

Orascom Development Holding AG
Condensed Consolidated
Interim Financial Statements
As of 30 September 2011
With Review Report

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Review Report on Condensed Consolidated Interim Financial Statements

To: The Board of Directors of
Orascom Development Holding AG, Altdorf

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of the Orascom Development Holding Group as at 30 September 2011 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flow for the nine-month period then ended. These interim condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim financial statements based on our review.

Deloitte Zurich in Switzerland is the statutory auditor of the Group. Our responsibility is limited only to performing the limited review procedures as illustrated in this report. The accompanying condensed consolidated financial statements have been prepared by the Company's management to be submitted to EGX, according to EGX requirements.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2400 applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, 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 condensed consolidated financial statements do not give a true and fair view in accordance with International Financial Reporting Standards including (IAS) 34 Interim Financial Reporting.

Cairo, 16 November 2011

Kamel M. Saleh ACA

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

Orascom Development Holding-AG

Condensed consolidated statement of comprehensive income

for the period ended 30 September 2011

CHF	Notes	Three months ended		Nine months ended	
		30 September 2011	30 September 2010	30 September 2011	30 September 2010
Continuing operations					
Revenue	7	56 210 947	97 476 105	162 899 711	380 080 453
Cost of sales		(47 954 218)	(70 264 135)	(138 309 627)	(268 482 847)
Gross profit		8 256 729	27 211 970	24 590 084	111 597 606
Investment income		2 345 733	6 310 064	7 760 997	9 469 931
Other gains and losses		2 723 573	6 432 391	(9 397 281)	32 001 745
Administrative expenses		(19 012 009)	(3 689 918)	(38 088 265)	(27 407 641)
Finance costs		2 678 278	(1 828 330)	(3 247 045)	(10 696 715)
Share of profit of associates	14	25 338	58 605	(623 841)	29 862
(Loss) / profit before tax		(2 982 356)	34 494 781	(19 005 349)	114 994 788
Income tax expense	8	1 598	(5 266 737)	226 347	(15 138 074)
(Loss) / profit for the period from continuing operations	7	(2 980 758)	29 228 043	(18 778 802)	99 856 714
Other comprehensive income, net of income tax					
Exchange differences on translating foreign operations	22	53 801 963	(103 018 206)	(91 388 938)	(87 753 338)
Net gain on cash flow hedges		(201 949)	(316 651)	200 981	(170 458)
Net loss on available for sale financial assets	16	(12 975 370)	(1 394 325)	(30 582 105)	(1 598 988)
Total other comprehensive income for the period, net of income tax		42 624 644	(104 809 182)	(71 770 062)	(89 322 784)
Total comprehensive income for the period		39 643 886	(75 561 137)	(90 548 864)	10 333 930
(Loss) / profit attributable to:					
Owners of the Parent Company		(5 217 675)	25 068 923	(18 929 729)	76 407 021
Non-controlling interests		2 236 917	4 159 122	150 927	23 849 693
		(2 980 758)	29 228 045	(18 778 802)	99 856 714
Total comprehensive income attributable to:					
Owners of the Parent Company		27 836 210	(62 846 664)	(82 898 968)	1 977 255
Non-controlling interests		11 807 676	(12 814 473)	(7 649 896)	8 356 675
		39 643 886	(75 661 137)	(90 548 864)	10 333 930
Earnings per share from continuing operations					
Basic	9	(0.18)	1.08	(0.67)	3.27
Diluted	9	(0.18)	1.08	(0.67)	3.27

Samih Sawirja
Chairman & CEO

Amr Sheta
Vice Chairman & Co-CEO

Mahmoud Zwaiter
Group CFO

Orascom Development Holding-AG

Condensed consolidated statement of financial position

at 30 September 2011

30 September 2011

31 December 2010

CHF

Notes

Assets

Non-current assets

Property, plant and equipment	11	988 768 656	926 077 841
Investment property	12	76 501 880	78 355 235
Goodwill	13	7 756 481	8 208 807
Investments in associates	14	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	15	18 515 992	13 740 381
Other financial assets	16	38 751 121	70 597 147
Total non-current assets		1 283 881 452	1 244 415 981

Current assets

Inventories	17	376 519 085	260 175 662
Trade and other receivables	18	92 230 350	156 042 384
Finance lease receivables	15	3 965 593	2 478 257
Due from related parties		24 747 679	23 838 453
Other financial assets	16	9 334 101	10 808 861
Other current assets	19	95 758 174	119 225 619
Cash and bank balances		105 216 672	276 452 970
Total current assets		707 771 654	849 022 206
Total assets		1 991 653 106	2 093 438 187

Equity and liabilities

Capital and reserves

Issued capital	20	662 201 010	672 882 864
Reserves		(146 697 189)	(74 209 306)
Retained earnings		377 950 649	396 880 378
Equity attributable to owner of the Parent Company		893 454 470	995 553 936

Non-controlling interests

		203 677 603	197 589 888
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Total equity		1 097 132 073	1 193 143 824
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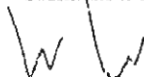
Non-current liabilities

Borrowings	23	244 556 905	270 832 587
Trade payables	24	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
Total non-current liabilities		330 300 125	360 589 062

Current liabilities

Borrowings	23	268 611 127	240 936 367
Trade and other payables	24	61 498 077	57 120 751
Due to related parties		6 636 486	2 614 098
Current tax liabilities	8	4 350 218	15 975 901
Provisions		56 108 361	56 779 789
Other current liabilities		167 016 639	166 278 395
Total current liabilities		564 220 908	539 705 301
Total liabilities		894 521 033	900 294 363
Total equity and liabilities		1 991 653 106	2 093 438 187

Samih Sawiris
Chairman & CEO



Amr Sheta
Vice Chairman & Co-CEO

F.5



Mahmoud Zouier
Group CFO



Orascom Development Holding-AG
Condensed consolidated statement of changes in equity

for the period ended 30 September 2011

Crif	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		Total
											Parent	Non-controlling interests	
Balance at 1 January 2010	568 881 621	183 269 858	-	(2 324 214)	(86 800)	-	(75 348 038)	(108 051 503)	-	299 997 254	865 339 176	183 407 231	1 049 746 469
Impact of change in accounting policies	-	-	-	-	-	-	-	-	-	1 862 296	1 862 296	13 736 073	15 898 369
Restated balance at 1 January 2011	568 881 621	183 269 858	-	(2 324 214)	(86 800)	-	(75 348 038)	(108 051 503)	-	301 859 550	868 301 474	197 143 304	1 065 444 778
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	-	-	-	(170 459)	(1 598 988)	-	(72 260 320)	-	-	-	(74 029 766)	(15 493 018)	(89 522 784)
Total comprehensive income for the period	-	-	-	(170 459)	(1 598 988)	-	(72 260 320)	-	-	76 007 021	1 877 235	8 356 675	10 334 930
Reserve from common control transactions	-	-	-	-	-	-	-	1 462 235	-	-	1 462 235	-	1 462 235
Contribution over entity's own shares	-	-	-	-	-	-	-	-	(10,220,295)	-	(10,220,295)	-	(10,220,295)
Increase in share capital through issue of ordinary shares	(15,082,778)	-	-	-	-	-	-	-	-	-	(15,082,778)	-	(15,082,778)
Transaction cost on issue of ordinary shares	119,084,021	66,065,707	-	-	-	-	-	-	-	-	185 150 728	-	185 150 728
Non-controlling interest share in equity of consolidated subsidiaries	-	(5,440,810)	-	-	-	-	-	-	-	-	(5 440 810)	-	(5 440 810)
Balance at 30 September 2011	672 882 864	243 834 755	-	(2 494 672)	(1 684 788)	-	(147 608 358)	(106 589 268)	(10 220 295)	377 866 571	1 026 146 609	198 499 194	1 224 697 003
Balance at 1 January 2011	672 882 864	242 272 821	(1 464 267)	(1 712 949)	(1 025 518)	-	(195 803 181)	(106 255 917)	(10 220 295)	396 880 378	955 553 938	197 589 868	1 193 142 824
Other comprehensive income for the year, net of income tax	-	-	-	200 981	(30 582 105)	-	(33 558 115)	-	-	(18 925 729)	(18 925 729)	150 927	(18 778 802)
Total comprehensive income for the period	-	-	-	200 981	(30 582 105)	-	(33 558 115)	-	-	(18 925 729)	(18 925 729)	(7 809 823)	(7 170 082)
Reserve from common control transactions	-	-	-	-	(30 582 105)	-	-	-	-	-	(30 582 105)	-	(30 582 105)
Equity swap settlement (note 21)	-	-	-	-	299 981	-	(33 588 115)	(14 961 709)	-	(18 925 729)	(22 898 968)	(7 649 596)	(80 548 864)
Increase in share capital through issue of ordinary shares using equity swap settlement	7,871,192	1,699,849	-	-	-	4,916,868	-	-	14 487 709	-	14 487 709	-	14 487 709
Transaction cost on issue of ordinary shares	-	(173,452)	-	-	-	-	-	-	(14,487,709)	-	-	-	(14,487,709)
Reduction in par value of share capital	(18,553,046)	-	-	-	-	-	-	-	-	-	(173,452)	-	(173,452)
Non-controlling interest share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	(18 553 046)	-	(18 553 046)
Balance at 30 September 2011	662 201 010	243 759 016	(1 464 267)	(1 511 968)	(31 607 623)	4 916 868	(229 391 296)	(121 217 626)	(10 220 295)	377 950 649	893 454 470	203 677 603	1 097 132 073

Orascom Development Holding-AG
Condensed consolidated statement of cash flows
for the period ended 30 September 2011

CHF	Nine months ended 30/09/2011	Nine months ended 30/09/2010
Cash generated from operations	(30 297 209)	82 876 139
Interest paid	(5 633 815)	(18 860 089)
Income tax paid	(15 412 480)	(10 492 729)
Net cash (used in) generated from operating activities	(51 343 504)	53 523 321
<u>Cash flows from investing activities</u>		
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 receivable 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)
Net cash (used) in investing activities	(139 659 470)	(174 538 161)
<u>Cash flows from financing activities</u>		
Proceeds from issues of equity shares ordinary shares	-	119 094 021
Payment of 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
Payments to borrowings	(7 322 643)	(25 973 084)
Net cash from financing activities	28 911 972	286 502 086
Net change in cash and cash equivalents	(162 091 002)	165 487 246
Cash and cash equivalents as at beginning of the financial period	276 452 970	77 899 218
Effects of exchange rate changes on the balance held in foreign currencies	(9 145 296)	(6 380 868)
Cash and cash equivalents as at end of the financial period	105 216 672	237 005 596

Notes to the 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. In addition, Egyptian Depository Receipts ("EDRs") of the Parent Company are traded at the EGX Egyptian Exchange. One EDR represents 1/20 of an ODH share.

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 projects is spread over nine jurisdictions, with primary focus on touristic towns and recently affordable housing. The Group currently operates in 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), the Group's second tourism destination following El Gouna's business model; the Cove (Ras Al Khaimah, UAE), the Group's first development experience outside Egypt; and Haram City, an integrated town dedicated to affordable housing in Egypt, catering for the mass population.

2. Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The 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 2010.

3. Basis of preparation

The 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 2010.

The presentation regarding the recognition of provisions in the consolidated statement of comprehensive income has been revised as at 31 December 2010 onwards to better reflect the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 1 Presentation of Financial Statements. The change related to the presentation of expenses charged for provisions within the respective function costs rather than presenting the charges in a separate line item. This affects the comparative information in the consolidated statement of comprehensive income and resulted in an increase in cost of sales of CHF 6.8 million for the nine months ended 30 September 2010 (CHF 1.8 million for the three months ended 30 September 2010).

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 and interpretations are effective for the current period. The adoption of these standards and interpretations has not led to changes in the Group's accounting policies.

Revised Standards

IFRS 7	Financial Instruments – Amendment to IFRS 7: Disclosure
IAS 24	Related Party Disclosure – Revised definition of related parties
IAS 32	Financial Instruments: Presentation – Amendments relating to classification of rights issues
Various	Improvements to IFRS issued in May 2010

New Interpretation

IFRIC 14	Prepayments of a Minimum Funding Requirement – Amendment with respect to voluntary prepaid contributions
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

4.2. Standards and interpretations not yet adopted

At the date of authorization of these 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		Effective from
IFRS 1	First-time Adoption of IFRS – Amendment relating to severe hyperinflation and removal of fixed dates for first time adopters	1 July 2011
IFRS 7	Financial Instruments – Amendment of disclosure requirements for transfer of financial assets	1 July 2011
IFRS 9	Financial Instruments – Amendment of recognition and measurement requirements as the first part of the project to replace IAS 39	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 12	Income tax – Amendment in deferred tax recovery for underlying assets	1 January 2012
IAS 19	Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 27	Separate Financial Statements (2011)	1 January 2013
IAS 28	Investments in Associates and Joint Ventures (2011) - Amendment for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12	1 January 2013
New Interpretations		Effective from
N/A		

The Group is currently assessing whether these changes will impact the consolidated financial statements in the period of initial application.

5. Significant accounting policies

The 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 same accounting policies, presentation and methods of computation are followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2010.

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 during the period. Orascom Hotels & Development SAE ("OHD") remains the principal operating subsidiary and is located in Egypt.

On 22 December 2010 the Parent Company launched a tender offer to the remaining minority shareholders to acquire the outstanding OHD shares. The tender offer was completed on 18 January 2011. The Parent Company acquired a total of 8,117,758 OHD shares and thereby increased its share of OHD to 99.66%. Since 30 June 2011 the Parent Company owns 99.68% of OHD shares by acquiring another 42 735 of OHD shares.

The group controls its subsidiaries directly and indirectly.

7. Segment information

Unchanged to the 2010 annual financial report, the Group has five 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 as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2010. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, 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.

	Total segment revenue		Inter-segment revenue		Revenue from external customers		Segment result	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010
CHF								
Hotels	83 719 784	142 598 778	(482)	(3 071 878)	83 719 302	139 526 900	7 592 299	28 885 545
Real estate and construction	88 451 017	234 454 963	(47 094 373)	(62 717 421)	41 416 644	171 737 542	20 983 399	87 116 236
Land sales	1 464 929	1 316 739	-	(534 745)	1 464 929	781 994	(1 153 014)	(1 158 241)
Town management	28 898 447	33 779 278	(15 373 499)	(17 535 225)	13 524 948	16 244 053	(3 830 371)	(1 699 921)
Tours operations	1 544 418	30 149 412	-	(903 132)	1 544 418	29 246 280	(68 301)	1 490 179
Other operations	32 606 815	32 052 183	(11 377 345)	(9 508 499)	21 229 470	22 543 684	3 736 636	17 154 484
Total	236 685 410	474 351 353	(73 785 699)	(94 270 900)	162 899 711	380 080 453	27 260 648	131 788 282
Unallocated items*:								
Share of profits of associates							(623 841)	29 862
Other gains and losses							(7 708 264)	13 758 093
Investment income							2 360 962	1 350 638
Central administration costs and directors' salaries							(38 088 263)	(27 407 641)
Finance costs							(2 206 591)	(4 524 446)
(Loss) / profit before tax							(19 005 349)	114 994 788
Income tax expense							226 547	(15 138 074)
(Loss) / profit for the period							(18 778 802)	99 856 714

* For the purpose of segment reporting, part of the amounts reported in the statement of comprehensive income for these items have been allocated to their relevant segment.

<i>CHF</i>	30 September 2011	31 December 2010
Hotels	741 256 435	759 191 720
Real estate and construction	1 043 404 711	1 003 085 931
Land sales	405 030 666	430 057 858
Town management	183 791 954	184 345 508
Tours operations	892 132	978 387
Other operations	391 382 557	525 971 736
Segment assets before elimination	2 765 758 455	2 903 631 140
Inter-segment elimination	(1 117 131 639)	(1 287 399 817)
Segment assets after elimination	1 648 626 816	1 616 231 323
Unallocated assets	343 026 290	477 206 864
Consolidated total assets	1 991 653 106	2 093 438 187

During the first nine months of 2011, the Group witnessed the prolonged impact of the Egyptian revolution that took place following a popular uprising that began on 25 January 2011 as well as of the various political turmoils in the Middle East region. The slowdown in the Group's performance during the period is attributable to a number of reasons, including:

- The extraordinary events that took place in Egypt and other countries in the Middle East have had a significant impact on the general business environment in these countries. The slow-down in processes and logistics does still impact the business operations considerably.
- The circumstances in Egypt had a noticeable impact on the tourism sector's performance during the period under review, following the issuance of security warnings and travel ban from almost all feeder markets. Nevertheless, occupancy rates started to improve during the second quarter and improved considerably in the third quarter following the removal of most travel bans on Egypt.
- The events led to a slowdown in construction activities in the Group's Egyptian operations for almost 50 days during the first quarter of 2011, meaning that no real estate and construction revenues were recognized from real estate units under construction. Moreover, some events in the Middle East, including Oman, affected the pace of development in the Group's other operations within the region. Accordingly, real estate and construction revenues will be shifted to other financial periods. Contrary to expectations of the Group earlier this year, revenue is expected to be shifted to 2012 rather than to the second half of 2011 due to the above mentioned slow-down in processes and logistics.

8. Income taxes

Tax income recognised during the period amounted to CHF 226 547 (nine month ended 30 September 2010: Tax expense CHF 15 138 074). These accruals are based on the estimated average annual effective income tax charge expected for the full year, applied to the pre-tax income for the nine-month period.

The decrease in income tax expenses for the period is mainly caused by the sharp revenue decline in the current period which had a negative impact on the profitability of the Group's major operations.

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

- **Egypt**
Certain companies in Egypt enjoyed a tax holiday that lasted for ten years and there are still some entities that are enjoying such privileges.
- **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 are entitled a 5 year income tax holiday from the start date of operations.
- **Switzerland**
The Company fulfils the conditions for taxation as a holding company in Switzerland. The Swiss operating companies benefit from a partial tax holiday.

9. Earnings per share

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

CHF	Three month ended		Nine month ended	
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
Earnings				
for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the parent)	(5 217 675)	25 068 923	(18 929 729)	76 007 021
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	28 420 120	23 219 658	28 265 525	23 219 658
Basic earnings per share	(0.18)	1.08	(0.67)	3.27
Diluted earnings per share	(0.18)	1.08	(0.67)	3.27

10. Dividends

During the interim period, no dividends were declared or paid to shareholders. However the Parent Company paid CHF 18.6 million to its shareholders by reducing the nominal value of its shares which is further explained in note 20.

11. Property, plant and equipment

Nine month ended 30 September 2011

CHF

	Property, plant and equipment (i)	Property under construction	Total
Opening net book value at 1 January 2011	691 008 143	235 069 698	926 077 841
Additions	53 698 140	76 730 644	130 428 784
Disposals	(776 949)	-	(776 949)
Depreciation and amortization	(28 016 553)	-	(28 016 553)
Net foreign currency exchange differences	(31 834 897)	(7 109 570)	(38 944 467)
Closing net book value at 30 September 2011	684 077 884	304 690 772	988 768 656

Nine month ended 30 September 2010	Property, plant and equipment (i)	Equipment under finance lease at cost	Property under construction	Total
CHF				
Opening net book value at 1 January 2010	783 490 053	6 842 387	167 125 068	957 457 508
Additions	21 307 626	-	136 475 588	157 783 214
Disposals	(2 036 927)	-	(4 916 929)	(6 953 856)
Transfer to investment property	(2 725 682)			(2 725 682)
Depreciation and amortization	(27 126 117)	(498 745)		(27 624 862)
Net foreign currency exchange differences	(52 338 322)	-	(9 401 503)	(61 739 825)
Companies deconsolidated	(118 599 408)	(6 343 642)	(5 592 637)	(130 535 687)
Closing net book value at 30 September 2010	601 971 223	-	283 689 587	885 660 810

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

12. Investment property

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

CHF	30/09/2011	31/12/2010
Balance at 1 January	78 355 235	71 786 344
Transfer from property, plant and equipment	-	3 822 824
Revaluation gain	466 664	14 120 934
Foreign currency translation adjustments	<u>(2 320 019)</u>	<u>(11 374 867)</u>
Balance at the end of the period / year	<u>76 501 880</u>	<u>78 355 235</u>

Their fair values at 30 September 2011 were arrived at on the basis of valuations carried out at this date by Messrs Alan Tinkler, Ramlackhan & Co and Fincorp, independent valuation specialists not related to the Group. They are both accredited valuers in Mauritius and Egypt and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

Both valuation companies have relied 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 line with International Financial Reporting Standards. All of the Group's investment property is held under freehold interests.

13. Goodwill

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

CHF	30/09/2011	31/12/2010
Balance at the beginning of the period / year	8 208 807	30 432 009
Derecognized goodwill due to loss of control	-	(17 731 566)
Effect of foreign currency exchange difference	<u>(452 326)</u>	<u>(4 491 636)</u>
Balance at the end of the period / year	<u>7 756 481</u>	<u>8 208 807</u>

14. Investments in associates

Details of the Group's associates are as follows:

Name of associate	Place of incorporation	Ownership interest (in %)		Carrying value (CHF)	
		30/09/2011	31/12/2010	30/09/2011	31/12/2010
Jordan Company for Projects and Touristic Development (PTD)	Jordan	15.64 %	15.64 %	6 600 817	6 804 656
Orascom for Housing and Establishments	Cairo	39.90%	39.90%	1 241 750	1 633 303
International Stock Company for Floating Hotels & Touristic Establishments	Cairo	45.00%	45.00%	349 927	370 333
Mirotel for Floating Hotels Company	Cairo	45.00%	45.00%	1 247 502	1 496 440
Tarot Garranah & Merotil for Floating Hotels	Cairo	45.00%	45.00%	1 024 913	1 084 682
Tarot Tours Company (Garanah) S.A.E.	Cairo	45.00%	45.00%	16 402 995	17 581 334
El Tarek for Nile Cruises & Floating Hotels ⁽ⁱ⁾	Aswan	45.00%	45.00%	-	-
Tarot Garranah for Touristic Transportation	Cairo	45.00%	45.00%	6 110 514	6 426 736
Total				32 978 418	35 397 484

(i) El Tarek for Nile Cruises & Floating Hotels

The Group's share of losses of this associate exceeds the Group's interest in this associate and therefore the Group discontinues recognising its share of losses. Furthermore, the Group has no legal or contingent liabilities towards this associate or made payment on behalf of it.

Below is a summary of the financial information with respect to the Group's associates as at 30 September 2011:

CHF	30/09/2011
Total assets	209 461 095
Total liabilities	<u>(144 645 146)</u>
Net assets	<u>64 815 949</u>
Group's share of net assets of associates	<u>15 994 516</u>
Total revenue	23 240 592
Total loss for the period	<u>(1 468 005)</u>
Group's share of losses	<u>(623 841)</u>

15. Non-current financial lease receivable

Non-current financial lease receivable increased by CHF 4.8 million in the first nine months of 2011 due to new finance lease loans issued by Tamweel Leasing Finance Company (Subsidiary of OHD).

16. Other financial assets

Due to the political events in Egypt and the related losses on the stock market the share price of the Egyptian Resorts Company ("ERC"), one of the Group's available-for-sale equity investments carried at fair value, has dropped in the first nine months of 2011. This drop occurred specifically after the period in which Egyptian Stock market suffered serious distress, in conjunction an announcement was made by ERC on the EGX that the authorities in Egypt have withdrawn a previously allocated undeveloped plot of land. The decline in the carrying value of ERC shares held by the Group amounting to CHF 7.8 million is recognised in net (loss) on available-for-sale financial assets within other comprehensive income.

Further, due to the political events in Egypt and the related losses on the stock market, the fair value of the available-for-sale investment in Nasr City Company for Housing & Development has declined by CHF 22.8 million, which is also recognised in net loss on available-for-sale financial assets within other comprehensive income.

The residual decrease in non current financial assets of CHF 1.2 million is due to foreign exchange differences caused by the strong CHF compared to the EGP.

Current other financial assets declined by CHF 1.5 million due to the Greek bonds as well as a time deposit in Morocco were redeemed on maturity in the first six months of 2011, the Group reinvested the available funds into monetary mutual funds in Morocco.

17. Inventories

Inventory increased mainly due to development activities in Oman (CHF 68 million), Switzerland (CHF 15 million) and Morocco (CHF 5 million) as well as due to various development projects in Egypt (CHF 24 million).

18. Trade and other receivables

The decrease is mainly caused by trade receivables in Egypt and Oman due to the economic slowdown as well as the related foreign exchange losses compared to CHF.

19. Other current assets

Other debit balances, reported in other current assets, include deferred proceeds of CHF 8.0 million from the sale of all interests in Joud Fund 1, 2, 3 and 4 net of the impairment charge of CHF 25 million of which CHF 15 million was recorded against other debit balances at 31 December 2010 to cover any shortfall that might occur as a result of the recent political developments in the Middle East region. In the first nine months an additional impairment charge of CHF 10 million was recorded. .

The remaining decrease in other current assets is mainly due to foreign exchange differences as explained further in note 22.

20. Issued and paid-up capital

Issued and paid-up capital as of 30 September 2011 amounts to CHF 662 201 010 and is divided into 28 543 147 registered ordinary shares with a par value of CHF 23.20 per share.

At the Parent Company's general assembly meeting held on 23 May 2011 in Altdorf the decision was taken to renew and increase the authorized capital from CHF 155 878 to CHF

119 250 000 by issuing of up to 5 000 000 fully paid-up registered shares with a par value of CHF 23.85 each until 23 May 2013. With reference to the authorizations of the general assembly meeting the board of directors has increased the share capital of the Parent Company by a capital increase resolution on 14 July 2011 in the amount of CHF 7 871 191.65 through the issuance of 330 029 fully paid-up registered shares with a par value of CHF 23.85 each. The registered shares were issued at the price of CHF 29.00 each, corresponding to the closing price of the shares of the Parent Company on 11 July 2011, by a total of CHF 9 570 841. The 330 029 newly issued registered shares were fully paid up on 28 July 2011 by set-off against the claim of Mr. Samih Sawiris, pursuant to the Securities Lending Agreement.

On 23 May 2011, the General Meeting approved the reduction of the share capital by CHF 18 338 527 from CHF 672 882 864 to CHF 654 544 337 through a reduction in the par value of the registered shares by CHF 0.65 from CHF 23.85 to CHF 23.20. On 8 August 2011 the capital reduction through a reduction in the par value of the registered shares, including the newly issued registered shares mentioned above, was approved by a public deed and on 15 September 2011, the Company remitted to the shareholders an amount of CHF 18 553 046 which represents the amount approved on General meeting in addition to reduction in par value to newly issued shares.

21. Equity swap settlement

The condensed consolidated interim statement of changes in equity includes a balance of CHF 10.2 million outstanding at 30 September 2011 which is the Group's sale of the six percent stake in Garranah companies to the Garranah family during 2010. The unsettled consideration at 30 September 2011 amounts to CHF 10.6 million of which CHF 10.2 million is reported as a negative component. The remaining balance arising from such sale of CHF 0.4 million is classified as trade and other receivables.

The second transaction relates to the borrowed shares from Mr. Samih Sawiris and has resulted in the recognition of an amount owed to Mr. Samih Sawiris of CHF 14.5 million reported as a positive component as further explained in note 25.

Under the above mentioned securities lending agreement the Parent Company has returned 330 029 of the borrowed ODH shares to Mr. Samih Sawiris on 28 July 2011 by way of capital increase, which is further explained in note 20. The difference between the balance, which was reported in equity as "equity swap settlement", measured at the fair value of the share

at the end of the tender offer, and the amount of the capital increase was recognised in General reserve.

22. Foreign currency translation reserve

In the first six months of 2011 the US Dollar as well as the Egyptian Pound both dropped sharply by almost 15% against the Swiss Franc. In the last three months both currencies recovered significantly reducing the decrease for the nine-month period to 4% (USD) respectively 6% (EGP). As these are still the main currencies within the Group this decline in the foreign currency conversion rates still led to a significant decrease in the foreign currency translation reserve balance since 31 December 2010 by CHF 33.6 million. Also various other balance sheet line items were materially affected by the strong Swiss Franc which explains some of the decreases in the balance sheet and is further mentioned or explained in the corresponding notes.

23. Borrowings

In order to finance working capital requirements, Orascom Housing Communities, a Group subsidiary, obtained the following new credit facility in the first nine months of 2011:

- Bank Audi – The Group obtained an Egyptian Pound denominated revolving credit facility for EGP 19,103,000 (CHF 2 899 071) expiring in January 2012 which bears a fixed interest rate of 10.10% as at 30 September 2011.

Security: Pledge on Time Deposit

The increase in draw-downs of credit facilities was mainly set-off by repayments of loans and foreign exchange differences, which is further described in note 22.

24. Trade and other payables

Despite the economic slowdown as well as the related foreign exchange losses compared to CHF trade and other payables increased by CHF 4.4 million in the first nine months of 2011 due to a decrease in construction work in Oman by (CHF 5.5 million) and an increase in Switzerland (CHF 9.9 million).

25. Related party transactions

Iskan International Project W.L.L. Inc. (Iskan) entered into a purchase agreements with Sifah Tourism Development Company (S.A.O.C) and Salalah Beach Tourism Development

Company (S.A.O.C) to acquire 165 real estate properties. Mr. Samih Sawiris is a major shareholder in Iskan. The other shareholders in Iskan are Oasis Investments and Management ("OIM") and Oman Touristic Developments. The contracts have a value of US\$ 61.5 million (equals CHF 55.7 million) and are based on normal commercial terms and conditions. Iskan transferred the amount of US\$ 12 million (equals CHF 10.9 million) as a down-payment. Trade and other receivables balances in the Group's condensed consolidated interim financial statements at 30 September 2011 include outstanding receivables in connection with this transaction in the amount of US\$ 26.4 million (equals CHF 23.9 million). No related revenue has been recognized during the current period.

On 3 December 2010, the Parent Company borrowed 1 286 353 ODH shares from Mr. Samih Sawiris free of charge under a securities lending agreement. These shares were intended to be used for the tender offer regarding the buy-out of the remaining shareholders of Orascom Hotels & Development SAE (OHD), a company listed at the EGX. For information on the outcome of this tender offer which was completed on 18 January 2011 refer to note 6. The borrowed ODH shares were not accounted for as treasury shares by the Group, as Mr. Samih Sawiris retained the significant rights, such as dividend and voting rights, during the borrowing period as per contractual provisions. Under the above mentioned securities lending agreement the Parent Company has returned 330 029 of the borrowed ODH shares to Mr. Samih Sawiris on 28 July 2011 by way of capital increase, which is further explained in note 20. The remaining 956 324 shares, which were not used during the above mentioned tender offer, are to be returned to Mr. Samih Sawiris by EGX. The difference between the balance, which was reported in equity as "equity swap settlement", measured at the fair value of the share at the end of the tender offer, and the amount of the capital increase was recognised in general reserve.

26. Non-cash transactions

The Group entered into a securities lending agreement with Mr. Samih Sawiris in course of the buy-out of the OHD minority shareholders. Details are provided in note 25.

27. Commitments for expenditure

The following commitments for expenditure have been made for the future development of the respective projects at 30 September 2011 (in CHF):

Salalah Beach Tourism Development Company (S.A.O.C)	1 879 641
Sifah Tourism Development Company (S.A.O.C)	5 001 264
Andermatt Swiss Alps AG (i)	8 000 000
Luštica Development A.D.	2 435 200
Eco-Bos Development Limited (ii)	57 569 345

(i) The Swiss subsidiary Andermatt Swiss Alps AG (ASA) has obligations towards the canton of Uri and the municipality of Andermatt. ASA is responsible for the construction of certain parts of the tourism resort Andermatt. Within certain periods of time or should the construction work be stopped for whatever reason, ASA has the obligation to rebuild the relevant plots of land to the original state. At 31 December 2010, 4,400 ASA shares with a nominal value of CHF 1,000 each, amounting to a total book value of CHF 4.4 million, have been pledged as a security to the canton and municipality. During the current period, the amount of pledged shares with a nominal value of CHF 1,000 has been increased from 4,400 to 7,000. Additionally, land with a value of CHF 1.0 million has been pledged under this transaction in 2011 and the security towards the canton of Uri will amount to CHF 8.0 million.

(ii) The UK subsidiary Eco-Bos Development Ltd. is committed to purchase three plots of land from Imerys, a multinational industrial minerals company, to develop an integrated Eco Town in Cornwall, UK.

28. Litigation

The financial statements of Falcon Company for Hotels ("Falcon") were incorporated into ODH's consolidated financial statements at 31 December 2008 in accordance with the International Financial Reporting Standards, as a result of the business combination previously effected through one of ODH's subsidiaries whereby control had existed over Falcon at that time.

Subsequent to the first time consolidation, but prior to the completion of the transfer of the legal title on the Egyptian Stock Exchange (EGX), a dispute over the Falcon securities purchase agreement had arisen. At the beginning of October 2009, the Group ceased

consolidating Falcon due to changes in Falcon's management resulting in a loss of control for the Group which was one of the reasons of the dispute.

29. Significant Events during the current period

Political situation in Egypt

As already mentioned in the annual financial statements for the year ended 31 December 2010 substantial political events took place in Egypt since January 2011 that impacted almost all economic sectors. This has led and will probably continue to lead to a decline in economic activities in future periods. As described in note 7, the turmoil and the vulnerability and reliability of market condition in Egypt had a significant impact on the Group's operations in the current period. Management expects that the situation in Egypt, which is still insecure, may have a further impact on the Group's operations, financial and non-financial assets, in future financial periods, specifically after management assessment of whether any objective evidence of impairment may exist and can be reliably measured. For the purpose of disclosure, management estimates that the Group's hotel business will experience a drop of approximately 30% in FY 2011 based on the current circumstances. On a positive note, the Group's real estate contracted sales during the first nine months of 2011 are almost in line with the same period last year. This is mainly due to the strategic direction that the Group has adopted, since its listing on the SIX, in diversifying its revenues across different geographical areas.

Furthermore, effect of political situation in Egypt over Property, plant and equipment, Goodwill, Investment in associates and Other financial assets are under assessment for impairment.

Delisting OHD from EGX

The Parent Company plans to start the process of completely delisting OHD from the EGX, as per article 35 of the EGX listing rules, without having to call for an OHD Extraordinary General Assembly Meeting.

Change in tax brackets in Egypt

On 26 June 2011 a new tax bracket has been set by the government that is effective on all entities starting from the first of July 2011. The new tax bracket is 25% for the profit in excess of 10 million which shall affect the deferred tax calculation based on the new enacted tax rate. Management expects that the extraordinary political events arising from the 25th of

January political uprising will affect the Egyptian economy in all industries, specially the tourism and the real estate sectors which are the main activities of the group. The Group has incurred losses during the period as result of these events (See note 7 for further details), therefore, management has significant uncertainty about the results of the group attributable to the Egyptian entities at year-end. Accordingly, no adjustments have been made on the balances of the deferred tax during the period and these will be re-assessed at year end.

30. Approval of condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by the management and board of directors on 16 November 2011.