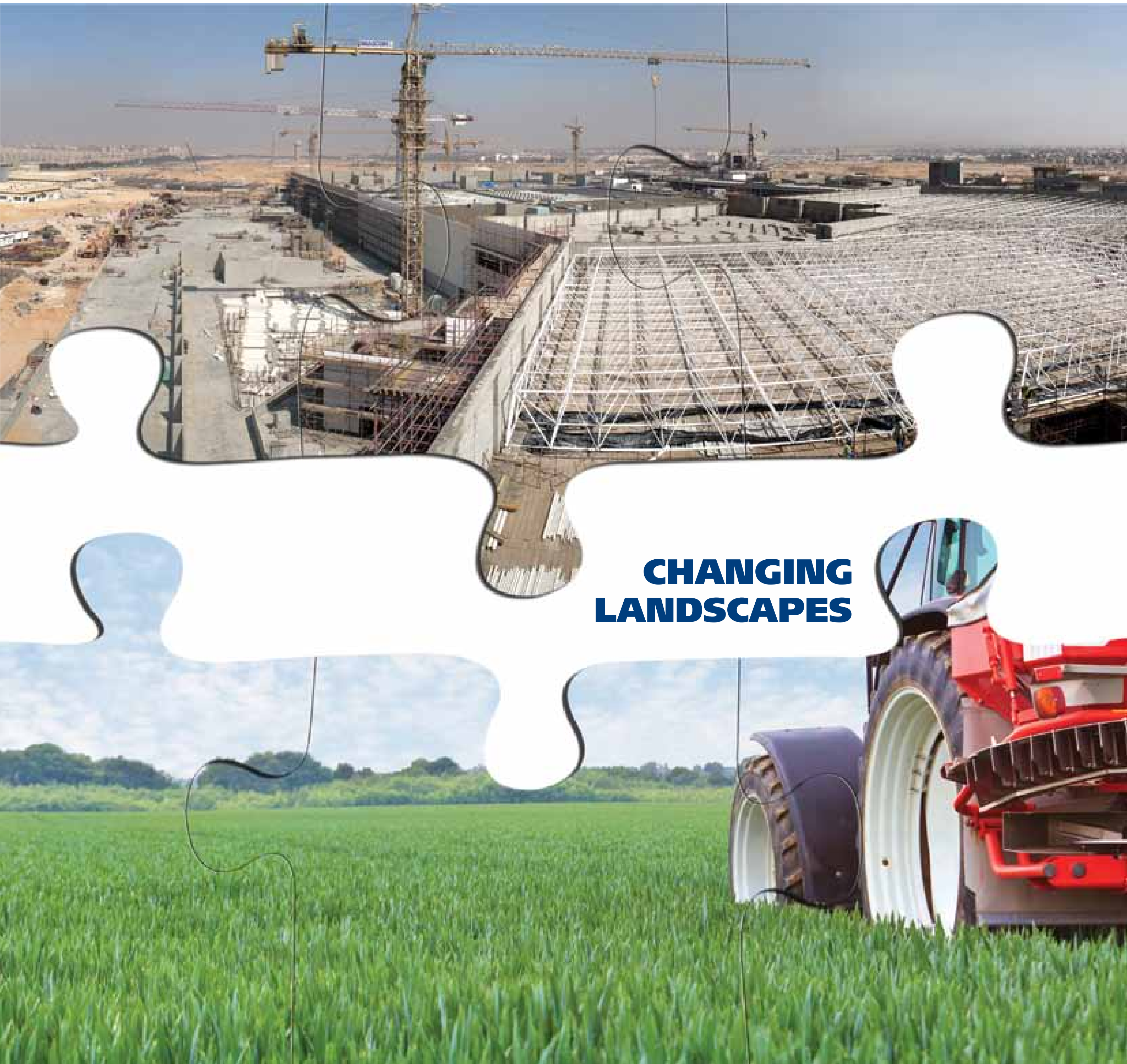
ANNUAL REPORT & ACCOUNTS 2011

ORASCOM CONSTRUCTION INDUSTRIES



CHANGING LANDSCAPES

Orascom Construction Industries is a leading international fertilizer producer and construction contractor based in Cairo, Egypt. We are one of the region's largest corporations with projects and investments across Europe, the Americas, the Middle East and North Africa.

We aspire to be a company that our clients are proud to work with and our employees are proud to work for, a company committed to delivering quality work and products, safely and on schedule, and a company with an open mind ready to embrace new opportunities and driven to deliver exceptional value.

New Cairo Wastewater Treatment Plant

Egypt Basic Industries Corporation

Smart Village

Highlights
2011

+12.6%
REVENUE GROWTH

+29.3%
EBITDA GROWTH

+14.2%
NET INCOME GROWTH

THE FERTILIZER GROUP

- Continued production capacity growth led by the integration of OCI Beaumont, which widened our product portfolio to include methanol.
- Group expansions in the United States, the Netherlands, Egypt, and Algeria on track to reach 7.0 million metric tons of nitrogen-based fertilizer capacity in 2012 and to rank among top global producers. Melamine and methanol add a further 1.0 million metric tons of petrochemical products.
- Sorfert Algeria has entered final commissioning stages for Line I which is expected to start production in April with Line II to follow. Sorfert will add 1.2 million tons of urea and 0.8 million tons of ammonia annually at full capacity.

THE CONSTRUCTION GROUP

- Consecutive backlog growth over three quarters to reach $ 6.4 billion as at 31 December, 2011 emphasises a positive trend in project tendering, with a strong interest in large-scale construction services across our core markets.
- Diversified geographic presence across the Middle East, Africa, and Europe, with 69.3% of backlog and 66.2% of new awards contributed by projects outside of Egypt.
- EBITDA margin of 14.0% during the year.

	2011 $ millions	**2011 EGP millions**	2010 $ millions	2010 EGP millions
Revenue	5,511.3	32,722.0	4,895.0	27,552.4
EBITDA	1,407.0	8,353.7	1,088.1	6,124.8
Net income (after disc. ops)	678.6	4,028.9	594.2	3,344.4
Earnings per share	3.3	19.6	2.9	16.2
Dividends per share	2.1	12.5	2.0	11.3
Capital expenditures	371.6	2,242.5	574.6	3,336.0
Total assets	9,827.4	59,300.5	9,435.0	54,779.8
Cash & cash equivalents	1.051.7	6,346.4	973.0	5,649.4
Total debt	3,644.2	21,989.6	3,030.1	17,592.9
Minority interest	193.2	1,165.6	179.9	1,044.3
Shareholders' equity	3,084.0	18,609.8	3,076.3	17,860.8

Egyptian Pounds (EGP) and US Dollars ($) figures in millions except per share data. Growth percentages calculated based on US Dollar figures.

Letter to Shareholders

We begin 2012 with a transformational plan to demerge the construction business from the fertilizer business, derived from our commitment to delivering exceptional enhanced strategic transparency, and maintaining a healthy group.

REVENUE

5.5 BN

$ 5.5 BILLION IN 2011 COMPARED TO $ 4.9 BILLION IN 2010

EBITDA

1.4 BN

$ 1.4 BILLION IN 2011 COMPARED TO $ 1.1 BILLION IN 2010

NET INCOME

678.6 M

$ 678.6 MILLION IN 2011 COMPARED TO $ 574.6 MILLION IN 2010

CONSTRUCTION BACKLOG

6.4 BN

$ 6.4 BILLION IN 2011 COMPARED TO $ 5.6 BILLION IN 2010

DEAR SHAREHOLDERS,

Despite a politically tumultuous start to 2011 in Egypt, OCI delivered healthy results in both our construction and fertilizer business units. During the year, consolidated revenue grew 12.6% to $ 5.5 billion, EBITDA increased by 29.3% to $ 1.4 billion, and net income grew by 14.2% to $ 678.6 million over 2010. Our consolidated EBITDA margin improved to 25.5% from 22.2% last year.

We announced several exciting strategic structural developments during 2011, which will completely transform our business landscape.

In December, OCI's Board of Directors announced its decision to file with the Egyptian Financial Supervisory Authority (EFSA) to start the process to effect a demerger of the company's construction business from its fertilizer business. The demerger is expected to enhance the long-term value creation capabilities of businesses, allowing each business to have a greater strategic clarity and enabling their respective management teams to make decisions and allocate capital to enhance their growth. We are steadfast in our focus to deliver superior shareholder value, and this is the key driver behind our Board of Directors' decision to demerge.

Accordingly, during the fourth quarter OCI restructured its debt by securing $ 2.2 billion in term facilities to refinance the Fertilizer Group's existing credit facilities which had significant portions maturing in 2013. The new credit facilities have been organized at the Fertilizer Group subsidiaries level as part of OCI's plan to streamline its operating groups and facilitate the creation of two standalone businesses. OCI ended the year with $ 2.6 billion in net debt including nearly $ 1.1 billion in cash.

During the fourth quarter, we reclassified our minority stakes in the Gavilon Group LLC and Notore Chemical Industries Ltd. as investments held for resale. Gavilon, in which OCI owns 16.8%, has been slated for sale and a process has been initiated. Notore, in which OCI also owns a non-controlling minority stake of 13.5%, is preparing for an initial public offering, which should allow us to monetize our stake.

FERTILIZER GROUP

2011 saw the continued growth of our Fertilizer Group, which sold a total of 4.2 million tons of nitrogen-based fertilizers and melamine during the year. Solid fertilizer prices and robust farmer economics during the year yielded strong returns for the Fertilizer Group, which saw revenue and EBITDA grow 62.5% and 76.3% respectively year-on-year. The Group's EBITDA margin improved to 42.2% in 2011 from 38.9% last year.

During the year, we acquired Pandora Methanol LLC, an idled integrated anhydrous ammonia and methanol producer located in Beaumont, Texas. Rebranded as OCI Beaumont, the facility adds 0.25 million metric tons of ammonia and 0.75 million metric tons of methanol to our product portfolio. The plant was fully rehabilitated during the year with ammonia production commencing in December 2011. Methanol production will follow suit in 2012.

Our capacity expansions in the United States, Egypt, Algeria, the Netherlands continue to progress steadily. Once completed, fertilizer production capacity is expected to increase 60% to achieve a new run-rate of 7 million tons in fertilizer sales starting 2013. Our melamine and methanol production capacities add a further one million tons of product.

Sorfert Algérie has entered final commissioning stages for Line I with Line II to follow in the third quarter. Sorfert will add 1.2 million tons of urea and 0.8 million tons of ammonia annually at full capacity. In the Netherlands, OCI Nitrogen has completed the expansion works for a 26% increase in calcium ammonium nitrate (CAN) capacity to 1.45 million tons, which will ramp-up throughout 2012. Egyptian Fertilizers Company (EFC) expects to complete a 20% increase in urea production capacity to 1.55 million tons per year by mid-2012.

In October, we also announced our plan to develop a state-of-the-art integrated nitrogen-based fertilizer complex in Brazil with EBX, a leading Brazilian investment conglomerate. Our strategic entry into both North and South America positions us as a truly global nitrogen fertilizer investor, producer, and distributor, with a total product portfolio of 7 million metric tons upon full ramp-up of our plant capacities in Egypt, Algeria, the United States, and the Netherlands.

Our distribution network continued to focus on solidifying its presence in Europe and the Americas, which represented 88.7% of our combined Fertilizer Group sales destinations.

CONSTRUCTION GROUP

The Construction Group performed well during 2011, growing its backlog by 14.3% year-on-year to $ 6.4 billion. The Group reported three consecutive quarters of backlog growth during the year, emphasizing a positive trend in project tendering in our core markets. The Group's consolidated EBITDA margin remained strong at 14.0% for the year.

The Construction Group added $ 4.32 billion worth of new awards during the year, with the fourth quarter alone contributing $ 1.58 billion, the highest order intake in a single quarter since the first quarter of 2008. New awards during the quarter included the landmark Egyptian Grand Museum contract valued at $ 810 million, a project predominantly funded by the Japanese International Cooperation Agency (JICA).

During the year, Orascom Construction announced two construction alliances. In January, we formed a joint venture with Arab Contractors to bid on future nuclear power projects in Egypt and the Middle East, aiming to benefit from announced regional investment programs in the nuclear power sector. In March, Orascom Construction announced that it has partnered with Maire Tecnimont to explore potential fertilizer opportunities in Africa. These, and other alliances, will allow the Construction Group to capitalize on the growing pipeline of industrial and infrastructure mega-projects to be tendered in our core markets in the near future.

Contrack continues to expand its presence in its key markets of Afghanistan, Bahrain and Qatar by targeting key contracts tendered by the US Army Corps of Engineers (USACE) as well as select large-scale infrastructure and commercial projects. The company landed a record $ 711.4 million in new awards for the year, the highlight being a $ 433 million four year USACE operations and maintenance (O&M) contract for more than 300 Afghan army and police stations throughout Afghanistan. In the medium-term, Contrack aims to diversify its geographic presence by penetrating Libya, Djibouti, and select countries in the Pacific Rim through US government contracts.

As part of our geographic diversification strategy, both Orascom Construction and the BESIX Group increased their focus on the Saudi Arabian construction market, securing nearly $ 825 million in new awards during the year. Key contracts include infrastructure work at the new King Abdul Aziz International Airport and the King Abdullah Sports City complex.

OUR COMMUNITIES

We believe that our strong relationships with our partners and the communities in which we operate are integral to our success. Our partners are global leaders in their industries with whom we have cultivated repeat successful alliances on projects across the region. Our people are our brand ambassadors, personifying our strengths, values and success. During the year, our employees' diligence and dedication resulted in exceptional safety and environmental results, reducing our carbon footprint and recording an impressive number of man-hours without lost time injuries.

As a leading player in our markets, we strive to nurture our communities by maximizing the use of local resources whenever possible. Our global operations employ local talent and partners in each country in which we operate, allowing us to plow resources into developing each of our host markets. This differentiates us from our competitors, increases our operational efficiency, and ensures our ability to operate uninterrupted in the communities we serve.

A TRANSFORMATIONAL YEAR

We expect 2012 to reap significant change upon completion of the demerger, which will result in the company in its current form becoming OCI Fertilizers, and a new company called Orascom Engineering and Construction being listed as the demerged construction business.

Operationally, our businesses will continue to focus on their growth strategies. Our construction business will continue to focus on widening our geographic presence in strategic emerging markets, including a build-up of operations in Saudi Arabia and Iraq where our backlog is benefitting from material growth. In addition, Orascom Construction shall focus on developing a larger presence in the burgeoning renewable energy sector by strategically bidding on announced wind and solar projects in the region. In the medium term, we aim to diversify our services by continuing to build our engineering skills to maximize our contribution to EPC contracts.

Our fertilizer business aims to solidify its position as a global leader by completing its various expansion projects and continuing to pursue accretive acquisitions and Greenfield projects in strategic markets. Our diversified nitrogen product portfolio allows us to capitalize on expected healthy fertilizer prices in 2012, buoyed by robust industry fundamentals.

Upon the completion of the demerger, each autonomous company will pursue its independent development strategy, enhancing investor understanding and transparency of the businesses.

NASSEF SAWIRIS
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Business

"Our focus on maximizing shareholder value continues to be our core driver. As a global leader in both the construction and fertilizer industries, we strive to serve as the benchmark for strategy execution and operational excellence in a rapidly changing international landscape."
Salman Butt, Chief Financial Officer

THE GROUP

Orascom Construction Industries is a leading international fertilizer producer and construction contractor based in Cairo, Egypt. We are one of the region's largest corporations with projects and investments across Europe, the Americas, the Middle East and Africa.

Our Fertilizer Group is a strategic owner and operator of nitrogen fertilizer plants in Egypt, the Netherlands, the United States, and Algeria with an international distribution platform spanning Europe, North and South America, Southeast Asia, and Africa. Our operations will exceed 7.0 million metric tons of capacity by the end of 2012, positioning us among the top three largest nitrogen fertilizer producers worldwide.

Our Construction Group ranks among the world's top global contractors and operates under three distinct and separate business units. Orascom Construction targets large industrial and infrastructure projects principally in North Africa and the Middle East. The BESIX Group undertakes major commercial, industrial and infrastructure projects throughout Europe, the Middle East, and northern and central Africa. Contrack pursues institutional projects in the Middle East and Central Asia. To complement our construction businesses, we have investments in manufacturers of fabricated steel products, glass curtain walling, paints and concrete pipes, as well as investments in two property management companies.

OUR STRATEGY

Targeting large, complex construction projects in emerging markets.

Expanding investments in fertilizer production and select downstream activities.

Working in partnership with local and global leaders.

Investing in the best people and technologies.

Maintaining our commitment to quality and safety.

Being a good corporate citizen wherever we operate.

Providing products and services for people in developing economies.

Searching for new opportunities in order to deliver exceptional value.

OUR VALUES

Excellence in every aspect – premium quality and performance resulting from our expertise, efficiency, attention to detail and passion.

Exceptional value – value based on the depth of our financial resources, our local knowledge and our technical expertise.

Constructive partnerships – strong, enduring relationships with clients and partners based on trust, transparency and results.

Safety focused – important consideration in every aspect of our operations.

Setting global standards and respecting local sensitivities – putting our expertise and experience to work for our clients, our partners and our host communities. Developing our people to match global standards and maintaining a commitment to use local materials and suppliers.

OUR CORE STRENGTHS

Our people – their expertise, hunger for knowledge and passion to excel. Above all, their loyalty and commitment to Orascom Construction Industries.

Our resources – capital resources that enable us to respond faster than our construction competitors and raw materials that enable us to trade fertilizers at market leading prices.

Our experience – a tradition for excellence and achievement reaching back over 50 years and an ability to share our clients' perspective that gives us a unique understanding of their needs throughout the project cycle.

Our investment capability – financial resources that allow us to partner with clients as both investor and contractor. The ability to self-perform and to diversify into new industries.

Our entrepreneurial attitude – a strong appetite for investment and diversification to grow our business and increase revenue streams.

Notore Chemical Industries

Egyptian Fertilizers Company

Located near the Sokhna Port, EFC is the largest fertilizer producer and exporter in Egypt.

Ownership: 100%

Markets: Europe, North and South America, Africa and Southeast Asia.

Employees: 837

Egyptian Basic Industries Corporation

Located near the Sokhna Port, EBIC is the largest ammonia exporter in Egypt.

Ownership: 60%

Markets: Europe, North America and Asia through an off-take agreement with Transammonia – a global fertilizer trader.

Employees: 330

OCI Beaumont

Located in Beaumont, Texas, USA, the company is an integrated anhydrous ammonia and methanol producer with strategic access to dedicated import/export jetties on the Gulf coast.

Ownership: 100%

Markets: USA and along the Gulf coast.

Employees: 65

Notore Chemical Industries

Located in Onne, Cross Rivers State in Nigeria, the company is a granular urea and bulk blended NPK producer and exporter.

Ownership: 13.5%

Markets: Principally Nigeria.

FERTILIZER GROUP

OCI Nitrogen

OCI Nitrogen

Located in Geleen, the Netherlands, the company is the second largest nitrates producer in Europe, and the world's largest producer of melamine.

Ownership: 100%

Markets: Europe, North and South America.

Employees: 863

Gavilon

Gavilon provides distribution, merchandising and trading across basic agricultural commodities globally and is the largest independent importer of fertilizers into the United States.

Ownership: 16.8%

Markets: USA, Mexico and Africa.

Sorfert Algerie

Located in the industrial zone near the port of Arzew, Algeria, the company is set to become one of the largest urea and ammonia producers and exporters on the Mediterranean Sea.

Ownership: 51%

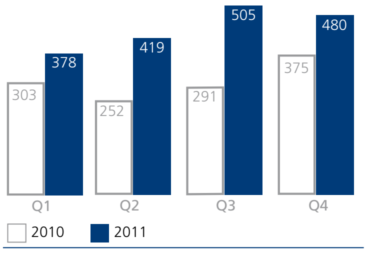
Markets: Sales strategy in progress.

Employees: Staffing in progress.

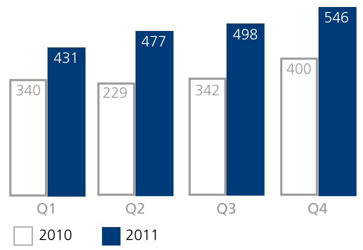
Egypt Basic Industries Corporation

Fertilizer Group
Year in Review

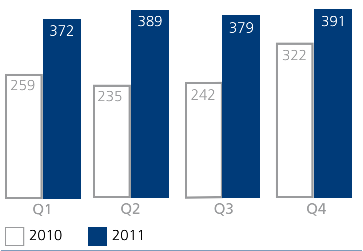
GRANULAR UREA PRICES
MIDDLE EAST, FOB ($/TON)



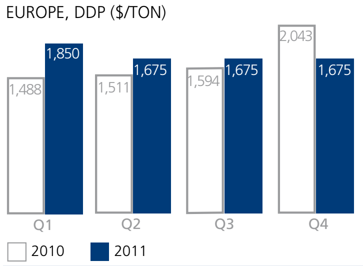
AMMONIA PRICES
ARAB GULF, FOB ($/TON)



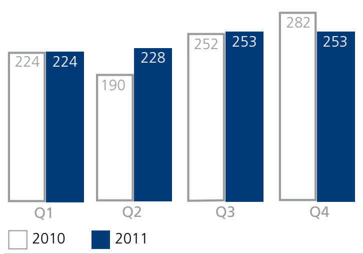
CALCIUM AMMONIUM NITRATE PRICES
GERMANY, CIF ($/TON)



MELAMINE PRICES
EUROPE, DDP ($/TON)



UREA AMMONIUM NITRATE PRICES
FRANCE, FOT ($/TON)



Orascom Construction Industries is a leading global investor, producer and distributor of nitrogen-based fertilizers, with plants in Egypt, Algeria, the United States and the Netherlands. By the end of 2012, our fertilizer group will have a combined sellable production capacity of 7 million metric tons of nitrogen-based fertilizers.

During 2011, OCI acquired 100% of an integrated ammonia and methanol production facility located in Beaumont, Texas on the Gulf Coast of the United States. The facility was renamed OCI Beaumont and has an annual production capacity of 0.25 million metric tons of ammonia and 0.75 million metric tons of methanol. In addition, the plant has an ammonia tank with a capacity of 18,000 tons and two methanol storage tanks with a capacity of 22,000 tons each. The plant has pipeline connections to adjacent customers and port access with dedicated methanol and ammonia import/export jetties and will ship both products along the Gulf Coast.

2011 NITROGEN FERTILIZER MARKET PERFORMANCE

Nitrogen prices performed well during first quarter of 2011, reflecting strong demand trends, rising marginal production costs, and tight supply. Ammonia prices were boosted 8% over the fourth quarter of 2010 due to supportive grains prices and rising raw material costs in the Ukraine and China caused by oil-linked natural gas prices and rising coal prices, respectively. Urea prices were dampened during the quarter due to earlier than usual buying in the fourth quarter, caused by market speculation over China's export tariff implementation date. This resulted in reduced export demand in the first quarter of 2011.

The second quarter saw increases of 14% and 11% in ammonia and urea prices, respectively, due to strong grain prices, a 53% drop in Chinese exports caused by early implementation of its high export tariffs, and continued rise in material costs in China and the Ukraine.

The price rally continued through the third quarter, with ammonia and urea prices increasing 4% and 21% over the second quarter, respectively. Grain prices remained supportive, maintaining strong fertilizer demand levels. The strict implementation of an additional Chinese sliding export tax continued to severely limit Chinese export supply, tightening the global supply balance.

After a strong rally during the year, urea prices leveled in the fourth quarter due to volatile grains prices, which led farmers to delay fertilizer application, and distributers to focus on destocking rather than buying for the spring application season. Ammonia however saw a 10% increase during the quarter due to industrial support.

Nitrogen industry fundamentals are positive for 2012, by strong farmer economics as indicated by a tight crop outlook for the year and available financing for the agriculture sector. With Sorfert Algérie and OCI Beaumont beginning production during the year and our other plants adding a total of 550 thousand tons of additional capacity to our product portfolio, we are confident that we are well positioned to achieve our 2012 target of earning $ 1 billion in Fertilizer Group EBITDA.

2011 MELAMINE MARKET PERFORMANCE

Following months of market tightness in 2010, melamine global market demand experienced a recovery during the first half of 2011. The United States proved to be the industry's most resilient market despite the country's economic difficulties. During the first quarter specifically, prices reached historically high levels due to a tight supply-demand balance caused by low producer inventory levels.

During the second half of the year the melamine market cooled for two reasons:

- Over-supply caused by new capacity coming on-stream outpacing demand growth in Asia, South America, and Eastern Europe; and
- Continued economic instability in Europe and a generally uneasy global economy. This led to softening prices through the end of the year.

Demand is expected to pick up in 2012, but the market will continue to be over-supplied.

DOWNSTREAM PRODUCT PORTFOLIO

As part of our strategy to become a 'one-stop-shop' for nitrogen-based fertilizer consumers and distributors, we have cultivated a varied derivative product portfolio that will fully commission by the end of 2012.

Apart from the 0.25 million metric tons of melamine produced at OCI Nitrogen, our portfolio also includes 0.75 million metric tons of methanol commissioning at OCI Beaumont, and the capability to toll manufacture ammonium sulphate (AS) in Egypt using EFC's ammonia. In addition, OCI Nitrogen has an off-take distribution contract for 0.75 million metric tons of AS.

GLOBAL TRADING & DISTRIBUTION NETWORK

During 2011, OCI's global distribution network successfully developed a strong urea sales position in Western Europe through OCI Nitrogen's sales team in preparation for Sorfert's commissioning. OCI sold over 0.4 million metric tons of EFC's urea in Western Europe during the year, positioning the group as a leading supplier of urea in the region.

OCI Beaumont added 40,000 tons to our owned global storage capacity, which now exceeds 442,000 tons of ammonia, methanol, and urea storage capacity across the United States, Europe, and North Africa.

Through strategic partnerships with some of the world's largest fertilizer distributors, we have cultivated a vast distribution network stretching across the Americas, Europe, Africa and parts of Asia. Our 50/50 partnership with FITCO for the exclusive supply and import of OCI granular urea, and the non-exclusive supply of other nitrogen products continued to perform well.

Egyptian Fertilizer Trading (EFT), our trading arm based in Dubai, trades external OCI-branded product to create a home in the international market for Sorfert's product. During the year, EFT traded over 1.3 million tons of nitrogen-based fertilizers, of which 50 thousand tons were external OCI-branded product and the remainder was granular urea produced at EFC.

BUSINESS SYNERGIES

During 2011, the Fertilizer Group successfully integrated OCI Beaumont and implemented several cost saving initiatives. Our on-the-ground fertilizer distribution network allows us to directly deliver OCI product to the customer from plants in both Europe and Egypt, guaranteeing the most efficient freight cost location possible.

As our product portfolio develops, we will continue to explore new debottlenecking opportunities at our plants in close discussion with our equipment suppliers, and will continue to seek further tie-ins between our facilities where it geographically and economically makes sound business sense.

BUSINESS DEVELOPMENT

During the fourth quarter, we reclassified our minority stakes in Gavilon and Notore as investments held for resale. By monetizing our minority stakes, we are able to focus on our majority owned production assets and deploying resources to maximise the Fertilizer Group's returns through capacity expansions, Greenfield developments, and strategic acquisitions.

During 2011, we announced a plan to develop state-of-the-art integrated nitrogen-based fertilizer complex in the Açu Superport in Brazil in partnership with Rio de Janeiro-based EBX Group (EBX). The fertilizer complex is envisioned to have up to 3 million tons of annual capacity producing a diversified portfolio of nitrogen-based fertilizers, and will transform our presence in the Brazilian fertilizer market.

During 2012, we will focus on commissioning all outstanding capacity additions to realize our total sellable capacity of 7 million metric tons of nitrogen-based fertilizers. We will continue to pursue a growth strategy through both the development of Greenfields and selective bolt-on acquisitions that provide tactical synergies and add positive free cash flow at attractive valuations. Through these projects, we will be able to further expand our product portfolio of nitrogen-based fertilizers and associated derivatives to cater to various markets and increase penetration. By implementing this strategy, we will be able to deliver value to all our stakeholders and generate exceptional returns for shareholders.

OCI Nitrogen

OCI Nitrogen is Europe's second largest integrated nitrates fertilizer producer and the world's largest melamine producer. It is capable of producing over 2 million metric tons of sellable fertilizer products annually.

CALCIUM AMMONIUM NITRATE
1.15
Annual Capacity (mtpa)

ANHYDROUS AMMONIA
1.1
Annual Gross Capacity (mtpa)

MELAMINE
0.25
Annual Capacity (mtpa)

2011 was OCI Nitrogen's first full year of operations as an OCI Fertilizer Group company, during which time it achieved strong results across its product portfolio.

OCI AGRO

During 2011, OCI Agro sold a total of 2 million tons of product, including over 1,153 thousand metric tons of calcium ammonium nitrate (CAN), 256 thousand metric tons of urea ammonium nitrate (UAN), and 479 thousand metric tons of merchant ammonia.

The CAN plant underwent an expansion to increase total annual production capacity by approximately 25% to 1.45 million metric tons. Commissioning of the upgrade has commenced and ramp-up of the capacity will occur throughout 2012, with completion expected by year-end. OCI Agro's captive AN liquor capacity is also debottlenecking, allowing OCI Agro to maximize UAN production.

OCI MELAMINE

OCI Melamine is the largest global producer of melamine with a combined capacity of 0.25 million tons per year.

During the year, OCI Melamine sold 162 thousand tons of melamine across the globe. The melamine business experienced an excellent first half of 2011 but saw a drop in demand during the second half due to a global economic slowdown and overstocked inventories towards the end of the year.

The re-commissioning of the 30 thousand metric ton capacity melamine line in Geleen was successfully completed on schedule during the year, with spot sales delivered to customers in the fourth quarter. Contract deliveries are expected to begin in the first quarter of 2012.

LOOKING AHEAD

OCI Nitrogen will commission an additional 300 thousand tons of CAN capacity in 2012, bringing its share of global CAN production capacity to approximately 10%.

The OCI Nitrogen marketing team will continue to support the Fertilizer Group's strategy to maintain our leadership in key deficit markets in preparation of sales positions for Sorfert Algérie's urea and ammonia.


Chemelot Nitric Acid Plant


Gas Phase Melamine Plant Oin Geleen, the Netherlands


Fertilizer spreading


Calcium Ammonium Nitrate Plant OCI Nitrogen in Geleen, the Netherlands

Sorfert

GRANULAR UREA

1.2

Annual Capacity (mtpa)

ANHYDROUS AMMONIA

0.8

Annual Capacity (mtpa)

Sorfert Algérie is the largest integrated nitrogen fertilizer producer in Africa, capable of producing 1.2 million tons of urea and 0.8 million tons of anhydrous ammonia per year.

During 2011, the plant's urea line successfully began commissioning and began producing urea in May 2012. The ammonia line is on track to begin production in the third quarter of 2012.

Formed in 2006, Sorfert is a 51% OCI owned joint venture with Algeria's state-owned oil and gas conglomerate, Sonatrach. The € 1.6 billion plant is located in the Arzew industrial complex in northwest Algeria 35 kilometers east of Oran, near three Algerian ports. North Africa's largest fertilizer production facility will export its products primarily to Western Europe, North and South America.

OCI constructed the plant over 4 years in partnership with Uhde, which supplied the process technology.

As a local Algerian company, Sorfert provided significant employment opportunities during both its construction and as an operational plant. Once fully operational, the plant will be run by 836 employees, of whom approximately 85% will be Algerian nationals. As at 31 December, 2011, 476 employees were recruited, of whom 90% are Algerian nationals. The remaining employees are predominantly Egyptian nationals, maximizing potential technology and skills transfer to Algerians due to minimal cultural and linguistic barriers.

At year end overall progress was 97.9% complete, with engineering at 100.0%, equipment deliveries at 100.0% and construction at 94.0%.

OCI Beaumont

METHANOL
0.75
Annual Capacity (mtpa)

ANHYDROUS AMMONIA
0.25
Annual Capacity (mtpa)

"Our acquisition of an integrated ammonia-methanol facility in the US provides us with a new production platform in a key market which has already received product from the Fertilizer Group in the past. The facility provides the Group with the option to serve our customers in the US from our other production facilities worldwide."
Nassef Sawiris, Chairman and Chief Executive Officer

During 2011, OCI fully acquired an integrated ammonia-methanol plant located in Beaumont, Texas, on the Gulf Coast of the United States. In May, OCI acquired the plant through a joint venture with Janus Methanol AG (Janus), named Pandora Methanol LLC, in which OCI held 50% plus 1 share. In November, OCI acquired minorities to take its ownership to 100% and renamed the plant OCI Beaumont.

The plant has an annual production capacity of 0.25 million metric tons of ammonia and 0.75 million metric tons of methanol. In addition, the plant has an ammonia tank with a capacity of 18,000 tons and two methanol storage tanks with a capacity of 22,000 tons each. The plant has pipeline connections to adjacent customers and port access with dedicated methanol and ammonia import/export jetties and will ship both products along the Gulf Coast.

The integrated methanol-ammonia facility was started up in the late 1960's. The methanol unit was modernized in the early 1980's using Lurgi GmbH's Low Pressure Methanol technology and a new ammonia line was started up in 2000 based on the Haldor Topsoe technology. The last owner of the plant, the Eastman Chemical Company (Eastman), took over the plant from Terra Industries in 2007 after it had been idle since 2004 when US-based natural gas prices topped $ 12 per mmBtu.

OCI subsequently acquired the facility from Eastman and is rehabilitating both production lines. The ammonia line was successfully commissioned in November and sold its first shipment in January 2012. The methanol line is scheduled to commission in the second quarter of 2012.

Egyptian Fertilizers Company (EFC)

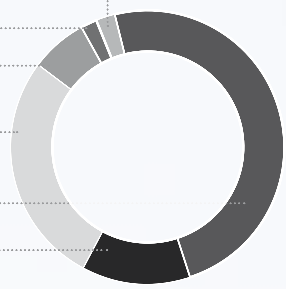
The Egyptian Fertilizers Company (EFC) is the largest private sector integrated nitrogen fertilizer producer in Egypt and the largest Egyptian exporter of granular urea, with an annual production capacity 1.3 million metric tons. Both its production lines were constructed by OCI in 2000 and 2006.

GRANULAR UREA

1.3

Annual Capacity (mtpa)

SALES BY REGION



During 2011, EFC produced 3.5% more volume than budgeted for the year, selling a plant record of 1.36 million metric tons of granular urea to customers throughout Europe, the Americas, Asia, and Africa, accounting for 3.2% of the world's traded urea supply.

EFC sold 0.014 million metric tons of ammonium sulphate (AS) to the international export market, produced through its toll manufacturing agreement with the Egyptian Financial and Industrial Corporation (EFIC).

EFC also sold 8,900 metric tons of UAN, which it produced on-site at the blending facility completed last year. The blending unit was constructed to capitalize on seasonal UAN price premiums over urea and produces UAN only when margins are favorable to urea.

BUSINESS SYNERGIES

EFC and OCI's ammonia plant, the Egypt Basic Industries Corporation (EBIC), continued to benefit from significant synergies during the year due to the close proximity of both plants, which are located across the street from one another on the grounds of Suez Industrial Development Company's (SIDC) industrial park in Ain Sokhna.

Through the plants' shared CO_2 pipeline, EFC is able to produce additional urea and EBIC is able to decrease its pollutant CO_2 emissions. During the year, EFC was able to produce an additional 0.103 million metric tons of urea using EBIC's CO_2.

In addition, both plants have been tuned to share some utilities, primarily electricity and waste water. This not only generates savings in capital expenditure, but also allows each plant to depend on the other for backup in case of a malfunction, making our operations at both plants even more reliable. Through these cost initiatives and synergies, EFC achieved significant cash cost savings during the year of $ 8.0 million.

LOOKING AHEAD

EFC is on track to complete its debottlenecking initiative in 2012, increasing total capacity to 1.55 million metric tons. The plant's production lines will commission separately to avoid a complete shutdown, with EFC Line II commissioning in the summer and EFC line I at the end of the year. A summer commissioning schedule allows EFC to minimize the impact of lost production, as this allows the turnarounds to take place during the low season.

A maintenance turnaround was postponed from July 2011 to the third quarter of 2012 to coincide with the revamp stoppage, allowing EFC to reduce lost time and maximize production efficiency

ANHYDROUS AMMONIA

0.7

Annual Capacity (mtpa)

SALES BY REGION

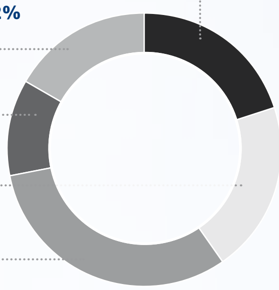
Middle East **20.2%**

Europe **16.5%**

North America **11.5%**

South America **27.7%**

Asia **31.6%**



During 2011, EBIC sold over 0.669 thousand metric tons in 29 shipments to industrial clients, fertilizer producers and direct applicators across Europe, North America, Africa, Asia and the Middle East.

STRATEGIC LOCATION

EBIC sells its ammonia through Sokhna Port where it owns two storage tanks with a capacity of 0.04 million metric tons each. EBIC also owns and operates a dedicated 1,200 metric ton per hour loading arm. EBIC's plant and port facilities are connected through an eight kilometer pipeline that continuously transports EBIC's ammonia to both storage tanks located on the jetty, which is able to accommodate vessels with maximum draft of 17 meters.

The plant's geographic location and logistics infrastructure give EBIC a unique advantage in the market as it is a cost effective exporter to the east and west of the Suez Canal having a competitive reach from the US Gulf Coast to Japan. This advantage is evident in EBIC's varied sales destinations.

During 2011, EBIC penetrated three new target markets comprising Australia, Greece, and Portugal to reach a total of 24 markets served since the start of its commercial operations in May 2009.

BUSINESS SYNERGIES

In the spirit of cost effectiveness and extracting synergies, EBIC and Egyptian Fertilizers Company (EFC) actively maintain several storage and raw materials tie-ins, including water, ammonia, nitrogen, waste water and CO_2 tie-ins currently in service. The plants also share workshop facilities and spare parts. Additional tie-in initiatives are assessed and implemented wherever possible.

Through a CO_2 pipeline, EBIC supplies EFC with the excess CO_2 produced in the manufacture of ammonia. During 2011, EBIC reduced its carbon emissions by 114 million cubic meters, a 4.6% improvement over last year. In manufacturing ammonia, EBIC would have vented its CO_2 into the atmosphere. The pipeline tie-in has proven to be beneficial to the environment and enables EFC to produce additional urea. EBIC strives to continually reduce its CO_2 emissions year-on-year, through both the supply of CO_2 to EFC and internal improvements to our production technology whenever available.

CERTIFICATION & SAFETY

As part of its commitment to implement world class safety standards, EBIC is working with DuPont, a leading science-based products and sustainable solutions services company, to assess and improve EBIC's safety culture. EBIC will be implementing a comprehensive global safety standards policy during 2012, guaranteeing that all efforts will continue to be made to ensure a safe working environment for its employees.

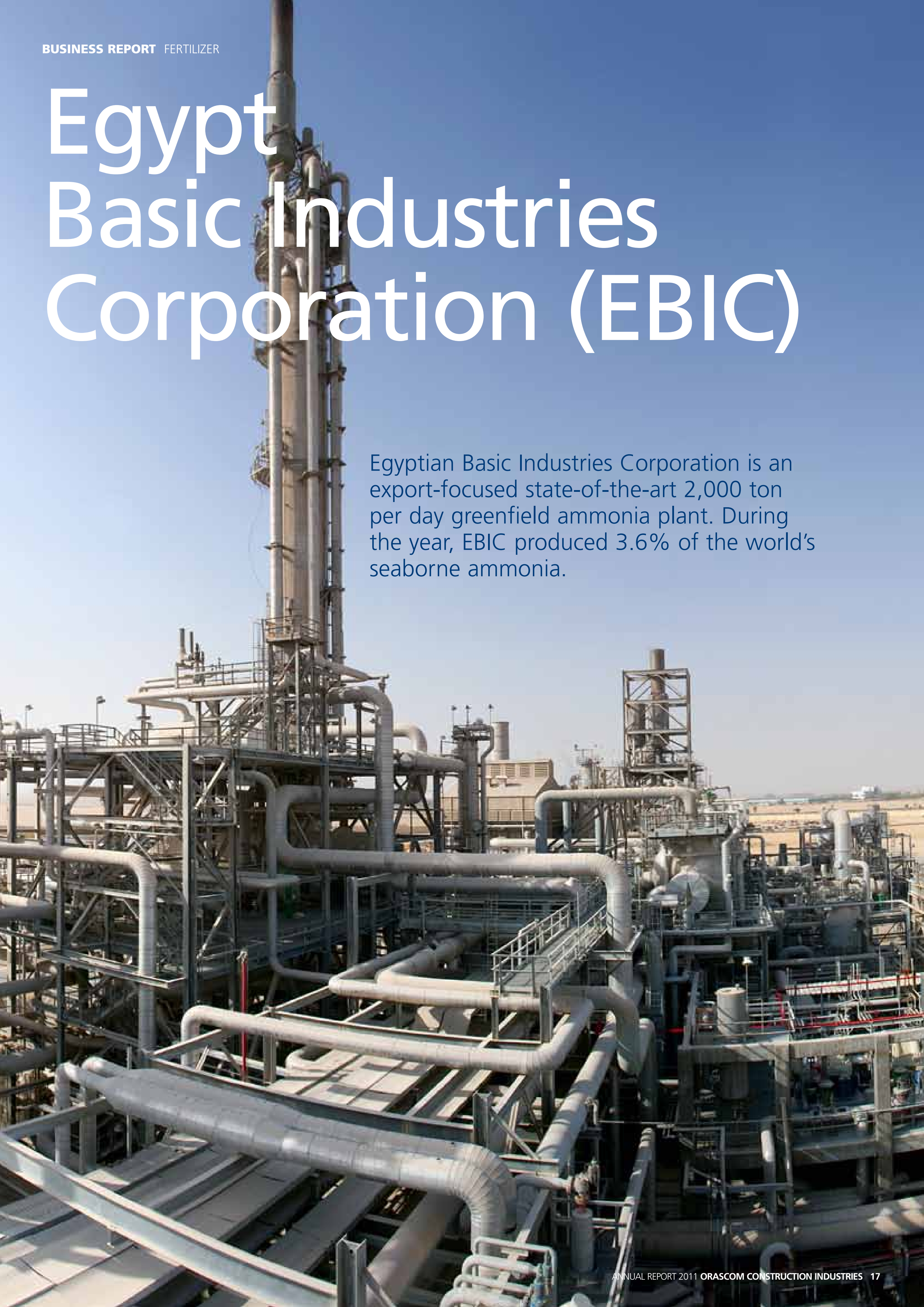
During the year, EBIC obtained ISO 9001 and 14001 certifications, certifying the plant's commitment to excellence in product quality and management controls and procedures as per global standards.

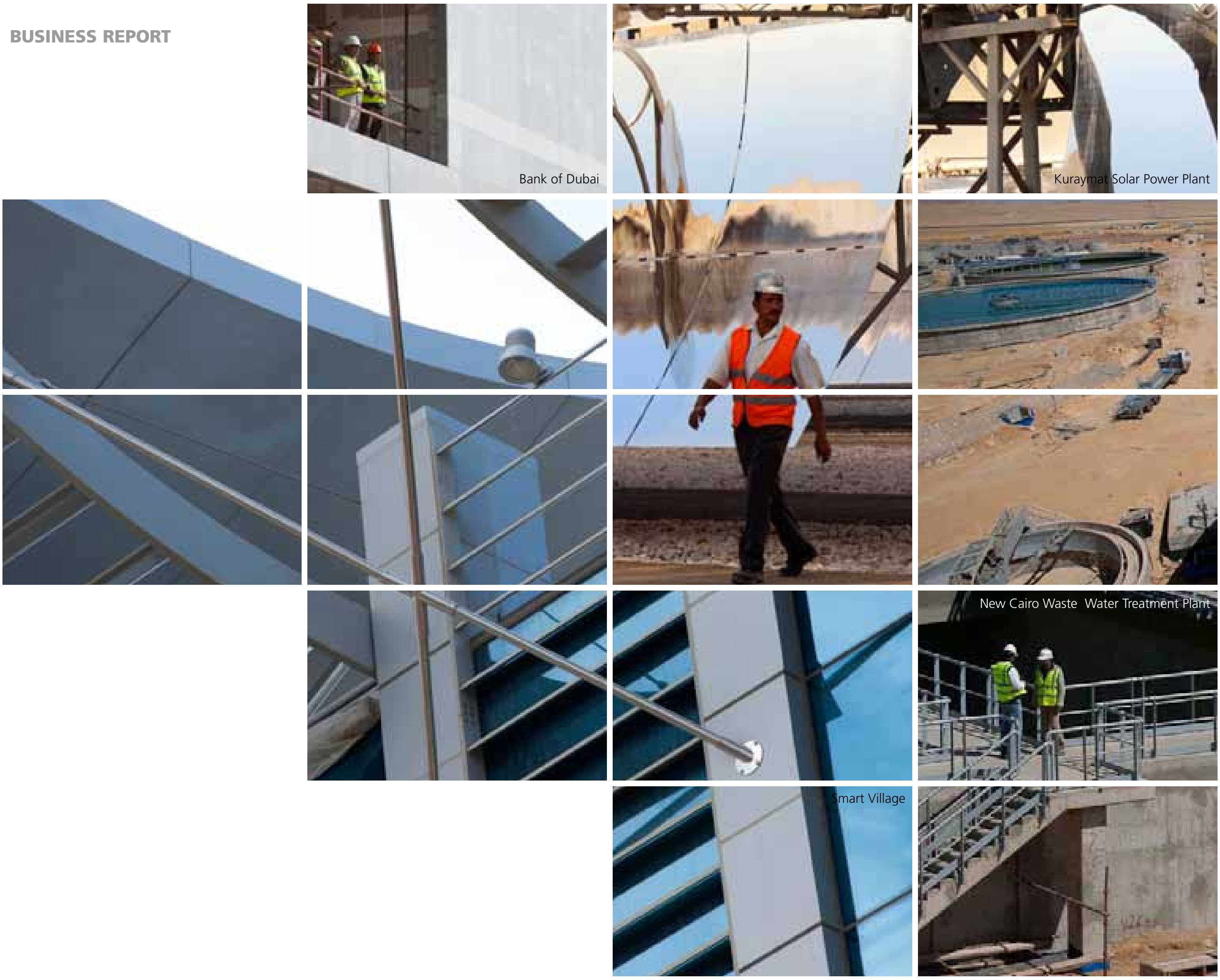
LOOKING AHEAD

EBIC will continue to pursue a global sales strategy, allowing the plant to sell merchant ammonia to a number of chronic deficit markets in Europe, Asia, and North America. This favourably positions EBIC to maintain a positive pricing position.

Egypt Basic Industries Corporation (EBIC)

Egyptian Basic Industries Corporation is an export-focused state-of-the-art 2,000 ton per day greenfield ammonia plant. During the year, EBIC produced 3.6% of the world's seaborne ammonia.





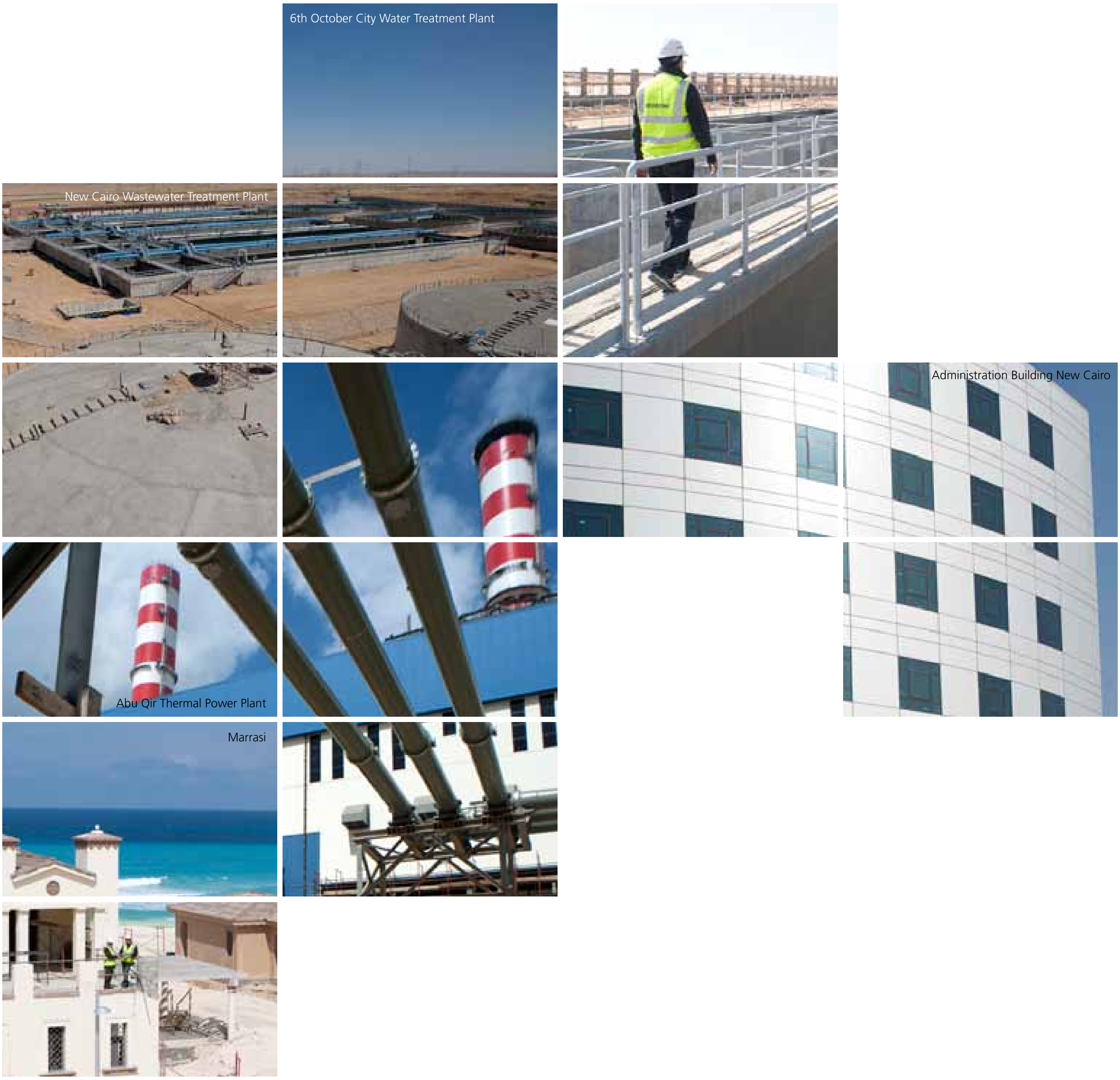
Bank of Dubai

Kuraymat Solar Power Plant

New Cairo Waste Water Treatment Plant

Smart Village

CONSTRUCTION GROUP



Orascom Construction

A leading engineering, procurement and construction contractor targeting large industrial, commercial and infrastructure projects for public and private clients. Orascom Construction is based in Cairo, and traces its roots in the construction industry back to 1950.

Ownership: 100%

Markets: Active across the Middle East and North Africa.

Employees: 45,000

www.orascomci.com

Besix Group

A global multi service group offering engineering, procurement and construction services with core competencies in super high rise buildings and maritime projects. The Group is based in Brussels, and was founded in 1909.

Ownership: 50%

Markets: Active across Europe, the Middle East and Africa.

Employees: 17,000

www.besixgroup.com

Contrack

An international engineering , procurement and construction contractor focusing on institutional projects in the Middle East and Central Asia. Contrack Inc is based in Virginia, USA and was founded in 1985.

Ownership: 100%

Markets: Active in Qatar, Bahrain, the UAE, Egypt and Afghanistan.

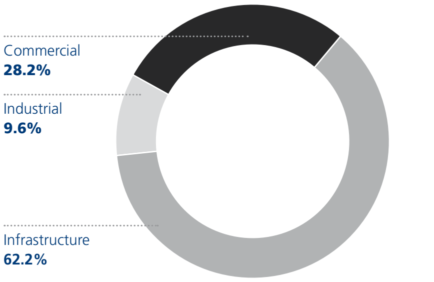
Employees: 7,900

www.contrack.com

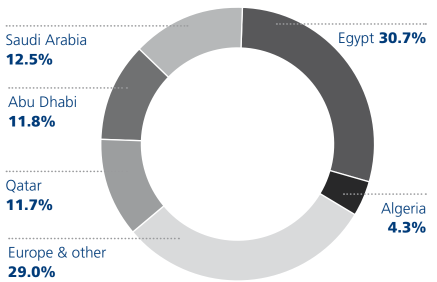
Construction Group
Year in Review

The OCI Construction Group is a leading construction contractor present in the Middle East, North Africa, Asia and Europe. The Group reversed its backlog decline in 2011, adding $ 4.3 billion in new orders to end the year with a consolidated backlog of $ 6.4 billion. At year end, 62.2% of our backlog was contributed by infrastructure projects. Our geographic presence remains diversified with 69.3% of our projects located outside of Egypt. Our client base remains secure with 63.5% of consolidated backlog commissioned by sovereign clients.

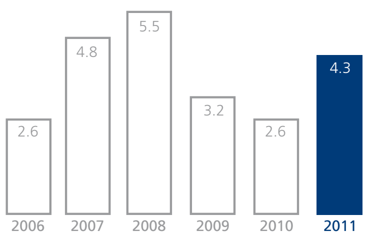
BACKLOG BY SECTOR



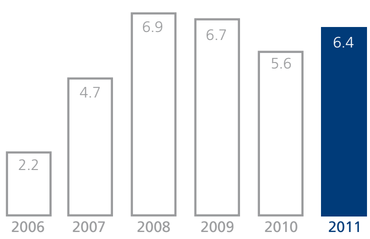
BACKLOG BY REGION



NEW CONTRACTS
$ Billions



ORDER BACKLOG
$ Billions



Our Construction Group specializes in large-scale, complex industrial and infrastructure projects, with core competencies encompassing conventional power and renewable energy, petrochemicals, oil and gas, water and wastewater, and transportation infrastructure. We also take on select high-end commercial projects. Our diversified range of expertise provides us a strong competitive edge and capitalizes on each sector's high barriers to entry, maximizing our ability to secure work at strong margins.

Despite a volatile political landscape in our core markets in the Middle East and North Africa, the outlook for new construction awards remains positive for 2012 onwards, with an estimated infrastructure project pipeline in the MENA region of $ 850 billion over the next five years, excluding oil and gas projects.

As a leading regional player, OCI is well positioned to benefit from the region's announced bidding pipeline and we are actively pursuing the projects currently at the bidding stage. We have a strong track record in Qatar, Egypt, and Abu Dhabi, a growing position in Saudi Arabia, and historical presence in Iraq. This, combined with our wide range of core competencies, allows us to be at the forefront of each market's tendering process.

STRONG PIPELINE FOR MENA CONSTRUCTION SPENDING

Our focus for 2012 is to continue to diversify our emerging market exposure, focusing on Iraq, Morocco, and Saudi Arabia. Combined, the announced five-year infrastructure spending packages for these markets exceeds $ 400 billion, significantly exceeding the announced five-year infrastructure spending packages for our core markets of $ 277 billion. We also expect to continue to develop our expertise in renewable energy, having already constructed one solar and two hydro-electric power plants in Egypt, with a combined power generation capacity of 116 Megawatts (MW).

SAUDI ARABIA

With $ 295 billion in projects announced through 2016, Saudi Arabia has the largest infrastructure spending program in the region. The government has announced $ 45 billion worth of projects in the education sector, including 40 new colleges at various universities, and 742 new schools. In 2011, the government announced a $ 68 billion housing plan encompassing 500,000 homes across the country. The first phase will construct 100,000 homes and is valued at $ 13.6 billion. Announced spending on the healthcare and social sector is up 26% over 2011, comprising $ 23 billion in hospitals, primary care facilities, and social centers. Through various joint ventures and subsidiaries, OCI grew its Saudi Arabian presence significantly during 2011 and is well positioned to continue to grow its backlog in Saudi Arabia during 2012.

MOROCCO

Morocco has announced approximately $ 30 billion worth of infrastructure projects planned through 2014. The government has announced $ 7.2 billion worth of alternative energy projects, including four solar power plants, and eight wind farms. The government targets to develop 2,000 MW wind, 2,000 MW hydraulic and 2,000 MW solar installed capacity by 2020, which is expected to represent 42% of total capacity by then. Also announced is $ 6.6 billion worth of rail and airport projects, including the $ 3 billion Morocco to Spain undersea rail link, an ambitious 38.7 kilometer project, linking Morocco's Punta Malabata to Spain's Punta Paloma. OCI is currently bidding on several large projects in the country's power and infrastructure sectors.

IRAQ

Excluding oil and gas projects, the Iraqi government has announced $ 75 billion projects through 2016. If oil and gas projects are included, the total value of projects announced is in excess of $ 200 billion. The government is overhauling the country's transportation sector, with $ 11.6 billion in airport expansions and $ 8.4 billion in railway projects announced. The country has also announced $ 8 billion in water and wastewater projects, and $ 8 billion in power projects. OCI has a strong track record in Iraq, having constructed the country's two largest cement plants in Kurdistan, northern Iraq in 2005 and 2007.

EGYPT

Despite a tumultuous year, the Egyptian infrastructure sector proved resilient. The country has announced nearly $ 45 billion in upcoming projects, with a focus on power and transport development. The government is spending $ 4.2 billion on railway development, including $ 3.6 billion on the latest phases of the Cairo Metro. In the power sector, the country has announced $ 6 billion in projects. Public-Private Partnership (PPP) activity is slowly reappearing, with the $ 1.5 billion Dairut Integrated Power Plant (IPP) and the Alexandria hospitals up for award in 2012. As the leading contractor in our home market, we expect to enjoy a high competitive advantage in Egypt's upcoming tendering activity.

QATAR

Qatar's robust project pipeline is expected to pick up significantly in 2013 and 2014, when the country begins awarding work for phase one of the 2022 World Cup development works. The country has announced $ 60 billion worth of infrastructure developments to prepare its roads, rail network, airport, hotels and stadiums, with phase one concentrating on the $ 13.7 billion Doha metro. Stadium construction and rehabilitation projects are currently expected to exceed $ 4 billion. As a leading infrastructure contractor in Qatar, OCI has already been awarded several high profile projects including the SIDRA Medical Center and the Cornell Weill Medical College. We are confident in our ability to benefit from the growth in award activity in Qatar based on our track record.

ABU DHABI

Abu Dhabi has announced $ 108 billion in projects through 2016, constituting approximately 60% of the United Arab Emirates' $ 177 billion spending plan. Key projects include the $ 10 billion Khalifa Port and Industrial Zone, the US$ 7 billion Abu Dhabi Metro, the $ 4 billion Abu Dhabi Airport Midfield Terminal Complex, and $ 1.6 billion worth of museum construction projects. OCI is constructing several large-scale projects in Abu Dhabi, including the $ 1.3 billion Cleveland Clinic and the $ 560 million Yas Island Retail Mall. Given our significant presence in Abu Dhabi, we are well positioned to benefit from the Emirate's resurgence in tendering activity.


6th October City Water Treatment Plant


Omani Embassy


Cairo Festival City


6th October Power Plant

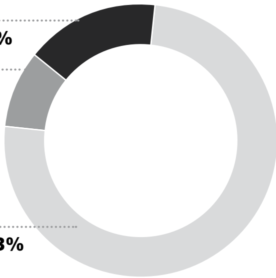
Orascom Construction

Abu Qir Thermal Power Plant

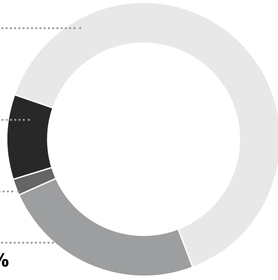
Orascom Construction (OC) is a leading engineering. procurement and construction contractor active in emerging markets across the Middle East and North Africa. We target large, complex and demanding industrial, commercal and infrastructure projects that by their nature have fewer competitors and higher margins. We have earned a reputaion for safely delivering quality work on schedule and at competitive prices.

Orascom Construction

BACKLOG BY SECTOR



BACKLOG BY REGION



OCI won $ 1.9 billion in new awards during 2011, taking total backlog to $ 2.7 billion at year-end. 36.4% of new awards and 48.1% of Orascom Construction's turnover was from outside Egypt. Infrastructure projects increased significantly during the year, constituting 79.7% of new awards and 75.3% of backlog as at 31 December 2011.

POWER PLANTS

OCI is currently constructing six power plants in Egypt and Algeria with a combined capacity of 5,932 MW.

During the year, OCI was awarded the **Giza North 1,500 MW Combined Cycle Power Plant** by the Cairo Electricity Production Company (CEPC). The $ 181 million civil works package requires OCI to complete all earthworks, concrete works, formwork, piling and rebar works, steel structure, roads, and main buildings. The project is scheduled for completion in 2014.

Work continues on schedule on the **Terga Combined Cycle Power Plant** in Algeria. OCI's share of the contract is $ 827.6 million, with the plant due for completion in 2012. OCI's scope of work includes all construction works including all civil, steel structure, marine, mechanical and electrical erection works.

The **Abu Qir Thermal Power Plant 2x650 MW Gas/Oil Fired Units** in Alexandria also progresses on schedule for completion in 2013. Awarded in 2009, OCI's scope of the $ 258 million project includes extensive piling, concrete works, two chimney stacks, underground piping, and the procurement, fabrication and erection of steel structures.

Offshore works for the new **Ain Sokhna Supercritical 2x650 MW Gas/Oil Fired Units**, awarded to an OCI/BESIX joint venture in 2010, continue on schedule. The scope of the $ 60 million civil works contract includes the construction of 3 pipelines totaling a length of approximately 5.1 kilometers and was commissioned by the state-owned East Delta Electricity Production Company (EDEPC). The offshore works are scheduled for completion in 2012.

PETROCHEMICALS

OCI is constructing two Liquid Natural Gas (LNG) plants in Algeria for a combined value of $ 3.3 billion. Both plants are scheduled for completion in 2012. At the **Skikda LNG Plant**, OCI and VINCI are responsible for the construction of 10 buildings over 4,784 cubic meters, including a blast proof laboratory, six substations and field instrument room buildings. The joint venture is also constructing the 150 thousand cubic meter capacity LNG storage tank and two 66.6 thousand cubic meter butane and propane storage tanks. At the **El Merk Central Processing Facility**, OCI is responsible for all civil works, structural steel supply and erection, piping erection, pipe rack supply, galvanized platform supply and fireproofing of the facility.

INDUSTRIAL

OCI was awarded several new industrial projects valued at over $ 260 million through Italy's Maire Tecnimont in 2011.

In March, a Marie Tecnimont/Samsung joint venture awarded OCI a $ 146 million to execute piling, civil works and buildings at the Abu Dhabi Polymers Company's (Borouge) 3 Polyolefin facilities in Ruwais, Abu Dhabi. OCI is executing all piling works for the project as well as civil and building works related to Borouge's Polyolefin Units.

In October, Maire Tecnimont awarded OCI a $120 million contract to execute civil, electromechanical and erection works for Egyptian Chemical Industries Company's (KIMA) nitrogen-based fertilizer complex in Aswan, Egypt. OCI will also supply the structural steel, painting and insulation materials required for the project. The entire Engineering, Procurement and Construction (EPC) contract is expected to be complete in 2015.


Cairo Metro


Cairo Festival City


New Cairo Wastewater Treatment Plant

New Cairo Wastewater Treatment Plant

Abu Qir Thermal Power Plant

Smart Village

WATER & WASTEWATER INFRASTRUCTURE

Work continues on schedule on the eight water, wastewater, desalination, and sewage projects in the backlog.

In December, a joint venture comprising of OCI, VINCI, and Arab Contractors was awarded the civil works package worth $ 300 million for the **new barrage and 32 MW Hydropower Plant** in Assiut, Egypt. OCI's share of the contract is $ 100 million. The project was awarded by the Reservoirs and Grand Barrages Sector (RGBS) of the Egyptian Ministry of Water Resources and Irrigation, and is partially funded by Germany's Kreditanstalt für Wiederaufbau (KfW), the government-owned development bank. The project is scheduled for completion in 2017.

The **New Cairo Wastewater Treatment Plant**, OCI's 50/50 joint venture with Spanish group Aqualia is on track to commission in 2013. The 20-year concession is Egypt's first Public-Private Partnership (PPP) project. The $ 472 million contract's scope includes the construction and operation of the 250,000 cubic meter per day plant.

The intake booster station and pipelines for the **6th October City Water Treatment Plant** are also on track to commission at the end of 2012. The intake booster station will feed 6th October City with raw water using 12 pumps with a combined capacity of 18 MW and requires piping totaling 118.5 kilometers in length between El Badrashain and Dahshour. The steel pre-cast and pre-stressed reinforced concrete pipes will be 2.2 meters in diameter. The intake booster will include a fully controllable SCADA system designed to protect against water leakage.

TRANSPORT INFRASTRUCTURE

During the year, OCI's Saudi Arabian subsidiary was awarded $ 450 million worth of infrastructure work at the **King Abdul Aziz Airport**. OCI's share of the package is 60%. The scope of work comprises major civil, mechanical and electrical works including 1.4 million cubic meters of excavation, 2.1 million square meters of roads, walkways, the supply and installation of 146 kilometers of piping for the storm water, waste and potable water systems. Construction is scheduled for completion in 2013.

Work continued on schedule on phases one and two of line three of the Greater Cairo Metro. OCI is working with several partners including VINCI, Bouygues, Alstom, SPIE Rail, Eurovia Travaux Ferroviaires, and Arab Contractors on the project, which is scheduled for completion at the end of 2013. Commissioned by the Egyptian National Authority for Tunnels in 2009, the contracts are partially financed by the French government. OCI's scope covers the project's civil, electromechanical and railway work.

Section 5 of the **Cairo-Alexandria desert road** is on track for completion in 2012. Works for the $ 132.7 million project include upgrading the existing 160 kilometer road into a highway through two double level U-turns and two high level bridges and the construction of a two-lane wide service road on both sides of the main road.

Work on the 360 kilometer **Méchéria to Béchar railway line** was completed during the year. The $ 370 million project was awarded to OCI and several partners in 2005 and required the supply, installation, and maintenance of all tracks, buildings, stations, telecommunications, and maintenance equipment for the locomotives.

BUILDINGS

OCI's buildings unit is currently constructing more than 25 projects across Egypt at a combined value of over $ 515 million.

In November, OCI was awarded a $ 47 million contract to construct Credit Agricole Egypt's new headquarters in the New Cairo district. The building will comprise of a built-up area of 43 thousand square meters. The building will adhere to the US Green Building Council's (USGBC) strict Leadership in Energy and Environmental Design (LEED) standards with a gold rating, which signifies that the building exceeded required metrics in water efficiency, CO2 emissions reduction, environmental quality, stewardship of resources and other areas.

In December, an OCI/BESIX joint venture was awarded the turnkey construction contract for third phase of the Egyptian Grand Museum, valued at approximately $ 810 million. The museum will be located on the Cairo-Alexandria highway overlooking the Grand Pyramids. The project is 65% funded by the Japan International Cooperation Agency (JICA). The state-of-the-art Grand Museum will showcase approximately 100,000 ancient Egyptian artifacts in the main exhibition hall and will also include a conference and learning center. The project is expected to be complete by July 2015.

Construction continues on schedule on $ 200 million worth of projects being built at the Smart Village, which include headquarters financial institutions, consultants, and other private companies, as well as infrastructure work for the development's second phase. The majority of these projects are scheduled for completion in 2012 and 2013.

LOOKING AHEAD

As a leading infrastructure and industrial contractor, we are well positioned to both maintain our position in our core markets and expand our presence into additional emerging markets, including Kuwait, Morocco, and select African countries with large-scale infrastructure needs and option of first entry. We will continue to develop our presence in Saudi Arabia and Iraq. We will also aim to grow our renewable energy competency by bidding on select large-scale solar and wind energy projects in our core markets. In the medium term, we aim to build our engineering scope from current non-process capacities to fully cover the engineering portion of our EPC competencies.

Contrack

Al Reem Island

Contrack is a leading international construction company. It provides engineering, procurement and construction services as well as facilities operation and maintenance primarily on institutional and infrastructure projects throughout the Middle East and Central Asia.

Contrack

Contrack achieved record results during the year, adding an unprecedented $ 711.4 million in new awards during 2011. At 31 December, Contrack's backlog stood at nearly $ 1.2 billion. Revenue increased by 6.5% from $ 561.7 million to $ 598.0 million. A majority of Contrack's backlog continues to be from military projects in Afghanistan and infrastructure work in Qatar.

Specializing in large and complex turnkey institutional and infrastructure projects in the Middle East, Contrack is able to successfully complete projects in several core competencies. Contrack's diligence and focus on safety resulted in two safety awards from the United States Army Corp of Engineers (USACE) for the achievement of 7 million man hours worked without lost time injury on the Afghanistan Operations and Maintenance (O&M) program, and 2 million man hours worked without lost time injury on the Bahrain Waterfront Development, Phase I.

Contrack has continued to grow significantly, leaping 46 places on Engineering News Record's (ENR) 2011 Top 400 Contractors list to rank 79th amongst the 400 largest general contractors in the United States.

MILITARY

During the year, Contrack substantially completed the last three of its projects at the U.S. Air Force AFCEE Division's Camp Bastion Airbase near Lashkar Gah in Afghanistan. The package included close to $ 500 million of design-build work under a US Air Force contract and provided facilities for the British troops in Southern Afghanistan. The main scope of work required:

- Construction of a 67,900 square meter medium-load, paved aircraft apron with shoulders and three lateral taxiways for strategic airlift aircrafts;
- Construction of a 3,050 meter paved runway, shoulders and two ladder taxiways for strategic airlift aircrafts and a 900 meter extension to the existing runway, converting it to a parallel taxiway. An additional 48,000 square meters of circulation and access roads and an 8,000 meter perimeter fence are also under construction; and
- Construction of a 45,000 square meter rotary-wing with two lateral connecting taxiways, lighting, markings, tie-down and grounding points. The apron will provide 15 parking spaces for helicopters.
- Constructing a munitions storage area and ammunition supply point project worth $ 53 million at Camp Bastion, which includes the construction of 48 munitions storage pads, 39 oval-arch earth covered steel magazines, offices, storage, maintenance buildings, power generation and distribution, and related site utility and infrastructure work.

To accomplish this, Contrack had to mobilize close to $ 30 million worth of construction equipment, 1,500 employees, 3 batch plants and set up housing and life support for all in one of the most austere regions of the country. At the close of 2011, 95% of all work was completed and successfully handed over.

Work continues on schedule on the first and second phases of USACE's Waterfront Development Program in Bahrain. Awarded last year, the first phase is valued at over $ 50 million and comprises the initial development works of a 70 acre comprehensive waterfront facility. The second phase is valued at over $ 27 million and includes the construction of a three story port operations and harbor patrol building, two one-story transformer buildings, two security kiosks, a travelling crane pier, a boat ramp, a small craft pier, and a fuel storage and dispensing unit. A central chilled water system, including chillers and distribution piping is also under construction. The project is scheduled for completion during the fourth quarter of 2012.

In June, Contrack was awarded a $ 433 million four year USACE O&M contract by ITT Corporation (now Excelis), a high-technology engineering and manufacturing company focusing on Defense & Information Solutions. The contract requires Contrack to provide O&M services to more than 300 Afghan army and police stations throughout Afghanistan.

In November, Contrack was awarded an $ 18 million contract by USACE to provide the Egyptian Air Force with several renovated aircraft shelters, taxiway repairs, and other support facilities.

Contrack successfully prequalified on two large design-build projects for the US Department of State for the first time. Contrack will continue to pursue this program in the territories where the company expects there to be the most room for future expansion, with special focus paid to projects in Africa and the Middle East.

INFRASTRUCTURE

During the year, Contrack took charge on the rehabilitation of OCI's ammonia and methanol plant in Beaumont, Texas, a one million metric ton capacity integrated ammonia and methanol production facility. Contrack evaluated and enhanced the operations personnel, cost control procedures, scheduling, and subcontracts.

Work on Contrack's largest project, the **Sidra Medical and Research Center** commissioned by the Qatari Foundation, continues steadily. Contrack and OHL of Spain were awarded the $ 2.3 billion design and build contract in 2008, half of which is Contrack's share.

CONTRACK FM

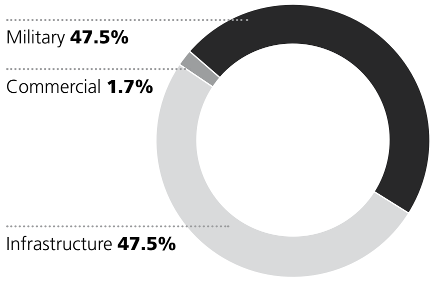
Contrack FM is Egypt's leading facility and property management services provider, offering expertise in a full range of facility services to assist clients in managing, maintaining and operating their properties. Contrack FM undertakes all non-core services from hard engineering to housekeeping and janitorial needs for the maximization of asset value.

Contrack FM added $ 10.7 million in new contracts to its backlog in 2011, maintaining a strong client portfolio of $ 20.5 million as at 31 December. Contrack FM's main clients are large-scale financial and commercial business complexes in Egypt housing the headquarters of regional offices of more than 60 local and international companies.

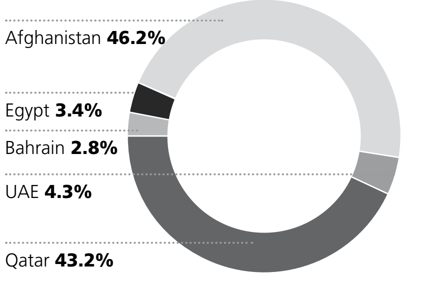
LOOKING AHEAD

Contrack aims to diversify its client base and markets, beginning with the penetration of Libya and Djibouti, in addition to the US State Department OBO program in the MENA region and any USAID work in Africa. Contrack is also closely monitoring the US government's spending in Guam and other countries in the Pacific Rim where we may mobilize in the medium term. Contrack will continue to target further contracts in Afghanistan, Egypt and Bahrain, and are repositioning to benefit from increased USACE spending in Qatar. The company will also continue to target large-scale infrastructure and select commercial work in Egypt and Qatar.

BACKLOG BY SECTOR



BACKLOG BY REGION



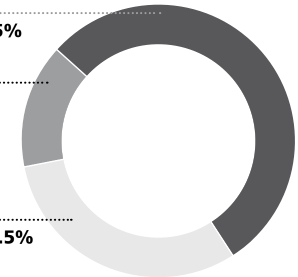
BESIX GROUP

Established in 1909, Besix is a global multi-service group offering engineering, procurement and construction services. The Group operates in the construction, real estate and concession sectors of 15 countries. Their core construction competencies include buildings, infrastructure and environmental projects, industrial civil engineering, maritime and port works and real estate development.

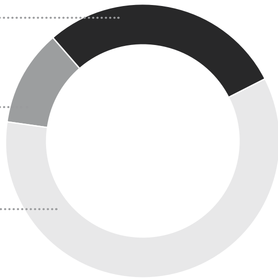

Caption

BESIX GROUP

BACKLOG BY SECTOR



BACKLOG BY REGION



BESIX added $ 3.3 billion in new awards during 2011, growing the backlog to $ 5.1 billion as at 31 December 2011. 58.0% of new awards and 50.5% of the Group's turnover was from outside the France-Benelux region. The Group's backlog continues to be present in a wide array of markets, including the Middle East, Central Europe and Central and North Africa. OCI proportionately consolidates BESIX at 50%.

TRANSPORT INFRASTRUCTURE

In March, BESIX was awarded a portion of the $ 175 million **Parkstad Limburg outer ring road**, connecting the Dutch municipalities of Brunssum, Heerlen, Kerkrade, Landgraaf, Nuth, Onderbanken, and Schinnen. The 26 kilometer motorway is scheduled for completion in 2015.

Work continues on schedule at the $ 265 million **North Manama causeway** in the Kingdom of Bahrain. The project entails 2.42 kilometers of causeway road on reclaimed land and 1.6 kilometers of existing road reconstruction and includes upgrades to the King Faisal highway and the al-Fateh junction Scheduled for completion in 2013, the causeway will provide road access to the Bahrain Financial Harbor and Bahrain Business Bay. BESIX's share of the contract is approximately $ 203 million.

Work continues on schedule on the second Coentunnel, parallel to the first **Coentunnel** in order to relieve heavy congestion during rush hour. The contract is one of Amsterdam's largest Public-Private Partnerships under a Design, Build, Finance, Maintain (DBFM) structure. The second tunnel consists of three fixed lanes and two variable lanes, which will be opened in the direction which traffic is the heaviest. BESIX's share of the consortium is 18% and includes a portion of construction of the second tunnel, renovation of the first and the maintenance of both for 30 years. Construction is scheduled for completion in 2012.

Civil work on the **Uccle portion** of Belgium's new 60 kilometer-circumference RER line was completed during the year. Upon full completion in 2016, the line will encircle Brussels and will include a new three-story, 750-place car park.

SOCIAL INFRASTRUCTURE

In September, a 50/50 joint venture between BESIX and Al Muhaidib Contracting was awarded a $ 520 million contract to construct the **King Abdullah Sports City** in Jeddah, Saudi Arabia. The project includes the construction of a 60,000 seat stadium, a 2,000 seat multi-sports hall, an external athletic stadium with a 1,000 seat tribune, several training fields, a mosque, and parking for 45,000 vehicles. The project is scheduled for completion in 2014.

Work continues on schedule at the $ 1.3 billion **Cleveland Clinic** on Sowah Island, Abu Dhabi. Awarded last year to a BESIX-Samsung joint venture, BESIX's share of the contract is $ 780 million. BESIX's scope of work is on a turnkey basis and covers an area of 400,000 cubic meters, including 200,000 cubic meters of parking area and 375 state-of-the-art medical rooms. The clinic is scheduled for completion in 2013.

Work also continues on schedule at the $ 675 million **phase IIB of the Doha Convention Center & Tower** in Qatar. Awarded to a the 50/50 Six Construct Qatar/Midmac Contracting Co joint venture last year, the scope of work entails construction of the concrete and structural steel superstructure, electromechanical works, roof works and both internal and external finishing related to the project. The joint venture is also currently executing phase IIA awarded in 2009 for $ 210 million.

MARINE INFRASTRUCTURE

In June, BESIX was awarded a $ 110 million contract to construct the fourth lock in Lanaye, Belgium. The project is the largest civil engineering project to be awarded in the South of Belgium over the last decade, and entails the construction of a 225 meter long by 25 meter wide lock. The project also includes the construction of all connected developments, such as a hydroelectric power plant, pump house, and a quay wall along the left bank of Albert canal in Lixhe. The project is scheduled for completion in 2017.

Work also continues on schedule at the **Tanger Med II** in Morocco. The $ 1.1 billion project, of which BESIX has a 20% share, requires the construction of 3,800-metre long main breakwater and a 1,200-metre secondary breakwater, 2,800 meters of quay, and a 150-hectare logistics platform. The port is scheduled for completion in 2015.

Six Construct completed the civil engineering package and construction of pontoons for the expansion of the **Ras Laffan Port** for Qatar Petroleum during the year. Six Construct provided precast concrete antifers and accropodes in various sizes, which were used in the construction of the port's new breakwaters.

WATER TREATMENT

Work continued on the **Saja'a wastewater treatment plant** in Sharjah's Al-Sajaa Industrial area, for which BESIX is constructing the discharge tanker and sewage treatment plant. The plant's total water treatment capacity, which will be commissioning in three equal phases, will be 300,000 cubic meters a day of wastewater. The project is scheduled for completion in 2012. BESIX has also successfully positioned itself as a long-term partner by taking on the operations and maintenance (O&M) contract for the **Sharjah Sewage Treatment Plant.**

2011 SOLIDARITEST COMPANY AND BEST PRACTICE AWARDS

Awarded both awards by Solidaritest for exemplary social solidarity and CSR practices

TOP EMPLOYER BELGIUM

Awarded by The CRF Institute to BESIX in 2008, 2009, 2010 & 2011

Work on the **Abu Dhabi and Al Ain Wastewater Treatment Plants** was completed on schedule. The 25-year contract to build, own and operate the plants was awarded to BESIX and Veolia Water by the Abu Dhabi Water and Electricity Authority in 2008 for a combined value of US$ 774.5 million. The plants have a combined wastewater treatment capacity of 430 000 cubic meters per day, enough to serve 1.5 million people.

BUILDINGS

In July, BESIX was awarded the construction contract for the four-star **Radisson Blu Hotel** at the Andermatt Resort Development in Switzerland. This is the first contract awarded to BESIX in Switzerland. The Radisson Blu Hotel is part of a larger resort development that will include a golf course, a ski resort, villas and hotels. The 8-storey hotel will consist of two buildings with wooden façades holding 43 rooms and 154 private apartments. The hotel will also include a 1,700 square meter conference center, a multi-functional concert hall for up to 700 guests, an indoor swimming pool, retail shops, game room and children's club. The hotel is scheduled for completion in 2014.

In October, Six Construct was awarded a $ 220 million contract to construct the **Four Seasons Hotel** at Bahrain Bay in Manama, Bahrain. The 50-storey building will stand at 201 meters and will house 263 guest rooms, a five-star spa and leisure facilities, a suspended 'Sky Pod' restaurant, first-class banqueting and conferencing capabilities, four fine dining outlets, and panoramic views for guestrooms and suites. The hotel is scheduled for completion in 2014.

Six Construct was also awarded the $ 540 million **Yas Island Mall** construction contract by AlDar Properties in October. Yas Mall is a major retail development on Yas Island, a leading leisure and entertainment destination located in Abu Dhabi. Six Construct will construct the 235,000 square meter retail area, northeast and northwest decked car parks with capacity to house a total of 10,000 cars, and all associated infrastructure. The total built-up area will be approximately 1.2 million square meters. The project is scheduled for completion in 2013.

During the year, BESIX completed the construction of **Fortis Bank's** $ 102 million headquarters in Brussels. The project required the demolishing and reconstructing of existing buildings and various roads into 5 buildings able to function as independent units, ready for 3,000 bank employees. The 55,000 square meter complex also contains a new Dealing Room for around 650 dealers, with fully equipped dealer desks.

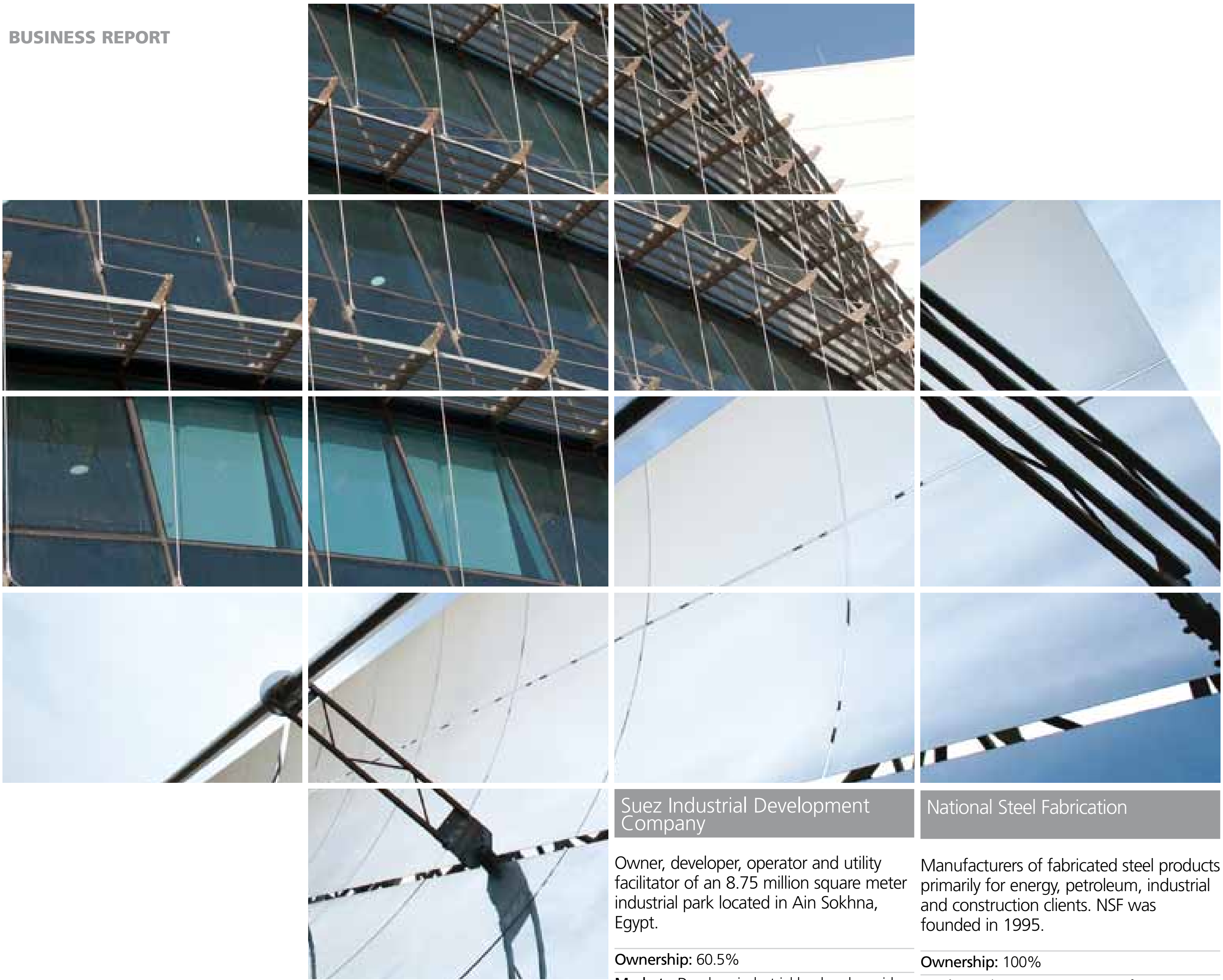
ENVIRONMENTAL SUSTAINABILITY

BESIX is committed to ensuring the best international environmental sustainability standards are met by the Group. Accordingly, BESIX is holds several environmental certifications, including ISO 9001:2008, ISO 14001:2004, Haute Qualité Environnementale (HEQ), and Leadership in Energy and Environmental Design (LEED). The Group also completes a BREEAM certified Environmental Impact Assessment before the execution of each contract, through which an environmental management plan is tailored for the project. The plan includes controls, monitoring and possibilities for improvement as well as efficient raw material usage, waste reduction and recycling.

During the year, BESIX achieved level 5 certification in ProRail's CO_2 Performance Ladder, an initiative for partnering companies to meet CO_2 reduction requirements set by the Dutch government. Level 5 certification gives BESIX an award advantage of 10% in ProRail tenders, a significant advantage. ProRail represents 20% of BESIX's construction activity. Two other significant clients, Rijkswaterstaat and Rijksgebouwendienst, are implementing similar performance ladders. By investing in reducing CO_2 emissions now, BESIX is well positioned to benefit from additional client bid price advantages in the near future.

LOOKING AHEAD

BESIX will continue to expand its presence in the Middle East and Africa as part of its long-term growth strategy. The Group will also continue to expand its core competencies to capitalize on specialized long-term concessionary contracts, including PPP's, concessions and DBFM's.



Suez Industrial Development Company

Owner, developer, operator and utility facilitator of an 8.75 million square meter industrial park located in Ain Sokhna, Egypt.

Ownership: 60.5%

Markets: Develops industrial land and provides utility services for light, medium and heavy industrial users in Ain Sokhna, Egypt.

2011 performance: Recorded revenue of $ 4.2 million during the year, of which 70.6% was contributed by the company's services and utilities arm.

Employees: 72

www.sidc.com.eg

National Steel Fabrication

Manufacturers of fabricated steel products primarily for energy, petroleum, industrial and construction clients. NSF was founded in 1995.

Ownership: 100%

Markets: The company operates from two plants in Egypt, supplying clients primarily in North Africa, the Middle East and Europe.

2011 performance: Secured $ 27.6 million in new awards during the year, with projects located in Egypt, Tunisia, and the UAE.

Employees: 2,485

www.nsfegypt.com

United Holding Company

Group of companies manufacturing diversified building materials, construction chemicals and specializing contracting services. UH C holds 50% stakes in BASF Construction Chemicals Egypt, Egyptian Gypsum Company and A-Build Egypt.

Ownership: 56.5%

Markets: The company's subsidiaries operate from four plants in Egypt and one in Algeria, supplying products to clients primarily in Egypt and North Africa.

2011 performance: Maintained solid profitability as compared to last year, with gross profit margin at 40% and net income margin at 23%.

National Pipe Company

Manufacturer of precast and pre-stressed concrete cylinder pipes and pre-stressed concrete primarily for infrastructure projects. The company has an annual production capacity of 86 kilometres of concrete piping.

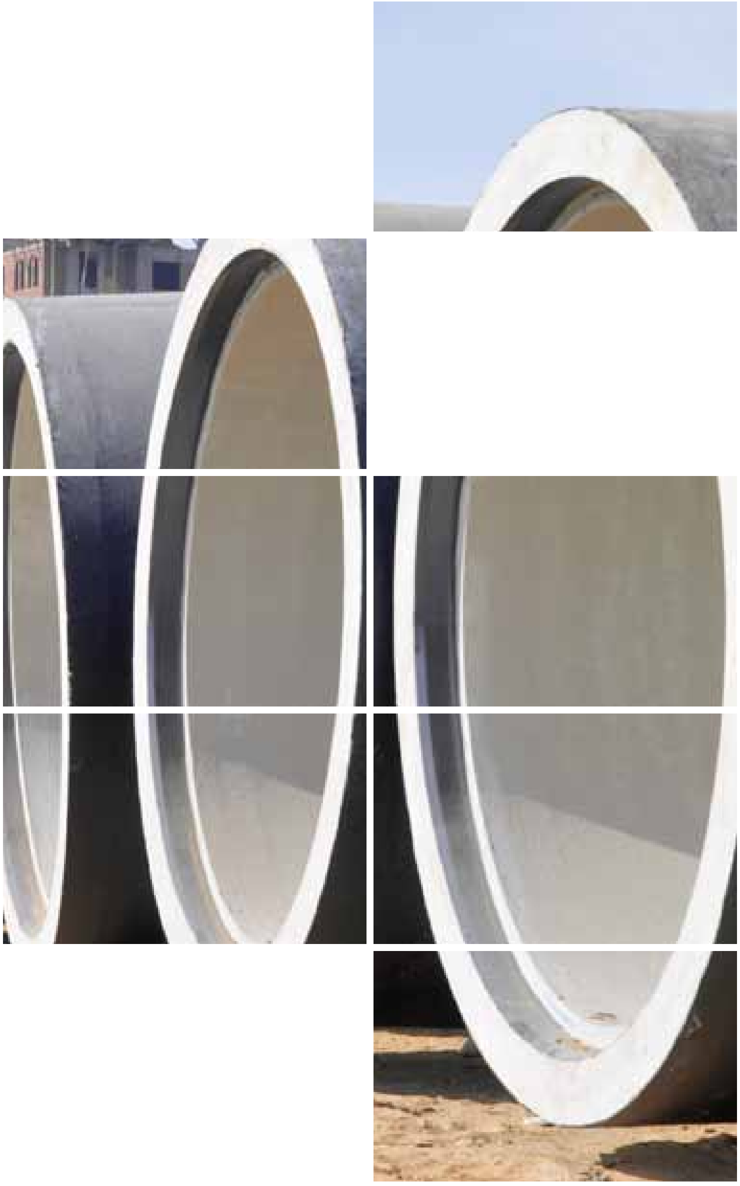
Ownership: 40%

Markets: The company operates a two plants in Egypt, supplying products to clients primarily in Egypt and North Africa.

2011 performance: Maintained a solid backlog level of $ 43 million for the year.

Employees: 703

CONSTRUCTION MATERIALS & PROPERTY MANAGEMENT



Alico Egypt

Manufacturer and installer of glass, aluminium and architectural metal works. With a total production capacity of 250 thousand square meters. Alico leads the market, providing services in landmark projects across its core markets, often in conjunction with Orascom Construction and BESIX. Alico was established in 2000.

Ownership: 50%

Markets: The company operates from a plant in Egypt, supplying products to clients primarily in Egypt and North Africa.

2011 performance: Recorded 7.8% topline growth over 2010 to record revenue of $ 5.7 million and doubled new awards year-on-year.

Employees: 550

www.alicoegypt.com

United Paints & Chemicals

Established in 1997, UPC is Egypt's largest manufacturer of cement based ready mixed mortars in powdered form used by the construction industry. It is capable of producing 240 thousand metric tons of product, which is sold under the brand name Drymix.

Ownership: 56.5%

Markets: The company operates from a plant in Egypt, supplying products to clients primarily in Egypt and North Africa.

2011 performance: Recorded more than $ 6.7 million in total sales during the year, with retail sales improving nearly 20%.

Employees: 160

www.drymixegypt.com

SCIB Chemical

Manufactures up to 70 thousand kilolitres of decorative paints and industrial coatings primarily for the construction industry.

SCIB was founded in 1981.

Ownership: 15%

Markets: The company operates a plant in Egypt, supplying products to clients primarily in Egypt and North Africa.

2011 performance: Total sales increased by 6% over the same period last year

Employees: 649

www.scibpaints.com

Corporate and social responsibility

We consider ourselves a local company in each of our host communities, actively cultivating a local identity and employing local talent. We believe each community in which we operate plays a vested interest in supporting the economic and social well-being of our stakeholders and communities by setting global good corporate citizenship standards, all while respecting local sensitivities.

OUR COMMUNITIES

As a leading international corporation in both the construction and fertilizer spheres, we are present in over 30 countries across the globe. Our construction business focuses on large-scale infrastructure projects that provide essential services to large populations in the emerging markets. Our fertilizer products optimize yields, strengthen crops and accelerate growth and maturity.

During the year OCI sold over 4 million tons of nitrogen-based fertilizer products to customers in 38 countries across Europe, the Americas, Asia and Africa. OCI sold 3.3% of the world's traded granular urea, 5.9% of the world's merchant ammonia, 14.1% of traded calcium ammonium nitrate (CAN) and 4.6% of traded urea ammonium nitrate (UAN). Upon the completion of all the power projects in our backlog, we will have built 13,269 MW worth of power generation capacity in Egypt, Kuwait, Iraq and Algeria. This will be equivalent to providing nearly 42 million homes with electricity in those countries.

As a major business, we employ thousands of people and provide goods and services to thousands of clients in many countries. We have a commitment to maximize the use of local resources whenever possible – drawing local people into our company and developing their skills, choosing local partners to supply materials and other services. We also work in a socially responsible way – following accepted best practices for corporate governance, corporate citizenship and sustainable development.
We believe that good corporate citizenship can provide business benefits and improve business performance by enhancing our corporate reputation, lowering our risk profile, increasing our attractiveness as an employer, improving our relations with potential investors and our access to capital, encouraging creativity and innovation inside our company, differentiating our company from our competitors, increasing our operational efficiency, and ensuring our ability to operate uninterrupted in the communities we serve.

OCI'S Internal Community

As at 31 December, 2011, OCI employed 72,000 people around the world. We believe our internal community is fundamental to the success of our business. Our people's expertise, hunger for knowledge and passion to excel make our business what it is today. It is our strategy to invest in our people and the technology to help us look after them.

LEARNING & DEVELOPMENT

Our commitment to developing our people is manifested in our establishment of the OCI Academy in 2009. The OCI Academy aims to foster an environment that encourages individuals to seek opportunities for professional growth and enrichment by providing a range of training and development opportunities for all employees. Our 2011 training budget amounted to EGP 2.75 million ($ 0.5 million) and focused on the following four areas:

- Training of new employees
- Improving the performance of experienced employees
- Solving operational problems
- Developing employees for the future

OCI Academy's Training and Development Unit aims to develop the capabilities and competencies of employees by providing training programs that meet changing business needs and improve work performance. Accordingly, all training programs are on-site and job-related.

During 2011, the Onsi Sawiris Institute for Vocational Training partnered with Technische Universität Berlin (TU Berlin) to deliver young new talent into the business at an operational level. Through the OCI Academy and the Onsi Sawiris Institute for Vocational Training, we hope to provide our people and our business with the best possible development opportunities available.

OCI ACADEMY

In 2009 we launched the OCI Academy, the center for learning and development for new and existing employees at Orascom Construction Industries. The aim of the Academy is to recognize and nurture talent from within the business through structured training programs.

The Academy's 'Talent Program', a vocational program aimed at engineering graduates with up to two years' experience working in the field, celebrated the graduation 17 professional engineers who rotated for 27 months through different key projects and departments in our Construction Group, based on their individual priorities, management guidance and their supervisors' recommendation. The program exposes participants to different working environments, people and activities and helps them to develop a thorough understanding of our business; increase their knowledge and develop their skills. Participants also receive advanced theory training and a Project Management Professional diploma. The 'Talent Program' expects to graduate another 19 participants by the end of 2013, and establish a fourth class. The Talent Program also plans to initiate a 'Health, Safety, and Environement (HSE) Development Program' during the year.

The summer 'Internship Program' offers undergraduate engineering students with an opportunity to work in OCI during June to August in order to gain hands on experience to apply the knowledge they have previously learned in their respective universities. During the year, the program included students from Ain Shams University, Cairo University, the American University in Cairo (AUC), The Arab Academy for Science, Technology & Maritime Transport (AAST), Helwan University, Misr International University (MIU) and universities from Upper Egypt. 60 students where hosting during the summer of 2011. All students were interviewed and measured against OCI junior level competencies. The selected students were allocated to different projects and departments in their selected concentration and mentored by an OCI manager. At the end of their two-month internship, students presented their experiences and accomplishments during a final ceremony attended by their universities and OCI representatives.

The 'Leadership Program' is a competitive management development program designed to identify, retain and reward loyal employees by investing in them through continuous training and feedback. During the year, 11 employees were developed by the program and assigned new roles based on their acquired skills and strengths.

Established last year, the 'OCI Future Leaders Program' is designed to prepare high caliber professionals for a future leadership role at OCI through an intensive managerial and technical development program over 3 to 5 years. The program, which aims to secure OCI's management succession plan, is applicable to all employees who demonstrate exceptional and consistent performance.

A company-wide program called the 'Management Development Guides' was also launched last year and was developed in partnership with SHL Group Limited, a leading workplace talent assessment solutions consultant. The program provides employees with a detailed post-assessment professional enhancement guide, including on and off-the-job recommendations and training courses, which are offered both in the classroom and online.

EBIC GHG EMISSIONS REDUCTION

114

Million Cubic Meters of CO_2

NUMBER OR EMPLOYEES

72,000

As at 31 December 2011

EQUAL OPPORTUNITY

OCI firmly believes in equal employment opportunity even though Egyptian law does not impose any affirmative action program. It is our belief that all employees should enjoy equal opportunities to develop their professional careers, and promotion decisions are always based on objective circumstances and assessments.

To ensure equality, right at the start of the employment process we do not ask for information about religion, gender or age. We select people based on their qualifications and experience. However, by the nature of our industry and society we do employ more men than women. At Orascom Construction women represent approximately 8% of our global workforce, of whom 5% hold management or director level positions.

COMPENSATION AND BENEFITS

In 2011 we partnered with Towers Watson, a leading global professional services company offering solutions in the areas of employee benefits and rewards, to manage and support the development and implementation of the new company grading structure, job design process, job evaluation, employee mapping, and new pay structure.

We also introduced a Man-hour application for handheld devices, developed specifically for accurate time tracking for casual labors and automated wages calculation in accordance with the man day rate and Egyptian labor law.

PROFESSIONAL ENHANCEMENT

We are constantly looking to create effective solutions which will enhance our people's performance and create value for OCI. During 2010, the Human Resources department, in collaboration with SHL, designed and implemented an organization wide leadership model and competency framework for all employees. The framework creates a foundation to develop OCI's selection, succession planning and performance management practices.

During 2011, the HR department assessed 700 candidates, of which 300 were assessed for recruitment purposes and 400 were employees being assessed for development and promotion.

Health & Safety

Our employees are the backbone of our business. We are committed to providing a safe and unpolluted working environment that meets the most stringent international benchmarks. We believe that the health and safety of our employees, subcontractors and suppliers are essential to the successful conduct and future growth of our business and are in the best interest of our shareholders.

During the year, our construction team successfully reduced the Orascom Construction Lost Time Injury Rate (LTIR) by 42% to 0.014. Our internal HSE audit team conducted 162 project site audits and 41 environmental audits during the year, including surprise spot checks and scheduled reviews.

Our HSE Training Division also trained 941 employees during the year in collaboration with our Human Recourses Department.

In recognition of our diligent focus on health and safety, seven of our projects were recognized by our clients for achieving millions of man-hours with LTI's. These include:

- 14 million man-hours at the Skikda LNG train project in Algeria
- 5.4 million man-hours at the El Tebbin Power Plant project in Egypt
- 5 million-man hours at the El Merk project in Algeria

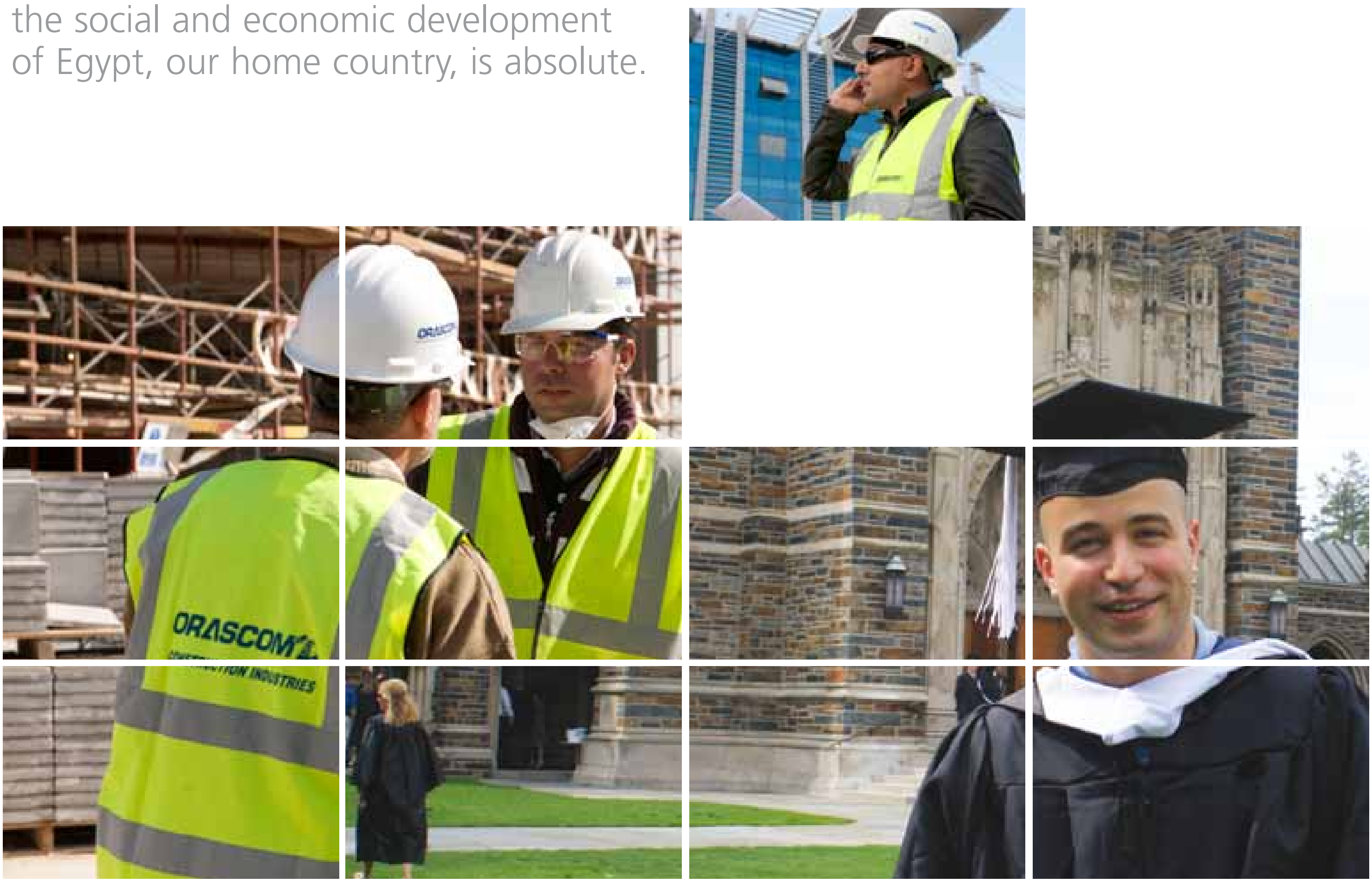
ORASCOM CONSTRUCTION LOST TIME INJURY RATE (LTIR)

0.014

Number of lost time injuries per one million hours worked

OCI'S Greater Community

We contribute to sustainable development and provide training and sponsorships in the communities in which we operate. Our commitment to the social and economic development of Egypt, our home country, is absolute.



ONSI SAWIRIS SCHOLARSHIP PROGRAM

57

Number of scholars to date

ENVIRONMENT

As part of our efforts to reduce our carbon footprint, EBIC and EFC constructed a CO_2 pipeline allowing EBIC to supply EFC with the excess CO_2 produced in the manufacture of ammonia. During 2011, EBIC reduced its carbon emissions by approximately 114 million cubic meters, a 4.6% improvement over last year and equivalent to CO_2 emissions from the electricity use of 426,605 homes in North America. OCI Nitrogen's plants all operate at excellent energy efficiency rates, with energy consumption and CO_2 emissions that are at levels close to the chemical and physical minimum, thereby leading to a positive CO_2 balance under the current European Trading Scheme for CO_2 emission trading.

We realize that there are threats to the environment from our project operations and manufacturing facilities that must be eliminated or minimized. It is our intention to prevent environmental pollution that may occur during and as a result of our operations.

We take precautions to mitigate possible environmental threats. We believe in working closely with our clients, government agencies and the public to ensure all environmental issues and concerns are addressed. We abide by all legal environmental permits and conditions issued or enforced by our clients and government agencies.

We have educated our 'superintendents' and 'crew' employees to monitor environmental threats. All employees in the field are responsible for reporting environmental threats and taking the necessary precautions to prevent harm to the environment.

We undertake initiatives to promote greater environmental responsibility and encourage the development and implementation of environmentally friendly technologies. We seek specialist advice on environmental issues to ensure a full understanding of emerging environmental concerns and the development and implementation of effective environmental policies.

FOSTERING EDUCATION

We believe that a high quality, well-rounded education promoting critical thinking and entrepreneurship is imperative to the advancement of our communities. Accordingly, we have been a tireless contributor to sustainable development by endowing time and resources into the entire education 'value chain', from building schools, to funding training and scholarship programs for teachers and students, financing and coordinating exchange programs between Egyptian and American institutions, and sponsoring extracurricular educational programs and competitions.

OCI FOUNDATION

Formed in 2000, the OCI Foundation invests company resources in educational programs that improve the communities in which we operate. Through the Onsi Sawiris Scholarship Program, the OCI Foundation has provided scholarships to 57 extraordinary Egyptian graduate and undergraduate students. To date, we have sent 16 students to Harvard University, nine students to the University of Pennsylvania, nine students to Stanford University and two students to the University of Chicago.

The OCI Foundation sent seven students to study at the graduate business schools of Harvard, Stanford, the University of Pennsylvania and Cornell in 2011. They too will have the opportunity to study in fields that will enhance the economic prosperity of Egypt.

DONATIONS

$4.4M

As at 31 December 2011

SAWIRIS FOUNDATION

The Sawiris Foundation for Social Development works towards the improvement of society by helping people to help themselves. It seeks projects that are innovative, answer socioeconomic needs, clearly demonstrate potential for success and that can be promoted as a model to be replicated and adapted by other institutions.

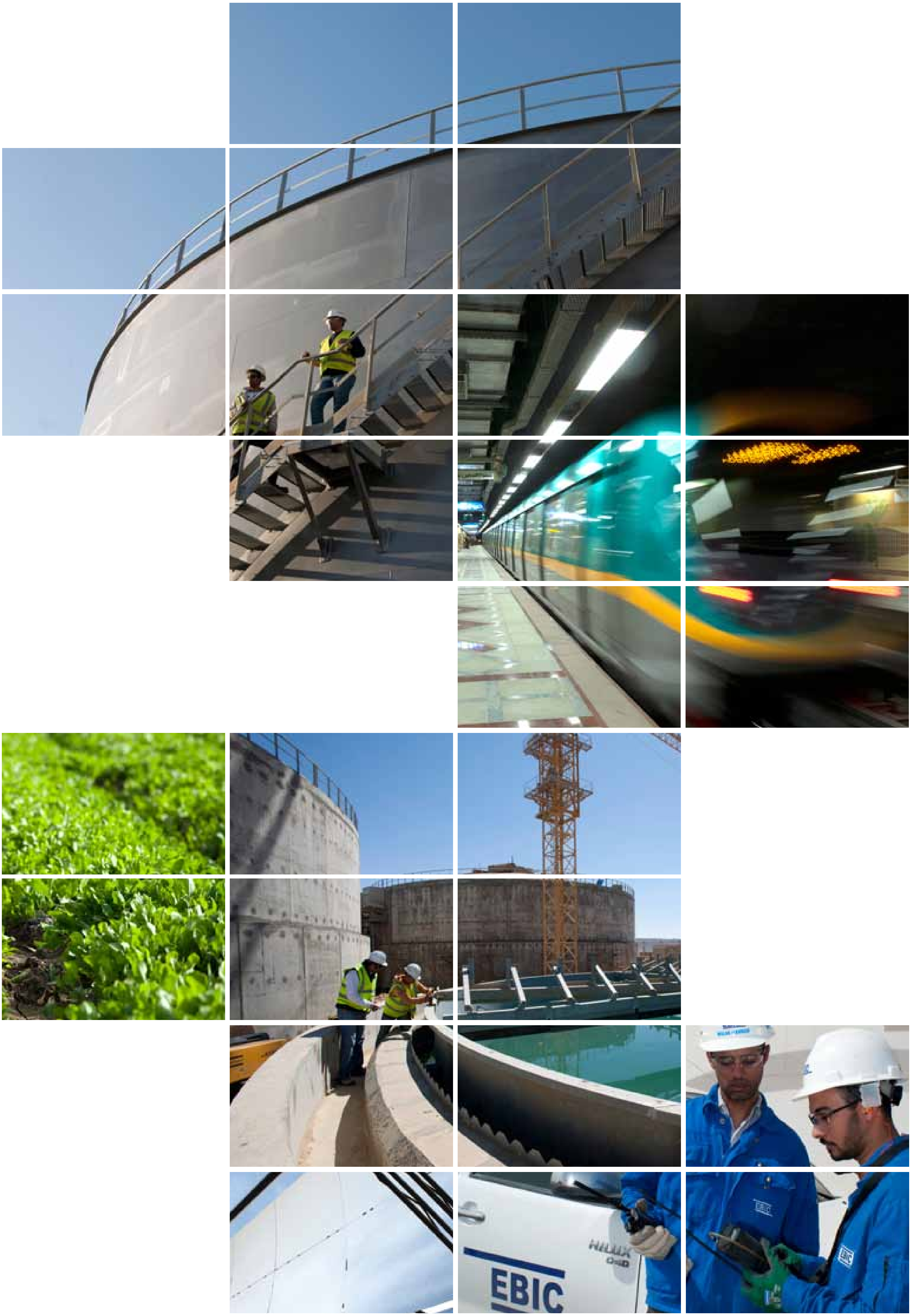
In 2011 the Foundation continued to provide grants to fund projects implemented by charitable organizations, educational institutions, local government and private business.

SPONSORSHIP & CHARITABLE DONATIONS

During 2011, we made charitable donations in Egypt totaling EGP 26.1 million (US$ 4.4 million) through both the Sawiris Foundation and directly through the OCI Foundation, primarily to public sector institutions for building schools and to various training and educational programs.

NUMBER OF OCI ACADEMY 'TALENT PROGRAM' GRADUATES

17


EBIC

Governance

Board of directors

01 **NASSEF SAWIRIS**
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

02 **ONSI SAWIRIS**
CHAIRMAN EMERITUS AND NON-EXECUTIVE DIRECTOR

03 **SALMAN BUTT** DIRECTOR

04 **OSAMA BISHAI** DIRECTOR

05 **JÉRÔME GUIRAUD**
INDEPENDENT NON-EXECUTIVE DIRECTOR

06 **SAMI HADDAD**
INDEPENDENT NON-EXECUTIVE DIRECTOR

07 **ALADDIN SABA**
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

08 **ARIF NAQVI**
INDEPENDENT NON-EXECUTIVE DIRECTOR

09 **HASSAN ABDALLA**
INDEPENDENT NON-EXECUTIVE DIRECTOR

01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NASSEF SAWIRIS
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Nassef Sawiris is the major shareholder, chairman and the Chief Executive Officer of Orascom Construction Industries (OCI). Mr. Sawiris is also a board member and shareholder in Lafarge S.A. He is also a Director of the BESIX Group and of NNS Holding, a privately-owned investment group.

Mr. Sawiris joined the Orascom Group in 1992 and became the Chief Executive Officer of Orascom Construction Industries in 1998. Mr. Sawiris served on the Board of Directors of the Cairo & Alexandria Stock Exchanges from 2004-2007. He is also a Director of the Nasdaq DIFC.

Nassef Sawiris holds a BA in Economics from the University of Chicago, USA. He was born in 1961.

ONSI SAWIRIS
CHAIRMAN EMERITUS AND NON-EXECUTIVE DIRECTOR

Onsi Sawiris was the founder and President of Orascom Onsi Sawiris & Co, the original family partnership involved in trading and contracting. Mr. Sawiris was named as the Chairman of Orascom Construction Industries upon its incorporation in 1998 until 2009. In 2008, Mr. Sawiris was made Commander in the Order of the Crown by His Majesty King Albert II, King of Belgium, and has held L'Order de Léopold since 1998. Also in 2008, he was awarded the Swedish Royal Order of the Polar Star in the presence of HRH Princess Victoria of Sweden.

Mr. Sawiris holds a BSc in Engineering from Cairo University. He was born in 1930.

SALMAN BUTT
DIRECTOR

Salman Butt has held the position of Chief Financial Officer since 2005. He is an international banker with over 20 years of banking experience. He was Head of Investment Banking for the Samba Financial Group in Saudi Arabia from 2003-2005. For 18 years prior to this, he worked with Citibank in Pakistan, Hong Kong, United Kingdom, Egypt and Saudi Arabia.

Mr. Butt holds an MBA from the University of Texas at Austin, USA, and a BSc in Industrial Engineering from the Middle East Technical University, Ankara, Turkey. He was born in 1959.

OSAMA BISHAI
DIRECTOR

Osama Bishai has worked for Orascom since 1985 and has held the position of Managing Director of Orascom Construction since 1998. He played a key role in developing Orascom Construction's business, particularly in the oil and gas sector, and has led the development of the company's investments in the fertilizer industry in Egypt and Algeria.

Mr. Bishai holds a BSc in Structural Engineering from Cairo University and a Construction Management Diploma from the American University in Cairo. He was born in 1962.

JÉRÔME GUIRAUD
INDEPENDENT NON-EXECUTIVE DIRECTOR

Jérôme Guiraud is the Chief Executive Officer of NNS Capital Ltd, a London based company. He is also a Board member of the world leader in building materials, Lafarge, and serves on its Audit Committee. Prior to joining NNS Capital, he held various managerial positions within the Société Générale Group across Europe and the Mediterranean including co-Head of Equity Corporate Finance for the EEMEA region, Managing Director of NSGB (National Société Générale Bank) in Cairo and Chairman of the Executive Board of Société Générale Maroc in Casablanca.

Mr. Guiraud holds an MBA from École des Hautes Etudes Commerciales (HEC Paris). He was born in 1961.

SAMI HADDAD
INDEPENDENT NON-EXECUTIVE DIRECTOR

Sami Haddad is General Manager and Executive Director of Byblos Bank. He has decades of experience in both the private and public sectors, specifically in finance, politics and academia. Mr. Haddad worked for the International Finance Corporation, part of the World Bank Group for more than 20 years in a variety of positions including Director of the Middle East and North Africa based in Cairo. In 2005 he became Minister of Economy and Trade in Lebanon, a position which he held for three years.

Mr. Haddad holds an MA in Economics from the American University in Beirut and pursued his postgraduate studies at the University of Wisconsin-Madison. Mr. Haddad was born in 1950.

ALADDIN SABA
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Aladdin Saba is the founder, Chairman and Chief Executive Officer of Beltone Financial, an investment banking firm headquartered in Cairo. Mr. Saba is a founding member of the Egyptian Investment Management Association and the Egyptian Capital Markets Association. In addition to several international funds, he serves on the Board of Directors for several Egyptian institutions, including the Egyptian Exchange.

Mr. Saba holds an MBA from The Wharton School of Business at the University of Pennsylvania, a Masters in Biomedical Engineering from the University of Pennsylvania and a BSc in Biomedical Engineering from Cairo University. He was born in 1960.

ARIF NAQVI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Arif Naqvi is the founder and Group Chief Executive Officer of Dubai based Abraaj Capital, the largest private equity firm in global emerging markets (PEI 300 rankings). Mr. Naqvi previously worked with Arthur Andersen & Co, American Express Bank, Olayan Group and The Cupola Group, which he founded in 1994. Alongside public company boards such as Aramex, Air Arabia and OCI, Mr. Naqvi is a member of numerous think-tanks and policy groups, including the WEF Arab Business Council, and is a board member of Endeavor Global, Emerging Markets Private Equity Association (EMPEA), the IMD Foundation Board and Columbia University Middle East Research Center. Mr. Naqvi is the Chair of the Middle East Centre's Advisory Board at the London School of Economics and Political Science. In 2008, Mr. Naqvi founded the AMAN Foundation and is currently the Chairman of its Board of Trustees.

Mr. Naqvi holds a BA from the London School of Economics and is a recipient of the Sitara Imtiaz, the highest civilian award in Pakistan. He was born in 1960.

HASSAN ABDALLA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Hassan Abdalla is the Vice Chairman and Managing Director of the Arab African International Bank, an international bank based in Egypt. He is also a part-time faculty member of Finance at the American University in Cairo. Mr. Abdalla holds positions as member of the Board of Directors of Telecom Egypt and member of the Executive Committee and Board of Directors of UBAF Bank, Hong Kong. Additionally, Mr. Abdalla is Board member of the Institute of International Finance.

Mr. Abdalla holds a BA and MA in Business Administration from the American University in Cairo. He was born in 1960.

Report of the Directors

The Directors of Orascom Construction Industries (OCI) present their Annual Report together with the audited consolidated financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

OCI is a leading fertilizer producer and construction contractor based in Cairo, Egypt. OCI is an investor, producer, and distributor of nitrogen-based fertilizers. OCI's Fertilizer Group holds investments in production facilities in Egypt, the Netherlands, and the United States, with a fertilizer plant under construction in Algeria, and a proposed Greenfield facility under development in Brazil. OCI also has an international distribution platform spanning from the Americas to Asia, and minority investments in a fertilizer business in Nigeria and an agro-distributor in the United States. OCI's Construction Group undertakes large industrial, commercial and infrastructure construction projects for public and private customers, principally in North Africa and the Middle East.

OCI is one of Egypt's largest corporations. OCI shares are listed on the Egyptian Exchange (OCIC.CA/OCIC EY), on the London Stock Exchange (OCICq.L/OR SD LI) through a global depository receipts program and on the Nasdaq (ORSCY) through an over-the-counter American depository receipts program.

A review of the group businesses, investing activities, financial performance and future outlook is contained in the 'letter to shareholders' by the Chairman and Chief Executive Officer on pages 2-3, and in 'Management's Discussion and Analysis' on pages 52-56.

EXPANSION OF FERTILIZER OPERATIONS

In 2011, OCI acquired 100% of an integrated ammonia and methanol production facility located in Beaumont, Texas on the Gulf Coast of the United States. The facility was renamed OCI Beaumont and underwent a technical rehabilitation program in order to re-commission. The plant has an annual production capacity of 0.25 million metric tons of ammonia and 0.75 million metric tons of methanol. In addition, the plant has an ammonia tank with a capacity of 18,000 tons and two methanol storage tanks with a capacity of 22,000 tons each. The plant has pipeline connections to adjacent customers and port access with dedicated methanol and ammonia import/export jetties and will ship both products along the Gulf Coast.

During the year, OCI also announced plans to develop a state-of-the-art integrated nitrogen-based fertilizer complex in Brazil, in partnership with the EBX Group. The fertilizer complex is currently in the early stages of development and is envisioned to have up to 3 million tons of annual capacity producing a diversified portfolio of nitrogen-based fertilizers.

As a fertilizer producer, OCI owns and operate plants located in Egypt, Algeria, the United States, and the Netherlands which will have an annual combined production capacity of 7 million metric tons of nitrogen-based fertilizers by the end of 2012. At that time, OCI will become ranked among the top three producers of nitrogen-based fertilizers.

In addition, OCI will have the capacity to produce a portfolio of downstream products, including 0.75 million metric tons of methanol and currently is capable of producing 0.25 million metric tons of melamine, making it the world's largest melamine producer. OCI Nitrogen also has an off-take distribution contract for 0.75 million metric tons of ammonium sulphate, renewed annually since 2010. OCI has occasionally toll manufactures AS at a neighboring plant in Egypt using its own ammonia.

RESULTS AND DIVIDENDS

The consolidated income statement is shown on page 61. Net income in 2011 was $ 676.9 million (EGP 4,084.5 million). In 2010, it was $ 594.3 million (EGP 3,344.4 million).

In April 2011, the Company paid dividends totalling US$ 206.9 million (EGP 1,216.6 million), US$ 1.00 per share (EGP 5.88 per share). In October 2011, the Company paid another dividend totalling US$ 227.6 million (EGP 1,349.6 million), US$ 1.10 per share (EGP 5.93 per share).

Due to the ongoing demerger process, the company's Board of Directors has decided to postpone payment of a dividend following the announcement of full year results until the transaction is complete. Post-demerger, the Board of Directors of each independent business will decide on a suitable dividend policy going forward.

The dividend policy of the Company is to distribute profits, after deducting the legal reserve and legally mandated employees share, in accordance with the following criteria:

- There should be a dividend distribution every year, and periodical dividends could be considered.
- There should be sufficient earnings to be retained for future operating and expansion purposes.
- There should be sufficient cash to discharge liabilities before dividend payments.

ANNOUNCEMENT OF DEMERGER

On 21 December 2011, the OCI Board of Directors decided to file with the relevant Egyptian authorities to start the process to effect a demerger of the company's construction business from its fertilizer business.

The demerger will result in OCI as the continuing company holding the fertilizer business and the demerged company holding the construction business. Upon the demerger becoming effective, OCI will continue to be listed on the Egyptian Stock Exchange (EGX) and expects that its Global Depository Receipts (GDRs) and over-the-counter American Depository Receipts (ADRs) will continue to be listed and traded on the London Stock Exchange (LSE) and the Nasdaq, respectively. The demerged company holding the construction business will also be listed on the EGX and procedures will be initiated to list GDRs and ADRs of the demerged company holding the construction business on the LSE and Nasdaq, respectively. OCI will call for an extraordinary meeting of shareholders to authorize the demerger when so permitted by EFSA. The demerger is expected to be completed during 2012.

CORPORATE GOVERNANCE

The Company endeavours to observe and conducts its affairs in accordance with the Egypt Code of Corporate Governance and international corporate governance best practices. A summary of the Company's corporate governance practices is shown on pages 48-51.

CORPORATE SOCIAL RESPONSIBILITY

Information on the Company's corporate social responsibility activities is shown on pages 36-41.

SHAREHOLDERS

The shareholding structure as at 31 December 2011 was: Sawiris family 55%, Abraaj Capital 6% and public ownership 39%. The Company is authorized to issue shares of up to 1% of the issued and paid in capital to implement its employee share-based payment incentive program. Information on this program is shown in note 27 to the consolidated financial statements on page 91.

DIRECTORS

The Directors of the Company who served during 2011 are listed on pages 44-45. The Board consists of nine directors, including six non-executives, five of which are independent.

DIRECTORS' INDEMNITIES

The Company grants an indemnity to all of its Directors to the extvent permitted by law. These indemnity amounts are uncapped in relation to losses and liabilities which Directors may incur to third parties in the course of acting as a Director of the Company, or in any office where such duties are performed at the request of the Board, or as a result of their appointment as Directors.

EMPLOYEES

As the Company has operations in a number of countries with different working environments, it has evolved a decentralized management structure, with employment policies designed to suit the needs of individual businesses. However, each employing company is expected to comply with certain key principles in its design and practice of employment policy. These are:

- to provide an open, challenging and participative environment;
- to enable all employees to utilise their talents and skills to the full, through appropriate encouragement, training and development;
- to communicate a full understanding of the objectives and performance of the Group and the opportunities and challenges facing it;
- to provide pay and other benefits which reflect good local practices and reward individual and collective performance;
- to ensure that all applicants receive equal treatment regardless of age, origin, gender, disability, sexual orientation, marital status, religion or belief; and
- to ensure that all employees similarly receive equal treatment and specifically in relation to training, development, and career progression.

Individual businesses use a variety of methods to communicate key business goals and issues to employees and also consult and involve their employees through local publications, briefing groups, consultative meetings, training programs and working groups to assist the process of continuous improvement in the way they operate and do business. Regular publications inform employees of major business and technical achievements.

CHARITABLE DONATIONS

Payments for charitable purposes made by the Group during the year ended 31 December 2011 amounted to EGP 26.1 million. The primary beneficiaries of these charitable donations were public sector institutions and qualified non-governmental organizations for social development projects.

AUDITOR

KPMG (Hazem Hassan) has expressed their willingness to continue as auditors to the Company and a resolution to reappoint them and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 8:30 AM on 17 May 2012 at Nile City Tower, 2005A Cornish El Nil, Cairo, Egypt 11221.

APPROVED BY THE BOARD

HEBA ISKANDER
BOARD SECRETARY

May 2012

Corporate governance

Orascom Construction Industries is committed to the principles of good corporate governance and has adopted corporate governance guidelines in compliance with applicable laws and stock exchange regulations. The Board of Directors ("Board") believes that good corporate governance practices align the interests of management, shareholders and other stakeholders, thereby maximizing the profitability and long-term value of the company for shareholders.

The Company is subject to the disclosure rules and the listing rules of the Egyptian Exchange ("EGX") as set forth in the Egyptian Capital Markets Authority decree of 18 June 2002, as amended, under the supervision of the Egyptian Financial Supervisory Authority ("EFSA"). The Company has been in compliance with the corporate governance, financial reporting and disclosure provisions of the EGX listing rules throughout the year ended 31 December 2009. The US Securities and Exchange Commission ("SEC") approved the EGX, formerly known as the Cairo and Alexandria Stock Exchanges, as a "designated offshore securities market" within the meaning of rule 902(b) under regulation S of the US Securities Act of 1933 on 16 April 2003.

In August 2005, the Egypt Code of Corporate Governance ("the Egypt Code") was issued to describe the rules, regulations and procedures that achieve the best protection of and balance between the interests of corporate managers, shareholders and other stakeholders. Companies listed on the EGX are encouraged to comply with the Egypt Code; however the corporate governance guidelines of the Egypt Code are not mandatory and are not legally binding.

The Global Depositary Receipts (GDR) of the Company are listed on the London Stock Exchange ("LSE") and the Company is therefore subject to the rules of the LSE as well as the rules of the United Kingdom Listing Authority ("UKLA") and the Financial Services Authority ("FSA"). The Company has been in compliance with its continuing obligations under the UKLA listing rules throughout the year ended 31 December 2010.

In June 2008, the Financial Reporting Council issued a new edition of the Combined Code on Corporate Governance ("the Code") to apply for reporting years beginning on or after 29 June 2008, and takes effect at the same time as new FSA Corporate Governance Rules implementing European requirements relating to audit committees and corporate governance statements. UKLA listing rules require that companies incorporated in the United Kingdom include in their annual report and accounts an additional disclosure statement in relation to how the company applies the principles in section 1 of the Code and an explanation of any non-compliance. As an overseas company with a secondary listing by the UKLA, the Company is not required to present this additional disclosure statement.

The shares and global depositary receipts of the Company are not registered under the US Securities Act of 1933 and the Company is not subject to US securities laws or the rules and listing standards of the SEC or the New York Stock Exchange ("NYSE"). In July 2002, the US Government passed the Sarbanes-Oxley Act which has introduced a number of changes to the corporate governance, disclosure and reporting requirements of US domestic and non-US registered issuers. The Sarbanes-Oxley Act codifies the view that company management should be aware of material information that is filed with regulatory authorities and released to investors, and should be held accountable for the fairness, thoroughness and accuracy of that information. In November 2003, the NYSE issued new corporate governance rules for listed companies which were approved by the SEC. The corporate governance standards contained in section 303A.00 of the NYSE listed company manual allow certain exemptions for foreign private issuers and controlled companies. The Company is not required to comply with the provisions of the Sarbanes-Oxley Act or the NYSE corporate governance rules.

The Board continues to monitor developments in corporate governance and the actions taken by regulators worldwide to improve financial reporting and disclosure. The Board has reviewed the recent changes in applicable securities laws and stock exchange regulations and has concluded that the Company is in compliance with all of those provisions which are currently in force. In addition, the Board has chosen to make the following voluntary disclosure to assist shareholders in their evaluation of the corporate governance practices of the Company..

BOARD OF DIRECTORS

The Board reviews the status of all the directors annually and determines who is to be regarded as independent. The Board has adopted a definition of "independent" which complies with the provisions set out in the Egypt Code, the Code and Section 303A.02 of the NYSE listing rules. The process and criteria used by the Board to determine the independence of each director is detailed in the Corporate Governance Guidelines of the Company. Aladdin Saba, Hassan Abdalla, Sami Haddad, Arif Naqvi, and Jerome Guiraud are considered independent non-executive directors. The Board, therefore, consists of nine directors, including six non-executives, five of which are independent. The non-executive directors have elected Aladdin Saba to serve as the Senior Independent Director and lead non-management director.

The Board met four times during the year. The Board has a formal schedule of matters reserved to them for decision which includes approval of the long-term strategic objectives and business plans of management, major corporate transactions including significant capital allocations and expenditures, and compensation of the chief executive officer and executive officers of Company. The directors were given appropriate documentation in advance of each board meeting. All directors have had access to the services of the Company Secretary and have been empowered to seek independent professional advice at the Company's expense. The non-executive directors are encouraged to meet privately in regular executive sessions without management participation during the year.

The Board maintains an orientation program for new directors. This program includes briefings by senior management to familiarize the new directors with the Company's strategic plans, financial statements and key policies and practices. The Board also maintains a continuing education program for all directors to assist them in carrying out their duties and responsibilities.

CORPORATE GOVERNANCE GUIDELINES

The Board has adopted Corporate Governance Guidelines ("Guidelines") to provide a framework for the effective governance of the Company in an effort to enhance long-term shareholder value. The Guidelines address several key governance issues and principles including board responsibilities, director qualifications, director responsibilities, board structure and operations, board committees, executive sessions, access to management and independent advisors, director compensation, director orientation and continuing education, management evaluation and succession, board performance evaluation, and relations with shareholders.

The Guidelines are publicly available from the Company's website www.orascomci.com and a copy may be requested by shareholders from the Company's Investor Relations Officers. The Board believes the Guidelines adopted generally comply with the provisions set out in the Egypt Code, the Code and Section 303A.00 of the NYSE listing rules.

BOARD COMMITTEES

The Board has established three committees to assist it in discharging its oversight responsibilities: Audit, Compensation, and Nominating and Corporate Governance. The purpose and responsibilities of each committee are described in their respective charters. Members of the committees meet the independence and experience requirements to the extent required under applicable securities laws and stock exchange regulations.

Committee members have access to the services of the company secretary and have been empowered to seek independent professional advice at the Company's expense.

The Audit Committee consists of three independent non-executive directors and is chaired by Aladdin Saba. The Board has determined that all committee members have recent and relevant financial experience and shall be regarded as financial experts. The Audit Committee met five times during the year. the primary purpose of the Audit Committee is to (a) to assist the Board in its oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, and (iv) the performance of the Company's internal audit function and independent auditors, and (b) to prepare and publish an annual Committee report and such other reports to the extent required under any applicable securities laws and stock exchange regulations. The role and responsibilities of the Audit Committee are set out in written terms of reference, the Audit Committee Charter, and includes the appointment, compensation and retention of the independent auditor, review of the Company's interim and annual financial statements with management and the independent auditor, and review of the Company's internal control and risk management systems.

The Compensation Committee consists of three directors and is chaired by Onsi Sawiris. The Compensation Committee met three times during the year. The primary purpose of the Compensation Committee is (a) to assist the Board in its oversight of all matters relating to director and executive officer compensation and (b) to prepare and publish an annual Committee report on director and executive compensation and such other reports to the extent required under any applicable securities laws and stock exchange regulations. The role and responsibilities of the Compensation Committee are set out in written terms of reference, the Compensation Committee Charter, and includes the review, evaluation and approval of director and executive officer compensation, incentive-compensation plans and equity-based plans. In determining the compensation of the directors and executive officers of the Company, the Compensation Committee considers the Company's performance and relative shareholder return, the compensation level of directors and executive officers at comparable companies, and the compensation of the directors and executive officers in past years. No director is solely involved in deciding their own compensation. Executive officers do not receive additional compensation for their service as an executive director. Non-executive directors receive an annual stipend and may participate in the share-based incentive program of the Company.

The Nominating and Corporate Governance Committee consists of three directors and is chaired by Onsi Sawiris. The nominating and Corporate Governance Committee met three times during the year. The primary purpose of the nominating and Corporate Governance Committee is to assist the Board in (a) identifying individuals qualified to become Board members and recommending to the Board the director nominees for the next annual meeting of shareholders, (b) recommending to the Board director nominees for each committee of the Board, (c) developing and recommending to the Board a set of corporate governance guidelines applicable to the Company, (d) overseeing the evaluation of the Board and management, and (e) preparing and publishing an annual Committee report on corporate governance and such other reports to the extent required under any applicable securities laws and stock exchange regulations. the role and responsibilities of the nominating and Corporate Governance Committee are set out in written terms of reference, the nominating and Corporate Governance Committee Charter, and includes determining on an annual basis the independence of each director as may be required under any applicable securities laws and stock exchange regulations, the compliance of each director and executive officer with the Company's code of business conduct and ethics, and such other activities as the Board may assign to the committee from time to time.

Corporate governance

NTERNAL CONTROL AND RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, that the process has been in place for the year under review and up to the date of approval of the annual report and accounts, that the process is regularly reviewed by the Board and accords with the guidance on internal control contained in the Egypt Code and the Code.

The Company maintains a sound system of internal controls and risk management which is embedded in its operations, is capable of responding quickly to evolving risks to the business arising from factors with the company and to changes in the business environment, and includes procedures for reporting immediately to appropriate levels of management any significant control weaknesses that are identified together with corrective action being undertaken. The Company's system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The business of the Company is conducted by its employees, managers and executive officers, under the direction of the Chief Executive Officer and the oversight of the Board, to enhance the long-term value of the Company for its shareholders, and to discharge its social responsibility. The Board is elected by shareholders to oversee and counsel management. The Board acknowledges that it is responsible for the Company's system of internal controls and for reviewing its effectiveness to safeguard shareholders' investment and the Company's assets.

The Audit Committee of the Board reviews the Company's internal control and risk management systems, monitors the effectiveness of the Company's internal audit function, identifies matters in respect of which it considers that action or improvement is needed, and makes recommendations to the Board as to the steps to be taken. The Audit Committee relies on periodic reports from the Company's executive officers, senior financial managers, internal audit staff, and external auditors to obtain reasonable assurance that appropriate controls are in place and functioning effectively.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company are responsible for the day-to-day control of the Company's operations and for the design of internal control and risk management systems. The CEO and CFO are responsible for the disclosure of all significant deficiencies and materials weaknesses in the internal control over financial reporting and any fraud, whether or not material, which involves management to the Audit Committee and External Auditors. These executive officers also are held responsible for the preparation and integrity of the Company's published financial statements which shall fairly present in all material respects the financial condition and results of operations of the Company.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board has adopted a code of business conduct and ethics which contains the policies that relate to the legal and ethical standards of conduct that the directors, executive officers and employees of the Company are expected to comply with while carrying out their duties and responsibilities on behalf of the Company. This code is intended to focus the Board and management on areas of ethical risk, provide guidance to personnel to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.

No code or policy can anticipate every situation that may arise. The Company expects each director, executive officer and employee to act with honesty and integrity, to exercise independent professional judgment and to deter wrongdoing in the conduct of all duties and responsibilities on behalf of the Company.

RELATIONS WITH SHAREHOLDERS

The Board believes that communication with shareholders, institutional investors, the financial community, the media, and other third parties is best handled by the Chief Executive Officer and designated management representatives of the Company. The Company operates a structured program of investor relations, based on formal announcements and publications relating to significant events and financial results, in compliance with applicable securities laws and stock exchange regulations. To ensure fair disclosure to all stakeholders at the same time, the Company refrains from disclosing any information specifically designated to financial analysts, financial institutions or other parties before disclosing the information to the market as a whole. Directors, executive officers and employees are required to maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated.

The Company has appointed Investor Relations Officers whose responsibility is to provide information and answer queries of stock exchange officials, shareholders and institutional investors. Information about the Company including interim and full year financial results and other major announcements is also published on the company's website www.orascomci.com.

The Chairman of the Board, Chief Executive Officer, Senior Independent Director and other authorized directors and investor relations personnel maintain a dialogue with representatives of institutional and other shareholders regarding long-term business strategies, financial performance and corporate governance in order to establish a mutual understanding of objectives. The annual general meeting also provides an opportunity for individual shareholders to meet and communicate with the Board to develop a better understanding of the Company's operations and prospects. All Directors are expected to attend the annual general meeting absent exceptional cause. Shareholders who wish to communicate with the Board may correspond in writing with the Senior Independent Director at the principal office of the Company. The Senior Independent Director will notify the Board or the chairperson of the relevant committee of the Board regarding those matters that are appropriate for further action or discussion.

GOING CONCERN

After making enquires, the directors have formed a judgment, at the time of approving the accounts, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of Orascom Construction Industries (OCI) for the year ended 31 December 2010. These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS), which are identical to International Financial Reporting Standards (IFRS), except in the two instances indicated on page 54.

OVERVIEW

OCI is a leading fertilizer producer and construction contractor based in Cairo, Egypt. OCI produces nitrogen-based fertilizers in Egypt, the United States, and the Netherlands for export to customers around the world. OCI also undertakes large industrial, commercial and infrastructure construction projects for public and private customers, principally in North Africa and the Middle East.

In 2011, we continued to develop our fertilizer group by acquiring Pandora Methanol LLC in Beaumont, Texas, which we renamed OCI Beaumont. The plant underwent rehabilitation of its anhydrous ammonia and methanol lines during the year, and began ammonia production in the fourth quarter. As a fertilizer producer, OCI will own and operate planted located in Egypt, Algeria, the United States and the Netherlands which will have an annual combined production capacity reaching 7 million metric tons of nitrogen-based fertilizers by the end of 2012. At that time, OCI will become ranked among the top three producers of nitrogen-based fertilizers worldwide.

As a melamine producer, OCI owns the largest melamine production group in the world with a combined production capacity of 0.25 million metric tons of melamine. OCI will also be capable of producing 0.75 million metric tons of methanol upon commissioning of OCI Beaumont's methanol line in 2012.

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The company generates revenue from continued operations primarily from its construction services and from the sale of fertilizers. The primary expenses of the company include direct materials used in construction, natural gas used for the production of fertilizers, raw materials, labor and overheads. The major factors which have had, and are expected to continue to have, a significant impact on the results of operations and financial condition of the company are:

- The demand for construction services on large commercial, industrial and infrastructure projects in the geographical markets served.
- Changes in global fertilizer supply and demand and its impact on the selling price of our products.
- Foreign currency exchange rates.
- The amount of taxes payable.

Demand for construction services on large projects is affected by changes in the general state of economic activity, foreign direct investment flows, foreign aid flows and government investment incentives. The timing of awards of major construction projects can result in significant fluctuations in the company's revenues and earnings between periods. During 2011, the Construction Group experienced a two week stoppage of construction activity at its Egyptian project sites due to political unrest in the country. This was mitigated in part by increased awards in Egypt during the second half of the year, as well as increased awards in the Kingdom of Saudi Arabia, the Emirate of Abu Dhabi, and from the United States Army Corps of Engineers in Afghanistan. The Group reported backlog growth during 2011 and has maintained a healthy orderbook consisting of both projects undertaken solely by OCI or with other partners in the form of joint ventures. OCI will focus on accelerating the development of its construction operations and investment in infrastructure projects.

OCI has two operating nitrogen fertilizer plants in Egypt (Egyptian Fertilizers Company producing urea and Egypt Basic Industries Corporation producing ammonia) and one operating nitrogen fertilizer and melamine plant in the Netherlands (OCI Nitrogen). OCI also owns an ammonia and methanol plant in the United States (OCI Beaumont) that began producing ammonia at the end of 2011. OCI also has investments in an ammonia and urea complex in Algeria (Sorfert Algérie), which is currently under construction, and a urea plant in Nigeria (Notore Chemical Industries). Selling prices of fertilizers improved over 2010 resulting in a steadier distribution of earnings. Consolidated profitability margins remained strong after the acquisition of OCI Nitrogen which has higher production costs due to its location.

A substantial portion of the company's consolidated revenue, operating expenses and long-term debt is denominated in foreign currencies. As such, OCI uses US Dollars as its functional currency. Significant changes in the exchanges rates of operational currencies (US Dollars, Euro, Egyptian Pounds, Algerian Dinars and Nigerian Naira) therefore can have a material effect on the reported and actual financial performance of the company. The company manages its foreign exchange cash flow risk on a consolidated basis by matching its foreign currency-denominated liabilities with continuing sources of foreign currencies.

Despite an increase in profit tax rate by 5% in Egypt to 25%, the amounts of taxes payable remained favorable at the consolidated level, and higher allowable depreciation rates allow the company to defer taxes.

FORWARD LOOKING STATEMENTS AND RISK MANAGEMENT

We discuss expectations regarding future performance, events and outcomes, such as our business outlook and objectives, in annual and quarterly reports, press releases and other written and oral communications. All such statements, except for historical and present factual information, are "forward looking statements," and are based on financial data and our business plans available only as of the time the statements are made, which may become out of date or incomplete. We assume no obligation to update any forward looking statements as a result of new information, future events or other factors. Forward looking statements are inherently uncertain, and investors must recognize that events could be significantly different from our expectations. Highlights of our risk management are as follows:

ABILITY TO ACHIEVE BUSINESS PLANS

As a construction contractor and fertilizer producer, we rely on continued demand for our services and on the distribution of our products at favorable prices. To achieve business goals, we must develop and provide services that appeal to our customers and sell at competitive prices. Our continued success is dependent on the quality and pricing of services and operations, and on our continued positive reputation. This means we must be able to obtain and manage our resources at competitive cost. Our success is also dependent on effective marketing programs in an increasingly difficult environment and conditions.

Our ability to obtain and execute contracts will determine the extent to which we are able to grow existing operations profitably, especially with respect to the types of projects and geographic markets (including developing markets) in which we have chosen to focus. There are high levels of competitive activity in the environments in which we operate.

To address these challenges, we must respond to competitive factors, including pricing and industry terms, and carefully select our partners. We must manage each of these factors, as well as maintain mutually beneficial relationships with our key customers, in order to effectively compete and achieve our business plans. Since our goals include a growth component tied to acquisitions, we must manage and integrate key acquisitions, including achieving the cost and growth synergies in accordance with stated goals.

COST PRESSURES

Our costs are subject to fluctuations, particularly due to changes in building materials prices, raw materials, and cost of labor and foreign exchange. Therefore, our success is dependent, in part, on our continued ability to manage these fluctuations through pricing actions, cost savings, sourcing decisions and sound contracting practices. We also must manage our debt and currency exposure, especially in volatile countries. We need to maintain key manufacturing and supply arrangements, including subcontracting and sole supplier arrangements. We must implement, achieve and sustain cost improvement plans, including our outsourcing projects and those related to general overhead and workforce rationalization.

GLOBAL ECONOMIC CONDITIONS

Economic changes, terrorist activity and political unrest may result in business interruption, inflation, deflation or decreased demand for our products. Our success will depend in part on our ability to manage continued global political and/or economic uncertainty, especially in our significant geographic markets, as well as any political or economic disruption due to terrorist and other hostile activities.

REGULATORY ENVIRONMENT

Changes in laws, regulations and the related interpretations may alter the environment in which we do business. This includes changes in environmental, competitive and product-related laws, as well as changes in accounting standards and taxation requirements. Accordingly, our ability to manage regulatory, tax and legal matters (including product liability, and project performance), and to resolve pending matters within current estimates may impact on our results.

KEY MANUFACTURING FACILITIES

Our fertilizer operations are reliant on a limited number of key manufacturing facilities that involve significant risks and hazards against which we may not be fully insured. Our operations are also subject to hazards inherent in the manufacturing, transportation, storage and distribution of chemical fertilizers, including ammonia, which is highly toxic and corrosive. We maintain property, business interruption and casualty insurance policies to mitigate the financial impact of unforeseen events, but we are not fully insured against all potential hazards and risks incident to our business.

Management's discussion and analysis of financial condition and results of operations continued

PRINCIPAL ACCOUNTING POLICIES

In compliance with EAS, and IFRS, we adopt the following principal accounting policies:

REVENUE RECOGNITION

Revenue from construction contracts is recognized in the statement of income under the percentage of completion method of accounting. In applying the percentage of completion method, the company does not recognize the value of contract change orders until these have been formally agreed to in writing with the customer, even if the actual work requested is commenced prior to the execution of such written change order.

CONSTRUCTION COSTS

Construction project costs include all direct material, equipment, labor, subcontract and indirect costs related to contract performance, such as indirect labor, maintenance, and applicable administrative costs. Materials, labor and equipment provided by subcontractors or joint ventures are included in revenues and costs when management believes that the company is responsible for the ultimate acceptability of the project. Changes in job performance, conditions, estimated profitability and final contract settlements may result in revisions to costs and revenue and are recognized in the period in which the facts requiring such revisions become known. Provisions for estimated losses on incomplete contracts are made in the period in which such losses are determined. Claims for additional contract revenue are recognized when realization is assured and the amount can reasonably be determined. Costs and estimated earnings in excess of billings on incomplete contracts are presented as construction projects in progress in the consolidated balance sheet.

CONSTRUCTION JOINT VENTURES

Construction projects, which are performed by joint ventures, are accounted for under the proportionate consolidation method. Under this method, the company's separate financial statements include the company's pro rata interest in the assets, liabilities, revenues and expenses of joint ventures through consolidation of these items on an item-by-item basis in the financial statements of the company. Agreements concluded between the company and the other partner in every joint venture stipulate that each party should be jointly responsible for the activities of that venture.

ACQUISITION OF SUBSIDIARIES

The company accounts for its investments in subsidiaries and associated companies in accordance with the purchase method of accounting.

IMPACT OF INFLATION AND INTEREST RATE FLUCTUATIONS

During the year under review, the consolidated results of operations and financial position of the company have not been materially affected by inflation or interest rate fluctuations.

SEASONALITY

Major construction projects are not generally affected by seasonal demand fluctuations. In addition, because of the generally warm and dry climate in the areas of operations, the construction activity levels are not significantly affected by weather conditions. The fertilizer industry is inherently dependent on seasonal fluctuations in demand as governed by major crop planting and harvesting seasons.

DIFFERENCES BETWEEN EAS AND IFRS

"EAS 20" requires that, with some exceptions, all leases should be accounted for as operating leases and therefore annual lease payments by the lessee are charged to the income statement as rent expense. "IFRS 17" requires that leases which transfer substantially the benefits and risks of ownership related to the leased properties from the lessor to the lessee should be accounted for as finance leases and therefore recorded as assets of the lessee, with the lease obligations included as a liability in the balance sheet.

Another difference between EAS and IFRS relates to accounting for the employees share of profits. Egyptian law requires that 10% of distributable profits are set aside for distribution to the employees, with a maximum of one year's total salaries. While EAS treats this as a charge to equity, IFRS requires that such employee benefits are to be expensed as charges in the income statement.

RESULTS OF OPERATIONS

REVENUE

Consolidated revenue from continuing operations increased by 12.6% to $ 5,511.3 million (EGP 32,722.0 million) as compared to $ 4,895.0 million (EGP 27,552.4 million) in 2010. This growth in consolidated revenue is primarily attributable to increased revenue from the Fertilizer Group on the back of higher volumes and prices across our product portfolio. In addition, OCI Nitrogen was consolidated for the full year in 2011 as opposed to nine months beginning 1 April in 2010.

Construction revenue during the year was primarily from the following major contracts: Orascom Construction projects in Egypt, Saudi Arabia and Algeria, Contrack projects in Afghanistan, and BESIX projects in Europe, Saudi Arabia and Africa. In 2011, OCI's activities in Egypt contributed $ 1,369.0 million (EGP 8,128.3 million) to the consolidated revenue from continuing operations, as compared to $ 1,023.2 million (EGP 5,759.0 million), representing 24.8% of the group's revenue as compared to 20.9% in 2010.

GROSS PROFIT

Gross profit from continuing operations increased by 17.5% to $ 1,415.8 million (EGP 8,406.1 million), as compared to $ 1,205.3 million (EGP 6,784.5 million) in 2010. The gross profit percentage of revenue increased to 25.7%, as compared to 24.6% in 2010, reflecting higher average selling prices for our fertilizer products. Depreciation and amortization expenses are a significant component of the cost of construction and fertilizer operations. In 2011, depreciation and amortization expenses increased by 1.9% to $ 250.7 million (EGP 1,488.4 million), as compared to $ 246.0 million (EGP 1,384.7 million) in 2010.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased by 2.1% to $ 297.2 million (EGP 1,764.8 million), as compared to $ 291.2 million (EGP 1,638.8 million) in 2010. Selling, general and administrative expenses as a percentage of revenue fell to 5.4%, as compared to 5.9% in 2010.

OPERATING PROFIT

Profit from continuing operations of the company increased by 36.8% to $ 1,134.2 million (EGP 6,734.2 million) in 2011, as compared to $ 829.0 million (EGP 4,666.4 million) in 2010. The operating margin increased to 20.6% for the year, as compared to 16.9% during 2010. The increase was due principally to increases in volume and average selling prices for urea, ammonia and calcium ammonium nitrate.

NET FINANCE INCOME (COST)

In 2011, the company's net finance cost amounted to $ 169.1 million (EGP 1,004.2 million), as compared to $ 108.9 million (EGP 612.5 million) in 2010. Net finance income (cost) consists of interest income, gain or loss on foreign exchange, and interest expense. Interest income decreased by 24.9% to $ 13.6 million (EGP 81.0 million) from $ 18.1 million (EGP 101.6 million) in 2010. Interest expense increased by 59.1% to $ 190.0 million (EGP 1,127.9 million), as compared to $ 119.4 million (EGP 672.1 million) in 2010, primarily due to the restructuring of $ 2.2 billion worth of credit facilities on our fertilizer subsidiaries.

In 2011, the gain on foreign currency exchange was $ 7.2 million (EGP 42.7 million) as compared to a loss of $ 7.5 million (EGP 42.0 million) in 2010. The difference is primarily attributable to the fluctuations in the euro and dollar throughout the year. The exchange rates of EGP 6.03 and EGP 7.82 were used to value the monetary assets and liabilities denominated in US Dollars and Euro respectively as at 31 December 2011, as compared to EGP 5.81 and EGP 7.77 as at 31 December 2010.

INCOME FROM INVESTMENTS

Income from investments fell to $ 6.3 million (EGP 37.4 million) from $ 77.3 million (EGP 435.3 million) in 2010 due to the reclassification of Gavilon and Notore to 'assets held for sale'.

INCOME TAXES

The company's income tax expense on profit from continuing operations in 2011 amounted to $ 262.1 million (EGP 1,555.9 million), as compared to $ 149.2 million (EGP 840.1 million) in 2010. These taxes, which include current and deferred liabilities, are attributable to the continuing construction activities and to taxes on fertilizer group profit. The effective tax rate in 2011 was 19.4%, as compared to 15.3% in 2010. The higher effective tax rate results from a higher revenue contribution from OCI Nitrogen and BESIX, lower contribution from construction subsidiaries in Algeria and the United Arab Emirates, and the increase the Egyptian tax rate to 25% from 20%.

DISCONTINUED OPERATIONS

During 2011, our minority investments in Gavilon and Notore were reclassified as 'assets held for sale' and included in the income statement as 'Profit from discontinued operation (net of tax)', contributing $ 45.3 million (EGP 268.9 million). There were no discontinued operations in 2010.

NET INCOME

As a result of the foregoing, the company's consolidated net income for the year increased by 14.2% to $ 678.6 million (EGP 4,028.9 million) (12.3% of revenue), as compared to $ 594.3 million (EGP 3,344.4 million) in 2010 (12.1% of revenue).

FINANCIAL LIQUIDITY AND CONDITION

The company and its subsidiaries have three principal sources of short term liquidity: (i) existing cash and cash equivalents which totaled $ 1,051.7 million (EGP 6,346.4 million) at 31 December 2011, as compared to totaled $ 973.0 million (EGP 5,649.40 million) at 31 December 2010; (ii) cash generated by operations; and (iii) short-term borrowings under credit facilities. For long-term investments, the group has access to long-term financing from international financial institutions. Cash is used to meet continuing operating obligations, investing activities, payment of long and short-term debt, and for distribution of profit to shareholders. The following table sets forth certain consolidated financial data concerning the liquidity and capital resources as at and for the periods indicated.

	Year ended 31 December 2011		Year ended 31 December 2010	
In millions	EGP	$	EGP	$
Cash and cash equivalents				
Beginning of year	5,649.4	973.0	5,924.6	1,080.2
End of year	6,346.4	1,051.7	5,649.4	973.0
Net increase	**697.0**	**78.7**	**(275.2)**	**(107.2)**
Net cash provided by (used in)				
Operating activities	1,617.7	233.8	2,212.1	334.7
Investing activities	(2,682.6)	(451.8)	(4,183.7)	(743.3)
Financing activities	1,761.9	296.8	1,696.4	301.4
Net provided	**697.0**	**78.7**	**(275.2)**	**(107.2)**

Cash provided by continuing activities in 2011 was principally generated from income from operations and from increases in receivables, inventories and construction in progress, which were reduced by increases in payables and in billings in excess of costs and estimated profits on incomplete contracts.

Cash used in investing in continuing activities in 2011 was attributable principally to the acquisition and rehabilitation of OCI Beaumont and ongoing construction of Sorfert Algérie. Cash provided by financing continuing activities in 2011 consisted principally of bank borrowings to finance the investments and the capital expenditures.

Management's discussion and analysis of financial condition and results of operations continued

DIVIDENDS

The declaration or payment of dividends by OCI is dependent in part on OCI's financial condition, results of operations, prospects, cash flow, capital requirements and reserves, the level of dividends received from the subsidiaries, and the effect of such dividend on OCI's tax position. In April 2011, the Company paid dividends in the amount of $ 206.9 million (EGP 1,220.7 million), $ 1.00 per share (EGP 5.90 per share). In October 2011, the Company paid another dividend in the amount of $ 227.6 million (EGP 1,349.7 million), $ 1.10 per share (EGP 5.93 per share). Due to the ongoing demerger process, the company has decided to postpone the payment of a dividend following the announcement of full year results until the transaction is complete. Post-demerger, the Board of Directors of each independent business will decide on a suitable dividend policy going forward.

CONSTRUCTION BACKLOG

The company considers as "backlog" the revenues that the company expects to receive under contracts that have been awarded and signed. Backlog consists of uncompleted portions of engineering and construction contracts, including the company's proportionate share of construction joint-venture contracts.

	Year ended 31 December 2011			Year ended 31 December 2010		
In billions	EGP	$	%	EGP	$	%
Egypt	11.9	2.0	31	9.3	1.6	29
Middle East	15.5	2.6	41	13.4	2.3	41
Africa	1.8	0.3	5	5.2	0.9	16
Europe	4.2	0.7	11	3.5	0.6	11
Asia	4.8	0.8	13	1.2	0.2	4
Total	**38.2**	**6.4**	**100**	**32.6**	**5.6**	**100**

At 31 December 2011, the construction group had unbilled work in its consolidated backlog worth $ 6.40 billion (EGP 38.6 billion). The construction group added $ 4.30 billion (EGP 26.0 billion) in new work during the year due in part to additional work added by OCI Egypt, Orascom Saudi Limited, and the BESIX Group. Construction work backlog which will be undertaken outside Egypt reached 69.3% at the end of the year. Of the total backlog at year end, industrial construction work represents 9.6%, commercial construction work 28.2%, and infrastructure work 62.2%.

FUTURE OUTLOOK

Management believes that the company is strategically positioned to capitalize on the increased infrastructure spending in its core regional markets in the Middle East and North Africa. Over the years, management has vested significant time and effort in forging strategic partnerships with industry leaders, investing in modern technologies, and developing the company's human resources. Management is confident that its competitive advantage in both the construction and fertilizer businesses will allow the company to sustain growth despite market volatility and continued global macroeconomic challenges. The company ended the year confident in the following growth catalysts:

- Capacity additions at EFC and OCI Nitrogen.
- Complete rehabilitation and startup of the 0.75 million metric ton per annum methanol line at OCI Beaumont.
- Successful commissioning of Sorfert, our 2.0 million metric ton per annum nitrogen fertilizer plant in Algeria.
- Profitable exits from our non-controlling investments in Gavilon and Notore.
- Steady construction backlog valued at $ 6.40 billion, 62.2% of which is infrastructure contracts with little risk of cancellation.
- Further penetration of new attractive construction markets, including Saudi Arabia, Iraq, and Morocco.
- Increased government spending on infrastructure projects in the region to stimulate their economies.
- Strong cash position which could be deployed for investments or acquisitions.
- Successful demerger of the Company, allowing each business to pursue its own strategy and unlock shareholder value.

Report of the Audit Committee of the Board of Directors

The Audit Committee assists the Board in fulfilling its responsibilities for general oversight of the integrity of the Company's consolidated financial statements, compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, the performance of the Company's internal audit function and independent auditors, and risk assessment and management. The Audit Committee manages the Company's relationship with its independent auditors (who report directly to the Audit Committee). The Audit Committee acts under a written charter adopted and approved by the Board, and has authority to obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties.

The Company's management has responsibility for preparing the consolidated financial statements and financial reporting process, including the system of internal control. The Company's independent auditors, KPMG (Hazem Hassan), are responsible for expressing an opinion as to whether those financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with Egyptian Accounting Standards, which are not materially different from International Financial Reporting Standards.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited consolidated financial statements for the year ended 31 December 2011 with the Company's management.
2. The Audit Committee discussed with the Independent Auditors the conduct of their audit in accordance with Egyptian Auditing Standards, and compliance with legal and regulatory requirements.
3. The Audit Committee has received written confirmation of the Independent Auditors' independence.
4. Based on the review and discussions referred to above, the Audit Committee recommended to the Board, and the Board has approved, that the audited consolidated financial statements be included in the 2011 Annual Report for filing with the Egyptian Financial Supervisory Authority.

AUDIT COMMITTEE

ALADDIN SABA
HASSAN ABDALLA
JÉRÔME GUIRAUD

Financial statements

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ORASCOM CONSTRUCTION INDUSTRIES COMPANY (AN EGYPTIAN JOINT STOCK COMPANY)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Orascom Construction Industries Company (an Egyptian Joint Stock Company) which comprise the consolidated balance sheet as of 31 December 2011, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes 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 the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 on the consolidated financial statements.

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Orascom Construction Industries Company as at 31 December 2011, and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements..

KPMG

KPMG HAZEM HASSAN
PUBLIC ACCOUNTANTS & CONSULTANTS

Cairo, 10th of April 2012

DIRECTORS' STATEMENT IN RESPECT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation and integrity of the annual report and the consolidated financial statements of Orascom Construction Industries, in accordance with applicable laws and regulations.

Company law requires the Directors to prepare consolidated and company financial statements for each year. The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards, which are not materially different from International Accounting Standards. These consolidated the financial statements present fairly the financial position and results of operations of the Group. As such, the consolidated financial statements include certain amounts that are estimates based upon currently available information and management judgment of current conditions and circumstances. The directors are responsible also for the other information included in the annual and interim reports and for their accuracy and consistency with the consolidated financial statements.

The annual financial statements have been audited by the independent accounting firm, KPMG (Hazem Hassan), which was given unrestricted access to all financial records and recorded data, including minutes of all the meetings of the Board of Directors and Committees of the Board.

The Company maintains a system of internal control over financial reporting, which is intended to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation of the consolidated financial statements. The system includes a documented organizational structure and division of responsibility, established policies and procedures, and the careful selection and development of staff. Internal auditors monitor the operation of the internal control system and report findings and recommendations to management and the Audit committee of the Board of Directors. Corrective actions are taken to control deficiencies and other opportunities for improving the system as they are identified.

The Audit Committee, which is composed of independent non-executive directors, meets periodically with management, the internal auditors and the independent auditors to review the manner in which these groups are performing their responsibilities and to carry out the Audit Committee's oversight role with respect to auditing, internal controls and financial reporting matters.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Furthermore, the effectiveness of an internal control system may change over time.

Management assessed the Company's internal control system in relation to criteria for effective internal control over financial statement preparation. Based upon that assessment, the directors believe that, as of 31 December 2011, its system of internal control over financial statement preparation met those criteria.

CONSOLIDATED INCOME STATEMENT

YEARS ENDED 31 DECEMBER

	Notes	31/12/2011 EGP million	31/12/2010 EGP million
Revenue		32,722.0	27,552.4
Cost		(24,315.9)	(20,767.9)
Gross profit		**8,406.1**	**6,784.5**
Add (Less)			
Other operating income	(23)	312.8	20.7
Selling, general and administrative expenses		(1,764.8)	(1,638.8)
Provision for claims and impairment of debts		(219.9)	(500.0)
Operating profit		**6,734.2**	**4,666.4**
Interest income		81.0	101.6
Interest expense		(1,127.9)	(672.1)
Gains (Losses) on foreign currencies exchange		42.7	(42.0)
Net finance cost		**(1,004.2)**	**(612.5)**
Investments income from associate companies		37.4	183.8
Net profit before taxes for the year		**5,767.4**	**4,237.7**
Income tax expense	(24)	(1,555.9)	(840.1)
Net profit from continued operations for the year		**4,211.5**	**3,397.6**
Discontinued operation			
Profit from discontinued operation (net of tax)		268.9	251.5
Net profit from discontinued operation		**268.9**	**251.5**
Net profit for the year		**4,480.4**	**3,649.1**
Attributable to:			
Equity holders of the Company		4,028.9	3,344.4
Minority interest's share		451.5	304.7
Net profit for the year after taxes		**4,480.4**	**3,649.1**
Earnings per share (LE/share)	(26)	**19.6**	**16.2**
Earnings per share from continued operations (LE/share)	(26)	**18.3**	**15.0**

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

YEARS ENDED 31 DECEMBER

	Notes	31/12/2011 EGP million	31/12/2010 EGP million
ASSETS			
Non-current assets			
Property, plant and equipment	(9)	20,055.6	18,605.7
Intangible assets	(10)	11,397.8	11,062.3
Investment in associated companies	(11)	413.8	2,676.0
Investments available for sale		415.3	406.8
Deferred tax assets		13.1	35.5
Long-term receivables		555.2	339.0
Total non-current assets		**32,850.8**	**33,125.3**
Current assets			
Inventories	(12)	2,239.5	1,885.7
Marketable securities		53.0	96.5
Trade and other receivables	(13)	11,988.0	11,548.0
Due from clients	(14)	2,783.7	2,173.4
Cash on hand and at banks	(15)	6,346.4	5,649.4
Assets held for sale	(8)	3,039.1	397.8
Total current assets		**26,449.7**	**21,750.8**
Total assets		**59,300.5**	**54,876.1**
EQUITY			
Shareholders' equity			
Issued and paid in capital	(19)	1,044.7	1,044.7
Reserves	(20)	5,957.9	5,347.2
Own Shares	(21)	(723.7)	(153.1)
Retained earnings		8,485.0	8,608.6
Deferred tax revaluation of property, plant and equipment		(97.0)	-
Cumulative adjustments on translation of foreign companies		(86.0)	(151.6)
Net profit for the year		4,028.9	3,344.4
Total shareholders' equity		**18,609.8**	**18,040.2**
Minority interest		1,165.6	1,044.3
Total equity		**19,775.4**	**19,084.5**

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET CONTINUED
YEARS ENDED 31 DECEMBER

	Notes	31/12/2011 EGP million	31/12/2010 EGP million
Non-current liabilities			
Loans and bonds	(16)	16,269.4	14,250.7
Provisions	(18)	2,153.1	2,082.3
Other liabilities	(22)	1,074.7	713.3
Deferred tax liabilities		1,416.0	773.0
Total non-current liabilities		**20,913.2**	**17,819.3**
Current liabilities			
Banks facilities and current portion of long term loans	(16)	5,720.2	3,342.2
Trade and other payables	(17)	9,812.5	10,345.9
Due to clients	(14)	1,573.6	2,964.1
Provisions	(18)	898.0	926.1
Income taxes payable		607.6	394.0
Total current liabilities		**18,611.9**	**17,972.3**
Total liabilities		**39,525.1**	**35,791.6**
Total equity and liabilities		**59,300.5**	**54,876.1**

The accompanying notes form an integral part of the financial statements.

NASSEF SAWIRIS
CHAIRMAN & CHIEF EXECUTIVE OFFICER

SALMAN BUTT
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2010

	Notes	Share capital EGP million	Legal reserve EGP million	Other reserves EGP million	Own shares EGP million
Balance at 31/12/2009		**1,034.6**	**536.9**	**3,783.5**	**(200.2)**
Transferred to retained earnings		–	–	–	–
Net profit for the year		–	–	–	–
Own shares (including OCI /Esop shares)		–	–	–	57.2
Hedge reserve (mainly hedge of interest rate of loans)		–	–	(58.1)	
Dividends to shareholders		–	–	–	–
Dividends to minority		–	–	–	–
Employees share of profits from minority		–	–	–	–
Employees share of profits		–	–	–	–
Changes in translation of foreign companies		–	–	955.5	–
Employees stock options		–	–	129.4	–
Increase in share capital		10.1	–	–	(10.1)
minority share in acquired subsidiaries during the year		–	–	–	–
Adjustments to retained earnings		–	–	–	–
Balance at 31/12/2010		**1,044.7**	**536.9**	**4,810.3**	**(153.1)**
Transferred to retained earnings		–	–	–	–
Net profit for the year		–	–	–	–
Own shares purchased during the year		–	–	–	(570.6)
Hedge reserve (mainly hedge of interest rate of loans)		–	–	(47.5)	–
Dividends to shareholders		–	–	–	–
Dividends to minority		–	–	–	–
Employees share of profits from minority		–	–	–	–
Employees share of profits		–	–	–	–
Changes in translation of foreign companies		–	–	528.8	–
Employees stock options		–	–	129.4	–
Deferred tax revaluation of property, plant and equipment in a subsidiary		–	–	–	–
Adjustments to retained earnings		–	–	–	–
Net change of minority interest in subsidiaries during the year		–	–	–	–
Balance at 31/12/2011		**1,044.7**	**536.9**	**5,421.0**	**(723.7)**

The accompanying notes form an integral part of the financial statements.

Retained earnings EGP million	Deferred tax revaluation of property, plant and equipment EGP million	Cumulative adjustment on translation of foreign companies EGP million	Net profit for the year attributable to equity holders EGP million	Total shareholders' equity EGP million	Minority interest EGP million	Total equity EGP million
8,835.9	**–**	**(14.5)**	**2,416.6**	**16,392.8**	**750.2**	**17,143.0**
2,416.6	–	–	(2,416.6)	–	–	–
–	–	–	3,344.4	3,344.4	304.7	3,649.1
–	–	–	–	57.2	–	57.2
–	–	–	–	(58.1)	–	(58.1)
(2,317.0)	–	–	–	(2,317.0)	–	(2,317.0)
–	–	–	–	–	(36.9)	(36.9)
–	–	–	–	–	(4.1)	(4.1)
(277.3)	–	–	–	(277.3)	–	(277.3)
–	–	(137.1)	–	818.4	–	818.4
–	–	–	–	129.4	–	129.4
–	–	–	–	–	–	–
–	–	–	–	–	30.4	30.4
(49.6)	–	–	–	(49.6)	–	(49.6)
8,608.6	**–**	**(151.6)**	**3,344.4**	**18,040.2**	**1,044.3**	**19,084.5**
3,344.4	–	–	(3,344.4)	–	–	–
–	–	–	4,028.9	4,028.9	451.5	4,480.4
–	–	–	–	(570.6)	–	(570.6)
–	–	–	–	(47.5)	–	(47.5)
(2,589.5)	–	–	–	(2,589.5)	–	(2,589.5)
–	–	–	–	–	(209.0)	(209.0)
–	–	–	–	–	(14.1)	(14.1)
(397.6)	–	–	–	(397.6)	–	(397.6)
–	–	65.6	–	594.4	–	594.4
–	–	–	–	129.4	–	129.4
–	(97.0)	–	–	(97.0)	–	(97.0)
(480.9)	–	–	–	(480.9)	–	(480.9)
–	–	–	–	–	(107.1)	(107.1)
8,485.0	**(97.0)**	**(86.0)**	**4,028.9**	**18,609.8**	**1,165.6**	**19,775.4**

CONSOLIDATED CASH FLOW STATEMENT

YEARS ENDED 31 DECEMBER

	Notes	31/12/2011 EGP million	31/12/2010 EGP million
Cash flows from operating activities			
Net profit for the year after taxes - Equity holders of the company		4,028.9	3,344.4
Adjustments to reconcile net income for the year to net cash provided by operating activities			
Depreciation	(9)	1,488.4	1,384.7
Increase in provisions for claims and impairment of debts		219.9	500.0
Provisions no longer required		(61.2)	(4.1)
Interest expenses (income), net		1,046.9	570.5
Share in profit of associates		(37.4)	(435.3)
(Gains) losses on sale of property, plant and equipment	(23)	(58.9)	2.0
(Gains) losses on foreign currency exchange		(42.7)	42.0
Income tax	(24)	1,555.9	840.1
Income from operating activities before changes in working capital		**8,139.8**	**6,244.3**
Used from provisions	(18)	(137.8)	(28.5)
Change in inventories		(353.8)	(212.1)
Change in trade and other receivables		(664.8)	(778.5)
Change in due from clients		(610.3)	(650.0)
Change in assets held for sale		27.6	140.9
Change in trade and other payables		(1,889.1)	(929.6)
Change in due to clients		(1,390.5)	(694.7)
Interest expenses (paid)		(1,503.4)	(700.4)
Net cash provided by operating activities		**1,617.7**	**2,391.4**
Cash flows from investing activities			
Interest income collected		81.0	101.6
Proceeds from sale of property, plant and equipment		278.9	443.1
(Payments) for purchase of property, plant and equipment and projects under construction		(2,501.8)	(3,588.6)
Net (payments) for investment available for sale		(8.5)	(38.9)
Net (payments) for investments in subsidiaries		(532.2)	(1,100.9)
Net cash (used in) investing activities		**(2,682.6)**	**(4,183.7)**
Cash flows from financing activities			
(Payments) for own shares		(570.6)	–
Net proceeds from banks facilities and loans		4,439.4	3,848.6
Change in other liabilities		361.4	26.5
Change in minority interest		121.2	(41.0)
Cash dividends to shareholders		(2,589.5)	(2,317.0)
Net cash provided by financing activities		**1,761.9**	**1,517.1**
Net change in cash and cash equivalents		697.0	(275.2)
Cash on hand and at banks at the beginning of the year		5,649.4	5,924.6
Cash on hand and at banks at the end of the year		6,346.4	5,649.4
Blocked funds		(452.3)	(843.9)
Cash and cash equivalents at the end of the year		**5,894.1**	**4,805.5**

The accompanying notes form an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER

1 GENERAL

Orascom Construction Industries Company has been recorded in the commercial register as an Egyptian Joint Stock Company on 30 March 1998 according to Law No. 159 for the year 1981. The Company's articles of association were published in the companies Gazette issue No. 658 in April 1998.

Mr. Nassef Sawiris is the Chairman and Managing Director.

The Company's purpose is contracting, manufacturing, supply and installation of machinery, equipment, tools, materials and supplies required for construction activities, the undertaking of infrastructure works and the engineering and technical consultation required for projects being implemented by the Company as well as importing necessary equipment and instruments. The Company's purpose also includes import and export activities, and leasing of equipment.

The consolidated financial statements of Orascom Construction Industries Company, the "Company", and its subsidiaries as well as the interests in associates and jointly controlled entities are all referred to as the Group. The Group is primarily involved in construction and fertilizer activities.

The following is the list of the direct investments of the Company in its subsidiaries and jointly controlled entities. Control over some of these entities is achieved through direct or indirect ownership of some other group's subsidiaries and jointly controlled entities.

Subsidiary	31/12/2011 % of ownership	31/12/2010 % of ownership
OCI International - Cyprus	100.0%	100.0%
OCI Finance Limited	100.0%	100.0%
Orascom Construction Industries - Algeria	99.9%	99.9%
Orascom Construction Industries - Nigeria	99.9%	99.9%
Orascom Industrial Investments	99.9%	99.9%
Orascom Construction (*)	99.9%	99.9%
National Steel Fabrication (***)	96.8%	49.9%
Orascom Roads Construction Company	99.8%	99.8%
Suez Industrial Development Company	60.5%	60.5%
Sorfert Algeria Company	50.9%	50.9%
OCI BESIX LLC (**)	99.0%	50.0%
Alico Egypt (***)	49.9%	49.9%
United Company for Paints and Chemicals (***)	49.9%	49.9%
Orascom Fertilizer Plant Maintenance Company	99.9%	99.9%
OCI Construction –Egypt	99.9%	99.9%
United Holding Company (***)	27.2%	27.2%
OCI Tervi Skikda	50.0%	50.0%
Orasqualia for the Development of Wastewater Treatment Plant	50.0%	50.0%
Bentini- Orascom Construction (***)	49.0%	49.0%
Orasqualia for Construction	50.0%	50.0%
Orasqualia for Operation and Maintenance	50.0%	–
Orascom Saudi	60.0%	–

(*) On 25 May 2011, the subsidiary extraordinary general assembly decided to modify its name to be Orascom Construction – An Egyptian Joint Stock Company – and listed in the Commercial Register in July 2011.

(**) On 24 November 2010, the subsidiary extraordinary general assembly decided to its name to be Orascom for Storage Services and Maintenance – Limited Liability Company – under the private free zone system and in the process to modify the name in the Commercial Register and the articles of association.

(***) The indirect ownership for the company through its subsidiaries is 3% for National Steel Fabrication Company, 0.1% for Alico Egypt Company, 6.52% for United Company for Paints and Chemicals, 29.3% for United Holding Company and 1% for Bentini- Orascom Construction Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated financial statements include the financial statements for all subsidiaries that are controlled by Orascom Construction Industries Company ("the Group"). The financial statements of the parent and its subsidiaries are prepared in accordance with Egyptian Accounting Standards and applicable Egyptian laws and regulations.

The consolidated financial statements were authorized for issuance by the Management on10 April 2012.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, financial instruments at fair value through profit and loss, and available for sale financial assets, which are measured at fair values. The methods used to measure fair values are discussed further in the notes below.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Egyptian Pound; the functional currency is U.S. dollar.

All financial information presented in Egyptian Pound has been rounded to the nearest million, except when otherwise indicated.

USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses during the financial years. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in:

Note 14 – Contract revenue

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the next financial years are included in the following notes:

Accounting policy (3-4) – Property, Plant and Equipments

Accounting policy (3-10) – Impairment

Note (18) – Provisions

Note (24) – Deferred tax

Note (25) – Measurement of share-based payments

Note (28) – Contingent liabilities

Note (31) – Financial instruments risks

3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are applied constantly in the preparation of the consolidated financial statements and during all financial years in which the consolidated financial Statements are presented. The same accounting policies are also applied constantly in the subsidiaries, associates and joint controlled entities' financial statements.

3.1 BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the extent of control, current and potential voting rights that presently are exercisable are taken into consideration. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries are modified where necessary to conform to the accounting policies of the Group.

LOSS OF CONTROL

Upon the loss of control, the group derecognizes the assets and liabilities of the subsidiary and its non controlling interests and the other equity components related to the subsidiary in the consolidated financial statements. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the group retains any interest in that subsidiary, then such interest is accounted for under the equity method or as investments available for sale according to the level of influence retained by the group.

ASSOCIATES

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company owns 20% - 50% of the voting shares of any company. Associates are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that the significant influence commences until the date that significant influence ceases.

JOINT VENTURES

Joint ventures are those entities over whose activities the Group has joint control, established by the contractual agreements and requiring unanimous consent for strategic financial and operating decisions. Joint ventures are accounted for using the proportionate consolidation method.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 FOREIGN CURRENCY TRANSLATION

FOREIGN CURRENCY TRANSACTIONS TRANSLATION

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

FOREIGN OPERATIONS TRANSLATION

The assets and liabilities of foreign operations are translated to US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollar at the exchange rates at the dates of transactions. Foreign currency differences are recognized separately directly in shareholders' equity of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3.3 FINANCIAL INSTRUMENTS

NON DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise cash and cash equivalents, investments in equity, trade and other receivables, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value, plus for instruments not at fair value through profit or loss, any directly attributable transactions costs. After initial recognition the non-derivative financial instruments are re-measured as discussed later.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, balances of banks current accounts, and time deposits with banks for less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of preparing the consolidated statement of cash flows.

INVESTMENT IN ASSOCIATED COMPANIES

Investments in associated companies are recognized initially at cost and recorded by the equity method. In case of impairment, the carrying amount of the investment is reduced and the impairment loss is charged to the consolidated income statement for the year.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

INVESTMENTS AVAILABLE-FOR-SALE

The Group's investments in equity securities, other than investment in associated companies, which are classified as available-for-sale, are recorded initially at cost. Investments available for-sale that are listed in a stock exchange are re-measured at fair values at the end of each reporting date; and changes therein, other than impairment losses, are recognised in equity. When the investment is derecognised, the cumulative gain or loss in equity is transferred to the consolidated income statement. Investments which are not listed at stock exchanges are re-measured at historical value after reducing any impairment losses.

MARKETABLE SECURITIES

Investments held for trading or is designated as such are recorded initially at cost. After initial recognition, transaction costs are recognised in profit or loss when incurred. These investments are re-measured at fair values (market values) at the end of each reporting date, and changes therein are recognised in the consolidated income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. The Group does not use derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Changes in the fair value of hedging financial instruments that is designated as a cash flows hedge is recognized directly in equity to the extent that the hedge is effective. An ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. All changes of other non trading derivatives are recognized immediately in profit or loss.

SHARE CAPITAL

Share capital is recorded at cost in shareholders' equity.

OWN SHARES

Repurchased shares of the Company are classified as own shares and are presented as a deduction from shareholders' equity at their acquisition cost. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity net of surplus or deficit on the transaction.

3.4 PROPERTY, PLANT AND EQUIPMENT

RECOGNITION AND MEASUREMENT

Items of property, plant and equipment (P.P&E) are measured at cost less accumulated depreciation and accumulated impairment losses at the reporting date (Accounting policy 3.10). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets include material, direct labour and other cost incurred to bring the asset ready to its intended use, as well as any expected cost to remove the asset at the end of its useful lives and restore the site to its original condition.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

GAIN AND LOSS ON DISPOSAL

Gain and loss on disposal of property, plant and equipment, resulting from the difference between the proceeds of disposal and the net book values of the disposed items, are recognized net within "other operating income (expense)" in the consolidated income statement.

SUBSEQUENT COSTS

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day to day servicing of property, plant and equipment are recognised in the consolidated income statement as incurred.

PROJECTS UNDER CONSTRUCTION

Expenditures incurred for purchasing and constructing property, plant and equipment are initially recorded in projects under construction until the asset is completed and becomes ready for use. Upon the completion of the assets, all related costs are transferred to fixed assets in the consolidated balance sheet. No depreciation is charged until the project is completed and transferred to Property, Plant and Equipments. Projects under construction are measured at cost less accumulated impairment losses (Accounting policy 3.10).

DEPRECIATION

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of property plant and equipment. Assets leased to third parties are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives for the current and comparative years are as follows:

Type of asset	Years
Buildings	4 – 50
Machinery and equipment	3 – 25
Furniture and office equipment	2 – 10
Vehicles and transportation	3 – 5
Information systems	2 – 6.7
Tools and supplies	1.5 – 10

Depreciation commences once the asset is ready for its intended use. Depreciation methods, useful lives and residual values are reviewed at each reporting date for the group.

LEASED ASSETS

Agreements for assets leased from third parties are accounted for as operating leases in accordance with Egyptian Accounting Standards. Rent payable on operating leases is charged in the consolidated income statement on a straight-line basis over the term of the lease.

BORROWING COSTS CAPITALIZATION

Interest and commissions on credit facilities and loans that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets till the date of availability for use. All borrowing costs that do not meet the capitalization criteria are recognised as expense in the consolidated income statement as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3.5 INTANGIBLE ASSETS

GOODWILL

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the entity acquired. Goodwill is recorded at cost less any accumulated impairment losses. When the excess is negative, it is recognised in the consolidated income statement. In respect of accounting for investment in associated companies, the carrying amount of goodwill is included in the carrying amount of the investment and the impairment of goodwill isn't reversed later.

3.6 OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Costs incurred subsequent to acquisition are capitalized when there is sufficient evidence of future benefit from the acquisition; other costs are expensed in the consolidated income statement as incurred. Amortization is recognized in the consolidated income statement on a straight line basis over the estimated useful lives, other than goodwill, from the date they are available for use.

3.7 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. An inventory of raw materials, spare parts and supplies cost are based on weighted average principle or the first-in-first-out method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.8 CONSTRUCTION CONTRACTS

Construction project costs (due from clients) are costs of completed work but not billed to clients awaiting approval and expected to be collected in accordance with the contract. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Construction project costs include all direct costs, such as materials, supplies, equipment depreciation and labor, as well as indirect costs of the Group such as indirect labor and maintenance. Construction project costs also include general and administrative expenses directly related to these projects. Provisions for estimated losses on incomplete contracts are made in the year in which such losses are determined.

The excess of construction project costs and estimated profits over billings is recognised as (due from clients) under current assets in the consolidated balance sheet. Billings in excess of cost of estimated earnings on incomplete contracts are recognised as (due to clients) under current liabilities in the consolidated balance sheet.

3.9 ASSETS HELD FOR SALE

Assets held for sale that are expected to be principally recovered through the sale rather than through the continuing use are classified as assets held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Group accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment loss on initial recognition as held for sale are allocated at first to goodwill and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and assets related to employee pensions. Subsequent impairment losses are charged to the consolidated income statement. Subsequent gains are not credited in the consolidated income statement to the extent that the gain is in excess of cumulative impairment losses. Intangible assets and property, plant and equipment once classified as held for sale are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

3.10 IMPAIRMENT OF ASSETS

FINANCIAL ASSETS

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized..

NON-FINANCIAL ASSETS

The carrying amounts of non-financial assets of the Group, except inventories, assets held for sale and deferred tax assets, are reviewed at the date of the consolidated financial statements to ascertain whether there is an event or changes in circumstances indicating that the carrying amount of an asset exceeds its recoverable amount. When such an indicator exists, the recoverable amount of the asset is estimated. The recoverable amounts of goodwill, and other intangible assets with indefinite useful life or not yet available for use, are estimated each financial reporting date. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. The impairment calculated as the difference between the carrying amounts and estimated recoverable amount, discounted by the effective interest rate.

A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in respect of cash- generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

Impairment losses in respect of goodwill are not reversed. Impairment losses in respect of other intangible assets in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3.11 FAIR VALUES

Certain accounting policies and consolidated financial statements presentation require determination of fair values of financial and non financial assets and liabilities. The fair values are determined for the purposes of recognition or measurement as follows; and in the respective notes to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

INTANGIBLE ASSETS

Fair values of intangible assets are determined according to future cash flows deducted and expected from using those assets or from its disposal.

INVENTORIES

The fair values of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated cost of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

INVESTMENTS IN SECURITIES

The fair value of financial assets at fair value through profit or loss and investments available-for-sale are determined by reference to their quoted bid price at the reporting date if these investments are quoted.

TRADE AND OTHER RECEIVABLES

Fair values of customer accounts receivable and other debit balances are their present values of future cash flows discounted at the reporting date after deducting impairment.

FINANCIAL INSTRUMENTS

Fair values of non–derivatives financial instruments traded in an active market are their current market values. Where an active market does not exist, estimates may be used based on present value or other analytical techniques.

DERIVATIVES

The fair value of forward exchange is based on their listed market price or if not available the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

The fair value of interest rates swaps is based on broker quotes tested for reasonableness by discounting estimated future cash flows using market interest rates for similar instrument at the measurement date.

SHARE-BASED PAYMENTS

Fair values of share-based payments are determined by using specialised valuation models.

3.12 PROVISIONS

A provision is recognised if as a result of past event the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Management reviews the provisions at the consolidated balance sheet date and makes adjustments to the provisions, if necessary, to reflect the best estimate.

3.13 REVENUE RECOGNITION

CONSTRUCTION CONTRACTS

As soon as the outcome of the construction contract is estimated reliably, contract revenues and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred bears to estimated total contract cost (cost-to-cost method). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on contract is recognized immediately in profit or loss.

Construction in progress costs include all direct costs, such as materials, supplies, equipment depreciation and labor, as well as indirect costs of the projects such as indirect labor and maintenance. Construction project costs also include general and administrative expenses directly related to these projects. Provisions for estimated losses on incomplete contracts are made in the year in which such losses are determined.

The excess of construction in progress costs and estimated profits over billings is recognized as (due from clients) under current assets in the consolidated balance sheet. Billings in excess of cost of estimated earnings on incomplete contracts are recognized as (due to clients) under current liabilities in the consolidated balance sheet.

REVENUE OF GOODS SOLD

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers usually occur when the products are received by the customer; however for some international shipments transfer occurs upon loading the goods onto the relevant carrier.

RENTAL REVENUE

Rental income is recognized in the profit or loss on a straight line basis over the term of the lease.

3.14 FINANCING COST AND INCOME

INTEREST INCOME

Interest income is recognised in the consolidated income statements using the effective interest rate method.

INTEREST EXPENSE

Interest expense which is not related to the acquisition or creation of an asset ready for capitalizing cost of borrowing is recognised in the consolidated income statements using the effective interest rate method.

INVESTMENT INCOME

Dividends from investments are recognised when the Group is entitled to such income.

FOREIGN EXCHANGE DIFFERENCES

Differences on foreign exchange are presented net in the consolidated income statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3.15 EMPLOYEES' BENEFITS

COMPANY'S CONTRIBUTION IN SOCIAL INSURANCE AND PENSION PLANS

Payments to defined contribution schemes are expensed as they become due. For defined benefit pension plans adopted, the benefit obligation is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each consolidated balance sheet date. Actuarial gains and losses are recognised in profit and loss in full in the year in which they occur.

SHARE-BASED PAYMENT TRANSACTIONS

The grant- date fair value of options granted to employees is recognised as an employee expense, over a year in which the employees become unconditionally entitled to the options. The amount recognised as expense (in wages and salaries at profit and loss) is adjusted to reflect the actual number of share options that vest.

3.16 INCOME TAX

Income tax comprises current and deferred tax payable on taxable income. Income tax expense is recognised in profit or loss to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity of the consolidated financial statements.

Current tax expense is the expected tax payable on taxable income for the year, using the prevailing tax rates or substantively enacted at the reporting date of the consolidated financial statements, and any adjustment in tax payable in respect of previous years.

Deferred tax expense is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.17 EARNINGS PER SHARE

The Group presents earnings per share (EPS), which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.18 SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments. The Group primary format for segment reporting is based on business segment.

4 FINANCIAL RISK MANAGEMENT

OVERVIEW

The Group is exposed to risks in respect of credit, liquidity, currency, and interest rates (market risk). The Groups' management assesses and analyse these risks, and implements the policies and necessary controls to manage these risks. Policies and procedures have been established to determine, analyse and control its risks and periodical follow up and reviews are carried out in accordance with operations and changes in market conditions. These controls continue to be developed through training, development and administrative procedures that allow the employees to better understand their roles and responsibilities. The Audit Committee of the Board ensures that management complies with the risk control policies and procedures, and that the framework for risk management is effective.

CREDIT RISK

Credit risk is the probability of financial loss from the inability of counterparty to meet contractual obligations related to a financial transaction or instrument. Credit risk includes receivable, debtors, cash at banks, due from related parties and investments.

CUSTOMER RISK

Customer risk, or counterparty risk, is risk of loss from their inability to pay their debts. To limit this risk, the Group provides credit only to government entities, related parties, and a large number of credit-worthy private sector customers.

LIQUIDITY RISK

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match or when the Group is unable to liquidate its assets with values that approximate their fair values to meet the Group's liabilities. While an unmatched position may enhance profitability, it can also increase the risk of losses. To manage the liquidity risk, the Group's management aims to have sufficient amounts of cash, available finance and credit facilities to discharge the liabilities when due and minimizes potential losses. Without taking into consideration any unusual effects that cannot be predicted such as natural disasters.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure with acceptable parameters, while optimising the return.

CURRENCY RISK

The Company is exposed to currency risk on construction revenues, construction cost, loans and bonds that are denominated in a currency other than the respective functional currencies of Company primarily in Egyptian pound and Euro. The group manages this risk by monitoring the exchange rates fluctuations on a continuous basis, by matching its liabilities in foreign currencies with its source of funds in foreign currencies and by currency SWAP agreements with some financial institutions.

INTEREST RATE RISK

The Group is exposed to interest rate risk in relation to its interest-bearing assets, liabilities and borrowings. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The group manages this risk by monitoring the interest rates fluctuations on a continuous basis, and by hedging interest rates risks for part of the loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5 GROUP SEGMENT REPORTING

The Group primary format for segment reporting is based on business segment. The secondary format is geographical segments. The risk and returns of the Group's operations are primarily determined by different products and services that the Group produces or provides rather than the geographical location of the Group's operations. This is reflected by the Group organisational structure and internal financial reporting systems.

The Group had two main segments of operations, constructions and fertilizers.

Operating segments	Construction EGP million	Fertilizer EGP million	Elimination EGP million	Consolidated EGP million
Revenue				
December 2011 External revenue	18,612.0	14,110.0	–	32,722.0
December 2011 Intra-group revenue	457.2	–	(457.2)	–
Total December 2011	**19,069.2**	**14,110.0**	**(457.2)**	**32,722.0**
December 2010 External revenue	19,322.5	8,229.9	–	27,552.4
December 2010 Intra-group revenue	313.5	–	(313.5)	–
Total December 2010	**19,636.0**	**8,229.9**	**(313.5)**	**27,552.4**
Operating income				
December 2011	1,561.3	5,172.9	–	6,734.2
December 2010	2,012.5	2,653.9	–	4,666.4
Depreciation				
December 2011	782.0	706.4	–	1,488.4
December 2010	809.6	575.1	–	1,384.7
Capital expenditures				
December 2011	508.5	1,734.0	–	2,242.5
December 2010	1,466.2	1,869.8	–	3,336.0
Total assets				
December 2011	28,787.8	30,512.7	–	59,300.5
December 2010	40,079.4	14,796.7	–	54,876.1
Total liabilities				
December 2011	17,407.9	22,117.2	–	39,525.1
December 2010	26,056.9	9,734.7	–	35,791.6

Geographical segments	Egypt EGP million	Africa EGP million	Asia EGP million	Europe and other EGP million	Consolidated EGP million
Revenues excluding intra-Group revenues					
December 2011	8,128.3	1,035.9	2,240.7	21,317.1	32,722.0
December 2010	8,539.6	1,196.4	2,455.2	15,361.2	27,552.4
Total assets					
December 2011	27,688.9	5,809.9	4,509.0	21,292.7	59,300.5
December 2010	31,161.4	5,556.9	3,906.2	14,251.6	54,876.1
Capital expenditures					
December 2011	756.7	376.8	51.1	1,057.9	2,242.5
December 2010	456.6	394.2	1,720.9	764.3	3,336.0

6 JOINT VENTURES

A summary of the Group's share in the assets, liabilities, revenues, and expenses in the Joint Ventures relating to the construction activities-according to the percentages of participation are as follows:

	31/12/2011 EGP million	31/12/2010 EGP million
Share in net assets		
Assets	1,462.1	2,748.4
Liabilities	(1,229.6)	(1,240.6)
Company's share in net assets	**232.5**	**1,507.8**

	31/12/2011 EGP million	31/12/2010 EGP million
Share in net profit		
Revenue	2,712.3	1,748.1
Cost	(2,365.5)	(1,482.8)
Company's share in net profit	**346.8**	**265.3**

7 ACQUISITION OF THE FERTILIZER AND MELAMINE UNITS OF ROYAL DSM NV AND MICRO CHEMIE BV

The group acquired the Fertilizer and Melamine units of Royal DSM NV in the Netherlands. The two acquired units have been fully consolidated in the group in the second quarter of 2010.The Company also agreed on 29 June 2010 to buy Micro Chemie BV, a company based in the Netherlands which owns and operates an ammonia terminal .Total net assets of the acquired entities amounted to EGP 1.1 billion and total acquisition cost amounted to EGP 2.3 billion; out of which about EGP 1.1 billion were intercompany loans payable to the sellers. During November 2011 the Group acquired a controlling stake in "Pandora Methanol LLC" company. The company name was changed to OCI Beaumont. The amount paid for the investment amounted to $ 27 million.

8 ASSETS HELD FOR SALE

The group presented the whole investment in one of its associate companies as an assets held for sale. Efforts for the sale started during the fourth quarter in year 2011. As at 31 December 2011 the total investment amount is $ 442.3 million equivalents to EGP 2.7 billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Furniture and office equipment	Vehicles and transport	Information systems	Tools and supplies	Total
Cost								
Balance at 1/1/2011	345.6	1,614.1	18,856.2	254.3	501.1	284.0	236.5	22,091.8
Additions during the year	0.2	135.2	741.9	34.6	32.8	34.1	25.3	1,004.1
Cost of subsidiaries' assets at acquisition	8.1	27.7	251.2	–	0.3	–	–	287.3
Transfers / Adjustments - Forex	3.0	30.4	188.3	6.1	16.2	3.4	0.2	247.6
Disposals during the year	(31.9)	(26.5)	(397.0)	(27.6)	(26.2)	(6.6)	(5.1)	(520.9)
Balance at 31/12/2011	**325.0**	**1,780.9**	**19,640.6**	**267.4**	**524.2**	**314.9**	**256.9**	**23,109.9**
Accumulated depreciation								
Balance at 1/1/2011	2.5	549.2	8,847.5	160.5	268.4	150.8	103.4	10,082.3
Depreciation for the year	0.1	78.3	1,202.7	34.0	81.2	40.4	51.7	1,488.4
Transfers / Adjustments - Forex	(0.2)	(43.7)	(91.9)	(0.2)	13.7	0.4	0.3	(121.6)
Disposals accumulated depreciation	–	(15.9)	(246.9)	(8.4)	(22.7)	(5.1)	(1.9)	(300.9)
Balance at 31/12/2011	**2.4**	**567.9**	**9,711.4**	**185.9**	**340.6**	**186.5**	**153.5**	**11,148.2**
Net book value at 31/12/2011	**322.6**	**1,213.0**	**9,929.2**	**81.5**	**183.6**	**128.4**	**103.4**	**11,961.7**
Net book value at 31/12/2010	**343.1**	**1,064.9**	**10,008.7**	**93.8**	**232.7**	**133.2**	**133.1**	**12,009.5**

	31/12/2011 EGP million	31/12/2010 EGP million
P,P&E	11,961.7	12,009.5
Projects under construction	8,093.9	6,596.2
Total	**20,055.6**	**18,605.7**

Projects under construction includes machinery and equipment under installation amounted to EGP 6,323.1 million belongs to Sorfert Algeria SPA..

Property, plant and equipment include the following assets which have been acquired under finance lease transactions:

	Cost 31/12/2011 EGP million	Accumulated depreciation 31/12/2011 EGP million	Net 31/12/2011 EGP million
Machinery and equipment	126.4	(57.4)	69.0
Vehicles and transport	17.9	(10.2)	7.7
Buildings	64.7	(23.1)	41.6
Total	**209.0**	**(90.7)**	**118.3**

9 PROPERTY, PLANT AND EQUIPMENT CONTINUED

LEASED ASSETS

The Group leased equipments from others. The rental value of the leased assets amounted to EGP 174.1 million to be paid over periods ranging from 36 to 108 months in annual rent that approximates EGP 69.2 million. The sales value of these leased assets at the end of the term of the contracts amounted to EGP 15.7 million.

10 INTANGIBLE ASSETS

	31/12/2011 EGP million	31/12/2010 EGP million
Goodwill*	11,055.6	10,599.9
Other	342.2	462.4
Total	**11,397.8**	**11,062.3**

*Goodwill balance related to EFC amounted to L.E 10.7 billion from the total Goodwill balance as of 31/12/2011.

11 INVESTMENT IN ASSOCIATED COMPANIES

	Country	31/12/2011 EGP million	31/12/2010 EGP million
National Pipes Company	Egypt	80.1	81.8
BESIX Group investments	Belgium	26.6	28.1
Egyptian Gypsum Company	Egypt	122.5	111.2
OCI Nitrogen' investments	Netherlands	167.6	134.9
Ospraie Super Fertilizer Blocker LLC	U.S.A	–	751.0
Ospraie Super Trade Blocker LLC	U.S.A	–	1,553.8
Others		17.0	15.2
Total		**413.8**	**2,676.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12 INVENTORIES

	31/12/2011 EGP million	31/12/2010 EGP million
Raw and packing materials	1,202.1	1,121.0
Spare parts and fuel	316.7	292.0
Work in progress	5.0	–
Finished goods	635.8	400.0
Developed land for sale	79.9	72.7
Total	**2,239.5**	**1,885.7**

13 TRADE AND OTHER RECEIVABLES

	31/12/2011 EGP million	31/12/2010 EGP million
Receivables – current accounts and notes receivables	8,052.8	7,151.0
Debtors and other debit balances *	3,922.0	4,302.3
Due from related parties (Note 30)	13.2	94.7
Total	**11,988.0**	**11,548.0**

The impairment in trade and other receivables as of 31/12/2011 in the amount of EGP 407.0 million is netted from trade and other receivables in the consolidated balance sheet (2010: EGP 466.5 million).

* The debtors and other debit balances as of 31/12/2011 include advance payments and debit balances for suppliers and subcontractors amounted to EGP 579.1 million and letter of guarantee margin amounted to EGP 126.9 million (2010: EGP 418.7 million and EGP 126.1 million respectively).

14 CONSTRUCTION CONTRACTS IN PROGRESS

The status of construction contracts in progress at 31 December 2011 is as follows:

	31/12/2011 EGP million	31/12/2010 EGP million
Costs incurred on incomplete contracts	58,923.8	51,617.0
Estimated earnings	6,857.8	5,404.1
	65,781.6	57,021.1
Less: billings to date	(64,571.5)	(57,811.8)
Balance	**1,210.1**	**(790.7)**
Presented in the consolidated balance sheet as follows:		
Due from clients – current assets	2,783.7	2,173.4
Due to clients – current liabilities	(1,573.6)	(2,964.1)
Balance	**1,210.1**	**(790.7)**

In determining the revenue and costs to be recognised each year for works to be carried out on construction contracts, estimates are made to the final outcome on each contract. Management continually reviews these estimates and makes adjustments and provisions when necessary.

15 CASH ON HAND AND AT BANKS

	31/12/2011 EGP million	31/12/2010 EGP million
Cash on hand	13.2	9.8
Banks – current accounts*	3,960.6	2,598.8
Banks – time deposits *	2,372.6	3,040.8
Total	**6,346.4**	**5,649.4**

* Banks – current accounts and time deposits at 31/12/2011 including EGP 1 million and EGP 451.3 million respectively held as collateral against letters of guarantee and loans and facilities (2010: EGP 198.7 million and EGP 645.2 million respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16 LOANS

The Company and some of its subsidiaries obtained loans and bank facilities from various lending institutions.
As of 31 December 2011, the outstanding balances which included in current and non-current liabilities were as follows:

Borrowing Company	Lending institution	Interest rate
Orascom Construction Industries	Different banks - bank facilities	10.85% on the LE portion and 2.65% annually for the US$ portion
Orascom Construction	Different banks - facilities	Variable
Besix Group	Different banks - bank facilities	Variable
	Different banks - loans	Variable
Orascom Construction Industries - Algeria	Loan from Citi Bank (Algeria Branch)	Variable 5.8%
	Different banks - facilities	Variable 7%
Contrack international	Different banks - facilities	Fixed 3.95%
Alico Egypt	Different banks- facilities	Variable
Contrack International W.L.L.	HSBC - Bahrain	Variable
EFC	International Finance Corporation (IFC) and loans from different banks	Variable
Sorfert Algeria SPA	Syndication loan (Algeria External Bank - Others)	Interest rate is fixed during the plant construction period to 5.95% per annum. After the construction period it will be referred to Algerian bank interest rate plus rate of 1.95% per annum,0.25% arrangement fees and 0.5% commitment fees
EBIC	Syndicated bank facility (different commercial banks)	Libor plus predetermined margin by loan agreement plus percentage calculated by loan agent according to the agreement
	Export-import bank of USA - credit facility	0.175 over Libor semi annually, commitment fees 0.5% of the remaining facility balance, finance charge 10.32% paid in advance
Orasqualia for the development of wastewater treatment plant	Various Banks loans	3% over corridor declared by central bank
OCI Fertilizer Holding Cyprus	Various Banks loans	3.75% yearly over EURIBOR
OCI Nitrogen	Rabobank International Bank loan	1.75% yearly over EURIBOR
Total At 31/12/2011		
Total At 31/12/2010		

Outstanding amount 31/12/11 EGP million	Long-term portion 31/12/11 EGP million	Short-term portion 31/12/11 EGP million	Collateral / Guarantee
2,386.5		2,386.5	Promissory notes guarantee
274.0		274.0	Corporte guarantee from OCI SAE.
214.7		214.7	Commercial lien on the company's assets and shares in amount of Euro 40.5 million
226.7	226.7	0.0	
369.3		369.3	Promissory notes guarantee from OCI
430.1		430.1	Promissory notes guarantee for the full amount.
90.5		90.5	Corporte guarantee from OCI SAE.
11.9		11.9	Corporte guarantee from OCI SAE.
1.4		1.4	
6,483.9	5,512.3	971.6	Pledge EFC shares 99.9% owned by "Orascom Fertlizer Plant Maintenance".
4,224.7	3,810.4	414.3	Blocking certain bank accounts, ban for any disposal or decrease of the company share and assets.
635.8	490.2	145.6	Mortgaged tangible assets & intangible assets, pledge of accounts, insurnace and shares to HSBC.
821.6	643.7	177.9	
232.3	230.2	2.1	Mortgaged all machinary and equipment, goodwill and industrial property rights except the land.
1,459.4	1,251.2	208.2	The company has the right to extend the facility up to USD 300 million and guarantees through OCI Overseas Holding Limited, Egyptian Fertlizer Trading Limited.
4,126.8	4,104.7	22.1	Pledge of OCI Fertilizer International shares in OCI Nitrogen, pledge of moveable assets, trade recievables and company accounts, Property mortgage.
21,989.6	**16,269.4**	**5,720.2**	
17,592.9	**14,250.7**	**3,342.2**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17 TRADE AND OTHER PAYABLES

	31/12/2011 EGP million	31/12/2010 EGP million
Suppliers, subcontractors and notes payable	4,560.3	4,340.9
Clients- Advance payments	2,062.3	2,339.2
Creditors and other credit balances	3,187.2	3,660.6
Due to related parties (Note 30)	2.7	5.2
Total	**9,812.5**	**10,345.9**

18 PROVISIONS

	31/12/2011 EGP million	31/12/2010 EGP million
Balance at 1/1	3,008.4	2,563.4
Additions during the year	145.4	159.1
Increase in the provision result of the acquisition	–	131.1
Provision no longer required	(66.2)	(4.1)
Used during the year	(137.8)	(28.5)
Foreign exchange effect and adjustments	101.3	187.4
Balance at 31/12	**3,051.1**	**3,008.4**
Presented in the consolidated balance sheet as follow:		
Short-term	898.0	926.1
Long-term	2,153.1	2,082.3
	3,051.1	**3,008.4**

19 SHARE CAPITAL

AUTHORIZED CAPITAL

The Company's authorised capital is EGP 5 billion.

ISSUED AND PAID IN CAPITAL

As at 31 December 2011, the Company's issued and fully-paid capital is EGP 1,044,692,095 divided into 208,938,419 common shares at the par value per share of EGP 5.

The Company has Global Depository Receipts (GDRs), each represents one ordinary share. The Bank of New York was appointed to act as the depository bank. The company launched of its American Depositary Receipt (ADR) program with BNY Mellon acting as the depositary bank. Each OCI's ADR represents one ordinary share.

20 RESERVES

LEGAL RESERVE

According to the Company's articles of incorporation, 5% of annual net income is set aside as a legal reserve. Setting aside this percentage stops when the total accumulated reserve reaches 50% of the Company's issued capital. If the reserve falls below the defined level (50% of the issued share capital), then the company is required to resume settling aside 5% of the annual profit until it reaches 50% of the issued share capital. This reserve is used to increase the Company's issued capital or to cover the Company's losses. The legal reserve amounted to EGP 536.9 million ($ 98.3 million) at 31 December 2011.

OTHER RESERVES

A summary of other reserves balances as of 31 December 2011 is as follows:

	31/12/2011 EGP million	31/12/2010 EGP million
Legal reserve	536.9	536.9
Special reserve	4,065.2	4,065.2
Hedge reserve (mainly hedge of interest rate of loans)	(318.6)	(271.1)
Employees stock option reserve *	258.8	129.4
Translation differences	1,415.6	886.8
Total	**5,957.9**	**5,347.2**

Special reserve includes the difference between the fair value of the additional shares issued in 2006 and 2008 and their par value which amounted to EGP 1,815.4 million and EGP 3,869.9 million respectively. The reserves were reduced by EGP 1,620.1 million in 2009 that represented the difference between the par value and its purchase value around 7.8 million own shares.

* Employees stock option reserve includes the difference between the fair value of the employees stock option and the predetermined value of these stock option at the grant date which amounted to EGP 258.8 million as of 31 December 2011 and EGP 129.4 million as of 31 December 2010 (An adjustment was reflected retrospectively on the reserve account for the year 2010 against the provisions and retained earnings).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21 OWN SHARES

At 31 December 2011, the number of own shares are 2,990,939 GDR from the company shares as follows:

- 1,302,500 GDR were acquired by Orascom Construction Industries according to the company plan to acquires its shares which traded in the stock market. The acquisition cost of those shares amounted to EGP 332.5 million till 31 December 2011.
- 1,688,439 GDR of Orascom Construction Industries was acquired by OCI-ESOP Limited – a subsidiary company – and the net cost of own shares acquired are as follows:

	31/12/2011	31/12/2010
Number of shares	2,990,939	751,273
Cost of acquiring the shares (In million of EGP)	**713.6**	**143.0**
Average cost per share (EGP)	238.6	190.3

In addition to 2,019,958 shares available under the Employee Stock Option Plan valued at the par value of EGP 5 per share with total value of EGP 10.1 million at 31 December 2011 and 31 December 2010.

22 OTHER LIABILITIES

	31/12/2011 EGP million	31/12/2010 EGP million
Retention	570.9	336.4
Derivative liabilities	274.5	264.2
Loans to other shareholders in subsidiaries	69.8	–
Others	159.5	112.7
Total	**1,074.7**	**713.3**

23 OTHER OPERATING INCOME

	2011 EGP million	2010 EGP million
Net Gains (losses) on sale of P,P&E	58.9	(2.0)
Other income	281.9	104.5
Other (expenses)	(28.0)	(81.8)
	312.8	**20.7**

24 INCOME TAXES

Income tax expense recognized in the consolidated income statement as follows:

	2011 EGP million	2010 EGP million
Current income tax expense	1,117.2	648.5
Net Deferred tax - expense	438.7	191.6
	1,555.9	**840.1**

The statutory and effective tax rates are as follows:

	2011 EGP million	2010 EGP million
Net income before tax for the year	5,767.4	4,237.7
Income tax included in the consolidated financial statements	1,555.9	840.1
Effective tax rate	**19.4%**	**15.3%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25 SHARE-BASED PAYMENTS

OCI has a plan to provide employees with options to own shares through an employee stock option plan. Stock options are granted to employees at a grant price which is lower than the prevailing market price on the grant date. Payments received from employees when exercising options are used to refinance new share options.

The fair value of the services to be rendered by employees is measured according to the fair value of the options granted.

On 27 December 2006, the Shareholders approved at an Extraordinary General Assembly to issue shares at nominal value with a ceiling of 1% of the current issued shares. The objective of the capital increase is to meet the Company's obligations under share-based payments relating to the Employee Stock Option Plan, subject to the approval of the regulatory authorities.

On 1 December 2009, the Company's board of directors proposed to issue up to 1% of the current issued share capital at nominal value to finance share-based payments relating to Employee Stock Option Plan of the company's subsidiaries and associates. The Board also decided to invite the extraordinary general assembly to renew its decision dated 27 December 2006, regarding issuance of shares in-connection with the above mentioned matter.

On 23 December 2009, the Company's extraordinary general assembly approved the increase of the paid in capital of the company by an amount of EGP 10,099,790 divided into 2,019,958 common shares at a value of EGP 5 each to finance Employee Stock Option Plan from the special reserve. Existing shareholders waived their subscription rights to that capital increase, and such increase was registered at the commercial register on 3 October 2010.

The company granted stock option to some employees under the mentioned share-based payments plus the other options to the Employee Stock Option Plan – ESOP after adjusting the Stock Option Plan. Starting 31 December 2010 according to the Employee Stock Option Plan, the employee is only entitled to OCI shares transfer under the share-based payments without the option to pay the value of these options in cash. The comparative figures adjusted by an amount of EGP 129.4 million represent employees stock option reserve against affecting other receivables by an amount of EGP 96.2 million and the reversal of provisions by the differences.

26 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit available for shareholders as dividends by the weighted average number of shares outstanding during the year as follows:

	2011 EGP million	2010 EGP million
Net profit available for distribution (Equity holders)	4,028.9	3,344.4
Weighted average number of shares outstanding during the year (In million share)		
Number of original shares during the year	208.9	208.9
(Less) : Weighted average number of own shares	(3.8)	(2.8)
Weighted average number of shares outstanding during the year	205.1	206.1
Earnings per share (EGP)	19.64	16.23
Earnings per share (EGP) from continued operations	**18.33**	**15.01**

27 DIVIDENDS

On 6 June 2011, the ordinary general assembly approved the proposed dividends distribution by the company's Board of Directors meeting held at 8 May 2011 according to the proposed dividends distribution statement.

The general assembly approved to delegate the company's board of directors to distribute the future cash dividends in one or more installments to the company's shareholders and employees and determine the timing of these dividends without contradicting with the current and future financial covenants and upon availability of liquidity required for these dividends.

On 17 January 2011, the Company's Board of Directors decided the payment of (second installment) of dividends to the company's shareholders, amounted to $ 1.0 per share (excluding own shares) from the retained earnings balance of the company for the financial year ended 31/12/2009 for an aggregate amount of $ 208,750,919.

On 18 January 2011, the Company's Board of Directors approved the payment of (second installment) of the company employees profit share, amounted to $ 18,072,296, and also delegated Chairman and Managing director to determine the value and the time of the payment according to the scheduled dates in this regard.

On 18 September 2011, the Company's Board of Directors decided the payment of (first installment) of the dividends to the company's shareholders, amounted to $ 1.1 per share on the total shares outstanding amounted 207,635,919 shares after deducting the own shares amounted 1,302,500 shares for an aggregate amount of $ 228,399,511 from the retained earnings balance of the company for the financial year ended 31/12/2010.

On 19 September 2011, the Company's Board of Directors approved the payment of (first installment) of the company employees profit share, amounted to $ 25,377,723, and also delegated Chairman and Managing director to determine the value and the time of the payment according to the scheduled dates in this regard.

28 CONTINGENT LIABILITIES

GUARANTEES

Letters of guarantee issued by banks for OCI and its subsidiaries in favor of others as at 31 December 2011 amounted to EGP 9.6 billion and the covered portion paid amounted to EGP 124.1 million (2010: EGP 9.5 billion and the margins amounted to EGP 122.4 million).

Outstanding letters of credit as at 31 December 2011 (uncovered portion) amounted to EGP 201.2 million (2010: EGP 315.9 million).

GUARANTEES UNDER THE AGREEMENT WITH LAFARGE

The agreement with Lafarge for the sale of the cement business in 2007 states that the parties ensure that each group company and member of OCI's Group are to be released from all guarantees and indemnities they have given to another group company or member of OCI's Group as the case may be.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

28 CONTINGENT LIABILITIES CONTINUED

LITIGATION

In the normal course of business, the Group entities and joint ventures are involved in some arbitration or court cases as defenders or claimants. These litigations are carefully monitored by the entities management and legal counsels, and are regularly assessed with due consideration for possible insurance coverage and recourse rights on third parties. Provisions are made if required and regularly updated.

The major portion of the business of the Company's US subsidiary involves contracting with departments and agencies of the US Government. Such contracts are subject to audit and possible adjustment by the respective agencies. The USAID Agency has investigated the nature of the relationship and performance of a contract with an Egyptian Joint Venture of which the company has 40% share. The USAID Agency have filed a suit against all partners of the Joint Venture contending that it is entitled to refund $ 332 million from the partners representing all the contract funds paid for these projects plus damages and civil penalties. Management has strong substantive reasons to oppose the allegations raised by Agency. The Company management also believes that the ultimate resolution of any such claims and counter claims will not have a significant impact on reported results of operations, consolidated balance sheet and cash flows.

The company made arbitration to settle matters of dispute with the owner of one of its projects which embodying the date handing over the project and the delaying penalties. The Company requires indemnifies for the unjustified liquidation by the client of letters of guarantee which amounted EGP 129 million, also the client's refusal to pay price differences of imported supplies which amounted EGP 8.2 million and $ 2.4 million, in addition to the client's failure to meet the contracted obligation to pay 50% of completed work value in US Dollars which amounted EGP 3.4 per $.

The Company believes that it has documents and justification to support its position and reserve its rights and, therefore, collecting the total amount due from the client amounted to EGP 218 million at 31 December 2011 with no obligation to pay any delay penalties. Based on that, the company does not form any provision in its financial statements to meet neither the amount due from the client nor the delay penalties, which demanded by the client waiting for the final result for arbitration.

One of the Group subsidiaries received raw material invoices with a price that is different from the supply agreement price, and the subsidiary production cost is based on the supply agreement price. The company's legal advisor concluded that the company's obligation for the supplier can only be based on the supply agreement.

An arbitration notification was submitted to the Cairo Regional Centre for International Commercial Arbitration against a subsidiary of the Group because of a dispute about natural gas price. The subsidiary had already signed two long term contacts (25 years) for the supply of natural gas with a pricing formula linked to international fertilizer prices. It was a surprise for the subsidiary to receive supplier request to apply Prime Minister's decree in the year 2008 increasing gas price notwithstanding that the contract explicitly states that "this contract is not to be considered a general low contract and that all its clauses are subject to private low for interpretation and implementation". It also states a pricing formula that is linked with urea international prices. The contract finally states that any amendments or additions to the contract are not acknowledged or binding unless written and signed by both parties. Therefore, the company believes it has a strong legal position based on the contracts already at its disposal and that it has the right to account for natural gas supply according to the signed contracts.

A subsidiary of the Group in the field of development of the Gulf of Suez area has not sold any pieces of its owned land located in the area since mid-June 2011. That was in response to a letter dated 16/4/2011 addressed to the company from the Governorate of Suez requesting freezing any sale of land until the Governorate of Suez receives a notification from the legal authorities of the results of the investigation conducted by the High Public Fund Prosecution and the Military Prosecution. These investigations concern the allocation and sale of land in the North West area of the Gulf of Suez.

The sale contract of Al Nasr Company for Steam Boilers and Pressure Vessels signed between the Holding Company for Engineering Industries and Al Nasr Company for Steam Boilers and Pressure Vessels as the seller and Babcock and Welcox International Investment Inc. and allies as the buyer was invalidated by a ruling of the Administrative Legal Court. All actions and decisions that resulted in during preparations and execution of the said sale contract were also invalidated.

The ruling also included the invalidation of all procedures and actions related to the sale of shares of the International Company for the Manufacturing of Boilers and Civil Works (IBSF) to the National Steel Fabrication Company (NSF). This ruling is not final as is subject to appeal at the High Administrative Legal Court. The company's management believes that at the present time it is difficult to determine the final outcome of the appeal until a final ruling is issued from all legal authorities

29 COMMITMENTS

At 31 December 2011, capital commitments of the Group for purchasing P.P&E amounted to approximately EGP 873.6 million and for investments EGP 11.7 million and other commitments amounted EGP 93 million.

30 RELATED PARTIES TRANSACTIONS

The intra-group transactions, balances and unrealised profits or losses have been eliminated. Balances as at 31 December 2011 for non-consolidated companies and joint ventures are reported in the consolidated balance sheet as due from affiliated companies and due to affiliated companies, and included in trade and other receivables (Note 13) and trade and other payables (Note 17). The transactions with related parties represents construction works carried out to related parties which amounted to EGP 34.6 million, and these related parties carried out construction works to the company which amounted to EGP 38.7 million during the year.

31 FINANCIAL INSTRUMENTS RISKS

CREDIT RISK

As at 31 December 2011, the total financial assets of the Group, which are the maximum limit for the credit risk, amounted to LE 18.8 billion.

CURRENCY RISK

As at 31 December 2011, the total transactions in foreign currencies for the parent company, which were the maximum limit for the currency risk, amounted to Euro 22.3 million.

INTEREST RATE RISK

Total financial commitments at variable rates are LE 11.4 billion.

A company of the Group has concluded several agreements for interest swap contracts in the amounts of US$ 125.9 million and US$ 225.7 million for a commercial facility and an Ex-IM Bank facility, respectively. The fixed interest rates ranged 5.8975% to 5.9525% for the commercial portion of the Ex-IM Bank loans and the floating rates were 5.4050% to 5.4225% over LIBOR, on both facilities.

LIQUIDITY RISK

The total contractual liabilities of the Group, which were the maximum limit for the liquidity risk, amounted to LE 36.5 billion.

SELECTED FINANCIAL DATA

YEARS ENDED 31 DECEMBER

SUPPLEMENTARY FINANCIAL INFORMATION IN EGYPTIAN POUNDS

The selected consolidated financial data for the five years ended 31 December 2011 has been extracted without material adjustment from the consolidated financial statements of the Company. The selected data should be read in conjunction with the consolidated financial statements and the notes thereto reported upon by KPMG Hazem Hassan, the Company's auditor.

Income Statement Data	31/12/06 EGP '000	31/12/07 EGP '000	31/12/08 EGP '000	31/12/09 EGP '000	31/12/10 EGP '000	31/12/11 EGP '000
Construction revenue	13,147,511	13,481,740	16,600,680	18,254,695	18,735,175	18,288,007
Fertilizer revenue	–	–	3,511,199	2,667,038	8,229,989	14,109,927
Cement revenue	4,948,099	–	–	–	–	–
Concessions / materials revenue	–	–	651,744	897,257	941,876	498,212
Elimination of intra-group revenue	(1,620,411)	–	(511,069)	(506,232)	(354,601)	(174,195)
Total revenue	**16,475,199**	**13,481,740**	**20,252,554**	**21,312,759**	**27,552,439**	**32,721,952**
Cost of services and goods sold						
Construction cost	(10,836,670)	(11,172,459)	(14,143,009)	(15,269,552)	(15,331,375)	(15,448,657)
Fertilizer cost	–	–	(807,397)	(1,062,983)	(5,082,526)	(8,584,720)
Cement cost	(2,288,961)	–	–	–	–	–
Concessions / materials cost	–	–	(513,080)	(754,734)	(708,588)	(456,757)
Elimination of intra-group cost	1,616,518	–	511,069	506,232	354,601	174,195
Total cost of services and goods sold	**(11,509,113)**	**(11,172,459)**	**(14,952,417)**	**(16,581,038)**	**(20,767,888)**	**(24,315,939)**
Selling, general and admin expenses	(1,149,458)	(849,056)	(1,293,923)	(1,495,036)	(2,138,833)	(1,984,677)
Income from operations	**3,816,628**	**1,460,225**	**4,006,214**	**3,236,685**	**4,645,717**	**6,421,336**
Other income and expenses						
Interest income	106,356	323,242	676,936	134,090	101,592	81,034
Foreign exchange gain (loss)	210,085	44,920	493,951	35,400	(42,033)	42,718
Income from investments	13,762	129,041	1,083	99,300	435,324	37,388
Gain (loss) on sale of investments	51,846	–	–	–	–	–
Net change in market value of investments	21,050	–	–	–	–	–
Other income	72,991	116,004	64,117	167,527	20,714	312,839
Interest expense	(567,080)	(604,885)	(668,431)	(631,484)	(672,119)	(1,127,943)
Gain (loss) on sale of equipment	5,475	–	–	–	–	–
Negative goodwill amortization	–	–	–	–	–	–
Profit on intra-Group construction	(181,126)	–	–	–	–	–
Net other income (expense)	**(266,641)**	**8,322**	**567,656**	**(195,167)**	**(156,521)**	**(653,962)**
Income before taxes	**3,549,987**	**1,468,547**	**4,574,591**	**3,041,518**	**4,489,196**	**5,767,374**
Provision for income taxes	(136,378)	(82,036)	(575,841)	(491,300)	(840,050)	(1,555,885)
Results from discontinued operations	–	2,511,048	11,382	–	–	268,921
Gain on sale of cement group	–	62,274,782	1,433,457	–	–	–
Minority interest	(742,891)	(151,367)	(76,894)	(133,618)	(304,658)	(451,545)
Net income	**2,670,718**	**66,020,974**	**5,366,695**	**2,416,600**	**3,344,487**	**4,028,863**
Per share information						
Earnings per share [1]	12.93	327.70	25.80	11.74	16.21	19.64
Cash dividend per share [2]	5.50	305.00	310.50	10.02	11.26	12.47

Balance Sheet Data	31/12/06 EGP '000	31/12/07 EGP '000	31/12/08 EGP '000	31/12/09 EGP '000	31/12/10 EGP '000	31/12/11 EGP '000
Cash and cash equivalents	2,738,067	3,917,025	8,268,710	5,924,617	5,649,401	6,346,419
Accounts receivable – customers (net)	3,196,684	765,992	8,236,229	9,749,940	11,451,578	11,988,031
Total current assets	11,008,340	89,739,810	19,858,932	19,349,771	21,654,434	26,449,686
Property, plant and equipment (net)	9,104,053	1,883,788	7,060,618	10,696,181	12,009,468	11,961,697
Assets under construction	6,441,241	1,589,625	2,851,668	4,294,662	6,596,193	8,093,928
Total assets	**28,616,330**	**94,951,996**	**43,025,494**	**46,857,400**	**54,779,660**	**59,300,513**
Short-term debt	2,987,693	10,647,706	3,670,552	2,266,074	3,342,203	5,720,155
Accounts payable	5,868,789	907,399	8,317,906	8,493,550	10,345,899	9,812,460
Total current liabilities	9,865,069	17,349,754	14,678,641	15,429,093	17,989,633	18,611,886
Total long-term liabilities	7,591,153	3,706,422	10,765,669	14,285,471	17,884,858	20,913,263
Minority interest	2,488,380	1,048,773	226,736	750,153	1,044,318	1,165,608
Total shareholders' equity	8,671,728	72,847,047	17,354,448	16,392,683	17,860,851	18,609,756
Total shareholders' equity and liabilities	**28,616,330**	**94,951,996**	**43,025,494**	**46,857,400**	**54,779,660**	**59,300,512**
Other Data						
Return on sales [3]	16.21%	10.28%	19.70%	11.34%	12.14%	12.31%
Return on equity [4]	41.29%	90.84%	33.00%	14.32%	19.53%	22.09%
Current ratio [5]	1.12	5.17	1.35	1.25	1.20	1.42
Net debt to equity ratio [6]	0.7	0.11	0.2	0.4	0.63	0.79

1 Net income available for shareholder dividends, after deducting the employees' profit share, divided by the weighted average number of shares outstanding during the period.
2 Total cash dividend paid for each year divided by the average number of shares.
3 Net income as a percentage of sales.
4 Net income as a percentage of average total shareholders' equity.
5 Current assets to current liabilities.
6 Net debt to internal finance (shareholders' equity plus minority interests).

SELECTED FINANCIAL DATA CONTINUED

YEARS ENDED 31 DECEMBER

SUPPLEMENTARY FINANCIAL INFORMATION IN US DOLLARS

The selected consolidated financial data for the five years ended 31 December 2011 has been extracted without material adjustment from the consolidated financial statements of the Company. The selected data should be read in conjunction with the consolidated financial statements and the notes thereto reported upon by KPMG Hazem Hassan, the Company's auditor.

Income Statement Data	31/12/06 $ '000	31/12/07 $ '000	31/12/08 $ '000	31/12/09 $ '000	31/12/10 $ '000	31/12/11 $ '000
Construction revenue	2,286,524	2,381,596	3,046,835	3,280,387	3,328,508	3,080,241
Fertilizer revenue	–	–	644,434	479,269	1,462,147	2,376,529
Cement revenue	860,539	–	–	–	–	–
Concessions / materials revenue	–	–	199,619	161,238	167,335	83,914
Elimination of intra-group revenue	(281,811)	–	(93,800)	(90,970)	(62,999)	(29,340)
Total revenue	**2,865,252**	**2,381,596**	**3,797,088**	**3,829,924**	**4,894,992**	**5,511,344**
Cost of services and goods sold						
Construction cost	(1,884,638)	(1,973,654)	(2,595,762)	(2,743,953)	(2,723,786)	(2,602,011)
Fertilizer cost	–	–	(148,187)	(191,019)	(902,966)	(1,445,921)
Cement cost	(398,080)	–	–	–	–	–
Concessions / materials cost	–	–	(94,169)	(135,627)	(125,888)	(76,931)
Elimination of intra-group cost	281,134		93,800	90,970	62,999	29,340
Total cost of services and goods sold	**(2,001,584)**	**(1,973,654)**	**(2,744,318)**	**(2,979,629)**	**(3,689,642)**	**(4,095,523)**
Selling, general and admin expenses	(199,906)	(149,989)	(237,482)	(268,660)	(379,987)	(334,278)
Income from operations	**663,762**	**257,953**	**735,288**	**581,635**	**825,362**	**1,081,543**
Other income and expenses						
Interest income	18,497	57,102	124,243	24,093	18,049	13,649
Foreign exchange gain (loss)	36,537	7,935	90,658	6,356	(7,468)	7,195
Income from investments	2,393	22,796	331	17,837	77,340	6,297
Gain (loss) on sale of investments	9,017	–	–	–	–	–
Net change in market value of investments	3,661	–	–	–	–	–
Other income	12,694	20,492	11,768	30,105	3,680	52,691
Interest expense	(98,623)	(106,855)	(122,682)	(113,478)	(119,409)	(189,979)
Gain (loss) on sale of equipment	952	–	–	–	–	–
Negative goodwill amortization	–	–	–	–	–	–
Profit on intra-Group construction	(31,500)	–	–	–	–	–
Net other income (expense)	**(46,372)**	**1,470**	**104,318**	**(35,087)**	**(27,808)**	**(110,147)**
Income before taxes	**617,390**	**259,423**	**839,606**	**546,548**	**797,555**	**971,396**
Provision for income taxes	(23,718)	(14,492)	(105,688)	(88,287)	(149,244)	(262,057)
Results from discontinued operations	–	443,585	2,089	–	–	45,294
Gain on sale of cement group	–	11,001,057	263,092	–	–	–
Minority interest	(129,198)	(26,739)	(14,113)	(24,011)	(54,126)	(76,054)
Net income	**464,474**	**11,662,834**	**984,986**	**434,250**	**594,185**	**678,580**
Per share information						
Earnings per share [1]	2.25	57.89	4.70	2.11	2.88	3.31
Cash dividend per share [2]	0.96	55.85	57.00	1.80	2.00	2.10

Balance Sheet Data	31/12/06 $ '000	31/12/07 $ '000	31/12/08 $ '000	31/12/09 $ '000	31/12/10 $ '000	31/12/11 $ '000
Cash and cash equivalents	478,683	706,534	1,503,456	1,080,208	973,028	1,051,742
Accounts receivable – customers (net)	558,861	138,166	1,497,551	1,777,661	1,972,370	1,986,681
Total current assets	1,924,535	16,186,834	3,610,846	3,527,954	3,729,665	4,383,296
Property, plant and equipment (net)	1,591,618	339,789	1,283,795	1,950,185	2,068,458	1,982,317
Assets under construction	1,126,091	286,729	518,504	783,026	1,136,099	1,341,342
Total assets	**5,002,855**	**17,126,983**	**7,823,102**	**8,543,293**	**9,435,009**	**9,827,403**
Short-term debt	522,324	1,920,583	667,397	413,163	575,646	947,956
Accounts payable	1,026,012	163,672	1,512,402	1,548,590	1,781,932	1,626,141
Total current liabilities	1,724,663	3,129,465	2,668,941	2,813,115	3,098,456	3,084,400
Total long-term liabilities	1,327,125	668,547	1,957,466	2,604,604	3,080,410	3,465,789
Minority interest	435,031	189,173	41,226	136,772	179,869	193,167
Total shareholders' equity	1,516,036	13,139,799	3,155,469	2,988,802	3,076,275	3,084,047
Total shareholders' equity and liabilities	**5,002,855**	**17,126,983**	**7,823,102**	**8,543,293**	**9,435,009**	**9,827,403**
Other Data						
Return on sales [3]	16.21%	10.28%	19.70%	11.34%	12.14%	12.31%
Return on equity [4]	41.17%	90.84%	33.00%	14.32%	19.53%	22.09%
Current ratio [5]	1.12	5.17	1.35	1.25	1.20	1.42
Net debt to equity ratio [6]	0.7	0.11	0.2	0.4	0.63	0.79
Foreign exchange rate (EGP = $ 1)	5.72	5.54	5.50	5.48	5.81	6.03
Foreign exchange rate (EGP = $ 1) PL	5.75	5.66	5.45	5.56	5.63	5.94

1 Net income available for shareholder dividends, after deducting the employees' profit share, divided by the weighted average number of shares outstanding during the period.
2 Total cash dividend paid for each year divided by the average number of shares.
3 Net income as a percentage of sales.
4 Net income as a percentage of average total shareholders' equity.
5 Current assets to current liabilities.
6 Net debt to internal finance (shareholders' equity plus minority interests).

MANAGEMENT AND CORPORATE INFORMATION

BOARD OF DIRECTORS

ONSI SAWIRIS
Chairman Emeritus

NASSEF SAWIRIS
Chairman

SALMAN BUTT
Director

OSAMA BISHAI
Director

ARIF NAQVI
Independent Non-Executive Director

SAMI HADDAD
Independent Non-Executive Director

ALADDIN SABA*
Senior Independent Non-Executive Director

HASSAN ABDALLA*
Independent Non-Executive Director

JÉRÔME GUIRAUD*
Independent Non-Executive Director

* Members of the Audit Committee.

CORPORATE OFFICERS

NASSEF SAWIRIS
Chief Executive Officer

SALMAN BUTT
Chief Financial Officer

KEVIN STRUVE
Strategic Planning Director

DALIA KHORSHID
Corporate Treasurer

FADY KIAMA
Corporate Controller

HASSAN BADRAWI
Director
Business Development & Investments

HESHAM ABDEL SAMIE
Director
Investment Research & Analytics

HUSSEIN MAREI
General Counsel

HEBA ISKANDER
Corporate Development Director

CONSTRUCTION GROUP

OSAMA BISHAI
Managing Director
Orascom Construction

SHERIF TANTAWY
Chief Financial Officer
Construction Group

JOHAN BEERLANDT
Chief Executive Officer
BESIX Group

WAHID HAKKI
Co-Chief Executive Officer: International Operations
Contrack

IMAD ARRABI
Co-Chief Executive Officer: GCC Operations
Contrack

JOHN BARACAT
Managing Director
NSF & Alico

FERTILIZER GROUP

RENSO ZWIERS
Chief Executive Officer
OCI Nitrogen

HOSSAM KHATTAB
Managing Director
Egyptian Fertilizers Company

AMR HASSABALLAH
Managing Director
Egypt Basic Industries Corporation

BUSINESS SEGMENTS & ACTIVITIES

CONSTRUCTION GROUP

ORASCOM CONSTRUCTION (100%)
Regional engineering, procurement and construction services

BESIX GROUP (50%)
Global engineering, procurement and construction services

CONTRACK (100%)
Regional engineering, procurement and construction services

CONSTRUCTION MATERIALS

NATIONAL STEEL FABRICATION (100%)
Steel cutting, bending, welding, and painting services

ALICO EGYPT (50%)
Building facade, curtain walling, and window systems

UNITED HOLDING COMPANY (56.5%)
Holding company with investments in:
- **EGYPTIAN GYPSUM COMPANY (50%)**
  Building plasters manufacturer
- **BASF (50%)**
  Construction chemicals manufacturer
- **A-BUILD EGYPT (50.1%)**
  Waterproofing contractor

UNITED PAINTS & CHEMICALS (56.5%)
Cement based, ready mix mortars

NATIONAL PIPE COMPANY (40%)
Concrete pipe manufacturer

SCIB CHEMICAL (15%)
Paints and building chemicals manufacturer

PROPERTY MANAGEMENT

SUEZ INDUSTRIAL DEVELOPMENT COMPANY (60.5%)
Industrial park developer and operator

CONTRACK FM (100%)
Facilities management company

FERTILIZER GROUP

OCI NITROGEN (100%)
Nitrates and melamine manufacturer, the Netherlands

EGYPTIAN FERTILIZERS COMPANY (100%)
Granular urea manufacturer, Egypt

EGYPT BASIC INDUSTRIES CORPORATION (60%)
Ammonia manufacturer, Egypt

SORFERT ALGÉRIE (51%)
Ammonia and granular urea manufacturer, Algeria

PANDORA METHANOL LLC (OCI BEAUMONT) (100%)
Ammonia and methanol manufacturer, USA

NOTORE CHEMICAL INDUSTRIES (13.5%)
Granular urea manufacturer, Nigeria

EGYPTIAN FERTILIZER TRADING (100%)
Fertilizer trading

GAVILON (16.8%)
Grain and fertilizer trading, USA

OCI TERMINAL EUROPOORT B.V. (100%)
Ammonia tank owner and operator, Netherlands

INVESTOR RELATIONS AND SHAREHOLDER INFORMATION

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