

Andermatt Swiss Alps AG

Condensed Consolidated Interim Financial Statements

as of 30 June 2015

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Andermatt Swiss Alps AG

Condensed consolidated statement of comprehensive income

for the period ended 30 June 2015

| CHF | Notes | Six months ended 30 June 2015 | Six months ended 30 June 2014 |
|--|-------|----------------------------------|----------------------------------|
| CONTINUING OPERATIONS | | | |
| Revenue | 7 | 39,200,907 | 65,062,297 |
| Cost of sales | | (39,094,778) | (58,076,095) |
| Gross profit | | 106,129 | 6,986,202 |
| Investment income | | 86,078 | 21,972 |
| Other gains and losses | | (26,151) | 26,806 |
| General administrative and selling expenses | 8 | (6,061,915) | (7,318,881) |
| Finance costs | | (804,387) | (344,078) |
| Loss before tax | | (6,700,246) | (627,979) |
| Income tax income | 9 | 895,736 | 713,174 |
| (Loss)/profit for the period | | (5,804,510) | 85,195 |
| Total other comprehensive income for the period, net of tax | | - | - |
| Total comprehensive income for the period | | (5,804,510) | 85,195 |
| (Loss)/profit attributable to: | | | |
| Owners of the Parent Company | | (7,214,859) | (227,709) |
| Non-controlling interests | | 1,410,349 | 312,904 |
| | | (5,804,510) | 85,195 |
| Total comprehensive income attributable to: | | | |
| Owners of the Parent Company | | (7,214,860) | (227,709) |
| Non-controlling interests | | 1,410,350 | 312,904 |
| | | 5,804,510 | 85,195 |

Andermatt Swiss Alps AG

Condensed consolidated statement of financial position

at 30 June 2015

| CHF | Notes | 30 June 2015 | 31 December 2014 |
|---|-------|--------------------|--------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 182,218,379 | 181,762,879 |
| Deferred tax assets | | 7,705,048 | 6,809,312 |
| Other financial assets | | 67,200 | 67,200 |
| Total non-current assets | | 189,990,627 | 188,639,391 |
| CURRENT ASSETS | | | |
| Inventories | 12 | 238,977,198 | 236,609,906 |
| Trade and other receivables | 13 | 7,087,716 | 9,240,214 |
| Amounts due from construction contracts | | 1,348,380 | 1,093,849 |
| Due from related parties | 22 | 501,943 | 561,503 |
| Other current assets | 14 | 28,220,593 | 27,097,466 |
| Cash and bank balances | 15 | 6,909,731 | 10,543,087 |
| Total current assets | | 283,045,561 | 285,146,025 |
| Total assets | | 473,036,188 | 473,785,416 |

Andermatt Swiss Alps AG

Condensed consolidated statement of financial position - continued

at 30 June 2015

| CHF | Notes | 30 June 2015 | 31 December 2014 |
|--|-------|--------------------|--------------------|
| EQUITY AND LIABILITIES | | | |
| CAPITAL AND RESERVES | | | |
| Issued capital | 16 | 231,147,000 | 231,147,000 |
| Reserves | | (2,141,470) | (2,141,470) |
| Retained earnings | | (71,504,511) | (64,289,652) |
| Equity attributable to owners of the Parent Company | | 157,501,019 | 164,715,878 |
| Non-controlling interests | | 9,791,044 | 8,380,695 |
| Total equity | | 167,292,063 | 173,096,573 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 17 | 158,864,112 | 135,495,420 |
| Retirement benefit obligation | | 3,591,597 | 3,591,597 |
| Deferred tax liabilities | | 1,060,278 | 1,060,278 |
| Total non-current liabilities | | 163,515,987 | 140,147,295 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 18 | 17,094,083 | 19,967,456 |
| Borrowings | 17 | 9,826,573 | 9,882,607 |
| Due to related parties | 22 | 4,510,263 | 4,820,153 |
| Deferred revenue | 19 | 87,844,471 | 97,349,022 |
| Other current liabilities | 20 | 22,952,748 | 28,522,309 |
| Total current liabilities | | 142,228,138 | 160,541,548 |
| Total liabilities | | 305,744,125 | 300,688,843 |
| Total equity and liabilities | | 473,036,188 | 473,785,416 |

Andermatt Swiss Alps AG

Condensed consolidated statement of changes in equity

for the period ended 30 June 2015

| CHF | Issued Capital | General reserve | Retained earnings | Attributable to owners of the Parent Company | Non-controlling interests | Total |
|---|----------------|-----------------|-------------------|--|---------------------------|-------------|
| Balance at 1 January 2014 | 231,147,000 | (2,141,470) | (51,144,677) | 177,860,853 | 9,759,678 | 187,620,531 |
| Profit for the period | - | - | (227,709) | (227,709) | 312,905 | 85,195 |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | (227,709) | (227,709) | 312,905 | 85,195 |
| Non-controlling interests' share in equity of consolidated subsidiaries | - | - | (837) | (837) | 837 | - |
| Balance at 30 June 2014 | 231,147,000 | (2,141,470) | (51,373,223) | 177,632,307 | 10,073,419 | 187,705,726 |
| Balance at 1 January 2015 | 231,147,000 | (2,141,470) | (64,289,652) | 164,715,878 | 8,380,695 | 173,096,573 |
| Loss for the period | - | - | (7,214,859) | (7,214,859) | 1,410,349 | (5,804,510) |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | (7,214,859) | (7,214,859) | 1,410,349 | (5,804,510) |
| Balance at 30 June 2015 | 231,147,000 | (2,141,470) | (71,504,511) | 157,501,019 | 9,791,044 | 167,292,063 |

Andermatt Swiss Alps AG

Condensed consolidated statement of cash flow

for the period ended 30 June 2015

| CHF | | Six months ended 30 June 2015 | Six months ended 30 June 2014 |
|--|-----------|----------------------------------|----------------------------------|
| | Notes | | |
| Cash used in operations | | (19,662,869) | (15,986,004) |
| Interest paid | | (436,283) | (344,078) |
| Income tax paid | | - | (703) |
| Net cash used in operating activities | | (20,099,152) | (16,330,785) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment | | (5,308,632) | (7,061,431) |
| Interest received | | 84,727 | 15,963 |
| Net cash used in investing activities | | (5,223,905) | (7,045,468) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (5,209,409) | (2,759,895) |
| Proceeds from borrowings | | 26,899,109 | 21,912,306 |
| Net cash generated from financing activities | | 21,689,700 | 19,152,411 |
| Net decrease in cash and cash equivalents | | (3,633,357) | (4,223,842) |
| Cash and cash equivalents at the beginning of the period | | 10,543,087 | 11,159,966 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | - | - |
| Cash and cash equivalents at the end of the period | 15 | 6,909,731 | 6,936,124 |

Notes to the condensed consolidated interim financial statements

1. Description of business

Andermatt Swiss Alps AG ("ASA" or "the Parent Company") is a limited company incorporated in Andermatt, Switzerland.

The Parent Company and its subsidiaries (the "Group") are responsible for the development, planning, implementation and operation of the newly integrated holiday resort in the Swiss mountain village of Andermatt which includes hotels, private villas and apartments as well as leisure facilities such as ski areas, golf courses and supporting infrastructure.

The address of its registered office and principal place of business is Gotthardstrasse 2 in Andermatt, Switzerland.

2. Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The condensed consolidated interim financial statements have been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2014.

3. Basis of preparation

The condensed consolidated interim financial statements include all the subsidiaries controlled by the Parent Company and are presented in Swiss Francs (CHF).

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made by management in the application of IFRS and key sources of estimation uncertainties were the same as those applied to the consolidated financial statements of the year ended 31 December 2014.

Particularly, reference is made to the material uncertainty in relation to the successful completion of the Andermatt project, which may cast significant doubt about the company's ability to continue as a going concern.

4. Adoption of new and revised International Financial Reporting Standards

4.1. Standards and interpretations effective in the current period

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

Revised Standards

| | |
|---------|--|
| IAS 19 | Employee Benefits – Amendments on employee contributions for defined benefit plans |
| Various | Amendments resulting from annual improvement project – 2010-2012 Cycle |
| Various | Amendments resulting from annual improvement project – 2011-2013 Cycle |

4.2. Standards and interpretations not yet adopted

At the date of authorization of these condensed consolidated interim financial statements, the Group has not adopted the following standards and interpretations that have been issued but are not yet effective. They will be effective for annual periods beginning on or after the dates described below.

| New and Revised Standards | | Effective from |
|---------------------------|---|----------------|
| IFRS 9 | Financial Instruments – Final version including expected loss impairment model | 1 January 2018 |
| IFRS 10 | Consolidated Financial Statements – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture | 1 January 2016 |
| IFRS 11 | Joint Arrangements – Amendments on accounting for acquisitions of interests in joint operations | 1 January 2016 |
| IFRS 14 | Regulatory Deferral Accounts | 1 January 2016 |
| IFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| IAS 16 | Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation | 1 January 2016 |
| IAS 28 | Investments in Associates and Joint Ventures – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture | 1 January 2016 |
| IAS 38 | Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation | 1 January 2016 |
| Various | Amendments resulting from annual improvement project – 2012-2014 Cycle | 1 July 2016 |

The Group is currently assessing whether these changes will impact the consolidated financial statements in the period of initial application.

5. Significant accounting policies

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate, and investment properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Group is not subject to any significant seasonality or cyclicity. The same accounting policies, presentation and methods of computation are followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2014.

6. Subsidiaries

The Group is comprised of the Parent Company and its subsidiaries operating in Switzerland. There have been no changes in the group structure during the period.

The group controls its subsidiaries directly and indirectly.

7. Segment information

The Group currently has three reportable segments which are its business units. The business units offer different products and services and are managed separately because they require different skills or have different customers. For each of the business units, the Head of Segments together with the Group CEO and Group CFO review the internal management reports regularly. The following summary describes the operations in each of the Group's reportable segments:

- Hotels – Includes hotel operating services for The Chedi Hotel in Andermatt, which currently is the Group's only operating hotel. The hotel is managed with the support of an international hotel chain.
- Real estate, construction and other operations – Includes acquisition of land and addition of substantial value by building residential real estate and other facilities which are sold upon completion. Further it includes other destination operations like rental of holiday units as well as the operation of the golf course in Andermatt.
- Ski Arena – Includes development and operation of Ski Arena Andermatt Sedrun

Segment results

| CHF | Hotels | | Real estate, construction and other operations | | | | Ski Arena | | Total | |
|------------------------------|--------------|--------------|--|------------------|------------------|------------------|--------------|--------------|--------------|--------------|
| | | | Six months ended | Six months ended | Six months ended | Six months ended | | | | |
| | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 |
| Total segment revenue | 8,326,566 | 6,917,375 | 18,539,628 | 46,386,151 | 13,308,754 | 11,774,117 | 40,174,948 | 65,077,642 | | |
| /. inter-segment revenue | (963,264) | - | (10,777) | (15,345) | - | - | (974,041) | (15,345) | | |
| Revenue external customers | 7,363,302 | 6,917,375 | 18,528,851 | 46,370,806 | 13,308,754 | 11,774,117 | 39,200,907 | 65,062,297 | | |
| Segment result | (8,327,880) | (8,942,414) | (981,618) | 7,627,127 | 3,327,561 | 1,009,414 | (5,981,937) | (305,873) | | |
| Investment income | | | | | | | 86,078 | 21,972 | | |
| Finance costs | | | | | | | (804,387) | (344,078) | | |
| Profit/(loss) before tax | | | | | | | (6,700,246) | (627,979) | | |
| Income tax income | | | | | | | 895,736 | 713,174 | | |
| Profit/(loss) for the period | | | | | | | (5,804,510) | 85,195 | | |

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit before financial result and income taxes. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

| CHF | 30 June 2015 | 31 December 2014 |
|--|--------------------|--------------------|
| Hotels | 79,782,472 | 82,148,427 |
| Real estate, construction and other operations | 330,040,935 | 324,924,282 |
| Ski Arena | 48,028,859 | 48,731,604 |
| Segment assets | 457,852,266 | 455,804,313 |
| Unallocated assets | 15,183,922 | 17,981,103 |
| Consolidated total assets | 473,036,188 | 473,785,416 |
| | | |
| Hotels | 10,195,904 | 8,768,209 |
| Real estate, construction and other operations | 117,112,409 | 135,681,879 |
| Ski | 4,174,586 | 4,980,297 |
| Segment liabilities | 131,482,899 | 149,430,385 |
| Unallocated liabilities | 174,261,226 | 151,258,458 |
| Consolidated total liabilities | 305,744,125 | 300,688,843 |

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than other financial assets, amount due from related parties as well as current and deferred tax assets.
- All liabilities are allocated to reportable segments other than borrowings, amounts due to related parties as well as current and deferred tax liabilities

8. Administrative expenses

| CHF | Six months ended 30 June 2015 | Six months ended 30 June 2014 |
|-------------------------------|----------------------------------|----------------------------------|
| Employee expenses | (3,158,428) | (3,237,268) |
| Marketing expenses | (1,380,947) | (2,000,999) |
| Depreciation expenses | (282,760) | (132,934) |
| Other administrative expenses | (1,239,780) | (1,947,680) |
| Total | (6,061,915) | (7,318,881) |

Administrative expenses in the first half of 2015 were CHF 1.3 million lower compared to the same period in 2014. This was mainly due to lower marketing expenses in ASA as well as lower administrative expenses for the Chedi Hotel which was fully operational in the first half of 2015.

9. Income taxes

Tax income recognised during the period amounted to CHF 895,736 (six months ended 30 June 2014: Tax income CHF 713,174). These accruals are based on the estimated average annual effective income tax rate expected for the full year, applied to the pre-tax income for the six-month period.

10. Dividends

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

11. Property, plant and equipment

| Six months ended 30 June 2015 CHF | Property, plant and equipment (i) | Property under construction | Assets under finance lease | Total |
|--------------------------------------|---|-----------------------------------|-------------------------------|-------------|
| Opening net book value at 01/01/2015 | 123,351,017 | 49,163,636 | 9,248,225 | 181,762,878 |
| Additions | 484,457 | 4,868,907 | 1,028,744 | 6,382,108 |
| Disposals | - | - | (87,224) | (87,224) |
| Depreciation and amortization | (5,082,248) | - | (757,135) | (5,839,383) |
| Closing net book value at 30/06/2015 | 118,753,226 | 54,032,543 | 9,432,610 | 182,218,379 |

| Six months ended 30 June 2014 CHF | Property, plant and equipment (i) | Property under construction | Assets under finance lease | Total |
|--------------------------------------|---|-----------------------------------|-------------------------------|-------------|
| Opening net book value at 01/01/2014 | 111,445,849 | 119,235,088 | 11,430,766 | 242,111,703 |
| Additions | 1,262,266 | 5,646,895 | 451,000 | 7,360,161 |
| Disposals | - | - | - | - |
| Depreciation and amortization | (5,104,846) | - | (532,072) | (5,636,918) |
| Closing net book value at 30/06/2014 | 107,603,269 | 124,881,983 | 11,349,694 | 243,834,946 |

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

12. Inventories

| CHF | 30 June 2015 | 31 December 2014 |
|-----------------------------------|--------------------|---------------------|
| Construction work in progress (i) | 183,920,628 | 168,343,578 |
| Other inventories (ii) | 55,056,570 | 68,266,328 |
| Total | 238,977,198 | 236,609,906 |

(i) This amount includes real estate construction work under progress. The real estate units are sold off plan. The increase is due to the ongoing construction of apartments on the podium. This increase was partly compensated by the recognition of revenue for completed and sold units of the Chedi project and "Gemse" apartments.

(ii) This amount includes hotels and ski area inventory of CHF 1.1 million (31 December 2014: 1.0 million) as well as completed but unsold units of CHF 54.0 million (31 December 2014: CHF 67.3 million) regarding the Chedi project and "Gemse" apartments.

There were no material write-downs or reversal of write-downs of inventory in the first six months of 2015 (Q2 2014: nil).

13. Trade and other receivables

Trade and other receivables decreased by CHF 2.2 million mainly due to payments received for finished "Gemse" apartments. There were no other significant changes in the first six months of 2015.

14. Other current assets

Other current assets mainly consist of prepaid sales commissions (CHF 1.9 million), deferred payments granted to buyers of real estate units (CHF 8.3 million), other prepaid expenses (CHF 16.6 million), VAT receivables (CHF 1.3 million) as well as other debtors (CHF 0.1 million). Other current assets increased due to prepayments in relation to the construction of the Chedi project. This increase was partly set-off by a reduction in other current assets in relation to the settlement of a litigation case with a contractor. For further details refer to note 25.

15. Cash and cash equivalents

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

16. Issued and paid-up capital

Issued and paid-up capital as of 30 June 2015 amounts to CHF 231,147,000 and is divided into 231,147 registered ordinary shares with a par value of CHF 1,000 per share.

17. Borrowings

In order to finance working capital requirements, the Group, as part of its credit arrangements with Mr. Samih Sawiris, has withdrawn a total of CHF 151.8 million including accumulated interests, an increase of CHF 24.7 million compared to 31 December 2014 which mostly explains the increase in non-current borrowings.

Current borrowings increased due to further withdrawal of construction loans received from banks of CHF 2.5 million, three new finance leases of total CHF 1.0 million as well as an increase in current bank loans of CHF 0.3 million. Further, there were reclassifications from non-current borrowings to current borrowings of CHF 1.9 million.

The increase in borrowings was offset by repayments of bank loans, construction loans with banks and finance leases of total CHF 5.4 million.

18. Trade and other payables

Trade and other payables decreased by CHF 2.9 million mainly due to unpaid invoices in relation to the construction of real estate as well as due to a decrease of payables of the ski area operators. There were no other significant changes in the first six months of 2015.

19. Deferred revenue

Deferred revenue decreased by CHF 9.5 million mainly due to further revenue recognition in relation to delivered apartments of the "Gemse" building. The decrease was partly set off by further instalments received for sold apartments in Andermatt.

20. Other current liabilities

Other current liabilities consist of accrued expenses (CHF 16.6 million), deferred revenue from government grants (CHF 6.0 million) as well as other liabilities (CHF 0.6 million). Other current liabilities mainly decreased due to the netting of amounts in relation to the settlement of the litigation case with a service provider. For further details refer to note 25.

21. Assets and liabilities measured at fair value

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

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

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

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

Fair value measurements recognised in the consolidated statement of financial position

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

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

All financial assets at FVTOCI are grouped into Level 3 as none of them are listed and their values are not based on observable market data. The financial assets at FVTOCI were measured at fair value based on a method that combined the earning and net equity book values of the companies.

Reconciliation of Level 3 fair value measurements of financial assets

| | Unquoted equity securities |
|--|----------------------------|
| CHF | 2015 |
| Opening balance | 67,200 |
| Total gains or(losses) recognized in other comprehensive income | - |
| Closing balance | 67,200 |

22. Related party transactions

Acuro Transaction

Acuro Immobilien AG ("Acuro") has purchased 73 apartments in The Chedi Andermatt, Switzerland from one of the Swiss subsidiaries of the Group for CHF 122.7 million plus participation in future sales profits on the properties. 50% of the agreed purchase price has been collected at closing of this transaction with the residual 50% payable in pre-agreed instalments according to the progress of construction work.

Acuro is a real estate investment vehicle that is managed by third parties. Mr. Samih Sawiris, Chairman of the Board of Directors and major shareholder of Orascom Development, and his family invested into Acuro as an important minority shareholder.

As at 30 June 2015 as well as 31 December 2014 there are no receivables due from Acuro outstanding. No further revenue was recognised in the first half of 2015. However, there was revenue in relation to resale provisions and further development of completed units of CHF 1.0 million. The revenue of the residual unfinished real estate units has been deferred as not all criteria necessary to recognize revenue have been met. Revenue will be recognized upon completion of the residual real estate units which is expected in the last quarter of 2015.

Explanation of other movements

There were no other significant related party transactions in the first half of 2015.

23. Non-cash transactions

During the six months period, the Group entered into the following non-cash investing and financing activities which are not reflected in the condensed consolidated statement of cash flows:

- Capitalization of interest of CHF 0.3 million over projects under construction

24. Commitments for expenditure

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

| CHF | 30/06/2015 |
|-----------------------------|------------|
| Andermatt Swiss Alps AG (i) | 15,825,000 |

- (i) ASA has obligations towards the canton of Uri and the municipality of Andermatt. ASA is responsible for the construction of certain parts of the tourism resort Andermatt. Within certain periods of time or should the construction work be stopped for whatever reason, ASA has the obligation to rebuild the relevant plots of land to the original state. At 30 June 2015, 36,985 ASA shares with a nominal value of CHF 1,000 each, amounting to a total book value of CHF 36,985,000, have been pledged as a security to the canton and municipality. Additionally, land with a value of CHF 1,000,000 has been pledged under this transaction.

25. Litigation

One of the contractors involved in the construction of real estate of the Group claimed an additional CHF 8.2 million for their services. Management of the Group believed that the claims were unjustified and has engaged a third party lawyer. In July 2015, litigation settlement has been achieved. As a consequence, the Group will have to pay CHF 2.4 million of the requested CHF 8.2 million. So far the Group has shown the expected recoverable amount of CHF 7.7 million against the total liability including any accrued interest resulting in a net liability of CHF 2.4 million. Therefore the final settlement, which will be shown in Q3 2015, will not have a significant impact on the comprehensive income of the Group.

26. Events after the date of statement of financial position

Due to acceleration measures that are required for the remainder of the year to ensure timely completion of the Chedi project as well as incremental costs for the replacement or addition of some of the contractors, the total estimated cost for the Chedi project increased by CHF 18 million. Part of the increase in total cost led to onerous contracts which need to be recognized in the second half of 2015. The estimated impact is CHF 11 million. No adjustments were needed for these subsequent events in these interim consolidated financial statements as the reason for the cost increase occurred subsequent to 30 June 2015.

27. Approval of condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by management and board of directors on 23 October 2015.

Report on Review of Condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Andermatt Swiss Alps Group as of 30 June 2015 with comparables as of 31 December 2014 and the related condensed statements of comprehensive income, condensed changes in equity and condensed cash flows for the six-month period ended as of 30 June 2015 with comparables as of 30 June 2014 and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Financial Reporting Standards (IFRS). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2015 with comparables as of 31 December 2014, and of its financial performance and its cash flows for the six-month period ended as of 30 June 2015 with comparables as of 30 June 2014 in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

We draw attention to Note 3 of the condensed financial statements describing the existence of material uncertainty in relation to the successful completion of the Andermatt project, which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Deloitte AG



Roland Müller
Partner



Christian Gabriel
Manager

Zurich, 23 October 2015
ROM/CGA/jva