

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

**Q1**

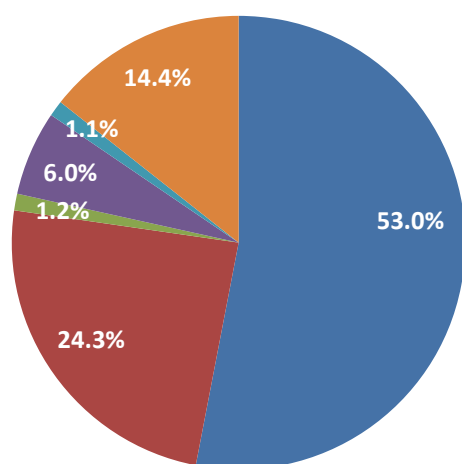


## Key financials

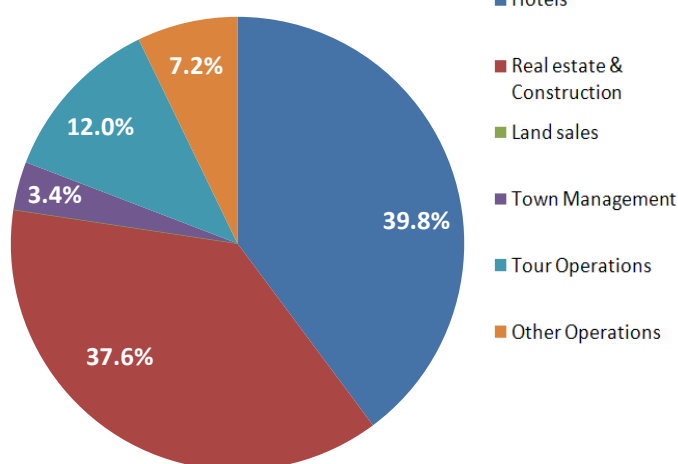
Income Statement Indicators	Q1 2011	Q1 2010	% Change
<b>Total revenues</b>	<b>52,916,110</b>	<b>116,624,627</b>	<b>(55%)</b>
Hotels	28,058,695	46,424,634	(40%)
Real estate and construction	12,834,755	43,818,675	(71%)
Land sales	623,810	8,984	6844%
Town management	3,200,557	4,011,176	(21%)
Tours operations	593,479	13,991,053	(96%)
Other operations	7,604,814	8,370,105	(10%)
<b>Gross profit</b>	<b>3,959,607</b>	<b>37,078,765</b>	<b>(89%)</b>
<b>Gross profit margin</b>	<b>8%</b>	<b>32%</b>	<b>(75%)</b>
<b>Profit for the year (before non-controlling interest)</b>	<b>(293,787)</b>	<b>36,030,935</b>	<b>(101%)</b>
<b>Profit for the year (after non-controlling interest)</b>	<b>601,188</b>	<b>26,467,894</b>	<b>(98%)</b>
<b>Basic and diluted earnings per share (EPS)</b>	<b>0.02</b>	<b>1.14</b>	<b>(99%)</b>
<b>EBITDA</b>	<b>4,945,400</b>	<b>55,870,729</b>	<b>(92%)</b>
<b>EBITDA margin</b>	<b>10%</b>	<b>48%</b>	<b>(80%)</b>

## Revenue distribution by segment

### Q1 2011



### Q1 2010



Balance Sheet Indicators	Q1 2011	Q1 2010	% Change
Total assets	2,037,475,938	2,093,438,187	(3%)
Total liabilities	882,893,221	900,294,363	(0.2%)
Total equity	1,154,582,717	1,193,143,824	(4%)
<b>Net debt<sup>1</sup></b>	<b>273,766,808</b>	<b>235,315,984</b>	<b>16%</b>
<b>Net debt / EBITDA</b>	<b>55.36</b>	<b>4.21</b>	<b>1215%</b>
<b>Net debt / Market Cap</b>	<b>0.23</b>	<b>0.14</b>	<b>64%</b>
<b>Leverage ratio</b>	<b>0.79</b>	<b>0.75</b>	<b>5%</b>
<b>Equity ratio</b>	<b>0.57</b>	<b>0.57</b>	<b>2%</b>

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

## Period in review

### Total revenues

Q1 2011: CHF 53 million  
Q1 2010: CHF 117 million

### Gross profit

Q1 2011: CHF 4 million  
Q1 2010: CHF 37 million

### EBITDA

Q1 2011: CHF 5 million  
Q1 2010: CHF 56 million

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

Q1 2011: CHF 0.6 million  
Q1 2010: CHF 26 million

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During the first quarter of 2011, the Group witnessed the Egyptian revolution that took place following a popular uprising that began on 25 January 2011. The uprising was mainly a campaign of non-violent civil resistance, which featured a series of demonstrations and ended with the overthrow of the Egyptian President's regime. During the uprising, all banks were forced to shut down while the Egyptian Stock Exchange (the EGX) closed for an elongated period of almost 40 working days. Furthermore, many countries have placed travel bans on Egypt, where tourism receipts took the hardest hit ever. On a positive note, due to the fact that the Red Sea in particular was an unaffected area, during the uprising, and that some political and economic progress has been observed, tourism flow has started coming back. The question of returning back to the year on year levels depends not only on the pace of normalization in Egypt, but also on how quickly concerns about the broader region subside.

The slowdown in the Group's performance during the period is attributable to a number of reasons:

- (1) The extraordinary events that took place in Egypt and other countries in the Middle East made business operations very difficult.
- (2) 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 improved during the second quarter following the removal of most travel bans on Egypt. However, 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.
- (3) The events led to a slowdown in construction activities in the Group's Egyptian operations for almost 50 days, meaning that no real estate and construction revenues were recognized from real estate units under construction. Moreover, some events in the Middle East 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 where the Group is optimistic to reduce the variance in the real estate and construction segment's revenues compared to last year. A balance of CHF 33 million of real estate and construction revenues will be recognized in future financial periods, and is currently booked as deferred income.
- (4) Real estate reservations with a balance of CHF 50 million were not booked as part of the total value of contracted units during Q1 2011, due to the difficulties in handling many administrative activities required to convert those reservations into contracted units, which are spread between Switzerland, Oman and Morocco. The balance of real estate reservations will be booked during Q2 2011.

Total consolidated revenues amounted to CHF 53 million (Q1 2010: CHF 117 million) with a drop of 55%. Gross profit amounted to CHF 4 million (Q1 2010: CHF 37 million). EBITDA was CHF 5 million (Q1 2010: CHF 56 million) with an EBITDA margin of 10% despite the significant turmoil in Egypt, the Group's biggest market. Profit for the year (profit after non-controlling interests) decreased by 98% to CHF 0.6 million (Q1 2010: CHF 26 million).

Despite the events affecting the Group's Middle Eastern operations, the Group's capital structure remains solid with a net debt of CHF 274 million (Q1 2010: CHF 235 million), a leverage ratio of 0.79x (Q1 2010: 0.75x), an average borrowing maturity of 7.2 years, and a weighted average cost of debt of 6.29%. Current borrowings have been drawn in various currencies: 44% in US dollars followed by Egyptian Pounds (35%), Euros (16%), with Swiss Francs and UAE Dirhams accounting for the balance. Moreover, Net debt / Market Cap reached 0.23x (Q1 2010: 0.14x). The Group maintained a sound cash position of CHF 241 million (Q1 2010: CHF 276 million), which will allow future investments in order to advance the Group's numerous projects.

During the period, work in progress (inventory) increased by CHF 25 million mainly in Oman and Switzerland, in addition to CHF 5 million of developments in the basic affordable housing segment, indicating the Group's commitment to its development plans for 2011. Three new hotels openings are expected in Oman and Egypt, adding 131 rooms to the existing capacity. In Jebel Sifah, Sifawy marina boutique hotel is scheduled for opening in the third quarter, offering 55 rooms and suites. While in Salalah Beach, Juweira marina boutique hotel is scheduled for opening in the fourth quarter, with a total capacity of 65 rooms and suites. In El Gouna, a luxurious boutique hotel is planned to offer 11 luxury suites during the fourth quarter.

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, where the decrease in the total value of contracted real estate units in the Egyptian destinations was offset by contracts signed in the Andermatt Swiss Alps, Switzerland and in Chbika, Morocco – following the launch of real estate presales for the later during Q1 2011, thus offsetting the drop in the total value of contracted units, which amounted to CHF 27 million in comparison to CHF 31 million for last year. Moreover, total value of contracted units (excluding basic affordable housing) increased by CHF 0.46 million to CHF 26.10 million (Q1 2010: CHF 25.65 million), in line with management expectations for the period. This is primarily due to the strategic direction that the Group has adopted, since its listing on the SIX, in diversifying revenues across different geographical areas.

In consideration of the special situation in Egypt and the seasonality in the company's business, first quarter results should not be indicative of 2011 full-year performance. The third and fourth quarters are normally the most important contributors to top line revenues as well as the bottom line. Nevertheless, the turmoil in Egypt and the Middle East reduced visibility of the business in the region. The expansion of international activities will advance without interruption and real estate pre-sales are expected to remain on a good level. The Group estimates that the diversification of its revenues across different geographical areas will continue and thereby broaden its operations. Real estate sales target in Andermatt for 2011 remains unchanged at CHF 120 million.

## 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 Q1 2011. For more details on the business segments performance, please refer to page 14.

### 1- Hotels

#### Total revenues

Q1 2011: CHF 28 million  
Q1 2010: CHF 46 million

#### Segment Results

Q1 2011: CHF 0.5 million  
Q1 2010: CHF 6.5 million

#### Operating hotel rooms

Q1 2011: 6,520 rooms  
Q1 2010: 6,479 rooms

#### TRevPAR

Q1 2011: CHF 51  
Q1 2010: CHF 78

#### Occupancy rate

Q1 2011: 46%  
Q1 2010: 70%

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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 53% of our total revenues in the financial period ending 31 March 2011 (Q1 2010: 40%). 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 Q1 2011. This led to a 40% decrease in the segment's revenue to CHF 28 million (Q1 2010: CHF 46 million), as 91% of the Group's operating hotel rooms are in Egypt. The segment results amounted to CHF 0.5 million (Q1 2010: CHF 6.5 million), with an average occupancy rate of 46% (Q1 2010: 70%), an Average Room Rate (ARR) of CHF 60 (Q1 2010: CHF 64) and a TRevPAR of CHF 51 (Q1 2010: CHF 78).

The following table provides an overview of our hotels and their performance, grouped by star rating, for the period ending 31 March 2011.

Hotels	5 stars	4 stars	3 stars	2 stars	Total/ average
<b>Operating Hotels</b>					
# hotels	11	11	3	1	26
# rooms	3,788	2,521	143	68	6,520
ARR (CHF)	69	48	38	29	60
Average occupancy (%)	46%	46%	43%	20%	45.5%
RevPAR (CHF)	31	22	16	6	27.2
TRevPAR (CHF)	58	43	29	11	51
Total revenue (CHFm)	19.5	8.1	0.4	0.1	28.1
GOP total (CHFm) <sup>1</sup>	5.5	1.6	0.1	(0.03)	7.09 <sup>2</sup>
GOP per room (CHF)	1,445	615	649	(382)	1,088
GOP margin (%)	28%	20%	25%	(30%)	25.3%

<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	Q1 2011	Q1 2010
Gross operating income	12,735,213	29,502,192
General and administration expenses	(2,618,884)	(3,817,548)
Sales and marketing expenses	(1,468,734)	(1,498,753)
Utilities	(2,425,755)	(3,068,595)
Repair and maintenance fees	(1,827,691)	(2,700,400)
Basic fees	(299,905)	(377,873)
Eliminations and adjustments	2,996,744	1,541,327
<b>Gross operating profit</b>	<b>7,090,988</b>	<b>19,580,350</b>

As of 31 March 2011, the Group's operating hotels segment indicators were as follows.

	Number of Rooms		Occupancy Rate		TRevPAR <sup>1</sup>		ARR	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
<b>I- Hotels</b>								
<b>Egypt</b>								
El Gouna <sup>2</sup>	2,694	2,569	44%	75%	42	88	54	68
Taba Heights	2,365	1,980	47%	67%	44	54	45	41
Other hotels, Red Sea	828	819	26%	69%	21	59	38	45
<b>Egypt subtotal</b>	<b>5,887</b>	<b>5,368</b>	<b>42%</b>	<b>71%</b>	<b>40</b>	<b>71</b>	<b>48</b>	<b>55</b>
<b>Other regions</b>								
The Cove, UAE	346	335	85%	66%	206	201	132	173
Marina Plaza, Jordan	260	267	66%	48%	65	56	65	76
<b>Other regions subtotal</b>	<b>606</b>	<b>602</b>	<b>77%</b>	<b>58%</b>	<b>145</b>	<b>136</b>	<b>107</b>	<b>136</b>
<b>Total hotels</b>	<b>6,493</b>	<b>5,970</b>	<b>46%</b>	<b>70%</b>	<b>49</b>	<b>78</b>	<b>57</b>	<b>62</b>
<b>II- Floating hotels</b>								
Floating hotels, Egypt <sup>3</sup>	27	509	40%	70%	415	82	714	83
<b>Floating hotels subtotal</b>	<b>27</b>	<b>509</b>	<b>40%</b>	<b>70%</b>	<b>415</b>	<b>82</b>	<b>714</b>	<b>83</b>
<b>Total hotels segment</b>	<b>6,520</b>	<b>6,479</b>	<b>46%</b>	<b>70%</b>	<b>51</b>	<b>78</b>	<b>60</b>	<b>64</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 31 March 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> Q1 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 44% (Q1 2010: 75%) with an ARR of CHF 54 (Q1 2010: CHF 68) and a TRevPAR of CHF 42 (Q1 2010: CHF 88). The decrease in room occupancies is mainly attributed to rerouting of flights as well as cancellations by guests from some of the main feeder markets including Germany and the Scandinavian market.

#### **B) Taba Heights**

Taba Heights achieved an average occupancy rate of 47% (Q1 2010: 67%) with an ARR of CHF 45 (Q1 2010: CHF 41), and a TRevPAR of CHF 44 (Q1 2010: CHF 54). Taba Heights took advantage of the fact that the United Kingdom is the number one nationality, which represents approximately 50% of all room nights, where no travel bans were issued.

#### **C) Other hotels, Red Sea**

Our Red Sea hotels achieved an average occupancy rate of 26% (Q1 2010: 69%) with an ARR of CHF 38 (Q1 2010: CHF 45), and a lower TRevPAR of CHF 21 (Q1 2010: CHF 59) following cancellations by the Russian market, following the issuance of a travel ban on Egypt, which was lifted early April 2011.

### ***Other regions***

#### **A) United Arab Emirates**

The Cove Rotana Resort & Spa achieved an average occupancy rate of 85% (Q1 2010: 66%) with an ARR of CHF 132 (Q1 2010: CHF 173), and a TRevPAR of CHF 206 (Q1 2010: 201). The decrease in ARR resulted from Tour Operators redirecting their guests to UAE, resulting in a surge in Tour Operators related business, which is cheaper than the local business. However, this was compensated by an increase in occupancy rates and TRevPAR.

#### **B) Jordan**

Marina Plaza achieved a TRevPAR of CHF 65 (Q1 2010: CHF 56) and an average occupancy rate of 66% (Q1 2010: 48%) with a lower ARR of CHF 65 (Q1 2010: CHF 76). The decrease in ARR is also attributed to Tour Operators redirecting their guests to Tala Bay.

## **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. The Oberoi Zahra is the only boat on the Nile with a full-service spa and was ranked the best Nile cruiser on the river Nile by the Egyptian Ministry of Tourism during 2009. Zahra Oberoi achieved an average occupancy rate of 40% (Q1 2010: 88%) with an ARR of CHF 714 (Q1 2010: CHF 811), and a TRevPAR of CHF 415 (Q1 2010: CHF 979).

## 2- Real estate and construction

### Total revenues

Q1 2011: CHF 13 million

Q1 2010: CHF 44 million

### Segment Results

Q1 2011: CHF 3 million

Q1 2010: CHF 25 million

### Total value of contracted units

Q1 2011: CHF 27 million

Q1 2010: CHF 31 million

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

Q1 2011: 101 units

Q1 2010: 285 units

### Total value of deferred income

Q1 2011: CHF 189 million

Q1 2010: CHF 270 million

The real estate and construction segment accounted for 24.3% of our total revenues during Q1 2011 (Q1 2010: 37.5%). Real estate and construction revenues decreased by 71% to CHF 13 (Q1 2010: CHF 44 million), due to the slowdown in construction activities in the Group's Egyptian operations for almost 50 days during the period, following the events that took place in Egypt. Moreover, some events in the Middle East affected the pace of development in the Group's other operations within the region. Accordingly, real estate and construction revenues with a total balance of CHF 33 million will be shifted to other financial periods where the Group is optimistic to reduce the variance in the segment's revenues compared to last year.

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 launch of real estate presales in Chbika, Morocco. Total value of contracted units (excluding basic affordable housing) increased by CHF 0.46 million to CHF 26.10 million (Q1 2010: CHF 25.65 million), in line with management expectations for the period. By end of Q1 2011, the total value of contracted units amounted to CHF 27 million (Q1 2010: CHF 31 million) representing a total of 101 units (Q1 2010: 285 units). Total value of deferred income decreased by 30% reaching CHF 189 million (Q1 2010: CHF 270 million).

The following table provides an overview of residential real estate sales during the period ending 31 March 2011.

	Q1 2011	Q1 2010
<b>Real Estate Sales (excluding basic affordable housing)</b>		
Off-plan sales during financial years (# units)	34	41
Off-plan sales during financial years (in CHFm)	26.1	25.6
Average price per m <sup>2</sup> (CHF)	5,080	2,939
<b>Real Estate Sales ( basic affordable housing)</b>		
Sales during financial years (# units)	67	244
Sales during financial years (in CHFm)	1.29	5.37
Average price per m <sup>2</sup> (CHF)	322	355
<b>Real Estate segment performance</b>		
Total revenue (CHFm)	13	44
GOP total (CHFm) <sup>1&amp;2</sup>	6.5	27
GOP margin (%)	46%	61%

<sup>1</sup> 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	Q1 2011	Q1 2010
Gross operating income	7,199,528	27,217,006
General and administration expenses	(5,023,678)	(5,514,487)
Sales and marketing expenses	(986,064)	(1,473,471)
Utilities	(8,650)	(2,395)
Repair and maintenance fees	(120,508)	(3,676)
Eliminations and adjustments	5,476,345	6,474,812
<b>Gross operating profit</b>	<b>6,536,973</b>	<b>26,697,789</b>

Our residential real estate key performance indicators as at 31 March 2011 were as follows.

	Average selling price/m <sup>2</sup>		Total value of contracted units <sup>1</sup> (CHF millions)		Number of contracted units	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
<b>I- Egypt</b>						
El Gouna	2,787	3,597	4.1	17.0	4	22
Fayoum	877	1,454	0.3	1.6	4	7
Haram City	322	355	1.3	5.4	67	244
<b>Egypt subtotal</b>	<b>634</b>	<b>1,016</b>	<b>5.7</b>	<b>24.0</b>	<b>75</b>	<b>273</b>
<b>II- U.A.E.<sup>2</sup></b>						
The Cove	-	2,470	-	1.3	-	2
<b>UAE subtotal</b>	<b>-</b>	<b>2,470</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>2</b>
<b>III-Oman</b>						
Jebel Sifah	2,721	2,968	0.9	2.3	2	2
Salalah Beach	2,579	2,501	2.8	3.4	7	8
<b>Oman subtotal</b>	<b>2,612</b>	<b>2,660</b>	<b>3.7</b>	<b>5.7</b>	<b>9</b>	<b>10</b>
<b>IV- Switzerland</b>						
Andermatt Swiss Alps	15,936	-	16.27	-	7	-
<b>V- Morocco</b>						
Chbika	1,304	-	1.71	-	10	-
<b>Total real estate</b>	<b>2,868</b>	<b>1,195</b>	<b>27.4</b>	<b>31.0</b>	<b>101</b>	<b>285</b>
<b>Total real estate (excluding basic affordable housing)</b>	<b>5,080</b>	<b>2,939</b>	<b>26.10</b>	<b>25.65</b>	<b>34</b>	<b>41</b>

<sup>1</sup> 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.

<sup>2</sup> The Cove witnessed no sales during Q1 2011 as there are no more real estate units in stock that are available for sale.

## I- Egypt

### El Gouna

During Q1 2011, the total value of contracted units amounted to CHF 4 million (Q1 2010: CHF 17 million) for 4 pre-sold units (Q1 2010: 22 pre-sold units), sold at an average selling price per square meter of CHF 2,787/m<sup>2</sup> (Q1 2010: CHF 3,597/m<sup>2</sup>). The decline in sales is attributed to the recent events that took place in Egypt and throughout the Middle East, despite the fact that all sales concluded during the period were originated by foreigners.

### Fayoum

By the end of Q1 2011, the total value of contracted units amounted to CHF 0.3 million (Q1 2010: CHF 1.6 million), with 4 pre-sold units (Q1 2010: 7 pre-sold units) at the average selling price of CHF 877/m<sup>2</sup> (Q1 2010: CHF 1,454/m<sup>2</sup>).

### Haram City

By the end of Q1 2011, the total value of contracted and delivered units amounted to CHF 1.3 million (Q1 2010: CHF 5.4 million) with a total of 67 units (Q1 2010: 244 units) sold at the average selling price of CHF 322/m<sup>2</sup> (Q1 2010: CHF 355/m<sup>2</sup>).

## II- Oman

By the end of Q1 2011, the total value of contracted units amounted to CHF 3.7 million (Q1 2010: 5.7 million) for 9 units (Q1 2010: 10 units) at the average selling price of approximately CHF 2,612/m<sup>2</sup> (Q1 2010: CHF 2,660). The change in average selling price per square meter resulted from the changes to the product mix being sold during 2011, where more apartments were sold in comparison to last year, during which sales efforts were directed towards selling villas.

## III- Switzerland

By the end of Q1 2011, the total value of contracted units amounted to CHF 16.27 million for a total of 7 units sold at an average selling price of approximately CHF 15,936/m<sup>2</sup>. 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.

## 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 8 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 Q1 2011, the total value of contracted units amounted to CHF 1.71 million for a total of 10 units sold at an average selling price of approximately CHF 1,304/m<sup>2</sup>.

## 3- Land sales

### Total revenues

Q1 2011: CHF 0.6 million  
Q1 2010: CHF 0.009 million

### Segment Results

Q1 2011: CHF 0.07 million losses  
Q1 2010: CHF 0.25 million losses

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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 1.1% from our total revenues during Q1 2011 (Q1 2010: 0.01%).

## 4- Town management

### Total revenues

Q1 2011: CHF 3 million  
Q1 2010: CHF 4 million

### Segment Results

Q1 2011: CHF 0.71 million losses  
Q1 2010: CHF 0.58 million losses

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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 6% of our total revenues in the financial year Q1 2011 (Q1 2010: 3%). 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)	Q1 2011	Q1 2010	% Change
Utilities	3.86	4.90	(21%)
Commercial services	1.61	1.60	1%
Urban services	0.45	0.45	-
Infrastructure and maintenance	0.53	0.94	(43%)
Community services	0.16	0.23	(30%)
Other	0.31	0.40	(23%)
<b>Total segment revenues</b>	<b>6.92</b>	<b>8.53</b>	<b>(19%)</b>
Intersegment revenues (eliminations)	(3.72)	(4.52)	(18%)
<b>Town management revenues (from external customers)</b>	<b>3.20</b>	<b>4.01</b>	<b>(20%)</b>

## 5- Tours operations

### Total revenues

Q1 2011: CHF 0.6 million

Q1 2010: CHF 14 million

### Segment Results

Q1 2011: CHF 0.015 million losses

Q1 2010: CHF 1.1 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 1.2% of our total revenues in the financial period ending 31 March 2011 (Q1 2010: 12%).

## 6- Other operations

### Total revenues

Q1 2011: CHF 7.6 million

Q1 2010: CHF 8.4 million

### Segment Results

Q1 2011: CHF 0.6 million

Q1 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 14.4% of our total revenues in the financial period ending 31 March 2011 (Q1 2010: 7%). The following table provides an overview of the revenues generated by our other operations.

CHF million	Q1 2011	Q1 2010	% Change
Mortgage (real estate financing)	1.93	1.11	74%
Sport (golf)	1.30	1.50	(13%)
Rentals	3.19	4.25	(25%)
Hospital services	0.83	0.93	(10%)
Educational services	0.49	0.22	123%
Marina	0.49	0.53	(8%)
Limousine	0.30	0.40	(25%)
Laundry services	0.39	0.67	(42%)
Leasing	1.23	0.84	46%
Others	0.85	0.09	844%
<b>Total revenue from external customers</b>	<b>11.03</b>	<b>10.55</b>	<b>4%</b>
Intersegment revenues (eliminations)	(3.43)	(2.18)	57%
<b>Total revenue from external customers</b>	<b>7.60</b>	<b>8.37</b>	<b>(9%)</b>

## Condensed consolidated statement of comprehensive income

For the period ended 31 March 2011

CHF	31 March 2011	31 March 2010 Restated
<b>Continuing operations</b>		
Revenue	52,916,110	116,624,627
Cost of sales	(48,956,503)	(79,545,862)
<b>Gross profit</b>	<b>3,959,607</b>	<b>37,078,765</b>
Investment income	4,259,898	1,932,871
Other gains and losses	(3,291,145)	13,659,576
Administrative expenses	(6,598,051)	(7,368,209)
Finance costs	(844,449)	(2,677,881)
Share of profit of associates	40,306	46,925
<b>(Loss) / Profit before tax</b>	<b>(2,473,834)</b>	<b>42,672,047</b>
Income tax expense	2,180,047	(6,641,112)
<b>(Loss) / Profit for the period from continuing operations</b>	<b>(293,787)</b>	<b>36,030,935</b>
<b>Other comprehensive income, net of income tax</b>		
Exchange differences arising on translation of foreign operations	(28,093,413)	18,012,885
Net loss on cash flow hedges	(24,788)	(273,969)
Net gain / loss arising on revaluation of available-for-sale financial assets	(17,355,476)	5,876,885
Total other comprehensive income for the period, net of income tax	(45,473,677)	23,615,801
<b>Total comprehensive income for the period</b>	<b>(45,767,464)</b>	<b>59,646,736</b>
<b>(Loss) / Profit attributable to:</b>		
Owners of the company	601,188	26,467,894
Non-controlling interests	(894,975)	9,563,041
	<b>(293,787)</b>	<b>36,030,935</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	(40,611,389)	46,705,849
Non-controlling interests	(5,156,075)	12,940,887
	<b>(45,767,464)</b>	<b>59,646,736</b>
<b>Earnings per share from continuing operations</b>		
Basic	0.02	1.14
Diluted	0.02	1.14

## Condensed consolidated statement of financial position

As at 31 March 2011

CHF	31 March 2011	31 December 2010
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	928,015,159	926,077,841
Investment properties	74,926,012	78,355,235
Goodwill	7,854,102	8,208,807
Investment in associates	34,076,162	35,397,484
Non-current receivables	70,501,651	94,719,641
Deferred tax assets	20,920,899	17,319,445
Finance lease receivables	17,154,786	13,740,381
Other financial assets	52,249,820	70,597,147
<b>Total non-current assets</b>	<b>1,205,689,591</b>	<b>1,244,415,981</b>
<b>Current assets</b>		
Inventories	289,901,950	260,175,662
Trade and other receivables	155,471,785	156,042,384
Finance lease receivables	3,279,667	2,478,257
Due from related parties	23,869,987	23,838,453
Other financial assets	129	10,808,861
Other current assets	118,340,836	119,225,619
Cash and bank balances	240,912,993	276,452,970
<b>Total current assets</b>	<b>831,777,347</b>	<b>849,022,206</b>
<b>Total assets</b>	<b>2,037,475,938</b>	<b>2,093,438,187</b>
<b>Equity and liabilities</b>		
<b>Capital and reserves</b>		
Issued capital	672,882,864	672,882,864
Reserves	(115,760,210)	(74,209,306)
Retained earnings	397,481,566	396,880,378
<b>Equity attributable to owners of the company</b>	<b>954,604,220</b>	<b>995,553,936</b>
Non-controlling interests	199,978,497	197,589,888
<b>Total equity</b>	<b>1,154,582,717</b>	<b>1,193,143,824</b>
<b>Non-current liabilities</b>		
Borrowings	269,849,343	270,832,587
Trade payables	33,475,665	35,921,963
Retirement benefit obligation	199,646	199,646
Notes payable	10,447,522	10,193,018
Deferred tax liabilities	28,146,338	27,993,241
Other financial liabilities	15,253,921	15,448,607
<b>Total non-current liabilities</b>	<b>357,372,435</b>	<b>360,589,062</b>
<b>Current liabilities</b>		
Borrowings	244,830,458	240,936,367
Trade and other payables	41,833,811	57,120,751
Due to related parties	4,217,104	2,614,098
Current tax liabilities	16,349,965	15,975,901
Provisions	51,630,243	56,779,789
Other current liabilities	166,659,205	166,278,395
<b>Total current liabilities</b>	<b>525,520,786</b>	<b>539,705,301</b>
<b>Total liabilities</b>	<b>882,893,221</b>	<b>900,294,363</b>
<b>Total equity and liabilities</b>	<b>2,037,475,938</b>	<b>2,093,438,187</b>

## Condensed consolidated statement of changes in equity

For the period ended 31 March 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
<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>
Restated profit for the period	-	-	-	-	-	-	-	-	26,467,894	26,467,894	9,563,041	36,030,935
Other comprehensive income for the period, net of income tax	-	-	-	<b>(273,969)</b>	5,876,885	14,635,039	-	-	-	20,237,955	3,377,846	23,615,801
<b>Total comprehensive income for the period</b>	-	-	-	<b>(273,969)</b>	<b>5,876,885</b>	<b>14,635,039</b>	-	-	<b>26,467,894</b>	<b>46,705,848</b>	<b>12,940,887</b>	<b>59,646,736</b>
Non-controlling interest share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	9,981,312	9,981,312
<b>Restated balance at 31 March 2010</b>	<b>568,881,621</b>	<b>183,269,858</b>	-	<b>(2,598,183)</b>	<b>5,791,085</b>	<b>(60,712,999)</b>	<b>(108,051,503)</b>	-	<b>328,427,444</b>	<b>915,007,322</b>	<b>220,065,503</b>	<b>1,135,072,825</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>(195,803,180)</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	-	-	-	-	-	-	-	-	601,188	601,188	<b>(894,975)</b>	<b>(293,787)</b>
Other comprehensive income for the period, net of income tax	-	-	-	<b>(24,788)</b>	<b>(17,355,476)</b>	<b>(23,832,313)</b>	-	-	-	<b>(41,212,577)</b>	<b>(4,261,100)</b>	<b>(45,473,677)</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>(24,788)</b>	<b>(17,355,476)</b>	<b>(23,832,313)</b>	-	-	<b>601,188</b>	<b>(40,611,389)</b>	<b>(5,156,075)</b>	<b>(45,767,464)</b>
Reserve from common control transactions	-	-	-	-	-	-	<b>(14,826,036)</b>	-	-	<b>(14,826,036)</b>	-	<b>(14,826,036)</b>
Equity swap settlement	-	-	-	-	-	-	-	14,487,709	-	14,487,709	-	14,487,709
Non-controlling interest share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	7,544,685	7,544,685
<b>Balance at 31 March 2011</b>	<b>672,882,864</b>	<b>242,272,821</b>	<b>(1,464,267)</b>	<b>(1,737,737)</b>	<b>(18,380,994)</b>	<b>(219,635,493)</b>	<b>(121,081,954)</b>	<b>4,267,414</b>	<b>397,481,566</b>	<b>954,604,220</b>	<b>199,978,497</b>	<b>1,154,582,717</b>

## Business segments

### Overview

As at 31 March 2011, the Group divisions were as follows:

Q1 2011 CHF	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Total segment revenue	28,058,695	27,108,753	623,810	6,916,789	593,479	11,033,341	74,334,867
Inter-segment revenue	-	(14,273,998)	-	(3,716,232)	-	(3,428,527)	(21,418,757)
<b>Revenue from external customers</b>	<b>28,058,695</b>	<b>12,834,755</b>	<b>623,810</b>	<b>3,200,557</b>	<b>593,479</b>	<b>7,604,814</b>	<b>52,916,110</b>
<b>Segment results</b>	<b>516,624</b>	<b>2,975,284</b>	<b>(69,897)</b>	<b>(714,430)</b>	<b>(15,597)</b>	<b>620,125</b>	<b>3,312,109</b>
Share of profits of associates							40,306
Other gains and losses							780,795
Investment income							299,351
Central administration costs and directors' salaries							(6,598,051)
Finance costs							(308,344)
<b>Loss before tax (continuing operations)</b>							<b>(2,473,834)</b>
Income tax expense							2,180,047
<b>Profit for the period (continuing operations)</b>							<b>(293,787)</b>

Q1 2010 CHF	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Total segment revenue	47,712,578	53,726,447	8,984	8,526,232	14,602,821	10,553,396	135,130,458
Inter-segment revenue	(1,287,944)	(9,907,772)	-	(4,515,056)	(611,768)	(2,183,291)	(18,505,831)
<b>Revenue from external customers</b>	<b>46,424,634</b>	<b>43,818,675</b>	<b>8,984</b>	<b>4,011,176</b>	<b>13,991,053</b>	<b>8,370,105</b>	<b>116,624,627</b>
<b>Segment results</b>	<b>6,527,823</b>	<b>25,214,997</b>	<b>(251,126)</b>	<b>(580,886)</b>	<b>1,098,801</b>	<b>17,406,217</b>	<b>49,415,826</b>
Share of profits of associates							46,925
Other gains and losses							152,639
Investment income							1,300,647
Central administration costs and directors' salaries							(7,368,209)
Finance costs							(875,781)
<b>Profit before tax (continuing operations)</b>							<b>42,672,047</b>
Income tax expense							(6,641,112)
<b>Profit for the period (continuing operations)</b>							<b>36,030,935</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 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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