2008 ANNUAL REPORT

ORASCOM DEVELOPMENT

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Creating

Living

Communities

CONTENTS

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KEY FINANCIAL INDICATORS

Total revenues

CHF 568 Million

(2007: CHF 407 Million)

Gross Profit

CHF 162 Million

(2007: CHF 129 Million)

Profit for the year

CHF 116 Million

(2007: CHF 103 Million)

Basic and diluted earnings per share

CHF 4.33

(2007: 4.02)

Total assets

CHF 1,659 Million

(2007: CHF 1,160 Million)

Net debt

CHF 198 Million

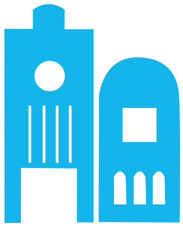
(2007: CHF 161 Million)

Leverage ratio

0.75x

(2007: 0.72x)

KEY PERFORMANCE INDICATORS



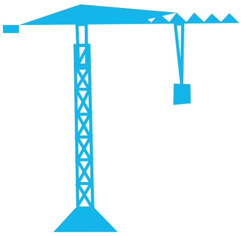
HOTELS

Operating hotel rooms
6,559
(2007: 5,400)

Occupancy rate
81%
(2007: 78%)

TRevPar
CHF 81
(2007: CHF 79)

ARR
CHF 56
(2007: CHF 52)



REAL ESTATE

Total value of contract units*

CHF 373 Million

(2007: CHF 126 Million)

Pre-sold tourism real estate units

668 units

(2007: 253 units)

Contracted budget housing units

2,352 units

(2007: 0 units)

Delivered units

2,939 units

(2007: 397 units)

* Reflects total value of pre-sold tourism real estate units and contracted budget housing units

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LETTER TO SHAREHOLDERS

Our valued shareholder,

The fundamentals of Orascom Development's business model and its value creation process are unrivalled in the industry. This annual report describes and visualizes our unique approach and outlines the ongoing success of our Group. Overall, 2008 was yet another record-breaking year in terms of profitability and growth for Orascom Development.

ORASCOM DEVELOPMENT'S FULLY-FLEDGED TOWNS REMAIN POPULAR DESTINATIONS

Today, negativity and pessimism is spreading as travelers and investors fear what is yet to come as a result of the non-diminishing global credit crunch. Although economies in the Middle East and in the rest of world faced significant challenges in 2008, the year on year performance of Orascom Development's existing towns did not suffer. To the contrary, we even managed to increase the price levels and occupancy rates of hotels at our two main operating towns, El Gouna and Taba Heights, whereby both reached record levels. Moreover, contracted real estate pre-sales peaked to a new all-time high with a total value of CHF 373 million as opposed to CHF 126 million by end of 2007, as additional contracts were finalized with residential units' buyers in Egypt, the United Arab Emirates and Oman benefiting from the multiple projects launched during 2008.

HEADQUARTERS TRANSFERRED TO SWITZERLAND

In early 2008, the Group has been reorganized under a new Swiss holding company formed as a financial holding company. The reorganization primarily affected the legal structure of the Group but did not cause any material changes to our existing operations or projects. The headquarters of the new entity were transferred to Altdorf in Switzerland, a natural choice given the Group's established presence in the region through the Andermatt project. In addition, Switzerland is the home base for numerous multinational companies, providing a stable political and business-friendly environment for international corporations spurs their international growth.

As part of the reorganization plan, the holding company is listed on the main board of the SIX (Swiss Stock Exchange) with a secondary listing on the EGX (Egyptian Stock Exchange). The shares are fully fungible between both stock exchanges and are traded under the same ISIN code. These developments are a reflection of our ongoing international aspirations. This transaction was a major step on our way to becoming a globally diversified town developer within our strategic foot print being in the Middle East and Europe.

NEW BOARD MEMBERS

The Board of Directors is composed of highly-qualified members who will bring valuable industry and financial knowledge to the Group. Serving on our board are Adil Douiri, Carolina Müller-Möhl, Franz Egle, Luciano Gabriel, Jean-Gabriel Pérès, as well as Amr Sheta and Samih Sawiris.

ANDERMATT PROJECT ON TRACK

The development of the Andermatt project is steadily progressing on track and we continue to see broad-based support from the public and strong interest from potential real estate buyers. Currently, we are preparing the applications for building permits for the first objects and we look forward to receiving the first building permits in the coming months based on the development zoning plan that has been approved end of last year.

EXCELLENT RESULTS

The year 2008 was a remarkable period for Orascom Development. Total consolidated revenues increased by 40% reaching CHF 568 million, a new record for top line in comparison to CHF 407 million for the same period last year. Improvements in revenues generated are mainly from Egypt and the United Arab Emirates. Profit for the year increased to CHF 116 million from CHF 103 million, with 13% growth translating to basic earnings per share of CHF 4.33 up from CHF 4.02 by end of 2007. Total assets increased by 43% to CHF 1.6 billion, with total equity reaching CHF 947 million up from CHF 674 million by end of 2007. We believe that Orascom Development's operations are stable based on the existing pipeline of contracted real estate pre-sales of CHF 373 million as opposed to CHF 126 million by end 2007, a net debt position of only CHF 198 million, and a low leverage ratio of 0.75x. Orascom Development's conservative financing strategy proved to be quite useful in the past and will continue to protect the Group further in the period ahead.

JOB CREATION

Due to the overall improved performance, the launch of our Oman destinations, the progress of our Andermatt project in Switzerland, and - more importantly - developments in the budget housing segment, our number of employees increased by 8,398 to 17,897. This is a clear reflection of the social contribution of job creation within the Group's development model.

IMPROVED BUSINESS FUNDAMENTALS DESPITE CHALLENGING ENVIRONMENT

With the global financial markets experiencing turmoil and extreme volatility, we remain committed to enhancing shareholders' value through delivering targeted operational growth milestones. We continue to unleash operational value from existing destination as well as pursue new projects whenever feasible. Though Orascom Development's operational model is completely different from a typical real estate developer in terms of limited land bank carry cost and the presence of stable yet growing sources of recurring income, the global real estate industry volatility had an inflated negative impact on the share price of Orascom Development in 2008, which is not indicative of the underlying assets and cash flow value of the business.

Group operations have never been better prepared to weather the storm and to emerge with even more growth prospects. Our business fundamentals have improved tremendously as growth and access to development capacity becoming easier and cheaper. Hotels' pre-bookings, although slightly down, suggest that 2009 will also be a good year for our real estate and hotel operations. We anticipate that customers will remain interested in travelling to sunny destinations in the Middle East, even if the trend moves to last-minute arrangements bookings rather than pre-bookings.

Furthermore, we are better protected than ever before against a possible prolongation of the global economic crisis into 2009 and 2010 because our pre-sales of real estate are at record levels - which will have a positive impact on our Profit & Loss Statement in 2009 and 2010. Additionally, hospitality and town management operations outperform the regional alternatives, indicating the competitive strength of our development concept and our ability to remain profitable despite global turmoil. All these factors combined will continue in the next months and we are expecting further growth in 2009.

DIVIDEND POLICY

We are considering the introduction of a token dividends payout of CHF 0.50 per share to reflect the soundness of our financial position to enforce the matched nature of capital expenditure and inflow from contracted real estate pre-sales and other sources of income. In principal, our policy was to retain liquidity in the event that multiple new projects are introduced beyond the internal cash flow generation capacity of existing towns. This dividends proposal is presented to the Annual General Meeting planned on 4 May 2009 for approval.

A WORD OF GRATITUDE

Without the tremendous commitment and efforts of our employees, the Group would not have achieved its aspirations. We sincerely thank all our employees for their dedication and strong alignment with the Group's objectives. We also thank our real estate buyers and travelers to our towns for their loyalty and trust. As always, special thanks goes to you, our valued shareholders for your confidence, guidance, and support.

Samih Sawiris
Chairman & CEO

Amr Sheta
Vice Chairman & Co-CEO

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CORPORATE STRUCTURE

Orascom Development is a developer of fully-integrated towns that offer hotels, private villas and apartments, leisure facilities such as golf courses and marinas, as well as the supporting infrastructure.

1) COMPANY PROFILE

INTRODUCTION

Orascom Development is a developer of fully integrated towns that offer hotels, private villas and apartments, leisure facilities such as golf courses and marinas, as well as the supporting infrastructure. It has secured or is in the course of securing large land banks in untapped yet attractive locations with development potential in Egypt, Morocco, Sultanate of Oman, the United Arab Emirates and Switzerland. The high quality portfolio combined with a proven business model is expected to result in long-term growth opportunities.

Orascom Development operates two successful flagship towns, El Gouna and Taba Heights (both in Egypt), and has secured, subject to certain conditions, or is about to secure, land banks of approximately 127 million m^2. The company has a workforce of 17,897 employees.

To ensure smooth operations and control over the quality of offering, Orascom Development controls the entire value chain, starting with the site identification process, master plan, launch and pre-sales and construction, along with developing other related town features. The value creation process is further discussed in detail on page 15.

VISION

With global expansion in mind and a dedication to achieving excellence taken to heart, we are working to make Orascom Development recognized worldwide as the authority in creating living communities and transforming ordinary settings into exquisite destinations. Together, we are committed to designing a new concept for living, to building perpetual trust with our clients and to selling people the essence of what they need: a personalized ideal life

MISSION

We are international town builders. Prime locations are spotted and long-term commitments are developed. Our geographical aims are unconventional and our undertakings are creatively inspired. We work to provide the best value with a guaranteed Orascom mark of quality. We are not simply developers, we are community creators.

HISTORY

The name Orascom is the flagship name of the companies owned by the Sawiris family, which has emerged over time to become Egypt's leading entrepreneurial business family. Mr. Onsi Sawiris, the father, founded Onsi Sawiris & Co. General Contracting Company, which was the cradle for the listed Orascom companies. Each of these companies was later initiated in response to a business window of opportunity that one of the three Sawiris brothers recognized ahead of others. Since then, Orascom companies have become leading players in the fields of telecommunications, construction, hotels and real estate development, regionally and recently internationally. Each Orascom company is independently owned and managed by one of the Sawiris brothers.

EGYPT

1989
- OTE established[1]

1990
- El Gouna development commences[2]

1991
- El Gouna becomes operational[3]

1996
- OPTD established[4]
- OTE assets transferred to OPTD
- OPTD listed on the EGX[5]

1997
- Development of Taba Heights commences

Notes

[1] OTE (Orascom Tourisitic Establishments)

[2] Start of development control program (i.e. year in which the master plan is deemed final by the Group)

[3] Operational defined by the Group as expected date of hotel opening/first residential real estate delivered

[4] OPTD (Orascom Projects and Tourisitic Developments) renamed OHD (Orascom Hotels & Development) in 2005 post acquisition of OHH (Orascom Hotels Holding)

INTERNATIONAL EXPANSION

(TO DATE AND EXPECTED)

1998

- Spin off of hotel development into a new subsidiary OHH[6]
- Participation in JPTD[7], the developer of Tala Bay

2004

- OPTD increased its ownership in OHH from approx 57% to 97%

2005

- OPTD changes its name to OHD[8]
- The Cove project (U.A.E.) commences[2]
- JV with ClubMed (Mauritius)

2006

- Oman's development contract and JV agreement signed
- Tamweel Mortgage Finance Company established

2007

- Andermatt agreement signed
- Haram City budget housing project commences[2]
- Morocco development contract and MOU signed
- Salalah Beach, Jebel Sifah, Al Roboua, budget housing (Egypt) and Amoun Island developments commence[2]

2008

- Establishment of Orascom Development
- Public share exchange offer by Orascom Development
- Dual listing on the SIX & the EGX

[5] The EGX (The Egyptian Stock Exchange)

[6] OHH (Orascom Hotels Holding)

[7] JPTD (Jordan Projects & Tourisitic Developments)

[8] OHD (Orascom Hotels & Development)

B) ORGANIZATIONAL CHART

- **ORASCOM DEVELOPMENT HOLDING AG**[1] BOARD OF DIRECTORS
  - Chairman & CEO **Samih Sawiris**[2]
  - Vice Chairman & Co-CEO **Amr Sheta**[2]
    - SVP - Group CFO **Mahmoud Zuaiter**[2]
    - SVP - European Operations **Raymond Cron**[2]
    - SVP - International Development **Julien Renaud-Perret**[2]
    - SVP - Egypt Destinations Management **Hamza Selim**[2]

OPERATIONS

- Hotels **Claude Chesnais**
- Real Estate & Construction **Abdalla El Nockrashy**
- Tours Operations **Karim Garranah**
- Land Sales[3]
- Town Management[3]
- Other Operations[3]

[1] Orascom Development is a financial holding company

[2] Member of the Executive Management

[3] Managed by SVP - Egypt Destinations Management

C) GROUP'S SUBSIDIARIES AND AFFILIATE COMPANIES

For detailed information about the subsidiaries and affiliate companies, please refer to the notes of the audited consolidated financial statements.

EGYPT
Abu Tig for Hotels Company
Accasia for Hotels Company
Arena for Hotels Company S.A.E.
Azur for Floating Hotels Company S.A.E.
Captain for Hotels Company
El Dawar for Hotels Company
El Golf for Hotels Company & Touristic Establishments
El Gouna for Hotels Company S.A.E.
El Gouna Hospital Company
El Gouna Services Company
El Mounira for Hotels Company S.A.E.
El Tarek for Nile Cruises & Floating Hotels
El Tebah for Hotels & Touristic Establishments Company
El Wekala for Hotels Company
International Company for Floating Hotels & Touristic Establishments
Marina 2 for Hotels & Touristic Establishments Company
Marina 3 for Hotels & Touristic Establishments Company
Mirotel for Floating Hotels Company
Misr El Fayoum for Touristic Development Company S.A.E.
Mokbela for Hotels Company S.A.E.
Orascom for Touristic Sports
Orascom Hotels & Development S.A.E.
Orascom Hotels Holding S.A.E.
Orascom Housing Communities (OHC)
Orascom Housing Company
Paradiso for Hotels & Touristic Establishments Company S.A.E.
Rihana for Hotels Company S.A.E.
Roaya for Tourist & Real Estate Development S.A.E.
Royal for Investment & Touristic Development S.A.E.
Taba First Hotel Company S.A.E.
Taba Heights Company S.A.E.
Tamweel Mortgage Finance Company S.A.E.
Tarot Garranah & Mirotel for Floating Hotels
Tarot Garranah for Touristic Transportation
Tarot Tours Company (Garranah) S.A.E.
Tawila for Hotel Company S.A.E.
Turtle for Hotels Company S.A.E.

JORDAN
Golden Beach for Hotels Company

MAURITIUS
Club Mediterranee Albion Resorts Ltd.*

MOROCCO
Oued Chbika Development (SA)

OMAN
Muriya Tourism Development Company (S.A.O.C.)
Salalah Beach Tourism Development Company (S.A.O.C.)
Sifah Tourism Development Company (S.A.O.C.)

SWITZERLAND
Andermatt Alpine Destination Company AG
Andermatt Hotels Holding AG
Bellevue Hotels and Apartments Holding AG

UNITED ARAB EMIRATES
RAK Tourism Investment F.Z.C.

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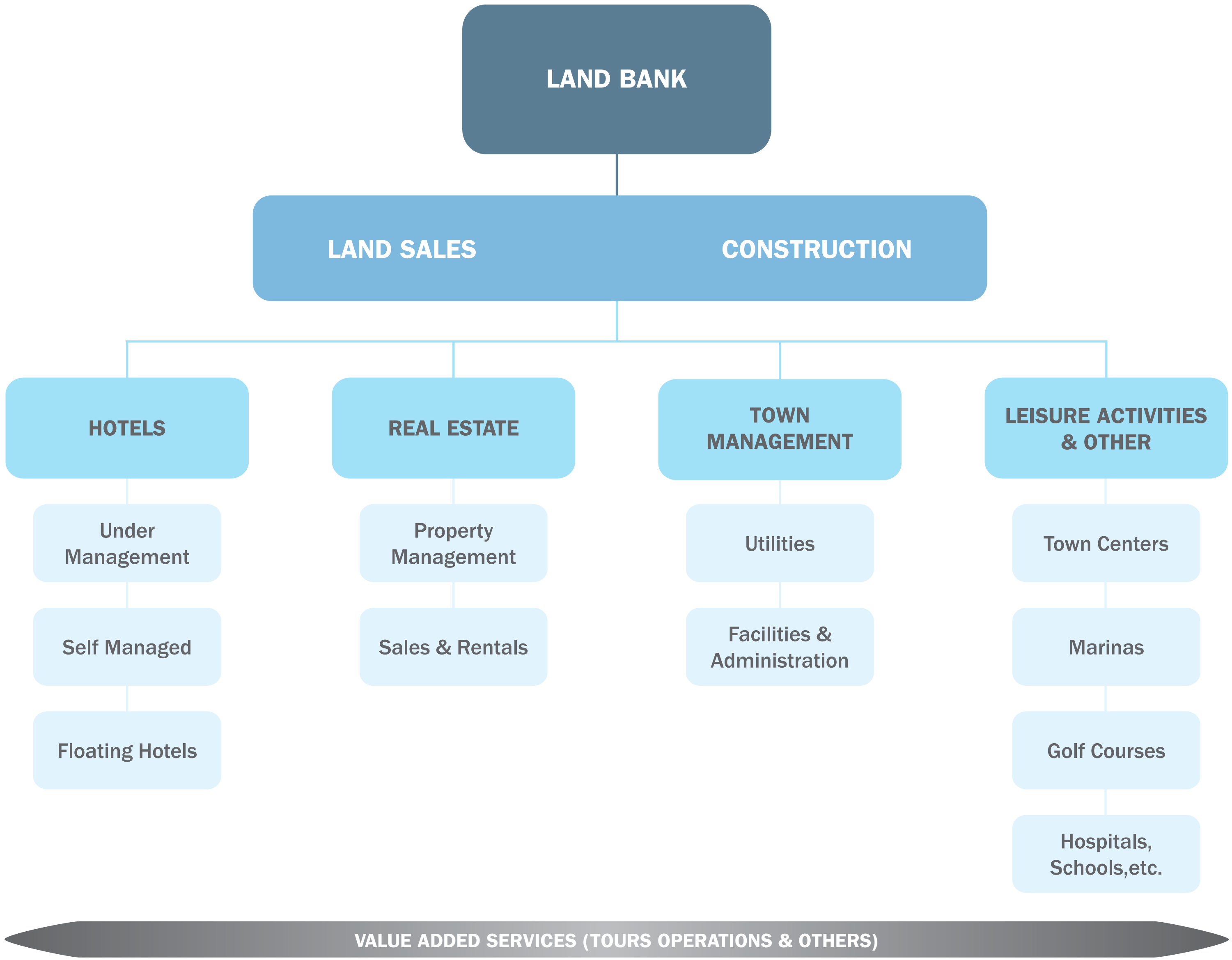
STRATEGY AND VALUE CREATION

Orascom Development is an integrated town developer that focuses on the construction and operation of fully-fledged, self-sufficient tourist destinations.

FULLY-INTEGRATED TOWN DEVELOPER

With two self-sufficient towns in Egypt and others near completion or under development in the Middle East and North Africa regions, Orascom Development anticipates that additional business opportunities will arise with the development of the Andermatt resort in Switzerland, the Group's first major project outside the Middle East. In each town, activities in the segments of hotels, real estate, leisure and support services are conducted.


LAND BANK
LAND SALES
CONSTRUCTION
HOTELS
REAL ESTATE
TOWN MANAGEMENT
LEISURE ACTIVITIES & OTHER
Under Management
Self Managed
Floating Hotels
Property Management
Sales & Rentals
Utilities
Facilities & Administration
Town Centers
Marinas
Golf Courses
Hospitals, Schools,etc.
VALUE ADDED SERVICES (TOURS OPERATIONS & OTHERS)

STRATEGIC FOCUS

The Group controls the entire value chain, exercises influence on prices and profit margins and is able to deliver stability through its unique business approach. The activities in the six segments (discussed in detail in the segmental review section of 2008 results) are designed to support the main goal of value creation in the land bank. Consequently, the five main pillars of the Group's strategy are:

1. Securing of vast tracts of land banks in untapped yet attractive regions at relatively low cost.

2. Development of independent fully-fledged towns with all necessary facilities.

3. Monopoly-like situation due to control over the entire value chain.

4. Financing through pre-sales of residential units and recurring revenues.

5. Upside revaluation of the land bank over the medium to long-term.

Orascom Development favors a long-term development approach and centers its actions on an ongoing growth in profitability and, foremost, on creating value in its vast land bank holdings. This is achieved by securing vast stretches of undeveloped land at low cost, thereby limiting the financial risk, via purchases, leases and options, against relatively small amounts of money which is then developed into a year-round destination. The main advantage of such a procedure is to limit the related carry cost of an undeveloped portion of land bank, given the relatively low price paid, which limits the revaluation downside but at the same time provides a buffer for a high revaluation upside. To illustrate, the value in El Gouna increased from approximately CHF 2/m^2 in 1989 to at least CHF 68/m^2 in mid-2008, according to international real estate realtor ERA. Today, the majority of the land bank – 62% – is in Egypt, with Oman being the second largest location.

Orascom Development has influence on all parts of the value chain and has therefore a much stronger position than any regular real estate developer. Since Orascom Development manages each building phase, planning will be in line with client demand and, more generally, demand will meet supply and prices will remain well controlled.

Orascom Development applies a phased development approach and thereby influences how sales are generated. In each development phase, Orascom Development carefully balances the residential real estate, available commercial space and necessary infrastructure supplied where demand is generated by existing and new residents of a town. This allows continuous enhancement and a moderate increase in the average selling prices of residential real estate, and therefore increases the value of a destination over time. Exercising total control over real estate prices helps ensure that supply and demand are being matched without jeopardizing the upside trend of prices. In El Gouna, the price per square meter for residential real estate increased every year since its inception in 1989. Not even the down cycles after the millennium had a negative impact on average selling prices. On the contrary, this unique business model proved to be very resistant and the Group was able to sell and increase prices during those years.

A certain volume of real estate units must be pre-sold at the initial phase of a new town development in order to finance the basic infrastructure and provide partial financing for the construction of hotels. However, once the initial phase of a town is being built, the risk involved drops rapidly and real estate sales are only executed at an ever increasing price.

Each project is developed on a stand-alone basis from the time of inception to maturity. Each project is provided with sufficient capital at startup to ensure it is funded until it starts selling properties in its first development phase. From that point onwards, the project management determines individually when the next phase should come online and how it should be financed. It should be noted that Orascom Development does not centrally finance its projects, nor exercise any cross-subsidies or even withdraw funds from a project. However, excess cash from mature destinations/projects can be utilized as capital for other (or new) projects.

STRATEGY IMPLEMENTATION

Orascom Development follows a simple but very effective business model that is divided into seven main phases during which a new town evolves:

SITE IDENTIFICATION

MASTER PLANNING

1. SITE IDENTIFICATION

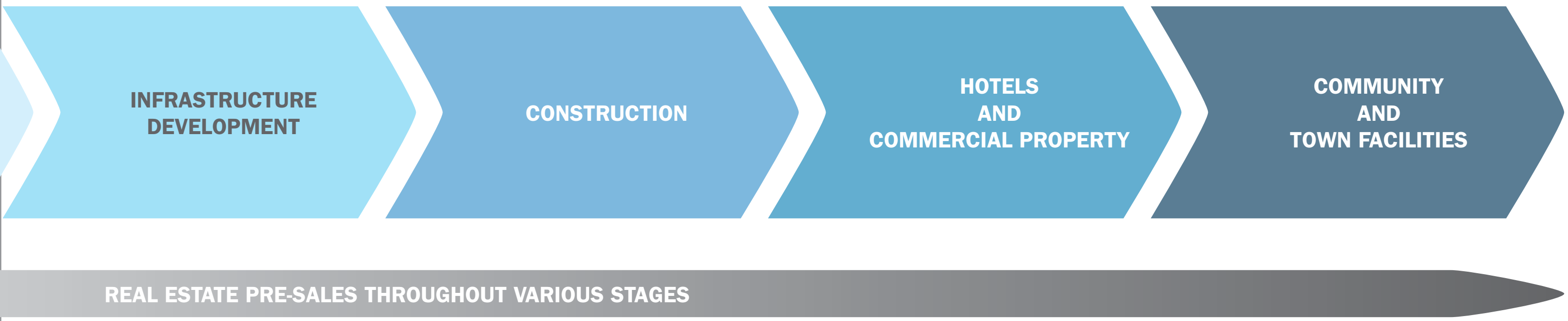
The main criterion for the selection of a particular site is whether Orascom Development can take control of sufficient land to be able to ensure that no competitor can encroach on the development from inception to maturity, which could otherwise reduce its attractiveness to investors. Another important factor that has an impact on the cost of obtaining control of a particular site are the economic and environmental development goals of the public authorities, their interest in providing the Group with a beneficial treatment and also their commitment to the project by partnering with us. Therefore, the Group only develops a new town in areas where it encounters a monopoly-like situation. Pricewise, Orascom Development is only interested in securing land banks on attractive terms. Other important factors include geographic location, topography and development potential, as well as the commitment of public authorities to our ideas.

2. MASTER PLANNING

This phase is usually implemented in collaboration with well-known project planners and designers in order to create a town with a special character and flair. The development of a community is always planned over several phases that expand it both in size and scope, where each phase is complementary to the existing town and provides us with the ability to match our capital expenditure requirements for the planned phase with real estate pre-sales as well as other sales proceeds. Facilities of a town are created for year-round usage and are intended to provide multi-faceted infrastructure to satisfy our diverse clientele. In each development phase, a certain proportion of residential real estate is intended for outright sale to private individuals who use it mainly as a secondary home (in the early phase of a project) or as a primary residence (once the community matures). Each project needs to fit into its natural landscape so as to not detract from the environment but rather integrate its attractions into the whole town and to ensure that it is not overused.

3. PRE-SALES OF REAL ESTATE UNITS (ONGOING THROUGH A PROJECT'S LIFE)

One of Orascom Development's key strengths and a major step in each project is the pre-sale of residential real estate. We start marketing the project to potential buyers based on the master planning. Buyers need to make a down payment and also to execute the sale and purchase agreement. This phase is important for two reasons. Firstly, to obtain valuable feedback from the market as to the potential demand for the whole project and any modification that needs to be undertaken in it. Secondly, to raise sufficient cash to start construction of the units as well as the related infrastructure and common facilities. In general, the Group sells real estate to a diverse range of buyers through its own sales force or by utilizing well-established real estate agents. Our control over the real estate



being offered for sale and the phased development approach help us in constantly ensuring that supply and demand are being matched without jeopardizing the trend of increasing prices over the medium to long-term.

4. INFRASTRUCTURE DEVELOPMENT

Since most of our communities are located in remote areas, we have to develop the necessary infrastructure to make the project area habitable and attractive. These included water treatment facilities, electricity and communication facilities, and community facilities such as hospitals, clinics, marinas, landing strips and leisure complexes. All of these facilities are developed with the ultimate size of a town in mind, but are also staged to be rolled out in line with the growth of the community and the demand it will generate. Orascom Development builds and maintains control over these facilities and extracts a stable income stream.

5. CONSTRUCTION

In Egypt, Orascom Development usually conducts its own construction activities through its in-house construction team, whereas outside of Egypt we prefer to supervise contractors conducting the work on our behalf. In both cases, we bring our own construction expertise to the project, so as to ensure that our construction quality standards are met. Construction for any phase of a project will usually only commence if it has been preceded by a pre-sales phase during which the residential units intended in particular for the phase are reserved by buyers against a significant down payment. In addition, any special preferences by the buyer or even special requests can be included into the implementation of the phase under construction.

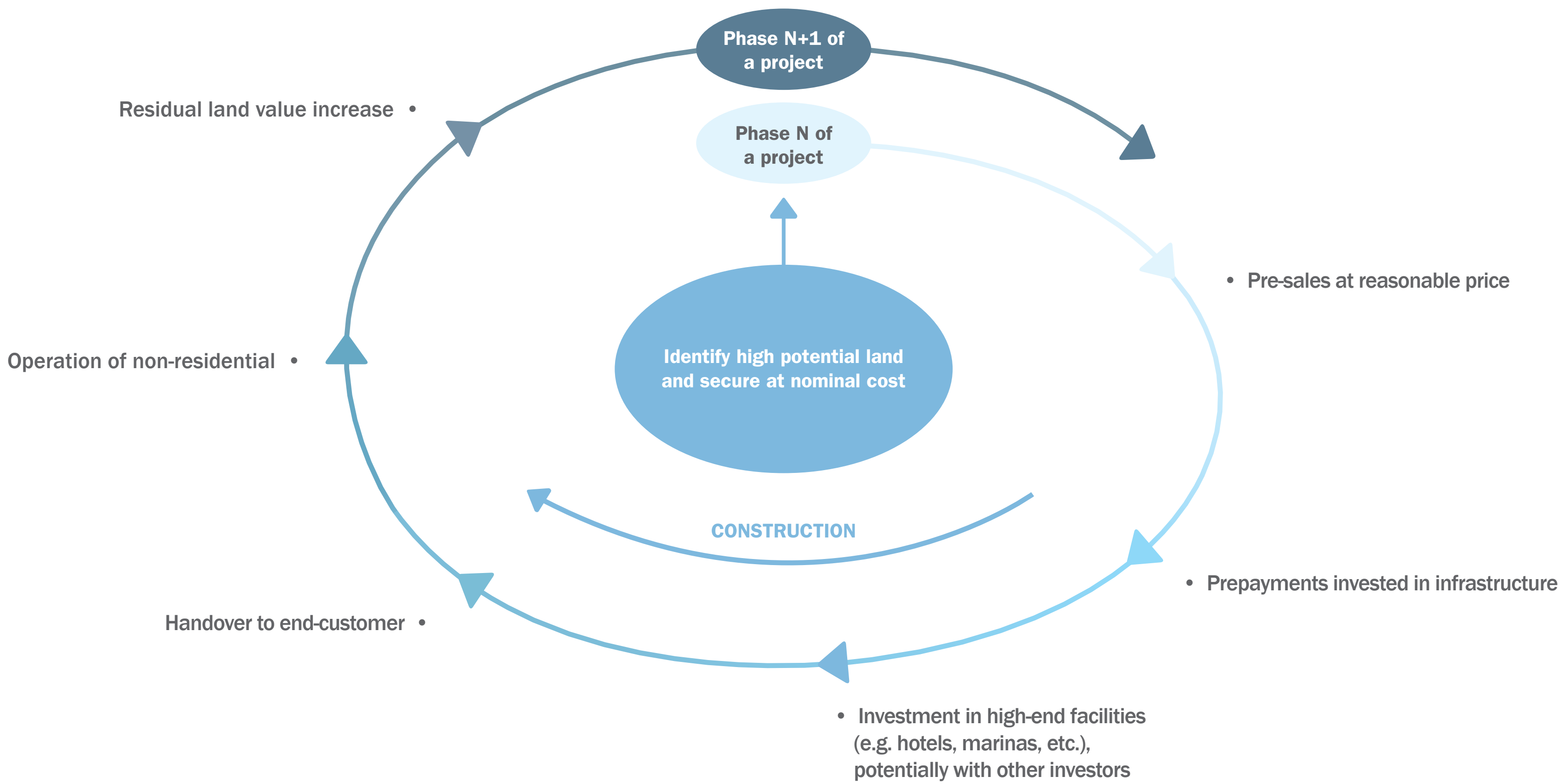
6. HOTELS AND COMMERCIAL PROPERTY

While real estate sales are proceeding, Orascom Development agrees on management contracts with global hotel chains to brand and operate some of the hotels in the communities. The standing of these hotels is a significant marketing tool for the residential real estate sales of the whole town. We generally retain and obtain ownership of the hotels and thereby continue to reap the benefits being generated from them. We own a majority stake in all of our hotels but award management to reputable companies such as Sofitel, ClubMed, Hyatt Regency, Mövenpick, InterContinental, Marriott, Starwoods' Sheraton or Steigenberger. In return, the hotel operator receive an annual management fee and in some cases an incentive fee if a certain gross operating profit target is achieved, according to each hotel's management agreement. We ensure that we maintain control over certain operational decisions, such as that the average room rates are being maintained at a certain level and that guest spending is not maximized at the cost of other facilities in a resort. Since we have an interest in maintaining and enhancing the character of each town, we ensure that guest circulation is kept at a high level so that all the economic activities of a town can prosper. Therefore, we might accept lower revenues per guest in our hotels but compensate for this reduction through revenues generated from other commercial activities.

Commercial and residential properties are another important activity. Commercial properties are usually rented to entrepreneurs who use our shops to provide a service to residents and visitors of the town. Orascom Development retains ownership control of these commercial properties so as to ensure a certain quality of offering within its towns. A residential property that is owned by the Group is rented out to individuals working in the hotels of the town or in its shops. Furthermore, another attractive source of income is the marina berth slips, which offer a steady yet growing source of income due to the increasing demand for berths all over the world.

7. COMMUNITY AND TOWN FACILITIES

The background infrastructure of a town is mostly operated and in most cases owned by Orascom Development. These infrastructure facilities (such as water treatment, electricity, etc.) are a necessary requirement for any town to function properly and have a significant impact on the quality of life and thereby on the value of the real estate in the community. These facilities are also necessary at any time and will be demanded by the town's residents, irrespective of the economic environment of the hotels, real state or commercial properties.



INTERNATIONALIZATION OF THE SUCCESSFUL BUSINESS MODEL

Middle East tourism is an important factor for our hotel and town management business. Although the Group is significantly expanding outside of its core region, the Middle East remains our primary market for the next few years. We believe to be well positioned to profit from the current economic crisis, as travelers previously residing in top-priced destinations may have to reduce their spending, seeking the same quality of offering at a high-class resort such as El Gouna which yet is cheaper in terms of comparative pricing. During the last down cycle in 2001-2003, El Gouna was able to maintain a relatively good occupancy rate without jeopardizing or reducing the room rates. Therefore, we remain confident that our towns can attract good numbers of quality visitors even under more challenging economic circumstances. As outlined, we will implement our business model in each new town and therefore internationalize our success achieved in Egypt, the United Arab Emirates and Oman. This procedure ensures that each project contributes and adds value to the Group as a whole. Value creation is two-fold: on the one hand, we expect to increase the value of the undeveloped portion of our vast land bank through ongoing pre-sales of residential real estate, and on the other hand, we will benefit from a growing recurring income from hotels, rentals and town management operations. To sum up, each new project contributes to Orascom Development's profitability and brings about a higher level of sales volume and value.

DIFFERENTIATING FACTORS

Orascom Development is in many ways different from a traditional real estate developer. The main factors to be taken into consideration are:

- **HIGHLY INTEGRATED BUSINESS MODEL**

Orascom Development's business model involves master planning, construction, real estate and ownership (e.g. hotels and retail facilities), town management and tours operations activities. The integrated development and control concept allows the Group to benefit at each level of the value chain.

- **TRACK RECORD AND PORTFOLIO OF ASSETS**

Orascom Development is a leading integrated town developer with almost 20 years of experience throughout the Middle East and a proven track record of sustainable development. The Group has a unique portfolio of high quality development projects in several jurisdictions, with two existing flagship towns, El Gouna and Taba Heights. This track record gives us the credibility to enter into development projects with various governments on terms favorable to the Group.

- **STRONG CUSTOMER AND MARKETING KNOWLEDGE**

Access to and knowledge about existing and future customers is a key factor in continuously selling residential real estate which serves primarily as secondary homes. Orascom Development also capitalizes on its relationship with leading real estate brokers such as Savills, A World Overseas, Cushman & Wakefield, Engel & Voelkers and Leygraaf International.

- **BRAND EQUITY**

The name Orascom is well-known in the Middle East due to the fact that the Sawiris family has played a leading role in Egyptian business for decades. The success of Orascom Development and its Andermatt project has transferred this perception to Europe as well and especially to Switzerland.

- **LOW RISK FINANCING STRATEGY**

The business model and acquisition strategy of land banks limit the entry price of new developments. Real estate pre-sales allow us to minimize upfront cash requirements. In addition, the initial capital provided to each project acts as a buffer in covering initial development costs in case the real estate pre-sales are not sufficiently high to cover the related expenditures.

- **LOW RISK OPERATION STRATEGY**

Although most of the current revenue stream is generated by the Group's projects in Egypt, our balanced portfolio of development projects is diversified in terms of geography, development stage and targeted customers.

- **STRONG GROWTH IN SALES AND PROFIT**

Each new project provides additional sales and profits to the Group, and the ever increasing number of developments leads to strong growth in turnover and profitability of Orascom Development, thus leading to a relatively exponential rather than linear growth in the Group's profitability. With pre-sales commencing in Andermatt in 2009 and additional sales in Oman and Egypt, we expect this trend to continue.

- **EXPERIENCED MANAGEMENT TEAM**

The founder and the management team have not only visionary ideas, but also wide experience in the industry. Their ability to gain access to new projects as well as their knowledge of the sector is unrivalled in the Middle East.

- **GUIDANCE BASED ON UNIQUE LEADING INDICATORS**

As the value of contracted real estate pre-sales is translated into revenues in the Group's Profit & Loss Statement over a period of 18-24 months from signing the related contract, and due to the fact that hotel rooms are pre-booked via contractual agreements with various tour operators, Orascom Development can make sound predictions about its future earnings, which again outlines the stability of the business and visibility over earnings estimates.

5
MARKET REVIEW

Interview with Group CFO, Head of International Real Estate, and VP Hospitality Operations

WHERE DO WE STAND

1. REAL ESTATE VALUES ARE DROPPING WORLDWIDE. WHAT ABOUT THE TOWNS OF ORASCOM DEVELOPMENT?

Real estate values are not dropping in our towns; in fact, prices in El Gouna have held strongly, with room for growth in 2009. The average selling price per square meter in El Gouna almost doubled between the years 2004 and 2008. Despite the rough times the international community has been facing in the investment market, we, as opposed to many of our competitors in the market, have decided not to drop our prices. In fact, our prices have increased appropriately in 2008. The average selling price per square meter in El Gouna increased by approximately 3% from CHF 2,888/m^2 in 2007 to CHF 2,985/m^2 in 2008.

2. WHAT DID NOT PROCEED ACCORDING TO YOUR PLANS?

Currently, the attention to our shares is still too low, with very little liquidity. But we are planning to implement extensive programs in order to change this over the next few years.

3. WHY WAS THERE SO MUCH PRESSURE ON THE SHARES OF ORASCOM DEVELOPMENT?

Above all, we could not evade the market turmoil, in our case in the form of high hedge fund redemptions. This led overall to an undervaluation, as investors apply a high discount rate to our NAV although our business model is quite different from other real estate players. By the end of 2008, the market capitalization dropped to CHF 700 million, even though we disclosed a result of CHF 85 million of net profit with 70% growth for the nine months ending 30 September 2008.

4. TO WHAT EXTENT IS THE GROUP AFFECTED BY THE GLOBAL CREDIT CRUNCH?

The impact is minimal, since we rarely depend on debt-financing and almost all our real estate pre-sales are cash based. Once launched, our projects are financed through pre-sales of residential properties, while the hotels are financed approximately 1:1 between debt and equity. Hence, we are almost immune to the developments on the credit markets.

5. ARE THERE ALSO ADVANTAGES OF THE CRISIS FOR THE HOTEL SEGMENT?

In times of crisis, people have less money to spend. Some who have lost their jobs have none. Our existing hotels are mainly in Egypt, which offers good value for money and sells relatively cheap holidays.

We are seeing a shift, with people looking to save on long haul or expensive destinations preferring to come to “cheaper” Egypt instead. We are monitoring the volume of new reservations very closely compared to the same period last year.

The number of reservations remained stable until mid December 2008. Since then it has decreased, particularly for January 2009. We expect it to pick up again during the second half of 2009.

Most surveys conducted in Europe show that holiday budgets are very important to people and that it is one of the last budgets that they will cut off. Overall, we believe that our Egypt hotel business will be affected, but not in a dramatic way.

6. HAVE YOU SEEN ANY CHANGES IN TOURISTS’ SPENDING, INCLUDING AS A FUNCTION OF NATIONALITY, DURING 2008?

We have not noticed any changes in the spending power of tourists so far, regardless of nationality.

7. AND WHAT DOES THAT MEAN IN FINANCIAL TERMS?

Most the Group’s hotels are based in Egypt, where the GOP percentages are high compared with other properties in the world. This means that the breakeven point is below 30% of occupancy rates, which is a level that was never reached historically.

8. WHAT ABOUT LAND BANK VALUATIONS?

Our top priority is not a maximal profit – although we also attach great importance to this figure – but a continuous augmentation of the property values in our portfolio over the medium to long-term. Altogether we have approximately 127 million m^2 of land bank, out of which approximately 17 million m^2 has been developed. El Gouna’s residual (undeveloped) land bank alone was estimated at CHF 1.78 billion in June 2008, translating to CHF 68/m^2. These valuations are not recognized on our books, but are guidance valuations for management. All assets are recorded at historical values on our books.

9. INTEGRATED BUSINESS MODEL; WHAT DOES THIS MEAN?

We control the entire value chain, from the planning of new communities and construction to operating the cities as self-sufficient towns. Our integrated towns consist of residential and commercial properties such as hotels, shops, restaurants, leisure and retail amenities, along with all the necessary facilities needed to run the town. That makes us more independent and it is the main difference from other, partly comparable companies. So we are neither a tourist nor a real estate company, but actually a unique mix of both.

10. WHICH IS THE BEST WAY TO EVALUATE THE VALUE OF ORASCOM DEVELOPMENT?

The best approach is to evaluate our company based on the sum of the parts (SOTP) approach, either by business segment or by projects per country.

11. HAS THE RELOCATION OF THE HOLDING DOMICILE TO SWITZERLAND PROVED ITSELF?

Our expectations have been met and we succeeded to gradually gain ground in the local financial community, thanks also to the attention of the project in Andermatt. Next year, we would like to deepen these relationships and provide an understanding of the attractiveness of Orascom Development to a broad public.

12. CAN YOU ELABORATE?

As I have said before, a lot of people are tracking our project in Andermatt with interest, but what is not really known to a lot of people is that Orascom has a track record and it has actually delivered several self-sufficient towns elsewhere. We still need to create more awareness and communicate the potential of our firm and therefore of our shares to those people. So there is a huge potential to significantly widen the shareholder base of Orascom Development.

13. ARE THERE ALSO ADVANTAGES FOR ORASCOM DEVELOPMENT FROM THE CRISIS?

We basically have not faced negative influence on the sell side. In terms of costs, we are able to ask our suppliers and partners for lower prices and hence to strengthen the position of Orascom Development. Therefore, we emerge doubly strengthened from this process.

HOW TO SURVIVE THE STORM?

14. THE GLOBAL ECONOMY IS COOLING DOWN VERY RAPIDLY. HOW IS ORASCOM DEVELOPMENT AFFECTED?

There is no doubt that sales have been affected by the current economic conditions. As a coping strategy to secure our goals, we have taken the following steps:

A. Intensified our marketing efforts through local and international media and advertising campaigns, e-marketing, and ground awareness campaigns.

B. Increased our product offering to cater to different segments of the real estate market. Our pie includes high, middle and low income housing developments, as follows:

- El Gouna, the top notch of the society, i.e. high-end.
- Jebel Sifah and Salalah Beach, which are high-end housing projects for local and foreign citizens in Oman.
- Byoum, designed as a middle to upper class project for the Egyptian market.

• Riyad Resort, on the coast of the Red Sea, also tailored to the middle class of local society looking for a second home destination.

• Orascom Housing Communities projects cater to the underserved needs of the masses in terms of locale, pricing and, of course, housing.

C. Focused on related add-on sales via extra works/add-on property upgrades, rental services and furniture. With such a wide range of products and projects, we are able to reach the masses and achieve our targets.

15. WHAT WOULD BE THE WORST CASE SCENARIO?

If we could not sell new apartments or villas and at the same time the hotel bookings were to drop below 30%. But this remains unlikely.

16. WHAT IMPACT WOULD BE FELT IF THE WORST-CASE SCENARIO CAME TRUE?

This would not jeopardize our existence, as the value of our firm partly comprises the property values, and on the other hand we also have a good range of hotel prices that caters for different budgets.

17. THE SALE AND CONSTRUCTION OF RESIDENTIAL PROPERTIES ARE NOT AFFECTED?

From a revenue standpoint, we are good for at least another two and a half years due to our record-setting sales in the past four years. We have managed to fill our construction pipeline. However, we expect fewer new sales in 2009 and 2010 due to the global recession. There is a slowdown in demand, although not dramatic for Orascom Development.

18. DOES THIS MEAN 2009 MIGHT BE A GOOD YEAR?

Yes. Our order book (i.e. total value of contracted real estate pre-sales) has reached a record and this will positively affect our income statement in the next two years. We are confident that our adjustment plan will continue to fill the construction pipeline.

19. IS COMPETITION GETTING MORE INTENSE?

Orascom Development only chooses locations at which no direct competition can arise. We prefer owning and managing self-sufficient stand-alone towns. More importantly, our track record extends for almost 20 years of know-how, which position us quite ahead of other real estate developers. Therefore, we are also more secured against competition or overall against external influences. Moreover, there are no competitive interests within the towns since we, as an integrated city developer, can control all areas from the construction of villas and infrastructure to the management of hotels.

20. WHAT HAPPENS IF A CUSTOMER DOES NOT WANT HIS BOOKED RESIDENTIAL UNIT ANYMORE?

As a policy, there is a 30% penalty fee to terminate a contractual agreement for any given property. This is primarily due to the fact that when we contract, we endure the following obligations:

A. Construction mobilization

B. Architectural designs

C. Land costs

D. Electro-mechanical leg work

E. Marketing expenses

F. Overhead expenses

However, it should be noted that we have never on any occasion taken this 30% from any customer, even though we have a legal right to it. In light of the current economic situation, we take it upon ourselves as a good corporate citizen to assist clients facing economic despair, resell their unit on their behalf and reimburse them their 30%.

21. WHAT IS THE GREATEST CHALLENGE FACING THE REAL ESTATE SEGMENT IN 2009?

We acknowledge and accept change. The challenges of the international real estate market are to a great extent a result of the collapse of the mortgage finance industry. However, our real estate business is to a great extent a cash-on-delivery business: we hand over units to the customer once the units are paid in full. Our greatest challenge is to get that point across to our international customers. Hence, we are not in a vulnerable situation.

NEW PROJECTS

22. WHEN ARE YOU GOING TO LAUNCH THE ANDERMATT PROJECT?

The project in Andermatt is making progress as planned. Currently we are developing the construction plans, which must then be approved by the local authorities, probably in the second half of this year. After that, pre-sales can start at the end of 2009 at the earliest.

23. ARE THERE ANY HURDLES IN ANDERMATT? WHICH PURCHASERS ARE IN YOUR SCOPE?

No, there are no hurdles. There is a good international mix of purchasers. Mainly Swiss, Germans, Italians and British, but also Russians and persons from the Middle East might be interested in the approximately 710 apartments and 30 villas. The preliminary talks with potential buyers have been very promising.

24. DOES THE WORLDWIDE REAL ESTATE CRISIS AFFECT THE PROJECT IN ANDERMATT?

Andermatt is not affected in terms of overall planning and schedule. However, it is far too early to determine exactly how great demand will be once pre-sales start. Nevertheless, we continue to monitor the situation closely and are convinced that real estate in Switzerland will remain a viable option for many.

25. ARE FURTHER PROJECTS PLANNED IN EUROPE?

Yes. We are currently in negotiations with various authorities. If everything goes according to our plans, we may soon announce details on such projects if they do materialize.

26. ARE YOU INTENDING TO CONSTRUCT MORE IN EL GOUNA?

Yes. We have pre-sold 166 new homes during 2008. The supporting infrastructure, which is one of the best in an Egyptian resort town, is also continuously expanding.

27. ARE YOU PLANNING TO SELL SMALLER UNITS OR LESS VOLUME IN ORDER TO MAINTAIN THE AVERAGE SELLING PRICE PER SQUARE METER AND REMAIN COMPETITIVE?

We will do neither. We are going to sell at the same price but offer projects in different segments of the price market (sell less in upper high-end and increase sales for middle-high, middle-end and low-end projects).

28. HOW MANY PEOPLE ARE ALREADY WORKING IN SWITZERLAND?

Currently, the project company's staff stands at 20 persons and is expected to grow as we commence with the development of the projects. Primary needs will be in the area of sales and marketing, and of course construction support.

29. ANY NEWS ABOUT YOUR PROJECT IN OMAN?

Jebel Sifah and Salalah Beach are currently under construction for phase 1, which includes a marina basin, marina block apartments, phase 1 real estate, mansions, marina boutique hotel (4 star), 1 main hotel (5 star) located near the marina, and other components, including an 18-hole golf course, along with phase-related infrastructure facilities. It should be noted that phase 1 represents all components that should create a critical mass to the marina area.

30. HOW MANY REAL ESTATE PROJECTS ARE YOU PLANNING TO LAUNCH THROUGH 2010?

We always have projects in the pipeline and there are at least four new projects planned for the stated period.

31. ARE YOU PLANNING ANY HOTEL OPENINGS DURING 2009?

We remain as planned with our capital investments and hotels openings. The Cove Rotana Resort and Spa, Ras El Khaimah in the United Arab Emirates had its soft opening in February 2009. Bookings are encouraging for this new hotel and new destination.

32. WHAT ARE THE MEASURES BEING TAKEN TO INCREASE TOURISTS' ARRIVALS AND SPENDING IN YOUR DESTINATIONS?

Orascom Development has very close relations with most European tour operators, and more importantly offers some of the best quality hotels in Egypt. The business relations with tour operators are usually of a long-term nature, and thus we will make sure that nothing jeopardizes them. Orascom Development has kept the marketing budget at a high level and is presently negotiating joint marketing campaigns.

6

2008 RESULTS

A. PERFORMANCE OVERVIEW

The year 2008 was another eventful year for Orascom Development, delivering improved profitability from our flagship towns El Gouna and Taba Heights, along contributions from The Cove project and the budget housing segment, while at the same time increasing our foothold outside Egypt.

Total consolidated revenues for 2008 increased to CHF 568 million as compared to CHF 407 million for the same period last year, marking a 40% growth year on year - despite the erosion that occurred in revenues due to the fluctuation of exchange rates. Real estate revenues witnessed a remarkable growth of 53% reaching approximately CHF 220 million in comparison to CHF 144 million in 2007. Moreover, hotel revenues reached CHF 188 million achieving 14% growth versus CHF 165 million for 2007.

Gross profit marked 26% growth reaching CHF 162 million as opposed to CHF 129 million realized for the same period last year. Profit for the period increased by 13% to CHF 116 million against CHF 103 million for the same period last year.

Today, negativity and pessimism is spreading as travelers and investors fear what is yet to come as a result of the non-diminishing global credit crunch. Although economies of the Middle East and the rest of the world faced significant challenges in 2008, the year on year performance of Orascom Development's existing towns did not suffer a decline. To the contrary, we managed to increase price levels and increase occupancy rates of our hotels at our two main operating towns, El Gouna and Taba Heights, whereby both reached record levels.

We believe that Orascom Development's operations are stable based on the existing pipeline of contracted real estate pre-sales of CHF 373 million as opposed to CHF 126 million by end of 2007, a net debt position of only CHF 198 million, and a low leverage ratio of 0.75x. Orascom Development's conservative financing strategy proved to be quite useful in the past and will continue to protect the Group further in the period ahead. Going forward, Orascom Development will continue to seek attractive opportunities that will enhance the Group's growth strategy.

TOTAL REVENUES

CHF 568 Million

2007: CHF 407 MILLION

GROSS PROFIT

CHF 162 Million

2007: CHF 129 MILLION

NET PROFIT

CHF 116 Million

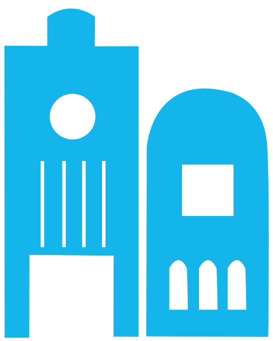
2007: CHF 103 MILLION

BASIC AND DILUTED EARNINGS PER SHARE

CHF 4.33

2007: CHF 4.02

B. SEGMENTAL REVIEW



1 Hotels

By 2008 year end, Orascom Development's operating hotels achieved an average occupancy rate of 81% (2007: 78%), with an ARR of CHF 56 (2007: CHF 52) and a TRevPAR of CHF 81 (2007: CHF 79). The Group's operating hotel rooms' count reached a total of 6,559 rooms (31 hotels) in Egypt and Jordan as compared to 5,400 rooms (28 hotels) by the end of 2007.

TOTAL REVENUES	CHF 188 Million 2007: CHF 165 MILLION
GROSS PROFIT	CHF 53 Million 2007: CHF 55 MILLION
SEGMENT RESULT	CHF 44 Million 2007: CHF 41 MILLION
OPERATING HOTEL ROOMS	6,559 2007: 5,400
OCCUPANCY RATE	81% 2007: 78%
TRevPAR	CHF 81 2007: 79

EL GOUNA

El Gouna achieved an average occupancy rate of 84% (2007: 83%) with an ARR of CHF 72 (2007: CHF 66) and a TRevPAR of CHF 105 (2007: CHF 104). The following table illustrates the performance of existing hotels in El Gouna during the twelve months ending 31 December 2008.

EL GOUNA HOTELS' KPIS

Hotel	Number of rooms	Occupancy rate	ARR	TRevPAR
Five Star				
Mövenpick	420	90%	99	145
Sheraton Miramar	338	78%	102	127
Steigenberger Golf	268	68%	86	98
Mövenpick Spa	134	79%	108	131
Four Star				
TTC Rihana	434	91%	36	68
ClubMed	239	89%	84	160
TTC Ocean View	234	91%	67	100
Arena Inn	177	89%	30	49
Sultan Bey	115	87%	51	74
Three Star				
Dawar El Omda	66	93%	43	73
Captain's Inn	48	80%	45	69
Turtle's Inn	28	68%	41	39
Two Star				
Ali Pasha	68	62%	43	38
Total Hotels[1]	**2,569**	**84%**	**72**	**105**

Notes:
[1]El Gouna offers 15 hotels with 2,760 operating rooms, of which 14 hotels are controlled by the Group, offering a total capacity of 2,594 rooms.

The table above excludes "El Khan", 25 rooms, one star hotel, which is 100% owned by the Group and is leased to third party.

TABA HEIGHTS

Taba Heights achieved a remarkable improvement with room occupancies reaching 79% up from 67% same period last year. Moreover, ARR reached CHF 47, along a healthy growth in TRevPAR of 17% reaching CHF 69 up from CHF 59. The following table provides an overview of the performance of existing hotels in Taba Heights during the twelve months ending 31 December 2008.

TABA HEIGHTS HOTELS' KPIS

Hotel	Number of rooms	Occupancy rate	ARR	TRevPAR
Five Star				
InterContinental	503	75%	51	64
Sofitel	442	86%	53	84
Hyatt Regency	426	74%	54	73
Marriott	394	75%	46	69
Four Star				
TTC El Wekala	215	91%	23	49
Total Hotels	**1,980**	**79%**	**47**	**69**

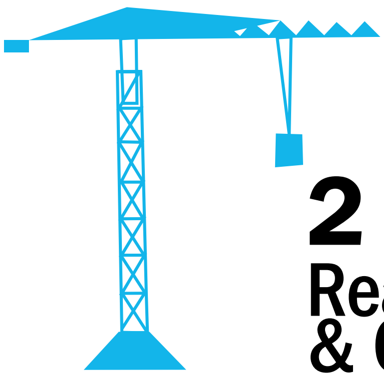
HOTEL INVESTMENTS

This section illustrates key performance indicators of hotel investments consolidated by the Group. As part of the acquisition of Garranah, the Group has acquired interest in two operating hotels Royal Azur and Club Azur, located in Makadi Bay, south of Hurghada, Egypt. The Group owns 51% of Royal Azur, Club Azur, and Nile cruisers (classified as floating hotels). Moreover, the Group fully owns Citadel Azur, a five star hotel in Sahl Hashish, 20 km south of Hurghada, Egypt. Citadel Azur hotel commenced operations during the fourth quarter of 2008.

In Jordan, the Group fully owns Marina Town Plaza, a four star hotel located in the country's first integrated resort project, Tala Bay. Marina Town Plaza hotel commenced operations during the second quarter of 2008. The following table provides an overview of the performance of hotel investments during the twelve months ending 31 December 2008.

HOTEL INVESTMENTS' KPIS

Hotel	Number of rooms	Occupancy rate	ARR	TRevPAR
Egypt				
I. Hotels				
Citadel Azur	514	56%	57	55
Royal Azur	480	91%	51	99
Club Azur	339	91%	48	80
Total	**1,333**	**84%**	**51**	**83**
II. Floating hotels				
Da Vinici	69	69%	23	24
Tarot	66	69%	23	24
Nile Azur	60	94%	26	32
Star of Luxor	54	69%	23	24
Fleurette	48	76%	16	24
Sun Azur	38	72%	17	34
Oberoi Zahra	27	72%	82	109
Champollion II	48	69%	23	24
Total	**410**	**74%**	**26**	**33**
Jordan				
Marina Town Plaza	267	52%	31	15



2
Real Estate & Construction

Total real estate and construction revenues achieved a remarkable growth level of approximately 53% amounting to CHF 220 million against CHF 144 million for 2007. The operating cycle of real estate construction starts when the Group enters into agreements to sell the real estate off-plan and the buyer has the right to adjust the interior architecture. Revenues are recognized when units are delivered to buyers either as fully completed units or as constructed but unfinished.

TOTAL REVENUES	**CHF 220 Million** 2007: CHF 144 MILLION
GROSS PROFIT	**CHF 94 Million** 2007: CHF 63 MILLION
SEGMENT RESULT	**CHF 71 Million** 2007: CHF 62 MILLION
TOTAL VALUE OF CONTRACTED UNITS	**CHF 373 Million** 2007: CHF 126 MILLION
CONTRACTED UNITS	**3,020 units** 2007: 253 UNITS
DELIVERED UNITS	**2,939 units** 2007: 397 UNITS

By end of 2008, the average selling price for tourism real estate products amounted to CHF 2,553/m^2 against CHF 2,844/m^2 for the same period last year, as a result of introducing new products to cater for middle income class, versus high end products offered in El Gouna. By end of 2008, the Group's total contracted area reached 202,535 m^2 as opposed to 44,139 m^2 in the twelve month ending 2007.

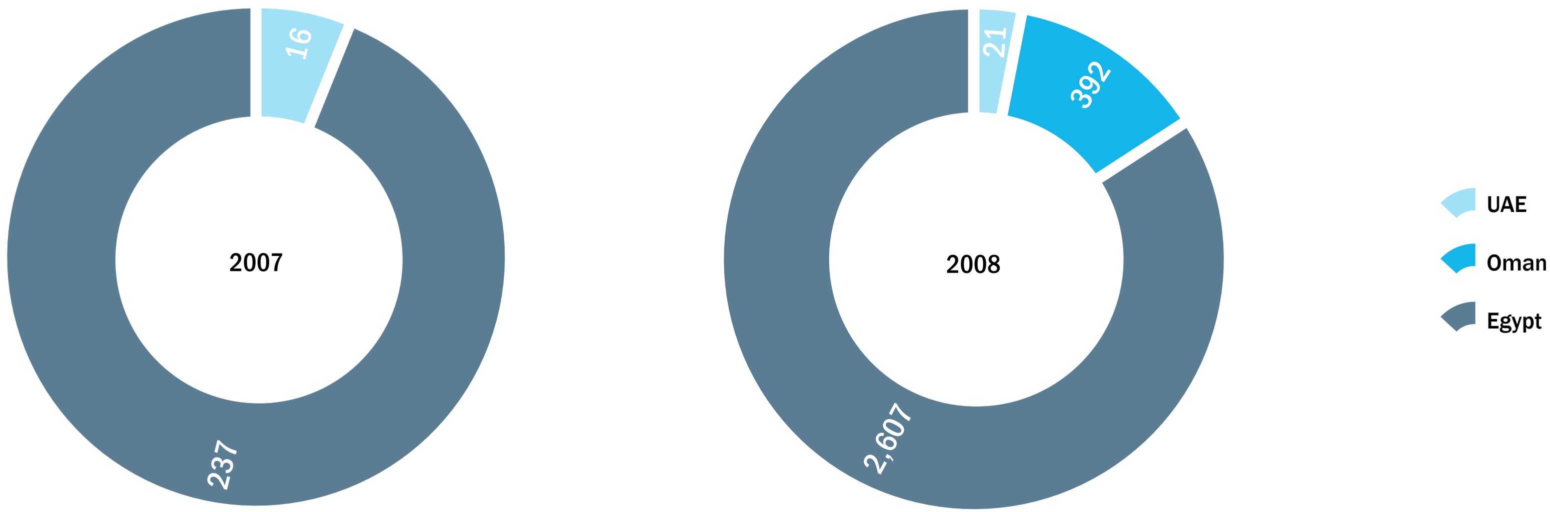
The following tables give an overview of the Group's contracted pre-sales for tourism real estate products in existing towns, projects under development, and also budget housing products as at 31 December 2008.

CONTRACTED REAL ESTATE PRESALES[1]

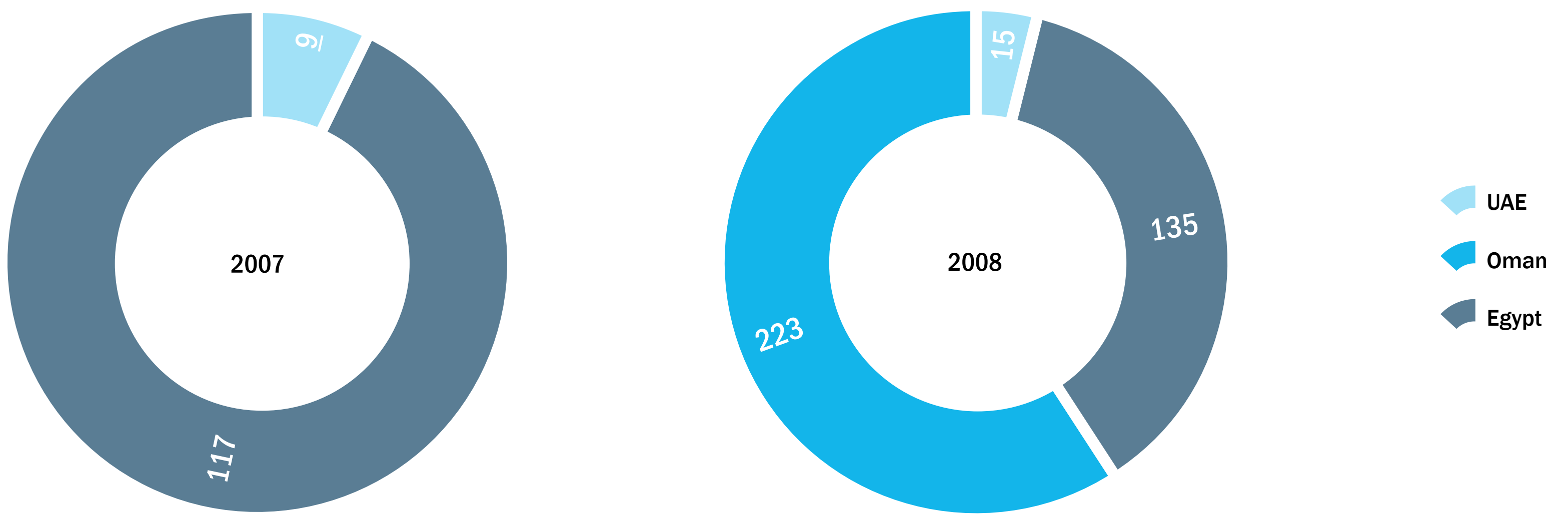
Projects	Total value of contracted units (CHF Millions)		Number of contracted units		Average selling price per square meter	
	2008	2007	2008	2007	2008	2007
Tourism real estate						
Egypt						
A) Existing towns						
El Gouna	75	117	166	237	2,985	2,888
B) Projects under development						
Riyad Resort	0.85	-	8	-	1,388	-
Byoum	21	-	79	-	1,206	-
Al Roboua	0.36	-	2	-	731	-
United Arab Emirates						
The Cove	15	9	21	16	2,364	2,372
Oman						
Jebel Sifah	132	-	213	-	2,724	-
Salalah Beach	91	-	179	-	2,744	-
Budget housing						
6th October	37	-	2,321	-	233	-
Al Roboua	0.34	-	31	-	196	-

Notes:
1 Total value of contracted units reflects balances secured from the pre-sales of residential units off the master plan, which only applies to tourism real estate products. However, this does not apply to the budget housing products.

NUMBER OF CONTRACTED UNITS BY COUNTRY



VALUE OF CONTRACTED UNITS BY COUNTRY (IN MILLIONS)



I. EGYPT

A) EXISTING TOWNS

EL GOUNA

Property values maintained its healthy upward trend over the last twelve month, whereby average selling price reached CHF 2,985/m^2 compared to CHF 2,888/m^2 for the same period last year, a growth of 3%.

By the end of 2008, total value of contracted units amounted to CHF 76 million, 166 pre-sold units representing a total area of 25,303 m^2 in comparison to CHF 117 million, 237 pre-sold units representing a total area of 40,388 m^2.

The Group delivered a total of 517 units during 2008 against 284 units during the same period last year.

B) PROJECTS UNDER DEVELOPMENT

RIYAD RESORT

During the second quarter of 2008, the Group launched a private compound comprising 256 apartments, covering a total area of 129,815 m^2 in Makadi Bay south of Hurghada, Egypt. This project is attached to Club Azur and Royal Azur hotels, where homeowners can enjoy full access to all the amenities and facilities offered by the two hotels. By end of 2008, the total value of contracted units amounted to CHF 0.85 million for a total of 8 pre-sold units at an average selling price of approximately CHF 1,388/m^2.

BYOUM

During the third quarter of 2008, Byoum, a new residential real estate project, was launched, covering a total area of approximately 400,000 m^2 out of the total awarded land in El Fayoum Oasis. In the first phase of Byoum, it is planned to offer 158 villas with full access to an attached marina and a four star hotel with an expected capacity of 48 guest rooms. By end of 2008, the total value of contracted units amounted to CHF 21 million (79 pre-sold units), with an average selling price of CHF 1,206/m^2.

AL ROBOUA

Al Roboua project offers 36 standalone villas in traditional Nubian style with all supporting amenities. By end of 2008, the total value of the remaining contracted units amounted to CHF 0.36 million (2 contracted units), with an average selling price of CHF 731/m^2.

C) BUDGET HOUSING

HARAM CITY

During May 2007, Orascom Housing Communities (OHC) commenced actual construction of the first phase of Haram City, an integrated budget housing project in the 6th of October governorate, Egypt. The site comprises a total area of 8.4 million m^2 of land adjacent to the Egyptian Media Production City. The first wave of residents moved into their homes during the fourth quarter of 2008. By end of 2008, the total value of contracted and delivered units amounted to CHF 37 million representing a total of 2,321 units, sold at an average selling price of CHF 15,937 per unit (CHF 233/m^2).

AL ROBOUA

Moreover, 31 units were sold in Al Roboua by year end. Total value of contracted units amounted to CHF 0.34 million with an average selling price of CHF 196/m^2.

II. UNITED ARAB EMIRATES

By the end of 2008, a total of 181 units were delivered. Total value of contracted units amounted to CHF 15 million with an average selling price of CHF 2,364/m^2 compared to CHF 9 million with an average selling price of CHF 2,372/m^2 for the same period last year. Total contracted area reached 6,342 m^2 in comparison to a total area of 3,751 m^2 for 2007.

The Group delivered a total of 68 units during 2008 in comparison to 113 units for the same period last year.

III. OMAN

During Q4 2007, the Group held the simultaneous launch for two of its projects in Oman, namely Jebel Sifah and Salalah Beach. By the end of 2008, the total value of contracted units amounted to CHF 223 million for a total of 392 units (81,553 m^2) at an average selling price of approximately CHF 2,732/m^2.

JEBEL SIFAH

By end of 2008, total value of contracted units amounted to CHF 132 million for a total of 213 pre-sold units at an average selling price of approximately CHF 2,724/m^2. Total contracted area reached 48,289 m^2.

SALALAH BEACH

By end of 2008, total value of contracted units amounted to CHF 91 million for a total of 179 pre-sold units at an average selling price of approximately CHF 2,744/m^2. Total contracted area reached 33,264 m^2.

3
Land Sales

Revenues from sale of land and associated cost are recognised when land is delivered and the significant risk of ownership and control has been transferred to the buyer.

It is worth mentioning that land sales and town management do not meet the quantitative thresholds to be shown as reportable segments according to IFRS 8. However, management believes that information about these two segments is useful to readers of the report and therefore they are presented.

TOTAL REVENUES

CHF 7 Million
2007: CHF 6 MILLION

GROSS PROFIT

CHF 2 Million
2007: CHF 3.5 MILLION

SEGMENT RESULTS

CHF 1 Million
2007: CHF 3 MILLION

4 Town Management

Town management refers to all revenues generated from municipal facilities mainly from utilities. It includes revenues from electricity, maintenance, sewage, gas stations and so forth. Town management revenues are generated in existing fully-integrated towns, namely El Gouna and Taba Heights in Egypt. The following table provides an overview of the performance of town management, categorized according to the type of service, during the twelve months ending 31 December 2008.

TOWN MANAGEMENT KPIS

Type of service (CHF Millions)	2008	2007
Utilities	23	22
Commercial services	7	5
Urban services	3	3
Infrastructure and maintenance	2	2
Community services	1	0
Total segment revenues	**36**	**32**
Inter-segment revenues (eliminations)	(8)	(12)
Town management revenues (from external customers)	**28**	**19**

TOTAL REVENUES

CHF 28 Million

2007: CHF 19 MILLION

GROSS PROFIT

CHF 7 Million

2007: CHF 4 MILLION LOSSES

SEGMENT RESULTS

CHF 0.19 Million losses

2007: CHF 0.72 MILLION

5
Tours Operations

Tours operations reflect revenues generated mainly from tour packages offered for tourist groups as well as revenues generated from tour transportations. The following table provides an overview of the performance of tours operations, categorized according to the type of service (tours and transportation), during the twelve months ending 31 December 2008.

TOURS OPERATIONS KPIS

Type of Service	2008	2007	% Change
Tours operations			
Number of guests	144,905	98,805	47%
Average revenue per guest (CHF)	456	370	23%
Tour transportation			
Number of vehicles	135	47	187%
Average daily revenue per vehicle (CHF)	163	150	9%

TOTAL REVENUES

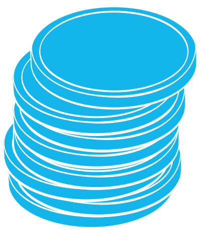
CHF 88 Million
2007: CHF 49 MILLION

GROSS PROFIT

CHF 13 Million
2007: CHF 10 MILLION

SEGMENT RESULTS

CHF 8 Million
2007: CHF 8 MILLION



6
Other Operations

Other operations revenues cover all revenue items that are not classified under any of the other five segments. Other operations revenues include rentals of villas and apartments, shops, marina berths, and staff housing. Also, income is generated from hospital services, mortgage financing, educational services, limousine rentals, laundry, and some other facilities, which continued to represent more weight in terms of percentage and value from total consolidated revenues growing by 50% reaching CHF 36 million from CHF 24 million for 2007, evidencing the benefit from owning mature towns.

TOTAL REVENUES

CHF 36 Million

2007: CHF 24 MILLION

GROSS PROFIT

CHF 8 Million

2007: CHF 0.56 MILLION

SEGMENT RESULTS

CHF 6 Million

2007: CHF 0.39 MILLION LOSSES

7

CORPORATE SOCIAL RESPONSIBILITY

We strongly believe that our long-term, sustainable growth cannot be attained alone by setting the highest standards in everything we do and by making sensible business decisions. We also need to be accountable to the environment we live in, the society we live with, and the customers, employees and business partners we grow with.

A) ENVIRONMENT

As a major town developer in several countries around the globe, we recognize the significant impact we exert on areas in which we operate. We are committed to sustainable environmental practices, not only as a responsible organization but also to protect our sites that are, by their very nature, long-term projects. Therefore, we work hard to help preserve the natural treasures on which our success is built.

This proactive stance towards environmental issues dates back to the 2002 launch of the Green Gouna initiative, a project aimed to position El Gouna as an environmentally friendly destination. The Green Gouna initiative has evolved to become what is today known as the Green Star Hotel Initiative. AGEG Consultants eG and Orascom Hotels & Development (Orascom Development's Egyptian subsidiary) have joined forces within the scope of the Public Private Partnership (PPP) program of the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH to improve standards by implementing an environmentally and economically sustainable management system in the hotel industry in Egypt.

Our corporate environmental initiatives aim to generate low waste in our destinations through the following activities:

- Waste recycling plant: Waste is sorted and used in recycling projects such as organic fertilizers/compost, biogas, plastic hangers and bricks.
- Water desalination projects: Sea water is desalinated and used to supply the entire destination. The resulting highly concentrated water is then used in our lagoons with special fish species that can only live in such an environment.
- Water management systems: Sewage water is recycled and used for landscape and golf course irrigation systems. In El Gouna, the Group owns a sewage treatment plant with a capacity of 12,000 m^3 per day. This plant treats not only the wastewater of El Gouna town but also currently 6,000 m^3 per day from Hurghada. 4,400 m^3 per day of the gray water from the sewage treatment plant is used to irrigate the extensive gardens of El Gouna and its golf course. In Taba Heights, the Group owns two sewage treatment plants with a capacity of 1,000 m^3 per day per plant. When one of the plants is in operation, the other is on standby.
- Planting projects: Our farm supplies the destination with organic and fresh products.

Moreover, El Gouna, one of Egypt's most environmentally friendly holiday destinations, has been awarded four Green Globe certificates by Green Globe International, a non-profit organization that promotes environmentally and socially responsible tourism. Individual hotels in our portfolio with Green Globe certificates include:

- Mövenpick
- Mövenpick Spa
- Sheraton Miramar
- Steigenberger Golf
- ClubMed

Our first European project, in Andermatt, Switzerland, will be developed in accordance with the highest ecological standards. Furthermore, our team works closely with local NGO's such as Mountain Wilderness, Pro Natura Uri, Switzerland's Traffic Club (VCS) and the World Wildlife Fund. We aim to preserve rivers and water surfaces as well as natural habitats. Furthermore, we plan to use a carbon-free energy supply system for the entire resort by using renewable energy sources. In addition, the planned parking lot will offer capacity for approximately 2,000 cars, and air pollution and noise in the town can thereby be reduced.

We aim to develop each of Orascom Development's new destinations to be as environmentally friendly as our flagship project El Gouna.

B) WELFARE OF THE SOCIETY

SPONSORSHIP

Orascom sponsors social development causes through the Sawiris Foundation. The Foundation has funded 90 projects throughout Egypt in 20 governorates. Altogether, it has created jobs for approximately 21,000 individuals, including those who have received micro-credit loans, with total funding exceeding CHF 30 million. On the educational front, the Sawiris Foundation has provided 111 scholarships for Egyptians to pursue post-graduate studies, mainly in the UK, USA and Germany. Furthermore, the Foundation has provided 24 awards to honor literary works and screenplays.

THE IMPACT ON SOCIETIES WHERE WE GO

At Orascom Development, we aim to build living communities with a noticeable essence of the existing culture. This is reflected in our architectural designs that are inspired by the area's traditional structures, with a contemporary edge. We also make sure to bring local know-how on board our labor force by creating jobs for the local communities. In Taba Heights, we have employed Bedouins (traditional tribes of the Sinai Peninsula) to work and live in the destination, where they were encouraged to introduce their local flavor by presenting their culture to our town guests through various shows and also by selling hand-made Bedouin products.

C) EMPLOYEES

The foundation of our growth has been the investment in our personnel, bringing dynamic, creative, dedicated, highly educated and ambitious individuals onboard to carry the business forward. With demographics consisting of both genders, at least 18 different nationalities, and various age groups, Orascom Development's employees are a true reflection of its global presence.

We recognize that as a town developer, our 17,897 employees are the key driver of our success. Our focus on staff training and development is critical to our philosophy of offering employees development opportunities, but also to maintain the competitive edge of our team. At Orascom Development, we have introduced a minimum monthly wage of the equivalent of CHF 150 to support the families of employees of lower means in Egypt. Our minimum wage is almost four times higher than the minimum wage required by Egyptian law.

With the initiation of each new project, significant employment opportunities are created in the hospitality and construction sectors as well as other segments. We expect the very highest standards from our hotel operators and their teams. We invest not only in training our immediate workforce, but in training the next generation hoteliers. In collaboration with the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH we have created a center of excellence in the German Hotel School El Gouna, where more than 120 students are already working towards qualifications in all aspects of hotel operations.

D) CUSTOMERS

TOURISTS

To be able to monitor our customers' satisfaction trends, we conduct periodic surveys of guests visiting our hotels and also analyze the evaluations on important internet-based destination and lodging facility sites. In addition, we have deployed an internal inspection committee to ensure that the hotel operations meet the required standards.

PROPERTY OWNERS

Orascom Development's real estate department is currently developing a Customer Satisfaction Index (CSI), which is a proactive approach to identify potential problematic areas and better serve our customers long before the required levels of performance are affected. The CSI measures the following parameters:

- Pre-sales service
- Sales process
- After-sales and upgrades
- Maintenance
- Delivery process and after-delivery services

Using the company's real estate database, all contact persons are asked to answer a questionnaire for each of the above mentioned parameters. The results are then analyzed and each parameter receives a score. All scores are then combined, giving a total CSI score. CSI scores are then averaged to establish a benchmark to regularly monitor and evaluate property owners' level of satisfaction.

Our sales team engages with the clients and establishes a long-term relationship with them. Loyal clients are given priority for new project launches to choose the preferred property location, are notified of any promotional offers, and in some cases can even receive tailored terms of payment.

Our real estate owners are offered a wide array of services and benefits with any of the purchased products. Besides the various payment plans offered by the Group, property buyers can also choose to tailor a plan that best suits them. Orascom Development also supports the activities on the secondary markets by helping home owners resell their units at any time via the re-sale department, our marketing channels and real estate exhibitions. Buyers of high-valued homes are offered a one week accommodation at any of the destinations' hotels for five full years. In some cases, we offer a variety of complementary packages to buyers interested in yachting, including discounted berths in our marinas and maintenance services. Real estate buyers are also entitled to free consultancy from our company experts on, but not limited to, pricing appreciation strategies, sales cycles, and even investment decisions in other projects and portfolio evaluations.

BUDGET HOUSING

As part of its contribution to society, the Group's budget housing subsidiary Orascom Housing Communities (OHC), the first budget housing community developer in Egypt, has contributed a total of 500 units to poor Egyptian families who lost their homes in a catastrophic accident in mid-2008. In return, OHC collects a symbolic annual rental fee while maintaining ownership of those homes.

E) BUSINESS PARTNER

REAL ESTATE AGENTS

It is very important for us to develop multiple channels to ensure our presence in our target markets. As it is not economically wise to establish sales offices in all major cities around the world, it is part of our strategy to create strategic partnerships with select real estate agents. The key selection criteria for choosing a real estate agent include track record, number of years of experience the agent has in our target market, the tools and channels with which the agent approaches target buyers, annual turnover, existing database, and how well the agent caters to our target market segment.

In order to maintain long-term relationships with our business partners, we not only offer our agents standardized commissions, we also offer them an extra incentive scheme, where they receive a higher commission rate within a specific time span if their sales rates improve dramatically.

HOTEL CHAINS

Our goal is to build a long-term relationship and partner with leading hotel management companies. We therefore carefully choose hotel chains with a track record and international presence. We have also initiated our own brands for some hotels within our towns.

As majority stake owners in most of our hotels, we prefer to coordinate all the marketing activities to make sure our hotels as well as the destination as a whole are presented in a way we accept and which meets our guests' expectations.

We evaluate existing hotel partners via monthly analyses of their Profit & Loss Statements, and follow-up on the hotels' performance via daily reporting of some key statistics. We also have our own benchmarking analysis with which we compare all hotels in each destination. We conduct regular analyses of quality performance and purchasing performance for each hotel chain.

8

PORTFOLIO OF PROJECTS

INTRODUCTION

Orascom Development's strategy is based on the creation of value in real estate and land bank over the medium to long-term. To that end, the Group takes control of large tracts of land at low cost so as to have sufficient space to develop fully-fledged communities and towns. To date, the Group has secured, subject to certain conditions, or is about to secure, land banks of approximately 127 million m^2 in several jurisdictions.

The Group holds its undeveloped land banks primarily by way of contractual rights or usufruct (with the option to acquire legal title at a predetermined price formula). Using our vast land banks, we develop fully-integrated towns. We generally retain or obtain ownership in the hotels, commercial real estate, facilities and staff housing of the respective towns while selling the residential units. The revenues generated in our fully-integrated towns therefore primarily originate from the sale of residential units (villas and apartments), from hotel operations, from the rental of commercial properties, and from the management of infrastructure and other facilities. As a rule, the town facilities and infrastructure are operated by majority-owned subsidiaries of the Group (such as hospitals and water desalination facilities) or rented out (such as schools).

PROJECTS

The Group has developed two fully-fledged towns which are operational today: El Gouna (Red Sea coast, Egypt) and Taba Heights (Sinai Peninsula, Egypt), both with the complete infrastructure of self-sufficient towns. Moreover, The Cove (Ras Al Khaimah, UAE) has recently commenced soft operations, with the first hotel guests arriving in The Cove Rotana Resort and Spa in early February 2009. However, this project was classified as a project under development, as this project was in the final pre-opening preparations as at 31 December 2008.

Fourteen projects are currently under development in Egypt, the United Arab Emirates, Sultanate of Oman, Morocco and Switzerland. Furthermore, the Group has participation in projects held for investments in Jordan and Mauritius as well as some hotel projects and floating hotels in Egypt. In addition, two budget housing projects are currently under development in Egypt. The following tables give an overview of our portfolio of integrated towns and projects in operation and under development as at 31 December 2008.

TABLE (8.1) PORTFOLIO OF PROJECTS IN EGYPT

Projects	Start of development control program[1]	Total project area (million m^2)	Developed area (million m^2)	Residual land (million m^2)	Group's project stake (%)	# of hotel rooms planned (developed) in the mid-term	Residential units planned (developed) in the mid-term
Existing Towns							
El Gouna	1990	36.8	10.9	25.9	100%	2,786[2]	2,390[3]
Taba Heights	1996	4.3	2.8	1.5	99%	2,413[2]	1,405[4]
Projects Under Development							
Amoun Island	2007	0.022	-	0.022	100%	24	
Ras Benas, Berenice	2010E	25.0	-	25.0	100%	-[5]	-[5]
Al Roboua & Byoum	2007/2008	1.3	-	1.3	63%	48	194
Riyad Resort	2008	0.129	-	0.129	51%	-	256
Budget Housing							
Haram City	2007	8.4	1.9	6.5	58%	-	50,000
Al Fayoum	2008	2.1	-	2.1	58%	-	20,000
	# Rooms	**Group Stake6**	**Category**				
Hotel Investments							
Citadel Azur	514	100%	Five Star				
Royal Azur	480	51%	Five Star				
Club Azur	339	51%	Four Star				
8 Floating Hotels	410	51%	Various				

Notes:
1 i.e. Year in which the master plan is deemed final by the Group (E = estimates).
2 Existing hotel rooms and planned future development, controlled by the Group.
3 Cumulative number of residential units sold off plan as at 31 December 2008 in El Gouna.
4 Residential units planned in Taba Heights.
5 Master plan not yet finalized.
6 In the respective hotel company.

TABLE (8.2) PORTFOLIO OF PROJECTS IN OTHER COUNTRIES

Projects	Start of development control program[1]	Total project area (million m²)	Developed area (million m²)	Residual land (million m²)	Group's project stake (%)	# of hotel rooms planned (developed) in the mid-term	Residential units planned (developed) in the mid-term
U.A.E.							
The Cove	2005	0.300	0.282	0.018	73%	204	270
Oman							
Jebel Sifah	2007	6.2	-	6.2	70%	2,000	950
Salalah Beach	2007	25.1	-	25.1	70%	1,200	1,150
As Sodah	2009E	1.0	-	1.0	70%	32	-
City Walk, Muscat	2009E	0.047	-	0.047	70%	282	-
Switzerland							
Andermatt	2008	1.4	-	1.4	100%	600	740
Morocco							
Chbika	2009E	15.0	-	15.0	100%	2,500	1,851

Notes:
[1] i.e. Year in which the master plan is deemed final by the Group (E= estimates).

TABLE (8.3) PROJECTS HELD FOR INVESTMENT

Projects	Country	Start of development control program[1]	Group's project stake (%)	Other related investments	Group's project stake (%)
Tala Bay	Jordan	2002	15.2%	1 four star hotel (267 rooms)	100%
La Plantation d'Albion	Mauritius	2006	75%[2]	1 five star hotel (266 rooms)	12.5%

Notes:
[1] i.e. Year in which the master plan is deemed final by the Group (E = estimates).
[2] ClubMed is entitled to exercise an option to acquire the Group's stake in the real estate development company.

I. EGYPT

A. EXISTING TOWNS

1. EL GOUNA

2. TABA HEIGHTS

B. PROJECTS UNDER DEVELOPMENT

1. AMOUN ISLAND

2. RAS BENAS, BERENICE

3. AL ROBOUA AND BYOUM

4. RIYAD RESORT

C. Budget Housing

1. HARAM CITY

2. AL FAYOUM

D. HOTEL INVESTMENTS

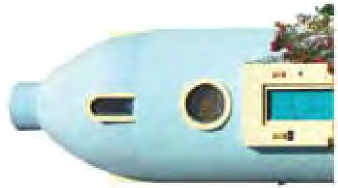
1. ROYAL AZUR & CLUB AZUR

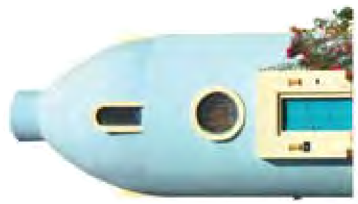
2. CITADEL AZUR

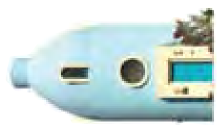
A. EXISTING TOWNS

EL GOUNA

El Gouna, the Group's flagship project, is a private self-sufficient town built on 10 km of Red Sea coastline in Egypt. El Gouna comprises a total land area of 36.8 million m^2, of which 10.9 million m^2 has been developed, thus providing a large land bank for future development. The Group has a 100% stake in El Gouna.







KEY FACTS

TOTAL LAND AREA	36.8 Million m^2
DEVELOPED AREA	10.9 Million m^2
PERMANENT RESIDENTS	12,000 - 15,0000
OPERATING HOTELS	15
HOTEL ROOMS	2,760

OVERVIEW

Established almost 20 years ago, the town is now home to a population of between 12,000–15,000 permanent residents and visitors from all over the world, to whom it offers a wide range of international-standard facilities such as a landing strip, a world-class hospital, a championship 18-hole golf course, two marinas with capacity of 240 berths, 100 restaurants and bars, four schools, a branch of the American University in Cairo (AUC), a branch of child daycare facilities and a vibrant town center.

RESIDENTIAL REAL ESTATE

El Gouna's first phase in 1990 consisted of 15 houses sold exclusively to Egyptian nationals. As of 31 December 2008, a total of 2,390 units have been sold, of which 2,218 units have been delivered. The real estate value in El Gouna increased substantially over the past eight years, increasing from an average selling price of approximately CHF 1,071/m^2 in the year 2000 reaching CHF 2,985/m^2 by end of 2008. The buyers come from around the globe, with foreign nationals representing approximately 45% of El Gouna homeowners.

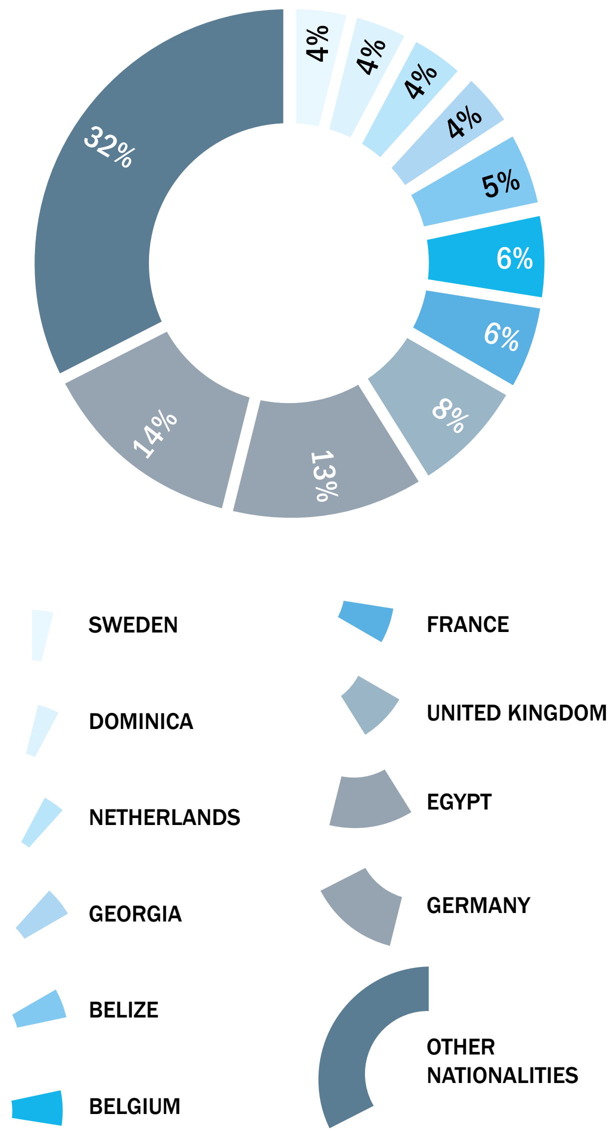
INFRASTRUCTURE

The most significant amenities of a modern town are fresh water, electricity, communications, roads and the like. In El Gouna, the Group has invested in these types of infrastructure in order to make the town attractive to its residents and visitors. The daily requirements for potable water are produced from a water desalination facility wholly owned by the Group with daily capacity of 9,500 m³. The Group has an installed capacity of 22 MW of electrical power generation and an additional 2,300 KW of emergency electrical power. In this way the Group has the flexibility to cover a part of the town's electrical consumption. The town's infrastructure includes approximately 5,000 telephone lines and a Wi-Fi network covering the whole town area, including all hotels. The town is connected to the highway network with its own network of 15 km of paved roads. In addition, remote utilities and new areas of the town are inter-connected by 15 km of gravel roads. The Group operates a public transportation network within the town as well as between El Gouna and downtown Hurghada.

HOTELS

There are 15 operating hotels with a total capacity of 2,760 rooms, of which 14 hotels are controlled by the Group with a total capacity of 2,594 rooms. The hotels accommodate holiday guests from all over the world, the majority of who are from Europe. The following chart highlights the nationalities of hotel guests for the 12 months ending 31 December 2008.

EL GOUNA HOTEL GUESTS BY NATIONALITY (2008)



FUTURE DEVELOPMENTS

2 six star hotels with a total capacity of a combined 28 keys are under development, and a third hotel is planned which will offer 24 keys. The first two hotels are expected to be operational during summer 2010.

A 3rd marina is planned to be operational prior to the end of 2009 to cater to mega-yachts in the range of 30 to 50 meters.

2 three star hotels with a total capacity of 140 keys are under construction in the third marina area.

A second 18-hole championship golf course is planned with potential residential units in the surrounding area.

A branch of Berlin Technical University is under planning.

3 real estate products are being planned by the Group. These projects are Fanadir Shores, Um Jamar and Foliase. Fanadir Shores will offer waterfront townhouses with lavishly designed penthouses at the top. Um Jamar, an exclusive product which will be located behind one of the marinas, will offer homeowners several architectural styles and the opportunity to park their boats literally in their own back yard. With tranquil lagoon views and convenient proximity to the golf course, Foliase architectural designs will reflect the originality of the nomadic Upper Egyptian to allow residents to savor authentic Egyptian style in a calming atmosphere.

TABA HEIGHTS

Taba Heights is the Group's second fully self-sufficient resort town, developed after the successful model of El Gouna. Taba Heights comprises a total land area of approximately 4.3 million m^2, of which around 2.8 million m^2 have already been developed. The Group has a 99% stake in Taba Heights.

KEY FACTS

TOTAL LAND AREA	4.3 Million m^2
DEVELOPED AREA	2.9 Million m^2
PERMANENT RESIDENTS	4,000
OPERATING HOTELS	5
HOTEL ROOMS	1,980

OVERVIEW

Taba Heights is situated between the mountain ranges of the Sinai Peninsula in Taba, a small Egyptian town near the northern tip of the Gulf of Aqaba approximately 200 km north of Sharm El Sheikh and around 20 km south of the Israeli town of Eilat. Taba International Airport is only 25 km away from Taba Heights.

The town is home to a population of approximately 4,000 permanent residents (including facility staff) and visitors from all over the world to which it offers a wide range of international-standard facilities such as a medical center, child daycare services and a vibrant up-town center. Furthermore, the town features 37 bars and restaurants, 16 hotel swimming pools, various spas and an 18-hole championship golf course. In addition, Taba Heights offers a yacht marina of approximately 40,000 m^2 with berthing capacity for 50 yachts. The marina hosts the largest water activity center on the Red Sea and is also recognized as an official international port of entry to Egypt.

RESIDENTIAL REAL ESTATE

The Egyptian Government currently prohibits the sale of real estate in the Taba area to non-Egyptian nationals, thus Taba Heights is managed exclusively as a holiday destination with limited contribution from real estate rentals or sales. However, there are current discussions to ease the real estate sale restriction, allowing use on a usufruct basis (typically ranging from 25 to 99 years) to non-Egyptian nationals. The project's master plan encompasses 1,405 residential units (villas and apartments). Of these, 159 units have been completed, as they are needed as senior staff housing. The Group's strategy is expected to command a high sales price and in turn enhance the value creation of the land bank.

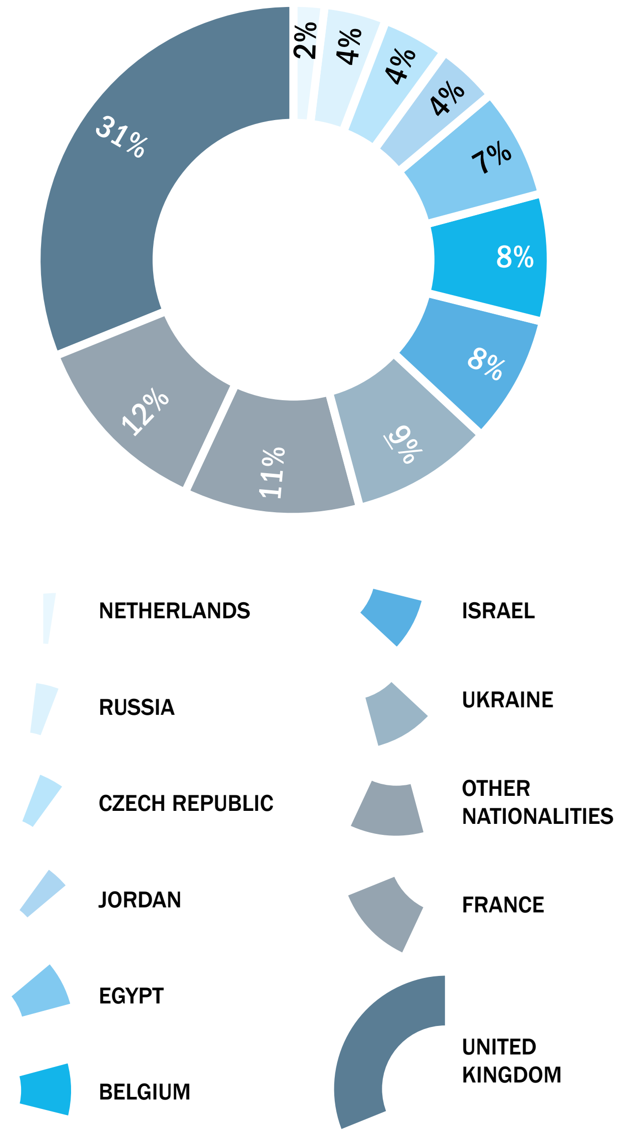
INFRASTRUCTURE

Taba Heights provides its residents and visitors with the infrastructure of a modern town. All infrastructure is owned and operated by the Group. The daily requirements for potable water are produced from a water desalination facility with a daily capacity of 3,500 m^3. The town boasts two sewage treatment plants with a capacity of 1,000 m^3 per day for each plant. The Group is self-sufficient in terms of power supply as it has an installed capacity of 12 MW of electrical power generation and an additional 10 MW of emergency electrical power. The town's infrastructure includes approximately 1,000 telephone lines and a Wi-Fi network covering the whole town area, including all hotels. The town is connected to the highway network with its own network of paved roads.

HOTELS

There are five operating hotels with a current capacity of 1,980 rooms to accommodate holiday guests from all over the world. The following chart highlights the nationalities of hotel guests for the 12 months ending 31 December 2008.

TABA HEIGHTS HOTEL GUESTS BY NATIONALITY (2008)



FUTURE DEVELOPMENTS

There is additional hotel capacity coming online, ClubMed Taba. This hotel offers a total capacity of 390 rooms. Furthermore, the Group plans to increase the room capacity of the Three Corners El Wekala by adding 43 rooms.

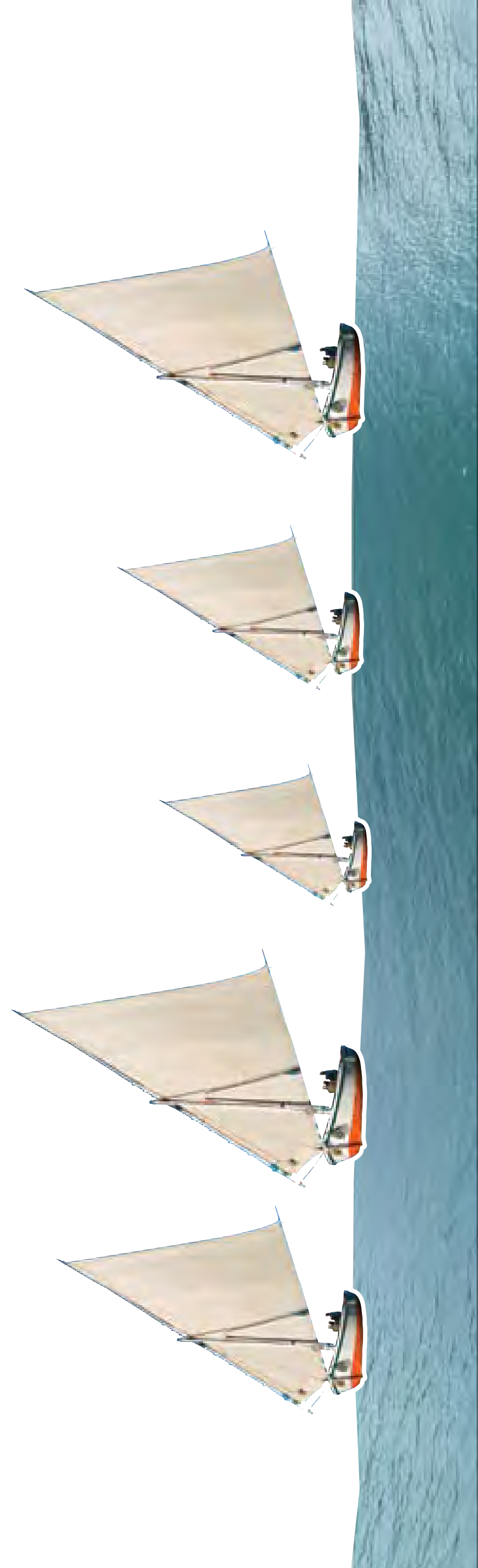
Other future developments are expected to include 70 villas around the golf course, 240 apartments in the marina area, and extension of some of the hotels' rooms.

These developments will not exhaust the potential of Taba Heights, which has 1.5 million m^2 of residual land. We will explore and initiate on an ongoing basis future developments based on our estimate of demand.

B. PROJECTS UNDER DEVELOPMENT

AMOUN ISLAND

The Group entered into a lease agreement with the Egyptian Government in 2005 regarding Amoun Island. The island is situated off the main Nile river bank in Aswan with a total project area amounting to 22,000 m².



KEY FACTS

TOTAL LAND AREA	22,000 m^2
HOTEL RATING	6 stars
LUXURY SUITES	24
START OF DEVELOPMENT	2007
HOTEL OPENING DATE	2011

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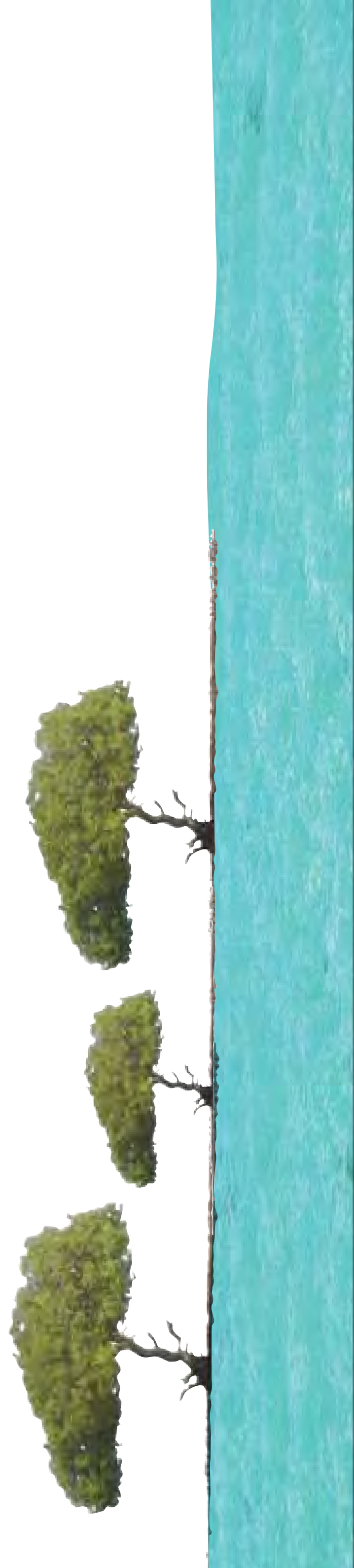
The project plan provides for an exclusive six star boutique-style hotel with 24 luxurious suites with lounge areas, private pools, an exquisite-cuisine restaurant, lounge bar, wine cellar, private library and six-star service.

The development of the project commenced in the third quarter of 2007 and the hotel is expected to become operational during 2011.

RAS BENAS, BERENICE

Berenice is located on the west coast of the Red Sea, south of the large peninsula of Ras Benas, approximately 12 km south of Marsa Alam and 300 km east of Aswan.



KEY FACTS

TOTAL LAND AREA 25 Million m^2

START OF DEVELOPMENT 2010

DISTANCE FROM MARSA ALAM 12 km

The project total land bank amounts to 25 million m^2, where the Group envisages developing a luxurious high-end resort with hotels and residential units, marinas and a leisure center. The development of the project is expected to commence in early 2010.

EL FAYOUM OASIS

In 1998, the Group was awarded land acquisition rights by the Government of Egypt at El Fayoum for a residential real estate development project. El Fayoum is located approximately 100 km southwest of Cairo. Total land parcels secured cover approximately 1.3 million m^2.

KEY FACTS*

TOTAL LAND AREA	1.3 Million m^2
RESIDENTIAL UNITS PLANNED	194
HOTEL ROOMS	48
START OF DEVELOPMENT	2007/2008
BEGINNING OF OPERATIONS	2011

*Figures represent combined plans for the Byoum and Al Roboua projects.

AL ROBOUA AND BYOUM

Al Roboua project offers 36 standalone villas in traditional Nubian style with all supporting amenities. The Group holds a 63% stake in Misr Al Fayoum Company, which owns a 100% stake in the project company Al Roboua.

During the third quarter of 2008, Byoum, a new residential real estate project, was launched, covering a total area of approximately 400,000 m^2 out of the total awarded land. In the first phase of Byoum, it is planned to offer 158 villas with full access to an attached marina and a four star hotel with an expected capacity of 48 guest rooms. Site development commenced during the third quarter of 2008. The residential component and the hotel are expected to be operational by mid-2011.

RIYAD RESORT

During the second quarter of 2008, the Group launched a private compound comprising 256 apartments, covering a total area of 129,815 m^2 in Makadi Bay, south of Hurghada, on the Red Sea coast.

KEY FACTS

TOTAL LAND AREA	129,815 m^2
START OF DEVELOPMENT	2008
BEGINNING OF OPERATIONS	2011
RESIDENTIAL UNITS PLANNED	256

This project is attached to Club Azur and Royal Azur hotels, where homeowners can enjoy full access to all the amenities and facilities offered by the two hotels. The Group owns a 51% stake in this project.

C. BUDGET HOUSING

In the last quarter of 2006, the Group launched its budget housing subsidiary Orascom Housing Communities (OHC), a company strategically focused on developing affordable housing within large sustainable and fully-integrated communities in Egypt, regionally and internationally. OHC is a joint venture with Homex, a vertically integrated home development company focused on affordable housing, headquartered in Mexico and listed on the New York Stock Exchange. Equity International and Blue Ridge, two private equity firms, are also investors in OHC. Orascom Development holds a 58% stake in OHC.

HARAM CITY

OHC has been allocated approximately 8.4 million m^2 of land in 6^{th} of October City, in the vicinity of Cairo, for this project. It is planned to develop 50,000 units over the next five to seven years. The town infrastructure will include schools, a hospital, commercial areas, a cinema complex, sporting clubs, garment embroidery and daycare centers, which will be operated and/or managed in cooperation with the Egyptian government and/or non-governmental organizations. In addition, it is planned that the project will include retail and commercial properties of which OHC will retain majority ownership and lease to third parties.

The development of the first phase commenced in January 2007, with actual construction starting in May 2007. The first residents moved into their homes during the fourth quarter of 2008. Construction work on two zones out of the planned eight zones was completed, and the main water line, electricity supply and sewage plants have been secured. During the second half of 2009, OHC has accepted to operate another sewage treatment plant to cater to the entire project land. A contract for the provision of the substation has been negotiated with the Egyptian governmental authorities and is expected to be concluded during 2009. Once this contract is finalized, this substation will be able to provide electricity to all of Haram City.

AL FAYOUM

OHC has been allocated approximately 2.1 million m^2 in Al Fayoum. Similar to Haram City's planned components, it is planned to develop 20,000 budget housing units. In 2009, OHC plans to start selling units in this project.

D. HOTEL INVESTMENTS

1. ROYAL AZUR & CLUB AZUR

As part of the acquisition of Garranah, the Group has acquired interest in two operating hotel properties located in Makadi Bay, south of Hurghada, Egypt. These two hotels offer a total of 819 guest rooms. Royal Azur, a five star hotel, offers 480 rooms, while Club Azur, a four star hotel, offers 339 rooms. The Group owns a controlling stake of 51% in the two properties.

2. CITADEL AZUR

The Group fully owns a five star hotel in Sahl Hashish, 20 km south of Hurghada, Egypt. Citadel Azur hotel, pictured below, offers a total capacity of 514 luxurious guest rooms. The hotel is attached to the Cape Citadel project, a residential real estate development which plans to offers 504 apartments and 80 villas. Homeowners in Cape Citadel can enjoy full access to all the amenities and facilities offered by Citadel Azur and a marina which offers a total capacity of 28 berths. The Citadel Azur hotel commenced operations during the fourth quarter of 2008.

3. FLOATING HOTELS

As part of the acquisition of Garranah, the Group has acquired interest in eight floating hotels (Nile cruisers) offering a total of 410 cabinets. Additional details on the performance of these floating hotels are presented in 2008 results section.

II. UNITED ARAB EMIRATES

THE COVE

THE COVE

The Cove project is located close to Ras Al Khaimah International Airport and approximately 100 km north of Dubai. The development is in close proximity to leisure and town facilities, including shopping malls, supermarkets, international schools and hospitals.

KEY FACTS

TOTAL LAND AREA	300,000 m^2
DEVELOPED AREA	282,000 m^2
RESIDENTIAL UNITS BUILT	190 VILLAS
UNITS UNDER CONSTRUCTION	80 APTS
HOTEL ROOMS	204

The Cove comprises a total area of around 300,000 m^2, of which approximately 282,000 m^2 have been developed. The project's first phase is now complete, offering 190 residential units and a four star hotel operated by Rotana. The Cove Rotana Resort and Spa soft opening took place in early February 2009, offering 204 rooms.

The second phase of the project comprises a residential compound with 80 apartments and is expected to be completed during the second half of 2009.

The Group controls approximately 73% of the project-owning company. The balance is held by a prominent Egyptian family which is active as a real estate developer, and by another minority shareholder.

III. OMAN

1. JEBEL SIFAH

2. SALALAH BEACH

3. AS SODAH ISLAND

4. CITY WALK, MUSCAT

The Group is planning and developing projects at four sites in Oman, which makes it the Group's largest presence outside of Egypt. The total project area comprises 32.3 million m^2. It is planned that the four projects include a total of approximately 3,500 hotel rooms and around 2,100 residential units in the medium to long-term. The Group owns 70% of the development company while the remaining 30% are held by the government-owned Oman Tourism Development Company (OTDC). The development company has the right to appoint third parties as sub-developers for parts of the project areas, subject to the terms and conditions of the relevant development agreement with the government of the Sultanate of Oman.

JEBEL SIFAH

The Group is planning to build a self-sufficient, fully-integrated resort, following the successfully applied El Gouna model.

KEY FACTS

TOTAL LAND AREA	6.2 Million m^2
RESIDENTIAL UNITS PLANNED	950
HOTEL ROOMS PLANNED	2,000
PROJECT LAUNCH	Q4 2007
DISTANCE FROM MUSCAT	30 km

The project at Jebel Sifah comprises a total land area of approximately 6.2 million m^2. The project's initial plan includes four hotels with a total capacity of approximately 1,075 rooms, of which one hotel will be integrated with a golf course, approximately 950 residential units, a marina and marina town. In the long-term, we expect to add more hotel capacity to reach a total capacity of 2,000 rooms.

Situated around 30 km from downtown Muscat, Jebel Sifah appeals to affluent residents of the country's capital with its combination of hotels, restaurants, golf course, marina and retail facilities. Construction works started in August 2008 for a marina basin, 69 villas, a marina block which will offer 159 apartments, a golf course, road networks and all related infrastructure.

World renowned hotel operators will manage the town's hotels, such as Rezidor's Hotel Missoni (250 rooms), Four Seasons (275 rooms), Banyan Tree (350 rooms) and Angsana Hotels (200 rooms). We expect to commence the construction phase of two or even three of these hotels in 2009/2010.

SALALAH BEACH

In Salalah Beach Orascom Development plans, as in Jebel Sifah, to build a self-sufficient, fully-integrated resort, following the model successfully applied in El Gouna.

KEY FACTS

TOTAL LAND AREA	25.1 Million m^2
RESIDENTIAL UNITS PLANNED	1,150
HOTEL ROOMS PLANNED	1,200
PROJECT LAUNCH	Q4 2007
DISTANCE FROM MUSCAT	1,000 km

The project comprises a total land area of 25.1 million m^2 and is situated in the southern part of Oman, approximately 1,000 km from Muscat and only 15 km from Salalah Airport.

The project includes the development of five hotels with a total capacity of approximately 1,200 rooms, three of which will be under the management of international hotel operators namely: Mövenpick, Rotana, and ClubMed. Foundations of the Rotana hotel, a 396 rooms four star hotel, are under excavation and construction works has already started during 2009. We expect to commence with construction works of Mövenpick hotel in the fourth quarter of 2009, with expected start of operations by mid 2012.

Furthermore, 1,150 real estate units are planned to be developed, 248 units of which are currently under construction. Other components under construction in this development phase include town center, marina basin, a golf course, road networks, and all related infrastructure such as water supply, sewage plant and power stations.

AS SODAH ISLAND

As Sodah is an island with a surface of around 11 million m^2 of which a total area of 1 million m^2 will be developed by Orascom Development, offering a niche luxury boutique hotel.

KEY FACTS

TOTAL LAND AREA	11 Million m^2
HOTEL RATING	7 stars
EXCLUSIVE VILLAS	32
LUXURY HOTEL CONSTRUCTION	2009
BEGINNING OF OPERATIONS	2011

Located off the southern coast of Oman opposite to Salalah Beach, As Sodah Island will comprise a seven star hotel with 32 exclusive villas, each with a swimming pool and private beach.

During the third quarter of 2008 this project entered a mobilization phase for construction work. We expect to start construction of this luxury hotel during the first half of 2009. Consequently, this hotel should be operational during 2011.

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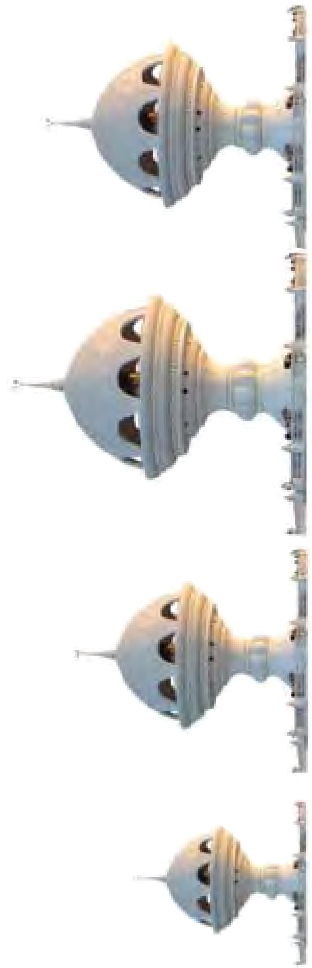


CITY WALK, MUSCAT

The Group is planning to develop a downtown leisure complex in Oman's capital.

KEY FACTS

TOTAL LAND AREA	47,000 m^2
TOTAL BUILT UP AREA	153,000 m^2
OFFICE SPACE	19,400 m^2
HOTEL ROOMS PLANNED	282

In Muscat, the Group is planning to develop a downtown leisure complex with a total build up area of 153,000 m^2, a tower with 19,400 m^2 for office space and a mall with built-up area of 42,000 m^2. Furthermore, the project plan includes a five star hotel with a capacity of 282 rooms, to be managed by Grand Hyatt.

IV. SWITZERLAND

ANDERMATT

ANDERMATT

The Group is in the course of developing Andermatt, a Swiss mountain town, as a comprehensive and self-sustainable Alpine resort town. Andermatt is situated at about 1,440 meters above sea level and lies approximately 120 km south of Zurich and 180 km north of Milan.

KEY FACTS

TOTAL LAND AREA	1.4 Million m^2
RESIDENTIAL UNITS PLANNED	740
HOTEL ROOMS PLANNED	600
EXISTING SKI LIFTS	13
RESORT ALTITUDE	1,440 m

The total land bank of the project amounts to approximately 1.4 million m^2. The project is planned to offer 710 apartments and 25 to 30 private villas. In addition, 6 hotels classified as 4 and 5 star with a capacity of 600 rooms are planned. It is envisaged for the hotels to be managed by leading international operators, with some of which the Group has established partnerships. Besides the existing 13 ski lifts, the resort will feature various leisure facilities including a professional 18-hole golf course, podium, sports center with all-season leisure pool and a commercial center, turning Andermatt into a year-round destination.

The Andermatt project will be developed in accordance with the highest ecological standards. Furthermore, our team works closely with local NGO's such as Mountain Wilderness, Pro Natura Uri, Switzerland's Traffic Club (VCS) and the World Wildlife Fund. Orascom Development aims to preserve rivers and water surfaces as well as natural habitats. Furthermore, we plan to use a carbon-free energy supply system for the entire resort by using renewable energy sources. In addition, the planned parking lot will offer a capacity for approximately 2,000 cars, thereby allowing air pollution and noise in the town to be reduced.

Subject to certain construction obligations, the Group has been granted an exemption from the Lex Koller legislation, which restricts the acquisition of real estate by non-Swiss residents. Pursuant to this exemption, non-Swiss residents will be able to acquire and transfer residential property without authorization until the end of 2030.

Site development started in the fourth quarter of 2007 with the site-specific master plan approvals, and we expect to commence construction during the second half of 2009. Due to winter conditions, the construction works will then be stopped until spring 2010. The first development phase is expected to become operational in the first quarter of 2013.

V. MOROCCO

CHBIKA, SAHARA ATLANTIQUE

CHBIKA, SAHARA ATLANTIQUE

In 2007, the Group entered into a development agreement with the Government of Morocco to develop Chbika, an integrated self-sufficient tourist destination in the south of Morocco. Located approximately 300 km south of Agadir on the Atlantic Ocean, the project's total land bank amounts to 15 million m^2.

KEY FACTS

TOTAL LAND AREA	15 Million m^2
RESIDENTIAL UNITS PLANNED	1,851
HOTEL ROOMS PLANNED	2,500
GOLF COURSES	2
DISTANCE FROM AGADIR	300 km

The project is intended to be developed in collaboration with the Caisse de Dépôt et de Gestion (CDG), where the Group has signed a shareholders' agreement with CDG. The Group currently holds a 100% stake in the project company. However, the Group intends to increase the share capital of the project company and to allow CDG or other parties to invest and, thus, to reduce its stake in the project company to approximately 65%.

Among the planned components are 8 hotels with a capacity of 2,500 guest rooms, 1,166 apartments and 685 villas, golf courses, a marina and city center facilities. The first phase will encompass five hotels and approximately 1,100 real estate units. The fundamental and technical studies have been carried out. Further studies will be initiated during 2009, relating to infrastructure, geology, topography and earth works.

Based on fundamental research and analysis of target group preferences, different hotel operators were contacted to manage the eight hotels planned for the first two phases. Additionally, an international mix of renowned architects was also invited to work on real estate and hotels' designs.

The development of the project is expected to commence during 2010 with the first phase becoming operational by mid-2013.

VI. Projects Held for Investment

A. JORDAN

TALA BAY

B. MAURITIUS

LA PLANTATION D'ALBION

TALA BAY

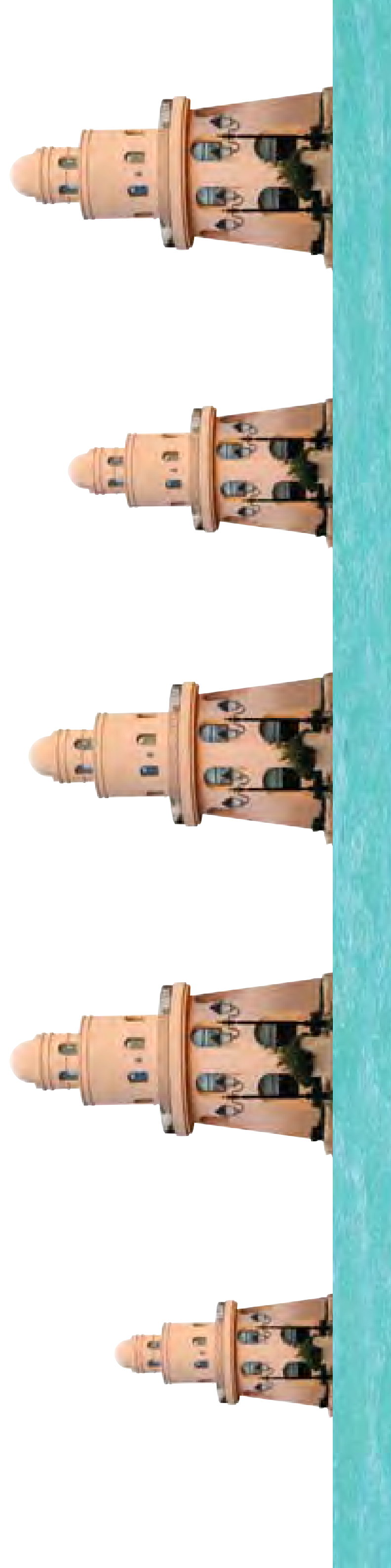
Following an invitation to develop Jordon's first resort project, Tala Bay was the Group's first regional rolling-out of its model outside Egypt.

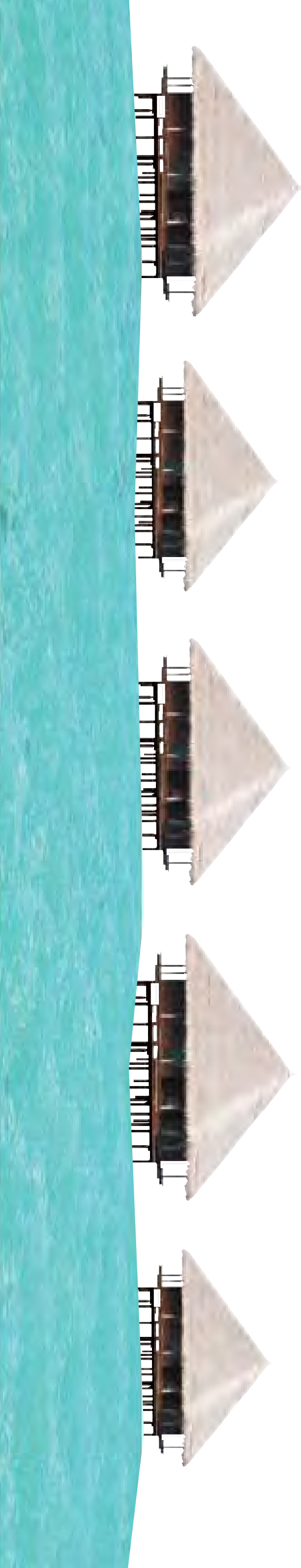
The project is being developed by Jordan Projects for Touristic Development (JPTD), a company listed on the Amman Stock Exchange in which the Group holds a minority shareholding of 15.2%.

Tala Bay is situated on the Gulf of Aqaba (northern Red Sea), which is Jordan's only sea gateway. The project is located outside of Aqaba and approximately 10 km away from Aqaba International Airport.

The integrated tourism destination is being built upon a man-made lagoon and is one of the largest tourism destinations in the country, covering a land area of approximately 2.7 million m^2. Tala Bay is planned to include four hotels with a total capacity of 1,300 rooms. One of these hotels, the Marina Town Plaza, is fully owned by the Group. It features 267 rooms and became operational in April 2008.

In addition, the project plan includes villas and apartments, a marina, a championship golf course and commercial facilities.





LA PLANTATION D’ALBION

La Plantation d’Albion is a project jointly developed with ClubMed comprising the ClubMed village ‘La Plantation d’Albion’ and residential real estate adjacent to the ClubMed village to be operated as part of the resort.

In the ClubMed village, the Group holds a minority stake of 12.5%. In the real estate development, the Group holds a majority stake of 75%. La Plantation d’Albion is located 15 km south of Port Louis on the western side of the island of Mauritius in the Indian Ocean. The ClubMed village commenced its operations in December 2007. The real estate development venture consists of 40 exclusive villas.

During July 2008, the Group signed a protocol with ClubMed giving ClubMed the control over and a major part of the risks and future economic profits from the real estate development company. This entitles ClubMed to an option to buy 75% of the shares held by the Group, in addition to its 25% currently held, against a payment of €4 million plus a price adjustment clause of €2 million.

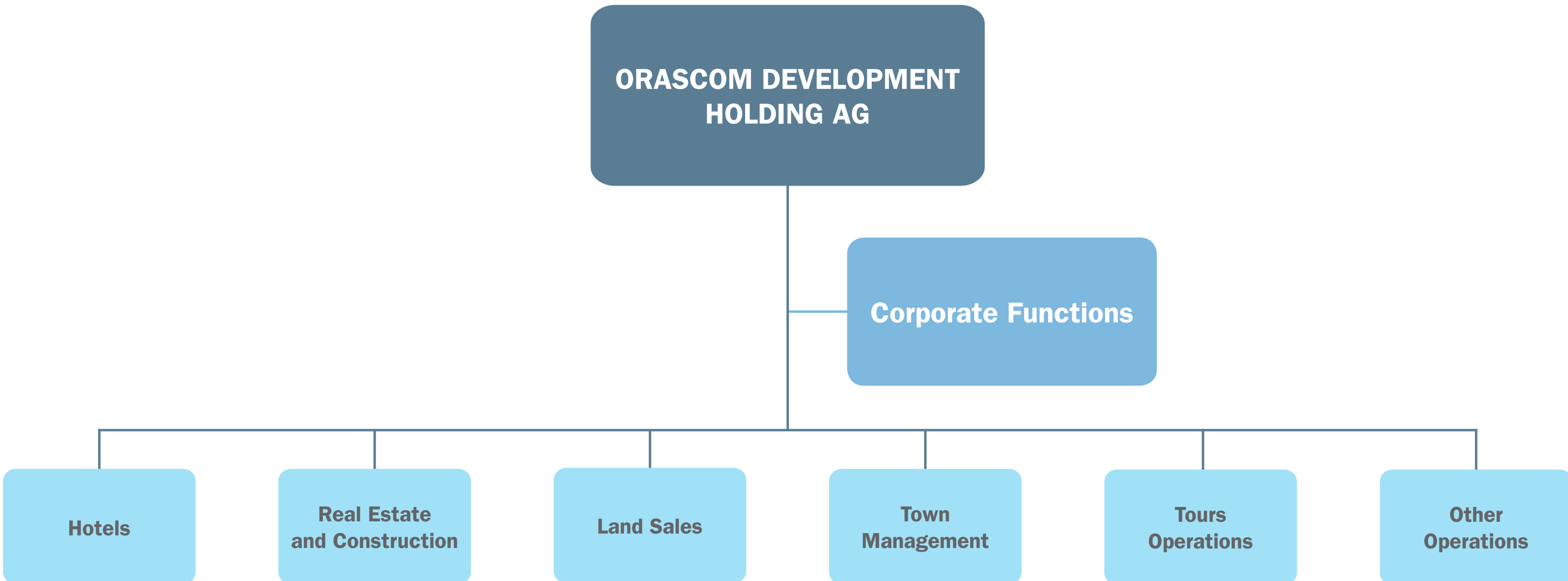
9

CORPORATE GOVERNANCE

1

GROUP STRUCTURE AND SHAREHOLDERS

1.1
GROUP STRUCTURE



The operating businesses of the Group headed by Orascom Development Holding AG (the "Orascom Development Group") are organized into six divisions: Hotels; Real Estate and Construction; Land Sales, Town Management; Tours Operations; and Other Operations. Group headquarters comprises personnel who perform functions spanning several or all divisions, including the members of Executive Management and corporate functions.

As at 31 December 2008, the following *listed companies* were part of the Orascom Development Group's scope of consolidation:

Company	Start of development control program[1]	
Orascom Development Holding AG (Altdorf, Switzerland)	**SIX Registration**	
	Exchange	SIX Swiss Exchange
	Market Capitalization	CHF 766,248,714
	Symbol	ODHN
	Security number	003828567
	ISIN	CH0038285679
	EGX Registration	
	Exchange	EGX the Egyptian Exchange
	Market Capitalization	CHF 766,248,714
	Symbol	ODHN
	ISIN	CH0038285679
Orascom Hotels & Development S.A.E. (Cairo, Egypt)	**EGX Registration**	
	Exchange	EGX the Egyptian Exchange
	Market Capitalization	EGP 3,808,873,480
	Symbol	ORHD
	ISIN	EGS70321C012
	Owned by the Orascom Development Group to 98.16%	
Orascom Hotels Holding S.A.E. (Cairo, Egypt)	**EGX Registration**	
	Exchange	EGX the Egyptian Exchange
	Market Capitalization	EGP 1,447,575,360
	Symbol	ORHC
	ISIN	EGS70391C015
	Owned by the Orascom Development Group to 99.73%	

For information on the *non-listed companies* comprised by the Orascom Development Group's scope of consolidation, please refer to note 16 (Subsidiaries) to the Consolidated Financial Statements page F-33.

1.2
SIGNIFICANT SHAREHOLDERS

During the financial year 2008, the following shareholders have disclosed participations in the Company of 3% or more of voting rights (in accordance with Article 20 SESDA[1]):[2]

Name of Holder	Date of Latest Disclosure[3]	Number of shares	percentage ownership of total equity capital and voting rights[4]
Samih O. Sawiris	13 May 2008	13,534,714	60.82%
whereof held directly		7,172,655	32.23%
whereof held through TNT Holding Ltd. [5]		5,848,741	26.28%
whereof held through SOS Holding Ltd. [6]		513,318	2.31%
Janus Capital Management LLC [7]	25 August 2008	1,156,323	5.08%
Blue Ridge Capital Holdings LLC / Blue Ridge Capital Offshore Holdings LLC [8]	13 May 2008	851,660	3.83%

Aside from these participations, the Company was not aware of a shareholder holding a participation of 3% or more of voting rights.

1.3
CROSS-SHAREHOLDINGS

There are no cross-shareholdings between the Company and any other entity that would exceed 5% of capital or voting rights on both sides.

[1] Swiss Federal Act on Stock Exchanges and Securities Dealers.

[2] As the table, in accordance with the guidelines of the SIX Swiss Exchange, shows significant shareholders' participations as last disclosed pursuant to art. 20 SESDA, the numbers of shares and percentages shown conform to the situation at the time of the respective last disclosure. They do not necessarily conform to the situation as per 31 December 2008, given that a shareholder may e.g. have purchased or sold shares subsequently to such last disclosure but not thereby crossing a disclosure threshold. See also fn. [4] in respect of the percentages shown.
For information on the participations of shareholders exceeding 5% of voting rights as reflected in the Company's share register as at 31 December 2008, please refer to note 13 to the Company's Non-Consolidated Financial Statements, page F-67.

[3] The date indicated is the date of the issue of the Swiss Commercial Gazette in which the disclosure was published or, in those cases where the latest disclosure was made in or in connection with the Offering Circular published by the Company in the course of the initial public offering of its shares, the date of the Offering Circular (13 May 2008).

[4] The percentages shown relate to the Company's registered share capital as at the date of the respective disclosure. For information on changes in capital during the 2008 financial year, please refer to Section 2.3 below (page 144). In those cases where the latest disclosure was made in or in connection with the Offering Circular published by the Company in the course of the initial public offering of its shares, the percentages shown are those disclosed as "Expected holding upon completion of the Offering (assuming full exercise of Over-Allotment Option)".

[5] TNT Holding Ltd., c/o M&C Corporate Services Limited, PO Box 309GT Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. TNT (Cayman Island) Trust owns TNT Holding Ltd. Samih O. Sawiris has the ability to exercise the voting rights of TNT Holding Ltd.

[6] SOS Holding Ltd., c/o M&C Corporate Services Limited, PO Box 309GT Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. SOS (Jersey) Trust owns SOS Holdings Ltd. Samih O. Sawiris has the ability to exercise the voting rights of SOS Holding Ltd.

[7] Janus Capital Management LLC with its principal office at 151 Detroit Street, Denver, CO. 80206 is the investment adviser of (a) Janus Overseas Fund, with its principal office at 151 Detroit Street, Denver, CO. 80206, (b) Janus Adviser International Growth Fund, with its principal office at 151 Detroit Street, Denver, CO. 80206, and (c) Janus Aspen Series International Growth Portfolio, with its principal office at 151 Detroit Street, Denver, CO. 80206.

[8] Blue Ridge Capital Holdings LLC with its principal office at 660 Madison Avenue, New York, New York 10065, is the general partner of Blue Ridge Limited Partnership, which held 533,984 Shares, with its principal office at 660 Madison Avenue, New York, New York 10065. Blue Ridge Capital Offshore Holdings LLC with its principal office at 660 Madison Avenue, New York, New York 10065, is the general partner of Blue Ridge Offshore Master Limited Partnership, which held 317,676 Shares, with its principal office at P.O. Box 309, Grand Cayman KY1-1104, Cayman Islands.

2
CAPITAL STRUCTURE

2.1
CAPITAL

As at 31 December 2008, the Company's issued share capital amounted to CHF 580,491,450 and was divided into 23,219,658 registered shares with a nominal value of CHF 25 each, fully paid in. The authorized capital amounted to CHF 70,087,525, and the conditional capital amounted to CHF 15,613,900.

2.2
AUTHORIZED AND CONDITIONAL CAPITAL

2.2.1 AUTHORIZED CAPITAL

Article 4a of the Company's articles of incorporation (the "Articles of Incorporation"), relating to its authorized capital, reads as follows:

> *"The board of directors is authorized to increase the share capital of the Company by a maximum of CHF 70,087,525 by issuing of up to 2,803,501 fully paid-up registered shares with a par value of CHF 25 each until May 6, 2010. A partial increase is permitted.*
>
> *The board of directors determines the date of issue, the issue price, the type of contribution, the date of dividend entitlement as well as the allocation of non-exercised pre-emptive rights.*
>
> *The board of directors can withdraw or limit the pre-emptive rights of the shareholders in case of (i) the use of shares in connection with mergers, acquisitions, financing and/or refinancing of mergers, acquisitions and other investment projects, (ii) national and international offerings of shares for the purpose of increasing the free float or to meet applicable listing requirements, (iii) an over-allotment option (greenshoe) being granted to one or more financial institutions in connection with an offering of shares and (iv) conversion of loans, securities or equity securities (including shares of subsidiaries) into shares."*

2.2.2 CONDITIONAL CAPITAL

Article 4b of the Articles of Incorporation, relating to its conditional capital, reads as follows:

> *"The share capital may be increased by a maximum amount of CHF 15,613,900 through the issuance of up to 624,556 registered shares with a nominal value of CHF 25 each, which shall be fully paid in, in connection with the exercise of option rights granted to the members of the board and the management, further employees and/or advisors of the company or its subsidiaries.*
>
> *The subscription rights of the shareholders shall be excluded.*
>
> *The conditions of the option rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the board of directors."*

At 31 December 2008, no option rights had been granted on the basis of Article 4b.

2.3
CHANGES IN CAPITAL IN THE PAST THREE YEARS

The Company was founded and registered with the Commercial Register of the Canton of Uri on 17 January 2008 with a share capital of CHF 100,000, divided into 1,000 fully paid-up registered shares with a nominal value of CHF 100 each. Consequently, this section only describes capital changes that occurred in the period from 17 January 2008 until 31 December 2008.

At an extraordinary general meeting of shareholders held on 29 February 2008 it was resolved to split the registered shares by a reduction of their nominal value from CHF 100 to CHF 25 each, resulting in a share capital of still CHF 100,000, divided into 4,000 fully paid-up registered shares with a nominal value of CHF 25 each.

At an extraordinary general meeting of shareholders held on 6 May 2008 it was resolved to increase the share capital by CHF 520,363,175, though the issuance of 20,814,527 new registered shares, to CHF 520,463,175 divided into 20,818,527 registered shares with a nominal value of CHF 25 each. The new shares were issued as a consideration for the shareholders of the Group's former parent Orascom Hotels & Development S.A.E. ("OHD") who tendered their OHD shares in connection with the Company's exchange offer (the "Exchange Offer"), which took place prior to the listing of the Company's shares on the Main Segment of the SIX Swiss Exchange on 14 May 2008. A total of 208,145,270 OHD shares were contributed in exchange for the new shares of the Company.

On 13 May 2008 the board of directors of the Company (the "Board of Directors") resolved, based on the authorization included in Article 4a of the Articles of Incorporation, to increase the share capital by CHF 31,250,000, through the issuance of 1,250,000 new registered shares against contributions in cash, to CHF 551,713,175 divided into 22,068,527 registered shares with a nominal value of CHF 25 each.

On 19 May 2008 the Board of Directors resolved, based on the authorization included in Article 4a of the Articles of Incorporation, to increase the share capital by CHF 12,160,275, through the issuance of 486,411 new registered shares, to CHF 563,873,450 divided into 22,554,938 registered shares with a nominal value of CHF 25 each. The new shares were issued as a consideration for the contribution of a total of 4,864,110 further OHD Shares.

On 10 June 2008 the Board of Directors resolved, based on the authorization included in Article 4a of the Articles of Incorporation, to increase the share capital by CHF 4,625,000, through the issuance of 185,000 new registered shares against contributions in cash, to CHF 568,498,450 divided into 22,739,938 registered shares with a nominal value of CHF 25 each.

On 18 December 2008 the Board of Directors resolved, based on the authorization included in Article 4a of the Articles of Incorporation, to increase the share capital by CHF 11,993,000 through the issuance of 479,720 new registered shares, to CHF 580,491,450 divided into 23,219,658 registered shares with a nominal value of CHF 25 each. The new shares were issued as a consideration for the contribution of a total of 4,797,204 further OHD Shares.

2.4
SHARES AND PARTICIPATION CERTIFICATES

The 23,219,658 registered shares with a nominal value of CHF 25 each referred to in Section 2.1 are fully paid in.

Each registered share carries an equal right to dividend payments. Voting rights are described in Section 6.1. The voting rights of registered shares held by the Company or any of its subsidiaries are suspended. No preferential or similar rights have been granted.

As at 31 December 2008, no participation certificates *(Partizipationsscheine)* have been issued.

2.5
PROFIT SHARING CERTIFICATES

The Company has not issued any profit sharing certificates *(Genussscheine).*

2.6
LIMITATION ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

2.6.1 LIMITATIONS ON TRANSFERABILITY FOR EACH SHARE CATEGORY; INDICATION OF STATUTORY GROUP CLAUSES AND RULES FOR GRANTING EXCEPTIONS

Pursuant to Article 5 of the Article of Incorporation, the Company maintains a share register in which the full name, address and nationality (in case of legal entities, the company name and registered office) of the holders and usufructuaries of registered shares are recorded. Upon application to the Company, acquirers of registered shares will be recorded in the share register as shareholders with the right to vote, provided that they explicitly declare to have acquired the shares in their own name and for their own account. Acquirers who do not make this declaration will be recorded in the share register as shareholders without the right to vote (for an exception to permit nominee registrations, see Section 2.6.3.).

2.6.2 REASONS FOR GRANTING EXEMPTIONS IN THE YEAR UNDER REVIEW

No exemptions from the limitations on transferability of shares (see Section 2.6.1) have been granted in the year under review.

2.6.3 PERMISSIBILITY OF NOMINEE REGISTRATIONS; INDICATION OF ANY% CLAUSES AND REGISTRATION CONDITIONS

Pursuant to the Company's Regulations on the Registration of Nominees, the Company may register a Nominee in its share register as a shareholder with the right to vote if either such Nominee's shareholdings do not exceed 5% of the registered share capital as set forth in the commercial register, or, if such Nominee's shareholdings exceed that threshold, the respective Nominee discloses to the Company the names, addresses, locations or registered offices, nationalities and the number of shares held on behalf of all Beneficial Owners whose beneficial shareholdings exceed 0.5% of the issued share capital.

2.6.4 PROCEDURE AND CONDITIONS FOR CANCELLING STATUTORY PRIVILEGES AND LIMITATIONS ON TRANSFERABILITY

The Articles of Incorporation do not provide for any privileges. The limitations on transferability of the Company's shares, as described in Section 2.6.1 above, may be cancelled by a resolution (amending the Articles of Incorporation) of an ordinary general meeting of shareholders reuniting the absolute majority of votes represented at the meeting, or by a resolution of an extraordinary general meeting of shareholders reuniting a majority of two thirds of votes represented (see Section 6.2 below).

2.7 CONVERTIBLE BONDS AND WARRANTS/OPTIONS

The Company has not issued any convertible bonds, warrants or options.

3
BOARD OF DIRECTORS

3.1
MEMBERS OF THE BOARD

From left to right:

Carolina Müller-Möhl
Jean-Gabriel Pérès
Amr Sheta
Samih O. Sawiris
Luciano Gabriel
Franz Egle
Adil Douiri

Samih O. Sawiris

serves as executive Chairman of the Board of Directors and CEO. He also serves as chairman or as a member of the boards of a number of subsidiary companies of the Orascom Development Group. After receiving his Diploma in Economic Engineering from the Technical University of Berlin in 1980, Mr. Sawiris founded his first company, National Marine Boat Factory. In 1996 he established Orascom Projects for Touristic Development and in 1997 Orascom Hotel Holdings, the two companies that later merged to form Orascom Hotels & Development S.A.E. (OHD). He has served as CEO and chairman of OHD since its incorporation. Furthermore, Mr. Sawiris established El Gouna Beverages Co. in 1997, which he sold in 2001, at which time it was the largest beverage company in Egypt.

Amr Sheta

serves as executive Vice-Chairman of the Board of Directors and Co-CEO. He also serves as a member of the boards of a number of subsidiary companies of the Orascom Development Group. Mr. Sheta has 19 years of experience in corporate as well as investment banking with an emphasis on private equity. He started his career at Chase National Bank Egypt in 1989 and was promoted to manager of the credit department in 1993. In 1996, he was involved in setting up the bank's investment banking arm, Commercial International Investment Company (CIIC). From 2000 to 2005 he ran CIIC's proprietary private equity fund with a portfolio worth approximately CHF 350 million. Mr. Sheta has been associated with Orascom Development Group in various capacities since 1989. Since 1998 he has been a member of the board of directors of OHD, and its vice-chairman and Co-CEO since 2006. Mr. Sheta holds a Bachelor Degree in Economics and a Master Degree in Management from the American University in Cairo. He also holds a diploma in Project Appraisal and Investment Management (PAIM) from Harvard Business School.

Adil Douiri

serves as a non-executive member of the Board of Directors and as a member of the Audit Committee. Mr. Douiri is the founding shareholder and chief executive officer of Mutandis, a recently established Moroccan investment company. From 2002 to 2007, Mr. Douiri served in His Majesty's the King Mohamed VI Government, first as a Minister of Tourism (2002-2004) and then with an expanded portfolio as Minister for Tourism, Crafts and Social Economy (2004-2007). In 1992, Mr. Douiri founded Casablanca Finance Group (later renamed CFG Group), the first investment bank in Morocco. Until 2002 he acted as chairman of its supervisory board and he is still an acting board member. Mr. Douiri is also a board member of BMCE Bank, the third largest Moroccan commercial bank, and of MFEx, a Stockholm-based technology company serving the financial industry. Mr. Douiri graduated as an engineer from the Ecole Nationale des Ponts & Chaussées (ENPC) in Paris. He is actively engaged privately, politically and through NGO's in the development of Morocco, his home country.

Franz Egle

serves as a non-executive member of the Board of Directors. He has also been a member of the board of directors of the Orascom Development Group Company Andermatt Alpine Destination Company Ltd since 2007. Mr. Egle has a strong background in the fields of strategy development and implementation, corporate communication, media and public affairs. After holding different senior executive positions in the private sector, he was in charge of communications at the Swiss Federal Department of Foreign Affairs and advisor to a member of the Federal Council. Before co-founding and becoming a partner of Dynamics Group, a Swiss company providing strategic consulting, communication management and research analysis in 2006, Mr. Egle was partner of a communication and financial consultancy. Mr. Egle holds a Master Degree in Communication Sciences and Sociology from the University of Zurich.

Dynamics Group, of which Mr. Egle is a Senior Partner, has been retained by the Orascom Development Group to provide services in the field of communications.

Luciano Gabriel

serves as a non-executive member of the Board of Directors, as the Lead Director, and as chair of the Audit Committee and of the Nomination & Compensation Committee. Mr. Gabriel is delegate of the board of directors and chief executive officer of PSP Swiss Property Group (PSP). Prior to joining PSP, Mr. Gabriel worked for Union Bank of Switzerland in Zurich, London and Milan, where he held management positions in corporate finance, risk management, international corporate account management and business development. From 1998 to 2002 Mr. Gabriel was responsible for corporate finance and group treasury at Zurich Financial Services. He was also a member of the Executive Board of European Public Real Estate Association (EPRA). Mr. Gabriel completed his studies in economics at the Universities of Berne and Rochester (NY, USA) and his activity as assistant in economics at the University of Berne in 1983 with the title of Dr.rer.pol.

Carolina Müller-Möhl

serves as a non-executive member of the Board of Directors and as a member of the Nomination & Compensation Committee. Ms. Müller-Möhl has been president of the Müller-Möhl Group since 2000. From 1999 to 2000 she was member of the board of directors of Müller-Möhl Holding AG. Ms. Müller-Möhl is currently a member of the board of directors of Nestlé S.A. and the chairperson of Hyos Invest Holding AG. After gaining an International Baccalaureate at Upper School Salem International College, Ms. Müller-Möhl studied politics, history and law at the German University of Heidelberg and at the Otto-Suhr Institut at the Freie Universität Berlin. She graduated with a Master Degree in Political Science and went on to complete further studies at the London School of Economics and at the Europe Institute of the University of Basel.

Jean-Gabriel Pérès

serves as a non-executive member of the Board of Directors and as a member of the Audit Committee and of the Nomination & Compensation Committee. Mr. Pérès brings more than 20 years experience of senior appointments in the hospitality and luxury consumer brands segments. Since 1999, he has served as President & CEO of Mövenpick Hotels & Resorts, an upscale hotel management company with more than 12,000 employees and more than 90 properties existing or under construction in 26 countries throughout Europe, the Middle East, Africa and Asia. Mr. Pérès holds an MBA from the Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC).

Mövenpick Hotels & Resorts has been retained by the Orascom Development Group to manage two of its hotels.

None of the non-executive members of the Board of Directors held executive positions in the Orascom Development Group during the three financial years preceding the year under review. Other than as individually mentioned above, none of these members, and no enterprise or organization represented by them, maintains any substantial business relationship with a company of the Orascom Development Group.

Name	Samih O. Sawiris	Amr Sheta	Luciano Gabriel	Adil Douiri	Franz Egle	Carolina Müller-Möhl	Jean-Gabriel Pérès
Function	Chairman	Vice-Chairman	Lead Director	Member	Member	Member	Member
Nationality	EGY	EGY	CH	MOR	CH	CH	F
Birth	1957	1967	1953	1963	1957	1968	1957
EM/ NEM	EM	EM	NEM	NEM	NEM	NEM	NEM
Elected first	2008	2008	2008	2008	2008	2008	2008
Elected until	2009	2009	2009	2009	2009	2009	2009
Audit Committee	-	-	Chair	Member	-	-	Member
Nomination & Comp. Committee	-	-	Chair	-	-	Member	Member

1 EM = Executive Member
NEM = Non-executive Member

3.2
ELECTIONS AND TERMS OF OFFICE

The Company's Board of Directors is elected by the general meeting of shareholders. In accordance with the Articles of Incorporation, the Board is composed of a minimum of three and a maximum of fifteen members, whose term of office shall not exceed three years (a year for that purpose meaning the period between two ordinary general meetings of shareholders). Each member's term of office is determined upon his or her election, and there are no limits on re-election. The Board of Directors proposes to the Company's first ordinary general meeting of shareholders in 2009 to repeal a rule presently contained in the Articles of Incorporation which requires terms of office to be staggered over a period of three years, in order to provide the shareholders with more flexibility in that respect.

All present members of the Board have been elected prior to the initial public offering of the Company's shares, to serve until the Company's first ordinary general meeting of shareholders in 2009. At such meeting, they will stand for re-election (expected to occur by global vote) for further terms.

3.3
INTERNAL ORGANIZATIONAL STRUCTURE

3.3.1 BOARD

The Board of Directors governs the Company and holds the ultimate responsibility for the Company's business strategy and management. It has authority to decide on all corporate matters not reserved by law or the Articles of Incorporation to the general meeting of shareholders or to another body. Subject to its inalienable duties pursuant to the law and to a number of additional matters described in the Internal Regulations (such as decisions entailing financial consequences for the Company in excess of certain defined thresholds), the Board has delegated the management of the Company's business to the CEO, who may further delegate any of his duties and competencies to Executive Management and other members of the Company's management. The Board appoints the CEO and the other members of Executive Management. The Board of Directors constitutes itself autonomously and appoints its Chairman, and its secretary who does not have to be a member of the Board. It may deliberate if a majority of all Board members are present at a meeting. Decisions are taken by the majority of the votes cast. In case of a deadlock, the Chairman has a casting vote. A Board member shall abstain from voting if he or she has a personal interest in a matter other than an interest in his or her capacity as shareholder of the Company.

In order to ensure good corporate governance and a balanced leadership and control of the Company, a Lead Director has been appointed. The Lead Director must be non-executive, and is elected by the Board of Directors for a term of one year. He has the right to access any files or records of the Company or to solicit information from any member of Executive Management at any time.

3.3.2 COMMITTEES

Two permanent committees have been formed to support the Board of Directors: the Audit Committee and the Nomination & Compensation Committee.

The Lead Director chairs the Audit Committee and the Nomination & Compensation Committee. The duties and competences of each committee are defined individually in the Internal Regulations and further in the respective Charters.

3.3.2.1 AUDIT COMMITTEE

The Audit Committee shall consist of three or more non-executive members of the Board of Directors as determined by the Board. The three members of the Audit Committee currently in office have broad experience in finance and accounting on the basis of their professional backgrounds. The Lead Director is *ex officio* member of the Audit Committee.

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to financial reporting and audit. The Audit Committee shall report and issue recommendations to the Board regarding yearly and interim financial statements, the auditing process, the internal control system, the integrity and effectiveness of the Company's external and internal auditors and other topics submitted to it by the Board from time to time. The Audit Committee has no decision making power.

3.3.2.2 NOMINATION AND COMPENSATION COMMITTEE

The Nomination & Compensation Committee shall consist of three or more non-executive members of the Board of Directors as determined by the Board. Currently, the Nomination & Compensation Committee consists of three members. The Lead Director is *ex officio* member of the Nomination & Compensation Committee.

The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities, and to discharge certain of the Board's responsibilities, relating to compensation and nomination of members of the Board and of Executive Management of the Company.

The Committee has decision-making power regarding matters of compensation of executive members of the Board of Directors and of Executive Management. The Committee shall issue recommendations to the Board - without having decision-making power - regarding other matters of compensation, nomination of Board members and members of Executive Management, and other topics submitted to it by the Board from time to time.

3.3.3 WORK METHODS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Invitations to attend meetings of the Board of Directors are extended by the Chairman or the secretary. Each member of the Board may request the Chairman to convene a meeting. The members of the Board and of the committees are provided with all necessary supporting material before a meeting is held, enabling them to prepare for discussion of the relevant agenda items. Pursuant to their respective Charters, the committees of the Board of Directors convene at least once (in case of the Nomination & Compensation Committee) or twice a year (in case of the Audit Committee), but can be summoned by their respective chairman as often as the business requires. Meetings of the Audit Committee may, upon invitation by its chairman and in an advisory function, be attended by members of Executive Management. The Company's auditors are in constant contact with the Audit Committee and have the right to have items added to its agenda.

In the 2008 financial year, the Board of Directors convened for 15 meetings, and passed one circular resolution. Of the 15 meetings, 11 were physical meetings (with certain members sometimes participating by telephone; and including three meetings for the ascertainment of capital increases attended by one member only), and four were meetings held by telephone conference. The Audit Committee and the Nomination & Compensation Committee did not convene separately from the full Board. Physical meetings of the Board typically lasted for approximately two hours, while telephone conferences typically lasted for between thirty minutes and one hour.

3.4 DEFINITION OF AREAS OF RESPONSIBILITY

Based on the provision of Article 15 of the Articles of Incorporation governing the delegation of duties, and as permitted by law, the Board of Directors has entrusted the management of the Company, the preparation and the execution of its decisions or the supervision of certain tasks to the permanent committees (see Section 3.3.2 above) and to the Chief Executive Officer, who may further delegate any of his duties and competencies to Executive Management and other members of the Company's management. For this purpose, the Board of Directors has enacted Internal Regulations.

3.5 INFORMATION AND CONTROL INSTRUMENTS VIS-A-VIS SENIOR MANAGEMENT

To ensure comprehensive information, members of executive and senior management are regularly invited by the Chairman or the Lead Director to attend meetings of the Board of Directors, or to participate when individual agenda items are discussed. For example, during the year under review, the CFO was present at all physical meetings of the Board of Directors. Also, during the year under review, individual Board members supported Executive Management in various projects. Furthermore, Board members cultivate a regular exchange of ideas with the management of the Company and regularly visit the Company's locations.

No internal auditors have been appointed to date. An internal audit department exists, however, at the level of the Company's subsidiary Orascom Hotels & Development S.A.E. (OHD). Further, the Board of Directors and its Audit Committee liaise directly with the statutory auditors and are entitled to assign special auditing duties to them, if required.

The company operates a Management Information System (MIS) which provides to the Board of Directors quarterly, semi-annual and annual financial statements (balance sheet, income and cash flow statements) for the individual outlets and subsidiaries. These results are then consolidated per division and at group level and subsequently compared to the previous year, the budget and a projection that is prepared quarterly.

4
EXECUTIVE MANAGEMENT

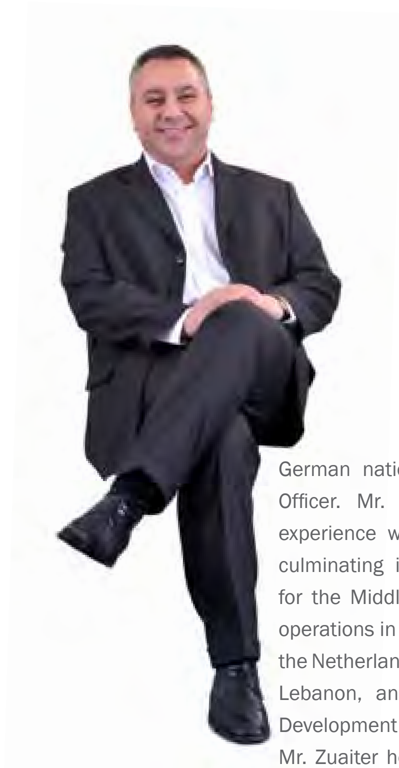
4.1
MEMBERS OF THE EXECUTIVE MANAGEMENT

Samih O. Sawiris

Egyptian national, born 1957, serves as executive Chairman of the Board of Directors and CEO. He also serves as chairman or as a member of the boards of a number of subsidiary companies of the Orascom Development Group. After receiving his Diploma in Economic Engineering from the Technical University of Berlin in 1980, Mr. Sawiris founded his first company, National Marine Boat Factory. In 1996 he established Orascom Projects for Touristic Development and in 1997 Orascom Hotel Holdings, the two companies that later merged to form OHD. He has served as CEO and chairman of OHD since its incorporation. Furthermore, Mr. Sawiris established El Gouna Beverages Co. in 1997, which he sold in 2001 when it was the largest beverage company in Egypt.

Amr Sheta

Egyptian national, born 1967, serves as executive Vice-Chairman of the Board of Directors and Co-CEO. He also serves as a member of the boards of a number of subsidiary companies of the Orascom Development Group. Mr. Sheta has 19 years of experience in corporate as well as investment banking with emphasis on private equity. He started his career at Chase National Bank Egypt in 1989 and was promoted to manager of the credit department in 1993. In 1996, he was involved in setting-up the bank's investment banking arm Commercial International Investment Company (CIIC). From 2000 to 2005 he was running CIIC's proprietary private equity fund with a portfolio worth approximately EGP 2 billion. Mr. Sheta has been associated with the Orascom Development Group in various capacities since 1989. Since 1998 he has been a member of the board of directors of OHD, and its vice-chairman and Co-CEO since 2006. Mr. Sheta holds a Bachelor Degree in Economics and a Master Degree in Management from the American University in Cairo. He also holds a diploma in Project Appraisal and Investment Management (PAIM) from Harvard Business School.



Mahmoud Zuaiter

German national, born 1967, SVP Chief Financial Officer. Mr. Zuaiter's career spans 14 years of experience with the InterContinental Hotels Group, culminating in the position of Director of Finance for the Middle East and Africa. He played a role in operations in Germany, the United Kingdom, Belgium, the Netherlands, Dubai, Saudi Arabia, Bahrain, Jordan, Lebanon, and Egypt. Mr. Zuaiter joined Orascom Development Group in 2004. Educated in Germany, Mr. Zuaiter holds an MBA from Columbus University and is a qualified financial accountant.

Julien Renaud-Perret

French national, born 1968, SVP International Destinations. Mr. Renaud-Perret joined the Orascom Development Group in 2006 as a member of the Executive Management in charge of Orascom Development Group's activities outside of Egypt. Prior to that, he was a member of the executive committee of Club Méditerranée responsible for the group strategy and implementation with respect to resort development and asset management. Mr. Renaud-Perret started his career with Euro Disney SCA, where he held positions in finance and strategic planning. He was educated in France and holds an MBA from INSEAD.

Hamza Selim

Egyptian national, born 1961, SVP Destination Management. Mr. Selim is our Senior Vice-President of Destination Management and also the Managing Director for the destination 'El Gouna'. Prior to joining Orascom Development Group in 2005, Mr. Selim worked extensively with Hyatt Regency, serving as the general manager for its Taba Heights property, as well as in the capacity of area general manager for Egypt. Other positions held with Hyatt include regional director of marketing for the Middle East and general manager for hotels in Jeddah and Dubai. Mr. Selim holds a Bachelor's degree in Business Administration.

Raymond Cron

Swiss national, born 1959, Head of European Destinations. As of 1 January 2009, Mr. Cron joined the Orascom Development Group as Head of European Destinations responsible for all the Group's European projects. Prior to that, Mr. Cron was Director General of the Federal Office of Civil Aviation (FOCA) since 2003. From 1989 onward, he held top management positions in major construction companies in Switzerland and in 1996 he was appointed Managing Director and member of the executive board in a key Swiss construction enterprise. Mr. Cron graduated at the Swiss Federal Institute of Technology (ETH) in Zurich, followed by postgraduate studies in business management at BWI/ETH in Zurich.

Further, without being members of the Executive Management, the below mentioned persons are responsible for the following operations:

Abdalla El Nockrashy

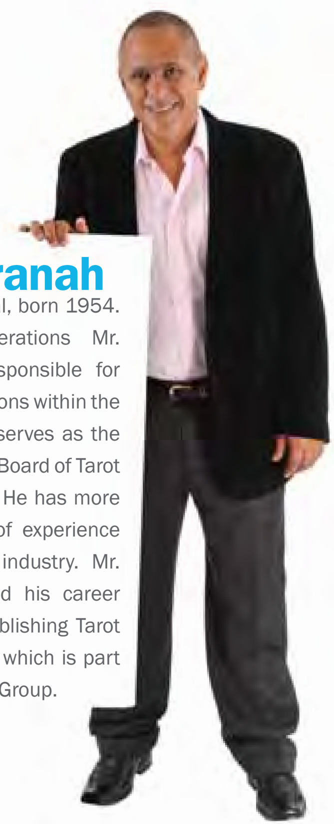
American national, born 1960. Head of International Real Estate Prior to joining the Group, he served as Executive Vice President with PGI in the United States for three years. Before that, he spent six years with Polaris Industries as Regional Director of Sales and Marketing. Early on his career, Mr. Elnockrashy spent thirteen years with Goodyear Tires and Rubber Company. He holds an MBA from the University of Phoenix and a BA degree in Business Administration from the American University in Cairo.

Claude Chesnais

French national, born 1951, VP Hospitality Operations Mr. Chesnais is responsible for the Group's entire hospitality and hotel operations. Prior to that, he was Executive VP for the Middle East with Helnan International Hotels and lately Iberotel Egypt, a company within TUI group. Mr. Chesanis started his career with Hilton International, where he held various managerial responsibilities for over 25 years, reaching VP for the Gulf and Arabian Peninsula based in Dubai.

Karim Garranah

Egyptian national, born 1954. MD Tours Operations Mr. Garranah is responsible for the tours operations within the Group. He also serves as the Chairman of the Board of Tarot Tours Garranah. He has more than 30 years of experience in the tourism industry. Mr. Garranah started his career at 1979 by establishing Tarot Tours Garranah, which is part of the Garranah Group.



There are no management contracts with companies outside Orascom Development Group.

5 COMPENSATIONS, SHAREHOLDINGS AND LOANS

For detailed information on compensation paid to members of the Board of Directors and of Executive Management for the financial year 2008, and on shares and options held by and loans granted to these persons as at 31 December 2008, please refer to note 11.1 (Board and Executive Compensation Disclosures as Required by Swiss Law) to the consolidated annual financial statements.

The compensation of Board members, for their service on the Board of Directors and on its committees, is determined annually by the Board based on recommendations of the Nomination & Compensation Committee. In respect of the 2008 financial year, the Board decided that the compensation (equal for all Board members, except for the Lead Director who received a moderately higher compensation) shall be discharged half in cash and half in the form of shares of the Company.

Compensation of the members of Executive Management (including the executive members of the Board of Directors), for their service in Executive Management, is determined annually by the Nomination & Compensation Committee based on individual performance evaluation. In respect to the 2008 financial year, they received compensation consisting of a base salary and a bonus payment. Decisions concerning the compensation of the members of Executive Management are based on an evaluation of the individual performance of the member as well as on the performance of their respective business area of function. The Nomination & Compensation Committee considers the achievement of both short-term and long-term performance targets, including financial key performance indicators relating to the current year under review and more importantly the contribution to the land bank appreciation process with emphasis on sustainable economic value creation as well as ongoing efforts to optimize organizational effectiveness and productivity.

6 SHAREHOLDERS' PARTICIPATION

6.1 VOTING RIGHTS AND REPRESENTATION RESTRICTIONS

With the exception of restrictions on the transferability of shares (see Section 2.6 above), there are no limitations on voting rights. In a general meeting of shareholders, each share entitles its owner to one vote. By means of a written proxy, each shareholder may have his shares represented in a general meeting of shareholders by a third person who need not himself be a shareholder.

6.2 STATUTORY QUORUMS

According to Article 10 of the Articles of Incorporation, at least 25% of the issued shares must be present or represented at an ordinary general meeting of shareholders and at least 50% of the issued shares must be present or represented at an extraordinary general meeting of shareholders for it to be valid.

Resolutions and decisions are passed with the absolute majority of the shares present and represented, in the case of an ordinary general meeting of shareholders (except for matters subject to a higher majority requirement by law), and with a majority of two thirds of the shares present and represented, in the case of an extraordinary general meeting of shareholders.

Resolutions relating to the following matters must be taken by 75% of the shares present or represented in the meeting: a) capital increase pursuant to article 650 CO or reduction of the share capital pursuant to art. 732 CO; b) dissolving the Company before its termination date or changing its duration; c) changing the Company's purpose; and d) merger with another company.

6.3
CONVOCATION OF THE GENERAL MEETING OF SHAREHOLDERS

An ordinary general meeting of shareholders is to be held yearly following the close of the financial year. It is called by the Board of Directors or, if necessary, by the auditors. Extraordinary general meetings may be called by the Board of Directors, the liquidators, the auditors or a general meeting of shareholders as often as necessary to safeguard the interests of the Company.

Stating the purpose of the meeting and the agenda to be submitted, one or more shareholders representing at least 10% of the share capital may request the Board of Directors in writing to call an extraordinary general meeting of shareholders.

General meetings of shareholders are held at the domicile of the Company or at such other place as the Board of Directors shall determine.

Notice of a general meeting of shareholders is given by means of a single publication in the Swiss Commercial Gazette *(Schweizerisches Handelsamtblatt)* or by registered letter to the shareholders of record. Between the day of the publication or the mailing of the notice and the day of the meeting there must be a time period of not less than 20 days. The notice of the general meeting of shareholders must indicate the agenda and the motions.

6.4
AGENDA

Shareholders who represent shares with a par value of at least CHF 1,000,000 may request that an item is placed on the agenda. The request must be communicated to the Board of Directors in writing, by stating the item on the agenda and the corresponding motion, at least 45 days prior to the general meeting of shareholders.

6.5
RECORD DATE FOR ENTRY INTO THE SHARE REGISTER

Entitled to participation at the ordinary general meeting of shareholders for the financial year 2008 are those holders of registered shares who are inscribed in the share register with voting rights on April 23, 2009.

7
CHANGES OF CONTROL AND DEFENSE MEASURES

7.1
DUTY TO MAKE AN OFFER

The Articles of Incorporation do not provide for any “opting out” or “opting up” arrangements within the meaning of the Articles 22 respectively 32 of the Swiss Federal Act on Stock Exchanges and Securities Dealers.

7.2
CLAUSES OF CHANGE OF CONTROL

No change of control clauses have been agreed upon.

8 AUDITORS

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

When the Company was founded on 17 January 2008, Deloitte AG (Zurich) was appointed as its statutory auditors. OHD is co-audited by Deloitte Saleh, Barsoum & Abdel Aziz Cairo and KPMG Hazem Hassan Cairo.

The Lead Engagement Partner of Deloitte AG responsible for the audit mandate took up office with the 2008 financial year.

The Board of Directors proposes to the ordinary general meeting of shareholders of 4 May 2009 to re-elect Deloitte AG (Zurich) as statutory auditors for the 2009 financial year.

8.2 AUDITING FEES

Deloitte received the following fees for their services as statutory auditors of Orascom Development (since 2008) and the majority of Orascom Development Group companies:

In CHF 2008	Deloitte	Other auditors*
Audit Fees charged	386,706	311,070
Audit Fees accrued	963,795	232,409
Costs for auditing the financial statements	1,350,501	543,479
Other Fees for advice and services**	3,323,137	376,688
Total Fees	**4,673,638**	**920,167**

*Mainly from KPMG as co-auditor in Egypt.
**The major part of the fees for other advice and services arose in relation to the initial public offering of the Company's shares.

8.3 INFORMATIONAL INSTRUMENTS PERTAINING TO THE EXTERNAL AUDIT

The Audit Committee of the Board of Directors has in particular the task of ensuring effective and regular supervision of the auditors' reporting, with the aim of ensuring its integrity, transparency and quality.

The auditing schedule is presented to and discussed with the members of the Audit Committee. Any important observations of the statutory auditors are presented to the Audit Committee with the appropriate recommendations.

9 INFORMATION POLICY

The Chairman, Vice Chairman & Co-CEO, Group CFO, and Director of Investor Relations are responsible for communication with investors.

In addition to personal contacts, discussions, presentations held throughout various roadshows and investor conferences, Orascom Development is planning an "Investor Day" event to be held during 2009. Further details on this event will be announced at a later date.

Our financial reporting system comprises quarterly, interim (semi-annual) and annual reports. All financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), in compliance with Swiss Law and the rules of the SIX Swiss Exchange.

In addition, we utilize media releases to report the latest changes and developments at Orascom Development as to ensure equal treatment for all capital market participants.

With its primary listing on the SIX Swiss Exchange and a secondary listing on the Egyptian Stock Exchange (EGX), Orascom Development is not only subject to the obligation of immediate publication of any price-sensitive event or occurrence, but is also obliged to report its financial results not only on semi-annual and annual basis but on quarterly basis as per the rules of the EGX.

AGENDA

Ordinary general meeting of shareholders:	May 4, 2009
First quarter 2009 results:	May 14, 2009
First half 2009 results:	August 13, 2009
Third quarter 2009 results:	November 12, 2009

Investors and other interested stakeholders can find further information on the Orascom Development Group via the internet at www.orascomdh.com

10
GLOSSARY OF TERMS

ARR
Average Room Rate is a statistical unit that is often used in the lodging industry. The ARR can be calculated by dividing the room revenue (excluding services and taxes) earned during a period by the number of occupied rooms.

EBIT
Earnings Before Interest and Taxes is an indicator of a company's profitability, calculated as total revenue minus total expenses, excluding tax and interest. EBIT is also referred to as "Operating Earnings", "Operating Profit" and "Operating Income". The indicator is also known as Profit before Interest & Taxes (PBIT), and equals net income with interest and taxes added back to it.

GOP
Gross Operating Profit means the profit of our hotel business after deducting operating costs and before deducting amortization and depreciation expenses. It also excludes all costs related to non-hotel operations.

GROUP/COMPANY
Orascom Development Holding, AG.

KW
Kilowatt

KPI
Key Performance Indicators are financial and non-financial metrics used to help an organization define and measure progress toward organizational goals.

M^2
Square meter

M^3
Cubic meter

MW
Megawatt

NAV
Net Asset Value is a term used to describe the value of an entity's assets less the value of its liabilities.

REVPAR
Revenue Per Available Room equals average room rate multiplied by average occupancy.

SOTP
Sum of the Parts valuation method of valuing a company by determining what its divisions would be worth if it was broken up and spun off or acquired by another company.

TREVPAR
Total Revenue Per Available Room is similar to RevPAR but also takes into account other room revenues e.g. food and beverage, entertainment, laundry and other services.

11

FINANCIAL REPORT

Dear valued shareholder,

In 2008 the Group achieved a historical milestone with its reorganization under the newly established financial holding company, Orascom Development Holding AG (OD Holding). In line with this new company the Group set up its corporate headquarters in Altdorf, Switzerland and introduced a primary listing on the main board of the Swiss Stock Exchange (the SIX), in addition to a secondary listing on the Egyptian Stock Exchange (the EGX).

We accomplished several financial triumphs during the year and generated sufficient cash flow to enable continued expansion in line with the Group's growth strategy. We enter 2009 with considerable financial strength and a sound balance sheet. This provides an advantage to execute our strategy despite current economic conditions and unsettled capital markets. While most companies in various industries were affected by the financial crisis in 2008, our strategy implementation process and track record set our Group apart.

Continued healthy growth in 2008

OD Holding enjoyed another year of steady growth in revenue and earnings. Total consolidated revenues for 2008 increased to CHF 568 million as compared to CHF 407 million for the same period last year. Profit for the year increased by 13% to CHF 116 million against CHF 103 million in 2007.

Our overall total revenue experienced remarkable growth as the Group's initiatives to maintain and improve the sales experience brought in more business. Also, the Group took advantage of the market-driven demand to generate revenue from its various business segments. The revenue mix was driven primarily by real estate and construction, which amounted to CHF 220 million due to reduction in construction periods and increased deliveries of completed units.

Total assets were increased by 43% to CHF 1.6 billion compared to CHF 1.1 billion in 2007. This growth is mainly attributed to our efforts to accelerate the construction of work in progress, which increased by 141% to reach CHF 110 million.

Our cost management strategy is continually optimized in the context of the whole operational model. Additionally, the operational model itself is often updated to ensure we remain competitive. Meanwhile our strategy implementation is carefully managed to maintain an appropriate balance between revenue growth and cost. Our approach to managing cost continues to prove effective as we are striking a balance of a competitive cost structure, cost effective strategic execution, and investment for the future. Results are evident as this strategy is delivering a robust response to the cost factor. Case in point, the cost of sale percentage in 2008 remained level when compared to 2007 regardless of our expansion into new countries and the start of development in two projects in Oman.

These results compare quite favorably with those of our peers. Our goal remains to generate solid annual earnings while managing our assets and capital wisely in order to generate an attractive return for our shareholders and maximize the long-term value of our Group.

Financial policies and reporting

In 2008 we implemented specific tools and measures to enhance internal financial reporting, particularly for the real estate and construction segments. For the real estate sector, we introduced management software to assist the monitoring of sales and pricing in a more efficient manner. Similarly, we introduced a construction cost control module to allow for a more effective cost management within the business sector. In addition, a new archiving system was installed to ensure that the documentation and records of all country locations are centrally complied.

Because our line of business is not risk free, we consider risk management an important business management tool. It has always been our philosophy to utilize state-of-the-art management systems to achieve a healthy combination of product innovation and conservative process execution.

We also believe that a reliable financial reporting system is of vital importance to ensure proper implementation of an Internal Control System (ICS), where the necessary rules and regulations are considered at all times. We are focused on key risks and the key control processes as well as proper documentation. Furthermore, we ensure that these controls are documented in a traceable manner and that our ICS has been applied throughout the Group.

The Group has also issued a policies and procedures manual covering financial reporting, operational and compliance policies, corporate governance, human resources and information technology.

Outlook

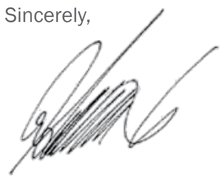
Our corporate strategy has proved itself in the year under review more so than any previous period. In the near future, we will continue to focus on attractive locations where we can develop fully fledged towns. El Gouna remains our showcase for long-term oriented town development that grow year on year, not only in terms of recurring profits from its operational but also increasing land prices through continuous real estate pre-sales.

At the hotels level, The Cove Rotana Resort and Spa in Ras El Khaimah (UAE) launched its soft opening in February 2009, adding 204 hotel rooms to the Group's existing hotels portfolio. Moreover, the Group is currently developing several hotels in El Gouna and Taba Heights (Egypt) and will initiate the development of hotels in Jebel Sifah and Salalah Beach (Oman) during 2009/2010.

In the real estate segment, we managed to close 2008 with 668 contracted and pre-sold units in the tourism real estate segment with a total value of approximately CHF 336 million, which will be reflected in the Profit & Loss Statements of 2009 and 2010. This should provide additional visibility over earnings for these periods. We are still witnessing a healthy growth in real estate pre-sales as well as delivery, which will assist us in managing business related risks.

We expect 2009 to be another eventful year for our Group as we deliver added value to our shareholders through the successful implementation of our growth strategy.

Sincerely,



Mahmoud M. Zuaiter
Group Chief Financial Officer

Orascom Development Holding

Consolidated financial statements together with auditor's report for the year ended 31 December 2008

Financial Statments 2008

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Orascom Development Holding AG

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Consolidated income statement

for the year ended 31 December 2008

CHF	Notes	2008	2007
Revenue	5,6	568,231,493	406,803,589
Cost of sales	6.3,7	(405,780,925)	(278,107,507)
Gross profit		**162,450,568**	**128,696,082**
Investment revenue	8	6,218,991	3,850,134
Gains from investments in associates	17	2,042,562	-
Other gains and losses	9	750,507	7,263,166
Increases of provisions	30	(754,213)	(5,406,555)
General and administration expenses	7	(30,112,567)	(10,088,015)
Finance costs	10	(14,714,911)	(11,502,604)
Profit before tax		**125,880,937**	**112,812,208**
Income tax expense	12	(10,236,463)	(10,128,809)
Profit for the year		**115,644,474**	**102,683,399**
Attributable to:			
Equity holders of the parent		96,287,373	84,249,635
Minority interest	28	19,357,101	18,433,764
		115,644,474	**102,683,399**
Basic earnings per share	13	**4.33**	**4.02**
Diluted earnings per share	13	**4.33**	**4.02**

Samih Sawiris
Chairman & CEO

Amr Sheta
Vice Chairman & Co-CEO

Mahmoud Zuaiter
Group CFO

Consolidated balance sheet

at 31 December 2008

CHF	Notes	2008	2007
Assets			
Non-current assets			
Property, plant and equipment	14	856,492,405	675,557,818
Goodwill	15	33,368,405	32,760,966
Investments in associates	17	36,898,629	-
Non-current receivables	18	45,746,621	18,786,033
Other financial assets	19	45,482,274	40,055,616
Total non-current assets		**1,017,988,334**	**767,160,433**
Current assets			
Inventories	21	174,904,697	86,512,576
Trade and other receivables	22	136,036,375	76,425,735
Due from related parties	23	15,019,414	21,820,984
Other financial assets	19	1,338,713	3,847,437
Other current assets	20	137,316,347	117,108,294
Cash and bank balances		177,145,039	87,341,213
Total current assets		**641,760,585**	**393,056,239**
Total assets		**1,659,748,919**	**1,160,216,672**
Equity and liabilities			
Capital and reserves			
Issued capital	24	580,491,450	532,523,450
Share premium		183,348,356	-
Treasury shares	25	(28,426)	-
Reserves	26	(155,463,552)	(119,587,946)
Retained earnings	27	194,315,195	102,826,928
Equity attributable to equity holders of the parent		**802,663,023**	**515,762,432**
Minority interest	28	**144,341,700**	**158,000,095**
Total equity		**947,004,723**	**673,762,527**
Non-current liabilities			
Borrowings	29	152,987,442	130,010,090
Trade payables	21	30,059,744	26,774,943
Retirement benefit obligation	35	101,274	-
Notes payable		8,510,669	8,939,931
Deferred tax liabilities	12.3	9,238,722	6,045,116
Other financial liabilities	33	12,940,155	13,497,865
Total non-current liabilities		**213,838,006**	**185,267,945**
Current liabilities			
Trade and other payables		64,059,838	33,720,651
Borrowings	29	222,072,302	118,376,266
Due to related parties	32	33,350,469	1,258,794
Current tax liabilities	12.2	8,368,915	6,338,165
Provisions	30	7,555,868	8,298,216
Other liabilities	31	163,498,798	133,194,108
Total current liabilities		**498,906,190**	**301,186,200**
Total liabilities		**712,744,196**	**486,454,145**
Total equity and liabilities		**1,659,748,919**	**1,160,216,672**

Samih Sawiris Chairman & CEO	**Amr Sheta** Vice Chairman & Co-CEO	**Mahmoud Zuaiter** Group CFO

Consolidated statement of changes in equity

for the year ended 31 December 2008

CHF	Issued capital	Share premium	Treasury shares	Hedging reserves	General reserves
Balance at 1 January 2007*	**515,444,286**	**–**	**(11,673,563)**	**–**	**45,718,165**
Exchange differences arising on translation of foreign operations	–	–	781,395	–	(3,060,241)
Net Income recognised directly in equity	**–**	**–**	**781,395**	**–**	**(3,060,241)**
Profit for the year	–	–	–	–	–
Total recognised income and expenses for the year	**–**	**–**	**781,395**	**–**	**(3,060,241)**
Transfer to reserves	–	–	–	–	2,519,649
Issue of ordinary shares**	17,079,164	105,382,356	–	–	–
Sale of treasury shares	–	–	10,892,168	–	16,988,584
Equity instruments (equity swap transaction at OHD level)	–	–	–	–	–
Transfer to reserve from common control transaction**	–	(105,382,356)	–	–	–
Change in minority interest from acquisitions /disposals	–	–	–	–	–
Balance at 31 December 2007	**532,523,450**	**–**	**–**	**–**	**62,166,157**
Balance at 1 January 2008 (note 24.4)	**532,523,450**	**–**	**–**	**–**	**62,166,157**
Exchange differences arising on translation of foreign operations	–	–	–	–	1,155,982
Loss from cash flow hedging	–	–	–	(3,049,255)	–
Net income recognised directly in equity	**–**	**–**	**–**	**(3,049,255)**	**1,155,982**
Profit for the year	–	–	–	–	–
Total recognised income and expenses for the year	**–**	**–**	**–**	**(3,049,255)**	**1,155,982**
Transaction costs (note 3.2)	–	–	–	–	–
Transfer to reserve	–	–	–	–	2,123,530
Reserve from common control transactions	–	–	–	–	(65,445,669)
Purchase of shares (treasury shares) note 25	–	–	(28,426)	–	–
Issue of ordinary shares for cash	35,975,000	182,245,000	–	–	–
Issue of ordinary shares for further swaps following initial transaction	11,993,000	1,103,356	–	–	–
Change in minority interest from acquisitions /disposals	–	–	–	–	–
Balance at 31 December 2008	**580,491,450**	**183,348,356**	**(28,426)**	**(3,049,255)**	**–**

* Capital as at 1 January 2007 represents the share capital after the share exchange that occurred in 2008 adjusted to reflect the capital increase for cash that occurred in 2007 (see Note 24.4).

** Relates to OHD capital increase that took place on 15 March 2007 for cash. The resulting share premium of CHF 105,382,356 has been reflected as an addition to reserve from common control transaction.

Foreign currencies translation reserve	Reserve from common control transactions	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
(111,740)	**(261,093,522)**	**22,610,378**	**310,894,004**	**61,678,129**	**372,572,133**
(4,579,934)	(7,535,354)	(1,513,436)	(15,907,570)	(1,009,558)	(16,917,128)
(4,579,934)	**(7,535,354)**	**(1,513,436)**	**(15,907,570)**	**(1,009,558)**	**(16,917,128)**
–	–	84,249,635	84,249,635	18,433,764	102,683,399
(4,579,934)	**(7,535,354)**	**82,736,199**	**68,342,065**	**17,424,206**	**85,766,271**
–	–	(2,519,649)	–	–	–
–	–	–	122,461,520	–	122,461,520
–	–	–	27,880,752	–	27,880,752
–	–	–	–	34,559,380	34,559,380
–	91,566,447	–	(13,815,909)	–	(13,815,909)
–	–	–	–	44,338,380	44,338,380
(4,691,674)	**(177,062,429)**	**102,826,928**	**515,762,432**	**158,000,095**	**673,762,527**
(4,691,674)	**(177,062,429)**	**102,826,928**	**515,762,432**	**158,000,095**	**673,762,527**
(39,207,619)	(28,081)	(2,675,576)	(40,755,294)	(7,094,055)	(47,849,349)
–	–	–	(3,049,255)	–	(3,049,255)
(39,207,619)	**(28,081)**	**(2,675,576)**	**(43,804,549)**	**(7,094,055)**	**(50,898,604)**
–	–	96,287,373	96,287,373	19,357,101	115,644,474
(39,207,619)	**(28,081)**	**93,611,797**	**52,482,824**	**12,263,046**	**64,745,870**
–	(23,828,906)	–	(23,828,906)	–	(23,828,906)
–	–	(2,123,530)	–	–	–
–	65,445,669	–	–	–	–
–	–	–	(28,426)	–	(28,426)
–	–	–	218,220,000	–	218,220,000
–	26,958,743	–	40,055,099	(32,899,967)	7,155,132
–	–	–	–	6,978,526	6,978,526
(43,899,293)	**(108 515 004)**	**194,315,195**	**802,663,023**	**144,341,700**	**947,004,723**

Consolidated cash flow statement

for the year ended 31 December 2008

CHF	Notes	2008	2007
Cash flows from operating activities			
Profit for the year		115,644,474	102,683,399
Income tax expense recognised in profit or loss	12	10,236,463	10,128,809
Share of profits of associates	17	(2,042,562)	-
Impairment loss recognised on trade receivables	22	4,617,064	512,246
Gain on sale or disposal of property, plant and equipment	9	(108,652)	(1,049,409)
Provisions formed	30	754,213	5,406,555
Net foreign exchange loss	9	4,579,439	3,023,267
Depreciation and amortisation of non-current assets	14	34,381,012	20,576,710
Other non-cash transaction		543,869	-
Movements in working capital			
(Increase) in trade and other receivables		(67,897,385)	(34,909,248)
(Increase) in inventories		(92,546,133)	(6,575,848)
(Increase) in other assets		(42,389,723)	(59,260,869)
Increase in trade and other payables		36,528,762	19,329,996
Increase/(decrease) in other liabilities		60,609,250	(12,720,537)
Cash generated from operations		**62,910,091**	**47,145,071**
Income tax paid		(6,338,165)	(1,064,834)
Net cash generated by operating activities		**56,571,926**	**46,080,237**
Cash flows from investing activities			
Payments for property, plant and equipment		(208,642,309)	(157,002,517)
Proceeds from disposal of property, plant and equipment		9,993,036	5,697,003
Increase in trade and other receivables non-current		(27,862,624)	(9,500,123)
Acquisition of subsidiaries	40, 42	-	3,893,292
Acquisition of equity securities		(39,882,062)	(36,667,776)
Net cash used in investing activities		**(266,393,959)**	**(193,580,121)**
Cash flows from financing activities			
Proceeds from issues of equity shares		218,220,000	122,461,520
Transaction cost		(23,828,906)	-
Contribution from minorities		6,978,526	-
Payments for treasury shares		(572,295)	-
Proceeds (repayment) of borrowings		104,648,764	43,716,348
Net cash generated by financing activities		**305,446,089**	**166,177,868**
Net increase in cash and cash equivalents		95,624,056	18,677,984
Effects of exchange rate changes on the balance held in foreign currencies		(5,820,230)	(3,776,936)
Cash and cash equivalents as at beginning of the financial year		**87,341,213**	**72,440,165**
Cash and cash equivalents as at end of the financial year		**177,145,039**	**87,341,213**

Notes to the consolidated financial statements

1 GENERAL INFORMATION

Group reorganisation (new holding company)

Orascom Development Holding AG (“OD Holding” or “the Company”) has been incorporated in Altdorf, Switzerland on 17 January 2008 under the name of Orascom Hotels & Development AG. As per the resolution of an extraordinary shareholder meeting on 29 February 2008 the Company’s name has been changed to Orascom Development Holding AG.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (the Group).

The purpose of the Company is the direct or indirect acquisition, durable management and disposing of participations in domestic or foreign enterprises, in particular in the field of real estate, tourism, hotels, construction, resort management, financing of real estate and related industries as well as the provision of related services. The Company’s business activities are carried out via its domestic and foreign subsidiaries.

On 6 May 2008, a new holding company structure became effective by way of a share exchange between the shareholders of the initial holding company – Orascom for Hotel and Development Company S.A.E. (OHD) which is a listed Group in Egypt and the new holding company (OD Holding). On that date, OD Holding increased its issued capital by 20,814,527 shares in exchange for 208,145,270 shares in OHD at an exchange ratio of 1:10, making OD Holding holder of 95.80% of OHD’s shares.

In addition, on 19 May 2008 OD Holding issued 486,411 shares in exchange for 4,864,110 shares in OHD in order to acquire additional shares of 2.25% of OHD. This led to increase OD Holding’s investment in OHD to reach 98.05%.

OD Holding further acquired some shares in OHD for cash increasing its percentage ownership to 98.08% at the end of the transaction.

On 22 June 2008 OHD increased its share capital in fulfilment of its prior commitment to the shareholders of the Garranah Group of companies thus diluting OD Holding share in OHD to 96.00%.

According to a resolution of the Board of Directors on 18 December 2008. The Company’s capital has been increased by CHF 11,993,000 by contribution in kind of 4,797,200 shares in Orascom Hotels & Development S.A.E. (OHD). 479,720 new registered shares were issued to the former shareholders of the OHD shares and the interest increased to 98.16% in OHD.

As a consequence of all the above, OHD is consolidated by the new holding company (OD Holding).

The comparative financial information presented in these consolidated financial statements are those of OHD adjusted to reflect the capital of the legal parent company (OD Holding). Full details of the reorganization of the Group and the explanation of adjustments made to the comparative balances of equity are described in note 3.2 and note 24.4 respectively.

2 STATEMENT OF COMPLIANCE AND ADOPTION OF NEW AND REVISED STANDARDS

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Standards and Interpretations effective in the current year

The following Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. The adoption of these Interpretations has not led to any significant changes in the Group’s accounting policies.

IFRIC 11	IFRS 2: Group and Treasury Share Transactions Changes have been adopted.
IFRIC 12	Service Concession Arrangements No Service Concession Arrangements existing
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The introduction of IFRIC 14 has not had an impact on the financial statements of the Group, however it could have an impact going forward.

2.3 Early adoption of Standards and Interpretations

The Group has elected to adopt the following in advance of their effective dates		*effective from*
IFRS 8	Operating Segments	1 January 2009
IFRIC 15	Agreements for the Construction of Real Estates	1 January 2009

IFRS 8 is a disclosure standard which has resulted in a re-designation of the Group's reportable segments (see note 6), but has had no impact on the reported results or financial position of the Group. IFRIC 15 has been retrospectively applied to the accounting of real estate sales effective from 1 January 2007.

2.4 Standards and Interpretations not yet adopted

At the date of authorisation of these financial statements, the Group has not adopted the following Standard 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.

(i) Revised Standards		*effective from*
IFRS 1 & IAS 27	Amendment relating to cost of an investment on first-time adoption	1 January 2009
IFRS 2	Share-based Payment — Amendment relating to vesting conditions and cancellations	1 January 2009
IFRS 3	Business Combinations — Comprehensive revision on applying the acquisition method	1 July 2009
IAS 1	Presentation of Financial Statements — Comprehensive revision including requiring a statement of comprehensive income	1 January 2009
IAS 23	Borrowing Costs — Comprehensive revision to prohibit immediate expensing	1 January 2009
IAS 27	Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 28	Investments in Associates — Consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 31	Interests in Joint Ventures — Consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 32 & IAS 1	Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement — Amendments for eligible hedged items	1 July 2009
IAS 39 & IFRS 7	Financial Instruments: Amendment relating to reclassification of financial assets	1 July 2008
Various	Improvements to IFRS 2008	Various

(ii) New Interpretations		*effective from*
IFRIC 13	Customer Loyalty Programs	1 July 2008
IFRIC 16	Hedges of Net Investment in a Foreign Operation	1 October 2008
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	1 July 2009

The revised IFRS 3 on Business Combinations as well as the consequential amendments to IAS 27, IAS 28 and IAS 31 might have an impact on future equity transactions.

IAS 1 will change the presentation of exchange differences arising on translation of foreign operations.

None of the other Standards and Interpretations mentioned above are expected to have a material impact on the consolidated financial statements of the Group in the period of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out below.

3.2 New Holding Company (OD Holding)

As stated in note 1, during May 2008 a new holding company structure became effective by way of a share exchange between the shareholders of the initial holding company (OHD) and the new holding company (OD Holding). Following this acquisition through exchange of equity instruments, OD Holding became the parent of OHD with an ownership interest of 98.05%, later increased to 98.16% as at 31 December 2008.

Whereas the new holding company (OD Holding) is ultimately owned and controlled by the same major shareholders, before and after the above-mentioned exchange of equity instruments, management takes the view that this Group reorganisation was in substance a capital restructuring and it has been accounted for in the consolidated financial statements as a continuation of the financial statements of the initial holding Group (OHD).

Management concluded that the above-described Group reorganisation does qualify as a transaction under common control since the combining entities are ultimately controlled by the same parties, and control is not transitory. However IFRS 3 Business Combinations excludes from its scope business combinations involving entities or businesses under common control (common control transactions).

In the absence of any specific International Accounting Standards Board (IASB) literature, IAS 8 requires management to develop and apply an accounting policy that results in information that is relevant and reliable. Management applied its judgment in developing and applying an accounting policy for common control transactions for which the Company recognises and records the transaction of its capital restructuring as follows:

- Recording of assets and liabilities of the initial holding Group (OHD) at previous carrying amounts;
- Recognition of the difference between purchase consideration and net assets acquired as an adjustment to equity;
- Comparative share capital presented in those consolidated financial statements is adjusted to reflect the capital structure of OD Holding. The capital increase that occurred during 2007 in OHD for cash was reflected in the build up of the capital of OD Holding;
- Comparative consolidated retained earnings and reserves balances presented in those consolidated financial statements were adjusted for minority interests of OHD in addition to the effect of the equity swap agreement concluded in 2007 between OHD and shareholders of Garranah Group of companies (see reconciliation of equity note 24.4);
- Transaction cost, which were incurred in relation to the issuing of OD Holding shares have been recognised as a reduction in the reserve from common control transaction. Amount included in the consolidated statement of change in equity.
- Earnings per share calculation for the comparative year is based on the consolidated earnings of OHD divided by the weighted average number of OD Holding's shares deemed to be outstanding during the comparative year (number of shares issued by OD Holding in exchange for shares in OHD) as adjusted by any actual capital increase for cash during that year; and
- Earnings per share calculation for the current year are based on the consolidated earnings of OD Holding. The weighted average number of shares is based on total actual outstanding shares of OD Holding during the twelve months period ended 31 December 2008. However, the number of shares issued by OD Holding in exchange for shares in OHD was deemed to be outstanding for the year ended 31 December 2007.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) referred to as the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company considers the existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity such a call and put option, when assessing whether it has the power to govern the financial and operating policies of its subsidiary. Potential voting rights are not currently exercisable or convertible when they cannot be exercised or converted until a future date or until the occurrence of a future event.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see 3.4 below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal Groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately as profit or loss in the income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

For common control transactions in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory, the Group recognises the difference between purchase consideration and net assets of acquired entities or businesses as an adjustment to equity (see note 3.2). This policy is also applied to later acquisition of some or all shares of the minority interest in a subsidiary.

3.5 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as profit or loss in the income statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3.6 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 3.5.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, other similar allowances and sales related taxes and similar deductions.

The revenue recognition policies may exist within more than one business segment. The following table is showing the link between the accounting policies on revenue recognition and segment information.

Accounting policies		Segments
3.7.1	Land sale revenue	Land sales
3.7.2	Recognition of revenue from building and selling real estate	Real estate and construction
3.7.3	Construction revenue	Real estate and construction
3.7.4	Rendering of services revenue	Hotels Town management Tours operations Other operations
3.7.5	Dividend and interest revenue	Other operations
3.7.6	Rental income	Other operations

3.7.1 Land sale revenue

Revenue from sale of land and associated cost are recognised when land is delivered and the significant risks and rewards of ownership and control have been transferred to the buyer.

3.7.2 Recognition of revenue from building and selling real estate

The revenue from the sale of real estate is recognised when all the following conditions are satisfied: the Group has transferred to the buyer the significant risks and rewards of ownership of the real estate; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold; the amount of revenue and costs in respect of the transaction can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the entity.

3.7.3 Construction revenue

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, measured based on the completion of a physical proportion of the contract work. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction contract revenue comprises finishing of sold units, extra works requested by customers and any construction agreement with third parties.

3.7.4 Rendering of services revenue

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

3.7.5 Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder’s right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

3.7.6 Rental income

Rental income from operating leases is recognised on a straight line basis over the life of the rent agreement.

3.8 Cost of sales

Cost of sales comprises costs related directly to the sales of goods or services. These costs include also general and administrative costs of revenue generating companies. Under general and administration expenses are costs allocated for corporate and head quarter functions as well as non revenue generating companies, e.g. corporate companies, holding companies, start up companies. Companies providing these services are marked as HQ in the subsidiary list in note 16.

For these financial statements the presentation has been changed as management believes that this presentation provides more relevant information. The impact is shown in note 45 for the income statement and in note 6.3 for the segment reporting.

3.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.9.1 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.11 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Swiss Franc (CHF), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised as profit or loss in the income statement in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Swiss Francs (CHF) using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The exchange rates relevant to the annual financial statements were:

Currency table	2008		2007	
	Average	Year end	Average	Year end
1 EGP – Egyptian Pound	0.1999	0.1931	0.2146	0.2028
1 USD – US Dollar	1.0860	1.0674	1.1917	1.1188
1 EUR – Euro	1.5973	1.4933	1.6265	1.6469
1 OMR – Omani Rial	2.8074	2.7725	3.1670	3.0116
1 AED – United Arab Emirates Dirham	0.2944	0.2906	0.3270	0.3068
1 MAD – Moroccan Dirham	0.1311	0.1424	0.1476	0.1475
1 JOD – Jordanian Dinar	1.5098	1.5083	1.7065	1.6042

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is deferred in equity and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.12 Retirement benefit costs

Employee pension and retirement benefits are based on the regulations and prevailing circumstances in those countries in which the Group is represented. In Switzerland, pension and retirement benefits are based on the defined-benefit model in conformity with IAS 19 Employee Benefits.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past service-costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.13.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

3.13.2 Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset Realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.13.3 Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

3.14 Property, plant and equipment

Building, fixtures and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is charged so as to write off the cost of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Buildings	20 – 50 years
Plant and equipment	4 – 25 years
Furniture and fixtures	3 – 20 years

3.15 Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revaluated amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as profit or loss, unless the relevant asset is carried at a revaluated amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Provision is made for obsolete, slow moving or defective items where appropriate.

Properties constructed or in the course of construction for sale are included in inventories and are stated at the lower of cost and net realizable value. The cost of development properties includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.18 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.18.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

3.18.2 Financial asset at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

3.18.3 Available for sales financial assets (AFS)

AFS financial assets are measured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. However if investments in equity instruments do not have a quoted market price in an active market and fair value cannot be reliably measured, they are carried at cost and assessed for indicators of impairment at each balance sheet date.

Dividends on AFS equity instruments are recognised as profit or loss in the income statement when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date.

3.18.4 Loans and receivables

Trade receivables and other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.18.5 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

3.18.6 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or if it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.19 Financial Liabilities and equity instruments issued by the Group

3.19.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.19.3 Other financial liabilities

Other financial liabilities including borrowings and bonds are initially measured at fair value (proceeds received), net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.19.4 Payables

Trade payables and notes payable are not interest bearing and are stated at their nominal value.

The Group initially records land purchased on extended payment terms at its fair value at the date of acquisition with land payables recorded for outstanding obligations based on this fair value assessment. Fair value is determined by using the effective interest method.

The discount to nominal value, which will be paid in settling the deferred purchase terms liability, is amortised over the period of the credit term and charged to finance costs using the effective interest rate method.

3.19.5 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

3.20 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or exchange forward contracts.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months, other derivatives are presented as current assets or current liabilities.

3.20.1 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of interest risk cash flow hedges. Hedges of interest risk are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

3.20.2 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘Other gains and losses’ line of the income statement.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

4.1 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see note 4.2 below), that management have made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Revenue recognition – Real estate sales

The operating cycle of residential construction projects predominantly starts when the Group enters into agreements to sell the real estate off-plan. The Group treats the real estate sales under IAS 18 sale of goods – completed real estate. They are recognised as revenue when units are delivered to buyers either as fully completed units or as constructed but unfinished.

Management takes the view that the critical event of revenue recognition occurs when constructed units are delivered to buyers either “totally constructed and finished” or “constructed but unfinished”. In making their judgment, management considered that the detailed criteria for the revenue recognition from the sale of goods set out in IAS 18 are satisfied and that the significant risks and rewards of ownership and control have been transferred and that recognition of revenue in the current year is appropriate.

4.1.2 Common control transactions

IFRS 3 excludes from its scope business combinations involving entities or businesses under common control (common control transactions) as well as later acquisition of some or all shares of the minority interest in a subsidiary. In the absence of any specific International Accounting Standards Board (IASB) literature, IAS 8 requires management to develop and apply an accounting policy that results in information that is relevant and reliable.

Management applied its judgment in developing and applying an accounting policy for common control transactions (equity adjustment) as described in note 3.4.

4.2 Key sources of estimation uncertainty

4.2.1 Goodwill

On 31 December 2008 the carrying value of goodwill amounted to CHF 33,368,405. The recoverability of goodwill is tested for impairment annually during the fourth quarter or earlier if an indication of impairment exists. The value of goodwill is primarily dependant upon projected cash flows, discount rates (WACC) and long-term growth rates. The significant assumptions are disclosed in note 15. Changes to the assumptions may result in an impairment loss in subsequent years.

4.2.2 Pension obligations

The pension obligation is calculated on the basis of various financial and actuarial assumptions. The key assumptions for assessing these obligations are the discount rate, future salary and pension increases and the probability of the employee reaching retirement. The obligation was calculated using a discount rate of 3.25%. Pension costs were calculated on the basis of an expected return on investment on plan assets of 3.50%. The calculations were done by an external expert. As at 31 December 2008, the under funding amounted to CHF 668,768 whereby only CHF 101,274 were recorded as an obligation in the consolidated balance sheet because the corridor approach is used. Using other basis for the calculations could have led to different results (note 35).

4.2.3 Provisions and contingent liabilities

As at 31 December 2008 the carrying amount of provision amounted to CHF 7,555,868. This provision is primarily based on estimates of future costs for claims made by other parties in connection with the Company's operation. As the claims cannot be determined exactly the amount could change in the future (note 30).

4.2.4 Allowances for doubtful debts

Bad debt allowances are recognised for doubtful receivables in order to record foreseeable losses arising from events such as a customer's insolvency. As of 31 December 2008 the carrying amount of allowances on trade accounts and other accounts receivables amounted to CHF 8,144,943. In determining the amount of the bad debt allowance several factors are considered. These include the aging of accounts receivables balances, the current solvency of the customer and the historical write-off experience. The actual write-offs might be higher than expected if the actual financial situation of the customer is worse than originally expected (note 22).

4.2.5 Deferred income taxes

The valuation of deferred income tax assets and liabilities is based on the judgment of management. Deferred income tax assets are only capitalized if it is probable that they can be used. Whether or not they can be used depends on whether tax loss carry-forwards can be offset against future taxable gains. In order to assess the probability of their future use, estimates must be made of various factors such as future operating results. If the actual values differ from the estimates, this can lead to a change in the assessment of recoverability of the deferred tax assets. On 31 December 2008 deferred income tax assets recognised amounted to CHF 739,203 (note 12).

4.2.6 Useful lives of tangible assets

As at 31 December 2008, the carrying value of tangible assets amounted to CHF 856,492,405. Management's assessment of the useful life of a tangible asset is based on the expected use of the asset, the expected physical wear and tear on the asset, technological developments as well as past experience with comparable assets. A change in the useful life of an asset may have an effect on the future amount of depreciation recognised in the income statement (note 14).

5 REVENUE

An analysis of the Group's revenue for the year is as follows:

CHF	2008	2007
Revenue from rendering of services	341,526,499	257,533,751
Real estate and construction	220,001,496	143,567,323
Revenue from the sale of land	6,703,498	5,702,515
	568,231,493	**406,803,589**

6 SEGMENT INFORMATION

6.1 Business segments

The Group has adopted IFRS 8 operating segments in advance of its effective date. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the superseded Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

The Group's segment reporting follows the organizational structure as reflected in its internal management reporting systems, which are the basis for assessing the financial performance of the business segments and for allocating resources to the business segments.

Land sales and town management do not meet the quantitative thresholds to be shown as reportable segments. Management believes that information about these two segments is useful to the users of the financial statement and therefore they are presented separately.

In 2008, there were no material changes regarding the organizational structure or management responsibilities, except as shown below in 6.2 (foot note 1)

6.2 The main products delivered by each segment are the following

Segment	Product	Revenue from external customers	
		2008	2007
Hotels[1]	Hotels managed by international chains	112,259,980	94,206,889
	Hotels managed by local chains	46,392,044	46,137,731
	Hotels managed by OD Holding	25,865,792	18,732,615
	Floating hotels	3,976,124	5,977,476
	Segment total	**188,493,940**	**165,054,711**
Real Estate and construction	Tourism Real estate	168,959,064	128,427,276
	Budget Housing	39,564,063	4,086,910
	Construction work	11,478,369	11,053,137
	Segment total	**220,001,496**	**143,567,323**
Land sales	Sales of land	**6,703,498**	**5,702,515**
Town management[2]	Utilities (e.g. Water, Electricity)	**28,242,480**	**19,404,827**
Tours operations[3]	Tours operations	82,883,128	46,165,013
	Tour transportation	5,469,427	2,568,487
	Segment total	**88,352,555**	**48,733,500**
Other operations	Rentals of villas, flats and land/beach [1]	12,300,573	5,277,571
	Sport (Golf) [1]	6,413,009	3,142,510
	Hospital services	5,574,730	3,953,941
	Mortgage finance	3,306,585	131,169
	Laundry services	1,272,324	919,279
	Educational services	1,541,618	1,859,009
	Limousine	1,448,325	1,339,709
	Marina	1,329,777	644,025
	Others	3,250,583	7,073,500
	Segment total	**36,437,524**	**24,340,713**
Total		**568,231,493**	**406,803,589**

[1] Has been reclassified in 2008 as responsibility for these products has changed and the comparative figure have been reclassified to be consistent with the current year presentation, from hotels segment to other operation segment.
[2] Town management segment includes a reclassification from other operation in 2008 and 2007.
[3] Tours operation segment has been split from other operation segment and presented as separate segment in 2008 and 2007.

6.3 Segment income statement and balance sheet information

The business segments identified by the Group represent the organizational structure as reflected in its internal management reporting systems. The Group is organized into five Group divisions and other operations. Other operations include mainly hospital services, educational services (schools), laundry and others. As at 31 December 2008, the Group divisions were:

6.3.1 Segment income statement

CHF **2008**	**Hotels**	**Real estate and construction**	**Land sales**	**Town Management**	**Tours operations**	**Other operations**	**Total**
Total segment revenue	193,621,505	244,450,421	6,703,498	35,873,034	90,920,252	40,092,603	611,661,313
Inter-segment revenue	(5,127,565)	(24,448,925)	-	(7,630,554)	(2,567,697)	(3,655,079)	(43,429,820)
Revenue from external customers	**188,493,940**	**220,001,496**	**6,703,498**	**28,242,480**	**88,352,555**	**36,437,524**	**568,231,493**
Cost of Revenue	(114,238,899)	(125,912,190)	(3,937,180)	(32,637,967)	(73,058,166)	(21,615,511)	(371,399,913)
Depreciation and amortisation	(21,408,384)	(463,978)	(315,424)	(2,700,651)	(2,288,724)	(7,203,851)	(34,381,012)
Gross profit / (loss)	**52,846,657**	**93,625,328**	**2,450,894**	**(7,096,138)**	**13,005,665**	**7,618,162**	**162,450,568**
Gross margin (%)	28.0%	42.6%	36.6%	(25.1%)	14.7%	20.9%	28.6%
Segment result	**44,401,292**	**70,725,237**	**1,012,746**	**(194,070)**	**8,307,368**	**6,106,988**	**130,359,561**
Unallocated expense							(4,478,624)
EBT							125,880,937
Income tax expense							(10,236,463)
Net profit							**115,644,474**

Segment income statement after change in presentation

Change in presentation is described in note 3.8 and in note 45

CHF **2007**	**Hotels**	**1.7635 cm**	**Land sales**	**Town Management**	**Tours operations**	**Other operations**	**Total**
Total segment revenue	166,657,001	173,811,600	5,702,515	31,873,707	65,810,041	24,340,713	468,195,577
Inter-segment revenue	(1,602,290)	(30,244,277)	-	(12,468,880)	(17,076,541)	-	(61,391,988)
Revenue from external customers	**165,054,711**	**143,567,323**	**5,702,515**	**19,404,827**	**48,733,500**	**24,340,713**	**406,803,589**
Cost of revenue	(96,996,386)	(79,786,957)	(1,861,440)	(19,082,209)	(36,745,584)	(23,058,221)	(257,530,797)
Depreciation and amortisation	(12,620,147)	(484,087)	(330,055)	(4,640,431)	(1,784,857)	(717,133)	(20,576,710)
Gross profit / (loss)	**55,438,178**	**63,296,279**	**3,511,020**	**(4,317,813)**	**10,203,059**	**565,359**	**128,696,082**
Gross margin (%)	33.6%	44.1%	61.6%	(22.3%)	20.9%	2.3%	31.6%
Segment Result	**41,361,622**	**61,612,890**	**3,337,495**	**727,950**	**8,282,779**	**(387,485)**	**114,935,251**
Unallocated expense							(2,123,043)
EBT							112,812,208
Income tax expense							(10,128,809)
Net profit							**102,683,399**

Segment income statement before change in presentation

CHF 2007	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Total segment revenue	175,077,080	173,811,600	5,702,515	23,075,316	65,810,041	24,719,025	468,195,577
Inter-segment revenue	(1,602,291)	(30,244,277)	-	(12,468,879)	(17,076,541)	-	(61,391,988)
Revenue from external customers	**173,474,789**	**143,567,323**	**5,702,515**	**10,606,437**	**48,733,500**	**24,719,025**	**406,803,589**
Cost of revenue	(100,237,159)	(68,926,375)	(1,383,951)	(4,994,894)	(32,062,422)	(23,353,011)	(230,957,812)
Depreciation and amortisation	(12,620,147)	(484,087)	(330,055)	(4,640,431)	(1,784,857)	(717,133)	(20,576,710)
Gross profit / (loss)	**60,617,483**	**74,156,861**	**3,988,509**	**971,112**	**14,886,221**	**648,881**	**155,269,067**
Gross margin (%)	34.9%	51.7%	69.9%	9.2%	30.5%	2.6%	38.2%
Segment Result	41,361,622	61,612,890	3,337,495	813,491	8,282,779	(2,596,069)	112,812,208
Unallocated expense							-
EBT							112,812,208
Income tax expense							(10,128,809)
Net profit							**102,683,399**

6.3.2 Segment balance sheet information

CHF 2008	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Additions to non-current assets	**107,183,345**	**94,739,184**	**-**	**1,042,342**	**10,117,787**	**45,957,639**	**259,040,297**
Unallocated							52,727,530
Total							**311,767,827**
Segment assets	**727,702,361**	**408,711,721**	**75,125,583**	**127,345,334**	**76,480,061**	**188,603,579**	**1,603,968,639**
Unallocated							55,780,280
Total assets							**1,659,748,919**
Segment liabilities	**267,691,215**	**119,457,950**	**29,193,315**	**10,458,164**	**49,319,046**	**82,908,482**	**559,028,172**
Unallocated							153,716,024
Total liabilities							**712,744,196**

CHF 2007	Hotels	Real estate and construction	Land sales	Town Management	Tours operations	Other operations	Total
Additions to non-current assets	**47,114,727**	**4,136,474**	**10,818,912**	**6,073,821**	**13,394,854**	**53,572,780**	**135,111,568**
Segment assets	**623,529,405**	**178,387,030**	**47,066,447**	**107,465,596**	**41,095,229**	**85,558,551**	**1,083,102,258**
Unallocated							77,114,414
Total assets							**1,160,216,672**
Segment liabilities	**157,096,494**	**85,432,183**	**39,898,913**	**28,875,178**	**25,566,365**	**42,178,470**	**379,047,603**
Unallocated							107,406,542
Total liabilities							**486,454,145**

6.4 Geographical segments

The Group currently operates in three principal geographical areas – Egypt, Oman and United Arab Emirates. In addition, new investments have been made in Switzerland and Morocco but they are not operating yet. The Group's revenue and information about its segment assets by geographical location are detailed below:

CHF	Revenue		Additions to non-current assets	
	2008	2007	2008	2007
Egypt	543,961,567	409,917,975	201,928,375	133,985,123
Oman	-	644,031	13,485,138	956,222
United Arab Emirates	41,662,846	51,991,150	17,393,000	170,223
Jordan	499,011	-	20,551,115	-
Switzerland	420,012	-	58,208,487	-
Morocco	-	-	198,490	-
Others	25,117,877	5,642,421	3,222	-
Total before eliminations	**611,661,313**	**468,195,577**	**311,767,827**	**135,111,568**
Eliminations	(43,429,820)	(61,391,988)	-	-
Total after eliminations	**568,231,493**	**406,803,589**	**311,767,827**	**135,111,568**

7 PERSONNEL EXPENSES

CHF	2008	2007
Personnel expenses	**80,588,838**	**54,813,413**
thereof included in cost of sales	69,560,565	49,150,655
thereof included in general and administration expenses	11,028,273	5,662,758

8 INVESTMENT REVENUE

CHF	2008	2007
Interest income	4,283,556	3,850,134
Dividends received	729,274	-
Other investment revenue	1,206,161	-
	6,218,991	**3,850,134**

9 OTHER GAINS AND LOSSES

CHF	2008	2007
Gain on disposal of property, plant and equipment	108,652	1,049,409
Other income	5,221,294	9,237,024
Net foreign exchange (loss)	(4,579,439)	(3,023,267)
	750,507	**7,263,166**

10 FINANCE COSTS

CHF	2008	2007
Interest	(11,848,650)	(11,298,407)
Interest on obligation under finance lease	(30,550)	-
Call and put option interest	(1,047,895)	(1,062,092)
Fair value (loss) gain arising on foreign currency forward contracts	(1,449,883)	1,533,928
Present value interest expense	(337,933)	(676,033)
	(14,714,911)	**(11,502,604)**

11 COMPENSATION OF KEY MANAGEMENT

CHF	2008	2007
Salaries	3,008,743	1,334,618
Other short-term employee benefits	1,497,069	2,531,346
Post employment benefits	9,630	-
Total compensation of key management	**4,515,442**	**3,865,964**

The compensation paid to the members of the Board of Directors and Executive Management includes, in particular, fees, wages and bonuses.

The variable remuneration is dependent on the business result and the fulfilment of key individual tasks. Salaries include social security contributions payable by employees. Of the employer's contribution towards social security, pension fund contributions are shown. The total compensation of key management is included in personnel expenses which are in cost of sales and general and administrative expenses (see note 7).

11.1 Board and Executive Compensation Disclosures as Required by Swiss Law

Compensation in 2008

OD Holding has been incorporated in 2008 and therefore, especially the Board of Directors did not exist in the existing form in 2007, hence, the board and the executive compensation disclosures as required by Swiss Law are not presented for the comparative year.

CHF		Gross value of salaries and fees	Gross value of cash bonuses	Unrestricted shares	Other benefits (car, insurances)	Pension contributions	Total remuneration
Board of Directors							
Samih Sawiris	Chairman	80,000 [1]	-	79,963	-	-	159,963
Amr Sheta	Vice-Chairman	80,000 [1]	-	79,963	-	-	159,963
Franz Egle	Member	80,000 [1]	-	79,963	-	-	159,963
Adil Douiri [2]	Member	80,000 [1]	-	79,963	-	-	159,963
Luciano Gabriel [3]	Member	92,500 [1]	-	92,514	-	-	185,014
Carolina Müller-Möhl [2]	Member	80,000 [1]	-	79,963	-	-	159,963
Jean-Gabriel Pérès [2]	Member	80,000 [1]	-	79,963	-	-	159,963
Total Board of Directors		**572,500**	**-**	**572,292**	**-**	**-**	**1,144,792**

CHF		Gross value of salaries and fees	Gross value of cash bonuses	Unrestricted shares	Other benefits (car, insurances)	Pension contributions	Total remuneration
Executive Management							
Samih Sawiris [4]	CEO	781,891	325,788	-	27,149	-	1,134,828
Total other members of Executive Management		**1,654,352**	**542,980**	**-**	**28,860**	**9,630**	**2,235,822**
Total Executive Management		**2,436,243**	**868,768**	**-**	**56,009**	**9,630**	**3,370,650**
Total compensation of key management		**3,008,743**	**868,768**	**572 292**	**56,009**	**9,630**	**4,515,442**

A consultancy firm, in which a Member of the Board has a partnership, was paid a fee amounted to CHF 425,500 in the year under audit (note 39).

[1] Will be paid out in 2009
[2] Elected 13 May 2008
[3] Acting as lead director
[4] Highest-compensated member of Executive Management

Holding of Shares

Board of Directors		OD Holding	OHD	OHH
Samih Sawiris [1]	Chairman	13,738,894	-	-
Amr Sheta	Vice-Chairman	22,000	-	-
Franz Egle	Member	1,361	-	-
Adil Douiri	Member	841	-	-
Luciano Gabriel	Member	973	-	-
Carolina Müller-Möhl	Member	841	-	-
Jean-Gabriel Pérès	Member	841	-	-
Total Board of Directors		**13,765,751**	**-**	**-**

Executive Management		OD Holding	OHD	OHH
Samih Sawiris	CEO	See above	See above	See above
Amr Sheta	Co-CEO	See above	See above	See above
Mahmoud Zuaiter	SVP Chief Financial Officer	16,000	-	-
Julien Renaud-Perret	SVP International Destinations	-	40,000	-
Raymond Cron [2]	SVP European Destinations	400	-	-
Hamza Selim	SVP Destination Management	8,000	-	-
Total Executive Management		**24,400**	**40,000**	**-**

An amount is due from Executive Management of CHF 7,087,038, details are in Note 20 (2). No loans or credits were granted to members of the Board of Directors or parties closely linked to Executive Management or members of the Board of Directors during the 2008 financial year.

[1] Total include direct and indirect ownership (note 39)
[2] Since 1 December 2008 member of the Executive Management

12 INCOME TAXES

12.1 Income tax recognised in profit or loss

CHF	2008	2007
Tax expense comprises:		
Current tax expense	8,047,631	6,705,398
Deferred tax expense relating to the origination and reversal of temporary differences	2,188,832	3,423,411
	10,236,463	**10,128,809**

12.1.1 The total charge for the year can be reconciled to the accounting profit as follows:

CHF	2008	2007
Profit from operations	125,880,937	112,812,208
Income tax expense calculated at 18%	22,658,569	22,562,442
Effect of income that is exempt from taxation	(9,788,489)	(12,117,690)
Effect of items that are not taxable in determining taxable profit	(2,633,617)	(315,943)
Income tax expense recognised in profit or loss	**10,236,463**	**10,128,809**

The average tax rate of 18% (2007 20%) is the weighted average rate from countries in which the company generates taxable profit.

12.2 Current tax liabilities

CHF	2008	2007
Income tax expense	8,047,631	6,705,398
Foreign currency difference	321,284	(367,233)
Income tax payable	**8,368,915**	**6,338,165**

12.3 Deferred tax balances

Deferred tax liabilities arise from the following:

CHF 2008	Opening balance	Charged to income	Exchange difference	Charged to equity	Acquisition	Closing balance
Assets						
Temporary differences						
Property, plant & equipment	267,483	75,947	(37,831)	-	64,583	370,182
Cash Flow Hedge	-	-	-	762,313	-	762,313
Tax losses	-	663,256	-	-	-	663,256
	267,483	**739,203**	**(37,831)**	**762,313**	**64,583**	**1,795,751**

CHF 2008	Opening balance	Charged to income	Exchange difference	Charged to equity	Acquisition	Closing balance
Liabilities						
Temporary differences						
Property, plant & equipment	6,312,599	2,902,716	(386,659)	-	2,180,498	11,009,154
Pension Plan	-	25,319	-	-	-	25,319
	6,312,599	**2,928,035**	**(386,659)**	**-**	**2,180,498**	**11,034,473**
Net deferred tax liability	**6,045,116**	**2,188,832**	**(348,828)**	**(762,313)**	**2,115,915**	**9,238,722**

CHF 2007	Opening balance	Charged to income	Exchange difference	Charged to equity	Acquisition	Closing balance
Assets						
Temporary differences						
Property, plant & equipment	64,746	170,650	32,087	-	-	267,483
Tax losses	-	-	-	-	-	-
	64,746	**170,650**	**32,087**	**-**	**-**	**267,483**

CHF 2007	Opening balance	Charged to income	Exchange difference	Charged to equity	Acquisition	Closing balance
Liabilities						
Temporary differences						
Property, plant & equipment	3,075,463	3,594,061	(356,925)	-	-	6,312,599
	3,075,463	**3,594,061**	**(356,925)**	**-**	**-**	**6,312,599**
Net deferred tax liability	**3,010,717**	**3,423,411**	**(389,012)**	**-**	**-**	**6,045,116**

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

As the Group doesn't have any dilutive potential, the basic and diluted earnings per share are the same.

CHF	2008	2007
Basic earnings per share	4.33	4.02
Diluted earnings per share	4.33	4.02

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

CHF	2008	2007
Profit for the year attributable to the equity holders of the Company	96,287,373	84,249,635
Weighted number of shares	**2008**	**2007**
Weighted average number of shares for the purposes of EPS	22,219,128	20,971,122

14 PROPERTY, PLANT AND EQUIPMENT

CHF	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Property under construction	Equipment under finance lease at cost	Total
Cost or valuation							
Balance at 1 January 2007	**59,446,349**	**313,887,326**	**89,981,106**	**41,739,787**	**56,416,252**	**-**	**561,470,820**
Additions	9,823,378	21,167,988	12,372,585	12,106,303	23,933,198	-	79,403,452
Disposals / Transfers	(143,661)	(1,800,696)	(479,365)	(3,524,014)	-	-	(5,947,736)
Acquisition through business combination	57,955,862	153,634,418	18,757,990	18,456,766	4,192,895	-	252,997,931
Foreign currency exchange differences	(7,713,757)	(29,373,576)	(7,725,235)	(4,455,090)	(5,989,242)	-	(55,256,900)
Balance at 1 January 2008	**119,368,171**	**457,515,460**	**112,907,081**	**64,323,752**	**78,553,103**	**-**	**832,667,567**
Additions	665,207	98,055,889	26,357,606	14,041,195	54,339,435	9,880,224	203,339,556
Disposals / transfers	(8,291,014)	(9,031,558)	(1,361,978)	(13,733)	-	-	(18,698,283)
Acquisition through business combination	12,264,224	9,254,864	3,506,911	1,207,093	44,689,112	-	70,922,204
Foreign currency exchange differences	(6,193,792)	(25,888,049)	(6,901,243)	(3,808,537)	(7,130,874)	-	(49,922,495)
Balance at 31 December 2008	**117,812,796**	**529,906,606**	**134,508,377**	**75,749,770**	**170,450,776**	**9,880,224**	**1,038,308,549**
Accumulated depreciation and impairment							
Balance at 1 January 2007	**-**	**32,991,570**	**42,784,839**	**22,174,461**	**-**	**-**	**97,950,870**
Eliminated on disposals of assets	-	(153,708)	(350,010)	(1,011,966)	-	-	(1,515,684)
Acquisition through business combination	-	27,384,990	12,573,464	10,503,494	-	-	50,461,948
Depreciation expense	-	6,524,523	10,150,316	3,901,871	-	-	20,576,710
Foreign currency exchange differences	-	(3,869,880)	(4,163,146)	(2,331,069)	-	-	(10,364,095)
Balance at 1 January 2008	**-**	**62,877,495**	**60,995,463**	**33,236,791**	**-**	**-**	**157,109,749**
Eliminated on disposals of assets	-	(4,532,765)	(2,949,755)	(1,331,380)	-	-	(8,813,900)
Acquisition through business combination	-	4,348,472	1,630,906	1,150,155	-	-	7,129,533
Depreciation expense	-	11,282,846	15,434,168	6,840,646	-	823,352	34,381,012
Foreign currency exchange differences	-	(2,601,488)	(3,478,686)	(1,910,076)	-	-	(7,990,250)
Balance at 31 December 2008	**-**	**71,374,560**	**71,632,096**	**37,986,136**	**-**	**823,352**	**181,816,144**
Carrying amount							
As at 31 December 2007	119,368,171	394,637,965	51,911,618	31,086,961	78,553,103	-	675,557,818
As at 31 December 2008	**117,812,796**	**458,532,046**	**62,876,281**	**37,763,634**	**170,450,776**	**9,056,872**	**856,492,405**

Property, plant and equipment (PPE) of the Group with a value of CHF 176 million have been pledged to secure borrowings of the Group as described in note 29 to the financial statements. The fire insurance value of the PPE is CHF 738 million.

15 GOODWILL

CHF	2008	2007
Cost		
Balance at beginning of year	32,760,966	9,603,477
Additional amounts recognised from business combinations	2,180,498	23,948,794
Derecognised goodwill on transaction under common control	-	(791,305)
Exchange differences arising on translation of foreign operation	(1,573,059)	-
	33,368,405	**32,760,966**

The additional amount recognised results from deferred tax on the acquisition of Falcon for Hotels acquired on 1 January 2008 (see note 40).

Annual test for impairment

An impairment test of goodwill was performed by the Group in order to assess the recoverable amount of its goodwill and as a result of this test, no impairment was recorded. The cash-generating units were tested for impairment using the Discounted Cash Flow method in accordance with IFRS.

A cash–generating unit is understood as an organizational and economically bound entity such as a hotel. The discounted cash flow model used to evaluate these units was based on a 5 – 10 years period. This model included the assumption that the business will develop positively, as well as the estimated effects resulting from remodelling and expansion. The estimates and assumptions used were specifically related to the discounted cash flow model of the respective cash-generating unit.

The carrying amount of goodwill has been allocated for impairment testing purposes to the following cash-generating units:

CHF	Segment	2008	2007
Garranah Group of companies *	Tours operations	21,378,829	23,948,794
Hotel companies *	Hotels	9,809,078	8,812,172
Falcon for Hotel company	Hotels	2,180,498	-
		33,368,405	**32,760,966**

* Each subsidiary considered separately

Garranah Group of companies

The recoverable amount of this cash-generating unit is determined based on the value in use calculation which uses cash flow projections based on the financial budgets approved by the directors covering a ten-year period, and an average discount rate of 11% - 14% per annum (2007: 13.5%- 17% per annum).

Cash flow projections during the budget period are based on the same expected gross margins during the budget period. The cash flows beyond that ten year period have been extrapolated using no additional growth rate, as individual hotels have reached their peak. The directors believe that any reasonably possible change in the key assumptions (sensitivity analyses) on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Hotels

The recoverable amount of this cash-generating unit is determined based on the value in use calculation which uses cash flow projections based on the financial budgets approved by the directors covering a five-year period, and an average discount rate of 11% - 14% per annum (2007: 13.5%- 17% per annum).

Cash flow projections during the budget period are based on the same expected gross margins during the budget period. The cash flows beyond that five year period have been extrapolated using no additional growth rate, as individual hotels have reached their peak. The directors believe that any reasonably possible change in the key assumptions (sensitivity analysis) on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Falcon for Hotels

Falcon for Hotels Company owns Citadel Hotel which has started operating in July 2008. The Group decided to perform a market valuation of its assets.

16 SUBSIDIARIES

OD Holding has control on all the subsidiaries below either direct or through controlling the parent company of those subsidiaries. Details of the Company's significant subsidiaries at 31 December 2008 are as follows:

Company name	Domicile	FX	Share/paid-in capital	Equity interest %	Segment						
					HO *	R&C	LS	TM	TO	Other	HQ
EGYPT											
Orascom Hotels & Development S.A.E.	Cairo	EGP	1,109,811,620	98.16%							
Orascom Hotels Holding S.A.E.	Cairo	EGP	452,367,300	97.89%							
Tarot Tours Company (Garranah) S.A.E.	Cairo	EGP	16,500,000	50.06%							
Tarot Garranah for Touristic Transportation	Luxor	EGP	8,000,000	50.06%							
El Tarek for Nile Cruises & Floating Hotels	Cairo	EGP	250,000	50.06%	4						
Tarot Garranah & Mirotel for Floating Hotels	Cairo	EGP	4,500,000	50.06%	5						
International Company for Floating Hotels & Touristic Establishments	Cairo	EGP	5,000,000	50.06%	5						
Mirotel for Floating Hotels Company	Cairo	EGP	1,000,000	50.06%	5						
Azur for Floating Hotels Company S.A.E.	Cairo	EGP	3,000,000	50.06%	5						
Orascom Housing Communities (OHC)	Cairo	EGP	155,000,000	56.92%							
Tamweel Mortgage Finance Company S.A.E.	Cairo	EGP	100,000,000	86.32%							
El Gouna for Hotels Company S.A.E.	Cairo	EGP	79,560,000	69.22%	5						
El Tebah for Hotels & Touristic Establishments Company	Cairo	EGP	52,000,000	69.22%	5						
Tawila for Hotel Company S.A.E.	Cairo	EGP	68,000,000	97.78%	5						
El Golf for Hotels Company & Touristic Establishments	Cairo	EGP	19,000,000	97.82%	5						
Accasia for Hotels Company	Cairo	EGP	25,000,000	97.75%	5						
Mokbela for Hotels Company S.A.E.	Cairo	EGP	85,000,000	80.60%	5						
Rihana for Hotels Company S.A.E.	Red Sea	EGP	13,000,000	58.50%	4						
Marina 2 for Hotels & Touristic Establishments Company	Cairo	EGP	16,812,500	58.66%	4						
Marina 3 for Hotels & Touristic Establishments Company	Cairo	EGP	18,500,000	97.84%	4						
Paradiso for Hotels & Touristic Establishments Company S.A.E.	Red Sea	EGP	18,500,000	97.87%	4						
Arena for Hotels Company S.A.E.	Cairo	EGP	20,000,000	99.85%	4						
El Mounira for Hotels Company S.A.E.	Red Sea	EGP	13,000,000	63.46%	4						
El Dawar for Hotels Company	Cairo	EGP	9,560,000	97.80%	3						
Captain for Hotels Company	Red Sea	EGP	768,750	58.45%	3						
Turtle for Hotels Company S.A.E.	Red Sea	EGP	562,500	48.30%	3						
Abu Tig for Hotels Company	Red Sea	EGP	637,500	97.32%	2						
El Gouna Services Company	Red Sea	EGP	250,000	94.23%							
Orascom for Touristic Sports	Cairo	EGP	2,000,000	47.40%							
Orascom Housing Company	Cairo	EGP	2,000,000	94.29%							
El Gouna Hospital Company	Red Sea	EGP	19,000,000	71.12%							

Company name	Domicile	FX	Share/paid-in capital	Equity interest %	Segment						
					HO*	R&C	LS	TM	TO	Other	HQ
EGYPT											
Taba First Hotel Company S.A.E.	Cairo	EGP	105,000,000	58.68%	5						
El Wekala for Hotels Company	Cairo	EGP	39,000,000	70.73%	4						
Taba Heights Company S.A.E.	South Sinai	EGP	157,510,000	93.29%							
Misr El Fayoum for Touristic Development Company S.A.E.	Cairo	EGP	28,000,000	62.98%							
Royal for Investment & Touristic Development S.A.E.	Cairo	EGP	50,000,000	50.06%	4						
Roaya for Tourist & Real Estate Development S.A.E.	Red Sea	EGP	20,000,000	50.03%							
JORDAN											
Golden Beach for Hotels Company	Aqaba	JOD	8,200,000	100.00%	4						
MAURITUS											
Club Mediterranee Albion Resorts Ltd.*	Port-Louis	EUR	21,000,000	note 33							
MOROCCO											
Oued Chbika Development (SA)	Casablanca	MAD	10,000,000	97.18%							
OMAN											
Salalah Beach Tourism Development Company (S.A.O.C.)	Muscat	OMR	1,000,000	68.03%							
Sifah Tourism Development Company (S.A.O.C.)	Muscat	OMR	1,000,000	68.03%							
Muriya Tourism Development Company (S.A.O.C.)	Muscat	OMR	7,500,000	68.03%							
SWITZERLAND											
Bellevue Hotels and Apartments Holding AG	Altdorf	CHF	2,360,000	49.56%	UC						
Andermatt Hotels Holding AG	Andermatt	CHF	100,000	97.15%							
Andermatt Alpine Destination Company AG	Altdorf	CHF	17,000,000	97.15%							
UNITED ARAB EMIRATES											
RAK Tourism Investment F.Z.C.	Ras Al Kaimah	AED	7,300,000	70.94%	UC						

Abbreviations:

*	Number of stars the hotel holds	R&C	Real estate and construction
UC	Hotel under construction	Other	Other operations
HO	Hotels	LS	Land sales
TO	Tours operations	HQ	Corporate and head quarter functions as well as non revenue generating companies

17 INVESTMENTS IN ASSOCIATES

Details of the Group's associates are as follows:

Name of associate	Place of incorporation	Ownership interest (in%)		Carrying value (CHF)	
		2008	2007	2008	2007
Joud Fund IV [1]	Cayman Islands	40.00%	- %	28,619,195	-
Jordan Company for Projects and Touristic Development [2]	**Jordan**	**15.54%**	**18.27%**	**8,279,434**	**-**
Total				**36,898,629**	**-**

Summarised financial information in respect of the Group's associates is set out below:

CHF	2008
Total assets	173,102,056
Total liabilities	(50,048,323)
Net assets	123,053,733
Group's share of net assets of associates	**36,898,629**
Total revenue	21,495,832
Total profit for the period	4,517,422
Group's share of profits of associates	**2,042,562**

18 NON-CURRENT RECEIVABLES

CHF	2008	2007
Trade receivables	37,582,267	14,602,897
Note receivable	8,164,354	4 ,83,136
	45,746,621	**18,786,033**

Non-current receivables include long-term receivables for real estate contracts, which will be collected over a period of an average collecting period of 2 years and receivables from the mortgage company (Tamweel Mortgage Finance Company S.A.E.) with an average collecting period of 10 years.

[1] **Joud Fund IV**
The main objective of the fund is to invest in the contribution and acquisition of property complexes. The fund will proceed to finance the land and contribution of real estate projects and sell them at a profit to private persons. These properties will include low and medium income housing, offices and residential, commercial, tourism or industrial property. The fund is expected to benefit from government subsidizing real estate development in target countries. The fund has been established in December 2007 and the company made a down payment in 2007 in subscribing in part of the capital share. In 2008 OD Holding has paid the outstanding share amount to the fund and the Group interest became effective. The investment in the fund was shown as AFS at cost in 2007.

[2] **Jordan Company for Projects and Touristic Development (JPTD)**
JPTD is investing in property, town management and development in Aqaba in Jordan. In 2008 OD Holding exercised with their two active board members out of eleven in JPTD significant influence, which has lead to changes in the executive management and provision of essential technical information. During 2007 OD Holding was neither active in the board nor participated in the management.

19 OTHER FINANCIAL ASSETS

Details of the Group's other financial assets are as follows:

CHF	Current 2008	Current 2007	Non-current 2008	Non-current 2007
Financial assets carried at fair value through profit or loss (FVTPL)				
Held for trading carried at fair value Certificates – mutual fund [1]	1,276,779	2,397,517	-	-
Derivatives carried at fair value				
Foreign currency forward contracts	61,934	1,449,920	-	-
AFS financial assets carried at fair value				
Nasr City company for Housing & Development (N.C.H.R.) [2]	-	-	10,592,652	-
AFS financial assets carried at cost				
Joud Fund I	-	-	5,446,811	-
Joud Fund II	-	-	10,607,528	10,875,455
Joud Fund III	-	-	14,389,814	10,636,917
Joud Fund IV [3]	-	-	-	11,196,755
Jordan Company for Projects and Touristic Development	-	-	-	4,470,810
Koral Blue Airlines	-	-	2,339,570	2,457,573
Egyptian Mortgage Refinance Company	-	-	193,100	202,840
El Marasy Egyptian Company	-	-	137,217	108,641
Camps and Lodges Company	-	-	48,275	50,710
Palestine for Tourism Investment Company	-	-	33,072	34,741
El Gouna Company for Tourism Transportation	-	-	-	19,270
Egyptian Resort Company "ERC"	-	-	1,156	1,214
El Koseir Company	-	-	657	690
Albion Development Ltd. [4]	-	-	1,168,773	-
Orascom for Housing & Establishment	-	-	523,630	-
Ancient Sands Limited	-	-	19	-
	1,338,713	**3,847,437**	**45,482,274**	**40,055,616**

[1] **Certificates – mutual fund**
The Group holds certificates in Mutual Funds and these certificates are recorded at their redemption price at year end.

[2] **Nasr City Company for Housing & Development (N.C.H.R.)**
N.C.H.R. was acquired at year end and therefore the amount paid represents the fair value at year end. A development management agreement was signed between Orascom Development & Management (ODM) and Nasr City Housing, an Egyptian listed real estate development company with total land bank of 10.13 million square meters in 2009 which is described in note 47.

[3] **Joud fund IV**
The Group has participated in the issued capital of Joud Fund IV, which was established in 2007. In 2008 the amount has been increased and the carrying amount of investments represents cash paid in relation to the Group stake in the capital of Joud Fund IV. As the remaining part of the capital was paid in 2008, the Group achieved significant influence in 2008 and the investment is shown as investment in associates (note 17) for 2008. The objective of this Fund is to invest in real estate.

[4] **Albion Development Ltd. Mauritius (ADL)**
The Group has entered into a call option agreement with Club Med SA (CMSA), whereby the Group irrevocably undertakes to sell its interest in ADL (75%). According to the agreement, CMSA obtained full control over ADL immediately; however, they may elect not to exercise their call option to acquire during the call period. Therefore the group has lost its control but it still owns the shares and hence the carrying amount is presented as an ASF financial assets.

20 OTHER CURRENT ASSETS

CHF	2008	2007
Due from disposal of investments	1,086,313	1,729,591
Down payments for investments [1]	42,667,607	36,764,706
Advance to suppliers	18,763,926	17,838,399
Other debit balances	24,997,421	19,935,110
Amounts due from employees and the management team [2]	16,220,412	17,038,540
Prepaid expenses	10,724,449	14,030,696
Refundable deposit	3,401,672	4,161,557
Prepaid sales commissions related to uncompleted units	4,455,733	2,086,780
Deposit with others	5,141,339	2,241,732
Letters of guarantee – cash margin	1,023,609	214,281
Cash imprest	1,684,092	941,175
Urban development authority	4,551,370	-
Tourist development authority down payment	870,006	-
Accrued revenue	1,728,398	125,727
	137,316,347	**117,108,294**

21 INVENTORIES

CHF	2008	2007
Construction work in progress [3]	110,527,781	45,925,076
Land held for development under purchase agreement [4]	30,091,592	22,777,733
Other inventories	34,285,324	17,809,767
	174,904,697	**86,512,576**

[1] Down payments for investments represented partial payment of the cost of a planned investment to acquire ILC for leasing, Water solutions AG and payment of capital increase in OIM. The Group expects to conclude those investments in 2009.

[2] Represents interest free amounts owed by the employees and management team including executive board members as a result of receiving two million OHD shares for full consideration being the market price as of the day of allocation (being 17 January 2007). These shares were previously issued based on a general assembly resolution in OHD dated 13 February 2006 authorizing the company to issue 2 million shares at par to be used to allocate to employees and management team (see note 39). Of this amount CHF 7.09 million are due from the chairman and executive board members. All of these shares were swapped 1:10 to OD Holding shares. Out of the originals amount of CHF 17,035,200 (fair market value at the allocation date), CHF 2,028,000 which represents the face amount of these shares has been booked in 2007 as other current assets and CHF 15,007,200 as retained earnings.

[3] This amount includes construction work for off plan contracted real estate units which increased due to the growth of OHC, Andermatt and Oman projects.

[4] As at 31 December 2007, the finance leases between OHD and General Authority for Touristic and Development ("GATD") for development of land were terminated and replaced with purchase agreements with GATD. On May 2008, OHD signed a new purchase agreement with GATD to purchase a plot of land and paid a down payment 27% and the remaining balance is payable in equal annual instalment commencing upon the expiry of the grace period of three years. The amount is shown as a liability under trade payable CHF 30,059,744 (2007: CHF 26,774,943).
In addition, OHD is required to pay an annual interest at the rate of 5% after the grace period with each instalment.
The value of land shown above is for those plots of land for development not yet sold by OHD.

22 TRADE AND OTHER RECEIVABLES

CHF	2008	2007
Trade receivables	121,436,528	62,531,094
Notes receivable	22,744,790	17,422,520
Allowance for doubtful debts (see below)	(8,144,943)	(3,527,879)
	136,036,375	**76,425,735**

Movement in the allowance for doubtful debts

CHF	2008	2007
Balance at the beginning of the year	(3,527,879)	(3,015,633)
Impairment losses recognised on receivables	(4,617,064)	(512,246)
Balance at the end of the year	**(8,144,943)**	**(3,527,879)**

Included in the Group's trade and other receivable balance are debtors with a carrying amount of CHF 12,368,890 (2007: CHF 8,427,192) which are past due but not impaired at the reporting date. The Group has not provided for the past due reported below as there has not been a significant change in credit quality and the amounts are still considered recoverable (see note 37.9 credit risk management).

Aging of past due but not impaired

CHF	2008	2007
Less than 30 days	3,715,082	3,311,012
Between 30 to 60 days	427,651	568,761
Between 60 to 90 days	2,784,918	619,412
Between 90 to 120 days	2,917,812	956,204
More than 120 days	2,523,427	2,971,803
	12,368,890	**8,427,192**

23 DUE FROM RELATED PARTIES

CHF	2008	2007
Financial investments		
El Gouna School For Languages	-	3,209,159
El Gouna Sporting Club	-	3,273,974
Three Corners Company	6,430,229	5,443,879
Orascom for Housing and Construction	204,393	562,475
Waterfront Investment	619,297	-
Oberoi Aida for Hotels	529,568	-
Camps and Lodges	876,889	-
- Close family companies (note 39)		
Orascom for Tourist Establishment Company "OTEC"	136,703	6,649,629
Minority shareholders		
Shareholder of Roaya for Touristic Development	4,622,572	-
Other (balances less than CHF 100,000 each)	1,599,763	2,681,868
	15,019,414	**21,820,984**

24 CAPITAL

24.1 Issued capital

CHF	2008	2007
Par value per share	25 CHF	25 CHF
Fully paid ordinary shares	23,219,658	21,300,938
Issued capital	**580,491,450**	**532,523,450**

As at 31 December 2008 the Company's issued capital of CHF 580,491,450 is divided into 23,219,658 registered shares of CHF 25 par value each. The share capital is fully paid up. The registered shares of the Company are listed on the Swiss Exchange (SIX) and the Egyptian Stock Exchange (EGX).

24.2 Authorized capital

The Board of Directors is authorized to increase the share capital of the Company by a maximum of CHF 70,087,525 by issuing of up to 2,803,501 fully paid-up registered shares with a par value of CHF 25 each until 6 May 2010. A partial increase is permitted.

The Board of Directors determines the date of issue, the issue price, the type of contribution, the date of dividend entitlement as well as the allocation of non exercised pre-emptive rights. The Board of Directors may withdraw or limit the pre-emptive rights of the shareholders.

24.3 Conditional capital

The share capital may be increased by a maximum amount of CHF 15,613,900 through the issuance of up to 624,556 registered shares with a nominal value of CHF 25 each, which shall be fully paid-in, in connection with the exercise of option rights granted to the members of the board and the management, further employees and/or advisors of the Company or its subsidiaries.

The subscription rights of the shareholders shall be excluded. The Board of Directors shall determine the conditions of the option rights, the issue price, the dividend entitlements as well as the type of contribution.

24.4 Explanation of adjustments made to comparative balances of equity

This reconciliation of equity relates to the transaction explained in note 3.2.

	2007
Total consolidated equity presented in Egyptian Pound (EGP) under the initial holding company (OHD) for the year ended 31 December 2007	2,763,655,450
Exchange rate used for conversion	4.93
Total consolidated equity converted into in Swiss Francs	**560,579,199**
Less:	
Amounts previously, recognised as equity instrument related to the acquisition of Garranah Group of Companies through a planned increase in OHD's share capital, treated as part of minority rights after the reorganization.	(34,559,380)
Minority interests in net assets of OHD (1.95%)	(10,257,387)
Comparative equity for the year ended 31 December 2007 under the new holding company (OD Holding) note 3.2	**515,762,432**

25 TREASURY SHARES

As at 31 December 2008, the Company holds 841 shares with total value CHF 28,426. The market value per share was CHF 33.80.

26 RESERVES

CHF	2008	2007
General reserves (note 26.1)	-	62,166,157
Foreign currency translation reserve (note 26.2)	(43,899,293)	(4,691,674)
Reserve from common control transactions (note 26.3)	(108,515,004)	(177,062,429)
Hedging reserve (note 26.4)	(3,049,255)	-
	(155,463,552)	**(119,587,946)**

26.1 General reserves

The movement in 2008 represents transferring the balance to the reserve from common control transaction.

In 2007 the increase includes CHF 16,988,584 representing the net effect from the sale of treasury shares of OHD in addition to transfer to general reserve of CHF 2,519,649.

26.2 Foreign currency translation reserve

Exchange differences arising on the translation of the Group's foreign subsidiaries, from their functional currencies into the reporting currency (CHF) are charged / credited to the foreign currency translation reserve.

26.3 Reserve from common control transactions

During 2008, OD Holding acquired additional shares in some of its subsidiaries that were under common control before and after the acquisition. The difference between the acquisition cost and net assets of acquired subsidiaries amounted to CHF 108,515,004 (2007 CHF 177,062,429), which has been accounted for as an adjustment to equity in accordance with the Group's accounting policy applied to common control transactions.

26.4 Hedging reserve

CHF	2008	2007
Balance at 1 January	-	-
(loss) recognised on cash flow hedges (interest rate swaps)	(3,049,255)	-
Transfers to financial result	-	-
Balance at 31 December	**(3,049,255)**	**-**

The hedging reserve represents hedging gain and losses recognised on the effective portion of cash flow hedges. As the cash flow hedge is 100% effective as at 31 December 2008 the entire hedging loss is recognised in equity (note 37.7).

27 RETAINED EARNINGS

CHF	2008	2007
Balance at beginning of year	102,826,928	22,610,378
Exchange differences arising on translation of foreign operations	(2,675,576)	(1,513,436)
Net profit attributable to equity holders of the parent	96,287,373	84,249,635
Transfer to general reserve	(2,123,530)	(2,519,649)
Balance at end of year	**194,315,195**	**102,826,928**

During 2007 and 2008 no dividends have been paid out.

Employees share of Profits

According to the Egyptian Law number 159 of 1981 the Articles of the Association of the OHD and the Egyptian subsidiaries, employees of these entities are entitled to a profit share of 10% of any distribution made to their shareholders, provided that the employees' share of such distribution does not exceed their annual salaries in the relevant year. Hence, any dividends paid out of annual profits, retained earnings or reserves of the Egyptian entities may trigger a payment to employees in those companies as mentioned above.

28 MINORITY INTEREST

CHF	2008	2007
Balance at beginning of year	158,000,095	61,678,129
Exchange differences arising on translation of foreign operations	(7,094,056)	(1,009,558)
Share of profit for the year	19,357,101	18,433,764
Acquired investments	6,978,527	44,338,380
Equity instrument at OHD level	-	34,559,380
Equity swap (18 December 2008) note 24.1	(32,899,967)	-
Balance at end of year	**144,341,700**	**158,000,095**

29 BORROWINGS

CHF	Current		Non-current	
	2008	2007	2008	2007
Secured				
Credit facilities [1]	204,179,844	102,617,902	5,690,094	108,253,005
Bank loans [2]	15,554,562	15,758,364	140,810,929	21,757,085
Finance lease [3]	2,337,896	-	6,486,419	-
	222,072,302	**118,376,266**	**152,987,442**	**130,010,090**

The weighted average contractual effective interest rate for all financial liabilities was 6.59 % [2007 11.33%]. It is calculated by dividing the forecasted contractual interest expense due next year by the total outstanding credit facilities and bank loan. The debts bearing variable interest rate in 2008 were CHF 302 million versus CHF 58 million of debts bearing fixed interest rate.

[1] **Credit facilities**
Credit facilities used by the company are short term facilities and have mainly variable interest rates including a mark up. The average interest rate for credit facilities is 7.7 %. They are mainly secured by shares of subsidiaries.

[2] **Bank loans**
Bank loans are long-term facilities and have in general variable interest rates including a mark up. The average interest rate for bank loans is 4.4 %. The part due in 2009 is classified as short term. They are mainly secured by pledged fixed assets.

[3] **Finance lease**
The Group has leased buses and cars over the next few years until 2013. The average interest rate for finance lease is 11.5%. They are mainly secured by the pledged buses and cars (note 34).

30 PROVISIONS

CHF	2008	2007
Balance at beginning of year	8,298,216	4,025,557
Additional provisions formed	754,213	4,887,295
Reductions resulting from settlement	(1,098,111)	(82,007)
Exchange differences arising on translation of foreign operations	(398,450)	(532,629)
Balance at end of year	**7,555,868**	**8,298,216**

Provisions relate to claims made by other parties in connection with the Group's operation. These provisions are reviewed by management every year and adjust the amount provided based on the latest development, discussion and agreements with these parties.

The provisions relate to the same nature as described above and are therefore shown in one category.

31 OTHER CURRENT LIABILITIES

CHF	2008	2007
Advances from customers [1]	96,982,549	60,192,194
Accrued expenses	14,166,503	15,637,139
Other credit balances	30,058,295	38,854,013
Deposits from others	6,905,332	8,448,466
Taxes payable (other than income taxes)	7,328,782	5,912,532
Due to management companies	3,622,601	3,777,154
Amounts due to shareholder [2]	623,170	372,610
Hedging liabilities	3,811,566	-
	163,498,798	**133,194,108**

32 DUE TO RELATED PARTIES

CHF	2008	2007
Joud Fund IV	33,350,469	-
Other (balances less than CHF 100,000 each)	-	1,258,794
	33,350,469	**1,258,794**

Joud Fund IV replaced the loan from a bank provided to Falcon for Hotels Company (a subsidiary of the Group). The company (Falcon) has entered into an agreement dated 1 June 2008 with Joud Capital Investment Company for the purpose of developing real estate units by using the plots of lands available to the company other than used by hotel operation.

[1] Advances from customers include amounts received (progress payments) from buyers of real estate between the time of the initial agreement and contractual completion.
[2] Amount due to shareholder relates to amounts owed to Mr. Samih Sawiris (major shareholder and the Chairman & CEO of the Group) as described in note 39.

33 OTHER FINANCIAL LIABILITIES

Put option and call option agreement - CMAR

Pursuant to the Put option and Call option Agreement dated April 2006 between Orascom Holding for Hotels Company (OHH), European Investment Bank (EIB), and Societe de Promotion ET De Participation pour la Cooperation Economique (PROPARCO). OHH unconditionally and irrevocably undertakes to purchase all or part of EIB and PROPARCO shares in Club Med Albion Resort (CMAR) during the put period ending 31 March 2016 if EIB and PROPARCO exercise their right.

In addition, OHH has a right to buy all or part of the shares of EIB and PROPARCO during the call period ending 31 March 2016. The financial asset “right to buy” was initially recognised at fair value amounting to CHF 13.77 million which is the present value of the amount to be redeemed to the other shareholders if they were to exercise the option on the last day of the option period (future value at 2016: CHF 28 million).

Starting 1 January 2007, CMAR has been deemed to be controlled due to the potential voting rights of 42.5% in addition to the existing voting rights of 12.5% and is thus recognised as a subsidiary and consolidated for the first time in 2007 with the financial asset derecognised. In determining the percentage on which CMAR was consolidated, the call and put options to buy the additional 42.5% stake were taken into consideration which results in a total ownership of OHH of 55% for consolidation purpose. As at 31 December 2008 the assets were CHF 72 million (2007 CHF 81 million), total revenues amounted to CHF 8 million (2007 CHF 3.5 million) and the loss amounted to CHF 2 million (2007: CHF 0.435 million profit).

As described above and in accordance with the Put option and Call option Agreement dated April 2006, the Company has an obligation to buy 8 500 shares in Club Mediterranee Albion Resorts LTD (CMAR) if the other shareholders exercised their right to sell their shares during the period from 2012 till 31 March 2016. The settlement will be in the form of cash payment by the Group. The obligation price is determined to be the value of the initial share plus one of the following rates for different exercisable periods:

- 6.75% per annum computed on the value of initial share from subscription date to the exercise date if the right to sell by the other shareholders is exercised during the period from subscription date to 31 March 2012, or
- 7.25% per annum computed on the value of the initial share from subscription date to the exercise date if the right to sell by the other shareholders is exercised during the period from 1 April 2012 to 31 March 2013, or
- 8.25% per annum computed on the value of initial share from subscription date to the exercise date if the right to sell by the other shareholders is exercised during the period from 1 April 2013 to 31 March 2016.

In addition, the Group undertakes to pay EIB and PROPARCO a lock-up indemnity which is payable in arrears on the dates falling at six-monthly intervals after the execution date of the Put option and Call option Agreement. The payment of lock-up indemnity is not refundable if the right to buy is not exercised by the Group.

- The lock-up indemnity is computed as follows:

In respect of initial shares; 6.75% per annum calculated on the initial value of share from subscription date to the exercise date,

In respect of additional shares allocated to EIB and PROPARCO; 6.75% per annum calculated on the value of additional share from the allocation date to the exercise date.

The financial liability “obligation to buy” was recognised at fair value at the balance sheet date amounting to CHF 13 million which was the present value of the amount to be paid to the other shareholders if they were to exercise the option on the last day of the option period (future value in 2016 CHF 28 million).

The difference between the present value and final redemption amount is interest expense that is charged to income statement over the life of the financial liability using the discount rate of 6.75%. This financial liability is measured at amortised cost in subsequent periods (details of accounting policy are disclosed in note 3.19.3 to the financial statements). The interest expenses recognised in the year amounted to CHF 1,047,895.

34 OBLIGATIONS UNDER FINANCE LEASE

34.1 Leasing arrangements

Finance leases relate to cars and busses with lease terms of 5 years. The cars and busses will be paid to almost CHF 0 by the end of the leasing period. The Group's obligations under finance leases are secured by the leased assets.

34.2 Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payment	
	2008	2007	2008	2007
No later than 1 year	2,607,503	-	2,337,896	-
Later than 1 year and not later than 5 year	9,343,551	-	6,486,419	-
	11,951,054	**-**	**8,824,315**	**-**
Less future finance charges	(3,126,739)	-	-	-
Present value of minimum lease payments	**8,824,315**	**-**	**8,824,315**	**-**
Included in the financial statements as:				
Current borrowings (note 29)			2,337,896	-
Non-current borrowings (note 29)			6,486,419	-
			8,824,315	**-**

34.3 Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

35 RETIREMENT BENEFIT PLANS

35.1 Defined benefit plans

The Group operates funded defined benefit plans for qualifying employees in Switzerland. Under the plans, the employees are entitled to retirement benefits and risk insurance for death and disability. No other post-retirement benefits are provided to these employees. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2008.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Movements in the present value of the defined benefit obligation in the current period were as follows:

	2008	2007
Discount rates	3.25%	3.25%
Expected return on plan assets	3.50%	3.50%
Expected rates of salary increase	1.00%	1.00%
Expected pension increases	0.50%	0.50%
Expected average remaining working lives in years	9.6 years	9.6 years

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

CHF	2008	2007
Current service cost (employer)	234,076	25,951
Interest cost	56,451	7,300
Expected return on plan assets	(45,823)	(7,714)
Actuarial loss recognised in current year	32,232	-
Expense recognised in profit or loss	**276,936**	**25,537**

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

CHF	2008	2007
Present value of funded defined benefit obligation	3,309,876	841,039
Fair value of plan assets	(2,641,108)	(448,490)
Funded status	668,768	392,549
Net actuarial losses not recognised	(567,494)	(394,532)
Restrictions on asset recognised	-	1,983
Net liability arising from defined benefit obligation	**101,274**	**-**

Movements in the present value of the defined benefit obligation in the current year were as follows:

CHF	2008	2007
Opening defined benefit obligation	841,039	-
Current service cost	234,076	25,951
Interest cost	56,451	7,300
Contributions from plan participants	173,679	27,520
Benefits deposited	1,935,518	385,736
Actuarial losses	69,113	394,532
Closing defined benefit obligation	**3,309,876**	**841,039**

Movements in the present value of the plan assets in the current period were as follows:

CHF	2008	2007
Opening fair value of plan assets	448,490	-
Expected return on plan assets	45,823	7,714
Actuarial (losses)	(136,081)	-
Contributions from the employer	173,679	27,520
Contributions from plan participants	173,679	27,520
Benefits paid	1,935,518	385,736
Closing fair value of plan assets	**2,641,108**	**448,490**

The major categories of plan assets, and the expected rate of return at the balance sheet date for each category, are as follows:

CHF	Expected return		Fair value of plan assets	
	2008	2007	2008	2007
Equity instruments (e.g. shares) – Third party	7.5%	7.5%	81,874	26,461
Debt instruments (e.g. bonds) – Third party	3.5%	3.5%	1,846,134	288,379
Property not occupied by and not used by the company	4.5%	4.5%	372,396	61,892
Others	2.5%	2.5%	340,704	71,758
Total plan assets at fair value	**3.5%**	**3.5%**	**2,641,108**	**448,490**

The actual return (loss) on plan assets was for 2008 CHF (90,258) and for 2007 CHF 7,714.

The history of experience adjustments is as follows:

CHF	2008	2007
Defined Benefit Obligation at 31 December.	(3,309,876)	(841,039)
Experience adjustments on Defined Benefit Obligation (gain)/loss	(69,113)	(394,532)
Expected plan assets at 31 December.	2,777,189	448,490
Experience adjustments on plan assets gain/(loss)	(136,081)	-

There have not been any retirement benefit plan before 2007 and therefore history goes only back to 2007.

The assets of the retirement benefit scheme have been invested under a collective insurance contract in accordance with an affiliation contract concluded with Allianz Suisse Lebensversicherungs-Gesellschaft.

The Group expects to make a contribution of CHF 261,028 (2007: CHF 201,199) to the defined benefit plans during the next financial year.

36 RISK ASSESSMENT DISCLOSURE REQUIRED BY SWISS LAW

Organizational and process measures have been designed to identify and mitigate risks throughout the Group at an early stage. The responsibility for risk assessment and management is primarily allocated to the segments and entities. However, Group Finance has implemented monitoring and consolidating measures. The Group's entities report to the Group Finance on their current operations and financial situation regularly. Various reports and analysis have been implemented to allow the Group to monitor the operations closely and immediately identify risks and initiate mitigating actions. In addition, the Group Finance has established during 2008 a new function for risk assessment and internal control. A risk matrix has been created that was populated by the most significant entities of the Group. The Group has also centralized certain functions (e.g. treasury, asset management, legal, information technology, human resources and internal audit) to be able to identify and control risks more closely.

Group Finance assesses and consolidates all information from the Entities and shares and discusses it with the Group Management on a regular base. A more formal reporting on risks over financial reporting was made prior to year-end to the Board of Directors. The Board of Directors in turn has performed a risk assessment covering longer-term operational and strategic risks to the Group. The conclusions of such risk assessment have also been considered by Group Finance.

As the Group CFO is consistently and closely involved in the risk assessment process and the preparation of the consolidated financial statements it is ensured that all conclusions from Group-wide risk assessment are adequately considered in the consolidated financial statements.

37 FINANCIAL INSTRUMENTS

37.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged since 2007.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 29, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, share premium, reserves and retained earnings.

Gearing ratio

The Group's risk management committee reviews the capital structure on a regular basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 40% - 45% determined as the proportion of net debt to equity. Based on the committee's recommendations, the Group expects to increase its gearing ratio closer to 40% - 45% through the issue of new debt.

The gearing ratio at the year end was as follows:

CHF	**2008**	**2007**
Debt [1]	375,059,744	248,386,356
Cash and cash equivalents	(177,145,039)	(87,341,213)
Net debt	**197,914,705**	**161,045,143**
Equity [2]	**947,004,723**	**673,762,527**
Net debt to equity ratio	**20.9%**	**23.9%**

[1] Debt is defined as long- and short-term borrowings, as detailed in note 29.
[2] Equity includes all capital and reserves of the Group.

37.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

37.3 Categories of financial instruments

CHF	2008	2007
Financial assets		
Loans and receivables (included cash and cash equivalents)	397,363,547	228,459,109
Fair value through profit and loss (FVTPL)	1,338,713	3,847,437
Available for sale financial assets		
At cost	34,889,622	40,055,616
At fair value	10,592,652	-
Financial liabilities		
At amortised cost	542,392,893	352,365,443
Derivative instrument in designated hedge accounting relationship	3,811,566	-

37.4 Financial risk management objectives

In the course of its business, the Group is exposed to a number of financial risks: credit risk, liquidity risk, market risk (including foreign currency and interest rate), commodity price risk and other risks (including equity price risk and settlement risk). This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

It is, and has been throughout 2008 and 2007, the Group's policy not to use derivatives without an underlying operational transaction or for trading (i.e. speculative) purposes.

The Group seeks to minimise the effects of these risks mainly through operational and finance activities and, on occasional basis, using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports monthly to the Group's risk management committee. The Group Treasury Director carries out risk management under the Group's guidelines.

37.5 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see 37.6) and interest rates (see 37.7). The Group enters into forward foreign exchange contracts to manage its exposure to foreign currency risk.

37.6 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The currencies, in which these transactions primarily are denominated, are US Dollar (USD), Euro (EUR) and Egyptian Pound (EGP). Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group's main foreign exchange risk arises from sales in foreign currency to the tourism/real estate industry, which generates a net foreign currency surplus for the Group. The Group has strong inflows in foreign currency, mainly US Dollar, Euro and Egyptian Pound. Receivables accounted in USD for 55% (2007: 80%), in EUR for 8% (2007: 6%) and in EGP for 37% (14%) from total receivables on hand. To mitigate these risks, where possible, the Group borrows in matching currencies to create a natural hedge.

Borrowings

	2008		2007	
USD	218,232,088	58%	166,484,184	67%
EGP	94,760,406	25%	31,956,868	13%
EUR	52,981,204	14%	49,945,304	20%
CHF	9,086,046	3%	-	-%
Total	**375,059,744**	**100%**	**248,386,356**	**100%**

Residual foreign exchange exposure is managed by hedging through entering into foreign currency forward contracts.

Currency risk has also recently developed due to the Group's investments in different markets such as those in Egypt, UAE, Jordan, Morocco, Switzerland and Oman. Again, the Group borrows in the local currency of the investment, and uses the above mentioned strategies to mitigate residual currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets; mainly receivables and monetary liabilities; mainly borrowings at the reporting date are as follows:

CHF	Liabilities		Assets	
	2008	2007	2008	2007
Currency-USD	218,232,088	166,484,184	99,982,506	42,034,154
Currency-EUR	52,981,204	49,945,304	10,882,910	6,114,059
Currency-EGP	94,760,406	31,956,868	70,920,959	28,277,522

37.6.1 Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in CHF against the relevant foreign currencies. The 5% is the sensitivity rate used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding borrowings, impact of the changes in the fair value of derivative instruments designated as cash flow hedges, and receivables denominated in foreign currency and adjust their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the CHF strengths 5% against the relevant currency. For a weakening 5% of the CHF against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

CHF	USD Impact		EUR Impact		EGP Impact	
	2008	2007	2008	2007	2008	2007
Profit or loss	5,886,257	5,573,142	1,407,606	1,316,676	6,172,824	37,801
Other equity	50,100	-	-	-	-	-

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency receipts within 25% to 30% of the exposure generated. As at 31 December 2008, the Company has foreign currency forward contracts to manage the risk associated with anticipated fluctuation in USD. These forward contracts resulted in loss of CHF 1.4 million (note 19).

37.7 Interest rate risk management

At 31 December 2008, the Group held one interest rate swap contract under which the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on the agreed notional principal amount, which is based on the outstanding amount of one of the long-term borrowings.

As the interest rate swap exchanges floating rate interest amounts for fixed rate interest amounts it is designated as a cash flow hedge in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

Management has assessed that the cash flow hedge is 100% effective and therefore the entire change in fair value of the interest rate swap is recognised in equity (note 26.4).

The following table details the notional principal amount and remaining terms of the interest rate swap contract outstanding as at reporting date:

Last installment date	Average contracted Fixed interest rate		Notional principal amount		Fair value	
	2008	2007	2008	2007	2008	2007
30 June 2014	3.5%	-	63,723,048	-	3,811,566	-

The interest rate swap settles on a half-yearly basis. The floating rate on the interest rate swaps is based on LIBOR. The Group settles the difference between the fixed and floating interest rate on a net basis.

37.7.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point (1%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2008 would decrease/increase by CHF 1.6 million (2007: decrease/increase by CHF 1.8 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

37.8 Other price risks

The Group is exposed to market price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

37.9 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience, other publicly available financial information, its own trading records and other factors, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across various industries and geographical areas.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on sales of real estates is limited because the Group controls this risk through the property itself by registering the unit in the name of the customer only after receiving the entire amount due from the customer.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

37.10 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As at 31 December 2008, total un-drawn facilities are CHF 15.4 million that the Group has at its disposal to further reduce liquidity risk.

Counterparty risk is also minimized by ensuring that 80% of derivative financial instruments, money market investments and current account deposits are placed with financial institutions whose credit standings are above AA and 20% above BB+.

The Group has access to financing facilities as explained above. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The Group targets not to exceed debt to equity ratio of 40-45%. This will be achieved through the issue of new debt and the increased use of secured bank loan facilities.

The table below shows the credit limit and balance of 5 major counterparties at the balance sheet date using the Standard and poor's credit rating symbols.

CHF		2008		2007		
Counterparty	**Rating**	**Credit limit**	**Carrying amount**	**Credit limit**	**Carrying amount**	
Bank 1	BB+	57,520,245	57,578,415	24,485,657	25,699,200	*
Bank 2	AA	41,516,500	42,040,000	30,425,963	28,339,988	
Bank 3	A+	26,551,250	26,546,851	22,218,975	23,255,414	*
Bank 4	A–	21,106,114	21,106,114	22,330,629	11,165,314	
Bank 5	A+	5,310,250	2,637,099	-	-	

* Outstanding amount includes interest charged

Details of the Group's significant remaining contractual maturity for its financial liabilities are disclosed in the table below.

At the year end it was not probable that the counterparty to the financial guarantee contract will claim under the contracts.

Maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

CHF 2008	Weighted average effective interest rate	Less than 6 month	6 months to one year	1 – 5 years	5 + years	Total
Non-interest bearing	-	120,503,664	-	5,825,176	-	126,328,840
Finance lease liability	11.5%	1,303,751	1,303,751	9,343,552	-	11,951,054
Variable interest rate instruments	6.28%	14,980,932	200,706,102	91,549,030	27,293,284	334,529,348
Fixed interest rate instruments	9.03%	1,246,028	33,693,362	37,456,460	50,200,301	122,596,151
Fixed interest rate other financial liabilities		-	-	-	25,734,338	25,734,338
		138,034,375	**235,703,215**	**144,174,218**	**103,227,923**	**621,139,731**

CHF 2007	Weighted average effective interest rate	Less than 6 month	6 months to one year	1 – 5 years	5 + years	Total
Non-interest bearing	-	54,766,348	-	-	-	54,766,348
Variable interest rate instruments	11.03%	12,358,017	123,149,200	111,845,058	61,710,454	309,062,729
Fixed interest rate instruments	12.85%	-	5,474,146	13,619,385	28,173,650	47,267,181
Fixed interest rate other financial liabilities	-	-	-	-	28,520,538	28,520,538
		67,124,365	**128,623,346**	**125,464,443**	**118,404,642**	**439,616,796**

37.11 Fair value of financial instruments

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- Quoted prices: Financial assets in this category include investments in mutual funds.
- The fair value of other financial assets and financial liabilities is determined based on discounted cash flow analysis using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

37.12 Derivatives

The financial statements include foreign currency forward contracts which are measured at fair value (note 19). Fair value is determined by the counterparty (financial institution) at mark to market.

The directors consider that the carrying amounts of financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

38 SHARE-BASED PAYMENTS

As at 31 December 2008, the Group did not have any share option or participation schemes in place and had not granted any OD Holding shares for the members of the board or the management.

The Group compensated during 2008 the fees of the Board of Directors half in unrestricted shares and half in cash. The cash amount will be paid out in 2009. The shares received by Board of Directors, had a fair value of CHF 572,292, which was for compensation of CHF 572,500.

39 RELATED PARTIES TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.
Details of transactions between the Group and other related parties are disclosed below.

CHF	(Settlement) / Payments		Management Fees		Due from related parties		Due to related parties	
	2008	2007	2008	2007	2008	2007	2008	2007
- financial investments								
El Gouna School For Languages	-	837,080	-	-	-	3,209,159	-	-
EL Gouna Sporting Club	-	1,509,172	-	-	-	3,273,974	-	-
Three Corners Company	-	-	-	1,489,495	6,430,229	5,443,879	-	-
Orascom for Housing and Construction	-	595,065	-	-	204,393	562,475	-	-
Waterfront investment	-	-	-	-	619,297	-	-	-
Oberoi Aida for Hotel	-	-	-	-	529,568	-	-	-
Campes and lodges	-	-	-	-	876,889	-	-	-
Joud Fund IV	-	-	-	-	-	-	33,350,469	-
- Executive Management								
Amounts due from acquisition of shares [1]	-	-	-	-	-	2,974,249	-	-
- Close family members								
Samih Sawiris [2]	-	(2,612,352)	-	-	-	-	623,170	372,610
Individuals of the Sawiris family	-	-	-	-	-	-	-	-
- Close family companies								
Orascom for tourist establishment company (OTEC)	-	3,866,203	-	-	136,703	6,649,629	-	-
Minority shareholders								
Roaya for Touristics Company	-	-	-	-	4,622,572	-	-	-

[1] **Transactions with executive board members**
For key management compensation, see note 11.
Other executive board members (other than Mr. Samih Sawiris) acquired share of CHF 550,000 at the same market price of the day of sale. Amounts due from these executive board members under this transaction are included in "Other assets" as amounts due from employees and the management team and amount to CHF 4.69 million (see note 20(2)). These shares of OHD were previously issued based on a general assembly resolution dated 13 February 2006 authorizing the company to issue 2 million shares of OHD at par to be used to allocate to employees.

[2] **Transactions involving Mr. Samih Sawiris the Chairman, CEO and major shareholder Purchase of shares from OHD**
On 17 January 2007 OHD allocated to employees and management team (including chairman and executive board members) and an amount of 2 million shares for full consideration being the market price as of that day. Mr. Samih Sawiris acquired under this transaction 330,000 shares at the market price. Amounts due from Mr. Samih Sawiris under this transaction are included in "Other assets" as amounts due from employees and management team and amount to CHF 2.82 million (see note 20(2)).

Taba Heights Company transactions
One of the Group's companies had been granted the right to acquire freehold title to the project's land by the Tourism Development Authority. Due to foreign ownership restrictions on the Sinai Peninsula becoming applicable in connection with the reorganization, the respective Group Company had to be transferred to our major shareholder being an Egyptian national. Mr. Samih Sawiris entered into a binding agreement to retransfer these shares subject to approval of the competent authorities, and that until such retransfer, the Group would be put into a position as the full economic beneficiary of these shares. This entails, inter alia, an irrevocable assignment of dividends and the authorization to collect dividends, exercise voting rights related to these shares and cause the sale of shares with no additional rights of Mr. Samih Sawiris in any value received.

Aswan transaction – concession to use freehold land for camping
The Group has concessions to use freehold land for 99 years beginning 2008. The land of 65,975 square meters is CHF 1,422,764 and the down payment made was CHF 833,413. This transaction has not been finalized in 2008.
Mr. Samih Sawiris will enter into a binding agreement to retransfer these assets subject to approval of the competent authorities, and that until such retransfer, the Group would be put into a position as the full economic beneficiary of these assets. This entails, inter alia, an irrevocable assignment of no additional rights of Mr. Samih Sawiris in any value received.

Other board member

A consultancy firm, in which a Member of the Board has a partnership, was paid a fee amounted to CHF 425,500 in the year under audit. (see note 11.1)

Significant shareholders

at 31 December 2008

Name of Holder	Number of shares	percentage ownership of total equity capital and voting rights
Samih Sawiris	13,738,894	59.17%
whereof held directly	7,350,994	31.66%
whereof held through TNT Holding Ltd.	5,873,741	25.30%
whereof held through SOS Holding Ltd.	514,159	2.21%
Janus Capital Management LLC	1,156,323	4.98%
Blue Ridge Capital Holdings LLC Blue Ridge Capital Offshore Holdings LLC	851,660	3.67%
Others	7,472,781	32.18%
Total	**23,219,658**	**100.00%**

40 ACQUISITION OF SUBSIDIARIES

40.1 Subsidiaries acquired

CHF				**2008**
Falcon for Hotels	Hospitality	1/1/2008	100%	**22,312,373**

OD Holding has an interest in Falcon for Hotels of 100% through a subsidiary. Falcon for Hotels owns a hotel.

40.2 Analysis of assets and liabilities acquired

CHF **2008**	Falcon for Hotels		
	Book value	**Fair value adjustments**	**Fair value on acquisition (see below)**
Non-current assets			
Property plant & equipments	47,690,685	10,799,235	58,489,920
Non-current liabilities			
Due to related parties	(2,226,333)	-	(2,226,333)
Borrowings	(33,951,214)	-	(33,951,214)
Deferred tax liabilities	-	(2,180,498)	(2,180,498)
Net assets	**11,513,138**	**8,618,737**	**20,131,875**
Share of ownership			**100%**
			20,131,875
Goodwill on acquisition			**2,180,498**
Acquisition cost			**22,312,373**

Deferred tax on property plant and equipment relates to land, which will not be depreciated in the future.

40.3 Cost of acquisition

The acquisition cost was agreed to be CHF 22,312,373 representing 100% of the acquired company, the consideration was prepaid in 2007, the acquisition was completed in 2008.

40.4 Net cash inflow on acquisition

CHF	
Total purchase consideration	22,312,373
Less: non-cash consideration	-
Consideration paid in cash (in 2007)	22,312,373
Less: cash and cash equivalent balances acquired	-
Net cash inflow on acquisition	**-**

40.5 Impact of acquisition on the results of the Group

Included in the 2008 profit for the year is CHF 0.46 million attributable to additional business generated by Falcon for Hotels. Total revenue for Falcon for Hotels included in the consolidation amounted to CHF 3.90 million.

41 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks.

42 NON-CASH TRANSACTIONS

Significant non-cash investing and financing activities during the year ended 31 December 2008

The Group reorganisation which took place in 2008 was mainly executed by non cash transactions. They are described in detail in note 1.

The Group acquired controlling stack in Falcon for Hotels Company (100%), the total consideration amounted to CHF 22 million has been eliminated from other assets (Down payment for investment) as it was already prepaid in 2007.

The Group capital has been increased by CHF 12 million by contribution in kind 4,797,200 OHD share accordingly 479,720 new registered shares has been issued to former shareholders of OHD and CHF 1.1 million has been contributed to reserve. This transaction has been eliminated from financing activities

Significant non-cash investing and financing activities during the year ended 31 December 2007

OHD acquired land for CHF 15.21 million (equivalent to EGP 75 million) under a purchase agreement. This acquisition will be reflected in the cash flow statement over the term of the purchase agreement via annual payments of instalments.

OHD acquired a controlling stake in Garranah Group of Companies (51%) through an equity swap transaction against its shares for total consideration of CHF 45.03 million (equivalent EGP 222 million).

Sale of OHD treasury shares for CHF 17.04 (equivalent EGP 84 million) to employees and management team. Amounts outstanding at year end.

43 OPERATING LEASE ARRANGEMENTS

43.1 Leasing arrangements

Operating leases relates to car lease with lease terms of between 2 to 4 years and office facilities with lease terms of 25 years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

43.2 Payments recognised as an expense

CHF	2008	2007
Minimum lease payments	5,493,285	-
	5,493,285	**-**

43.3 Non-cancellable operating lease commitments

CHF	2008	2007
Not longer than 1 year	278,263	-
Longer than 1 year and not longer than 5 years	1,003,022	--
Longer than 5 years	4,212,000	-
	5,493,285	**-**

In respect of non-cancellable operating leases, no liabilities have been recognised.

44 COMMITMENTS FOR EXPENDITURE

As at 31 December 2008, the commitments for expenditure amounted to CHF 13,485,377 in relation to the acquisition of property, plant and equipment.

The main part is committed by Orascom Housing Communities (OHC) as it has entered into a preliminary purchase agreement with Fayoum governorate to purchase 2,937,900 square meters of land for the purpose to develop youth housing communities. The commitment thereof is CHF 12,336,640 and will be paid in 7 annual installments beginning in 2010 till 2017. OHC has a right to buy additional land up to 8,393,700 square meters, if the company fulfils its commitments of development on the initial part of the land.

45 CHANGE IN PRESENTATION

Cost of sales includes part general and administration expenses from revenue generating companies. General and administration expenses include only general and administration expenses from corporate and head quarter functions as well as non revenue generating companies. The change in presentation is described in note 3.8 and the change in segment reporting is shown in note 6.3.

CHF	2007 before change	Change	2007 after change
Revenue	406,803,589	-	406,803,589
Cost of sales	(251,534,522)	(26,572,985)	(278,107,507)
Gross profit	**155,269,067**	**(26,572,985)**	**128,696,082**
Investment revenue	3,850,134	-	3,850,134
Other gains and losses	7,263,166	-	7,263,166
Provisions formed	(5,406,555)	-	(5,406,555)
General and administration expenses	(36,661,000)	26,572,985	(10,088,015)
Finance costs	(11,502,604)	-	(11,502,604)
Profit before tax	**112,812,208**	**-**	**112,812,208**
Income tax expense	(10,128,809)	-	(10,128,809)
Profit for the year	**102,683,399**	**-**	**102,683,399**

46 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A bank issued a letter of guarantee in the amount of CHF 1,000,000 related to a purchase and sale agreement with the government of Montenegro.

47 EVENTS AFTER THE BALANCE SHEET DATE

OD Holding signed a Memorandum of Understanding with Housing Development Administration of Turkey (TOKI) to develop affordable housing communities in Turkey

Orascom Development Holding AG (OD Holding) has signed a memorandum of understanding with Housing Development Administration of Turkey (TOKI) to enter the budget housing sector in Turkey.

Under the auspices of his Excellency Turkish Prime Minister Recep Tayyip Erdogan, the president of Housing Development Administration (TOKİ), Erdogan Bayraktar, and OD Holding's Chairman & CEO Mr. Samih Sawiris, signed a memorandum of understanding with the objective of developing affordable housing communities across Turkey.

TOKI is the sole public entity responsible for providing affordable housing for the low and middle-income groups in Turkey through innovative financial mechanisms, granting individual and mass housing credits, developing and or partnering with others to carry out applications for housing, infrastructure and social facilities, building, promoting and supporting construction of housing units, and fulfilling duties and obligations by laws and other legislation.

Orascom Development & Management, one of OD Holding's subsidiaries, signs a development management agreement with Nasr City Company for Housing & Development (N.C.H.R.)

A development management agreement was signed between Orascom Development & Management (ODM) and Nasr City Housing, an Egyptian listed real estate development company with total land bank of 10.13 million square meters. ODM will manage and develop approximately 3.78 million square meters of commercial and residential units in 'Al Nasr Gardens', a project owned by Nasr City Housing.

48 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors and authorized for issue on 23 March 2009.

Deloitte.

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REPORT OF THE STATUTORY AUDITOR

To the General Meeting of Orascom Development Holding AG, Altdorf

Report on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Orascom Development Holding AG, Altdorf, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages F-2 to F-57) for the year ended 31 December 2008.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Hans-Peter Wyss	Kaspar Kunz
Licensed audit expert	Licensed audit expert
Auditor in charge	

Zurich, 30 March 2009

Orascom Development Holding AG, Altdorf

Financial statements together with auditor's report for the period from 17 January to 31 December 2008

Income statement

for the period from 17 January to 31 December 2008

CHF	Notes	2008
Revenue		
Interest income		3,781,442
Operating expenses		
Personnel expenses		(242,741)
Other operating expenses		(1,169,923)
Total operating expenses		(1,412,664)
Other expenses		
Amortisation of incorporation and organization costs	5	(2,780,039)
Valuation adjustments of own shares		(296,292)
Exchange rate differences		(4,507,841)
Total other expenses		(7,584,172)
Net loss for the period		**(5,215,394)**

Balance sheet

as at December 31, 2008

CHF	Notes	2008
Assets		
Current Assets		
Cash at bank		110,466,607
Other receivables		
Affiliated Companies		76,378,832
Third Parties		710,523
Own shares		28 426
Total Current Assets		**187,584,388**
Non-current assets		
Fixed assets	6	401,003
Incorporation and organization costs	5	21,048,866
Investments	9	3,307,302,165
Total non-current assets		**3,328,752,034**
Total assets		**3,516,336,422**
Liabilities and shareholders' equity		
Short-term liabilities		
Other payables		
Shareholder		400,000
Affiliated Companies		1,628
Third parties	7	682,081
Accrued expenses		143,262
Total short-term liabilities		**1,226,971**
Shareholders' equity		
Share capital		580,491,450
Additional paid-in capital (Agio)		2,939,261,100
Reserve for own shares	10	79,963
Other reserve		492,332
Net loss of the period		(5,215,394)
Total shareholders' equity	11	3,515,109,451
Total liabilities and shareholders' equity		**3,516,336,422**

Notes to the financial statements

1 GENERAL

The Company has been incorporated in Altdorf on 17 January 2008 under the name of Orascom Hotels & Development AG. As per resolution of an extraordinary shareholder meeting on 29 February 2008 the Company name has been changed to Orascom Development Holding AG (the "company").

The purpose of the Company is the direct or indirect acquisition, durable management and disposing of participations in domestic or foreign enterprises, in particular in the field of real estate, tourism, hotels, construction, resort management, financing of real estate and related industries as well as the provision of related services.

The 2008 statutory financial statements cover the period from 17 January 2008 to 31 December 2008. They are prepared on a historical cost basis and are in accordance with Swiss law and the Company's articles of incorporation.

2 SECURITIES, GUARANTEES, DEPOSITS TO THIRD PARTY

A bank issued a letter of guarantee in the amount of CHF 1,000,000 related to a purchase and sale agreement with the government of Montenegro.

3 PLEDGED ASSETS TO SECURE OWN OBLIGATIONS

None

4 OFF-BALANCE-SHEET LEASING COMMITMENTS

for cars	CHF	75,383
for office rent	CHF	5,265,000

5 INCORPORATION COSTS

Costs incurred in relation to the incorporation of the Company, the capital increases and related exchange offer, as well as for the listing of the shares on the SIX Swiss Exchange (SIX) and Egypt Stock Exchange (EGX) are capitalised and amortised over a period of five years.

6 FIRE INSURANCE VALUE OF PROPERTY, PLANT AND EQUIPMENT

The fire insurance values of property, plant and equipment are generally based on replacement or fair values of such assets and is CHF 400,000.

7 LIABILITIES TOWARDS STAFF PENSION SCHEMES

Current liabilities as at 31 December 2008 amount to CHF 21,229.

8 BONDS

None

9 INVESTMENTS

Investments are valued at acquisition cost less adjustments for impairment of value. The Company has performed an impairment assessment of the investments based on a DCF valuation model for operations and separate valuations for land banks. Based thereon it concluded that investments are not impaired.

As at 31 December 2008, the Company directly holds the following investments:

Company, domicile, purpose	Ownership%		share capital
Orascom Hotels & Development S.A.E., Egypt Real estate development, hotel management	98.16%	EGP	1,109,811,630
Arena for Hotels Company S.A.E., Egypt Hotel operation	99.85%	EGP	20,000,000
Orascom Development Holding International Ltd, British Virgin Islands (BVI), International holding company	100.00%	USD	1
Orascom Development & Management Limited, Cyprus, Management company	100.00%	EUR	1,000

A list of direct and indirect holdings of OD Holding AG is included in note 16 of the notes to the consolidated financial statements

Orascom Hotels & Development S.A.E. (OHD)

On 3 April 2008, the Company launched an exchange and cash offer to the shareholders of OHD. By the end of the offer period on May 5, 2008, 208,145,270 OHD shares were tendered to the Company for exchange. The shareholders of OHD received shares of the Company in return at a ratio of 10:1.

76,176 OHD shares were tendered for cash. The Company offered EGP 78.49 (CHF 15.437) per OHD share. The total price paid amounted to CHF 1,175,929.

The tendered OHD shares have been valued at EGP 78.49 (CHF 15.437). Such value was equal to the price offered in cash and represented the 6 months average stock price at the Egyptian Stock Exchange prior to the offer.

On 13 May 2008, the Company extended its exchange and cash offer to shareholders of OHD. By the end of the extended offer period on May 19, 2008, 4,843,110 OHD shares tendered to the Company for exchange. The shareholders of OHD received shares of the Company in return at a ratio of 10:1.

233 OHD shares were tendered for cash. The Company offered EGP 78.49 (CHF 15.454) per OHD share. The total price paid amounted to CHF 3,601.

On 18 December 2008, another 4,797,200 OHD shares were contributed in kind to the Company for exchange in shares of the Company at a ratio of 10:1. The tendered OHD shares have been valued at CHF 2.73.

Arena for Hotels Company S.A.E.

The investment in Arena for Hotels Company S.A.E. has been transferred from OHD to the Company.

Orascom Development & Management Limited

Orascom Development & Management Limited has been incorporated in Cyprus under the companies law 113, as a limited liability company on June 30, 2008.

Orascom Development Holding International Limited

Orascom Development Holding International Limited has been incorporated in the British Virgin Islands (BVI) as a BVI business company on July 2, 2008.

10 TREASURY SHARES

The Company purchased on 15 August 2008 6,019 treasury shares for remuneration to the Board of Directors at an average price of CHF 95.08. 5,178 shares have been transferred to them. As of 31 December 2008 the Company holds 841 shares, which will be transferred in 2009 to a member of Board of Directors with total value of CHF 28,426, as at 31 December 2008. As at 31 December 2008 the market value per share was CHF 33,80.

11 SHAREHOLDERS' EQUITY

	Par Value *CHF*	Shares #	Issued capital *CHF*
Share capital	25	23,219,658	580,491,450
Authorized capital	25	2,803,501	70,087,525
Conditional capital	25	624,556	15,613,900

The table below shows all the transactions resulting in a change in issued capital during 2008. The transaction is described in note 3.2 of the consolidated financial statement.

	Date	Transaction	Par Value	Shares #		Issued capital CHF			
			CHF	Change	Total	Change	Total	Addition	Total
a	17/01/2008	Foundation	100	1,000	1,000	100,000	100,000	300,000	300,000
b	29/02/2008	Split by a reduction of the par value	25	3,000	4,000	100,000	100,000	-	300,000
c	06/03/2008	Contribution to reserves	25	-	-	-	-	400,000	700,000
d	06/05/2008	Capital increase 1	25	20,814,527	20,818,527	520,363,175	520,463,175	2,692,775,358	2,693,475,358
e	13/05/2008	IPO at the SIX Swiss Exchange	25	1,250,000	22,068,527	31,250,000	551,713,175	158,750,000	2,852,225,358
f	19/05/2008	Capital increase 1	25	486,411	22,554,938	12,160,275	563,873,450	63,009,681	2,915,235,039
g	09/06/2008	Shares for over-allotment	25	185,000	22,739,938	4,625,000	568,498,450	23,495,000	2,938,730,039
h	15/08/2008	Purchase of treasury shares	25	-	22,739,938	-	568,498,450	(572,295)	2,938,157,744
i	18/12/2008	Capital increase	25	479,720	**23,219,658**	11,993,000	**580,491,450**	1,103,356	**2,939,261,100**

[1] These balances amount to CHF 532,523,450 which is the opening balance of OD Holding, representing contributing in shares in OHD.

a, b) The Company was founded on 17 January 2008 with a nominal share capital of CHF 100,000 divided into 1,000 registered shares of CHF 100 par value each. As per resolution of an extraordinary shareholder meeting on 29 February 2008 the shares have been split by a reduction of the par value from CHF 100 to CHF 25 and by an increase of the number of shares from 1,000 to 4,000.

c) Additional paid-in capital of CHF 700,000 has been created by the subscription of all the shares at incorporation at a price of CHF 400,000 and on 6 March 2008 by an additional contribution to reserve of CHF 400,000.

d) As per resolution of an extraordinary shareholder meeting on 6 May 2008 the capital has been increased by CHF 520,363,175 by contributing in kind 208,145,270 shares in Orascom Hotels & Development S.A.E. (OHD) at CHF 154.37 each. 20,814,527 new registered shares have been issued to the former shareholders of the OHD shares. CHF 2,692,775 has been contributed to reserve (Agio).

e) On 13 May 2008, for the purpose of offering shares to the public within the listing of the Company at the SIX Swiss Exchange, the Board of Directors resolved to increase the capital from authorised capital by CHF 31,250,000 by issuing 1,250,000 new registered shares at CHF 152.00 each and accordingly reduce authorized capital. CHF 158,750,000 has been contributed to reserve (Agio).

f) As per resolution of the Board of Directors dated 19 May 2008 the capital has been increased from authorized capital by CHF 12,160,275 by contribution in kind 4,864,110 OHD shares in Orascom Hotels & Development S.A.E. (OHD) at CHF 154.54 each and accordingly reduces authorized capital. 486,411 new registered shares have been issued to the former shareholders of the OHD shares. CHF 63,009,681 has been contributed to reserve (Agio).

g) On 9 June 2008, for the purpose of offering further shares to the public within the listing of the Company at the SIX Swiss Exchange (over-allotment), the Board of Directors resolved to increase the capital from authorized capital by CHF 4,625,000 by issuing 185,000 new registered shares at CHF 152.00 each and accordingly reduce authorized capital. CHF 23,495,000 has been contributed to reserve (Agio).

h) CHF 572,295 have been transferred from Agio to Reserve for own shares when treasury shares were acquired. At the disposal of such shares the respective amounts were transferred to Other reserves. By selling the treasury shares CHF 492,332 have been transferred from Reserve for own shares to Other reserves.

i) As per resolution of the Board of Directors on December 18, 2008 the Company capital has been increased by CHF 11,993,000 by contribution in kind 4,797,200 OHD shares at CHF 27.30. and accordingly reduce authorized capital. 479,720 new registered shares have been issued to the former shareholders of the OHD shares. CHF 1,103,356 has been contributed to reserve (Agio).

As of December 31, 2008 the Company's share capital of CHF 580,491,450 is divided into 23,219,658 registered shares of CHF 25 par value each. The share capital is fully paid up. The registered shares of the Company are listed on the SIX Swiss Exchange and the Egyptian Stock Exchange (EGX).

12 RISK ASSESSMENT

Orascom Development Holding AG, as the parent company of the Group as a whole, is fully integrated into the Group-wide internal risk assessment process. Such assessment is performed bottom-up and top-down with final conclusions consolidated in the Group Finance Function.

The Group's entities report to the Group Finance on their current operations and financial situation regularly. Various reports and analysis have been implemented to allow the Group to monitor the operations closely and immediately identify risks. In addition, the Group Finance has established during 2008 a new function for risk assessment and internal control. A risk matrix has been created that was populated by the most significant entities of the Group. All information from the Entities is assessed and consolidated by Group Finance and is shared and discussed with the Group Management on a regular base. A more formal reporting on risks over financial reporting was made prior to year-end to the Board of Directors.

The Board of Directors in turn has performed a risk assessment covering more long-term operational and strategic risks to the Group. The conclusions of such risk assessment are also considered by Group Finance.

The risk mitigating actions are performed on the segment and entity level. The Group has centralized certain functions (e.g. treasury, asset management, legal, information technology, human resources and internal audit) to be able to identify and control risks more closely.

This risk assessment also covers the specific risks related to unconsolidated financial statements of Orascom Development Holding AG.

Disclosure of the Group-wide risk assessment procedures are also described in note 36 to the Group's consolidated financial statements.

13 SIGNIFICANT SHAREHOLDERS

at 31 December 2008

Name of Holder	Number of shares	percentage ownership of total equity capital and voting rights
Samih Sawiris	13,738,894	59.17%
whereof held directly	7,350,994	31.66%
whereof held through TNT Holding Ltd.	5,873,741	25.30%
whereof held through SOS Holding Ltd.	514,159	2.21%
Janus Capital Management LLC	1,156,323	4.98%
Blue Ridge Capital Holdings LLC / Blue Ridge Capital Offshore Holdings LLC	851,660	3.67%
Others	7,472,781	32.18%
Total	**23,219,658**	**100.00%**

14 REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

A detailed overview of the remuneration of the Board of Directors and Executive Management is provided in note 11 to the consolidated financial statements.

15 OTHER DISCLOSURES

There are no other items requiring disclosure under articles 663b, 663bbis and 663c of the Swiss Code of Obligations.

Deloitte.

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REPORT OF THE STATUTORY AUDITOR

To the General Meeting of Orascom Development Holding AG, Altdorf

Report on the financial statements
As statutory auditor, we have audited the accompanying financial statements of Orascom Development Holding AG, Altdorf, which comprise the balance sheet, income statement and notes (pages F-60 to F-67) for the period from 17 January 2008 (date of incorporation) to 31 December 2008.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the period ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte AG

Hans-Peter Wyss	Kaspar Kunz
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