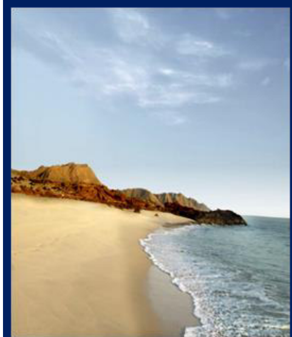
Orascom Development Holding AG

Unaudited Condensed Consolidated Interim Financial Statements

3 Months 2018





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Unaudited condensed consolidated statement of comprehensive income

for the period ended 31 March 2018

CHF	Notes	Three months ended 31 March 2018	Three months ended 31 March 2017
CONTINUING OPERATIONS			
Revenue	7	74,116,809	52,511,517
Cost of sales		(57,461,396)	(45,467,366)
Gross profit		**16,655,413**	**7,044,151**
Investment income		2,133,098	883,066
Other gains	8	733,962	6,416,280
Administrative expenses		(9,366,079)	(9,123,965)
Finance costs	9	(8,998,647)	(7,914,677)
Share of losses of associates	17	(3,908,101)	(3,521,627)
Other losses	10	(10,279)	(5,259,541)
(Loss) before tax		**(2,760,633)**	**(11,476,313)**
Income tax expenses	11	(2,315,465)	(979,608)
(Loss) for the period	**7**	**(5,076,098)**	**(12,455,921)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Net gain on revaluation of financial assets at FVTOCI		368	226,854
		368	**226,854**
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	24	(6,368,565)	(4,921,026)
		(6,368,565)	**(4,921,026)**
Total other comprehensive income for the period, net of tax		**(6,368,197)**	**(4,694,172)**
Total comprehensive income for the period		**(11,444,295)**	**(17,150,093)**

Unaudited condensed consolidated statement of comprehensive income - continued

for the period ended 31 March 2018

CHF	Notes	Three months ended 31 March 2018	Three months ended 31 March 2017
Profit/(loss) attributable to:			
Owners of the Parent Company		(7,157,002)	(13,204,954)
Non-controlling interests		2,080,904	749,033
		(5,076,098)	**(12,455,921)**
Total comprehensive income attributable to:			
Owners of the Parent Company		(11,269,137)	(16,353,169)
Non-controlling interests		(175,158)	(796,924)
		(11,444,295)	**(17,150,093)**
Earnings per share from continuing operations			
Basic	12	(0.18)	(0.33)
Diluted	12	(0.18)	(0.33)

Khaled Bichara
CEO

Ashraf Nessim
CFO

Unaudited condensed consolidated statement of financial position

at 31 March 2018

CHF	Notes	31 March 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	716,502,355	765,121,094
Investment property	15	7,371,442	7,500,868
Goodwill	16	2,786,016	2,829,971
Investments in associates	17	56,437,265	60,822,300
Non-current receivables		45,643,158	38,078,230
Deferred tax assets		1,031,858	1,007,864
Other financial assets		686,761	677,388
Total non-current assets		**830,458,855**	**876,037,715**
CURRENT ASSETS			
Inventories	18	113,801,083	127,583,163
Trade and other receivables		65,825,769	68,881,179
Current receivables due from related parties		24,949,578	23,715,470
Other current assets	19	50,617,774	45,093,158
Cash and bank balances	20	96,927,482	99,454,931
		352,121,686	**364,727,901**
Assets held for sale	21	159,446,032	106,977,030
Total current assets		**511,567,718**	**471,704,931**
Total assets		**1,342,026,573**	**1,347,742,646**

Unaudited condensed consolidated statement of financial position - continued

at 31 March 2018

CHF	Notes	31 March 2018	31 December 2017
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued capital	22	937,510,283	937,510,283
Reserves	23-24	(351,499,215)	(347,312,031)
(Accumulated losses)		(179,861,740)	(177,726,563)
Equity attributable to owners of the Parent Company		**406,149,328**	**412,471,689**
Non-controlling interests		**151,341,825**	**149,135,882**
Total equity		**557,491,153**	**561,607,571**
NON-CURRENT LIABILITIES			
Borrowings	25	91,139,004	111,966,356
Trade and other payables		10,610,598	11,472,492
Retirement benefit obligation		508,962	508,962
Notes payable		350,348	358,173
Deferred tax liabilities		20,431,968	21,423,374
Total non-current liabilities		**123,040,880**	**145,729,357**
CURRENT LIABILITIES			
Trade and other payables		39,157,773	39,574,361
Borrowings	25	253,594,758	262,782,474
Due to related parties		3,627,161	3,598,344
Current tax liabilities		7,456,428	5,663,966
Provisions		65,043,646	65,558,335
Other current liabilities	26	186,761,447	178,820,992
		555,641,213	**555,998,472**
Liabilities directly associated with assets held for sale	21	105,853,327	84,407,246
Total current liabilities		**661,494,540**	**640,405,718**
Total liabilities		**784,535,420**	**786,135,075**
Total equity and liabilities		**1,342,026,573**	**1,347,742,646**

Khaled Bichara
CEO

Ashraf Nessim
CFO

Unaudited condensed consolidated statement of changes in equity

for the period ended 31 March 2018

CHF	Issued Capital	Share premium	Treasury shares	Share-based payment reserve	PP&E revaluation reserve	Investments revaluation reserve	General reserve	Foreign currency translation reserve	Reserve from common control transactions	Equity swap settlement	(Accumulated losses)	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at 1 January 2017	**937,510,283**	**98,488,244**	**(26,797)**	**833,333**	**-**	**(17,256,259)**	**4,916,868**	**(351,669,206)**	**(98,692,949)**	**(2,114,229)**	**(120,782,194)**	**451,207,094**	**140,467,237**	**591,674,331**
(Loss) for the period	-	-	-	-	-	-	-	-	-	-	(13,204,954)	(13,204,954)	749,033	(12,455,921)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	226,854	-	(3,375,069)	-	-	-	(3,148,215)	(1,545,957)	(4,694,172)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**226,854**	**-**	**(3,375,069)**	**-**	**-**	**(13,204,954)**	**(16,353,169)**	**(796,924)**	**(17,150,093)**
Share-based payments (note 23)	-	-	-	208,333	-	-	-	-	-	-	-	208,333	-	208,333
Non-controlling interests' share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	2,054,778	2,054,778
Balance at 31 March 2017	**937,510,283**	**98,488,244**	**(26,797)**	**1,041,666**	**-**	**(17,029,405)**	**4,916,868**	**(355,044,275)**	**(98,692,949)**	**(2,114,229)**	**(133,987,148)**	**435,062,258**	**141,725,091**	**576,787,349**
Balance at 1 January 2018	**937,510,283**	**98,488,244**	**(4,570,754)**	**1,666,665**	**9,978,470**	**(172,229)**	**4,916,868**	**(356,520,727)**	**(98,984,339)**	**(2,114,229)**	**(177,726,563)**	**412,471,689**	**149,135,882**	**561,607,571**
Impact of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	4,555,047	4,555,047	1,162,096	5,717,143
Restated balance at 1 January 2018	**937,510,283**	**98,488,244**	**(4,570,754)**	**1,666,665**	**9,978,470**	**(172,229)**	**4,916,868**	**(356,520,727)**	**(98,984,339)**	**(2,114,229)**	**(173,171,516)**	**417,026,736**	**150,297,978**	**567,324,714**
(Loss) for the period	-	-	-	-	-	-	-	-	-	-	(7,157,002)	(7,157,002)	2,080,904	(5,076,098)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	368	-	(4,112,503)	-	-	-	(4,112,135)	(2,256,062)	(6,368,197)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**368**	**-**	**(4,112,503)**	**-**	**-**	**(7,157,002)**	**(11,269,137)**	**(175,158)**	**(11,444,295)**
Acquisition of treasury shares	-	-	(2,270,486)	-	-	-	-	-	-	-	-	(2,270,486)	-	(2,270,486)
Disposal of treasury shares	-	-	1,987,104	-	-	-	-	-	-	-	466,778	2,453,882	-	2,453,882
Share-based payments (note 23)	-	-	-	208,333	-	-	-	-	-	-	-	208,333	-	208,333
Non-controlling interests' share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	1,219,005	1,219,005
Balance at 31 March 2018	**937,510,283**	**98,488,244**	**(4,854,136)**	**1,874,998**	**9,978,470**	**(171,861)**	**4,916,868**	**(360,633,230)**	**(98,984,339)**	**(2,114,229)**	**(179,861,740)**	**406,149,328**	**151,341,825**	**557,491,153**

Unaudited condensed consolidated statement of cash flow

for the period ended 31 March 2018

CHF	Notes	Three months ended 31 March 2018	Three months ended 31 March 2017
Cash generated from/(used in) operations		**6,054,779**	**(2,290,224)**
Interest paid		(3,874,064)	(1,568,736)
Income tax paid		(291,653)	(467,643)
Net cash generated from/(used in) operating activities		**1,889,062**	**(4,326,603)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,672,993)	(5,998,591)
Interest received		1,165,500	883,066
Net cash (used in) investing activities		**(8,507,493)**	**(5,115,525)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Non-controlling interests shares in changes of equity for consolidated subsidiaries		1,219,005	2,054,778
Repayment of borrowings		(11,496,126)	(13,873,480)
Proceeds from borrowings		21,696,521	32,258,291
Net cash generated from financing activities		**11,419,400**	**20,439,589**
Net increase in cash and cash equivalents		4,800,969	10,997,461
Cash and cash equivalents at the beginning of the period		100,792,291	82,172,312
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,434,519)	(1,602,358)
Cash and cash equivalents at the end of the period		**104,158,741**	**91,567,415**
Included in cash and cash equivalents	**20**	**96,927,482**	**89,155,184**
Included in assets held for sale	**20**	**7,231,259**	**2,412,231**

Notes to the unaudited condensed consolidated interim financial statements

1. Description of business

Orascom Development Holding AG ("ODH" or "the Parent Company"), a limited company incorporated in Altdorf, Switzerland, is a public company whose shares are traded on the SIX Swiss Exchange.

The Company and its subsidiaries (the "Group") is a leading developer of fully integrated towns that include hotels, private villas and apartments, leisure facilities such as golf courses, marinas and supporting infrastructure. The Group's diversified portfolio of destinations is spread over seven jurisdictions (Egypt, UAE, Oman, Switzerland, Morocco, Montenegro and United Kingdom), with primary focus on touristic destinations. The Group currently operates nine destinations, four in Egypt (El Gouna, Taba Heights, Fayoum, Makadi and Harram City), The Cove in the United Arab Emirates, Jebel Sifah and Salalah Beach in Oman, Luštica Bay in Montenegro and Andermatt in Switzerland.

2. Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The unaudited condensed consolidated interim financial statements have been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2017.

3. Basis of preparation

The unaudited condensed consolidated interim financial statements include all the subsidiaries controlled by the Parent Company and are presented in Swiss Francs (CHF).

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made by management in the application of IFRS and key sources of estimation uncertainties were the same as those applied to the consolidated financial statements of the year ended 31 December 2017, except for the critical judgements in relation to revenue recognition of real estate sales. Based on the new revenue recognition requirements under IFRS 15, the following needs to be considered:

Management takes the view that control is the critical event of revenue recognition and no longer transfer of risk and rewards of ownership. Based on the requirements of IFRS 15 revenue for real estate sales is recognised over time as the construction progresses. Only exemption is land sold in relation to the construction of villas, which is recognised at the point in time where the land is delivered to the buyer. For further details on the amended accounting policies in relation to revenue refer to notes 4.1 and 5.1.

4. Adoption of new and revised International Financial Reporting Standards

4.1. Standards and interpretations effective in the current period

The following new and revised standards as well as interpretations are effective for the current period:

Revised Standards	
IFRS 2	Share-based Payment – Amendments in relation to classification and measurement
IFRS 9	Financial Instruments – Final version including expected loss impairment model
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property – Amendments in relation to transfers of investment property
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Except for the adoption of IFRS 15, these standards and interpretations have not led to material changes in the Group's accounting policies.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

Management of ODH decided to use the modified approach, in which the cumulative effect of initially applying IFRS 15 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. There was neither any impact on the statement of financial position as at 1 January 2017 nor in the statement of comprehensive income for the financial period 2017. Accordingly, ODH did not consider contracts that were completed prior to 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. Therefore, the Group has not adopted the terminology used in IFRS 15 to describe such balances. The respective amounts can be found in other assets (note 19) and other liabilities (note 26).

The Group's accounting policies for its revenue streams are disclosed in detail in Note 5 below.

Impact on accumulated losses as at 1 January 2018

The following line items of the statement of financial position as at 1 January 2018 were impacted:

CHF	As previously reported	IFRS adjustment	As restated
Inventories (a)	127,583,163	(17,808,854)	109,774,309
Trade and other receivables (b)	68,881,179	11,196,400	80,077,579
Other current assets (c)	45,093,158	(398,454)	44,694,704
Other current liabilities (d)	(178,820,992)	12,728,051	(166,092,941)
Accumulated losses	177,726,563	(4,555,047)	173,171,516
Non-controlling interests	(149,135,882)	(1,162,096)	(150,297,978)

(a) Except for land of villas, which is recognised at the point in time when the contract for the construction of the villa is signed, revenue from construction of real estate (including land of apartment units) is recognised over time. As the output method used to measure construction progress was changed from a milestone approach to a percentage of completion approach, revenue is recognised as construction progresses and not upon reaching certain construction stages. In accordance with IFRS 15, revenue is recognized at the end of each period based on the percentage of completion even if the construction milestones used previously or revenue recognition are not yet achieved. Therefore, revenue is recognised earlier compared to the superseded standards. As a larger portion of the real estate units under construction was realised as revenue on transition to the new standard, the cost of sales recognised to that date have increased as well, leading to a reduction in inventory.

(b) Revenue adjustment reflected directly in retained earnings, due to transition to IFRS 15, has led to increase in trade receivables.

(c) Following the same concept of decrease in inventory, capitalized sales commissions were derecognised due to the earlier recognition of revenue.

(d) As construction progress is now calculated according to the percentage of completion method and not according to progress based on milestones approach, construction progress since the last construction milestone is also recognised as revenue; hence decreasing deferred revenue which was recognised upon contracting the customer.

Impact on statement of comprehensive income for Q1 2018

In Q1 2018, using the new accounting policy for revenue recognition in accordance with IFRS 15 instead of the superseded revenue standards resulted in additional revenue of CHF 5.5 million and additional gross profit of CHF 2.7 million.

4.2. Standards and interpretations not yet adopted

At the date of authorization of these unaudited condensed consolidated interim financial statements, the Group has not adopted the following standards and interpretations that have been issued but are not yet effective. They will be effective for annual periods beginning on or after the dates described below.

New and Revised Standards and Interpretations		Effective from
IFRS 9	Financial Instruments – Amendments in relation to prepayment features with negative compensation	1 January 2019
IFRS 16	Leases	1 January 2019
IAS 19	Employee Benefits – Amendments in relation to plan amendments, curtailment or settlement	1 January 2019
IAS 28	Investments in Associates and Joint Ventures – Amendments to sale or contribution of assets between and investor and its associate	1 January 2019
Various	Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

The Group is currently assessing whether these changes will impact the consolidated financial statements in the period of initial application. Regarding IFRS 16, the Group is currently looking at all its lease contracts and expects some additional property, plant and equipment as well as financial liabilities recognised on its statement of financial position on first-time application of the Standard. Other than that, the Group does not expect any major changes from the other new or amended Standards.

5. Significant accounting policies

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate, and investment properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Group is not subject to any significant seasonality or cyclicality. The same accounting policies, presentation and methods of computation are followed in these unaudited condensed consolidated interim financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017 except for the following accounting policies in relation to revenue:

5.1. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Different policies for revenue recognition apply across the Group's business segments. The following table shows the link between the accounting policies for revenue recognition and segment information.

Accounting policies	Segments classified by type of activity
5.1.1 Revenue on sale of land	Sale of land
5.1.2 Revenue from agreements for construction of real estate	Real estate and construction
5.1.3 Revenue from rendering of services	Hotels
	Destination management
	Other operations

5.1.1 Revenue on sale of land

Revenue from sale of land, sale of land right and associated cost are recognised when control has been transferred to the buyer. In general, control is transferred when the land is delivered to the buyer as from this point in time, the buyer has the ability to direct the use of the land, and obtain substantially all of the remaining benefits. Management uses its judgment and considers the opinion obtained from the legal advisors in assessing whether the Group's contractual and legal rights and obligations in the agreements are satisfied and the above criteria are met.

5.1.2 Revenue from agreements for construction of real estate

In general, the revenue is recognised either from agreements for construction of apartments or for construction of villas.

Apartments

For apartments, the performance obligations are not capable of being distinct as the customer cannot benefit from the goods and services either on their own or together with other readily available resources. The provided goods and services are dependent on each other. Therefore, the Group accounts for all goods and services defined in the contract as a single performance obligation. The "Unit" performance obligation in apartments include the "Land" as the land represents the plot's undivided share.

Since performance of the Group does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date, revenue from construction of apartments is recognised over time as construction progresses.

The Group uses the percentage-of-completion method to measure the progress towards satisfaction of the performance obligations. The contractors' progress reports are used to measure the percentage of completion.

Villas

For villas, management of the Group considers "land" as a separate performance obligation as the customers get the ownership of a specific and defined land plot once the contract is signed and there is no more work in progress related to land itself. The second performance obligation is the construction of the villa.

For land, revenue is recognised at the point in time where land ownership is transferred to the buyer which in general is when the contract is signed.

Revenue for the second performance obligation, being the construction of the land, is recognised over time as construction progresses. The Group uses the percentage-of-completion method to measure the progress towards satisfaction of the performance obligations. The contractors' progress reports are used to measure the percentage of completion.

Financing component

In Oman and Montenegro destinations, the applied milestones payment method imposes no financing component as the customer pays only when certain milestones are reached, i.e. upon the completion of relevant works.

In Egypt, the time to build a unit is approximately two years while payment is scheduled through instalments for periods longer than five years. Accordingly, the payment schedule provides the customer with a significant benefit of financing and interest revenues are accounted for in Egypt by discounting contract value.

5.1.3 Revenue from the rendering of services

Revenue from services is recognised over time in the accounting periods in which the services are rendered.

6. Subsidiaries

The Group is comprised of the Parent Company and its subsidiaries operating in different countries. There have been no major changes in the group structure since 31 December 2017.

The group controls its subsidiaries directly and indirectly.

7. Segment information

The Group has four reportable segments which are its strategic divisions. The strategic divisions offer different products and services and are managed separately because they require different skills or have different customers. For each of the strategic divisions, the Country CEOs and the Head of Segment review the internal management reports at least on a quarterly basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the consolidated financial statements for the year ended 31 December 2017. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share in associates' results, gain recognised on disposal of interest in former associates, investment income, other gains and losses, finance costs and income tax expense, as included in the internal management reports that are regularly reviewed. This measure is considered to be most relevant for the purpose of resources allocation and assessment of segment performance.

CHF	Total segment revenue		Inter-segment revenue		Revenue external customers [1]		Segment result	
	31/03/2018	**31/03/2017**	**31/03/2018**	**31/03/2017**	**31/03/2018**	**31/03/2017**	**31/03/2018**	**31/03/2017**
Hotels	40,334,591	31,125,104	(181,153)	(322,928)	40,153,438	30,802,176	10,448,428	10,294,805
Real estate and construction	22,371,471	12,355,729	(8,770)	(19,279)	22,362,701	12,336,450	7,145,837	2,193,787
Land sales	-	-	-	-	-	-	(95,528)	(498,129)
Destination management	7,307,304	4,723,617	(3,719,279)	(2,090,495)	3,588,025	2,633,122	(3,413,632)	(2,153,258)
Other operations	10,013,919	8,424,329	(2,001,274)	(1,684,560)	8,012,645	6,739,769	1,195,726	1,190,678
	80,027,285	**56,628,779**	**(5,910,476)**	**(4,117,262)**	**74,116,809**	**52,511,517**	**15,280,831**	**11,027,883**
Unallocated items [2]:								
Share of losses of associates							(3,908,101)	(3,521,627)
Other gains/losses							247,303	(4,792,719)
Investment income							574,633	60,815
Central administration costs and directors' salaries							(9,366,079)	(9,123,965)
Finance costs							(5,589,220)	(5,126,700)
(Loss) before tax							**(2,760,633)**	**(11,476,313)**
Income tax							(2,315,465)	(979,608)
(Loss) for the period							**(5,076,098)**	**(12,455,921)**

[1] Of the total revenue of CHF 74.1 million, CHF 46.4 million are recognised at point in time and CHF 27.7 million are recognised over time

[2] For the purpose of segment reporting, part of the amounts reported in the statement of comprehensive income for these items have been allocated in this note to their relevant segments.

CHF	31/03/2018	31/12/2017
Hotels	476,400,811	525,422,195
Real estate and construction	500,750,192	506,542,525
Land sales	187,210,480	190,262,008
Destination management	73,874,919	76,135,895
Other operations	42,182,806	41,185,130
Segment assets before elimination	**1,280,419,208**	**1,339,547,753**
Inter-segment elimination	(509,284,158)	(517,643,154)
Segment assets after elimination	**771,135,050**	**821,904,599**
Unallocated assets	411,445,491	418,861,017
Assets held for sale	159,446,032	106,977,030
Consolidated total assets	**1,342,026,573**	**1,347,742,646**

Hotels	236,362,130	258,196,257
Real estate and construction	290,243,155	307,527,008
Land sales	50,089,458	50,939,385
Destination management	80,913,452	81,174,357
Other operations	22,767,565	22,178,013
Segment liabilities before elimination	**680,375,760**	**720,015,020**
Inter-segment elimination	(415,849,771)	(427,134,521)
Segment liabilities after elimination	**264,525,989**	**292,880,499**
Unallocated liabilities	414,156,104	408,847,330
Liabilities directly associated with assets held for sale	105,853,327	84,407,246
Consolidated total liabilities	**784,535,420**	**786,135,075**

Total segment result of CHF 15.3 million (2017: CHF 11.0 million) mainly increased due to the following:

- The Hotel management strategy introduced early 2017 imposing higher operational efficiency tactics continues to prove success for the second year. In Q1 2018, ODH Hotels reported a revenue growth of 31% going from CHF 30.8 million to CHF 40.2 million; whereas on the GOP level, a 53% growth was achieved going from CHF 11.6 million to CHF 17.8 million (quarter to quarter).

  This boost came corresponding to the performance development across the different destinations. In Egypt, El Gouna reported a revenue growth of 43% going from CHF 9.5 million to CHF 13.6 million; whereas its GOP grew by 69% going from CHF 4.1 million to CHF 7.0 million (quarter to quarter). Similarly, Citadel Azur, which OHM partially took over its management in June 2017, reported a 61% growth in revenue going from CHF 1.4 million to CHF 2.2 million (quarter to quarter); while its GOP reported an 84% growth going from CHF 0.6 million to CHF 1.1million (quarter to quarter).

In the Gulf, The Cove Rotana witnesses a recovery with a revenue growth of 19% going from CHF 6.8 million to CHF 8.1 million; on the GOP, the Hotel reports a 26% growth going from CHF 2.8 million to CHF 3.6 million. As for Oman Hotels, revenue growth hit the 24% going from CHF 11.1 million to CHF 13.8 million, whereas on the GOP level, the destination reported a GOP growth of 46% going from CHF 4.2 million to CHF 6.2 million (quarter to quarter).

- There was a significant increase in the real estate and construction segment due to the adoption of IFRS 15 and the resulting changes in accounting policies (see notes 4 and 5 for further details) as well as due to more units which were delivered in Oman and Egypt compared to prior year period.

8. Other gains

In the first three months of 2018, other gains of CHF 0.7 million (2017: CHF 6.4 million) are due to the following reasons:

- Net foreign exchange gains of CHF 0.4 million
- Other gains of CHF 0.3 million

In Q1 2017, the gains were mainly due to gains in relation to settlement of borrowings with a third party.

9. Finance cost

In the first three months of 2018, no finance cost was capitalized on qualifying assets (projects under construction and work in progress. Overall, finance cost increased by CHF 1.1 million from CHF 7.9 million to CHF 9.0 million compared to Q1 2017, due to increases in borrowings.

10. Other losses

In the first three months of 2018, there were no significant losses.

In Q1 2017, the losses were mainly due to foreign currency exchange losses of CHF 5.2 million.

11. Income taxes

Tax expense recognised during the period amounted to CHF 2.3 million (2017: CHF 1.0 million). These accruals are based on the estimated average annual effective income tax rate expected for the full year, applied to the pre-tax income for the three-month period.

The Group operates in different jurisdictions under different tax laws. The main operating entities' tax positions are as follows:

- **Egypt**
  Some companies in Egypt are still enjoying a tax holiday that has already lasted for more than ten years.
- **Oman**
  The two main operating entities in Oman are entitled to an income tax holiday according to the development agreement signed with the Government of Oman on June 2007. According to Oman law, hotel activities enjoy a 5 year tax holiday from the start of operations.
- **Switzerland**
  The Company fulfils the conditions for taxation as a holding company in Switzerland.

12. Earnings per share

The calculation of the basic and diluted earnings per share from continuing operations is based on the following data:

CHF	Three months ended 31/03/2018	Three months ended 31/03/2017
Earnings (for basic and diluted earnings per share)		
(Loss) for the period attributable to owners of the parent	(7,157,002)	(13,204,954)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	39,630,603	40,409,410
Earnings per share from continuing operations	**(0.18)**	**(0.33)**

13. Dividends

During the interim period, no dividends were declared or paid to shareholders.

14. Property, plant and equipment

Three months ended 31 March 2018 CHF	Property, plant and equipment (i)	Property under construction	Assets under finance lease	Total
Opening net book value at 01/01/2018	**536,895,884**	**226,441,031**	**1,784,179**	**765,121,094**
Additions	3,179,229	6,493,764	-	9,672,993
Transfer from projects under construction	5,824,807	(5,824,807)	-	-
Transfer to assets held for sale (ii)	(39,888,474)	(726,679)	-	(40,615,153)
Depreciation and amortization	(5,322,580)	-	(38,659)	(5,361,239
Net foreign currency exchange differences	(11,168,828)	(1,118,243)	(28,269)	(12,315,340)
Closing net book value at 31/03/2018	**489,520,038**	**225,265,066**	**1,717,251**	**716,502,355**

Three months ended 31 March 2017 CHF	Property, plant and equipment (i)	Property under construction	Assets under finance lease	Total
Opening net book value at 01/01/2017	**522,517,272**	**238,019,165**	**2,060,520**	**762,596,957**
Additions	1,521,744	4,476,847	-	5,998,591
Transfer to investment property (ii)	(7,831,278)	-	-	(7,831,278)
Depreciation and amortization	(5,325,630)	-	(40,747)	(5,366,377)
Net foreign currency exchange differences	(10,008,170)	(2,010,141)	(52,585)	(12,070,896)
Closing net book value at 31/03/2017	**500,873,938**	**240,485,871**	**1,967,188**	**743,326,997**

(i) Includes freehold land, buildings, plant and equipment, furniture and fixtures

(ii) In Q1 2018, Citadel Azur Hotel in the total amount of CHF 40.6 million was reclassified as asset held for sale (note 21)

(iii) In Q1 2017, three hotels in Makadi in the total amount of CHF 7.8 million were transferred to investment property as they were rented out to FTI, a related party tour operator, for three years.

15. Investment property

The following table summarizes the movements, which have occurred, during the current period on the carrying amount of investment property:

CHF	31/03/2018	31/12/2017
Balance at 1 January	**7,500,868**	**5,501,334**
Transfer from property, plant and equipment (note 14)	-	27,965,313
Reclassified to assets held for sale (note 21)	-	(27,956,313)
Revaluation gain (through P&L)	-	616,649
Foreign currency translation adjustments	(129,426)	1,382,885
Balance at the end of the period/year	**7,371,442**	**7,500,868**

The fair values at 31 March 2018 were determined based on an internal valuation model performed by Group management in 2017. In estimating the fair value of the investment properties, management considers the current use of the properties as their highest and best use.

The internal valuation model relies on the Discounted Cash Flow (DCF) method to determine the fair value of the investment property. The Discounted Cash Flow (DCF) approach describes a method to value the investment property using the concepts of the time value of money. All future cash flows are estimated and discounted to give them a present value. This valuation method is in conformity with the International Valuation Standards. The same method was used for any previous external valuations. As investment property only consists of a few properties in Egypt, management has decided to use an internal valuation model due to efficiency and cost saving reasons.

For the valuation of the investment property which is situated in Egypt the model used cash flow projections based on financial budgets for the next five years and an average discount rate of 21.9% (cost of equity). For the terminal value a perpetual growth rate of 3% was used.

16. Goodwill

The following table shows the carrying amount of goodwill recognized in the condensed consolidated interim financial statements:

CHF	31/03/2018	31/12/2017
Balance at the beginning of the period / year	2,829,971	2,893,347
Effect of foreign currency exchange difference	(43,955)	(63,376)
Balance at the end of the period / year	**2,786,016**	**2,829,971**

17. Investments in associates

Details of the Group's associates are as follows:

Name of associate	Place of incorporation	Ownership interest	Carrying value (CHF)	
		31/03/2018	31/03/2018	31/12/2017
Andermatt Swiss Alps AG	Switzerland	49.00%	36,762,993	40,450,887
Jordan Company for Projects and Touristic Development	Jordan	18.33%	13,506,339	14,136,976
Orascom Housing Communities	Cairo	35.25%	3,330,794	3,676,791
Red Sea for Construction & Development	Cairo	40.20%	2,837,139	2,557,646
Orascom for Housing and Establishments	Cairo	39.90%	-	-
Total			**56,437,265**	**60,822,300**

Below is a summary of the financial information with respect to the Group's associates as at 31 March 2018:

CHF	31/03/2018
Total assets	804,569,802
Total liabilities	(652,884,980)
Net assets	151,684,822
Group's share of net assets of associates	**64,785,894**
Total revenue	62,239,681
Total (losses) for the period	(8,915,324)
Group's share of losses	**(3,908,101)**

Andermatt-Swiss Alps AG ("ASA")

On 25 June 2013, the Group lost control over ASA due to various capital increases in ASA in which the Group did not fully participate. With a remaining share of interest of 49% in ASA, the investment is classified as investment in associates.

The fair value of ASA on initial recognition as investment in associates is based on a third-party valuation which supported the transaction price paid by Mr. Samih Sawiris.

ASA is not subject to any restrictions on transferring funds to ODH whether resulting from regulatory requirements, borrowing arrangements or contractual arrangements between ASA and ODH.

Jordan Company for Projects and Touristic Development ("JPTD")

JPTD is investing in property, destination management and development in Aqaba in Jordon. Since 2008 the Group exercised significant influence with their two active board members out of eleven leading to changes in the JPTD's Executive Management and provision of essential technical information.

Orascom Housing Communities ("OHC")

In June 2014, the Group lost control over OHC as they did not participate in the capital increase of OHC. With a remaining share of interest of 35.25% in OHC, the investment is classified as investment in associates.

Red Sea or Construction & Development ("RSCD")

During 2016, RSCD, of which the Group held a direct interest of 0.4% as well as an indirect interest of 14% through OHC, increased its share capital from EGP 25 million to EGP 50 million. Of these EGP 25 million, the Group invested EGP 20 million (CHF 2.2 million), resulting in a total interest of 40.20%. Hence, the investment is classified as an associate.

18. Inventories

Inventory consists of construction work in progress (CHF 66.9 million), land held for development under purchase agreements (CHF 25.4 million) as well as other inventory which includes construction work materials, hotel inventory and finished units (CHF 21.5 million).

Construction work in progress includes work for contracted units of CHF 8.7 million as well as work for uncontracted units of CHF 23.5 million whereas other inventory includes completed but uncontracted units of CHF 9.5 million besides construction work materials and hotel inventory.

The main reasons for the decrease in inventory compared to 31 December 2017 are adjustment due to the first-time adoption of the new revenue standard (note 4.1) as well as completed and delivered units mainly in Egypt and Montenegro in Q1 2018.

19. Other current assets

Other current assets mainly consist of advances and prepayments (CHF 21.1 million), sales commissions (CHF 6.0 million), VAT and withholding tax receivables (CHF 5.8 million), deposits (CHF 1.8 million), as well as other debtors (CHF 15.9 million). Compared to 31 December 2017, the increase is mainly due to advance payment to suppliers. The increase was partly netted off by a decrease in deposits which are included in the disposal group which was reclassified as held for sale in Q1 2018 (note 21).

20. Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash on hand, demand deposits and balances at banks. Cash equivalents are short-term, highly liquid investments of maturities of three months or less from the acquisition date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

CHF	31/03/2018	31/12/2017
Cash and cash equivalents	96,927,482	99,454,931
Cash and cash equivalents included in assets held for sale (note 21)	7,231,259	4,216,702
Balance at the end of the period / year	**104,158,741**	**103,671,633**

Management’s plans to manage liquidity shortages and related uncertainty

The Group continues to deliver strong operational and financial performance across all business segments. The successful execution of the three-pillar strategy that as communicated to the market back in June 2016 resulted into positive operational and financial results in 2017. ODH is a unique group with an exceptional record of accomplishment and a very promising future. The Group has been growing its revenue stream from its different destinations and increasing its profitability from the Egyptian subsidiary.

In 2018, so far, the Group has successfully delivered on the initiatives that have been communicated to the market. Most recently the Group announced that they have signed the sale of 3 hotels in Makadi area on the Red Sea; owned by ODE, for a total EV of CHF 49.0 million, which will result in total cash proceeds of CHF 27.4 million and the deconsolidation of CHF 14.4 million of debt. In addition to this sale the Group has also sold its 100% stake in "Citadel Azur Hotel" located in Sahl Hashish, Egypt, for an EV of CHF 48.5 million. This sale will result in cash proceeds of c. CHF 31.0 million and the deconsolidation of c. CHF 17.5 million of debt. Also in April 2018, a 8.2% stake of ODE was successfully sold to a set of strategic investors for a total of approximately CHF 33.2 million.

Those sale transactions will further strengthen our financing position and solidify our thesis and will strengthen our balance sheet moving forward and will be utilized for the expansion plans that are needed in Oman and Montenegro which will help us to continue invest our capital to drive growth, and prioritize our time and resources to build a stronger and sustainable organization.

In February 2017, the Chairman signed a letter of commitment in favour of the Group to avail up to CHF 60 million until end of December 2018. Of the committed amount, CHF 52.5 million were drawn-down by the Group until end of March 2018. In April 2018, the Chairman signed a new letter of commitment to avail up to CHF 30 million until end of December 2019.

21. Assets held for sale

CHF	31/03/2018	31/12/2017
ASSETS HELD FOR SALE		
Related to Citadel Azur Hotel (i)	50,960,531	-
Related to Royal (ii)	26,669,579	26,423,943
Related to Makadi (ii)	5,190,214	5,271,224
Related to Tamweel (iii)	76,625,708	75,281,863
Balance at the end of the period / year	**159,446,032**	**106,977,030**
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		
Related to Citadel Azur Hotel (i)	(21,080,624)	-
Related to Royal (ii)	(20,619,986)	(21,711,826)
Related to Makadi (ii)	(513,484)	(23,878)
Related to Tamweel (iii)	(63,639,233)	(62,671,542)
Balance at the end of the period / year	**(105,853,327)**	**(84,407,246)**

(i) Planned disposal of Citadel Azur Hotel

As part of the Group's strategy to monetize its non-core assets, management of ODH, in Q1 2018, decided to sell its Egyptian Hotel "Citadel Azur Hotel". On 3 May 2018, the Group concluded the sale of its 100% stake in the 514 rooms hotel located in Sahl Hashish, Egypt, to a third party for an enterprise value of USD 50.0 million (CHF 49.5 million). The sale will result in cash proceeds to USD 32.0 million (CHF 31.7 million) and the deconsolidation of USD 18.0 million (CHF 17.8 million) of debt.

The Citadel Azur Hotel does not qualify as discontinued operation as it is neither a separate major line of business nor a geographical area of operations.

(ii) Planned disposal of Royal and Makadi

As part of the Group's strategy to enhance its balance sheet, management of ODH, in Q4 2017, decided to sell three hotels (Makadi Gardens ("Makadi"), Royal Azur and Club Azur ("Royal")) and a land plot in Makadi destination. The Board of Directors approved the sale of these assets in its meeting in December 2017. In February 2018, ODH, through its largest subsidiary in Egypt, Orascom Development Egypt (ODE), signed a final offer for the sale of its stake in the three hotels and the land plot. All due diligence and related paperwork for the deal were finalized by end of February 2018 and the Company successfully got the approval of the ordinary General Assembly Meeting of its largest Egyptian subsidiary, ODE. Conclusion of the sale is only pending on the regulatory entity approvals in Egypt. The offer was signed with Meeting Point International Egypt, the Egyptian subsidiary of FTI (a related party of the Group).

Royal and Makadi do not qualify as discontinued operation as they are neither separate major lines of business nor geographical areas of operations.

(iii) Planned disposal of Tamweel

In the second half of 2016, the Board of Directors decided to sell its Tamweel Group companies ("Tamweel") and management engaged a third party as sell side advisor. The sale process has started in July 2016 after all necessary documentation had been prepared by the sell side advisor. On 24 May 2018, ODH, through its largest subsidiary in Egypt, ODE, signed the sale contract with third parties for all of its stake of 87% in Tameel at a total equity valuation of the equivalent of CHF 20 million. The finalisation of the sale is subject to the approval of ODE's Board of Directors and its General Assembly, along with all the necessary approvals from the Financial Regulatory Authority.

Tamweel does not qualify as discontinued operation as it is neither a separate major line of business nor a geographical area of operations.

The non-current assets held for sale and the liabilities associated with non-current assets held for sale were reclassified from the following categories of assets and liabilities:

CHF	31 March 2018				31 December 2017		
	Citadel	Royal	Makadi	Tamweel	Royal	Makadi	Tamweel
Non-current assets							
Property, plant and equipment	40,615,153	-	-	445,652	-	-	447,763
Investment property	-	22,372,702	5,190,214	-	22,685,089	5,271,224	-
Non-current receivables	-	-	-	25,982,672	-	-	25,104,069
Finance lease receivables	-	-	-	24,724,338	-	-	26,651,469
Current assets							
Inventories	170,361	-	-	406,152	-	-	418,575
Trade and other receivables	2,113,169	-	-	11,614,578	-	-	10,303,374
Finance lease receivables	-	-	-	8,788,390	-	-	8,627,401
Due from related parties	1,728,892	1,312,740	-	-	-	-	-
Other financial assets	-	-	-	993,695	-	-	785,499
Other current assets	4,114,259	574,865	-	1,066,941	1,453,446	-	1,012,419
Cash and bank balances	2,218,697	2,409,272	-	2,603,290	2,285,408	-	1,931,294
Total assets	**50,960,531**	**26,669,579**	**5,190,214**	**76,625,708**	**26,423,943**	**5,271,224**	**75,281,863**
Non-current liabilities							
Borrowings	(13,877,662)	(11,023,624)	-	(47,901,762)	(11,266,012)	-	(42,244,751)
Deferred tax liabilities	(730,054)	(4,011,071)	(513,484)	(330)	(4,917,902)	(23,878)	(265)
Current liabilities		-	-				
Trade and other payables	(450,176)	(23,327)	-	(1,333)	(191,569)	-	(1,334)
Current borrowings	(3,371,484)	(3,331,696)	-	(11,330,311)	(3,135,150)	-	(16,904,409)
Due to related parties	-	-	-	(102,624)	-	-	-
Current tax liabilities	-	-	-	(1,158,948)	-	-	(876,114)
Provisions	-	-	-	(538,841)	-	-	(332,749)
Other current liabilities	(2,651,248)	(2,230,268)	-	(2,605,084)	(2,201,193)	-	(2,311,920)
Total liabilities	**(21,080,624)**	**(20,619,986)**	**(513,484)**	**(63,639,233)**	**(21,711,826)**	**(23,878)**	**(62,671,542)**
Net assets	**29,879,907**	**6,049,593**	**4,676,730**	**12,986,475**	**4,712,117**	**5,247,346**	**12,610,321**

22. Issued and paid-up capital

Issued and paid-up capital as of 31 March 2018 amounts to CHF 937,510,283 and is divided into 40,409,926 registered ordinary shares with a par value of CHF 23.20 per share.

23. Share-based payment reserve

The Company has contractually granted a variable compensation amount to its CEO, Khaled Bichara ("Contingent Compensation"). The compensation amount is due 6 years after the start date (1 January 2016) or earlier if an acceleration event occurs. In summary, the compensation amount is 10% of the share price increase above an annual average increase of 8% (based on the fixed spot share price of CHF 11.37). The Contingent Compensation will be paid in cash or, at ODH's discretion, in shares if the annual average increases in the share price are met. As of 9 May 2016, the General Assembly of ODH approved the abovementioned compensation plan. The calculated fair value of the Contingent Compensation as at grant date of CHF 5.0 million, which was calculated by an independent third-party valuation company, is recognised over the 6 year vesting period on a linear basis within profit or loss. The accumulated amount is shown as a separate share-based payment reserve within equity.

24. Foreign currency translation reserve

In the first quarter of 2018, the Swiss Franc strengthened against the USD and the Egyptian Pound by 2% each which resulted in a net loss for the period of CHF 6.4 million.

25. Borrowings

Borrowings decreased by CHF 30.0 million mainly due to the reclassification of Citadell Azur Hotel as disposal group held for sale as well as repayment of loans in Egypt (note 21).

26. Other current liabilities

Other current liabilities consist of advances from customers (CHF 57.1 million), shareholders' current account (CHF 60.6 million), accrued expenses (CHF 19.6 million), deposits from others (CHF 12.3 million) and other liabilities (CHF 37.0 million).

Other current liabilities increased mainly due to an increase in the shareholders' current account of CHF 9.6 million as well as increases in other liabilities. The increase was partly netted off by lower advances from customers due to changes in accounting policy based on adoption of the new revenue standard (see note 4 and 5 for further details).

27. Assets and liabilities measured at fair value

Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31 March 2018		31 December 2017	
CHF	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities				
Borrowings/bank loans	435,570,301	441,064,429	448,299,152	449,547,578

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes unlisted and listed equity investments classified as at FVTPL and FVTOCI respectively).
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Specifically, significant assumptions used in determining the fair value of the following financial assets and liabilities are set out below.

The valuation techniques and assumption applied for investment property are explained in note 15.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2018				
CHF	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed and unlisted shares measured at FV	33,725	-	653,036	686,761
	33,725	**-**	**653,036**	**686,761**
Other assets at fair value				
Investment property [1)]	-	-	7,371,442	7,371,442
	-	**-**	**7,371,442**	**7,371,442**

31 December 2017				
CHF	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed and unlisted shares measured at FV	33,123	-	644,265	677,388
	33,123	**-**	**644,265**	**677,388**
Other assets at fair value				
Investment property [1)]	-	-	7,500,868	7,500,868
	-	**-**	**7,500,868**	**7,500,868**

There were no transfers between Level 1 and 2 in the period. The unlisted financial assets at FVTOCI were measured at fair value based on a method that combined the earning and net equity book values of the companies.

[1)] The reconciliation for investment property is shown in note 15.

Reconciliation of Level 3 fair value measurements of financial assets

CHF	Unquoted equity securities 2017
Opening balance	**644,265**
Total (losses) recognized in other comprehensive income	8,771
Closing balance	**653,036**

28. Non-cash transactions

During the three-month-period, the Group did not enter in any non-cash investing and financing activities which are not reflected in the condensed consolidated statement of cash flows except for the reclassification of assets and liabilities as a disposal group (note 21).

29. Commitments for expenditure

The following commitments for expenditure have been made for the future development of the respective projects:

CHF	31/03/2018
Eco-Bos Development Limited (i)	4,332,240

(i) As per the property management agreement between Eco-Bos and Imerys (shareholder in Eco-Bos), Eco-Bos has the right but not the obligation (American call option maturing in 2030) to purchase part or all of 6.6 million square meters (divided on 7 independent plots), which is currently owned by Imerys Mineral Limited. An annual option premium is paid to retain the rights and the purchase price is calculated based on an agreed dynamic pricing formula. The trigger event of the option(s) is at the full discretion of Eco-Bos and shall only be exercised when building permits are attained. Currently Eco-Bos is in negotiations with the local authorities and other investors and is taking its time to optimize on the best alternatives for the development.

Minimum building obligations

Beside the legally binding commitment for expenditure mentioned above the following should be considered:

One part of the Group's business is to acquire land for the development of tourism projects. Out of these business opportunities often no legally binding commitments are incurred. However, the Group has unbinding non-binding business opportunity commitments in relation to their projects. In particular the Group has minimum building obligations ("MBOs") for the next five years, which are included in their development agreements ("DAs") with the relevant governments in Oman, Morocco and Montenegro.

While the potential near term financial input is insignificant for Montenegro as deadlines for such obligations are still several years away, the contingent liabilities in relation to MBOs in Oman and Morocco need further consideration and are assessed regularly by the management of the Group.

Management has analysed the various MBOs and is comfortable with the current status of the MBOs and the minimum investment obligations. Albeit that certain delays have or may potentially occur, all such delays were well founded and are premised on legal grounds that would protect the Group from any exposure. The Group has exerted a great deal of negotiations in all destinations to ensure that any delays are communicated to local authorities and thereby working alongside the government in rescheduling and extending the completion dates. Additionally, the Group has worked on securing finance schemes to accommodate the newly developed restructuring of the investment obligations, or in cases were completion dates are at risk, expending the necessary amounts to comply with the contractual obligations. There have been no significant changes to this matter since 31 December 2017.

30. Litigation

There were no significant open litigations at 31 March 2018.

31. Events after the date of statement of financial position

Sale of ODE shares to strategic investors

On 15 April 2018, in line with the Group's strategy of enhancing its balance sheet and increasing the liquidity of the stock of its listed Egyptian subsidiary ODE, ODH has successfully sold 18.2 million shares of ODE to a set of strategic investors through an accelerated book building process. The proceeds of the sale of CHF 33.3 million will be used to finance the Group's expansion plans in Oman and Montenegro for the year, further diversifying the revenue contribution coming from the different destinations.

Sale of Citadel Azur Hotel

On 3 May 2018, the Group has successfully completed the sale of its Egyptian Hotel "Citadel Azur Hotel". For further details refer to note 21.

Sale of Tamweel Group

On 24 May 2018, the Group has signed the sale contract for all of its stake of 87% in Tamweel Group. For further details refer to note 21.

Reduction of nominal share capital

In line with the Board of Director's proposal, the shareholders resolved at the Annual General Meeting on 8 May 2018 to reduce the nominal value of the Company's shares rom CHF 23.20 to CHF 5.00 each and to allocate the aggregate amount of the capital reduction to the Company's capital contribution reserves.

There have been no significant events subsequent to 31 March 2018.

32. Approval of condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by management and the board of directors on 5 June 2018

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