6	9,178
Matrix	Medium	1.6	82.6	7,935
Elantra	Medium	1.6	91.6	4,319
All others	Small — SUV	1.4 - 3.5	73.6 - 370.8	3,060
Total				36,388

We sell both CBU's that we import directly from Hyundai and CKD's that we assemble at our local assembly facility located in Abu-Rawash. In 2006, of the total 36,388 Hyundai cars that we sold, 15,314 were CBU's and 21,074 were CKD's. As part of our long-term strategy, we are in the process of shifting sales of lower volume passenger car models to CBU's and higher volume passenger car models to CKD's. As a result, we expect that CKD's will continue to account for a greater percentage of the units that we sell in the future and we are in the process of maximizing production of CKD's at our existing facilities. We estimate that our existing assembly facilities have a maximum production capacity of approximately 23,000 CKD's per year. We currently operate our passenger car assembly facility at full capacity with three shifts per day. The following table shows a breakdown of the Hyundai passenger cars that we sold as CKD's and CBU's in each of our fiscal years ended December 31, 2004, 2005 and 2006:

	As of December 31,		
	2004	2005	2006
		(Units)	
CBU's	2,383	13,467	15,314
CKD's	4,321	11,991	21,074
Total	7,159	25,458	36,388

We intend to use a portion of the proceeds from the Combined Offering to renovate and upgrade our existing assembly facility which we expect will increase capacity by approximately 20% by, among other things, reducing the "baking time" in the paint shop and shifting our assembly of semi-trailers and super-structures, which currently takes place in our passenger car assembly facility, to its own dedicated facility. We are also evaluating opportunities to lease idle capacity from underutilized assembly facilities in Egypt to further increase our CKD production capacity.

After-Sales Service Network

Currently, we have six sizeable after-sales service centers in West Cairo, North Cairo and Alexandria, which have an aggregate of 373 service bays, representing the largest after-sales service network in Egypt. We have recently implemented a business initiative to increase the availability of service centers for Hyundai owners. Accordingly, we are in the process of constructing eight new 3S Centers and will soon expand our reach to East Cairo, Alexandria, Sharm el Sheikh, Hurghada, Luxor and on the Cairo-Alexandria Desert Highway and the Cairo-

Ismalia Highway. We have also added additional shifts at our existing service centers to address a recent increase in demand. Following completion of the new service centers, we expect to have an aggregate of over 900 total service bays and will be able to provide our customers with shorter travel distances to service centers nationwide.

The following table shows management data regarding the total number of vehicle walk-ins, which is an industry term for a single customer visit to one of our after-sales service centers, and the average number of cars serviced per day for each of our fiscal years ended December 31, 2004, 2005 and 2006.

	As of December 31,		
	2004	2005	2006
Number of vehicle walk-ins per year	41,555	69,827	109,509
Average number of cars serviced per day	115	194	305

We believe that continued expansion of our after-sales service network will enable us to both increase our revenue and enhance our ability to provide our customers with the highest quality after-sales service. We believe that this is a key success factor to our business model and, accordingly, we plan to invest further in expanding our after-sales service network across the nation.

Commercial Vehicles

Our commercial vehicles line of business offers a wide range of locally-assembled buses and locally-assembled CKD or fully-assembled CBU trucks as the exclusive agent and distributor for Mitsubishi Truck & Bus, Volvo Truck, Volvo Bus and Hyundai and is supported by our nation-wide after-sale service network. Our commercial vehicles line of business also manufactures and distributes semi-trailers and super-structures, such as oil and chemical tankers and concrete mixers. Our line of buses is targeted at the transportation and tourism industries and includes large buses or coaches carrying up to a maximum of 50 passengers and mini-buses carrying a maximum capacity of 29 passengers. Our line of trucks is targeted at the construction and hauling industries and includes high-, medium- and light-range trucks that are divisible per utility in various sectors. In 2006, we sold 1,109 buses and 805 trucks and we manufactured and sold an aggregate of 111 semi-trailers and super-structures (which amount is included in the total number of trucks sold). For the fiscal year ended December 31, 2006, our commercial vehicle line of business generated approximately EGP 460 million, or approximately 14% of our total consolidated revenues, and approximately EGP 108 million, or approximately 20% of our total consolidated gross profit.

Products, Distribution, Assembly and Manufacturing

Buses

Our buses are utilized in the transportation and tourism industries and belong to two main size categories: large buses or coaches (also referred to as maxi-buses) that carry up to 50 passengers, midi-buses that carry between 23 and 33 passengers and mini-buses that carry up to 29 passengers. Our bus customers primarily include public and private operators of inter- and intra-city passenger transportation networks, academic institutions and private companies and other organizations that require vehicles to transport personnel and staff, as well as the major tourism and tourism transportation companies in Egypt. The table below sets forth various details regarding our range of bus models:

Model	Capacity	Primary Use
Mitsubishi Cruiser	Mini-bus	• short distance trips of approximately 100 km. primarily used in inter- and intra-city transportation routes and sold to all types of clients.
Mitsubishi Rosa	Mini-bus	• short distance trips primarily used in tourism industry and for employee transport by multinational corporations.
Mitsubishi RP	Large bus	• versatile large bus used primarily for inter- and intra-city transportation routes as well as employee transport.
Volvo Bus	Coach	• long distance luxury bus primarily used in tourism industry.
Hyundai Nouva	Coach	• versatile, high demand coach primarily used in tourism industry as well as inter-city transportation routes.
Hyundai CNG(1)	City bus	• versatile, natural gas bus that we expect will be increasingly popular for intra-city transportation routes as more stringent environmental regulations are implemented.

(1) We currently do not sell this model but expect to begin sales by the end of 2007.

The following table shows a breakdown of our bus sales for the periods indicated:

	As of December 31,		
	2004	2005	2006
		(Units)	
Mitsubishi Cruiser	258	415	904
Mitsubishi Rosa	0	17	29
Mitsubishi RP	7	21	111
Volvo Bus	15	6	7
Hyundai Nouva	0	1	54
Other(1)	6	31	4
Hyundai CNG(2)	N/A	N/A	N/A
Total	286	491	1,109

(1) "Other" bus sales include sales of Tata buses, which is a line of buses that we are discontinuing.

(2) We currently do not sell this model but expect to begin sales by the end of 2007.

We currently source bus chassis from Mitsubishi Truck & Bus and Volvo Bus and then build the bodies at our manufacturing facilities located in Kalyoub, west of Cairo. We source many of the components for our manufactured bodies locally. We currently have the capacity to manufacture 1,500 mini-buses and 600 coaches per year and we believe that we can expand our capacity by 60% by adding additional shifts. We are continually evaluating our opportunities to expand manufacturing capacity, either on our own or through strategic partnerships with international manufacturers.

Trucks

We offer a wide range of light-, medium- and heavy-range trucks under licenses from leading international suppliers Mitsubishi Truck & Bus and Volvo Truck which are either locally-assembled CKD's or fully-assembled CBU's. We offer FUSO trucks from Mitsubishi Truck & Bus in the light- and medium-range and Volvo trucks from Volvo Truck in the heavy-range, covering the transport of 18 to 150 tons gross vehicle weight. Our FUSO trucks are utilized primarily by private distribution, food and beverage, equipment, industrial and utility companies and factories, as well as by a range of governmental entities. Our Volvo trucks are utilized primarily by the heavy transport segment for long haulage and construction applications. The table below sets forth certain details regarding our range of truck models:

Model	Capacity	Primary Use
Mitsubishi Canter	Light- range truck	• designed to transport light commercial loads and is among the leading products in its category worldwide.
Mitsubishi Fuso	Medium-range truck	• designed for a wide range of transport applications from distribution to construction in the range of 17 to 18 tons gross vehicle weight.
Volvo Rigid Truck	Heavy-range truck	• designed for a wide range of transport applications from general cargo and liquid transport, concrete mixers and construction.
Volvo Tipper Truck	Heavy-range truck	• designed for tipper applications (i.e., dumping) at construction sites.
Volvo Tractor Head	Heavy-range truck	• designed for long distance haulage with a range of semi-trailers and capacity up to 150 tons gross vehicle weight.

The following table shows a breakdown of our truck sales for the periods indicated:

	As of December 31,		
	2004	2005	2006
		(Units)	
Mitsubishi Canter	221	320	568
Mitsubishi Fuso	0	18	48
Volvo heavy duty(1)	14	53	73
Semi-trailers and super-structures	26	6	111
Other(2)	37	5	5
Total	298	407	805

(1) "Volvo heavy duty" bus sales include sales of Volvo Rigid Trucks, Tipper Trucks and Tractor Heads.

(2) "Other" truck sales consist primarily of sales of Scania trucks.

In 2006, of the total 694 trucks that we sold, 119 were CBU's and 575 were CKD's. We assemble our CKD trucks at our assembly facilities located in Kalyoub. We are continually evaluating our opportunities to expand assembly capacity, either on our own or through strategic partnerships with international manufacturers.

Semi-Trailers and Super-Structures

Through 2005, we were outsourcing the production of our semi-trailer and super-structure units for use in our buses and trucks. Beginning in 2006, we started manufacturing semi-trailers and super-structure units in our own facilities located in Abu Rawash. In 2006, we manufactured and sold 111 semi-trailers and super-structures. We currently have the capacity to manufacture 900 semi-trailers and super-structure units on an annual basis using one shift.

After-Sales Service Network

Currently, we operate a total of four commercial vehicle after-sales service centers, two in each of Cairo and Alexandria, which occupy an aggregate of 49 total service bays, representing one of the largest after-sales service network in Egypt. We have recently implemented a business initiative to increase the availability of service centers for our commercial vehicle customers throughout Egypt. Accordingly, we are in the process of constructing eight new after-sales service centers and will soon expand our reach to Sharm el Sheikh, Hurghada, Luxor and Abou Zenima. Following completion of the new service centers, we expect our commercial vehicles after-sales service centers will occupy an aggregate of 60 total service bays.

Motorcycles and Scooters

Our motorcycles and scooters line of business is the exclusive local agent and distributor for Bajaj tuk-tuk's, two-wheel scooters and Boxer motorcycles. Other than tuk-tuk's, we import all of the Bajaj products that we sell as semi-knocked down units ("SKD's") that we assemble and finish locally. Our motorcycles and scooters line of business is currently supported by three after-sales service and spare parts centers.

Bajaj is the largest manufacturer of motorcycles and scooters in India and its products are used in Egypt for both commercial and personal purposes. Our motorcycles and scooters have the competitive advantages of a low price point, high reliability, minimal fuel consumption and ease of maneuverability. Although we can sell tuk-tuk's in Egypt, they are currently not licensed for commercial use. We expect the Government to pass a law to license tuk-tuk's by the end of 2007, although there can be no assurance that tuk-tuk's will be licensed on that timeframe, if at all. Nevertheless, we sold approximately 27,000 tuk-tuk's and approximately 2,500 other motorcycles and scooters in 2006. For the fiscal year ended December 31, 2006, our motorcycles and scooters line of business generated approximately EGP 359 million, or approximately 11% of our total consolidated revenues, and approximately EGP 52 million, or approximately 10% of our total consolidated gross profits.

Products, Distribution and Manufacturing

We market and distribute our motorcycles and scooters directly to consumers through our network of three retail showrooms located throughout Egypt and to top local dealerships.

The following table shows a breakdown of the motorcycles and scooters that we sold for the periods indicated:

	As of December 31,		
	2004	2005	2006
		(Units)	
Tuk-tuk's	5,813	13,164	26,804
Boxer motorcycles	616	1,469	1,957
Two-wheel scooters	1,920	1,174	582
Total	8,349	15,807	29,343

We assemble our SKD motorcycles and scooters at our assembly facility located in 6th of October City. We currently operate one shift and assemble 300 two-wheel units and 600 three-wheel units per month.

After-Sales Service Network

Currently, we have three after-sales service and spare parts centers which are integrated with our existing retail showrooms. We have recently implemented an initiative to increase the availability of spare parts for our motorcycles and scooters line of business by opening spare parts outlets in strategic locations throughout Egypt.

Other Lines of Business

Our other line of business includes the following sub-divisions: tires, construction equipment, transportation services and export activities. For the fiscal year ended December 31, 2006, our other line of business generated approximately EGP 133 million, or approximately 4% of our total consolidated revenues, and approximately EGP 19 million, or approximately 4% of our total consolidated gross profit.

Tires

We distribute passenger and light truck tires under a license with Lassa and truck, bus and off-road tires under a license with Double Coin. We have been distributing Lassa tires for over 20 years and have recently begun distributing Double Coin tires. We sell tires primarily on a wholesale basis to retail dealers throughout Egypt and we have recently expanded our sales and marketing efforts to include tender and fleet sales.

Lassa. Lassa tires are manufactured in Turkey by Bridgestone Sabonci Tire Manufacturing & Trading Inc. and are recognized in the Egyptian automotive market as a high-quality product at a reasonable price point. Lassa offers a range of approximately 40 different sizes of passenger and light truck tires and we estimate that our sales of Lassa tires accounted for approximately 7% of the aggregate passenger and light truck tire sales in Egypt for the year ended December 31, 2006.

The table below shows our aggregate sales of passenger and light truck tires for the periods indicated:

	As of December 31,		
	2004	2005	2006
		(Units)	
Total	17,622	176,710	229,375

Double Coin. We began selling Double Coin truck, bus and off-road tires in 2006 following a period of internal road and quality control tests. Through our road and quality control tests, we determined that Double Coin tires were among the highest quality of all Chinese brands at a very competitive price point. Accordingly, we have experienced rapid growth in our sales of Double Coin bus, truck and off-road tires and currently sell approximately 6,500 Double Coin tires each month, which currently represents approximately 15% of the aggregate bus, truck and off-road tires market in Egypt.

Construction Equipment

We distribute construction equipment, including trucks and earth movers, and material handling equipment (i.e., fork lifts), supplied under licenses from Volvo Construction and Linde to our customers in the public and governmental sectors, as well as to our customers in the private sector. We have been distributing Volvo construction equipment since 1997 and we recently entered into an agreement with Linde regarding distribution of its handling equipment. We estimate that Volvo construction equipment accounts for approximately 7% of the aggregate construction equipment market in Egypt while the overall material handling equipment market in Egypt is approximately 1,000 units per year.

Although we have distributed construction equipment since 1998, we have recently implemented several initiatives that are designed to expand our construction equipment presence and sales in Egypt, including, among others, the following:

- hiring a new, dedicated management team with strong industry expertise;
- expanding our construction equipment sales force;
- adding additional product offerings to complete our full range of construction equipment offerings;
- establishing service centers throughout Egypt which will be developed in coordination with our commercial vehicles after-sales service centers;
- implementing a joint advertising plan with each of Volvo Construction and Linde; and
- reducing the delivery time for Volvo manufactured construction equipment from approximately seven months to approximately two months.

We also maintain a fleet of six vans that provide mobile after-sales service throughout Egypt.

Transportation Services

We provide passenger and cargo transportation services through our wholly-owned subsidiary, Haram, which was established in January 2006.

Haram provides public passenger transportation services under agreement with the public transport authorities of the governorates in which it operates. As of March 31, 2007, there are a total of 27 governorates throughout Egypt and Haram has been awarded offers to operate transportation services in two of the three governorates in which it has tendered offers. We currently operate over 200 buses in connection with the two awarded offers, one of which is for the operation of intra-city passenger transportation for Alexandria, and the other is for the operation of inter-city passenger transportation for Dakahleya in the Delta region. There will be a tender for another six governorates in May 2007, and we currently expect that Haram will tender offers for four of these governorates.

Haram also provides cargo transportation services and currently operates a fleet of 90 trucks. We believe the cargo transportation market is highly fragmented in Egypt and we intend to distinguish our service through reliability and efficiency by, among other things, hiring and training skilled drivers and introducing state-of-the-art technology to track and monitor cargo and operations. We currently have contracts to transport cement, silica sand and phosphate and we are negotiating with various parties to transport fertilizer and containers. We are also in the process of negotiating service agreements with logistics companies.

Export Activities

We are engaged in a number of export activities, including selling commercial vehicles in Saudi Arabia, the United Arab Emirates, Algeria and Ethiopia. As of April 15, 2007, we had export sales for an aggregate of 53 buses, semi-trailers and super-structures. We believe that we are well-positioned to take advantage of export opportunities in the MENA region, particularly with respect to locally-assembled commercial vehicles which benefit from Egypt's availability of low-cost labor and free trade agreements with certain countries.

Customer Relations, Sales and Marketing

Our customer relations, sales and marketing efforts to external customers vary depending on the market and the product. However, our general customer relations, sales and marketing focus is to develop long-term relationships with our customers across business segments by providing high quality products and services and by remaining committed to a comprehensive customer experience.

Recent customer relations, sales and marketing efforts include media advertising, including radio, television and print media campaigns, and marketing events such as passenger car test drive days and other promotional activities at our various retail showrooms. We have also introduced a Hyundai Club Card Program which provides members with access to various premium services, product discounts and prizes based on the achievement of pre-established point levels. We also provide opportunities for customers to win prizes by referring new customers.

Competition

We operate in highly competitive markets and our competition is characterized by pricing pressure and demand for both quality products and services. Our key competitors are other international and local automotive companies engaged in manufacturing, assembling, distributing and servicing passenger cars and commercial vehicles and manufacturing and distributing automotive tires, parts and other components. Additional details regarding specific competition for various lines of business are set forth below:

Passenger Cars

Our primary competitors in the passenger cars line of business are other cost-competitive international manufacturers and suppliers such as Toyota, Daewoo, Mitsubishi, Chevrolet and Kia.

Commercial Vehicles

Our primary competitors in the commercial vehicles line of business are Toyota, Mercedes and Hashem Bus in the bus sub-segment, and Mercedes and IVECO in the heavy-range truck sub-segment and Chevrolet in the light-medium-range truck sub-segment. We also anticipate increased competition from Chinese bus manufacturers in the future.

Motorcycles and Scooters

Our primary competitors in the motorcycles and scooters line of business are Chinese manufacturers of competing products. However, as of the date of this Offering Prospectus, we do not believe that Chinese manufacturers have been able to develop a product that is as reliable as Bajaj products.

Other Lines of Business

Tires. Our primary competitors in the passenger cars and light truck tires line of business are GT, Goodyear, Bridgestone, Pirelli and low-cost Chinese and Korean brands. Our primary competitors in the truck, bus and off-road tires lines of business Pharos, which is manufactured in Egypt by Pirelli, Bridgestone, GT and other low-cost Chinese brands.

Construction Equipment. Our primary competitors in the construction equipment line of business are Caterpillar and Komatsu.

PROPERTY AND ASSEMBLY FACILITIES

We currently own and operate three assembly facilities: one of which is dedicated to the assembly of passenger cars and semi-trailers and super-structures, one of which is dedicated to the assembly of commercial vehicles and one of which is dedicated to the assembly of motorcycles and scooters.

Passenger Cars

We currently operate a total of nine retail showrooms and six after-sales service centers for our passenger cars line of business. We are in the process of adding eight new 3S Centers and 12 stand-alone retail showrooms which we expect to be completed by the end of 2008.

Commercial Vehicles

We currently operate one retail showroom for our commercial vehicles line of business since our current sales focus is direct fleet sales to customers. We currently operate four after-sales service centers for our commercial vehicles line of business and are in the process of adding eight new after-sales service centers which we expect to be completed by the end of 2008.

Motorcycles and Scooters

We currently operate a total of three retail showrooms and three after-sales service centers for our motorcycles and scooters line of business. Our growth strategy for our motorcycles and scooters line of business includes expanding our retail showrooms and spare parts outlets nationwide.

Other Lines of Business

Tires. We sell tires primarily on a wholesale basis to retail dealers throughout Egypt and we maintain our inventory at our storage facility in Abu-Rawash.

Construction Equipment. We sell construction and material handling equipment directly to our clients and maintain a fleet of six vans that provide mobile after-sales service throughout Egypt for our construction equipment line of business.

With respect to each of our lines of business, we continually evaluate our production capacity and are considering adding additional production capacity on our own, through strategic relationships with international manufacturers or by leasing other facilities that are currently underutilized.

Awards and Certifications

We were named by Hyundai as a top five global distributor in 2006.

Regulation

We, like many of our competitors, are subject to a variety of laws and regulations related to health, safety and labor in the jurisdictions in which we operate and sell our products. In Egypt, our operations are regulated by the Egyptian Ministries of Health, Labor and Environment, as well as local councils. These laws and regulations address, among other things, our maintenance of safe working conditions, the environmental impact of our assembly processes and service centers and the safety of our products.

We believe that we are in substantial compliance with existing laws and regulations to which we are subject. We also believe that we have obtained all of the necessary licenses and approvals that are material to the conduct of our operations. Costs for compliance and regulatory approvals have not significantly affected our operations and future costs for such compliance and approvals are not expected to be material in the context of cost of sales.

Intellectual Property

We acquire licenses to manufacture and assemble products from time to time but we do not consider any of our licenses to be material to our operations. We have not, in recent years, been subject to any intellectual property dispute or proceeding resulting from the manufacture, assembly, distribution or sale of our products.

Environmental Regulation

We, like many of our competitors, are subject to environmental regulations where we operate assembly facilities, retail showrooms and service centers. We believe that we comply in all material respects with the environmental regulations which apply to us, and we are not aware of any material recommendations by a relevant governmental ministry or local authority to improve our environment practice or record.

Insurance

We insure all of our properties, such as our assembly facilities, retail showrooms and service centers, in a manner which we believe are in accordance with industry practice in Egypt. We do not carry directors' and officers' liability insurance and we generally do not carry terrorism insurance, business interruption insurance or comprehensive product liability insurance.

Legal Proceedings

We are involved in certain legal proceedings arising in the normal course of business from time to time. Except as described below, we believe that none of these proceedings, either individually or in the aggregate, is likely to have a material adverse effect on our results of operations or financial condition.

We are currently subject to an investigation by the State in a potential dumping action with respect to certain tires manufactured in China, India and Turkey. We have been advised that our passenger car and light truck tires manufactured by Lassa may be a subject of this action. Although we believe that we have not engaged in any illegal dumping activities, there can be no assurance that we will not be subject to legal action by the State arising from this matter or that any such action will not have a material adverse effect on our business, financial condition and results of operations.

Employees

We believe that our relations with our employees are good and we seek to maintain these relations. None of our employees are members of unions and we have not been, in the past three years, nor are we currently, involved in any material labor dispute.

Our employees are paid monthly salaries in accordance with the terms of their respective employment arrangements. We contribute to government-funded health and pension schemes, and we also contribute to private health insurance plans on behalf of certain of our employees. We also provide certain of our employees with insurance against employment related injuries, which amounts to a one-time payment either to the employee or their beneficiary. We also provide certain benefits to our employees that are not required by local law, including, among others, the following:

- various bonus and incentive programs;
- private medical insurance;
- discounts on the purchase of a new vehicle;
- local and overseas training; and
- summer holiday trips.

The table below sets forth our average employee headcount, including administration and senior management, for each of our lines of business as of December 31, 2004, 2005 and 2006:

	2004	2005	2006
Line of business:			
Passenger Cars	1,021	1,702	1,998
Commercial Vehicles	642	887	1,308
Motorcycles and Scooters	22	33	57
Other	92	193	806
Central Functions(1)	615	697	1,041
Total	2,392	3,512	5,210

(1) "Central Functions" includes administrative and support staff, auditing, legal, IT, logistics and other personnel.

We had approximately 5,600 employees as of March 31, 2007, which we expect will increase in connection with our planned growth strategy.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

On April 24, 2007 at an extraordinary general meeting, our shareholders approved the appointment of seven directors to our Board of Directors (the "Board"). Legal procedures are currently underway to implement the new Board structure in connection with the Combined Offering. Pursuant to Article 22 of our statutes, the term of office for Board members is three years. Board members' terms may be renewed by resolution adopted at a general shareholders meeting. Our Board may appoint directors, including a chairman, to serve as our managing director and whose duties and responsibilities may be determined by the Board. Our Board will have six non-executive members, one of which, Mohamed Abdel Wahab, is expected to serve as our Non-Executive Chairman.

In general, our Board will be responsible for executing all of the resolution of the general shareholders meetings and undertaking all required measures to realize our objects. Our Board will meet as needed (but in no case less than three times per financial year) at the request of the chairman or at the request of one-third of the members of the Board. Board meetings may be held at our headquarters or at any location within Egypt or outside Egypt, if necessary, provided that all members of the Board attend the meeting or are represented thereat.

The table below sets forth the names and current members of our Board approved by our shareholders at the extraordinary general meeting on April 24, 2007, their ages as of March 31, 2007, the years in which they first became members of the Board, their principal positions and the expiry of their term of office.

Name	Age	Position	Year Appointed to the Board	Expiry of Term
Dr. Raouf Ghabbour	54	Chief Executive Officer and Director	2007	2010
Mohamed Abdel Wahab	74	Non-Executive Chairman	2007	2010
Eng. Ali Al Dajani	39	Director	2007	2010
Juan Carlos Callieri	63	Director	2007	2010
Eng. Mohamed Salah El Hadary	68	Director	2007	2010
Roger Rau	66	Director	2007	2010
Byung Ho Sung	60	Director	2007	2010

BIOGRAPHIES

Dr. Raouf Ghabbour. Dr. Ghabbour is our Chief Executive Officer and a director. Dr. Ghabbour's tenure with us began in the tire sales department in 1977. In 1982, Dr. Ghabbour became the Managing Director of commercial vehicles. Dr. Ghabbour assumed the position of Chief Executive Officer and Chairman in 1990.

Mohamed Abdel Wahab. Mr. Wahab will serve as our Non-Executive Chairman. Mr. Wahab is currently the Chairman of the Egyptian Float Glass Company as well as the Chairman of ASEC Engineering. Previously, Mr. Wahab was the Chairman of the Egyptian Commercial Bank, which is now owned by Piraeus Bank, as well as Chairman and Managing Director of both Nasr Automotive Company and Helwan Diesel Company. Mr. Wahab holds a Bachelor's degree in Mechanical Engineering from Ein Shams University.

Ali Al Dajani. Mr. Al Dajani will serve as a director. Mr. Al Dajani is currently the Chief Executive Officer of Oasis Capital Egypt, a U.S.$150 million Egyptian-focused private equity fund, which invests in companies specializing in garment manufacturing and retail, financial services, and automobile assembly, distribution and building materials. Mr. Al Dajani's previous experience includes establishing Estithmaar Ventures, a U.S.$100 million telecom media technologies fund, where he was also a partner and a director. Within his ten years in the Middle Eastern private equity and investment-banking field, Mr. Al Dajani has held positions at EFG-Hermes and the Islamic Development Bank. In early 2007, Mr. Al Dajani took a leading role in establishing and managing CI-Capital, one of the largest financial services institutions in Egypt. Mr. Al Dajani currently manages Oasis Capital Egypt through CI-Capital.

Juan Carlos Callieri. Mr. Callieri will serve as a director. Mr. Callieri is a Senior Industry Specialist with the Technical Department of International Finance Corporation in Washington D.C. Mr. Callieri formerly served as the General Manager for one of the business unites of Robert Bosch Brazil as well as the Manufacturing Director for Sperry Vickers Brazil. Mr. Callieri's international experience also extends to Mexico and Chile. He formerly served as the Manufacturing Director for the Mexican division of Black & Decker, Production Manager for Philco-Ford de Mexico and as Plant Manager of Sindelen.

Eng. Mohamed Salah El Hadary. Mr. El Hadary will serve as a director. Mr. El Hadary currently serves as the Secretary General of the Egyptian Automobile Manufacturers Association, as Deputy Chairman of the Arabic Business Management Association, as Board member of the Chamber of Engineering Industries in Egypt, and as board member of the Companies Sport Federation in Egypt. Mr. El Hadary's experience in the automobile industry includes serving as the Managing Director of Suzuki Egypt Company, Chairman and Managing Director of General Metals Company, and Board member of El Nasr Automotive Manufacturing Company. Mr. El Hadary holds a Bachelor of Science degree in Mechanical Engineering from Alexandria University and a diploma in Business Management from Southern Illinois University.

Roger Rau. Mr. Rau will serve as a director. Mr. Rau recently managed the Truck and Car Division for Zahid Tractor, an automotive business, in Saudi Arabia. Since 1960, Mr. Rau has had extensive experience in engineering, from serving as the Head of Construction for Gute Hoffnunghuette in South Africa to Chief Engineer at Nchanga Consolidated Copper Mines in Zambia, a division of Anglo American Corporation. He has also served as the President of Volvo Truck & Bus in Germany.

Byung Ho Sung. Mr. Sung will serve as a director. Mr. Sung is currently the President of Sensors and Solutions Co., a manufacturer of sensors and hi-tech components for automobiles. Mr. Sung formerly served as the Managing Director and Chief Executive Officer of Hyundai Motor India Ltd., as the Senior Executive Vice-President and Chief Operating Officer of the Overseas Business Division of Hyundai Motor Company, as the Executive Vice-President and Head of the Middle-East Region for Kia Motor Company, as Executive Vice-President and Chief Operating Officer of the Industrial Machinery Division at Hyundai Precision & Industry Division, as well as various other management and engineering roles since 1974. Mr. Sung holds a Bachelor of Science degree in Metallurgy from Hanyang Engineering University in Seoul, South Korea and is a graduate of the Advanced Management Program at Korea University. He is a member of the Korea Advanced Institute of Science and Technology.

We do not provide separate service agreements with respect to membership on our Board. The agreements under which our directors will serve are solely those in connection with their employment with us, if any. The business address of each of our directors is Cairo-Alexandria Desert Road, Abu Rawash Industrial Area, P.O. Box 120, Giza, Egypt

Directors' Interests

For information on the interests of our directors and their related parties in the Shares, held directly and indirectly, immediately prior to, and assuming completion of, the Combined Offering, see "Principal and Selling Shareholders."

Transactions with Directors

Other than as disclosed in this Offering Prospectus, there are no outstanding loans or guarantees granted or provided by us to, or for the benefit of, our directors. See "Related Party Transactions."

Senior Management

We are managed by our Chief Executive Officer and our various directors. We currently do not have a Chief Financial Officer but have engaged an international search firm to help us identify and appoint a new Chief Financial Officer. We expect the search process to be completed shortly following the Combined Offering. We currently split the function of Chief Financial Officer among various members of our senior financial management.

The table below sets forth the names and current members of our senior management, their ages as of March 31, 2007 and their principal positions:

Name	Age	Position
Dr. Raouf Ghabbour	54	Chief Executive Officer
Dr. Aram Youssef Churukian	61	Senior Executive Vice President — Financial Control
Medhat Kamel	55	Finance Director
Sherif Sabry Fawzy	37	Treasury Manager
Dina Ghabbour	25	IPO Coordinator and Investor Relations
Eng. George Abdel Malak	60	Executive Vice President — Technical and Manufacturing
Eng Raouf Labib Akhnoukh	49	Director — Special Vehicle and Superstructure
Ibrahim Naguib	27	Director — Tires, Haram Passenger Transport and Construction Equipment
Eng. Mohsen Kamel Salama Youssef	35	Director — Marketing, Sales and Product Support — Commercial Vehicles
Mohamed Amrou Moustafa Abdel Hameed El Eskandarani	45	Director — Marketing, Sales and Product Support — Passenger Cars
Eng. Atef Guirguis Tawfik	60	Director — Export
Ghassan Kabbani	50	Managing Director — CITI
Gameel William	62	Executive Vice President — Credit and Collection

Biographies

Brief biographies for each member of our senior management are set forth below (other than Dr. Raouf Ghabbour whose biography is set forth above under "Board of Directors — Biographies.").

Dr. Aram Youssef Churukian. Dr. Churukian is currently the Vice Chairman of the Ghabbour Group. Prior to his tenure with the Ghabbour Group, Dr. Churukian worked in the financial and investment management fields in Kuwait, the United States and the United Kingdom. Dr. Churukian's experience includes positions as Chairman and Chief Financial Officer at CASA Gifts, Inc., an engineering software company in Washington, D.C., and as Chairman and Chief Executive Officer of Christensen Capital Corporation, a Guernsey financial services and investments company. Dr. Churukian holds a Bachelor's degree in Commerce from Ein Shams University, a Master's degree from the American University in Cairo, and a Ph.D. from Manchester Business School in Manchester, England.

Medhat Kamel. Mr. Kamel is the Finance Director of the Ghabbour Group. As Finance Director, Mr. Kamel oversees the Ghabbour Group's cash flows, funds and securities. Mr. Kamel also liaises with external auditors of financial statements, supervises various tax issues with authorities and oversees the Ghabbour Group's records. Prior to joining the Ghabbour Group, Mr. Kamel worked at the Banque du Caire, Lloyds Bank, Itamco, the Engineering Automotive Company, and Sadko Trade. Mr. Kamel holds a Bachelor's degree in Commerce & Foreign Trade from Helwan University.

Mr. Sherif Sabry Fawzy. Mr. Fawzy is currently the Treasury Manager of the Ghabbour Group. In this capacity, Mr. Fawzy manages the Ghabbour Group's relationship with over 20 banks and oversees the management of its portfolio. Mr. Fawzy is also responsible for preparing the Ghabbour Group's cash flow projections, managing its accounting transactions with various banks, its hedging and swap arrangements, its trade finance activities and preparing all of its consolidated treasury reports. Prior to this position, Mr. Fawzy was previously the head of the Banking, Accounting and Operation section for the group and a former accountant at General Electric. Mr. Fawzy has a Bachelor's degree in Commerce from Cairo University.

Dina Ghabbour. Ms. Ghabbour is currently IPO Coordinator and will be assuming the role of Investor Relations Officer of the Ghabbour Group following the Combined Offering. Since joining the Ghabbour Group in 2005, Ms. Ghabbour has held positions as a Commercial Vehicles Salesperson and as Vice Chairman Assistant. Ms. Ghabbour holds a Bachelor's degree in Business Administration with a concentration in Finance and Marketing from Boston University.

Eng. George Abdel Malak. Mr. Malak is currently the Executive Vice President, Technical & Manufacturing, of the Ghabbour Group. Since joining the Ghabbour Group in 1994, Mr. Malak has served as Technical General Manager of Passenger Cars, Plant General Manager for Buses and Coach, Corporate Chief Technical Officer, and Vice President, Technical. Prior to joining the Ghabbour Group, Mr. Malak held positions at El Nasr Automotive

Manufacturing Company, overseeing areas such as Engineering, Manufacturing, and Operation Planning and Industrial Project Management. Mr. Malak holds a Bachelor's degree in Engineering from Cairo University and a Masters degree in Material Engineering & Solid State Science. He is an active member in the Engineering Scientific Association.

Eng. Raouf Labib Akhnoukh. Mr. Akhnoukh is currently Director — Special Vehicle and Superstructure of the Ghabbour Group. Prior to joining the Ghabbour Group, Mr. Akhnoukh held positions at MCV Mercedes-Benz, Micar Mina and Prima — Hyundai Ghabbour. Mr. Akhnoukh holds a Bachelor of Science degree from Suez Canal University.

Ibrahim Naguib. Mr. Naguib is currently the Director of Tires, Construction Equipment and Haram Passenger and Cargo Transportation of the Ghabbour Group. Mr. Naguib joined the Ghabbour Group in 2003 as a sales representative, from which point he succeeded to Head of the Tires Department, Assistant to the Vice President, and then Director of Tires, Construction Equipment and Haram Passenger Transportation. Mr. Naguib holds a Bachelor of Arts degree in Business Administration with a concentration in Finance from Richmond American International University in London.

Eng. Mohsen Kamel Salama Youssef. Mr. Youssef is currently the Director of Commercial Vehicles of the Ghabbour Group. Mr. Youssef oversees negotiations, orders and budget and sales policies with suppliers for the Ghabbour Group. Mr. Youssef also handles commercial vehicle operations of Volvo heavy trucks, Volvo buses, MFTBC commercial vehicles, HMC commercial vehicles, trailers and superstructure vehicles. Prior to joining the Ghabbour Group, Mr. Youssef held positions at ITAMCO, where he was a heavy trucks and trailers Sales Manager, the Arabia Automotive Trading Company, where he was the Commercial Director, and at the Engineering Automotive Company, where he was the Sales & Marketing General Manager. Mr. Youssef holds a Bachelor's degree in Mechanical Engineering from Helwan University.

Mohamed Amrou Moustafa Abdel Hameed El Eskandarani. Mr. Eskandarani is currently the Hyundai Franchise Director of the Ghabbour Group. Prior to joining the Ghabbour Group, Mr. Eskandarani was the General Sales & Marketing Manager of Kia Motors' Egyptian division. Mr. Eskandarani has also held positions at Toyota's Saudi Arabia division, Abu Dawood Company in Saudi Arabia, and Esso Standard in Egypt, an affiliate of Exxon Corporation. Mr. Eskandarani holds a Bachelor's degree in Commerce and Accounting from Ain Shams University.

Eng. Atef Guirguis Tawfik. Mr. Tawfik is currently Director — Export of the Ghabbour Group. Prior to joining the Ghabbour Group, Mr. Tawfik held various positions with Ghabbour Brothers & Gabbout — Egypt. Mr. Tawfik has also held positions at East Delta Bus Company and ESCo Company. Prior to joining the private sector, Mr. Tawfik was a Reserve Officer in the Egyptian Air Force. Mr. Tawfik holds a Bachelor of Science degree in Aeronautical Engineering from Cairo University.

Ghassan Kabbani. Mr. Kabbani is currently the Managing Director of CITI. Prior to his current position, Mr. Kabbani was the Managing Director at the Technological and Electrical Systems Company and Manager at the Textile Engineering Agency in Egypt. He is a graduate of the American University in Cairo and holds a Bachelor's degree in Economics.

Gamil William Guirguis. Mr. Guirguis is currently the Vice President of Credit & Collection, Legal & Logistic and Human Resources of the Ghabbour Group. Previously, Mr. Guirguis held positions at the National Bank of Egypt and the Egyptian American Bank in Cairo, where he was a member of the Bank's Personnel, Audit, and Compliance Committees. Mr. Guirguis holds a Bachelor's degree in Commerce from Alexandria University.

Remuneration of Members of our Board and Senior Management

Pursuant to their respective employment agreements, members of our Board and senior management received, in the aggregate, approximately EGP 5,990,256 million in compensation and benefits for our fiscal year ended December 31, 2006.

In furtherance of our efforts to attract and retain quality management personnel, our shareholders approved an employment stock option plan (the "Stock Option Plan") at the extraordinary general meeting on April 24, 2007. Members of our senior management will be eligible to participate in the Stock Option Plan under which an aggregate of up to 2.0% of our then outstanding shares will be available for grant on an annual basis. Shares granted under the Stock Option Plan will be issued at par value.

Corporate Governance and Internal Audit

We comply with applicable corporate governance rules in effect in Egypt. We intend to implement further procedures and policies in the future that substantially conform to the description below.

Our Board has established an Audit Committee which is authorized to investigate any activity it deems appropriate, to seek any information from any of our officers or employees, all of who whom are directed to cooperate with any request made by the Audit Committee, and has recourse to seek independent counsel and advice and to assist in any review or investigation on such matters as the Audit Committee deems appropriate.

In addition to the general duties and obligations under Article 7 of the CASE's listing rules, our Audit Committee is also responsible for:

- ensuring that there is an open avenue of communication between our internal auditors, our external auditors and our Board;
- reviewing annually, and if necessary, proposing amendments to the corporate documents that establish and provide for the Audit Committee;
- considering, in consultation with the external auditors and our Internal Audit Director, the audit plans and scope of our external auditors and internal auditors, ensuring the coordination of audit effort is maximized;
- reviewing our financial statements with our Chief Financial Officer at the completion of the annual examination;
- considering and reviewing the results of the annual internal audit with our Internal Audit Director and senior management;
- enquiring of management and our Internal Audit Director about our significant risks or exposures and evaluating the steps to be taken to minimize such risks or exposures;
- considering and reviewing with senior management and our Internal Audit Director significant violations of internal control systems, if any, during the year and senior managements' responses thereto;
- considering and reviewing internal control systems and findings and the contents of our external auditors management letter, if any, together with senior managements' responses thereto, with our external auditors and our Internal Audit Director;
- appointing our external auditors; and
- reviewing related party transactions.

Our Audit Committee will be comprised of four non-executive directors and we expect that Mohamed Abdel Wahab will serve as chairman of the Audit Committee. Our Audit Committee will operate in accordance with a charter approved by our Board and will report to the Board on all Audit Committee affairs.

Our Audit Committee will hold at least four ordinary meetings a year and may also hold additional meetings when deemed necessary. A minimum of three out of four Audit Committee members must be present to establish the necessary quorum for any Audit Committee meeting.

PRINCIPAL AND SELLING SHAREHOLDERS

The table below sets forth certain information regarding the ownership of our outstanding shares (i) as of the date hereof and (ii) immediately after giving effect to the Capital Increase and the Combined Offering (assuming full subscription of the Egyptian Retail Offering) and the sale of the existing Shares on behalf of the Selling Shareholders. The table below lists each person who is known by us to own our outstanding shares:

Name	Number of Ordinary Shares held Prior to the Capital Increase and Combined Offering(1)	(%)	Number of Ordinary Shares held after the Capital Increase and Combined Offering	(%)
Dr. Raouf Ghabbour	47,918,500	50.0	47,918,500	37.1
Ola Lotfy Zaki	9,583,600	10.0	9,583,600	7.4
Kamal Raouf Ghabbour	10,710,300	11.2	10,710,300	8.3
Dina Raouf Ghabbour	10,710,300	11.2	10,710,300	8.3
Nader Raouf Ghabbour	10,710,300	11.2	10,710,300	8.3
Sherine Shaker Ghabbour	1,000,000	1.0	947,000	*
Maged Shaker Ghabbour	2,000,000	2.1	1,867,000	1.4
Renee Abdo Salama	443,800	*	333,800	*
Soleiman Abu Numay	1,380,100	1.4	1,380,100	1.1
Beltone Capital(1)	1,380,100	1.4	—	—
Public	—	—	34,839,100	27.0
TOTAL	95,837,000	100.0	129,000,000	100.0

(1) Beltone Private Equity is the investment manager for Beltone Capital and is an affiliate of Beltone.

* Less than 1.0%.

None of our directors or their respective related parties currently has any options with respect to our Shares.

Related Party Transactions

We have, from time to time, entered into arrangements and agreements with certain of our subsidiaries and affiliated companies. These related party transactions include entering into various supply and purchase agreements. We believe that each of our related party transactions were entered into on an arm's length basis in the ordinary course of business and in accordance with our normal business practices.

The following summarizes the principles of the Companies Law 159 for 1981 concerning related party transactions and conflicts of interest in Egypt:

Any bilateral (onerous) contract between a company and any of its founders (during the first five years as of the company's incorporation) or any of its board members must, prior to the approval of its conclusion by the board, be pre-authorized by the ordinary general meeting or such contract shall be deemed null and void.

No board member of a company may carry out all or part of the business activities carried out by the company without prior authorization from the ordinary general meeting. Otherwise, the company would be entitled to compensation or to consider such competitive transactions as having been carried out for the account of the company.

Where any matter that is considered by the board entails a conflict of interest for any board member, such board member must disclose such conflict to the board, and such disclosure must be evidenced in the meeting's minutes. Furthermore, such board member must refrain from voting on such matter. All such transactions should be reported to the first ordinary general meeting before voting on any relevant resolutions.

A company may not enter into any bilateral (onerous) contract with another entity in which any of its board members is a board member or a manager, or in which a shareholder(s) of the company owns the majority of the capital if the inequity in such contract exceeds 5.0% on the effective date, in which case such contract shall be null and void. According to Article 129 of the Civil Code, "inequity" occurs in the event that the " ... obligations of one of the contracting parties is out of proportion to the advantages that it obtains from the contract or to the obligations of the other contracting party ..." If such null and void contract is concluded, the company retains its right to claim compensation.

We are subject to the above provisions, are generally in compliance with these provisions and have undertaken to comply with the procedures to obtain the ordinary general meeting approval on any related party transactions.

Description of Shares and Corporate Structure

Set forth below is certain information relating to our share capital, including brief summaries of certain provision of our statutes, Law No. 8 for 1997 (the "Investment Law") and Law No. 159 of 1981 relating to Companies (the "Companies Law"), Law No. 94/2005 amending certain provisions of the Companies Law and the Investment Law, Law No. 95 of 1992 relating to the Capital Market (the "Capital Market Law"), the related executive regulations and certain other applicable laws and regulations, all in effect as at the date of this Offering Prospectus.

Incorporation

We were registered as a joint stock company at the Cairo Commercial Registration Office (the "Commercial Registry") on July 15, 1999 under no. 3422 and our statutes were published in edition no. 1432 for the year 1999 of the Companies Gazette. Our initial term is for 25 years, commencing from our registration at the Commercial Registry.

Objects

According to our statutes, our principal objects are as follows:

- trading, distributing and marketing all means of transportation, including without limitation, trucks, pick-up trucks, passenger vehicles, buses, microbuses, minibuses, tractors, cranes, mechanical devices, construction and soil equipment and motors, whether manufactured locally or imported and whether used or brand new;
- trading in spare parts, accessories and tires, whether manufactured locally or imported;
- import, export and commercial agency activities, the sale of all products and goods, whether manufactured locally or imported and whether in cash or for credit, and financial lease, provided that the applicable laws, regulations and decrees are adhered to and provided that we obtain the licenses necessary to conduct those activities; and
- we may have an interest in or, by any means, participate in or undertake joint ventures with, companies and other persons, whether local or offshore, with similar objects or which shall assist us in achieving our objects and we may also merge in or with or acquire such entities in accordance with the law.

Share Capital

As at the date of this Offering Prospectus, we have an authorized share capital of EGP 400,000,000 and an issued capital of EGP 95,837,000, comprising 95,837,000 ordinary shares at a par value of EGP 1.00 each. Prior to the Combined Offering, all of the issued shares are fully paid and non-assessable. No preferred shares are currently authorized or issued by our statutes. Pursuant to Article 1 of the Capital Market Law, fractional shares may not be issued by an Egyptian company.

Our Board and our shareholders at an extraordinary general assembly meeting held on May 24, 2007, have authorized a capital increase of the authorized and issued share capital to EGP 129 million, comprising 129,000,000 ordinary shares, each with a par value of EGP 1.00. The Capital Increase procedures will be completed promptly after the closing of the Combined Offering.

Incorporation Liquidation Rights

In the event of our liquidation, our assets after payment of its debts, liquidation expenses and all of its remaining obligations will be distributed to repay the full nominal value of the Shares. Any surplus following the foregoing disbursements will be distributed pro rata among the then holders of our issued Shares.

Issuance of Shares, Pre-emptive Rights and Increases and Reductions in Share Capital

Provided that all outstanding shares are fully paid, new shares may be issued by resolution of our Board, if such issue is within the limit of the authorized capital, or by resolution of the shareholders at an extraordinary general meeting, if it exceeds such limit. The resolution must state the number and price of the new shares to be issued and state the extent to which existing shareholders are to have pre-emptive rights to the newly issued shares. If the outstanding shares are not fully paid, new shares may be issued by a resolution of an extraordinary shareholders meeting, provided that the percentage of payment of the value of the new shares is equal to the percentage of payment of the pre-capital increase value of the issued share capital. The extent to which an Egyptian company is required to extend pre-emptive rights to existing shareholders is determined by its statutes. The statues do not definitively provide for pre-emptive rights. However, pre-emptive rights may be extended, at the direction of the extraordinary general meeting, in respect of any new issue. No subscription or pre-emption rights have been granted in connection with Combined Offering.

Pursuant to the Capital Market Law and its Executive Regulations, the CMA must be notified prior to any issuance and, unless the CMA objects within two days from such notification, we may proceed with the issuance. The Investment Authority must also approve the increase in the issued capital and authorize the amendment of the relevant provisions of the statues for publication in the Investment Gazette and inscription on the commercial register. Required approvals for the subscription and the sale of Shares in the Combined Offering will be obtained once the size of the Combined Offering has been determined.

Any premium payable on the issue of new shares is to be paid into reserves. Shares may be issued against cash, debts owed to the subscriber, upon conversion of debentures, and in exchange for founder's and profit quotas. In addition, upon the recommendation of the Board and the passing of a resolution at an ordinary general meeting, amounts in the general reserve may be converted into authorized and unissued shares and may be issued as a stock dividend.

An increase in the authorized capital may be effected upon recommendation by our Board, followed by shareholder approval at an extraordinary general meeting. Notification to the CMA and approval by the Investment Authority is required for such resolutions to become effective. There is no limitation under Egyptian law on the amount of capital that may be issued in accordance with the foregoing procedure, provided that the authorized share capital is not an amount in excess of ten times of the issued share capital. The share capital may be reduced only by a shareholders' resolution duly adopted at an extraordinary general meeting. Any reduction or increase of the capital must be reflected in an amendment of the statutes, registered with the CASE and inscribed on the commercial register after issuing the annual or semi-annual financial statements accompanied by a report from the auditors. For a description of the recent increase in the share capital, see "Description of the Capital Increase and Combined Offering."

Payment of Dividends

The net profits in each financial year, as increased or reduced (as the case may be), by any profit or loss carried forward from prior years, is available for distribution in accordance with the requirements of Egyptian law and the statutes, as follows:

We are required to establish and maintain a legal reserve (the "Legal Reserve") to which an amount equal to 5% of the annual net profits after taxation must be transferred each year, unless the Legal Reserve is in excess of 50% of the issued share capital. We are also required to distribute to the employees a share in the profits distributed, which share may not be less than 10% of the profits distributed and may not exceed the aggregate annual base salaries of our employees

Following the allocation of the 5% of the annual net profits after taxation to the Legal Reserve (if required) and subject to the above constraints, the shareholders in an ordinary general meeting may resolve to distribute the remaining net profits, in which case the net profits are required to be allocated in the following order of priority:

(i) a distribution by way of a first dividend to shareholders and employees in an amount equal to 10% of the net profits. If net profits after taxation are insufficient for this distribution, the shortfall cannot be utilized in any subsequent year;

(ii) a payment to the Board in respect of their remuneration, which may not exceed 10% of the remaining profits; and

(iv) a further distribution of the balance to shareholders and employees or, alternatively, the carrying forward of the balance to the following year upon the recommendation of the Board or towards the establishment of a special reserve.

Payment of dividends is made against statements issued by the designated custodian. Dividends not claimed within five years of the date of payment become barred by the Egyptian statute of limitations and are paid to the Egyptian State Treasury. There are no fixed dates on which entitlement to dividends arise. However, we are obliged to pay the dividends authorized by the ordinary general assembly meeting within 30 days from the date of such meeting. In addition, an ordinary general assembly meeting may decide to distribute interim dividends provided that confirmation of sufficient distributable profits has been given by the auditor.

General Assembly Meetings

All meetings of the general assembly are, pursuant to our statutes, required to be held in Cairo or Giza. The Companies Law requires that, at least two weeks prior to any ordinary or extraordinary general assembly meeting, notice of the meeting is mailed to shareholders at the address set forth in the ownership ledger. The notice must include the time and place of the meeting and a summary of the agenda of the meeting. The notice may also specify the time and place when and where the meeting is to be reconvened if a quorum is not present at the initial meeting. A company that has made a public offering, such as the Company after the Combined Offering, is also required to complete the publication of two separate notices at least two weeks prior to the meeting. Each notice must be published in two daily newspapers of general circulation in Egypt, one of which must be in Arabic, with an interval of at least five days between publication of the first and second notice.

A copy of the notice of the general assembly meeting must be sent to the CMA, the Investment Authority and, if any debentures are outstanding, to the representative of the debenture holders, at the same time as notice is given to shareholders, and in case of the annual ordinary general assembly meeting, along with a copy of the financial statements and report of the Board to the shareholders. Our auditors are also required to be invited to attend the annual ordinary general assembly meeting.

The Companies Law provides for two types of general assembly meetings, ordinary and extraordinary. All shareholders are entitled to attend a general assembly meeting in person or by proxy.

Pursuant to Article 61 of the Companies Law, an ordinary general assembly meeting ("Ordinary General Meeting") is to be convened at least once a year, within three months following the end of the preceding fiscal year. Within three months after the end of the fiscal year the Board must prepare the financial statements and a report on the activities during the year in question. The financial statements, an abstract of the report and the entire text of the auditors' report for the relevant fiscal year must be made available to the shareholders no later than two weeks prior to the meeting.

An Ordinary General Meeting may be convened upon the request of either the Board, our auditors, or any shareholder(s), provided that such shareholder(s) holds or represents no less than 5% of our outstanding share capital and has deposited its/their Shares at our registered office, at an authorized bank or with the MCDR. No transfer of ownership to the Shares may be effected during the period from the date of publication of the notice convening the meeting and the date on which the meeting concludes. Matters that may be considered at an Ordinary General Meeting are to be set forth in the agenda and summarized in the notice issued by the body convening the meeting. Shareholders representing at least 5% of issued and outstanding Shares may require an item to be included on the agenda, which may be effected by providing notice to the Board, via registered mail with return receipt requested, no later than ten days prior to the scheduled date of the meeting along with the evidence of the deposit of their Shares with us, an authorized bank, or the MCDR. Matters within the competence of the Ordinary General Meeting consist of, but are not limited to, the election, re-election or dismissal of Directors, the compensation of Directors, the approval of the annual financial statements, the appointment of the statutory auditors and the determination of their fees and the approval of distributions of our profits.

Pursuant to our statutes, the quorum for the Ordinary General Meeting is constituted by the presence, in person or in proxy, of shareholders holding at least 50% of the outstanding share capital. If a quorum is not present, then the meeting is adjourned for a maximum of 30 days. Upon recommencement of an adjourned meeting, there is no quorum requirement. A resolution may be adopted upon the vote of a simple majority of the shareholders present or represented.

Certain matters are within the exclusive scope of the extraordinary general meeting ("Extraordinary General Meeting") and include, without limitation, amendments to the statutes, modification of certain shareholder rights, approval of mergers, increases or decreases in the authorized share capital, our dissolution or the extension of the duration of the Company beyond the 25-year term as provided in our statutes.

An Extraordinary General Meeting may be held, at any time, upon the request of the Board, a shareholder(s) owning 10% of our share capital (provided that such shares are deposited at the registered office, at an authorized bank or with the MCDR) or the Companies Authority. If the Board fails to convene the required Extraordinary General Meeting within one month of a legitimate shareholders' request, then such request shall be submitted to the Companies Authority which shall call the meeting. A quorum is constituted by the presence, in person or in proxy, of shareholders representing at least 50% of our outstanding shares. If the quorum requirement is not met, a second meeting must be convened within 30 days, in which the quorum requirement is fulfilled by a presence of shareholders holding or representing 25% of our outstanding shares. A resolution may be adopted by an Extraordinary General Meeting upon the affirmative vote of two-thirds of the shares present at the meeting. A three-quarter affirmative vote is required for resolutions relating to an increase or decrease of our share capital, our liquidation, a change in our purpose or a merger.

Pursuant to our statutes, the attendance of three Directors, including the Chairman, the Vice Chairman or the Managing Director constitutes a quorum for Ordinary General Meetings and Extraordinary General Meetings. Ordinary and Extraordinary General Meetings are presided over by the Chairman or, in his absence, by the

Managing Director. In the event that neither is present, the Ordinary or Extraordinary General Meeting may be presided over by a person elected from among those attending.

The manner of voting at Ordinary General Meetings and Extraordinary General Meetings is normally by show of hands. If the resolution relates to the appointment or removal of any Director or the filing of any allegations against a Director, or if the Chairman or at least 10% of the shareholders attending the meeting so request, voting may be held by secret ballot. Directors may not vote on any resolution relating to the determination of their compensation, fees, discharge of liability or management conduct and responsibility.

Under Egyptian Law, shareholders may not give a proxy to a member of the Board. All proxies must be in writing and the proxy holder must be a shareholder, unless the shareholder giving the proxy is a body corporate. A body corporate may give a proxy to whomever it chooses as its representative other than its representative(s) on the Board. Pursuant to Article 8 of the Executive Regulations of the Capital Market Law, no shareholder may represent, as a proxy holder, more than 10% of the outstanding shares or more than 20% of the voting power at a meeting.

The minutes of all general assembly meetings are required to be kept in a minute book held by us. The minutes must note all persons present at a meeting as well as a summary of matters discussed and voted on at the meeting. Extracts of the minutes must be submitted o the CMA, the Investment Authority and, if any debentures are outstanding, to the representatives of the debenture holders, within one month of the completion of the meeting.

Records and Inspection

The minute book for general assembly meetings is available for review and inspection by shareholders, the auditor and the competent administrative authorities, but is not available to the general public. However, brokerage firms involved in transfers of shares, are entitled, if necessary, to review and obtain extracts of the minute book, in order to ensure the validity of a transaction. Sources available for public inspection, such as the commercial registration register, include basic data about us, our capital, authorized signatories, directors and certain encumbrances. A complete list of shareholders may be obtained from MCDR.

Repurchase of Shares

Pursuant to Article 48 of the Companies Law, we are only entitled to purchase our own shares as treasury shares. We may acquire our own shares for distribution to our employees as a means of profit-sharing. However, we must dispose of the acquired shares within a year from the date of acquisition. Any shares held beyond such period must be cancelled, and we would be obliged to reduce our capital in an amount equal to the par value of the cancelled shares.

Form, Holding and Transfer of Shares

Our shares are listed on Unofficial Schedule 2 of the CASE. This listing shall be promptly upgraded to Official Schedule 1 after finalization of the Combined Offering and satisfaction of the relevant requirements, including having at least 150 shareholders and the submission of two financial statements. It should be noted that there are no significant differences related to trading and settlement of the shares on the CASE resulting from listing on either the Office Schedule 1 or the Unofficial Schedule 2 of the CASE, as such distinction is only made to allow listing when part of the listing conditions are not satisfied. In order for a company listed on the Unofficial Schedule 2 of the CASE to be transferred to the Official Schedule 1, it must have offered at least 30% of its capital for a public subscription and it must also have at least 150 shareholders. All transfers of the shares must be transacted on the CASE through a registered broker. Such transfers will be automatically recorded the MCDR's registers, and book entries shall be made on the securities accounts held with local custodians.

Our shares have been deposited with the MCDR and are eligible for clearing and settlement through its book-entry clearing and settlement system. We are entitled to request the MCDR at any time to issue a detailed statement of the registered owners of shares held through the MCDR.

Restrictions on Transfers of Shares

Article 8 of the Capital Market Law provides that, with respect to a company that has previously offered its shares in a public offering or has a public float of 30% or more of its issued and outstanding shares (an "Egyptian Public Company"), if any transaction results in an acquirer obtaining more than 10% of the outstanding capital, then such acquirer must, at least two weeks prior to concluding the contemplated transfer by registered letter, notify the Egyptian Public Company of such a transfer. The Egyptian Public Company must then notify its shareholders holding at least 1% of its shares and the CASE within one week of receiving the prospective purchaser's notice. If the acquirer is a member of the board of directors or an employee, the threshold for notification is 5% of the outstanding capital. The acquirer must complete the transaction in question within one month of the notice. If the acquirer fails to complete the transaction within such one month period, he will be responsible for the cost of notification.

A new Chapter 12 was added to the Executive Regulations of the Capital Market Law pursuant to the recently adopted Decree of the Minister of Investment No. 12/2007. The provisions of Chapter 12 distinguish between situations where the acquirer must make an "mandatory offer" and others where the acquirer has the option to acquire shares on the open market or through "voluntary offers".

Mandatory offers must be made in any of the following situations:

(i) In the event that a person (directly or together with its related parties) acquires, or intends to acquire, an ultimate stake greater than or equal to 33.3% of an Egyptian Public Company's outstanding share capital, it shall be under the obligation to make a mandatory within 30 days of reaching this threshold. The CMA may temporarily exempt such a person from this obligation, provided that the margin of the increase over the 33.3% threshold does not exceed 3% (i.e., if the ultimate stake does not exceed 36.3%); and provided that the extra shares are disposed of within the 6 months following acquisition and that no voting rights may be exercised in their respect during the period between acquisition and disposal.

(ii) In the event that a person (directly or together with its related parties) holds between 33.3% and 50% of an Egyptian Public Company's outstanding share capital and increases during 12 consecutive months its ultimate stake in such a company by more than 2% (or increases its ultimate stake to more than 50% at any point in time), it shall be under the obligation to make a mandatory offer.

(iii) In the event that a person (directly or together with its related parties) holds between 50% and 75% of an Egyptian Public Company's outstanding share capital and increases during 12 consecutive months its ultimate stake in such a company by more than 2% (or increases its ultimate stake to more than 75% at any point in time), it shall be under the obligation to make a mandatory offer.

Mandatory offers may not be for a consideration less than that offered by the offeror (or any related party of the offeror) within the 12 months prior to such offer's date. They must also be made on an unconditional basis; however, the CMA may approve a mandatory offer conditional on the acquisition of at least 75% of the outstanding share capital if the acquisition is made with a view to consummating a subsequent merger or an offer conditional on the acquisition of at least 51% of the outstanding share capital in other cases, provided that the CMA's decision is based on reasonable grounds. Unless otherwise determined by the CMA, transactions may not be consummated pursuant to a conditional obligatory offer if the condition included in the offer is not met. Mandatory offers may not include conditions other than those specified above. Furthermore, unless otherwise determined by the CMA, a new offer may not be made by the offeror within the 6 months following the date a mandatory offer is made. The obligation to make an obligatory offer may be waived in certain situations, which include — most importantly — mergers and group restructuring as well as exemptions made pursuant to CMA regulations, which are yet to be adopted.

In other situations where the ultimate stake acquired is less than 33.3%, the acquirer has the option to acquire shares on the open market or through voluntary offers. In those situations regular open market acquisitions of shares are permissible, provided that the applicable trading regulations are adhered to. Similarly, protected transactions are also permissible, provided that the requisite regulatory approvals are obtained. However, the new regulations stipulate certain disclosure requirements in respect of open market acquisitions. These requirements are triggered in the event that a person acquires a stake greater than or equal to 5% of an Egyptian Public Company's outstanding share capital, if such a person is not an employee or a Director of the company. The disclosure-triggering threshold is set at the 3% level in respect of employees and Directors. An acquirer may still make a voluntary offer to acquire shares even though it is not required to do so if it acquires, or intends to acquire, a stake less than 33.3% of an Egyptian Public Company's outstanding share capital.

The new provisions include extensive procedures and regulations applicable to both voluntary and mandatory offers. The new provisions include the procedures required to obtain CMA approval of the offer, announce and publish the offer and allow the Board or an independent counsel (as applicable) to comment on the offer. Furthermore, the new provisions address the duration of the offer. In addition, disclosure and restricted action obligations are included, which obligations must be observed during the duration of the offer. Extensive regulations are included pertaining to a) the amendment and withdrawal of offers; b) the procedures for arranging competition among multiple offers; c) the sell orders made in response to offers; d) the allocation of shares; e) the restrictions on the actions of offerors, target companies, related parties and advisors; and f) general disclosure and confidentiality requirements.

Minority Rights and Delisting

Article 357 of the Executive Regulations identifies two situations triggering an obligation on the part of the acquirer of a majority stake to purchase minority stakes:

(i) In the event that a person (directly or together with its related parties) acquires a stake greater than or equal to 90% of an Egyptian Public Company's outstanding share capital, any other shareholder holding at least 3% of the remaining shares may, within the 12 months following such an acquisition, request the CMA to instruct the majority shareholder(s) to submit an offer for the purchase of minority stakes; whereupon the CMA, after due consideration of the relevant facts and with due regard to market conditions, shall decide upon the matter. In the event that the CMA approves such a request, it shall notify the majority shareholder(s) of the same, who shall accordingly be under the obligation to submit an offer for the purchase of the minority stakes within the duration specified by the CMA.

(ii) On the other hand, the CMA may at its own discretion notify majority shareholder(s) instructing them to submit an offer for the purchase of minority stakes. Majority shareholders are under the obligation to notify the CMA of any of the following actions: (i) any material amendments to the statutes and in particular those relating to the terms and conditions of the transfer of title to shares; and (ii) the merger of the company into a company they control, the assignment of all or substantially all of the company's assets to another company, the redirection of the company's activities or the non-distribution of profits realized pursuant to multiple balance sheets. As such, the CMA shall have the opportunity to evaluate the impact of such actions on the interests of shareholders and accordingly whether the need arises to submit an offer for the purchase of minority stakes. Similar to item (1) above, in the event that the CMA determines that the submittal of such an offer is necessary, it shall notify the majority shareholder(s) of the same, who shall accordingly be under the obligation to submit an offer for the purchase of the minority stakes within the duration specified by the CMA.

Article 358 of the Executive Regulations stipulates the terms which must be included in any offer to acquire minority stakes (i.e. any offer made in accordance with the provisions of Article 357). According to Article 358, any such offer must be made in cash and may not be for a consideration less than that offered by the offeror (or any related party of the offeror) within the 12 months prior to such offer's date. According to Article 35 of the Listing Rules, issued pursuant to the Resolution of the Board of Directors of the CMA No. 30/2002, a company may voluntarily delist pursuant to a resolution of the Listing Committee, subject to the following conditions: (i) the adoption of a resolution in favor of delisting, approved by a 75% supermajority of votes, at an Extraordinary General Meeting of the company; and (ii) the non-objection by any shareholder to such resolution during the month following its adoption. In the event that a shareholder objects to such a resolution, it shall have the right to sell its shares to the company at a price equal to the highest trading price during the month lapsing prior to the adoption of the resolution approving delisting. According to Article 59 of the Listing Procedures, issued pursuant to the Resolution of the Board of Directors of the Cairo & Alexandria Stock Exchanges dated 24/7/2002, delisting procedures are discontinued until such shares are duly purchased by the company.

In the meantime, according to Article 358 of the Executive Regulations of the Capital Market Law, an offeror may disclose, in an offer made to acquire minority stakes, its intention to delist the company following the consummation of all transactions made in response to the offer and irrespective of the portion of shares acquired. In such a case the Listing (and Delisting) Rules are not applicable i.e. the provisions governing voluntary delisting, whether approval by the Extraordinary General Meeting or the right of objecting shareholders to sell their shares to the company shall not apply.

Regulation of the Egyptian Securities Market and Securities Trading in Egypt

The principal statute governing the securities market is the Capital Market Law 95 of 1992. The Capital Market Law and its Executive Regulations contain, among other things, regulations with respect to company and shareholder disclosure obligations, admission to listing and trading of listed securities, public takeovers and insider trading.

The Capital Market Authority

The securities market in Egypt is supervised by the CMA. The CMA was established by the Government in 1979 pursuant to Presidential Decree No. 520 of 1979 to promote investments in the Egyptian securities market. The CMA monitors compliance with securities market regulations, issues licenses for financial intermediary business (including brokerage, venture capital, mutual fund management and portfolio management), oversees the continuing obligations of listed companies, administers and maintains the central securities depositary, monitors market performance, seeks to correct price aberrations and stop transactions that are likely to destabilize the market and generally seeks to protect investors. All violations of capital market regulations are subject to strict civil and criminal penalties and enforcement is generally vigorous.

The Chairman of the CMA and the President of the CASE have the right under the Capital Market Law to stop certain offers and bids for shares of listed companies which are considered to be manipulative, distorting or in violation of market rules.

Overview

The development of the securities market in Egypt since 1992 has encouraged certain Egyptian banks and financial institutions to provide financial services, including securities underwriting, brokerage and mutual funds, venture capital and factoring.

The most important factor in the growth of the Egyptian securities market since 1992 has been the Government's privatization program. In June 1991, the Government enacted Law No. 203, which provided for the restructuring of 314 public sector enterprises, then accounting for approximately 70% of the Egyptian public sector. These enterprises were reorganized under 27 (now nine) holding companies, which have the authority to dispose of or liquidate their assets, in some cases after restructuring, to make them more attractive to investors. Although the privatization process has been slow in the past years, the new Government appointed in July 2004 has committed itself to go ahead with privatizing the public companies at a fast pace, which is expected to have an impact on the stock exchange and the capital markets. Currently there are plans for the privatization of 172 companies. Furthermore, the fall in interest rates in Egypt and the floating of the Egyptian pound, together with the tax reforms as set forth Tax Law No. 91/2005 and its Executive Regulations No. 991/2005 have resulted in a positive impact on the capital markets and the CASE. Moreover, the Capital Market Law and its Executive Regulations have been amended to reflect the effect of globalization and an increasingly open market-style economy on the Egyptian securities market. New securities and financial products and services have been introduced such as securitization and short selling. In addition, a new law on financial mortgages has been introduced, which is expected to affect the stock exchange and capital markets, as it provides for securitization of loans made to finance the acquisition of real estate. Further evidence of the development of the regulation of Egyptian financial and securities markets can be found in the recent introduction of more stringent anti-money laundering legislation.

Egyptian Company Law permits joint stock companies and partnerships limited by shares to issue bonds and other tradable securities. The only corporate bond issue listed on the CASE prior to the enactment of the Capital Market Law was the Credit Foncier Egyptian bond, issued in 1951.

The CASE

The CASE has been included in the International Finance Corporation's Global Investable Index, Morgan Stanley's Emerging Market Index and ING Barings' Emerging Markets Index since 1997. In 1994, the market capitalization of the CASE (which is measured by the total number of issued shares of all listed companies, whether or not actually traded) grew by 13%, and market indices rose by an average of 154%. In 1995, the market capitalization of the CASE continued to increase, rising 89% despite stagnating prices and market index levels. At December 31, 1996, the CASE's market capitalization was EGP 48 billion, and at December 31, 1997, the CASE's market capitalization was EGP 70.9 billion. As of March 31, 2007, the market capitalization of the CASE was U.S.$96.3 billion, compared with U.S.$79.3 billion, U.S.$49.9 billion and U.S.$29.5 billion on March 31, 2006, 2005 and 2004, respectively.

Despite the increase in market capitalization, the CASE suffers from a relative lack of liquidity, as most of the approximately 565 listed companies are private companies and only approximately 231 trade on a regular basis. The ten largest companies in terms of market capitalization represented, as of March 31, 2007, approximately 40% of the CASE's aggregate market capitalization. From the period January 4, 2007 to March 31, 2007, the CASE had an average daily trading volume of 38 million shares, with a value of approximately U.S.$180 million.

Listing of Securities

Securities may be listed on the CASE in either the official or the unofficial list. The listing regulations provide for two types of lists in order to provide opportunities to companies that do not satisfy certain of the listing requirements with respect to the official list. The official list includes companies with not less than 150 shareholders and in which at least 30% of the nominal issued capital has been floated publicly or by private placement. It also includes certain companies which have made a public issue of shares regardless of the free float percentage. Securities that do not fulfill the above criteria are included in the unofficial list.

Company Information Disclosure

The CASE and the CMA require all listed companies to publish audited annual and semi-annual financial statements adhering to EAS, which are almost identical to IFRS (for a description of certain significant differences between EAS and IFRS affecting the Company, see "Summary of Certain Significant Difference between EAS and IFRS"). Companies are also required to make timely disclosure of all material events that may affect their business and earnings. Fully audited financial statements and the report of the Board must be produced within three months of the end of the fiscal year and made available to shareholders. A summary of the audited documents should be published in two daily widely distributed newspapers within the three-month period.

Securities Companies

The CMA requires all market participants to be licensed. Currently, there are approximately 124 brokerage firms, 35 mutual funds licensed by the CMA and nine mutual funds managed by fund management companies. All securities transactions must be executed by a licensed broker. Foreign securities companies are allowed to operate in Egypt and are subject to the same licensing procedures as domestic firms. The only securities companies allowed to operate without any special license are branch offices of fund management firms that are not incorporated in Egypt. Foreign brokerages are not required to use local brokerages for the buying and selling of shares.

Trading and Settlement

Egypt's trading and settlement mechanisms have witnessed significant improvements over the past two years and are now comparable with the trading and settlement systems in most other emerging markets in the region. A computerized trading system at the exchange allows for automatic electronic matching of bids and offers. The electronic trading system links the CASE and allows brokers remote access to the trading floor. It also links all independent bookkeeping activities to the MCDR as central depositary. This is a key step towards ensuring greater speed and efficiency in the settlement process. Trading on the stock exchange takes place between 11:30 a.m. and 3:30 p.m., Sunday to Thursday, excluding official holidays.

During each trading session, the price of a stock is restricted to a 5.0% ceiling and floor from its previous closing price, except for stock of certain actively traded companies, where the ceiling is restricted up to 20.0%, or in limited cases, removed entirely. The CASE removes the ceiling upon the request of a broker who is willing to effect a transaction above or below the ceiling, subject to approval from the CASE trading committee.

The closing price of traded shares is determined by calculating a price-weighted average of the traded shares for the session. Cumulative transactions below 100 shares do not affect the closing price of the relevant underlying security.

EGYPTIAN CORPORATE GOVERNANCE LAW

Corporate governance in Egypt is regulated by the Companies Law, the Capital Market Law and the Central Depositary Law. These laws seek to enact certain principles of fairness, equality and equal opportunities, disclosure and transparency. Accordingly, shareholders in an Egyptian joint stock company enjoy certain rights under Egyptian law.

The Companies Law gives shareholders the right to receive dividends, which are to be distributed in a specific order giving priority to the shareholders as more fully described under "Description of Shares and Corporate Structure — Payment of Dividends." The Companies Law also gives shareholders the right to participate pro rata in the available proceeds on our liquidation after payment of all of our debts.

In order to protect minority shareholders, the Capital Market Law and its Executive Regulations (as amended) include specific provisions regarding mandatory offers and minority protection, as more fully described under "Description of Shares and Corporate Structure — Restrictions on Transfers of Shares" and "Description of Shares and Corporate Structure — Minority Rights and Delisting."

Egyptian Law also includes provisions designed to protect shareholders against abusive practices, such as prohibiting any shareholder from voting by proxy more than 10% of the shares of the company or 20% of the shares represented in the meeting. Furthermore, a general assembly meeting is obliged to consider any resolution proposed by shareholders owning 5% or more of the issued capital of a company. Shareholders owning 5% of the issued capital of a company may also request the CMA to suspend any resolution passed by a company at a general assembly meeting which favors or harms a certain group of shareholders. Shareholders owning 10% or more of the issued capital of a company may require the Companies Department to inspect the records of the company if there have been material breaches of the law or the company's statutes.

Furthermore, any shareholder may request the competent court to annul any resolution passed by a company at a general assembly meeting which favors or harms a certain group of shareholders, provided the claimant dissented or did not attend the meeting for a reasonable cause. The claim must be filed within one year from the date of the relevant general assembly meeting.

Egyptian Law provides certain rights to shareholders to enable them to monitor performance of a company's board of directors. For example, shareholders have the right to review corporate documents or reports filed by a company with the CMA. Shareholders are entitled to obtain copies of the balance sheet, profit and loss account, board of directors' report and auditors' report from the company and to obtain disclosure of all board remuneration and related party transactions. Shareholders also have the right to question the directors and the auditors before the general assembly meeting and hold them accountable for their actions. In addition, the law provides for strict rules to prevent any conflict of interest in related party transactions, such as a director's obligation to disclose any conflict of interest and to refrain from voting on the relevant resolutions. A company must obtain authorization from a general assembly meeting before entering into a contract with a founder or a director of the company. A director is also required to obtain prior authorization from a general assembly meeting before carrying out any activities in competition with the company. If, in any such case the required authorization is not obtained, the company is entitled to compensation of an amount equal to the value of the relevant transactions.

Summary of Certain Significant Differences between EAS and IFRS

Our pro forma consolidated financial statements have been prepared in accordance with EAS. EAS differs in certain significant respects from IFRS that are relevant to our business, and the principal differences are summarized below.

Profit Distributions to Employees

Under Egyptian law and EAS, profit distributions to employees are considered a dividend. Accordingly, profit distributions to employees are presented as a change in shareholders' equity. This treatment differs from IFRS, which treats such distributions as a periodic expense which is charged to the income statement.

Revaluation of Fixed Assets

Under EAS, the revaluation model for fixed assets should not be used for the subsequent measurement of fixed assets unless it is permitted by EAS and Egyptian law, which would be triggered only in the event of a merger, acquisition or a change in legal status. This treatment differs from IFRS, which allows a company's management to invoke the revaluation model for fixed assets in its discretion. However, once implemented, the revaluation model for fixed assets is the same under EAS and IFRS.

General Provisions in Banks and Financial Institutions

Under EAS and the instructions of the CBE, general provisions in banks and similar financial institutions should be performed and charged to the income statement. This treatment differs from IFRS, which indicates that such provisions should be presented as a change in shareholders' equity.

Lease Financing

Leases are accounted for under Law 95 of 1995 if the leased assets are not vehicles or motorcycles, the lessee is not obligated to purchase the asset at end of the lease period, the lease contract is recorded in the relevant register with the Companies Authority, the contract gives the option to the lessee to buy the asset at a specific date and amount and the period of the contract represents at least 75% of the useful life of the asset or if the present value of total lease payments represents at least 90% of the asset value. If a lease contract falls outside the scope of Law 95, leases of property, plant, and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Other leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

Other finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest charge on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets acquired under this type of finance lease are depreciated over the shorter of the useful life of the asset or the lease term.

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

Company is the Lessor. When assets are leased under Law 95, such assets are included in property, plant, and equipment in the balance sheet and depreciated over their expected useful lives on a basis consistent with similarly owned property, plant, and equipment. 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. The difference between the recognized lease revenue and the gross receivable is deferred in the balance sheet until the termination of the lease contract, when it is used to offset the net book value of the leased asset. Maintenance and insurance expenses are recognized in the statement of income as incurred to the extent not charged to the lessee. When there is objective evidence that the Company will not be able to collect all lease receivables, the balance is written down to its recoverable amount.

When assets are leased under a finance lease outside the scope of Law 95, they are removed from property, plant and equipment and the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased under operating leases are included in property, plant, and equipment in the balance sheet and are depreciated over their expected useful lives on a basis consistent with similar owned property, plant, and equipment. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

Taxation

The following summary of material U.S. federal income and Egyptian tax consequences of ownership of Shares is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Offering Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Shares. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Shares.

United States Federal Income Taxation

The following is a summary of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Shares by U.S. Holders (as defined below) that purchase Shares pursuant to the Institutional Offering and hold the Shares as capital assets. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations promulgated thereunder, administrative and judicial interpretations thereof and the income tax treaty between the United States and the Arab Republic of Egypt, as amended (the "Tax Treaty"), all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This summary is for general information only and does not address all of the tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, dealers in securities, real estate investment trusts, certain former citizens or residents of the United States, persons who hold the Shares as part of a straddle, hedge, conversion transaction or other integrated investment, persons that have a "functional currency" other than the U.S. dollar, persons that own (or are deemed to own) 10% or more (by voting power) of our stock or persons that generally mark their securities to market for U.S. federal income tax purposes). This summary does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this summary, the term "U.S. Holder" means a beneficial owner of the Shares that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or an electing trust that was in existence on August 19, 1996 and was treated as a domestic trust on that date.

If an entity treated as a partnership for U.S. federal income tax purposes holds Shares, the tax treatment of such partnership and each partner thereof will generally depend upon the status and activities of the partnership and the partner. Any such entity should consult its own tax adviser regarding the U.S. federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of the Shares.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SHARES, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS AND NON-U.S. TAX LAWS.

EACH TAXPAYER IS HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER U.S. FEDERAL TAX LAW, (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Distributions

Subject to the discussion below under "— Passive Foreign Investment Company Considerations," a U.S. Holder that receives a distribution with respect to a Share generally will be required to include the amount of such distribution in gross income as a dividend (without reduction for any non-U.S. tax withheld from such distribution) to the extent of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). To the extent the amount of such distribution exceeds such current and accumulated earnings and profits, it will be treated first as a non-taxable return of capital to the extent of such U.S. Holder's adjusted tax basis in such Share and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale or exchange of such Share. We have not maintained and do not plan to maintain calculations of earnings and profits for U.S. federal income tax purposes. Each U.S. Holder should consult its own tax adviser with respect to the appropriate U.S. federal income tax treatment of any distribution on the Shares.

The U.S. dollar value of any distribution on the Shares made in a non-U.S. currency should be calculated by reference to the exchange rate between the U.S. dollar and such non-U.S. currency in *effect* on the date of receipt of such distribution by the U.S. Holder, regardless of whether the non-U.S. currency so received is in fact converted into U.S. dollars. If the non-U.S. currency so received is converted into U.S. dollars on the date of receipt, such U.S. Holder generally should not recognize foreign currency gain or loss on such conversion. If the non-U.S. currency so received is not converted into U.S. dollars on the date of receipt, such U.S. Holder will have a basis in such non-U.S. currency equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such non-U.S. currency generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes.

Distributions on the Shares that are treated as dividends generally will constitute income from sources outside the United States and will generally be categorized for U.S. foreign tax credit purposes as "passive category income," or, in the case of some U.S. Holders, as "general category income"). Such dividends will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations.

Distributions treated as dividends that are received by a non-corporate U.S. Holder (including an individual) through taxable years beginning on or before December 31, 2010 from "qualified foreign corporations" generally qualify for a 15% reduced maximum tax rate so long as certain holding period and other requirements are met. Dividends paid on the Shares should qualify for the reduced rate if we are treated as a qualified foreign corporation. A non-U.S. corporation (other than a passive foreign investment company with respect to a U.S. Holder) generally will be considered to be a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the United States that the Secretary of the Treasury determines is satisfactory for purposes of this provision and which includes an exchange of information program. The Tax Treaty as currently in effect meets these requirements, and we believe that we are currently eligible for the benefits of the Tax Treaty. However, the U.S. Internal Revenue Service (the "IRS") may disagree with our conclusion and, therefore, no assurance can be given that the Company will be treated as a qualified foreign corporation for such purpose. Accordingly, no assurance can be given that such reduced rate will apply to dividends paid on the Shares held by a U.S. Holder. Special rules apply for purposes of determining the recipient's investment income (which limit deductions for investment interest) and foreign income (which may affect the amount of U.S. foreign tax credit) and to certain extraordinary dividends. Each U.S. Holder that is a non-corporate taxpayer should consult its own tax adviser regarding the possible applicability of the reduced tax rate and the related restrictions and special rules.

Sale, Exchange or Other Disposition of the Shares

Subject to the discussion below under "— Passive Foreign Investment Company Considerations," a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of a Share in an amount equal to the difference, if any, between the amount realized on the sale, exchange or other disposition and such U.S. Holder's adjusted tax basis in such Share. Such capital gain or loss generally will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders) or loss if, on the date of sale, exchange or other disposition, the Share was held by such U.S. Holder for more than one year. The deductibility of capital losses is subject to limitations. Such gain or loss generally will be sourced within the United States for U.S. foreign tax credit purposes.

A U.S. Holder that receives non-U.S. currency from a sale, exchange or other disposition of the Shares generally will realize an amount equal to the U.S. dollar value of such non-U.S. currency on the settlement date of such sale, exchange or disposition if (i) such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Shares are treated as being "traded on an established securities market" or (ii) such settlement date is also the date of such sale, exchange or disposition. If the non-U.S. currency so received is converted into U.S. dollars on the settlement date, such U.S. Holder should not recognize foreign currency gain or loss on such conversion. If the non-U.S. currency so received is not converted into U.S. dollars on the settlement date, such U.S. Holder will have a basis in such non-U.S. currency equal to its U.S. dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of such non-U.S. currency generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for

U.S. foreign tax credit purposes. Each U.S. Holder should consult its own tax adviser regarding the U.S. federal income tax consequences of receiving non-U.S. currency from a sale, exchange or other disposition of the Shares in cases not described in the first sentence of this paragraph.

Passive Foreign Investment Company Considerations

We believe that we were not in the fiscal year ending on December 31, 2006, and we do not currently expect to become, a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. However, because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our control, including the value of our assets and the amount and type of our income, there can be no assurance that we will not become a PFIC or that the IRS will agree with our conclusion regarding our PFIC status. If we are a PFIC in any year. U.S. Holders could suffer adverse consequences as discussed below.

In general, a corporation organized outside the United States will be treated as a PFIC in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) on average at least 50% of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

If we are a PFIC in any year during which a U.S. Holder owns the Shares, such U.S. Holder could be liable for additional taxes and interest charges upon certain distributions by us or upon a sale, exchange or other disposition of the Shares at a gain, whether or not we continue to be a PFIC. The tax will be determined by allocating such distributions or gain ratably to each day of such U.S. Holder's holding period. The amount allocated to the current taxable year and any holding period of such U.S. Holder prior to the first taxable year for which we are a PFIC will be taxed as ordinary income (rather than capital gain) earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates applicable to ordinary income for each such taxable year, and an interest charge will also be imposed on the amount of taxes for each such taxable year. In addition, if we are a PFIC, a person who acquires the Shares from a deceased U.S. Holder generally will be denied the step-up of the tax basis for U.S. federal income tax purposes to fair market value at the date of such deceased U.S. Holder's death, which would otherwise be available with respect to a decedent dying in any year other than 2010. Instead, such person will have a tax basis equal to the lower of such fair market value or such U.S. Holder's tax basis.

The above results may be eliminated if a "mark-to-market" election is available and a U.S. Holder validly makes such an election as of the beginning of such U.S. Holder's holding period. If such election is made, such U.S. Holder generally will be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, the Shares at the end of each taxable year as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis of such Shares. In addition, any gain from a sale, exchange or other disposition of the Shares will be treated as ordinary income, and any loss will be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. A mark-to-market election is available to a U.S. Holder only if the Shares are considered "marketable stock". Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. A non-U.S. securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in U.S. Treasury regulations.

The above results may also be eliminated if a U.S. Holder is eligible for and timely makes a valid "QEF election." If a QEF election were made, such U.S. Holder generally would be required to include in income on a current basis its pro rata share of our ordinary income and net capital gains. In order for a U.S. Holder to be able to make a QEF election, we would be required to provide such U.S. Holder with certain information. As we do not expect to provide U.S. Holders with the required information, prospective investors should assume that a QEF election will not be available.

Prospective investors should consult their own tax advisers regarding the U.S. federal income tax consequences of an investment in a PFIC.

Backup Withholding Tax and Information Reporting Requirements

Under certain circumstances, U.S. backup withholding tax and/or information reporting may apply to U.S. Holders with respect to payments made on or proceeds from the sale, exchange or other disposition of the Shares, unless an applicable exemption is satisfied. U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes the required information to the IRS.

Reportable Transactions

A U.S. Holder that participates in any "reportable transaction" (as defined in U.S. Treasury regulations) must attach to its U.S. federal income tax return a disclosure statement on Form 8886. U.S. Holders are urged to consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the sale, exchange or other disposition of any non-U.S. currency received as a dividend on, or as proceeds from the sale of, the Shares.

Egyptian Taxation Considerations

General

The following is a summary of the principal tax consequences for holders of Shares who are not resident in Egypt (whether of Egyptian origin or not, "Non-Resident Investors'). This summary addresses only the tax consequences for Non-Resident Investors who are not engaged in business activities in Egypt and who hold Shares as capital assets and does not address the tax consequences which may be relevant to other classes of Non-Resident Investors, for example, dealers in securities.

Dividend Withholding Tax

Taxes on Egyptian joint stock companies are similar to taxies levied on Egyptian corporations, such that, in either case, taxes are only levied on net profit. There is no taxation, by withholding or otherwise, imposed on the payment of dividends by such companies.

Taxation of Capital Gains

Pursuant to the Tax Law No. 91 for 2005, as amended by Law No. 90 for 2006, capital gains on the sale or exchange of listed securities are exempted from tax in Egypt.

Stamp Duty

Pursuant to Law No. 111 of 1980, as amended, no stamp duty is levied on the sale or exchange of shares in Egypt. However, there are nominal fees and charges levied by the CASE and the MCDR per transaction.

Plan of Distribution

Subject to the terms and conditions of a Placing Agreement among us, the Selling Shareholders, Beltone, Trust Group for Securities ("Trust"), BMG Financial Advisors ("BMG"), Pioneers Securities, Egypt ("Pioneers") and Securities & Investment Company BSC ("Sico" and together with Beltone, Trust, BMG and Pioneers, the "syndicate members"), the syndicate members have agreed to use their best efforts to procure purchasers for the Shares in the Institutional Offering at the Offering Price.

27,339,000 Shares (including 1,676,000 shares offered on behalf of the selling stockholders) are being offered in the Institutional Offering in the United States to certain QIBs in reliance on Rule 144A under the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and outside the United States in several countries, including Egypt, to institutional investors in reliance on Regulation S under the Securities Act. In addition, up to 7,500,000 Shares are being offered in the Egyptian Retail Offering.

We have agreed with the Lead Manager to place the proceeds from the sale of 3,500,000 Shares in a fund that may be utilized by the Lead Manager for stabilization purposes. Accordingly, the Lead Manager may effect transactions that stabilize or maintain the market price of the ordinary shares during the 30-day period from the date on which trading of the Shares commence. No more than 3,500,000 shares may be purchased through stabilization and, at the end of the period, all ordinary shares so purchased (and to the extent shares have not been so purchased the proceeds from the original sale of the Shares) must be transferred to us.

The Offering Price is EGP 37.00 per Share.

Prior to the Combined Offering, there has been no public market for the Shares. Consequently, the Offering Price was determined by negotiations between us and the Lead Manager. Among the factors considered were our record of operations, current financial condition, future prospects, markets, the economic conditions in and future prospects for the industry in which we compete, our management and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to us, as well as applicable Egyptian regulatory requirements.

We and the Selling Shareholders have agreed to pay the Lead Manager a fee representing a percentage of the total gross proceeds of the Combined Offering to be received by each of us, respectively, as well as to reimburse the Lead Manager for out of pocket expenses incurred in connection with the Combined Offering. The Placing Agreement provides that the obligations of the Lead Manager and the closing of the Combined Offering are subject to certain conditions precedent.

The Selling Shareholders have provided us and the Lead Manager with customary representations and warranties in relation to their title to the existing Shares to be sold on their behalf.

The Shares have not been and will not be registered under the Securities Act and they may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The syndicate members, other than the Lead Manager, have agreed that they will not place Shares as part of their distribution at any time except in accordance with Regulation S.

The Placing Agreement provides that the Lead Manager may arrange for the placing of Shares in the United States to QIBs pursuant to Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The syndicate members have represented and agreed that they will observe and comply with all applicable laws and regulations in each of the jurisdictions in or from which they may offer or sell Shares or distribute this Offering Prospectus or other offering material relating to the Shares, and any offer, sale or delivery or distribution of the Shares or distribution of the Offering Prospectus or other offering material relating to the Shares will be made in accordance with such laws.

Subject to certain exceptions, Dr. Raouf Ghabbour, our Chief Executive Officer, and members of his immediate family have agreed that neither he nor they, nor any person acting on his or their behalf will, for a period of 360 days after the Closing Date, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed), issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) any of our shares, or securities convertible or exchangeable into or exercisable for our shares, or warrants or other rights to purchase our shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options. In addition, all of our existing shareholders who will own more than 2.0% of our outstanding shares immediately following completion of the Combined Offering will be subject to similar lock-up arrangements.

In connection with the Combined Offering, the Lead Manager may engage in stabilizing transactions. Stabilizing transactions consist of certain bids or purchases of Shares made for the purpose of preventing or retarding a decline in the market price of the Shares while the offering is in progress and may also cause the price of the Shares to be higher than the price that would otherwise prevail in the open market in the absence of these transactions.

There can be no assurance that the prices at which the Shares will trade in the market after the Combined Offering will not be lower than the final Offering Price or that any active trading market for the Shares will develop and continue after the Combined Offering. The Lead Manager has advised us that it currently intends to make a market in the Shares. However, it is not obligated to do so and it may discontinue any market-making activities with respect to the Shares at any time without notice. Accordingly, there can be no assurance as to the liquidity of or the trading market for the Shares.

The Lead Manager has performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The Lead Manager may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

No Shares will be distributed under this Offering Prospectus later than 12 months after the date of this Offering Prospectus.

Transfer and Selling Restrictions

As a result of the following restrictions, purchasers are advised to consult legal counsel prior to making any resale, pledge or transfer of the Shares.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares or the possession, circulation or distribution of this Offering Prospectus or any other material relating to us or the Shares in any jurisdiction where action for such purpose is required. Accordingly, the Shares may not be offered or sold directly or indirectly, and neither this Offering Prospectus nor any other offering material or advertisements in connection with the Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The issue and distribution of this Offering Prospectus and the offering of the Shares may be subject to statutory restrictions in other jurisdictions. We and the Lead Manager request persons into whose possession this Offering Prospectus may come, to be informed of and to observe all such restrictions. Neither we nor the Lead Manager accept any legal liability for any violation of any such restriction by any person, whether or not a prospective purchaser of our Shares.

United States

None of the Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state of the United States. The Shares may not be offered, sold or delivered within the United States except to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and to persons outside the United States in accordance with Regulation S.

The Shares are being offered and sold outside the United States in reliance on Regulation S. The Placement Agreement provides that the Lead Manager may, through its U.S. broker-dealer affiliate, arrange for the offer and sale of Shares in the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from, in a transaction not subject to, the registration requirements of the Securities Act.

In addition, until 40 days after the commencement of the offering of the Shares, an offer or sale of the Shares within the United States by a dealer, whether or not it is participating in the Combined Offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with the Securities Act.

Within the United States

Each purchaser of our Shares offered hereby in the United States will, by its purchase of such Shares, be deemed to have represented and agreed as follows:

(i) it is, and at the time of purchase will be, a QIB within the meaning of Rule 144A;

(ii) it understands and acknowledges that the Shares have not been and will not be registered under the Securities Act, and that they may not be sold, directly or indirectly, in the United States other than in accordance with paragraph 4 below;

(iii) it is purchasing Shares (i) for its own account or (ii) for the account of one or more other QIBs for which it is acting as a duly authorized fiduciary or agent with sole investment discretion with respect to each such account, in each case for investment and not with a view to any resale or distribution of any Shares;

(iv) it understands and agrees that offers and sales of the shares are being made in the United States only to QIBs, pursuant to and in reliance on Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and that if in the future it or any such other QIB for which it is acting, as described above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, hypothecate or otherwise transfer any Shares, it, any such other QIB and any such other fiduciary or agent will do so only (a)(i) pursuant to an effective registration statement under the Securities Act, (ii) to a person whom the holder and any person acting on its behalf reasonably believes is a QIB purchasing for its account or for the account of a QIB in a transaction meeting the requirement of Rule 144A, (iii) outside the United States in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such shares into the United States) or (iv) pursuant to another exemption from the registration requirements of the Securities Act, if available, and (b) in accordance with any applicable securities laws of any state or territory of the United States and any other jurisdiction. It further understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the Shares;

(v) it has received a copy of the Offering Prospectus and has had access to such financial and other information concerning us as it has deemed necessary in connection with making its own investment decisions to purchase the shares. It has made its own independent investigation and appraisal of, without limitation, the business, financial condition, prospects, creditworthiness, status and affairs of us and the Shares. It understands that there may be certain consequences under U.S. and other tax laws resulting from an investment in the Shares and it has made such investigation and has consulted such tax and other advisors with respect thereto as it deems appropriate. It acknowledges that neither we nor the Lead Manager named herein nor any person representing us or the Lead Manager has made any representation, express or implied, to it with respect to us or the Institutional Offering or the sale of the Shares other than as set forth in the Offering Prospectus which has been delivered to it, and upon which it is relying solely in making its investment decision with respect to the Shares. It has held and will hold any offering materials, including the Offering Prospectus, it receives directly or indirectly from us in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated by it. It acknowledges that it has read, understood and agreed to the matters stated in the section "Transfer and Selling Restrictions" in this Offering Prospectus;

(vi) it and each other QIB, if any, for whose account it is acquiring the Shares, in the normal course of business, invest in and purchase securities similar to the Shares, has such knowledge and experience in financial and business matters that it is capable of evaluating the risks and merits of purchasing the Shares and is aware that it must bear the economic risk of an investment in any Shares for an indefinite period of time (and is able to bear such risk for an indefinite period of time) and is able to sustain a complete loss of any investment in the Shares;

(vii) it acknowledges that we, the Lead Manager and our respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements; and

(viii) it undertakes to promptly notify us and the Lead Manager if, at any time prior to the delivery to it of any Shares, any of the foregoing ceases to be true.

Each investor in the United States will also be deemed to have agreed to give any subsequent purchaser of the Shares notice of any restrictions of the transfer thereof.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions shall not be recognized by us or the Lead Manager.

Outside the United States — Regulation S

Each purchaser of Shares offered in reliance on Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Prospectus and that:

(i) it understands and acknowledges that the Shares have not been, and will not be, registered under the Securities Act and are being offered outside the United States in reliance on Regulation S;

(ii) it is, at the time the buy order for the Shares originated, outside the United States for the purposes of Regulation S and is purchasing the Shares in an "offshore transaction" meeting the requirements of Regulation S; and

(iii) it acknowledges that we, the Lead Manager and our respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions shall not be recognized by us or the Lead Manager.

Within Egypt

The Lead Manager has represented and agreed that it will not offer or sell the Shares in any form of general solicitation or general advertising or in a public offering in Egypt, unless the pre-approval of the CMA has been obtained. The Lead Manager has further represented and agreed that it will not offer or sell the Shares in Egypt except through a private placement to solicited Egyptian QIBs or Professional High Net Worth Investors (as herein defined) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments for the purposes of their businesses and only in accordance with applicable Egyptian law and regulations. The Lead

Manager has also represented and agreed to comply with all applicable provisions of the Capital Markets Law, its Executive Regulations and the provisions of the CMA's Directives no. 31 of the year 2002 on private placements concerning private placements.

Each purchaser of the Shares in Egypt will be deemed to have represented that it is either an Egyptian QIB or a Professional High New Worth Investor within the meaning of the Capital Market Law 95 for 2002, its Executive Regulations and the CMA's Directives no. 31 of the year 2002 on private placements concerning private placements.

An "Egyptian QIB" is an institutional investor having (i) a minimum asset book value of EGP 20 million, (ii) a minimum equity book value of EGP 10 million, (iii) a minimum investment in securities (excluding securities related to the Combined Offering) of EGP 5 million as of the date of placement of the Shares or (iv) a license to operate in the field of securities and permitted to subscribe to securities within its objects.

A "Professional High Net Worth Investor" is an individual investor (i) who owns assets with a minimum value of EGP 2 million, (ii) a minimum annual income of EGP 500,000, (iii) a minimum bank savings account balance of EGP 500,000, (iv) who, as of the date of placement of the Shares, holds securities in at least two joint stock companies (excluding the Company) with a minimum value of EGP 2 million or (v) who has at least five years experience in capital markets and stock exchanges locally or internationally, or at least four years experience for investors who have passed training courses, accredited by the CMA, on capital markets.

Within the European Economic Area

In relation to each Member State of the European Economic Area, including members of the European Union plus Iceland, Liechtenstein and Norway, which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Lead Manager has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the shares to the public in that Relevant Member State at any time:

(i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year, (b) a total balance sheet of more than EUR 43 million and (c) an annual net turnover of more than EUR 50 million as shown in its last annual or consolidated accounts;

(iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining prior consent of the Global Coordinator for any such offer; or

(iv) in any other circumstances which do not require us to public a prospectus pursuant to Article 3(2) of the Prospectus Directive;

provided, that no such offer of Shares shall result in a requirement for the publication by us or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each purchaser of Shares in a Relevant Member State will be deemed to have represented and agreed that:

(i) it is a qualified investor within the meaning of the law implementing Article 2(1)(e) of the Prospectus Directive; and

(ii) in the case of any Shares acquired by a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented and agreed that the Shares acquired in the Combined Offering have not been acquired other than on a discretionary basis, where that fact means that the offer to the financial intermediary is deemed to be an offer to a qualified investor on behalf of, nor have they been acquired with a view to their offer or resale to persons in any Relevant Member State other than, qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale.

Within the United Kingdom

The Lead Manager has represented and agreed that:

(i) it has not made and will not make an offer of Shares to the public in the United Kingdom within the meaning of section 102B of the FSMA except to legal entities which are authorized or regulated to operate in the financial markets, or if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication of a prospectus pursuant to the Prospectus Rules of the FSA;

(ii) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services Market Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of the FSMA does not apply to us; and

(iii) it has complied with, and will comply with, all applicable provisions of FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

Dubai International Financial Center

Our Shares described in this Offering Prospectus may not be, are not and will not be offered, distributed, sold, transferred or delivered, directly or indirectly, to any person in the Dubai International Financial Center other than in accordance with the Offered Securities Rules of the Dubai Financial Services Authority.

United Arab Emirates

Our Shares described in this Offering Prospectus may not be, have not been, and are not being publicly offered, sold, promoted or advertised in the United Arab Emirates (the "U.A.E") other than in compliance with the laws of the U.A.E governing the issue, offering and sale of securities. In addition, this document does not constitute a public offer of securities in the U.A.E and is not intended to be a public offer.

Kingdom of Saudi Arabia

Our Shares described in this Offering Prospectus may not be, have not been, and are not being publicly offered, sold promoted or advertised in the Kingdom of Saudi Arabia other than in compliance with the laws of the Kingdom of Saudi Arabia governing the issue, offering and sale of securities. In addition, this document does not constitute a public offer of securities in the Kingdom of Saudi Arabia and is not intended to be a public offer. Furthermore, investors are informed that there may be restrictions placed on secondary market activity with respect to our Shares.

Delivery and Settlement

Ownership of the Shares is shown on, and the transfer of that ownership is effected through, the share registry maintained by our designated custodian and as reflected on the records of the MCDR. Transfers of shares settle in same day funds.

The completion of the issuance process of the Shares will require the approval of a number of authorities, including the Investment Authority, the CMA, the CASE and the MCDR, all of which have been obtained on a preliminary basis. All approvals are expected to be obtained and the process is expected to be completed within 10 working days of the Closing Date of the Egyptian Retail Offering. Payments for the Shares, whether made by foreign or Egyptian subscribers, shall be deposited in the Company's bank account and held in escrow until the Capital Increase is inscribed on the Commercial Register.

Foreign purchasers of Shares must arrange for their Shares to be delivered to a local custodian approved by the CMA and recognized by the MCDR as authorized to hold dematerialized securities. The designated local custodian then holds the Shares in accordance with the owner's instructions. As at the date hereof, such local custodians include the Cairo branch offices of Commercial International Bank (Bank) S.A.E., HSBC Bank Egypt S.A.E., National Bank of Egypt S.A.E., Citibank Branch in Egypt and Financial Brokerage Group S.A.E. (collectively, the "Local Custodians").

All transfers of ownership of the Shares must be effected on the CASE by a CASE-licensed broker. Purchasers of Shares wishing to transfer their Shares must instruct a CASE-licensed broker to block the Shares. The broker then effects the transfer through the CASE who will register the transfer on the register with the MCDR, generally settling at T+3.

The Lead Manager will not have any responsibility for the performance by the Local Custodians or their respective agents of their respective obligations under the rules and procedures governing their operations.

Legal Matters

The validity of our Shares and certain matters governed by Egyptian law will be passed upon by Zaki Hashem and Partners. Certain other matters governed by United States federal law and English law will be passed upon by Norton Rose.

Independent Auditors

Our Financial Statements included in this Offering Prospectus have been audited by PricewaterhouseCoopers, independent auditors, as set forth in their audit report appearing herein.

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INDEX TO FINANCIAL STATEMENTS

Pro forma consolidated financial statements as at and for the years ended December 31, 2004, 2005 and 2006.

Auditors' Report

To: The Management of GB Auto

We have examined the pro-forma adjustments reflecting the transaction described in Note 2 and the application of those adjustments to the historical amounts in the accompanying pro-forma consolidated balance sheets of GB Auto as of December 31, 2004, 2005 and 2006 and the pro-forma consolidated statements of income, cash flow and change in shareholders' equity for the three years in the period then ended. The historical consolidated financial statements are derived from the historical financial statements of GB Auto and its subsidiaries listed in Note 2. Such pro-forma adjustments in Note 2 are based upon management's assumptions described in the same note. Management is responsible for the pro-forma financial information. Our responsibility is to express an opinion on the pro-forma financial information based on our examination.

Except as discussed in the following paragraphs, our examination was conducted in accordance with Egyptian Standards on Auditing, and accordingly included such procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the transaction described in Note 2 occurred at an earlier date. However, the pro-forma consolidated financial statements are not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the above mentioned transaction actually occurred earlier.

The Group management provided for impairment of trade and notes receivable balances with a an amount of LE 485 million which represent 100% of the uncollected balances that are due by over one year, based on the information provided by management we were unable to determine whether the provision is overstated or not and we were unable to satisfy ourselves as to the overstatement by any other audit procedures.

As discussed in Note 2, the Group management commissioned an independent third party technical and real estate appraiser to conduct an appraisal on the Company's property, plant and equipment as at December 31, 2006. We have not examined the fair value of such assets or the reasonableness of the assumptions used to develop that revaluation. Therefore, our opinion on the pro-forma does not extend to the reasonableness of revaluation of property, plant and equipment as at December 31, 2006.

As discussed in Note 2, due to the difficulty of revaluing property, plant and equipment for each of the years ending December 31, 2004 and 2005, the pro-forma financial statements were prepared assuming that the revaluation surplus of property, plant and equipment as at December 31, 2006 is the same for January 1, 2004, December 31, 2004, and December 31, 2005. Nevertheless the revalued assets are not necessarily the same assets for the different years. Accordingly, the management has not calculated depreciation for the revaluation surplus for the years 2004, 2005 and 2006 based on the fact that the revaluation has actually taken place on December 31, 2006 and the revaluation surplus value is as of that date. Therefore, the results of operations for these years may differ had the assets been revalued and depreciated based on the revalued amounts at the end of each year.

In our opinion, except for the effect of the matters discussed in the preceding paragraphs, the accompanying pro-forma consolidated financial statements of GB Auto as of December 31, 2004, 2005 and 2006, give appropriate effect to the pro-forma adjustments necessary to reflect the transaction described in Note 2, and the proper application of those adjustments to the historical financial statements.

Tarek Farid Mansour
R.A.A. 7384
Mansour & Co.PricewaterhouseCoopers

May 24, 2007
Cairo

GB AUTO AND ITS SUBSIDIARIES (S.A.E)

Pro-forma Consolidated Balance Sheet — At December 31, 2006, 2005 and 2004

	Note	2006	2005	2004
		(All amounts in thousand Egyptian Pounds)		
Non-current Assets				
Property, plant and equipment	4	1,226,825	1,112,751	1,072,105
Goodwill	5	197,455	197,455	197,455
Intangible assets	6	4,110	3,314	1,782
Leased assets	7	—	9,503	24,249
Long term investments	8	3,555	5,109	2,453
Long term notes receivable	9	46,278	1,160	21,489
Deferred tax assets	10	—	1,229	—
Total Non-current Assets		1,478,223	1,330,521	1,319,533
Current Assets				
Property held for sale	11	20,276	25,469	37,528
Inventories	12	358,244	273,190	230,088
Accounts and notes receivables	13	214,831	159,250	559,968
Debtors and other debit balances	14	184,316	166,700	147,503
Due from related parties	15	3,388	29,017	57,073
Cash on hand and at banks	16	160,795	206,209	174,423
Total Current Assets		941,850	859,835	1,206,583
Current Liabilities				
Provisions	17	106,351	168,825	40,996
Current tax liabilities	18	38,765	13,857	—
Borrowings	19	448,687	461,015	681,535
Due to related parties	15	128,696	103,849	68,047
Trade payables and other credit balances	20	679,184	477,118	468,858
Total Current Liabilities		1,401,683	1,224,664	1,259,436
Deficit in working Capital		(459,833)	(364,829)	(52,853)
Total Invested Funds		1,018,390	965,692	1,266,680
Represented in:				
Capital and Reserves attributable to the Company's Equity Holders				
Share capital	21	95,837	95,837	95,837
Amounts under capital increase	22	209,997	209,997	209,997
Reserves		952,803	951,251	959,023
Accumulated losses		(843,091)	(1,137,730)	(789,413)
		415,546	119,355	475,444
Minority interest	23	2,811	917	332
Total Equity		418,357	120,272	475,776
Non — Current Liabilities				
Borrowings	19	571,228	838,894	790,904
Notes payables Long-term	24	27,574	6,526	—
Deferred tax liabilities	10	1,231	—	—
Total non-current liabilities		600,033	845,420	790,904
Total Equity and Non — current Liabilities		1,018,390	965,692	1,266,680

The accompanying notes on pages F-7 to F-21 form an integral part of these pro-forma consolidated financial statements

Finance Director **Chairman**

May 23, 2007

Auditor's report attached

GB AUTO AND ITS SUBSIDIARIES (S.A.E)

Pro-forma Consolidated Statement of Income
For the Year Ended December 31, 2006, 2005 and 2004

	Notes	2006	2005	2004
		(All amounts in thousand Egyptian Pounds)		
Sales		3,103,278	2,066,628	990,003
Cost of sales		(2,566,155)	(1,577,860)	(818,641)
Gross profit		537,123	488,768	171,362
General and administration expenses		(78,766)	(57,602)	(49,259)
Distributions expenses		(58,933)	(44,285)	(50,811)
Other operating income (expense)	25	104,177	(537,972)	(66,370)
Operating profit/(loss)		503,601	(151,091)	4,922
Finance costs	26	(135,807)	(170,161)	(159,604)
Net profit/(loss) before income tax		367,794	(321,252)	(154,682)
Income tax	27	(63,123)	(23,410)	—
Net profit/(loss) for the year		304,671	(344,662)	(154,682)
Minority interest		(106)	(54)	248
Net profit/(loss) for the year attributable to Company's equity holders		304,565	(344,716)	(154,434)
Earrings (loss) per share for profit / loss attributable to Company's equity holders during the year		3.18	(3.6)	(1.61)

The accompanying notes on pages F-7 to F-21 form an integral part of these pro-forma consolidated financial statements

GB AUTO AND ITS SUBSIDIARIES (S.A.E)

Pro-forma Consolidated Statement of Changes in Shareholders' Equity
For the Year Ended December 31, 2006, 2005 and 2004

	Share Capital	Amounts Under Capital Increase	Reserves	Accumulated Losses	Total
		(All amounts in thousand Egyptian Pounds)			
Balance at January 1, 2004	95,837	209,997	960,455	(634,299)	631,990
Transfer to reserves	—	—	680	(680)	—
Net loss for the year attributable to the company's equity holders	—	—	—	(154,434)	(154,434)
Currency translation differences	—	—	(2,112)	—	(2,112)
Balance at December 31, 2004 and January 1, 2005	95,837	209,997	959,023	(789,413)	475,444
Dividends paid	—	—	—	(3,601)	(3,601)
Net loss for the year attributable to the company's equity holders	—	—	—	(344,716)	(344,716)
Currency translation differences	—	—	(7,772)	—	(7,772)
Balance at December 31, 2005 and January 1, 2006	95,837	209,997	951,251	(1,137,730)	119,355
Transfer to reserves	—	—	3,415	(3,415)	—
Dividends paid	—	—	—	(6,510)	(6,510)
Net profit for the year attributable to the company's equity holders	—	—	—	304,565	304,565
Currency translation differences	—	—	(1,864)	—	(1,864)
Balance at December 31, 2006	95,837	209,997	952,802	(843,090)	415,546

The accompanying notes on pages F-7 to F-21 form an integral part of these pro-forma consolidated financial statements

GB AUTO AND ITS SUBSIDIARIES (S.A.E)

Pro-forma Consolidated Statement of Cash flow
For the Year Ended December 31, 2006, 2005 and 2004

	Note	2006	2005	2004
		(All amounts in thousand Egyptian Pounds)		
Cash flows from operating activities				
Net profit/(loss) before income tax		367,794	(321,252)	(154,682)
Adjustment to reconcile net income to cash flows from operating activities				
Impairment of assets held for sale	11	(764)	2,243	—
Depreciation and amortization		17,246	11,658	12,409
Provisions no longer required		(142,144)	(46,955)	(2,406)
Provisions	26	43,611	492,102	71,146
(Gains) / losses on sale of fixed assets		(443)	—	2,216
Gains on sale of asset held for sale	25	(4,466)	(1,873)	(600)
		280,834	135,923	(71,917)
Changes in working capital				
Inventories		(86,264)	(45,408)	43,185
Accounts and notes receivables		38,919	65,742	53,527
Debtors and other debit balances		(49,239)	38,938	5,095
Due from related parties		23,535	8,094	125,314
Due to related parties		44,882	25,364	2,860
Trade payables other credit balances		194,028	25,794	72,161
Provisions		(85,707)	(19,943)	(11,259)
Cash generated from operation		360,988	234,504	218,966
Income tax paid		(35,754)	(10,476)	—
Net cash from operating activities		325,234	224,028	218,966
Cash flows from investing activities				
Purchase of property, plant and equipment		(121,876)	(37,509)	(6,256)
Proceeds from sale of property, plant and equipment		502	—	—
Purchase of intangible assets		(796)	(1,532)	1,782
Proceeds from sale of long-term investments		2,643	—	2,897
Purchase of long-term investments		—	(2,442)	(196)
Proceeds from sale of assets held for sale		12,921	12,960	—
Net cash used in investing activities		(106,606)	(28,523)	(1,773)
Cash flows from financing activities				
Dividends paid to minority interest		(5,352)	(3,598)	(490)
Loans and borrowings		(300,823)	76,651	(196,134)
Long term payables		21,048	6,526	—
Net cash (used in) from financing activities		(285,127)	79,579	(196,624)
Net (decrease) increase in cash and cash equivalents		(66,499)	275,084	20,569
Cash and cash equivalents at beginning of the year		23,219	(251,741)	(272,287)
Exchange Gains / (Losses) on cash and cash equivalent		(16)	(124)	(23)
Cash and cash equivalents at end of the year	16	(43,296)	23,219	(251,741)

The accompanying notes on pages F-7 to F-21 form an integral part of these pro-forma consolidated financial statements

GB AUTO AND ITS SUBSIDIARIES (S.A.E.)

Notes to the Pro-forma consolidated financial statements
For the Year Ended December 31, 2006, 2005 and 2004
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

1. General information

GB Auto "the Company" "S.A.E." is an Egyptian joint stock Company incorporated in July 15, 1999 under Law No. 159 of year 1981. The Company is commercially registered under Law No. 3422, Cairo.

The Company is located in the Industrial Zone — Abou Rawash Kilo meter 28 Cairo — Alexandria desert road, Arab Republic of Egypt.

The Group's main activities include manufacturing, trading, distributing and marketing and after sale services of all transportation means including heavy trucks, pick-ups, passenger cars, buses, mini buses, microbuses and agriculture tractors.

2. Basis of pro-forma financial statements preparations

Purpose of preparing the pro-forma consolidated financial statements

The purpose of the pro-forma consolidated financial statements is to show the effects of the restructuring actions described in Note 2 below on the financial statements had the restructure taken place at January 1, 2004.

The assumptions and adjustments used to prepare the pro-forma consolidated financial statements are summarized below:

Group structure

- GB Auto has increased its capital in 2006 and 2007 for cash by LE 90,837 K to reach LE 95,837 K. It is assumed that the capital increase has taken place on December 31, 2003, and that the cash balance of GB Auto has increased by LE 90,837 K since January 1, 2004.
- RG Investment has increased its share capital in 2006 by LE 20,000 K against settlement of shareholder's credit balances. It is assumed that the capital increase and settlement of shareholder's credit balances have taken place on December 31, 2003.
- RG Investment reduced the share par value from LE 5 per share to LE 1 per share in 2006 to offset the accumulated loss of LE 383,000 K. It is assumed that the reduction in par value of shares and the offset of accumulated losses have taken place on December 31, 2003.
- RG Investment is selling its direct and indirect investments in GB Auto in 2007 at cost for LE 10,000 K in cash with no profit or loss resulting from the transaction. It is assumed that such transaction has taken place on December 31, 2003, and that the cash balance of RG Investment has increased by LE 10,000 K since January 1, 2004.
- GB Auto participated in RG Investment capital increase in 2007 by LE 95,837 K in cash. It is assumed that the increase has taken place on December 31, 2003. Accordingly it is assumed that the cash balance of GB Auto has decreased by LE 95,937 K since January 1, 2004 and the cash balance of RG Investment has increased by the same amount since January 1, 2004.
- RG Investment is reacquiring 50% of its issued capital that belongs to shareholders other than GB Auto in 2007 for LE 95,837 K in cash presenting the par value of the shares to be reacquired. RGI Investment will cancel these shares in 2007 leaving GB Auto with ownership of 99.99% of RG Investment issued capital. It is assumed that the reacquisition and cancellation of shares have taken place on December 31, 2003. Accordingly, it is assumed that the cash balance of RG Investment has decreased by LE 95,837 K and GB Auto owns 99.99% of RG Investment since January 1, 2004.
- GB Auto is acquiring 49.03% of CITI in 2007 for LE 209,997 K against issuing shares in GB Auto. The transaction is structured to assume the book values of assets and liabilities of CITI on the acquisition date equal their respective fair values. Therefore, the excess of the agreed price of the acquired interest and the book value of net assets acquired is recognized as goodwill of LE 197,455 K. It is assumed that the acquisition has taken place on December 31, 2003. The ultimate effect of the transaction is increase of GB Auto equity by LE 209,997 K under 'amounts under capital increase', elimination of the minority interest in

CITI of LE 12,542 K, and recognition of goodwill of LE 197,455 K on December 31, 2003. In 2007, shares in GB Auto will be issued to the minority interest holders of CITI based on valuation of GB Auto.

- GB Auto reduced its par value from LE 100 per share in 2006 to LE 1 per share in 2007 through share split. It is assumed that the share splits has taken place on December 31, 2003. Therefore, it is assumed that the number of shares in GB Auto is LE 95,837 K shares since January 1, 2004.

- RG Investment is selling 2% of its stake in GB Trade In to be 49% during 2007 at cost to a third party for LE 71 K in cash with no profit or loss resulting from the transaction. It is assumed that the sale has taken place on December 31, 2003 and that cash has increased by LE 71 K since January 1, 2004.

The following are subsidiaries which are incorporated in Egypt, owned and controlled by GB Auto Company as of December 31, 2006. It is assumed that the ownership structure is the same since January 1, 2004, except for Haram for Transportation which was actually established in 2005.

Subsidiary	Relationship	Pro-Forma Ownership Interest 2006	2005	2004
RG Investment	Direct	99.99	99.99	99.99
International Trade Agencies Marketing Corporation (ITAMCO)	Indirect	99.27	99.27	99.27
International Free Zone Company for Trade and Storage (ITS)	Indirect	99.01	99.01	99.01
Vehicles Components Industries (VCI)	Indirect	100	100	100
Prima Engineering Industries	Indirect	100	100	100
Egyptian Vehicles Manufacturing Company (Ghabbour Egypt)	Indirect	99.59	99.59	99.59
Ghabbour Continental Trading Company Free Zone (GCT)	Indirect	100	100	100
Interland Motors	Indirect	97.27	97.27	97.27
GB Buses	Indirect	99.96	99.96	99.96
GB Motors	Indirect	89.92	89.92	89.92
GB Trailers	Indirect	100	100	100
Cairo Individual Transport Industry (CITI)	Direct and Indirect	100	100	100
Engineering Company for Marketing and Trading	Indirect	96.37	96.37	96.37
Haram for Transportation	Indirect	99	99	—

Other assumptions

- A revaluation of fixed assets of the group was undertaken in 2007 by independent third party technical real state appraiser to determine the fair value of fixed assets as at December 31, 2006. The management assumed that the resultant revaluation surplus of property, plant and equipment as at December 31, 2006 is the same since January 1, 2004. The pro-forma financial statements show the fair value of the fixed assets arrived to in the revaluation. The management did not depreciate the fair value adjustment for years 2004, 2005 and 2006 based on the fact that the revaluation has actually taken place on December 31, 2006 and that the market value of the revaluation surplus value is as of that date. Therefore the excess of fair value over the net book value of fixed assets at December 31, 2006 is shown as revaluation surplus as part of equity in the years 2004, 2005 and 2006.

3. Significant accounting policies

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

A. Basis of consolidation

In the pro-forma consolidated financial statements, subsidiaries' undertakings — which are those Companies is which the Company, directly or indirectly has an interest of more than half of the voting rights or otherwise have power to exercise control over the operations — have been fully consolidated.

The inter-Company transactions and balances and unrealized gains are eliminated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.

B. Foreign currency translation

(1) Measurement currency

The financial statements are presented in Egyptian Pounds, which is the measurement currency of the Group.

(2) Transactions and balances

Foreign currency transactions are translated into the measurement 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 of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

(3) Foreign entities

Exchange differences arising from the translation of the net investment in foreign entities are taken directly to equity. When a foreign entity is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

C. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of assets excluding land, which is not depreciated.

Estimated useful lives of assets are as follows:

Buildings	2% - 4%
Machinery and equipment	10% - 20%
Motor vehicles	20% - 25%
Furniture and fixtures	6% - 33%

For the purpose of preparing the pro-forma consolidated financial statements, the property, plant and equipment were stated at fair value and the difference between cost and fair value is recognized as a revaluation surplus in the shareholders equity.

Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of major renovations is 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.

D. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net assets of the acquired associate at the date of acquisition.

Goodwill is reviewed for impairment losses on an annual basis. An impairment loss is recognised for the amount by which the carrying amount of the goodwill exceeds its recoverable amount.

E. Intangible assets

Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Computers software costs are amortized using the straight-line method over 3 years.

F. Impairment of long lived assets

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

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

G. Long-term investments

Strategic investments and investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as long-term investments; and are included in non-current assets. Long-term investments are carried at cost, less any decline in value other than a temporary decline, determined on an individual basis.

H. Lease

In the case of selling property, plant and equipment and leasing it back through finance leases and the finance leases that do not fall under the scope of Law 95 for 1995, are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a contrast rate of interest charge on the financial balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets acquired under this type of finance lease are depreciated over the shorter of the useful life of the assets or the lease term.

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

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

I. Assets held for sale

Assets held for sale are stated at the lower of acquisition cost or the net realizable value net realizable value is determined according to the market value by the end of each fiscal year. The difference between the market value and the net book value is recorded in the statement of income.

J. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) 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 realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

K. Trade receivables and notes receivable

Trade receivables are carried at original invoice amount less allowance made for doubtful receivables. Notes receivable represent the value of long-term sales installments and are stated at present value of those installments, determined by using the interest rate applicable to the transaction and charging the revenues from prepaid interest on the basis of the difference between the face value of the notes receivable and its present value. Notes receivable are carried on the balance sheet at face value less prepaid interest revenue and allowance for doubtful receivables.

Allowance for impairment of 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 receivables. The amount of the allowance is difference between the carrying amount and the recoverable amount, being the expected cash flows. When material, expected cash flows are discounted at the market rate of interest for similar borrowers.

L. Cash and cash equivalent

Cash and bank balances are carried in the balance sheet at cost. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks maturing in three months and bank overdrafts.

M. Share capital

Ordinary shares are classified as equity.

N. Borrowings

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

O. Employee benefits

(1) Defined contribution plan

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

(2) Profit sharing

The Group pays 10% of its cash dividends as profit sharing to its employees. Profit sharing is recognised as a dividend distribution through equity and as a liability when approved by the Group's shareholders. No liability is recognised for profit sharing relating to undistributed profits.

P. 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 a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate of the amount payable.

Q. Trade payables

Trade payables are generally carried at the value of goods or services received from others, whether invoiced or not.

R. Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of sales tax, rebates, and discounts. Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering of services is recognized when service is performed and accepted by the client.

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

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.

Dividends are recognized when the right to receive payment is established.

S. Deferred income taxes

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 financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred 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.

T. Dividends

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

U. Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors. The management identifies, evaluates, and hedges financial risks covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

(i) Foreign exchange risk

The Group and its subsidiaries are exposed to foreign exchange risk arising from various currency exposures primarily with respect to US$ and Euros. The Group does not use derivative instruments to hedge foreign currency exposures. However, the management aims to minimize open positions in foreign currencies to the extent that is necessary to conduct its activities.

At year end, major (net liabilities)/net assets foreign currency position present in Egyptian Pounds were as follows:

	2006	2005	2004
US Dollars	98,377	(24,806)	182,980
Other currencies	7,241	261	1,878
Euro	(4,245)	2,086	892

(ii) Interest rate risk

The Group's cash flows are dependent on the changes in market interest rates through loans, borrowings, fixed-rate deposits, notes receivable as the interest receivable over the year reached LE 146 million (LE 169 million in 2005). Financial liabilities with variable interest rates reached LE 204 million.

(iii) Credit risk

The Group has no significant concentrations of credit risk. Financial institutions that the Group deals with are only those enjoying high credit quality.

(iv) 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

4. Property, plant and equipment

	Land & Buildings	Machinery & Equipment	Motor Vehicles	Office Furniture & Fixtures	Projects Under Construction	Total
Cost						
Balance at January 1, 2004	889,382	213,424	78,056	48,855	2,153	1,231,870
Translation adjustment	(51)	—	—	(2)	—	(53)
Total cost at January 1, 2004	889,331	213,424	78,056	48,853	2,153	1,231,817
Acquisition in the year 2004	450	307	255	1,699	3,551	6,262
Disposals in the year 2004	(1,793)	(785)	(921)	(1,345)	(26)	(4,870)
Balance at December 31, 2004	887,988	212,946	77,390	49,207	5,678	1,233,209
Balance at January 1, 2005	887,988	212,946	77,390	49,207	5,678	1,233,209
Translation adjustment	(185)	—	(2)	(7)	—	(194)
Total cost at January 1, 2005	887,803	212,946	77,388	49,200	5,678	1,233,015
Acquisition in the year 2005	27,496	492	4,054	2,966	2,552	37,560
Transferred from leased assets	16,393	—	—	—	—	16,393
Balance at December 31, 2005	931,692	213,438	81,442	52,166	8,230	1,286,968
Balance at January 1, 2006	931,692	213,438	81,442	52,166	8,230	1,286,968
Translation adjustment	(88)	—	—	(2)	—	(90)
Total cost at January 1, 2006	931,604	213,438	81,442	52,164	8,230	1,286,878
Acquisition in the year 2006	48,827	5,364	55,889	10,041	1,806	121,927
Transferred from leased assets	10,424	—	—	—	—	10,424
Disposals in the year 2006	—	(731)	(5,360)	(3,330)	—	(9,421)
Balance at December 31, 2006	990,855	218,071	131,971	58,875	10,036	1,409,808
Accumulates depreciation						
Balance at January 1, 2004	23,897	78,458	14,421	35,069	—	151,845
Translation adjustment	(32)	—	—	(2)	—	(34)
Balance at January 1, 2004	23,865	78,458	14,421	35,067	—	151,811
Depreciation charges for the year 2004	2,830	4,645	999	3,447	—	11,921
Disposals in the year 2004	(174)	(671)	(832)	(951)	—	(2628)
Balance at December 31, 2004	26,521	82,432	14,588	37,563	—	161,104
Balance at January 1, 2005	26,521	82,432	14,588	37,563	—	161,104
Translation adjustment	(136)	—	(2)	(6)	—	(144)
Balance at January 1, 2005	26,385	82,432	14,586	37,557	—	160,960
Depreciation charges for the year 2005	3,257	4,731	579	2,887	—	11,454
Transferred from leased assets	1,803	—	—	—	—	1,803
Balance at December 31, 2005	31,445	87,163	15,165	40,444	—	174,217
Balance at January 1, 2006	31,445	87,163	15,165	40,444	—	174,217
Translation adjustment	(37)	—	—	(2)	—	(39)
Balance at January 1, 2006	31,408	87,163	15,165	40,442	—	174,178
Depreciation charges for the year 2006	3,747	4,717	4,862	3,920	—	17,246
Transferred from leased assets	921	—	—	—	—	921
Disposals in year 2006	—	(731)	(5,301)	(3,330)	—	(9,362)
Balance at December 31, 2006	36,076	91,149	14,726	41,032	—	182,983
Carrying amount						
At December 31, 2004	861,467	130,514	62,802	11,644	5,678	1,072,105
At December 31, 2005	900,247	126,275	66,277	11,722	8,230	1,112,751
At December 31, 2006	954,779	126,922	117,245	17,843	10,036	1,226,825

* Projects under construction represents the costs of buildings to be prepared for the Group's use.

* All fixed assets are pledged to a group of lending banks as collateral for loans and borrowings granted to the Group's companies.

5. Goodwill

	2006	2005	2004
Goodwill	197,455	197,455	197,455

6. Intangible assets

	2006	2005	2004
Balance at January 1	3,314	1,782	—
Additions	796	1,532	1,782
Balance at December 31	4,110	3,314	1,782

7. Leased assets

	2006	2005	2004
Balance at January 1	10,424	26,816	26,816
Transferred to property, plant and equipment	(10,424)	(16,393)	—
Balance at December 31	—	10,423	26,816
Accumulated depreciation			
Balance at January 1	(921)	(2,567)	(2,079)
Transferred to property, plant and equipment	921	1,803	—
Depreciation for the year	—	(156)	(488)
Balance at December 31	—	(920)	(2,567)
Total	—	9,503	24,249

8. Long-term investment

	2006	2005	2004
GB Trade In. Co.	3,075	2,604	2,252
Conficta Egypt Co.	480	480	480
Haram for Transportation Co. (under establishment)	—	—	196
International Company for Finance Leasing	—	5	5
Kiroseiz	—	2,638	—
Total	3,555	5,727	2,933
Provision for temporary decline in value	—	(618)	(480)
Total	3,555	5,109	2,453

9. Long-term notes receivable

	2006	2005	2004
Long-term notes receivables	48,734	49,391	39,695
Deferred interest on installment sales	(1,681)	(3,968)	(4,441)
Net present value for long-term notes receivables	47,053	45,423	35,254
Allowance for impairment of notes receivables	(775)	(44,263)	(13,765)
Total	46,278	1,160	21,489

10. Deferred tax assets and liabilities

Deferred tax assets/(liabilities) represent the tax on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements.

	2006	2005	2004
Deferred tax assets			
Provision for slow moving inventory	1,739	1,834	—
Unpaid leave provision	—	393	—
	1,739	2,227	—
Deferred tax liabilities			
Property, plant and equipment	(2,970)	(998)	—
Net deferred tax (liabilities)/assets	(1,231)	1,229	—

The movement of the deferred tax asset / (liabilities) is as follows:

	2006	2005	2004
Balance at January 1	1,229	—	—
Charged to statement of income	(2,460)	1,229	—
Balance at December 31	(1,231)	1,229	—

Unrecognised deferred tax assets

	2006	2005	2004
Allowance for impairment for notes receivables	61,828	118,121	—
Provision for slow moving inventory	5,006	3,442	—
Provision for other debit balances	1,968	9,973	—
Provision for legal claims	950	950	—
Other provisions	283	—	—
Investment declining provision	27	—	—
Unpaid leave provision	—	92	—
Total	70,062	132,578	—

No deferred income tax asset is recognised for the above items as it is not probable that future taxable income will be utilise these items.

11. Property held for sale

	2006	2005	2004
Balance at January 1	25,469	37,528	35,106
Additions	2,499	1,271	2,422
Change in fair value	764	(2,243)	—
Disposals	(8,456)	(11,087)	—
Balance at December 31	20,276	25,469	37,528

Property held for sale represents values for land and buildings transferred to the Group as settlement for debts of some receivables. The assets held for sale are presented in current assets as the management intention to sale these assets in the near future.

12. Inventories

	2006	2005	2004
Finished goods	139,080	68,504	63,435
Raw material	119,256	72,184	47,876
Spare parts (for sale)	65,993	60,624	68,123
Goods in transit	38,790	68,920	75,312
Work in progress	34,334	41,097	14,847
Tickets	33	—	—
Total	397,486	311,329	269,593
Provision for slow moving and absolute inventory	(39,242)	(38,139)	(39,505)
Net	358,244	273,190	230,088

13. Accounts and notes receivables

	2006	2005	2004
Notes receivables	632,058	665,559	767,263
Long-term notes receivable (Note 9)	(48,734)	(49,391)	(39,695)
Short-term notes receivables	583,324	616,168	727,568
Deferred interest on installment sales	(3,744)	(3,291)	(6,682)
Net present value for short-term notes receivables	579,580	612,877	720,886
Trade receivable	118,840	67,877	107,164
Total	698,420	680,754	828,050
Allowances for impairment of receivables	(483,589)	(521,504)	(268,082)
	214,831	159,250	559,968

14. Debtors and other debit balance

	2006	2005	2004
Advance payment	55,584	32,723	21,254
Letter of credit	46,376	25,694	7,144
Other debit balances	32,840	27,809	65,564
Withholding tax	21,503	38,697	46,595
Sales tax	19,145	41,056	12,532
Prepaid rent	13,192	—	—
Staff loans	7,350	2,297	2,285
Letter of guarantee cover	6,977	4,094	5,546
Prepaid expenses	6,859	780	4,139
Refundable deposit	1,431	1,936	2,863
Payments under dividend distribution	1,278	1,420	—
Customs	369	6,691	18,313
Insurance claims	—	8,752	15,519
Total	212,904	191,949	201,754
Provision for other debit balances	(28,588)	(25,249)	(54,251)
	184,316	166,700	147,503

15. Related party transactions

The Group has current accounts with related parties which include all payments done on behalf of or through the Group Companies which collect and pay these amounts regularly.

Year end balances arising from transactions with related parties:

	2006	2005	2004
Due from related parties			
Ghabbour Manufacturing	2,166	3,138	1
GB Trade In	1,219	1,219	1,222
Itamco Agriculture	3	24,660	18,413
Due from executive board of directors	—	—	37,437
Total	3,388	29,017	57,073

	2006	2005	2004
Due to related parties			
Due to executive board of directors	128,501	37,620	—
Ghabbour Port said	195	66,229	68,047
	128,696	103,849	68,047

16. Cash on hand and banks

	2006	2005	2004
Cash at bank and in hand	160,795	206,209	174,423

For the purpose of preparing cash flow statement, cash and cash equivalents comprises the following:

	2006	2005	2004
Cash and bank balances	160,795	206,209	174,423
Bank overdraft	(204,091)	(182,990)	(426,164)
Total	(43,296)	23,219	(251,741)

17. Provisions

	Other Provision	Legal Claims	Unpaid Vacations	Warranty	Total
Balance at January 1, 2004	31,588	7,098	10	1,234	39,930
Additional provision	854	—	—	212	1,066
Balance at December 31, 2004 and January 1, 2005	32,442	7,098	10	1,446	40,996
Additional provision	146,218	—	1,727	—	147,945
Utilized during the year	(18,670)	—	—	(1,446)	(20,116)
Balance at December 31, 2005 and January 1, 2006	159,990	7,098	1,737	—	168,825
Additional provision	786	—	—	16,604	17,390
Utilized during the year	(24,189)	—	—	—	(24,189)
No longer required	(53,120)	(818)	(1,737)	—	(55,675)
Balance at December 31, 2006	83,467	6,280	—	16,604	106,351

Other provision

Other provisions relate 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 adjust the amount provided based on latest development, discussions and agreements with the third party.

Legal claim

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

Warranty

The Group provides warranties on its products and guarantees to either fix or replace the products its sells, and accordingly the Group has estimated its warrant liability based on experience from previous years.

18. Current tax liabilities

	2006	2005	2004
Balance at January 1	13,857	—	—
Tax paid	(13,857)	—	—
Income tax	44,643	24,239	—
Income tax for prior years	16,020	400	—
Withholding tax	(10,749)	(10,382)	—
Tax paid for prior periods	(11,149)	(400)	—
	38,765	13,857	—

19. Borrowings

The Group agreed in 2002 with some of the lending banks to reschedule its loans with the following conditions:

- Rescheduling of loans due from the Group over 5 years with an interest rate of 12%.
- Settlement of loan over 5 years with an annual interest rate of 10%.
- Amendment of the loan repayment program to repaid with monthly installments rather than semi-annual installments and decrease of interest rate 12.5% annually.

Collateral

a. Joint several guarantees between the Group, Interland Motors S.A.E., Engineering Company for Marketing and Trading S.A.E. and Ghabbour Continental Trading Company Free Zone.

b. Guarantee by R.G. Investment.

c. Signing an irrecoverable proxy agreement to one of the lending banks to allow the bank to pledge the Group assets (commercial pledge and asset pledge) to the Group of lending banks, in addition to an undertaking by the Subsidiaries' not to pledge its assets to other parties.

d. Pledge of RG Investment shares belonging to GB Auto to the Group of the lending banks.

An agreement has been reached between the Group and the Export Development Bank of Egypt to settle the outstanding loan on the Group over seven years with an annual interest rate of 10%. The loan will be settled by monthly installments starting April 20, 2007, up till August 20, 2013. A legal claim is still filed from the Group against the bank as the bank does not credit the amount that it collects from the notes receivable balances to the Group's account at the bank. In addition, the bank does not take the legal procedures against the debtors in case of default.

	2006	2005	2004
Current portion			
Bank borrowings	244,596	277,020	255,371
Bank overdraft	204,091	182,990	426,164
Finance lease liabilities	—	1,005	—
	448,687	461,015	681,535
Non-current portion			
Bank borrowings	571,228	838,894	790,904
	571,228	838,894	790,904
Total borrowings	1,019,915	1,299,909	1,472,439

20. Trade and other payable

	2006	2005	2004
Trade payable and notes payable	400,446	267,158	268,909
Advances from customers	163,515	74,081	62,989
Other credit balances	51,087	45,179	80,816
Tax Authority	34,267	49,581	15,106
Accrued expenses	17,539	41,024	41,038
Deferred revenue	12,259	—	—
Due to Social Insurance Authority	71	95	—
	679,184	477,118	468,858

21. Share capital

	2006	2005	2004
Authorized capital (400,000,000 shares with par value LE 1 each)	400,000	400,000	400,000
Issued capital and paid (95,837,000 shares)	95,837	95,837	95,837
Share capital	95,837	95,837	95,837

22. Amount under capital increase

As explained in note 2, GB Auto is acquiring 49.03% of CITI in 2007 for LE 209,997 K against issuing shares in GB Auto to the current equity holders of CITI. This amount is classified as part of equity as 'amounts under capital increase' pending the completion of the transaction. Because it has been assumed that the transaction has taken place on December 31, 2003, the amount is shown in the pro-forma financial statements for December 31, 2004, 2005 and 2006.

23. Minority interest

	Capital	Reserves	Accumulated Losses	Total
Balance at January 1, 2004	4,233	289	(3,452)	1,070
Loss for the year	—	—	(248)	(248)
Dividends	—	—	(490)	(490)
Balance at December 31, 2004 and January 1, 2005	4,233	289	(4,190)	332
Profit for the year	—	—	54	54
Issuance of shares	5	—	—	5
Foreign translation differences	—	526	—	526
Balance at December 31, 2005 and January 1, 2006	4,238	815	(4,136)	917
Profit for the year	—	—	106	106
Issuance of shares	340	—	—	340
Foreign translation differences	—	1,448	—	1,448
Balance at December 31, 2006	4,578	2,263	(4,030)	2,811

24. Notes payable long-term

Long-term notes payable represent the values for instalment of land purchased from the International Islamic Bank for Investment and Development and last instalment is due in October 2008.

	2006	2005	2004
Long-term notes payable	32,430	7,245	—
Present value discount	(4,856)	(719)	—
Net present value for long-term notes payables	27,574	6,526	—

25. Other operating income (expenses)

	2006	2005	2004
Gain from sales of assets held for sale	4,466	1,873	—
Other income	3,780	16,325	2,073
Profit on sale of property, plant and equipment	443	—	600
Provisions no longer required	142,144	46,955	2,406
Bad debts write off	—	(98,073)	—
Other operating expenses	(3045)	(12,950)	(303)
Provisions and impairment of assets (Note 27)	(43,611)	(492,102)	(71,146)
	104,177	(537,972)	(66,370)

26. Finance cost

	2006	2005	2004
Installment sales interest	7,288	6,206	16,125
Interest income	5,066	3,988	—
Net foreign exchange transaction losses	(1,839)	(10,390)	(5,006)
Interest expenses	(146,322)	(169,965)	(170,723)
	(135,807)	(170,161)	(159,604)

27. Income tax

	2006	2005	2004
Current tax	44,643	24,239	—
Deferred tax	2,460	(1,229)	—
Current income tax	47,103	23,010	—
Income tax for previous years	16,020	400	—
	63,123	23,410	—
Consolidated net losses for the year before taxes and minority interest	367,794	(320,901)	(154,210)
Income tax calculated at a tax rate of 20%	73,559	(64,180)	(65,856)
Expenses not deductible for tax purposes	11,072	94,485	27,073
Tax loss carry forward	3,431	26,278	66,556
Tax deductible expenses	(1,100)	(7,192)	(26,599)
Income not subject to tax	(39,859)	(14,936)	(6,335)
Utilization of previously unrecognized tax losses	—	(10,305)	5,160
Deferred tax asset not previously recognized	—	(1,140)	—
Income tax for the year	47,103	23,010	—

28. Provisions and impairment of assets (income statement)

Amounts changed to statement of income are as follows:

	2006	2005	2004
Warranty provision	16,604	—	212
Allowance for impairment of receivables	16,358	333,117	63,977
Slow moving inventory	9,863	6,099	610
Other provision	786	146,218	854
Other debits balances	—	4,803	5,493
Unpaid vacation provisions	—	1,727	—
Decline in investment value	—	138	—
Total	43,611	492,102	71,146

29. Contingent Liabilities

- There is a dispute between one of the subsidiaries and the tax authority as the subsidiary claims that it has a 5 year tax holiday. The dispute is being heard by the relevant court, and management believes that the result of the court ruling will be in their favour as the court has previously ruled for the tax exemption for companies with similar cases.

- There is a dispute between one of the subsidiaries and the Tax Authority regarding the outcome of the tax inspection during the exemption period and the dispute is being heard by the relevant court.

30. Subsequent events

During April 2007, GB Auto established a new subsidiary "Almora Resources Inc." with a capital of US $10,000, which is wholly owned. After establishment, Almora Resources Inc. borrowed LE 103,000,000 from a third party.

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