

ORASCOM
DEVELOPMENT
2011 Earnings Release

Q2

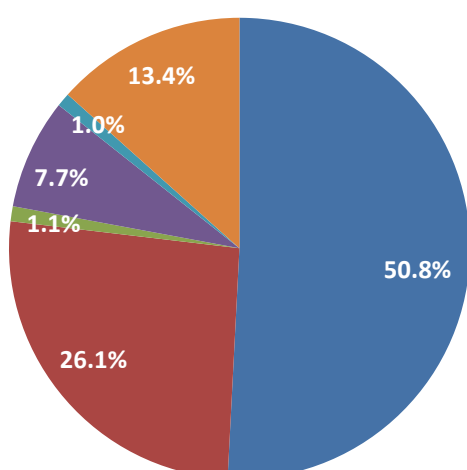


Key financials

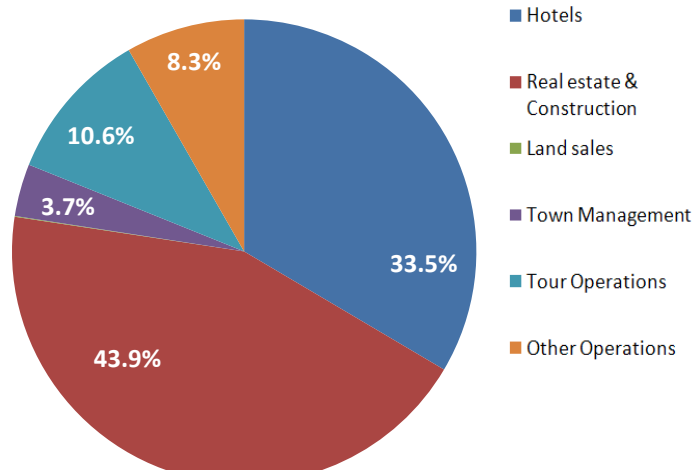
Income Statement Indicators	H1 2011	H1 2010	% Change
Total revenues	106,688,764	282,604,348	(62%)
Hotels	54,218,066	94,659,078	(43%)
Real estate and construction	27,795,056	124,051,422	(78%)
Land sales	1,128,217	138,510	715%
Town management	8,248,291	10,322,723	(20%)
Tours operations	1,020,487	30,022,459	(97%)
Other operations	14,278,647	23,410,156	(39%)
Gross profit	16,333,355	84,385,636	(81%)
Gross profit margin	15%	30%	(50%)
Loss/Profit for the period (before non-controlling interest)	(15,798,044)	70,628,669	(122%)
Loss/Profit for the period (after non-controlling interest)	(13,712,054)	50,938,098	(127%)
Basic and diluted earnings per share (EPS)	(0.49)	2.19	(122%)
EBITDA	5,309,809	109,015,003	(95%)
EBITDA margin	5%	39%	(87%)

Revenue distribution by segment

H1 2011



H1 2010



Balance Sheet Indicators	H1 2011	12M 2010	% Change
Total assets	1,882,236,711	2,093,438,187	(10%)
Total liabilities	812,115,126	900,294,363	(10%)
Total equity	1,070,121,585	1,193,143,824	(10%)
Net debt¹	314,524,036	235,315,984	34%
Net debt / EBITDA	59.23	2.16	2642%
Net debt / Market Cap	0.40	0.18	122%
Leverage ratio	0.76	0.75	1.3%
Equity ratio	0.57	0.57	-

¹ Net debt is calculated by deducting cash and bank balances from total borrowings.

Period in review

Total revenues

H1 2011: CHF 107 million
H1 2010: CHF 283 million

Gross profit

H1 2011: CHF 16 million
H1 2010: CHF 84 million

EBITDA

H1 2011: CHF 5 million
H1 2010: CHF 109 million

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

H1 2011: CHF 14 million losses
H1 2010: CHF 51 million

During the second quarter 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. The slowdown in the Group's performance during the period is attributable to a number of reasons, including:

(1) The extraordinary events that took place in Egypt and other countries in the Middle East made business operations very difficult.

(2) The fluctuations in exchange rates, more specifically the strengthening Swiss Francs against US dollars led to CHF 14 million in losses. This balance is reflected within other gains and losses, which amounted to CHF 12 million of losses after factoring for other items. In addition, the Group incurred losses of CHF 97 million in relation to currency translations, which affected shareholders equity on the balance sheet, according to IFRS requirements.

(3) The Group established a CHF 5 million as provision for general contingencies, following the events in Egypt, increasing the country's total provision balance to CHF 20 million.

(4) 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 slightly rebounded during the second quarter following the removal of most travel bans on Egypt, however, did not offset the first quarter's poor performance and were lagging behind last year. The number of flight connections remains subdued because capacities have been shifted to other destinations and these will only be re-allocated to Egypt over time.

(5) 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 units under construction. As a result, real estate and construction revenues with a total balance of CHF 33 million were shifted to other financial periods. Furthermore, deprived sales opportunity led to a lost potential of recognizing CHF 6 million of revenues in relation to land (typically 15% from the value of contract). Management foresees a prolonged impact on real estate sales throughout its Middle Eastern operations at least until year end. Moreover, some events in the Middle East affected the pace of construction activities in the Group's projects within the region. Fluctuations in exchange rates also contributed by 17.5% to the drop in segmental revenues.

Total consolidated revenues amounted to CHF 107 million (H1 2010: CHF 283 million). Gross profit amounted to CHF 16 million (H1 2010: CHF 84 million). EBITDA was CHF 5 million (H1 2010: CHF 109 million) with an EBITDA margin of 5% despite the significant turmoil in Egypt, the Group's biggest market. Profit for the period (profit after non-controlling interests) decreased to a loss of CHF 14 million (H1 2010: CHF 51 million).

The Group's net debt increased by CHF 79 million to CHF 315 million (12M 2010: CHF 235 million), with a buoyant leverage ratio of 0.76x (H1 2010: 0.75x), an average borrowing maturity of 6 years, gearing ratio of 0.29x and a weighted average cost of debt of 6.48%. Current borrowings have been drawn in various currencies: 43% in US dollars followed by Egyptian Pounds (36%), Euros (16%), with Swiss Francs and UAE

Dirhams accounting for the balance. Moreover, the Group cash position decreased by CHF 104 million to CHF 172 million (12M 2010: CHF 276 million), as a result from limited ability to generate cash from operations during the period, where two new credit facilities were signed for a total of approximately CHF 55 million.

During the period, work in progress (inventory) increased by CHF 50 million mainly in Switzerland and Oman, in addition to CHF 3 million of developments in Morocco, indicating the Group's commitment to its development plans for 2011. The Group is currently reviewing its long term capital expenditure program in light of changes taking place throughout various countries in which it operates, and expects to publish a detailed guideline for the next five years on its website during Q4 2011.

The third and fourth quarters are normally the main contributors to revenues and profits, and therefore, the results of H1 2011 should not be indicative of 2011 full-year performance. Nevertheless, the turmoil in Egypt and the Arab world has adversely impacted the business in the region. We have witnessed lower real estate sales and hotel occupancy rates continue to remain below normal levels. However, our European activities largely remain unaffected by these events. Orascom Development 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 June 2011. For more details on the business segments performance, please refer to page 14.

1- Hotels

Total revenues

H1 2011: CHF 54 million
H1 2010: CHF 95 million

Segment Results

H1 2011: CHF 0.9 million
H1 2010: CHF 25 million

Operating hotel rooms

H1 2011: 6,520 rooms
H1 2010: 6,490 rooms

TRevPAR

H1 2011: CHF 50
H1 2010: CHF 81

Occupancy rate

H1 2011: 48%
H1 2010: 72%

The Group currently own 26 operating hotels (including one floating hotel) with a total 6,520 rooms. 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), and six hotels (1,826 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 June 2011 (H1 2010: 33%). 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.

As a result of the circumstances in Egypt, massive cancellation of room reservations took place, along the rerouting of flights by operators, following the issuance of security warnings and travel bans by many of the Group's feeder markets during January 2011, which had a noticeable impact on the tourism sector's performance during the first quarter and continued to affect the operations of our hotels during the second quarter. This led to a 43% decrease in the segment's revenue to CHF 54 million (H1 2010: CHF 95 million), as 91% of the Group's operating hotel rooms are in Egypt. The segment results amounted to CHF 0.9 million (H1 2010: CHF 25 million), with an average occupancy rate of 48% (H1 2010: 72%), an Average Room Rate (ARR) of CHF 57 (H1 2010: CHF 62) and a TRevPAR of CHF 50 (H1 2010: CHF 81). The decrease in ARR resulted from the fluctuation in exchange rates which affected the Group's operations twice, as the Euro, which is the main currency under which contracts are signed with Tour Operators, lost grounds against the US dollars and Egyptian Pound, where the later is pegged to the US dollar. Moreover, the strengthening Swiss Franc further weakened ARR.

The following table provides an overview of our hotels and their performance, grouped by star rating, for the period ending 30 June 2011.

Hotels	5 stars	4 stars	3 stars	2 stars	Total/ average
Operating Hotels					
# hotels	11	11	3	1	26
# rooms	3,788	2,521	143	68	6,520
ARR (CHF)	63	50	36	29	57
Average occupancy (%)	47%	50%	48%	34%	48%
RevPAR (CHF)	30	25	17	10	27
TRevPAR (CHF)	54	47	31	15	50
Total revenue (CHFm)	37	16	0.8	0.2	54
GOP total (CHFm) ¹	11.0	6.2	0.2	0.002	17.4 ²
GOP per room (CHF)	2,893	2,462	1,565	29	2,667
GOP margin (%)	30%	39%	25%	1%	32%

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	H1 2011	H1 2010
Gross operating income	27,109,373	68,355,812
General and administration expenses	(9,018,585)	(12,727,120)
Sales and marketing expenses	(2,011,850)	(3,969,056)
Utilities	(4,852,939)	(7,031,941)
Repair and maintenance fees	(1,871,302)	(2,401,160)
Basic fees	(843,107)	(1,783,916)
Elimination & Adjustments	8,879,775	6,043,800
Gross operating profit	17,391,365	46,486,419

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

	Number of Rooms		Occupancy Rate		TRevPAR ¹		ARR	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
I- Hotels								
Egypt								
El Gouna ²	2,694	2,571	47%	73%	42	87	51	68
Taba Heights	2,365	1,980	49%	73%	46	61	47	43
Other hotels, Red Sea	828	828	38%	81%	24	72	33	47
Egypt subtotal	5,887	5,379	46%	74%	41	75	47	55
Other regions								
The Cove, UAE	346	335	77%	63%	184	193	136	171
Marina Plaza, Jordan	260	267	55%	47%	55	57	67	81
Other regions subtotal	606	602	67%	56%	128	132	112	137
Total hotels	6,493	5,981	48%	72%	49	81	55	62
II- Floating hotels								
Floating hotels, Egypt ³	27	509	33%	68%	330	78	673	69
Floating hotels subtotal	27	509	33%	68%	330	78	673	69
Total hotels segment	6,520	6,490	48%	72%	50	81	57	62

¹ 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.

² As at 30 June 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.

³ H1 2010 Key performance indicators for floating hotels included 9 floating hotels that are no longer presented, following the execution of the Garrarah transaction.

I- Hotels

Egypt

A) El Gouna

El Gouna achieved an average occupancy rate of 47% (H1 2010: 73%) with an ARR of CHF 51 (H1 2010: CHF 68) and a TRevPAR of CHF 42 (H1 2010: CHF 87). Room occupancies slightly improved from 44% in Q1 2011 due to the increase in the number of guests from some of the main feeder markets including Germany, Belgium and the Scandinavian market. Whilst these occupancies are relatively low when compared to previous periods, it is higher than in other Egyptian destinations as El Gouna is perceived as a "more secure" environment. During summer, European travelers have many options and decided earlier this year to visit "safer" countries. Tour operators reduced flight capacities and are expected to improve during the winter season.

B) Taba Heights

Taba Heights achieved an average occupancy rate of 49% (H1 2010: 73%) with an ARR of CHF 47 (H1 2010: CHF 43), and a TRevPAR of CHF 46 (H1 2010: CHF 61). Improvement in room occupancies is attributed mainly to the high percentage of return guests. The newly opened ClubMed had a positive impact. Unfortunately, the closure of Taba Heights Marina, resulted in fewer arrivals from Jordan and also reduced the number of guests who would potentially stay in Taba Heights.

C) Other hotels, Red Sea

Our Red Sea hotels achieved an average occupancy rate of 38% (H1 2010: 81%) with an ARR of CHF 33 (H1 2010: CHF 47), and a lower TRevPAR of CHF 24 (H1 2010: CHF 72). The decrease in room occupancies resulted from fewer tourists' arrivals from the main feeder markets being Eastern European and Russia, which were closed by a travel ban until late April 2011.

Other regions

A) United Arab Emirates

The Cove Rotana Resort & Spa achieved an average occupancy rate of 77% (H1 2010: 63%) with an ARR of CHF 136 (H1 2010: CHF 171), and a TRevPAR of CHF 184 (H1 2010: 193). This property took advantage of the fact that many guests redirected their holiday to UAE destinations.

B) Jordan

Marina Plaza achieved a TRevPAR of CHF 55 (H1 2010: CHF 57) and an average occupancy rate of 55% (H1 2010: 47%) with a lower ARR of CHF 67 (H1 2010: CHF 81).

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. Zahra Oberoi achieved an average occupancy rate of 33% (H1 2010: 75%) with an ARR of CHF 673 (H1 2010: CHF 783), and a TRevPAR of CHF 330 (H1 2010: CHF 807). Zahra Oberoi is one of few cruisers that still operate in the Nile during these difficult times while maintaining a relatively high ARR.

2- Real estate and construction

Total revenues

H1 2011: CHF 28 million
H1 2010: CHF 124 million

Segment Results

H1 2011: CHF 9 million
H1 2010: CHF 48 million

Total value of contracted units

H1 2011: CHF 65 million
H1 2010: CHF 70 million

Total number of contracted units (incl. basic affordable housing)

H1 2011: 200
H1 2010: 989

Total value of deferred income

H1 2011: CHF 190 million
H1 2010: CHF 243 million

The real estate and construction segment accounted for 26% of our total revenues during H1 2011 (H1 2010: 44%). Real estate and construction revenues decreased by 78% to CHF 28 (H1 2010: CHF 124 million), mainly due to the events in Egypt, which caused 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 units under construction. Furthermore, deprived sales opportunity led to a lost potential of recognizing CHF 6 million of revenues in relation to land (typically 15% from the value of contract). Management expects a continued slowdown in real estate sales throughout its Middle Eastern operations until end of year. Moreover, some events in the Middle East affected the pace of construction activities in the Group's projects within the region. Fluctuations in exchanges rates also contributed by 17.5% to the drop in segmental revenues.

The Group's portfolio of projects is balanced and diversified in terms of geography, stages of development, and target customer, and provides for additional protection against economic downturn, witnessed by the fact that the decrease in the total value of contracted real estate units in the Egyptian destinations (excluding basic affordable housing) was offset by sales in the Andermatt Swiss Alps, Switzerland and by the commencement of real estate presales in Chbika, Morocco. Total value of contracted units (excluding basic affordable housing) increased by CHF 12 million to CHF 62 million (H1

2010: CHF 50 million), representing a total of 69 units (H1 2010: 78 units). Total value of deferred income decreased by 22% reaching CHF 190 million (H1 2010: CHF 243 million), where the fluctuation in exchange rates negatively affected this balance sheet item by CHF 40 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 June 2011.

	H1 2011	H1 2010
Real Estate Sales (excluding basic affordable housing)		
Off-plan sales during financial period (# units)	69	78
Off-plan sales during financial period (in CHFm)	62.64	50.41
Average price per m ² (CHF)	5,850	2,975
Real Estate Sales (basic affordable housing)		
Sales during financial period (# units)	131	911
Sales during financial period (in CHFm)	2.48	20.04
Average price per m ² (CHF)	312	355
Real Estate segment performance		
Total revenue (CHFm)	27.79	124.05
GOP total (CHFm) ^{1 & 2}	11.83	51.76
GOP margin (%)	43%	42%

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	H1 2011	H1 2010
Gross operating income	12,944,222	58,648,579
General and administration expenses	(8,921,260)	(11,664,173)
Sales and marketing expenses	(1,691,596)	(2,798,222)
Utilities	(564,699)	(638,406)
Repair and maintenance fees	(232,741)	(475,877)
Basic fees	(2,393,146)	(1,116)
Elimination & Adjustments	12,695,271	8,691,662
Gross operating profit	11,836,051	51,762,447

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

	Average selling price/m ²		Total value of contracted units ¹ (CHF millions)		Number of contracted units	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
I- Egypt						
El Gouna	2,735	3,721	10.88	33.50	18	42
Fayoum	1,089	1,189	1.43	4.03	10	25
Haram City	313	357	2.47	19.97	130	904
Egypt subtotal	987	729	14.78	57.50	158	971
II- U.A.E.²						
The Cove	-	2,545	-	1.98	-	3
UAE subtotal	-	2,545	-	1.98	-	3
III-Oman						
Jebel Sifah	2,773	3,219	3.26	5.15	4	4
Salalah Beach	2,415	3,030	3.09	5.82	9	11
Oman subtotal	2,545	3,103	6.35	10.97	13	15
IV- Switzerland						
Andermatt Swiss Alps	18,453	-	41.87	-	17	-
V- Morocco						
Chbika	1,323	-	2.11	-	12	-
Total real estate	3,393	843	65.11	70.45	200	989
Total real estate (excluding basic affordable housing)	5,850	2,975	62.64	50.41	69	78

¹ Total value of contracted units reflects balances secured from the pre-sales of residential units off the master plan, which only applies to residential real estate products. However, this does not apply to the basic affordable products, which are typically contracted and delivered at the same step.

² The Cove witnessed no sales during H1 2011 as there are no more real estate units in stock that are available for sale.

The political reform in Egypt, Oman and Morocco has resulted in a state of economic uncertainty. This, in turn, directly affected our real estate presales, as would be expected. Moreover, a shift in demand has taken place where higher ticket real estate purchases have been replaced by lower priced units, or even postponed.

I- Egypt

El Gouna

During H1 2011, the total value of contracted units amounted to CHF 11 million (H1 2010: CHF 33 million) for 18 pre-sold units (H1 2010: 42 pre-sold units), sold at an average selling price per square meter of CHF 2,735/m² (H1 2010: CHF 3,721/m²). It should be highlighted that 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, where the medium and economic categories specifically Ancient Sands and Sabina apartments accounted for 91% of total units sold in H1 2011, in comparison to 50% for the same period last year. Moreover, the firming of the Swiss Francs exchange rate against US dollars accounted for part of the differences.

Fayoum

By the end of H1 2011, the total value of contracted units amounted to CHF 1 million (H1 2010: CHF 4 million), with 10 pre-sold units (H1 2010: 25 pre-sold units) at the average selling price of CHF 1,089/m² (H1 2010: CHF 1,189/m²). The current situation in Egypt led to a slowdown in sales which came to almost a complete halt during the period; it is difficult to establish a market trend for Byoum due to its proximity to the Greater Cairo area.

Haram City

By the end of H1 2011, the total value of contracted units amounted to CHF 2 million (H1 2010: CHF 20 million) with a total of 130 units (H1 2010: 904 units) sold at the average selling price of CHF 313/m² (H1 2010: CHF 357/m²). Following the events that took place in Egypt, specifically the vandalism and security issues which were controlled but dramatically affected this niche product, Haram City witnessed a steep drop in sales and revenues. By the beginning of 2011, almost all new sales were from Haram Life, a new phase of real estate units that are offered and sold off the master plan, where the affordable housing products will be offered by following the same generic business model applied to luxury products.

II- Oman

By the end of H1 2011, the total value of contracted units amounted to CHF 6 million (H1 2010: 11 million) for 13 units (H1 2010: 15 units) at the average selling price of approximately CHF 2,545/m² (H1 2010: CHF 3,103). The real estate market situation in Oman is not clear given the changes taking place throughout the MENA region. The change in average selling price per square meter resulted from the shift in consumer demand in this market for lower priced units and not to changes in our pricing strategy, which remained stable.

III- Switzerland

By the end of H1 2011, the total value of contracted units amounted to CHF 42 million for a total of 17 units sold at an average selling price of approximately CHF 18,453/m². The Group remains committed to achieve the previously announced targeted value of real estate pre-sales of CHF 120 million for the fiscal year 2011. Switzerland has stepped up in terms of supporting the real estate and construction segment, where it currently represents 60% of the Group's real estate sales, amplifying its marketing and sales efforts to eventually reach or surpass the determined annual sales target. The total value of reservations amounted to CHF 30 million as at 30 June 2011, with an additional CHF 12 million of contracted units during July.

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 H1 2011, the total value of contracted units amounted to CHF 2 million for a total of 12 units sold at an average selling price of approximately CHF 1,323/m². The pilot launch of Chbika showed promise, however, being in the region and directly affected by the political reform wave, sales went stagnant for a while.

3- Land sales

Total revenues

H1 2011: CHF 1 million
H1 2010: CHF 0.1 million

Segment Results

H1 2011: CHF 1.1 million losses
H1 2010: CHF 1.6 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 1% from our total revenues during H1 2011 (H1 2010: 0.05%).

4- Town management

Total revenues

H1 2011: CHF 8 million
H1 2010: CHF 10 million

Segment Results

H1 2011: CHF 1.9 million losses
H1 2010: CHF 1.6 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 H1 2011 (H1 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)	H1 2011	H1 2010	% Change
Utilities	12.69	11.88	7%
Commercial services	3.28	5.46	(40%)
Urban services	1.22	1.22	-
Infrastructure and maintenance	1.17	1.85	(37%)
Community services	0.29	0.47	(38%)
Other	0.02	0.24	(92%)
Total segment revenues	18.68	21.13	(12%)
Intersegment revenues (eliminations)	(10.43)	(10.81)	(4%)
Town management revenues (from external customers)	8.25	10.32	(20%)

5- Tours operations

Total revenues

H1 2011: CHF 1 million
H1 2010: CHF 30 million

Segment Results

H1 2011: CHF 0.1 million losses
H1 2010: CHF 1.7 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 June 2011 (H1 2010: 11%).

6- Other operations

Total revenues

H1 2011: CHF 14 million
H1 2010: CHF 23 million

Segment Results

H1 2011: CHF 3 million
H1 2010: CHF 23 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 13.4% of our total revenues in the financial period ending 30 June 2011 (H1 2010: 8%). The following table provides an overview of the revenues generated by our other operations.

CHF million	H1 2011	H1 2010	% Change
Mortgage (real estate financing)	3.17	3.39	(6%)
Sport (golf)	1.99	3.60	(45%)
Rentals	6.37	5.90	8%
Hospital services	1.70	2.31	(26%)
Educational services	1.00	1.06	(6%)
Marina	0.91	1.11	(18%)
Limousine	0.60	0.81	(26%)
Laundry services	0.81	1.41	(43%)
Leasing	2.31	1.73	34%
Others	3.38	8.23	(59%)
Total segment revenues	22.24	29.55	(25%)
Intersegment revenues (eliminations)	(7.95)	(6.14)	29%
Total revenue from external customers	14.29	23.41	(39%)

Condensed consolidated statement of comprehensive income

For the period ended 30 June 2011

CHF	30 June 2011	30 June 2010 Restated
Continuing operations		
Revenue	106,688,764	282,604,348
Cost of sales	(90,355,409)	(198,218,712)
Gross profit	16,333,355	84,385,636
Investment income	5,415,262	3,159,867
Other gains and losses	(12,120,854)	25,569,354
Administrative expenses	(19,076,254)	(23,717,723)
Finance costs	(5,925,323)	(8,868,385)
Share of profit of associates	(649,179)	(28,743)
(Loss) / Profit before tax	(16,022,993)	80,500,006
Income tax expense	224,949	(9,871,337)
(Loss) / Profit for the period from continuing operations	(15,798,044)	70,628,669
Other comprehensive income, net of income tax		
Exchange differences arising on translation of foreign operations	(97,190,901)	15,264,868
Net gain on cash flow hedges	402,930	146,193
Net loss arising on revaluation of available-for-sale financial assets	(17,606,735)	(44,663)
Total other comprehensive income for the period, net of income tax	(114,394,706)	15,366,398
Total comprehensive income for the period	(130,192,750)	85,995,067
(Loss) / Profit attributable to:		
Owners of the company	(13,712,054)	50,938,098
Non-controlling interests	(2,085,990)	19,690,571
	(15,798,044)	70,628,669
Total comprehensive income attributable to:		
Owners of the company	(110,735,178)	64,823,919
Non-controlling interests	(19,457,572)	21,171,148
	(130,192,750)	85,995,067
Earnings per share from continuing operations		
Basic	(0.49)	2.19
Diluted	(0.49)	2.19

Condensed consolidated statement of financial position

As at 30 June 2011

CHF	30 June 2011	31 December 2010
Assets		
Non-current assets		
Property, plant and equipment	897,238,783	926,077,841
Investment properties	68,868,200	78,355,235
Goodwill	7,223,402	8,208,807
Investment in associates	30,699,532	35,397,484
Non-current receivables	87,410,429	94,719,641
Deferred tax assets	20,936,539	17,319,445
Finance lease receivables	15,964,904	13,740,381
Other financial assets	46,810,963	70,597,147
Total non-current assets	1,175,152,752	1,244,415,981
Current assets		
Inventories	316,741,000	260,175,662
Trade and other receivables	83,016,914	156,042,384
Finance lease receivables	3,157,165	2,478,257
Due from related parties	22,302,047	23,838,453
Other financial assets	130,260	10,808,861
Other current assets	109,366,119	119,225,619
Cash and bank balances	172,370,454	276,452,970
Total current assets	707,083,959	849,022,206
Total assets	1,882,236,711	2,093,438,187
Equity and liabilities		
Capital and reserves		
Issued capital	672,882,864	672,882,864
Reserves	(171,694,299)	(74,209,306)
Retained earnings	383,168,324	396,880,378
Equity attributable to owners of the company	884,356,889	995,553,936
Non-controlling interests	185,764,696	197,589,888
Total equity	1,070,121,585	1,193,143,824
Non-current liabilities		
Borrowings	250,017,670	270,832,587
Trade payables	30,361,141	35,921,963
Retirement benefit obligation	199,646	199,646
Notes payable	8,984,189	10,193,018
Deferred tax liabilities	27,836,529	27,993,241
Other financial liabilities	13,900,063	15,448,607
Total non-current liabilities	331,299,238	360,589,062
Current liabilities		
Borrowings	236,876,820	240,936,367
Trade and other payables	53,956,203	57,120,751
Due to related parties	5,524,282	2,614,098
Current tax liabilities	3,734,026	15,975,901
Provisions	50,714,471	56,779,789
Other current liabilities	130,010,086	166,278,395
Total current liabilities	480,815,888	539,705,301
Total liabilities	812,115,126	900,294,363
Total equity and liabilities	1,882,236,711	2,093,438,187

Condensed consolidated statement of changes in equity

For the period ended 30 June 2011

CHF	Issued capital	Share premium	Treasury shares	Hedging reserves	Investments revaluation reserve	Foreign currencies translation reserve	Reserve from common control transactions	Equity swap settlement	Retained earnings	Attributable to owners of the company	Non-controlling interests	Total
Balance at 1 January 2010	568,881,621	183,269,858	-	(2,324,214)	(85,800)	(75,348,038)	(108,051,503)	-	299,997,254	866,339,178	183,407,231	1,049,746,409
Impact of changes in accounting policies	-	-	-	-	-	-	-	-	1,962,296	1,962,296	13,736,073	15,698,369
Restated balance at 1 January 2010	568,881,621	183,269,858	-	(2,324,214)	(85,800)	(75,348,038)	(108,051,503)	-	301,959,550	868,301,474	197,143,304	1,065,444,778
Restated profit for the period	-	-	-	-	-	-	-	-	50,938,098	50,938,098	19,690,571	70,628,669
Other comprehensive income for the period, net of income tax	-	-	-	146,193	(44,663)	13,784,291	-	-	-	13,885,821	1,480,577	15,366,398
Total comprehensive income for the period	-	-	-	146,193	(44,663)	13,784,291	-	-	50,938,098	64,823,919	21,171,148	85,995,067
Reserve from common control transaction	-	-	-	-	-	-	1,462,236	-	-	1,462,236	-	1,462,236
Contracts over own shares	-	-	-	-	-	-	-	(10,220,295)	-	(10,220,295)	-	(10,220,295)
Non-controlling interest share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	(529,693)	(529,693)
Restated balance at 30 June 2010	568,881,621	183,269,858	-	(2,178,021)	(130,463)	(61,563,747)	(106,589,267)	(10,220,295)	352,897,648	924,367,334	217,784,759	1,142,152,093
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	995,553,936	197,589,888	1,193,143,824
Loss for the period	-	-	-	-	-	-	-	-	(13,712,054)	(13,712,054)	(2,085,990)	(15,798,044)
Other comprehensive income for the period, net of income tax	-	-	-	402,930	(17,606,735)	(79,819,319)	-	-	-	(97,023,124)	(17,371,582)	(114,394,706)
Total comprehensive income for the period	-	-	-	402,930	(17,606,735)	(79,819,319)	-	-	(13,712,054)	(110,735,178)	(19,457,572)	(130,192,750)
Reserve from common control transactions	-	-	-	-	-	-	(14,949,578)	-	-	(14,949,578)	-	(14,949,578)
Equity swap settlement	-	-	-	-	-	-	-	14,487,709	-	14,487,709	-	14,487,709
Non-controlling interest share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	7,632,380	7,632,380
Balance at 30 June 2011	672,882,864	242,272,821	(1,464,267)	(1,310,019)	(18,632,253)	(275,622,500)	(121,205,495)	4,267,414	383,168,324	884,356,889	185,764,696	1,070,121,585

Business segments

Overview

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

H1 2011 CHF	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Total segment revenue	54,218,066	63,668,264	1,128,217	18,678,739	1,020,487	22,232,270	160,946,043
Inter-segment revenue	-	(35,873,208)	-	(10,430,448)	-	(7,953,623)	(54,257,279)
Revenue from external customers	54,218,066	27,795,056	1,128,217	8,248,291	1,020,487	14,278,647	106,688,764
Segment results	870,408	9,055,439	(1,116,340)	(1,887,182)	(150,568)	2,648,939	9,420,696
Share of profits of associates							(649,179)
Other gains and losses							(2,596,937)
Investment income							336,306
Central administration costs and directors' salaries							(19,076,254)
Finance costs							(3,457,625)
Loss before tax (continuing operations)							(16,022,993)
Income tax expense							224,949
Profit for the period (continuing operations)							(15,798,044)

H1 2010 CHF	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Total segment revenue	97,232,171	147,669,223	3,434,738	21,130,844	31,333,031	29,553,857	330,353,864
Inter-segment revenue	(2,573,093)	(23,617,801)	(3,296,228)	(10,808,121)	(1,310,572)	(6,143,701)	(47,749,516)
Revenue from external customers	94,659,078	124,051,422	138,510	10,322,723	30,022,459	23,410,156	282,604,348
Segment results	24,681,954	47,705,426	(1,644,413)	(1,559,982)	1,683,360	22,874,574	93,740,919
Share of profits of associates							(28,743)
Other gains and losses							11,393,073
Investment income							1,374,703
Central administration costs and directors' salaries							(23,717,723)
Finance costs							(2,262,223)
Profit before tax (continuing operations)							80,500,006
Income tax expense							(9,871,337)
Profit for the period (continuing operations)							70,628,669

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 affordable 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 affordable housing in Egypt, catering for the mass population.

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