

Cairo, May 21, 2014 -TMG Holding reports EGP 1.139 BN consolidated revenue, EGP 161 MN consolidated net profit after minority and EGP 2.2 BN of new sales value for the first quarter of 2014

TMG Holding, the leading Egyptian community real estate developer is glad to announce its consolidated financial results for the first quarter ending March 31, 2014.

Key Operational and Financial Highlights for the consolidated results of January 1st to March 31st, 2014

- During 1 Q-14, TMG continued to deliver healthy revenue and profits. The following comparison is provided to shed the light on the quarterly and year on year performance.
- Total consolidated revenues for 1Q-14 reached EGP 1,139 MN, 25% lower than EGP 1,522 MN consolidated revenues for 1Q-13. The decrease in recognized revenue is the combined effect of:
 - (i) a 29% decrease in the revenue recognized from real estate units. The decrease in revenue is mainly due to higher number of units delivered in 1Q-13 compared to 1Q-14, because of the fact that 1Q-13 witnessed deliveries of delayed units of prior years.
 - (ii) a 1.5% 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 14% increase in revenue from services represented in malls rentals and new revenue generated from operation of infrastructure facilities and maintenance work in Madinaty project.
- Gross Profit Margin witnessed an improvement from 23% in 1Q-13 to 27% in 1Q 14, despite the decrease in value by 12% from EGP 356 MN in 1Q-13 to EGP 312 in 1Q-14. The decrease in gross profit came at a lower rate than the decrease in consolidated revenue, which amounted to 25%, due to a higher decrease in real estate cost of goods sold due to a variation in revenue mix.
- Net profit after tax and minority of EGP 160.5 MN for 1Q-14 is 15 % higher than EGP 139.4 MN for 1Q-13. The increase in net profit is driven by a) a decrease in tax expense and b) the non-cash effect of a decrease in foreign exchange loss relating to revaluation of loan balances denominated in USD.
- At March 31, 2014, the Group’s total assets reached EGP 56 BN, cash, marketable securities and other liquid investments amounted to approximately EGP 2 BN, and total debt amounted to EGP 3.7 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 2,214 MN in sales value achieved in 1Q 2014

Total new sales of real estate units amounted to EGP 2,214 MN for 1Q-14, compared to EGP 1,774 MN for the same period last year. The value of new sales has increased by approximately 25% on a year on year basis and exceeded the budgetary figure for the period, which TMG considers to be a very positive indicator for the upcoming year.

And cancellations remain within normal rates

Total cancellations of the accumulated sales backlog since inception of related projects have not exceeded its normal rates of 4.3% up to the end of 1Q-14. Value of cancelled units is EGP 136 MN in 1Q-14 compared to EGP 107 MN for the same period last year.

At March 31, 2014: the backlog of sold but unrecognized units is around EGP 20 BN to be recognized as per the units' delivery schedule over the next four years.

Hotels & Resorts

- Year on year, Revenue from operating hotels has reached EGP 96 MN in 1Q-14 compared to EGP 87 MN in 1Q-13. The hotels KPI's and operational results are summarized as follows:
 - Four Seasons Nile Plaza reported GOP of 34.4% and NP of 26.4% in 1Q-14 compared to 32% and 24% respectively in 1Q-13. Average room rate is USD 222 in 1Q-14 compared to USD 213 in 1Q-13 and average occupancy rate of 34% compared to 27% for the same period last year.
 - Four Seasons Sharm El Sheikh reported GOP of 29% and NP of 17.4% in 1Q-14 compared to 37% and 25% respectively in 1Q-13. Average room rates is USD 315 in 1Q-14 compared to USD 341 in 1Q-13 and average occupancy rate of 39% compared to 45% for the same period last year.
 - Four Seasons San Stefano reported GOP of 14% and NP of 6.5% in 1Q-14 compared to 13% and NP of 6% in 1Q-13. Average room rates is USD 214 in 1Q-14 compared to USD 212 in 1Q-13 and average occupancy rate of 41% compared to 38% for the same period last year.
 - Kempinski Nile Hotel reported a GOP of 7.5 % and 1.3 % NP in 1Q-14 compared to 1.5% GOP and negative NP in 1Q-13. Average room rates is USD 122 in 1Q-14 compared to USD 137 in 1Q-13 and average occupancy rate of 28% compared to 26% for the same period last year.

Key Operational Highlights for the first quarter ending March 31, 2014

	1Q-14		1Q-13		Change
	EGP MN		EGP MN		
Revenues breakdown					
Revenues from units sold	971.5	85%	1,364.3	90%	-28.80%
Revenues from Hotels	97.0	9%	95.6	6%	1.53%
Other revenues	70.5	6%	61.7	4%	14.40%
Total consolidated revenue	1,139.0	100%	1,521.6	100%	-25.14%
COGS breakdown					
Real Estate & Construction Cost	(693.8)	71%	(1,041.6)	76%	-33.38%
Hotels Cost	(76.3)	79%	(74.7)	78%	2.09%
Services Cost	(56.9)	81%	(49.6)	80%	14.66%
Total cost of goods sold	(827.0)	73%	(1,165.9)	77%	-29.06%
Gross profit	312.0	27%	355.7	23%	-12.29%
Selling, General and Administrative Expenses	(93.4)	-8%	(99.6)	-7%	-6.01%
Depreciation expense	(30.7)	-3%	(31.0)	-2%	-1.19%
Provision expense/provisions no longer required	0.0	0%	0.0	0%	-100%
interest expense	(26.8)	-2%	(33.3)	-2%	-19.59%
interest income	13.1	1%	12.8	1%	2.08%
investment income	2.1	0%	1.0	0%	70.76%
net change in market value of financial investments	6.6	1%	1.3	0%	411.15%
Other income (expense)	22.3	2%	17.3	1%	29.15%
Capital gain	0.0	0%	4.7	0%	-99.40%
Foreign exchange difference	0.6	0%	(52.3)	-3%	-101.23%
Net profit before tax	205.6	18%	176.6	12%	16.27%
income tax and deferred tax	(47.1)	-4%	(58.0)	-4%	-18.79%
Net Profit	158.5	14%	118.6	8%	33.42%
Minority's share	2.3	0%	20.8	1%	-89.01%
attributable to shareholders	160.8	14%	139.4	9%	15.12%

Consolidated Financial Statements

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 31 March 2014

	Notes	From 1/1/2014 to 31/3/2014 LE	From 1/1/2013 to 31/3/2013 LE
Revenue	(29)	1,139,055,926	1,521,633,435
Cost of revenue	(29)	(827,047,671)	(1,165,893,849)
GROSS PROFIT		312,008,255	355,739,586
General and administrative expenses, marketing and sales expenses		(93,436,032)	(99,425,775)
Depreciation and amortization		(30,662,664)	(31,032,762)
Provisions no longer required		-	6,651
Operating Profit		187,909,559	225,287,700
Credit interest		4,710,374	3,753,772
Interest on bonds		-	8,599,785
Bonds amortization		-	342,283
Income from treasury bills		8,388,490	136,422
Finance cost		(26,828,863)	(33,363,858)
Dividends revenue from financial assets at fair value through profit and loss		2,099,846	1,059,681
Gain on sale of financial assets at fair value through profit and loss	(30)	191,662	288,631
Gain of revaluate financial assets at fair value through profit and loss	(31)	6,579,181	1,287,128
Share of (loss) of associates	(12)	(302,084)	(372,310)
Other income	(8)	22,348,238	17,304,696
Capital gain	(32)	28,415	4,702,881
Board of directors allowances		(167,400)	(160,050)
Foreign exchange gain (loss)		643,799	(52,315,253)
NET PROFIT FOR THE PERIOD BEFORE TAX		205,601,217	176,551,508
Income tax	(28)	(53,989,090)	(67,884,634)
Deferred tax revenue	(28)	6,900,593	9,901,091
NET PROFIT FOR THE PERIOD AFTER TAX		158,512,720	118,567,965
Net loss of minority interest		(2,290,086)	(20,829,690)
NET PROFIT FOR THE PERIOD (MOTHER COMPANY SHAREHOLDERS)		160,802,806	139,397,655

Chairman



Tarek Talaat Mostafa

Financial Director



Ghaleb Ahmed Fayed

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

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Translation of Financial Statements
originally issued in Arabic

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

CONSOLIDATED BALANCE SHEET

As of 31 March 2014

	Notes	31/3/2014 LE	31 /12/ 2013 LE
Non-Current Assets			
Property and Equipment	(4)	4,000,704,444	4,027,979,518
Intangible Assets	(5)	8,150,023	8,938,467
Projects Under Constructions	(6)	1,330,134,298	1,304,180,509
Goodwill	(7)	15,393,653,117	15,393,653,117
Investments in Associates	(8)	4,899,988	5,202,072
Available for Sale Investments	(9)	62,614,990	62,454,990
Investments in Financial Assets Held to Maturity	(10)	462,472,793	350,946,135
Total Non-Current Assets		21,262,629,653	21,153,354,808
Current Assets			
Non-current assets held for sale	(11)	93,830,684	93,830,684
Work in Progress	(14)	16,426,755,876	16,371,858,676
Inventory	(15)	40,176,803	41,231,304
Accounts and Notes Receivable	(13)	14,205,841,881	13,879,899,099
Prepayments and Other Debit Balances	(16)	2,521,636,335	2,406,242,891
Available for Sale Investments	(9)	25,841,897	25,841,897
Investments in Financial Assets Held to Maturity	(10)	361,321,631	494,824,695
Financial assets at fair value through profit and loss	(12)	261,152,712	148,403,675
Cash on Hand and at Banks	(17)	810,866,839	680,622,516
Total current assets		34,747,424,658	34,142,755,437
Current Liabilities			
Banks Overdraft		38,884,438	16,775,509
Creditors and Notes Payable	(18)	2,237,030,206	2,707,456,865
Bank Facilities	(26)	906,533,572	911,395,524
Current Portion of Loans and Facilities	(26)	651,625,077	625,777,977
Customers Advance Payment	(19)	17,484,418,614	16,789,303,340
Dividends Creditors	(20)	318,758,982	13,647,172
Accrued income tax	(28)	250,963,126	213,574,418
Accrued Expense and Other Credit Balances	(21)	3,116,183,565	2,794,564,781
Total Current Liabilities		25,004,397,580	24,072,495,586
WORKING CAPITAL		9,743,027,078	10,070,259,851
TOTAL INVESTMENTS		31,005,656,731	31,223,614,659

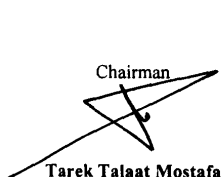
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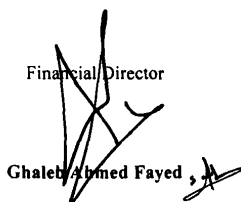
Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

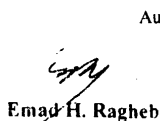
CONSOLIDATED BALANCE SHEET

As of 31 March 2014

	Notes	31/3/2014 LE	31 /12/ 2013 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)	219,401,938	218,227,661
General Reserve	(24)	61,735,404	61,735,404
Net unrealized gains on available for sale investments	(25)	11,320,000	11,160,000
Accumulative translation adjustment		424,136	361,313
Retained earning		4,748,949,540	4,471,558,420
Net profit for the period / year		160,802,806	585,185,459
TOTAL MOTHER COMPANY SHAREHOLDERS EQUITY		25,838,256,684	25,983,851,117
Minority Interest		909,018,697	912,041,943
TOTAL SHAREHOLDERS' EQUITY		26,747,275,381	26,895,893,060
Non-current Liabilities			
Non-current Loans	(26)	2,156,802,782	2,219,266,246
Non-current Liabilities	(27)	2,088,513,797	2,088,489,989
Deferred Tax Liability	(28)	13,064,771	19,965,364
Total Non- Current Liabilities		4,258,381,350	4,327,721,599
Total Shareholders' Equity and Nun- Current liabilities		31,005,656,731	31,223,614,659

Chairman

Tarek Talaat Mostafa

Financial Director

Ghaleb Ahmed Fayed

Auditors

Emad H. Ragheb


Magdy Hashish

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

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

CONSOLIDATED CASH FLOW STATEMENT

For the period From 1 January 2014 to 31 March 2014

	Notes	From 1/1/2014 to 31/3/2014 LE	From 1/1/2013 to 31/3/2013 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and minority interest		205,601,217	176,551,508
Adjustment to reconciliation net profit with cash flow operating activities:			
Depreciation & Amortization		30,662,664	31,032,762
(Discount) Financial Assets Held to Maturity Amortization		(41,968)	(342,283)
Provisions (no longer required)		-	(6,651)
Credit Interests and Treasury Bills revenue	(33)	(13,098,864)	(12,489,979)
(Gain) of revalue Financial Assets at Fair Value through Profit and Loss	(12)	(6,579,181)	(1,287,128)
(Gain) from selling Financial Assets at Fair Value through Profit and Loss		(191,662)	(288,631)
Dividends revenue of Financial Assets at Fair Value through Profit and Loss		(2,099,846)	(1,059,681)
Share of loss (profit) of Associates	(8)	302,084	372,310
Capital (Gain)	(4)	(28,415)	(4,702,881)
Foreign Exchange (Gain) Loss		(643,799)	52,315,253
Operating profit before changes in working capital		213,882,230	240,094,599
Change in Work in Progress	(14)	(54,897,200)	(266,642,216)
Change in Inventory	(15)	1,054,501	(3,374,482)
Change in Accounts and Notes Receivables	(13)	(325,942,782)	731,442,886
Change in Prepayments and Other Debit Balances	(16)	(112,717,420)	27,470,692
Change in Creditors and Notes Payable	(18)	(470,426,659)	(467,139,746)
Change in Non- Current Liabilities		23,808	1,038,868
Change in Customers Advance Payment	(19)	695,115,274	(350,606,782)
Change in Dividends Creditors		1,111,810	2,073,891
Change in Financial Assets at Fair Value through Profit and Loss	(12)	(105,978,194)	(39,068,939)
Change in accrude income tax	(28)	(16,600,382)	(26,874,282)
Change in Other Credit Balances	(21)	321,618,784	213,749,927
Net Cash flows provided from Operating Activities		146,168,770	62,164,416
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment) on Purchasing of Property and Equipment and Projects Under Construction	(4-6)	(31,781,169)	(42,609,293)
Proceeds from sale Fixed Assets	(4)	3,256,648	4,705,837
Proceeds from Financial Assets Held to Maturity	(10)	22,018,374	37,425,381
(Payment) company share in capital increase in Associates	(8)	-	(175,625)
Proceeds from Dividends revenue	(30)	2,099,846	1,059,681
Net Cash flows (used in) provided from Investing Activities		(4,406,301)	405,981
CASH FLOWS FROM FINANCING ACTIVITIES			
Collected Credit Interests and Treasury Bills Revenue	(33)	10,422,840	12,755,358
(Payment) Loans and Facilities	(26)	(41,478,316)	(46,439,655)
Net Cash flows (used in) Financing Activities		(31,055,476)	(33,684,297)
Foreign Exchange Impact		643,799	(52,315,253)
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		111,350,792	(23,429,153)
Cash Adjustments*		(3,215,398)	2,713,526
Cash and Cash Equivalents at the beginning of the period		663,847,007	263,222,730
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(17)	771,982,401	242,507,103

*The Cash Adjustments transaction represents the eliminations among subsidiaries and the foreign currency impacts for foreign bodies.

**A Non-cash transaction has been excluded ,which represents in excluding the change of dividends creditors item in opposite of dividends revenue amounted to LE 304,075,000

- 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	36.5%		76%		77%	
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

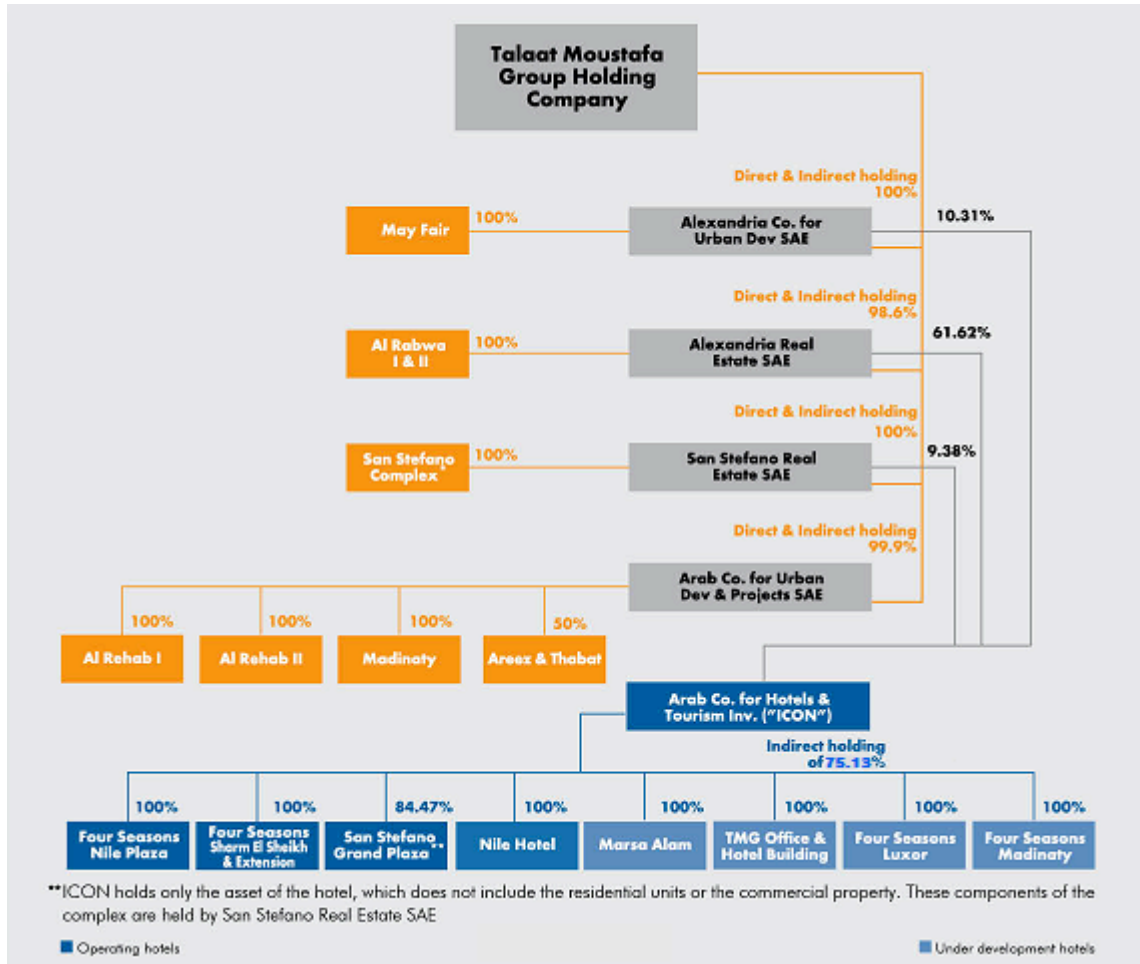
9. all sold except phase 6

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
Ave. price	EGP 26,435 psm	EGP 38,775 psm	EGP 14,920 psm	n/a
CBRE Value (30-Jun-08)	EGP 1.99 billion (3)	EGP 2.44 billion	EGP 2.36 billion	EGP 523.57 MN
Commence	Nov-98	Sep-97	Feb-99	Aug-03
Complete(2)	May-02	Aug-04	Jul-07	Jul- 10
Star rating	5 Star	5 Star	5 Star	5 Star
Facilities	8 restaurants	9 restaurants	9 restaurants	4 restaurants
	2 lounge bars	Spa	Marina	4 meeting rooms
	Spa	Ballroom	Shopping mall	Business centre
	Ballroom	11 meeting rooms	Offices	Executive club
	4 meeting rooms	Business centre	Ballroom	Mini business centre
	Business centre	Shopping mall		

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

Group Structure



About TMG Holding

TMG Holding has under its umbrella a group of companies:

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

Capital:

Issued and paid-in capital: EGP 20.635 BN

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

Shareholders' Structure:

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

Investor Relations Contacts:

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