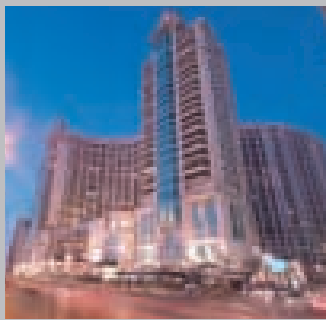
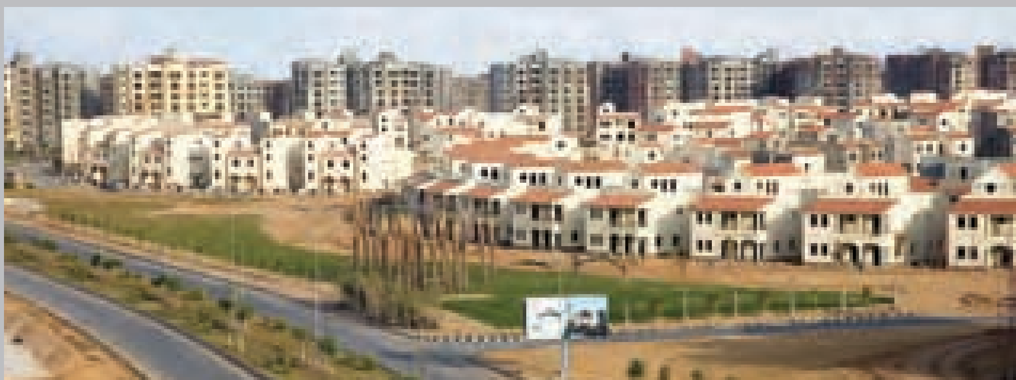
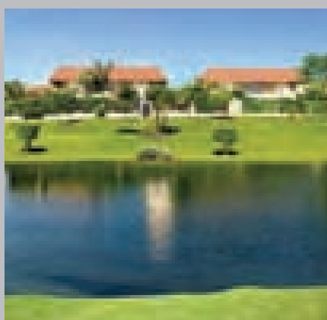
TMG HOLDING
Future Builders






TMG
Annual Report 2008

TMG HOLDING
Future Builders

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Letter from the Chairman

Dear Esteemed Shareholders,

On behalf of TMG Holding's board of directors, I am proud to present the annual report for 2008 in which the Group continued to deliver exceptional revenue and profit growth. I am also pleased to share with you our achievements and development plans based on our stated strategy that we have announced in early 2008.

The continued use of the flexible "phasing" business model and providing our customers with extended banks financing schemes, allowed us to proceed swiftly when we perceived the early signs of inflation before it began to affect the Egyptian market. With the aim of maintaining our target market of middle and upper middle customers, we were able to introduce new product offerings of small units in existing projects that are affordable but still cater to the quality of living that they aspire to. These new offerings have been met with a great success in the Egyptian market.

In 2008, total real estate unit pre- sales amounted to EGP 13.9 bn , recording a significant growth of 34% over 2007 and bringing our total sales backlog to EGP 29.8 bn worth of units to be delivered over the upcoming four years. Taking into consideration our contractors capacity and resources constraints, we have decided to slowdown new sales and focus on the construction and delivery of such an immense backlog. Meanwhile, we have outperformed our own delivery schedules, by starting to deliver units in Madinaty, TMG's largest project, 16 months ahead of schedule.

At the close of 2008, total consolidated revenues reached EGP 5.45 bn, 155% higher than the proforma results of 2007 and implying a gross profit margin of 36% and a net profit margin of 27% and total assets reported EGP 53.8 bn, representing a 30% growth over the consolidated results of 2007.

The year also witnessed a number of significant local acquisitions in the hotels and resorts segment in the cities of Sharm El Sheikh, Cairo and Luxor as part of our strategy to increase the weighting of recurring and stable revenues from commercial units and hotel and resort complexes. The committed hotel and resort projects that are currently under development will result in a total of 2,600 operational rooms by 2013.

As for our regional expansion plans, we are moving thoroughly to launch our first residential project in Al Riyadh in 2009, through which we are introducing the concept of a fully integrated city and community complex for the first time to the Saudi Arabia market. Our target is to generate up to 40% of our real estate revenue from the Kingdom of Saudi Arabia (KSA) and to increase our land bank in KSA to the level of 15 million square meters.

Moving forward, we are, more than ever, strongly committed to adhering to our delivery of good quality, yet affordable developments to our customers and to our pursue of a local and regional expansion strategy aimed at minimizing risk and enhancing returns to our shareholders through geographical and business line diversification of our revenue streams.

Following these strategies, we are confident that TMG will show resilience through these challenging times driven by the support of our capable management team and the dedication of our human resources upon whom our successful business model is built.

We thank you for your trust and support, and renew our pledge to you to put shareholder value at the forefront of our objectives.

Sincerely,

Tarek Talaat Moustafa
Chairman

34 % growth in real estate sales

2007: EGP 10.4 bn
2008: EGP 13.9 bn

Backlog of pre-sold units amounted to EGP 29.8 bn

" Moving forward, we are, more than ever, strongly committed to adhering to our delivery of good quality, yet affordable developments to our customers and to our pursue of a local and regional expansion strategy aimed at minimizing risk and enhancing returns to our shareholders."

155 % increase in consolidated revenue

2007 (Proforma): EGP 2.14 bn
2008: EGP 5.45 bn

127 % increase in gross profit

2007 (Proforma): EGP 0.851 bn
2008: EGP 1.93 bn

30 % growth in consolidated total assets

2007: EGP 41.4 bn
2008: EGP 53.8 bn

Debt to equity ratio has reached 1:12

OUR MISSION

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.

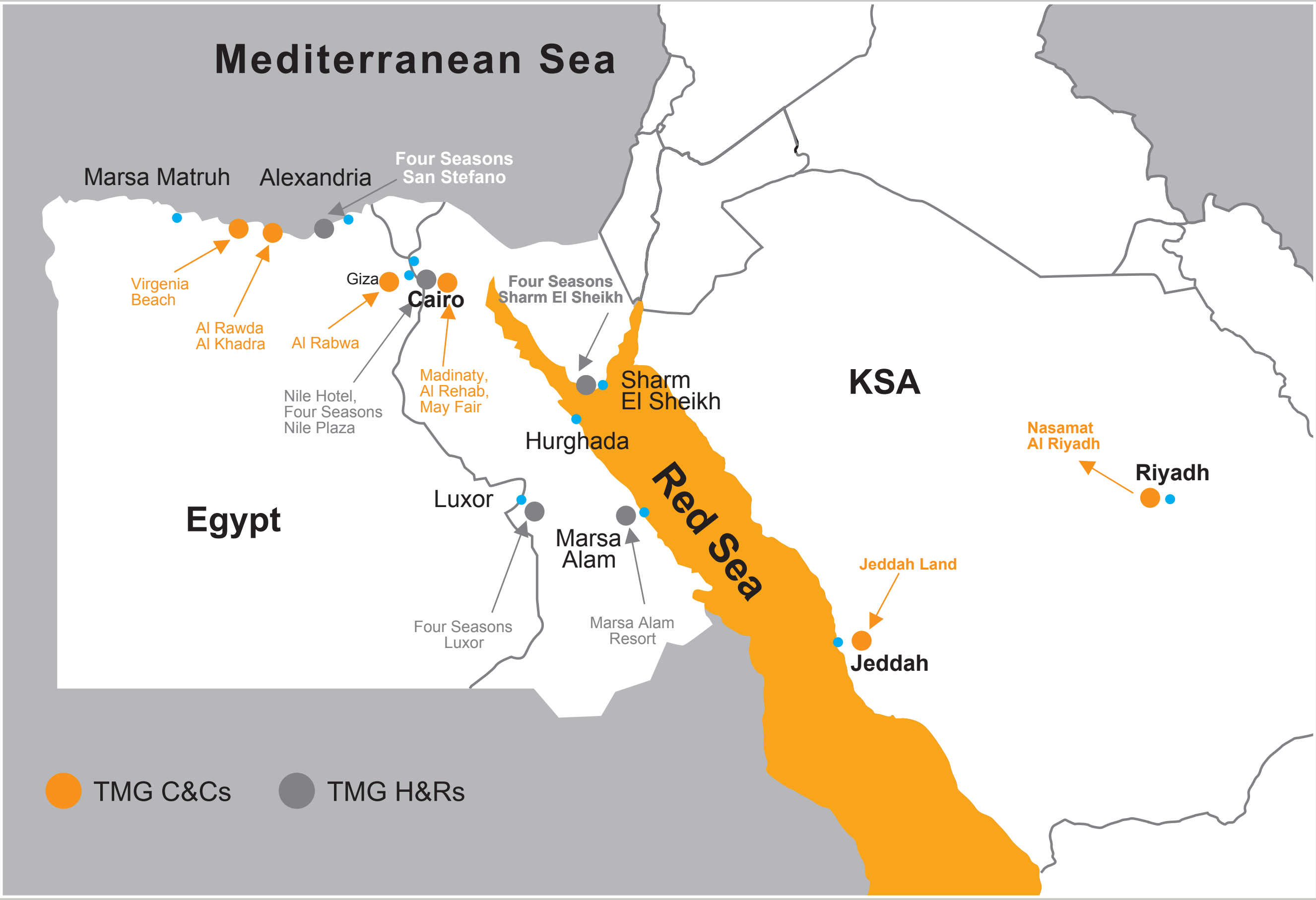
OUR VISION

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.

OUR CORPORATE VALUES

Creativity and Motivation
Credibility and Integrity
Customer Focus
Teamwork

TMG Projects by Geographic locations



TMG at a Glance

TMG IS...

The leading community real estate developer in Egypt and the Middle East, drawing upon its longstanding experience in the real estate development industry.

TMG has a successful, 20-year track record in which 8.5 mn sqm of land was developed and over 57 thousand real estate units with a BUA that exceeded 9 mn sqm were sold.

The Group enjoys strong management capabilities with 10 board members, 13 vice presidents, 3,000 employees and 60,000 on-sites workforce.

It applies a self-financing real estate units' sales approach whereby the units are sold before construction to avoid the buildup of units' inventory and offers alternative financing schemes that cater to the customers' affordability through long-term arrangements with banking corporations.

It also adopts a low risk flexible phasing model that enables the construction of each phase to meet the changing demand and adapt to the market conditions.

TMG's developments are self contained urban communities targeting the middle to upper middle classes, and are featuring different styles and size of units that cater to changes of income levels, average household size, lifestyle and consumer preference.

Currently, it owns 50 mn sqm of quality land bank in prime locations and high growth areas in Egypt and Kingdom of Saudi Arabia and plans a geographic diversification by expanding in the region with an eye on markets of shared similarities with the Egyptian real estate markets as KSA.

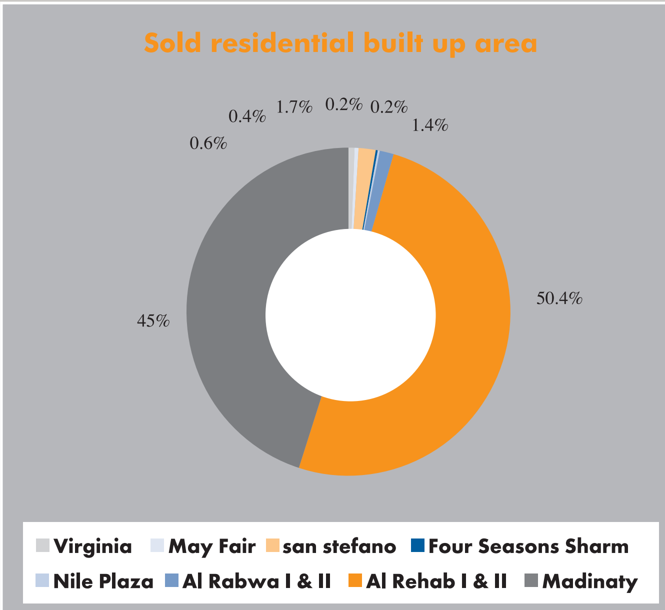
In addition, TMG owns three operational large scale luxury hotel complexes including high-end residencies, shopping malls and office parks that offer stable income to the Group and has also initiated a business line diversification starting with the development of five additional Hotel & Resort projects to increase the contribution of stable income to the Group's total revenue.

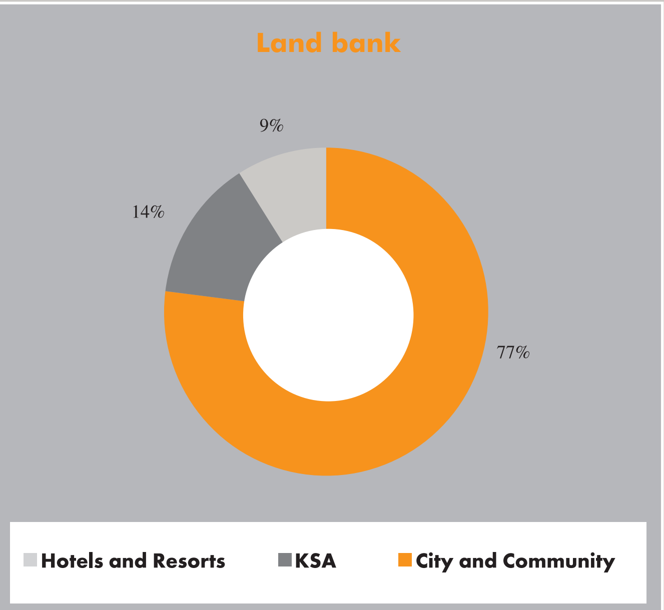
OUR VISIONARY CONCEPT

is "a unique lifestyle community development"

OUR BUSINESS PHILOSOPHY

is to provide innovative and customer oriented solutions that cater to the customers changing needs





Shareholders' Review

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

Board of Directors

Tarek Talaat Moustafa

Chairman and Managing Director

He was appointed as the Chairman and Managing Director of Talaat Moustafa Group Holding in September 2008. Prior to that, he was 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.

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.

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

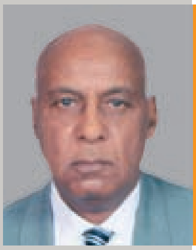
He has been a Professor of Management Administration at the American University in Cairo since 1985. He was also the Deputy President at The American University in Cairo from 1991 to 1994. He received a Bachelor's degree in Military Science and Engineering from the Egyptian Military Technical College 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, he was a Vice President of Faisal Bank focusing on real estate financing. He received a Bachelor's degree of Commerce from the University of Cairo in 1961.

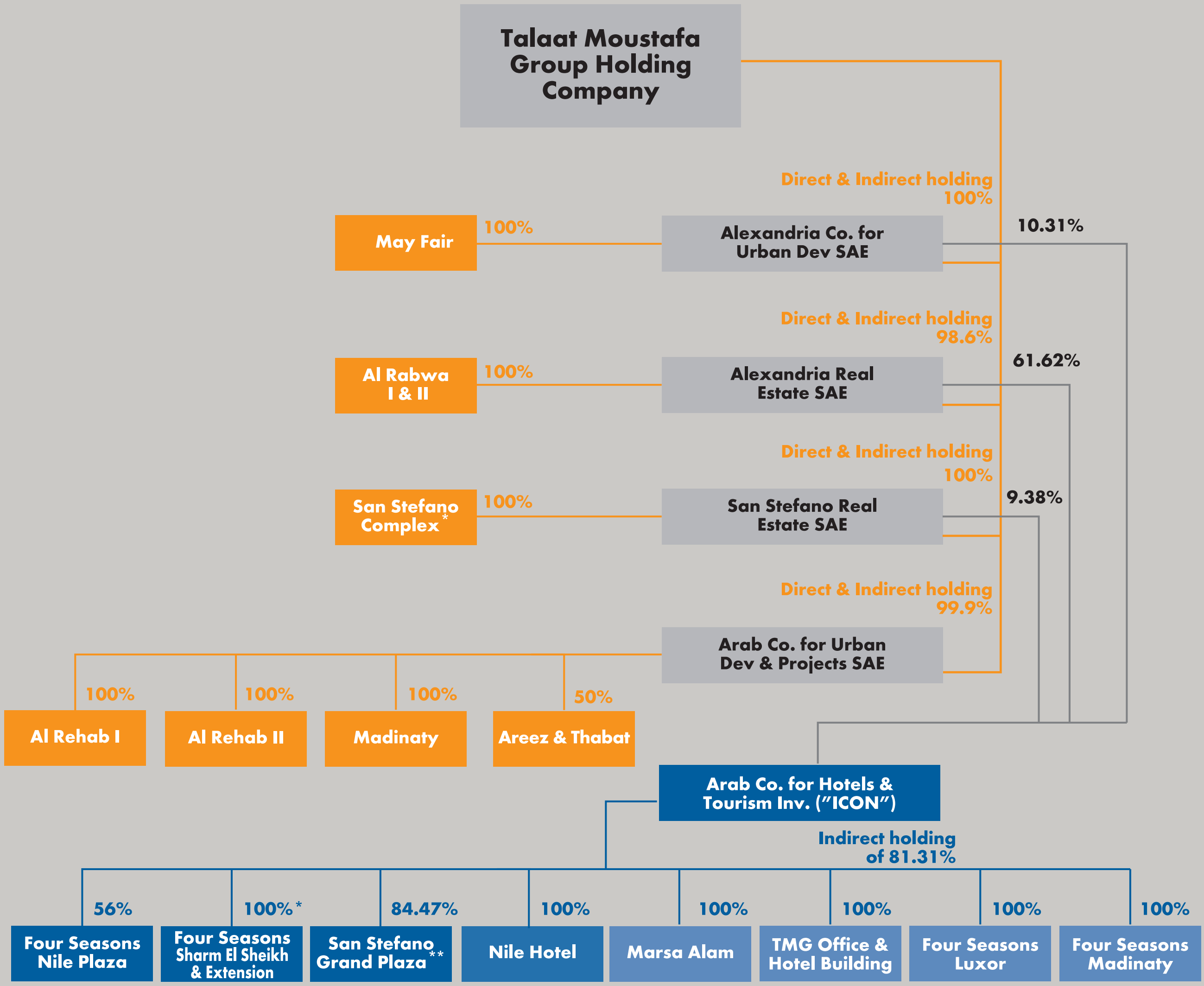
Adel Fattouh Hammad
Non-Executive Member

He is the Chairman and Managing Director of Misr Insurance Company. Prior to that, he was a Sector Head and the Vice Chairman for the Company's regional affairs. He received a Bachelor degree of Commerce in 1976, and a specialized Diploma in insurance in 1984.

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's degree of Commerce from the University of Cairo in 1975.

TMG Corporate Structure



* Effective March 2009
** 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

■ Operating hotels ■ Due to open 2009 ■ Under development hotels

TMG Holding has under its umbrella a group of companies:

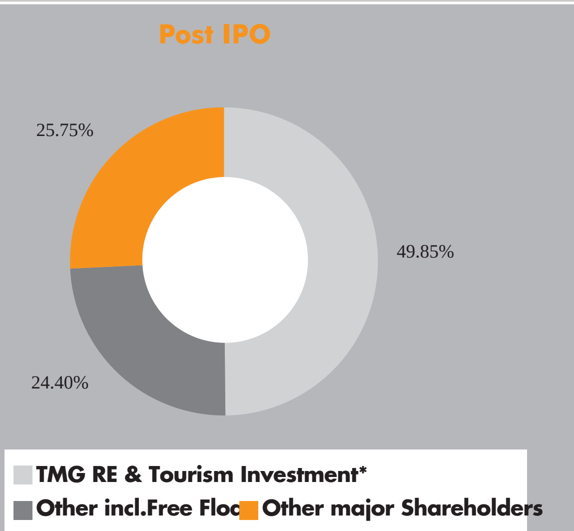
- Arab Company for Projects and Urban Development, which owns and manages:
  - AL-Rehab and Madinaty projects in New Cairo District
- Alexandria Real Estate Investment Company, which owns and manages:
  - AL-Rabwa Compound in EL-Sheikh Zayed City
- San Stefano Real Estate Investment Company, which owns 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 Cairo
  - Four Seasons Resort Sharm EL-Sheikh
  - Four Seasons Alexandria at San Stefano
  - Nile Hotel in Cairo
- Areez and Thabat

Disclosure & Shareholder Information

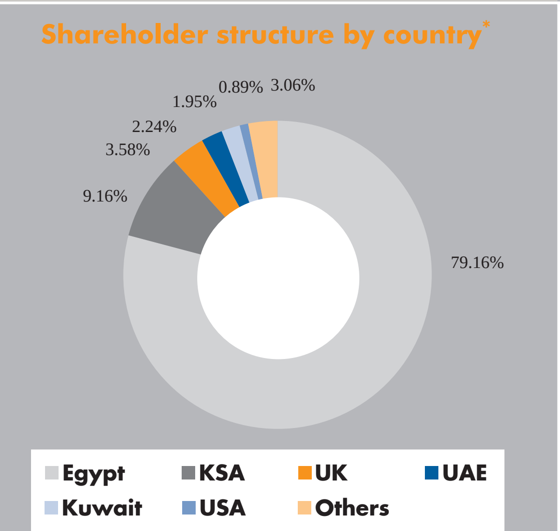
Share Information

Issued & paid-in Capital	EGP 20.302 bn
Number of Shares	2,030.2 mn shares at a par value of EGP 10/share
Listing	Cairo & Alexandria Stock Exchanges
Reuters Code	TMGH.CA

Shareholding Structure



*Including Talaat Moustafa Family, and Saudi group



*Shareholder structure by country as of Dec. 31,08

Share Capital
TMG's issued and paid up capital amounted to EGP 20,302,035,500 divided over 2,030,203,550 shares at a par value of EGP 10 per share as at December 31, 2008.

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 49.85% of TMGH's shares, strategic shareholders hold 25.75%, and 24.4% 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 its first full year consolidated results were 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

The Board of Directors

TMG's 10-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

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

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 rulesand 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.

Nomination and Remuneration Committee

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

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.

About TMG

- The **TMG Brand Name**
- **Awards & Recognition**

The TMG Brand Name

TMG' s credibility was founded, several decades ago, on the firm belief in quality, value, commitment, affordability 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.

The leader of community complexes development

TMG was the first to identify the huge unmet demand and the lack of integrated modern communities in Egypt to cater to the rising middle and upper classes and meet all of their lifestyle needs by providing facilities and services on site. It pioneered the development of larg scale residential community complexes in Egypt and to date it is the largest real estate developer by far.

TMG inaugurated its first project in this domain, "Al Rawda Al Khadra Village", over and area of 84,000 sqm in Abu Youssef in Alexandria in 1990. In 1995, it delivered "Virgenia Beach Village" on 365,400 sqm, the first fully-integrated residential and leisure compound on the North Coast of Egypt, at a time where no one had yet set sight on this location, later to become the destination of the favored summer in the Egyptian community.

During the decade from 1994 to 2004 TMG pulled off a series of signature compounds developed on the outskirts of Cairo for which it harnessed its strong reputation for quality, timely delivery, and adherence to precise specifications.

These projects included May Fair in Al Shorouk, East of Cairo, Al Rabwa in Al Sheikh Zayed, West of Cairo, and the flagship development Al Rehab I in New Cairo, the first fully-integrated city and community complex in Egypt, eventually followed by Al Rehab II extension in 2006, conceived on the back of the huge success of Al Rehab I.

The devoloper of the largest scale projects

In July 2006, the group started the project of "Madinaty", spanning over 33.6 mn sqm, the largest fully integrated development in Egypt.

Expanding beyond its borders

TMG is also expanding in the region with an eye on markets with shared similarities with the Egyptian real estate market, such as a stable legal environment, favorable demographics, an unmet domestic demand and a growing population. In 2007 TMG entered into Saudi Arabia to capitalize on the substantial unmet demand for housing units. Similar to Egypt, the Saudi Arabian market also lacks the concept of full fledged cities development, TMG's "Nasamat Al Riyadh" project will be the first to fullfill this concept.

In collaboration with local Saudi Arabian partners, TMG will develop city and community complexes in each of Riyadh and Jeddah on a total land area of 6.9 mn sqm targeting middle and upper middle income classes.

TMG Projects Overview

	Real Estate	Hotels & Resorts
Completed projects	Virgenia Beach; Mayfair; Al Rawda Al Khadra; Al Rabwa 1; Al Rehab 1 (phases: 1,2,3,4)	Four Seasons Sharm El Sheikh; Four Seasons Nile Plaza; Four Season San Stefano
Under Construction Projects	Madinaty; Al Rehab 1 (phases 5,6); Al Rabwa 2; Al Rehab 2	Nile Hotel
Under Development Projects	Nasamat El Riyadh (KSA)	Extension Four Seasons Sharm El Sheikh; Four Seasons Luxor; Marsa Alam Resort; Four Seasons, Madinaty; TMG Hotel & Building

- Real Estate
- Hotels & Resorts

The TMG Brand Name

Filling the gap in luxury hotels in Egypt

TMG has also indentified a gap in Egypt for high-end hotels and introduced luxury tourism facilities providing a level of service that had not been previously witnessed in Egypt. TMG applied its business model for City and Community complexes to its Hotels and Resorts business, for the first time combining the real estate and tourist product by establishing hotel complexes that also offer residential, commercial and office units.

In 1995 and 1996, the group 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. All three luxury hotels are managed by the reputable Four Seasons Management chain and are providing luxury touristic services of the highest international standards.

Currently five more Hotel & Resort projects are under development by TMG.

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.

The way forward

In a tradition to always spot opportunities and seize them, TMG will continue to expand its land bank and H&R investments in Egypt and the region, building upon the trends it has set.

Awards & Recognition

Year After Year, our hotels and resorts are internationally classified among the top preformers of their class

Travel & Leisure World's Best Awards, 2008
Number 1 in the Middle East and among the top 18 Best Hotels and Resorts Worldwide

Condé Nast Traveler's Hot List, 2008
Voted Best Hotel in Africa and the Middle East

Fortune Magazine, 2008
Best New Hotel for Business Travelers in Africa and the Middle East

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 Traveler (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 Traveler (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 Traveler'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"

Market Overview

Market Overview

Macro Economic Indicators

Egypt has been witnessing a strong economic preformance over the past four years, with a GDP growth rate reaching 7.2% in the fiscal year 07/08. The construction and tourism sectors being the two main contributors in fuelling 07/08 GDP growth have recorded a growth rate of 14.8% and 24.3% respectively.

Egypt's net FDI has shot up by a CAGR of 80% throughout 2003 to 2008 reaching US$13.2 bn in 07/08. Net international reserves reached US$34.12 bn by the end of 2008, while inflation declined to 18.7% triggered by the drop in global commodity prices.

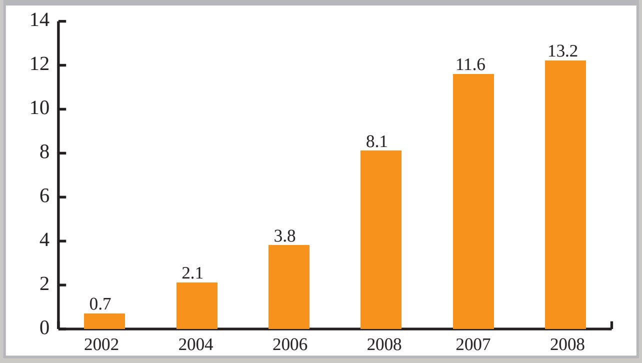
The Egyptian Economy driven mainly by internal consumption and enjoying a healthy financial sector with a low loan – deposit ratio of about 50% and low levels of outstanding mortgages (less than 0.5% of GDP) is set to be amongst the safest 5 economies globally poised to withstand the global financial crisis. And while falling global commodity prices are expected to dramatically reduce local inflation and reduce subsidy burden on the government's spending, the government announced an additional spend of EGP 30 billion to stimulate economic growth.

In 2008, the Egyptian real estate market continued to perform well with sales progressing and prices increasing. Falling commodity prices are driving stability and reductions in building materials costs (specifically steel and cement) which has been allowing developers with strong financial positions to build faster and at cheaper costs. However, there is a likelihood that reduced economic activity may affect the demand in the real estate market especially in residential developments versus office, retail and hotel developments putting an increased emphasis on product differentiation going forward.

On the other hand, the global economic slowdown is expected to affect Egyptian tourism revenues, Suez Canal receipts and exports with reduced real GDP growth rates forecasted to be in the 4 to 5% range, still amongst the highest globally in the wake of the global economic slowdown.

FY Ending June	2005	2006	2007	2008
Total GDP growth	4.6%	6.8%	7.0%	7.2%
Sector as a % to total				
construction				
and building	4.3%	4.6%	4.2%	4.6%
Real Estate				
Hotels and	3.8%	3.7%	3.7%	4.0%
Restaurants	3.4%	3.3%	3.3%	3.4%

Foreign Direct Investment (US$ bn)



Market Overview

Real Estate Market Drivers in Egypt

With a strong economy, favorable demographics, a growing middle and upper class, and increasing access to mortgage style financing the Egyptian real estate market is witnessing sustainable demand for quality housing.

Growing population with favorable demographics

Egypt's population reaching 78 million is primarily a young population with 60% under the age of 30, and 600,000 new marriages per year, and is growing by 1.9% annually with the urban population growing by 3.1%. Cairo, a city originally designed for 5 million inhabitants, currently accommodates c.a. 16 million increasing by around 430,000 inhabitants / annum, and enjoys one of the highest metropolitan densities in the world at 31,750 / 36,500 inhabitants per square km, reaching up to 100,000 inhabitants in certain areas.

A government-driven initiative to establish new urban communities on the East-West axis of Cairo to alleviate pressure on the city while preventing encroachment on agricultural land, has led to the development of several suburbs; with the biggest being New Cairo to the East and Sheikh Zayed to the West of Cairo. Each suburb is forecasted to host 2-3 million people within the coming years, currently estimated at 1 million in East Cairo and 750,000 in West Cairo.

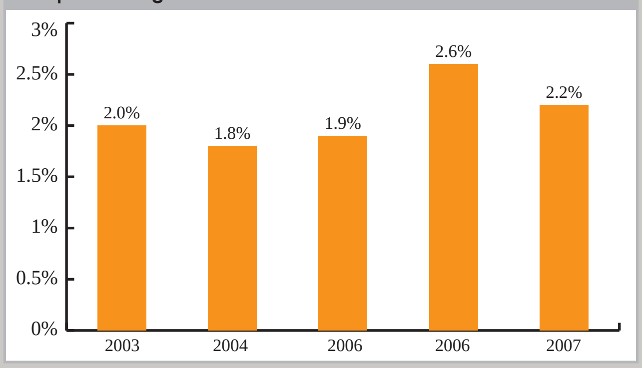
Most of the suburbs were planned for residential use, but as the city grows and congestion increases, suburban residents are trying to stay within these new communities rather than commute on daily basis to the city center, creating new opportunities for the development of services, business and entertainment venues.

Growing demand for residential units

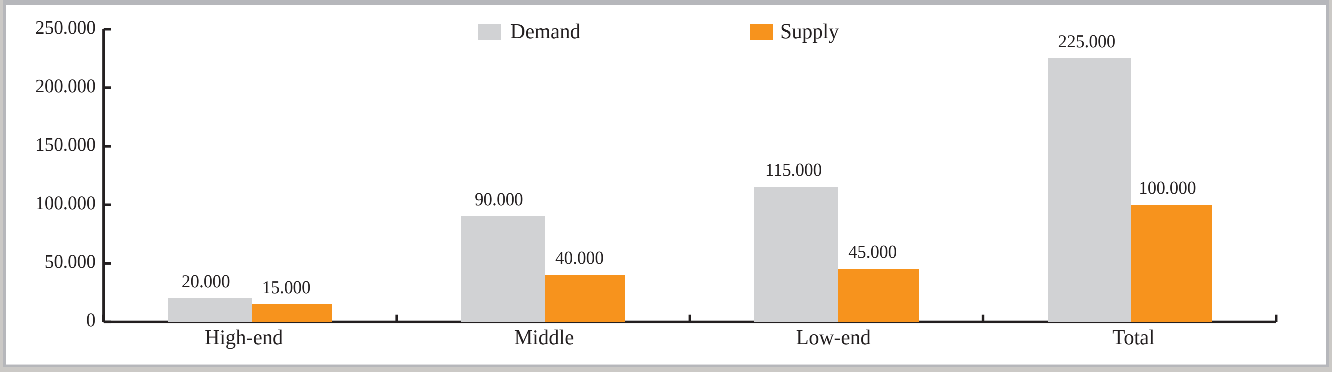
In addition to the growth in population, Egypt has also been witnessing an increase in personal wealth, evidenced by an increase of GDP per capita from US$ 1,200 in 2002 to US$ 1,630 in 2007. This coupled with a growing middle to upper class has created a growing demand for good quality, affordable housing units.

The demand for residential units in Egypt is not only driven by local demand, but by international demand as well, generated by favorable foreign ownership laws in Egypt. Total demand for housing units in Egypt reached 450k units in 2007, approximately 225k units of which in urban areas, creating a supply/demand gap in urban areas of 5k, 50k and 70k in the high-end, middle- and low-end residential units, respectively.

Population growth%



Annual Supply and Demand for Residential Units in Urban Areas Broken Down by Type

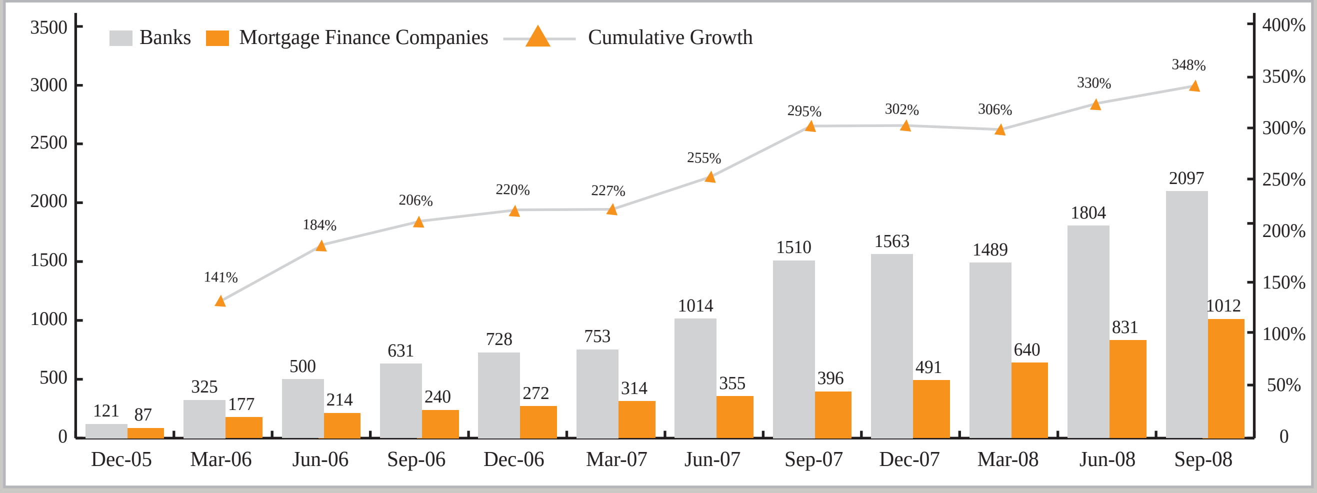


Increased affordability

A developing mortgage market in Egypt coupled with TMG's own arrangements for mortgage financing are increasing the affordability of TMG's units and thus ensuring a sustainable and growing demand for its residential housing products.

Mortgage financing is currently being offered by at least six entities in Egypt, in addition to banks, while the number of dedicated mortgage finance companies is expected to increase gradually. In September 2008, the total value of outstanding mortgage loans reached EGP 3 bn compared to only EGP 202 mn in 2005 with an average loan size of EGP 165,000. Government initiatives currently underway to support mortgage finance are expected to further enhance the Egyptian mortgage market. These initiatives include a recent reduction in interest rates by the Central Bank of Egypt, along with structural reforms undertaken by the government to further boost the real estate industry in Egypt.

Annual Supply and Demand for Residential Units in Urban Areas Broken Down by Type



Egyptian Tourism Industry

Tourism is a fast-growing economic sector, with an average annual growth of 25 % in arrivals and 32.5% increase in receipts over the past four years. Some 13 million people visited Egypt, generating a total revenue of approximately US$ 10.6 bn in 2008.

Egypt's tourism sector is considered amongst the most dynamic and influential sectors in the Egyptian economy. It is ranked amongst the nation's top generators of revenue and to estimated to provide 13% of jobs in Egypt's total workforce.

The global financial crisis has posed a particular challenge to the tourism sector in Egypt, since the tremendous growth in the sector over the past few years had been expected to continue. Nevertheless, the country is still expected to be among the few that will escape the full impact of the crisis, and tourism is expected to remain within the range of what might have been expected for 2009.

Egypt represents 4% of the annual increase in international tourist flows, and the government through the ministries of tourism and aviation has intensified its efforts to retain Egypt's share of the international market.

Fortunately, Egypt is considered an affordable close destination by many European and Arab tourists, who form a majority of Egypt's tourism market, and this means that they may choose Egypt over domestic tourism destinations despite a reduction in their disposable income as a result of the crisis.

Real Estate Projects Review

- **Real Estate Projects Overview**
- **Current Projects**

  Madinaty
  Al Rehab
  Al Rabwa
  Nassamat Al Riyadh

- **Completed Projects**

Real Estate Projects Table

	Madinty	Al Rehab I
Total Land area (m^2) (1)	33,600,000	6,140.400
To be. Dev. Land area (m^2) (2)	33,600,000	924,225
To be. Dev. Build up area (m^2) (3)	16,652,942	24,225
Percent of Sold Residential BUA	25.46%	NA (9)
CBRE Value - June 30, 2008	EGP 17.82 Bn	EGP 1.92 Bn
% owned (6)	99.90%	99.90%
Location	New Cairo	New Cairo
Exp. Population	600,000	120,000
Commence (4)	July 2006	November 1996
Orig. Completion (5)	2026	2011
Revised Completion	2020	2011
Amenities	Various including:	4 schools
	45-hole gulf course	7 mosques
	15 schools	1 church
	1 university	1 office park
	8 hotels, commercial	2 shopping malls
	parks (office & rental)	
	1 hospital	

Al Rehab II	AL Rabwa I	Al Rabwa II	Nassamt Al Riyadh
3,760,000	1,318,800	819,028	4,000,000 (8)
3,760,000	0	819,028	3,000,000
2,571,395	0	118,320	1,214,075
40%	100%	52.60%	NA
EGP 5.86 Bn		EGP 238.28 Mn	SR 800.32 Mn (8)
99.90%	98.60%	98.60%	50%
New Cairo	El Sheikh Zaied	El Sheikh Zaied	Riyadh (7)
80,000	3,240	1,725	16,800
July 2006	December 1994	January 2006	2H 2009
2020	2006	2012	2011
2017	2006	2012	2011
2 schools 4 mosques 1 shopping mall 1 club house	1 shopping mall Cinema 9-hole golf course Sports pavition	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- Dilevery of final unit assumed in the CBRE report
6- Effective ownership
7- Riyadh - authurization obtained
8- Land value only - includes additional 1 million of land procured for future development
9- all sold except phase 6

Madinaty

Location	Extension to New Cairo
Total land size (m^2)	33,600,000
BUA (m^2)	16,652,942
Expected population	600,000
TMG participation	99.9%
Commence date	July 2006
Completion date*	2026
Revised completion date	2020
CBRE Valuation (EGP mn) – June 2008	17,821
CBRE Valuation (EGP mn) – June 2007	10,778

* Initial plan date

Current Projects

Madinaty

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. Madinaty development is planned to take place in eight overlapping phases, each approximately three to four years in duration, originally scheduled for completion in 2026. Amongst others, the project will encompass apartments with a total BUA of 10.2 mn sqm, villas with a total BUA of 2.8 mn sqm, 8 hotels, a university, 15 schools, 3 shopping malls with a total BUA area of 238,000 sqm, 2 social /sporting clubs stretching over a land area of 420,000 sqm each, 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.

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 road, with an access to the planned second ring road. The site lies 30 minutes away from Heliopolis and 45 minutes away from downtown Cairo.

TMG acquired Madinaty's land bank from the Government of Egypt. Payment for the land is agreed to be made in-kind in the form of finished resedintial units, representing 7% of the site's maximum possible residential build up area to be delivered upon completion of each phase.

Master plan & development

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 to cater to the middle and upper-middle classes of the society. The project is designed to provide residents with a full-service independent city while

Residential building

Golf villas view

Phase one villas

maintaining privacy through locating services at the parameters outside each residential areas. 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.

Project progress*

Madinaty sales commenced in July 2006. As at December 31^{st} 2008, phases 1 and 2 representing 25% of the residential built up area of the project have been sold.

Infrastructure work accomplished covers 12.5 million m^3 of Land leveling and roads preparation, 200 kilometers of roads leveling work, 100 thousand m^3 of base and sub base layers, 63 kilometers of borders works, 40 thousand m^3 of asphalt work, 428 kilometers length of water, sewage and irrigation water pipes, 110 kilometers of electricity cables and 35 kilometers of telephone cables.

* Up to May 2009

Residential construction work accomplished to-date covers 2 million m^3 of digging and filling, 600 thousand tons of cement, 250 thousand tons of steel, 1.5 million m^3 of concrete, 2 million meters of walls, 1.2 million meters of ceramics, 400 thousand meters of marble, 4 million meters of paints and 20 thousand pieces of windows and doors.

Delivery of phase I residential units with complete community services starting April 2010 will cover over 17,000 apartments and 2,400 villas, 3 schools, medical centers, sports club and community centers of mosques, admin buildings, commercial shops, nurseries in addition to roads and city gates.

In December 2008, TMG delivered 600 of these villas 16 months ahead of schedule. Based on the current rate of sales and construction, and the assumption that the economy in Egypt remains strong, it is TMG's expectation that the project could finish in 2020, 6 years earlier than the originally planned completion date of 2026.

Madinaty construction site

Current Projects

Al Rehab I & II

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
TMG participation	99.9%
Commence date	Nov-96
Completion date*	until 2011
Revised completion date	2011
CBRE Valuation (EGP mn) – June 2008	1,919
CBRE Valuation (EGP mn) – June 2007	1,084

* Initial plan date

Al Rehab II	
Location	New Cairo
Total land size (m^2)	3,760,000
BUA	2,571,395
Expected population	80,000
TMG participation	99.9%
Commence date	July 2006
Completion date*	until 2020
Revised completion date	2017
CBRE value (EGP mn) – June 2008	5,864
CBRE value (EGP mn) – June 2007	2,551

* Initial plan date

Al Rehab I & II

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 its business model. Subsequently TMG has capitalized on its success by establishing Al Rehab II in July 2006 as a natural extension to the existing city.

Al Rehab I was launched in November 1996 targeting middle 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 4 schools, 3 medical centres, office park contains 10 buildings, a social / sporting club extending over a land area of approximately 238,000 sqm, a commercial centre, an open food court, and two shopping malls. It also contains a fire station, a police satiation, security services, its own public transportation fleet, and other infrastructure and facilities.

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 consists of villas with BUA of 0.44 mn sqm, apartments with a BUA of 1.8 mn sqm, in addition to 4 mosques, 6 schools, 2 shopping malls, a retail centre, a 210,000 sqm club extension, and infrastructure and amenities similar to Al Rehab I.

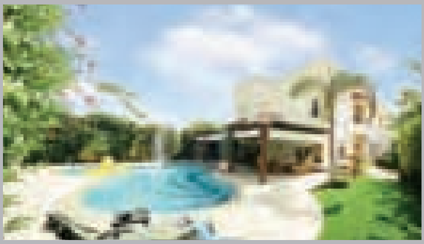
Land bank

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

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).


Residential buildings


One of the villas


Mall 2

Project progress

Sales of Al Rehab I started in November 1996. Today, Al Rehab is fully sold, except for Phase 6 villas, comprising of 608 villas, 204 of which have been sold. The final delivery of the Al Rehab I units is expected in 2011.

TMG started Al Rehab II units' sales in July 2006. By the end of 2008, 40% of the built up area has been sold, and the project is expected to be completed in 2017, 3 years earlier than the planned date of 2020.


Al Rehab club swimming pool

Current Projects

Al Rabwa I & II

Location	El Sheikh Zayed, North 6th Oct. City
Total land size (m^2)	2,137,828
To be dev. land (m^2)	819,028
Expected population	4,965
TMG participation	98.6%
Commence date	January 2006 (Al Rabwa II)
Completion date	2012 (5 years)
CBRE Valuation (EGP mn) – June 2008	238 (Al Rabwa II)
CBRE Valuation (EGP mn) – June 2007	282 (Al Rabwa II)

Al Rabwa I & II

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.

As opposed to Al Rehab and Madinaty, Al Rabwa is an exclusive compound targeting the high end of the market with a limited supply of villas.

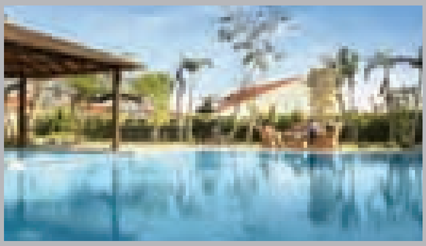
Land bank

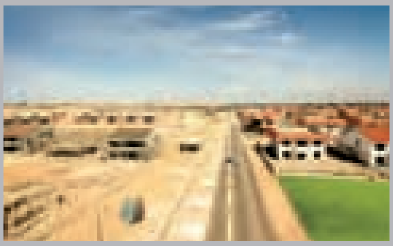
Al Rabwa I & II occupy a total land bank of 2.1 mn sqm located West of Cairo, in Al Sheikh Zayed district, approximately 4 km North of 6th October City.

Master plan & development

Al Rabwa II project was launched in January 2007 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.


The Club house


A villa swimming pool


The extension construction site

Project progress

Sales of Al Rabwa II units has been launched in 2007, and as at 31st December 2008, 52.6 % of the units have been sold. Construction commenced in early 2007, and final delivery of the Al Rabwa II units is expected in 2012.


The lake

Nasamat Al Riyadh

Location	Al Riyadh
Phase I land size (m^2)	3,000,000
Residential BUA	1,214,075
Extension Land	1,000,000
TMG participation	50%
Sales launch date	2009
Completion date*	2011
CBRE Valuation – June 2008 (land only)	SAR 800.31 mn

* Initial plan date

Current Projects

Nasamat Al Riyadh

Aiming to replicate the success of its Egyptian city and community complexes outside its borders, and to capitalize on the growing demand in the Saudi Arabian real estate market, TMG entered into a 50:50 joint venture with Saudi partners Al Mehedeb, Al Fawzan and Al Kahtani through their company "Al Oula" in January 2007. The joint venture company, Areez, will initially develop city and community complexes on a total land area of 4.1 mn sqm in Riyadh and 2.8 sqm in Jeddah, both developments are chosen in prime locations and will be targeting middle and upper middle income classes.

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, the large potential for growth in the Saudi market, and the strong marketing experience, TMG teams have acquired through the existence of their sales branches in Riyadh and Jeddah since 1991.

The Saudi market has a substantial unmet domestic demand that is estimated at 200,000 units per annum and a backlog of more than 800,000 units; a large portion of which is related to the middle income classes, targeted by TMG.

Land bank

Areez has purchased a 4 mn sqm plot of land in Riyadh, on which it is currently developing Nassamat Al Riyadh on 3 mn sqm, with a potential for extension on a further 1 mn sqm of land.

TMG has opted to start its operations in the city of Riyadh since it is Saudi Arabia's fastest growing housing market. According to recent studies, the Saudi capital's population has grown at an annual rate averaging 2.2% over the past fifteen years, which creates substantial new demand every year resulting in stronger domestic demand fundamentals when compared to expatriate driven markets in most other GCC countries.


Villas area


Distinctive architectural designs


The hospital

Master plan & development

Nassamat Al Riyadh is planned to comprise 2,031 villas and 2,112 apartments with a total residential BUA of 1.4 mn sqm, a mall with a BUA area of 0.1 mn sqm, in addition to 0.32 mn sqm BUA of services and amenities including schools, a sports entertainment center, various parks and entertainment areas, a medical center, and other retail facilities.

Project progress

The approval for Nassamat Al Riyadh City Development has been obtained from the Higher Authority of Riyadh City Development, the licenses have been issued, TMG has signed an agreement with Riyadh Bank, one of the biggest banks in Saudi Arabia, to provide financing to the project's customers for extended periods of up to 25 years and the project sales is ready for launch pending the approval of a new committee formed in 2009.

Malls and parks

Completed Projects

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.

Mayfair

Mayfair

Location	El Sherouk
Size (m²)	592,200
Estimated population	1,265
Sold out date	2005
CBRE value EGP mn-rental income only	14.47

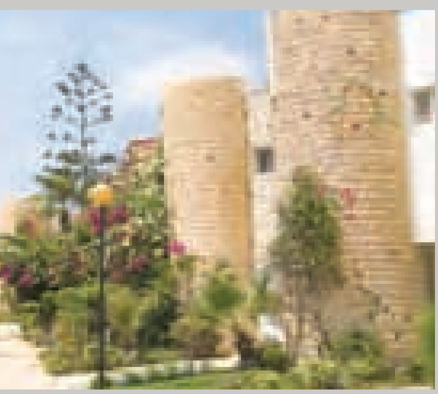
Al Rawda Al Khadra

Location
Size (m²)
Estimated population
Sold out date

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.

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



Al Rawda Al Khadra

Virginia

		Virgenia Beach
Al Agami, Alexandria	Location	North Coast
84,000	Size (m^2)	365,400
6,245	Number of Villas	368
1987	Sold out date	1995

Hotels & Resorts Projects Review

Hotels & Resorts Projects Overview

Operating Hotels

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

Projects under Development

Nile Hotel
Marsa Alam
Four Seasons Sharm Extension
Four Seasons Luxor
Four Seasons Madinaty
TMG Office and Hotel Building

Operating Hotels & Resorts Projects Table

	Four Seasons sharm El sheikh	**Four Seasons Nile Plaza**
% owned (1)	100% (5)	56.31%
Location	Sharm El Sheikh	Cairo
Rooms/keys	200	365
Units	146	128
Sold	106	121
CBRE Value: June 30, 2008	EGP 1.99 billion (3)	EGP 2.44 billion
Commence	November 1998	September 1997
Complete(2)	May 2002	August 2004
Star rating	5 Star	5 Star
Facilities	8 restaurants	Ballroom
	Ballroom	11 meeting rooms
	4 meeting rooms	Business centre
	Business centre	Shopping mall

	San Stefano Grand Plaza	Nile Hotel
	84.47%	100%
	Alexandria	Cairo
	127	191
	945	0
	858	n/ a
	EGP 2.36 billion	EGP 523.57 million
	Febraury 1999	August 2005
	July 2007	Fall 2009
	5 Star	Planned 5 Star
	9 restaurants	4 restaurants
	Marina	4 meeting rooms
	Shopping mall	Business centre
	Offices	Executive club
	Cineplex	Mini business centre
	Ballroom	

1- % owned by ICON, which is 81% indirectly owned by TMG
2- Commentment of operations
3- Including EGP 1.03 Bn related to Marsa Al Sadeed (extension) which is 100% owned by TMG
4- Value of land only.
5- Effective March 2009

Four Seasons Hotel at the Nile Plaza

Location	Cairo
Rooms/keys	365
Total units	128 units (BUA 44,646 m^2)
Sold units	94.5%
Operator	Four Seasons
TMG participation	56%
Average room rate	US$ 403
CBRE Valuation – June 2008	(EGP mn) 2,440
CBRE Valuation – June 2007	(EGP mn) 2,220

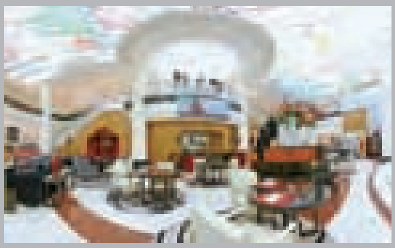
Four Seasons Hotel at the Nile Plaza

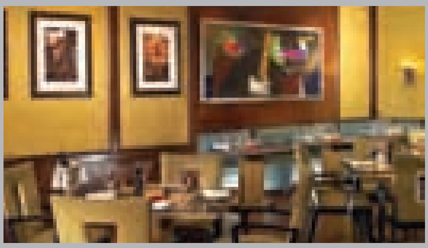
The Four Seasons Hotel Cairo at the Nile Plaza opened in August 2004 entailing a luxurious 5-star hotel with a total capacity of 365 rooms/keys, in a high-rise landmark building located in the classy district of Garden City in the heart of Cairo, overlooking the River Nile.

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 travelers.

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. 3 of the PLaza suites were converted into a royal suite while the remaining 69 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.

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


Beyman store


Steak restaurant


An amazing Nile view

A high rise landmark building ....
overlooking the Nile River


The royal suite

Four Seasons Hotel at the San Stefano Grand Plaza

Location	Alexandria
Rooms/keys	127
Total residential units	945 (BUA250,425m^2)
Sold residential units	91%
Operator	Four Seasons
TMG participation	84.47 %
Average room rate	US$ 320
CBRE Valuation – June 2008	(EGP mn) 2,356
CBRE Valuation – June 2007	(EGP mn) 1,655

Operating Hotels

Four Seasons Hotel at the San Stefano Grand Plaza

The San Stefano Grand Plaza 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.

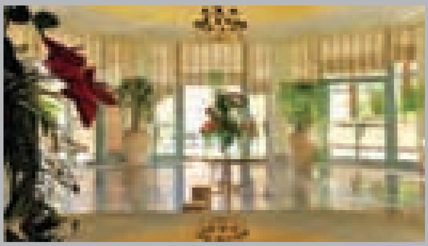
The Four Seasons Hotel Alexandria at San Stefano aims to attract visitors from throughout Egypt and the world both for tourism and business. It is also frequently used for corporate conferences and business meetings, as well as weddings and other functions.

The complex also includes a residential component comprising 945 residential apartments ranging from 131 to 1,271 sqm in size.

The residential component occupies approximately 28,000 sqm of land and. 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 213 retail units, of which 130 have been sold at the end of 2008, to retailers including some internationally recognized brands and the remaining units are offered for rent. The mall includes a parking garage with a capacity for 2,200 cars.

Private beach



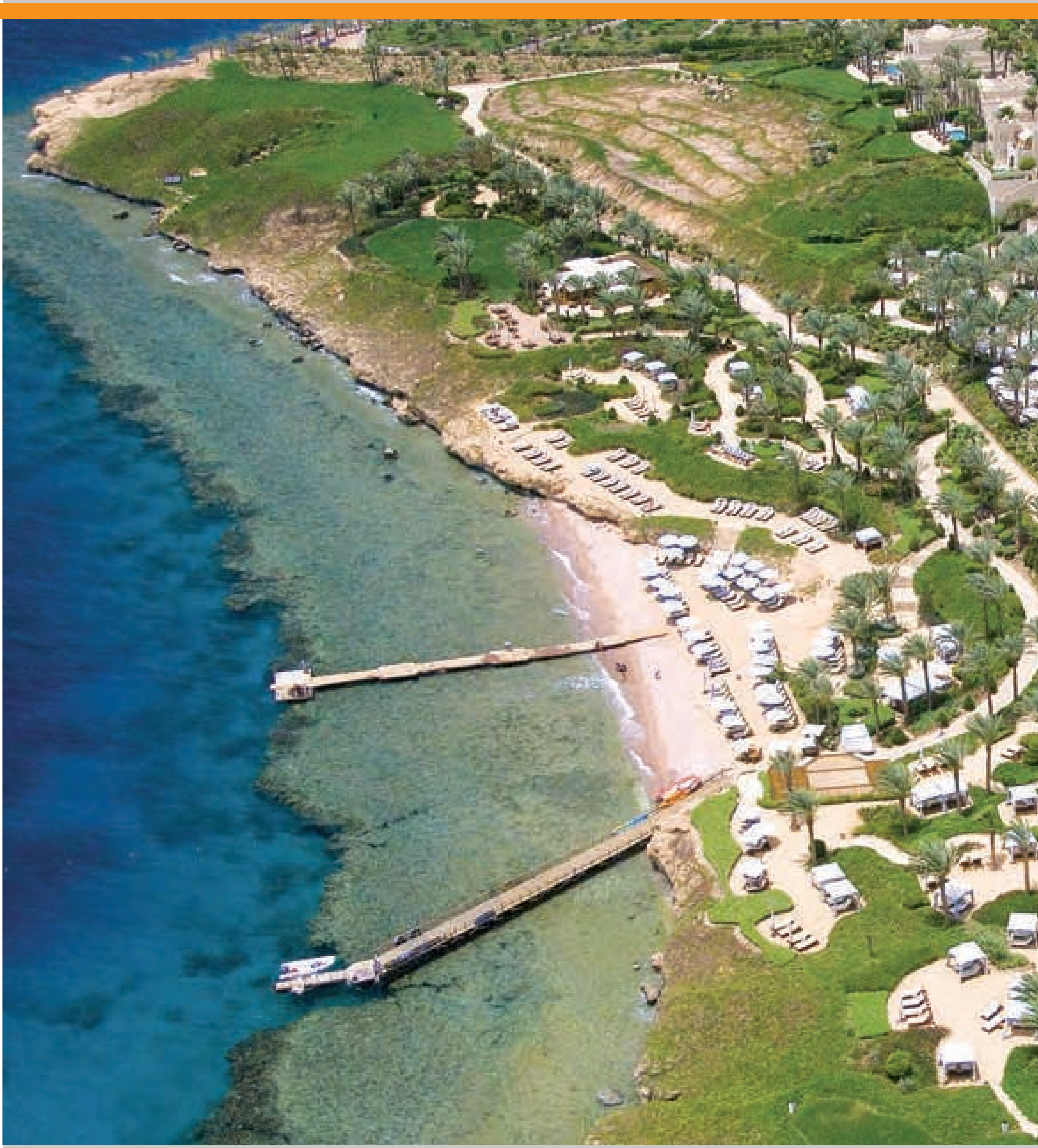
Residential enterance

Main swimming pool

The first luxury hotel by international standards to be constructed in Alexandria

San Stefano mall

Four Seasons Sharm El Sheikh Resort



Location	Sharm El Sheikh
Rooms/keys	200
Total residential units	146 units (BUA 23,810m^2)
Operator	Four Seasons
TMG participation	100%*
Average room rate	US$ 400
CBRE Valuation (excluding golf land) – **June 2008**	(EGP mn) 984
CBRE Valuation (excluding golf land) – **June 2007**	(EGP mn) 769

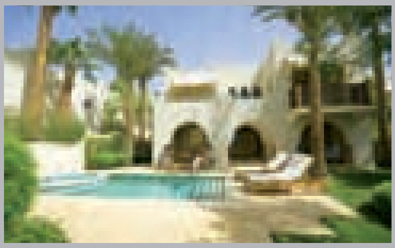
* Effective March 2009

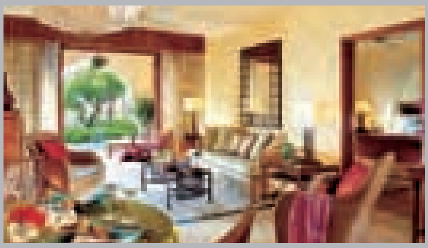
Four Seasons Sharm El Sheikh Resort

The Four Seasons Sharm El Sheikh Resort 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. chalets, at the homeowner's option, are added to the hotel rental program, and furnished and serviced by Four Seasons, the revenue of which is equally split between the owner of the chalet and the company.

The resort is located on the coastal strip between the Red Sea and Mount Sinai, with access to world-class snorkeling 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 Four Seasons Sharm El Sheikh Resort is one of the top performing assets in its class. It 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.


A villa with private pool


A villa dining and living room


Arabesque restaurant

The Four Seasons Sharm El Sheikh Resort is one of the top performing assets in its class


Main swimming pool

Projects under Development

Location	Cairo
Rooms/keys	191
TMG participation	100%
Status	Planned to open in 2009
CBRE Valuation – June 2008	(EGP mn) 524
CBRE Valuation – June 2007	(EGP mn) 298

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 Nile-front hotel has a total capacity of 191 rooms/keys including executive club rooms, junior suites, executive suites, and a presidential suite. Its amenities and facilities will cater to the needs of business travelers and offer business facilities to local business clients, including state of the art conference and meeting centers, a 24-hour business centre, computer availability, and internet access for every room. The hotel will also include three restaurants, a club lounge, a spa and wellness centre, and a swimming pool located on the top floor.

In November 2008, TMG appointed one of the world's most renowned luxury operators, Kempinski, for the operation of Nile Hotel. Founded in Germany 111 years ago, Kempinski Hotels has long reflected the finest traditions of European hospitality. For leisure and business guests alike, the name Kempinski has long been synonymous with style, nobility, and efficiency. Today, as ever, Kempinski is synonymous with distinctive luxury.

The revamping of the already existing building is now in the final phase of construction. The Interior Design by Pierre Yves Rochon of France is also complete, and has lately undergone minor modifications to suite Kempinski's standards. All governmental permits required for the operation of the hotel have been issued, and the soft opening of the Nile Hotel is scheduled to take place in fall 2009.

Arab Company for Hotels and Tourism Investment, the owner of Nile Hotel has additionally purchased the "Sidnawy" Villa located behind the hotel's grounds, with a total land area of 1,700 sqm and a BUA of 1,500 sqm. The new property will be used as a high end luxury executive club adjoining the hotel and an outside catering facility.

An underground garage with a total capacity of 135 parking lots will also be constructed below the new land area.

Location	Marsa Alam
Land area (m^2)	3,256,285
Rooms/keys	750
Residential units	2,250
TMG Participation	99.9%
Status	Currently under development
CBRE Valuation (land only) – **June 2008**	(EGP mn) 174
CBRE Valuation (land only) – **June 2007**	(EGP mn) 138

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 and benefiting from 2.2 km of seafront. TMG plans to establish five separate luxury hotels, to be surrounded by a lagoon containing a total of 750 hotel rooms and 2,250 residential units, an 18 hole golf course, and a golf club house. 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 lagoons 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 advance negotiations with an international hotel operator for the hotel management.

The resort's construction will be carried over 5 overlapping phases with the first phase to be completed in 2011. 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.

The master plan of the resort prepared by Studio Serge, Italy has already been approved by the Tourism & Development Authority, and TMG is preparing to proceed with the next phase of the design.

Projects under Development

Location	Luxor
Land area (m^2)	20,000
Rooms/keys	200
Operator	Four Seasons
Status	Currently in the design phase
TMG participation	100%

Four Seasons Luxor Hotel

The Arab Company for Hotels & Tourism Investment (ICON) has won a renewable 50-year concession rights agreement of the 20,000 sqm land of Sultana Malak in Luxor in July 2008, upon which TMG plans to construct a luxury hotel and a five-star Nile cruiser in Luxor, both to be managed by the Four Seasons.

The team of consultants consisting of WZMH, Canada as Architects, and GA, UK as Interior Designers finished work on the conceptual designs of the Four Seasons Luxor Hotel and are currently in the enhancement phase thereof.

The hotel, with a total BUA of 40,000 sqm is designed to include 200 king and double guestrooms, 2 restaurants, a pool side dining facility, a ballroom, and a number of meeting rooms. Four Seasons Luxor is planned to open in 2012. This expansion compliments the Four Seasons network that TMG has built in Egypt to cover Luxor as well as Cairo, Alexandria, and Sharm El Sheikh, the leading tourist destinations in Egypt.

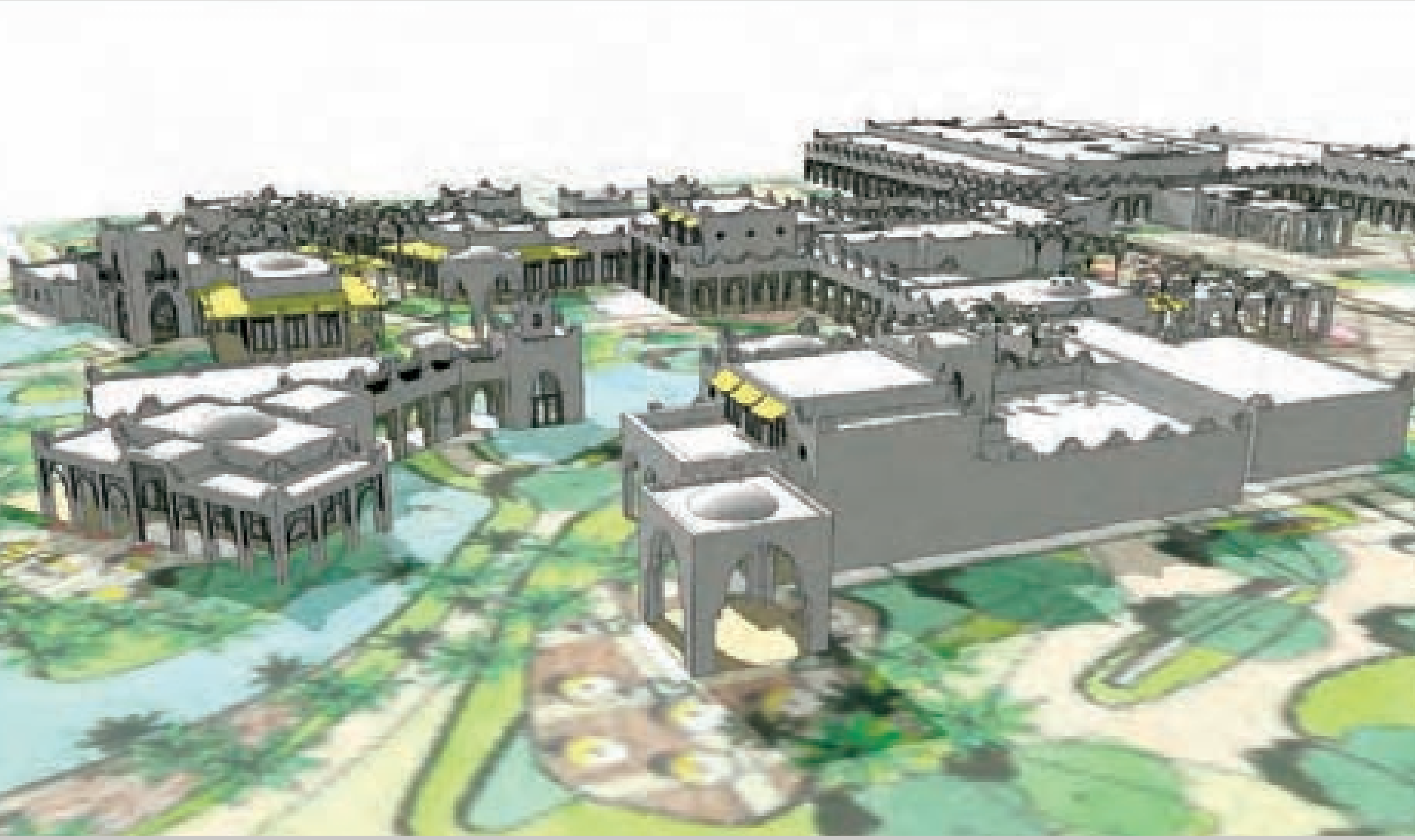
Location	Sharm El Sheikh
Land area (m^2)	957,634
Rooms/keys	96
Total residential units	147 units
Operator	Four Seasons
Status	Currently in the design phase
TMG participation	100%
CBRE Valuation (golf land only) – **June 2007** (EGP mn)	56
CBRE Valuation (full extension) – **June 2008** (EGP mn)	1,003

Extension of Four Seasons Sharm El Sheikh Resort

Capitalizing on the successful operations of the Four Seasons Resort in Sharm El Sheikh, TMG acquired a 187,634 sqm plot of land adjacent to the existing property to develop an extension of the resort on it. The Marsa Al Sadeed extension is planned to encompass 96 hotel rooms, a royal suite, a conference center, a children park, a staff housing, 3 restaurants, lobby lounge, a library bar, a beach bar, pool bar & grill, and small retail shops located in a central area of the resort to create a sort of tropical village in addition to a residential component including 23 villas and 72 chalets.

As a connection to the new extension, an 18 holes Signature Golf Course designed by Robert Trent Jones II will be developed over 770,000 sqm. This development will also include a golf club house and 52 villas overlooking the golf course.

The Sharm El Sheikh Extension due to open in 2012 is currently in the design phase. HKS, USA, the Architects of the project are working closely with Four Seasons Hotels in Toronto to incorporate their comments on the schematic designs prepared by HKS. TMG has assigned MMM, Canada to work on the Mechanical, Electrical & Plumbing (MEP) designs of the project, and are in the process of selecting the Interior Design firm suitable for this project.



Projects under Development

Location	Madinaty
Land area (m^2)	175,000
Rooms/keys	244
Residential units	100 estate villas
Operator	Four Seasons
Status	Currently in the design phase
TMG participation	100%

Four Seasons Madinaty Hotel

The Four Seasons Madinaty will be constructed over 175,000 sqm of land in the Exclusive Golf Residences & Resort District of the city and shall contain 244 rooms / keys in a medium density building with a total built up area of 60,000 sqm which makes the Golf sector of Madinaty capable of hosting official tournaments. In addition to the hotel, the property shall also include a residential component, comprising 100 "estate" villas. The many services, facilities and amenities of the hotel - from meeting rooms to day spas -will all be available to the "estate" villa residents, adding yet another element of up-market living to the Madinaty resident experience.

This sophisticated resort hotel will allow visitors to sample the luxuriant lifestyles that Madinaty community's residents enjoy full-time. Orientation on the main road separating District II and District III gives them easy access to Golf Courses without disturbing the residential districts.

Topography and golf orientation give the hotel an amazing view for the whole sector. Pedestrian walkways shall link the components together and be finished with hardscape materials such as stone or brick. Fountains, seating areas and aesthetic lighting shall be provided along paths for entertaining guests.

Location	Cairo
Land area (m²)	2,160
Hotel BUA (m²)	16,547
Rooms/keys	198
Operator	Four Seasons
Office BUA (m²)	29,914
Status	Currently in the design phase
TMG participation	100%

TMG Office and Hotel Building

In a magnificent location near downtown Cairo TMG's new high-rise headquarter is planned to be established in Tahrir Street, Galaa' square, opposite Galaa' bridge, enjoying far-stretching views of the Nile, the Opera House, and the famous green parks spreading all the way to the Giza Pyramids. On a total land area of 2,160 sqm, the state of the art complex is planned to comprise a hotel with a total BUA of 16,547 sqm and 198 keys, and a total BUA of 29,914 sqm for office buildings. The office space will be designed according to the latest standards of advanced technologies and facilities to keep up with TMG's ever growing business requirements.

Corporate Social Responsibility

"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.

Executive Team

Tarek Talaat Mostafa
Chairman and Managing Directopr

See "Board of Directors' Biographies" page 10 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 Al Shazli
Vice President for Sales

Mohamed Al Shazli is Vice President for Sales and has been employed by TMG since 2001. prior to joining TMG, he was the General Sales Manager and Executive Committee Member in Mantrack (Caterpillar dealer for Egypt). He holds a B.Sc. in Engineering from Alexandria University in 1975.

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
- Consolidated Financials

CFO Report

" As we progress with the development of our projects and timely delivery of the sold units, we shall continue to maintain our profitability while carefully monitoring our cash flow and keeping it in a healthy position at all times."

Dear Esteemed Shareholders,

I am pleased to report our consolidated results for the period ending December 31, 2008 which was marked by strong growth of sales, recognized revenues, profits and asset values, leaving the Group in a very resilient position to tackle any future implications of the global crisis.

Our sales of real estate units reached a record value of EGP 13.9 bn, an increase of 34% over the last year (YTD 2007 EGP 10.4 bn) and despite the pressure of the financial crisis, we have witnessed no material defaults and cancellations of reserved units that have not exceeded the range of 300 units out of a sales backlog of over 36,000 units. By the year's end, we have succeeded to over achieve the sales budget of EGP12.5 bn by 11%.

As at December 31, 2008, 25% of the total residential built up area of Madinaty, 40% of Al Rehab II and 52% of Al Rabwa II had been sold and TMG'S backlog of pre-sold units had amounted to EGP 29.8 bn of sales value. Following our conservative completed contract method, the revenue and cost of sales related to the presold units will be recognized as the units get delivered over the period of 2009 through 2012.

The Group has also produced solid financial results that outperformed the 2007 proforma results and managed to increase its consolidated revenue by 155%, achieve a gross profit margin of 36% and a net profit margin of 27%, increase the total assets by 30%, and preserve a positive cash position and a very low gearing. The debt to equity ratio reached 1:12 times at year end; putting us in a very advantageous position to resort to bank borrowing to help finance our developments should the need arise thereto.

Our operational hotels were also amongst the top performers in their class with a GOP percentage that has exceeded the 63% mark as in the case of the Four Seasons Nile Plaza. San Stefano Hotel in Alexandria in its first year of operation has generated a net profit figure and was also voted as the best hotel in Africa and the Middle East by Conde Nast Traveler 2008 Hot List.

As a result of our highest and best use of our land inventory and the top rated performance of our operational hotels, 2008 also witnessed a 74% appreciation in the value of TMG's properties. According to an independent valuation reports issued by CB Richard Ellis, TMG's properties had a total market value of EGP 34.5bn as at 30/06/08 in comparison to EGP 19.9 bn as at 30/06/07. This value is not reflected in our reported financial results as our portfolio is recorded at historical cost in compliance with the Egyptian Accounting Standards.

Our land inventory to be developed in the upcoming years has reached approximately 50 million square meters including a 6.9 million sqm land in the Kingdom of Saudi Arabia that we plan to increase to the level of 15 million sqm as part of our geographical expansion outside Egypt. The target is to have a minimum land bank of 35 million sqm at any point of time.

We are also planning to increase the weight of recurring income from operating commercial assets, hotels and resorts to contribute 35% of the Group's consolidated profits through building a stock of 5,000 rooms / keys. As a start, 2,600 hotel rooms, including our committed Hotels and Resorts projects in the pipeline, will gradually coming into operation from fall 2009 to the start of 2013. Residential units and commercial space attached to the hotels will further enhance the value generated by these projects.

We are continuing to pursue new investment and acquisition opportunities in the hotels sector to achieve our planned target. We have acquired Marsa Alsadeed land in Sharm El Sheikh, upon which an extension of the existing Four Seasons resort will be constructed, purchased land in downtown Cairo to develop a high-end office and hotel complex, purchased the Sednawy Villa adjacent to the Nile Hotel to develop an exclusive business club and parking attached to the hotel which is due to open in fall 2009.

Additionally, we have obtained a 50 years renewable concession agreement to develop a resort on Sultana Malak Land in a prime location in the historic city of Luxor, one of Egypt's most popular tourists destinations and has signed up management agreement with the Four Seasons renowned chain to operate the hotels in Luxor, Madinaty, and Sharm Extension and successfully appointed Kempinski to operate the Nile hotel. Finally, our share of Four Seasons Sharm el sheikh resort will increase to 100% effective March 2009 by acquiring the minority's share of 39.3% of the hotel.

Financial Review

Financial Highlights for the consolidated results of the 12 months period from January to December 31, 2008 compared to proforma 12 months period from January to December 31, 2007

TMG Holding Financial Statements (EGP Bn)	2008	2007
Total long term assets	34.349	30.477
Net working capital	9.526	7.101
Total investments	43.875	37.578
Total shareholders equity excluding minority interest	21.954	20.678
Total revenues	5.455	2.141 [1]
Gross profit	1.927	0.851[1]
Net profit after tax	1.661	1.737[1]
Minority share	(218)	(396) [1]
Net profit attributable to shareholders	1,443	1,341[1]

1: proforma, reclassified for presentation purposes

Profitability

Total consolidated revenues for 2008 reached EGP 5.45 bn with a 155% increase compared to EGP 2.14bn proforma results of 2007.

Gross profit reached EGP 1.93 bn implying a gross profit margin of 36%, 127% higher than EGP 851 mn proforma results of 2007.

Net profit before gain on sale of investments reached EGP 1.86 bn implying a profit margin of 35%, 162% higher than EGP 708 mn proforma results of 2007.

Net profit after minority recorded EGP 1.44 bn for 2008 implying a hefty net profit margin of 27%, 8% higher than EGP 1.34 bn proforma results of 2007.

Asset growth

Total assets reported EGP 53.8 bn with a 30% increase compared to the EGP 41.4 bn consolidated results of 2007. The growth in assets was mainly attributable to:

i- an amount of EGP 18.15 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 are largely offset by customers advance payments and proceeds from long term liabilities,

ii- Work in progress balance of EGP 10.3 bn. which has mainly comprised of (a) EGP4.2 bn relating to the inventory of land plots and (b) EGP 6.1 bn relating to the construction and development cost of the various real estate projects specially Madinaty with its upcoming units delivery in 2010,

iii an increase in the investments in the hotel projects relating to the Nile hotel which is still in renovation, the new luxor hotel and the extension of the four seasons resort in Sharm el Sheikh and,

iv- investments relating to the establishment of new subsidiaries as Areez, our real estate arm in the Kingdom of Saudi Arabia.

Financial resources and capital structure

The Group has maintained good liquidity and very low gearing as managing the cost and structure of borrowing remains at the top of our priorities.

As at December 31, 2008, cash and cash equivalent amounted to EGP 2.93 bn representing 5.4% of total assets compared to 4.3 bn representing 10% of total assets at December 31, 2007.

Total liabilities reported EGP 29.8 bn of which, debt amounted to EGP 1.89 at Dec 31, 2008 compared to EGP 18.9 bn total liabilities of which debt amounted to EGP 2.1 bn at Dec 31, 2007.

Bank borrowings closed 10% lower than at the start of 2008 at a very low gearing of 1:12 debt to equity ratio, with the bulk of construction work being self financed through down payments from customers. The Group's weighted average cost of debt in EGP was 1.25 % over the discounted rate set by the Central Bank of Egypt.

Income Statement and Operational Performance

TMG's consolidated revenues for 2008 reached EGP 5.45 bn with a 155% increase compared to the proforma results of 2007.

	Actual 2008**		Proforma 2007*		%change
	EGP mn	% to total	EGP mn	% to total	
Revenues breakdown					
Revenues from real estate units sold	4,763	87%	1,599	75%	
Revenues from Hotels	618	11%	494	23%	
Other revenues	74	2%	48	2%	
Total consolidated revenue	5,455	100%	2,141	100%	155%
COGS breakdown					
Real Estate & Construction Cost	(3,144)	66%	(998)	62%	
Hotels Cost	(360)	58%	(265)	54%	
Services Cost	(24)	32%	(27)	56%	
Total cost of goods sold	(3,528)	64%	(1,290)	55%	173%
Gross profit	1,927	36%	851	45%	127%

' Reclassified for presentation purposes*

*** 12 months period from January to December 31, 2008*

CFO Report

Revenues Breakdown

Revenues from real estate units sold reported EGP 4.76 bn 198% higher than the proforma figure of 2007. It has boosted the Group's consolidated revenue and accounted for 87% of its total, with hotels revenues and services revenues accounting for the remaining 13%.

As Revenue from real estate development business is recognized upon delivery of units, 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.

Gross profit from real estate reported EGP 1.62 bn, implying a gross profit margin of 34%.

Revenue from hotel operations of EGP 618 mn, 25% higher than the proforma figure of 2007, was the outcome of the improvement in the hotels key performance indicators with a 8.7% increase in the combined ARR from US$ 356 in 2007 to US$ 387 in 2008 and a 4.2% increase in combined RevPar from US$ 239 in 2007 to US$ 249 in 2009, implying an improvement in the occupancy rates as well.

Net to owner from the hotels operations amounted to EGP 258 million implying a net margin of 42%.

Other revenue from services reported EGP 74 mn 54% higher than the proforma figure of 2007, implying a gross profit margin of 67% from service companies relating to the Group's projects.

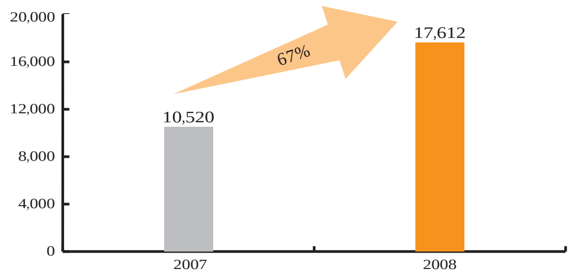
The company's marketing, general and administrative and other expenses recorded EGP 348 mn, which is almost 76% offset by the credit interest earned on deposits, interest earned on T-bills and T-bonds, and investment income, collectively amounting to EGP 266 mn.

Operating Performance

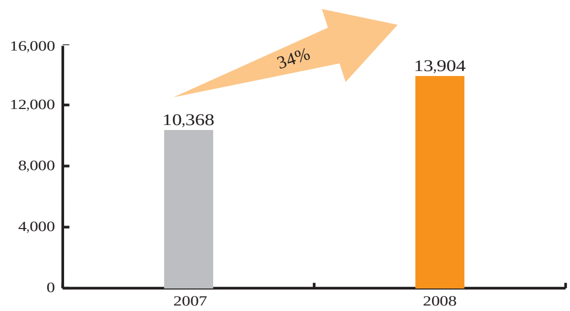
City & Community Complexes

Although 2008 budgeted sales figure was set at EGP 12.5 bn, 2008 presales have reached EGP13.92 bn, with a significant growth of 34% in sales and 67% in units sold in 2008 vs. 2007.

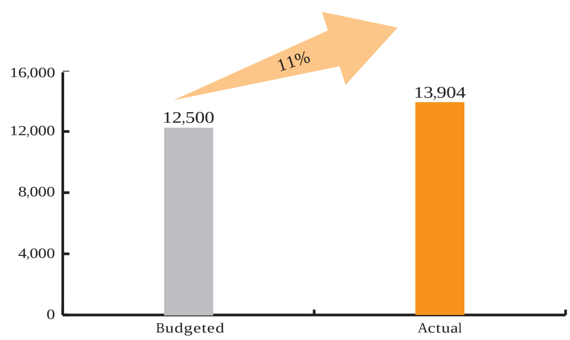
Real Estate Sales – Units sold



Real Estate Sales Value - EGP Mn

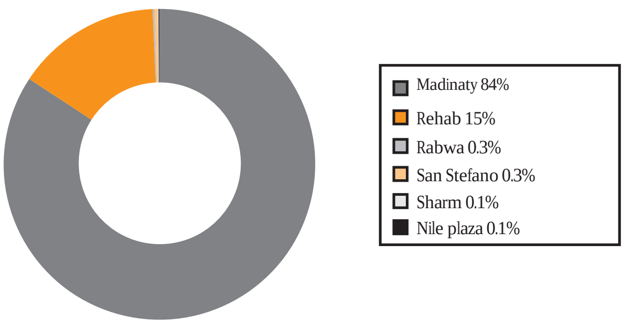


Real Estate Sales value actual versus budgeted - EGP Mn

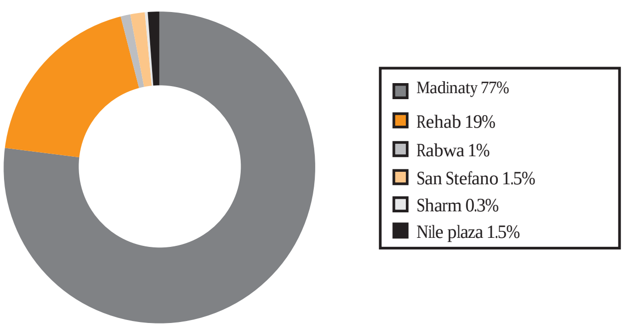


Real Estate Sales Breakdown

Real Estate Sales – Units sold : 17,612

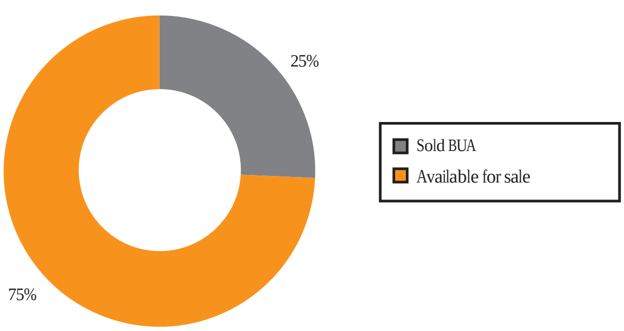


Real Estate Sales – Sales Value EGP 13.9 bn



Madinaty project accounted for 84% of total units sold in 2008, with a 135% increase in units' sales from 6,295 units in 2007 to 14,803 units in 2008. At the same time, Al Rehab project showed a decrease of 33% in units' sales from 4,008 units in 2007 to 2,685 units in 2008 and contributing 15% of the total units sold in 2008.

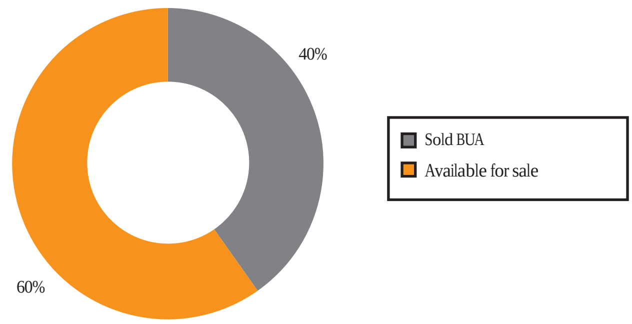
Madinaty – % of Sold Residential BUA



Madinaty project accounted for 77% of total sales value in 2008, with 59% increase in value from EGP 6,730 mn in 2007 to EGP 10,659 mn in 2008.

The significant YOY growth in Madinaty's sales and units sold despite the increase in prices to compensate for inflation is attributed to focusing on small size units and customizing the offering of villas into semi-detached or smaller size units in line with the company's strategy to offer products that cater to the customers' affordability.
25% of Madinaty residential built up area has been sold since the launch date in June 2006.

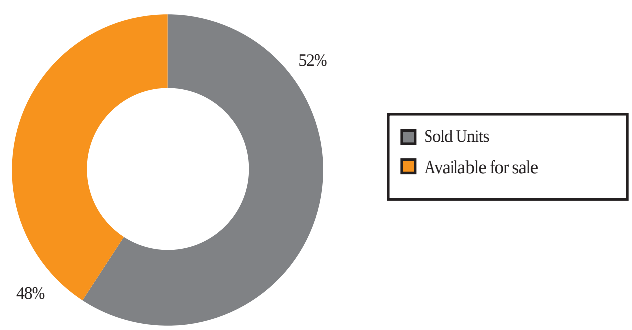
Al Rehab II – % of Sold Residential BUA



At the same time, Al Rehab project showed a decrease of 8% in sales from EGP 2,835 mn in 2007 to EGP 2,600 mn in 2008 and contributing 19% of total sales in 2008.

The YoY decrease in the number of units sold in Al Rehab is the result of accelerated sales in Madinaty that was further enhanced with the launch of the new product. 40% of Al Rehab II residential built up area has been sold since the launch date in 2007.

Al Rabwa II – % of Sold Residential Units



As opposed to Al Rehab and Madinaty, Al Rabwa and the residential units attached to the hospitality assets, are exclusive compounds targeting the high end of the market with a limited supply of villas and chalets accompanied with a mark up in price and payment terms that are based on cash sales only with no additional financing schemes. As such, they represent a very small percentage of units sold and sales value.

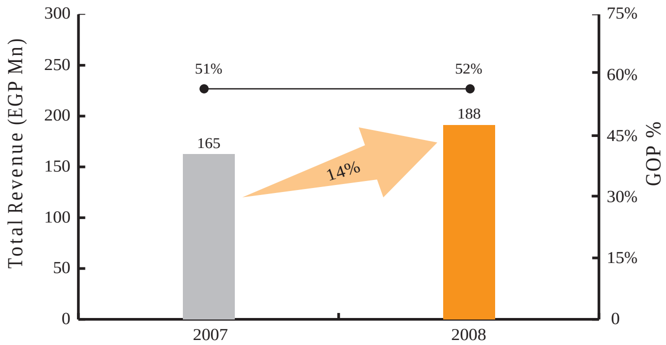
52% of Al Rabwa II units have been sold since the launch date in 2007.

CFO Report

Hotels and Resorts

Four Seasons Sharm El Sheikh

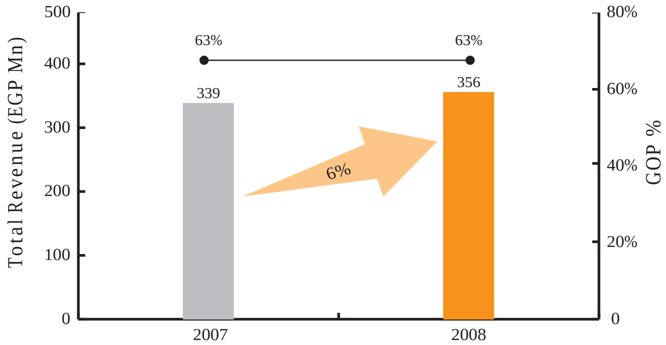
Revenue in EGP million



Four Seasons Sharm El Sheikh revenues for 2008 increased by 14% reaching EGP 188 mn compared to EGP 165 mn for 2007. Gross operating profit increased by 16% reaching EGP 99 million as opposed to EGP 85 mn realized for the same period last year, while net profit increased by 23% to record EGP 75 mn as compared to EGP 61 mn along an improved margin of 40% compared to 37% last year.

Four Seasons Nile Plaza

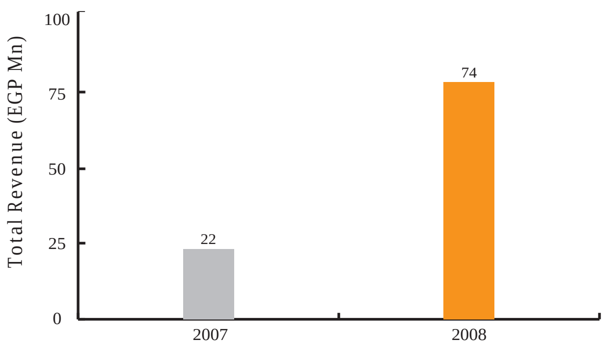
Revenue in EGP million



As for Four Seasons Nile Plaza, revenues for 2008 increased by 6% reaching EGP 356 mn compared to EGP 329 mn for 2007. Gross operating profit increased by 6% reaching EGP 226 million as opposed to EGP 213 mn realized for the same period last year, while net profit increased by 8% to record EGP 181 mn as compared to EGP 169 mn along a healthy margin of 50% similar to last year.

Four Seasons San Stefano

Revenue in EGP million



Soft opening in July 15, 2007

As for Four Seasons San Stefano and complex, total revenue has reached EGP 74 mn for the hotel's first full operational year with a gross operating profit of EGP 12 mn and a net profit of EGP 5 mn.

Outlook

In 2008, we have been able to preserve our profitability and maintain good liquidity, despite inflationary pressures in Egypt and financial turmoil worldwide. However, we recognize the challenges lying ahead of us and are fully prepared to deal with them. As we progress with the development of our projects and timely delivery of the sold units, we shall continue to maintain our profitability while carefully monitoring our cash flow and keeping it in a healthy position at all times through applying consistent pricing/cost control measures, reliable project management techniques, and introducing the proper product mix to the market place. We have built our brand name on commitment and punctuality, qualities that we shall always maintain.

In the short run, our focus will be on utilizing the available resources and contractors' capacity to meet delivery schedules and accelerate construction of projects' facilities to benefit from prevailing reduced and stable raw materials prices and provide the residents of our new projects with complete facilities.

As for the new real estate sales, based on our past experience of difficult economic situations as in the early 2000's while developing Al Rehab, the slowdown of the economy may be reflected in the number of units sold, however, we do not foresee a future decline in prices. In that regards, our flexible phasing model will allow us to introduce products that have the right mix of size and space utilization with affordable financing scheme to attract new buyers.

Even if the slowdown persists beyond anticipation, our sales backlog is our safety cushion generating secured revenue and profitability figures for the upcoming four years.

Our operational hotels are characterized by exclusivity and distinguished clientele that are unlikely to change the choice of their hotel under financial pressure. Similar to the real estate sector, there may be a slight decline in the occupancy rates, but this will only be temporary and we do not expect to see an accompanied decline of the average room rates.

We are planning to start master planning and development of high quality land plots all set with the required infrastructure, to be sold to strategic partners that would bring a know-how, fill an existing gap in the area; e.g. medical projects, banking corporations, large exhibits, key service providers, etc. The plan is to create more value to the project, enhance the operational cashflow and achieve more favorable project's returns. The land plots will be launched over a 10 years period starting 2010 after delivery of residential units in Al RehabII and Madinaty.

We are also expanding in the region with an eye on high growth markets of shared similarities with the Egyptian real estate markets and continuing to grow our hotels and resorts business.

From this position of security and clear strategy, we shall continue building our diversified stream of revenue and providing affordable real estate portfolio to our customers. The ultimate aim is to present our targeted customers with the right product that caters to their changing needs under various economic conditions and enhance the value for our shareholders.

Sincerely

Jihad M. Sawaftah
Vice President
Chief Finnacial Officer

ALLIED FOR ACCOUNTING & AUDITING (E&Y)

ARAB CHARTERED ACCOUNTANTS (RSM INTERNATIONAL)

Translation of Auditors' Report originally issued in Arabic

AUDITORS REPORT TO THE BOARD OF DIRECTORIES OF TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)**, represented in the balance sheet as at 31 December 2008, and the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, give a true and fair view, in all material respects, of the consolidated financial position of **TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)** as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Cairo: 3 March 2009

Auditors

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

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

CONSOLIDATED BALANCE SHEET
As of 31 December 2008

	Notes	31 December 2008 LE
Non-Current Assets		
Property and Equipment-Net	(4)	3,798,124,150
Projects Under Constructions	(5)	384,621,617
Goodwill	(6)	14,918,115,697
Available for Sale Investments	(7)	56,723,107
Investments in Associates	(8)	1,445,275
Bonds Held to Maturity	(10)	334,695,967
Notes Receivables – Long Term	(12)	14,855,602,408
Total Non-Current Assets		34,349,338,221
Current Assets		
Work in Progress	(13)	10,306,103,694
Finished Units	(14)	18,466,664
Inventory – Net	(15)	33,151,109
Accounts and Notes Receivable - Short Term	(12)	3,296,431,048
Prepayments and Other Debit Balances	(16)	2,636,054,227
Available for Sale Investments	(7)	23,627,690
Investment in companies under incorporation	(9)	1,306,200,161
Financial assets at fair value through profit and loss	(11)	405,891,519
Cash on Hand and at Banks	(17)	1,424,992,021
Total current assets		19,450,918,403
Current Liabilities		
Provisions	(28)	48,245,192
Banks Overdraft	(17)	110,891,401
Creditors and Notes Payable	(18)	457,589,456
Current Portion of Loans and Facilities	(25)	480,800,366
Current Portion of Long Term Liabilities	(26)	32,725,516
Customers Advance Payment	(19)	7,365,788,041
Dividends Creditors		1,978,096
Accrued Expense and Other Credit Balances	(20)	1,426,840,515
Total Current Liabilities		9,924,858,583
WORKING CAPITAL		9,526,059,820
TOTAL INVESTMENTS		43,875,398,041
Financed as follows:		
Owner's Equity		
Authorized Capital	(21)	30,000,000,000
Issued and Paid up Capital	(21)	20,302,035,500
Legal Reserves	(22)	158,119,298
General Reserves	(23)	25,747,613
Treasury Stocks	(24)	(169,899,138)
Net profit for the period		1,638,479,702
TOTAL MOTHER COMPANY SHAREHOLDERS EQUITY		21,954,482,975
Minority Interest		1,994,171,695
TOTAL SHAREHOLDERS' EQUITY		23,948,654,670
Long Term Liabilities		
Loans and Facilities	(25)	1,295,968,157
Long Term Liabilities	(26)	18,570,611,942
Notes Payable – Long Term		48,286,290
Deferred Tax Liability	(29)	11,876,982
Total Long Term Liabilities		19,926,743,371
Total Shareholders' Equity and Long Term Liabilities		43,875,398,041

Financial Directors	Auditors	
Ghaleb A. Fayed	Emad Hafez Ragheb	Magdy Hashish

The attached notes 1 to 36 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT
For the period from 3 April 2007 (Inception Date) to 31 December 2008

	Notes	From 3/4/2007 Inception date) To 31/12/2008 LE
Revenue	(30)	5,852,301,564
Cost of Revenue	(30)	(3,752,573,966)
GROSS PROFIT		2,099,727,598
General and Administrative Expenses, Marketing and Sales Expenses		(149,451,921)
Depreciation		(102,628,875)
Provisions	(27)	(850,000)
Other Income	(31)	43,103,643
Bad Debts		(18,040,032)
Capital Gain		1,312,443
Board of Directors Allowances		(1,098,350)
Foreign Exchange Gain		12,809,998
Operating Profit		1.884,884,504
Dividends from financial investments	(32)	7,782,054
Credit Interest		160,647,513
Interest on Bonds		7,074,967
Income from Treasury Bills		32,648,944
share of (loss) in Associates		(9,505,255)
(Loss) on sale of financial investments		(29,931,864)
(Loss) of revaluate financial assets at fair value through profit and loss	(11)	(36,535,178)
NET PROFIT FOR THE PERIOD BEFORE TAX		2,017,065,685
Income Tax	(29)	(187,907,838)
Deferred Tax Expense	(29)	(8,863,407)
NET PROFIT FOR THE PERIOD AFTER TAX		1,820,294,440
Minority Interest		(181,814,738)
NET PROFIT FOR THE PERIOD(MOTHER COMPANY SHAREHOLDERS		1,638,479,702
Earnings Per Share (LE/Share)	(33)	1.13

Chairman
Tarek Talaat Mostafa

Financial Directors
Ghaleb A. Fayed

The attached notes 1 to 36 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period from 3 April 2007 (Inception Date) to 31 December 2008

	Issued and Paid up Capital LE	Legal Reserves LE	General Reserves LE	Treasury Stocks LE	Net Profit for the Period LE	Total LE	Minority Interest LE	Total LE
Balance at 3 April 2007	6,000,000	-	-	-	-	6,000,000	-	6,000,000
Net profit for the period	-	-	-	-	1,638,479,702	1,638,479,702	181,814,738	1,820,294,440
General Reserves	-	-	25,747,613	-	-	25,747,613	-	25,747,613
Issue of Share Capital	20,296,035,500	-	-	-	-	20,296,035,500	-	20,296,035,500
Legal Reserves	-	158,119,298	-	-	-	158,119,298	-	158,119,298
Treasury Stocks	-	-	-	(169,899,138)	-	(169,899,138)	-	(169,899,138)
Minority Interest							1,812,356,957	1,812,356,957
Balance at 31 December 2008	20,302,035,500	158,119,298	25,747,613	(169,899,138)	1,638,479,702	21,954,482,975	1,994,171,695	23,948,654,670

The attached notes 1 to 36 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the period from 3 April 2007 (Inception Date) to 31 December 2008

	Notes	From 3 April 2007 (Inception date) to 31 December 2008 LE
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period before tax and minority interest		2,017,065,685
Depreciation		102,628,875
Loss of revaluate financial assets at fair value through profit and loss	(11)	36,535,178
Bad Debts		18,040,032
Provisions		48,245,192
Capital (Gain)		(1,312,443)
Foreign Exchange (Gain)		(12,809,998)
Operating profit before changes in working capital		2,208,392,521
(Increase) in work in progress		(10,306,103,694)
(Increase) in finished units		(18,466,664)
(Increase) in inventory		(33,151,109)
(Increase) in Accounts and Notes Receivables - Short Term		(3,296,431,048)
(Increase) in Prepayments and Other Debit Balances		(2,654,094,259)
(Increase) in Notes Receivable – Long Term		(14,855,602,408)
Increase in Creditors and Notes Payable- Short Term		260,818,211
Increase in current portion of loans and facilities		480,800,366
Increase in current portion of long term liabilities		32,725,516
Increase in Customers Advance Payment		7,365,788,041
Increase in Dividends Creditors		1.978.091
Increase in Accrued Expenses and Other Credit Balances		1,426,840,515
Increase in Creditors and Notes Payable - Long Term		48,286,290
proceeds from long term liabilities		18,582,488,924
Net Cash flows (used in) Operating Activities		(755,730,707)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Payment) on Purchasing of Property and Equipment and Projects Under Construction		(4,285,374,642)
Gain from sale fixed assets		1,312,443
(Payment) on Purchasing of Bonds Held to Maturity		(334,695,967)
(Increase) in Available for Sale Investments		(80,361,067)
(Increase) in Investments in Associates		(1,445,275)
(Increase) in Financial assets at fair value through profit and loss		(442,426,697)
(increase) in Investments Under Incorporations		(1,306,200,161)
Net Cash flows (used in) Investing Activities		(6,449,191,366)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Proceeds from Issuing Shares		5,567,786,713
Increase in Minority Interest		1,812,356,957
(Payment) on Purchasing of Treasury Stocks		(169,899,138)
Cash proceeds from Loans and Facilities		1,295,968,157
Foreign Exchange results from valuating cash and cash equivalents balances		12,809,998
Net Cash flows provided from Financing Activities		8,506,212,689
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		1,314,100,620
Cash and Cash Equivalents at the beginning of the period		-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(17)	1,314,100,620

- 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 2008

1- Background

Talaat Mostafa Group Holding TMG Holding S.A.E. was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations and registered in Egypt under Commercial Registration numbered 187398 by date 3 April 2007.

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

2- Significant Accounting Policies

Basis of Preparing the Financial Statements

- The financial statements of the holding company and the subsidiaries have been prepared according to the Egyptian Accounting Standards and the prevailing laws and local regulations.
- The financial statements have been presented in Egyptian Pound,
- The financial statements are prepared under the historical cost convention modified to include the measurement at of the fair value of financial investment, and financial assets valued at the fair value through the profit and losses

Basis of Consolidating the Financial Statements

- Eliminate all the Inter-company accounts and transactions as well as unrealized profit (loss) results from the transactions with the subsidiaries
- The minority interest is presented as a separate item in the consolidated balance sheet and the minority share in the net results of the subsidiaries is presented as a separate item in the consolidated income statement, in the case of the increase of minority share in the loss of the subsidiaries over there share in the net assets of those companies, the increase or any additional loss related to the minority to be recorded in the holding company share in the net results of those companies except the amount of loss that the minority approved before to bear it, in case of the subsidiaries achieved profit in the following periods of the above mentioned loss,the total profit to be recorded to the holding company share in results of the subsidiaries until all previously recorded loss is redeemed .
- The company treat the transactions with the minority partners the same treatment with external parties.
- Profit or loss from the sale of share of the company to the minority to be recorded in the income statements, and purchase share from the minority results in as goodwill due to the different between the purchase price and the share in net assets of the purchased companies
- The consolidated financial statements include the assets, liabilities and the results of Talaat Mostafa holding company (the company) and all its subsidiaries that stated below. The subsidiary is the company that the holding company owns direct or indirect long term investment more than 50% of the capital that give the right to vote or have control.
- The subsidiaries are included in the consolidated financial statements starting from acquisition date to the date that control is stopped.
- Purchase methods is used to account for acquiring subsidiaries and the acquisition cost is measured by the fair value or the return that the company gave from assets, equity instruments or liabilities bear it or liabilities committed to bear it on behalf of the aquiree at the date of swab plus the additional costs related directly to the acquisition process . the net acquired assets including the proper liabilities are to be measured to determined its fair value at the date of acquisition despite any rights to minorities, the increase in the acquisition cost to the fair value of the company share in net assets is considered goodwill and if the cost of acquisition is less that above mentioned fair value of the nest assets the different to recoded in the consolidated income statement.

The following are the subsidiaries that are included in the consolidated financial statements:

Arab company for projects and urban development (S,A,E)	99,9%
Alexandria company for real estate investment (S,A,E)*	96,9%
San Stefano company for real estate investment (S,A,E)**	74,52%
Alexandria for urban projects Company (S,A,E)***	40%

* Arab Company for Projects and Urban Development acquires 1, 64% of Alexandria Company for Real Estate Investment,

** The company acquires with an indirect way 25, 48% of San Stefano Company for Real Estate Investment through its subsidiary (Arab Company for Projects and Urban Development, Alexandria Company for Real Estate Investment, Alexandria for Urban Projects Company).

***Alexandria Company for Real Estate investment acquires 60% of Alexandria for Urban Projects Company

Foreign Currency Translation

The group's records are maintained in Egyptian pound. Transactions in foreign currencies during the year are recorded using the exchange rates prevailing on the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian pound using the exchange rates prevailing on that date. Translation differences are recorded in the statement of income.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Buildings & constructions	20
Motor Vehicles	5
Tools & equipments	8
Furniture and other assets	8-10
Computers	3-8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2008

Projects under construction are depreciated when it is ready for use in the place and the condition of operating, then to be reclassified to the fixed assets category.
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 consolidated income statement as the expense is incurred.

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 consolidated 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 consolidated income statement.

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.

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 consolidated 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 consolidated income statement for the period, except for impairments loss, and for non listed investments is to be recorded at cost less impairment loss.

Financial Assets at Fair Value through profit or loss

Financial Assets at Fair Value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Trade investments is acquired mainly for sale or repurchased in short periods. Management designate the investments as financial assets at fair value through profit or loss according to the Egyptian accounting standard No. 25 requirements and those requirements do not apply to the noncurrent financial investments which its fair value cannot be reliably measured.
After the initial recognition, those investments to be measured at fair value and any defences to be recorded in the consolidated income statement.

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 adjusted cost which represent the nominal value plus the bond premium or discount and the premium / discount to be amortized by using the effective rate method, the amortization amount to be added to the bonds revenue in the consolidated income statement.

Intangible Assets - Goodwill

Goodwill represents the increase of the acquisition cost of the shares of the subsidiaries companies with the company share in the fair value of the net assets of those companies at the date of acquisition. Goodwill results from purchase subsidiaries is recorded as noncurrent assets and the goodwill results from purchase investments in associates recorded as investments in associates, at the end of each financial year the goodwill is tested for impairments and to be displayed at cost after deducting the impairment loss if exist.

Work in Progress

Properties acquired, constructed or in the course of construction for sale are classified as work in progress. Unsold properties are stated at the lower of cost or net realizable value. Properties in the course of development for sale are stated at cost. The cost of development properties includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.
The property is considered to be completed when all related

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2008

activities, including the infrastructure and facilities for the entire project, have been completed
Management reviews the cost of the work in progress on yearly basis.

Finished Units
Finished units are stated at the lower of cost or net realizable value, the consolidated income statement includes any decreases in the net realized value to the book value.

Inventories
Inventories are stated at the lower of cost or net realizable value. The inventory of hotels suppleness since the opening of the hotel and required for the operation to be measured in the fair value and the decrease of the fair value to be recorded in the consolidated income statements

Accounts Receivable, Debtors and Notes Receivable
Accounts receivable are stated at original invoice amount. All those amounts are reviewed annually to decide wither there is an indicator for impairment possibility in the assets value.

Credit Balances 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.

Separation of Assets and Liabilities to Short-and Long-Term
Assets which worth collected during the year after the date of financial statements be included within current assets either the assets that collectible date exceed the year date of financial statements be included within long-term assets.

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.

Employees Pension Plan
The company participates in the social insurance system in accordance to the social insurance laws no. 79 for the year 1975 and its amended and the company share in the social insurance cost to be charged to the consolidated income statement according to the accrual basis.

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

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.

Revenue Recognition
Revenue on sale of units is recognised on the delivery date of the units after all of the following conditions are met:

a) The company has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale.
b) The Company does not have a substantial continuing involvement with the property.
c) The revenue is reliably measurable.
d) The company has a sufficient expectation for the economical flow accomplished to the transaction.
e) Costs and the cost of the work to be completed is both easily measurable and accrued.

The company uses full contract methods in recognize revenue for the all sold units, which required to capitalize the costs under work in progress account till the salable units are completed and delivered to the customer, then revenue is recognized and match it with the related operation cost.
Revenue from selling villas is recognized in theconsolidated income statements according to the revenue achieved as recording the selling price of the villa's land that the company will constructed, the selling price of the buildings in villas the full contract methods will be applied and will not recorded until the work in the villa is completed and deliver it to the customer

Revenue from hotels operations is recognized according to the company share in the net operation profit of the hotel.
Revenue from share profit recorded when there is right to receive it.
Revenue from the share of results in associates is recognized based on the last approved financial statements.
Interest Revenue is recognised as the interest accrues using the effective interest method, except the financial instrument that acquired as trade investments or financial assets at fair value through profit or loss.
Dividend distributed from of financial assets at fair value through profit or loss and available for sale investments when the right to receive it, is announced.

Recording the Real Estate Operational Cost
Delivery minutes with the customers of the sellable units to the customers and revenue recognized of those units are the bases to record the operational cost related to those units which includes:

The Direct and Indirect Costs
The construction cost of the sellable units according to the payment certificates of the contractors and suppliers that approved by the technical department of the company is recoded in work in progress account and the costs to be distributed to the sold units according to the following basis:

- Villa share of the land cost and units share of the land cost which was distributed as the land area of each units to the total area of the units in the project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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- The unit share from the actual and estimated costs that distributed based on the contracts and invoices of each sector from units , villas and retails in each phase.
- The units share from the indirect actual and estimated costs are distributed based on the direct cost of each sector in each phase.

Impairment of Financial Assets

The Company regularly assesses whether there is an indication that an asset could be impaired.

The impairment loss of a financial assets that was measured with the amortized cost is to be measured as the different between the amortized cost of the book value and the present value of the projected cash flow by using the effective rate.
The impairment loss related to financial assets available for sale to be calculated by using the present fair value.
The remaining financial assets are estimated according to the groups level that have the same credit risk characterises. Impairment loss is recognized in the consolidated income statement any subsequent reversal of an impairment loss is recognized in profit and loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

If the available for sale asset is impaired, an amount comprising the difference between its cost and its fair value, less any impairment loss previously recognised in the consolidated income statement, is transferred from equity to consolidated income statement. Reversal in respect of equity instruments classified as available for sale are recognised directly in the equity.
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.

Impairment of Non-Financial Assets

The company assesses at each reporting date wither there is an indication that an asset may be impaired.
An asset's recoverable amount is higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
Impairment losses of continuing operations are recognised in the consolidated income statement in those expenses categories consistent with the function of impairment asset except for the property previously revaluated where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluated.

Treasury Stocks

The treasury shares (Company shares) are recorded with the cost and deducted from the owners' equity in the balance sheet. Any profit or loss proceeds of disposing these treasury stocks are being recorded within the owners' equity.

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.
Those estimates are reviewed on regularly basis and any differences in the estimates in the date of examining those estimates will affect only the period under examination and if those differences will affect the current period and the coming periods those differences to be recorded in the current and future periods.

Income Tax

Income tax is calculated in accordance with the Egyptian tax law.
Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate.
Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

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.

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.

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.

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.

Dividends

Dividends recognized as liability in the period in which the company General Assembly meeting decided to distribute profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Earnings per Share
Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Fair Values
For investments traded in an active market, fair value is determined by reference to quoted market bid prices.
The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

Segment Information
Segment is a major part of the group that produce products, services (Operational segment) or produce products, services in special economical environment (Geographical segment) and its profit and loss are deferent from the profit and loss of the other segments .

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 3 April 2007	2,277,425,701	44,316,193	186,992,709	233,047,481	5,000,539	8,321,304	2,755,103,927
Additions	1,173,156,455	12,934,920	23,816,912	110,406,351	156,254	3,439,306	1,323,910,198
Disposals	-	(1,756,040)	(336,167)	(259,203)	-	-	(2,351,410)
At 31 December 2008	3,450,582,156	55,495,073	210,473,454	343,194,629	5,156,793	11,760,610	4,076,662,715
Accumulated depreciation							
At 3 April 2007	(73,566,093)	(20,992,629)	(44,714,927)	(56,727,170)	(1,144,681)	(2,604,146)	(199,749,646)
Depreciation charge	(33,206,865)	(7,959,888)	(16,813,851)	(20,992,454)	(618,829)	(1,322,250)	(80,914,137)
Disposals	-	1,693,567	425,064	6587	-	-	2,125,218
At 31 December 2008	(106,772,958)	(27,258,950)	(61,103,714)	(77,713,037)	(1,763,510)	(3,926,396)	(278,538,565)
Net carrying amount At 31 December 2008	3,343,809,198	28,236,123	149,369,740	265,481,592	3,393,283	7,834,214	3,798,124,150

5 - PROJECTS UNDER CONSTRUCTIONS

	31/12/2008 LE
Tahran Building	15,760,507
Computers and Software	9,362,984
Villa (Al Rehab – Madinaty)	1,215,396
Fixtures	2,664,623
Hotel Assets	10,588,106
Administration Office In Dubai	7,891,767
Luxor Project	1,228,132
Al Nile Hotel	335,910,102
	384,621,617

6- Goodwill

	31/12/2008 LE
Arab Company for Projects and Urban Development	12,235,313,553
Alexandria Company for Real Estate Investment	2,516,634,364
San Stefano Company for Real Estate Investments	96,337,795
Alexandria Company for Urban Projects	69,829,985
	14,918,115,697

Goodwill is tested on yearly basis to ensure if there is any decrease in its book value and the management of the group hasn't found any decrease. In 30 Sep 2008, the Goodwill was revaluated by independent valuator and according to the independent valuator the book value of the goodwill was less than its revocable amount, the recoverable amount was determined based on the net fair value which the amount will be received from the selling units after deducting the selling cost .

7- Available For Sale Investments

	31/12/2008 LE
Available for sale investment – short term	
Housing Development Bank Securities	57,930
Dune Groasses Overseas	26,496
Tansy Finance	26,496
Rockland	26,496
Timber Lack Business Company	14,699,125
Housing Insurance Company	4,950,000
Egyptian Building Integrated Systems	1,100,000
Egyptian For Real Estate Finance Company	2,055,560
Free Zone Industry Area East Port Saied	16,287
Egyptian Company for Marketing and Distribution	500,000
	23,627,690
Available for sale investment – long term	
Alexandria for Tourism Projects	1,846,052
Credentials investment fund Horus	33,480,000
Tara Bas Universal Company	14,699,125
El Tameer for Real Estate Finance Company	6,650,000
Madinaty for Projects Management	227,500
	56,723,107
	80,361,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8- Investments in Associates

	31/12/2008 LE
Alexandria for Projects Management	1,445,275
	1,445,275

9- Investments in Companies Under Incorporation

	31/12/2008 LE
Morsi El Sadid for Real Estate and Tourism Investment Company	807,050,302
Areez Arab Limited Company	403,947,937
Thabat for Real Estate Improvement	93,981,922
Hill & TMG for Projects and Construction Management	1,220,000
	1,306,200,161

10- Bonds Held to Maturity

The balance of this account is LE 334,695,967 as follow:

- LE 98,220,991 represents 240,909 governmental bonds, the nominal value LE 1000 per-bond with interest rate 9, 05 % matured in 2013.
- LE 236,474,976 represents of 100,000 governmental bonds, the nominal value LE 1000 per-bond with interest rate 8, 55 % matured in 2013.

11- Financial Assets at Fair Value Through Profit and Loss

	31/12/2008 LE
Certificate of Deposit*	237,821,357
Financial Portfolio Managed by both of Hermes for Assets Management and Arab African international bank *	45,264,527
Financial Portfolio Managed by Hermes for assets management	25,252,500
Egyptian Cables Company	12,958
Investment Funds	97,540,177
	405,981,519

Market value	31/12/2008 LE
Egyptian Cables Co.	12,958
Investment Funds	97,540,177
Financial Portfolio Managed by both of Hermes for Assets Management and Arab African International Bank *	45,264,527
	142,817,662

Market value	31/12/2008 LE
Book value before revaluation	179,352,840
Market value	142,817,662
	(36,535,178)

* The portfolio in 31 Dec 2008 has several stocks for companies listed in Egyptian capital market

12- Accounts and Notes Receivable

	31/12/2008 LE
Account and Notes Receivable – Short Term	3,296,431,048
Account and Notes Receivable – Long Term	14,855,602,408
	18,152,033,456

13-Work In Progress

Project	Land LE	Consultations and Designs LE	Construction Work LE	Administrative Cost LE	Financing Costs LE	Licenses and Other Governments Fees LE	Operating Costs LE	Total in 31/12/2008 LE
Alexandria for Real Estate	312,243,864	60,906,196	661,195,392	22,107,868	37,053,765	42,746,534	11,933,220	1,148,186,839
San Stefano for Real Estate	58,574,332	36,686,684	521,278,424	93,152,921	74,837,876	15,640,814	-	800,171,050
Arab for Projects and Urban Development	3,833,100,548	267,974,031	2,385,343,169	24,889,946	-	77,395,291	1,769,042,819	8,357,745,804
	4,203,918,744	365,566,911	3,521,458,266	140,150,735	111,891,641	135,782,639	1,780,976,039	10,306,103,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14- Finished Units

The balance of finished units is LE 18,466,664, represents the value of finished units returned from clients and available for sale.

15- Inventory-Net

	31/12/2008 LE
Hotels Operating Equipments & Supplies	70,456,184
Hotels Furniture	7,958,763
Food and Beverage Stock	172,407
El Rabwa Store	6,131
(Less) Amortized Hotel Inventory	(45,442,376)
	(33,151,109)

16 – Prepaid Expenses and Other Debit Balances

	31/12/2008 LE
Advance Payment and Storage - Contractors and Accounts Payable	555,245,573
Contractors - Tashwinat	1,078,416,684
Hotels Current Accounts	76,405,204
Deposit with Others	361,440
Tax Authority	2,495,096
Other Debit Balances	39,150,797
Loans to Employees	369,624
Received from Abroad	5,158,796
Transfers – Cheques	990,006
Accrued Revenue	39,608,221
Other Debtors	120,371,161
Debtors Investments	717,481,625
	2,636,054,227

17 - Cash and Cash Equivalents

	Local currency	Foreign currency	TOTAL 31/12/2008 LE
Time Deposits	330,719,501	888,720	331,608,221
Banks Current Accounts	160,787,013	5,441,965	166,228,978
Cash on Hand	9,379,806	-	9,379,806
Treasury Bills	901,934,373	-	901,934,373
Cheques Under Collection	15,840,643	-	15,840,643
	1,418,661,336	6,330,685	1,424,992,021

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

	31/12/2008 LE
Cash on Hand and at Banks	1,424,992,021
Banks Overdraft	(110,891,401)
	1,314,100,620

18- Creditors and Notes Payable

	31/12/2008 LE
Contractors and Suppliers	283,246,490
Notes Payables *	174,342,966
	457,589,456

* The due cheques were recorded after a year of the financial statements in the long term liabilities.

19- Customers Advance Payment

	31/12/2008 LE
Customers down payment (Madinaty Project)	4,159,185,772
Customers down payment (Al Rehab Project)	887,073,118
Customers down payment (Al Rehab 2 Project)	1,535,904,486
Customers down payment (San Stefano Project)	351,865,506
Customers down payment (Al Rabwa Project)	431,759,159
	7,365,788,041

20- Accrued Expenses and Other Credit Balances

	31/12/2008 LE
Retention	318,792,468
Tax Authority	137,323,305
Other Credit Balances	31,471,240
Accrued Salaries and Expenses	2,030,768
Accrued Expenses and Creditors	275,946,855
Insurance for Other	100,296,553
Other Creditors	2,975,052
Due to Customers	9,432,875
Creditors Barriers	6,894,206
Due to Employees - treasury shares	36,505,000
Contribution to the establishment - renew the club	13,016,542
Club Subscriptions	331,889,475
Units Insurance	160,266,176
	1,426,840,515

21 – 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 1815203550 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 2030203550 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2008

22 – Legal Reserves

Net balance transfer from Premium share balance amounted to LE 158,119,297, represents LE 1.6 per share by total amount LE 344,000,000 and an amount of LE 185,880,703 was used to cover the IPO expenses and the net balance of the share premium is LE 158,119,298.

23- General Reserves

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.

24- Treasury Stocks

In accordance to the extra ordinary General Assembly resolution dated 28 October 2007, the company purchased during the month of February the number of 2,919,000 stocks of its stocks at amount of LE 36,188,826, to be used in the incentives system of employees, and the approval from the related governmental authorities is ongoing.
According to the company's Board resolution dated 12 August 2008, the company purchased during the month of August and September the number of 20,460,016 stocks of its stocks at amount of LE 133,710,312, to be used for reselling, in the incentives system of employees or deducting the issued capital.

25- Loans and Facilities

The balance on date of the financial statements is LE 1,776,768,523 which consists of:

	Short Term LE	Long Term LE	31/12/2008 LE
Facilities	157,890,287	11,600,000	169,490,287
Loans *	322,910,079	1,284,368,157	1,607,278,236
	480,800,366	1,295,968,157	1,776,768,523

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

26- Long Term Liabilities

	31/12/2008 LE
New Urban Communities Authority*	4,243,070,774
Customers advance payments – Rehab	892,138,742
Customers advance payments – Rehab 2	1,412,858,241
Customers advance payments – Madinaty	12,055,269,701
	18,603,337,458
Current Portion of Long Term Liabilities	(32,603,337,458)
Long Term Liabilities	18,570,611,942

27- Contingent Provisions

	31/12/2008 LE
Expected loss from Investments in the Egyptian International for Medical Insurance	250,000
Overdue of Accounts Receivables of Alexandria for Real Estate Investment	600,000
	850,000

28 – Taxes Provisions

The tax provisions include the expected tax to be paid by Alexandria Company for real estate investment as follows:

	31/12/2008 LE
Alexandria Company for Real Estate Investment income tax	66,651,134
Deduct:	
Amounts paid under income tax	(19,005,942)
Add: Beginning balance	600,000
	48,245,192

29- Income Tax and Deferred Tax Liability

The income tax was calculated as follows:

	31/12/2008 LE
Net book profit before tax	2,017,065,686
Adjustments to the net book profit to reach the net tax profit	(1,077,526,496)
Net tax profit	939,539,190
Tax rate	20%
Income tax	187,907,838

Deferred Tax Liability as of 31 December 2008 amounted to LE 11,876,982 represents the deferred taxes of the fixed assets and related to difference between tax depreciation and accounting depreciation as follows:

	31/12/2008 LE
Accounting Depreciation	39,672,985
Tax Depreciation	(83,990,020)
Temporary Differences	(44,317,035)
Tax Rate	20%
Deferred tax – Liabilities in 31 December 2008	(8,863,407)
Deferred tax – Liabilities in 31 December 2007	(3,013,575)
Deferred tax – Liabilities in 31 December 2008	(11,876,982)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2008

30- Revenue and Cost of Revenue

	31/12/2008 LE
- Revenue from Sold Units	5,096,045,882
- Net Revenue from Hotels Operation	640,911,515
- Services Revenues	115,344,167
Total Revenues *	5,852,301,564
- Cost of Sold Units	3,378,839,434
- Cost of Hotels	325,461,961
- Cost of Sold Services	48,272,570
Total Cost **	3,752,573,965

* The supervision revenue has been eliminated in amount LE 651,139,417

** The supervision cost has been eliminated in amount LE 586,539,743

The following is the segments information according to the company's main activities:

	Real Estate	Tourism	Services	General
Revenue	5,096,045,882	640,911,515	115,344,167	5,852,301,563
Cost of good sold	3,378,839,434	325,461,961	48,272,570	3,752,573,965
Work Results	1,717,206,447	315,449,554	67,071,597	2,099,727,597
Credit Interest				160,647,516
Investments Revenue				8,068,847
Other Revenue				43,103,643
Income Tax				187,907,837
Profit	1,203,049,881	203,435,032	20,174,784	211,820,006
Total Profit				1,638,479,703
Assets	46,823,262,923	3,791,306,167	40,772,202	50,655,341,292
Financial Investment				2,128,594,989
Unallocated Assets				1,017,044,977
Total Assets				53,800,275,715
Liabilities	27,947,613,273	358,601,100	44,839,361	29,757,024,375
Unallocated Liabilities				945,775,581
Total Liabilities				29,851,601,956

31 – Other Income

	From 3 /4/ 2007 to 31 /12/2008 LE
Net operating revenue of AL Rehab Club	17,319,625
Units Rent	19,729,582
Provisions redeemed	4,744,882
Others	1,309,554
	43,103,643

32 - Dividens from Finnacial Investments

	From 3 /4/ 2007 to 31 /12/2008 L.E
Orascom Company for Construction and Industry	6,602,153
Egyptian Company for Communication	115,000
Mobinile Company	147,980
Egyptian Company for Touristic Resorts	140,000
Other companies	776,921
	7,782,054

33- Earnings Per Share

	From 3 /4/ 2007 to 31 /12/2008 LE
Net profit	1,638,479,702
Weighted average number of shares	1,356,062,432
Earnings per share	1.13

34-Tax Situation

Talaat Mostafa Group Holding Company

a) Corporate tax

The company is subject to income tax law no,91 for the year 2005, since the company begin its operations in 3 April 2007 and therefore no tax return is presented to the tax authority yet

b) Salary tax

The company pays the deducted income tax of the employees on monthly basis and the quarterly income tax returns are submitted within the legal dates.

c) Stamp tax

The company pays the stamp tax on time specially the stamp tax due to the advertising expenses.

Arab Company for Projects and Urban Development

a) Corporate tax

The company presents its tax returns regularly and according to the legal times, the years till 2002 were examined and form no. (9-a) are received and the company paid the amounts due taking into consideration that the company protest against what is stated in those forms regarding year 1996 (period before incorporation).

According to the court appeal no 4233 dated 25 July 2004 the company's project is tax exempted beginning 1 January 1997 for the phase I, beginning 1 January 1998 for the phase II and phase III for ten years also the phase IV and Phase V are exempted.

b) Salary tax

The company pays the deducted income tax of the employees on regularly basis, The Company's records were inspected for the years 1996 till 2000 and settlement is done to that date The Company's records were inspected for the years 2001 till 2003 and paid the amount due.

For the years 2004 till 2008 the tax returns are presented and amounts due are paid within the legal dates.

c) Stamp tax

Tax inspection took place for the Company's records for the years till 2005 and all tax due were paid; the company pays the stamp tax due on monthly basis according to law no. 11 for the year 1980 and adjusted by law no. 143 for the year 2006.

San Stefano Company for Real Estate Investments

a) Corporate tax

The Company's records were inspected till 2004 and paid the amount due; the tax returns are submitted within the legal dates.

b) Salary tax

Salary tax due are paid within the legal dates.

c) Stamp tax

Tax inspection took place for the Company's records for the years till 2005 and all tax due were paid.

Alexandria Company for Real Estate Investments

a) Corporate tax

- The company submits the tax returns within the legal dates.
- The Company s records were inspected till 2001 and paid the amount due.
- No tax inspection took place for the years 2002 till 2007.
- Under the new urban societies law, the company's Projects in Virginia Beach Resort in North Coast and Al Rabwa in Sheik Zaid City enjoy a tax holiday for each project.

b) Salary tax

The Company's records were inspected till 1997 and paid the amount due

- The Company's records were inspected for the years 1998 till 2002 and the tax assessment is not yet received.
- No tax inspection took place for the years 2003 till 2007.
- The company pays the tax due on regularly basis to the tax authority.

c) Stamp tax

- The Company s records were inspected and settled till 2004 and the tax due was paid.
- No tax inspection took place for the years 2004 till 2007.

Arab Company for Hotels and Tourism Investments

a) Corporate tax

No tax inspection took place till 2008 and the company submits the annual tax return according to form (28) within the legal dates and paid the amounts due accordingly.

b) Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates, the company submits the quarterly salary tax return form (4-salary) plus the annual return within the legal dates.
- No tax inspection took place for the years 2005 till 2008.

c) Stamp tax

- No tax inspection took place for the years 2005 till 2008.

Alexandria for Urban Projects

a) Corporate tax

- The company submits the tax returns within the legal dates.
- The Company s records were inspected and settled till 2002 and the tax due was paid; the company enjoy a tax holiday under the new urban societies law.

b) Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates.

Al Rabwa for Entertainment Services

a) Corporate tax

- The company submits the tax returns within the legal dates.
- No tax inspection took place till 2008 and the company enjoy a tax holiday under the new urban societies law.

b. Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates,

c) Stamp tax

- No tax inspection took place till 2007.

d) Sales tax

- The company submits the sales tax returns within the legal dates.

Al Masria for Development and Real Estate Projects

- The company submits the tax returns within the legal dates.

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No tax inspection took place till the issuing of the financial statements.

El Nile for Hotels

- The company is subject to income tax article no,91 for the year 2005 and have not start operation yet

San Stefano For Tourism Investment

- The company enjoy a tax holiday for 5 years from opration date and No tax inspection took place .
- The company submits the tax returns within the legal dates.

Nova Park Cairo Company

a) Corporate tax

- The company's records were inspected and settled till 2004 and the tax due was paid.
- The company submits the tax returns within the legal dates and paid the amounts due accordingly.

b) Salary tax

- The company's records were inspected and settled till 2004 and the tax due was paid.
- The company pays the deducted income tax of the employees on regularly basis within the legal dates, the company submits the quarterly salary tax return within the legal dates.
- No tax inspection took place for the years 2005 till 2008.

c. Stamp tax

- The Company's records were inspected and settled till 2004 and the tax due was paid.
- The company pays the stamp tax on time specially the stamp tax due to the advertising expenses.

Alexandria Saudi Company for Tourism Projects

a) Corporate tax

- The company's records were inspected and settled till 2004 and the tax due was paid.
- The company submits the tax returns within the legal dates and paid the amounts due accordingly.

b) Salary tax

- The company's records were inspected and settled till 2004 and the tax due was paid.
- The company pays the deducted income tax of the employees on regularly basis within the legal dates, the company submits the quarterly salary tax return within the legal dates.

c) Stamp tax

- The company's records were inspected and settled till 2006 and the tax due was paid.
- The company pays the stamp tax on time specially the stamp tax due to the advertising expenses.

Mayfair Company for Entertainment Services

a) Corporate tax

- The company starts operation in 2005 and no tax inspection took place till the date of issuing the financial statements and the company enjoy a tax holiday under the new urban societies law.

b) Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates,

c) Stamp tax

- No tax inspection took place till to the date of issuing the financial statements.

d) Sales tax

- The company submits and pays the sales tax returns on monthly basis.

Port Venice for Tourism Development

a) Corporate tax

- The company does not start its activities yet and enjoy a tax holiday under the investments guarantees and bonus law but the company submits the annual tax return according to the income tax law no. 91 for the year 2005.

b) Salary tax

There is no amount subject to income tax for the salaries as the company does not start its activities yet and no tax inspection took place yet

c) Stamp tax

- No tax inspection took place till to the date of issuing the financial statements.

d) Sales tax

- The company is not subject to sales tax law.

35- Related Party Transactions

To accomplish the company's objectives, the company deals with some related companies with the same terms of the other 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.

Alexandria Company for Construction S.A.E is the main contractor for the companies' projects under the contracts signed by the companies.

The related party transactions that is included in the consolidated income statement:

	Construction Works LE	Management fees LE	Type of Transaction
Alexandria for Construction	3,120,330,153	-	Contractor
El Basateen for Landscaping and Garden Maintenance	9,520,075	-	Contractor
Executive management group	-	94,791,454	Management
Virginia Owners Union	-	885,885	Management
	3,129,850,228	95,677,339	

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The related party transactions that is included in the balance sheet statement:

	Notes payable LE
Alexandria for Touristic Projects	342,796
Alexandria for Constructions Company	7,558,000
	7,900,796

	Advance Payments (Debit) LE	Credit Balances LE	Type of Transaction
Alexandria for Constructions Company	15,542,024	4,674,906	Contractor
	15,542,024	4,674,906	

36-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.

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