



EARNINGS RELEASE – Third Quarter 2010

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ERC Announces Consolidated Results for Third Quarter 2010

Egypt's leading master developer reports net loss of EGP 9.34 million while operations progress is on schedule to meet upcoming milestones

Third Quarter 2010 Financial and Operational Highlights

- Total Revenues of EGP 2.56 million, a 58.1% decrease year-on-year reflecting no land sales in the quarter.
- Utilities revenue grows to EGP 5.59 million compared to EGP 3.20 million in 3Q 2009 on higher number of operational hotel rooms and higher hotel occupancy levels.
- Net loss of EGP 9.34 million, versus a net loss of EGP 1.02 million in 3Q 2009.
- Completion of the marina project master plan with pre-launch sales commencing
- Progress in developing the optimum retail mix for the downtown area with JLL. First restaurant signed on and full launch in 1Q 2011.
- Master planning of Phase III on schedule to be unveiled in 2Q 2011.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, has announced its consolidated results for the third quarter of 2010, reporting a net loss of EGP 9.34 million on revenues of EGP 2.56 million in the absence of land sales in the quarter. At the operational level, ERC has embarked on a major new phase of development at Sahl Hasheesh that will open a new period of significant land sales through Phase III, witness the opening of a substantial new revenue stream from the development of the Marina area, and see the build out of both recurring revenue streams and the development's commercial core.

Revenues for the quarter included EGP 5.59 million in services rendered owing to a seasonal spike in demand for electricity and other utilities. With 4,000 hotel rooms scheduled to come online over the next two years, this recurring revenue stream will build out proportionally to become a sustainable source of revenue for ERC.

Commenting on the company's 3Q10 results, Chief Executive Officer Mohamed Kamel said:

Despite the financial results, I am comfortable with the pace of operational progress towards the next phase of development at Sahl Hasheesh International Resort Community, our flagship resort-city on the Red Sea Coast. Notable operational milestones achieved during 3Q 2010 include:

- Securing the company's position to commit to the full launch of the marina at Sahl Hasheesh in 1Q 2011. In partnership with Orascom Development and Management, the project has been branded "SAWARI" and pre-launch sales and reservations have commenced.
- Working with our consultants, Jones Lang LaSalle (JLL), the leading global commercial real estate advisors, to deliver a full plan by December for the commercial core of Phase I in Sahl Hahsheesh, the downtown retail and commercial center. JLL will further serve as ERC's exclusive leasing agent bringing on board the most optimum tenant mix.

- Progressing on schedule with WATG, our lead master planner and 8 other consultants on the Phase III master planning at Sahl Hasheesh for a 2Q 2011 unveiling of a complete design for a sustainable resort-city. Phase III aims to transform Sahl Hasheesh into a thriving year-round municipality, including hospitals, schools, office buildings and SMEs.

All our activities consistently aim at transforming Sahl Hasheesh into the most desired destination for visitors and residents on the Red Sea, in-line with growing public expectations. The launch of the downtown retail area will rapidly increase footfall to the resort. Furthermore, a successful launch of “SAWARI”, our co-developed marina with Orascom, will attract interest in the resort on multiple levels. All of this will be supported by our comprehensive communications campaign. In addition to promoting Sahl Hasheesh as the destination of choice for international and Egyptian vacationers and the investment and lifestyle choice for second-home purchasers, we will be aiming to promote the hotels, resorts, apartment complexes, and other projects on behalf of our valued sub-developers.

Amidst our comprehensive efforts to bring Sahl Hasheesh to completion, we remain focused on driving sales and ensuring our long-term profitability through the development of our recurring revenue streams, including the provision of utility networks and community management services. ERC has signed on most major sub-developers to its final community services and management scheme, which will have an immediate impact on our bottom line and cash flow when it comes into effect in 2011. This development is crucial not only in its short-term impact on our financial statements, but also in what it signals for the future expansion of this recurring revenue stream in light of the planned Phase III launch.

Finally, shareholders at an extraordinary General Assembly meeting held on August 26th unanimously voted to modify the company’s charter to explicitly authorize ERC to build, distribute and sell electricity at Sahl Hasheesh. The construction of a 70 MVA (Megavolt Ampere) electricity substation at Sahl Hasheesh is expected to commence towards the end of 2011, raising our gross margin upon completion on this recurring revenue stream to c.35% from around 5%.

Supported by top international management talent, a strong business model and a healthy balance sheet, ERC’s emphasis in the short and medium term remains the delivery of operational results on SAWARI, Phase III, and the utilities business, while seeing Sahl Hasheesh as a destination move towards its tipping point, thus, building on sustainable financial performance.

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 its 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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