



EARNINGS RELEASE – Second Quarter 2010

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ERC Announces Consolidated Results for Second Quarter 2010

Egypt's leading master developer reports net profit on quarter. Sales pipeline and recurring revenue streams take important steps forward.

Second Quarter 2010 Financial and Operational Highlights

- Revenues of EGP 2.85 million, a 69.5% year-on-year decline; no land sales in the quarter;
- Net profit of EGP 2.98 million, a 59.0% rise from the same quarter last year on the back of foreign exchange gains;
- Community management fees from key sub-developers to be collected as of 2011, converting an EGP 7 million quarterly burden on ERC into equivalent quarterly reserves;
- Substantial progress on both Phase III planning and delivery of Marina development plan and designs; and
- Final regulatory requirement for electricity license to be fulfilled by end of September 2010.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the second quarter of 2010, reporting a net profit of EGP 2.98 million on revenues of EGP 2.85 million. Profits were supported by EGP 14.36 million in foreign exchange gains and interest income.

Results for the quarter include EGP 7 million in community management fees absorbed by ERC and not billed to existing sub-developers, a practice that has been ongoing since the global financial crisis first spilled into the local market. ERC defrayed EGP 10.96 million in community management expenses for sub-developers in 1H10 and estimates it will absorb a further EGP 14.54 million in the second half, compared with EGP 18.26 million in all of FY09.

Commenting on the company's 2Q10 results, Chief Executive Officer Mohamed Kamel said:

Throughout the quarter just past, we continued to build upon the comprehensive program of transformation on which we embarked at the beginning of the year. As in the first quarter, we have resisted the temptation to prematurely boost quarterly revenues by selling land at price points that would have threatened the value of our land bank and the investments of our shareholders and sub-developers.

By doing this, we are building a sales pipeline that will begin delivering results in the coming quarters while simultaneously protecting the investments of our sub-developers and shareholders.

As I have emphasized before, ERC will only sell land to fully qualified sub-developers with strong visions and bankable business plans — and only when the price, plan and use for the land are a strong fit with our master plans for Sahl Hasheesh. Having diligently reviewed the qualifications of a select group of developers and the compatibility of their proposals, we look forward to reporting a significant land sale before the end of the year.

While our primary focus in the first half has been on operational progress at Sahl Hasheesh to deliver long-term profitability on recurring revenue streams including the development of the Old Town, the Phase III master plan and the Marina, the period just ended has also been characterized by an unwavering focus on the development of a sales pipeline to deliver not just full-year profitability but long-term results.

Much of this progress has previously been reported, and I will briefly recap it below. One piece of news, however, will have an immediate impact on our use of cash when it becomes effective in 2011: I am delighted to report that ERC has signed all major sub-developers to its utilities supply and community services and management scheme. Throughout the global financial crisis, ERC has provided as much as EGP 7 million in quarterly services to our sub-developers, from security, road cleaning and waste management to maintenance of community infrastructure and the upkeep of public areas. In the new year, all key sub-developers will begin contributing their share of use of community resources delivering a substantial boost to one of our important sources of recurring revenues — and eliminating an expense of the same magnitude. This development is vital in its short-term impact on our financials and signals critical future expansion of this revenue stream, but more importantly frees cash that targets community resource expansion and thus adds further value to Sahl Hasheesh and its sub-developers.

Other recent and upcoming corporate developments:

- Management reports considerable collection of receivables after the end of the current disclosure period. To date, collections have topped EGP 125 million, with EGP 85 million having been inflows recorded after 30 June 2010 (particularly from the larger balances owing). Sub-developers are reporting improved cash positions, leading management to forecast no need for impairments of any receivables.
- An extraordinary general meeting is scheduled on 26 August 2010 to modify ERC's articles of incorporation to allow the company to generate and sell electricity within its master planned development communities, clearing the final regulatory hurdle to the conclusion of our electricity distribution license.
- Old Town, 97,000 square meters of prime waterfront retail and commercial space, is set to officially open mid-November. With a diverse base of tenants already signed to long-term leases, management continues to drive negotiations forward with a number of promising retail and commercial partners.
- ERC has signed a number of sub-consultants to support WATG, the world-class master planners of the Phase III stage of development in the resort community, in transforming Sahl Hasheesh from a vacation destination into a thriving year-round municipality, bringing online a 28 million-square-meter area, including hospitals, schools, office buildings and SMEs.
- ERC and Orascom management have been working diligently with WATG on the master plan for the Marina development. The two parties are now working on both the business and marketing plans for this keystone project. Management expects to unveil designs and launch the marketing campaign for the Marina in 1Q11.

- Final stages of renovation on the Old Palace Hotel are underway to re-launch as the Sahl Hasheesh Marriott Beach Resort in June of 2011.
- In response to demand from sub-developers, a full-fledged developer and consumer-facing marketing campaign for Sahl Hasheesh is under design as part of management's drive to promote Sahl Hasheesh as the top choice for both national and global holiday makers and seekers of second homes.
- The appointment of our new Chairman of the Board, Dr. Samir Makary: A member of ERC's Board of Directors since 2008, Dr. Makary has served as Chairman of ERC's Technical Committee and a member of the Executive and Human Resources committees. He has over 20 years of experience in market and financial analysis and economic policy issues, with a proven track record of consulting on tourism development policies and projects. In the 1990s, Dr. Makary was an author of one of the first studies to examine the feasibility of Sahl Hasheesh as a major tourism destination.

Mohamed Kamel

Chief Executive Officer

An Important Note:

Management encourages investors not to analyze Egyptian Resorts Company by scrutinizing quarterly sales figures as they would manufacturing or other real estate firms. ERC is a master developer of mega resort communities and unlike other developers, focuses on the macro development infrastructure and land plot sales. The timing of land sales (which tend to be large, strategic plots) to value-adding developers is a function of market conditions and management / board strategy at any given moment. ERC targets a healthy pace of land release from its bank so as to preserve both ERC valuations and the returns on investments of our sub-developers. A more traditional quarter-by-quarter analysis will be appropriate only for the analysis of recurring revenue streams as these mature in the years ahead.

About ERC

Egyptian Resorts Company S.A.E. (EGX: EGTS.CA) is a master developer of international standard resort communities on a fully-integrated management basis. The company is incorporated in Egypt and headquartered in Cairo. Egyptian Resorts Company acquires broad land holdings suitable for premium mega resort development at nominal value. The company then creates a master plan in partnership with global architectural and urban planning firms, builds state-of-the-art infrastructure, implements design guidelines and community management rules and regulations, and then on-sells individual pre-designated plots to sub-developers and investors whose primary businesses are hotel ownership, operation and management, as well as luxury resort and residential real estate development. ERC is developing multiple recurring revenue streams that include the supply of utilities (water, electricity, communications) through its project partners, as well as community management and maintenance fees and revenues generated by Sahl Hasheesh Company.

Capital Structure

Authorized Capital EGP 2,000,000,000
Issued and Paid-In Capital EGP 1,050,000,000 (1,050,000,000 shares @ EGP 1.00 / share)

Shareholder Structure

Misr Insurance	15.00%
KATO Investment	11.96%
Rowad Tourism Company	10.00%
First Arabian Company	10.00%
Al Ahly Capital Holding	8.99%
Orascom Development Holding	4.50%
Other long-term investors	9.47%
Free Float	30.08%

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