

***ANDERMATT SWISS
ALPS AG,
ANDERMATT***

*Financial Statements for the Year Ended
31 December 2014 and Report of the Statutory Auditor*

Report of the Statutory Auditor

To the General Meeting of
ANDERMATT SWISS ALPS AG, ANDERMATT

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Andermatt Swiss Alps AG, which comprise the balance sheet as at 31 December 2014 and the income statement and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these 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 year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Emphasis of Matter

We draw attention to Note 10 to the financial statements describing the existence of material uncertainty in relation to the successful completion of the Andermatt project. This fact 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.

Should the going concern assumption no longer be appropriate, the financial statements would have to be prepared based on liquidation values. In this case a serious concern of over indebtedness in the sense of article 725 paragraph 2 CO would exist and the relevant provisions would have to be complied with.

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 Code of Obligations (CO)) 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 noted that significant processes of the internal control system relating to the preparation of financial statements was not documented.

In our opinion, except for the matter described in the previous paragraph, an internal control system designed for the preparation of financial statements exists in accordance with the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte AG



Roland Müller
Licensed Audit Expert
Auditor in Charge



Christian Gabriel
Licensed Audit Expert

Zurich, 27 May 2015
ROM/CGA/jko

Enclosures

- Financial statements (balance sheet, income statement and notes)

Andermatt Swiss Alps AG

Bilanz per 31. Dezember
Balance Sheet as of 31 December

Anhang
Notes

2014

2013

AKTIVEN ASSETS		CHF	CHF
Umlaufvermögen Current assets			
Flüssige Mittel Cash and cash equivalents		6,290,974	7,507,575
Forderungen aus Lieferungen und Leistungen Trade accounts receivable		5,598,131	2,440,584
Andere Forderungen Other accounts receivable			
- gegenüber Dritten from third parties	117,898	770,728	
- gegenüber Konzerngesellschaften from group companies	114,904,060	97,033,589	
- gegenüber Aktionäre from shareholders	561,503	831,990	
Vorräte Inventories	10	105,230,455	30,646,744
Aktive Rechnungsabgrenzungen Prepaid expenses and accrued income		1,303,592	2,009,168
		234,006,613	141,240,378
Anlagevermögen Non-current assets			
Sachanlagen Property, plant and equipment			
- Mobile Sachanlagen Tangible fixed assets	3	937,874	206,896
- Immobile Sachanlagen Intangible fixed assets	3	19,023,112	1,589,531
- Angefangene Bauten Project under progress	3/10	30,525,585	108,786,202
Beteiligungen und Finanzanlagen Investments and financial assets	1/4	66,553,197	40,366,736
Sonstige Forderungen Other non current-assets		2,085,452	2,140,100
		119,125,220	153,089,465
		353,131,833	294,329,843

Andermatt Swiss Alps AG

Bilanz per 31. Dezember
Balance Sheet as of 31 December

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2014

2013

PASSIVEN	CHF	CHF
LIABILITIES AND SHAREHOLDERS' EQUITY		
Fremdkapital		
Liabilities		
Verbindlichkeiten aus Lieferungen und Leistungen		
Trade accounts payable		
- gegenüber Dritten to third parties	5,225,821	2,369,950
- gegenüber Konzerngesellschaften to group companies	1,878,872	-
Andere kurzfristige Verbindlichkeiten		
Short term accounts payable		
- gegenüber Dritten from third parties	389,347	351,868
- gegenüber Finanzinstituten to financial institutions	2,188,768	-
Vorauszahlungen von Kunden	18,900,069	18,196,614
Advances from customers		
Passive Rechnungsabgrenzungen	13,351,659	11,382,134
Accrued expenses and deferred income		
Rückstellungen	88,129	401,576
Provisions		
Langfristige Verbindlichkeiten		
Long-term accounts payable		
- gegenüber Dritten to third parties	400,077	100,000
- gegenüber Aktionären to shareholders	5 128,048,636	68,837,442
	170,471,378	101,639,584
Eigenkapital		
Shareholders' equity		
Aktienkapital	231,147,000	231,147,000
Share capital		
Bilanzverlust		
Accumulated loss		
- Verlustvortrag Loss carried forward	-38,456,741	-23,397,387
- Jahresverlust Net loss for the year	-10,029,804	-15,059,354
	182,660,455	192,690,259
	353,131,833	294,329,843

Andermatt Swiss Alps AG

Erfolgsrechnung

Income statement

01.01.14-31.12.14

01.01.13-31.12.13

	CHF	CHF
Verkaufserlös Revenue from sales	20,689,764	4,635,277
Dienstleistungsertrag Revenue from trade and services	274,220	134,213
Dienstleistungsertrag Konzerngesellschaften Revenue from services to group companies	336,220	558,355
Diverse Erträge Other income	93	16,279
Betrieblicher Gesamtertrag Total operating income	<hr/> 21,300,297	<hr/> 5,344,124
Herstellkosten des Verkaufs Cost of sales	-19,867,536	-7,599,406
Bruttogewinn Gross margin	1,432,761	-2,255,282
Verkaufs- und Verwaltungsaufwand Selling, General and administrative expenses	-11,509,663	-12,134,787
Übriger Betriebsertrag Other operating income	79,694	257,194
Betriebsergebnis vor Zinsen und Steuern Loss before interest and taxes	<hr/> -9,997,208	<hr/> -14,132,875
Finanzertrag Financial income	3,063,609	1,985,071
Finanzaufwand Financial expenses	-3,096,205	-2,756,550
Aufwand aus betrieblichen Wertschriften Expenses on securities (non-trading)	-	-155,000
Ordentliches Unternehmungsergebnis (vor Steuern) Ordinary result before taxes	<hr/> -10,029,804	<hr/> -15,059,354
Jahresergebnis (vor Steuern) Result before taxes	<hr/> -10,029,804	<hr/> -15,059,354
Jahresverlust Net loss for the year	<hr/> -10,029,804	<hr/> -15,059,354

Andermatt Swiss Alps AG

Anhang der Jahresrechnung

Notes to the Financial Statements

2014

2013

CHF

CHF

1 Belastung von Aktiven

Pledged assets

Rangrücktritt Bellvue Hotel & Appartement Development AG, Altdorf

Subordinated claim Bellvue Hotel & Appartement Development AG, Altdorf

Erhöhung im August 2014 / Increase in August 2014

35,000,000

14,900,000

Rangrücktritt Hotel 4b Development AG, Andermatt

Subordinated claim Hotel 4b Development AG, Andermatt

3,100,000

3,100,000

Total

38,100,000

18,000,000

2 Nicht bilanzierte Leasingverbindlichkeiten

Off-balance lease arrangements

20,352

1,971

3 Brandversicherungswerte der Sachanlagen

Fire insurance value of property, plant and equipment

Mobiliar, Einrichtungen und EDV

Furniture, Fixtures & Hardware

3,363,000

2,080,000

Gebäude

Buildings

13,835,000

4,071,888

Total

17,198,000

6,151,888

Zusätzlich besteht eine Bauplatzversicherung mit einer Schweizer Versicherungsgesellschaft, welche einen ganzheitlichen Versicherungsschutz für den gesamten Bauplatz des Projektes in Andermatt garantiert. Die Versicherung deckt damit auch allfällige Schäden durch Feuer ab.

In addition, there is a contract with a Swiss insurance company which insures the whole construction site in Andermatt. Such insurance covers also damages caused by fire.

4 Angaben zu Beteiligungen und Finanzanlagen

Investments and financial assets

Beteiligung / Subsidiary:

Bellevue Hotel & Appartement Development AG, Altdorf

Aktienkapital / Share Capital CHF 4,360,000

Anteil / Ownership 100 % (2013: 100%)

4,360,000

4,360,000

Beteiligung / Subsidiary:

Andermatt Hotel Holding AG, Andermatt

Aktienkapital / Share Capital CHF 100,000

Anteil / Ownership 0 % (2013: 100%)

-

100,000

ASA hat Beteiligung zum Buchwert an SOSTNT Luxembourg S.a.r.l. verkauft

ASA sold Subsidiary at bookvalue to SOSTNT Luxembourg S.a.r.l.

Beteiligung / Subsidiary:

Hotel 4b Development AG, Andermatt

Aktienkapital / Share Capital CHF 100,000

Anteil / Ownership 51 % (2013: 51%)

51,000

51,000

Beteiligung / Subsidiary:

Andermatt-Sedrun Sport AG, Andermatt

Aktienkapital / Share Capital CHF 23,814,275

Anteil / Ownership 52.8 % (2013: 52.8%)

12,574,200

12,574,200

Andermatt Swiss Alps AG

Anhang der Jahresrechnung

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CHF

CHF

5 Langfristige Verbindlichkeiten gegenüber Aktionären

Long term liabilities to shareholder

Darlehen / loan Samih O. Sawiris	128,048,636	68,837,442
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6 Personalaufwand

Personnel expense

6,102,229	4,550,149
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7 Abschreibungen Total

Depreciation total

770,922	286,821
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8 Sicherungsverpflichtung zugunsten Dritter

Joint liability in favour of third parties

Die Andermatt Swiss Alps Gruppe tritt gegenüber der Eidgenössischen Mehrwertsteuer- verwaltung als Gruppe auf, was zu einer Solidarhaftung aus Gruppenbesteuerung für die Mehrwertsteuer führt.

Andermatt Swiss Alps Group acts as Group company against confederate value-added tax authorities. This leads to a joint liability from Group taxation for value-added tax purposes.

9 Angaben zur Durchführung der Risikobeurteilung

Information on risk assessment

Gemäss Organisationsreglement vom 24. Juni 2008 hat der Verwaltungsrat die Risikoüberwachung an die Geschäftsleitung delegiert.

Die Geschäftsleitung der Gesellschaft bespricht regelmässig anlässlich der GL-Sitzung den Stand der Projekte und die Risiken des Resorts Andermatt. Wo notwendig werden operativ die entsprechenden Korrekturmassnahmen eingeleitet. Über die finanziellen Risiken wird regelmässig an den Verwaltungsrat rapportiert.

According to the organization charter dated 24 June 2008 the board of directors has delegated the risk monitoring to the management of the Company.

The Company's management is discussing the status of the projects as well as the risks related to the Andermatt project on a regular basis at the management meetings. Risk mitigating measures are implemented when considered necessary. Financial risks are reported regularly to the board of directors.

10 Wesentliche Unsicherheiten

Material Uncertainties

Die Positionen "Angefangene Bauten" und "Vorräte" beinhalten aufgelaufene Projektkosten für die Planung und den Bau des Tourismusprojektes in Andermatt im Umfang von rund CHF 136 Mio. Die Werthaltigkeit dieser aktivierten Projektkosten ist davon abhängig, ob das Tourismusprojekt erfolgreich fertiggestellt werden kann und die Budgeterwartungen dannzumal erreicht werden. Dies kann im jetzigen Stadium der Entwicklung nicht abschliessend beurteilt werden. Zudem ist die Fertigstellung des Tourismusprojektes und die Fortführung der Gesellschaft von der finanziellen Unterstützung der Orascom Gruppe bzw. dem Mehrheitsaktionär abhängig. Sollten der Gesellschaft die benötigten Mittel nicht zur Verfügung gestellt werden, würde sie illiquid werden. Der Verwaltungsrat ist überzeugt, dass genügende finanzielle Mittel zur Verfügung gestellt werden und das Tourismusprojekt erfolgreich abgeschlossen werden kann. Es sind keine gegenteiligen Anzeichen feststellbar.

The positions "project under construction" and "inventories" include project costs in relation to the planning and the construction of the tourist project in Andermatt of CHF 136 mio. The valuation of these capitalized project costs is depending on the successful completion of the project and the achievement of the budgets. As of today at the current stage of the project, it is not possible to finally conclude on this. In addition, the successfull completion of the project as well as the going concern of the Company is depending on the continous financial support of the Orascom Group respectively the main shareholder . Should the Company not be provided with the necessary financial funds, it could become illiquid. The board of directors is convinced that sufficient financial funds will be available to the Company to successfully complete the project. No adverse developments are currently expected.

11 Eventualverpflichtungen

Contingent liabilities

15,825,000

18,525,000

Die ASA hat Verpflichtungen gegenüber dem Kanton Uri und der Gemeinde Andermatt. Sie ist verantwortlich für den Bau von bestimmten Teilen des Tourismusresorts Andermatt. Sollten die Bauarbeiten aus einem bestimmten Grund nicht weitergeführt werden, hat die ASA die Verpflichtung die betreffenden Landteile zurückzubauen zum ursprünglichen Status.

Per 31. Dezember 2014 waren 36,985 (2013: 36,985) ASA Aktien, die von der Orascom Development AG gehalten werden, mit einem Nominalwert von CHF 1,000 verpfändet als Sicherheit an den Kanton und die Gemeinde. Zusätzlich wurde im Zusammenhang mit dieser Transaktion Land mit einem Wert von CHF 1,000,000 CHF verpfändet.

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 31 December 2014, 36,985 (2013: 36,985) ASA shares, owned by Orascom Development Holding AG, with a nominal value of CHF 1,000 each, 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.

12 Eventualforderungen

Contingent assets

Es bestehen mögliche weitere Kaufpreisraten bezüglich eines Landverkaufs an ein verbundenes Unternehmen. Diese Kaufpreisraten werden jedoch nur dann fällig, wenn zukünftige Bauziele erreicht werden.

There are contingent assets in relation to a land sale to a related party. However, such amounts are only receivable if construction milestones are met in the future.

13 Vorjahreswerte

Prior year figures

Das Vorjahr wurde zu Vergleichszwecken angepasst.

Prior year has been amended for reason of comparison.