TMG HOLDING
Future Builders






TMG

Annual Report 2007

TMG HOLDING
Future Builders

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"Our well-built status was no fluke or stroke of luck …
It is the fruit of hard, nonstop work"

Dear Valued Shareholders:

The year 2007 was definitely a very significant year in the life of TMG. It marked the consolidation of the various companies of the group operating in the real estate and tourism development activities under one umbrella, the "Talaat Moustafa Group Holding Company (TMG)", witnessed TMG's successful share offering which generated unprecedented results in the Egyptian financial market, and recorded remarkable growth rates in sales volume and value as well as bottom line figures.

Consolidating the Group's activities under one holding company enabled TMG to own a significant share, estimated at 30%, in the real estate development sector and positioned it as the leading Egyptian community real estate and tourism developer, owning some of the largest scale projects being developed by the private sector in the Middle East region at large.

Furthermore, TMG clearly demonstrated the enormous credibility it enjoys among its peer domestic, regional and International market players when it undertook its private and public share offering in November 2007. Results of the offering of TMG shares revealed an outstanding interest from Arab and International investors, whereby the subscription to the institutional and International offering was covered 17 times with total bids of LE 65 bn, while the retail offering was covered 41.4 times, receiving total bids of LE 29.6 bn.

In 2007, total real estate unit pre- sales amounted to LE 10.368 bn compared to LE 6.2 bn in 2006, recording a significant growth of 67%, total proforma consolidated revenues reached LE 1.87 bn, while gross profit reached LE 850 mn, implying a gross profit margin of 45.6%, and net profit recorded LE 1.341 bn at the end of the year.

As we move into 2008, we do so from a position of considerable financial strength and confidence in our ability to grow our business and provide consistent, superior value to both our shareholders and our clients. Our strategy is clear and focused, built upon:

- Maximizing return on long-term pipeline projects through the continued use of the flexible "phasing" business model
- Maintaining a rigorous selection process for new development opportunities
- International expansion in markets similar to our current market
- Increasing weighting of stable revenues form hotel and resort complexes
- Maintaining and enhancing reputation for quality and attention to details
- Exploring new financing techniques

We have already selected the Kingdom of Saudi Arabia to be the first step of our International expansion strategy in the real estate sector, as we will carry out two projects in Riyadh and Jeddah. Furthermore, we will continue to evaluate additional opportunities for expanding our development platform internationally, particularly in locations where we believe to enjoy competitive advantages similar to those in our domestic market.

We are committed towards our investors to maintain steady growth rates, increase profit margins, and to continue operating through our low-risk phasing business model, in addition to striving to self-finance all our projects through our pre-sales, whcih is reflected in increasing returns on equity and maintaining a sound business development scheme.

We fully realize that we are demanding a great deal of our teams. That is all the more reason, we want to thank all our employees, on behalf of the Board of Management, for their hard work and dedication. Without their expertise, professionalism, and personal commitment we would not have been where we are today. We also thank you, the shareholders, for your trust and your support, which we will continue to do everything in our power to maintain.

TMG Holding
Management Team

" As we move into 2008, we do so from a position of considerable financial strength and confidence in our ability to grow our business and provide consistent, superior value to both our shareholders and our clients."

Our Vision

To build and operate the most exclusive self-sustained modern communities and tourism destinations in the MENA region to meet and exceed customer's aspirations for a unique lifestyle and create value for our customers and shareholders.

Our Mission

For our Group to be the first choice for customers in the real estate and tourism development industries in the MENA region, as we provide them with a better quality of living, and provide our shareholders with an increasing value for their investments, and provide our employees with excellent opportunities for distinction and success, and contribute to the development and prosperity of our communities.

TMG at a glance

Talaat Moustafa Group (TMG) is the leading community real estate developer in Egypt and the Middle East, drawing upon over 20 years of experience in the real estate development industry to create innovative solutions to cater for the type and quality of accommodation demanded by the rising middle and upper middle classes of the Egyptian community. TMG's vision is to create community developments by establishing self-sustained residential city and community complexes for the upper and middle classes.

TMG was the first to identify the lack of integrated modern communities in Egypt which meet all of the lifestyle needs of their residents by providing facilities and services on site. We continue to maintain the communities which we create and ensure that services we provide conform with international standards while maintaining profitability. This has resulted in TMG's strong reputation with its customers for reliability and quality.

Our flexible phasing model allows TMG to satisfy the needs of the middle to upper classes. Such customer satisfaction is further supplemented by the wide selection of residential unit designs and the provision of alternative financing schemes ensuring affordability.

Based on comprehensive market research, TMG indentified a gap in the Egyptian market in Egypt for high-end hotels and a lack of luxury tourism facilities despite the rising investment and economic growth the country witnessed since the 1990s. TMG applied its business model for City and Community complexes to its Hotels and Resorts business. The combination of real estate and tourist product created by establishing complexes which are managed by world class hotel management companies provide a level of service that had not previously been witnessed in Egypt.

Our Corporate Values

Creativity and Motivation

Credibility and Integrity

Customer Focus

Teamwork

TMG seeks to address actual demand in the Egyptian real estate and tourism markets by adopting a carefully managed process when embarking on any new project. The process includes conducting thorough market research to ascertain customer requirements, commissioning feasibility studies and employing leading international firms to carry out planning, design, and implementation.

Our philosophy is further supported by the strong managerial and organisational structure we have developed. Our employees understand the concept of teamwork and we pay careful attention to the quality of our workforce by providing regular training and maintaining professional development programs.

Euromoney Conference

San Stefano Opening

AL-Rehab Open Food-Court

Incorporation of TMG Holding

February 2007

Talaat Mostafa Group Holding S.A.E. was established on 13th of February 2007 under the provisions of law 95 of 1992 and its executive regulations and registered in Egypt under Commercial Registration number 187398 on 3rd of April 2007. The holding company has under its umbrella all real estate and hotel development activities and companies of the Talaat Moustafa Group.

Euromoney Egypt Housing Real Estate Finance Conference

14th of May 2007

With Hisham Talaat Moustafa, TMG Chairman, being one of the premier participating panelists in the Real Estate Session, TMG participated in the Euromoney Egypt Housing Real Estate Finance Conference held in Cairo in May and attended by over 600 people. Leading public and private sector figures discussed how far the Egyptian housing and housing finance markets had come and assessed what needs to be done to move the markets to the next stage.

San Stefano Opening

3rd of July 2007

July 2007 witnessed the opening of the iconic San Stefano Grand Plaza and a highly treasured visit by H.E. President Hosny Mubarak honoring the monumental project. Edging the Mediterranean in a setting of legendary glamour, the opening of San Stefano gave a chance to discover an intimate enclave within the stately Grand Plaza shopping and residential complex, as well as classically elegant accommodations, European spa treatments and terraced restaurants with fresh sea breezes.

Opening of AL-Rehab Open Food-Court

Summer 2007

Summer 2007 witnessed the opening of a new open food area in AL Rehab city on an area of 29,000 sqm surrounded by a marvelous green area allowing Al Rehab residents and visitors to enjoy a variety of international and local cuisines of renowned chains such as Mercato Italiano, Los Getsos, Arabiata, Quick 24, le Revé, Hardee's, Tekka, KFC, Pizza Hut, Cinnabon, Costa café, and El Shabrawy.

AL-Rehab Mall 2 Opening

August 2007

Rehab Mall 2, the largest shopping mall in Al-Rehab city and one of the largest in New Cairo, opened in August 2007 to serve as an attraction to all New Cairo residence. With an array of national and international brand names and a variety of products and entertainment facilities all in one place, Rehab Mall 2 provides shoppers with all their needs and makes their shopping experience an easy and pleasurable one. The mall also organizes different events throughout the year;

AL-Rehab Mall 2 Opening

TMG's Shares Publicly Traded

2nd Cairo Investment Forum

from Kids' fun days to free giveaways to reputable bands playing live at the mall premises. This is in addition to the amusing Fun City in-house entertainment park and the different restaurants available at the mall.

TMG Corporate Restructuring Completed

October 2007

In June 2007, TMG initiated a corporate restructuring using a share swap mechanism in order to consolidate the real estate and hotel development activities of the Talaat Moustafa group companies under TMG Holding as the holding company of the group. The restructuring was completed in October 2007.

TMG Holding's Successful Share Offering

November 2007

TMG clearly demonstrated the massive credibility it enjoys among its peer domestic, regional, and international markets, when it undertook a retail offering and an institutional and international offering of 395 mn shares for subscription in TMG in November 2007. The institutional and international offering was 17-times over-subscribed by global institutional investors, with an order book amounting to LE 65 billion, whereas the retail offering was over-subscribed by 41.4-times, with an order book value of LE 29.6 billion.

TMG's shares Publicly Traded

November 28, 2007

TMG shares started to be traded on the Cairo and Alexandria Stock Exchange (CASE).

2nd Cairo Investment Forum

9th & 10th December 2007

Following up on its participation in the first forum in December 2006, TMG took part in the Second Cairo Investment Forum held under the Patronage of H.E. President Hosny Mubarak, the Ministry of Investment, and the General Authority for Investment & Free Zones (GAFI), and organized by Al-Iktissad Wal-Aamal Group. The event highlighted the growing interest of the Arab and International business community in the process of change underway in the Egyptian economy, its strong growth, and the increasing number and range of investment opportunities in it. The participation of Mr. Hisham Talaat Moustafa in the Real Estate Developers' Session spotlighted the importance of public-private partnerships and the role of foreign direct investments to achieve sustainable economic development through linkages opportunities.

Shareholders' Review

- Board of Directors
- Disclosure & Shareholder Information
- Corporate Governance

Hisham Talaat Moustafa

Chairman

He is the Chairman of TMG Holding Co. announced in November 2007. Prior to that he was also Chairman and CEO of each of the operating companies in the real estate and tourism development sectors in the Group. He is also a member of the Egyptian Shura Council (parliament), and the Deputy Chairman of the Economic Committee thereof, as he was unanimously elected on May 5th, 2004 by the first district in Alexandria. Mr. Moustafa was born in Alexandria in 1959, and is the youngest son of Eng. Talaat Moustafa, the founder of the Talaat Moustafa Group. He received a Bachelor of Commerce, Accounting Section, from Alexandria University in 1980. Mr. Moustafa combines practical experience with academic knowledge, and has attended several specialized advanced professional training courses in his field.

Yehia Mohammed Awad Bin Laden

Non-Executive Member

He is also a director of Arab Cement Company Limited, Teba Company for Investment and Real Estate Developments, White Cement Company, Al-Azezeya for Investment and Real Estate Developments, Jeddah Holding Company for Developments and Orax Company, all of which are companies controlled by the Bin Laden family. He received a Bachelor's degree in Industrial Engineering from Northeastern University, Boston, Massachusetts.

Tarek Talaat Moustafa

Non-Executive Member

He is the Chairman and Managing Director of Alexandria Construction Company, one of the largest contractors in the MENA Region. He is also the Executive Chairman of other companies as Alexandria for Electrical Works, Alexandria for Glass Manufacturing, Alexandria for Tunnels, and Alexandria for Construction and Decoration, in addition to being a board member of a number of the real estate development companies in the group. He is an elected member of the Egyptian Parliament and chairs its Housing and Infrastructure Committee, a member of the National Democratic Party, the Board of the Egyptian Construction Contractors Union, and the National Union of the Chambers of Commerce, as well as being the founder of the Youth Association of Sidi Gaber. He received a Bachelor's degree in Civil Engineering from Alexandria University in 1975.

Mahmoud Mohamed Mahmoud

Non-Executive & Indpendent Member

He is also a consultant to TMG. He was a board member of The Egyptian Central Bank from 2000 to 2003, a board member of the Egyptian Highest Council of Exportation in 1999, Highest Council of Investment in 1998, Holding Company for Tourism in 1992, and the Public Authority for Tourism Developments in 1992. He was also the chairman of Egypt Export Development Bank from 1996 to 2003, the minister of Economics and Foreign Trade from 1993 to 1996, the Chairman of Banque Misr from 1987 to 1990, the head of Federation of Egyptian Banks from 1988 to 1990, and a member of Shura Council between 1992 and 1998. He received both a Bachelor's degree in Commerce and a Post-graduate Diploma in Tax Accounting from Cairo University in 1951.

Omar Mohamed Bin Laden

Non-Executive Member

He has also been the Chairman of the Real Estate Group since 2002, and prior to that time was a director and Chief Executive Officer of Asia Pacific and a General Manager for the Contracting Division of the Bin ladin Company, which is a company controlled by the Bin Laden family. He received a Bachelor's degree in Civil Engineering from the University of Miami in 1974.

Mohamed Hesham El Sherief

Non-Executive & Indpendent Member

He has been a professor of Management Administration at the American University in Cairo since 1985. He was also the Deputy President at The American University in Cairo from 1991 to 1994. He received a Bachelor's degree in Military Science and Engineering from the Egyptian Military Technical College in 1975, a Masters degree in Computers and Automatic Control from Alexandria University in 1978, and a Doctorate in Administration and Engineering from Massachusetts Institute of Technology in 1982.

Hany Sarie El Din

Non-Executive & Indpendent Member

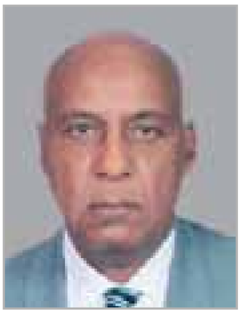
He has been a Professor of Law at Cairo University since 2001. He was Chairman of the Egyptian Capital Markets authority for two years ending in June 2007. Prior to that, he was a practicing lawyer. He received a Bachelor's degree in Law from Cairo University in 1995, and a Doctorate in Law from Queen Mary College, London in 1999.

Hany Talaat Moustafa

Non-Executive Member

He is also Chairman of Alexandria Agricultural Company and certain other companies operating in the agricultural sector in which the Talaat Moustafa family has significant holdings since 2002. Prior to that time, he was an engineer from 1978 to 1981, a board member from 1981 to 1982 and the Managing Director from 1982 to 2002 of Alexandria Agricultural Company. He is also a member of the boards of various companies operating in the real estate and construction sectors in which the Talaat Moustafa family has significant holdings. He received a Bachelor's degree in Civil Engineering from the University of Alexandria in 1978.

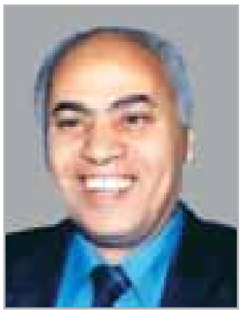
Ali Abdallah Ali



Executive Member

He has been a Vice President for Investments of one of the Operating Companies since 2000. Prior to that time he was a Vice President of Faisal Bank focusing on real estate financing. He received a Bachelor of Commerce degree from the University of Cairo in 1961.

Maoud Hassanein El Habashi



Non-Executive Member

He is the Chairman and Managing Director of Misr Insurance Company. He is also a board member of the Faculty of Commerce of Cairo University, the Central Egyptian Bank, and Egyptian-Gulf Bank. He received a Bachelor of Commerce degree in 1964, a Masters degree in Commerce in 1972, and a Doctorate in Philosophy in 1977, all from Cairo University.

Hossam El Din Mohamed Abdallah Helal

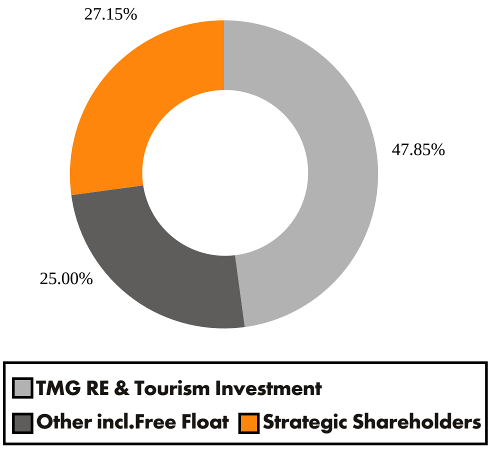
Non-Executive & Indpendent Member

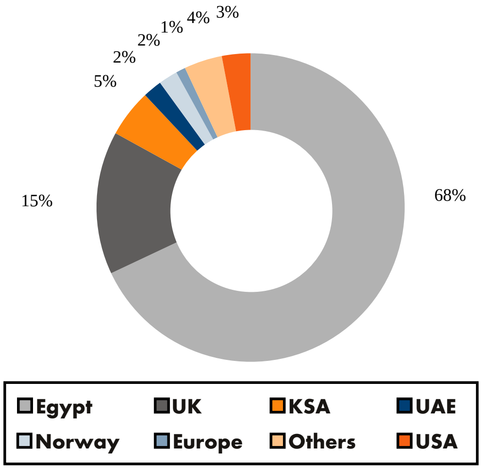
He is also the Managing and International Practice Partner for Grant Thornton Mohamed Hilal, an accounting firm. He has worked for this firm and its predecessors and related firms since 1975. He received his Bachelor of Commerce degree from the University of Cairo in 1975.

Share Information

Issued & paid-in Capital	LE 20.302 bn
Number of Shares	2,030.2 mn shares at a par value of LE 10/share
Free Float	25 %
Market Capitalization (as at December 31st 2007)	LE 25 bn
Listing	Cairo & Alexandria Stock Exchanges
Reuters Code	TMGH.CA

Shareholding Structure





TMG Offering:

TMG offered 395 mn shares through a retail and an institutional and international offering at a ratio of 16.5% and 83.5%, respectively. The institutional and international offering took place over two tranches at a price of LE 11.6/share; the primary tranche amounted to 215 mn shares, while the secondary tranche amounted to 115 mn shares. The retail offering, amounting to 65 mn shares, was executed at a price of LE 11/share, a 5% discount from the institutional and international offering price. Results of the offerings revealed an outstanding interest from Arab and international investors, whereby the subscription to the institutional and international offering was covered 17x with total bids of LE 65 bn, the retail offering was covered 41.4x, receiving total bids of LE 29.6 bn.

TMG's shares started to be traded on CASE on November 28, 2007.

Share Capital

As a result of the offering, the Company's issued and paid up capital amounted to LE 20,302,035,500 divided over 2,030,203,550 shares at a par value of LE 10 per share as at December 31, 2007.

Shareholding Structure

TMG RE & Tourism Investment (including Talaat Moustafa family and the Saudi group, the most renowned of which is the Bin Laden of Saudi) hold 47.85% of TMGH's shares, strategic shareholders hold 27.15%, and 25% is other shareholders including public free float.

Dividend Policy

As a Holding Company, TMG's ability to pay dividends depends on the dividends it receives from its subsidiaries and affiliates. The Company was incorporated in April 2007 and was not yet due to pay any dividends as at the end of fiscal year 2007. Its first full year consolidated results will be at the end of fiscal year 2008. As with its individual subsidiaries, TMG Holding will follow a policy of paying dividends whenever permitted by its results of operations, financial position, investment and liquidity requirements, legal reserves, and minimum capital requirements.

Disclosure

To ensure full disclosure and transparency, TMG reports its consolidated financials on quarterly basis following the Egyptian Accounting Standards (EAS). These are posted on the company website (www.tmgholding.com) along with all relevant company news and updates.

TMG is committed to achieving and maintaining the highest standards of corporate governance. The key corporate governance practices include:

The Board of Directors

TMG's 11-member board of directors includes 4 independent and non-executive directors, all of whom are re-nowned public and professional figures:

Mahmoud Mohamed Mahmoud
Consultant & Former Board Member of Egyptian Central Bank

Mohamed Hesham El Sherief
Professor of Management at the American University in Cairo (AUC)

Hany Sarie El Din
Professor of Law at Cairo University & Former Chairman of Egyptian Capital Market Authority (CMA)

Hossam El Din Abdallah Helal
Managing Partner for Grant Thornton

Board Committees

The Board of Directors also has two independent committees, the Audit Committee and the Nomination and Remuneration Committee, both of which are composed of and chaired by non-executive directors. The duties and responsibilities of the two committees are in line with the Egyptian Capital Market Authority (CMA) regulations as well as the U.K. standards as based on the recommendations of Nester, the renowned UK-based consultancy firm.

Audit Committee

As required by CASE Listing Regulations, the Company has an Audit Committee composed of three non-executive directors. The Audit Committee is accountable to the Board of the Company and not to executive management of the Company.

The primary functions delegated by the Board to the Audit Committee are to assist the Board of Directors in fulfilling its oversight responsibilities through:

- inspection and review of the internal audit procedures of the company.
- inspection and review of the accounting standards applied in the company and any changes resulting from the application of new accounting standards;
- inspection and review of the internal audit procedures, plans and results;
- inspection and review of the periodic administrative information that is presented to the different levels of management and the methods of such preparation and timing of submission;
- inspection of the procedures that are followed in the preparation and review of the following:
  (a) the periodic and annual financial statements;
  (b) the public or private placement circulars for offerings of securities;
  (c) the estimated budgets, including the estimated cash flows and income statements;
- ensuring the implementation of appropriate audit procedures in order to protect the assets of the company and undertaking periodic evaluations of these procedures to ensure conformity by the company with applicable accounting and audit rules and preparing a report,on a periodical basis, on the adequacy of those procedures.

The Audit Committee must ensure that the company's management is following the recommendations of the company's auditor and the CMA; and any other functions that the Board may deem necessary for the benefit of the company.

The Board of Directors is required to adopt the Audit Committee's recommendations within 15 days of receiving notice of such recommendations. If the Board does not follow the recommendations, the chairman of the Audit Committee must notify both the CMA and CASE.

Chairman: Hossam El Din Abdallah Helal
Members: Mohamed Hesham El Sherief and Mahmoud Mohamed Mahmoud

Nomination and Remuneration Committee

On 28 October 2007, the Board of Directors of the Company approved a set of principles in order to promote sound corporate governance (the "Corporate Governance Principles"). Pursuant to the Corporate Governance Principles, the Company has established, in addition to the required Audit Committee, a Nomination and Remuneration Committee, which is required to comprise no fewer than three members, at least two of whom must be non-executive directors of the Company. The Nomination and Remuneration Committee is accountable to the Board of the Company and not to executive management of the Company.

The primary functions of the Nomination and Remuneration Committee are to:

- make recommendations regarding board membership nominations by the Board of Directors to the shareholders' meeting;
- perform periodic and ongoing reviews of whether the Directors have the requisite skills for the performance of their functions;
- evaluate the composition of the Board of Directors and make recommendations to the Board of Directors regarding the same for the Board of Directors to consider in proposals to the shareholders' meeting;
- ensuring on regular basis, the independence of non-executive members and the absence of conflicts of interest in cases where the member is also a member of the board of another company;
- make recommendations of clear policies for the remuneration of Directors and executive management and referring to those standards regarding their performance in assessing such remuneration;
- make recommendations regarding compensation for Directors and executive management.

Chairman: Hany Sarie El Din
Members: Hossam El Din Abdallah Helal and Mahmoud Mohamed Mahmoud

About TMG

- History and Evolution of TMG
- The TMG Brand Name
- Awards & Recognition
- TMG Group Structure

History and Evolution of TMG

The Talaat Moustafa Group developed its business with a focus on quality, timely delivery, and adherence to precise specifications.

Origins since the seventies

In the early seventies, Eng. Talaat Moustafa founded his company and entered the business in Egypt. The Talaat Moustafa family developed its business with a focus on quality, timely delivery, and adherence to precise specifications.

Opportunities in real estate development

In the mid 1980s, Mr. Hisham Talaat Moustafa began eying entering into large scale real estate development projects, having identified an opportunity arising out of a government-sponsored development programme commenced in 1983 to counteract the housing shortage in Egypt and to improve the quality of life for its citizens. As part of this programme, the government allowed development by the private sector and promoted the development of a series of nine new satellite cities in the undeveloped desert areas around Cairo, to be linked together by a ring road.

Development of Al Rawda Al Khadra

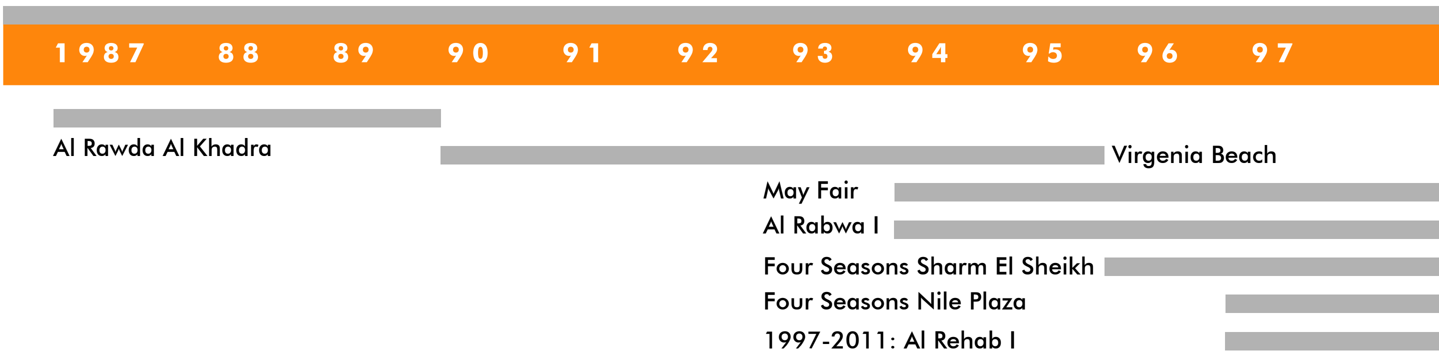
In 1987, real-estate activities started with the inauguration of Al Rawda Al Khadra Village, over an area of 84,000 sqm, in Abu Youssef in Alexandria. The project was sold out in 1990.

Establishment of Alexandria Real-Estate Investment

In January 1988, AREI was established as the Talaat Mostafa Group (TMG)'s real-estate development arm operating under Law No. 159/1981. AREI's first project, "Virgenia Beach Village", which extends over 365,4000 sqm on the Northern Coast, gained good reputation and was sold out in 1995.

High presence into community development

TMG saw an opportunity to expand this model by developing similar complexes as part of the satellite cities on the outskirts of Cairo. TMG submitted two successful proposals to develop portions of this land and in 1994 commenced sales for residential units in its May Fair and Al Rabwa I city and community complexes in Al Shorouk, East of Cairo and Al Sheikh Zayed, West of Cairo respectively. Substantially all of the residential units in these complexes were fully delivered by 2004.



Building upon its success

TMG bid to develop even larger areas of land on the outskirts of Cairo and in 1996 began to develop the first phase of the company's flagship Al Rehab I in New Cairo, the first fully-integrated city and community complex in Egypt. Due to the high demand for properties in the area of Al Rehab I, TMG commenced sales in the extension of this community, known as Rehab II in 2006, and construction is estimated to be completed in 2017. During the same year, TMG also launched Al Rabwall.

The largest all-inclusive enclosed city in the Middle East

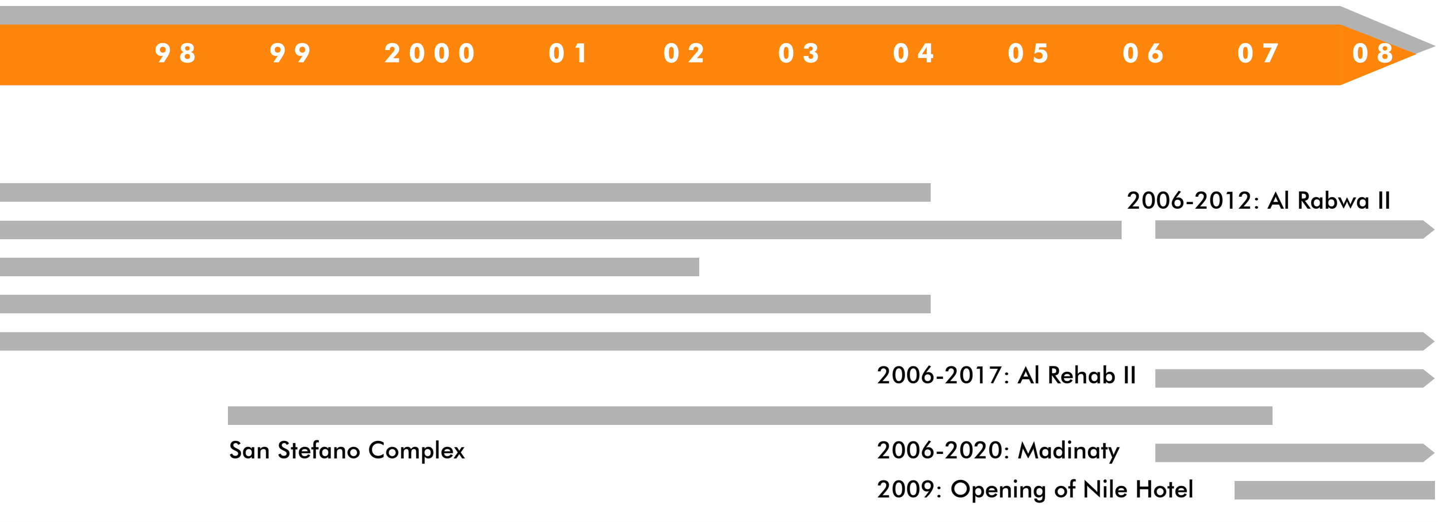
In July 2006, the group started the project of "Madinaty", over 33.6 mn sqm, ranking it as the largest all-inclusive enclosed city in the Middle East. The project is expected to be completed in 2020.

Filling the gap in luxury hotels in Egypt

In 1995 and 1996, TMG, wishing to build upon its development expertise and to diversify its operations, identified a gap in the luxury hotel market in Egypt, and acquired land on which to construct Four Seasons Resort Sharm El Sheikh and Four Seasons Hotel Cairo at Nile Plaza, which were opened in 2002 and 2004, respectively. In July 2007, TMG opened its third Four Seasons Hotel, the Four Seasons Hotel Alexandria at San Stefano.

More to come

Building on its longstanding success and experience in the Egyptian market, TMG is currently tapping into new markets on both the community real estate development and the hotels and resorts front, including a joint venture in Saudi Arabia, as well as expansion opportunities in the Gulf and Eastern Europe regions, in addition to its expansions in Egypt with new hotel & resorts projects, such as Marsa Alam, Luxor, and much more to come.



TMG was founded, several decades ago, on the firm belief in quality, value, and exceeding customers' expectations.

Well-recognised brand name associated with quality and reliability

Over more than 20 years of operations, TMG has developed a solid reputation and strong brand recognition amongst prospective purchasers in the Egyptian market and in the MENA region. The strength of TMG's brand enables it to consistently pre-sell the residential units in each of its projects in advance of construction, attract major commercial and retail tenants, procure sites for further development projects, and secure arrangements for financing with leading local banks.

A Strategy to maintain and enhance reputation for quality and attention to detail

In an effort to provide high quality end-products and meet the actual demand of real estate and tourism markets in Egypt, TMG follows a carefully managed process including conducting a thorough market research to ascertain customer requirements, commissioning feasibility studies, and employing leading international firms to carry out planning, design and implementation.

Furthermore, TMG endeavours to maintain full control over the management of each of its city and community complexes, from inception of the project, through development, construction and post-construction. This ensures the quality of its output and enables it to conform to the heighest standards and specifications.

TMG believes that retaining control over management of its properties following the completion of construction enables it to maintain the quality of its complexes on a long-term basis, thus helping to maintain the resale value of the residential units. It also provides a strong selling point for additional phases in the same development and for other TMG city and community complexes. Once construction is completed, TMG retains control of maintenance, repairs, staffing, security, and other services in the common areas of its city and community complexes on behalf of its residents, on a cost-neutral basis.

Growing Leadership in Awards, Year After Year

Conde Nast Gold List 2007
Best Hotel in Africa and the Middle East.

Robb Report Luxury Hotels Special Annual Issue 2006
Editor's Top Choice in Cairo

Conde Nast Traveler Reader's Choice Awards, 2006
Number 1 Hotel in Africa

Gallivanter's Guide (UK), 2005
Top 5 "Best Resort Europe/Middle East and Africa"
"Best Hotel for Children"

Condé Nast Traveller (UK), 2005
Top 20 "Best Overseas Leisure Hotel, Middle East, Africa and Indian Ocean"

Tatler (UK), 2005
"Egypt Hottest New Riviera Resort"

Zagat International Travel Survey, (US), 2005
Top 5 "Best 50 Resorts Worldwide"

World Travel Awards (UK), 2005
"Egypt's Leading Spa Resort"

Condé Nast Traveller (UK), 2004
Readers' Award
"African, Indian Ocean and Middle East"

Zagat International Travel Survey (US), 2004
"Best Dining Experience in the Middle East"
Top 10 "Best Worldwide Resorts"

Gallivanter's Guide Readers Awards (UK), 2003
Runner-up of "Best Resort in Europe, Africa and the Middle East"
Runner-up of "Best New Hotel/Resort Discovery"

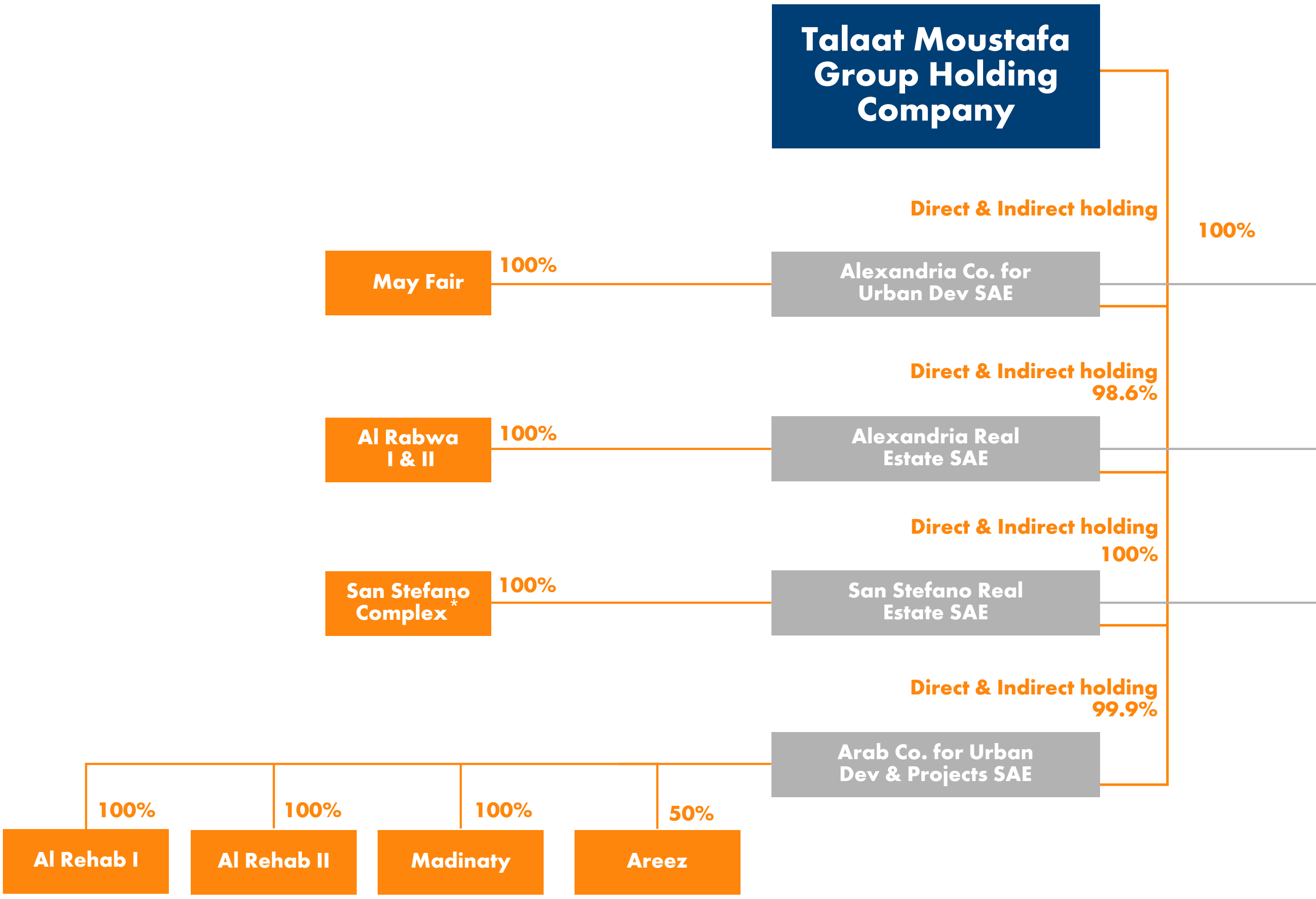
Tatler (UK), 2003
Amongst Top Ranked 'Best for Adventure'

Condé Nast Traveller's Hot List, (2003)
Top 50 "World's Most Luxurious and Stylish Hotels"

Gallivanter's Guide (UK), 2002
"Hotel of the Year"
Runner up of "Best Resort in Europe/Africa/Middle East"

Gallivanter's Readers' Poll (UK), 2002
"Best New Hotel/Resort Discovery"

Tatler (UK), 2002
"Runner Up to the "Hotel of the Year and Seaside"



*TMG Group Structure in July 31st, 2008.
**ICON holds only the asset of the hotel, which does not include the residential units or the commercial property. These components of the complex are held by San Stefano Real Estate SAE

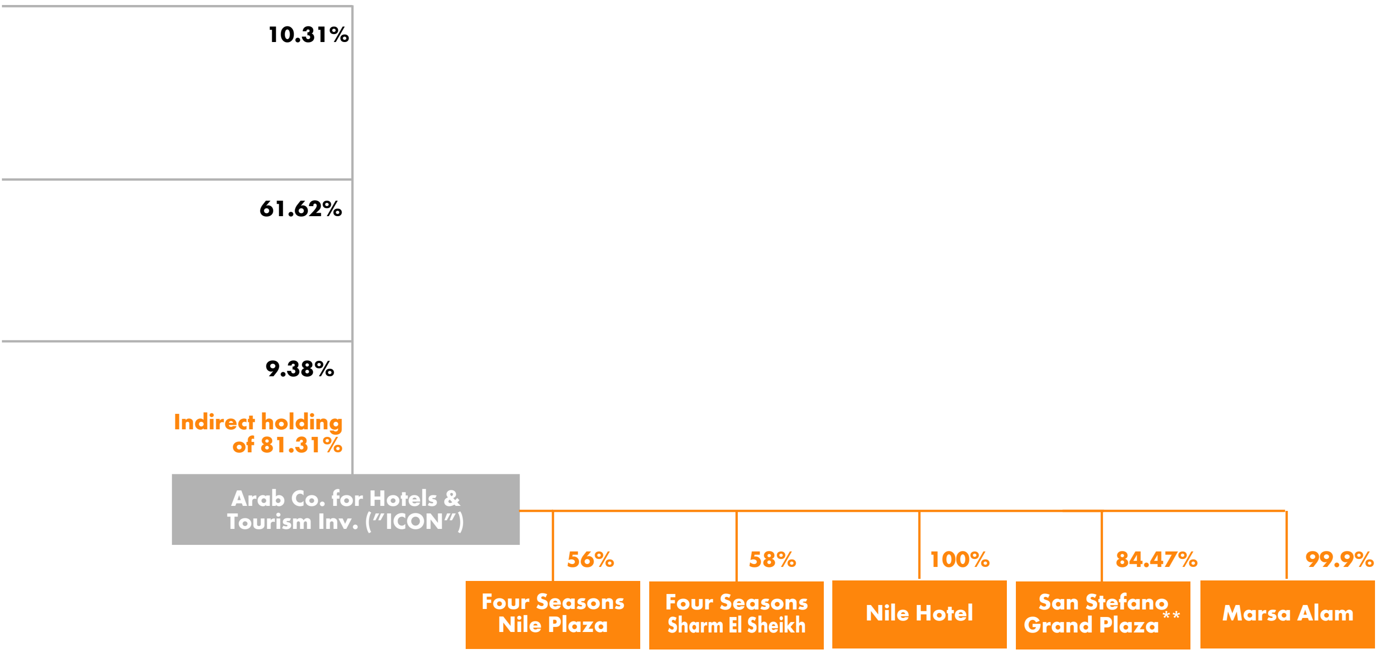
In June 2007, TMG initiated a corporate restructuring using a share swap mechanism in order to consolidate the real estate and hotel development activities of the Talaat Moustafa group companies under TMG Holding as the holding company of the group. In order to carry out the restructuring, TMG appointed an independent fair-value auditor to assess the fair market value of each of Arab Co. for Urban Dev & Projects SAE, Alexandria Real Estate SAE, San Stefano Real Estate SAE, and Alexandria Co.for Urban Development SAE as part of the swap process. The value of each of the companies was approved by their respective boards of directors and shareholders.

For Alexandria Real Estate SAE and San Stefano Real Estate SAE, a tender offer was undertaken in August 2007 that offered minority shareholders the option to swap their shares in those companies for shares of TMG Holding, to accept a cash offer at the same swap value, or to remain as shareholders of those companies when they became subsidiaries of TMG Holding.

The restructuring was completed in October 2007 and resulted in TMG Holding's direct and indirect ownership in Arab Co. for Urban Dev & Projects SAE, San Stefano Real Estate SAE, and Alexandria Real Estate SAE being increased, through a series of transactions, to 99.9 %, 100 %, and 98.6 % of the issued and outstanding shares, respectively, and its ownership in Alexandria Co. for Urban Development SAE being increased to 100 % of the issued and outstanding shares, which is comprised of a 40 % direct interest and a 60 % interest held by Alexandria Real Estate SAE.

The restructuring formalises the unified management structure under which TMG has been operating, whereby functions including finance, accounting and audit, land acquisition and business development, design and project management, asset management, and human resources are carried out, and corporate policies and strategy, objectives, and operating parameters are set on a centralised basis.

TMG's interests in and assets of its hotel and resort complexes are held through ICON. The Company holds its interest in ICON through various subsidiaries. Following the restructuring, TMG Holding's indirect holding in ICON is 81.31 %, which is held through the 61.62 %, 9.38 % and 10.31 % interests held by Alexandria Real Estate SAE, San Stefano Real Estate SAE, and Alexandria Co. for Urban Development SAE, respectively.



TMG Holding has the following companies under its umbrella:

- Arab Company for Projects and Urban Development, which owns and manages: AL-Rehab and Madinaty projects in New Cairo District
- Alexandria Real Estate Investment Company, which owns and manages: AL-Rabwa Compound in EL-Sheikh Zayed City
- San Stefano Real Estate Investment Company, which owns and manages: San Stefano Complex
- Alexandria Company for Urban Projects, which owns and manages: May Fair Project in AL-Shorouk City
- Arab Company for Hotels and Tourism Investments, which owns controlling stakes in:
  Four Seasons Nile Plaza in Garden City
  Four Seasons Resort Sharm EL-Sheikh
  Four Seasons Alexandria at San Stefano
  Nile Hotel in Cairo

Real Estate Review

- **Market Overview**
- **TMG, a Market Leader**
- **Current Projects**

  Madinaty
  Al Rehab
  Al Rabwa
  Nassamat Al Rehab

- **Completed Projects**

  May Fair
  Al Rawda Al Khadra Village
  Virgenia Beach

A Combination of demographic, economic, and legislative factors have led to a growing Real Estate sector in Egypt

Egypt Real Estate Sector

Three years of entrenched reforms have resulted in a period of intense economic development in Egypt, one of its direct effects being an upsurge in property demand.

In addition to what the government has managed to attract in the past few years, there is still a great potential for investment, driven by Egypt's economic growth rate of 7% or more, which includes growth in the construction sector of more than 15% on average each year.

Land as well as real estate prices have been appreciating significantly, particularly during the past two years. Egypt's real estate sector is set to be further boosted by increasing income levels in Egypt which have given rise to a growing middle, upper middle and upper class, the target demographic for TMG's residential properties.

Changing Egyptian demographic creating high demand for quality and affordable housing

Egypt's population is young and growing, with 45 million people between the ages of 15 and 60 and 31.8% of the population under 15, according to the 2006 Population Census. Egypt is also experiencing rising education levels and rapid urbanisation, and the population of Cairo has increased dramatically in recent decades. These factors, together with the expansion of the Egyptian economy and the lack of quality residential accommodation in Central Cairo, contribute to the increasing demand for quality housing in close proximity to Cairo.

Middle class housing fuels future demand

As most of the new real-estate developments were directed towards Egypt's wealthy segment, the middle class accommodation requirements largely remain unserved. TMG was the first to realize the huge unmet demand in the middle class housing segment and to offer new customized real-estate solutions to tap on this demand.

Mortgage finance in Egypt

The mortgage-lending sector envisaged in the Real-Estate Finance Law No. 148/2001 started to take shape by the end of 2003; and although the full effect of the mortgage system may not have been felt shortly, serious steps have been taken to speed growth in the mortgage market.

In January 2005, the Government of Egypt launched a 20-year bond issue worth LE 1-bn to provide the necessary financing framework for the mortgage market. Meanwhile, the MFA has lowered the grace periods for mortgage default from three months to one month to allow mortgage lenders faster repossession procedures. In addition, mortgage borrowers have been granted the right to sell their mortgages or make other use of their properties. Also in 2006, the cost of registering land and property was reduced to a maximum of LE 2,000.

Until March 2007, total outstanding mortgage loans in Egypt recorded LE 1 bn, with a maximum of LE 5 mn for the same residential unit. With mortgage loans constituting a minimal 0.2% share of the country's GDP in FY05/06, in comparison to 69% in the US and 11% in Mexico, the mortgage lending market remains an unclaimed expedition with ample potential.

The creation of a wealthy middle class with increasing access to mortgage loans have created unprecedented demand for real estate in Egypt, that is expected to continue in the foreseen future."

" TMG was the first to realize the huge unmet demand in the middle class housing segment and to offer new customized real-estate solutions to tap on this demand."

Al Rehab

The Cairo real estate market

New Cairo and Sixth of October Cities, on Cairo's outskirts, are the two main areas of residential real estate expansion.

New Cairo:
This city lies East of modern Cairo, to the East of the ring road, to the South of the Cairo-Suez road and to the North of the Cairo-Ain-Sokhna road. According to the New Urban Communities Authority (NUCA), the city has 175 square kilometres of residential area (including low-cost, medium, above-medium, and luxury housing), 84 square kilometers of service areas (educational, health, cultural, religious, recreational, and commercial), and five square kilometers of industrial area. Approximately 87,000 residential property units have been developed in New Cairo, 38% by the government and the remainder by the private sector. Once fully developed, the city is expected to house two million inhabitants.

Sixth of October City:
This city lies 32 kilometers West of downtown Cairo, to which it is connected via the 26^{th} of July Corridor. The city has a total residential area of 165 square kilometers, a services area of 116 square kilometers and an industrial area of 38 square kilometers. An estimated 247,000 residential units have been developed in Sixth of October, of which around 22% were built by the government and the rest by the private sector. Once fully developed, the city is expected to house around 3 million inhabitants.

A new housing convention
The emergence of a new dwelling culture in Egypt has fuelled demand for new life-style self-sustained residential communities with leisure, spa, and sport facilities at the outskirts of Cairo. These large-scale developments combine upscale community living with value for money to suit a wide base of potential homeowners. Capitalizing on this new housing convention, TMG's community projects May Fair, Al Rabwa I & II, Al Rehab City, and Madinaty encompass the entire range of lifestyle features including, fitness, leisure, and entertainment facilities.

Al Rabwa

Mayfair

" The emergence of a new dwelling culture in Egypt has fuelled demand for new life-style self-sustained residential communities with leisure, spa, and sport facilities."

Madinaty Commercial Center

TMG is the leading Egyptian community real estate developer in terms of sales, with a market share estimated at 30% of the residential housing projects market. With a track record of over 20 years in the housing and real-estate development industry, having developed 8.5 million sqm of land so far, TMG's vision is "community development" through establishing self-sustained residential city and community complexes for the upper and middle classes.

Ownership rights to one of the largest land banks in Egypt

TMG holds rights to approximately 42 million square metres in Egypt, representing the largest land bank held by any one developer in Egypt. As prices for comparable plots of land have risen significantly in recent years, TMG's large land bank, acquired at historic, fixed land prices, gives it an advantage over other real estate developers that must buy land at current market prices.

City & community complexes

TMG has completed the development of three city and community complexes, and has an additional seven city and community complexes either under construction or in the early stages of development. The latter group includes the biggest all-inclusive enclosed city in the Middle East, the 33.6 million sqm project known as “Madinaty”, “my city” in Arabic.

TMG's city and community complexes provide an “alternative living experience” from the crowded city centre of Cairo offering residential villas and apartments set in a surrounding of greenery, well-maintained streets, and sidewalks and equipped with all the necessary infrastructure, such as water, electrical utilities, landscaping, maintenance of public areas, waste and water treatment, and security services.

TMG's larger-scale city and community complexes also include amenities such as educational, healthcare, retail, commercial, recreational and maintenance facilities, commercial office space, and public bus systems connected to Central Cairo.

TMG oversees the design, development, and project management of its city and community complexes, handles sales and marketing of the properties, and retains management of the day-to-day operations of common areas and infrastructure post-construction and delivery. TMG manages to start the construction of its city and community complexes by building in phases and, with limited exceptions, each cluster of buildings in any phase is fully sold before construction commences. This model provides TMG with flexibility to adjust or modify its designs and offerings based on changing consumer trends and tastes monitored by the sales teams during the selling of each phase.

TMG Real Estate Projects:

Project	Total land area[1]	To be dev.land area[2]	To be dev.built up area[1]	% owned[1]	Commence[4]	Orig. Completion[5]	Revised Completion	Exp population	Location	Amenities
Madinaty	33,600,000 m^2	33,600,000 m^2	16,068,886 m^2	99.9%	July 2006	2026	2020	600,000	New Cairo	Various including: 36 hole golf course; 10 schools - 1university; 8 hotels commercial; Parks (office and retail); 1 Hospital
Al Rehab 1	6,140,400 m^2	924,225 m^2	24,225 m^2	99.9%	Nov. 1996	2011	2011	120,000	New Cairo	4 Schools; 7 Mosques -1 Church; 1 Office Park; 2 Shopping Malls
Al Rehab 2	3,760,000 m^2	3,760,000 m^2	2,571,395 m^2	99.9%	Jul. 2006	2020	2017	80,000	New Cairo	3 Mosques; 3 Schools; 1 Shopping Malls; 1 Club house
Al Rabwa 1	1,318,800 m^2	0 m^2	0 m^2	98.6%	Dec. 1994	2006	2006	3,240	El Sheikh Zayed	1 Shopping mall; Cinema; 9 hole golf course; Sports pavilion
Al Rabwa 2	819,028 m^2	819,028 m^2	118,320 m^2	98.6%	Jan. 2006	2012	2012	1,725	El Sheikh Zayed	9 hole golf course
Nassamat Al Rehab	3,000,000 m^2	n \ a	1,391,280 m^2	50%	Sep. 2008	2011	n / a	16,800	Riyadh	Various including: Medical center; Shopping mall; Sports club

1-Land area procured
2-Area of land still to be developed as per CBRE report
3-The built up area ("BUA") still to be developed under phasing plan as per the CBRE report
4-Launch of sales
5-Delivery of final unit assumed in the CBRE report
6-Effective Ownership

Location	Extention to New Cairo
Total land size (m^2)	33,600,000
BUA (m^2)	16,068,886
Expected population	600,000
CBRE value (LE mn)	10,778
TMG participation	99.9%
Commence date	July 2006
Completion date*	2026
Revised completion date	2020

Madinaty

* *Initial plan date*

Madinaty

Madinaty golf heights villas

TMG is currently developing Madinaty, the largest purpose-built, fully-integrated residential community development in Egypt. Madinaty is spread over 33.6 mn sqm with a planned accommodation capacity of 600,000 residents. The Madinaty development is planned to encompass 68,575 apartments with a total BUA of 10.2 mn sqm, 6,124 villas with a total BUA of 2.8 mn sqm, 8 hotels, a university, 10 schools, 3 malls with a total BUA area of 238,000 sqm, a business district that includes an office park, a technology park, a conference center and an exhibition center with a total BUA of around 385,000 sqm.

TMG is establishing Madinaty to become an independent city, conforming with international standards. In search for perfection, the company assigned three prominent American companies, SASAKI, HHCP, and SWA, specialized in self sustained urban community planning to design Madinaty according to international standards to cater for the social needs of the middle, upper-middle, and upper classes of the society.

Land bank

The project is an extension to New Cairo, and its land bank is located approximately 35 kilometers East of Cairo on Cairo-Suez arterial road, with an access to the planned second ring road. The site lies 30 minutes away from Heliopolis and 45 minutes away from Cairo.

TMG acquired Madinaty's land bank from the Government of Egypt at an estimated value of LE 1.613 bn, a price that is considered to be very competitive given the escalating land prices putting TMG at a great competitive advantage vis-à-vis other developers and securing it a sound profit margin. Payment for the land is agreed to be made in kind, representing 7% of the residential units expected to be built, to be delivered upon completion of each phase.

Master plan & development

The project is designed to provide residents with a full-service independent city while maintaining a high level of privacy. This is achieved through locating services at the parameters outside the residential areas to reach maximum privacy for each residency, with a vertical spine containing the multi-purpose city center, and another horizontal spine, in which TMG will establish clubs and facilities, in addition to essential services such as pharmacies located in the spine crossing point at walking distance to provide easy accessibility.

Construction of Madinaty will take place in eight phases, each approximately three to four years in duration, originally scheduled

Madinaty sports and social clubs

Madinaty office parks

for completion in 2026. TMG plans to construct 16.1 mn sqm of BUA over the project's life representing 47% of the total site area. Residential BUA amounts to 13 mn sqm or 81% of the total BUA area; of which apartments represent 64%, and villas make up the balance.

Project progress

Madinaty sales commenced in July 2006. As at December 31st 2007, 8,545 apartments and 2,191 villas in Madinaty had been sold, representing approximately 12.5% of the apartments and 35.8% of the villas planned to be constructed.

The completion date of the project is expected to be 6 years earlier than the planned date of 2026, driven by the project's positive perception in the market in addition to the strengthening Egyptian economy.

Al Rehab I

Location	New Cairo
Total land size (m^2)	6,140,400
To be dev. land (m^2)	924,225
Expected population	120,000
CBRE value (LE mn)	1,084
TMG participation	99.9%
Commence date	Nov-96
Completion date*	until 2011
Revised completion date	2011

Al Rehab II

Location	New Cairo
Total land size (m^2)	3,760,000
BUA	2,571,395
Expected population	80,000
CBRE value (LE mn)	2,551
TMG participation	99.9%
Commence date	July 2006
Completion date*	until 2020
Revised completion date	2017

Al Rehab I & Al Rehab II

* *Initial plan date*


COSTA COFFEE

Al Rehab I and II

AL-Rehab residential buildings grardens view

Al Rehab I, located in New Cairo, is the flagship of TMG's residential projects. Its ultimate success, as the first city and community complex in Egypt, has stimulated local and regional developers to imitate Al Rehab I's business model. Subsequently TMG has expanded further by establishing Al Rehab II in July 2006 as an extension for Al Rehab I.

Al Rehab I was launched in November 1996 targeting upper and upper middle income classes. Occupying approximately 6.1 mn sqm of land and an expected population of 120,000 inhabitants, the development is a self sustained city consisting of apartment buildings, villas, and a wealth of public gardens and richly landscaped areas. Al Rehab I includes four schools, medical offices, a private leisure club, a commercial centre, restaurants, and two retail malls. It also contains a fire station, security services, a public bus system, and other infrastructure.

Al Rehab II will occupy 3.8 mn sqm of land and is expected to have a population of 80,000 inhabitants upon its completion. The project is planned to encompass 602 villas representing a BUA of 0.15 mn sqm, 17,823 apartments representing a BUA of 2.25 mn sqm, in addition to 3 mosques, 3 schools, a shopping mall, a retail centre, a club house, and infrastructure and amenities similar to Al Rehab I.

Land bank

Al Rehab City (Al Rehab I & II) occupies a total land area of almost 10 mn sqm located in New Cairo on the Cairo-Suez Road approximately 27 kilometres East of Cairo, and has access to Cairo's planned new ring road.

Al Rehab master plan & development

The project is designed in divisions of residential areas in the form of clusters with different models, provided with parking lots. The area benefits from a cooler climate (about 5° C below the temperature in Cairo). As per the project's master plan, total BUA will be limited to 2.57 mn sqm, or 68% of the total site area. 83% of the total BUA, equivalent to 2.1 mn sqm, is earmarked for residential units, of which apartments represent 94%, and villas make up the balance.

Project progress

Sales of Al Rehab I started in November 1996. At the end of fiscal year 2007, the project was almost completed and fully sold except for 517 villas on a total area of 414,405 sqm and 61 plots of land on a total area of 60,349 sqm, representing the projects 6th and last phase. The final delivery of the Al Rehab I units is expected in 2011.

A villa with a private swimming pool

AL-Rehab fifth phase residential buildings

TMG started Al Rehab II units' sales in July 2006, with the ground breaking phase scheduled in 2007. By the end of 2007, 1,438 apartments and 346 villas had been sold, equivalent to a BUA of 345,200 sqm, representing 16% of phase I residential BUA. The completion date of the projects is expected to be 3 years earlier than the planned date of 2020.

Al Rabwa I & II

Location	El Sheikh Zayed, North 6th October City
Total land size (m^2)	2,137,828
To be dev. land (m^2)	819,028
Expected population	4,965
CBRE value (LE mn)	282
TMG participation	98.6%
Commence date	January 2006 (Al Rabwa II)
Completion date	2012 (5 years)

Al Rabwa I & Al Rabwa II

* Initial plan date

Al Rabwa I and II

One of AL-Rabwa villas with a private garage

Al Rabwa I is a residential compound that was launched in 1994 and virtually fully sold by 2005. Located in one of the oldest communities in Sheikh Zayed, at 140 m above sea level, Al Rabwa targets high-end segments providing residents with a clean and calm environment. Al Rabwa I spreading over a total land area of 1.3 mn sqm encompasses 649 villas, a shopping centre, and a private leisure club with a 9 hole golf course.

Capitalizing on the big success of Al Rabwa I, TMG is currently developing an extension to it, known as Al Rabwa II. Al Rabwa II will occupy 0.8 mn sqm of land, and will also be comprised of villas. It will include a second private leisure club and an additional 9-hole golf course that will connect to the existing golf course in Al Rabwa I.

Land bank

Al Rabwa I & II occupy a total land bank of 2.1 mn sqm located West of Cairo, in Al Sheikh Zayed district, approximately 4 km North of 6th October City, acquired from the government of Egypt at a total price of LE 154 mn to be paid over 6 years starting 2005.

Master plan & development

Al Rabwa II project was launched in January 2006 and is planned to follow a similar model of the already completed Rabwa I, consisting of 340 villas with an average BUA of 348 sqm per villa. Another 9-hole golf course will be attached to the existing one. The development of the project is expected to be distributed among 3 phases, with phase I consisting of 172 villas and both phase II and phase III consisting of 84 villas each.

Project progress

The final delivery of the Al Rabwa I units is expected in early 2008. As at 31st December 2007, 39 % of the residential villas in Al Rabwa II had been sold. Construction commenced in early 2007, and final delivery of the Al Rabwa II units is expected in 2012.


A villa with a private swimming pool


A villa terrace garden view

" We provide beyond compare quality of living that makes all different classes of society feel better every time they are home."

Location	Al Riyadh
Total land size (m^2)	3,000,000
Residential BUA	1,391,280
TMG participation	50%
Sales launch date	September 2008
Completion date*	2011

Nassamat Al Rehab

* *Initial plan date*

Nassamat Al Rehab

Distinctive architectural designs

In pursuit of regional expansion and intending to replicate the success of its Egyptian city and community complexes in Saudi Arabia , TMG entered into a 50:50 joint venture with Saudi Al Mehedeb, Al Fawzan and Al Kahtani through their company "Al Oula" in January 2007. The joint venture company, Areez, will develop city and community complexes in each of Riyadh and Jeddah on a total land area of 5.9 mn sqm targeting middle and upper middle income classes, in which a larger portion is dedicated for villas to serve the average income and high consumer preference in Saudi Arabia for villas.

TMG has specifically chosen KSA to be home to its first project to penetrate a new market outside the local market due to the shared similarities between the Egyptian and Saudi Arabian real estate markets. Additionally, the Saudi real estate sector is still considered in its developing phase, which creates a good opportunity for the new project to capitalize on the expected growth of this sector.

Land bank

Areez acquired a land bank of 3 mn sqm located in Riyadh for its new project Nassamat Al Rehab.

Master plan & development

Nassamat Al Rehab is planned to include 3,000 apartments, and 2,051 villas with a total residential BUA of 1.4 mn sqm, one mall with a BUA area of 0.1 mn sqm, in addition to other amenities including schools, clubs, and a medical centre.

The design for Nassamat Al Rehab city and community complex is in an advanced stage of development and sales are expected to commence in the last quarter of 2008.

Malls and parks

Villa type A

" Based on our broad experience, strong track record, and reputable brand name, TMG has further leveraged its qualifications to access new international markets."

Mayfair

Location	El Sherouk
Size (m^2)	592,200
Estimated population	1,265
CBRE value LE mn-rental income only	20
Sold out date	2005

Al Rawda Al Khadra

Location	Al Agami, Alexandria
Size (m^2)	84,000
Estimated population	6,245
Sold out date	1987

Mayfair

May Fair

The May Fair complex is primarily a residential compound consisting of 253 residential villas, as well as a club, a school, a nursery, and a retail mall. This complex was completed in 2005 and all of its residential units have been sold. It is located in El Sherouk City, an extension to New Cairo City on the Cairo-Suez highway, 45 kilometres East of Cairo, on a total land area of 0.6 mn sqm.

Al Rawda Al Khadra

The Al Rawda Al Khadra Village complex is a residential resort consisting of 1,150 apartments, 35 villas and a shopping mall, swimming pools and a mosque. This complex was completed in 1990 and all of its residential units have been sold. It is located in Al Agami in Alexandria and occupies approximately 84,000 sqm of land.

Virgenia Beach

The Virgenia Beach complex is a resort located on the Northern Coast of Egypt, 85 kilometres from Alexandria on a total land area of 0.4 mn sqm. The resort encompasses 368 villas, a small shopping area, swimming pools, a leisure club, and a mosque. This complex was completed in 1995 and all of its residential units have been sold.

Virgenia Beach

Location	North Coast
Size (m^2)	365,400
Number of Villas	368
Sold out date	1995

Al Rawda Al Khadra

Virginia Beach

" TMG provides an unparalleled level of residential communities and upscale properties."

Hotels & Resorts Review

- **Market Overview**
- **TMG's Hotel and Resort Complexes**
- **Operating Hotels**

  Four Seasons Cairo at Nile Plaza
  Four Seasons Sharm El Sheikh Resort
  Four Seasons Alexandria at San Stefano

- **Future Developments**

  Nile Hotel
  Marsa Alam

Egypt continues to be one of the most popular tourism destinations and a home away from home for many

Egyptian Tourism Industry

Egypt's tourism sector is considered amongst the most dynamic and influential sectors in the Egyptian economy, as it is ranked amongst the nation's top generators of jobs estimated to provide a minimum of 8% of jobs in Egypt's total workforce. Additionally, tourism receipts account for almost 5% of the nation's GDP, whilst coming in second in terms of inflow of foreign earnings constituting 23.4% of total receipts. During the period between 2001 and 2004, tourism investments experienced a significant decline. However in 2004, investment in the industry increased by 18.4%, demonstrating the inelasticity of demand in the Egyptian tourism market. During the recent years Egypt witnessed a significant increase in the number of tourist arrivals reaching 9.8 million tourists in FY07, representing a y-o-y growth of 12.6%.

Types of tourism in Egypt

Egypt has traditionally relied on its archaeological heritage to attract tourists, but is now attempting to diversify in order to increase the prospect of repeat visits. Beach tourism now rivals historical tourism, and major hotel constructions continue along the Sinai and Red Sea coasts, which host some of the world's finest coral reefs. Additionally, ecotourism, therapeutic tourism, and recreational tourism are also strengthening.

Cairo remains an active venue for business travel with a number of international conferences and exhibitions. Moreover, cultural tourism gained popularity in the city, due to its historical heritage.

Hotel complexes benefit from growing tourism

The tourism industry has been expanding rapidly in Egypt, with an increase in both domestic and international travellers in recent years resulting primarily from the strong growth in disposable income in both the European and MENA regions, leading to increased demand for luxury travel accommodations. Travel to Egypt from residents of the MENA region has been increasing in the aftermath of 9/11 attacks. With 1.7 mn visitors from the MENA region in 2006, constituting 19% of the total number of tourists, Egypt continues to be one of the most popular tourism destinations and a home away from home for many. In addition to the recent changes in Egypt's property law, attractive land and property prices have encouraged many Arabs to purchase holiday homes in Egypt, which remains a favourite perennial.

Key tourists' inflow destinations are Europe and the Middle East, representing a significant combined share of 87% of total arrivals to Egypt. Repeated visits from these areas highlight potential purchasing of a second home, thus, serving as a target market for residential tourism.

Government objectives, initiatives, and projections

Realizing the enormous opportunities in the sector, both the government and the private sector are focused on developing tourism services. The majority of the development is taking place in Sinai, the Red Sea Coast, and the North Coast. Furthermore, the Ministry of Tourism has an ambitious plan to increase arrival hits to 16 million by 2015 and maintain an annual sector growth of 12%, aiming to increase room capacity to 140,000 rooms within the next five years. If the government manages to meet its target, US$7.6 billion in revenue should be generated within that time span.

" TMG identified a gap in the Egyptian market for high-end hotels and a lack of luxury tourism facilities despite rising investments and economic growth."

Four Seasons Sharm EL Sheikh

TMG's Hotel and Resorts Complexes

Four Seasons, Nile Plaza

Leveraging on the C&C model, TMG was able to capture a niche in the luxury, high-end hotel market. TMG identified, through its market research, a gap in Egypt for luxury hotels, including associated residential units targeting the upper income class segment, business communities, and tourist visitors and created due to the growth in travellers to Egypt for both tourism and business purposes and increasing wealth generally in the MENA region. Thereby, TMG introduced three 5 star-hotels with over 690 rooms/keys established to meet international standards managed by the Four Seasons Hotel. Additionally, TMG is currently establishing a resort in Marsa Alam and in the process of renovating the Nile Hotel in Cairo with 221 rooms targeting business customers and expected to be launched in 2009.

TMG pioneered in the luxury hotel business, being the first to introduce services which meet international standards fulfilling both the present and future needs of customers, and receiving many awards such as Gallivantor Guide UK, 2005 Top 5 "Best Resort Europe/ Middle East and Africa". The Hotels and resorts (H&R) development project operations of TMG mirrors the City and Community (C&C) development approach in which the high end residential properties available for sale are developed alongside the hotels, favoured with access to the hotel complex facilities.

Increase weighting of stable revenues from hotel and resort complexes

TMG intends to expand its hotel and resort business through investments in, or the acquisition of, hotel and resort complexes or increasing its investments in the Group subsidiaries through which it carries out this business. The company intends to use its existing model of combining a luxury hotel with residential units to increase the proportion of stable revenues generated by its hotel operations.

Four Seasons, San Stefano

Four Seasons, Sharm El Sheikh

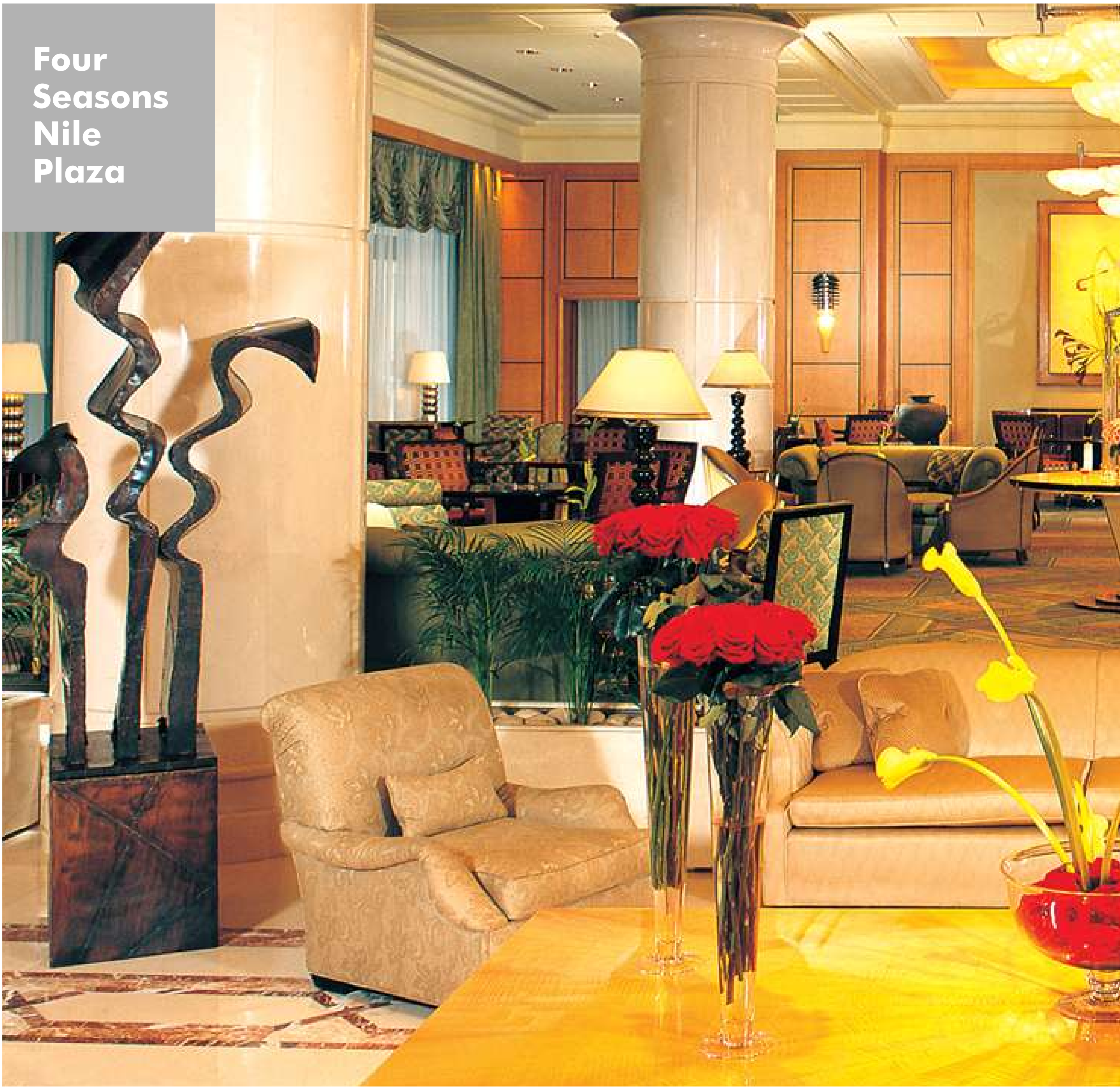
H&R Projects in Operation & Development:

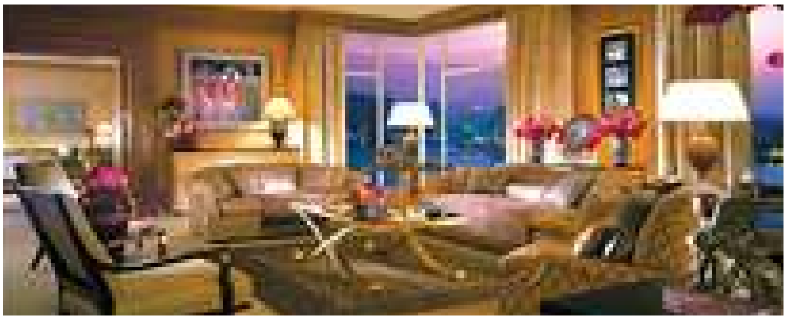
Four Seasons Sharm El Sheikh	% Owned[1]: 58% Location : Sharm El Sheikh	Rooms/keys : 200 Units : 146 Sold : 91 Av. Price : LE 11,761 psm	Commence : November 1998 Complete[2] : May 2002 Star Rating : 5 Star	Facilities: 8 Restaurants 2 Lounge Bars Spa Ballroom 4 Meeting Rooms Business Center
Four Seasons Nile Plaza	% Owned[1]: 56% Location: Cairo	Rooms/keys : 365 Units : 131 Sold : 93 Av. Price : LE 11,204 psm	Commence : September 1997 Complete[2] : August 2004 Star Rating : 5 Star	Facilities: 9 Restaurants Spa Ballroom 11 Meeting Rooms Business Center Shopping mall
Four Seasons San Stefano	% Owned[1]: 84.47% Location: Alexandria	Rooms/keys : 127 Units : 945 Sold : 805 Av. Price : LE 8,033 psm	Commence : February 1999 Complete[2] : July 2007 Star Rating : 5 Star	Facilities: 9 Restaurants Marina Shopping mall Ballroom Offices Casino
Nile Hotel	% Owned[1]:100% Location: Cairo	Rooms/keys : 221 Units : 0 Sold : n/a Av. Price : n/a	Commence : August 2005 Complete[2] : Early 2009 Star Rating : Planned 5 Star	Facilities: 4 Restaurants 4 Meeting Rooms Business Center Executive club Mini business Centre
Marsa Alam	% Owned[1]: 99.9% Location: Marsa Alam	Rooms/keys : 750 Units : 2,250 resi. rooms Sold : n/a Av. Price : n/a	Commence : TBC Complete[2] : TBC Star Rating : Planned 4/5 Star	Facilities: 4 Hotels Central Lagoon

1- % owned by ICON, which is 81.31% indirectly owned by TMG
2- Commencement of operations

Location	Cairo
Rooms/keys	365
Total units	131 units (BUA 44,646 m^2)
Sold units	93 (BUA 32,384 m^2)
Operator	Four Seasons
CBRE value	(LE mn) 2,220
TMG participation	56%
Average room rate	2,048 LE / US$ 366

Four Seasons Nile Plaza





Four Seasons Cairo at Nile Plaza

One of the Hotel guest rooms

Four Seasons Hotel Cairo at Nile Plaza

The Four Seasons Hotel Cairo at Nile Plaza opened in August 2004 entailing a luxurious 5-star hotel with a total capacity of 365 rooms/keys, including 72 suites in a high-rise landmark building located in the classy district of Garden City in the heart of Cairo, overlooking the River Nile.

Amenities and facilities of the hotel include nine restaurants, a spa and wellness centre, indoor and outdoor swimming pools, a business centre, conference facilities, as well as a ballroom. The Four Seasons Hotel Cairo at Nile Plaza attracts tourists as a result of its location on the Nile and proximity to the cultural tourist destinations within Cairo as well as business travellers.

Meanwhile, the residential area attached to the hotel is composed of 131 units, of which 72 are Plaza suites over a total BUA of 17,500 sqm, and 59 residential units spread over a BUA of 27,100 sqm with an average area per unit of 341 sqm. Plaza suites may, at the homeowner's option, be serviced and maintained by Four Seasons, and are sold to homeowners to use as residences. It is intended that these units may, at the homeowner's option, be added to the hotel rental program, the revenue of which to be equally split between the homeowners and the company. 93 units representing 71% of the total units are already sold, and the remaining 38 units are expected to be sold by the end of 2008.

The property also features 4,700 sqm of saleable office space and 6,780 sqm of commercial space for lease, all of which have already been fully sold and leased, in addition to a large underground parking area.

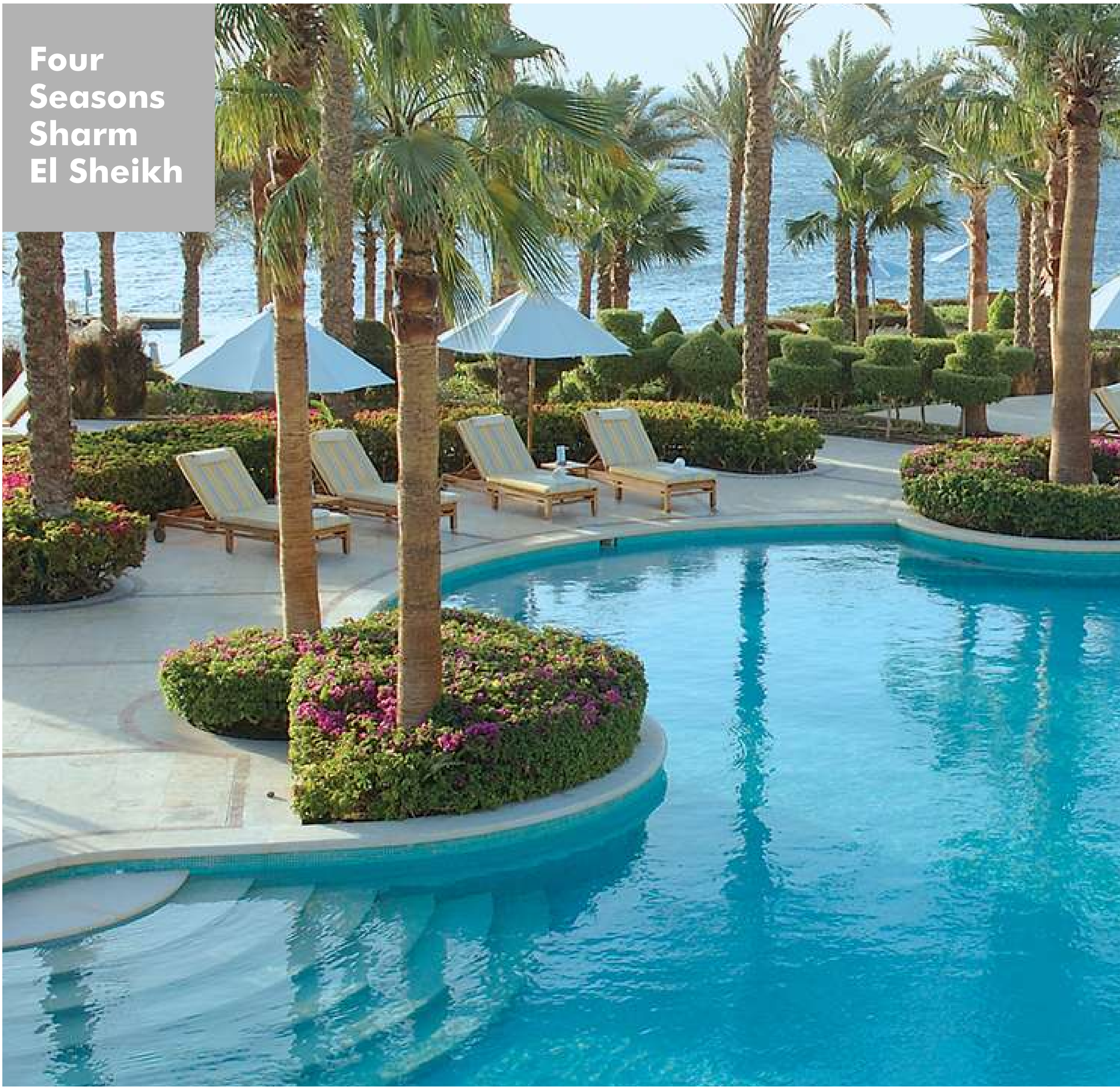
Beymen Store

An amazing Nile view

" TMG pioneered in the luxury hotel business, being the first to introduce hospitality services which meet international standards fulfilling both the present and the future needs of customers."

Location	Sharm El Sheikh
Rooms/keys	200
Total residential units	146 units (BUA 23,810 m^2)
Sold residential units	91 units (BUA 15,675 m^2)
Operator	Four Seasons
CBRE value	(LE mn) 825
TMG participation	58%
Average room rate	1,930 LE / US$ 345

Four Seasons Sharm El Sheikh



Four Seasons Sharm El Sheikh Resort

A villa dining and living room

Four Seasons Sharm El Sheikh Resort

The Four Seasons Resort Sharm El Sheikh opened in May 2002 and contains 200 rooms/keys, including 27 suites and 64 family bedroom suites. In addition to the hotel, the property includes a residential component on 23,800 sqm of land, comprising 34 villas and 112 chalets. 64 of these chalets, at the homeowner's option, were added to the hotel rental program, and furnished and serviced by Four Seasons, the revenue of which to be split equally between the owner of the chalet and the company. At the end of 2007, 24 villas and 67 chalets had been sold. Additionally, TMG owns 64 residential units used for renting by the Four Seasons.

The resort is located on the coastal strip between the Red Sea and Mount Sinai, with access to world-class snorkelling and scuba diving locations. Amenities and facilities include eight restaurants, two lounge bars, conference facilities, a spa and wellness centre with private treatment rooms and outdoor massage areas, two pools, a diving centre, three tennis courts, and a specialty boutique.

The resort extension will have a total area of 909,240 sqm and will comprise a golf course in addition to 102 villas with an average space per villa of 545 sqm. The golf course is scheduled for completion by early 2012, and construction of villas surrounding it will start directly after the operation of the golf course. The Four Seasons Resort Sharm El Sheikh attracts visitors from all over the world and is a favoured venue for corporate conferences and other business meetings, as well as weddings and other functions.

The "Reef Grill" restaurant

The Resort private beach

" Best Resort Europe/Middle East and Africa"
on Gallivantor Guide UK' s 2005 Top 5

Location	Alexandria
Rooms/keys	127
Total residential units	945 (BUA 250,425 m^2)
Sold residential units	805 (BUA 207,300 m^2)
Operator	Four Seasons
CBRE value	(LE mn) 1,655
TMG participation	84.47 %
Average room rate	1585 LE / US$ 283

Four Seasons San Stefano

Four Seasons Hotel Alexandria at San Stefano

One of the Hotel guest rooms

Four Seasons Hotel Alexandria at San Stefano

The San Stefano complex is located in Alexandria, Egypt's second largest city by the sea coast. The complex enjoys the Mediterranean sea view, as it has a 170 m beach frontage and is 45 m away from the sea front. The project is developed on a total land area of 30,000 sqm and is 35 floors high. It is the first luxury hotel according to the international standards to be constructed in Alexandria, with amenities and facilities including nine restaurants, a ballroom, conference facilities, a spa and wellness centre, a swimming pool overlooking the Mediterranean Sea, a casino, and a marina which is expected to be completed in summer 2009 and to include 750 m of beach for entertainment purposes. The complex including the 127- room Four Season's run hotel was inaugurated in July 2007.

The Four Seasons Hotel Alexandria at San Stefano aims to attract visitors from throughout Egypt and the world both for tourism and business. It is also expected to be frequently used for corporate conferences and other business meetings, as well as weddings and other functions.

The complex also includes a residential component comprising 945 residential apartments ranging from 131 to 1,271 sqm, of which 805 apartments, 85% of the total, had been sold as at December 31st, 2007. The remaining 15% of the residential apartments are expected to be leased. The residential component occupies approximately 28,000 sqm of land and is expected to be completed in 2009. At the homeowner's option, these units may be furnished and serviced by the Four Seasons and included in the hotel rental program. Income from the units included in the hotel rental program is split equally between the owner of the unit and the company.

The complex also contains 10,000 sqm of office space and conference suites, and a retail mall occupying 43,000 sqm over four floors with 200 retail units, of which 130 had been sold at the end of 2007, to retailers including some internationally recognised brands. The mall includes a parking garage with capacity for 2,200 cars.

"Kala" Restaurant

A 4-storey shopping mall

" Luxurious apartments.. Exotic destination.. Unparalleled amenities."

Location	Cairo
Rooms/keys	221
CBRE value	(LE mn) 298
TMG participation	100%
Status	Expected to open in 2009

Nile Hotel

TMG is currently revamping Nile Hotel to be the first luxury business hotel in Egypt located in the Garden City area of Cairo next to the British Embassy and near the Four Seasons Hotel Cairo at Nile Plaza. The project is expected to be complete in 2009. The Nile Hotel has a total capacity of 221 rooms/keys including executive club rooms, junior suites, executive suites, and a presidential suite. The Nile Hotel is overlooking the Nile, and its amenities and facilities will accommodate the needs of business travellers and offer business facilities to local business clients, including state of the art conference and meeting centres, a 24-hour business centre, computer availability, and internet access for every room. The hotel will also include four restaurants and lounges, a spa and wellness centre, and a swimming pool located at the top floor.

TMG is currently in advanced negotiations with several hotel management firms for the operation of the Nile Hotel. It is seeking a management firm that will complement TMG's other operating hotels.

The precise specifications for the hotel will be determined based on the criteria required by the selected management company.

Location	Marsa Alam
Land area (m²)	3,256,285
Rooms/keys	750
Residential rooms	2,250
CBRE value	(LE mn) 138
TMG Participation	99.9%
Status	Currently under development

Marsa Alam Resort

Marsa Alam project is aimed to be a high end tourist resort, located on the West Coast of the Red Sea where it meets the Arabian desert nearby the Tropic Cancer occupying a land area of 3.3 mn sqm. TMG plans to establish four separate luxury hotels, to be surrounded by a lagoon containing a total of 750 hotel rooms and 2,250 residential units to be sold and rented in two to three bedroom units. Amenities and facilities are expected to include restaurants and bars, conference facilities, a spa and wellness centre, swimming pools, tennis courts, and several specialty boutiques. The resort is currently designed so that the sea will flow into lagoons that will surround the hotels, and each hotel in the resort complex will have its own beach.

Marsa Alam has become one of the fastest growing holiday destinations on the Red Sea Riviera, especially since the opening of the international airport in 2001. The area is known for its snorkelling, scuba diving, and surfing attractions. The Marsa Alam resort will aim to attract visitors from throughout the world and is expected to be a favoured venue for corporate conferences and other business meetings, as well as weddings and other functions.

TMG is in negotiations with several hotel management firms for the operation of the Marsa Alam resort. It is seeking a management firm with hotel brands that will complement TMG's other operating hotels.

The resort's total investment cost is estimated at LE 2 bn to be incurred over a 6-year period. Construction will be carried over 4 overlapping phases with the first hotel to be inaugurated in 2010, followed by a new hotel each year till 2012. Moreover, the master plan dedicates for the project to have its own downtown and entertainment area including units for shops, cafés, and leisure facilities that will be either leased or sold.

" Through regional expansion, TMG is expected to widen its scope of operation, enhance its value, and maintain its current growth profile."

Leveraging on its City and Community model within the local market, TMG plans to expand its development platform internationally, particularly in further locations where it could have competitive advantages similar to those in its domestic market. Such regional expansion is expected to widen the company's scope of operation, enhance its value, and maintain its current growth profile.

To replicate its success in the Egyptian market, TMG is looking at markets that could enjoy similar conditions, such as a large and growing population, a relatively underdeveloped real estate market, especially in the middle and high middle class segments, a government policy that is geared towards increasing housing and that provides a robust legal environment which recognises land rights, and a stable political environment.

When designing developments in other countries, TMG intends to tailor its plans to accommodate local requirements and customs that would make the development more attractive to the local population. Thus, upon entering foreign markets, TMG also looks for joint ventures with well regarded and reputable local partners.

The first step ..
entering the Saudi market

In 2007, TMG has already entered into the Saudi market through joint venturing with a local development company to capitalize on the growing and unmet residential demand in the Kingdom, estimated at 850,000 residential units per annum. The Saudi subsidiary, Thabat, will develop city and community complexes in each of Riyadh and Jeddah on a total land area of 5.9 mn sqm.

TMG has already had a sales office in Saudi Arabia since 1991, which has developed a number of contacts in, and knowledge of the Saudi market, and has also conducted market research on the viability of city and community complexes there.

Management of TMG strongly believes that the many similarities which the Saudi real estate market shares with its Egyptian counterpart, including a stable legal environment and favourable demographics, deem it to be an attractive market for residential real estate developments. TMG intends to largely replicate its existing sales model in Saudi Arabia, by using the same selling techniques and requiring payment of the full construction cost of units in advance of delivery of the units.

International expansion in
the hotels & resorts segment

On the other hand, as part of its overall strategy to increase weighting its stable revenues from the hotels & resorts line of business, TMG is also looking at expansion opportunities in this segment into emerging and Eastern European markets, recognized for a growing tourism sector and a stable economy. TMG has hired HVS, a specialized market research firm, to perform a market study to assess market opportunities in such markets, and will base its expansion plan on the outcome of this research.

" TMG takes responsibility for the impact of its activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment."

Corporate Social Responsibility (CSR) is a concept whereby TMG considers the interests of society by taking responsibility for the impact of the Group's activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment.

This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees the Group's voluntarily taking further steps to improve the quality of life for clients and their families as well as for the local community and society at large.

The practice of the Group's CSR is mainly benefiting the society in multiple ways:

The establishment of public-private partnerships with the government and NGOs

TMG Holding is helping to create a better life for the under-privileged residents of a number of slum areas through supporting the Future Foundation in its housing, educational, medical and social activities. TMG Holding is collaborating with the Future Foundation, the government, and civil society aiming at making a difference in people's lives and the future of the country by supporting the basic services provision and community development programs. As such, the Group has also taken part in the upgrade of AL-Agouza and Heteya neighborhoods.

Also, TMG Holding has participated in supporting the programs tackled by the Future Generation Foundation aiming at developing the country's business sector thus enabling it to compete in the global arena. TMG Holding-FGF seeks to transform the culture of the private sector and re-orient it to international levels of excellence and achievement through the development of its human resource sector.

Art and Encyclopedia sponsorships

In light of TMG Holding's recognition of arts, the Group has sustained the Actors' Union activities and had an accountable involvement as to various undertakings of the Alexandria Artists and Creators Association; basically related to supporting the Association in delivering its mission of cultural and creativity growth.

TMG Holding also prides itself for sponsoring the 5th anniversary celebration of Bibliotheca Alexandrina held in October 2007 and attended by HE President Mubarak and Mrs. Suzanne Mubarak and more than 300 dignitaries, Nobel Laureates, Ministers, men of letters, intellectuals, foreign and Arab countries' Ambassadors, Bibliotheca Alexandrina Board of Trustees (BoT) members, and friends from all over the world.

Furthermore, the Group has held up the production of the "Middle East Encyclopedia" publication as part of sustaining cultural and literature periodicals.

Critical conditions aid

The Group has backed the activities of the Alexandria Heart Patients' Friends Association in the course of funding surgeries and medications for critical cases along with financing psychological and emotional support.

Additionally, the Group has given support to Ain Shams University Specialized Hospital with regard to a number of serious surgeries and appointing highly qualified physicians and surgeons.

Hisham Talaat Mostafa
Chairman and Managing Directopr

See "Board of Directors' Biographies" page 12 of this report.

Sherif Ghoneim
Vice President for Sales and Marketing

Sherif Ghoneim is Vice President for Sales and Marketing and has been employed by TMG since 1993. Prior to joining TMG, he was a Sales Manager for an international development company. Mr Ghoneim holds a B.Sc. in Engineering.

Zaki El Guiziri
Vice President for Hotels and Business Development

Zaki El Guiziri is Vice President for Hotels and Business Development and has been employed by TMG since 2004.
Prior to joining TMG, he worked for Chase National Bank from 1980 until 1984 and then joined Misr America International Bank (a subsidiary of Bank of America) as General Manager for the Alexandria and Delta Area. Mr El Guiziri holds a B.Sc. in Economics from Alexandria University.

Jihad M. Sawaftah
Vice President
Chief Financial Officer

Jihad M. Sawaftah was appointed Chief Financial Officer of the Company in October 2007. Sawaftah is also the Vice President, Financial Control and Information Technology Head with responsibilities for each of the Operating Companies since 2004. Before joining TMG, Sawaftah worked with HRH Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud and served, among other positions, as Group Financial Controller of Kingdom Hotel Investment Group and as Chief Financial Officer of Kingdom Planet Hollywood. Mr Sawaftah holds a B.Sc. in Finance, Banking and Accounting from Yarmouk University, Jordan.

Ali Abdallah
Vice President for Banking and Real Estate

Ali Abdallah is Vice President for Banking and Real Estate and has been employed by TMG since 2000. Prior to joining TMG, he was the Investment Development Manager for Faisal Islamic Bank for 20 years. Mr Abdallah holds a B.Sc. in Accounting.

Gamal El Guindy
Vice President for Administration of the Chairman's Office

Gamal El Gindy is Vice President for Administration of the Chairman's Office and has been employed by TMG since 1983. Mr Guindy holds a B.Sc. in Accounting.

Ahmed Afifi
Vice President for Madinaty Project Management

Ahmed Afify is Vice President for Madinaty Project Management and has been employed by TMG since 1995. Prior to joining TMG, he was Manager of the Alexandria branch of AMBRIC for four years, and prior to that was the General Executing Manager of a construction company in Saudi Arabia. Mr Afifi holds a B.Sc. in Engineering.

Mohamed Atef
Vice President for Technical Affairs

Mohamed Atef is Vice President for Technical Affairs and has been employed by TMG since 2005. Prior to joining TMG, he was a Project Manager for Kingdom Investment Hotels Co from 2004 to 2005 and was a Project Manager for Bechtel International from 1997 to 2004. Mr Atef holds a B.Sc. in Engineering.

Mohamed Ashraf Al Banna
Vice President for Operations

Mohamed Ashraf Al Banna is Vice President for Operations and has been employed by TMG since 2005. Prior to joining TMG, he was a Manager in the Hotels Department of Intercontinental Dubai after serving as a Consultant of the Minister of Commerce in Malaysia. Mr Al Banna holds a B.A. from the American University in Cairo.

Nagi El Touny
Vice President for Touristic Projects

Nagi El Touny is Vice President for Touristic Projects and has been employed by TMG since 1994. Prior to joining TMG, he was the resident manager of the Red Sea Palace Hotel, in Jeddah, KSA which is managed by Jester the Swiss management international company. He holds a Diploma of Hospitality accredited by Ecole Hoteliere De Lausanne whereby he had pursued his studies in Jester's specilaized training center during the period from 1978 to 1980.

Sabry Kamal
Vice President for Quality and Systems

Sabry Kamal is Vice President for Quality and Systems and has been employed by TMG since 1995. He previously served as Area Sales Manager of Al Futtaim Motors (Toyota) for 14 years. Mr Kamal holds a B.Sc. in Accounting.

Sami Mokhtar
Vice President for San Stefano Project

Sami Mokhtar is Vice President for San Stefano Project and has been employed by TMG since 1992. He holds a B.Sc. in Engineering.

Ayman Ali
Vice President for Human Resources

Ayman Ali is Vice President for Human Resources and has been employed by TMG since 2005. Prior to joining TMG, he was a Human Resources Consultant in Cairo for two years, after serving as the Human Resources Director of Derry Technological Services from 1998 to 2003. Mr Ali holds a B.Sc. in Accounting, as well as an M.B.A. and Master of Science in Human Resources from an American University.

Financial Review

CFO Report

Proforma Financials:

Review Report of the Auditors
Consolidated Proforma Financial Statements
Notes to the Consolidated Proforma Financial Statements

Consolidated Financials:

Review Report of the Auditors
Consolidated Financial Statements
Notes to the Consolidated Financial Statements

Dear Shareholders,

At TMG we continue to post strong financial results generated from a growth-oriented asset mix and a deep understanding of the market dynamics and customer needs, and again we have exceeded our 2007 financial targets.

2007 marked the consolidation of the real estate development and hospitality activities conducted by companies in which the Talaat Moustafa Group had significant interests into one holding company.

In October 2007, the company's issued and paid up capital was increased to be LE20,302,035,500 divided over 2,030,203,550 shares, whereby the Company increased, through a series of transactions, its direct and indirect ownership in Arab Company for Urban Dev & Projects SAE, San Stefano Real Estate SAE and Alexandria Real Estate SAE 99.9%, 100%* and 98.6% of the issued and outstanding shares, respectively, and increased its direct and indirect ownership in Alexandria for Urban Projects SAE to 100% of the issued and outstanding shares.

In addition, the company's indirect ownership reached 81.31%* of the Arab Company for Hotels and Tourism Investment ("ICON"), which holds the Group's interests in its hotel and resort complexes Four Seasons Nile Plaza, Four Seasons Sharm El Sheikh, San Stefano Grand Plaza, Nile Hotel and Marsa Alam Resort Project.

In November 2007, following this restructuring process, TMG successfully offered 395 mn shares through a retail offering and an institutional and international offering at a ratio of 16.5% and 83.5%, respectively. The institutional and international offering took place over two tranches at a price of LE 11.6/share; the primary tranche amounted to 215 mn shares, while the secondary tranche amounted to 115 mn shares. The retail offering, amounting to 65 mn shares, was executed at a price of LE 11/share, a 5% discount from the institutional and international offering price.

Results of the offerings revealed an outstanding interest from Arab and international investors, whereby the subscription to the institutional and international offering was covered 17x with total bids of LE 65 bn, while the retail offering was covered 41.4x, receiving total bids of LE 29.6 bn.

Finally, on November 28, 2007, TMG's shares started to trade on CASE under the code TMGH.CA.

We are moving into 2008, from a position of considerable financial strength and with an ongoing commitment to corporate disclosure and governance excellence.

We are growing with a focus on future opportunities and maximizing value for our shareholders, customers, and team members whereby the IPO proceeds will be utilized to fund existing and future development projects, acquisitions, and investments both within Egypt and across the MENA Region and Europe.

* TMG Group structure in July 31th, 2008

Financial Review

TMG Holding (proforma consolidated results)*	In LE
Total long term assets	32,055,195,545
Net working capital	7,101,209,815
Total investments	39,156,405,360
Total shareholders equity excluding minority interest	21,823,872,123
Total revenues	1,875,717,794
Gross Profit	850,650,730
Gain on sale of investments & other	1,085,574,924
Net profit after tax and minority interest	1,340,979,009

* Pro-forma consolidated results assumes that the acquisition of TMG's subsidiaries took place on January 1st, 2007 instead of the actual date which is October 28th, 2007.

TMG Holding (consolidated results)*	In LE
Total revenues	431,413,137
Gross Profit	255,966,517
Net profit after tax and minority interest	195,395,347

* Actual Results from October 28th, to December 31st, 2007.

Asset growth

At December 31st, 2007, Total assets reported LE 43 bn of which cash and cash equivalent amounted to LE 4.3 bn, representing 10% of total assets. On the other hand, total liabilities reported LE 18.9 bn of which debt amounted to LE 2.1 bn, implying a net cash position of LE 2.3 bn.

Financial resources and capital structure

During 2007, the company's financial statements showed a net cash flow from operating activities of a negative LE 14.88 bn which was mainly due to the following:

i- an increase of LE 9.53 bn in the short and long term accounts and notes receivable (post dated checks) that are related to the pre-sales customers' future payments and,

ii- an increase in construction work by LE 8.7 bn. which has mainly comprised of (a) LE 2.13 bn of unpaid land cost and (b) LE 2.1 bn relating to the development of hotels and other fixed assets that are still under construction. Once completed, these will be added to the company's fixed assets and hence reflected in the cash flow from investing activities.

Based on the above, our net cash flow from operating activities would amount to a positive LE 560 mn.

Managing the Group's cost and structure of borrowing is a key objective and our outstanding borrowings are non-recourse and floating-rate, primarily to US$ LIBOR. During 2007, the Group's weighted average cost of debt was 7.5% for the US $ Borrowings.

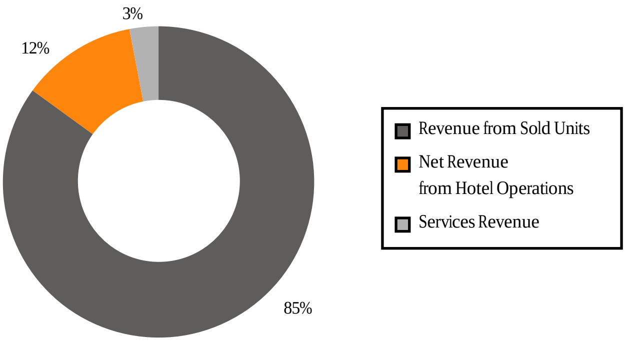
The Group's weighted average cost of debt in LE was 1.25 % over the discounted rate set by the Central Bank of Egypt.

The Group's balance sheet remains conservatively leveraged at 10% gearing, with the bulk of construction work being self financed through down payments from customers.

Income statement and operational performance

Total pro-forma consolidated revenues for 2007 reached LE 1.87 bn. Revenue from real estate development business accounted for 85% of revenues, with hotels net revenues and services revenues accounting for the remaining 15%. Gross profit reached LE 850 mn implying a gross profit margin of 45%.

	Actual 31/12/2007 LE	% to total	pro-forma 31/12/2007 LE	% to total
Revenue from Sold Units	332,569,212	77%	1,598,606,173	85%
Net Revenue from Hotel Operations	57,465,428	13%	228,624,500	12%
Services Revenue	41,378,498	10%	48,487,121	3%
Total Revenue	431,413,138	100%	1,875,717,794	100%
Cost of Sold Units	150,749,233	45%	997,858,624	62%
Cost of Sold Services	24,697,387	60%	27,208,440	56%
Total Cost	175,446,620	41%	1,025,067,064	55%
Gross profit	255,966,517	59%	850,650,730	45%

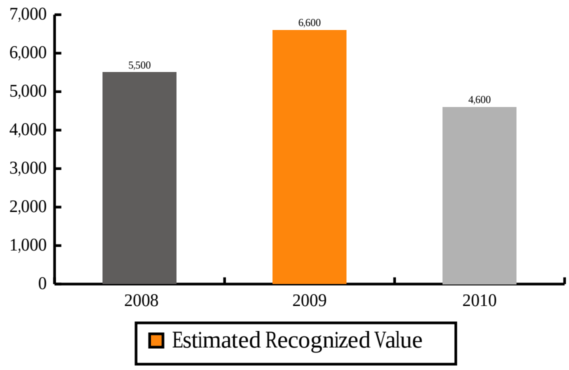


Gross profit from real estate reported LE 601 mn, implying a gross profit margin of 38%.

Revenues from sold units and cost of sold units are recognized upon units' delivery. Accordingly, revenues are recognized on the income statement when the completed units are delivered to unit owners. As a result, total revenues figure recognized on the income statement does not reflect sales achieved during the year, but is rather related to the completed and delivered units that have been sold in prior periods.

As at December 31, 2007, TMG had a backlog of sold units, with a total value of LE 16.7 bn that are estimated to be recognized over the next three years.

LE mn



Net Revenue from hotel operations of LE 228.6 mn. was the outcome of the improvement in the hotels key performance indicators with a 23% increase in the combined ARR from US$ 290 in 2006 to US$ 356 in 2007 and a 26% increase in combined RevPar from US$ 190 in 2006 to US$ 239 in 2007, implying an improvement in the occupancy rates as well.

Gross profit from services reported LE 21.3 mn, implying a gross profit margin of 44% from service companies relating to the Group's projects.

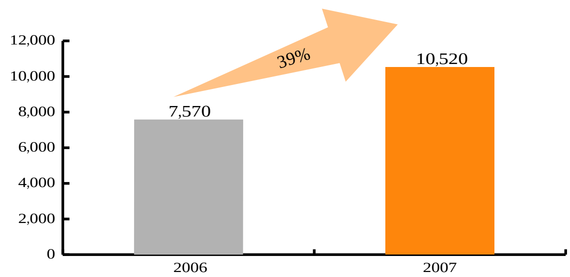
The company's marketing, general and administrative expenses recorded LE 270.2 mn, and the interest expense figure for the same period reached LE 13.7 mn, collectively forming an expense figure of LE 283.9 mn, which is 50% offset by the credit interest earned on deposits, interest earned on T-bills and T-bonds, and investment income, collectively amounting to LE 141.7 mn

Net profit recorded LE 1.341 billion for 2007.

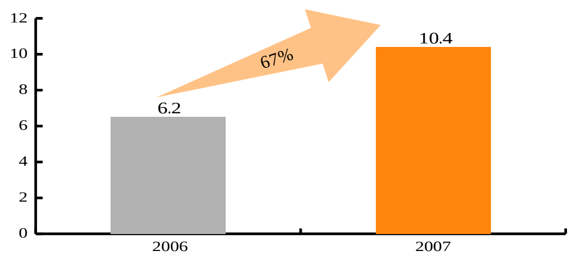
Key Operational Highlights for 2007

City and Community Complexes (C&C)

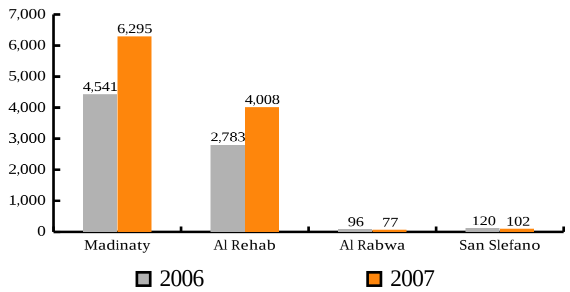
Real estate sales – units sold



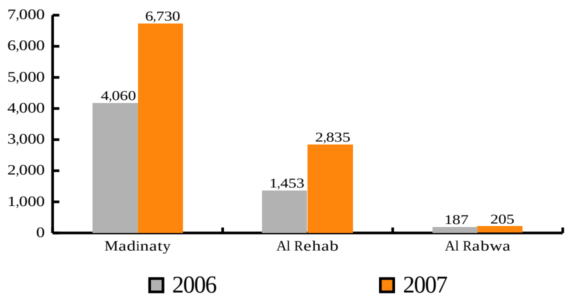
Real estate sales – LE bn



Real estate sales breakdown – units sold



Real estate sales breakdown – LE mn



Real estate sales breakdown

	Units Sold			
	2006	%	2007	%
Madinaty	4,541	60%	6,295	60%
Al Rehab	2,783	37%	4,008	38%
Al Rabwa	96	1%	77	1%
San Stefano	120	2%	102	1%
Sharm El Sheikh	3	0%	12	0%
Nile Plaza	27	0%	26	0%
Total	7,570	100%	10,520	100%

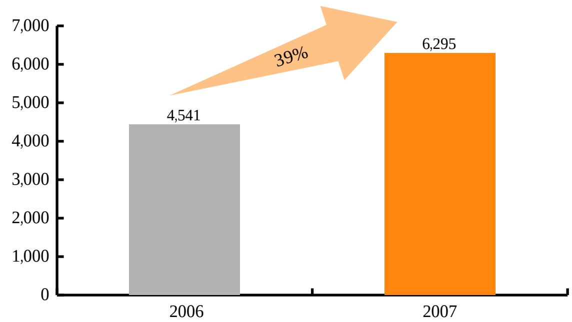
	LE bn			
	2006	%	2007	%
Madinaty	4.0	66%	6.7	65%
Al Rehab	1.4	23%	2.8	27%
Al Rabwa	0.2	3%	0.2	2%
San Stefano	0.3	4%	0.3	3%
Sharm El Sheikh	0.0	0%	0.0	0%
Nile Plaza	0.2	4%	0.3	3%
Total	6.1	100%	10.4	100%

During 2007, total real estate units sales amounted to LE 10,368 mn (10,520 units sold) in comparison of LE 6,184 mn (7,570 units sold) in 2006 showing a significant growth of 67% in sales and 39% in terms of units sold compared to 2006. Madinaty project accounted for 60% of total units sold and 66% of total sales in 2007, whereas Al Rehab project accounted for 38% of total units sold and 27% of total sales.

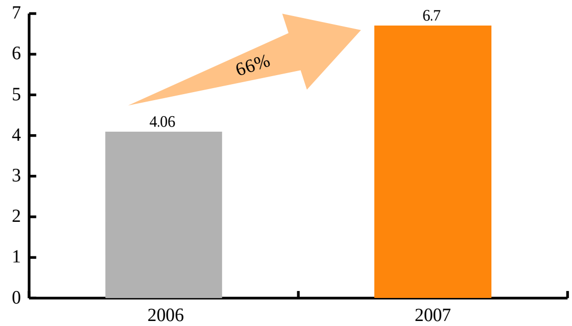
Madinaty

Total sales in 2007 amounted to LE 6.7 bn (6,295 units) in comparison to LE 4.06 bn (4,541 units) in 2006 (6 months, since the launch of sales in July 2006) showing a growth of 66% and 39% in sales and sold units, respectively. Moreover, the continuous increase in average selling prices of both villas and apartments from LE 4,378 psm and LE 2,400 psm at launch of sales in July 2006 to reach LE 8,160 psm and LE 3,505 psm by the end of 2007, respectively, explains the significant increase in sales.

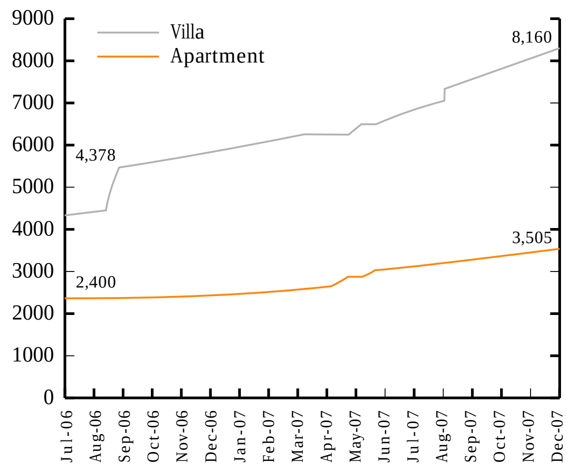
Madinaty - Units Sold



Madinaty - LE bn



Madinaty



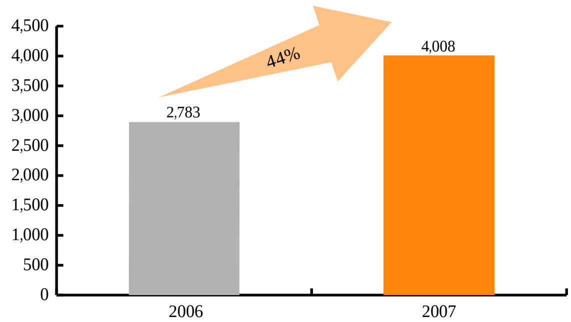
Al Rehab

During 2007, the company sold 4,008 units compared with 2,783 units in 2006. Total sales in 2007 amounted to LE 2.84 bn in comparison to LE 1.453 bn in 2006 showing a remarkable growth of 95%. Said growth resulted from the 50% increase in units sales coupled with increase in average selling prices of both villas and apartments by 41% and 65% to LE 8,670 psm and LE 3,660 psm, respectively.

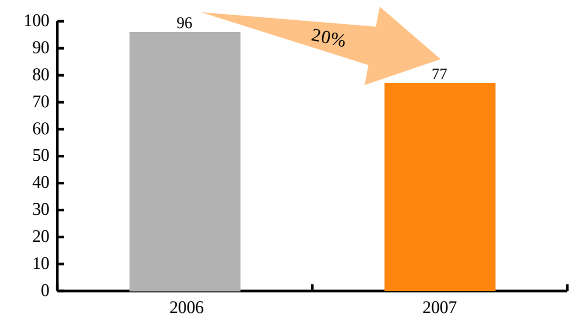
Al Rabwa

During 2007, the company sold 77 units compared with 97 units in 2006. Total sales in 2007 amounted to LE 205 mn in comparison to LE 187 mn in 2006 showing a growth of 10% resulting from 25% increase in villas' average selling prices from LE 5,876 psm in 2006 to LE 11,930 psm in 2007.

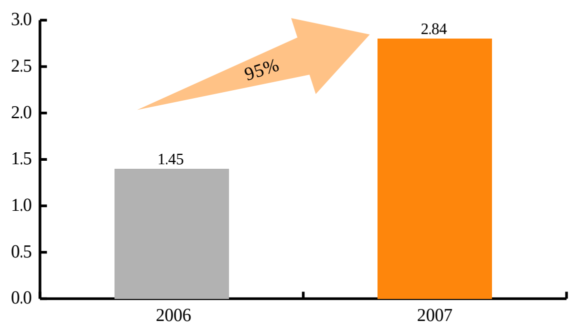
Al Rehab - Units Sold



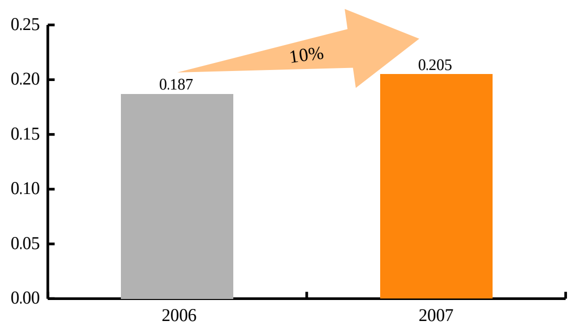
Al Rabwa - Units Sold



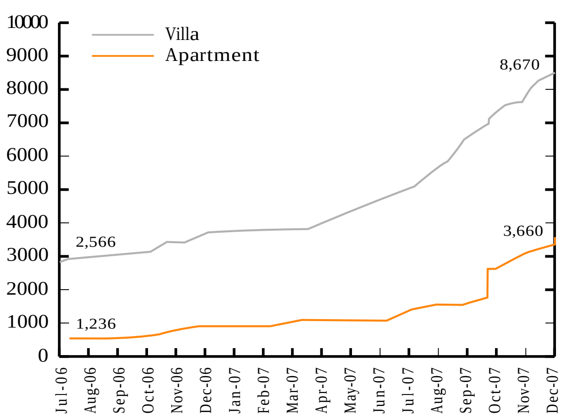
Al Rehab - LE bn



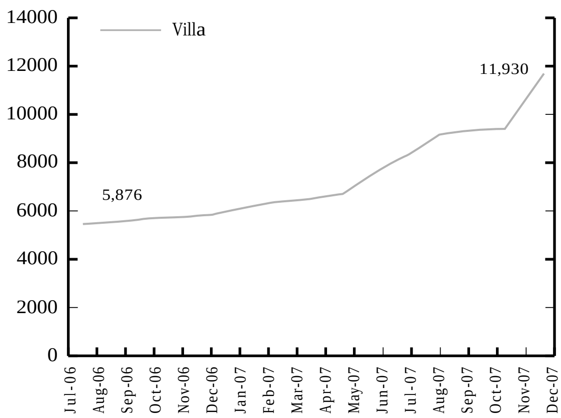
Al Rabwa -LE bn



Al Rehab



Al Rabwa

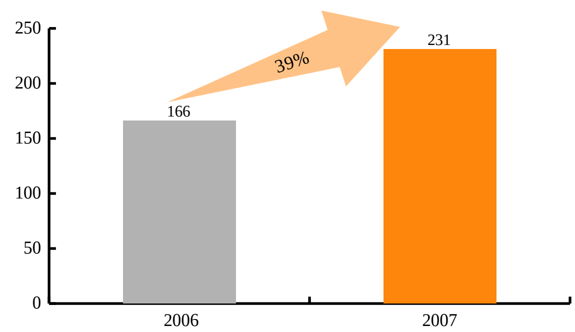


Hotel & Resorts projects in operation

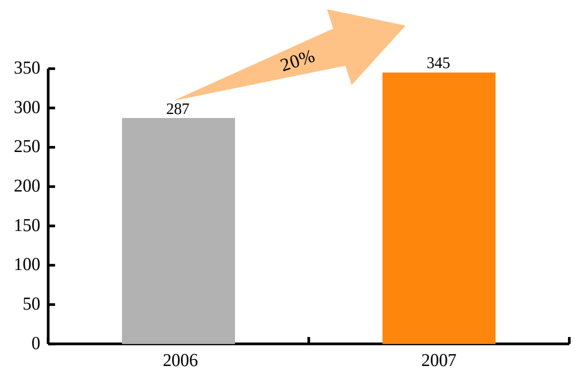
In addition to its City and Community complexes, the Company has developed 3 large scale mixed use developments each of which include a luxurious hotel operated by the Four Seasons, and has two other H&R projects under development.

Four Seasons Sharm El Sheikh, average occupancy increased from 58% in 2006 to 67% in 2007 coupled with increase in average room rate by 20% from US$287 in 2006 to US$345 in 2007. Moreover, RevPAR showed a 39% increase from US$166 in 2006 to US$231 in 2007.

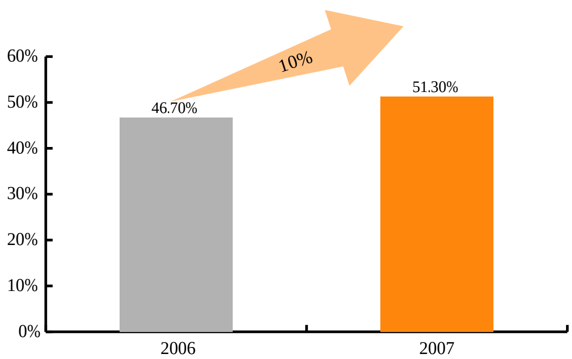
Four Seasons Sharm El Sheikh - Rev. Per



Four Seasons Sharm El Sheikh - ARR

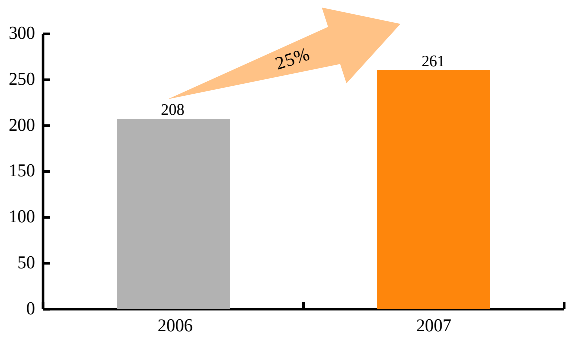


Four Seasons Sharm El Sheikh - GOP

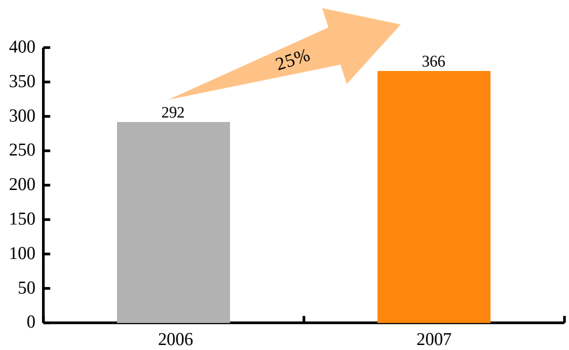


As for Four Seasons Nile Plaza, average occupancy recorded 71% in both 2006 and 2007. In addition, average room rate increased by 25% from US$292 in 2006 to US$366 in 2007. Moreover, RevPAR showed a 25% increase from US$208 in 2006 to US$261 in 2007.

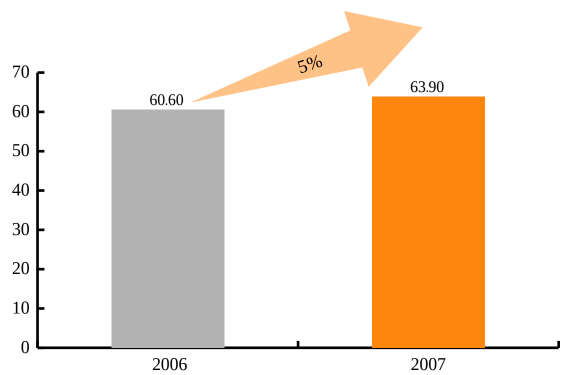
Four Seasons Nile Plaza - Rev. Par



Four Seasons Nile Plaza - ARR



Four Seasons Nile Plaza - GOP



2007 also marked the commencement of operations of Four Seasons San Stefano and complex, (15 July 07). Its average occupancy reached 48% with an average room rate of US$283 and a RevPAR of US$135. Moreover, residential unit sales increased by 39 units from 766 units in 1H07 to reach 805 units by the end of FY07.

Outlook

In the immediate future, TMG is expanding its city and community complexes' business to Saudi Arabia through a joint venture with Saudi Partners to develop projects in both Riyadh and Jeddah that are similar to TMG's Al Rehab complex. Sales for Riyadh project is scheduled to be launched in summer 2008.

TMG believes that the real estate market in Saudi Arabia has many characteristics in common with the Egyptian market, including a stable legal environment and favorable demographics. Moreover, TMG is familiar with the Saudi Arabian market, having maintained a sales presence there since 1991.

TMG plans to keep on evaluating additional opportunities for expanding its development platform internationally, particularly in further locations where it believes it would have competitive advantages similar to those in its domestic market.

TMG will continue to adopt the concept of phased sales and construction which allows the company to adapt construction of each phase to meet changes in demand for different types, styles, and sizes of units that may arise due to changes in income levels, average household size, lifestyle, and consumer preferences. It also helps to ensure that development of large projects is manageable and, therefore, avoid carrying an inventory of unsold units in the event of an unexpected market decline.

TMG is also taking serious steps towards expanding its hotel and resort business both locally and internationally through investments in, or the acquisition of, hotel and resort complexes or increasing its investments in the Group subsidiaries through which it carries out this business. TMG plans to finance this expansion through a mixture of debt and equity financing. In doing so, TMG intends to use its successful model of combining a luxury hotel with residential units, commercial space, and an office park to increase the proportion of stable revenues generated by its hotel operations.

Sincerely

Jihad M. Sawaftah
Vice President
Chief Financial Officer

Review Report

To The Board of Directors of Talaat Mostafa Group Holding “TMG Holding” (S.A.E)

We have performed a review for the accompanying consolidated Pro-forma financial statements of TALAAT MOSTAFA GROUP HOLDING “TMG HOLDING” (S.A.E) represented in the consolidated Pro-forma balance sheet as of 31 December 2007 and the related consolidated Pro-forma income statement, statement of changes in shareholders' equity and statement of cash flows for the period from 1 January 2007 to 31 December 2007. we have audited the historical financial statements of TMG holding (the company) and associates companies as of 31 December 2007 and issued our reports for the companies dated 28 February 2008 and Pro-forma adjustments related to historical balances of these finical statements. Pro-forma adjustments were prepared according to managements judgments which disclose in disclosure (2b) .These consolidated Pro-forma financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on the adjustments related to historical balances of these consolidated Pro-forma finical statements based on our review.

The purpose of consolidated Pro-forma financial statements is showing the significant effects that make acquisition on the historical financial statements that if the acquisition were done on the associates companies in 1 January 2007.

The Pro-forma that prepared and provided by the management is an applicable basis to prepare consolidated Pro-forma financial statements, the related hypothesis adjustments reflects the impacts of this Pro-forma, adjustments of the historical financial statements as it appeared in the consolidated Pro-forma financial statements of 31 December,2007 and the related consolidated Pro-forma income statement, statement of changes in shareholders' equity and statement of cash flows for the period from 1 January 2007 to 31 December 2007.

As per our review of the consolidated pro-forma financial statements of TALAAT MOSTAFA GROUP HOLDING ”TMG HOLDING” (S.A.E) as of 31 December 2007, we did not note any material adjustment that should be made to the consolidated financial statements to conform to the Egyptian Accounting Standards.

Cairo: 3 March 2008

Emad H. Ragheb
FESAA-FEST
(RAA. 3678)

Magdy Hashish
Magdy Hashish & Co.
(RAA. 1626)
(RCMA 117)

Consolidated Proforma Balance Sheet
31 December 2007

	Notes	2007 LE
ASSETS		
Long term assets		
Property and equipment - Net	(3-3&4)	2,555,349,521
Projects under constructions	(3-4&5)	284,578,009
Goodwill	(6)	16,579,416,128
Available for sale investments	(3-5&7)	15,707,930
Investments in associates	(3-5&8)	33,707,750
Long term notes receivables	(10)	7,832,032,472
Long term constructions work in progress	(11)	4,754,403,735
Total Long term assets		32,055,195,545
Current assets		
Finished units	(12)	12,382,134
Constructions work in progress	(11)	3,979,198,269
Inventory - Net	(3-6&13)	22,203,776
Short term accounts and notes receivables	(10)	1,730,606,871
Prepayments and other debit balances	(3-7&14)	716,382,809
Available for sale investments	(3-5&7)	65,853,609
Trading investments	(3-5&9)	909,614,313
Cash on hand and at banks	(3-8&15)	3,489,987,203
Total current assets		10,926,228,958
Current liabilities		
Provisions	(3-10&16)	5,988,201
Banks overdraft	(3-18&15)	51,836,987
Accounts and notes payable	(17)	301,849,083
Current portion of loans and facilities	(3-18&21)	357,115,674
Customers down payment	(18)	2,039,458,162
Other credit balances	(3-9&19)	1,068,771,036
Total current liabilities		3,825,019,143
WORKING CAPITAL		7,101,209,815
TOTAL INVESTMENTS		39,156,405,360
Financed as follows:		
Equity		
Issued and paid up capital	(20)	20,302,035,500
Share premium	(20)	158,119,298
General reserves	(25)	25,747,613
Treasury stocks		(3,009,297)
Profit for the period		1,340,979,009
TOTAL EQUITY		21,823,872,123
Minority interest		2,266,490,377
Long term liabilities		
Loans and facilities	(21)	1,706,925,363
Long term liabilities	(22)	13,336,806,163
Notes payable-long term	(22)	18,977,755
Deferred tax liability	(26)	3,333,579
Total long term-liabilities		15,066,042,860
Total finance of equity and long term Liabilities		39,156,405,360

Chairman	Financial Directors	Auditors	
Hesham Talaat Mostafa	Ghaleb A. Fayed	Emad Hafez Ragheb	Magdy Hashish

Consolidated Proforma Income Statement
For the period from 1 January 2007 to 31 December 2007

	Notes	2007 LE
Revenue	(3-11&23)	1,875,717,794
Cost of Revenue	(3-20&23)	(1,025,067,064)
GROSS PROFIT		850,650,730
Selling and marketing expenses	(3-20)	(139,130,991)
General and administrative expenses	(3-20)	(127,851,575)
Financing expenses		(13,715,825)
Credit interest		78,292,239
Other income		40,620,642
Investment income		627,125
Income from treasury stocks		10,599,063
Capital gain		989,331
Gain on sale of investments		573,453,970
Net fair value of holding company in share holders of associates affiliates		501,536,713
Net change in the market value for the investments		10,584,241
Foreign exchange (Losses)		(3,459,746)
PROFIT BEFORE TAX		1,783,195,917
Income tax		(44,431,110)
Deferred tax expense		(1,448,118)
PERIOD PROFIT AFTER TAX		1,737,316,689
Minority interest		(396,337,680)
NET PROFIT FOR THE PERIOD		1,340,979,009
Earnings per share for the period	(24)	0,66

Financial Directors
Ghaleb A. Fayed

Chairman
Hesham Talaat Mostafa

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

Consolidated Proforma Statement of Changes In Equity
For the period from 1 January 2007 to 31 December 2007

	Share Capital LE	Share premium LE	General reserves LE	Retained earnings LE	Treasury shares LE	Total LE
Opening Balance	6,000,000	-	-	-	-	6,000,000
Profit for the period	-	-	-	1,340,979,009	-	1,340,979,009
General reserves	-	-	25,747,613	-	-	25,747,613
Issue of share capital	20,296,035,500	-	-	-	-	20,296,035,500
Share Premium	-	158,119,298	-	-	-	158,119,298
Treasury shares	-	-	-	-	(3,009,297)	(3,009,297)
Balance At 31 December 2007	20,302,035,500	158,119,298	25,747,613	1,341,337,055	(3,009,297)	21,823,872,123

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

Consolidated Proforma Cash Flow Statement
For the Period from 1 January 2007 to 31 December 2007

	Notes	2007 LE
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year		1,340,979,009
Adjustments to reconcile net profit to cash flows from operating activities:		
Depreciation		58,500,067
Change in market value for investments		(10,584,241)
Income tax		45,879,228
Cash from operations before working capital changes:		1,434,774,063
(Increase) in finished units inventory		(12,382,134)
(Increase) in constructions work		(8,733,602,004)
(Increase) in inventory		(22,203,776)
(Increase) in short term accounts and notes receivables		(1,730,606,871)
(Increase) in long term accounts and notes receivables		(7,832,032,472)
(Increase) in prepayments and other debit balances		(716,382,809)
(Increase) in available for sale investments		(81,561,539)
(Increase) in investments in associates		(33,707,750)
(Increase) in available for trading investments		(899,030,071)
Increase in provisions		5,988,201
Increase in short term accounts and notes payable		301,849,083
Increase in long term notes payable		18,977,755
Increase in current portion of loans and facilities		357,115,674
Increase in customers down payment		2,039,458,162
Increase in other credit balances		1,022,891,807
Net cash from operating activities		(14,880,454,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and constructions work		(2,898,427,597)
Purchase of investments		(16,579,416,128)
Net cash (used in)investing activities		(19,477,843,725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from issuing shares		20,302,035,500
Cash proceeds from premium shares		158,119,298
Increase in minority shareholders		2,266,490,377
Purchase of treasury shares		(3,009,297)
Reserves		25,747,613
Cash received from loans and facilities		1,706,925,363
Cash received from long term liabilities		13,340,139,742
Net cash from financing activities		37,796,448,596
INCREASE IN CASH AND CASH EQUIVALENTS		3,438,150,190
Cash and cash equivalents at the beginning of the period		-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(15)	3,438,150,190

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

NOTES TO THE CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
31 December 2007

1- Background

Talaat Mostafa Group Holding S.A.E. was established on 13 February 2007 and registered in Egypt under Commercial Registration numbered 187397 by date 3 April 2007 under the provisions of law 95 of 1992 and its executive regulations.

The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies.

2- Scope of the Consilidated Proforma Financial Statements

A- The consolidated proforma financial statements include the subsidiaries, that Talaat Mostafa group holding owns more than 50% of their issued capital, as follow:

	Shares participation
Arab company for projects and urban development	99.9%
Alexandria for real estate Company	98.6%
San Stefano for real estate Company	98.34%

The company owns indirect 27.32 % of San Stefano for real estate through its subsidiaries (Arab company for projects and urban development, Alexandria for real estate and Alexandria for urban projects.

B- Proforma adjustments and the basis of preparing the consolidated proforma financial statements Proforma adjustments- Business combination.

The financial statements include assets, liabilities and the results of the company and it's subsidiaries that mentioned in note (2A) above assuming that the company acquire it.s share in the subsidiaries from January 1, 2007, taking into consideration that the actual acquisition date was October 28, 2007.

3- Accounting Policies

The main accounting policies that used in preparing the consolidated proforma financial statements are;

3-1 Basis of consolidating the financial statements

- The financial statements of the holding company and the subsidiaries have been prepared according to cost method except for some investments that have been evaluated with fair value in accordance to the Egyptian Accounting Standards and the prevailing laws and local regulations and note (2b) above.

- Similar assets, liabilities, revenues and expenses items were consolidated in the holding company and its subsidiaries after eliminating the following:

a- The Holding Company's cost of investment in every subsidiary company against decreased it from the equity in the subsidiary company at the acquisition date and record the different between the investment cost and the holding company share in the book value of the subsidiaries equity as goodwill.

On yearly basis at the balance sheet date , goodwill is to be revaluated to decide wither to reduce the value of the goodwill in case of the decrease of the holding company fair value in the subsidiaries equity and record the decrease in the consolidated proforma income statement.

b- The Inter-company transactions among the companies of the group especially:

- The current accounts among the companies.
- Notes Receivable /Payable among the companies.

c- The sales, expenditures, revenue and dividends among the companies of the group during the year

d- The unrealized profit at the consolidated balance sheet date among the companies of the group, which might appear in the assets balances in the consolidated proforma balance sheet date as inventory and fixed assets.

e- Any differences between debit and credit balances resulting from the inter-companies transactions, which were recorded in one company and not in the other company's records, were eliminated.

f- The minority interest appears as a separate caption in the consolidated proforma financial statements as a percentage calculated on the basis of
the ownership of the holding company in the subsidiaries.

3-2 Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date. All differences are taken to the income statement.Non monetary assets and non monetary liabilities valued at historical cost denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of transaction.

3-3 Property, plant and equipment

a- Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. The cost includes all direct costs related to the acquiring of the asset, regarding the built internally assets , the cost includes the cost of materials, direct labour and all other direct costs that is required until it is ready to be used and also the cost of elimination the asset and fix the construction site.

b- Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

NOTES TO THE CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
31 December 2007

Buildings & constructions	20 years
Motor Vehicles	5 years
Tools & equipments	8 years
Furniture and other assets	8-10 years
Computers	8 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

3-4 Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

3-5 Reclassify the real estate investments

Real estates that built for future use is recorded as real estate investments under fixed assets class till it is finished, and then re-measure its fair value, recognising any profit or loss in the income statement.

The real estate that transferred from real estate occupied by the company to real estate investments to be re-measured with the fair value and reclassified as real estate investments. The profit results from the re-measurement to be recognised in the equity and any loss to be recognised in the income statement.

3-6 Project under construction:

Projects under construction represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Projects under construction are valued at cost.

3-7 Investments

Investments in associates

Investments in associates are accounted for using the Equity method except for when investment are classified as available for sale according to the Egyptian accounting standards No. 32 None current assets held for sale and discontinued operations, these associates companies are those companies which the company has a major influence and which are not subsidiaries or joint venture. Investments in associates are recorded in the Balance sheet with cost in addition to company share of any changes in the net assets of associates company after deducting any impairment losses, the company's income statement reflect its share in the result of associates companies.

These investment include company's share in the profit of subsidiaries according to their financial statements which ratified by their auditors and these investments are diluted by company share form the dividends declared according to investee's General Assembly Meeting decisions.

The losses or revenues results from the transactions between the company and its affiliates are eliminated in the range of the company's share in the affiliated companies

Available-for-sale investments

Available-for-sale investments are recognised and derecognised, on a trade date basis, when the Company becomes, or ceases to be, a party to the contractual provisions of the instrument. They are included in non current assets unless management intends to dispose of the investments within 12 months of the balance sheet date.

Investments designated as available-for-sale investments are initially recorded at cost (except for non listed investments in the capital exchange market and subsequently measured at fair value. Changes in fair value are reported as a separate component of equity. Upon elimination of investments, the previously reported as "cumulative changes in fair value" within equity is to be included in the income statement for the period, except for impairments loss , and for non listed investments is to be recorded at cost less impairment loss.

Financial investments held for trading

Financial investments are classified as held for trading if they are acquired for the purpose of selling in the near term. They are measured at fair value, any gains or losses on investments held for trading are recognized in profit and loss.

Investments in Bonds held to maturity

Investments in Bonds held to maturity with fixed or determinable payments that are not quoted in an active market, are carried at amortized cost. Investment in bonds is classified as non current assets except for the bonds that due in the next financial period which will be classified as current assets.

3-8 Inventories

Inventories are stated at the lower of cost or net realizable value.
Cost is determined as follows:
Raw materials, spare parts, supplies and packaging materials: at cost using the weighted average method.
Work in Progress and Finished goods Inventory – supplies direct cost and wages addition to indirect expenses according to Normal activate level.
Net excepted value to be determined based on the estimated sales price less additional expected cost it is built or sold

3-9 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

NOTES TO THE CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
31 December 2007

3-10 Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3-11 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts if any.

3-12 Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Provisions are evaluated in each balance sheet date and adjusted to provide the most reasonable estimate.

3-13 Revenue recognition

Revenue from sales is recognised when the significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.

The revenue from services provided recorded when estimated the result transaction from completion transaction percentage in Balance Sheet date.

Revenue from share profit recorded when there is right to receive it.

3-14 Legal reserve

According to the Company's article of association, 5% of the net profits of the year is to be transferred to the legal reserve until this reserve reaches 50 % of the issued capital. The reserve is used upon a decision from the General Assembly Meeting based on the proposal of the Board Of Directors

3-15 Impairment and uncollectability of financial assets

The Company regularly assesses whether there is an indication that an asset could be impaired. If any such indication exists, the recoverable amount of the asset is compared with its carrying amount, and when the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognized impairment loss is reversed when there is a change in the recoverable amount of the asset to the extent of the previously recognized loss.

3-16 Accounting estimates

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

3-17 Income tax

Taxation is provided in accordance with Egyptian fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised..

3-18 Cash flow statement

The cash flow statement is prepared using the indirect method, for the purpose of preparing the cash flow statements , the cash and cash equivalent include cash on hand , cash at bank , short term deposits , treasury bills with maturity date three months or less deducting the bank over draft – if any.

3-19 Related party transactions

Related party transactions performed by the Company within its normal business transactions are recorded based on the conditions set by the board of directors.

3-20 Borrowing

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding twelve months after the balance sheet date, then the loan balance should be classified as long term liabilities

3-21 Borrowing costs

Borrowing costs are recorded in the statement of income as financing expenses except the borrowing costs directly related to the acquisition, construction or production of a qualifying assets which is included as part of the cost of the asset.

3-22 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

NOTES TO THE CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
31 December 2007

4- Property and Equipment - Net

	Buildings & Constructions LE	Motor Vehicles LE	Tools & Equipments LE	Furniture & Fixtures LE	Marine Equipment LE	Computers LE	Total LE
Cost							
At 1 January 2007	1,220,698,732	34,502,987	13,359,977	318,249,704	4,799,199	5,150,612	1,596,761,211
Additions	1,058,197,671	8,190,433	3,689,051	85,112,057	201,340	3,170,694	1,158,561,246
Disposals	(66,090)	(1,301,460)	-	(379,660)	-	-	(1,747,210)
At 31 December 2007	2,278,830,313	41,391,960	17,049,028	402,982,101	5,000,539	8,321,306	2,753,575,247
Accumulated depreciation							
At 1 January 2007	(50,428,842)	(15,251,299)	(2,905,045)	(69,944,647)	(537,911)	(1,788,266)	(140,856,010)
Depreciation charge	(21,618,379)	(6,796,085)	(1,360,050)	(27,302,904)	(606,769)	(815,880)	(58,500,067)
Disposals	13,548	1,054,924	-	61,879	-	-	1,130,351
At 31 December 2007	(72,033,673)	(20,992,460)	(4,265,095)	(97,185,672)	(1,144,680)	(2,604,146)	(198,225,726)
Net carrying amount							
At 31 December 2007	2,206,796,640	20,399,500	12,783,933	305,796,429	3,855,859	5,717,160	2,555,349,521

5- Projects Under Constructions

	31/12/2007 LE
Tahran building	15,315,724
Computers and software	3,883,703
Villa (Al rehab)	3,130,245
Fixtures	2,373,015
Al Nile hotel	259,875,322
	284,578,009

6- Goodwill

	31/12/2007 LE
Arab Company for Projects and Urban Development	12,838,863,316
Alexandria for Real Estate investment	3,213,291,698
San Stefano for Real Estate Investment	479,535,364
Alexandria for Urban Projects	47,725,750
	16,579,418,128

7- Available for Sale Investments

	31/12/2007 LE
Current Investments	
Free Zone Industry Area East Port Saied	16,287
Egyptian International Medical Insurance	250,000
Egyptian Company for Marketing and Distribution	500,000
Suez Cement	581,700
Arab African Bank Bonds	623,222
Alexandria for Mineral Oil	659,439
Al Delta for Sugar	1,621,971
Housing and Development Bank	1,903,043
Sinaa Cement	2,451,865
Canal Maritime agency	2,610,000
Mobinil	2,868,180
Misr El Gedida for Housing and Development	2,969,928
CIB	3,074,295
Faisal Islamic Bank	3,282,904
Orascom Telecom	3,334,640
Elnaeem for Holding Investments	4,489,189
Orascom for Constructions	5,578,950
Financial Group Hermes	6,860,880
6 of October Company for Development and Investments	10,927,116
El Tayseer for Real Estate Finance Company	11,250,000
Non-Current Investments	
Housing Development Bank Securities	57,930
El Tameer for Real Estate Finance Company	6,650,000
Other Investments	9,000,000
Total	81,561,539
Current Investments	(65,853,609)
Long Term Investments	15,707,930

NOTES TO THE CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
31 December 2007

8- Investments in Associates

	Shares participation	31/12/2007 LE
Arab Egyptian for entertainment projects	50%	125,000
Alexandria for projects management	32.5%	1,027,000
Nile Besfour Company	31.77%	10,028,072
Alexandria for tourism projects	24.25%	477,678
Areez arab limited company	50%	22,050,000
		33,707,750

9- Trading Investments

	31/12/2007 LE
Investments fund	13,000,048
Huros investments fund	16,950,000
Themar investments fund	674,553,037
Export development bank investment fund	49,999,932
Dune grosses overseas	80,094,663
Antalis business corp	75,000,000
Egyptians cables investments company	16,633
	909,614,313

10- Accounts and Notes Receivables

	Short term	Long term	TOTAL 31/12/2007 LE
Notes receivable	1,528,943,355	7,832,032,472	9,360,975,827
Accounts receivable	201,663,516	-	201,663,516
	1,730,606,871	7,832,032,472	9,562,639,343

11- Constructions Work in Progress

Project	Land LE	Consultations and designs LE	Consultations work LE	Consultations of Alexandria governorate LE	Technical Management and Supervision costs LE	Financing costs LE	Licenses and other governments fees LE	Indirect costs LE	Current portion LE	Non Current portion LE	Total LE
Arab for projects and urban development	2,164,282,270	171,500,090	1,211,189,577	-	30,527,533	-	75,719,378	1,129,698,835	79,482,687	4,703,434,996	4,782,917,683
San Stefano For Real Estate investment	139,430,939	88,506,440	916,277,154	5,506,726	-	261,565,870	2,785,862	185,211,848	1,599,284,840	-	1,599,284,839
Alexandria For Real Estate investment	584,197,060	124,051,241	1,286,627,403	-	-	186,835,493	-	169,688,285	2,300,430,742	50,968,739	2,351,399,482
	2,887,910,269	384,057,771	3,414,094,134	5,506,726	30,527,533	448,401,363	78,505,240	1,484,598,968	3,979,198,269	4,754,403,735	8,733,602,004

12- Finished Units:

Balance for this item is LE 12,382,134 represent in the finished units which return to the clients and available for sale.

13- Inventory – Net

	31/12/2007 LE
Equipment	37,462,140
Furniture	8,053,890
(Loss) Utilize the hotel Inventory	(23,312,254)
	22,203,776

14- Prepayment and other Debit Balances

	31/12/2007 LE
Contractors and accounts payable- down payment and tashwenat	237,347,701
Received from abroad	10,609,524
Transfers - cheques	23,690,941
Accrued revenue	18,878,797
Current accounts - Hotels	83,727,591
Related parties (Note 27)	54,658,456
Receivables ?sale of investments	255,911,977
Other debit balances	31,557,822
	716,382,809

NOTES TO THE CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
31 December 2007

15- Cash and Cash Equivalents

	Local currency	Foreign currency	TOTAL 31/12/2007 LE
Time deposits	810,862,599	200,632,862	1,011,495,461
Banks current accounts	50,521,660	151,467	50,673,153
Cash on hand	10,058,382	-	10,058,382
Treasury bills	2,410,334,761	-	2,410,334,761
Cheques under collection	7,425,446	-	7,425,446
	3,289,202,848	200,784,329	3,489,987,177

For cash flow preparation, cash and cash equivalents consist of

	31/12/2007 LE
Cash on hand and at banks	3,489,987,177
Banks over draft	(51,836,987)
	3,438,150,190

16- Provisions

	31/12/2007 LE
Beginning Balance	5,988,201
Used during the year	-
Ended Balance	5,988,201

17- Accounts and Nots Payables

	31/12/2007 LE
Accounts payable and contractors	210,956,744
Related parties (Note 27)	17,528,531
Notes payable	73,363,808
	301,849,083

18- Customers Down Payment

	31/12/2007 LE
Customers down payment (Al Rehab Project)	346,641,269
Customers down payment (Nile Plaza Project)	118,905,307
Customers down payment (Sharm El Sheikh Project)	4,719,942
Customers down payment (San Stefano Project)	1,229,678,655
Customers down payment (Al Rabowa Project)	339,512,989
	2,039,458,162

19- Other Credit Balances

	31/12/2007 LE
Dividend Payable	5,032,556
Retentions Payable	157,394,623
Accrued Salaries and Expenses	3,348,400
New Urban Authority	4,726,851
Subscription of the club	175,493,905
Accrued Consultant Fees	16,343,983
Club contribution for annual subscription renewal	16,678,071
Other Creditors	488,851,138
Treasury Stocks - Due to employees	37,600,000
Hotels Current Account ? Renewal and Replacement	12,646,487
Units Insurance	150,655,022
	1,068,771,036

20- Share Capital

The company's authorized capital amounted to LE 50,000,000 and the issued and paid up capital LE 6,000,000 divided over 600,000 share of LE 10 par value each.

According to the Extraordinary General Assembly Meeting dated 6, October 2007, the company's authorized capital was amended to be LE 30,000,000,000 and the issued and paid capital was amended to be LE 18,152, 035,500 divided over 1,815,203,550 share of LE 10 par value each. Through share swap with the subsidiaries companies.

According to the Extra Ordinary General Assembly Meeting dated 28 October 2007, the company's issued and paid up capital was increased to be LE 20,302,035,500 divided over 2,030,203,550 shares.

The increase was paid and amounted to LE 2,150,000,000 and the premium share amounted to LE 1.6 per share by total amount LE 344,000,000.

- Share premium

Premium share amounted to LE 1.6 per share by total amount LE 344,000,000 and an amount of LE 185,880,702 was used to cover the IPO expenses. Accordingly the net balance of the share premium is LE 158,119,298.

21- Loans and Facilities

The balance as of the financial statement date Amounted to LE 2,064,041,037 comprised as follow :

	Short term	Long term	TOTAL 31/12/2007 LE
Facilities *	98,625,259	35,600,000	134,225,259
Loans *	258,490,415	1,671,325,363	1,929,815,778
	357,115,674	1,706,925,363	2,064,041,037

* Facilities and loan's maturity instalments within a year from issuing financial statements were recorded as a part of current liabilities noting that it is secured by commercial and securities.

NOTES TO THE CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
31 December 2007

22- Long Term Liabilities

	31/12/2007 LE
Long term notes payable	18,977,755
	18,977,755
Customer down payment (Madinaty Project)	8,264,992,594
Customer down payment (Al Rehab Project)	1,700,877,729
Customer down payment (Al Rehab Extension Project)	1,238,086,236
Urban authority	2,132,849,604
	13,336,806,163
	13,355,783,918

23- Sales and Cost of Sales

	31/12/2007 LE
- Revenue from sold units	1,598,606,173
- Net revenue from hotel operation	228,624,500
- Services revenues	48,487,121
	1,875,717,794
- Operation Cost	
- Cost of Sold Units	997,858,624
- Cost of Sold Services	27,208,440
	1,025,067,064

24- Earnings Per Share

Earnings per share are LE .66 according to the following:

	31/12/2007 LE
Net profit for the period	1,340,979,009
Weighted average number of shares	2,030,203,550
Earnings per share	,66

25- Resreves

General Reserve:

According to the Extra ordinary General Assembly Meeting dated 6, October 2007, the different results from shares swap of the company with the subsidiaries amounted LE 25,747,613 was transferred to general reserve.

26- Deferred Tax Liability

Deferred tax liability as of 31 December 2007 amounted to LE 3,333,579 represents the depreciation for fixed assets and related to difference between tax depreciation and accounting depreciation as follows:

	31/12/2007 LE
Fixed assets	3,333,579
	3,333,579

27- Related Party Transactions:

To accomplish the company's objectives, the company deals with some related companies with the same terms of the related parties It delegates some assignments in El Rehab City's project to them. It may as well pay off or settle some balances on behalf of them. These transactions balances appeared in the Assets and Liabilities in the Balance Sheet after the approval of the General Assembly of the Company.

Alexandria Company for construction is the primary contractor for the companies' projects under the contracts signed by the companies.

Al Basatin Company for Gardening and Landscaping performs the job of gardening and landscape for the Rehab project under the contract signed with the company.

	Prepayments (debit)	Credit balances	Transaction type
Alexandria for Constructions Company	53,649,352	16,764,035	Contractor
Al-Basatin Company for Gardening and Landscaping	1,009,104	764,496	Contractor
	54,658,456	17,528,531	

28-Tax Situation

The company is subject to Tax Law 91 for 2005, because the Company started it's activity in April 2007, the tax returns not yet submitted.

29-Financial Instruments and Risk Management

The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash on hand and at banks, account receivable, debtors and other debit balances. The financial liabilities include banks overdrafts, accounts payable, creditors and other credit balances.

The significant accounting policies applied for the recognition and measurement of the above mentioned financial assets and liabilities and the related income and expenses.

Herein under the significant risk related to the financial instruments as well as the significant policies and procedures that applied by the company to reduce those risks.

A- Credit Risk

Credit risk represents the risk of default of the customers from not paying the amounts due, this risk is limited due to the expand number of customers that the company deals with and having sufficient guarantees to reduce the risk of default a customer , also follow up the customers through specific departments.

B- Interest Rate Risk

The company mitigates the impact of the interest rate changes on its operational results and the value of its financial assets and liabilities.

C- Foreign Currency Risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash in flows, and out flows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, this risk is limited as most of the company's transactions are in local currency.

AUDITORS' REPORT TO THE SHAREHOLDERS OF

TALAAT MOSTAFA GROUP HOLDING "TMG HOLDING" S.A.E

We have audited the accompanying consolidated financial statements of Talaat Mostafa Group Holding "TMG Holding" "S.A.E" represented in the Consolidated Balance Sheet as of 31 December 2007 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period from 3 April 2007 (inception date) to 31 December 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian laws. The Egyptian Standards on Auditing require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We obtained all information and disclosures, which we considered necessary for the purpose of our audit. We believe that our audit provides a reasonable basis for our opinion on the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above, and the notes attached present fairly in all material respects, the consolidated financial position of the Company for the period from 3 April 2007 (inception date) to 31 December 2007, and the results of its operations and its cash flows, for the period then ended in conformity with the Egyptian Accounting Standards, taking into consideration what was mentioned it the notes to the consolidated financial statements and the related Egyptian applicable laws and regulations.

Cairo: 28 February 2008

Emad H. Ragheb
FESAA-FEST
(RAA. 3678)
(RCMA 42)

Magdy Hashish
Magdy Hashish & Co.
(RAA. 1626)
(RCMA 117)

Consolidated Balance Sheet
31 December 2007

	Notes	2007 LE
ASSETS		
Non-Current Assets		
Property and Equipment	(3-3,4)	2,555,349,521
Projects under Constructions	(3-6,5)	284,578,009
Goodwill	(6)	15,001,718,712
Available for Sale Investments	(3-7,7)	15,707,930
Investments in Associates	(3-7,8)	33,707,750
Notes Receivables	(10)	7,832,032,472
Construction Work	(11)	4,754,403,735
		30,477,498,129
Current Assets		
Finished Units	(3-5,12)	12,382,134
Under Construction Work	(11)	3,979,198,269
Inventory (Net)	(3-8,13)	22,203,776
Accounts and Notes Receivable - Short Term	(10	1,730,606,871
Prepayments and Other Debit Balances	(3-9,14)	716,382,809
Available for Sale Investments	(7)	65,853,609
Trading Investments	(3-7,9)	909,614,313
Cash on Hand and at Banks	(3-11,15)	3,489,987,177
Total current assets		10,926,228,958
Current Liabilities		
Provisions	(3-12,16)	5,988,201
Banks Overdraft	(3-20,15)	51,,836,987
Creditors and Short Term Notes Payable	(17)	301,849,083
Current Portion of Loans and Facilities	(3-20,20)	357,115,674
Customers Down Payment	(18)	2,039,458,162
Other Credit Balances	(3-10,19)	1,068,771,036
Total Current Liabilities		3,825,019,143
WORKING CAPITAL		7,101,209,815
TOTAL INVESTMENTS		37,578,707,944
Financed as follows:		
Issued and Paid up Capital	(20)	20,302,035,500
Share Premium	(20)	158,119,298
General Reserves	(25)	25,747,613
Treasury Stocks		(3,009,297)
Profit for the year		195,395,347
TOTAL EQUITY		20,678,288,461
Minority Interest		1,834,376,623
Long Term Liabilities		
Loans and Facilities	(3-20,21)	1,706,925,363
Long Term Liabilities	(22)	13,336,806,163
Notes Payable		18,977,755
Deferred Tax Liability	(3-17,26)	3,333,579
Total Long Term Liabilities		15,066,042,860
Total Equity and Long Term Liabilities		37,578,707,944

Chairman	Financial Directors		Auditors
Hesham Talaat Mostafa	Ghaleb A. Fayed	Emad Hafez Ragheb	Magdy Hashish

Consolidated Income Statement
For the period from 3 April 2007 to 31 December 2007

	Notes	2007 LE
Revenue	(3-13)	431,413,137
Cost of Revenue	(3-22)	(175,446,620)
GROSS PROFIT		255,966,517
Marketing and Sales Expenses	(3-22)	(66,798,256)
General and Administrative Expenses	(3-22)	(4,326,206)
Finance Expenses		(16,899,917)
Credit Interest		19,926,251
Other Income		9,846,378
Investment Income		(48,875)
Income from Treasury Stocks		5,374,044
Capital Gain		52,710
(Loss) on Sale of Investment		(49,825,776)
Net Change in the Market Value of Investments		5,175,020
Gain from Foreign Exchange Differences		2,022,690
PROFIT BEFORE TAX		160,464,580
Income Tax Expense		(525,303)
Deferred Tax Expense		(320,004)
NET PROFIT FOR THE YEAR AFTER TAX		159,619,273
Minority Interest		35,776,074
NET PROFIT FOR THE YEAR		195,395,347
Earnings Per Share	(24)	0.61

Financial Directors
Ghaleb A. Fayed

Chairman
Hesham Talaat Mostafa

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

Consolidated Statement of Changes in Equity
For the period from 3 April 2007 to 31 December 2007

	Share Capital LE	Share premium LE	General reserves LE	Retained earnings LE	Treasury shares LE	Total LE
Balance at 3 April 2007	6,000,000	-	-	-	-	6,000,000
Profit for the period	-	-	-	195,395,347	-	195,395,347
General Reserves	-	-	25,747,613	-	-	25,747,613
Issue of Share Capital	20,296,035,500	-	-	-	-	20,296,035,500
Share Premium	-	158,119,298	-	-	-	158,119,298
Treasury Shares	-	-	-	-	(3,009,297)	(3,009,297)
Balance at 31 December 2007	20,302,035,500	158,119,298	25,747,613	195,395,347	(3,009,297)	20,678,288,461

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

Consolidated Cash Flow Statement
For the period from 3 April 2007 to 31 December 2007

	Notes	2007 LE
OPERATING ACTIVITIES		
Profit for the year		195,395,347
Adjustments to reconcile net income (loss) to cash flows from operating activities		
Depreciation		9,816,023
Change in Market Value for Investments		(5,175,020)
Income Tax		845,307
Operating profit before changes in working capital:		200,881,657
(Increase) in Inventory		(22,203,776)
(Increase) in Finished Units		(12,382,134)
(Increase) in Development Properties		(8,733,602,004)
(Increase) in Short Term Accounts and Notes Receivables		(1,730,606,871)
(Increase) in Long Term Accounts and Notes Receivable		(7,832,032,472)
(Increase) in Prepayments and Other Debit Balances		(716,382,809)
(Increase) in Available for Sale Investments		(81,561,539
(Increase) in Investments in Associates		(33,707,750
(Increase) in Trading Investments		(904,439,295)
Increase in Short Term Accounts and Notes Payable		301,849,083
Increase Long Term Notes Payable		18,977,755
Increase in Current Portion of Loans and Facilities		357,115,674
Increase in Customers Down Payment		2,039,458,162
Increase in Other Credit Balances		1,067,925,727
Increase in Provisions		5,988,201
Net Cash from Operating Activities		(16,074,722,390)
INVESTING ACTIVITIES		
Purchase of Property and Equipment and Construction Work		(2,849,743,550)
Purchase of Investments		(15,001,718,712)
Net Cash used in Investing Activities		(17,851,462,262)
FINANCING ACTIVITIES		
Cash Proceeds from Issuing Shares		20,302,035,500
Cash Proceeds from Premium Shares		158,119,298
Increase in Minority Shareholders		1,834,376,623
Purchase of Treasury Shares		(3,009,297)
Reserves		25,747,613
Cash Received from Loans and Facilities		1,706,925,363
Cash Received from Long Term Liabilities		13,340,139,742
Net Cash from (used in) Financing Activities		37,364,334,842
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		3,438,150,190
Cash and Cash Equivalents at the beginning of the period		-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,438,150,190

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2007

1- Background

Talaat Mostafa Group Holding (S.A.E.). registered in Egypt under Commercial Registration numbered 187397 Under the provisions of law 92 of 1995 and its executive regulations in 13 February 2007. the company was registered in 3 April.

The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies

2- Scope of The Consolidated Financial Statements

The consolidated financial statements include the subsidiaries, that Talaat Mostafa group holding owns more than 50% of their issued capital, as follow

	Shares participation
Arab company for projects and urban development	99.9%
Alexandria for real estate Company	98.6%
San Stefano for real estate Company	98.34%

The company owns indirect 27.32 % of San Stefano for real estate through its subsidiaries, Arab company for projects and urban development, Alex for real estate and Alex for Urban Projects.

3- Accounting Policies

The main accounting policies that used in preparing the consolidated financial statements are:

3-1 Basis of consolidating the financial statements

- The financial statements of the holding company and the subsidiaries have been prepared according to the cost method except for some investments that have been evaluated with fair value in accordance to the Egyptian Accounting Standards and the prevailing laws and local regulations
  The same accounting policies and basis that are used in preparing the interim financial statements.

- Similar assets, liabilities, revenues and expenses items were consolidated in the holding company and its subsidiaries after eliminating the following:

a- The Holding Company's cost of investment in every subsidiary company against decreased it from the equity in the subsidiary company at the acquisition date and record the different between the investment cost and the holding company share in the book value of the subsidiaries equity as goodwill.
On yearly basis at the balance sheet date , goodwill is to be revaluated to decide wither to reduce the value of the goodwill in case of the decrease of the holding company fair value in the subsidiaries equity and record the decrease in the consolidated income statement

b- The Inter-company transactions among the companies of the group especially:

- The current accounts among the companies.
- Notes Receivable /Payable among the companies.

c- The sales, expenditures, revenue and dividends among the companies of the group during the period.

d- The unrealized profit at the consolidated balance sheet date among the companies of the group, which might appear in the assets balances in the consolidated balance sheet date as inventory and fixed assets.

e- Any differences between debit and credit balances resulting from the inter-companies transactions, which
were recorded in one company and not in the other company's records, were eliminated.

f- The minority interest appears as a separate caption in the consolidated financial statements as a percentage calculated on the basis of the ownership of the holding company in the subsidiaries.

3-2 Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date. All differences are taken to the income statement. Non monetary assets and non monetary liabilities valued at historical cost denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of transaction.

3-3 Property, plant and equipment

a- Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. The cost includes all direct costs related to the acquiring of the asset, regarding the built internally assets , the cost includes the cost of materials, direct labour and all other direct costs that is required until it is ready to be used and also the cost of elimination the asset and fix the construction site.

b- Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Buildings & constructions	20 years
Motor Vehicles	5 years
Tools & equipments	8 years
Furniture and other assets	8-10 years
Computers	8 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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3-4 Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

3-5 Reclassify the real estate investments

Real estate's that built for future use is recorded as real estate investments under fixed assets class till it is finished, and then re-measure its fair value, recognising any profit or loss in the income statement.

The real estate that transferred from real estate occupied by the company to real estate investments to be re-measured with the fair value and reclassified as real estate investments. The profit results from the re-measurement to be recognised in the equity and any loss to be recognised in the income statement.

3-6 Project under construction:

Projects under construction represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Projects under construction are valued at cost.

3-7 Investments

Investments in associates

Investments in associates are accounted for using the Equity method except for when investment are classified as available for sale according to the Egyptian accounting standards No. 32 None current assets held for sale and discontinued operations, these associates companies are those companies which the company has a major influence and which are not subsidiaries or joint venture. Investments in associates are recorded in the Balance sheet with cost

In addition to company share of any changes in the net assets of associates company after deducting any impairment losses, the company's income statement reflect its share in the result of associates companies.

These investment include company's share in the profit of subsidiaries according to their financial statements which ratified by their auditors and these investments are diluted by company share form the dividends declared according to investee's General Assembly Meeting decisions.

The losses or revenues results from the transactions between the company and its affiliates are eliminated in the range of the company's share in the affiliated companies

Available-for-sale investments

Available-for-sale investments are recognised and derecognised, on a trade date basis, when the Company becomes, or ceases to be, a party to the contractual provisions of the instrument. They are included in non current assets unless management intends to dispose of the investments within 12 months of the balance sheet date.

Investments designated as available-for-sale investments are initially recorded at cost (except for non listed investments in the capital exchange market and subsequently measured at fair value. Changes in fair value are reported as a separate component of equity. Upon elimination of investments, the previously reported as "cumulative changes in fair value" within equity is to be included in the income statement for the period, except for impairments loss , and for non listed investments is to be recorded at cost less impairment loss.

Financial investments held for trading

Financial investments are classified as held for trading if they are acquired for the purpose of selling in the near term. They are measured at fair value, any gains or losses on investments held for trading are recognized in profit and loss.

Investments in Bonds held to maturity

Investments in Bonds held to maturity with fixed or determinable payments that are not quoted in an active market, are carried at amortized cost.
Investment in bonds is classified as non current assets except for the bonds that due in the next financial period will be classified as current assets.

3-8 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined as follows:

- Raw materials, spare parts, supplies and packaging materials: at cost using the weighted average method.
- Work in Progress and Finished goods Inventory – supplies direct cost and wages addition to indirect expenses according to Normal activate level.
- Net excepted value to be determined based on the estimated sales price less additional expected cost it is built or sold.

3-9 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

3-10 Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3-11 Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3-12 Provisions
Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Provisions are evaluated in each balance sheet date and adjusted to provide the most reasonable estimate.

3-13 Revenue recognition
Revenue from sales is recognised when the significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.

The revenue from prepaid service recorded when estimated the result transaction from completion transaction percentage in Balance Sheet date.

Revenue from share profit recorded when there is right to receive it.

3-14 Legal reserve
According to the Company's article of association, 5% of the net profits of the year is to be transferred to the legal reserve until this reserve reaches 50 % of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors

3-15 Impairment and uncollectability of financial assets
The Company regularly assesses whether there is an indication that an asset could be impaired. If any such indication exists, the recoverable amount of the asset is compared with its carrying amount, and when the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognized impairment loss is reversed when there is a change in the recoverable amount of the asset to the extent of the previously recognized loss.

3-16 Accounting estimates
The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

3-17 Income tax
Taxation is provided in accordance with Egyptian fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

3-18 Cash flow statement
The cash flow statement is prepared using the indirect method, for the purpose of preparing the cash flow statements, the cash and cash equivalent include cash on hand , cash at bank , short term deposits , treasury bills with maturity date three months or less deducting the bank over draft – if any

3-19 Related party transactions
Related party transactions performed by the Company within its normal business transactions are recorded based on the conditions set by the board of directors.

3-20 Borrowing
Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding twelve months after the balance sheet date, then the loan balance should be classified as long term liabilities

3-21Borrowing costs
Borrowing costs are recorded in the statement of income as financing expenses except the borrowing costs directly related to the acquisition, construction or production of a qualifying assets which is included as part of the cost of the asset.

3-22 Expenses
All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4- Property and Equipment - Net

	Buildings & Constructions LE	Motor Vehicles LE	Tools & Equipments LE	Furniture & Fixtures LE	Marine Equipment LE	Computers LE	Total LE
Cost							
At 1 January 2007	1,220,698,732	34,502,987	13,359,977	318,249,704	4,799,199	5,150,612	1,596,761,211
Additions 2,504,165	1,058,197,671	8,190,433	3,689,051	85,112,057	201,340	3,170,694	1,158,561,246
Disposals	(66,090)	(1,301,460)	-	(379,660)	-	-	(1,747,210)
At 31 December 2007	2,278,830,313	41,391,960	17,049,028	402,982,101	5,000,539	8,321,306	2,753,575,247
Accumulated depreciation							
At 1 January 2007	(50,428,842)	(15,251,299)	(2,905,045)	(69,944,647)	(537,911)	(1,788,266)	(140,856,010)
Depreciation charge	(21,618,379)	(6,796,085)	(1,360,050)	(27,302,904)	(606,769)	(815,880)	(58,500,067)
Disposals	13,548	1,054,924	-	61,879	-	-	1,130,351
At 31 December 2007	(72,033,673)	(20,992,460)	(4,265,095)	(97,185,672)	(1,144,680)	(2,604,146)	(198,225,726)
Net carrying amount							
At 31 December 2007	2,206,796,640	20,399,500	12,783,933	305,796,429	3,855,859	5,717,160	2,555,349,521

5- Projects Under Constructions

	31/12/2007 LE
Tahran building	15,315,724
Computers and software	3,883,703
Villa (Al rehab)	3,130,245
Fixtures	2,373,015
Al Nile hotel	259,875,322
	284,578,009

6- Goodwill

	31/12/2007 LE
Arab Company for Projects and Urban Development	12,522,306,279
Alexandria for Real Estate Investment	1,982,306,076
San Stefano for Real Estate Investments	449,380,607
Alexandria for Urban Projects	47,725,750
Total Good Will	15,001,718,712

7- Available for Sale Investments

	31/12/2007 LE
Current Investments	
Free Zone Industry Area East Port Saied	16,287
Egyptian International Medical Insurance	250,000
Egyptian Company for Marketing and Distribution	500,000
Suez Cement	581,700
Arab African Bank Bonds	623,222
Alexandria for Mineral Oil	659,439
Al Delta for Sugar	1,621,971
Housing and Development Bank	1,903,043
Sinaa Cement	2,451,865
Canal Maritime agency	2,610,000
Mobinil	2,868,180
Misr El Gedida for Housing and Development	2,969,928
CIB	3,074,295
Faisal Islamic Bank	3,282,904
Orascom Telecom	3,334,640
Elnaeem for Holding Investments	4,489,189
Orascom for Constructions	5,578,950
Financial Group Hermes	6,860,880
6 of October Company for Development and Investments	10,927,116
El Tayseer for Real Estate Finance Company	11,250,000
Non-Current Investments	
Housing Development Bank Securities	57,930
El Tameer for Real Estate Finance Company	6,650,000
Other Investments	9,000,000
Total	81,561,539
Current Investments	(65,853,609)
Long Term Investments	15,707,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2007

8- Investments in Associates

	Shares participation	31/12/2007 LE
Arab Egyptian for entertainment projects	50%	125,000
Alexandria for projects management	32.5%	1,027,000
Nile Besfour Company	31.77%	10,028,072
Alexandria for tourism projects	24.25%	477,678
Areez arab limited company	50%	22,050,000
		33,707,750

10- Notes Receivables

	Short term	Long term	TOTAL 31/12/2007 LE
Notes Receivable	1,528,943,355	7,832,032,472	9,360,975,827
Accounts Receivable	201,663,516	-	201,663,516
	1,730,606,871	7,832,032,472	9,562,639,343

9- Trading Investments

	31/12/2007 LE
Investments fund	13,000,048
Huros investments fund	16,950,000
Themar investments fund	674,553,037
Export development bank investment fund	49,999,932
Dune grosses overseas	80,094,663
Antalis business corp	75,000,000
Egyptians cables investments company	16,633
	909,614,313

11- Work in Progress

Project	Land LE	Consultations and designs LE	Consultations work LE	Consultations of Alexandria governorate LE	Technical Managenent and Supervision costs LE	Financing costs LE	Licenses and other governments fees LE	Indirect costs LE	Current portion LE	Non Current portion LE	Total LE
Arab for projects and urban development	2,164,282,270	171,500,090	1,211,189,577	-	30,527,533	-	75,719,378	1,129,698,835	79,482,687	4,703,434,996	4,782,917,683
San Stefano For Real Estate investment	139,430,939	88,506,440	916,277,154	5,506,726	-	261,565,870	2,785,862	185,211,848	1,599,284,840	-	1,599,284,839
Alexandria For Real Estate investment	584,197,060	124,051,241	1,286,627,403	-	-	186,835,493	-	169,688,285	2,300,430,742	50,968,739	2,351,399,482
	2,887,910,269	384,057,771	3,414,094,134	5,506,726	30,527,533	448,401,363	78,505,240	1,484,598,968	3,979,198,269	4,754,403,735	8,733,602,004

12- Finished Units:

The balance of finished units is LE 12,382,134, represents the value of finished units returned from clients and available for sale.

13- Inventory

	31/12/2007 LE
Equipment	37,462,140
Furniture	8,053,890
(Loss) Utilize the hotel Inventory	(23,312,254)
	22,203,776

14- Prepayment and other Debit Balances

	31/12/2007 LE
Contractors and Accounts Payable Down Payment and Storage	237,347,701
Received from Abroad	10,609,524
Transfers – Cheques	23,690,941
Accrued Revenue	18,878,797
Hotels Current Accounts	83,727,591
Related Parties (Note No. (27))	54,658,456
Investment Debtors	31,557,822
Diverse Debtors	255,911,977
	716,382,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2007

15- Cash and Cash Equivalents

	Local currency	Foreign currency	TOTAL 31/12/2007 LE
Time Deposits	810,862,599	200,632,862	1,011,495,461
Banks Current Accounts	50,521,660	151,467	50,673,127
Cash on Hand	10,058,382	-	10,058,382
Treasury Bills	2,410,334,761	-	2,410,334,761
Cheques under collection	7,425,446	-	7,425,446
	3,289,202,848	200,784,329	3,489,987,177

For the purpose of preparing the statement of cash flows the cash and cash equivalents consists of:

	31/12/2007 LE
Cash on Hand and at Banks	3,489,987,177
Banks Overdraft	(51,836,987)
	3,438,150,190

16- Provisions

	31/12/2007 LE
Beginning Balance	5,988,201
Used during the year	-
Ending Balance	5,988,201

17- Creditors and Short Term Notes Payable

	31/12/2007 LE
Contractors and Accounts Payable	210,956,744
Related parties (Note No.(27))	17,528,531
Notes Payables *	73,363,808
	301,849,083

* The earned cheques were recorded after a year of the financial statements in the long term liabilities (Note No. (22)).

18- Customers Down Payment

	31/12/2007 LE
Customers down payment (Al Rehab Project)	346,641,269
Customers down payment (Nile Plaza Project)	118,905,307
Customers down payment (Sharm El Sheikh Project)	4,719,942
Customers down payment (San Stefano Project)	1,229,678,655
Customers down payment (Al Rabwa Project)	339,512,989
	2,039,458,162

19- Other Credit Balances

	31/12/2007 LE
Dividend Payable	5,032,556
Retentions Payable	157,394,623
Accrued Salaries and Expenses	3,348,400
New Urban Authority	4,726,851
Subscription of the club	175,493,905
Accrued Consultant Fees	16,343,983
Club contribution for annual subscription renewal	16,678,071
Other Creditors	488,851,138
Treasury Stocks - Due to employees	37,600,000
Hotels Current Account – Renewal and Replacement	12,646,487
Units Insurance	150,655,022
	1,068,771,036

20 – Share Capital

The company's authorized capital amounted to LE 50,000,000 and the issued capital amounted to LE 6,000,000 divided over 600,000 share of LE 10 par value each.

According to the Extra Ordinary General Assembly Meeting dated 6 October 2007, the company's authorized capital was amended to be LE 30,000,000,000 and the issued and paid up capital was amended to be LE 18,152,035,500 divided over 1,815,203,550 share of LE 10 par value each through share swap with the subsidiaries companies.

According to the Extra Ordinary General Assembly Meeting dated 28 October 2007, the company's issued and paid up capital was increased to be LE 20,302,035,500 divided over 2,030,203,550 shares. The increase was paid and amounted to LE 2,150,000,000 and the premium share amounted to LE 1.6 per share by total amount LE 344,000,000

- Premium Share

Premium share amounted to LE 1.6 per share by total amount LE 344,000,000 and an amount of LE 185,880,702 was used to cover the IPO expenses and the net balance of the share premium is LE 158,119,298

21- Loans and Facilities

The balance on date of the financial statements is LE 2,064,041,037 which consists of:

	Short term	Long term	TOTAL 31/12/2007 LE
Facilities	98,625,259	35,600,000	134,225,259
Loans *	258,490,415	1,671,325,363	1,929,815,778
	357,115,674	1,706,925,363	2,064,041,037

* The instalments due within the following year is recorded in the current liabilities and the loans are granted with commercial papers and financial securities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22- Long Term Liabilities

	31/12/2007 LE
Long Term Notes Payable	18,977,755
	18,977,755
Customer down payment (Madinaty Project)	8,264,992,594
Customer down payment (Al Rehab Project)	1,700,877,729
Customer down payment (Al Rehab Extension Project)	1,238,086,236
Urban Authority	2,132,849,604
	13,336,806,163
	13,355,783,918

23- Sales and Cost of Sales

	31/12/2007 LE
- Revenue from Sold Units	332,569,212
- Net Revenue from Hotel Operation	57,465,428
- Services Revenues	41,378,498
	431,413,138
- Operation Cost	
- Cost of Sold Units	150,749,233
- Cost of Sold Services	24,697,387
	175,446,620

24- Earnings Per Share

Earnings per share are LE .66 according to the following:

	31/12/2007 LE
Earnings:	
Net profit for the year attributable to equity holders of the Parent	195,395,347
Shares:	
Weighted average number of shares outstanding for calculating EPS	320,750,592
Earnings per share	0.61

25-Resreves

- General Reserve

According to the Extra Ordinary General Assembly Meeting dated 6 October 2007, the different results from shares swap of the company with the subsidiaries which amounted to LE 25,747,613 were transferred to the general reserve.

26-Deferred Tax Liability

Deferred Tax Liability as of 31 December 2007 amounted to LE 3,333,579 represents the deferred taxes of the fixed assets and related to difference between tax depreciation and accounting depreciation as follows:

	31/12/2007 LE
Fixed assets	3,333,579
	3,333,579

27- Related Party Transactions

It delegates some assignments in El Rehab City's project to them. It may as well pay off or settle some balances on behalf of them. These transactions balances appeared in the Assets and Liabilities in the Balance Sheet after the approval of the General Assembly of the Company.

Alexandria Company for construction is the primary contractor for the companies' projects under the contracts signed by the companies.

Al Basatin Company for Gardening and Landscaping performs the job of gardening and landscape for the Rehab project under the contract signed with the company.

	Prepayments (debit)	Credit balances	Transaction type
Alexandria for Constructions Company	53,649,352	16,764,035	Contractor
Al-Basatin Company for Gardening and Landscaping	1,009,104	764,496	Contractor
	54,658,457	17,528,531	

28- Tax Situation

The company is subject to Tax Law 91 for 2005, because the Company started it's activity in April 2007, the tax returns not yet submitted.

29-Financial Instruments and Risk Management

The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash on hand and at banks, account receivable, debtors and other debit balances. The financial liabilities include banks overdrafts, accounts payable, creditors and other credit balances.

The significant accounting policies applied for the recognition and measurement of the above mentioned financial assets and liabilities and the related income and expenses
Herein under the significant risk related to the financial instruments as well as the significant policies and procedures that applied by the company to reduce those risks.

A- Credit Risk

Credit risk represents the risk of default of the customers from not paying the amounts due, this risk is limited due to the expand number of customers that the company deals with and having sufficient guarantees to reduce the risk of default a customer , also follow up the customers through specific departments.

B- Interest Rate Risk

The company mitigates the impact of the interest rate changes on its operational results and the value of its financial assets and liabilities.

C- Foreign Currency Risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows, and out flows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, this risk is limited as most of the company's transactions are in local currency.

Notes

TMG HOLDING
Future Builders

Media Terrania