

BOARD OF DIRECTORS

Mr. Mahmoud Mostafa Hamed
Chairman
EGYPTAIR TOURISM & DUTY FREE

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Gulf-Egypt for Tourism & Hotels Company

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Ministry of Civil Aviation

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Vice Chairman
Egyptian Holding Company For Airports And Air Navigation

Capt. Ahmed El Beltagy
Vice Chairman
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GM warehousing & customs Clearance
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Mr. Saad Hassan El Malah
Assistant to GM warehousing & customs Clearance
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Mr. Hassan Kafafi
Senior Accounting Manager
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Mr. Mohamed Omar
GM Human Resources
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Mr. Hassan Abbass Selim Ibrahim
Syndicate Representative



Chairman's Message

The EGYPTAIR TOURISM & DUTY FREE financial year under review started in a period of economic uncertainty, as the global financial crisis began to impact nations across the world. The war in the Gaza strip also impacted revenues at our Sinai retail locations. It was difficult to evaluate how these threats would impact the tourism and aviation traffic in Egypt – the cornerstone for revenues in both the duty free retail and Karnak tourism sectors. Revenue growth started to decline in September 2008 and dropped to negative growth at year end. The third quarter of the financial year saw revenues continuing to fall below the previous year. The situation started to recover in the last quarter of the financial year and has grown positively since then. Egypt's truly wide tourism market base helped to protect revenues as, when one market sector declined another market's growth helped to compensate the loss. Karnak total revenues stayed marginally ahead of the previous year, with Omra and Hajj tourism growth contributing to revenue stability. However, in spite of the above negative issues company total revenues ended 1.7% below the previous year. This was very satisfactory in the circumstances.

The company's major projects during the year under review included the fit-out and opening of our 3,600 square meter shopping environment at Cairo Terminal 3. This project increased the company's retail space by 25%. However, as EGYPTAIR finalised the transfer of flights to the new terminal in mid June 2009, the revenue benefits will only be felt in the next financial year. Our retail offer inside Terminal 3 includes the introduction of "shop in shop" concepts to deliver high quality service to customers of our international fashion brands. The traditional duty free categories have been provided with ample space and our respected suppliers have provided personalised furniture. This has created a high quality international ambience to the shop. Development plans set for the year have been met. Staff numbers increased during the year to meet the requirements of the growing business. Staff also enjoyed increases in their salary and benefit arrangements. EGYPTAIR TOURISM & DUTY FREE company profits, at EGP56 million were down from the previous year mainly due to the impact of the financial crisis and also increases in both salary benefits and increased employment associated with the developing business.

Next Financial Year

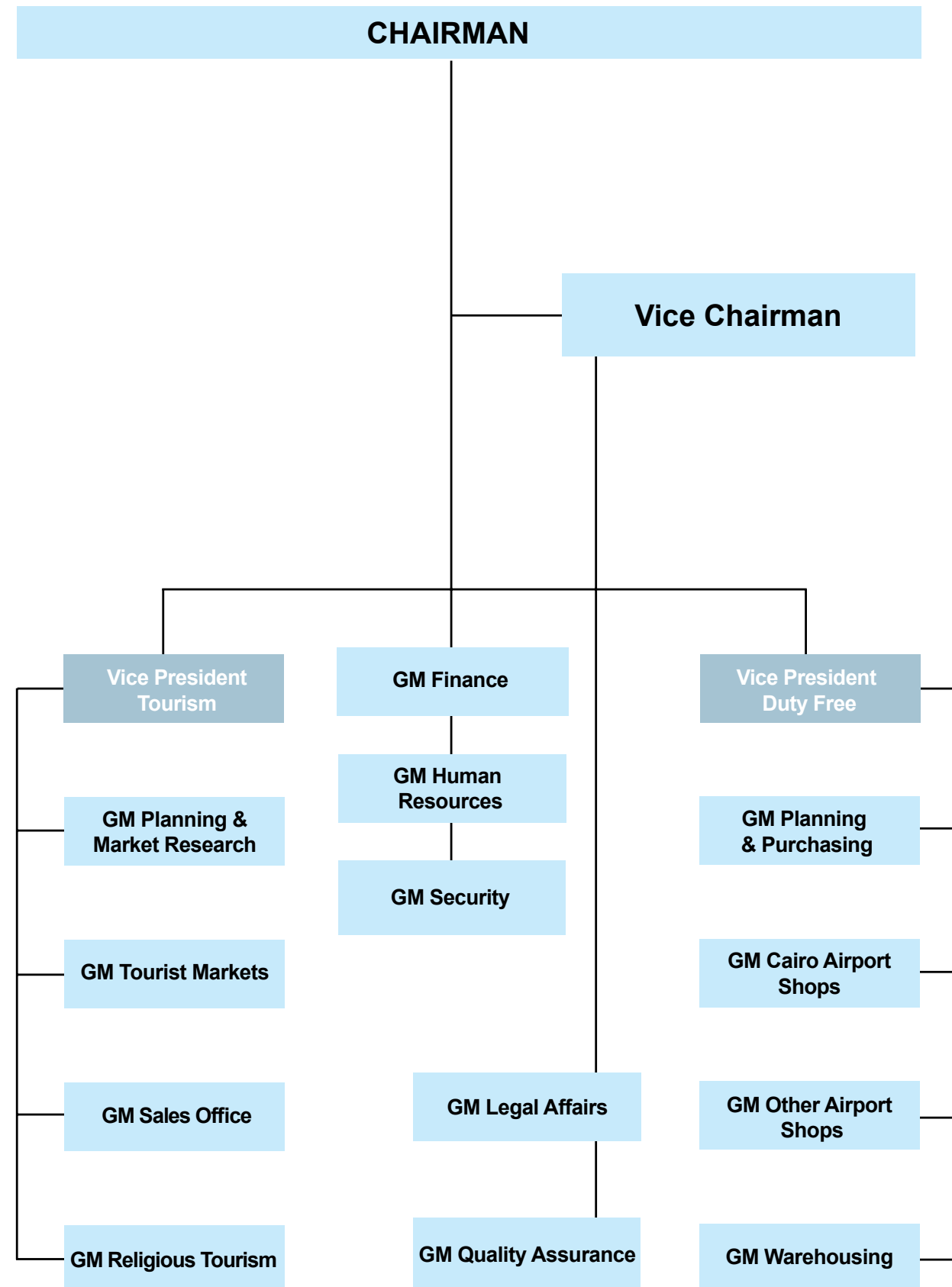
Our company is confident, that in the year 2009/ 2010 we will see a return to satisfactory revenue growth. Our revenues are currently ahead of target. Indeed, October 2009 monthly revenue reached a new record within the organisation. The factors which will drive our revenue growth include the new developments of Cairo Airport Terminal 3, expansion of retail space at Marsa Allam and a construction project to deliver an additional 450 square metres of retail at the Hurghada Terminal Extension. The introduction of a free zone customs regime later in the year will contribute to improved efficiency. A particular challenge to be addressed in the second half of the year will be the closure of Terminal 2 for refurbishment. It is expected that a refurbished terminal 2 will re-open in 3 years time. The company's developments will continue as planned.

Staff

I would like to thank both management and staff for their co-operation and dedication during the past year. Future company success will only be achieved by providing quality service to our valued customers. Staff commitment to this goal is essential.

Mr. Mahmoud Hamed
Chairman
EGYPTAIR TOURISM & DUTY FREE

ORGANIZATION CHART



COMPANY PROFILE

EGYPTAIR TOURISM & DUTY FREE is comprised of two separate business sectors:

Duty Free Shops Sector

This sector provides duty free retail services to passengers at nine major airport locations throughout the country. The Shops serve both departing and arriving passengers. In addition, the sector operates downtown duty free shops in the following locations - City Stars, Cairo, the tourist resort of El Gouna Hurghada and the tourist resort of Port Ghalib, Marsa Alam. EGYPTAIR TOURISM & DUTY FREE is the largest duty free retailer in Egypt. Arriving customers have the privilege of buying their duty free allowances within 48 hours of arriving in the country.

Karnak Tourism Services

This sector provides tourist agency services including airline ticket sales, hotel bookings, tour organizing, provision of special short period tours to transit passengers at the Cairo Airport and services to Hajj and Omra passengers. It also operates a fleet of passenger vehicles of varying sizes especially for tourism, organizes international conferences and is developing outbound tours for Egyptian nationals.



HIGHLIGHTS FROM FINANCIAL YEAR 2008 / 2009

Duty Free Shops Division

- Overall revenues of EGP 697 million were down 2% on the previous year.
- EGP 50 million, including work in progress, was invested in the duty free division during the year
- 3600 sqm. of retail shopping opened in Cairo's Terminal 3 in May 2009.
- The company continued its business renewal program, with planning developments at Hurghada Terminal extension (460 sqm) and Savoy Hotel in Sharm El Sheikh.

Karnak Tourism Service

- Overall revenues of EGP 98 million were up by 1.8 % on the previous year
- Hajj & Omra handling revenues of EGP 32.1 million increased by 22.5 % from the previous year.
- Transit tour group operation increased by 3% on the previous year.
- Ticket sales commissions increased by 11% on the previous year.

Corporate profits

- Company profits, at EGP56 million were down from the previous year mainly due to the impact of the financial crisis and also increases in both salary benefits and increased employment associated with the developing businesses at Cairo, Sharm El Sheikh and Marsa Alam.





FINANCIAL STATEMENTS

EGYPTAIR TOURISM & DUTY FREE
Statement of Financial Position at 30 /6/ 2009 (EGP 000)

PARTICULARS	2007/2008	2008/2009
Long -Term Assets		
Fixed assets (net)	39,762	41,711
Projects in progress	8,826	40,529
Long-term investments	1,050	1,838
Long-term loans and debit balances	24,021	26,548
Total long - term assets (1)	73,659	110,626
Current assets		
Stock	214,300	194,713
Customers, notes receivables and debits accounts	35,942	80,028
Cash in banks and in hand	89,546	55,377
Total current assets	339,788	330,118
Current liabilities		
Provisions	18,703	18,198
Creditor banks		
Suppliers, notes payable and credit accounts	303,265	277,145
Total current liabilities	321,968	295,343
Working capital (2)	17,820	34,775
Total investment (1+2)	91,479	145,401
Financed as follows:		
Issued capital	50,000	50,000
Paid up capital-reserves	39,236	95,283
Total equity (3)	89,236	145,283
Long -Term liabilities(4)	2,243	118
Total financing of investment (3+4)	91,479	145,401

EGYPTAIR TOURISM & DUTY FREE
Profit and Loss Account at 30 /6 /2009 (EGP 000)
COSTS & EXPENDITURES

PARTICULARS	2007/2008	2008/2009
Raw material, requisities, fuel & spare parts	7,288	8,823
Wages	48,640	72,124
Expenditures	302,462	300,735
Purchases of goods for sales	331,602	343,868
Burdens & losses	34,811	13,424
Total cost and Expenditures	724,803	738,974

REVENUES

PARTICULARS	2007/2008	2008/2009
Activity revenues	791,053	754,649
Gants & donations		
Other revenues & profits	32,965	39,128
Investments revenues & interests	1,227	1,244
Total Revenues	825,245	795,021
Surplus or Deficit	100,442	56,047

