

Cairo, May 15, 2013 -TMG Holding reports EGP 1.5 BN consolidated revenue, EGP 139 MN consolidated net profit after minority and EGP 1.77 BN of new sales value for the first quarter of 2013

TMG Holding, the leading Egyptian community real estate developer is glad to announce its consolidated financial results for the first quarter ending March 31, 2013.

Key Operational and Financial Highlights for the consolidated results of January 1st to March 31st, 2013

- During 1 Q-13, TMG continued to deliver healthy revenue and profits. The following comparison is provided to shed the light on the quarterly and year on year performance.
- Total consolidated revenues for 1Q-13 reached EGP 1,522 mn, 17% higher than EGP1,303 mn consolidated revenues for 1Q-12. The increase in recognized revenue is the combined effect of:
 - (i) a 15% increase in the revenue recognized from real estate units. The increase in revenue is due to higher number of units delivered in 1Q-13 compared to 1Q-12.
 - (ii) a 10% increase in the hotels revenue despite the current instability in tourism flow and tourists spending as further explained in “hotels and resorts” operating performance below.
 - (iii) a 93% 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 Q-o-Q increase in services revenue is mainly driven by consolidation of Madinaty for management company in last quarter of 2012. This is a new company dedicated for Madinaty services.
- Gross Profit for 1Q-13 of EGP 356 mn is 9% higher than EGP 327 mn for 1Q-12. the increase in gross profit came at a lower rate than the increase in consolidated revenue due to: a) a higher increase of real estate cost of goods sold due to a variation in revenue mix and b) an increase of cost of goods sold relating to services revenue as Madinaty newly consolidated company’s aim, at this stage, is not to generate profit but to cover the city maintenance expenses.
- Net profit after tax and minority of EGP 139 mn for 1Q-13 is 20% below EGP174 mn for 1Q-12. The decrease in net profit is driven by a) an increase in tax expense and b) the non cash effect of an increase in foreign exchange loss relating to revaluation of loan balances denominated in USD. The FOREX loss is due to the devaluation of the Egyptian pound in the first quarter of 2013 and although it negatively affects the reported net profit, it has no effect on the Group’s cashflow.
- At March 31, 2013, the Group’s total assets reached EGP 54.46 bn, cash, marketable securities and other liquid investments amounted to approximately EGP 2.15 bn, and total debt amounted to EGP 3.6 bn. The debt to equity ratio is 1:7 times, reflecting the group’s low gearing and prudent cash management.

Operating Performance

City & Community Complexes

EGP 1,774 MN in sales value achieved in 1Q 2013

Total new sales of real estate units amounted to EGP 1,774 MN for 1Q-13, compared to EGP 1,082 MN for the same period last year. The value of new sales has increased by approximately 64% on a year on year basis and exceeded the budgetary figure for the period which TMG considers to be a very positive indicator for the upcoming 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 1Q-13. Value of cancelled units is EGP 107 MN in 1Q-13 compared to EGP 278 MN for the same period last year.

At March 31, 2013: the backlog of sold but unrecognized units is approximately EGP 18.8 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 96 MN in 1Q-13 compared to EGP 87 MN in 1Q-12. The hotels KPI's and operational results are summarized as follows:
 - Four Seasons Nile Plaza reported GOP of 32% and NP of 24% in 1Q-13 compared to 38% and 30% respectively in 1Q-12. Average room rate is USD 213 in 1Q-13 compared to USD 220 in 1Q-12 and average occupancy rate of 27 % compared to 34% for the same period last year.
 - Four Seasons sharm el sheikh reported GOP of 37 % and NP of 25% in 1Q-13 compared to 21% and 11% respectively in 1Q-12. Average room rates is USD 347 in 1Q-13 compared to USD 285 in 1Q-12 and average occupancy rate of 45% compared to 36% for the same period last year.
 - Four Seasons San Stefano reported GOP of 13 % and NP of 6% in 1Q-13 compared to 14% and negative NP respectively in 1Q-12. Average room rates is USD 212 in 1Q-13 compared to USD 208 in 1Q-12 and average occupancy rate of 38 % compared to 44% for the same period last year.
 - Kempinski Nile Hotel reported a GOP of 1.5% and negative NP in 1Q-13 compared to 3% GOP and negative NP in 1Q-12. Average room rates is USD 137 in 1Q-13 compared to USD 156 in 1Q-12 and average occupancy rate of 26% compared to 35% for the same period last year.

Key Operational Highlights for the first quarter ending March 31, 2013

	1Q-13		1Q-12		
	EGPmn		EGPmn		change
Revenues breakdown					
Revenues from units sold	1,364	90%	1,184	91%	15%
Revenues from Hotels	96	6%	87	7%	10%
Other revenues	62	4%	32	2%	93%
Total consolidated revenue	1,522	100%	1,303	100%	17%
COGS breakdown					
Real Estate & Construction Cost	(1,042)	76%	(883)	75%	18%
Hotels Cost	(75)	78%	(71)	82%	5%
Services Cost	(50)	80%	(22)	68%	126%
Total cost of goods sold	(1,166)	77%	(976)	75%	20%
Gross profit	356	23%	327	25%	9%
Selling, General and Administrative Expenses	(100)	-7%	(97)	-7%	3%
Depreciation expense	(31)	-2%	(32)	-2%	-3%
Provision expense/provisions no longer required	0.007	0%	0.033	0%	-80%
interest expense	(33)	-2%	(41)	-3%	-18%
interest income	13	1%	11	1%	17%
investment income	1	0%	4	0%	-75%
net change in market value of financial investments	1	0%	12	1%	-89%
Other income (expense)	17	1%	17	1%	0%
Capital gain	5	0%	5	0%	-2%
Foreign exchange difference	(52)	-3%	(0)	0%	31323%
Net profit before tax	177	12%	207	16%	-15%
income tax and deferred tax	(58)	-4%	(44)	-3%	32%
Net Profit	119	8%	163	12%	-27%
Minority's share	21	1%	11	1%	92%
attributable to shareholders	139	9%	174	13%	-20%

Consolidated Financial Statements

Translation of Financial Statements
originally issued in Arabic

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

CONSOLIDATED BALANCE SHEET

As of 31 March 2013

	Notes	31/3/2013 LE	31 /12/ 2012 LE
Non-Current Assets			
Property and Equipment	(4)	4,096,298,693	4,122,392,057
Intangible Assets	(5)	11,303,800	12,092,244
Projects Under Constructions	(6)	1,225,043,647	1,249,092,135
Goodwill	(7)	15,393,653,117	15,393,653,117
Investments in Associates	(8)	4,651,499	4,848,184
Available for Sale Investments	(9)	61,334,990	57,894,990
Investments in Financial Assets Held to Maturity	(10)	288,872,440	270,041,071
Total Non-Current Assets		<u>21,081,158,186</u>	<u>21,110,013,798</u>
Current Assets			
Non-current assets held for sale	(11)	93,830,684	93,830,684
Work in Progress	(14)	17,550,654,855	17,221,508,767
Inventory	(15)	33,344,818	29,970,336
Accounts and Notes Receivable	(13)	12,212,484,162	12,943,927,048
Prepayments and Other Debit Balances	(16)	2,453,940,435	2,481,676,506
Available for Sale Investments	(9)	25,845,508	25,845,508
Investments in Financial Assets Held to Maturity	(10)	527,014,815	582,929,282
Financial assets at fair value through profit and loss	(12)	183,418,727	142,774,029
Cash on Hand and at Banks	(17)	323,203,338	331,733,008
Total current assets		<u>33,403,737,342</u>	<u>33,854,195,168</u>
Current Liabilities			
Banks Overdraft		80,696,235	68,510,278
Creditors and Notes Payable	(18)	1,997,689,228	2,464,828,974
Bank Facilities	(26)	882,628,142	880,733,180
Current Portion of Loans and Facilities	(26)	806,973,525	829,373,436
Customers Advance Payment	(19)	15,405,124,288	15,755,731,070
Dividends Creditors	(20)	16,402,110	14,328,219
Accrue income tax	(28)	214,725,768	173,715,416
Accrued Expense and Other Credit Balances	(21)	2,480,208,982	2,266,465,706
Total Current Liabilities		<u>21,884,448,278</u>	<u>22,453,686,279</u>
WORKING CAPITAL		<u>11,519,289,064</u>	<u>11,400,508,889</u>
TOTAL INVESTMENTS		<u>32,600,447,250</u>	<u>32,510,522,687</u>

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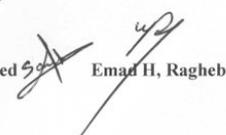
CONSOLIDATED BALANCE SHEET

As of 31 March 2013

	Notes	31/3/2013 LE	31 /12/ 2012 LE
Financed as follows:			
Owner's Equity			
Authorized Capital	(22)	<u>30,000,000,000</u>	30,000,000,000
Issued and Paid up Capital	(22)	<u>20,635,622,860</u>	20,635,622,860
Legal Reserve	(23)	<u>218,227,661</u>	216,758,638
General Reserve	(24)	<u>61,735,404</u>	61,735,404
Net unrealized gains on available for sale investments	(25)	<u>10,040,000</u>	6,600,000
Retained earning		<u>4,473,491,851</u>	3,922,963,906
Net profit for year		<u>139,397,655</u>	545,731,026
TOTAL MOTHER COMPANY SHAREHOLDERS EQUITY		<u>25,538,515,431</u>	25,389,411,834
Minority Interest		<u>933,343,785</u>	957,933,782
TOTAL SHAREHOLDERS' EQUITY		<u>26,471,859,216</u>	26,347,345,616
Non-current Liabilities			
Non-current Loans	(26)	<u>1,830,368,666</u>	1,856,303,372
Non-current Liabilities	(27)	<u>4,281,253,115</u>	4,280,214,247
Deferred Tax Liability	(28)	<u>16,966,253</u>	26,659,452
Total Non- Current Liabilities		<u>6,128,588,034</u>	6,163,177,071
Total Shareholders' Equity and Nun- Current liabilities		<u>32,600,447,250</u>	32,510,522,687


Chairman
Farek Talaat Mostafa


Financial Director
Ghaleb Ahmed Fayed


Emad H. Ragheb

Auditors

Magdy Hashish

-The attached notes (1) to (39) are an integral part of these consolidated financial statements.
-Review report attached.

Translation of Financial Statements
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Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2013 to 31 March 2013

	Notes	From 1/1/2013 to 31/3/2013 LE	From 1/1/2012 to 31/12/2012 LE
Revenue	(29)	1,521,633,435	1,303,063,662
Cost of revenue	(29)	(1,165,893,849)	(975,625,465)
GROSS PROFIT		355,739,586	327,438,197
General and administrative expenses, marketing and sales expenses		(71,579,809)	(89,599,561)
Depreciation and amortization		(31,032,762)	(32,007,239)
Provisions no longer required	(13)	6,651	32,783
Rent expenses		(27,845,966)	(7,343,261)
Operating Profit		225,287,700	198,520,919
Credit interest		3,753,772	4,009,046
Interest on bonds		8,599,785	6,561,048
Bonds amortization		342,283	370,242
Income from treasury bills		136,422	64,155
Finance cost		(33,363,858)	(40,549,087)
Dividends revenue	(30)	1,059,681	1,226,450
Gain on sale of financial investments	(31)	288,631	3,814,794
Gain of reevaluate financial assets at fair value through profit and loss	(12)	1,287,128	12,123,877
Share of (loss) of associates	(8)	(372,310)	(1,176,117)
Other income	(32)	17,304,696	17,265,763
Capital gain		4,702,881	4,818,849
Board of directors allowances		(160,050)	(171,500)
Foreign exchange (loss)		(52,315,253)	(166,487)
NET PROFIT FOR THE PERIOD BEFORE TAX		176,551,508	206,711,952
Income tax	(28)	(67,884,634)	(29,253,940)
Deferred tax expense	(28)	9,901,091	(14,596,438)
NET PROFIT FOR THE PERIOD AFTER TAX		118,567,965	162,861,574
Minority interest		(20,829,690)	(10,876,169)
NET PROFIT FOR THE PERIOD (MOTHER COMPANY SHAREHOLDERS)		139,397,655	173,737,743

Chairman
Tarek Talaat Mostafa

Financial Director
Ghaleb Ahmed Fayed

-The attached notes (1) to (39) are an integral part of these financial statements.

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CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January 2013 to 31 March 2013

	Notes	From 1/1/2013 to 31/3/2013 LE	From 1/1/2012 to 31/12/2012 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and minority interest		176,551,508	206,711,952
Adjustment to reconciliation net profit with cash flow operating activities:			
Depreciation & Amortization		31,032,762	32,007,239
(Discount) Financial Assets Held to Maturity Amortization	(10)	(342,283)	(370,242)
Provisions (no longer required)		(6,651)	(32,783)
(Gain) of revalue Financial Assets at Fair Value through Profit and Loss	(12)	(1,287,128)	(12,123,877)
(Gain) from selling Financial Assets at Fair Value through Profit and Loss		(288,631)	(3,814,793)
Dividends revenue of Financial Assets at Fair Value through Profit and Loss		(1,059,681)	(1,226,450)
Share of loss (profit) of Associates	(8)	372,310	1,176,117
Credit Interests, Bonds and Treasury Bills revenue	(33)	(12,489,979)	(10,634,249)
Reconciliation on Retained Earning and Minority Interest		(2,713,526)	(27,508,414)
Capital (Gain)	(4)	(4,702,881)	(4,818,849)
Foreign Exchange Loss		52,315,253	166,487
Operating profit before changes in working capital		242,808,125	179,532,138
Change in Work in Progress	(14)	(266,642,216)	(527,016,595)
Change in Inventory	(15)	(3,374,482)	(487,440)
Change in Accounts and Notes Receivables	(13)	731,442,886	644,828,021
Change in Prepayments and Other Debit Balances	(16)	27,470,692	68,402,421
Change in Creditors and Notes Payable	(18)	(467,139,746)	(191,005,103)
Change in Non- Current Liabilities		1,038,868	13,961,423
Change in Customers Advance Payment	(19)	(350,606,782)	(389,950,873)
Change in Dividends Creditors		2,073,891	5,241,713
Change in Financial Assets at Fair Value through Profit and Loss	(12)	(39,068,939)	(44,804,895)
Change in accrude income tax		(26,874,282)	11,003,363
Change in Other Credit Balances	(21)	213,749,927	52,254,222
Net Cash flows provided from (used in) Operating Activities		64,877,942	(178,041,605)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment) on Purchasing of Property and Equipment and Projects Under Construction	(4-6)	(42,609,293)	(21,973,050)
Proceeds from sale Fixed Assets	(4)	4,705,837	5,430,724
Proceeds (Payment) on Purchasing of Financial Assets Held to Maturity	(10)	37,425,381	(72,905,070)
(Payment) company share in capital increase in Associates	(8)	(175,625)	(81,200)
Proceeds from Dividends revenue	(30)	1,059,681	1,226,450
Net Cash flows provided from (used in) Investing Activities		405,981	(88,302,146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collected Credit Interests, Bonds and Treasury Bills Revenue	(33)	12,755,358	4,526,846
(Payment) Proceeds from Loans and Facilities	(26)	(46,439,655)	256,919,205
Net Cash flows provided from Financing Activities		(33,684,297)	261,446,051
Foreign Exchange Impact		(52,315,253)	(10,356,374)
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		(20,715,627)	(15,254,074)
Cash and Cash Equivalents at the beginning of the period		263,222,730	179,514,071
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(17)	242,507,103	164,259,997

- The attached notes (1) to (39) are an integral part of these consolidated financial statements.

Summary of C&C projects in Operation and Development

	Madinaty	Al Rehab I (9)	Al Rehab II	Al Rabwa I	Al Rabwa II	Saudi JV
Total Land area(1) (m2)	33,600,000	6,140,400	3,760,000	1,318,800	819,028	4,000,000(8)
To be dev. land area(2) (m2)	33,600,000	924,225	3,760,000	0	819,028	3,000,000
To be dev. built up area(3) (m2)	20,856,908	223,740	2,292,260	0	119,071	1,214,075
% of sold residential BUA	31%		62%		75%	
CBRE Value – June 30, 2008	EGP 17.82 BN	EGP 1.92 BN	EGP 5.86 BN		EGP 238.28 MN	SR 800.32 MN (8)
% owned(6)	99.9%	99.9%	99.9%	98.6%	98.6%	50%
Location	New Cairo	New Cairo	New Cairo	El Sheikh Zayed	El Sheikh Zayed	Riyadh (7)
Exp. Population	600,000	120,000	80,000	3,240	1,725	16,800
Commence(4)	July 2006	November 1996	July 2006	December 1994	January 2006	October 2010
Expected Completion(5)	2026	2012	2020	2006	2012	2013
Amenities	Various including: 45 hole golf course 22 schools 1 university 8 hotels commercial parks (offices & retail) 1 hospital	4 schools 7 mosques 1 church 1 office park 2 shopping malls	4 Mosques 2 schools 1 shopping mall 1 club house	1 shopping mall Cinema 9 hole golf course Sports pavilion	9 hole golf course	Medical centre Shopping mall Mosques Sports club Government services

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. Riyadh – authorization obtained

8. Land value only –

Includes additional 1 MN sqm of land procured for future development

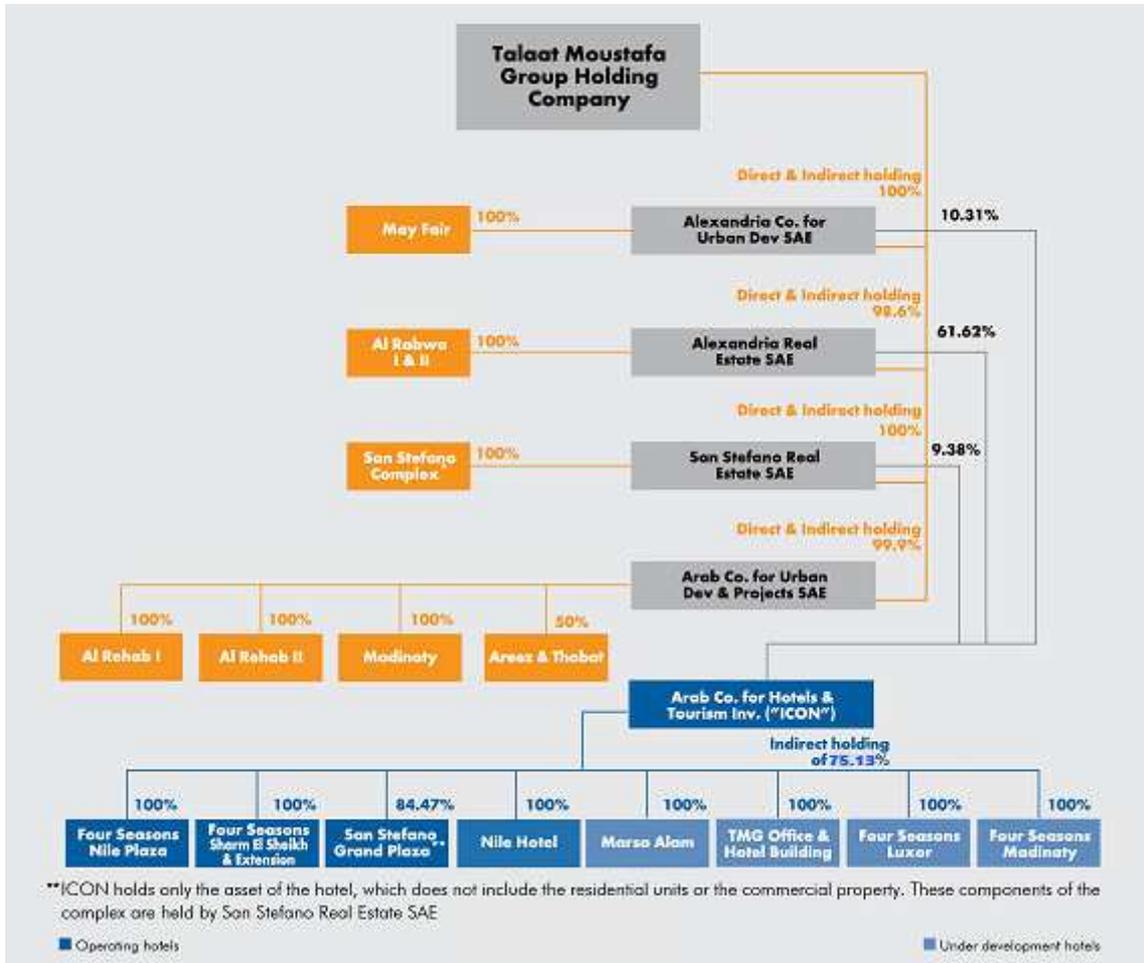
9. all sold except phase 6

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	121	893	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 centre
	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
- Areez and Thabat

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:

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