

**ORASCOM**  
DEVELOPMENT  
**2011** Earnings Release

**9M**

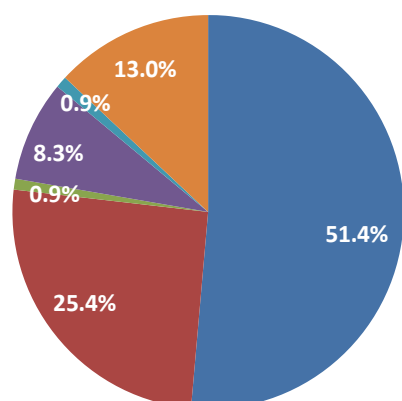


## Key financials

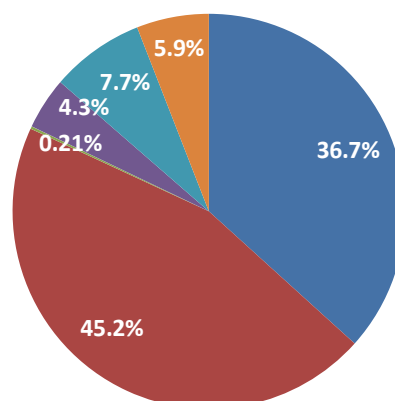
Income Statement Indicators	9M 2011	9M 2010	% Change
<b>Total revenues</b>	<b>162,899,711</b>	<b>380,080,453</b>	<b>(57%)</b>
Hotels	83,719,302	139,526,900	(40%)
Real estate and construction	41,416,644	171,737,542	(76%)
Land sales	1,464,929	781,994	87%
Town management	13,524,948	16,244,053	(17%)
Tours operations	1,544,418	29,246,280	(95%)
Other operations	21,229,470	22,543,684	(6%)
<b>Gross profit</b>	<b>24,590,084</b>	<b>111,597,606</b>	<b>(78%)</b>
<b>Gross profit margin</b>	<b>15%</b>	<b>29%</b>	<b>(48%)</b>
<b>EBITDA</b>	<b>6,382,471</b>	<b>151,066,875</b>	<b>(96%)</b>
<b>EBITDA margin</b>	<b>4%</b>	<b>40%</b>	<b>(90%)</b>
<b>Loss/Profit for the period (before non-controlling interest)</b>	<b>(18,778,802)</b>	<b>99,856,714</b>	<b>(119%)</b>
<b>Loss/Profit for the period (after non-controlling interest)</b>	<b>(18,929,729)</b>	<b>76,007,021</b>	<b>(125%)</b>
<b>Basic and diluted earnings per share (EPS)</b>	<b>(0.67)</b>	<b>3.27</b>	<b>(120%)</b>

## Revenue distribution by segment

### 9M 2011



### 9M 2010



- Hotels
- Real estate & Construction
- Land sales
- Town Management
- Tour Operations
- Other Operations

Balance Sheet Indicators	9M 2011	12M 2010	% Change
Total assets	1,991,653,106	2,093,438,187	(5%)
Total liabilities	894,521,033	900,294,363	(1%)
Total equity	1,097,132,073	1,193,143,824	(8%)
<b>Net debt<sup>1</sup></b>	<b>407,951,360</b>	<b>235,315,984</b>	<b>73%</b>
<b>Net debt/EBITDA</b>	<b>63.92</b>	<b>1.56</b>	<b>3997%</b>
<b>Net debt/Market Cap</b>	<b>0.82</b>	<b>0.20</b>	<b>310%</b>
<b>Leverage ratio<sup>2</sup></b>	<b>0.82</b>	<b>0.75</b>	<b>9%</b>
<b>Equity ratio<sup>3</sup></b>	<b>0.55</b>	<b>0.57</b>	<b>(4%)</b>

<sup>1</sup> Net debt is calculated by deducting cash and bank balances from total borrowings.

<sup>2</sup> Leverage ratio is calculated by dividing total liabilities by total equity.

<sup>3</sup> Equity ratio is calculated by dividing total equity by total assets.

## Period in review

### Total revenues

9M 2011: CHF 163 million

9M 2010: CHF 380 million

### Gross profit

9M 2011: CHF 25 million

9M 2010: CHF 112 million

### EBITDA

9M 2011: CHF 6 million

9M 2010: CHF 151 million

### Profit for the period (Profit after non-controlling interest)

9M 2011: CHF 19 million losses

9M 2010: CHF 76 million

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During the third quarter of 2011, the Group continued to be affected by the social and political turmoil in the Arab world. The slowdown in the Group's performance during the period is attributable to the following reasons:

(1) Hotels segment revenues decreased by approximately 40%, due to the fact that almost 90% of its available operating rooms are in Egypt. Average occupancy rates were 54% compared to 74% in 9M 2010, translating to a profit decline of CHF 27 million and a drop through rate of 50%.

(2) Real estate and construction revenues decreased by CHF 131 million, with Oman accounting for almost half of the drop due to slowdowns in the collection of receivables thus affecting the pace of construction. This, in turn, reduced profits by CHF 33 million. In Egypt, El Gouna witnessed slowdowns in construction activities throughout the period under review including a complete halt for almost 50 days during the first quarter of 2011, negatively contributing to bottom line by another CHF 11 million.

(3) The Group established additional provisions of CHF 10 million in relation to the receivables from the sale of the company's investments in the Joud Funds.

(4) Legal charges and fees for approximately CHF 5 million, including the unconditional letter of guarantee placed by the company's Egyptian subsidiary Orascom Hotels and Development ('OHD') in favor of the Egyptian Financial Supervisory Authority ('EFSA') as part of the swift settlement arrangement reached in relation to the preliminary court judgment against the company's Chairman.

(5) The valuation of bank balances of currencies (excluding Swiss Francs) in different legal entities resulted in another CHF 14 million of losses.

(6) During the first six months of 2011, the two main operational currencies utilized by the Group being the US Dollar and Egyptian Pound, devaluated by approximately 15% against the Swiss Franc. While in the third quarter of 2011, both currencies recovered significantly to reach 4% and 6% respectively for the nine month period. As a result, the foreign currency conversion rates led to an increase in the balance of foreign currency translation reserve since 31 December 2010 by CHF 34 million. In addition, various other balance sheet line items were materially affected by the appreciation of the Swiss Franc.

Total consolidated revenues amounted to CHF 163 million (9M 2010: CHF 380 million). Gross profit amounted to CHF 25 million (9M 2010: CHF 112 million). EBITDA was CHF 6 million (9M 2010: CHF 151 million) with an EBITDA margin of 4%. Profit for the period (profit after non-controlling interests) decreased to a loss of CHF 19 million (9M 2010: CHF 76 million of profit). The Group's net debt increased by CHF 173 million to CHF 408 million (12M 2010: CHF 235 million), and an increase in leverage ratio to 0.82x (9M 2010: 0.75x). The current average borrowing tenor is 6 years with a weighted average cost of debt of 6.71%. Current borrowings are in various currencies: US dollars (44%), Egyptian Pounds (37%), Euros (15%), with Swiss Francs and UAE Dirhams accounting for the balance. During the period, inventory increased by CHF 116 million mainly due to work in progress in Switzerland, Oman, and Morocco. As of 30 September 2011, total work in progress amounted to CHF 264 million, in addition to finished real estate units with a book value of approximately CHF 29 million.

In view of this unfavorable operating environment, the recovery is developing slower than expected and therefore we expect to achieve full-year 2011 revenues in the range of CHF 260-280 million (2010 actual: CHF 516 million) and an EBITDA margin of 2-4% (2010 actual: 34%). Nevertheless, the company estimates that the diversification of its revenues across different geographical areas will continue and thereby broaden its operations and diversify the risk.

## Business segment review

The business segments identified by Orascom Development represent the organizational structure as reflected in its internal management reporting systems. The Group is organized into five Group divisions and other operations. Other operations include mainly mortgage finance, rentals, and others. The following section provides an overview of business segments' performance during the financial period ending 30 September 2011. For more details on the business segments performance, please refer to page 15.

### 1- Hotels

#### Total revenues

9M 2011: CHF 84 million  
9M 2010: CHF 139 million

#### Segment Results

9M 2011: CHF 8 million  
9M 2010: CHF 29 million

#### Operating hotel rooms

9M 2011: 6,522 rooms  
9M 2010: 6,008 rooms

#### TRevPAR

9M 2011: CHF 52  
9M 2010: CHF 83

#### Occupancy rate

9M 2011: 54%  
9M 2010: 74%

The Group currently own 26 operating hotels (including one floating hotel) with a total room count of 6,522. Of these, twelve hotels (3,923 rooms) are operated by renowned third-party hotel operators under management contracts. We retain the management of eight hotels (771 rooms), while the remaining six hotels (1,828 rooms) are operated by local operators. Third party hotel managers include reputable and well established operators such as Accor's Sofitel, ClubMed, Four Seasons, Hyatt Regency, InterContinental, Marriott, Mövenpick, Radisson Blu, Rotana, Starwood's Sheraton and Steigenberger.

Hotels segment accounted for 51% of our total revenues in the financial period ending 30 September 2011 (9M 2010: 37%). In June 2010, we reduced our stake in the Garranah subsidiaries from 51% to 45%. As a result, starting July 1, 2010, our consolidated financial statements no longer showed revenues generated by nine floating hotels as part of our hotels segment and the corresponding net income was recognized as income from investments in associates. Despite the continuing uncertainty in the Arab world and Egypt where almost 90% of the Groups operating hotel rooms are located, the Group was able to perform positively in the third quarter of 2011 compared to the previous quarters of the year increasing occupancy rates across Egypt, as illustrated in the table below:

Destination	Occupancy Rate		
	1Q 2011	1H 2011	9M 2011
El Gouna	44%	47%	52%
Taba Heights	47%	49%	54%
Other hotels, Red Sea	26%	38%	49%

The Group is taking all necessary measures to improve the hotels' revenue contribution by reassessing the overall sales strategy and developing an internet-based sales network, and focusing on developing stronger ties with selected tour operators. One of the main objectives for the coming period is to increase the number of guest arrivals from Spain, UK, Eastern Europe, Russia and Ukraine. We will be cautious yet prudent with our spending strategy, tightening capital expenditure and FF&E expenses for the rest of the year while making sure to consider opportunistic investments that we know would add value to our hotels portfolio.

Segment revenue decreased by 40% to CHF 84 million (9M 2010: CHF 139 million), and EBITDA to CHF 22 million (9M 2011: CHF 46 million) with an EBITDA margin of 26% (9M 2010: 33%). The segment results amounted to CHF 8 million (9M 2010: CHF 29 million), achieving an average occupancy rate of 54% (9M 2010: 74%), an Average Room Rate (ARR) of CHF 54 (9M 2010: CHF 63) and a TRevPAR of CHF 52 (9M 2010: CHF 83). The following table provides an overview of our hotels and their performance, grouped by star rating, for the period ending 30 September 2011.

Hotels	5 stars	4 stars	3 stars	2 stars	Total/ average
<b>Operating Hotels</b>					
# hotels	11	11	3	1	26
# rooms	3,790	2,521	143	68	6,522
ARR (CHF)	57	50	35	28	54
Average occupancy (%)	53%	55%	52%	43%	54%
RevPAR (CHF)	30	28	18	12	29
TRevPAR (CHF)	54	50	33	17	52
Total revenue (CHFm)	56.5	25.6	1.3	0.3	84
GOP total (CHFm) <sup>1</sup>	15.7	9.3	0.4	0.05	25.5 <sup>2</sup>
GOP per room (CHF)	4,155	3,700	2,884	684	3,915
GOP margin (%)	28%	36%	31%	17%	30%

<sup>1</sup> GOP is a non-IFRS measure and should be read in conjunction with "Presentation of non-IFRS measures".

<sup>2</sup> Total GOP is calculated as follows:

CHF	9M 2011	9M 2010
Gross operating income	39,212,636	76,160,576
General and administration expenses	(14,165,558)	(18,618,250)
Sales and marketing expenses	(2,971,878)	(5,657,372)
Utilities	(8,355,130)	(11,790,025)
Repair and maintenance fees	(2,621,548)	(3,628,057)
Basic fees	(1,493,935)	(3,163,314)
Elimination & Adjustments	15,930,034	19,658,231
<b>Gross operating profit</b>	<b>25,534,621</b>	<b>52,961,789</b>

As of 30 September 2011, the Group's operating hotels segment indicators were as follows.

	Number of Rooms		Occupancy Rate		TRevPAR <sup>1</sup>		ARR	
	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010
<b>I- Hotels</b>								
<b>Egypt</b>								
El Gouna <sup>2</sup>	2,694	2,571	52%	73%	44	85	49	66
Taba Heights	2,365	1,980	54%	77%	49	66	48	45
Other hotels, Red Sea	830	828	49%	84%	31	74	32	48
<b>Egypt subtotal</b>	<b>5,889</b>	<b>5,379</b>	<b>53%</b>	<b>76%</b>	<b>44</b>	<b>76</b>	<b>46</b>	<b>55</b>
<b>Other regions</b>								
The Cove, UAE	346	335	75%	60%	165	174	126	164
Marina Plaza, Jordan	260	267	47%	47%	45	55	66	79
<b>Other regions subtotal</b>	<b>606</b>	<b>602</b>	<b>63%</b>	<b>54%</b>	<b>114</b>	<b>121</b>	<b>107</b>	<b>131</b>
<b>Total hotels</b>	<b>6,495</b>	<b>5,981</b>	<b>54%</b>	<b>74%</b>	<b>51</b>	<b>81</b>	<b>53</b>	<b>61</b>
<b>II- Floating hotels</b>								
Floating hotels, Egypt <sup>3</sup>	27	27	23%	57%	217	579	600	714
<b>Floating hotels subtotal</b>	<b>27</b>	<b>27</b>	<b>23%</b>	<b>57%</b>	<b>217</b>	<b>579</b>	<b>600</b>	<b>714</b>
<b>Total hotels segment</b>	<b>6,522</b>	<b>6,008</b>	<b>54%</b>	<b>74%</b>	<b>52</b>	<b>83</b>	<b>54</b>	<b>63</b>

<sup>1</sup> TRevPAR: Total Revenue Per Available Room is similar to RevPAR but also takes into account other room revenues e.g. food and beverage, entertainment, laundry and other services.

<sup>2</sup> As at 30 September 2011, El Gouna's 17 hotels offered a total capacity of 2,885 operating rooms, of which 16 hotels are controlled by the Group, offering a total capacity of 2,719 rooms. The table above excludes "El Khan", 25 rooms, one star hotel, which is 100% owned by the Group and is leased to third party.

<sup>3</sup> 9M 2010 Key performance indicators for floating hotels included 9 floating hotels that are no longer presented, following the execution of the Garranah transaction.

## I- Hotels

### Egypt

#### A) El Gouna

El Gouna achieved an average occupancy rate of 52% in 9M 2011 (1H 2011: 47%, 1Q 2011: 44%). This upward performance reflects on the success of our early birds marketing deals that took place during 3Q 2011 and further solidifies our confidence that El Gouna is still one of the safest destinations in Egypt. The destination achieved an ARR of CHF 49 (9M 2010: CHF 66) and a TRevPAR of CHF 44 (9M 2010: CHF 85). During 3Q 2011, we have seen an increase in the number of guests from Europe including Germany, Belgium and the Scandinavian market. Nevertheless, tour operators still had mixed signals with some adding more flight capacities, while other cancelled all their charters.

#### B) Taba Heights

Despite the political concerns on Egypt's Eastern border, Taba Heights was able to achieve an average occupancy rate of 54% in 9M 2011 (1H 2011: 49%, 1Q 2011: 47%). The destination achieved an ARR of CHF 48 (9M 2010: CHF 45) along a TRevPAR of CHF 49 (9M 2010: CHF 66). The United Kingdom, France and Belgium maintained their ranks as the top three feeder markets for the destination. The closure of Taba Heights Marina continued to negatively affect the number of arrivals from Jordan.

#### C) Other hotels, Red Sea

These hotels also witnessed an upward trend during the summer season, which is expected to continue throughout winter, due to the increase in number of arrivals on extended charters from Russia and The Ukraine. The hotels achieved an average occupancy rate of 49% in 9M 2011 (1H 2011: 38%, 1Q 2011: 26%), an ARR of CHF 32 (9M 2010: CHF 48), and a TRevPAR of CHF 31 (9M 2010: CHF 74).

## Other regions

### A) United Arab Emirates

The Cove Rotana Resort & Spa achieved an average occupancy rate of 75% (9M 2010: 60%) with an ARR of CHF 126 (9M 2010: CHF 164), and a TRevPAR of CHF 165 (9M 2010: 174). This property continued to benefit from flights rerouted to UAE destinations. This trend is expected to continue during the winter season.

### B) Jordan

Marina Plaza achieved a TRevPAR of CHF 45 (9M 2010: CHF 55) and an average occupancy rate of 47% (9M 2010: 47%) with an ARR of CHF 66 (9M 2010: CHF 79). This property is suffering from the Syrian conflicts yet was able to preserve its occupancy rates.

## II) Floating hotels

Since 1 July 2010, the Group holds only a 45% stake in nine Nile cruisers (classified as floating hotels) and 51% stake in Zahra Oberoi, which were part of the acquisition of Garranah, offering a total of 27 cabins. This Nile cruiser's performance lagged behind other properties owned by the Group, given the nature of this niche market, with a relatively low average occupancy rate of 23% (9M 2010: 57%) along an ARR of CHF 600 (9M 2010: CHF 714), and a TRevPAR of CHF 217 (9M 2010: CHF 579).

## 2- Real estate and construction

### Total revenues

9M 2011: CHF 41 million  
9M 2010: CHF 172 million

### Segment Results

9M 2011: CHF 21 million  
9M 2010: CHF 87 million

### Total value of contracted units

9M 2011: CHF 93 million  
9M 2010: CHF 91 million

### Total number of contracted units (incl. budget housing)

9M 2011: 406  
9M 2010: 1,301

### Total value of deferred income

9M 2011: CHF 255 million  
9M 2010: CHF 189 million

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The real estate and construction segment accounted for 25% of our total revenues during 9M 2011 (9M 2010: 45%). Real estate and construction revenues decreased by 76% to CHF 41 million (9M 2010: CHF 172 million) due to the following reasons:

- (1) Real estate and construction revenues decreased by CHF 131 million, with Oman accounting for almost half of the drop due to slowdowns in the collection of receivables thus affecting the pace of construction. This, in turn, reduced profits by CHF 33 million.
- (2) In Egypt, El Gouna witnessed slowdowns in construction activities throughout the period under review including a complete halt for almost 50 days during the first quarter of 2011, negatively contributing to bottom line by another CHF 11 million.
- (3) The Swiss Francs strengthening against Egyptian pounds and Omani Riyals by 6% and 4% respectively, negatively affected revenues by another CHF 17 million.

Total value of contracted units (excluding budget housing) increased by CHF 20 million to CHF 85 million (9M 2010: CHF 65 million), representing a total of 89 units (9M 2010: 106 units). Sales in the Andermatt project accounted for 68% from the total value of contracted units. Management continues to foresee slowdown in real estate sales throughout its Middle Eastern operations until end of year. Total value of deferred income increased by 35% reaching CHF 255 million (9M 2010: CHF 189 million). Deferred income refers to the value of all contracted units under construction, where revenues are recognized upon completion of each of the three phases of construction. The following table provides an overview of residential real estate sales during the period ending 30 September 2011.

	9M 2011	9M 2010
<b>Real Estate Sales (excluding budget housing)</b>		
Off-plan sales during financial period (# units)	89	106
Off-plan sales during financial period (in CHFm)	84.8	65.2
Average price per m <sup>2</sup> (CHF)	6,173	3,057
<b>Real Estate Sales (budget housing)</b>		
Sales during financial period (# units)	317	1,195
Sales during financial period (in CHFm)	8.1	25.6
Average price per m <sup>2</sup> (CHF)	401	349
<b>Real Estate segment performance</b>		
Total revenue (CHFm)	41.42	171.74
GOP total (CHFm) <sup>1 &amp; 2</sup>	16.94	77.21
GOP margin (%)	40.9%	45.0%

1 GOP is a non-IFRS measure and should be read in conjunction with "Presentation of non-IFRS measures".

2 Total GOP is calculated as follows:

CHF	9M 2011	9M 2010
Gross operating income	17,287,697	77,764,073
General and administration expenses	(14,524,532)	(14,506,455)
Sales and marketing expenses	(2,141,336)	(4,097,431)
Utilities	(731,706)	(771,923)
Repair and maintenance fees	(311,247)	(566,279)
Basic fees	(940,288)	(1,267)
Elimination & Adjustments	18,301,061	19,390,891
<b>Gross operating profit</b>	<b>16,939,649</b>	<b>77,211,609</b>

Our residential real estate key performance indicators as at 30 September 2011 were as follows.

	Average selling price/m <sup>2</sup>		Total value of contracted units (CHF millions)		Number of contracted units	
	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010
<b>I- Egypt</b>						
El Gouna	2,643	3,649	13.6	47.0	21	63
Fayoum	1,039	1,073	1.4	3.5	11	29
Haram City	317	351	4.4	25.6	228	1,186
Makadi	592	-	3.7	-	88	-
<b>Egypt subtotal</b>	<b>746</b>	<b>741</b>	<b>23.1</b>	<b>76.1</b>	<b>348</b>	<b>1,278</b>
<b>II- U.A.E.</b>						
The Cove	-	2,504	-	1.9	-	3
<b>UAE subtotal</b>	<b>-</b>	<b>2,504</b>	<b>-</b>	<b>1.9</b>	<b>-</b>	<b>3</b>
<b>III-Oman</b>						
Jebel Sifah	2,568	3,165	5.6	5.9	8	6
Salalah Beach	2,297	2,872	3.3	6.9	11	14
<b>Oman subtotal</b>	<b>2,443</b>	<b>2,991</b>	<b>8.9</b>	<b>12.8</b>	<b>19</b>	<b>20</b>
<b>IV- Switzerland</b>						
Andermatt Swiss Alps	18,975	-	58.3	-	23	-
<b>V- Morocco</b>						
Chbika	1,313	-	2.6	-	16	-
<b>Total real estate</b>	<b>2,627</b>	<b>845</b>	<b>92.9</b>	<b>90.8</b>	<b>406</b>	<b>1,301</b>
<b>Total real estate (excluding budget housing)</b>	<b>6,173</b>	<b>3,057</b>	<b>84.8</b>	<b>65.2</b>	<b>89</b>	<b>106</b>

## **I- Egypt**

### **El Gouna**

During 9M 2011, the total value of contracted units amounted to CHF 13.6 million (9M 2010: CHF 47 million) for 21 pre-sold units (9M 2010: 63 pre-sold units), sold at an average selling price per square meter of CHF 2,643/m<sup>2</sup> (9M 2010: CHF 3,649/m<sup>2</sup>). The changes in average selling price per square meter year on year resulted from changes to the product mix between villas and apartments offered by the Group.

### **Fayoum**

By the end of 9M 2011, the total value of contracted units amounted to CHF 1.4 million (9M 2010: CHF 3.5 million), with 11 pre-sold units (9M 2010: 29 pre-sold units) at the average selling price of CHF 1,039/m<sup>2</sup> (9M 2010: CHF 1,073/m<sup>2</sup>).

### **Haram City**

By the end of 9M 2011, the total value of contracted units amounted to CHF 4.4 million (9M 2010: CHF 25.6 million) with a total of 228 units (9M 2010: 1,186 units) sold at the average selling price of CHF 317/m<sup>2</sup> (9M 2010: CHF 351/m<sup>2</sup>).

### **Makadi**

The Makadi project by Orascom Development & Management's (ODM), a wholly owned subsidiary of Orascom Development, is the company's first comprehensive residential and tourism project. The project is planned to offer a total capacity of approximately 4,000 hotel rooms and 5,500 residential units along with a number of amenities and facilities such as medical complex, school and commercial area. ODM acts as the project manager in charge of the development, sales, marketing and community management. By end of 9M 2011, total value of contracted units amounted to CHF 3.7 million representing 88 units contracted at an average selling price of CHF 592/m<sup>2</sup>.

## **II- Oman**

By the end of 9M 2011, the total value of contracted units amounted to CHF 8.9 million (9M 2010: 12.8 million) for 19 units (9M 2010: 20 units) at the average selling price of approximately CHF 2,443/m<sup>2</sup> (9M 2010: CHF 2,991). The real estate market situation in Oman remains unclear given the changes taking place throughout the MENA region.

## **III- Switzerland**

By the end of 9M 2011, the total value of contracted units amounted to CHF 58.3 million for a total of 23 units sold at an average selling price of approximately CHF 18,975/m<sup>2</sup>.

## **IV- Morocco**

During Q1 2011, the Group commenced a pilot launch in Chbika. The project is a new concept targeting an untapped market in the area. The project is located 400 km from Agadir and 250 km from the Canary Islands. In the long term, the project is planned to offer eight hotels with a total capacity of 2,500 rooms, 1,166 apartments and 685 villas, two golf courses, a marina, town centre and other related town features. By end of 9M 2011, the total value of contracted units amounted to CHF 2.6 million for a total of 16 units sold at an average selling price of approximately CHF 1,313/m<sup>2</sup>.

### 3- Land sales

#### Total revenues

9M 2011: CHF 1.5 million

9M 2010: CHF 0.8 million

#### Segment Results

9M 2011: CHF 1 million losses

9M 2010: CHF 1 million losses

Occasionally, the Group sells land where we have no additional development commitments or on which we have completed development of infrastructure to third party developers, this establishes a reference point for the market price of our land bank. Revenues from such sales are included in our land sales segment. Land sales segment accounted for only 0.9% from our total revenues during 9M 2011 (9M 2010: 0.2%).

### 4- Town management

#### Total revenues

9M 2011: CHF 13 million

9M 2010: CHF 16 million

#### Segment Results

9M 2011: CHF 3.8 million losses

9M 2010: CHF 1.7 million losses

The Group's involvement in a project continues after construction has been completed. Throughout our destinations, we are responsible not only for providing and maintaining top-quality hotels and residences, but for the day-to-day maintenance and upkeep of the town's power grid, desalination plants and sewage plants. We are also responsible for the town's security and other services. As a rule the town facilities and infrastructure such as hospitals and water desalination facilities, are owned and operated by one of our majority-owned subsidiaries. Town management segment accounted for 8% of our total revenues in 9M 2011 (9M 2010: 4%). Town management refers to all revenues generated from municipal facilities. It primarily includes revenues from utilities (such as electricity, irrigation, and telephone lines), as well as community services (such as: airport, museum, sporting club, and bakeries), urban services (such as: garbage collection, security, and fire brigade), and commercial services (such as: fish and fowl farm). Town management revenues are generated in operating towns, namely El Gouna (Egypt), Taba Heights (Egypt), The Cove (U.A.E.) and Haram City (Egypt).

Type of service (CHF Millions)	9M 2011	9M 2010	% Change
Utilities	18.27	20.32	(10%)
Commercial services	4.80	7.75	(38%)
Urban services	1.74	1.69	3%
Infrastructure and maintenance	1.88	2.43	(23%)
Community services	2.19	0.68	222%
Other	0.02	0.91	(98%)
<b>Total segment revenues</b>	<b>28.90</b>	<b>33.78</b>	<b>(14%)</b>
Intersegment revenues (eliminations)	<b>(15.37)</b>	<b>(17.54)</b>	(12%)
<b>Town management revenues (from external customers)</b>	<b>13.53</b>	<b>16.24</b>	<b>(17%)</b>

## 5- Tours operations

### Total revenues

9M 2011: CHF 1.5 million

9M 2010: CHF 29 million

### Segment Results

9M 2011: CHF 0.07 million losses

9M 2010: CHF 1.4 million

Until June 30, 2010, the Group held a controlling stake in the Garranah tours operations companies. Following the sale of a 6% stake in the Garranah tours operations companies in June 2010, we no longer hold a controlling stake in these entities. As a result, starting July 1, 2010, our consolidated financial statements no longer show revenues generated by the tours operations business of the Garranah tours operations companies as part of our tours operations segment. Rather, the corresponding net income is recognized as income from investment in associates. Our tours operations segment accounted for 1% of our total revenues in the financial period ending 30 September 2011 (9M 2010: 8%).

## 6- Other operations

### Total revenues

9M 2011: CHF 21 million

9M 2010: CHF 22 million

### Segment Results

9M 2011: CHF 4 million

9M 2010: CHF 17 million

Other operations combine those businesses that are not classified under any of the five primary business segments. This includes mortgages, rentals of villas and apartments, hospital services and educational services, marina, limousine rentals, laundry services, and other services. We generally retain ownership of the commercial properties, generating a steady and growing stream of annual cash flows. Other operations accounted for 13% of our total revenues in the financial period ending 30 September 2011 (9M 2010: 6%). The following table provides an overview of the revenues generated by our other operations.

CHF million	9M 2011	9M 2010	% Change
Mortgage (real estate financing)	4.61	2.77	66%
Sport (golf)	2.14	3.24	(34%)
Rentals	9.57	11.84	(19%)
Hospital services	2.43	3.38	(28%)
Educational services	1.29	1.42	(9%)
Marina	1.33	1.63	(18%)
Limousine	0.87	1.22	(29%)
Laundry services	1.29	2.06	(37%)
Leasing	3.42	1.99	72%
Others	5.67	2.50	127%
<b>Total segment revenues</b>	<b>32.62</b>	<b>32.05</b>	<b>2%</b>
Intersegment revenues (eliminations)	<b>(11.38)</b>	<b>(9.51)</b>	<b>20%</b>
<b>Total revenue from external customers</b>	<b>21.24</b>	<b>22.54</b>	<b>(6%)</b>

## Condensed consolidated statement of comprehensive income

For the period ended 30 September 2011

CHF	30 September 2011	30 September 2010*
<b>Continuing operations</b>		
Revenue	162,899,711	380,080,453
Cost of sales	(138,309,627)	(268,482,847)
<b>Gross profit</b>	<b>24,590,084</b>	<b>111,597,606</b>
Investment income	7,760,997	9,469,931
Other gains and losses	(9,397,281)	32,001,745
Administrative expenses	(38,088,263)	(27,407,641)
Finance costs	(3,247,045)	(10,696,715)
Share of profit of associates	(623,841)	29,862
<b>(Loss) / Profit before tax</b>	<b>(19,005,349)</b>	<b>114,994,788</b>
Income tax expense	226,547	(15,138,074)
<b>(Loss) / Profit for the period from continuing operations</b>	<b>(18,778,802)</b>	<b>99,856,714</b>
<b>Other comprehensive income, net of income tax</b>		
Exchange differences arising on translation of foreign operations	(41,388,938)	(87,753,338)
Net gain on cash flow hedges	200,981	(170,458)
Net loss arising on revaluation of available-for-sale financial assets	(30,582,105)	(1,598,988)
Total other comprehensive income for the period, net of income tax	(71,770,062)	(89,522,784)
<b>Total comprehensive income for the period</b>	<b>(90,548,864)</b>	<b>10,333,930</b>
<b>(Loss) / Profit attributable to:</b>		
Owners of the company	(18,929,729)	76,007,021
Non-controlling interests	150,927	23,849,693
	<b>(18,778,802)</b>	<b>99,856,714</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	(82,898,968)	1,977,255
Non-controlling interests	(7,649,896)	8,356,675
	<b>(90,548,864)</b>	<b>10,333,930</b>
<b>Earnings per share from continuing operations</b>		
<b>Basic</b>	<b>(0.67)</b>	<b>3.27</b>
<b>Diluted</b>	<b>(0.67)</b>	<b>3.27</b>

\* Comparative figures in the consolidated statement of comprehensive income has been revised to be consistent with annual report 2010. The change relates to the presentation of expenses charged for provision within the respective function costs rather than presenting the charges in a separate line item.

## Condensed consolidated statement of financial position

As at 30 September 2011

CHF	30 September 2011	31 December 2010
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	988,768,656	926,077,841
Investment properties	76,501,880	78,355,235
Goodwill	7,756,481	8,208,807
Investment in associates	32,978,418	35,397,484
Non-current receivables	94,444,130	94,719,641
Deferred tax assets	26,164,774	17,319,445
Finance lease receivables	18,515,992	13,740,381
Other financial assets	38,751,121	70,597,147
<b>Total non-current assets</b>	<b>1,283,881,452</b>	<b>1,244,415,981</b>
<b>Current assets</b>		
Inventories	376,519,085	260,175,662
Trade and other receivables	92,230,350	156,042,384
Finance lease receivables	3,965,593	2,478,257
Due from related parties	24,747,679	23,838,453
Other financial assets	9,334,101	10,808,861
Other current assets	95,758,174	119,225,619
Cash and bank balances	105,216,672	276,452,970
<b>Total current assets</b>	<b>707,771,654</b>	<b>849,022,206</b>
<b>Total assets</b>	<b>1,991,653,106</b>	<b>2,093,438,187</b>
<b>Equity and liabilities</b>		
<b>Capital and reserves</b>		
Issued capital	662,201,010	672,882,864
Reserves	(146,697,189)	(74,209,306)
Retained earnings	377,950,649	396,880,378
<b>Equity attributable to owners of the company</b>	<b>893,454,470</b>	<b>995,553,936</b>
Non-controlling interests	203,677,603	197,589,888
<b>Total equity</b>	<b>1,097,132,073</b>	<b>1,193,143,824</b>
<b>Non-current liabilities</b>		
Borrowings	244,556,905	270,832,587
Trade payables	31,357,532	35,921,963
Retirement benefit obligation	199,646	199,646
Notes payable	7,390,115	10,193,018
Deferred tax liabilities	31,985,922	27,993,241
Other financial liabilities	14,810,005	15,448,607
<b>Total non-current liabilities</b>	<b>330,300,125</b>	<b>360,589,062</b>
<b>Current liabilities</b>		
Borrowings	268,611,127	240,936,367
Trade and other payables	61,498,077	57,120,751
Due to related parties	6,636,486	2,614,098
Current tax liabilities	4,350,218	15,975,901
Provisions	56,108,361	56,779,789
Other current liabilities	167,016,639	166,278,395
<b>Total current liabilities</b>	<b>564,220,908</b>	<b>539,705,301</b>
<b>Total liabilities</b>	<b>894,521,033</b>	<b>900,294,363</b>
<b>Total equity and liabilities</b>	<b>1,991,653,106</b>	<b>2,093,438,187</b>

# Condensed consolidated statement of changes in equity

For the period ended 30 September 2011

CHF	Issued capital	Share premium	Treasury shares	Hedging reserves	Investments revaluation reserve	General reserves	Foreign currencies translation reserve	Reserve from common control transactions	Equity swap settlement	Retained earnings	Attributable to owners of the company	Non-controlling interests	Total
<b>Balance at 1 January 2010</b>	<b>568,881,621</b>	<b>183,269,858</b>	-	<b>(2,324,214)</b>	<b>(85,800)</b>	-	<b>(75,348,038)</b>	<b>(108,051,503)</b>	-	<b>299,997,254</b>	<b>866,339,178</b>	<b>183,407,231</b>	<b>1,049,746,409</b>
Impact of changes in accounting policies	-	-	-	-	-	-	-	-	-	1,962,296	1,962,296	13,736,073	15,698,369
<b>Restated balance at 1 January 2010</b>	<b>568,881,621</b>	<b>183,269,858</b>	-	<b>(2,324,214)</b>	<b>(85,800)</b>	-	<b>(75,348,038)</b>	<b>(108,051,503)</b>	-	<b>301,959,550</b>	<b>868,301,474</b>	<b>197,143,304</b>	<b>1,065,444,778</b>
Profit for the period	-	-	-	-	-	-	-	-	-	76,007,021	76,007,021	23,849,693	99,856,714
Other comprehensive income for the period, net of income tax	-	-	-	(170,458)	(1,598,988)	-	(72,260,320)	-	-	-	(74,029,766)	(15,493,018)	(89,522,784)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(170,458)</b>	<b>(1,598,988)</b>	-	<b>(72,260,320)</b>	-	-	<b>76,007,021</b>	<b>1,977,255</b>	<b>8,356,675</b>	<b>10,333,930</b>
Reserve from common control transaction	-	-	-	-	-	-	-	1,462,235	-	-	1,462,235	-	1,462,235
Contracts over entity's own shares	-	-	-	-	-	-	-	-	(10,220,295)	-	(10,220,295)	-	(10,220,295)
Reduction in par value of share capital	(15,092,778)	-	-	-	-	-	-	-	-	-	(15,092,778)	-	(15,092,778)
Increase in share capital through Issue of ordinary shares	119,094,021	66,065,707	-	-	-	-	-	-	-	-	185,159,728	-	185,159,728
Transaction cost on issue of ordinary shares	-	(5,440,810)	-	-	-	-	-	-	-	-	(5,440,810)	-	(5,440,810)
Non-controlling interest share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,039,785)	(7,039,785)
<b>Balance at 30 September 2010</b>	<b>672,882,864</b>	<b>243,894,755</b>	-	<b>(2,494,672)</b>	<b>(1,684,788)</b>	-	<b>(147,608,358)</b>	<b>(106,589,268)</b>	<b>(10,220,295)</b>	<b>377,966,571</b>	<b>1,026,146,809</b>	<b>198,460,194</b>	<b>1,224,607,003</b>
<b>Balance at 1 January 2011</b>	<b>672,882,864</b>	<b>242,272,821</b>	<b>(1,464,267)</b>	<b>(1,712,949)</b>	<b>(1,025,518)</b>	-	<b>(195,803,181)</b>	<b>(106,255,917)</b>	<b>(10,220,295)</b>	<b>396,880,378</b>	<b>995,553,936</b>	<b>197,589,888</b>	<b>1,193,143,824</b>
Loss for the period	-	-	-	-	-	-	-	-	-	(18,929,729)	(18,929,729)	150,927	(18,778,802)
Other comprehensive income for the period, net of income tax	-	-	-	200,981	(30,582,105)	-	(33,588,115)	-	-	-	(63,969,239)	(7,800,823)	(71,770,062)
<b>Total comprehensive income for the period</b>	-	-	-	<b>200,981</b>	<b>(30,582,105)</b>	-	<b>(33,588,115)</b>	-	-	<b>(18,929,729)</b>	<b>(82,898,968)</b>	<b>(7,649,896)</b>	<b>(90,548,864)</b>
Reserve from common control transactions	-	-	-	-	-	-	-	(14,961,709)	-	-	(14,961,709)	-	(14,961,709)
Equity swap settlement	-	-	-	-	-	-	-	-	14,487,709	-	14,487,709	-	14,487,709
Increase in share capital through issue of ordinary shares using equity swap settlement	7,871,192	1,699,649	-	-	-	4,916,868	-	-	(14,487,709)	-	-	-	-
Transaction cost on issue of ordinary shares	-	(173,452)	-	-	-	-	-	-	-	-	(173,452)	-	(173,452)
Reduction in par value of share capital	(18,553,046)	-	-	-	-	-	-	-	-	-	(18,553,046)	-	(18,553,046)
Non-controlling interest share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	13,737,611	13,737,611
<b>Balance at 30 September 2011</b>	<b>662,201,010</b>	<b>243,799,018</b>	<b>(1,464,267)</b>	<b>(1,511,968)</b>	<b>(31,607,623)</b>	<b>4,916,868</b>	<b>(229,391,296)</b>	<b>(121,217,626)</b>	<b>(10,220,295)</b>	<b>377,950,649</b>	<b>893,454,470</b>	<b>203,677,603</b>	<b>1,097,132,073</b>

## Condensed consolidated statement of cash flows

For the period ended 30 September 2011

CHF	30 September 2011	30 September 2010
<b>Cash generated from operations</b>	<b>(30,297,209)</b>	<b>82,876,139</b>
Interest paid	(5,633,815)	(18,860,089)
Income tax paid	(15,412,480)	(10,492,729)
<b>Net cash (used in) generated from operating activities</b>	<b>(51,343,504)</b>	<b>53,523,321</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(130,428,784)	(154,118,519)
Proceeds from disposal of property, plant and equipment	776,949	2,636,653
Interest received	8,396,669	9,470,303
Increase in trade and other receivables non-current	(18,499,078)	(10,312,526)
Proceeds from disposal of other financial assets	10,546,913	-
Cash in deconsolidated subsidiaries	-	(3,059,498)
Payments to acquire other financial assets	(10,452,139)	(19,154,574)
<b>Net cash used in investing activities</b>	<b>(139,659,470)</b>	<b>(174,538,161)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity shares ordinary shares	-	119,094,021
Capital reduction	(18,553,046)	(15,092,778)
Payment of transaction cost on issue of ordinary shares	-	(440,810)
Non-controlling interest's share in changes in equity of consolidated subsidiaries	13,737,611	8,294,752
Proceeds from borrowings	41,050,050	200,619,985
Payment of borrowings	(7,322,643)	(25,973,084)
<b>Net cash from financing activities</b>	<b>28,911,972</b>	<b>286,502,086</b>
Net change in cash and cash equivalents	(162,091,002)	165,487,246
<b>Cash and cash equivalents as at beginning of the financial period</b>	<b>276,452,970</b>	<b>77,899,218</b>
Effects of exchange rate changes on the balance held in foreign currencies	(9,145,296)	(6,380,868)
<b>Cash and cash equivalents as at end of the financial period</b>	<b>105,216,672</b>	<b>237,005,596</b>

## Business segments

### Overview

As at 30 September 2011, the Group divisions were as follows:

9M 2011 CHF	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Total segment revenue	83,719,784	88,451,017	1,464,929	28,898,447	1,544,418	32,606,815	236,685,410
Inter-segment revenue	(482)	(47,034,373)	-	(15,373,499)	-	(11,377,345)	(73,785,699)
<b>Revenue from external customers</b>	<b>83,719,302</b>	<b>41,416,644</b>	<b>1,464,929</b>	<b>13,524,948</b>	<b>1,544,418</b>	<b>21,229,470</b>	<b>162,899,711</b>
<b>Segment results</b>	<b>7,592,299</b>	<b>20,983,399</b>	<b>(1,153,014)</b>	<b>(3,830,371)</b>	<b>(68,301)</b>	<b>3,736,636</b>	<b>27,260,648</b>
Share of profits of associates							(623,841)
Other gains and losses							(7,708,264)
Investment income							2,360,962
Central administration costs and directors' salaries							(38,088,263)
Finance costs							(2,206,591)
<b>Loss before tax (continuing operations)</b>							<b>(19,005,349)</b>
Income tax expense							226,547
<b>Profit for the period (continuing operations)</b>							<b>(18,778,802)</b>

9M 2010 CHF	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Total segment revenue	142,598,778	234,454,963	1,316,739	33,779,278	30,149,412	32,052,183	474,351,353
Inter-segment revenue	(3,071,878)	(62,717,421)	(534,745)	(17,535,225)	(903,132)	(9,508,499)	(94,270,900)
<b>Revenue from external customers</b>	<b>139,526,900</b>	<b>171,737,542</b>	<b>781,994</b>	<b>16,244,053</b>	<b>29,246,280</b>	<b>22,543,684</b>	<b>380,080,453</b>
<b>Segment results</b>	<b>28,885,545</b>	<b>87,116,236</b>	<b>(1,158,241)</b>	<b>(1,699,921)</b>	<b>1,490,179</b>	<b>17,154,484</b>	<b>131,788,282</b>
Share of profits of associates							29,862
Other gains and losses							13,758,093
Investment income							1,350,638
Central administration costs and directors' salaries							(27,407,641)
Finance costs							(4,524,446)
<b>Profit before tax (continuing operations)</b>							<b>114,994,788</b>
Income tax expense							(15,138,074)
<b>Profit for the period (continuing operations)</b>							<b>99,856,714</b>

## About the Group

Orascom Development Holding AG (Orascom Development) 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. Orascom Development's diversified portfolio of projects is spread over nine jurisdictions, with primary focus on touristic towns and recently budget housing.

Orascom Touristic Establishments (OTE) was established in 1989 setting the first step in building the Group's track record in the development of integrated towns. After some name changes and reorganization, the main business was held under Orascom Hotels & Development (OHD). Since the settlement of the public exchange offer by Orascom Development for OHD, Orascom Development became the new parent of OHD. Orascom Development has a dual listing, with a primary listing on the main board of the SIX Swiss Exchange (ISIN: CH0038285679) and a secondary listing on the EGX Egyptian Exchange (ISIN: EGG676K1D011). In December 2009, the Group modified its secondary listing on the EGX. While the Group's shares had previously been trading on both the SIX and the EGX in Swiss Francs, Orascom Development at that time procured the issuance and listing of Egyptian Depositary Receipts (EDRs; each EDR representing 1/20 of the Group's share) which are currently trading on the EGX in Egyptian pounds. The objective of this modification is to improve trading and liquidity on the EGX.

Today, Orascom Development operates in nine jurisdictions (Egypt, Jordan, UAE, Oman, Switzerland, Morocco, United Kingdom, Montenegro and Romania) and is continuously seeking development opportunities in untapped yet attractive locations all over the world. The Group has four existing projects: El Gouna, the flagship project, a fully-fledged town on the Red Sea coast (Egypt). Taba Heights, on the Sinai Peninsula (Egypt), is the Group's second tourism destination following El Gouna's business model. The Cove (Ras Al Khaimah, UAE) is the Group's first development experience outside Egypt. Haram City, an integrated town dedicated to budget housing in Egypt, catering for the mass population.

### **For further information, please contact:**

Orascom Development Holding AG  
Mamdouh Abdel Wahab  
Director Investor Relations  
Tel: +41 79 846 55 60  
+20 12 231 532 00  
Email: [ir@orascomdh.com](mailto:ir@orascomdh.com)

Swiss Media Office  
Philippe Blangey  
Tel: +41 41 874 17 11  
Email: [media@orascomdh.com](mailto:media@orascomdh.com)