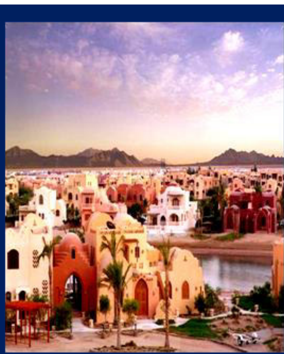
Orascom Development Holding AG

Condensed Consolidated Interim Financial Statements (unaudited)

9 Months 2017

ORASCOM DEVELOPMENT

Contents

Condensed consolidated statement of comprehensive income

for the period ended 30 September 2017

CHF	Notes	Three months ended 30 September 2017	Three months ended 30 September 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
CONTINUING OPERATIONS					
Revenue	7	62,235,766	60,580,377	170,805,908	169,980,873
Cost of sales		(56,196,989)	(58,291,219)	(151,642,088)	(160,734,437)
Gross profit		**6,038,777**	**2,289,158**	**19,163,820**	**9,246,436**
Investment income		1,892,391	2,125,245	3,986,308	4,977,221
Other gains	8	3,296,126	1,620,401	11,887,656	2,186,746
Administrative expenses		(9,006,976)	(9,068,237)	(25,191,043)	(28,840,676)
Finance costs	9	(8,288,200)	(10,547,025)	(24,724,301)	(31,600,399)
Share of losses of associates	17	(3,590,180)	(3,425,231)	(11,778,151)	(11,946,382)
Other losses	10	-	(3,550,840)	(107,675)	(14,082,757)
(Loss) before tax		**(9,658,062)**	**(20,556,529)**	**(26,763,386)**	**(70,059,811)**
Income tax expenses	11	(1,304,297)	(897,482)	(3,494,650)	(1,670,918)
(Loss) for the period	**7**	**(10,962,359)**	**(21,454,011)**	**(30,258,036)**	**(71,730,729)**
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss					
Net gain/(loss) on revaluation of financial assets at FVTOCI	18	449,540	310,429	1,203,107	(822,866)
		449,540	**310,429**	**1,203,107**	**(822,866)**
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations	26	15,014,405	(2,988,542)	(13,972,201)	(52,803,856)
		15,014,405	**(2,988,542)**	**(13,972,201)**	**(52,803,856)**
Total other comprehensive income for the period, net of tax		**15,463,945**	**(2,678,113)**	**(12,769,094)**	**(53,626,722)**
Total comprehensive income for the period		**4,501,586**	**(24,132,124)**	**(43,027,130)**	**(125,357,451)**

Condensed consolidated statement of comprehensive income - continued

for the period ended 30 September 2017

CHF	Notes	Three months ended 30 September 2017	Three months ended 30 September 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
(Loss) attributable to:					
Owners of the Parent Company		(11,403,748)	(19,499,793)	(30,252,614)	(60,746,567)
Non-controlling interests		441,389	(1,954,218)	(5,422)	(10,984,162)
		(10,962,359)	**(21,454,011)**	**(30,258,036)**	**(71,730,729)**
Total comprehensive income attributable to:					
Owners of the Parent Company		649,284	(21,280,975)	(38,996,794)	(97,968,446)
Non-controlling interests		3,852,302	(2,851,149)	(4,030,336)	(27,389,005)
		4,501,586	**(24,132,124)**	**(43,027,130)**	**(125,357,451)**
Earnings per share from continuing operations					
Basic	12	(0.29)	(0.48)	(0.76)	(1.50)
Diluted	12	(0.29)	(048)	(0.76)	(1.50)

Khaled Bichara
CEO

Ashraf Nessim
CFO

Condensed consolidated statement of financial position

at 30 September 2017

CHF	Notes	30 September 2017	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	724,017,992	762,596,957
Investment property	15	14,493,454	5,501,334
Goodwill	16	2,824,349	2,893,347
Investments in associates	17	65,841,879	78,551,111
Non-current receivables	20	40,319,569	42,450,100
Deferred tax assets		1,002,792	992,920
Other financial assets	18	637,438	3,516,633
Total non-current assets		**849,137,473**	**896,502,402**
CURRENT ASSETS			
Inventories	19	128,341,509	124,960,013
Trade and other receivables	20	52,176,295	55,834,930
Current receivables due from related parties		19,337,551	19,930,353
Other current assets	21	65,224,905	40,055,756
Cash and bank balances	22	96,318,133	80,834,952
		361,398,393	**321,616,004**
Assets held for sale	23	77,592,729	67,230,735
Total current assets		**438,991,122**	**388,846,739**
Total assets		**1,288,128,595**	**1,285,349,141**

Condensed consolidated statement of financial position - continued

at 30 September 2017

CHF	Notes	30 September 2017	31 December 2016
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued capital	24	937,510,283	937,510,283
Reserves	25-26	(362,594,728)	(365,520,995)
(Accumulated losses)		(166,867,478)	(120,782,194)
Equity attributable to owners of the Parent Company		**408,048,077**	**451,207,094**
Non-controlling interests		**142,311,531**	**140,467,237**
Total equity		**550,359,608**	**591,674,331**
NON-CURRENT LIABILITIES			
Borrowings	27	111,702,955	137,631,013
Trade and other payables	28	12,451,412	11,576,940
Retirement benefit obligation		647,232	647,232
Deferred tax liabilities		22,087,230	22,925,809
Total non-current liabilities		**146,888,829**	**172,780,994**
CURRENT LIABILITIES			
Trade and other payables	28	21,347,537	24,690,585
Borrowings	27	247,787,496	231,937,486
Due to related parties		986,242	859,940
Current tax liabilities		3,496,205	2,128,992
Provisions		70,761,653	68,626,934
Other current liabilities	29	180,777,890	138,530,986
		525,157,023	**466,774,923**
Liabilities directly associated with assets held for sale	23	65,723,135	54,118,893
Total current liabilities		**590,880,158**	**520,893,816**
Total liabilities		**737,768,987**	**693,674,810**
Total equity and liabilities		**1,288,128,595**	**1,285,349,141**

Khaled Bichara
CEO

Ashraf Nessim
CFO

Condensed consolidated statement of changes in equity

for the period ended 30 September 2017

CHF	Issued Capital	Share premium	Treasury shares	Share-based payment reserve	Investments revaluation reserve	General reserve	Foreign currency translation reserve	Reserve from common control transactions	Equity swap settlement	Retained earnings/ (Accum. Losses)	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at 1 January 2016	**937,510,283**	**98,570,244**	**(3,268,681)**	**-**	**(14,590,160)**	**4,916,868**	**(275,993,824)**	**(98,692,949)**	**(2,114,229)**	**78,164,830**	**724,502,382**	**232,127,614**	**956,629,996**
(Loss) for the period	-	-	-	-	-	-	-	-	-	(60,746,567)	(60,746,567)	(10,984,162)	(71,730,729)
Other comprehensive income for the period, net of income tax	-	-	-	-	(822,866)	-	(36,399,013)	-	-	-	(37,221,879)	(16,404,843)	(53,626,722)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(822,866)**	**-**	**(36,399,013)**	**-**	**-**	**(60,746,567)**	**(97,968,446)**	**(27,389,005)**	**(125,357,451)**
Distribution of ordinary shares	-	-	3,241,884	-	-	-	-	-	-	(2,517,189)	724,695	-	724,695
Share-based payments (note 25)	-	-	-	625,000	-	-	-	-	-	-	625,000	-	625,000
Non-controlling interests' share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	3,129,785	3,129,785
Balance at 30 September 2016	**937,510,283**	**98,570,244**	**(26,797)**	**625,000**	**(15,413,026)**	**4,916,868**	**(312,392,837)**	**(98,692,949)**	**(2,114,229)**	**14,901,074**	**627,883,631**	**207,868,394**	**835,752,025**
Balance at 1 January 2017	**937,510,283**	**98,488,244**	**(26,797)**	**833,333**	**(17,256,259)**	**4,916,868**	**(351,669,206)**	**(98,692,949)**	**(2,114,229)**	**(120,782,194)**	**451,207,094**	**140,467,237**	**591,674,331**
(Loss) for the period	-	-	-	-	-	-	-	-	-	(30,252,614)	(30,252,614)	(5,422)	(30,258,036)
Other comprehensive income for the period, net of income tax	-	-	-	-	1,203,107	-	(9,947,287)	-	-	-	(8,744,180)	(4,024,914)	(12,769,094)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**1,203,107**	**-**	**(9,947,287)**	**-**	**-**	**(30,252,614)**	**(38,996,794)**	**(4,030,336)**	**(43,027,130)**
Acquisition of ordinary shares through delisting of EDRs (note 1)	-	-	(5,421,560)	-	-	-	-	-	-	-	(5,421,560)	-	(5,421,560)
Disposal of treasury shares	-	-	877,603	-	-	-	-	-	-	48,124	925,727	-	925,727
Share-based payments (note 25)	-	-	-	625,000	-	-	-	-	-	-	625,000	-	625,000
Losses from sale of financial assets at FVTOCI	-	-	-	-	15,880,794	-	-	-	-	(15,880,794)	-	-	-
Acquisition of non-controlling interests of subsidiary through swap of shares of investments in associates (note 17)	-	-	-	-	-	-	-	(291,390)	-	-	(291,390)	291,390	-
Non-controlling interests' share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	5,583,240	5,583,240
Balance at 30 September 2017	**937,510,283**	**98,488,244**	**(4,570,754)**	**1,458,333**	**(172,358)**	**4,916,868**	**(361,616,493)**	**(98,984,339)**	**(2,114,229)**	**(166,867,478)**	**408,048,077**	**142,311,531**	**550,359,608**

Condensed consolidated statement of cash flow

for the period ended 30 September 2017

CHF	Notes	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Cash generated from operations		**8,811,949**	**91,819**
Interest paid		(6,411,918)	(5,061,679)
Income tax paid		(2,325,455)	(3,548,742)
Net cash generated from / (used in) operating activities		**74,576**	**(8,518,602)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(18,953,706)	(18,567,700)
Proceeds from sale of financial assets		3,341,013	-
Interest received		3,986,308	4,977,221
Net cash inflow on business combination		-	2,516,016
Net cash (used in) investing activities		**(11,626,385)**	**(11,074,463)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for transaction costs in relation to capital increase of 2015		-	(1,873,095)
Payments for treasury shares		(5,421,560)	-
Non-controlling interests shares in changes of equity for consolidated subsidiaries		5,583,240	4,173,582
Repayment of borrowings		(19,811,775)	(11,474,382)
Proceeds from borrowings		49,070,343	12,018,250
Net cash generated from financing activities		**29,420,248**	**2,844,355**
Net increase/(decrease) in cash and cash equivalents		17,868,439	(16,748,710)
Cash and cash equivalents at the beginning of the period		82,172,312	167,636,917
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,573,515)	(14,865,021)
Cash and cash equivalents at the end of the period		**98,467,236**	**136,023,186**
Included in cash and cash equivalents	**21**	**96,318,133**	**132,377,498**
Included in assets held for sale	**22**	**2,149,103**	**3,645,688**

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 were traded at the EGX Egyptian Exchange. One EDR represents 1/20 of an ODH share. On 1 March 2017, the Extraordinary General Meeting of ODH approved the Board of Directors' proposal regarding the voluntary delisting of the Egyptian Depositary Receipts (EDRs) from the Egyptian Exchange. The Board of Directors called the meeting in accordance with the requests of the relevant authorities in Egypt to present to the shareholders of the Company the proposal to approve the delisting. Based on the Extraordinary General Meeting's approval, the Company undertook all further actions required to complete the delisting of the EDRs. On 24 May 2017, the Listing Committee of the Egyptian Exchange approved the delisting, which was completed as at 30 May 2017. The majority of the EDR holders have chosen to swap their EDRs into shares of ODH that had previously been underlying the EDRs and only 9.9% out of the 189,123,620 EDRs were tendered to the Company for repurchase at a price of EGP 5.25 (CHF 0.29) per EDR or CHF 5.79 per ODH share. As a result, the Company acquired 935,486 own shares at the total value of CHF 5.4 million. The ODH shares remain listed at the SIX Swiss Exchange.

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 destinations is spread over seven jurisdictions (Egypt, UAE, Oman, Switzerland, Morocco, Montenegro and United Kingdom), with primary focus on touristic destinations. The Group currently operates ten destinations, five in Egypt (El Gouna, Taba Heights, Fayoum, Makadi and Harram City), The Cove in the United Arab Emirates, Jebel Sifah and Salalah Beach in Oman, Luštica Bay in Montenegro and Andermatt in Switzerland.

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 2016.

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 2016.

4. Adoption of new and revised International Financial Reporting Standards

4.1. Standards and interpretations effective in the current period

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

Revised Standards	
IFRS 12	Disclosure of Interests in Other Entities - Amendments resulting from annual improvements 2014-2016 Cycle
IAS 7	Statement of Cash Flows - Amendments in relation to disclosure initiative
IAS 12	Income Taxes – Amendment regarding recognition of deferred tax assets for unrealised losses

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 and Interpretations		Effective from
IFRS 2	Share-based Payment – Amendments in relation to classification and measurement	1 January 2018
IFRS 9	Financial Instruments – Final version including expected loss impairment model	1 January 2018
IFRS 9	Financial Instruments – Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2109
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 40	Investment Property – Amendments in relation to transfers of investment property	1 January 2018
IAS 28	Investments in associates and joint ventures – Amendments regarding long-term interests in associates and joint ventures	1 January 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

The Group is currently assessing whether these changes will impact the consolidated financial statements in the period of initial application. Regarding IFRS 15, the Group is currently assessing its revenue streams and expects to have some impact on the financial statements in relation to its revenue from real estate construction. Regarding IFRS 16, the Group is currently looking at all its lease contracts and expects some additional property, plant and equipment as well as financial liabilities recognised on its statement of financial position on first-time application of the Standard. Other than that, the Group does not expect any major changes from the other new or amended Standards.

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 Group is not subject to any significant seasonality or cyclicality. 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 2016.

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 since 31 December 2016.

The group controls its subsidiaries directly and indirectly.

7. Segment information

The Group has four 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 described in the consolidated financial statements for the year ended 31 December 2016. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors’ salaries, share in associates’ results, 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 being most relevant for the purpose of resources allocation and assessment of segment performance.

CHF	Total segment revenue		Inter-segment revenue		Revenue external customers		Segment result	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Hotels	91,023,352	86,463,795	(510,161)	(552,305)	90,513,191	85,911,490	15,131,514	(15,221,519)
Real estate and construction	48,839,908	44,791,978	-	(590,133)	48,839,908	44,201,845	11,227,926	23,109,650
Land sales	1,700,710	2,743,689	(1,113,788)	(9,033)	586,922	2,734,656	136,596	6,018,903
Destination management	19,887,669	25,760,867	(10,032,432)	(13,986,404)	9,855,237	11,774,463	(6,362,884)	(5,934,702)
Other operations	31,300,383	32,662,879	(10,289,733)	(7,304,460)	21,010,650	25,358,419	944,043	2,109,167
	192,752,022	**192,423,208**	**(21,946,114)**	**(22,442,335)**	**170,805,908**	**169,980,873**	**21,077,195**	**10,081,499**
Unallocated items [1]:								
Share of losses of associates							(11,778,151)	(11,946,382)
Other gains and losses							5,471,721	(18,976,224)
Investment income							316,568	1,186,349
Central administration costs and directors' salaries							(25,191,043)	(28,840,676)
Finance costs							(16,659,676)	(21,564,377)
(Loss) before tax							**(26,763,386)**	**(70,059,811)**
Income tax							(3,494,650)	(1,670,918)
(Loss) for the period							**(30,258,036)**	**(71,730,729)**

[1] For the purpose of segment reporting, part of the amounts reported in the statement of comprehensive income for these items have been allocated in this note to their relevant segments.

CHF	30/09/2017	31/12/2016
Hotels	485,697,453	482,382,904
Real estate and construction	482,054,445	468,610,543
Land sales	190,522,690	194,273,533
Destination management	91,382,300	79,635,393
Other operations	62,600,362	280,022,695
Segment assets before elimination	**1,312,257,250**	**1,504,925,068**
Inter-segment elimination	(550,909,322)	(684,242,468)
Segment assets after elimination	**761,347,928**	**820,682,600**
Unallocated assets	449,187,938	397,435,806
Assets held for sale	77,592,729	67,230,735
Consolidated total assets	**1,288,128,595**	**1,285,349,141**

Hotels	234,940,800	240,545,744
Real estate and construction	290,253,429	271,393,094
Land sales	51,376,372	52,001,900
Destination management	93,060,759	73,322,825
Other operations	23,222,803	277,579,803
Segment liabilities before elimination	**692,854,163**	**914,843,366**
Inter-segment elimination	(432,255,551)	(522,967,523)
Segment liabilities after elimination	**260,598,612**	**391,875,843**
Unallocated liabilities	411,447,240	247,680,074
Liabilities directly associated with assets held for sale	65,723,135	54,118,893
Consolidated total liabilities	**737,768,987**	**693,674,810**

Assets and liabilities of segment “other operations” decreased significantly due to reclassification of a previously operating Egyptian subsidiary as corporate company (unallocated assets and liabilities).

Total segment result of CHF 21.1 million (2016: CHF 10.1 million) mainly increased due to the following:

- The new hotel strategy designed to elevate operational profitability levels across the Hotel’s segment continues to prove success. In the first nine months 2017, the Hotel segment reported a revenue increase of only 5% growing from CHF 85.9 million to CHF 90.5 million (year-on-year). Nevertheless, on the GOP level, the segment achieved an increase of 69% growing from CHF 18.6 million to CHF 31.6 million. El Gouna in Egypt was the destination contributing the most to this performance boost reporting a GOP growth of 160% rising from CHF 6.1 million to CHF 15.8 million (year-on-year). Hawana Salalah in Oman came second with a 21% increase in GOP rising from CHF 5.7 million to CHF 7.0 million (year-on-year). As for Taba Heights, the most challenged destination on our portfolio, GOP losses continued to decline sliding from CHF 1.3 million in Q3 2016 to CHF 0.3 million in Q3 2017.

- There was a small decrease in the real estate and construction segment as less units were delivered in Oman compared to prior year period. The decrease was partly netted off by an increase in units delivered in Montenegro. Segment profit decreased significantly mainly due to units delivered in Montenegro which had a lower margin than the units delivered in Egypt and Oman in the comparative period. Further the devaluation of the EGP increased the construction cost while revenue which was deferred is impacted less.

8. Other gains

In the first nine months of 2017, other gains of CHF 11.9 million (2016: CHF 2.2 million) are due to the following reasons:

- Gain in relation to settlement of borrowings with a third party of CHF 6.4 million
- Foreign currency exchange gains of CHF 5.3 million
- Other gains of CHF 0.2 million

In the first nine months of 2016, the gains were mainly due to gains on disposal of financial assets at FVTPL as well as revaluation of financial assets at FVTPL and other gains.

9. Finance cost

In the first nine months of 2017, no finance cost was capitalized on qualifying assets (projects under construction and work in progress), which led to an increase in finance cost. However, overall finance cost decreased by CHF 6.9 million from CHF 31.6 million to CHF 24.7 million compared to Q3 2016, as the devaluation of the Egyptian Pound in the last 12 months led to a significant decrease in finance cost.

10. Other losses

In the nine months of 2017, there were insignificant losses of CHF 0.1 million (2016: CHF 14.1 million).

In the first nine months of 2016, the losses were mainly due to foreign currency exchange losses of CHF 13.2 million and impairment losses on receivables due from Falcon of CHF 0.9 million.

11. Income taxes

Tax expense recognised during the period amounted to CHF 3.5 million (2016: CHF 1.7 million). These accruals are based on the estimated average annual effective income tax rate expected for the full year, applied to the pre-tax income for the nine-month period.

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

- **Egypt**
  Most of the Egyptian companies are subject to tax and committed to pay the accrual tax according to the Egyptian tax law
- **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 enjoy a 5 year tax holiday from the start of operations.
- **Switzerland**
  The Company fulfils the conditions for taxation as a holding company in Switzerland.

12. Earnings per share

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

CHF	Three months ended		Nine months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Earnings (for basic and diluted earnings per share)				
(Loss) for the period attributable to owners of the parent	(11,403,748)	(19,499,793)	(30,252,614)	(60,746,567)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	39,623,053	40,406,543	40,010,770	40,395,147
Earnings per share from continuing operations	**(0.29)**	**(0.48)**	**(0.76)**	**(1.50)**

13. Dividends

During the interim period, no dividends were declared or paid to shareholders.

14. Property, plant and equipment

Nine months ended 30 September 2017 CHF	Property, plant and equipment (i)	Property under construction	Assets under finance lease	Total
Opening net book value at 01/01/2017	**522,517,272**	**238,019,165**	**2,060,520**	**762,596,957**
Additions	6,745,484	13,787,953	-	20,533,437
Transfer to investment property (ii)	(7,802,640)	-	-	(7,802,640)
Transfer from project under progress	75,246	(75,246)	-	-
Transfer to inventory (iii)	(3,191,866)	(13,489,141)	-	(16,681,007)
Depreciation and amortization	(12,771,128)	-	(198,426)	(12,969,554)
Net foreign currency exchange differences	(19,430,037)	(2,178,887)	(50,277)	(21,659,201)
Closing net book value at 30/09/2017	**486,142,331**	**236,063,844**	**1,811,817**	**724,017,992**

Nine months ended 30 September 2016 CHF	Property, plant and equipment (i)	Property under construction	Assets under finance lease	Total
Opening net book value at 01/01/2016	**646,713,670**	**288,590,668**	**5,052,130**	**940,356,468**
Additions	4,049,855	19,077,232	-	23,127,087
Disposals	(202,864)	-	-	(202,864)
Acquisition of subsidiaries	54,514,487	30,334	-	54,544,821
Transfer from project under progress	1,895,064	(1,895,064)	-	-
Transfer to assets held for sale	(87,507)	(265,739)	-	(353,246)
Depreciation and amortization	(20,185,537)	-	(294,902)	(20,480,439)
Impairment	-	(2,837,056)	-	(2,837,056)
Net foreign currency exchange differences	(55,158,593)	(12,156,164)	-	(67,314,757)
Closing net book value at 30/09/2016	**631,538,575**	**290,544,211**	**4,757,228**	**926,840,014**

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

(ii) During 2017, three hotels in Makadi in the total amount of CHF 7.8 million were transferred to investment property as they were rented out to FTI, a related party tour operator, for three years. The determination of the fair value of the transferred hotels is still in process.

(iii) In El Gouna, certain hotel units were transferred into real estate products which are classified as inventory and are due to be sold within the normal course of business.

Further, in Montenegro certain infrastructure assets were allocated to real estate units which are classified as inventory and are due to be sold within the normal course of business.

15. Investment property

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

CHF	30/09/2017	31/12/2016
Balance at 1 January	**5,501,334**	**10,981,552**
Additions	-	439,486
Transfer from property, plant and equipment (note 14)	7,802,640	-
Revaluation gain	-	161,301
Foreign currency translation adjustments	1,189,480	(6,081,005)
Balance at the end of the period/year	**14,493,454**	**5,501,334**

The fair values at 30 September 2017 were determined based on an internal valuation model performed by Group management in 2016. The last external valuations were prepared as at 31 December 2012 by Fincorp, an accredited valuation specialist in Egypt.

The internal valuation model relies 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 conformity with the International Valuation Standards. The same method was used for any previous external valuations.

For the valuation of the investment property which is situated in Egypt the model used cash flow projections based on financial budgets for the next five years and an average discount rate of 22.7% (cost of equity). For the terminal value a perpetual growth rate of 3% was used.

16. Goodwill

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

CHF	30/09/2017	31/12/2016
Balance at the beginning of the period / year	2,893,347	6,476,682
Effect of foreign currency exchange difference	(68,998)	(3,583,335)
Balance at the end of the period / year	**2,824,349**	**2,893,347**

17. Investments in associates

Details of the Group's associates are as follows:

Name of associate	Place of incorporation	Ownership interest	Carrying value (CHF)	
		30/09/2017	30/09/2017	31/12/2016
Andermatt Swiss Alps AG	Switzerland	49.00%	45,556,129	56,549,204
Jordan Company for Projects and Touristic Development	Jordan	18.33%	14,287,068	15,820,535
Orascom Housing Communities	Cairo	35.25%	3,526,026	4,497,608
Red Sea for Construction & Development	Cairo	40.20%	2,472,656	1,683,764
Orascom for Housing and Establishments	Cairo	39.90%	-	-
International Stock Company for Floating Hotels & Touristic Establishments (i)	Cairo	-	-	-
Mirotel for Floating Hotels Company (i)	Cairo	-	-	-
Tarot Garranah & Merotil for Floating Hotels (i)	Cairo	-	-	-
Tarot Tours Company (Garanah) S.A.E. (i)	Cairo	-	-	-
Al Tarek for Tourist & Hotel Cruises (i)	Cairo	-	-	-
Total			**65,841,879**	**78,551,111**

(i) The 30% interest in the share capital of these companies was swapped into a 3% interest in the share capital of Royal for Investment & Touristic Development S.A.E., a consolidated subsidiary of the Group. The swap of the previously fully impaired investments in associates was made without any further considerations paid.

Below is a summary of the financial information with respect to the Group's associates as at 30 September 2017:

CHF	30/09/2017
Total assets	760,203,047
Total liabilities	(590,182,117)
Net assets	170,020,930
Group's share of net assets of associates	**56,976,565**
Total revenue	117,150,366
Total (losses) for the period	(26,914,234)
Group's share of losses	**(11,778,151)**

Andermatt-Swiss Alps AG ("ASA")

On 25 June 2013, the Group lost control over ASA due to various capital increases in ASA in which the Group did not fully participate. With a remaining share of interest of 49% in ASA, the investment is classified as investment in associates.

The fair value of ASA on initial recognition as investment in associates is based on a third-party valuation which supported the transaction price paid by Mr. Samih Sawiris.

ASA is not subject to any restrictions on transferring funds to ODH whether resulting from regulatory requirements, borrowing arrangements or contractual arrangements between ASA and ODH.

Jordan Company for Projects and Touristic Development ("JPTD")

JPTD is investing in property, destination management and development in Aqaba in Jordon. Since 2008 the Group exercised significant influence with their two active board members out of eleven leading to changes in the JPTD's Executive Management and provision of essential technical information.

Orascom Housing Communities ("OHC")

In June 2014, the Group lost control over OHC as they did not participate in the capital increase of OHC. OHC called for a rights issue to strengthen its capital base and meet its commitments. Mr. Samih Sawiris, who held a non-controlling interest in OHC before the capital increase, was the only party to subscribe to OHC's capital call. With a remaining share of interest of 35.25% in OHC, the investment is classified as investment in associates.

Red Sea for Construction & Development ("RSCD")

During 2016, RSCD, of which the Group held a direct interest of 0.4% as well as an indirect interest of 14% through OHC, increased its share capital from EGP 25 million to EGP 50 million. Of these EGP 25 million, the Group invested EGP 20 million, resulting in a total interest of 40.20%. Hence, the investment is classified as an associate.

18. Other financial assets

In September 2017, the Group sold its 47.224 million shares in the listed Egyptian Resort Company, the Group's most significant financial asset within other financial assets for total proceeds of CHF 3.3 million. Accumulated losses of CHF 15.9 million, which were accumulated within reserves, were reclassified to retained earnings upon sale of the shares. Prior to the sale of the shares, a total of CHF 1.2 million was recorded in net gains on financial assets at FVTOCI within other comprehensive income in 2017.

19. Inventories

Inventory consists of construction work in progress (CHF 78.8 million), land held for development under purchase agreements (CHF 12.2 million) as well as other inventory which includes construction work materials, hotel inventory and finished units (CHF 37.3 million).

Construction work in progress includes work for contracted units of CHF 25.1 million as well as work for uncontracted units of CHF 28.4 million whereas other inventory includes completed but uncontracted units of CHF 10.8 million besides construction work materials and hotel inventory.

The main reason for the increase in inventory compared to 31 December 2016 is the transfer of assets from property, plant and equipment of CHF 16.7 million (note 14). This increase is partly netted of by foreign currency exchange losses due to the devaluation of the Egyptian Pound (note 26).

20. Trade and other receivables

Trade and other receivables decreased by CHF 5.8 million mainly due to foreign currency exchange differences due to the devaluation of the Egyptian Pound (note 26). There were no other significant changes in the first nine months of 2017.

21. Other current assets

Other current assets mainly consist of advances and prepayments (CHF 37.4 million), sales commissions (CHF 4.9 million), VAT and withholding tax receivables (CHF 5.2 million), deposits (CHF 1.7 million), as well as other debtors (CHF 16.0 million). Compared to 31 December 2016, the increase is mainly due to prepayments and other debtors.

22. Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash on hand, demand deposits and balances at banks. Cash equivalents are short-term, highly liquid investments of maturities of three months or less from the acquisition date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

CHF	30/09/2017	31/12/2016
Cash and cash equivalents	96,318,133	80,834,952
Cash and cash equivalents included in assets held for sale	2,149,103	1,337,360
Balance at the end of the period / year	**98,467,236**	**82,172,312**

Management's plans to manage liquidity shortages and related uncertainty

During this past year, we have experienced and successfully navigated through several periods of volatility and turbulences. Although we are not immune from what is happening around us, the Group managed to do a better job operationally than the year before in most of our destinations through all our business segments.

During 2016 and the first nine months of 2017 our initial focus was on identifying our organizational challenges and development areas related to strategy, visibility and accountability. Accordingly, we started working on re-organizing the current segment structure to a destination based structure, pushing more authority and responsibility on the ground of each destination, to better increase operational efficiency, shorter the decision-making process and improve market transparency.

We now have a clear view of where each destination is going to be over the short-term course 5 years and we have also indicated the needed sources of funding that we have been working on diligently to make sure the plan unfolds in the direction we want it to.

In February 2017, the Chairman renewed his commitment letter vowing to avail up to CHF 60.0 million until 31 December 2018 should the Group require it.

23. Assets held for sale

Planned disposal of Tamweel

In the second half of 2016, the Board of Directors decided to sell its Tamweel Group companies ("Tamweel") and management has engaged a third party as sell side advisor. The sale process has started in July 2016 after all necessary documentation had been prepared by the sell side advisor. On 30 October 2017, the Group received a binding offer but the Group is still studying all offers received from interest third parties and has not decided yet. Hence, the closing process takes more time than expected and management of the Group expects to finalise the sale of Tamweel until year end 2017.

Tamweel does not qualify as discontinued operation as it is neither a separate major line of business nor a geographical area of operations.

The non-current assets held for sale and the liabilities associated with non-current assets held for sale were reclassified from the following categories of assets and liabilities:

CHF	30/09/2017	31/12/2016
Non-current assets		
Property, plant and equipment	397,236	195,184
Non-current receivables	26,197,726	21,752,349
Finance lease receivables	28,619,890	28,553,814
Current assets		
Inventories	174,805	222,431
Trade and other receivables	10,066,973	6,403,184
Finance lease receivables	8,217,543	7,254,695
Other financial assets	1,211,582	1,047,635
Other current assets	557,871	464,083
Cash and bank balances	2,149,103	1,337,360
Assets classified as assets held for sale	**77,592,729**	**67,230,735**
Non-current liabilities		
Borrowings	(42,732,009)	(35,712,509)
Deferred tax liabilities	(2,824)	(380)
Current liabilities		
Trade and other payables	(1,543)	(1,440)
Current borrowings	(18,215,298)	(16,441,930)
Current tax liabilities	(692,831)	(651,419)
Provisions	(341,093)	(267,638)
Other current liabilities	(3,737,537)	(1,043,577)
Liabilities associated with assets classified as assets held for sale	**(65,723,135)**	**(54,118,893)**
Net assets classified as disposal group	**11,869,594**	**13,111,842**

24. Issued and paid-up capital

Issued and paid-up capital as of 30 September 2017 amounts to CHF 937,510,283 and is divided into 40,409,926 registered ordinary shares with a par value of CHF 23.20 per share.

25. Share-based payment reserve

The Company has contractually granted a variable compensation amount to its new CEO, Khaled Bichara ("Contingent Compensation"). The compensation amount is due 6 years after the start date (1 January 2016) or earlier if an acceleration event occurs. In summary, the compensation amount is 10% of the share price increase above an annual average increase of 8% (based on the fixed spot share price of CHF 11.37). The Contingent Compensation will be paid in cash or, at ODH's discretion, in shares if the annual average increases in the share price are met. As of 9 May 2016, the General Assembly of ODH approved the abovementioned compensation plan. The calculated fair value of the Contingent Compensation as at grant date of CHF 5.0 million, which was calculated by an independent third party valuation company, is recognised over the 6 year vesting period on a linear basis within profit or loss. The accumulated amount is shown as a separate share-based payment reserve within equity.

26. Foreign currency translation reserve

In the first nine months of 2017, the Swiss Franc strengthened against the USD by 4% and the Egyptian Pound 1% which resulted in a net loss for the period of CHF 14.0 million.

27. Borrowings

Borrowings decreased by CHF 10.1 million mainly due to the repayment of loans in Egypt and Oman as well as foreign currency exchange differences (note 26). The decrease was partly set-off by new loan agreement in UAE, Oman and Montenegro.

28. Trade and other payables

Trade and other payables decreased by CHF 2.5 million mainly due to foreign currency exchange differences due to the devaluation of the Egyptian Pound (note 26). There were no other significant changes in the first nine months of 2017.

29. Other current liabilities

Other current liabilities consist of advances from customers (CHF 62.1 million), shareholder's current account (CHF 52.6 million), accrued expenses (CHF 18.9 million) and other liabilities (CHF 47.2 million).

Other current liabilities increased mainly due to an increase in the shareholder's current account of CHF 30.7 million.

30. Assets and liabilities measured at fair value

Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	30 September 2017		31 December 2016	
CHF	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities				
Borrowings/bank loans	420,437,758	487,318,641	421,722,938	474,917,757

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes unlisted and listed equity investments classified as at FVTPL and FVTOCI respectively).
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Specifically, significant assumptions used in determining the fair value of the following financial assets and liabilities are set out below.

The valuation techniques and assumption applied for investment property are explained in note 15.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2017				
CHF	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed and unlisted shares measured at FV	2,737	-	634,701	637,438
	2,737	**-**	**634,710**	**637,438**
Other assets at fair value				
Investment property [1)]	-	-	14,493,454	14,493,454
	-	**-**	**14,493,454**	**14,493,454**

31 December 2016				
CHF	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed and unlisted shares measured at FV	2,892,067	-	624,566	3,516,633
	2,892,067	**-**	**624,566**	**3,516,633**
Other assets at fair value				
Investment property [1)]	-	-	5,501,334	5,501,334
	-	**-**	**5,501,334**	**5,501,334**

There were no transfers between Level 1 and 2 in the period. The unlisted financial assets at FVTOCI were measured at fair value based on a method that combined the earning and net equity book values of the companies.

[1)] The reconciliation for investment property is shown in note 15.

Reconciliation of Level 3 fair value measurements of financial assets

CHF	Unquoted equity securities 2017
Opening balance	**624,566**
Total (losses) recognized in other comprehensive income	10,135
Closing balance	**634,701**

31. Related party transactions

The Group has rented out 3 hotels at Makadi destination to FTI – an entity owned by the main shareholder of the Company Mr. Samih Sawiris with an interest of 35 %. FTI is the fourth largest tour operator in Europe. The annual rent is fixed at EUR 3.3 million (CHF 3.6 million) for 3 years to be renewed with the agreement of both parties with a 5 % annual increase.

32. Non-cash transactions

During the nine-month-period, the Group did not enter in any non-cash investing and financing activities which are not reflected in the condensed consolidated statement of cash flows except for the transfer of property, plant and equipment to investment property and inventory. For further details refer to notes 14, 15 and 19.

33. Commitments for expenditure

The following commitments for expenditure have been made for the future development of the respective projects:

CHF	30/09/2017
Eco-Bos Development Limited (i)	4,180,153

(i) As per the property management agreement between Eco-Bos and Imerys (shareholder in Eco-Bos), Eco-Bos has the right but not the obligation (American call option maturing in 2030) to purchase part or all of 6.6 million square meters (divided on 7 independent plots), which is currently owned by Imerys Mineral Limited. An annual option premium is paid to retain the rights and the purchase price is calculated based on an agreed dynamic pricing formula. The trigger event of the option(s) is at the full discretion of Eco-Bos and shall only be exercised when building permits are attained. Currently Eco-Bos is in negotiations with the local authorities and other investors and is taking its time to optimize on the best alternatives for the development.

Minimum building obligations

Beside the legally binding commitment for expenditure mentioned above the following should be considered:

One part of the Group's business is to acquire land for the development of tourism projects. Out of these business opportunities often no legally binding commitments are incurred. However, the Group has unbinding non-binding business opportunity commitments in relation to their projects. In particular the Group has minimum building obligations ("MBOs") for the next five years, which are included in their development agreements ("DAs") with the relevant governments in Oman, Morocco and Montenegro.

While the potential near term financial input is insignificant for Montenegro as deadlines for such obligations are still several years away, the contingent liabilities in relation to MBOs in Oman and Morocco need further consideration and are assessed regularly by the management of the Group.

Management has analysed the various MBOs and is comfortable with the current status of the MBOs and the minimum investment obligations. Albeit that certain delays have or may potentially occur, all such delays were well founded and are premised on legal grounds that would protect the Group from any exposure. The Group has exerted a great deal of negotiations in all destinations to ensure that any delays are communicated to local authorities and thereby working alongside the government in rescheduling and extending the completion dates. Additionally, the Group has worked on securing finance schemes to accommodate the newly developed restructuring of the investment obligations, or in cases were completion dates are at risk, expending the necessary amounts to comply with the contractual obligations. There have been no significant changes to this matter since 31 December 2016.

34. Litigation

There were no significant open litigations at 30 September 2017.

35. Events after the date of statement of financial position

There have been no significant events subsequent to 30 September 2017.

36. Approval of condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by the management and board of directors on 14 November 2017.

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