

Cairo, August 6, 2013 -TMG Holding reports EGP 897 MN consolidated revenue, EGP 173 MN consolidated net profit after minority and EGP 1.69 BN of new sales value for the second quarter of 2013

TMG Holding, the leading Egyptian community real estate developer is glad to announce its consolidated financial results for the second quarter ending June 30, 2013.

Key Operational and Financial Highlights for the consolidated results of April 1st to June 30st, 2013

- During 2 Q-13, TMG continued to deliver healthy revenue and profits. The following comparison is provided to shed the light on the quarterly and year on year performance.
- Total consolidated revenues for 2Q-13 reached EGP 897 MN in comparison to 1,088 BN consolidated revenues for 2Q-12. The 185 decrease in recognized revenue is the combined effect of:
 - (i) a 27% decrease in the revenue recognized from real estate units. Deliveries from historical sales continued and recognized as revenue accordingly. However, the unrest in political conditions has shifted deliveries and therefore, decreased recognized revenue. In terms of revenue mix, revenue recognized in 2Q 2013 is mainly BUA villas in addition to apartments, there were very few land villas delivered.
 - (ii) a 16% increase in the hotels revenue despite the current instability in tourism flow and tourists spending as further explained in “hotels and resorts” operating performance below.
 - (iii) a 124% increase in revenue from services represented in malls rentals and new revenue generated from operation of infrastructure facilities and maintenance work in Madinaty project. The Q-o-Q increase in services revenue is mainly driven by consolidation of Madinaty for management company in last quarter of 2012. This is a new company dedicated for Madinaty services.
- Gross Profit for 2Q-13 of EGP 350 MN is 2% lower than EGP 358 MN for 2Q-12. The decrease in gross profit came at a much lower rate than the decrease in consolidated revenue due to a higher decrease of real estate cost of goods sold due to a variation in revenue mix.
- Net profit after tax and minority of EGP 173 MN for 2Q-13 is 12% higher than EGP 155 MN for 2Q-12. The increase in net profit is driven by a) an effective cost control strategy and b) the drop in income tax due to the decrease in GOP.
- Year on Year, total consolidated revenue for 1H-13 reached EGP 2,419 MN compared to EGP 2,391 MN consolidated revenue for 1H-12. The 1% increase in recognized revenue is a combined effect of:
 - (i) a 3.6% decrease in the revenue recognized from real estate units as less units are recognized in 1H-13 as mentioned before.
 - (ii) a 14% increase in the hotels revenue, regardless the conditions stated above.
 - (iii) a 110% increase in revenue from services represented in malls rentals and new revenue generated from operation of infrastructure facilities and maintenance work in Madinaty project. The increase in services revenue is mainly driven by the increase of service provided within Madinaty, as more families are moving in.

- Gross Profit for 1H-13 is EGP 706 MN, which is 3% higher than EGP 685 MN of 1H-12, as margins are improving.
- Net Profit before tax for 1H-13 is EGP 382 MN, 9% lower than EGP 419 MN for 1H-12. This is mainly due to higher foreign exchange loss relating to hotel borrowing in USD. Net profit after tax and minority for 1H-13 is EGP 313 MN, which is 5% lower than 1H-12 of EGP 329 MN.
- At June 31, 2013, the Group's total assets reached EGP 55.50 BN, cash, marketable securities and other liquid investments amounted to approximately EGP 2.08 BN, and total debt amounted to EGP 3.8 BN. The debt to equity ratio is 1:7 times, reflecting the group's low gearing and prudent cash management.

Operating Performance

City & Community Complexes

EGP 3.47 BN in sales value achieved in 1H 2013

Total new sales of real estate units amounted to EGP 3.47 BN for 1H-13, compared to EGP 2.4 BN for the same period last year. The value of new sales has increased by approximately 45% on a year on year basis and exceeded the budgetary figure for the period which TMG considers to be a very positive indicator for the upcoming year.

And cancellations remain within normal rates

Total cancellations of the accumulated sales backlog since inception of related projects have not exceeded its normal rates of 4.3% up to the end of 2Q-13. Value of cancelled units is EGP 250 MN in 2Q-13 compared to EGP 487 MN for the same period last year.

At June 30, 2013: the backlog of sold but unrecognized units is approximately EGP 19.5 BN to be recognized as per the units' delivery schedule over the next four years.

Hotels & Resorts

- Revenue from operating hotels has reached EGP 121 MN in 2Q-13 compared to EGP 104 MN in 2Q-12. The hotels KPI's and operational results are summarized as follows:
 - Four Seasons Nile Plaza reported GOP of 40% and NP of 27% in 2Q-13 compared to 37% and 29% respectively in 2Q-12. Average room rate is USD 195 in 2Q-13 compared to USD 190 in 2Q-12 and average occupancy rate of 38 % compared to 34% for the same period last year.
 - Four Seasons Sharm El Sheikh reported GOP of 42 % and NP of 29% in 2Q-13 compared to 43% and 31% respectively in 2Q-12. Average room rates is USD 307 in 2Q-13 compared to USD 325 in 2Q-12 and average occupancy rate of 55% compared to 47% for the same period last year.

- Four Seasons San Stefano reported GOP of 37 % and NP of 29% in 2Q-13 compared to 31% and 19% respectively in 2Q-12. Average room rates is USD 235 in 2Q-13 compared to USD 247 in 2Q-12 and average occupancy rate of 56 % compared to 56% for the same period last year.
- Kempinski Nile Hotel reported a GOP of 12% and NP of 6% in 2Q-13 compared to 10% GOP and negative NP in 2Q-12. Average room rates is USD 135 in 2Q-13 compared to USD 123 in 2Q-12 and average occupancy rate of 29% compared to 40% for the same period last year.
- Year on year, Revenue from operating hotels has reached EGP 217 MN in 1H-13 compared to EGP 191 MN in 1H-12. The hotels KPI's and operational results are summarized as follows:
 - Four Seasons Nile Plaza reported GOP of 36% and NP of 26% in 1H-13 compared to 38% and 30% respectively in 1H-12. Average room rate is USD 202 in 1H-13 compared to USD 205 in 1H-12 and average occupancy rate of 33 % compared to 34% for the same period last year.
 - Four Seasons Sharm El Sheikh reported GOP of 40 % and NP of 27% in 1H-13 compared to 34% and 23% respectively in 1H-12. Average room rates is USD 323 in 1H-13 compared to USD 307 in 1H-12 and average occupancy rate of 50% compared to 42% for the same period last year.
 - Four Seasons San Stefano reported GOP of 28 % and NP of 20% in 1H-13 compared to 24% and 11% respectively in 1H-12. Average room rates is USD 223 in 1H-13 compared to USD 230 in 1H-12 and average occupancy rate of 47 % compared to 50% for the same period last year.
 - Kempinski Nile Hotel reported a GOP of 7% and NP of 1% in 1H-13 compared to 6% GOP and negative NP in 1H-12. Average room rates is USD 136 in 1H-13 compared to USD 138 in 1H-12 and average occupancy rate of 28% compared to 38% for the same period last year.

Key Operational Highlights for the second quarter ending June 30, 2013

	1H-13		1H-12		
	EGPmn		EGPmn		change
Revenues breakdown					
Revenues from units sold	2,054	85%	2,130	89%	-4%
Revenues from Hotels	217	9%	191	8%	14%
Other revenues	148	6%	71	3%	110%
Total consolidated revenue	2,419	100%	2,392	100%	1%
COGS breakdown					
Real Estate & Construction Cost	(1,437)	70%	(1,514)	71%	-5%
Hotels Cost	(158)	73%	(145)	76%	8%
Services Cost	(118)	80%	(47)	66%	152%
Total cost of goods sold	(1,713)	71%	(1,706)	71%	0%
Gross profit	706	29%	686	29%	3%
Selling, General and Administrative Expenses	(184)	-8%	(191)	-8%	-4%
Depreciation expense	(62)	-3%	(65)	-3%	-5%
Provision expense/provisions no longer required	0.007	0%	0.046	0%	-86%
interest expense	(69)	-3%	(85)	-4%	-19%
interest income	24	1%	25	1%	-2%
investment income	5	0%	11	0%	-53%
net change in market value of financial investments	0	0%	7	0%	-95%
Other income (expense)	32	1%	24	1%	34%
Capital gain	7	0%	10	0%	-30%
Foreign exchange difference	(78)	-3%	(2)	0%	3650%
Net profit before tax	382	16%	419	18%	-9%
income tax and deferred tax	(102)	-4%	(108)	-5%	-6%
Net Profit	280	12%	311	13%	-10%
Minority's share	33	1%	18	1%	79%
attributable to shareholders	313	13%	329	14%	-5%

Consolidated Financial Statements

Translation of Financial Statements
originally issued in Arabic

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

CONSOLIDATED BALANCE SHEET

As of 30 June 2013

	Notes	30/6/2013 LE	31 /12/ 2012 LE
Non-Current Assets			
Property and Equipment	(4)	4,071,340,857	4,122,392,057
Intangible Assets	(5)	10,515,355	12,092,244
Projects Under Constructions	(6)	1,257,976,157	1,249,092,135
Goodwill	(7)	15,393,653,117	15,393,653,117
Investments in Associates	(8)	5,366,484	4,848,184
Available for Sale Investments	(9)	63,014,990	57,894,990
Investments in Financial Assets Held to Maturity	(10)	341,918,931	270,041,071
Total Non-Current Assets		<u>21,143,785,891</u>	<u>21,110,013,798</u>
Current Assets			
Non-current assets held for sale	(11)	93,830,684	93,830,684
Work in Progress	(14)	18,299,653,505	17,221,508,767
Inventory	(15)	34,396,112	29,970,336
Accounts and Notes Receivable	(13)	12,478,233,322	12,943,927,048
Available for Sale Investments	(9)	25,845,508	25,845,508
Investments in Financial Assets Held to Maturity	(10)	475,098,438	582,929,282
Financial assets at fair value through profit and loss	(12)	129,520,138	142,774,029
Prepayments and Other Debit Balances	(16)	2,500,968,051	2,481,676,506
Cash on Hand and at Banks	(17)	312,339,814	331,733,008
Total current assets		<u>34,349,885,572</u>	<u>33,854,195,168</u>
Current Liabilities			
Banks Overdraft		107,258,445	68,510,278
Creditors and Notes Payable	(18)	1,943,900,152	2,464,828,974
Bank Facilities	(26)	925,176,423	880,733,180
Current Portion of Loans and Facilities	(26)	787,971,014	829,373,436
Customers Advance Payment	(19)	15,988,609,791	15,755,731,070
Dividends Creditors	(20)	13,489,475	14,328,219
Accrue income tax	(28)	130,389,664	173,715,416
Accrued Expense and Other Credit Balances	(21)	2,676,164,969	2,266,465,706
Total Current Liabilities		<u>22,572,959,933</u>	<u>22,453,686,279</u>
WORKING CAPITAL		<u>11,776,925,639</u>	<u>11,400,508,889</u>
TOTAL INVESTMENTS		<u>32,920,711,530</u>	<u>32,510,522,687</u>



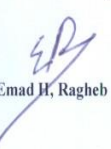

Translation of Financial Statements
originally issued in Arabic

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

CONSOLIDATED BALANCE SHEET

As of 30 June 2013

	Notes	30/6/2013 LE	31 /12/ 2012 LE
Financed as follows:			
Owner's Equity			
Authorized Capital	(22)	30,000,000,000	30,000,000,000
Issued and Paid up Capital	(22)	20,635,622,860	20,635,622,860
Legal Reserve	(23)	218,227,661	216,758,638
General Reserve	(24)	61,735,404	61,735,404
Net unrealized gains on available for sale investments	(25)	11,720,000	6,600,000
Retained earning		4,471,505,491	3,922,963,906
Net profit for the period / year		312,755,583	545,731,026
TOTAL MOTHER COMPANY SHAREHOLDERS EQUITY		25,711,567,000	25,389,411,834
Minority Interest		923,371,965	957,933,782
TOTAL SHAREHOLDERS' EQUITY		26,634,938,965	26,347,345,616
Non-current Liabilities			
Non-current Loans	(26)	1,982,155,696	1,856,303,372
Non-current Liabilities	(27)	4,281,642,691	4,280,214,247
Deferred Tax Liability	(28)	21,974,178	26,659,452
Total Non- Current Liabilities		6,285,772,565	6,163,177,071
Total Shareholders' Equity and Non- Current liabilities		32,920,711,530	32,510,522,687

Chairman	Financial Director	Auditors
		
Tarek Talaat Mostafa	Ghaleb Ahmed Fayed	Emad H. Ragheb
		
		Magdy Hashish

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

Translation of Financial Statements
 originally issued in Arabic

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

CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2013 to 30 June 2013

	Notes	From 1/1/2013 to 30 /6/ 2013 LE	From 1/4/2013 to 30/6/2013 LE	From 1/1/2012 to 30/6/2012 LE	From 1/4/2012 to 30/6/2012 LE
Revenue	(29)	2,418,940,996	897,307,561	2,391,018,705	1,087,955,043
Cost of revenue	(29)	(1,713,150,854)	(547,257,005)	(1,706,038,908)	(730,413,443)
GROSS PROFIT		705,790,142	350,050,556	684,979,796	357,541,599
Administrative, marketing and sales expenses		(140,460,865)	(68,881,056)	(176,519,742)	(86,920,183)
Depreciation and amortization	(15,7,6)	(61,947,612)	(30,914,850)	(65,289,733)	(33,282,494)
Provisions no longer required		6,651	-	46,356	13,573
Rent expenses		(43,207,513)	(15,361,547)	(14,642,058)	(7,298,797)
Operating Profit		460,180,803	234,893,103	428,574,620	230,053,699
Credit interest		9,446,206	5,692,434	10,890,001	6,880,955
Interest on bonds	(33)	15,360,976	6,761,191	13,162,537	6,538,518
Amortization of Discount of the Financial Assets Held to Maturity		742,599	400,316	677,512	370,242
Income from treasury bills		304,851	168,429	145,916	81,761
Finance cost		(68,763,870)	(35,400,012)	(84,701,960)	(44,152,873)
Dividends revenue	(30)	2,073,296	1,013,615	2,336,952	1,110,502
Revenue on sale of financial assets at fair value through profit and loss	(31)	1,800,131	1,511,500	9,856,542	6,041,748
Revenue (loss) of reevaluate financial assets at fair value through profit and loss	(12)	356,138	(930,990)	7,485,164	(4,638,713)
Share of (loss) profit of associates	(8)	(177,325)	194,985	(726,909)	449,209
Other income	(32)	31,980,471	14,675,775	23,751,145	6,485,382
Capital gain		6,737,481	2,034,600	9,643,785	4,824,936
Board of directors allowances		(258,500)	(98,450)	(298,350)	(126,850)
Foreign exchange (loss)		(77,682,494)	(25,367,241)	(2,071,316)	(1,904,829)
NET PROFIT FOR THE PERIOD BEFORE TAX		382,100,763	205,549,255	418,725,639	212,013,686
Income tax	(28)	(106,843,745)	(38,959,111)	(87,969,279)	(58,715,337)
Deferred tax expense	(28)	4,893,166)	(5,007,925)	(20,130,146)	(5,533,710)
NET PROFIT FOR THE PERIOD AFTER TAX		280,150,184	161,582,219	310,626,214	147,764,639
Minority interest		(32,605,399)	(11,775,709)	(18,175,653)	(7,299,484)
NET PROFIT FOR THE PERIOD (MOTHER COMPANY SHAREHOLDERS)		312,755,583	173,357,928	328,801,867	155,064,123

Chairman



 Tarek Talaat Mostafa

Financial Director



 Ghaleb Ahmed Fayed

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

Translation of Financial Statements
 originally issued in Arabic

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

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January 2013 to 30 June 2013

	Notes	From 1/1/2013 to 30/6/2013 LE	From 1/1/2012 to 30/6/2012 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and minority interest		382,100,764	418,725,639
Adjustment to reconciliation net profit with cash flow operating activities :			
Depreciation & Amortization	(4,5)	61,947,612	65,289,733
(Discount) Financial Assets Held to Maturity Amortization	(11)	(693,506)	(677,512)
Provisions (no longer required)		(6,651)	(46,356)
Credit Interests, Bonds and Treasury Bills revenue	(33)	(25,112,033)	(24,198,454)
Dividends revenue of financial assets at fair value through profit and loss	(30)	(2,073,296)	(2,336,952)
(Gain) Loss of revalue Financial Assets at Fair Value	(12)	(356,138)	(7,485,164)
(Gain) Loss from selling financial assets at fair value through profit and loss	(31)	(1,800,131)	(9,856,542)
Share of (profit) of Associates	(8)	177,325	808,109
Capital (Gain)	(4)	(6,737,481)	(9,643,785)
Foreign Exchange Loss		77,682,494	2,071,316
Operating profit before changes in working capital		<u>485,079,866</u>	<u>432,650,032</u>
Change in Work in Progress		(1,015,640,866)	(1,594,644,045)
Change in Inventory		(4,425,776)	(481,414)
Change in Accounts and Notes Receivables	(13)	465,693,726	1,273,776,137
Change in Prepayments and Other Debit Balances	(16)	(19,546,311)	209,389,446.73
Change in Creditors and Notes Payable		(520,928,822)	(204,647,215)
Change in non- current Liabilities		1,428,444	12,548,487
Change in Customers Advance Payment		232,878,721	(617,932,616)
Change in Dividends Creditors		(838,744)	(702,663)
Change in Financial Assets at Fair Value through Profit and Loss		15,410,160	36,134,934
Change in accrue income tax		(150,169,497)	(80,877,544)
Change in Other Credit Balances		409,705,914	208,342,521
Net Cash flows (used in) Operating Activities		<u>(101,353,185)</u>	<u>(326,443,939)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment) on Purchasing of Property and Equipment and Projects Under Construction		(81,069,400)	(114,859,140)
Proceed from sale fixed assets	(4)	7,099,463	10,399,583
(Payment) on Purchasing of Financial Assets Held to Maturity		36,646,490	(84,344,000)
(Payment) for Investments in Associates	(8)	(695,625)	(81,200)
Proceeds from dividends revenue of financial assets at fair value through profit and loss		2,073,296	2,336,952
Net Cash flows (used in) Investing Activities		<u>(35,896,682)</u>	<u>(186,547,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from minority interest		-	88,049,100
Collected Credit Interests, Bonds and Treasury Bills Revenue	(33)	25,366,799	14,930,225
Proceeds (payments) from Loans and Facilities		128,893,145	445,115,425
Net Cash flows Provided from Financing Activities		<u>154,309,037</u>	<u>548,094,750</u>
Foreign Exchange Impact		(77,682,494)	(18,058,611)
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		<u>(60,672,417)</u>	<u>17,044,395</u>
Reconciliation on Cash and Cash Equivalents		2,531,056	(28,650,834)
Cash and Cash Equivalents at the beginning of the period		<u>263,222,730</u>	<u>179,514,071</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(17)	<u>205,081,369</u>	<u>167,907,632</u>

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

Summary of C&C projects in Operation and Development

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

1. Land area procured

2. Area of land still to be developed as per CBRE report

3. The built up area ("BUA") still to be developed under phasing plan as per the CBRE report

4. Launch of sales

5. Delivery of final unit assumed in the CBRE report

6. Effective ownership

7. Riyadh – authorization obtained

8. Land value only –

Includes additional 1 MN sqm of land procured for future development

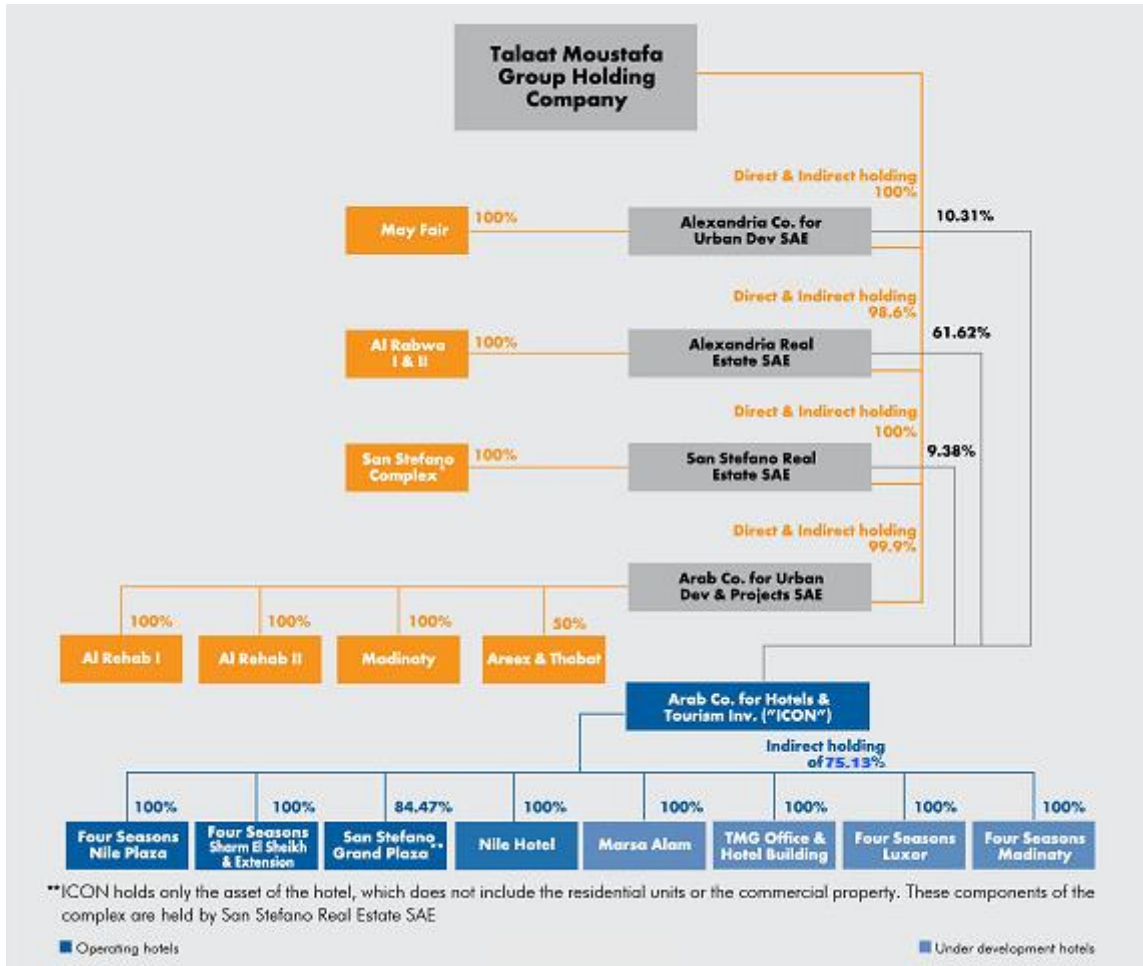
9. all sold except phase 6

Summary of H&R Assets in Operation

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

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

Group Structure



About TMG Holding

TMG Holding has under its umbrella a group of companies:

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

Capital:

Issued and paid-in capital: EGP 20.635 BN

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

Shareholders' Structure:

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

Investor Relations Contacts:

Investor Relations TMG Holding	Tel: +2 (02) 3335708 Fax: +2 (02) 33016894	E-mail: jsawaftah@tmg.com.eg Web Site: www.tmgholding.com
-----------------------------------	-----------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------