

Cairo, August 11, 2016 -TMG Holding reports EGP 1,711 MN consolidated revenue, EGP 227 MN consolidated net profit after minority and EGP 1.5 BN of new sales value for the second quarter of 2016

TMG Holding, the leading Egyptian community real estate developer is glad to announce its consolidated financial results for the second quarter ending June 30, 2016.

Key Operational and Financial Highlights for the consolidated results of April 1st to June 30th, 2016

- Year on Year, TMG continued to deliver healthy revenue and profits. The following comparison is provided to shed the light on year on year and the quarterly performance. Total consolidated revenue for 1H-16 reached EGP 2,924 MN compared to EGP 2,907 MN consolidated revenue for 1H-15. The 1% increase in recognized revenue is a combined effect of:
 - A 2% decrease in the revenue recognized from real estate units.
 - A 3% decrease in the hotels revenue.
 - A 38% increase in revenue from services represented in malls rentals and new revenue generated from operation of infrastructure facilities and maintenance work in Madinaty project. The increase in services revenue is mainly driven by the increase of service provided within Madinaty, as more families are moving in.
- Gross Profit for 1H-16 is EGP 936 MN, which is 6% higher than EGP 882 MN of 1H-15 due to 6% decrease of real Estate & Construction Cost and 4% decrease of hotels Cost.
- Net Profit after tax for 1H-16 is EGP 434 MN, 10% higher than EGP 394 MN for 1H-15. Increase in recognized revenue is effect of 44% decrease in interest expenses, a higher increase in foreign exchange difference and 58% decreasing of accounts receivable sale expenses.
- During 2Q-16, total consolidated revenues of EGP 1,711 MN for 2Q-16 in comparison to 1,767.5 MN consolidated revenues for 2Q-15. The difference in recognized revenue is the combined effect of:
 - A 8% decrease in the revenue recognized from real estate units. Deliveries form historical sales continued and recognized as revenue accordingly. Market conditions resulted in a few months shift of Deliveries and therefore, a decrease in recognized revenue. In terms of revenue mix.
 - A 14% increase in the hotels revenue, which is driven by improvement in performance of Cairo and Alexandria.
 - A 42% increasing revenue from services represented in malls rentals and new revenue generated from Operation of infrastructure facilities and maintenance work in Madinaty project.
- Gross Profit for 2Q-16 of EGP 583.5 MN is 32% higher than EGP 570 MN for 2Q-15. The increase in gross profit was driven by higher decrease in Real Estate COGS than recognized Revenue.
- Net profit after tax and minority of EGP 227 MN for 2Q-16 is 10% higher than EGP 206 MN for 2Q-15. The increase in net profit is driven by 41% decrease in interest expenses, a higher increase in foreign exchange difference and 58% decreasing of accounts receivable sale expenses.

- At June 31, 2016, the Group's total assets reached EGP 61 BN, cash, marketable securities and other liquid investments amounted to approximately EGP 4.87 BN, and total debt amounted to EGP 3.35 BN (a net cash of EGP 1.5 BN). The debt to equity ratio is 1:8 times, reflecting the group's low gearing and prudent cash management.

Operating Performance

City & Community Complexes

EGP 3.757 BN in sales value achieved in 1H 2016

Total new sales of real estate units, witnessed a 5% increase, amounted to EGP 3.757 BN for 1H-16, compared to EGP 3.582 BN for the same period last year. The value of new sales has exceeded the budgetary figure for the period by 7% of, which TMG considers a very positive indicator for the remaining of the year.

And cancellations remain within normal rates

Total cancellations of the accumulated sales backlog since inception of related projects have not exceeded its normal rates of 4.3% up to the end of 2Q-16. Value of cancelled units is EGP 275 MN in 2Q-16.

At June 30, 2016: the backlog of sold but unrecognized units is approximately EGP 21.5 BN to be recognized as per the units' delivery schedule over the next four years.

Hotels & Resorts

- Year on year, Revenue from operating hotels has reached EGP 350 MN in 1H-16 compared to EGP 360 MN in 1H-15. The hotels KPI's and operational results are summarized as follows:
 - Four Seasons Nile Plaza reported GOP of 53% and NP of 46% in 1H-16 compared to 50% and 42% respectively in 1H-15. Average room rate is USD 397 in 1H-16 compared to USD 298 in 1H-15 and average occupancy rate of 51% compared to 53% for the same period last year.
 - Four Seasons Sharm El Sheikh reported GOP of 2.3% and NP of 0.1% in 1H-16 compared to 48% and 35% respectively in 1H-15. Average room rates is USD 272 in 1H-16 compared to USD 566 in 1H-15 and average occupancy rate of 24% compared to 45% for the same period last year.
 - Four Seasons San Stefano reported GOP of 32.5% and NP of 26.5% in 1H-16 compared to 30% and 24% respectively in 1H-15. Average room rates is USD 246 in 1H-16 compared to USD 267 in 1H-15 and average occupancy rate of 58% compared to 50% for the same period last year.
 - Kempinski Nile Hotel reported a GOP of 44% and NP of 37% in 1H-16 compared to 39% GOP and NP of 32.5% in 1H-15. Average room rates is USD 150 in 1H-16 compared to USD 136 in 1H-15 and average occupancy rate of 58% compared to 55% for the same period last year.

- Revenue from operating hotels has reached EGP 198 MN in 2Q-16 compared to EGP 174 MN in 2Q-15. The hotels KPI's and operational results are summarized as follows:
 - Four Seasons Nile Plaza reported GOP of 56% and NP of 45.5% in 2Q-16 compared to 48% and 40% respectively in 2Q-15. Average room rate is USD 485 in 2Q-16 compared to USD 298 in 2Q-15 and average occupancy rate of 48% compared to 53% for the same period last year.
 - Four Seasons Sharm El Sheikh reported GOP of 8.3% and NP of -0.3% in 2Q-16 compared to 35% and 26% respectively in 2Q-15. Average room rates is USD 280 in 2Q-16 compared to USD 414 in 2Q-15 and average occupancy rate of 26.5% compared to 44% for the same period last year.
 - Four Seasons San Stefano reported GOP of 38% and NP of 31% in 2Q-16 compared to 33% and 26% respectively in 2Q-15. Average room rates is USD 261 in 2Q-16 compared to USD 278 in 2Q-15 and average occupancy rate of 60.5% compared to 58% for the same period last year.
 - Kempinski Nile Hotel reported a GOP of 43% and 41% NP in 2Q-16 compared to 40.5% GOP and NP of 33.5% in 2Q-15. Average room rates is USD 159 in 2Q-16 compared to USD 134 in 2Q-15 and average occupancy rate of 59% compared to 61% for the same period last year.

Key Operational Highlights for the second quarter ending June 30, 2016

	2Q-16		2Q-15			1H-16		1H-15		
	EGPmn		EGPmn		change	EGPmn		EGPmn		change
Revenues breakdown										
Revenues from units sold	1,383	81%	1,502	85%	-8%	2,330	80%	2,370	82%	-2%
Revenues from Hotels	198	12%	174	10%	14%	350	12%	360	12%	-3%
Other revenues	130	8%	91	5%	42%	245	8%	178	6%	38%
Total consolidated revenue	1,711	100%	1,767	100%	-3%	2,925	100%	2,908	100%	1%
COGS breakdown										
Real Estate & Construction Cost	(903)	65%	(1,011)	67%	-11%	(1,571)	67%	(1,663)	70%	-6%
Hotels Cost	(117)	59%	(111)	64%	6%	(211)	60%	(219)	61%	-4%
Services Cost	(107)	82%	(75)	83%	41%	(207)	84%	(144)	81%	44%
Total cost of goods sold	(1,127)	-66%	(1,198)	-68%	-6%	(1,989)	-68%	(2,026)	-70%	-2%
Gross profit	584	34%	570	32%	2%	936	32%	882	30%	6%
Selling, General and Administrative Expenses	(146)	-9%	(70)	-4%	109%	(264)	-9%	(125)	-4%	111%
Depreciation expense	(34)	-2%	(30)	-2%	14%	(67)	-2%	(62)	-2%	9%
Interest expense	(16)	-1%	(27)	-2%	-41%	(31)	-1%	(55)	-2%	-44%
Interest income	31	2%	35	2%	-12%	61	2%	66	2%	-8%
Investment income	1	0%	3	0%	-79%	(3)	0%	8	0%	-136%
Net change in market value of financial investments	(2)	0%	(4)	0%	-57%	4	0%	(5)	0%	-184%
Other income (expense)	11	1%	14	1%	-22%	41	1%	43	1%	-6%
Capital gain	0	0%	1	0%	-70%	0	0%	1	0%	-67%
Expenses of Accounts receivable sale	(120)	-7%	(288)	-16%	-58%	(120)	-4%	(288)	-10%	-58%
Foreign exchange difference	9	1%	0	0%	2230%	53	2%	15	1%	262%
Net profit before tax	318	19%	204	12%	55%	609	21%	481	17%	27%
income tax and deferred tax	(85)	-5%	(25)	-1%	243%	(177)	-6%	(115)	-4%	54%
Net Profit	233	14%	179	10%	29%	432	15%	366	13%	18%
Minority's share attributable to shareholders	(6)	0%	26	1%	-122%	(3)	0%	(28)	-1%	-91%
	227	13%	205	12%	10%	434	15%	394	14%	10%

Translation of Financial Statements
originally issued in Arabic

Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2016

	Notes	30/6/2016 LE	31 /12/2015 LE
Non-Current Assets			
Property and Equipment	(4)	3,915,891,448	3,940,105,212
Intangible Assets	(5)	1,573,146	3,005,967
Projects Under Constructions	(6)	1,692,880,558	1,553,958,615
Goodwill	(7)	14,646,653,099	14,646,653,099
Investments in Associates	(8)	2,275,089	4,823,984
Available for Sale Investments	(9)	52,557,686	47,137,342
Investments in Financial Assets Held to Maturity	(10)	1,694,343,627	1,598,493,043
Total Non-Current Assets		22,006,174,653	21,794,177,262
Current Assets			
Work in Progress	(13)	19,612,530,949	19,214,437,756
Inventory	(14)	32,177,155	36,406,252
Finished Unites		23,108,613	23,108,613
Accounts and Notes Receivable	(12)	14,684,928,296	15,272,825,351
Prepayments and Other Debit Balances	(15)	2,137,419,944	2,003,610,082
Available for Sale Investments	(9)	27,491,897	27,491,897
Investments in Financial Assets Held to Maturity	(10)	507,109,557	463,167,759
Financial assets at fair value through profit and loss	(11)	51,941,586	66,676,753
Cash on Hand and at Banks	(16)	1,813,105,891	1,541,478,907
Total Current Assets		38,889,813,888	38,649,203,370
Total Assets		60,895,988,541	60,443,380,632
Equity			
Authorized Capital	(21)	30,000,000,000	30,000,000,000
Issued and Paid up Capital	(21)	20,635,622,860	20,635,622,860
Legal Reserve	(22)	236,367,496	220,633,894
General Reserve	(23)	61,735,404	61,735,404
Net unrealized gain on available for sale investments	(24)	15,935,791	11,735,024
Accumulative translation adjustment		378,125	378,125
Retained earning		5,503,713,154	5,062,917,270
Net profit for the period / year		434,650,427	761,576,314
TOTAL PARENT COMPANY SHAREHOLDERS EQUITY		26,888,403,257	26,754,598,891
Non-Controlling Intrest		894,092,891	900,990,061
TOTAL SHAREHOLDERS' EQUITY		27,782,496,148	27,655,588,952

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CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

As of 30 June 2016

	Notes	30/6/2016 LE	31/12/2015 LE
Non-current Liabilities			
Non-current Loans			
Non-current Liabilities	(25)	1,712,456,887	1,733,699,976
Deferred Tax Liability	(26)	1,804,675,327	1,804,013,215
	(27)	75,053,766	69,824,319
Total Non- Current Liabilities		<u>3,592,185,980</u>	<u>3,607,537,510</u>
Banks Overdraft		9,477,044	10,475,294
Creditors and Notes Payable	(17)	3,297,670,422	4,107,698,872
Bank Facilities	(25)	1,061,029,888	854,938,020
Current Portion of Loans and Facilities	(25)	572,106,040	366,469,448
Customers Advance Payment	(18)	19,830,408,512	19,317,708,695
Dividends Creditors	(19)	86,264,858	89,869,957
Accrued income tax	(27)	221,057,224	438,025,128
Accrued Expense and Other Credit Balances	(20)	4,443,292,425	3,995,068,756
Total Current Liabilities		<u>29,521,306,413</u>	<u>29,180,254,170</u>
Total Equity and Liabilities		<u>60,895,988,541</u>	<u>60,443,380,632</u>

on his behalf

Chairman

Tarek Talaat Mostafa

Financial Director

Ghaleb Ahmed Fayed

Auditors

Emad H. Ragheb

Magdy Hashish

-The attached notes (1) to (38) are an integral part of these consolidated financial statements.
-Review report attached.

Translation of Financial Statements
 originally issued in Arabic

Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period from 1 January 2016 to 30 June 2016

	Notes	From 1/1/2016 to 30/6/2016 LE	From 1/1/2015 to 30/6/2015 LE	From 1/4/2016 to 30/6/2016 LE	From 1/4/2015 to 30/6/2015 LE
Revenue	(28)	2,924,550,009	2,907,825,511	1,710,803,935	1,767,477,357
Cost of revenue	(28)	(1,989,038,783)	(2,026,005,116)	(1,127,300,743)	(1,197,578,987)
GROSS PROFIT		935,511,226	881,820,395	583,503,192	569,898,370
General and administrative expenses, marketing and sales expenses		(263,886,831)	(124,778,332)	(146,264,677)	(69,865,444)
Depreciation and amortization	(4,5)	(67,023,621)	(61,565,595)	(33,953,506)	(29,875,532)
Credit interest	(32)	35,097,481	33,052,662	18,606,445	24,217,267
Interest on bonds	(32)	1,415,867	12,136,032	420,618	717,370
Bonds amortization	(10)	947,411	326,293	(406,841)	137,370
Income from treasury bills	(32)	23,127,524	20,246,264	12,309,602	10,225,364
Notes receivable factoring without recourse expenses		(120,118,646)	(288,425,482)	(120,118,646)	(288,425,482)
Finance cost		(30,618,545)	(54,689,927)	(16,108,598)	(27,099,768)
Dividends revenue from financial assets at fair value through profit and loss	(29)	2,068,101	3,635,553	1,442,351	3,360,554
(Loss) Gain on sale of financial assets at fair value through profit and loss	(30)	(2,410,871)	4,117,174	(1,186,297)	979,933
Gain (Loss) of revaluate financial assets at fair value through profit and loss	(11)	3,883,065	(4,609,799)	(1,688,236)	(3,929,547)
Share of (loss) gain of associates	(8)	(2,548,895)	366,321	469,718	(893,996)
Other income	(31)	40,627,873	43,153,929	11,000,776	14,081,189
Capital gain	(4)	496,526	1,499,191	308,118	1,032,649
Board of directors allowances		(299,800)	(307,500)	(101,750)	(128,550)
Foreign exchange gain		52,974,136	14,648,236	9,238,814	396,472
NET PROFIT FOR THE PERIOD BEFORE TAX		609,242,001	480,625,415	317,471,083	204,828,219
Income tax	(27)	(171,877,563)	(106,663,915)	(82,756,579)	(22,994,772)
Deferred tax	(27)	(5,229,447)	(8,670,103)	(1,972,771)	(2,973,170)
NET PROFIT FOR THE PERIOD		432,134,991	365,291,397	232,741,733	178,860,277
NET PROFIT FOR:					
Parent Company Shareholders		434,650,427	393,734,149	226,840,848	205,149,635
Non-Controlling Interest		(2,515,436)	(28,442,752)	5,900,885	(26,289,358)
		432,134,991	365,291,397	232,741,733	178,860,277

Chairman

Tarek Talaat Mostafa

Financial Director

Ghaleb Ahmed Fayed

-The attached notes (1) to (38) are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January 2016 to 30 June 2016

	Notes	From 1/1/2016 to 30/6/2016 LE	From 1/1/2015 to 30/6/2015 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and minority interest		609,242,001	480,625,415
Adjustment to reconciliation net profit with cash flow operating activities:			
Depreciation & Amortization	(4,5)	67,023,621	61,565,595
(Discount) Financial Assets Held to Maturity Amortization	(10)	(947,411)	(326,293)
Credit Interests and Treasury Bills revenue	(32)	(59,640,872)	(65,434,958)
Dividends (revenue) of Financial Assets at Fair Value through Profit and Loss	(29)	(2,068,101)	(3,635,553)
Loss (Gain) from selling Financial Assets at Fair Value through Profit and Loss	(30)	2,410,871	(4,117,174)
(Gain) Loss of reevaluate Financial Assets at Fair Value through Profit and Loss	(11)	(3,883,065)	4,609,799
Share of loss (profit) of Associates	(8)	2,548,895	(366,321)
Capital (Gain) Loss	(4)	(496,526)	(1,499,191)
Foreign Exchange (Gain)		(52,974,136)	(14,648,236)
Operating profit before changes in working capital		561,215,277	456,773,083
Change in Work in Progress	(13)	(398,093,193)	(2,852,758,179)
Change in Finished Unites		-	(18,960,968)
Change in Inventory	(14)	4,229,097	(1,452,762)
Change in Accounts and Notes Receivables	(12)	587,897,055	468,121,628
Change in Prepayments and Other Debit Balances	(15)	(221,649,432)	(168,579,184)
Change in Creditors and Notes Payable		(810,028,450)	2,205,037,807
Change in long term Liabilities		662,112	(2,617,552)
Change in Customers Advance Payment		512,699,817	83,861,586
Change in Dividends Creditors		(3,605,099)	(350,576)
Change in Financial Assets at Fair Value through Profit and Loss	(11,30)	16,207,361	20,299,493
Paid of accrued income tax	(27)	(390,065,044)	(453,451,790)
Change in Other Credit Balances	(20)	448,223,669	282,709,320
Net Cash flows provided from Operating Activities		394,092,477	18,631,906
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment) on Purchasing of Fixed Assets, Intangible Assets and Projects Under Construction	(4,5,6)	(180,512,433)	(118,817,076)
Proceeds from sale Fixed Assets	(4)	709,980	1,758,239
(Payment) for Financial Assets Held to Maturity	(10)	(138,844,971)	125,962,684
Proceeds from Dividends revenue	(29)	2,068,101	3,635,553
Net Cash flows (used in) provided from Investing Activities		(316,579,323)	12,539,400
CASH FLOWS FROM FINANCING ACTIVITIES			
Collected Credit Interests and Treasury Bills Revenue	(32)	61,081,135	51,237,762
Cash Dividends		(303,075,000)	(303,075,000)
Proceeds from Loans and Facilities	(25)	390,485,371	170,108,274
Net Cash flows (used in) Financing Activities		148,491,506	(81,728,964)
Foreign Exchange Impact		52,974,136	14,648,236
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		278,978,796	(35,909,422)
Cash Adjustments*		(6,353,562)	6,855,144
Cash and Cash Equivalents at the beginning of the period		1,531,003,613	1,630,161,724
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(16)	1,803,628,847	1,601,107,446

Summary of C&C projects in Operation and Development

	Madinaty	Al Rehab I (9)	Al Rehab II	Al Rabwa I	Al Rabwa II
Total Land area(1) (m2)	33,600,000	6,140,400	3,760,000	1,318,800	819,028
To be dev. land area(2) (m2)	33,600,000	924,225	3,760,000	0	819,028
To be dev. built up area(3) (m2)	20,856,908	223,740	2,292,260	0	119,071
CBRE Value – June 30, 2008	EGP 17.82 BN	EGP 1.92 BN	EGP 5.86 BN		EGP 238.28 MN
% owned(6)	99.9%	99.9%	99.9%	98.6%	98.6%
Location	New Cairo	New Cairo	New Cairo	El Sheikh Zayed	El Sheikh Zayed
Exp. Population	600,000	120,000	80,000	3,240	1,725
Commence(4)	July 2006	November 1996	July 2006	December 1994	January 2006
Expected Completion(5)	2026	2012	2020	2006	2012
Amenities	Various including:	4 schools	4 Mosques	1 shopping mall	9 hole golf course
	45 hole golf course	7 mosques	2 schools	Cinema	
	22 schools	1 church	1 shopping mall	9 hole golf course	
	1 university	1 office park	1 club house	Sports pavilion	
	8 hotels	2 shopping malls			
	commercial parks (offices & retail)				
	1 hospital				

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

7. Land value only – Includes additional 1 MN sqm of land procured for future development

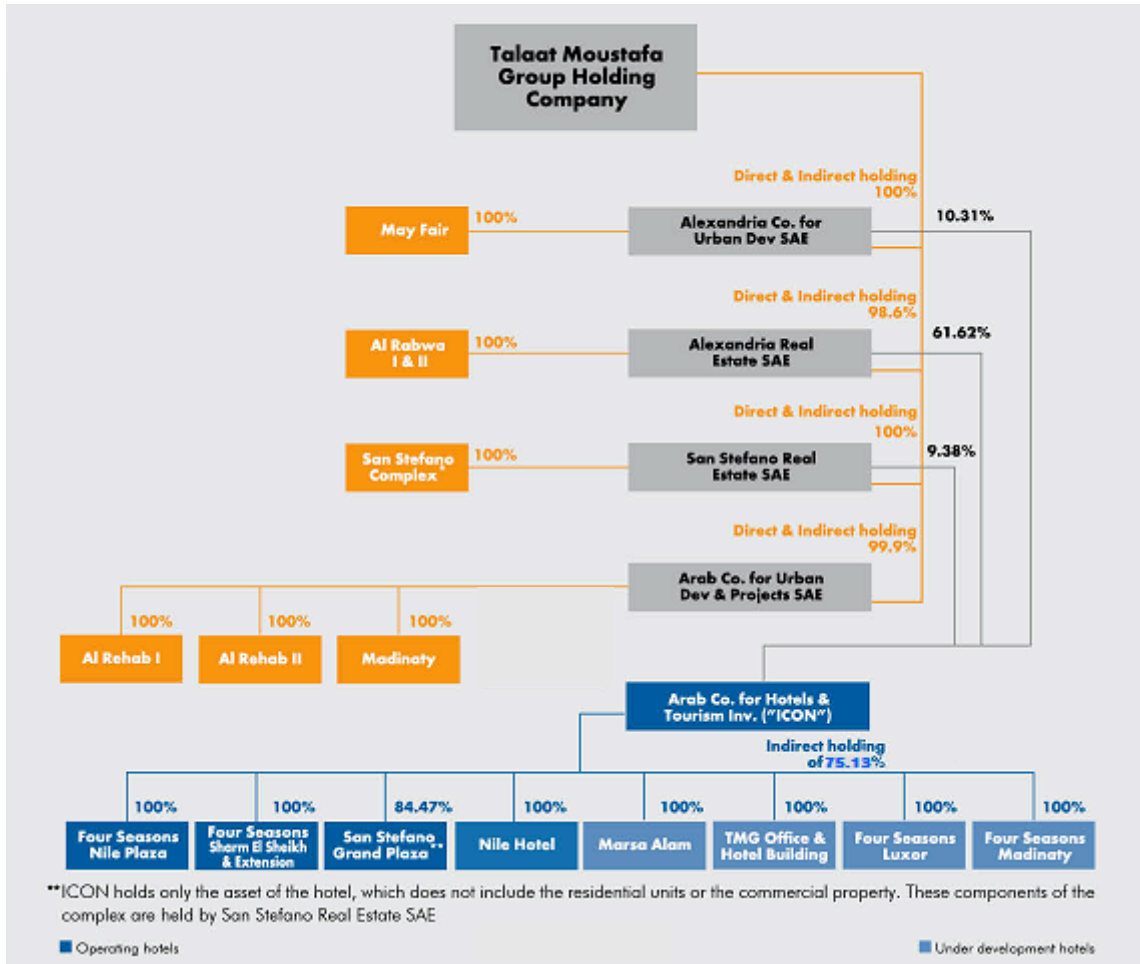
8. All sold except phase 6

Summary of H&R Assets in Operation

	Four Seasons Sharm El Sheikh	Four Seasons Nile Plaza	San Stefano Grand Plaza	Kempinski Nile Hotel
% owned(1)	100%	100%	84.47%	100%
Location	Sharm El Sheikh	Cairo	Alexandria	Cairo
Rooms/keys	200	366	118	191
Units	146	128	945	0
Sold	144	125	924	n/a
Ave. price	EGP 26,435 psm	EGP 38,775 psm	EGP 14,920 psm	n/a
CBRE Value (30-Jun-08)	EGP 1.99 billion (3)	EGP 2.44 billion	EGP 2.36 billion	EGP 523.57 MN
Commence	Nov-98	Sep-97	Feb-99	Aug-03
Complete(2)	May-02	Aug-04	Jul-07	Jul- 10
Star rating	5 Star	5 Star	5 Star	5 Star
Facilities	8 restaurants	9 restaurants	9 restaurants	4 restaurants
	2 lounge bars	Spa	Marina	4 meeting rooms
	Spa	Ballroom	Shopping mall	Business centre
	Ballroom	11 meeting rooms	Offices	Executive club
	4 meeting rooms	Business centre	Ballroom	Mini Business Center
	Business centre	Shopping mall		

1. % owned by ICON, which is 81% indirectly owned by TMG 2. Commencement of operations
3. Including EGP 1.03 bn related to Marsa AL Sadeed (extension) which is 100% owned by TMG

Group Structure



About TMG Holding

TMG Holding has under its umbrella a group of companies:

- 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 Alexandria
- Alexandria Company for Urban Projects, which owns and manages:
 - May Fair Project in AL-Shorouk City
- Arab Company for Hotel and Tourist Investments, which owns controlling stakes in its investments in:
 - Four Seasons Nile Plaza in Garden City
 - Four Seasons Resort Sharm EL-Sheikh
 - Four Seasons Alexandria at San Stefano
 - Kempinski Nile Hotel in Cairo
 - Under development Hotels

Capital:

Issued and paid-in capital: EGP 20.635 BN

Number of shares: 2.063 BN at a par value of EGP 10/share

Shareholders' Structure:

- TMG RE & Tourism Investment (including Talaat Mostafa Family & Saudi group) 50.27%
- Other major shareholders 25.75%
- Other major shareholders including free float 23.98%

Investor Relations Contacts:

Investor Relations TMG Holding	Tel: +2 (02) 33355708 Fax: +2 (02) 33016894	E-mail: jsawaftah@tmg.com.eg Web Site: www.tmgholding.com
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