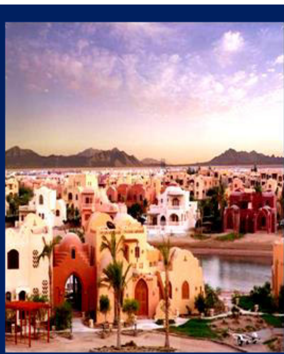
Orascom Development Holding AG

Condensed Consolidated Interim Financial Statements (unaudited)

1. Half-Year 2018




ORASCOM DEVELOPMENT

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Unaudited condensed consolidated statement of comprehensive income

for the period ended 30 June 2018

CHF	Notes	Three months ended		Six months ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
CONTINUING OPERATIONS					
Revenue	7	81,488,197	56,058,625	155,605,006	108,570,142
Cost of sales		(59,997,347)	(49,977,733)	(117,458,743)	(95,445,099)
Gross profit		**21,490,850**	**6,080,892**	**38,146,263**	**13,125,043**
Investment income		1,460,451	1,210,851	3,593,549	2,093,917
Other gains	8	3,883,808	7,327,116	4,617,770	8,592,369
Administrative expenses		(8,084,573)	(7,060,102)	(17,450,652)	(16,184,067)
Finance costs	9	(10,246,097)	(8,521,424)	(19,244,744)	(16,436,101)
Share of losses of associates	17	(3,606,450)	(4,666,344)	(7,514,551)	(8,187,971)
Other losses	10	(13,082,394)	-	(13,092,673)	(108,514)
(Loss) before tax		**(8,184,405)**	**(5,629,011)**	**(10,945,038)**	**(17,105,324)**
Income tax expenses	11	(3,174,824)	(1,210,745)	(5,490,289)	(2,190,353)
(Loss) for the period	**7**	**(11,359,229)**	**(6,839,756)**	**(16,435,327)**	**(19,295,677)**
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss					
Net gain on revaluation of financial assets at FVTOCI		(358)	526,713	10	753,567
		(358)	**526,713**	**10**	**753,567**
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations	24	12,543,933	(24,065,580)	6,175,368	(28,986,606)
		12,543,933	**(24,065,580)**	**6,175,368**	**(28,986,606)**
Total other comprehensive income for the period, net of tax		**12,543,575**	**(23,538,867)**	**6,175,378**	**(28,233,039)**
Total comprehensive income for the period		**1,184,346**	**(30,378,623)**	**(10,259,949)**	**(47,528,716)**

Unaudited condensed consolidated statement of comprehensive income - continued

for the period ended 31 March 2018

CHF	Notes	Three months ended		Six months ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
Profit/(loss) attributable to:					
Owners of the Parent Company		(10,582,566)	(5,643,912)	(17,739,568)	(18,848,866)
Non-controlling interests		(776,663)	(1,195,844)	1,304,241	(446,811)
		(11,359,229)	**(6,839,756)**	**(16,435,327)**	**(19,295,677)**
Total comprehensive income attributable to:					
Owners of the Parent Company		(1,855,955)	(23,292,909)	(13,125,092)	(39,646,078)
Non-controlling interests		3,040,301	(7,085,714)	2,865,143	(7,882,638)
		1,184,346	**(30,378,623)**	**(10,259,949)**	**(47,528,716)**
Earnings per share from continuing operations					
Basic	12	(0.27)	(0.14)	(0.45)	(0.47)
Diluted	12	(0.27)	(0.14)	(0.45)	(0.47)

Khaled Bichara
CEO

Ashraf Nessim
CFO

Unaudited condensed consolidated statement of financial position

at 30 June 2018

CHF	Notes	30 June 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	737,532,259	765,121,094
Investment property	15	7,723,023	7,500,868
Goodwill	16	2,829,971	2,829,971
Investments in associates	17	53,493,588	60,822,300
Non-current receivables		40,051,968	38,078,230
Deferred tax assets		1,059,394	1,007,864
Other financial assets		1,453,166	677,388
Total non-current assets		**844,143,369**	**876,037,715**
CURRENT ASSETS			
Inventories	18	122,514,747	127,583,163
Trade and other receivables		86,222,489	68,881,179
Current receivables due from related parties		25,984,149	23,715,470
Other current assets	19	56,477,622	45,093,158
Cash and bank balances	20	124,581,273	99,454,931
		415,780,280	**364,727,901**
Assets held for sale	21	112,315,702	106,977,030
Total current assets		**528,095,982**	**471,704,931**
Total assets		**1,372,239,351**	**1,347,742,646**

Unaudited condensed consolidated statement of financial position - continued

at 30 June 2018

CHF	Notes	30 June 2018	31 December 2017
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued capital	22	937,510,283	937,510,283
Reserves	23-24	(298,296,406)	(347,312,031)
(Accumulated losses)		(189,986,552)	(177,726,563)
Equity attributable to owners of the Parent Company		**449,227,325**	**412,471,689**
Non-controlling interests		**158,545,912**	**149,135,882**
Total equity		**607,773,237**	**561,607,571**
NON-CURRENT LIABILITIES			
Borrowings	25	306,528,421	111,966,356
Trade and other payables		10,624,533	11,472,492
Retirement benefit obligation		508,962	508,962
Notes payable		181,092	358,173
Deferred tax liabilities		20,545,630	21,423,374
Total non-current liabilities		**338,388,638**	**145,729,357**
CURRENT LIABILITIES			
Trade and other payables		39,392,517	39,574,361
Borrowings	25	43,544,031	262,782,474
Due to related parties		4,474,338	3,598,344
Current tax liabilities		4,710,426	5,663,966
Provisions		63,083,717	65,558,335
Other current liabilities	26	183,586,330	178,820,992
		338,791,359	**555,998,472**
Liabilities directly associated with assets held for sale	21	87,286,117	84,407,246
Total current liabilities		**426,077,476**	**640,405,718**
Total liabilities		**764,466,114**	**786,135,075**
Total equity and liabilities		**1,372,239,351**	**1,347,742,646**

Khaled Bichara
CEO

Ashraf Nessim
CFO

Unaudited condensed consolidated statement of changes in equity

for the period ended 30 June 2018

CHF	Issued Capital	Share premium	Treasury shares	Share-based payment reserve	PP&E revaluation reserve	Investments revaluation reserve	General reserve	Foreign currency translation reserve	Reserve from common control transactions	Equity swap settlement	(Accumulated losses)	Attributable to owners of the Parent Company	Non-controlling interests	Total
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	-	-	-	-	-	-	-	-	-	-	(18,848,866)	(18,848,866)	(446,811)	(19,295,677)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	753,567	-	(21,550,779)	-	-	-	(20,797,212)	(7,435,827)	(28,233,039)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**753,567**	**-**	**(21,550,779)**	**-**	**-**	**(18,848,866)**	**(39,646,078)**	**(7,882,6338)**	**(47,528,716)**
Acquisition of ordinary shares through delisting of EDRs	-	-	(5,421,560)	-	-	-	-	-	-	-	-	(5,421,560)	-	(5,421,560)
Share-based payments (note 23)	-	-	-	416,667	-	-	-	-	-	-	-	416,667	-	416,666
Acquisition of non-controlling interests of subsidiary through swap of shares of investments in associates	-	-	-	-	-	-	-	-	(291,391)	-	-	(291,391)	291,391	-
Non-controlling interests' share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	3,090,983	3,090,983
Balance at 30 June 2017	**937,510,283**	**98,488,244**	**(5,448,357)**	**1,250,000**	**-**	**(16,502,692)**	**4,916,868**	**(373,219,985)**	**(98,984,340)**	**(2,114,229)**	**(139,631,060)**	**406,264,732**	**135,966,973**	**542,231,705**
Balance at 1 January 2018	**937,510,283**	**98,488,244**	**(4,570,754)**	**1,666,665**	**9,978,470**	**(172,229)**	**4,916,868**	**(356,520,727)**	**(98,984,339)**	**(2,114,229)**	**(177,726,563)**	**412,471,689**	**149,135,882**	**561,607,571**
Impact of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	4,555,047	4,555,047	1,162,096	5,717,143
Restated balance at 1 January 2018	**937,510,283**	**98,488,244**	**(4,570,754)**	**1,666,665**	**9,978,470**	**(172,229)**	**4,916,868**	**(356,520,727)**	**(98,984,339)**	**(2,114,229)**	**(173,171,516)**	**417,026,736**	**150,297,978**	**567,324,714**
(Loss) for the period	-	-	-	-	-	-	-	-	-	-	(17,739,568)	(17,739,568)	1,304,241	(16,435,327)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	10	-	4,614,466	-	-	-	4,614,476	1,560,902	6,175,378
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**10**	**-**	**4,614,466**	**-**	**-**	**(17,739,568)**	**(13,125,092)**	**2,865,143**	**(10,259,949)**
Acquisition of treasury shares	-	-	(3,509,661)	-	-	-	-	-	-	-	-	(3,509,661)	-	(3,509,661)
Disposal of treasury shares	-	-	3,681,262	-	-	-	-	-	-	-	924,532	4,605,794	-	4,605,794
Share-based payments (note 23)	-	-	-	416,666	-	-	-	-	-	-	-	416,666	-	416,666
Recycling of foreign exchanged difference on disposal of subsidiary (note 27)	-	-	-	-	-	-	-	16,729,577	-	-	-	16,729,577	-	16,729,577
Disposal of non-controlling interests of consolidated subsidiary (note 6)	-	-	-	-	-	-	-	-	27,448,819	-	-	27,448,819	5,278,433	32,727,252
Acquisition of non-controlling interests of consolidated subsidiary	-	-	-	-	-	-	-	-	(365,514)	-	-	(365,514)	(325,036)	(690,550)
Dividends distribution													(2,862,927)	(2,862,927)
Non-controlling interests' share in equity of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	3,292,321	3,292,321
Balance at 30 June 2018	**937,510,283**	**98,488,244**	**(4,399,153)**	**2,083,331**	**9,978,470**	**(172,219)**	**4,916,868**	**(335,176,684)**	**(71,901,034)**	**(2,114,229)**	**(189,986,552)**	**449,227,325**	**158,545,912**	**607,773,237**

Unaudited condensed consolidated statement of cash flow

for the period ended 30 June 2018

CHF	Notes	Six months ended 30 June 2018	Six months ended 30 June 2017
Cash generated from/(used in) operations		**10,752,945**	**9,010,212**
Interest paid		(14,651,938)	(3,538,931)
Income tax paid		(5,991,930)	(2,278,005)
Net cash (used in)/generated from operating activities		**(9,890,923)**	**3,193,276**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	14	(21,484,245)	(12,304,926)
Proceeds from disposal of subsidiary	27	24,602,943	-
Interest received		1,899,489	2,093,917
Net cash generated from/(used in) investing activities		**5,018,187**	**(10,211,009)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for treasury shares		1,096,133	(5,421,560)
Payments for acquisition of non-controlling interests of consolidated subsidiaries		(690,550)	-
Proceeds from disposal of non-controlling interests of consolidated subsidiaries	6	32,727,252	-
Non-controlling interests shares in changes of equity for consolidated subsidiaries		3,292,321	3,090,983
Dividends paid to non-controlling interests		(2,862,927)	-
Repayment of borrowings		(16,475,891)	(14,171,541)
Proceeds from borrowings		13,819,219	41,193,309
Net cash generated from financing activities		**30,905,557**	**24,691,191**
Net increase in cash and cash equivalents		26,032,821	17,673,458
Cash and cash equivalents at the beginning of the period		103,671,633	82,172,312
Effects of exchange rate changes on the balance of cash held in foreign currencies		133,995	(4,192,137)
Cash and cash equivalents at the end of the period		**129,838,449**	**95,653,633**
Included in cash and cash equivalents	**20**	**124,581,273**	**92,860,440**
Included in assets held for sale	**20**	**5,257,176**	**2,793,193**

Notes to the unaudited 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.

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 nine destinations, four 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 unaudited 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 2017.

3. Basis of preparation

The unaudited 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 2017, except for the critical judgements in relation to revenue recognition of real estate sales. Based on the new revenue recognition requirements under IFRS 15, the following needs to be considered:

Management takes the view that control is the critical event of revenue recognition and no longer transfer of risk and rewards of ownership. Based on the requirements of IFRS 15 revenue for real estate sales is recognised over time as the construction progresses. Only exemption is land sold in relation to the construction of villas, which is recognised at the point in time where the land is delivered to the buyer. For further details on the amended accounting policies in relation to revenue refer to notes 4.1 and 5.1.

4. Adoption of new and revised International Financial Reporting Standards

4.1. Standards and interpretations effective in the current period

The following new and revised standards as well as interpretations are effective for the current period:

Revised Standards	
IFRS 2	Share-based Payment – Amendments in relation to classification and measurement
IFRS 9	Financial Instruments – Final version including expected loss impairment model
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property – Amendments in relation to transfers of investment property
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Except for the adoption of IFRS 15, these standards and interpretations have not led to material changes in the Group's accounting policies.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

Management of ODH decided to use the modified approach, in which the cumulative effect of initially applying IFRS 15 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. There was neither any impact on the statement of financial position as at 1 January 2017 nor in the statement of comprehensive income for the financial period 2017. Accordingly, ODH did not consider contracts that were completed prior to 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. Therefore, the Group has not adopted the terminology used in IFRS 15 to describe such balances. The respective amounts can be found in other assets (note 19) and other liabilities (note 26).

The Group's accounting policies for its revenue streams are disclosed in detail in Note 5 below.

Impact on accumulated losses as at 1 January 2018

The following line items of the statement of financial position as at 1 January 2018 were impacted:

CHF	As previously reported	IFRS adjustment	As restated
Inventories (a)	127,583,163	(17,808,854)	109,774,309
Trade and other receivables (b)	68,881,179	11,196,400	80,077,579
Other current assets (c)	45,093,158	(398,454)	44,694,704
Other current liabilities (d)	(178,820,992)	12,728,051	(166,092,941)
Accumulated losses	177,726,563	(4,555,047)	173,171,516
Non-controlling interests	(149,135,882)	(1,162,096)	(150,297,978)

(a) Except for land of villas, which is recognised at the point in time when the contract for the construction of the villa is signed, revenue from construction of real estate (including land of apartment units) is recognised over time. As the output method used to measure construction progress was changed from a milestone approach to a percentage of completion approach, revenue is recognised as construction progresses and not upon reaching certain construction stages. In accordance with IFRS 15, revenue is recognized at the end of each period based on the percentage of completion even if the construction milestones used previously or revenue recognition are not yet achieved. Therefore, revenue is recognised earlier compared to the superseded standards. As a larger portion of the real estate units under construction was realised as revenue on transition to the new standard, the cost of sales recognised to that date have increased as well, leading to a reduction in inventory.

(b) Revenue adjustment reflected directly in retained earnings, due to transition to IFRS 15, has led to increase in trade receivables.

(c) Following the same concept of decrease in inventory, capitalized sales commissions were derecognised due to the earlier recognition of revenue.

(d) As construction progress is now calculated according to the percentage of completion method and not according to progress based on milestones approach, construction progress since the last construction milestone is also recognised as revenue; hence decreasing deferred revenue which was recognised upon contracting the customer.

Impact on statement of comprehensive income for HY 2018

In HY 2018, using the new accounting policy for revenue recognition in accordance with IFRS 15 instead of the superseded revenue standards resulted in additional revenue of CHF 15.6 million and additional gross profit of CHF 6.2 million.

4.2. Standards and interpretations not yet adopted

At the date of authorization of these unaudited 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 9	Financial Instruments – Amendments in relation to prepayment features with negative compensation	1 January 2019
IFRS 16	Leases	1 January 2019
IAS 19	Employee Benefits – Amendments in relation to plan amendments, curtailment or settlement	1 January 2019
IAS 28	Investments in Associates and Joint Ventures – Amendments to sale or contribution of assets between and investor and its associate	1 January 2019
Various	Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
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 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 unaudited 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 unaudited condensed consolidated interim financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017 except for the following accounting policies in relation to revenue:

5.1. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Different policies for revenue recognition apply across the Group's business segments. The following table shows the link between the accounting policies for revenue recognition and segment information.

Accounting policies	Segments classified by type of activity
5.1.1 Revenue on sale of land	Sale of land
5.1.2 Revenue from agreements for construction of real estate	Real estate and construction
5.1.3 Revenue from rendering of services	Hotels
	Destination management
	Other operations

5.1.1 Revenue on sale of land

Revenue from sale of land, sale of land right and associated cost are recognised when control has been transferred to the buyer. In general, control is transferred when the land is delivered to the buyer as from this point in time, the buyer has the ability to direct the use of the land, and obtain substantially all of the remaining benefits. Management uses its judgment and considers the opinion obtained from the legal advisors in assessing whether the Group's contractual and legal rights and obligations in the agreements are satisfied and the above criteria are met.

5.1.2 Revenue from agreements for construction of real estate

In general, the revenue is recognised either from agreements for construction of apartments or for construction of villas.

Apartments

For apartments, the performance obligations are not capable of being distinct as the customer cannot benefit from the goods and services either on their own or together with other readily available resources. The provided goods and services are dependent on each other. Therefore, the Group accounts for all goods and services defined in the contract as a single performance obligation. The "Unit" performance obligation in apartments include the "Land" as the land represents the plot's undivided share.

Since performance of the Group does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date, revenue from construction of apartments is recognised over time as construction progresses.

The Group uses the percentage-of-completion method to measure the progress towards satisfaction of the performance obligations. The contractors' progress reports are used to measure the percentage of completion.

Villas

For villas, management of the Group considers "land" as a separate performance obligation as the customers get the ownership of a specific and defined land plot once the contract is signed and there is no more work in progress related to land itself. The second performance obligation is the construction of the villa.

For land, revenue is recognised at the point in time where land ownership is transferred to the buyer which in general is when the contract is signed.

Revenue for the second performance obligation, being the construction of the land, is recognised over time as construction progresses. The Group uses the percentage-of-completion method to measure the progress towards satisfaction of the performance obligations. The contractors' progress reports are used to measure the percentage of completion.

Financing component

In Oman and Montenegro destinations, the applied milestones payment method imposes no financing component as the customer pays only when certain milestones are reached, i.e. upon the completion of relevant works.

In Egypt, the time to build a unit is approximately two years while payment is scheduled through instalments for periods longer than five years. Accordingly, the payment schedule provides the customer with a significant benefit of financing and interest revenues are accounted for in Egypt by discounting contract value.

5.1.3 Revenue from the rendering of services

Revenue from services is recognised over time in the accounting periods in which the services are rendered.

6. Subsidiaries

The Group is comprised of the Parent Company and its subsidiaries operating in different countries.

On 15 April 2018, in line with the Group's strategy of enhancing its balance sheet and increasing the liquidity of the stock of its listed Egyptian subsidiary ODE, ODH has successfully sold 18.2 million shares of ODE (8.2%) to a set of strategic investors through an accelerated book building process. The net proceeds of the sale of CHF 32.7 million which are recognised directly through equity (for further details refer to the statement of changes in equity) will be used to finance the Group's expansion plans in Oman and Montenegro for the year, further diversifying the revenue contribution coming from the different destinations. As at 30 June 2018, the Company owns 76.6% of ODE shares.

Further, on 3 May 2018, the Group has successfully completed the sale of its Egyptian Hotel "Citadel Azur Hotel". For further details refer to note 27.

There have been no other major changes in the group structure since 31 December 2017.

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 2017. 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 to be most relevant for the purpose of resources allocation and assessment of segment performance.

CHF	Total segment revenue		Inter-segment revenue		Revenue external customers [1]		Segment result	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Hotels	73,684,435	59,938,090	(394,335)	(928,710)	73,290,100	59,009,380	14,402,342	11,303,991
Real estate and construction	58,285,206	30,562,452	(214,740)	(110,670)	58,070,466	30,451,782	23,393,415	7,786,081
Land sales	-	-	-	-	-	-	(224,292)	(621,387)
Destination management	16,456,015	11,315,076	(8,557,265)	(5,549,086)	7,898,750	5,765,990	(3,917,975)	(4,324,130)
Other operations	30,384,115	16,460,655	(14,038,425)	(3,117,665)	16,345,690	13,342,990	761,796	2,059,349
	178,809,771	**118,276,273**	**(23,204,765)**	**(9,706,131)**	**155,605,006**	**108,570,142**	**34,415,286**	**16,203,904**
Unallocated items [2]:								
Share of losses of associates							(7,514,551)	(8,187,971)
Other gains/losses							(7,413,085)	1,973,824
Investment income							710,795	172,220
Central administration costs and directors' salaries							(17,450,652)	(16,184,067)
Finance costs							(13,692,831)	(11,083,234)
(Loss) before tax							**(10,945,038)**	**(17,105,324)**
Income tax							(5,490,289)	(2,190,353)
(Loss) for the period							**(16,435,327)**	**(19,295,677)**

[1] Of the total revenue of CHF 155.6 million, CHF 81.9 million are recognised at point in time and CHF 73.7 million are recognised over time

[2] 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	30/06/2018	31/12/2017
Hotels	483,935,927	525,422,195
Real estate and construction	541,875,118	506,542,525
Land sales	191,575,583	190,262,008
Destination management	76,934,043	76,135,895
Other operations	42,815,583	41,185,130
Segment assets before elimination	**1,337,136,254**	**1,339,547,753**
Inter-segment elimination	(540,555,166)	(517,643,154)
Segment assets after elimination	**796,581,088**	**821,904,599**
Unallocated assets	463,342,561	418,861,017
Assets held for sale	112,315,702	106,977,030
Consolidated total assets	**1,372,239,351**	**1,347,742,646**

Hotels	236,862,737	258,196,257
Real estate and construction	315,867,543	307,527,008
Land sales	50,892,512	50,939,385
Destination management	86,779,370	81,174,357
Other operations	22,355,615	22,178,013
Segment liabilities before elimination	**712,757,777**	**720,015,020**
Inter-segment elimination	(426,247,079)	(427,134,521)
Segment liabilities after elimination	**286,510,698**	**292,880,499**
Unallocated liabilities	390,669,299	408,847,330
Liabilities directly associated with assets held for sale	87,286,117	84,407,246
Consolidated total liabilities	**764,466,114**	**786,135,075**

Total segment result of CHF 34.4 million (2017: CHF 16.2 million) mainly increased due to the following:

- For six consecutive quarters, our revised management strategy resulted in a significant boost in the Hotel Segment’s overall performance.

  In H1 2018, the hotel segment reports an overall revenue growth of 24% (CHF 59.0 million to CHF 73.3 million) resulting in a GOP increase of 41.8% (CHF 20.8 million to CHF 29.5 million) year on year.

  El Gouna - contributing 50% of the segment`s GOP - comes as the top performer, reporting 36.7% revenue growth, (CHF 21.5 million to CHF 29.4 million) and a 49% jump in GOP, (CHF 10.0 million to CHF 14.9 million).

  Oman Hotels, representing 23% of the segments GOP, achieved 18% revenue growth (CHF 17.3 million to CHF 20.4 million) and a 39% GOP increase (CHF 5.0 million to CHF 6.9 million), despite the adverse effect of the Cyclone in Q2 2018.

The Cove - contributing 20% of the Group’s GOP - reported a 13% revenue growth (13.4 million to CHF 15.1 million) and a 12% growth in GOP, (CHF 5.2million to CHF 5.8million) compared to the same period in 2017.

In Taba Heights, extended regional Sales & Marketing activities led to a remarkable 76.9% increase in revenue (CHF 1.3 million to CHF 2.3 million), while further cost cutting measures resulted in a promising decline in GOP losses (CHF 0.44 million to CHF 0.33 million) year on year.

- There was a significant increase in the real estate and construction segment due to the adoption of IFRS 15 and the resulting changes in accounting policies (see notes 4 and 5 for further details) as well as due to more units which were delivered in Oman, Egypt and Montenegro compared to prior year period.

8. Other gains

In the first six months of 2018, other gains of CHF 4.6 million (2017: CHF 8.6 million) are due to the following reasons:

- Net foreign exchange gains of CHF 3.6 million
- Other gains of CHF 1.0 million

In the first six months of 2017, the gains were mainly due to gains in relation to settlement of borrowings with a third party as well as foreign currency exchange gains.

9. Finance cost

In the first six months of 2018, no finance cost was capitalized on qualifying assets (projects under construction and work in progress. Overall, finance cost increased by CHF 2.8 million from CHF 16.4 million to CHF 19.2 million compared to the first half of 2017, due to increases in borrowings.

10. Other losses

In the first six months of 2018, there was a loss of CHF 13.1 million from disposal of its subsidiary holding Citadel Azur Hotel (note 27). There were no other significant losses in the first six months of 2018.

In the first half of 2017, there were only insignificant losses of CHF 0.1 million.

11. Income taxes

Tax expense recognised during the period amounted to CHF 5.5 million (2017: CHF 2.2 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 three-month period.

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

- **Egypt**
  Some companies in Egypt are still enjoying a tax holiday that has already lasted for more than ten years.

- **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		Six months ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Earnings (for basic and diluted earnings per share)				
(Loss) for the period attributable to owners of the parent	(10,582,566)	(5,643,912)	(17,739,568)	(18,848,866)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	39,628,988	40,008,487	39,627,372	40,207,841
Earnings per share from continuing operations	**(0.27)**	**(0.14)**	**(0.45)**	**(0.47)**

13. Dividends

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

14. Property, plant and equipment

Six months ended 30 June 2018 CHF	Property, plant and equipment (i)	Property under construction	Assets under finance lease	Total
Opening net book value at 01/01/2018	**536,895,884**	**226,441,031**	**1,784,179**	**765,121,094**
Additions	4,960,962	16,523,283	-	21,484,245
Disposal of subsidiary (ii)	(41,709,850)	(751,402)	-	(42,461,252)
Transfer from projects under construction	7,464,268	(7,464,268)	-	-
Depreciation and amortization	(10,782,521)	-	(78,773)	(10,861,294)
Net foreign currency exchange differences	4,299,273	(48,622)	(1,185)	4,249,466
Closing net book value at 30/06/2018	**501,128,016**	**234,700,022**	**1,704,221**	**737,532,259**

Six months ended 30 June 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	3,106,977	9,197,949	-	12,304,926
Transfer to investment property (iii)	(7,863,507)	-	-	(7,863,507)
Transfer from project under progress	75,833	(75,833)	-	-
Transfer to inventory (iv)	(2,872,461)	(5,817,116)	-	(8,689,577)
Depreciation and amortization	(8,800,220)	-	(79,979)	(8,880,199)
Net foreign currency exchange differences	(31,205,018)	(7,778,720)	(126,581)	(39,110,319)
Closing net book value at 30/06/2017	**474,958,876**	**233,545,445**	**1,853,960**	**710,358,281**

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

(ii) In Q2 2018, Citadel Azur Hotel was sold to a third party (note 27), which led to derecognised property, plant and equipment in the total amount of CHF 42.5 million.

(iii) In the first half year of 2017, three hotels in Makadi in the total amount of CHF 7.9 million were transferred to investment property as they were rented out to FTI, a related party tour operator, for three years.

(iv) In the first half year of 2017, 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.

15. Investment property

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

CHF	30/06/2018	31/12/2017
Balance at 1 January	**7,500,868**	**5,501,334**
Transfer from property, plant and equipment (note 14)	-	27,965,313
Reclassified to assets held for sale (note 21)	-	(27,956,313)
Revaluation gain (through P&L)	-	616,649
Foreign currency translation adjustments	222,155	1,382,885
Balance at the end of the period/year	**7,723,023**	**7,500,868**

The fair values at 30 June 2018 were determined based on an internal valuation model performed by Group management in 2017. In estimating the fair value of the investment properties, management considers the current use of the properties as their highest and best use.

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. As investment property only consists of a few properties in Egypt, management has decided to use an internal valuation model due to efficiency and cost saving reasons.

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 21.9% (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	30/06/2018	31/12/2017
Balance at the beginning of the period / year	2,829,971	2,893,347
Effect of foreign currency exchange difference	-	(63,376)
Balance at the end of the period / year	**2,829,971**	**2,829,971**

17. Investments in associates

Details of the Group's associates are as follows:

Name of associate	Place of incorporation	Ownership interest	Carrying value (CHF)	
		30/06/2018	30/06/2018	31/12/2017
Andermatt Swiss Alps AG	Switzerland	49.00%	33,409,398	40,450,887
Jordan Company for Projects and Touristic Development	Jordan	18.33%	13,822,410	14,136,976
Orascom Housing Communities	Cairo	35.25%	2,963,763	3,676,791
Red Sea for Construction & Development	Cairo	40.20%	3,298,017	2,557,646
Orascom for Housing and Establishments	Cairo	39.90%	-	-
Total			**53,493,588**	**60,822,300**

Below is a summary of the financial information with respect to the Group's associates as at 30 June 2018:

CHF	30/06/2018
Total assets	821,650,333
Total liabilities	(675,832,278)
Net assets	145,818,055
Group's share of net assets of associates	**44,736,091**
Total revenue	144,078,370
Total (losses) for the period	(16,810,953)
Group's share of losses	**(7,514,551)**

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. With a remaining share of interest of 35.25% in OHC, the investment is classified as investment in associates.

Red Sea or 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 (CHF 2.2 million), resulting in a total interest of 40.20%. Hence, the investment is classified as an associate.

18. Inventories

Inventory consists of construction work in progress (CHF 72.2 million), land held for development under purchase agreements (CHF 25.3 million) as well as other inventory which includes construction work materials, hotel inventory and finished units (CHF 25.0 million).

Construction work in progress includes work for contracted units of CHF 8.7 million as well as work for uncontracted units of CHF 23.8 million whereas other inventory includes completed but uncontracted units of CHF 9.5 million besides construction work materials and hotel inventory.

The main reasons for the decrease in inventory compared to 31 December 2017 are adjustment due to the first-time adoption of the new revenue standard (note 4.1) as well as completed and delivered units mainly in Egypt and Montenegro in the first half of 2018.

19. Other current assets

Other current assets mainly consist of advances and prepayments (CHF 24.0 million), sales commissions (CHF 7.7 million), VAT and withholding tax receivables (CHF 5.6 million), deposits (CHF 2.2 million), as well as other debtors (CHF 17.0 million). Compared to 31 December 2017, the increase is mainly due to advance payment to suppliers. The increase was partly netted off by a decrease in deposits which are included in the disposal group which was reclassified as held for sale in Q1 2018 (note 21).

20. 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	30/06/2018	31/12/2017
Cash and bank balances	124,581,273	99,454,931
Cash and bank balances included in assets held for sale (note 21)	5,257,176	4,216,702
Balance at the end of the period / year	**129,838,449**	**103,671,633**

Management's plans to manage liquidity shortages and related uncertainty

ODH continues to deliver strong results and operational growth across all its business segments. The successful execution of the three-pillar strategy that as communicated to the market back in June 2016 resulted into enhanced operational and financial results. ODH is a unique group with an exceptional record of accomplishment and a very promising future. The Group has been growing its revenue stream from all its destinations and increasing its profitability.

In 2018, so far, the Group has successfully delivered on the initiatives that have been communicated to the market. During 2018, the Group signed the sale of 3 hotels in Makadi area on the Red Sea, owned by ODE, for a total EV of CHF 49.0 million, which will result in total cash proceeds of CHF 27.4 million (for further details refer to note 21). In addition to this sale, the Group has also sold its 100% stake in "Citadel Azur Hotel" located in Sahl Hashish, Egypt, for an EV of CHF 48.4 million (for further details refer to note 27). Also, in April 2018, an 8.2% stake of ODE was successfully sold to a set of strategic investors for a total of approximately CHF 32.7 million (note 6).

Those sale transactions will further strengthen our financing position and solidify our thesis and will strengthen our balance sheet moving forward and will be utilized for the expansion plans that are needed in Oman and Montenegro which will help us to continue invest our capital to drive growth, and prioritize our time and resources to build a stronger and sustainable organization.

In February 2017, the Chairman signed a letter of commitment in favour of the Group to avail up to CHF 60 million until end of December 2018. Of the committed amount, CHF 52.5 million were drawn-down by the Group until end of March 2018. In April 2018, the Chairman signed a new letter of commitment to avail up to CHF 30 million until end of December 2019.

21. Assets held for sale

CHF	30/06/2018	31/12/2017
ASSETS HELD FOR SALE		
Related to Royal (i)	27,559,802	26,423,943
Related to Makadi (i)	5,151,909	5,271,224
Related to Tamweel (ii)	79,603,991	75,281,863
Balance at the end of the period / year	**112,315,702**	**106,977,030**
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		
Related to Royal (i)	(21,054,863)	(21,711,826)
Related to Makadi (i)	(521,585)	(23,878)
Related to Tamweel (iii)	(65,709,669)	(62,671,542)
Balance at the end of the period / year	**(87,286,117)**	**(84,407,246)**

(i) Planned disposal of Royal and Makadi

During 2017, ODE, the largest Egyptian subsidiary of the Group, has signed the final offer for the sale of 100% of its equity stake in Makadi Gardens, Royal Azur and Club Azur ("Royal and Makadi"). All due diligence and related paperwork for both deals have been finalized. Further, the General Assembly Meeting has approved the decision and the related contract has been signed. All related required procedures are in process to be finalized before the end of 2018.

Royal and Makadi do not qualify as discontinued operation as they are neither separate major lines of business nor geographical areas of operations.

(ii) 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. On 24 May 2018, ODE, the largest Egyptian subsidiary of the Group, signed the final sale contract for all its stake in Tamweel Group at a value of EGP 360 million (CHF 19.9 million) to a consortium of investors. The consortium includes (Ebtikar for Financial Investment S.A.E (related parties), TCV and Acquire). The sale is expected to be finalised during 2018.

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 June 2018			31 December 2017		
	Royal	Makadi	Tamweel	Royal	Makadi	Tamweel
Non-current assets						
Property, plant and equipment	-	-	533,915	-	-	447,763
Investment property	22,703,490	5,151,909	-	22,685,089	5,271,224	-
Non-current receivables	-	-	24,756,050	-	-	25,104,069
Finance lease receivables	-	-	30,936,719	-	-	26,651,469
Current assets						
Inventories	-	-	151,447	-	-	418,575
Trade and other receivables	419,424	-	12,756,815	-	-	10,303,374
Finance lease receivables	-	-	6,141,750	-	-	8,627,401
Due from related parties	869,560	-	-	-	-	-
Other financial assets	-	-	1,022,967	-	-	785,499
Other current assets	415,425	-	1,199,055	1,453,446	-	1,012,419
Cash and bank balances	3,151,903	-	2,105,273	2,285,408	-	1,931,294
Total assets	**27,559,802**	**5,151,909**	**79,603,991**	**26,423,943**	**5,271,224**	**75,281,863**
Non-current liabilities						
Borrowings	(11,270,310)	-	(56,624,214)	(11,266,012)	-	(42,244,751)
Deferred tax liabilities	(4,080,129)	(521,585)	-	(4,917,902)	(23,878)	(265)
Current liabilities	-	-				
Trade and other payables	(21,948)	-	(1,327)	(191,569)	-	(1,334)
Current borrowings	(3,447,260)	-	(5,080,414)	(3,135,150)	-	(16,904,409)
Current tax liabilities	-	-	(458,115)	-	-	(876,114)
Provisions	-	-	(532,570)	-	-	(332,749)
Other current liabilities	(2,235,216)	-	(3,013,029)	(2,201,193)	-	(2,311,920)
Total liabilities	**(21,054,863)**	**(521,585)**	**(65,709,669)**	**(21,711,826)**	**(23,878)**	**(62,671,542)**
Net assets	**6,504,939**	**4,750,457**	**13,774,189**	**4,712,117**	**5,247,346**	**12,610,321**

22. Issued and paid-up capital

Issued and paid-up capital as of 30 June 2018 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.

In line with the Board of Director's proposal, the shareholders resolved at the Annual General Meeting on 8 May 2018 to reduce the nominal value of the Company's shares from CHF 23.20 to CHF 5.00 each and to allocate the aggregate amount of the capital reduction to the Company's capital contribution reserves.

As the reduction of the nominal value has not yet been registered with the commercial register, the share capital as at 30 June 2018 remained unchanged.

23. Share-based payment reserve

The Company has contractually granted a variable compensation amount to its 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.

24. Foreign currency translation reserve

In the first half year of 2018, the Swiss Franc weakened against the USD by 1% and remained unchanged against the Egyptian Pound which resulted in a net gain for the period of CHF 6.2 million.

25. Borrowings

In Q4 2016, ODE, an Egyptian subsidiary, signed a syndication agreement with all its short-term lenders while subsequently signing a common terms and inter-creditor agreement (CTIA) with all lenders (including both the short-term lenders and exiting medium term lenders). The syndication agreement groups all short-term lenders under one legal document and is rescheduling the debt from short term loans (overdraft lines) to one single medium-term loan with a door to door tenor of 8.5 years from the date of signing the CTIA. The CTIA is a document that governs the terms of all ODE loans (the newly signed syndication agreement and the existing bilateral medium-term loans) so that terms are unified except for the collateral structure which is unique to each individual legal document.

It is worth to mention that the previously mentioned cash proceeds from the ODE relisting was used to pay down the bank debt balances of ODE in 2016 on a pro-rata basis and that ODE rescheduled all its existing bilateral medium-term loans to loans with a door to door tenor of 7.5 years from the date of signing the CTIA.

All ODE loans after the signed transaction were granted a 3-years grace period of loan principal repayment from 30 June 2016 and the ability to capitalize the interest expense for the full year 2016 as well as to capitalize the interest expense for the first half year of 2017.

In Q2 2018, all conditions required to effect the terms under both loan agreements were finalized, accordingly, the effectiveness letter has been received from the inter-creditor agent confirming the effectiveness of both agreements. This led to a reclassification of loans from current to non-current borrowings.

Further, total borrowings decreased by CHF 24.7 million mainly due to the disposal of Citadel Azur Hotel (note 27) as well as repayment of loans in Egypt.

26. Other current liabilities

Other current liabilities consist of advances from customers (CHF 82.3 million), shareholders' current account (CHF 52.8 million), accrued expenses (CHF 16.9 million), deposits from others (CHF 17.1 million) and other liabilities (CHF 26.5 million).

Other current liabilities increased mainly due to an increase in advances from customers. The increase was partly netted off by a decreased by lower advances from customers due to changes in accounting policy based on adoption of the new revenue standard (see note 4 and 5 for further details).

27. Disposal of Subsidiaries

As part of the Group's strategy to monetize its non-core assets, management of ODH decided to sell its Egyptian Hotel "Citadel Azur Hotel". On 3 May 2018, the Group concluded the sale of its 100% stake in the 514 rooms hotel located in Sahl Hashish, Egypt, to a third party.

Consideration received

CHF	CHF
Consideration received in cash and bank balances	25,343,467
Deferred consideration recognised within receivables	11,289,588
Amounts received as loan in prior year	11,725,099
Total consideration received	**48,358,154**

Analysis of assets and liabilities over which control was lost

CHF	CHF
Non-current assets	
Property, plant and equipment	41,709,850
Projects under progress	751,402
Current assets	
Inventories	196,753
Trade and other receivables	3,234,746
Other current assets	2,796,877
Due from related parties	22,546,002
Cash and bank balances	740,524
Non-current liabilities	
Borrowings	(14,166,375)
Deferred tax liabilities	(745,724)
Current liabilities	
Trade and other payables	(489,057)
Current borrowings	(3,905,277)
Provisions	(6,934,130)
Other current liabilities	(1,985,418)
Net assets disposed of	**43,750,173**

Loss on disposal of subsidiaries

CHF	CHF
Fair value of consideration received	48,358,154
Net assets disposed of	(43,750,173)
Foreign currency translation reserve recycled to profit or loss	(16,729,577)
Sales commissions	(967,163)
Loss on disposal	**(13,088,759)**

Net cash inflow on disposal of subsidiary

CHF	CHF
Consideration received in cash and bank balances	25,343,467
Less: cash and bank balances disposed of	(740,524)
Total net cash inflow	**24,602,943**

28. 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 June 2018		31 December 2017	
CHF	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Borrowings/bank loans	426,494,650	424,193,372	448,299,152	449,547,578

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 June 2018				
CHF	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed and unlisted shares measured at FV	45,380	-	1,407,786	1,453,166
	45,380	**-**	**1,407,786**	**1,453,166**
Other assets at fair value				
Investment property [1)]	-	-	7,723,023	7,723,023
	-	**-**	**7,723,023**	**7,723,023**

31 December 2017				
CHF	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed and unlisted shares measured at FV	33,123	-	644,265	677,388
	33,123	**-**	**644,265**	**677,388**
Other assets at fair value				
Investment property [1)]	-	-	7,500,868	7,500,868
	-	**-**	**7,500,868**	**7,500,868**

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 2018
Opening balance	**644,265**
Acquisitions	659,849
Total gains recognized in other comprehensive income	103,672
Closing balance	**1,407,786**

29. Non-cash transactions

During the six-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.

30. Commitments for expenditure

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

CHF	30/06/2018
Eco-Bos Development Limited (i)	4,213,843

(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 2017.

31. Litigation

There were no significant open litigations at 30 June 2018.

32. Events after the date of statement of financial position

There have been no significant events subsequent to 30 June 2018.

33. Approval of condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by management and the board of directors on 13 August 2018

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