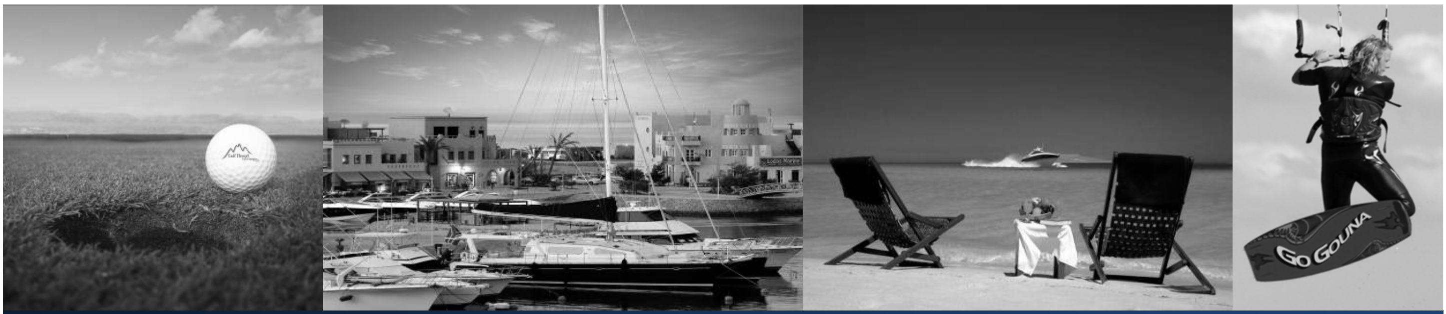

>>> Half Year Report 2008

ORASCOM
DEVELOPMENT HOLDING AG

Key Figures

Income Statement[1]	**30 June 2007**	**30 June 2008**	**% Growth**
Total Revenues	**152,323,745**	**237,890,887**	56%
Hotels	65,596,545	81,645,343	24%
Real Estate	27,979,701	80,689,011	188%
Land Sales	-	3,045,657	-
Town Management	13,728,896	16,184,123	18%
Others	45,018,603	56,326,753	25%
Gross Profit	**47,986,730**	**92,810,136**	93%
Gross Profit Margin	32%	39%	22%
EBITDA[2]	43,897,363	75,590,122	72%
EBITDA Margin	29%	32%	10%
Net Profit	29,202,375	50,839,949	74%
Earnings per share (EPS)	1.35	2.35	74%

Balance Sheet[1]	**31 December 2007**	**30 June 2008**	**% Growth**
Total Assets	1,160,216,672	1,504,951,354	30%
Shareholders' Equity	673,762,527	909,569,975	-
Equity Ratio	58%	60%	3%
Net Debt[3]	161,045,143	36,776,443	-77%

[1] All figures are nominated in Swiss Francs (CHF), unless otherwise stated.

[2] EBITDA is calculated by deducting A&G expenses, Depreciation & Amortization from Gross Profit

[3] Net Debt is calculated by deducting Cash & Bank Balances from Total Borrowings.

Key Figures

Key Performance Indicators[1]	30 June 2007	30 June 2008	% Change
El Gouna			
Occupancy rate	77%	84%	9%
TRevPAR	92	103	12%
Average Selling Price/m^2	2,611	3,045	17%
Total value of contracted units (millions)	42	44	7%
Number of contracted units	116	51	-56%
Number of delivered units	120	313	161%
Taba Heights			
Occupancy rate	54%	79%	46%
TRevPAR	45	62	38%
The Cove			
Average Selling Price/m^2	2,379	3,029	27%
Total value of contracted units (millions)	5	10	100%
Number of contracted units	10	19	90%
Number of delivered units	-	20	-
Jebel Sifah & Salalah Beach			
Average Selling Price/m^2	-	2,700	-
Total value of contracted units (millions)	-	106	-
Number of contracted units	-	260	-

[1] All figures are nominated in Swiss Francs (CHF), unless otherwise stated.

OD Holding continues to deliver on milestones

Dear Valued Shareholders,

The first half of the year 2008 proved to be a historic milestone in our corporate life whereby we successfully completed the reorganization of the ownership structure for the current operations to be under Orascom Development Holdings AG. Moreover, Orascom became the pioneer corporate from the Middle East to have its primary listing on the SWX which is one of the leading European stock exchanges with a secondary listing on the Cairo Stock Exchange through fully fungible shares. The reorganization is mainly to facilitate long term growth and enhance international and regional corporate access to new destinations thus propelling the Company into new growth opportunities otherwise not achievable.

Our commitment to enhance shareholders value and to unleash the true operational potential from existing destinations is relentless. In the first half of the year 2008, total consolidated revenues increased by an impressive 56% reaching CHF 238 million, a new record for top line in comparison to CHF 152 million for the first half of 2007. Net profit jumped to CHF 51 million up from CHF 29 million, with a healthy growth of 74%. Improvement in revenues generated is mainly from Egypt, UAE and Oman.

As global financial markets enter into a period of uncertainty and volatility , we believe that we are better prepared than most similar operations based on our existing presales and net cash position. Our conservative financing strategy of matching all capital expenditure with proceeds from the real estate pre-sales has served us tremendously in the past and will protect us further in the period ahead. The cash proceeds from the placement that took place during May 2008 as part of the listing in Switzerland remains to be available for future growth and capacity building. It is crucial to highlight that with the current global sentiment, capacities needed for future growth can and will be acquired at an attractive discount to previous budgets.

The period ahead will focus on streamlining operations, enhancing operational efficiencies and leveraging our available cash for growth and capacity building opportunistically and selectively.

As always we seek your support, guidance and back up as valued shareholders and partners in success.

Samih Sawiris
Chairman & CEO

Amr Sheta
Vice Chairman & Co-CEO

Performance

Hotels

By H1 2008 end, the Group's operating hotel rooms stood at a total of 5,377 rooms (22 hotels) in El Gouna, Taba Heights, and Makadi Bay, and Tala Bay compared to 4,312 rooms as at 30 June 2007. It should be noted that 2 new hotels commenced operations early July 2008 adding more capacity. Citadel Azur resort, a prime five star property offers 531 guest rooms with an attached private marina. Moreover, ClubMed Taba Heights had a partial soft opening early July 2008. This property is planned to add another 390 rooms.

Our hotels achieved an average occupancy of 81% versus 68% for same period last year, with an average room rate "ARR" of CHF 82 compared to CHF 81 for H1 2007 and a TRevPAR of CHF 84 (TRevPAR is total revenue per available rooms, which includes non-room revenues such as F&B, laundry, entertainment.. etc) compared to CHF 71 for the same period last year, with a 18% improvement in CHF and 29% in Egyptian Pound.

El Gouna

El Gouna achieved an average occupancy of 84% with an average room rate of CHF 83 and a TRevPAR of CHF 103. The following table provides an overview of the performance of existing hotels in El Gouna during H1 2008:

Table 1 – El Gouna Hotels' Key Performance Indicators

Five Star	**No. of Rooms**	**Occ-Rate**	**ARR (in CHF)**	**TRevPAR (in CHF)**
Mövenpick Resort	420	88%	95	141
Sheraton Miramar	338	77%	176	135
Steigenberger Golf	268	77%	144	111
Mövenpick SPA	134	76%	95	117
Subtotal	**1,160**	**81%**	**128**	**130**
Four Star				
TTC Rihana	434	91%	36	66
ClubMed	239	85%	91	159
Ocean View	234	90%	50	82
Arena Inn	144	92%	24	45
Sultan Bey	115	85%	46	67
Subtotal	**1,166**	**89%**	**49**	**86**

Performance

Table 1 – El Gouna Hotels' Key Performance Indicators (Cont.)

Three Star	No. of Rooms	Occ-Rate	ARR (in CHF)	TRevPAR (in CHF)
Dawar El Omda	66	92%	36	62
Captain's Inn	48	77%	39	62
Turtle's Inn	28	66%	34	33
Subtotal	**142**	**82%**	**37**	**56**
Two Star				
Ali Pasha	68	62%	39	34
Subtotal	**68**	**62%**	**39**	**34**
Total Hotels[1]	**2,536**	**84%**	**83**	**103**

[1] El Gouna boosts 15 hotels with 2,709 operating rooms, out of which 14 hotels are controlled by the Group, offering a total capacity of 2,561 rooms (as at 30 June 2008). The table above excludes a boutique hotel "El Khan", 25 rooms, which is 100% owned by the Company and is leased to a third party for an annual lease fee of USD 50k.

Taba Heights

Taba Heights continued to achieve remarkable improvements in room occupancies reaching 79% up from 54% same period last year. Moreover, average room rate reached CHF 74, along a tremendous growth in TRevPAR of 38% reaching CHF 62 up from CHF 45. The following table provides an overview of the performance of existing hotels in Taba Heights during H1 2008:

Table 2 – Taba Heights Hotels' Key Performance Indicators

Five Star	No. of Rooms	Occ-Rate	ARR (in CHF)	TRevPAR (in CHF)
Intercontinental	503	77%	76	58
Hyatt Regency	426	77%	88	68
Marriot	394	74%	80	59
Sofitel	294	87%	90	78
Subtotal	**1,617**	**78%**	**83**	**65**
Four Star				
TTC El Wekala	215	89%	19	45
Subtotal	**215**	**89%**	**19**	**45**
Total Hotels	**1,832**	**79%**	**74**	**62**

Performance

Hotel Investments

This section reflects the key performance indicators of other hotels consolidated by the Group. This includes two hotel properties in which OD Holding controls 51%, namely Club Azur & Royal Azur hotels, located in Makadi Bay, Egypt. Moreover, as Marina Town Plaza commenced its operations during April 2008, it started to contribute to the Groups earnings. It is worth mentioning that this hotel is the first hotel to commence operations in Tala Bay, Jordan. Marina Town Plaza is 100% owned by the Group. The following table provides an overview of the performance of hotels in Makadi Bay as well as Tala Bay during H1 2008:

Table 3 –Hotel Investments' Key Performance Indicators

Makadi Bay	No. of Rooms	Occ-Rate	ARR (in CHF)	TRevPAR (in CHF)
Royal Azur	370	91%	106	96
Club Azur	339	91%	85	78
Subtotal	**709**	**91%**	**96**	**96**
Tala Bay				
Marina Town Plaza	275	14%	99	20
Subtotal	**275**	**14%**	**99**	**20**

Performance

Real Estate

Revenues recognized reflects units (villas & apartments) and other construction revenues that were completed throughout the period. Total revenues amounted to CHF 80.68 million compared to CHF 27.97 million for the same period last year. During H1 2008, the Company delivered a total of 333 units compared to 120 units in H1 2007.

El Gouna

Property values continued its healthy growth over the last twelve month. Despite the reduction in number of units pre-sold during H1 2008, property values witnessed a healthy growth with an all time high average selling price of CHF 3,045/m^2 compared to CHF 2,611/m^2 for the same period last year, with a remarkable growth of 17%.

By the end of H1 2008, total value of contracted units was CHF 44.29 million (51 pre-sold units) in comparison to CHF 41.62 million (116 pre-sold units) with a growth of 7% in contract values in Swiss Francs and 19% in US dollar y-o-y.

The Company delivered a total of 313 units during H1 2008 against 120 units during the same period last year. During H1 2008, the Group sold 31 mansion plots for a total value of CHF 17.64 million at an average price of CHF106/m^2 of land.

The Cove

By the end of H1 2008, a total of 20 units were delivered “completed”. Moreover, average selling prices achieved a remarkable growth of 27% reaching CHF 3,029/m^2 compared to CHF 2,379/m^2 for the same period last year. Total value of contracted units amounted to CHF 10.02 million (19 pre-sold units) versus CHF 5.48 million (10 pre-sold units).

Jebel Sifah & Salalah Beach

During Q4 2007, the Group had a simultaneous launch for two of its projects in Oman, namely Jebel Sifah and Salalah Beach. Total value of contracted units amounted to CHF 106.32 million for a total of 260 units at an average selling price of approximately CHF 2,700/m^2. The Group sold 55 mansion plots for a total value of CHF 98.01 million at an average price of CHF 446/m^2 of land.

Performance

Riyad Resort

During Q2 2008, the Group launched a private compound comprising of 136 apartments in Makadi Bay. The project is attached to Club Azur and Royal Azur hotels, where homeowners can enjoy full access to all the amenities and facilities offered by the two hotels. Total value of contracted units amounted to CHF 320K for a total of 5 units at an average selling price of approximately CHF 920/m^2.

Les Villas

During Q1 2008, the Group launched the real estate sales for the villas project attached to La Plantation d' Albion ClubMed hotel, Mauritius. The project comprises a total of 40 luxurious villas with full access to amenities and facilities offered by ClubMed. By end of Q2 2008, total value of contracted units amounted to CHF 9.54 million (6 pre-sold units), with an average selling price of approximately CHF 8,710/m^2.

Consolidated Financial Statements

Consolidated Income Statement

Revenues & Costs (in CHF)	30 June 2007	30 June 2008	Note
Hotels	65,596,545	81,645,343	
Real Estate	27,979,701	80,689,011	
Land Sales	-	3,045,657	
Town Management	13,728,896	16,184,123	
Others	45,018,603	56,326,753	
Total Revenues	**152,323,745**	**237,890,887**	**6**
Cost of Sales	**(104,337,015)**	**(145,080,751)**	
Gross Profit	**47,986,730**	**92,810,136**	
Other Operating items			
Investment Revenues	1,013,133	729,528	
Other Gains & Losses	1,613,023	5,524,285	
Provisions formed including doubtful debts	(5,627)	(5,864,573)	
Reversal Provision	-	4,813,617	
General & Administrative Expenses	(14,208,354)	(28,476,184)	
Finance Costs	(6,002,679)	(12,923,892)	
Other Expenses	-	(70,841)	
Profit Before Tax	**30,396,226**	**56,542,076**	**6**
Income Tax Expense	(1,193,851)	(5,702,127)	**7**
Profit For the Year	**29,202,375**	**50,839,949**	**6**
Attributable to			
Equity Holders of the Company	23,909,653	41,551,300	
Minority Interest	5,292,722	9,288,649	
Basic Earnings Per Share	**1.35**	**2.35**	**8**

Consolidated Financial Statements

Consolidated Balance Sheet*

Assets (in CHF)	31 Dec 2007	30 June 2008	Note
Non-Current Assets			
Property, Plant, Equipment	675,557,818	710,515,606	11
Goodwill	32,760,966	31,731,152	
Other Financial Assets	40,055,616	40,383,927	
Total Long Term Assets	**748,374,400**	**782,630,685**	
Current Assets			
Inventory	86,512,576	139,036,865	
Trade & Other Receivables	95,211,768	124,416,687	
Due from Affiliated Companies	21,820,984	27,106,812	
Other Financial Assets	3,847,437	1,872,074	
Other Assets	117,108,294	154,173,049	
Cash & Bank Balances	87,341,213	275,715,182	10
Total Current Assets	**411,842,272**	**722,320,669**	
Total Assets	**1,160,216,672**	**1,504,951,354**	

Shareholders' Equity & Liabilities

Capital & Reserves			
Issued Capital	532,523,450	568,498,450	13
Share Premium	-	182,245,000	
Reserves	(119,587,946)	(125,156,752)	
Retained Earnings	102,826,928	134,707,815	
Equity Attributable to Equity Holders of the Company	**515,762,432**	**760,294,513**	
Minority Interest	**158,000,095**	**149,275,462**	
Total Equity	**673,762,527**	**909,569,975**	

* Continued in the next page

Consolidated Financial Statements

Consolidated Balance Sheet (continued)

Liabilities (in CHF)	31 Dec 2007	30 June 2008	Note
Non-Current Liabilities			
Borrowings	130,010,090	144,273,326	**12**
Trade Payables (Land Payables)	26,774,943	24,757,162	
Notes Payables	8,939,931	8,658,912	
Deferred Tax Liabilities	6,045,116	6,145,145	
Other Financial Liabilities	13,497,865	13,355,971	
Total Non-Current Liabilities	**185,267,945**	**197,190,516**	
Current Liabilities			
Trade & Other Payables	33,720,651	47,877,980	
Borrowings	118,376,266	168,218,299	**12**
Due to Affiliated Companies	1,258,794	294,030	
Current Tax Liabilities	6,338,165	5,341,315	
Provisions	8,298,216	11,512,912	
Other Liabilities	133,194,108	164,946,327	
Total Current Liabilities	**301,186,200**	**398,190,863**	
Total Liabilities	**486,454,145**	**595,381,379**	
Total Shareholders' Equity & Liabilities	**1,160,216,672**	**1,504,951,354**	

Consolidated Financial Statements

Consolidated Cash Flow Statement

(in CHF)	30 June 2007	30 June 2008
Cash Flows From Operating Activities		
Profit for the Period After Minority Interest	23,909,653	41,551,300
Income Tax Expense	1,193,851	5,702,127
Income Tax Paid	-	(6,338,165)
Reversal of Provisions	-	(4,813,617)
Minority Interest	5,292,722	9,288,649
Gain (Loss) on Sale or Disposal of Property, Plant & Equipment	(445,177)	(62,118)
Provisions Formed	5,627	5,864,573
Depreciation & Amortization of Non-Current Assets	10,118,987	11,256,170
Change in Working Capital		
Increase in Trade & Other Receivables	(16,128,313)	(29,204,919)
Increase in Inventory	(19,835,693)	(54,542,070)
Increase in Other Assets	(61,250,081)	(38,809,662)
Increase in Trade & Other Payables	5,457,793	14,157,329
Increase in Other Liabilities	43,178,261	30,681,034
Net Cash Used by Operating Activities	**(8,502,370)**	**(15,269,369)**
Cash Flows From Investing Activities		
Payments for Property, Plant & Equipment	(26,572,731)	(67,695,916)
Proceeds from Disposal of Property, Plant & Equipment	1,359,345	264,238
Acquisition of Subsidiaries	4,172,593	-
Acquisition of Equity Securities	(3,133,876)	(1,553,045)
Net Cash from (Used by) Investing Activities	**(24,174,669)**	**(68,984,723)**
Cash Flows From Financing Activities		
Proceeds from Issues of Equity Shares	**125,440,043**	**218,220,000**
Minority Interest	(7,214,181)	(12,079,753)
Proceeds (Repayment) of Borrowings	(50,692,617)	64,105,269
Net Cash from (Used by) Financing Activities	**67,533,245**	**270,245,516**
Net Increase in Cash & Cash Equivalents	34,856,206	185,991,424
Effects of Exchange Rate Changes on the Balance Held in Foreign Currencies	(735,321)	2,382,545
Cash & Cash Equivalents as at 1 January	73,385,037	87,341,213
Cash & Cash Equivalents as at 30 June	**107,505,922**	**275,715,182**

Consolidated Financial Statements

Consolidated Equity Statement

(in CHF)	Share Capital	Share premium	Treasury shares	Legal and general reserves	Foreign currencies translation reserve	Reserve from common control transactions	Retained earnings (accumulated losses)	Equity attributable to equity holders of the company	Minority interest	Total
Balance at 1 January 2007	**515,444,286**	-	**(11,673,563)**	**45,718,165**	**(111,740)**	**(261,093,522)**	**22,610,378**	**310,894,004**	**61,678,129**	**372,572,133**
Transfer to Legal Reserve	-	-	-	2,688,717	-	-	(2,688,717)	-	-	-
Issue of ordinary shares **	17,079,164	105,382,356	-	-	-	-	-	122,461,520.00	-	122,461,520
Sale of treasury shares	-	-	9,283,168	9,500,733	-	-	-	18,783,901	-	18,783,901
Exchange differences arising on translation of foreign operations	-	-	268,101	(1,094,110)	(473,851)	(1,101,085)	461,118	(1,939,827)	(240,239)	(2,180,066)
Equity instruments (equity swap transaction)	-	-	-	-	-	-	-	-	36,878,299	36,878,299
Transfer to reserve from common control transaction	-	(105,382,356)	-	-	-	105,382,356	-	-	-	-
Acquired investments	-	-	-	-	-	-	-	-	11,746,121	11,746,121
Profit for the period	-	-	-	-	-	-	23,909,653	23,909,653	5,292,722	29,202,375
Balance at 30 June 2007	**532,523,450**	-	**(2,122,294)**	**56,813,505**	**(585,591)**	**(156,812,251)**	**44,292,432**	**474,109,251**	**115,355,032**	**589,464,283**
Balance at 1 January 2008	**532,523,450**	-	-	**62,166,157**	**(4,691,674)**	**(177,062,429)**	**102,826,928**	**515,762,432**	**158,000,095**	**673,762,527**
Issue of ordinary shares	35,975,000	182,245,000	-	-	-	-	-	218,220,000	-	218,220,000
Exchange differences arising on translation of foreign operations	-	-	-	-	4,855,740	-	(7,720,338)	(2,864,598)	(4,966,604)	(7,831,202)
Reserve from common control transactions	-	-	-	(62,166,157)	-	51,741,611	-	(10,424,546)	-	(10,424,546)
Acquired investments / change in Minority interest ownership	-	-	-	-	-	-	(1,950,075)	(1,950,075)	(13,046,678)	(14,996,753)
Profit for the period	-	-	-	-	-	-	41,551,300	41,551,300	9,288,649	50,839,949
Balance at 30 June 2008	**568,498,450**	**182,245,000**	-	-	**164,066**	**(125,320,818)**	**134,707,815**	**760,294,513**	**149,275,462**	**909,569,975**

Notes to the consolidated financial statements

1- General business information

Group reorganization (new holding Company)

Orascom Development Holding AG has been incorporated in Altdorf on 17 January 2008 under the name of Orascom Hotels & Development AG. As per the resolution of an extraordinary shareholder meeting on 29 February 2008 the Company name has been changed to Orascom Development Holding AG "OD Holding – the Company". The purpose of the Company is the direct or indirect acquisition, durable management and disposing of participations in domestic or foreign enterprises, in particular in the field of real estate, tourism, hotels, construction, resort management, financing of real estate and related industries as well as the provision of related services. The Company's business activities are carried out via its domestic and foreign subsidiaries.

On 6 May 2008, a new holding Company structure became effective by way of a share exchange between the initial holding Group – Orascom Hotels & Development "OHD" which is a listed Group in Egypt and the new holding Company "OD Holding". On that date, OD Holding issued 20,814,527 shares in itself in exchange for 208,145,270 shares in OHD in order to acquire 95.8% of OHD's shares, with an exchange ratio of 1:10. Accordingly OHD became a subsidiary of OD Holding. In addition, on 19 May 2008, OD Holding issued 486,411 shares in exchange for 4,864,110 shares in OHD in order to acquire additional stake of 2.25% of OHD. This led to increase OD Holding's investment in OHD to reach 98.05%. OD Holding further acquired some shares in OHD for cash increasing its percentage ownership to 98.08% at the end of the transaction.

On June 22 2008, OHD increased its share capital in fulfillment of its prior commitment to the shareholders of the Garranah Group of companies thus diluting OD Holding share in OHD to 96% as at 30 June 2008. As a consequence of all the above, OHD is now consolidated by the new holding Company (OD Holding). The comparative information presented in these condensed consolidated interim financial statements have been adjusted to reflect the capital and the legal parent Company (OD Holding). Full details of the reorganization of the Group and the explanation of adjustments made to comparative balances of equity "reconciliation of equity" are described in note 4.1 and note 14 respectively.

2- Adoption of new & revised standards

2.1 Standards & Interpretations effective in the current period

The following three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period:

- IFRIC 11, "IFRS 2 – Group and Treasury Share Transactions"
- IFRIC 12, "Service Concession Arrangements"

Notes to the consolidated financial statements

- IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

None of the above- mentioned Interpretations is applicable to the Group and does not have an effect on the condensed consolidated financial statements.

3- Basis of preparation

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

4- Significant Accounting Policies

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The same accounting policies, presentation and methods of computation are followed in these condensed interim financial statements as were applied in the preparation of the initial Group's financial statements of OHD for the year ended 31 December 2007 (see note 4.1 below). The following accounting policies are significant to an understanding of the current interim period as well as the presentation of the prior period under the new holding Company (OD Holding).

4.1 New Holding Company (OD Holding)

As stated in note 1, during May 2008 a new holding Company structure became effective by way of a share exchange between the shareholders of the initial holding Company (OHD) and the new holding Company (OD Holding). Following this acquisition through exchange of equity instrument, OD Holding became the parent of OHD with an ownership interest of 98.05% (Later diluted to 96%).

Whereas the new holding Company (OD Holding) is ultimately owned and controlled by the same major shareholders before and after the above mentioned exchange of equity instrument, management takes the views that this Group reorganization was in substance a capital restructuring and it has been accounted for in the condensed consolidated interim financial statements as a continuation of the financial statements of the initial holding Group (OHD).

Management concluded that the above-described Group reorganization does not qualify as a transaction under common control since the combining entities are ultimately controlled by same parties, and control is not transitory. However IFRS 3, *Business Combinations* excludes from its scope business combinations involving entities or businesses under common control (common control transactions). In the absence of any specific International Accounting Standards Board (IASB) literature IAS 8 requires management to develop and apply an accounting policy that results in information that is relevant and reliable.

Notes to the consolidated financial statements

Management applied its judgment in developing and applying an accounting policy for common control transactions for which the Company recognizes and records the transaction of its capital restructuring as follows:

▪ Recording of assets and liabilities of the initial holding Group (OHD) at previous carrying amounts;

▪ Comparative share capital presented in those condensed consolidated interim financial statements is adjusted to reflect the capital structure of OD Holding, the capital increase that occurred during 2007 in OHD was reflected in the build up of the capital of OD Holding.

▪ Recognition of the difference between purchase consideration and net assets acquired as an adjustment to equity;

▪ Comparative consolidated retained earnings and reserves balances presented in those condensed consolidated financial statements are adjusted for minority interests of OHD to the effect of the equity swap agreement concluded in 2007 between OHD and shareholders of Garranah Group of Companies (see reconciliation of equity note 14);

▪ Earnings per share of comparative period is based on the consolidated earnings of OHD divided by the weighted average number of OD Holding's shares deemed to be outstanding during the comparative period (number of shares issued by OD Holding in exchange for shares in OHD) as adjusted by any actual capital increase during that period; and

▪ Earnings per share calculation for the current period is based on the consolidated earnings of six months period of OD Holding. The weighted average number of shares is based on total actual outstanding shares of OD Holding during the six months period ended 30 June 2008. However, number of shares issued by OD Holding in exchange for shares in OHD was deemed to be outstanding for the period from 1 January 2008 to 30 June 2008.

Notes to the consolidated financial statements

4.2 Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Control may exist even in cases where the Company owns none of the combining business and entities for which the Company has the decision making powers to obtain the majority of the benefits of the activities of an entity and therefore may be exposed to risks incident to the activities of the entity.

The Company considers the existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity such a call and put option, when assessing whether it has the power to govern the financial and operating policies of its subsidiary.

Potential voting rights are not currently exercisable or convertible when they can not be exercised or converted until a future date or until the occurrence of a future event. However, the proportions of profit or loss and changes in equity allocated to the parent and non-controlling interests are determined on the basis of present ownership, and do not reflect any exercise or conversion of potential voting rights.

The results of subsidiaries acquired or disposed of during the year are included in the condensed consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation. Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein.

Notes to the consolidated financial statements

Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4.3 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, other similar allowances and sales related taxes and similar deductions.

4.3.1 Land sale revenue

Revenue from sale of land and associated cost are recognised when land is delivered and the significant risks and rewards of ownership and control have been transferred to the buyer.

4.3.2 Recognition of revenue from building and selling real estate

The revenue from the sale of real estate is recognised when all the following conditions are satisfied: the Group has transferred to the buyer the significant risks and rewards of ownership of the real estate; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold; the amount of revenue and costs in respect of the transaction can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the entity.

4.3.3 Construction revenue

Where the outcome of a construction contract can be estimated reliably, revenues and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date, measured based on the completion of a physical proportion of the contract work. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Construction contract revenue comprises finishing of sold units, extra works requested by customers and any construction agreement with third parties.

Notes to the consolidated financial statements

4.3.4 Rendering of services revenue

Revenue from services is recognized in the accounting periods in which the services are rendered. The Group's policy for recognition of revenue from construction contracts is described in note 4.3.3.

4.3.5 Dividend and interest revenue

Dividend revenue from investments is recognized when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4.3.6 Rental income

Rental income from operating leases is recognized on a straight line basis over the life of the rent agreement.

4.4 Foreign Currencies

Functional & presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the condensed consolidated financial statements, the results and financial position of each Group entity are expressed in Swiss Francs ('CHF'), which is the functional currency of the Company and the presentation currency for the condensed consolidated financial statements.

Translations & balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the consolidated financial statements

Exchange differences are recognized as profit or loss in the income statement in the period in which they arise except for:

▪ Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;

▪ Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

▪ Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations that have a functional currency different from the presentation currency are expressed in Swiss Francs ('CHF') using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

4.5 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Notes to the consolidated financial statements

5- Operations in the interim period

The business is subject to seasonality as follows:

The financial performance is usually much higher in the second half of any financial year due to the following:

- More arrivals into the towns, mainly hotel guests during summer holidays, local feasts, Christmas time and therefore operations of the hotel division are much higher in the second half of any financial year due to the increase in the occupancies.

- Closing & signature of pending contract leads to higher contribution from a cash flow perspective.

Expenses are largely determined by the phase of the respective projects, particularly with regard to external development expenditures.

Costs that incur unevenly during the year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

6- Segment Information

The following is an analysis of the revenue and results for the period, analysed by business segment, the Group's primary basis of segmentation:

(In CHF)	Segment revenue		Segment profit	
	30 June 2007	30 June 2008	30 June 2007	30 June 2008
Hotels	65,596,545	81,645,343	17,180,352	21,953,816
Real Estate	27,979,701	80,689,011	15,762,988	41,181,331
Land sales	-	3,045,657	(176,605)	1,494,289
Town Management	13,728,896	16,184,123	(1,489,880)	628,364
Other operations	45,018,603	56,326,753	(880,629)	(8,715,724)
Total	**152,323,745**	**237,890,887**	**30,396,226**	**56,542,076**
Profit before tax			**30,396,226**	**56,542,076**
Income tax expense			(1,193,851)	(5,702,127)
Consolidated profit			**29,202,375**	**50,839,949**

Notes to the consolidated financial statements

7- Income tax charge credit

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 10% , the tax charged during the period amounted to CHF 5,702,127 (6 month ended June 2007: CHF 1,193,851).

8- Earnings per share

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

Basic and diluted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

(In CHF)	30 June 2007	30 June 2008
Basic and diluted earnings per share	1.35	2.35

8.1 Basic and diluted earnings per share (EPS)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

(In CHF)	30 June 2007	30 June 2008
Profit for the period attributable to the equity holders of the Company	29,202,375	50,839,949
Weighted average number of shares for the purposes of basic & diluted EPS	21,564,016	21,612,411

9- Dividends

During the interim period there was no dividend declared or paid to shareholders.

10- Cash and cash equivalents

The balance of cash and cash equivalents increased during the period as the company received CHF 218 million in relation to 1,4,35,000 new shares issued for exchange in cash.

Notes to the consolidated financial statements

11- Property, plant & equipment

(In CHF)	Property, plant & equipment	Project under construction	Total
Six months ended 30 June 2007			
Opening net book value as at 1 January 2007	407,103,696	56,416,251	463,519,947
Additions	13,287,946	10,423,053	23,710,999
Acquisitions through business combinations	1,622,115	-	1,622,115
Disposals	(699,642)	-	(699,642)
Depreciation and amortization	(9,828,614)	-	(9,828,614)
Net foreign currency exchange differences	2,655,350	725,092	3,380,442
Closing net book value as at 30 June 2007	**414,140,851**	**67,564,396**	**481,705,247**
Six months ended 30 June 2008			
Opening net book value as at 1 January 2008	597,004,716	78,553,102	675,557,818
Additions	17,270,229	50,425,687	67,695,916
Disposals	(202,120)	-	(202,120)
Depreciation and amortization	(11,256,170)	-	(11,256,170)
Net foreign currency exchange differences	(18,810,585)	(2,469,253)	(21,279,838)
Opening bet book value as at 30 June 2008	**584,006,070**	**126,509,536**	**710,515,606**

Actual capital invested during the first half of 2008 is mainly attributable to the construction of new hotels.

There have been no significant disposals during the current interim period.

Notes to the consolidated financial statements

12- Borrowings

During the period, the Group obtained new short-term credit facilities and also increased the utilization of unused limits of the existing borrowing facilities. These credit facilities bear interest at market rate and are revolving facilities. These proceeds were used to meet the Group's expenditure needs. Repayments of other bank loans were made in line with previous disclosed repayment terms.

13- Issued Capital

The Company was founded on 17 January 2008 with a nominal share capital of CHF 100,000 divided into 1,000 registered shares of CHF 100 par value each. As per resolution of an extraordinary shareholders meeting on 29 February 2008, the shares were split by a reduction of the par value from CHF 100 to CHF 25 and by an increase of the number of shares from 1,000 to 4,000.

Additional paid-in capital of CHF 700,000 was created by the subscription of all the shares at incorporation at a price of CHF 400,000 and on 6 March 2008 by an additional contribution to reserve of CHF 300,000.

As per resolution of an extraordinary shareholders meeting on 6 May 2008 the capital was increased by CHF 520,363,175 through contribution in kind of 208,145,270 shares in Orascom Hotels & Development S.A.E. (OHD) at CHF 154.37 each (see note 4.1). 20,814,527 new registered shares were issued to the former shareholders of the OHD shares. CHF 2,693,475,358 were contributed to reserve (Agio).

As per resolution of an extraordinary shareholders meeting on 13 May 2008 the capital was increased by CHF 31,250,000 through contribution in cash of CHF 190,000,000 at CHF 152.00 each. 1,250,000 new registered shares were issued to the new shareholders. CHF 158,750,000 were contributed to reserve (Agio).

As per resolution of an extraordinary shareholders meeting on 19 May 2008 the capital was increased by CHF 12,160,275 through contribution in kind of 4,864,110 shares in Orascom Hotels & Development S.A.E. (OHD) at CHF 154.54 each (see note 4). 486,411 new registered shares were issued to the former shareholders of the OHD shares. CHF 63,009,681 were contributed to reserve (Agio).

As per resolution of an extraordinary shareholders meeting on 10 June 2008 the capital was increased through CHF 4,625,000 through contribution in cash of CHF 28,120,000 at CHF 152.00 each. 185,000 new registered shares were issued to the new shareholders. CHF 23,495,000 were contributed to reserve (Agio).

As at 30 June 2008, the Company's share capital of CHF 568,498,450 is divided into 22,739,938 registered shares of CHF 25 par value each. The share capital is fully paid up. The registered shares of the Company are listed on the SWX Swiss Exchange and the Cairo and Alexandria Stock Exchange (CASE).

Notes to the consolidated financial statements

Authorized capital

The board of directors authorized to increase the share capital of the Company by a maximum of CHF 130,115,800 by issuing of up to 5,204,632 fully paid-up registered shares with a par value of CHF 25 each until May 6, 2010. A partial increase is permitted.

The board of directors determines the date of issue, the issue price, the type of contribution, the date of dividend entitlement as well as the allocation of non-exercised pre-emptive rights. The board of directors may withdraw or limit the pre-emptive rights of the shareholders.

Conditional capital

The share capital may be increased by a maximum of CHF 15,613,900 through the issuance of up to 624,556 registered shares with a nominal value of CHF 25 each, which shall be fully paid in, in connection with the exercise of option rights granted to the members of the board and the management, further employees and/or advisors of the Company or its subsidiaries.

The subscription rights of the shareholders shall be excluded. The conditions of the option rights, the issue price, the dividend entitlements as well as the type of contribution shall be determined by the board of directors.

14- Explanation of adjustments made to comparative balance sheet of equity "reconciliation of equity"

	31 December 2007
Total consolidated equity presented in Egyptian Pound (EGP) under the old holding Company (OHD) for the year ended 31 December 2007	2,763,655,450
Exchange rate used for conversion	4.93
Total consolidated equity converted into in Swiss Francs (CHF)	**560,579,199**
Less:	
Acquisition of Garranah Group of Companies through exchange of shares of OHD	(34,559,380)
Minority interests of OD Holding in net assets of OHD (4.2%) at the date of acquisition	(10,257,387)
Restated comparative equity for the year ended 31 December 2007 under the new holding Company (OD Holding)	**515,762,432**

Notes to the consolidated financial statements

15- Commitments for expenditure

As at 30 June 2008, the commitments for expenditure totaled CHF 1.4 million in relation to the acquisition of property, plant and equipment.

16- Events after the balance sheet date

There has been no material events subsequent to the end of the interim reporting period.

17- Related party transactions

Taba Heights Company transactions - transaction with Mr. Samih Sawiris the Chairman, CEO and major shareholder

One of the Group's companies had been granted the right to acquire freehold title to the project's land by the Tourism Development Authority. Due to foreign ownership restrictions on the Sinai Peninsula becoming applicable in connection with the reorganization, the respective Group Company had to be transferred to our major shareholder being an Egyptian national. Samih O. Sawiris entered into a binding agreement to retransfer these shares subject to approval of the competent authorities, and that until such retransfer, the Group would be put into a position as the full economic beneficiary of these shares. This entails, inter alia, an irrevocable assignment of dividends and the authorization to collect dividends, exercise voting rights related to these shares and cause the sale of shares with no additional rights of Samih O. Sawiris in any value received.

18- Approval of interim financial statements

The interim financial statements were approved by the board of directors on 4 August 2008.

Report on Review of Interim Financial Information

To the Board of Directors of Orascom Development Holding AG, Altdorf

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Orascom Development Holding AG as at 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six- month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standard (IAS) 34 Interim Financial Reporting.

Cairo, 13 August 2008

Kamel M. Saleh ACA

F.E.S.A.A (RAA 8510)

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