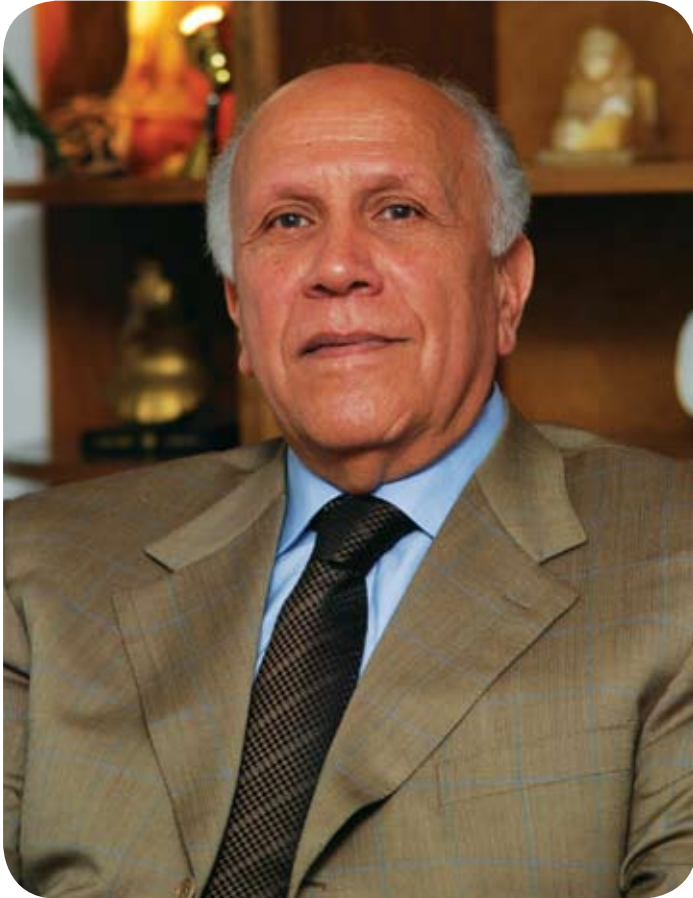


EGYPTAIR TOURISM & DUTY FREE



Board of Directors



Mr. Mahmoud Hamed

Chairman

EGYPTAIR TOURISM & DUTY FREE

Capt. Ibrahim El Shimi

Deputy Chairman

Eng. Mohamed El Kordy

Central Administration Manager

Ministry of Civil Aviation

Mr. Mohsen Abu El Azm

Managing Director

Gulf-Egypt for Tourism & Hotels Company

Pilot Hussain Abu El Saad

Media Advisor to the Minister of Civil Aviation

Mr. Mohamed Omar

GM Human Resources

Mr. Saad Hassan El Malah

Senior Sales Supervisor

Mr. Hassan Kafafi

Accounting Manager

Mr. Hani Nasmi Abd El Razik

GM Warehousing & Customer Clearance

Mr. Hassan Abbass Selim Ibrahim

Syndicate Representative

Chairman's Message

On behalf of EGYPTAIR's TOURISM AND DUTY FREE, I would like to share a few of our results for the year 2007/2008. Revenue increased by 34% to EGP 808 million (\$142.5 million) with an overall increase in passenger numbers by 9.7%. These sales were largely generated from the full year's trading in the new shops in both Sharm El Sheikh and Hurghada. The Cairo Airport shops delivered a 25% increase in sales, while Karnak tourism sector delivered a 10% increase in a very competitive tourism environment. Profitability, at EGP 100.4 million (\$17.7 million), was up by 0.1% on the previous year. Increased costs of concession fees paid to the airports since their introduction of the international commercial tender conditions has dampened profit growth.

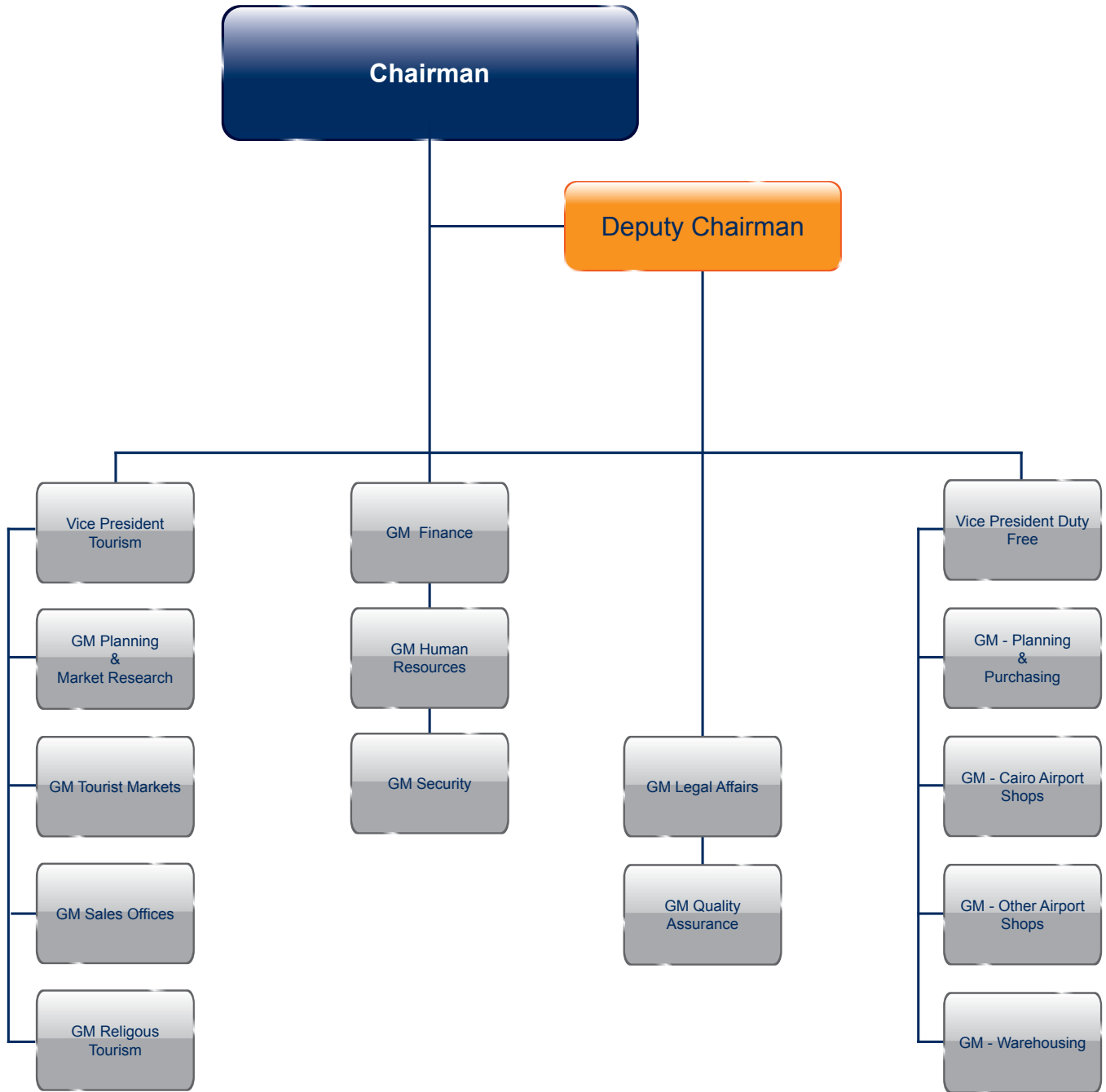
I would like to sincerely express my thanks to the management and staff for their full co-operation and dedication to developing the business in the past year.

The year 2008/09 is somewhat uncertain at present. The impact of the global economic slowdown and its reported effect on international airline travel and on global consumer spending will affect our company's business in 2009. It is however, difficult to anticipate the extent of this change. The company is monitoring the situation and reviewing contingency plans in order to be proactive to any changes in the business climate.

On another note I would like to announce that company development will continue as planned with a large number of noteworthy projects ahead. Significant investments are being made in the new financial year with the construction and setting of 3,650 sq. meters of shopping space at the Cairo Airport Terminal 3, as well as an additional 290 sq. meters of space at Marsa Alam airport. The company will also extend its Sharm el Sheikh warehouse by 500 sq. meters. EGYPTAIR will transfer its passenger operations from Cairo Airport to Terminal 3 during this financial year. Karnak will concentrate on further developing its Hajj, Omra and internal tourist services to Egyptian citizens.

Mr. Mahmoud Hamed
Chairman
EGYPTAIR TOURISM & DUTY FREE

Organizational Chart



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

Duty Free Shops sector:

This sector provides duty free retail services to passengers at 9 major airport locations throughout the country. The shops serve both departing and arriving passengers. In addition, the sector operates down town duty free shops in CityStars, Cairo and in the touristic resort of El Gouna. EGYPTAIR is the largest duty free retailer in Egypt.

Arriving customers have the privilege of buying their duty free allowances within 48 hours of arrival 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 Cairo Airport, and services to Hajj and Omra passengers. In addition, it operates a fleet of passenger vehicles of varying sizes. It also organizes international conferences and is developing outbound tours to Egyptian nationals.



Highlights from Financial year 2007/2008

Duty Free Shops Division

- Revenues are up 49% higher than the previous year.
- Perfume sales are 93% higher than last year.
- EGP 16.8 million (\$3.0 million) was invested in duty free division during the year.
- 420 sq. metres of warehouse opened in Hurghada to service its growing business.
- Civil works commenced on 3,650 sq. metres of shopping facilities in Cairo Terminal 3.
- Other shop renovations and openings measuring 350 sq. metres were finalised during the year.
- In their first year of trading, the new shops in Sharm El Sheikh and Hurghada saw growth in sales of a combined 79% over the previous year.
- The company continued its business renewal program, with developments in warehousing at Hurghada (420 sq. metres) and Alexandria (2000 sq. metres) coming into operation. A number of shops were also refurbished during the year.



Karnak Tourism Services

- Revenue is up 10% from last year.
- Profitability increased by 18% from last year.
- Tourist transportation revenues increased by 36%.
- Transit tour group operations were provided during the year + 75.5% growth.
- Hajj and Omra handling revenues increased by 10.6 %.
- Conference handling revenues grew by 69%.
- Inbound tourist revenues grew by 13.5% over the previous year.
- Outbound tourist revenues grew by 45%.
- Ticket sales commissions suffered as a result of changes in commission schemes, which were introduced in June 2007.
- In the period, management concentrated on developing incoming business in the Gulf Area, Russian and Asian markets.





Financial Statements

EGYPTAIR TOURISM & DUTY FREE Statement of Financial Position at 30/6/2008 (000EGP)

PARTICULARS	2006/2007	2007/2008
<u>Long-Term Assets</u>		
Fixed assets (net)	38,006	39,762
Projects in progress	20,179	8,826
Long-term investments	578	1,050
Long-term loans and debit balances	12,196	24,021
Total long-term assets (1)	70,959	73,659
<u>Current assets</u>		
Stock	153,016	214,300
Customers, notes receivables and debit accounts	51,449	23,464
Cash in banks and in hand	37,541	89,546
Total current assets	242,006	327,310
<u>Current liabilities</u>		
Provisions	608	1,896
Creditor banks		
Suppliers, notes payable and credit accounts	163,780	228,060
Total current liabilities	164,388	229,956
Working capital (2)	77,618	97,354
Total investment (1+2)	148,577	171,013
Financed as follows:		
Issued capital	9,000	50,000
Paid up capital-reserves	139,577	118,770
Total equity (3)	148,577	168,770
Long-Term liabilities(4)		2,243
Total financing of investment (3+4)	148,577	171,013

EGYPTAIR TOURISM & DUTY FREE Profit and Loss Account (July 2007 – June 2008) 000EGP

COSTS & EXPENDITURES

PARTICULARS	2006/2007	2007/2008
Raw material, requisites, fuel & spare parts	5,710	7,288
Wages	39,888	48,640
Expenditures	193,078	302,462
Purchases of goods for sales	256,710	331,602
Burdens & losses	9,564	34,811
Total cost and Expenditures	504,950	724,803

REVENUES

PARTICULARS	2006/2007	2007/2008
Activity revenues	589,663	791,053
Grants & donations		
Other revenues & profits	14,532	32,965
Investments revenues & Interests	1,067	1,227
Total Revenues	605,262	825,245
Surplus or Deficit	100,312	100,442

