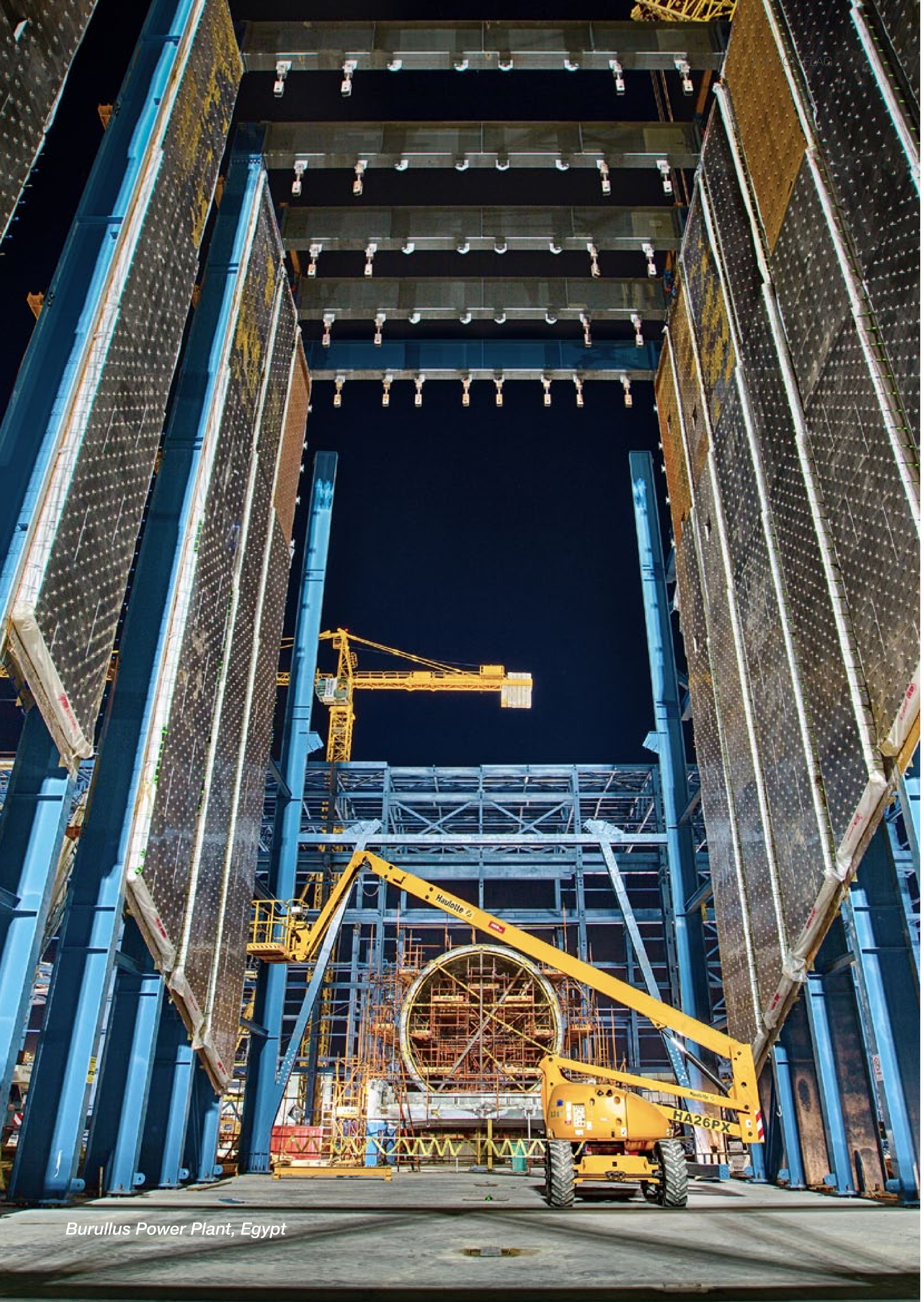
ORASCOM CONSTRUCTION

20 ANNUAL REPORT 16



Burullus Power Plant, Egypt

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AT A GLANCE

A TRACK RECORD OF GROWTH

Orascom Construction Limited is a leading global engineering and construction contractor with a footprint spanning the Middle East, North Africa, the United States and the Pacific Rim

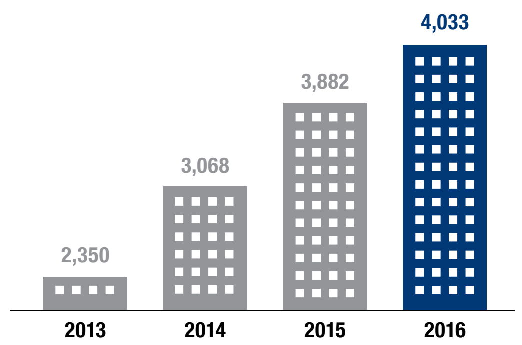
Burullus Power Plant, Egypt

> **Dual-listed on NASDAQ Dubai and the EGX, Orascom Construction Ltd. holds a total pro forma backlog of USD 6.8 billion**

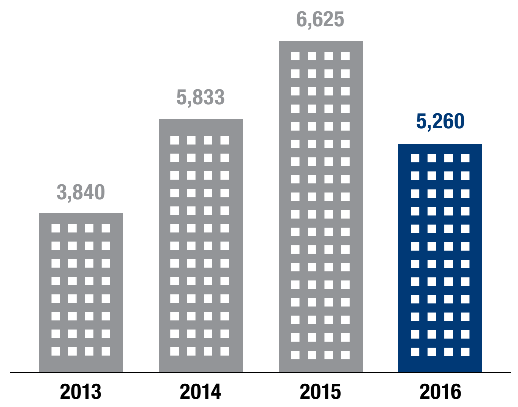
Established in 1950 as a local contractor in Upper Egypt, Orascom Construction Limited (OCL or the Group) has since grown to become a global engineering and construction group focusing on infrastructure, industrial and high-end commercial projects in the MENA region and the United States (US). Dual-listed on NASDAQ Dubai and the EGX, OCL has a total pro forma backlog of USD 6.8 billion as at 31 December 2016.

The Group operates through three distinct brands: Orascom Construction (OC), Contrack Watts and The Weitz Company and is complemented by a 50% stake in the Belgium-based BESIX Group. OCL also develops and invests in infrastructure projects and owns a portfolio of subsidiaries and affiliates that operate in industries complementary to construction.

Revenue Progression*
(USD mn)



Backlog Progression*
(USD mn)



** All figures prior to 2015 are pro forma*

60+
Years of contracting experience

71,859
Employees

4.0 USD BN
Revenues for FY 2016

10
Countries where OCL has executed operations

6.8 USD BN
pro forma backlog as of FY 2016

4.9 USD BN
pro forma new awards in FY 2016

Infrastructure
as strategic investment opportunities to create recurring cash flow

NOTE FROM THE CEO

Dear Shareholders & Partners

Our commitment this year was to focus on operational excellence. We capitalized on the size and quality of our backlog to focus on improving our cost structure and bottom line while selectively pursuing new projects, as well as developing and recruiting the best talent. This approach was in place year-round and we have now returned to profitability on a Group level, emphasizing the strength of our long-term businesses.

The performance of our EPC business in the Middle East remained strong throughout 2016, led by Egypt, while our U.S. subsidiaries, Weitz and Contrack Watts, maintained their backlog levels to sustain the growth of our US segment. Furthermore, we remain focused on developing a concessions portfolio that will provide recurring income and support long-term growth. Meanwhile, BESIX made a robust comeback in 2016, recording its strongest ever set of net results, and has built a strong pipeline of projects that will sustain this performance going forward while meeting new growth targets, reaffirming the quality of this investment.

We are proud to play an integral role in the development of Egypt's national infrastructure base, where we continue to make excellent progress across sectors including landmark power plants, Suez Canal tunnels, Cairo Metro and the New Administrative Capital.

Our headline achievement in 2016 was surpassing the record we set in 2015 for completion of two critical power plants, setting in the process a new global benchmark in the fast-track execution of power projects. We are ahead of schedule to deliver the two largest gas-fired combined cycle power plants in the world and have already connected more power to the Egypt's national grid than what was targeted — 2,400 MW in only 14 months. Furthermore, our involvement in other significant power projects in Egypt over the past two years has firmly established us as a strong player in the EPC power market, with total capacity under construction exceeding 10,000 MW.

Notably, Orascom helped structure and arrange the financing for these projects on behalf of the client, ensuring that both foreign- and local-currency funding for the construction was available, thanks to our strong corporate finance team

In other MENA markets, we contained our exposure in Saudi Arabia amidst a challenging macro environment. We also maintained our presence in Algeria through our involvement in three industrial and infrastructure projects. Furthermore, we have continued to build synergies between Orascom and BESIX. We recently delivered landmark projects in the United Arab Emirates and Egypt, and have also started working together on Dubai Expo 2020's infrastructure program.

Over in the United States, we successfully added approximately USD 1.2 billion of new awards during the year and are maintaining our focus on growing our backlog there to complement our MENA operations. Contrack Watts added significant infrastructure work in the Pacific Rim, including the new, sizable car rental facility at Honolulu International Airport, and continues to increase its presence in the federal infrastructure sector. Furthermore, Weitz is progressing well on its key projects, including the Texas A&M University Park West Housing Development, the largest student housing complex in the U.S., while seeking further opportunities across its core markets.

I am pleased with the Group's progress in overcoming challenges faced at our Iowa Fertilizer Company (IFCo) project. While we booked additional costs this year, the plant had already started production in April 2017, significantly minimizing the risk of future potential impact on the income statement in 2017. Furthermore, as challenging as IFCo was, it also demonstrates a milestone achievement for the Group in the EPC market. In parallel, works on Natgasoline continue to progress, with commissioning expected during the fourth quarter of 2017. Going forward, we believe that a growing U.S. business could create additional value at comparatively lower risk in parallel to growth of our MENA business.

Importantly, we have learned important lessons from IFCo that will inform our operations in the United States going forward. What's more, the completion of the first fertilizer plant to be built in the United States in more than a quarter of a century will add to our strong track record in the construction of fertilizer and chemicals plants across the world.

Finally, I am pleased with the resilient turnaround demonstrated by BESIX. It has also built a large, quality backlog comprised of strategic projects both in the Middle East and Europe that will sustain its growth. We are also continuing to collaborate with BESIX in Egypt and the UAE, strengthening our partnership and each other's capabilities.


Port Said Tunnels, Egypt

Financials

Our financial results this year mark the Group's return to profitability, led by both the strength of our operations in Egypt and the contribution of BESIX. In addition, these results highlight the health of our long-term business segments and our ability to overcome cost overruns and delays at IFCo.

Consolidated revenue increased 3.9% to USD 4.0 billion, while EBITDA and net income came in at USD 99.0 million and USD 48.7 million, respectively, compared to negative USD 302.4 million and USD 347.8 million last year.

Our MENA segment recorded EBITDA of USD 309.1 million at a margin of 14.6%. In addition, net income from the segment rose 31.4% y-o-y to USD 231.0 million, emphasizing the strength of this fundamental part of our business. We also positioned the Group well ahead of the macro and currency changes that took place in Egypt during the fourth quarter, ensuring we had the necessary foreign currency contracts and provisions in place.

On the other hand, additional delays and cost overruns at IFCo resulted in a loss of USD 246.5 million in our US segment. While this project has proved to be challenging and a learning experience, we are proud to be building the first world-scale, state-of-the-art fertilizer plant in the US in the past 25 years. Not only will this build on our strong petrochemicals track record, but it has also expanded Weitz's industrial capability through its involvement in IFCo and Natgasoline, which will be the largest merchant methanol plant in the US once complete.

Net income contribution from our 50% stake in BESIX stood at USD 64.2 million for 2016 compared to no contribution in 2015. BESIX's performance this year reflects a swift turnaround and sets the Group on a stronger footing moving forward.

Looking Ahead

Our current backlog level and mix is sufficient to sustain our revenue and profitability targets beyond our minimum threshold (12 months of visibility in the United States and 18 months in MENA). This will allow us to continue focusing on the continued improvement of our backlog quality as opposed to volume while simultaneously pursuing long-term investment opportunities. We also remain focused on maintaining a robust operation with a lean cost structure.

Furthermore, we strongly believe in the fundamentals of our core markets, characterized by populous countries with a need for infrastructure and industrial investment. While power generation in Egypt was the most highlighted segment over the past two years, we expect continued expenditure across other segments of the infrastructure, industrial and commercial sectors.

I am proud of the Group's performance this year amidst a challenging and transformative period, and I look forward to further capitalizing on our current financial, operational and market positioning in 2017 and beyond.

Osama Bishai
Chief Executive Officer

HIGHLIGHTS OF 2016

A year of growth for Orascom Construction Limited, 2016 witnessed significant progress across its key business units

Grand Egyptian Museum, Egypt

Continued Home Market Strength

OCL cemented its leading position in the Egyptian market in 2016, further proving itself as an integral EPC player in the Egyptian infrastructure sector. During the year, the company successfully delivered several highways and forged ahead with plans to significantly boost Egypt's power sector. Progress on the build-out of the New Capital & Burullus Power Plants — two state-of-the-art combined cycle power plants in Egypt with a combined generation capacity of 9,600 MW — is moving according to schedule, with OCL-Siemens consortium already having set a new global benchmark for the execution of fast-track power projects.

The Group also further built on its leading track record and secured a number of strategic new contracts in Egypt during the year:

Port Said Tunnels: A consortium between Orascom Construction and the Arab Contractors was awarded construction works in February for submerged tunnels under the Suez Canal as part of the Suez Canal Region's development plan.

Greater Cairo Metro Line III Phases 3 and 4B: The National Authority for Tunnels awarded an OC-VINCI-Bouygues-Arab Contractors consortium the civil works for the third phase of Line III, while a consortium of OC, TSO (NGE Group) and ETF (a subsidiary of Eurovia) was awarded the track works package. OC further expanded its scope on the Cairo Metro project with another contract for the execution of Phase 4B in a 50-50 joint venture with Arab Contractors.

Ain Sokhna Product Hub Project: EPC work on a marine terminal facility at the Ain Sokhna Product Hub Project (part of SUMED's Ain Sokhna complex) was awarded to the OC/BESIX Group joint venture in June, with the project comprising of storage, loading and unloading fuel oil, LPG and natural gas.

Growth of US Business

OCL's US subsidiaries, Weitz and Contrack Watts, signed over USD 1 billion in new contracts in the US, maintaining the Group's position in this vital market.

Leading the pack was The Weitz Company, which not only managed to secure new awards in its core commercial sector but also began aggressively pursuing contracts for industrial projects. Industrial awards included a contract to design and build the Tyson Cobb-Ventress Feed Mill supplying feed to Cobb's farms in North Carolina, South Carolina, and Georgia. The company was also selected by Lortscher Agri Service for design and build works on phase one of a grain processing pet food premix facility, the Lortscher Brownwood Blend. The Weitz company also successfully completed design and construction works on the Ozark Mountain Poultry Feed Mill, with the facility now operating at maximum capacity of 12,000 tons per week. The OMP Feed Mill features a 200-foot tall self-performed concrete slip.

On the commercial side, Weitz continues to push to completion its Park West Texas A&M University project, the largest student housing complex in the US. Works on Texas A&M are progressing on schedule, with a targeted completion date for the 47-acre, 15-building development set for August 2017.

Meanwhile, Contrack Watts continued to solidify its position in the US federal market, having completed and delivered works on several infrastructure projects in 2016, as well as capture increased market share in the Pacific Rim. Recent awards include the sizable Consolidated Car Rental Facility in Honolulu International Airport and upgrades to the P-863 Aircraft Maintenance Hangar.

Increased Backlog Diversification

In 2016, OCL secured various new awards across its far-reaching footprint in its key infrastructure, industrial and commercial sectors, allowing it to maintain a strong backlog level sufficient to provide the revenue and profitability targets. During the year, OC alone was awarded a total of USD 2.5 billion in contracts for a number of large-scale projects within its core competencies across the MENA region. Meanwhile, The Weitz Company and Contrack Watts sustained their growth trajectory, signing approximately USD 1.3 billion in contracts. The Group's newly-awarded contracts bolstered the quality and grew the size of its backlog, having reached a total of USD 4.9 billion after adding the Group's 50% share in BESIX. Total backlog including OCL's 50% share in BESIX reached USD 6.8 billion across the Middle East, Europe and the US.

OMP Feed Mill, US

Nile City Towers, Egypt

GROUP OVERVIEW

Orascom Construction Ltd. operates under three brands: Orascom Construction, Contrack Watts and The Weitz Company; our core brands are complemented by a 50% stake in the BESIX Group and a number of subsidiaries and affiliates in industries related to construction

OUR HISTORY

With a track record spanning over six decades, OCL has repeatedly exemplified its ability to capture growth opportunities and create sustainable value for all stakeholders

OCL Headquarter, Cairo

- **1950:** Onsi Sawiris establishes a construction company in Upper Egypt.
- **1976:** Orascom Onsi Sawiris & Co. (OOSC) is founded as a general contractor and trading company.
- **1985:** OOSC establishes its first overseas company, Contrack International LLC (Contrack) in Virginia, US.

1950 - 1985

Egyptian Cement Company

- **1998:** OOSC is converted from a limited partnership into a joint-stock company and renamed Orascom Construction Industries S.A.E. (OCI S.A.E.).
- **1999:** OCI S.A.E. IPOs on Egyptian Exchange (EGX) at a value of c.USD 600 million and becomes the largest company on the EGX.

  OCI S.A.E.'s first cement subsidiary, the Egyptian Cement Company (ECC), commences operations with a total annual capacity of 1.5 million tons.

1998 - 1999

Ferrari World, UAE

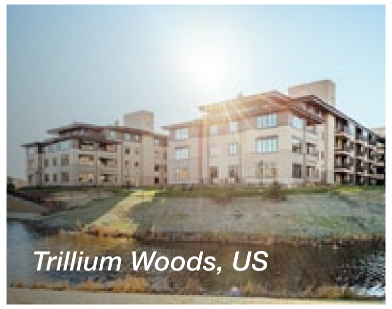
- **2002:** OCI S.A.E. announces the 50-05 Action Plan aimed at having 50% of consolidated revenue generated from outside Egypt by 2005.
- **2004:** OCI S.A.E. acquires a 50% shareholding in the BESIX Group, adding significant exposure to the European and Gulf construction markets.

2002 - 2004

Egyptian Fertilizars Company

- **2007:** OCI S.A.E. divests its cement group to Lafarge SA at an enterprise value of USD 15 billion.
- **2008:** Proceeds from the cement divestment are allocated to grow OCI's fertilizer investments.
- **2010:** Founded Orascom Saudi Limited (OSL), targeting infrastructure and industrial projects in the Kingdom of Saudi Arabia.

2007 - 2010



Trillium Woods, US

- **2012:** OCI S.A.E. acquires The Weitz Company (Weitz) and establishes a strong presence in the US construction market.
- **2013:** Watts Constructors, a former Weitz wholly owned subsidiary, is consolidated into Contrack — forming Contrack Watts.
- **2015:** Orascom Construction Limited is demerged from OCI N.V. and dual-listed on NASDAQ Dubai and the EGX.

2012 - 2015

Mall of Egypt

- Set the global benchmark for fast-tracked execution of power projects.
- Continued to strengthen its position in the US market through subsidiaries The Weitz Company and Contrack Watts.
- Recorded the Group's first post-demerger profit.

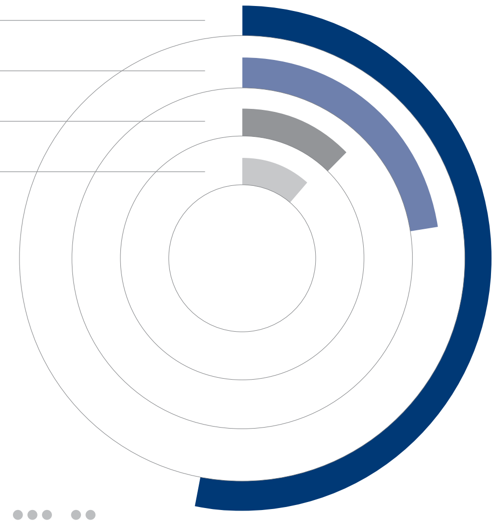
2016

GEOGRAPHIC DIVERSIFICATION

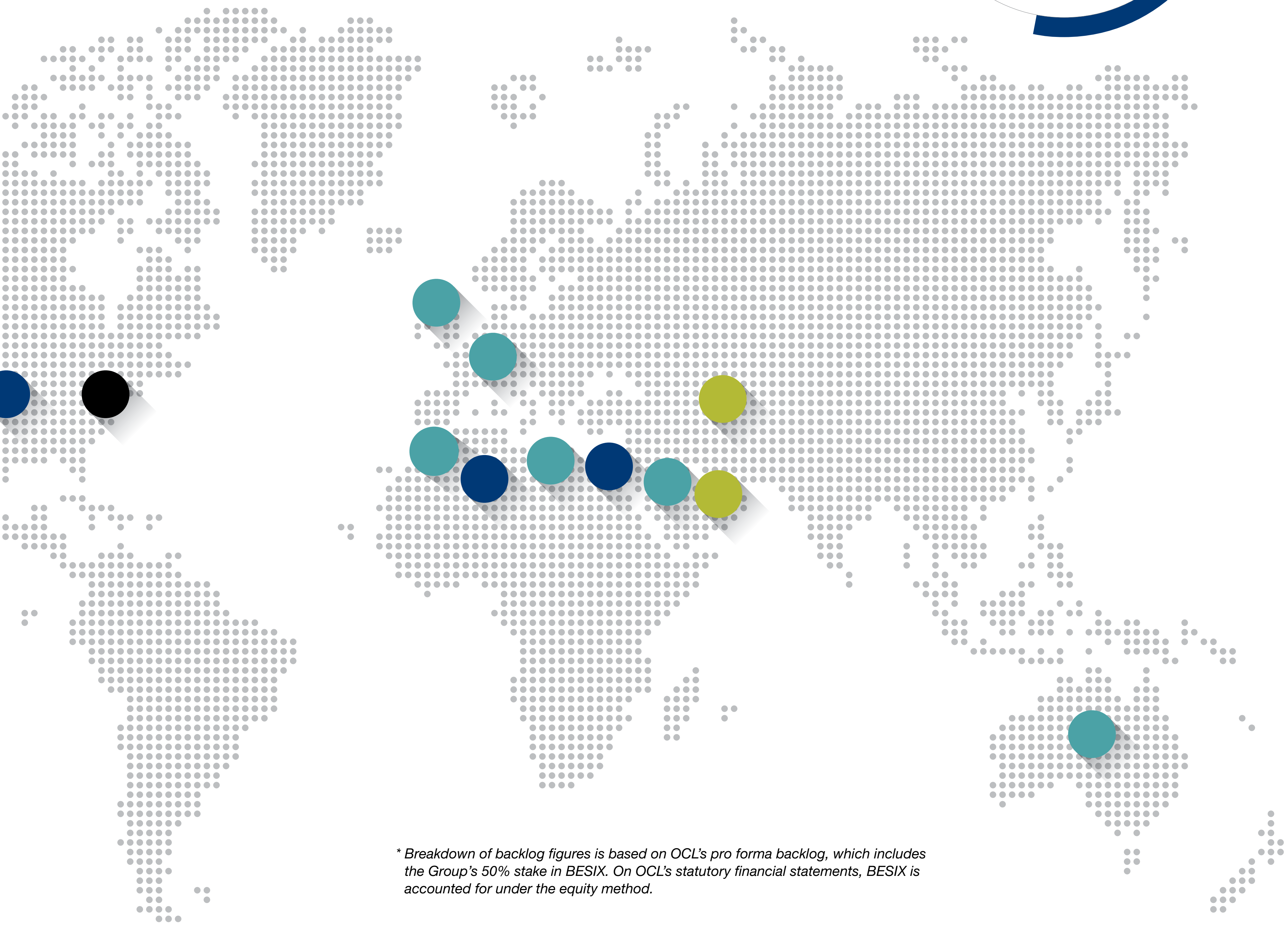
Through its three main subsidiaries and 50% stake in the BESIX Group, OCL engages in engineering and construction activities across a wide range of geographies and consistently ranks among the world's top global contractors

Pro Forma Backlog by Brand (FY 2016)

Orascom Construction	53.3%
BESIX	22.7%
Contrack Watts	12.6%
The Weitz Company	11.4%



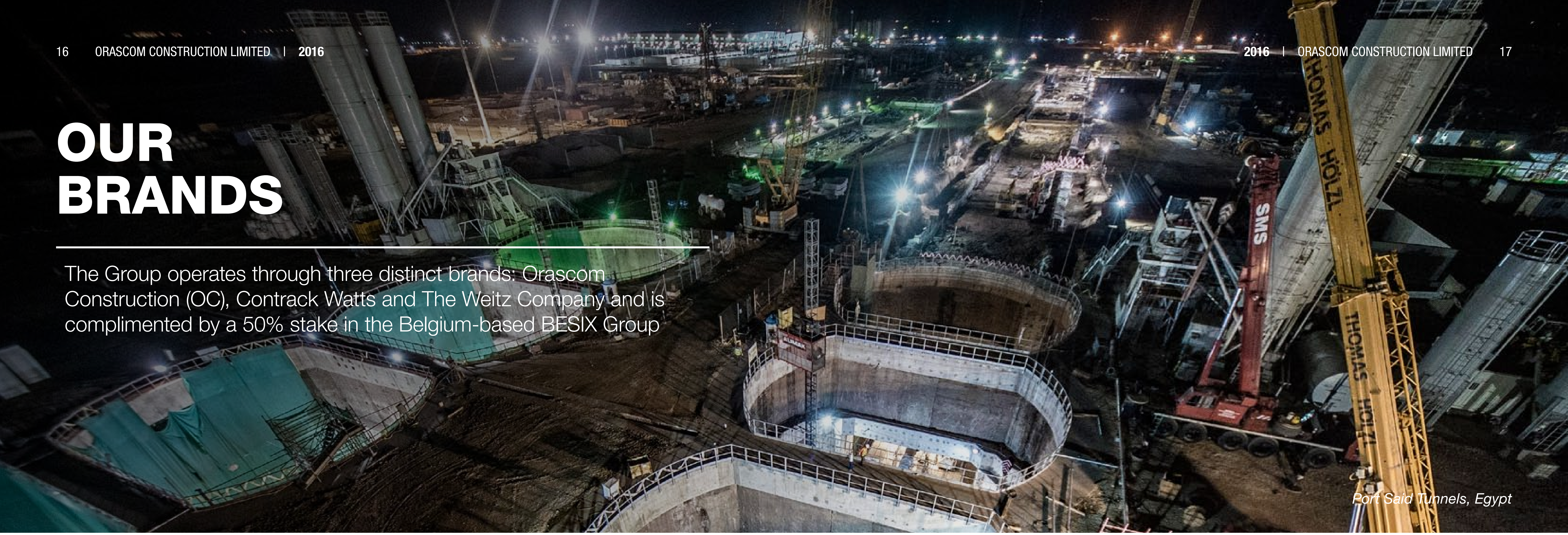
- ORASCOM CONSTRUCTION
- CONTRACK WATTS
- WEITZ
- BESIX



Pro Forma Backlog by Geography (FY 2016)

Egypt	41.7%
USA	27.4%
Europe	10.7%
UAE	8.0%
Other GCC	4.6%
Saudi Arabia	3.2%
Algeria	2.3%
Other	2.0%

* Breakdown of backlog figures is based on OCL's pro forma backlog, which includes the Group's 50% stake in BESIX. On OCL's statutory financial statements, BESIX is accounted for under the equity method.



OUR BRANDS

The Group operates through three distinct brands: Orascom Construction (OC), Contrack Watts and The Weitz Company and is complimented by a 50% stake in the Belgium-based BESIX Group

Port Said Tunnels, Egypt

Orascom Construction

Ownership

100%

Core Markets:
Egypt, Saudi Arabia, Algeria and the US

Expertise:
Infrastructure, industrial projects and select high-end commercial projects

Contrack Watts

Ownership

100%

Core Markets:
US (including the Pacific Rim) and MENA

Expertise:
EPC Services and facilities maintenance for federal and infrastructure projects

The Weitz Company

Ownership

100%

Core Markets:
US

Expertise:
Commercial, industrial, infrastructure and plant services construction projects

The BESIX Group*

Ownership

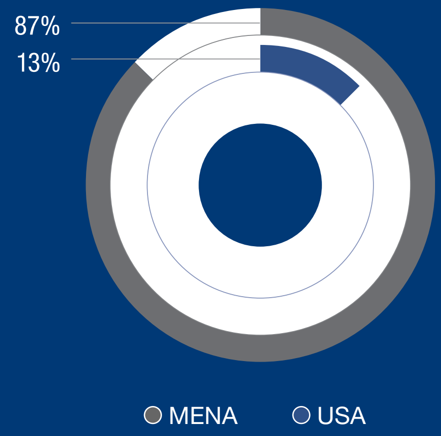
50%

Core Markets:
MENA, Europe and the US

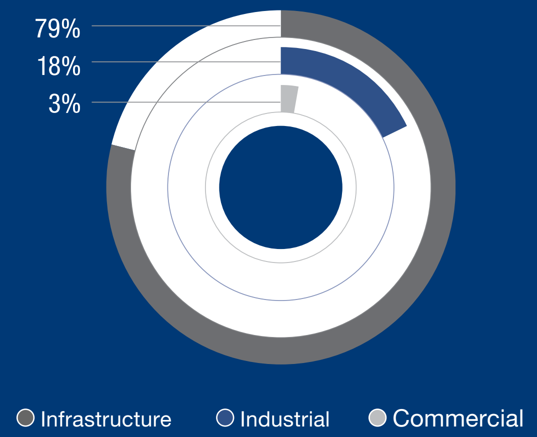
Expertise:
Infrastructure, marine and high-end commercial projects

** The BESIX Group is accounted for under the equity method.*

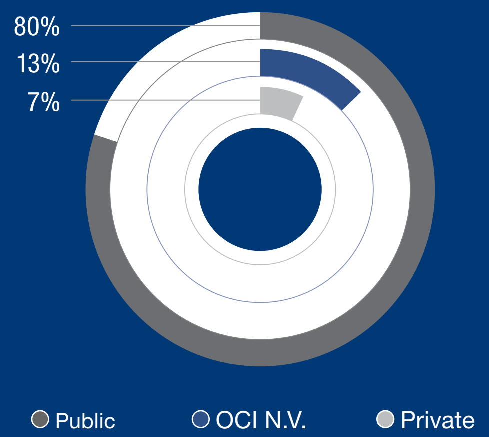
2016 Backlog by Region



2016 Backlog by Sector



2016 Backlog by Client



ORASCOM CONSTRUCTION

Established in 1950, Orascom Construction is the MENA region's leading EPC contractor, targeting large, complex infrastructure, industrial and commercial projects

USD 3.6 bn
FY 2016 Backlog

69,215
Employees

100%
Ownership

0.021
LTIR

Orascom Construction (OC) has established itself at the leading edge of the MENA and US engineering, procurement and construction sector. With six decades of experience in the construction industry, OC is the turnkey contractor of choice for large-scale industrial, commercial and infrastructure projects serving both public and private sector clients. OC prides itself on its reputation for delivering quality work on schedule and to-spec, with strict adherence to health and safety standards.

Orascom Construction's flagship projects include over 11,850 MW in power plants in Egypt, most notable of which are the two largest natural gas-fired combined cycle power plants worldwide. In 2016, OC was also awarded several key infrastructure projects in Egypt, including the Port Said Tunnels, an integral part of Egypt's development plan for the Suez Canal region, several phases of the Cairo's Metro Line III and significant packages of the country's road development program.

Sidi Kerir Combined Cycle Power Plant, Egypt

Guam Naval Hospital, United States

CONTRACK WATTS

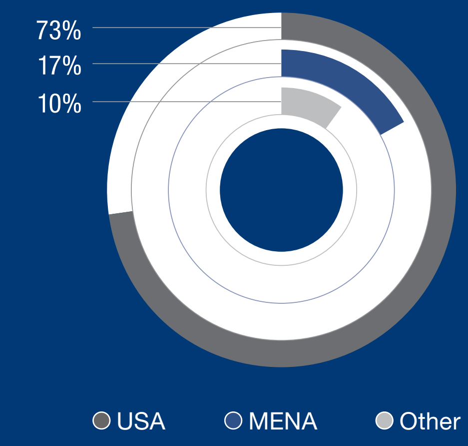
Contrack Watts is an international construction company based in Virginia, US and has been a preferred contractor by the US government for the past decade

USD 0.85 bn FY 2016 Backlog	**1,452** Employees
100% Ownership	**0.36** LTIR

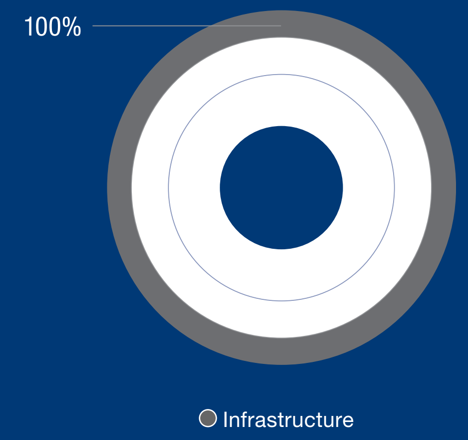
Founded in 1985, Contrack's primary focus is on engineering, procurement and construction services as well as facilities operation and maintenance for US federal and infrastructure projects. The Virginia-based contractor was later merged with Watts Constructors — a former Weitz Company wholly owned subsidiary also focusing on federal projects — following the Group's acquisition of The Weitz Company in 2012, forming Contrack Watts.

Today, Contrack Watts maintains operations across a wide geographic footprint that spans the US, Middle East, Central Asia and the Pacific Rim and is renowned for its high standard for excellence in government contracting. Among its key projects are the MV-22 Hangar & Aircraft Staging area in the US and the USARPAC Command Control Facility (C2F) located in Fort Shafter, Oahu, Hawaii. In 2016, Contack Watts was awarded several projects in the Pacific Rim including the sizable Consolidated Car Rental Facility (CONRAC) at Honolulu International Airport.

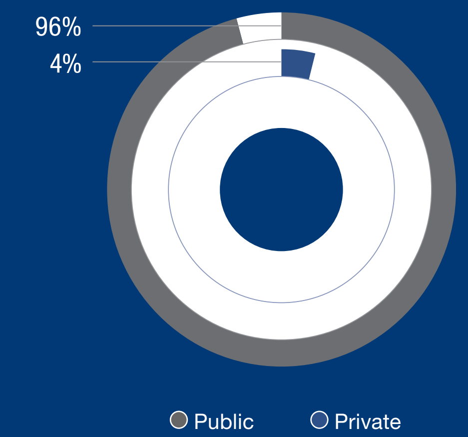
2016 Backlog by Region



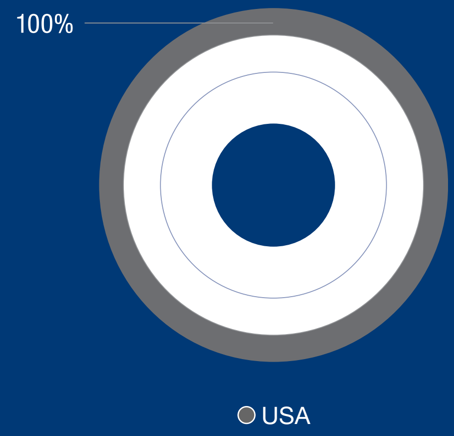
2016 Backlog by Sector



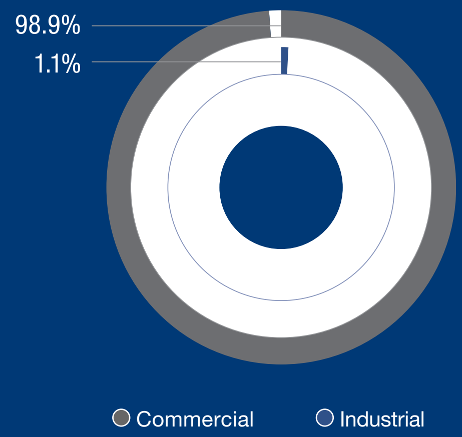
2016 Backlog by Client



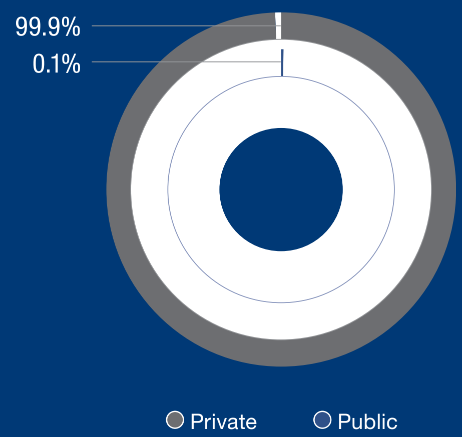
2016 Backlog by Region



2016 Backlog by Sector



2016 Backlog by Client



The Weitz Company is one of the oldest commercial general contractors in the US with a track record spanning 160 years

USD 0.78 bn
FY 2016 Backlog

1,192
Employees

100%
Ownership

0.1
LTIR

Founded in 1855, The Weitz Company is a full-service general contractor, design-builder and construction manager based in Des Moines, Iowa. Prior to its acquisition in 2012, the US-based contractor was primarily focused on commercial sector projects with some industrial and infrastructure works.

Weitz has since gained critical experience in complex industrial projects, including providing support for the construction of the Iowa Fertilizer Company and Natgasoline projects in the US, and serves as a platform for entry into the US construction market. Today The Weitz Company targets commercial, industrial, infrastructure and plant services construction projects across the US, and has grown its backlog three-fold since its acquisition. Key projects include the Texas A&M Park West Housing Development, the largest student housing complex in the US, and the Iowa Convention Center Hotel in downtown Des Moines, Iowa.

CMR Repurpose Project, US

ADNOC Headquarters, UAE

BESIX

Established in 1909 in Belgium, the BESIX Group (BESIX) is a global multi-service group offering engineering, procurement and construction services

EUR 2.9 bn
100% of FY 2016 Backlog

14,000
Employees

50%
Ownership

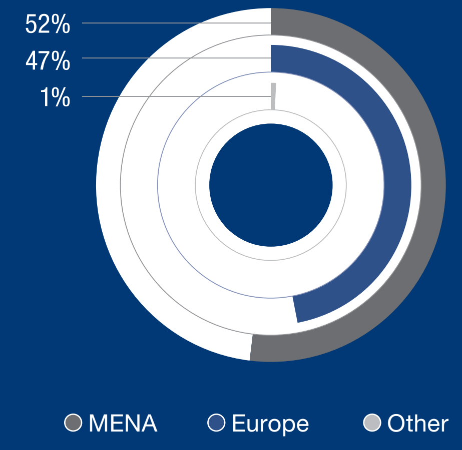
1.91*
LTIR

With over 100 years of experience, The BESIX Group is one of Belgium's largest contractors employing some 14,000 employees worldwide. Jointly acquired by OCI S.A.E. and the management of BESIX through a 50-50 leveraged buyout in 2004, the 50%-owned business unit is a leader in the construction of high-end commercial, infrastructure, marine and real estate projects with a presence in over 20 countries across the Middle East, Benelux, France, Australia and Central and North Africa. BESIX also holds several concessions in PPP projects in the Middle East and Europe.

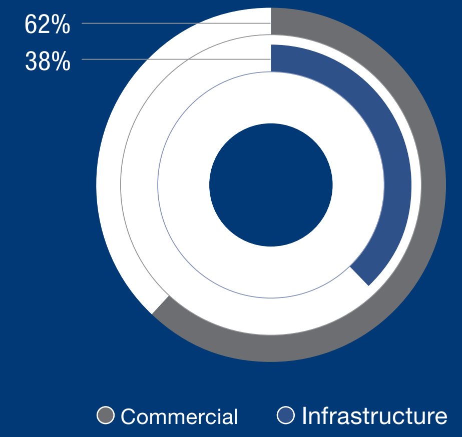
The partnership has allowed OCL to benefit from BESIX's core construction competencies in specialty projects in the commercial and marine sectors, including the Grand Egyptian Museum (the world's largest archaeological museum), Mall of Egypt (a new super-mall in Egypt spanning 160,000 sqm), a new LNG-receiving jetty in Egypt and LEGOLAND® in Dubai, UAE. BESIX's other notable projects include the Burj Khalifa, Yas Island in Abu Dhabi, Dubai Canal and Maastoren Tower, the tallest building in The Netherlands.

** Based on one million man-hours*

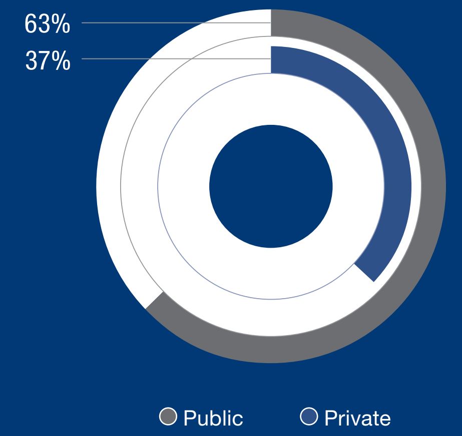
2016 Backlog by Region



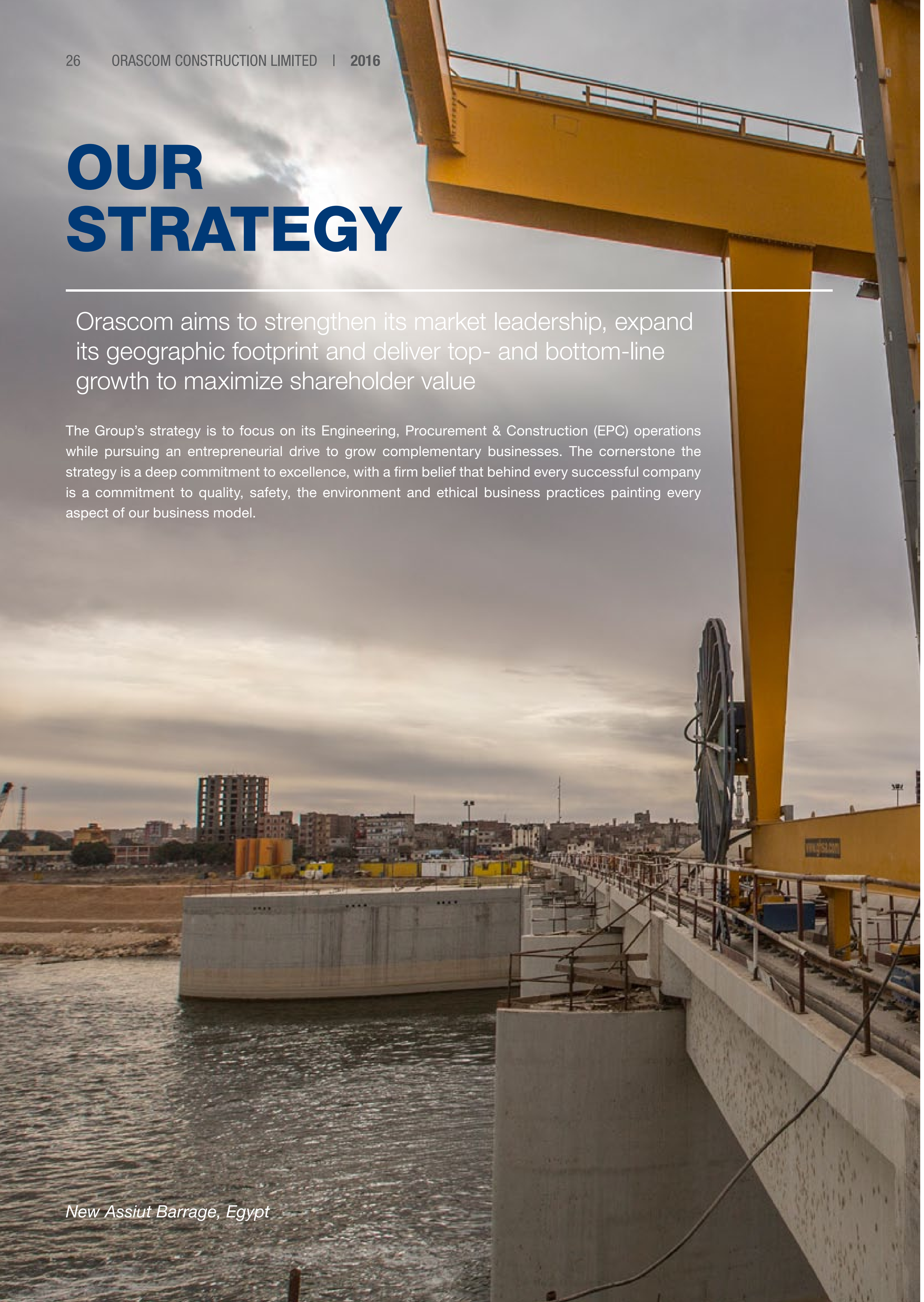
2016 Backlog by Sector



2016 Backlog by Client



OUR STRATEGY



Orascom aims to strengthen its market leadership, expand its geographic footprint and deliver top- and bottom-line growth to maximize shareholder value

The Group's strategy is to focus on its Engineering, Procurement & Construction (EPC) operations while pursuing an entrepreneurial drive to grow complementary businesses. The cornerstone the strategy is a deep commitment to excellence, with a firm belief that behind every successful company is a commitment to quality, safety, the environment and ethical business practices painting every aspect of our business model.

New Assiut Barrage, Egypt

Strengthen EPC Market and Geographic Position

- Expand market presence as an EPC contractor in core markets in MENA and the US
  - Strengthen activities in key infrastructure and industrial sectors
  - Selectively pursue well-funded projects where we hold a competitive edge
  - Capitalize on our financing track record across various industries, particularly in EPC + Finance projects
- Continued commitment to pursue strategic geographic expansion in markets that offer strong fundamentals
  - Focus on core MENA markets — Egypt, Saudi Arabia, Algeria and Iraq — characterized by young, growing populations with a need for infrastructure and industrial investment
  - Simultaneously grow US business to provide additional value at a lower risk to complement the MENA business
  - Integrate US operations, particularly Weitz and Contrack Watts, to increase efficiency, competitiveness and profitability

Establish and Leverage Strategic Repeat Clients, Partnerships and JVs

- Maintain an active strategy of working in partnership with repeat clients and industry leaders to complement and expand capabilities
- Historically, such relationships have allowed us to play an important role in some of the MENA's largest construction projects
- Build upon strong relationships with repeat clients to secure new work

Pursue Accretive Investment Opportunities

- Leverage experienced investment track record in cement, ports, fertilizer and wastewater treatment to identify and pursue new investment opportunities
- As a builder, owner and operator, the Group generates construction revenue during the contracting phase followed by recurring cash flow once the project is operational
- Strategy already implemented with one wastewater treatment plant in operation and additional investments under consideration
- Aim to replicate this model in other markets such as the US

Commitment to Excellence

- Focus on quality, safety, environment and ethical business practices
- Maintain a safe and healthy workplace while putting our expertise to work for the benefit of clients and partners
- Effective corporate engagement and social responsibility in the communities in which we operate

Delivering Shareholder Value

Our strategic pillars ultimately serve to deliver the highest value for our shareholders, a mission we have been committed to since our establishment in the 1950s. At every stage of our ambitious journey of becoming a leading private sector contractor and an incubator of new businesses, an entrepreneurial commitment has been at the core of our strategy and is instilled in our management and founding shareholders who continue to propel the Group into the next phase of its sustainable growth trajectory.

CONSTRUCTION MATERIALS & PROPERTY MANAGEMENT

Orascom Construction Limited holds investments in companies that focus on the manufacturing of fabricated steel products, glass curtain walling, paints and concrete pipes; we also have two facility-management companies under our umbrella

The Egyptian Chemical Industries Company (KIMA), Egypt

Construction Materials Portfolio

National Steel Fabrication (NSF)

Founded in 1995, NSF is a wholly-owned subsidiary of OCL. The company manufactures fabricated steel products primarily for energy, petroleum, industrial and construction clients. Operating from four plants in Egypt and Algeria with a combined total production capacity of 120,000 metric tons per annum, NSF's markets span North Africa, the Middle East and Europe.

100% Ownership

USD92.2mn 2016 Revenues

1,700 Employees

SCIB Chemical

Founded in 1981, SCIB manufactures decorative paints and industrial coatings for the construction industry. It operates two plants in Egypt with a combined production capacity of 130,000 kiloliters of paint per year and caters to clients across Egypt and North Africa.

14.7% Ownership

USD71.5mn 2016 Revenues

693 Employees

National Pipe Company (NPC)

NPC was established in 1993 as an Egyptian manufacturer of precast concrete pipes and pre-stressed concrete primarily for infrastructure projects. NPC operates from two plants in Egypt with a combined annual production capacity of 86 kilometers of concrete piping that range from 700 to 3,000 millimeters. The plants supply products to clients in Egypt and North Africa.

40% Ownership

USD7.9mn 2016 Revenues

618 Employees

United Holding Company (UHC)

UHC holds a 50% stake in BASF Construction Chemicals Egypt, Egyptian Gypsum Company and A-Build Egypt, forming a conglomerate of companies that manufacture premium and diversified building materials and construction chemicals and specializing in contracting services. UHC's subsidiaries operate from four plants in Egypt and one in Algeria, supplying products and services to the Egyptian and North African markets.

56.5% Ownership

USD99.9mn 2016 Revenues

703 Employees

Dubai Water Canal, UAE

Management Portfolio Companies

Alico Egypt

Alico was established in 1999 as a joint venture between OCL and Alico UAE. A market frontrunner, the company manufactures and installs glass, aluminium and architectural metal work for building projects. Based in Egypt, Alico has a total production capacity of 250,000 sqm and provides services in core markets, primarily its home market of Egypt and the wider North Africa region, for landmark projects. These include the Nile City Towers complex, Heliopolis Citystars complex, San Stafano Hotel, Cairo International Airport, Borg el Arab Airport and several buildings at Sixth of October's Smart Village business park.

USD17.3mn

2016 Revenues

626

Employees

Contrack FM

Contrack FM is Egypt's premier facility and property management services provider. Established in 2004, the company offers a full suite of operations and maintenance services to clients across Egypt and has plans to expand to Saudi Arabia. Contrack FM provides hard and soft services for high-value facilities in the commercial, retail and health care industries, as well as in the hospitality support functions industry. Hard services include all technical engineering, architectural and civil maintenance and asset preservation services while soft services include security, housekeeping, specialist facade cleaning and pest-control services.

USD19.2mn

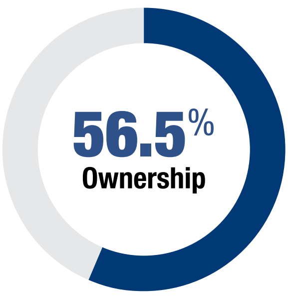
2016 Revenues

3,331

Employees

United Paints & Chemicals (UPC)

UPC operates under the brand name Dry-Mix — Egypt's largest manufacturer of cement-based, ready-mixed mortars in powdered form used abundantly in the construction industry. Established in 1999, the company has the capacity to produce 240,000 metric tons of product. Operating from a plant in Egypt, UPC supplies markets in Egypt and North Africa. Core ranges include mortars for plaster and skim coats, putty for smoothing cementitious substrates, decorative facade renders, tile adhesives for internal and external use, colored tile grout, sealing slurries and a flooring range.



USD8.7mn

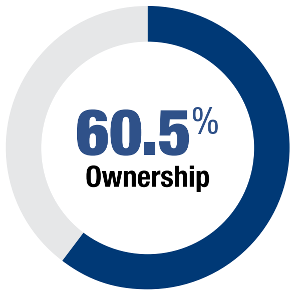
2016 Revenues

157

Employees

Suez Industrial Development Company (SIDC)

Formed in 1998, SIDC is a developer, operator and utility facilitator of an 8.75 million sqm industrial park in Egypt's Ain Sokhna. The SIDC industrial park has a utilities network that provides a wide range of products and services including power, water, fire-fighting, sewage treatment and telecommunications connections, in addition to flood control protection, solid waste disposal and access to roads and railways. The company develops industrial land and provides utility services for light, medium and heavy industrial users in Ain Sokhna.



USD2.1mn

2016 Revenues

158

Employees

OPERATIONAL REVIEW

Orascom Construction Limited continues to be at the leading the edge of its market, having been awarded a wide array of complex projects across the infrastructure, industrial and commercial sectors

Port Said Tunnels, Egypt

MENA

Orascom Construction Ltd. maintains its position as a leading contractor in the MENA region, consistently delivering high-quality projects across the infrastructure, industrial and commercial sectors

Infrastructure – Orascom Construction

Port Said Tunnels – Egypt

As part of the Suez Canal Region's development plan, a consortium of Orascom Construction and Arab Contractors was awarded construction works for submerged tunnels under the Suez Canal located 19 km south of Port Said. Once completed, the tunnels will serve as the main routes for logistic transportation between the East and West banks of the Canal. Design and build works on the three tunnels was awarded in February 2016.

Greater Cairo Metro Line III, Phase 3 and 4B – Egypt

Orascom Construction continues to play an integral role in the development of the Greater Cairo Metro. A consortium of OC, VINCI, Bouygues and Arab Contractors was awarded the civil package for the third phase of Line III, while a consortium of OC, TSO (NGE Group) and ETF — a subsidiary of Eurovia — was awarded the track works package. Phase III will stretch 18 km of tunnelling and viaduct works, which will include 15 elevated, grade and underground stations. In addition, a 50-50 joint venture between OC and Arab Contractors signed a contract to execute Phase 4B, which will stretch 6.1 km across a viaduct and five elevated stations. The repeat business on this milestone project is testament to OC's recognized track record of high quality execution and on-time delivery of Cairo Metro projects since its early involvement in the 1980s.

Power Generation in Egypt

Orascom Construction continues to play a major role in the growth of Egypt's power sector. OC, along with its consortium partner General Electric, executed the Assiut & West Damietta Simple Cycle Power Plants on a fast-track basis in less than eight months. Completed in 3Q 2015, the two power plants have a combined capacity of 1,500 MW. Building on this success, the consortium was awarded in December 2015 a contract to convert both power plants from simple to combined cycle, thereby increasing their capacity by 50%.

OC was also awarded two contracts to build the New Capital & Burullus Power Plants with its consortium partner, Siemens. Each 4,800 MW power plant is set to be the largest gas-fired combined cycle power plant in the world.

Upon completion, the four power plants will have a total generation capacity of 11,850 MW. Furthermore, the projects are being executed under an EPC + Finance model, whereby the consortium has structured and arranged a financing package on behalf of the client and borrower, the Egyptian Electricity Holding Company. This ensures that the power plants are fully financed, with their required foreign currency financing committed to by international lenders and guaranteed by an export credit agency.

Burullus Power Plant, Egypt

New Capital Power Plant, Egypt

New Assiut Barrage & Hydropower Plant – Egypt

Works on the New Assiut Barrage and Hydropower Plant are progressing on schedule with completion expected by year-end 2017. Awarded to a consortium of OC, Arab Contractors and VINCI, the project is co-financed by the Egyptian government and the German Development Bank. OC's scope of work includes the construction of a new barrage across the Nile River, a 32 MW powerhouse as well as administrative and ancillary buildings.

Roads in Egypt

Orascom Construction successfully completed works on a number of highways, including the Beni Suef - El Zaafarana highway; El Qattarra Lowland highway; the first phase of the Rod El Farag Axis linking the Cairo – Alexandria Desert Road with Cairo's Ring Road; and continues to make progress on several other roads, bridges and airport projects in Egypt.

Road El Farag Axis, Egypt

Qattarra Lowland Road, Egypt

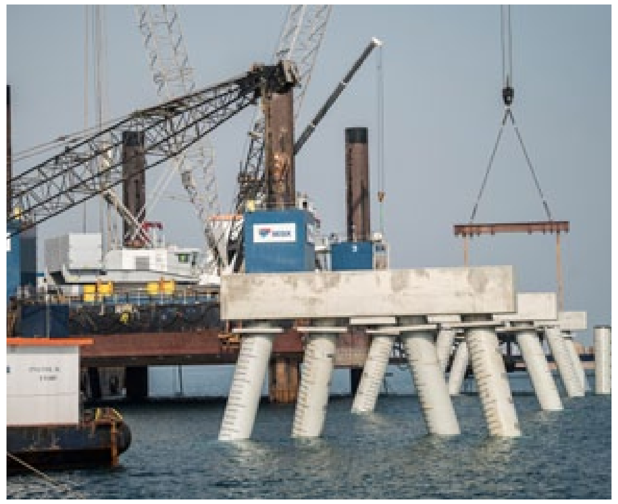
Industrial – Orascom Construction

Bir Seba – Algeria

In February 2016, an Orascom Construction consortium was awarded EPC works for the living quarters, security camp and access roads for the first phase of the Bir Seba Field Development located in Touggourt, Algeria.

Ain Al Sokhna Product Hub Project (ASPH) – Egypt

An Orascom Construction-BESIX Group joint venture was awarded in June 2016 EPC works for a marine terminal facility at the Ain Sokhna Product Hub Project, part of SUMED's Ain Sokhna complex on the Red Sea Coast at Suez Bay in Egypt. The project includes both onshore and offshore facilities for the storage, loading and unloading of fuel oil, LPG and natural gas.



The Egyptian Refining Company (ERC) – Egypt

The Egyptian Refining Company is Egypt's largest in-progress, private sector mega project and Africa's largest refinery, producing more than 3 million tons of Euro V diesel and jet fuel once complete. Orascom Construction was awarded in 2014 steel structure, mechanical and piping and civil works. The project is scheduled for completion in 2017.

El Beida Cement Plant – Algeria

Awarded in 2015, Orascom Construction continues to make progress on construction and erection works of the El Beida Cement Plant, a Greenfield plant with a capacity of 6,000 tons of clinker per day. Works are scheduled to be completed by 2018.

Commercial – Orascom Construction

Mall of Egypt – Egypt

An Orascom-BESIX joint venture is continuing works on Mall of Egypt. Orascom and BESIX are jointly constructing the 200,000 sqm shopping and leisure development project including an indoor ski park, a cinema complex, retail outlets, a hypermarket, an outdoor plaza, an amusement park, a car park and other associated facilities. The project was completed in the first quarter of 2017..

LEGOLAND® Dubai – UAE

In October 2016, the OC-BESIX joint venture successfully delivered the Middle East's first LEGOLAND® park. The project's scope included the construction of the substructure, superstructure, building envelope, MEP and finishes for a total of 45 buildings. LEGOLAND® Dubai features over 15,000 Lego model structures made from more than 60 million Lego bricks, in addition to over 40 interactive rides, shows and attractions.

Hub Zero Dubai – UAE

A gaming themed family entertainment center, Hub Zero Dubai combines elements of an indoor theme park, a high-tech entertainment center, a party and hospitality venue, a gaming destination and themed dining concepts into one offering. Awarded in 2013 to an OC-BESIX joint venture and completed on schedule in 2016, the project covers an area of 15,000 sqm with over 18 different attractions.

The Green Planet – UAE

An OC-BESIX joint venture completed design and build works for The Green Planet, a bio-dome in Dubai designed as an enclosed ecosystem with over 3,000 plants and animals and the world's largest indoor man-made and life-sustaining tree. The scope included the construction of a five-story building with interior fit-out and external and internal landscaping. Works on the project began in March 2014 and were completed in August 2016.

Infrastructure – Contrack Watts

APS Facilities Warehouses – Kuwait

Awarded to Contrack Watts by the United States Army Corps of Engineers (USACE) in September 2013, design and build works on the APS Facilities Warehouses Project were successfully completed in July 2016. The scope of this project, located in Camp Arifjan, Kuwait, entailed the construction of storage areas for army vehicles and featured fire detection and suppression systems, interior communication systems and vehicle hardstand areas.

P-970 Ship Maintenance Facility – Bahrain

Bahrain's P-970 Ship Maintenance Facility will support maintenance and repair for combatant and patrol crafts and includes a permanent intermediate level maintenance to service and maintain homeport vessels. The project was awarded to Contrack Watts in June 2016 and entails design and construction works scheduled for completion by the first half of 2018.

Commercial – Contrack Watts

Medical Dental Replacement Clinic – Bahrain

Contrack Watts was awarded in March 2016 works on the Medical Dental Replacement Clinic in Bahrain. The project entails design and construction works for a two-story building to provide outpatient clinic services in addition to works for supporting facilities and utilities. The project is scheduled for completion by 2019.

US

In 2016, Orascom Construction Ltd. continued to strengthen its position in the US market through subsidiaries The Weitz Company and Contrack Watts

Infrastructure – The Weitz Company

Palm Beach Convention Center Parking, Florida

The Weitz Company continues its construction works on a nine-level cast-in-place parking garage within the existing surface parking lot of the Palm Beach County Convention Center. The structure will have one below-grade parking level and eight elevated deck levels with decorative aluminum framing and perforated aluminum grillage. The project is scheduled for completion by the first quarter of 2017.

Industrial – The Weitz Company

Lortscher Brownwood Blend, Phase 1, Texas

Lortscher Agri Service, Inc. selected The Weitz Company for design and build works for phase one of its grain processing pet food premix facility, the Lortscher Brownwood Blend. This pre-engineered metal process building will have bulk and tote receiving, mixing and pneumatic conveyance capabilities for 50 lb bags and totes packaging lines. Design services include process, structural and architectural works for which Weitz is utilizing Last Planner Scheduling and Building Information Modeling (BIM).

Tyson Cobb-Vantress Feed Mill, South Carolina

Tyson's Cobb-Vantress awarded The Weitz Company a contract to design and build the Tyson Cobb-Ventress Feed Mill, a 190-foot slipform structure with a nameplate capacity of 2,000 tons per week. The facility will also include grain storage, a vacuum system, dust elimination, high-speed load-out doors, a preheat pellet mill, cooler start-up system with a precast truck sanitation and sterilization building. The state-of-the-art mill, which will supply feed to Cobb's farms in North Carolina, South Carolina and Georgia, is scheduled for completion in 2017.

Central Minnesota Renewables Repurpose Project, Minnesota

In December 2016, The Weitz Company successfully completed works on the Central Minnesota Renewables Repurpose Project. The scope of the project included retrofitting an existing and operating corn-based ethanol production facility to produce acetone, butanol and ethanol. This industry-leading endeavor by Green Biologics will be the first facility to produce n-Butanol at a commercial level in the US.

Ozark Mountain Poultry Feed Mill, Arkansas

Design and construction works on the Ozark Mountain Poultry Feed Mill were successfully completed in July 2016 with the facility now operating at maximum capacity of 12,000 tons per week. At the center of the facility is a 40-foot wide by 80-foot long by 200-foot tall concrete slip form tower for which Weitz self-performed using internal resources. Design for the facility was also done by Weitz Professional Services, the company's in-house design experts.

Commercial – The Weitz Company

Texas A&M University Park West Housing Development

The Weitz Company was selected in January 2016 as the designer and contractor for Park West, a new student housing project at Texas A&M University in College Station and the largest student housing complex in the US to date with a capacity to accommodate 3,402 students. The 50-acre development will include over 1.8 million sqft of building space, including 1,300 housing units, retail and office spaces as well as an eight-story parking garage. Works are scheduled for completion by 2017.

The Fifth, Iowa

MandelBaum Properties awarded The Weitz Company a contract to construct the Fifth tower in Des Moines, Iowa. The a 32-story high-rise building will be located in Des Moines' downtown area and will feature a nine-screen upscale movie theater, a rock climbing gym, a jazz club, 20,000 sqft of commercial space and 200 market-rate apartment units in addition to a 550+ parking stalls. The project is scheduled for completion by the first half of 2019.

The Ranch, Oklahoma

The Weitz Company was awarded works on The Ranch project, a greenfield continuing care retirement community located in Stillwater, Oklahoma. Once complete, The Ranch will include 114 independent living apartments, 23 cottages, 40 assisted living apartments and 40 skilled nursing apartments. Additionally, the project will feature a fitness center, walking trails, an arts and crafts studio, a coffee shop, bistro, dining venues, library and other resort-quality amenities that will make up more than 35,000 sqft of common areas.

Heron's Key, Washington

The Weitz Company continues to push forward for the completion of Heron's Key, a non-profit senior housing and service organization operated by Emerald Communities. Situated on 19 acres in the Harbor Hill community of Gig Harbor, Washington, the development includes 184 independent living apartments, 10 duplex-style cottages, 14 assisted living suites and 45 skilled nursing private rooms. Work on the development began in 2015 and is scheduled for completion in 2017.

Iowa Events Center Convention Hall

Design and build works on the Iowa Events Center Convention Hall are progressing on schedule with a target completion date by the first quarter of 2018. Located in Des Moines, Iowa, the project will feature a full service Hilton Hotel with 300 guest rooms, a 10,000 sqft ballroom, 4,000 sqft of breakout meeting rooms in addition to restaurants, lounges and a swimming pool. The site is designed with subsurface parking stalls and a skywalk bridge connecting the convention hall with the Des Moines downtown skywalk system.

Broward County New Family & Civil Courthouse & Garage, Florida

Works contracted by the Broward County Purchasing Division for a new Broward County Family and Civil Courthouse are moving according to schedule, with completion targeted by 2018. The project includes a state-of-the-art courthouse featuring a raised civil plaza, a landscaped park and an outdoor children's play area. The building will boast high-quality/high-efficiency mechanical, electrical and plumbing systems, multiple elevators, electronic court features with Wi-Fi throughout and digitized Clerk of the Court Facilities. The project also includes a six-level, 500-stall parking structure adjacent to the courthouse tower.

Timber Ridge Phase II, Washington

Awarded by Life Care Service in 2014, The Weitz Company successfully delivered Phase 2 of Timber Ridge, a Continuing Care Retirement Community and mountain lodge-style designed development with resort-like amenities, located over 10 acres in Issaquah, Washington. The project includes the addition of 10 private and 12 semi-private memory care suites, 12 private assisted living apartments and 7 additional skilled nursing units at the Briarwood Health Center.

Volkswagen Campus, Tennessee

Works on two packages for the Volkswagen Campus located in Chattanooga, Tennessee — an East Warehouse Expansion and a Technical Center Remodel — were successfully completed in October 2016. Expansion of the East Warehouse entailed the construction of a 322,000 sqft divided roughly into 297,000 sqft of traditional warehousing space and 25,000 sqft of high-bay space dedicated to an Automated Storage Retrieval System. The Technical Center Remodeling entailed equipment removal and relocation, concrete slab demolition, structural steel modifications and installation of new equipment foundations.

Infrastructure – Contrack Watts

Joint Traffic Management Center, Hawaii

Contrack Watts is moving ahead as scheduled on works for the Joint Traffic Management Center located in downtown Honolulu with completion targeted for 2017. Designed to achieve LEED Silver certification rating, the project involves the construction of a three-story, 56,000 sqft traffic operations and administrative facility.

USARPAC Command and Control Facility Phase 2, Hawaii

Works on phase 2 of the USARPAC Command Control Facility (C2F) are progressing as scheduled and earmarked for completion by the end of 2017. Awarded to Contrack Watts in August 2015, the project will see the construction of a new six-story, 88,237 sqft administrative and special-use facility, with spaces including a loading dock, Destruct Room and a mechanical penthouse.

Emergent Repair Facility Expansion, Guam

The Emergent Repair Facility Expansion project was successfully delivered as scheduled to the NAVFAC Pacific in August 2016. Scope of work for this contract included design and construction works of a low-rise (two-story) addition to an existing emergent repair facility by its reinforced concrete structure with pile foundation, reinforced concrete walls and roof structure and beam column frame.

BAMS Forward Operational and Maintenance Hangar, Guam

Contrack Watts continues its works on the BAMS Forward Operational and Maintenance Hangar. The Guam MACC task order project consists of design and construction of a high bay maintenance hangar with interior and enclosed maintenance space for airframe repairs, pre- and post-flight operations, as well as technical order compliance and aircraft modifications.

MV-22 Hangar & Aircraft Staging, Hawaii

Works on a Marine Vertical (MV) 22 hangar were successfully completed by Contrack Watts and included the construction of a new hangar, apron and taxiway, as well as an aircraft staging area. The contract also includes the construction of a work center space for equipment and personnel and a 17,229 sqft space dedicated for squadron administrative functions.

P-863 Aircraft Maintenance Hangar Upgrades, Hawaii

Works on P-863 Aircraft Maintenance Hangar Upgrades were awarded to Contrack Watts in September 2016. Project scope includes the renovation of an existing low-rise aircraft hangar, the installation of built-in equipment, such as a bridge crane with hoist in each hangar bay, and trenching of the hangar floor.

P-425 Modular Storage Magazines, Guam

Works on 28 P-425 Modular Storage Magazines at a Naval Base in Guam are progressing on time. The project was awarded to Contrack Watts in 2014 and covers, in addition to 28 magazines, the connection of electrical power systems, construction of a communication and emergency generator building as well as paving and site improvements to include access roads, concrete aprons and circulation roadways.

Army Aviation Support Facility, Hawaii

Contrack Watts successfully completed on schedule works on the Army Aviation Support Facility. Awarded in 2014, the project included the construction of a new 67,000 sqft aviation facility consisting of masonry and steel construction with a standing seam prefinished metal roof, concrete floor and mechanical and electrical equipment. Additional supporting facilities included flexible pavement for private vehicle parking, rigid and flexible paving for aircraft parking/tie down pads, aviation lighting, exterior lighting, fire protection, utility system connections, back-up generator and fencing, berms heavy landscaping and bollards.

Commercial – Contrack Watts

Honolulu Consolidated Car Rental Facility (CONRAC), Hawaii

Contrack Watts was awarded works on the Consolidated Car Rental Facility (CONRAC) at Honolulu International Airport. The project entails the demolition of the existing car rental buildings and the construction of a new five-story, 1.8 million sqft concrete structure, consisting of vehicular parking areas, retail areas, office spaces, car wash equipment and fueling stations.

Industrial – Orascom Construction

Natgasoline, Texas

Natgasoline is a greenfield world scale methanol production complex currently under construction in Beaumont, Texas. The plant is expected to have a capacity of up to approximately 1.75 million metric tons per year and will be one of the largest merchant methanol production facilities in the world. Awarded in January 2014 to Orascom E&C (a 100%-owned subsidiary of OC), the project will utilize state-of-the-art Lurgi MegaMethanol® technology and will incorporate the best available environmental control technology.

BESIX

BESIX continues to cement its diverse geographic footprint, which covers Europe, MENA, Sub-Saharan Africa, South East Asia and Australia

Securing New Contracts

In 2016, BESIX secured new contracts in several of its markets in Europe and the Middle East. In its home market of Europe, BESIX Nederland, as a member of the Consortium Sas van Vreeswijk, won a contract to construct the third chamber Beatrix lock and the widening of the Lekkanaal. The consortium, which is made up of BESIX Nederland, Heijmans, Jan De Nul and investors RebelValley and TDP, is responsible for the design and construction of the project, as well as the financial operations and maintenance of the entire lock complex and the Lekkanaal for the next 27 years.

Meanwhile in the Middle East, the company's wholly-owned subsidiary Six Construct was awarded a contract to build the new Royal Atlantis resort at Palm Jumeirah. The mixed-use hotel and residential two-tower complex is 187 meters high and an iconic landmark in preparation for Dubai's Expo 2020.

As part of Arab Petroleum Pipelines Co.'s (SUMED) mission to meet regional demand for refined petroleum products, particularly in Egypt, SUMED awarded a BESIX-Orascom consortium the contract to build the Ain Sukhna Products Hub jetty and its marine facilities in June.

3D Render of Royal Atlantis, UAE

Driving Innovation With Unleash

In December, BESIX Group launched the Unleash innovation program with the aim of encouraging employees to present new and innovative ideas, give them a platform from which to present them and offer them opportunities to see successful ones to fruition. The initiative will revolve around three axes: business innovation, new businesses and start-up projects. In light of the company's belief that innovation is one of the pillars of a sustainable business, the program is just one of the ways in which BESIX plans to see new, innovative ideas contribute to the future growth of the company.

BESIX Goes Nordic with First Project in Denmark

Cementing its position in Europe, BESIX entered the Danish market for the first time during the year, taking on a project to construct a new four-lane, 8.2 km dual carriageway linking the Danish towns of Frederikssund and Skibbyvej. The infrastructural project includes a 1.4 km tolled high bridge over the fjord and 11 smaller civil structures (bridges, fauna passages and cycle lane passages).

Dual Carriageway, Denmark

Solidifying Position in the MENA

In line with the company's growth strategy, BESIX and Metallurgical Corporation of China signed a memorandum of understanding to join forces and expand into the Middle East and Africa through strategic partnerships. Together, the companies combine a longstanding international track record and experience in complex project management. The signing ceremony took place in the presence of Prime Minister of China Li Keqiang and Prime Minister of Belgium Charles Michel in an official state visit to mark the 45th anniversary of diplomatic relations between the two countries.

In addition, Six Construct completed the Dubai Water Canal project during the year, which included the construction of the Dubai Creek extension as a fully navigable channel from the Dubai Creek at Al Ras to Jumeirah, through the Business Bay development. Dubai Canal was officially inaugurated by Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

Six Construct and Orascom also jointly delivered key projects in the UAE. During the fourth quarter, a Six Construct-Orascom joint venture handed over the first LEGOLAND® park in the Middle East after completing the full-scale theme park in 28 months. Furthermore, the joint venture had also delivered entertainment destinations Hub Zero and Living Planet at the prestigious City Walk Development in Dubai.

Dubai Water Canal, UAE

CONCESSIONS & INFRASTRUCTURE INVESTMENTS

OCL's strategy of attaining recurring, long-term cash flows is driven by its pursuit of value-accretive concessionary contracts, including public-private partnerships (PPP) and build-own-operate (BOO) structures as standalone brands or in consortiums

Egyptian Fertilizers Company

The company has a proven track record in the creation of new business lines, notably in cement, port and fertilizers as well as Egypt's first PPP, the New Cairo Wastewater Treatment Plant. These investments provide new backlog for the Group and recurring cash flows and income once operational.

The Group also leverages its extensive experience and wide-reaching relationships to secure non-recourse project financing from local and international financial institutions for these investments.

The Group's first cement subsidiary, Egyptian Cement Company, began commercial operations in 1999 with a total annual capacity of 1.5 million. By 2007 it had become a leading worldwide player with 35 million tons of capacity in 12 emerging markets. In December of the same year, the Group announced it had inked an agreement with Lafarge SA to divest the Cement Group at an enterprise value of USD 15 billion, distributing USD 11 billion in cash dividends to shareholders that year and retaining USD 2 billion for key investments in new industries.

Similarly, the Group was part of the construction of the new Ain Al Sokhna port in Egypt and held a 45% stake in the only BOT privatized port in the Middle East at the time. This was later divested in 2007, generating an IRR of 49% over an 8.5-year investment period.

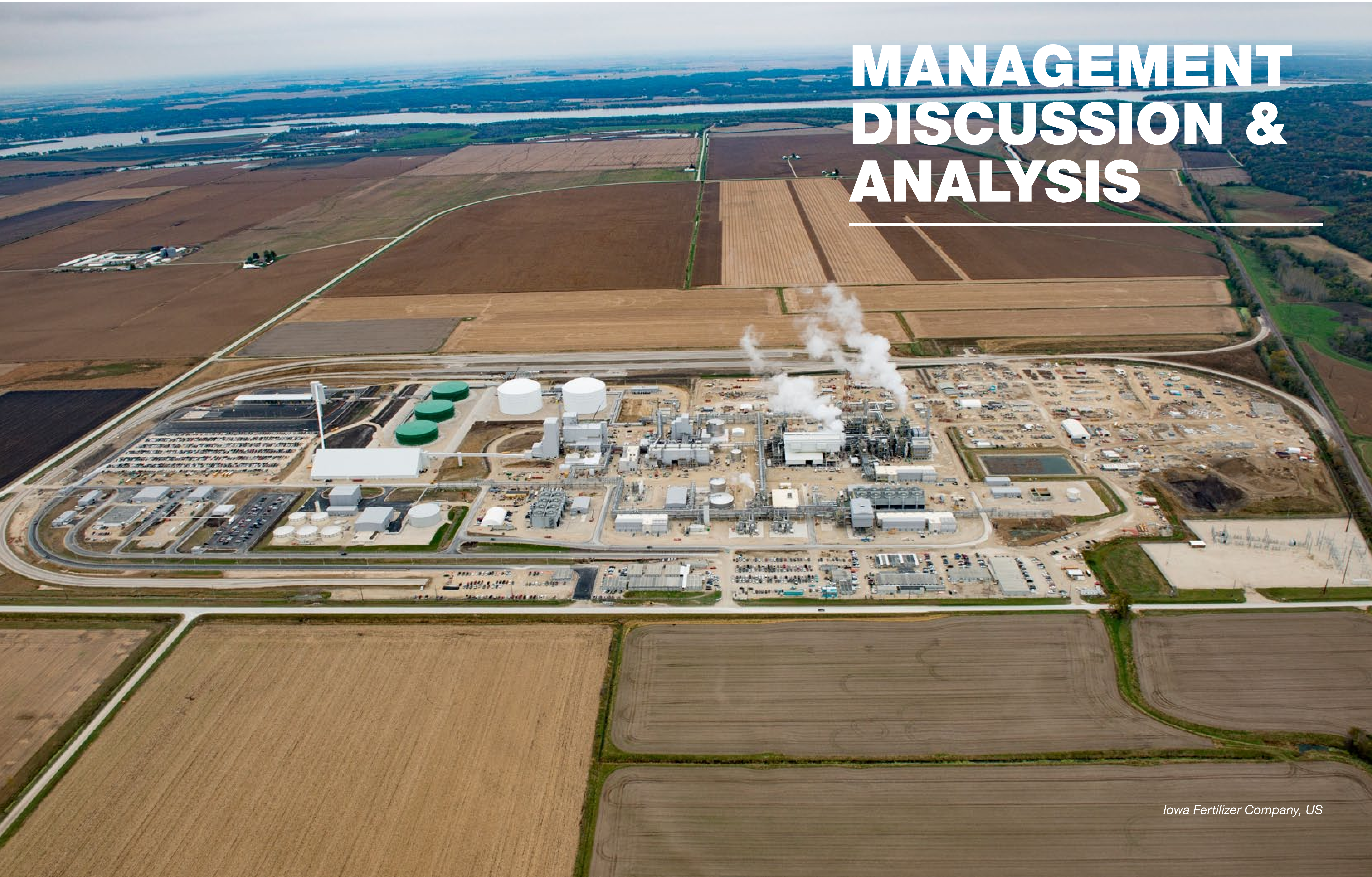
In 2008, the Group embarked on growth of the fertilizer business using the proceeds to acquire Egyptian Fertilizers Company and another 30% of Egypt Basic Industries Corporation, after having acquired a 30% stake in 2005. At the time of the demerger in March 2015, the fertilizer business was one of the world's largest nitrogen fertilizer producers.

Orasqualia (established by Orascom Construction and Spanish wastewater management company Aqualia in 2009) was awarded the concession for the construction, operation and maintenance of the New Cairo Wastewater Treatment Plant, with a capacity to pump 250,000 cubic meters a day and serve 1 million people. Initiated by the New Urban Communities Authority and tendered by the Egyptian Ministry of Housing, Utilities and Urban Development in coordination with the Ministry of Finance as a 20-year PPP, the project set the standard for Egypt's PPP legislation. Construction was completed in 2013 and operations began in the fourth quarter of that year.

Future Opportunities

Going forward, the Group plans to continue pursuing concessionary projects across several sectors, including conventional and renewable power and wastewater treatment . OCL is also expected to benefit from the Egyptian government's plan to push through major infrastructure projects through PPPs. The Group is also progressing on efforts to replicate the MENA investment model in the United States, targeting long-term concessions.

MANAGEMENT DISCUSSION & ANALYSIS



Iowa Fertilizer Company, US

FINANCIAL PERFORMANCE

Financial Highlights

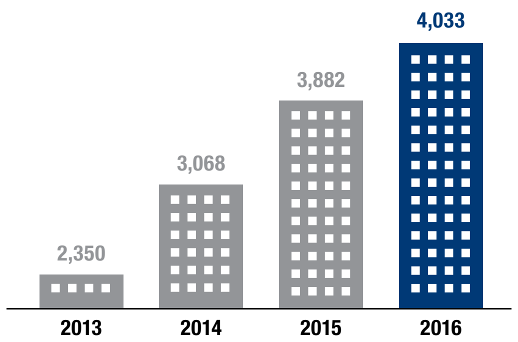
USD MN	2016	2015
Revenue	4,033.1	3,882.4
Cost of sales	(3,841.0)	(4,093.7)
Gross profit (loss)	192.1	(211.3)
EBITDA	99.0	(302.4)
Operating profit (loss)	44.0	(355.6)
Income tax	(92.1)	49.7
Non-controlling interest	4.3	13.4
Net income (loss) attributable to shareholders	48.7	(347.8)
Basic earning per share	0.41	(2.95)
Total assets	2,841.8	3,235.9
Total equity	302.4	560.5
Gross interest - Bearing debt	302.8	439.4
Net debt	(204.1)	(135.5)
Capital expenditure	91.7	88.4

Revenue

Consolidated revenue increased 3.9% y-o-y to USD 4,033.1 million in 2016. The MENA region accounted for 53% of total revenue, primarily driven by the execution of the large power plants and other mega infrastructure projects including the Port Said Tunnels in Egypt.

The US accounted for the balance, with 31% attributable to The Weitz Company and Contrack Watts and 16% to the execution of the Fertilizer and Methanol plant for the former parent company. The geographical split between MENA and the US is in line with the breakdown in 2015.

Revenue Progression*
(USD mn)

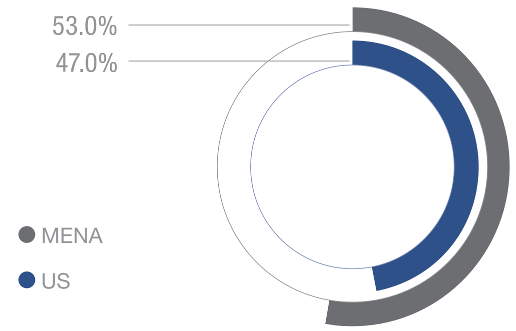


** All figures prior to 2015 are pro forma.*

EBITDA

Consolidated EBITDA improved to USD 99.0 million in 2016 as a result of the strong performance in the MENA region in which EBITDA reached USD 309.1 million. This performance was neutralised by the performance of the Group's US operations, particularly with regards to continued spending related to the Iowa Fertilizer Company project. The project, however, was nearing completion by the end of Q1 2017. Consolidated EBITDA/revenues stood at 2.5% in 2016 compared to a negative 7.8% in 2015.

Revenue by Region 2016



Summary Income Statement by Region

	2016		2015	
USD MN	MENA	US	MENA	US
Revenue	2,123.7	1,909.4	2,030.2	1,852.2
Cost of sales	(1,796.2)	(2,044.8)	**(1,696.4)**	**(2,397.3)**
Gross profit (loss)	327.5	(135.4)	**333.8**	**(545.1)**
EBITDA	309.1	(210.1)	312.5	(614.9)
Operating profit (loss)	258.0	(214.0)	260.9	(616.5)
Income tax	(74.8)	(17.3)	**(44.6)**	**94.3**
Non-controlling interest	2.4	1.9	**11.4**	**2.0**
Net income (loss) attributable to shareholders*	295.2	(246.5)	175.4	(523.2)

** MENA figures include contributions from the Group's 50% stake in BESIX amounting to USD 64.2 million in 2016 and negative USD 0.4 million in 2015*

Selling, General and Administrative Expenses

Selling, General and Administrative (SG&A) expenses decreased to USD 164.2 million in 2016 from USD 198.2 million the previous year. SG&A as a percentage of revenue declined to 4.1% in 2016 compared to 5.1% in 2015.

Net Finance Cost

Net finance costs consist of interest income, gain or loss on foreign exchange and interest expense on interest-bearing liabilities. Finance income stood at USD 94.5 million, including USD 29.2 million in interest income and a USD 65.3 million gain on foreign exchange mainly related the revaluation of foreign currency denominated assets on Egyptian pound reporting entities following the float of the Egyptian pound. In 2015, finance income stood at USD 27.5 million. Meanwhile finance cost was USD 61.9 million, of which USD 24.4 million is interest expense and USD 37.5 million foreign exchange loss on the back of the Egyptian pound devaluation and the consequent effect on financial liabilities denominated in EUR and USD on EGP reporting entities. 2015 finance cost was USD 48.8 million.

Income Tax

Income tax expense amounted to USD 92.1 million in 2016 compared to a positive USD 49.7 million in 2015. In 2016, a non cash-tax charge of USD 10 million has been included as a deferred tax asset impairment related to the US operation. The effective tax rate for the Group was 63.5%, primarily as a result of having taxable profits in the MENA region and tax lossess in the US, for which no further tax assets have been capitalized.

Cash Flow From Operating Activities

Cash inflows from operating activities in 2016 totalled USD 256.3 million compared to USD 201.2 million 2015. This was primarily generated by operating companies in the MENA region and changes in working capital items.

Summary Consolidated Cash Flow Statement

USD MN	2016	2015
Net income (loss) for the period	53.0	(334.4)
Adjustments:		
Depreciation of PPE and amortization	55.0	53.2
Changes in working capital	203.6	424.3
Changes in provisions	(94.1)	107.6
Dividends received from equity accounted investees	0.0	23.1
Other cash flows from operating activities	38.8	(72.6)
Cash flow from operating activities	256.3	201.2
Investments in property, plant and equipment	(91.7)	(88.4)
Other cash flows from investing activities	9.9	9.1
Cash flow from investing activities	(81.8)	(79.3)
Proceeds from share issuance	0.0	168.7
Proceeds from borrowings	82.1	602.7
Repayment of borrowings	(218.7)	(629.3)
Other cash flows from financing activities	(13.3)	(27.6)
Cash flow from financing activities	(149.9)	114.5
Net increase in cash and cash equivalents	24.6	236.4
Cash and cash equivalents at 1 January	574.9	368.9
Currency translation adjustments	(92.6)	(30.4)
Cash and cash equivalents at 31 December	506.9	574.9

Cash Flow From Investing Activities

Cash used in investing activities reached USD 81.8 million compared to USD 79.3 million in 2015. Capital expenditure in 2016 stood at USD 91.7 million (2015: USD 88.4 million). Other cash flows relate to proceeds from the sale of equipment.

Cash Flow From Financing Activities

Cash outflows from financing activities totaled USD 149.9 million in 2016, primarily on the back of loan repayment. In 2015, cash inflow from financing activities totaled USD 114.5 million that were largely driven by the issuance of new shares on the Egyptian Exchange in March 2015.

Net Debt

USD MN	December 2016	December 2015	January 2015
Long-term interest-bearing debt	59.6	26.3	30.8
Short-term interest-bearing debt	243.2	413.1	435.2
Gross interest-bearing debt	302.8	439.4	466.0
Cash and cash equivalents	506.9	574.9	368.9
Net debt	(204.1)	(135.5)	97.1

The Group was cash positive at year-end 2016, partly as a result of collecting advance payments. Said payments are to be absorbed as projects are executed. Additionally, the Group's gross debt position declined 31%.

Non-current Assets

Non-current assets stood at USD 641.4 million as at year-end 2016 compared to USD 768.4 million in 2015. Property, plants and equipment stood at USD 158.4 million, with total additions purchased during the year amounting to USD 91.7 million. The decrease in PPE compared to 2015 is primarily attributable to the devaluation of the Egyptian pound, with exchange rate-related movements amounting to USD 155 million. Equity accounted investees amounted to USD 371.4 million, the bulk of which represents the BESIX Group investment. At year-end 2016, deferred tax assets stood at USD 81.6 million, primarily related to carry forward losses in the US, which OCL expects to realize via future profits in the years 2017-2019.

Summary Consolidated Statement of Financial Position

USD MN	2016	2015
Total non-current assets	641.4	768.4
Total current assets	2,200.4	2,467.5
Total assets	2,841.8	3,235.9
Shareholder's equity	256.9	484.4
Non-controlling interest	45.5	76.1
Total equity	302.4	560.5
Total non-current liabilities	76.7	47.4
Total current liabilities	2,462.7	2,628.0
Total liabilities	2,539.4	2,675.4

Current Assets

Current assets decreased 11% y-o-y to USD 2,200.4 million in 2016 from USD 2,467.5 million the previous year. The decrease relates to trade and other receivables and cash and cash equivalents. Trade receivables declined as a result of a lower due from related party balances at USD 41.8 million compared to USD 176.5 million. Furthermore the outstanding contractual project related retentions decreased from USD 277.5 million in 2015 to USD 244.7 million in 2016. Cash and cash equivalents amounted to USD 506.9 million (2015: USD 574.9 million). A total of USD 31.5 million is restricted cash, and certain other cash balances are dedicated to specific joint ventures.

Equity

Total equity declined by USD 258.1 million in 2016, primarily driven by the effect of currency translations on the reserve and investment balances of EGP reporting entities following the float of the Egyptian pound.

Current Liabilities

Current liabilities decreased to USD 2,462.7 million in 2016 (2015: USD 2,628.0 million) following the repayment of borrowings. Current loans and borrowings decreased 41% to USD 243.2 million in 2016 compared to USD 413.1 million the previous year. Meanwhile, customers advances declined to USD 382.3 million in 2016. Additionally, provisions came in lower in 2016 following reversals related to contracts with future losses at Iowa Fertilizer Company Company and other projects.

Number of employees

During the financial year ended 31 December 2016, the number of staff employed by the group amounted to 71,859, divided into 24,312 permanent employees and 47,547 temporary employees (2015: 58,173 employees).

Outlook

We expect the strong performance in the MENA region to continue in 2017, with management being fairly comfortable with regards to the effect of further Egyptian pound devaluations on the Group's contracts. Management notes, however, that currency volatility is expected to continue throughout 2017, with its effect liable to be positive or negative from quarter to quarter.

Iowa Fertilizer Company started production in April 2017. As such, we expect the project's negative impact on our 2017 results to be less profound compared to the previous years. The Group also expects Natgasoline to reach completion by 4Q 2017, with these two mega projects' finalization expected to require additional funding leading to an increase in net debt.

The Group has earmarked a total of USD 75 million for capital expenditures in 2017.

OUR PEOPLE

Ain Al Sokhna Product Hub Project (ASPH), Egypt

OUR PEOPLE

Orascom Construction Limited retains knowledgeable and experienced employees who are passionate and can provide customers with the highest quality of products and services

The company's notable reputation coupled with its leading market position attracts high-caliber employees that are provided with many management and career opportunities to further enhance their individual growth. OCL also retains loyal employees by offering competitive salaries, bonuses and benefit packages.

The success of any business is incumbent on the satisfaction of its employees. With this belief in mind, OCL heavily invests in the best technologies, training and development programs to improve the knowledge, experience and skill set of its internal community.

Training and Development

OCL offers comprehensive employee training and development programs across its footprint. It is committed to fostering an environment where continuous learning can take place and where individuals are encouraged to seek opportunities for professional growth.

Learning and Development (L&D) Unit

The Learning and Development Unit is responsible for identifying the training needs of employees to support the objectives of the organization and facilitate tailored training programs to meet the growing needs of the business. The Learning and Development Unit delivers training programs to all eligible OCL employees to:

- Continually improve their competencies, skills and knowledge;
- Enable career development and progression;
- Improve individual, departmental and organizational performance; and
- Create a learning organization.

Post-Graduate Studies

As part of OCL's commitment to investing in its human capital, the company works hard to cultivate a learning environment to improve individuals' performance and support its employees in achieving their development plans. A key instrument for such development is the myriad of learning opportunities made available to eligible employees for continuing their post-graduate education.

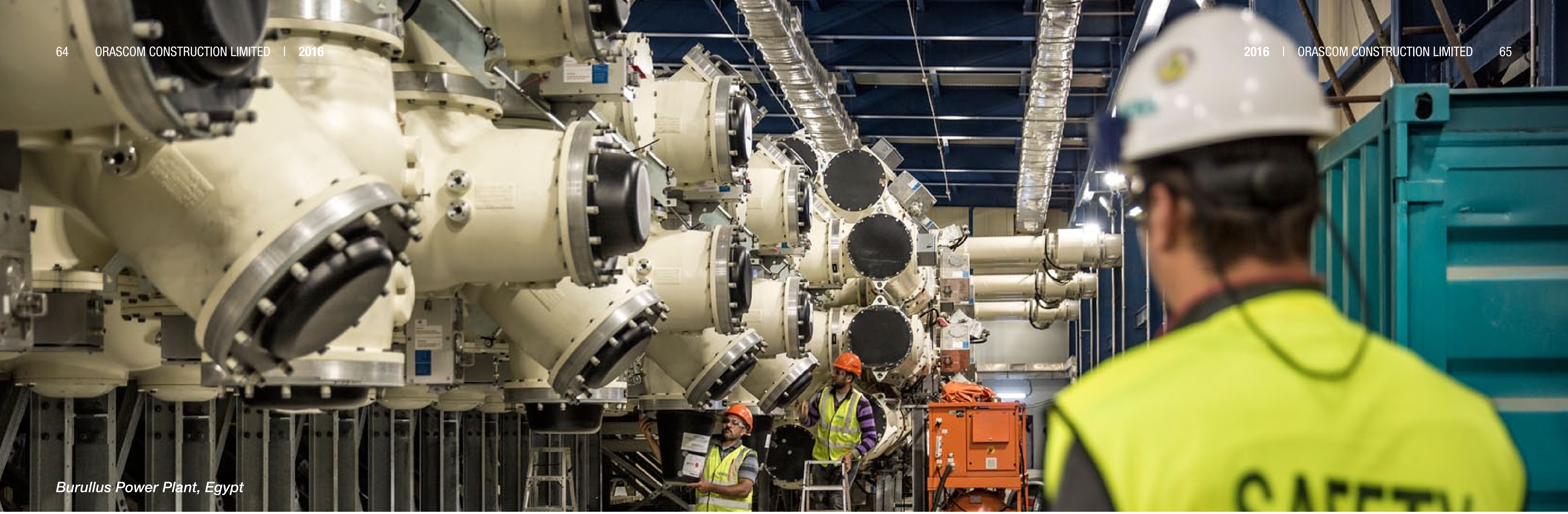
In-house Training Programs

Initiated by the HR management team, transfer of knowledge is the umbrella campaign launched as a series of in-house courses and programs made available to OCL staff members by their colleagues. OCL employees receive technical and soft skills courses from internal trainers previously trained in various programs, making them eligible to share their knowledge with colleagues.

Human Resources Development Program

The HRDP is designed to prepare high-caliber professionals for a future leadership role at OCL through an intensive managerial and technical development track. This program aims to secure our management succession plan and is available to all employees who demonstrate consistently exceptional performance and a positive attitude. The HRDP is a competitive management development program designed to identify and retain excellent employees by providing a continuous platform of training that helps see the company's business potential fulfilled.

Sidi Kerir Combined Cycle Power Plant, Egypt



Burullus Power Plant, Egypt

Commitment to Quality

Orascom Construction Limited is committed to consistently meeting — if not exceeding — customer expectations in construction work, service and delivery. We continuously work to improve customer satisfaction by maintaining and reviewing the quality and environment system on a regular basis. Our management system and procedures exist to ensure all the requirements needed to attain quality improvement are met. OCL is certified ISO 9001.

Health, Safety and Environment

OCL is certified ISO 14001 and OHSAS 18001.

Company	2016 LTIR
Orascom Construction	0.021
Contrack Watts	0.36
The Weitz Company	0.10

Orascom Construction

Orascom Construction's HSE Management is expected to implement a new program related to its engineering construction activities aimed at reinforcing HSE performance and strengthening the environmental performance of its construction engineers.

Man Hours

Total man hours for 2016 are approximately 197 million

Sector	Hours worked
Commercial	89,141,422
Industrial	36,666,093
Infrastructure	68,906,768
Workshops	1,985,227
Total	**196,699,510**

HSE Audits

Health and safety audits are a contractual requirement. Internal reports are generated and a detailed report is forwarded to the Project Manager and the HSE Corporate Director for review. The purpose of the audit is to assess compliance with OC Policy.

100% of internal inspections were completed to schedule in 2016, and unannounced HSE Audits began in 2016 across all company projects to uncover the true status of HSE's performance average at sites and to detect invisible problems.

Once again, we achieved very strong audit results that reflect the exemplary work carried out by the HSE staff, their understanding of risk elements, and effective management of risks throughout projects.

Summary and Comparison of Internal Audit Results (2015-2016)

Company	2015	2016
No. of audits conducted	154	163
No. of environmental audits conducted	42	43
No. of environmental measurements conducted	34	46

HSE Training

Training is organized by the HSE Training Division in cooperation of the Human Resources Department. The HSE Training Department's main function is to provide regular safety training sessions to raise and reinforce HSE awareness and encourage the involvement in the implementation of the HSE program.

Year	2013	2014	2015	2016
No. of trainees attended courses managed by the Corporate HSE Training Team	1,239	1,414	1,321	2,341

Employees attended 17,183 training sessions throughout the year, including those on inductions, toolbox meetings, pre-task briefs, etc., with project specific training topics provided.

Contrack Watts

Contrack Watts is certified ISO 18001 for Occupational Health and Safety Management, in addition to the "Secret Clearance" certificate that allows it to bid on the US State Department embassy construction projects and other US government projects that require a security clearance.

The Weitz Company

Weitz has been awarded the OSHA CHASE Partnership Blue Level — Associated General Contractors and the Award of Honour with Distinction — National Safety Council awards, in recognition of its outstanding adherence to safety standards.

Weitz offers training to all employees on OSHA 30 Hour, ladder, hazard communications, fall protection, trenching and electrical safety. Additionally, in 2016 all senior management participated in a "Safety Boot Camp" to reaffirm their understanding of the importance of safety standards. All projects continued to receive weekly safety inspections performed by our project teams and safety managers.

CORPORATE GOVERNANCE

Orascom Construction Limited is committed to conducting its business ethically, responsibly and with excellence; to meet this commitment, the Board of Directors has adopted corporate governance guidelines that comply with all applicable laws and stock exchange regulations for NASDAQ Dubai and EGX Cairo

Cairo Metro Line III, Egypt

OUR BOARD OF DIRECTORS

Orascom Construction Ltd.'s Board of Directors provides the company with the leadership and experience necessary to manage the business with integrity and efficiency, thereby maximizing the profitability and long-term value of the company.

The company is a one-tier Board, which in 2015 comprised one Executive Director, and, in a majority, six Non-Executive Directors. The Board has ultimate responsibility for the management, general affairs, direction, performance and success of the business.

Jérôme Guiraud
Chairman — Non-Executive Director

Mr. Jérôme Guiraud graduated from Ecole des Hautes Etudes Commerciales in 1984 (HEC Paris). He started his career at the French Embassy in Zagreb, Croatia in 1985 as Deputy to the Commercial Attaché. He then joined the Société Générale group in the Inspection Générale department in 1986. From 1993, he has held multiple managing positions abroad in Europe and in emerging countries, mainly on capital markets, then as Country Manager and Director of various Société Générale group's listed subsidiaries. He joined the NNS group in 2008. He is currently Executive Chairman of NNS Luxembourg and Chief Executive Officer of NNS Advisers (two non-listed entities). He is also a Director and member of the Audit and the Nomination Committees of OCI N.V. and a Non-Executive Director of BESIX (non-listed largest Belgian contracting group). He was a member of the Board of Directors and the Audit Committee of Lafarge S.A. from May 2008 until August 2016. Mr. Guiraud was born in 1961 and is a French citizen.

Osama Bishai
Chief Executive Officer — Executive Director

Mr. Osama Bishai joined Orascom in 1985 and currently serves as Chief Executive Officer of the Construction Group and has been a Director on the Board of Directors of Orascom Construction since its incorporation in 1998.

Mr. Bishai played a key role in developing the construction business, particularly in the cement, infrastructure and industrial sectors, and led the development of OCI N.V.'s investments in the fertilizer industry in Egypt, Algeria and US. Mr. Bishai currently spearheads the group's efforts to create a long-term concessions portfolio and is leading the growth of the US business. Mr. Bishai is a board member of BESIX Group.

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

Azmi Mikati
Independent Non-Executive Director

Mr. Azmi Mikati serves as the Chief Executive Officer of M1 Group Ltd., a diversified investments holding company spanning telecommunications, real estate, aviation, finance, retail and consumer goods. Mr. Mikati was the Chief Executive Officer of Investcom LLC (formerly Investcom Holding Sa). He was responsible for the global strategy of Investcom LLC and its implementation. He is also a Director of M1 Group Ltd. and a Non-Executive Director of MTN Group Ltd. Prior to this role, he served as Director of T-One Corporation (International Carrier) and was also a board member of FTML (France Telecom subsidiary and the previous operator of one of two mobile networks in Lebanon).

Mr. Mikati holds a BSc from Columbia University, United States.

Sami Haddad
Independent Non-Executive Director

Mr. Sami Haddad 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 Cairo-based Director of the MENA region. In 2005, he became Minister of Economy and Trade in Lebanon, a position which he held for three years. Mr. Haddad was also General Manager of Byblos Bank from 2008 to 2014.

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

Salman Butt
Non-Executive Director

Mr. Salman Butt joined OCI S.A.E. as CFO in 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 to 2005. For 18 years prior to this, he worked with Citibank in Pakistan, Hong Kong, the United Kingdom, Egypt and Saudi Arabia. Mr. Butt is currently the Chief Financial Officer of OCI N.V.

Mr. Butt holds an MA in Business Administration from the University of Texas at Austin, US and a BSc. in Industrial Engineering from the Middle East Technical University, Ankara, Turkey.

Khaled Bichara
Independent Non-executive Director

Mr. Khaled Bichara currently holds the position of Chief Executive Officer of Orascom Development Holding. He is also a Co-Founder of Accelero Capital. Mr. Bichara previously served as Group President and Chief Operating Officer of VimpelCom Ltd ("VimpelCom"). He was also Chief Executive Officer of Orascom Telecom Holding S.A.E. ("OTH") as well as Chief Operating Officer of Wind Telecomunicazioni S.p.A. ("Wind Italy"). Mr. Bichara managed 10 operations across the globe through OTH and Wind Italy and 22 operations across the globe through VimpelCom. He was the Co-Founder, Chairman and CEO of "LINKdotNET".

Mr. Bichara holds a BSc. from the American University in Cairo.

Arif Naqvi
Non-Executive Director

Mr. Arif Naqvi is the Founder and Group Chief Executive at The Abraaj Group, which he established in 2002, and has since grown the company to become among the leading private equity firms in the world. Mr. Naqvi has over three decades of experience of investing in public and private companies, and in 2011, Private Equity International named him one of the 50 most influential people in the global private equity industry. He is a Trustee of the Interpol Foundation and is on the Board of the United Nations Global Compact. He is also a Columbia Global Leadership Council member and an Honorary Fellow of the Royal College of Art in London. Mr. Naqvi has been the recipient of numerous awards, including the Oslo Business for Peace Award, the highest form of recognition given to individual private sector leaders for fostering peace and stability through business, and the Sitara-i-Imtiaz, a prominent civilian honor awarded by the Government of Pakistan.

Mr. Naqvi is a graduate of the London School of Economics and Political Science.

Nile City Towers, Egypt

CORPORATE GOVERNANCE STRUCTURE

The Board reviews and monitors our corporate governance framework, to ensure our compliance, and is committed to monitoring developments in corporate governance that would improve our financial reporting and disclosure; in this light, the Board has established three committees: an Audit Committee, Remuneration Committee and a Nomination Committee

Audit Committee

The Audit Committee consists of five directors, two of which are independent non-executive directors. The committee's role includes assisting the Board in its oversight of financial statements, legal and regulatory compliance, auditors and their functions, as well as preparing and publishing the annual committee report.

Members:

1. **Sami Haddad** - Chair
2. **Salman Butt** - Member
3. **Arif Naqvi** - Member
4. **Khaled Bichara** – Member
5. **Jérôme Guiraud** – Member

Remuneration Committee

The Remuneration Committee currently consists of two independent non-executive directors. The committee's role includes assisting the Board in its oversight of all matters related to director and executive officer compensation, as well as preparing and publishing an annual committee report.

Members:

1. **Khaled Bichara** – Chair
2. **Azmi Mikati** - Member

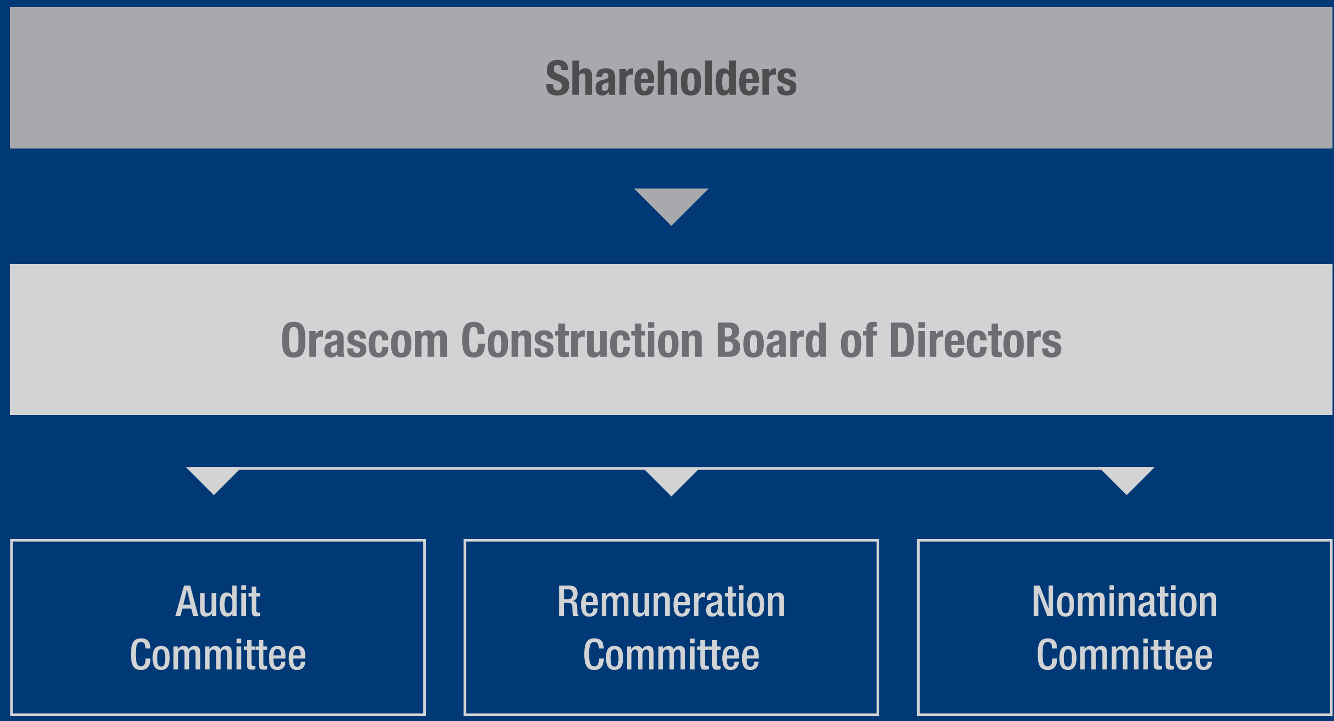
Nomination Committee

The Nomination Committee consists of three non-executive directors. This committee assists the Board in identifying potential Board members, recommending members and overseeing the evaluation of the Board and management.

Members:

1. **Sami Haddad** - Chair
2. **Azmi Mikati** - Member
3. **Jérôme Guiraud** – Member

The committees perform their duties on behalf of our Board, which is responsible for constituting, assigning, co-opting and fixing the terms of service for the committee members. The Board has delegated certain duties to these committees as defined by their respective terms of reference, and the committees report to the Board on a regular basis. Separate committees may be set up by our Board of Directors to consider specific issues when the need arises.



Shareholders' Rights

The company's shareholders exercise their rights through the Annual General Meeting of Shareholders in May each year, no later than six months after the end of the company's financial year. Additional Extraordinary General Shareholders meetings may be convened at any time by the Board of Directors or by one or more shareholders representing more than 10% of the issued share capital.

Important matters that require the approval of the (Annual) General Meeting of Shareholders are:

- Adoption of the financial statements;
- Declaration of dividends;
- Significant changes to the Company's corporate governance;
- Remuneration policy;
- Remuneration of the Non-Executive Directors;
- Discharge from liability of the Board of Directors;
- Appointment of the external auditor;
- Appointment, suspension or dismissal of the members of Board of Directors;
- Issuance of shares or rights to shares, restriction or exclusion of preemptive rights of Shareholders and repurchase or cancellation of shares; and
- Amendments to the Articles of Association.

External Auditor

The General Meeting of Shareholders appoints the external auditor. The Audit Committee recommends to the Board the external auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates the functioning of the external auditor. On May 25, 2016, the General Meeting reappointed KPMG as independent external auditor for the company for the financial year 2016.

Disclosed Shareholders as at 31 December 2016

Name	Number of Shares	Percent of Outstanding Shares
Nassef Sawiris and entities held for his benefit	32,932,089	28.2%
Onsi Sawiris and entities held for his benefit	19,315,877	16.5%
Samih Sawiris and entities held for his benefit	7,974,103	6.8%
Cascade Investment L.L.C and Bill & Melinda Gates Foundation Trust	6,787,852	5.8%
Total Outstanding Shares	**116,761,379**	

Board of Directors' Report

Composition and Independence

The composition of the Board strives to arm the company with leadership that is diverse in skills, experience and background, thereby maximizing the Board's ability to independently and critically act without emphasis on particular interests. The Board maintains independence by ensuring the majority of Non-Executive Directors are independent.

Assessment and Evaluation of the Board

The Board concluded that the composition, processes and scope of its activities and the personal contribution of each member has been satisfactory in 2016. A formal evaluation will be performed every three years with the aid of an external consultant. This process will be initiated starting 2017.

Board Meetings

The Board met four times during 2016. In addition, several conference calls were held. The issues on which the Board focused during the year comprised:

- Discussion of strategy, focus markets and plans, including potential business;
- Discussion of the performance of the business;
- Approval of 2015 annual report and of external quarterly reporting through 2016; and
- Approval of key financing, operational, investment activities and other business developments.

The Audit Committee Report

The Audit Committee consists of five members who are mandated with monitoring and supervising activities related to the Company's financial, internal audit, compliance and tax performance. Three Audit Committee meetings were held in 2016.

In accordance with its Charter, the Audit Committee reviewed and advised on:

- Financial reporting and non-financial information;
- Financing strategy;
- The functioning of the Company's internal control processes, the internal audit function and audit approach;
- Impact of the Egyptian pound devaluation and mitigating measures;
- Effective tax rate and tax compliance;
- Litigation and major legal cases such as GPP and Sidra cases;
- Risk analysis and audit-related matters.

Financial Reporting and External Auditor

The company's external auditor is KPMG. The external auditor attended all Audit Committee meetings in 2016 before sign-off on the financial statements for the year.

Egyptian Refining Company


Mall of Egypt

Risk Management and Controls

Introduction

The construction business inherently involves risks. Our management is cognizant of these risks and takes a measured mitigation approach to maximize our ability to successfully pursue sustained growth. Our Board and management foster a transparent company-wide approach to risk management and internal controls, which allows our businesses to operate effectively. We are working diligently to further enhance our Risk Management within the Company.

Our risk appetite is flexible to account for our diversified market presence and is tailored to four main categories:

- **Strategic:** As a leading player in our markets, we are able to take certain calculated strategic risks that create opportunities to maximize our ability to deliver outstanding value to our shareholders. Our ability to adapt our risk management to meet the requirements of our diversified exposure to emerging and developed markets is key to maintaining our success.
- **Operational:** We aim to minimize operational risks while maximizing our ability to capitalize on our leadership positions in our markets. We strive to maximize operational efficiency while fostering a safe and entrepreneurial environment for our employees.
- **Financial:** We implement a prudent financial and reporting strategy to maintain a strong financial position. Our key financial policies are described in the notes to the financial statements.
- **Compliance:** All employees are bound by our Code of Business Principles & Conduct and Code of Ethics, which we are in the process of embedding throughout the company. It is in the values of the company and its employees to act with honesty, integrity and fairness to foster a business climate that maintains such standards. We strive to comply with applicable laws and regulations everywhere we do business.

Key Risk Factors

Our key risks as perceived by management are outlined below, accompanied by an overview of how these risks are mitigated and the opportunities that can arise from these actions. The sequence in which these risks are presented in no way reflects any order of importance, chance or materiality. If any of the following risks actually occurs, the company's business, prospects, financial condition or results of operations may be materially affected.

Although management believes the risks and uncertainties described below are the most material risks, they are not the only ones to which Orascom Construction Limited is exposed. All of these factors are contingencies that may or may not occur. Additional risks and uncertainties not presently known to management or are currently deemed immaterial may also have a material adverse effect on the company or its operational results.

Risk Type	Risk	Mitigant
STRATEGIC	**Economic & Political Conditions:** Orascom Construction operates in both developed and emerging markets, which means we are exposed to certain countries, especially in the Middle East and Northern Africa, where there is a risk of adverse sovereign action. Accordingly, developments in any of the countries in which we operate can create an uncertain environment for investment and business activity and may adversely impact our business.	We mitigate the impact of any single market by diversifying our operations in both emerging and developed markets. We actively monitor economic, political and legal developments and strive to be a 'local' player in each of our markets.
	Risk of Adverse Sovereign Action: We do business in locations where we are exposed to a greater-than-average risk of adverse sovereign action, including overt or effective expropriation or nationalization of property, the renegotiation of contract terms, the placement on foreign ownership restrictions, limitations on extracting cash and dividends or changes in tax structures or free zone designations.	We work and cooperate closely with the governments in the countries in which we do business to maintain positive working relationships. Although there is no guarantee that the government of a location in which we operate will not adopt adverse policies going forward, we have worked to minimize this risk through contractual arrangements. Our legal team also works diligently to monitor and review our practices and any changes in laws or regulations in the countries in which we operate to provide reasonable assurances that we remain in line with all relevant laws.
	Global Economic Conditions: Economic changes may result in business interruption, inflation, deflation or decreased demand in the construction sector. Our success will depend in part on our ability to manage continued global economic uncertainty, especially in our markets. We have substantial operations in countries with primarily hydrocarbon economics and whose ability to fund construction projects is materially dependent on oil and gas prices.	We aim to maintain a strong financial position that would cushion any global economic or cyclical downturns. We focus on infrastructural projects such as roads, power generation and waste water facilities, which are less likely to be affected by funding restrictions in a country.
	Concentration Risk: Orascom Construction Ltd. is to a certain extent dependent on a number of key clients, being they our former parent OCI N.V., the Egyptian government through its various ministries and to a lesser extent the US Federal Government and Saudi Bin Ladin Group.	We are in the process of becoming less dependent on OCI N.V. by diversifying in the US markets through our subsidiaries Weitz and Contrack Watts. We also strive to have a stronger client base in countries other than Egypt and Saudi in the Middle East and Africa.

Risk Type	Risk	Mitigant
OPERATIONAL	**Project Costs:** Our project costs are subject to fluctuations in the cost of procurement, raw materials (including steel and cement) and foreign exchange rates, which can expose us to the risk of reduced profitability and potential project losses. Our projects can also be subject to delays and cost overruns due to delays in engineering and design, equipment delivery, engineering issues, unanticipated cost increases, shortages of materials or skilled labor or other unforeseen problems.	We have established internal processes with clear delegated authorities for approving major contracts and specific contractual clauses. All contracts are reviewed by the legal department. Contracts with larger monetary value require the approval of the CEO. During the execution of the projects, cost control reports are prepared and analyzed on a periodic basis. To safeguard appropriate change orders, claims and requests for time extensions are issued in a timely manner to the client. We continuously upgrade contractual terms and conditions reflecting lessons learned from previous projects.
	Risks Associated with Our Joint Ventures: We participate in joint ventures and other partnerships including BESIX Group SA in Belgium. Our investments in joint ventures involve risks that are different from the risks involved in executing projects under our own full control.	The Shareholders Agreements for our joint ventures include clauses that protect our economic and operating interests as applicable. We maintain close working relationships with our partners and monitor the operating and financial results of the joint ventures in which we hold minority stakes or do not have management control. In our larger joint ventures, such as BESIX Group S.A., we retain management control and seats on the Board of Directors. In addition, we have a policy of periodically reviewing all businesses to determine whether they continue to be core businesses worth retaining on a long-term basis. This is particularly applicable to investments less than 50%. If a business becomes non-core or has reached a certain level of maturity, we actively pursue monetizing it through divestment.
	Human Capital: Our ability to employ, develop, and retain qualified engineers and skilled employees is essential to maintain our high quality operations and management especially in countries where we show exponential growth.	We have been able to attract, motivate and retain qualified and experienced employees due to our reputation and market position in high-profile projects. In addition, our in-house training programs and incentive levels are supporting our goals.

Risk Type	Risk	Mitigant
FINANCIAL	**Ability to Raise Debt or Meet Financial Requirements:** Our ability to refinance existing debt and overdrafts is contingent on our access to new funding. Although we strive to ensure that adequate levels of working capital and liquidity are maintained, unfavorable market conditions in a country may adversely affect our financing costs, hinder our ability to achieve additional financing, hinder our ability to refinancing existing debt and/or postpone new projects. This could therefore have an adverse effect on business prospects, earnings and/or our financial position.	We maintain a strong financial position and strive to maintain our creditworthiness with our creditors. Our treasury department closely monitors our cash position and credit lines to ensure our financial flexibility. We have also diversified our funding sources to avoid dependence on a single market.
	Currency Fluctuations: Significant changes in the exchange rates of operational currencies, which include the US dollar, the Yen, the Euro, the Egyptian pound and the Algerian dinar, can have a material effect on the reported and actual financial performance of a specific construction project and the company.	We assess on a project-by-project basis the remaining currency exposures, taking into account contractual in and outflows and clauses. On a case-by-case basis we hedge significant remaining exposures. It should be noted no financial instruments are available to directly hedge the Egyptian pound against the US dollar, we strive to mitigate this exposure contractually.
COMPLIANCE	**Regulatory Conditions in the Markets Where We Operate:** Changes in laws, regulations and the related interpretations may alter the environment in which we do business. This includes changes in environmental, competition and product-related laws, as well as changes in accounting standards and taxation requirements. In addition, it includes regions where corrupt behavior exists that could impair our ability to do business in the future or result in significant fines or penalties. Our ability to manage regulatory, tax and legal matters and to resolve pending matters within current estimates may impact our results.	We closely monitor the legal developments in each of our markets. Our Code of Business Principles and Conduct, and Code of Ethics set out our commitment to comply with the laws and regulations of the countries in which we operate. It is in the values of the Company and its employees to act with honesty, integrity and fairness to foster a business climate that maintains such standards. We strive to comply with applicable laws and regulations everywhere we do business.
	Ability to Maintain Our Health, Safety & Environment (HSE) Standards: HSE is a vital aspect of our business. We have a deep commitment to maintaining our strong HSE track record. Despite the nature of our businesses, we aim to prevent every accident through stringent HSE rules, standards and training programs.	We implement strict HSE training and operating discipline at every construction project to minimize HSE risks and closely monitor our projects through regular internal audits.

Risk Management Approach

Our risk management framework is being developed to provide reasonable assurances that the risks we face are properly evaluated and mitigated, and that management is provided with information necessary to make informed decisions in a timely manner. The key elements of our internal risk management, compliance and control systems in 2016 were:

Code of Conduct: Orascom Construction Ltd. is committed to conducting all business activities responsibly, efficiently, transparently and with integrity and respect towards all stakeholders. Our values underpin everything we do and form the essence of the company's Code of Business Principles & Conduct, which should be read in conjunction with our Code of Ethics (together forming the Code of Conduct). The Code of Conduct contains the policies and principles that govern how each director, executive officer and employee of Orascom Construction Ltd. is expected to conduct his or her self while carrying out his or her duties and responsibilities on behalf of Orascom Construction Ltd.

Whistleblower Policy: The Whistleblower Policy applies to all employees, officers and directors of Orascom Construction Ltd. Internal reporting of suspected criminal or unethical conduct by or within the company is vital for maintaining our success. If received, all reports are treated with the utmost confidentiality and are promptly investigated without the risk of recourse for the reporting employee so long as their report is made in good faith.

Insider Trading Policy: The Insider Trading Policy applies to all employees, officers and directors of Orascom Construction Ltd. and prohibits every employee from using insider information on a transaction in Orascom Construction Ltd. securities, or executing a transaction in Orascom Construction Ltd. securities if that transaction may reasonably appear to have been executed while the employee was in possession of or had access to inside information.

Internal Financial Reporting & Audits: All management teams of our subsidiaries are required to provide corporate management with a monthly report in respect of their financial performance, new awards and operating issues. These monthly reports are reviewed centrally by Group Controlling and discussed in the monthly review meetings with responsible management by the Chief Executive Officer and Chief Financial Officer.

The Board of Directors is given a full financial, operational and strategic updates by the CEO at each Board meeting.

A detailed budget for each subsidiary is prepared and presented to management in the fourth quarter of each preceding year and includes a one-year forecast. The subsidiary budgets are updated monthly to account for actuals, and the forecasts are updated at a mid-year review. These budgets and forecasts are consolidated into Orascom Construction Ltd.'s budget and forecast, which is used by management as a tool to evaluate the company's investment strategy, performance indicators and operations. The Orascom Construction Ltd. budget is approved by the Board of Directors.

Periodic Internal Audits are conducted to review any specific issues at the subsidiary and/or project level. Internal audit findings that need follow-up are reported to local and corporate management. The Head of Internal Audit reports a summary of findings to the Audit Committee, which also approves the yearly internal audit plan.

Group Controlling provides guidance on internal and financial controls that must exist for each process and monitors the implementation of these controls in collaboration with the Internal Audit Department.

Non-financial Letters of Representation: On a yearly basis, management of our more significant subsidiaries are requested to provide corporate management with a non-financial letter of representation in which they confirm, among several other assurances, they are compliant with our codes and policies and that proper internal controls have been maintained through the financial year.

Natgasoline, US

Statement of Directors

The following statement, to be read in conjunction with the Auditors' responsibility section of the Independent Auditors' Report, has been prepared with a view to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Consolidated Financial Statements.

The Directors are required to prepare the Consolidated Financial Statements for 2016. These Statements give a true and fair view of both the state of affairs of Orascom Construction Limited (the "Company") and its subsidiaries (collectively the "Group") as at the end of the financial year and the profit and loss for the financial year 2016.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards. In their preparation, the Directors are required to select appropriate accounting policies and apply them consistently, make judgments and estimates that are reasonable and prudent, and state whether all accounting standards they consider to be applicable have been followed, subject to any material departures disclosed and explained in the Statements. The Directors also use a going-concern basis in preparing the Consolidated Financial Statements unless stated otherwise.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose, with reasonable accuracy at any given time, the financial position of the Company. The accounting records must also enable the Directors to ensure that the Consolidated Financial Statements comply with the applicable laws in the relevant jurisdiction.

The Directors are generally responsible for taking the necessary and reasonable steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement in accordance with applicable law and regulations. The Directors consider both the Annual Report and the Consolidated Financial Statements, to be fair, balanced and easy to understand. They provide necessary information for shareholders to assess the Company's performance, business model and strategy.

Burullus Power Plant, Egypt

CORPORATE SOCIAL RESPONSIBILITY

Throughout our 66-year history, we have placed sustainable development and the social wellbeing of the communities where we operate as part and parcel of our core values

Our role as a corporate citizen has continued to grow in tandem with our trajectory from a foundation as a small family business to what is now a global industry leader, with our contributions having always been anchored by the belief that high quality, accessible education and health services forms the cornerstone of any endeavor to advance sustainable human development. As such, OCL has throughout the years endowed substantial resources and time to the entire education chain and several endeavors that safeguard the health and wellbeing of our communities.

Education

Onsi Sawiris Scholarship Program

Now in its 16th year, the Onsi Sawiris Scholarship Program continues to sponsor the undergraduate and graduate studies of stellar Egyptian students at leading institutions, including the University of Chicago, Harvard, Stanford, Wharton, University of California – Berkeley and Massachusetts Institute of Technology (MIT). Students are provided with a full scholarship, including tuition fees, living expenses, health insurance and travel fees, conditioned by a commitment to return to Egypt upon completing their programs to contribute to the country's economic development for a minimum of two years.

The Onsi Sawiris Scholarship Program stemmed from a vision to cultivate a group of highly educated and skilled leaders who would provide a long-lasting positive impact on the Egyptian economy. To achieve this, the program now focuses on providing full scholarships to recipients pursuing Master of Business Administration or Construction Management graduate programs at top-tier universities in the US, in addition to an undergraduate scholarship to the University of Chicago and Stanford University. Students in the program have been receiving notations of honor for making the Dean's list and continue to make OCL proud by excelling in their academic accomplishments while engaging in diverse extracurricular activities.

Driving Engineering Education

Since the inception of TU Berlin — the first German university to operate a campus in Egypt — OCL has supported educational scholarships for Masters degrees in the fields of water engineering and electric engineering for candidates who demonstrate academic and professional excellence.

The OCL – AUC Upper Egypt Youth Scholarship

As part of its drive to support Upper Egypt youth, OCL celebrates the admission of five new students from Minya, Luxor and Qena this year, who received the OCL-AUC full scholarship to pursue their undergraduate degrees in Economics at the American University in Cairo. The 2016 admissions mark the OCL-AUC scholarship program's third cohort since its start, with students identified as potential future leaders selected and sponsored for their undergraduate degrees. In addition, they are exposed and benefit from the AUC liberal arts education and extensive life services. The program has

also seen two students recently accepted into a year abroad program to pursue their undergraduate studies at the University of Chicago for the year 2016/2017, further broadening their exposure. The OCL-AUC scholarship program is consistently proving to be a success story whereby students have been achieving high academic and leadership excellence in their journey to join the cadres of private corporations, civil society and governmental entities.

OCL Adopt-A-School Program

OCL remains dedicated to the development and enhancement of education within the communities it serves and is a believer in the added value of community engagement. Out of that conviction, OCL has launched an initiative to enhance the educational experience in Upper Egypt by adopting "El Shaheed El Muganad Ahmed Ali Abu Kebir" Preparatory School in Assiut, located next to the Orascom Assiut Power Plant site. The program will impact the entire community of more than 1,350 students, teachers and administrators.

In collaboration with Injaz Egypt, the program will provide teachers and administrators certification from the American University in Cairo upon completing customized teaching

OCL site engineers delivering financial literacy program to students

Sports Day

Activity Day

and administration skill enhancement programs. To ensure students are better prepared to enter the labor market, they will receive Injaz Egypt's global programs in work readiness, entrepreneurship and financial literacy throughout the year.

OCL also upgraded the school's indoor and outdoor facilities and provided the necessary classroom supplies and recreational and safety equipment. In addition, OCL focused on promoting extracurricular activities to further develop students' knowledge and expand their horizons. OCL employees at the Assiut Power Plant site took an active role in the program by volunteering to deliver Injaz programs to the students. The students also visited the Orascom Power Plant site and learned and engaged directly with OCL staff.

School after renovation

ENACTUS Egypt

2016 saw OCL renew its partnership with ENACTUS Egypt to launch the "Thematic Competition on Improving Livelihoods" program. The initiative sees Egyptian universities volunteering to implement outreach projects during the academic year, aiming to empower, raise the standard of living and enhance the quality of life of those in need. In 2016, the students carried out 135 projects that had a direct impact on the lives of 326,056 Egyptians.

The projects were judged by a group of prestigious Egyptian businessmen from OCL and other multinational companies with two projects securing a win. The Inshape project, which provides breast cancer and diabetes patients with affordable and tailored products to make their day-to-day lives more comfortable, created 37 job opportunities. Meanwhile, the Rehab project received the judges' praise as it set out to rehabilitate young women in need by providing shelter and teaching them skills to help put them on a path to success.

Stemming from its belief in empowering youth to reach their full potential, OCL also continues to sponsor the winning national team from the British University in Egypt at the ENACTUS world cup held in Toronto, Canada.

Injaz Egypt

Since 2009, we've remained a long-standing supporter of Injaz Egypt, an organization dedicated to bringing private sector involvement into the development and delivery of a curriculum tailored to encourage student empowerment and entrepreneurship. Through various Injaz programs, OCL has positively affected the lives of more than 4,000 students to date. During the academic year 2015-2016, Injaz Egypt, under the sponsorship of OCL, conducted programs and workshops, including its "Innovation Camp" and "Company Program", targeted at vocational college students to help them start their businesses. OCL is also committed to supporting Egyptian students in vocational colleges across

Egypt through the San3ety Colleges (My Vocation) Program, an initiative established by Injaz Egypt to help technical college students develop their entrepreneurial skills, launch projects and enter the job market. OCL's support of San3ety Colleges since 2015 has impacted over 1,600 students across seven governorates. The San3ety Colleges competition this year saw 10 teams presenting their projects, with four selected as winners. The winning ideas varied from products that assist those with special needs in their daily lives, develop children's musical and artistic talents and manufacture smart furniture.

AMENDS

OCL has acted as the lead sponsor of the American Middle Eastern Network Dialogue (AMENDS) conference since its inception five years ago as part of the company's belief in empowering youth and building sustainable networks for positive social change. AMENDS is a student initiative that enables the most promising youth change agents from across the Middle East, North Africa and US to learn from each other, advance their work and share, through TED-style talks, their ideas and experiences.

The 2016 conference was hosted by Stanford University, bringing together 140 extraordinary youth leaders from 21 countries and reaching over 40,000 people around globe. The conference aims to create relationships that transform countries as the delegates continue to do outstanding work for their communities with their passion, creativity and drive. The 2016 conference is posted on Stanford's University Official YouTube channel.

Healthcare

Health and Hope Oasis

OCL once again joined hands with the Health and Hope Oasis, providing secure prefab units to replace damaged buildings from the torrential rains that hit Wadi El Natroun. This allowed the children to be uninterrupted in their receipt of the care they deserve. The Health & Hope Oasis is the first supportive care center for providing and promoting nutritional, physical and emotional well-being for children with cancer and their families in an environmentally healthy and safe set up.

Hepatitis C Initiative

OCL has also been engaged in the active development of social healthcare throughout Egypt, paying particular attention to the treatment of hepatitis C, a disease that affects over 15% of Egyptians. OCL has donated funds to several other non-profit organizations dedicated to the cause.

Special Needs Focus

OCL continues to support the Suez governorate through SIDC, aiming to enrich the lives of those in the community through supporting sport and cultural initiatives, with a focus on children with special needs.

Sawiris Foundation

OCL continues to be one of the primary sources of funding for the Sawiris Foundation (www.sawirisfoundation.org) since its inception. The Sawiris Foundation for Social Development works toward the improvement of society by enabling people to help themselves. The Foundation focuses on projects that are innovative, answer socioeconomic needs, and clearly demonstrate potential for success while serving as a model that can be replicated and adapted by other institutions.

CONSOLIDATED FINANCIAL STATEMENTS

Egyptian Refining Company

Independent Auditors' Report

To the Shareholders of Orascom Construction Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Orascom Construction Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Dubai International Financial Centre and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Accounting for construction contracts

Refer to notes 13 and 25 of the consolidated financial statements

Key audit matter

The Group recognises revenue and profit in accordance with International Accounting Standards ("IAS") 11 based on the stage of completion of its construction contracts which is assessed with reference to the proportion of contract costs incurred for the work performed as at the reporting date, relative to the estimated total costs of the contract at completion.

The recognition of revenue and profit therefore relies on estimates made by management in relation to the final out-turn of revenue and costs on each contract. Changes to these estimates could give rise to material variances in the amount of revenue and profit/loss recognised. Cost contingencies may also be included in these estimates to take account of specific uncertainties, or disputed claims against the Group, arising within each contract. These contingencies are reviewed by the Group's management on a regular basis throughout the contract life and adjusted where appropriate. Subsequent variations from the initially agreed scope of work and claims arising under contracts may be included in these estimates. The amounts to be included are based on a contract-by-contract basis when the Group believes it is probable that the amount will be recovered from the customer and the amount can be measured reliably.

There is a high degree of risk and significant management judgment associated with estimating the amount of revenue to be recognised by the Group based on the final out-turn on contracts; assessing the level of the contingencies; and recognising variations and claims. Accordingly, revenue recognition from construction contracts is considered a key matter in relation to our audit of the Group.

How our audit addressed the key audit matter

Using a variety of quantitative and qualitative criteria, we have selected a sample of contracts to assess the reasonableness of the significant and complex contract estimates used by management in accounting for these contracts.

We obtained the detailed project status reports ("the reports") to support the estimates made by management in arriving at the progress of the Group's contracts and assessed the judgments underlying those reports with the audit evidence obtained including discussion with the Group's senior operational, commercial and financial management. In this area, our audit procedures included:

- evaluating the financial performance of contracts against budget, available third party evidence and historical trends;
- conducting site visits to certain higher risk or larger value contracts, physically observing the progress of individual projects and identifying areas of complexity through observation and discussion with site personnel;
- assessing the reasonableness of the Group's judgment in respect of forecast contract out-turn, contingencies, settlements and the recoverability of contract balances via reference to our own assessments based on certain quantitative and qualitative factors, historical outcomes and industry norms;
- analyzing correspondence and other relevant documents obtained by management from customers around variations and claims and considering whether this information is consistent with the estimates made by the Group;
- inspecting selected contracts for key clauses, identifying relevant contractual mechanisms such as liquidated damages, defects liability and warranties and, assessing whether these key clauses have been appropriately reflected in the amounts recognised in the financial statements;
- assessing whether the amounts recognised in the financial statements resulting from the estimates and assumptions made represent a balanced view of the risks and opportunities pertaining to each contract position;
- considering whether provisions against contracts sufficiently reflect the level of risk, and challenging management's judgment in this area with reference to our own assessments; and
- considering the adequacy of the Group's disclosures in the consolidated financial statements in respect of contract accounting and the key risks relating to these amounts.

2 Recoverability of receivables balances, including trade receivables, due from related parties and retention receivables

Refer to note 9 of the consolidated financial statements

Key audit matter

The Group is exposed to credit risk on its receivable balances including amounts due from related parties and retention receivables. Management assesses the collectability of these receivable balances on a regular basis based on the historical trends and assessment of credit worthiness of the debtor. In determining whether trade receivables, retention receivables and amounts due from related parties are collectible, significant judgment is exercised in assessing the ability of the debtors to repay the amounts due to the Group.

Due to the high degree of judgment involved in assessing the recoverability of these receivables balances and the materiality of these balances to the consolidated financial statements, this is considered as a key audit matter.

How our audit addressed the key audit matter

We have obtained the break-up of trade receivables, retention receivables and amounts due from related parties from management and performed an exposure analysis to identify the receivables with a significant exposure as at the year-end. We also obtained the break-up of the provision for doubtful debtors and assessed the adequacy of provision against these receivables as at the year-end.

Our audit procedures included the following:

- testing the Group's credit control procedures, including the controls around credit terms, and reviewing the settlement history of customers;
- assessing the adequacy of provision created for doubtful debt by analysing receivable balances at the reporting date against which no provision for doubtful debts was created by the Group, to determine whether there were any indicators of impairment that would require the creation of additional provisions;

- testing, on a sample basis, receivable balances for which a provision was recorded to assess the reasonableness of judgments made by the Group in regards to the provision created; and
- examining arrangements and / or correspondences with external customers to assess the payment arrangement agreed with the Group debtors, and accordingly, the recoverability of the significant outstanding receivables.

3 Litigation and claims

Refer to note 26 of the consolidated financial statements

Key audit matter

Considering the nature of the Group's operations, it can be exposed to a number of litigations and claims. The recognition and measurement of provisions, contingent liabilities and contingent assets as well as making the necessary disclosures in respect of litigation and claims requires significant judgment by the management in assessing the outcome of each legal case which is based on management's discussion with internal and external legal advisors. Due to the significance of the litigations and claims and the difficulty in assessing and measuring the resulting outcome, this is considered as a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- evaluating the Group's policies, procedures and controls in relation to litigation, claims and provision assessments;
- obtaining inputs from the Group's legal counsel, making independent enquiries and obtaining confirmations from internal and external lawyers to understand the background of each case, legal position and the material risks that may impact the Group's financial statements; and
- assessing reasonableness of judgment made by management, determining the adequacy of the level of provisioning or disclosure in the consolidated financial statements.

4 Accounting for tax

Refer to note 11 of the consolidated financial statements

Key audit matter

The Group operates in a number of tax jurisdictions. The complexities of local and international tax legislation and estimates used in accounting for deferred tax assets requires an understanding of the applicable tax laws and regulations in different jurisdictions. Furthermore, the recognition of deferred tax assets involves significant judgment and estimates in regards to the Group's future operations and applicable tax laws in the component jurisdictions and, as a result, this is considered as a key audit matter.

When deemed necessary, the Group involves independent tax experts in assessing the applicability of certain regulations applicable to tax jurisdictions in which the Group operates.

How our audit addressed the key audit matter

Our approach included:

- involving our tax specialists to assess the Group's tax positions including deferred tax, its correspondence with the relevant tax authorities, to analyse and challenge the assumptions used to determine tax provisions based on our knowledge and experiences of the application of the legislation by the relevant authorities and courts;
- reviewing and assessing the reasonableness of the assumptions used in projecting the Group's future taxable profits and evaluating the expected tax planning strategies; and
- considering the adequacy of the Group's tax disclosures in the consolidated financial statements.

5 Funding/Liquidity

Refer to note 6.2 of the consolidated financial statements

Key audit matter

The Group has net current liabilities of USD 262.3 million as of 31 December 2016. The Group's management assesses the Group's ability to meet its commitments and financial obligations as they fall due in the foreseeable future.

The availability of cash and expected cash flows are monitored internally by the corporate treasury department on an ongoing basis. Management also prepares cash flow projections periodically, and at the reporting date management expects that the Group will meet the funding requirements through future income generated from operations.

Management is required to consider any material uncertainty that may cast significant doubt about the Group's ability to meet its future obligations.

Due to the inherent uncertainties associated with the management's cash flow forecasts, funding and liquidity is a key audit matter.

How our audit addressed the key audit matter

Our audit procedures in assessing whether the Group will be able to meet its financial obligations and commitments as they fall due in the foreseeable future included:

- reviewing the cash flow projections of the Group for the financial year ended 31 December 2017 and assessing its reasonableness by referring to the Group's current operational level, its project backlog as at 31 December 2016 and the expected projects in the future;
- reviewing the management's forecast on the Group's funding requirements and existing funding lines and facilities available to the Group; and
- assessing whether appropriate disclosures have been made in the consolidated financial statements with respect to the liquidity position over a period of 12 months from the reporting date.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

KPMG LLP
Dubai, United Arab Emirates
Freddie Cloete
Partner
Date: 26 April 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

$ millions	Note	31 December 2016	31 December 2015
Assets			
Non-current assets			
Property, plant and equipment	(7)	158.4	280.2
Goodwill	(8)	13.8	13.8
Trade and other receivables	(9)	16.2	33.0
Equity accounted investees	(10)	371.4	339.4
Deferred tax assets	(11)	81.6	102.0
Total non-current assets		**641.4**	**768.4**
Current assets			
Inventories	(12)	167.4	203.4
Trade and other receivables	(9)	1,076.3	1,194.9
Contracts work in progress	(13)	449.2	485.4
Current income tax receivables		0.6	8.9
Cash and cash equivalents	(14)	506.9	574.9
Total current assets		**2,200.4**	**2,467.5**
Total assets		**2,841.8**	**3,235.9**
Equity			
Share capital	(15)	117.8	118.0
Share premium		768.8	772.8
Reserves	(16)	(348.4)	(81.2)
(Accumulated losses) retained earnings		(281.3)	(325.2)
Equity attributable to owners of the Company		**256.9**	**484.4**
Non-controlling interest	(17)	45.5	76.1
Total equity		**302.4**	**560.5**
Liabilities			
Non-current liabilities			
Loans and borrowings	(18)	59.6	26.3
Trade and other payables	(19)	10.4	13.8
Deferred tax liabilities	(11)	6.7	7.3
Total non-current liabilities		**76.7**	**47.4**
Current liabilities			
Loans and borrowings	(18)	243.2	413.1
Trade and other payables	(19)	1,017.5	1,075.2
Advanced payments from construction contracts		382.3	598.4
Billing in excess of construction contracts	(13)	660.8	278.4
Provisions	(20)	116.2	210.3
Income tax payables		42.7	52.6
Total current liabilities		**2,462.7**	**2,628.0**
Total liabilities		**2,539.4**	**2,675.4**
Total equity and liabilities		**2,841.8**	**3,235.9**

The notes on pages 99 to 137 are an integral part of these consolidated financial statements.
This consolidated financial statements were approved by the Board of Directors and authorized for issue on 26 April 2017 and signed on their behalf by:

Director

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended

$ millions	Note	31 December 2016	31 December 2015
Revenue	(25)	4,033.1	3,882.4
Cost of sales	(21)	(3,841.0)	(4,093.7)
Gross profit (loss)		**192.1**	(211.3)
Other income	(22)	16.1	53.9
Selling, general and administrative expenses	(21)	(164.2)	(198.2)
Operating profit (loss)		**44.0**	**(355.6)**
Finance income	(23)	94.5	27.5
Finance cost	(23)	(61.9)	(48.8)
Net finance cost		**32.6**	**(21.3)**
Net profit (loss) arising from a business combination		-	(12.2)
Income from equity accounted investees (net of tax)	(10)	68.5	5.0
Profit (loss) before income tax		**145.1**	**(384.1)**
Income tax	(11)	(92.1)	49.7
Net profit (loss) for the year		**53.0**	**(334.4)**
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		(291.9)	(65.2)
Other comprehensive loss, net of tax		**(291.9)**	**(65.2)**
Total comprehensive loss		**(238.9)**	**(399.6)**
Net profit (loss) attributable to:			
Owners of the Company		48.7	(347.8)
Non-controlling interest	(17)	4.3	13.4
Net profit (loss) for the year		**53.0**	**(334.4)**
Total comprehensive loss attributable to:			
Owners of the Company		(214.4)	(409.6)
Non-controlling interest	(17)	(24.5)	10.0
Total comprehensive loss		**(238.9)**	**(399.6)**
Earnings per share (in USD)			
Basic earnings per share	(24)	0.41	(2.95)

The notes on pages 99 to 137 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended

$ millions	Note	Share capital (15)	Share premium	Reserves (16)	(Accumulated losses) retained earnings	Equity attributable to owners of the Company	Non-controlling interest (17)	Total equity
Balance at 1 January 2015		-	-	(17.0)	744.7	727.7	76.7	804.4
Net profit (loss)		-	-	-	(347.8)	(347.8)	13.4	(334.4)
Other comprehensive loss		-	-	(61.8)	-	(61.8)	(3.4)	(65.2)
Total comprehensive loss		-	-	(61.8)	(347.8)	(409.6)	10.0	(399.6)
Establishment of the Company	(15)	0.1	-	-	-	0.1	-	0.1
Capital in kind reduction of OCI N.V.	(15)	105.0	617.1	-	(722.1)	-	-	-
Dividends		-	-	-	-	-	(5.8)	(5.8)
Change in non-controlling interest		-	-	-	-	-	(4.8)	(4.8)
New shares issued	(15)	12.9	172.4	-	-	185.3	-	185.3
Treasury shares acquired	(16)	-	-	(2.4)	-	(2.4)	-	(2.4)
Transaction costs		-	(16.7)	-	-	(16.7)	-	(16.7)
Balance at 31 December 2015		118.0	772.8	(81.2)	(325.2)	484.4	76.1	560.5
Net profit (loss)		-	-	-	48.7	48.7	4.3	53.0
Other comprehensive loss		-	-	(263.1)	-	(263.1)	(28.8)	(291.9)
Total comprehensive loss		-	-	(263.1)	48.7	(214.4)	(24.5)	(238.9)
Dividends		-	-	-	-	-	(1.6)	(1.6)
Change in non-controlling interest		-	-	-	-	-	(4.5)	(4.5)
Other		-	-	-	(4.8)	(4.8)	-	(4.8)
Treasury shares acquired	(16)	-	-	(8.3)	-	(8.3)	-	(8.3)
Shares reduction		(0.2)	(4.0)	4.2	-	-	-	-
Balance at 31 December 2016		117.8	768.8	(348.4)	(281.3)	256.9	45.5	302.4

The notes on pages 99 to 137 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended

$ millions	Note	31 December 2016	31 December 2015
Net profit (loss) for the year		**53.0**	(334.4)
Adjustments for:			
Depreciation	(7)	55.0	53.2
Interest income (including gain on derivatives)	(23)	(29.2)	(19.4)
Interest expense (including loss on derivatives)	(23)	26.9	34.1
Foreign exchange gain (loss) and others	(23)	(30.3)	(16.5)
Share in income of equity accounted investees	(10)	(68.5)	(5.0)
Loss arising from a business combination		-	12.2
Gain on sale of property, plant and equipment	(22)	(6.0)	(4.8)
Income tax	(11)	92.1	(49.7)
Changes in:			
Inventories	(12)	36.0	(19.1)
Trade and other receivables	(9)	127.0	(263.3)
Contract work in progress	(13)	36.2	129.0
Trade and other payables	(19)	(67.8)	339.1
Advanced payments construction contracts		(216.1)	200.1
Billing in excess of construction contracts	(13)	382.4	26.9
Provisions	(20)	(94.1)	119.2
Cash flows:			
Interest paid	(23)	(24.4)	(34.1)
Interest received	(23)	29.2	19.4
Dividends from equity accounted investees	(10)	-	23.1
Income taxes paid		(45.1)	(8.8)
Cash flow from operating activities		**256.3**	201.2
Investment in subsidary, net of cash acquired		-	(2.7)
Investments in property, plant and equipment	(7)	(91.7)	(88.4)
Proceeds from sale of property, plant and equipment		9.9	11.8
Cash flow used in investing activities		**(81.8)**	(79.3)
Proceeds from borrowings	(18)	82.1	602.7
Repayment of borrowings	(18)	(218.7)	(629.3)
Other long term liabilities		(3.4)	(19.4)
Issue of new shares (net of transaction costs)		-	168.7
Purchase of treasury shares	(16)	(8.3)	(2.4)
Dividends paid to non-controlling interest		(1.6)	(5.8)
Cash flows (used in) from financing activities		**(149.9)**	114.5
Net increase in cash and cash equivalents		**24.6**	236.4
Cash and cash equivalents at 1 January	(14)	574.9	368.9
Currency translation adjustments		(92.6)	(30.4)
Cash and cash equivalents at 31 December	(14)	**506.9**	574.9

The notes on pages 99 to 137 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

Orascom Construction Limited ('OCL') is a company limited by shares, incorporated with registered number 1752 in the Dubai International Center (DIFC) on 18 January 2015 with its head office located at Gate Village-Building 3, DIFC, Dubai, UAE. OCL is dual listed on the NASDAQ Dubai and the Egyptian Stock Exchange. The consolidated financial statements for the year ended 31 December 2016 comprise the financial statements of OCL, its subsidiaries and joint operations (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

OCL is primarily engaged as an international engineering and construction contractor focused on large- scale infrastructure, complex industrial and high-end commercial projects in the United States, the Middle East, Africa and Central Asia for public and private clients.

2. Basis of preparation

2.1 General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards("IFRS"), and applicable requirements of the Commercial Companies Law and the Capital Market Authority in Dubai / Egypt.

The consolidated financial statements have been prepared on the historical cost basis, except when otherwise indicated.

The financial year of OCL commences on 1 January and ends on 31 December.

These consolidated financial statements are presented in US dollars ('USD'), which is OCL's presentation currency. All values are rounded to the nearest tenth million (in millions of USD), except when stated otherwise.

The consolidated financial statements have been authorised for issue by the Company's Board of Directors on 26 April 2017.

3. Summary of significant accounting policies

3.1 Consolidation

The consolidated financial statements include the financial statements of OCL, its subsidiaries and the proportion of OCL's ownership of joint operations.

Subsidiaries

Subsidiaries are all companies to which OCL is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee, generally accompanying a shareholding of more than half of the shares issued and related voting power. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. When OCL ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss including related cumulative translation adjustments accumulated in other comprehensive income. If it becomes an associate, the interest retained is subsequently valued in accordance with the equity method. The principal subsidiaries are listed in the section 'Miscellaneous'.

Transactions eliminated in the consolidated financial statements

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

3.2 Discontinued operations / assets held for sale

A discontinued operation is a component of OCL's business which:

- has operations and cash flows that can be clearly distinguished from the rest of OCL;
- represents a separate major line of business or geographical area of operations; and
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative information in the statement of comprehensive income and the consolidated statement of cash flows are reclassified as if the operation had been discontinued from the start of the comparative period. In the statement of financial position, the comparative numbers are not reclassified.

3.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 'Financial Instruments: Recognition and Measurement', is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Non-controlling interests

Non-controlling interests are presented as a separate component in equity. Changes in the Group's interest in a subsidiary or joint operation that do not result in a loss of control are accounted for as an equity transaction.

3.4 Associates

Associates are those companies in which the Group exercises significant influence, but does not have control over the financial and operating policies, which is presumed to exist when the Group holds 20 percent to 50 percent of the shareholding and related voting rights of the other entity. Associates are accounted for by applying the 'equity method'. The Group's share of profit or loss of an investee is recognized in profit or loss from the date when significant influence begins up to the date when that influence ceases. Investments in associates with negative shareholder's equity are impaired and a provision for its losses is recognized only if the Group has a legal or constructive obligation to cover the losses. Equity changes in investees accounted for using the equity method that do not result from profit or loss are recognized directly in other comprehensive income. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Unrealized gains on transactions between two associates are not eliminated.

3.5 Joint arrangements

Under IFRS 11 investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each investor. Those joint arrangements that are assessed as joint ventures are accounted for using the equity method. Joint operations are accounted for using the line-by-line accounting.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted subsequently for the group's share in the post-acquisition profit or losses and movements in comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

A joint operation is proportionately consolidated until the date on which the Group ceases to have joint control over the joint operation. Upon loss of joint control, the Group reassesses the joint operation.

3.6 Foreign currency translation

Foreign currency transactions

The financial statements of subsidiaries and joint operations are prepared in the currencies which are determined based on the primary economic environment in which they operate ('the functional currency'). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each balance sheet date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing closing-rates. Exchange differences arising on the settlement and translation of monetary items are included in profit or loss for the period except when deferred to other comprehensive income for available-for-sale assets and the effective part of qualifying cash flow hedges.

Foreign currency operations

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency other than the US dollar are translated into US dollars using the exchange rates prevailing at the balance sheet date. Income and expense items are translated using exchange rates prevailing at the date of the transactions. Investments in joint ventures and associates with a functional currency other than the US dollar are translated into US dollar using exchange rates prevailing on the balance sheet date. Exchange rate differences arising during consolidation and on the translation of investments in subsidiaries, joint arrangements and associates are included in other comprehensive income, as 'currency translation adjustments'. When a foreign operation is (partly) disposed of or sold, (the proportionate share of) the related currency translation differences that were recorded in other comprehensive income are recycled to profit or loss as part of the gain and loss on disposal or sale. Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are considered as assets and liabilities denominated in the functional currency of the foreign subsidiary.

3.7 Financial instruments

The Group classifies financial instruments into the following categories: (i) financial instruments at fair value through profit or loss, (ii) derivatives designated in a hedge relationship, (iii) loans and receivables and (iv) available-for-sale financial assets. Financial instruments are classified as current asset / liabilities unless the remaining term of the financial instruments or the remaining term of the facility, under which the financial instruments are drawn, is 12 months or more. The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Compound financial instruments are bifurcated and the components are presented separately as financial liabilities, financial assets or equity instruments.

Financial instruments at fair value through profit or loss

A financial instrument is classified at fair value through profit or loss if it is classified as held-for-trading or designated into this category. Directly attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss. Financial instruments classified as 'at fair value through profit or loss' are initially recognized on the trade date and changes in fair value are accounted for under finance income and cost.

Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately. If the economic characteristics and risks of the host contract and the embedded derivative are not clearly and closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

Derivatives designated in a hedge relationship

In order to mitigate risk, the Group applies hedging in case by case situations. The Group holds derivative financial instruments to hedge its foreign currency risk, interest rate risk, and fluctuating natural gas price exposures. On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk on a prospective and retrospective basis.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss. Derivatives are recognized initially at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below:

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction that could ultimately affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income as 'hedging reserve', net of related tax. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. When the hedged item is a non-financial asset, the amount otherwise accumulated in equity is included in the carrying amount of the asset. In other cases, the amounts recognized as other comprehensive income are reclassified to profit or loss when the hedged transaction affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. In these cases, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the balance in equity is reclassified to profit or loss.

Loans and receivables

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost, using the effective interest method less any impairment losses.

The Group recognizes a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from, or at the direction of the grantor for the construction, or upgrade services provided. Such financial assets are measured at fair value on initial recognition and classified as loans and receivables. Subsequent to initial recognition, the financial assets are measured at amortized cost. If the Group has paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognized at the fair value of the consideration.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative instruments that are either designated in this category or not classified in any of the other categories of financial instruments under IAS 39. Available-for-sale financial assets include debt and equity securities. For available-for-sale debt securities interest income is recognized using the effective interest method. Available-for-sale financial assets are accounted for using trade date accounting and are carried at fair value. The change in fair value is recognized in other comprehensive income net of taxes. When securities classified as available-for-sale are sold or impaired, the accumulated gains and losses are reclassified to profit or loss. Available-for-sale financial assets are included in non-current assets unless the Group intends to dispose of the available-for-sale financial assets within 12 months after the balance sheet date. The dividend income from equity instruments is recognized in profit or loss as 'Other income' when the Group's right to receive payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date (original maturity) that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Restricted cash comprises cash balances where specific restrictions exist on the Group's ability to use this cash. Restricted cash includes cash deposited as collateral for letters of credit issued by the Group.

3.8 Share capital

Ordinary shares are classified as equity. Share premium is the excess amount received over the par value of the shares. Incremental costs directly attributable to the issue of new shares are recognized in equity as a deduction, net of tax, from the proceeds. When ordinary shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a deduction from 'Reserves'. Repurchased shares are classified as treasury shares and are presented in 'Reserves'. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in 'Reserves', and the resulting surplus or deficit on the transaction is presented in share premium.

3.9 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes cost of material, direct labour, other directly attributable cost incurred to bring the asset ready to its intended use, cost of asset retirement obligations and any capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. 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. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed as incurred. Spare parts of property, plant and equipment are recognized under property, plant and equipment if the average turn-over exceeds 12 months or more, otherwise they are recognized within inventories.

Finance leases

Leased assets in which the Group bears substantially all the risks and rewards incidental to ownership are classified as finance leases and recognized under property, plant and equipment. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of minimum lease payments. Minimum lease payments made under finance leases are apportioned between the interest expenses and the reduction of the outstanding liability. The interest expenses are recognized as other financing cost over the lease term. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Property, plant and equipment under construction

Expenditures incurred for purchasing and constructing property, plant and equipment are initially recorded as 'under construction' until the asset is completed and becomes ready for use. Upon the completion of the assets, the recognized costs are reclassified from 'under construction' to its final category of property, plant and equipment. Assets under construction are not depreciated and measured at cost less any impairment losses.

Depreciation
Items of property, plant and equipment are depreciated on a straight line basis through profit or loss over the estimated useful lives of each component, taking into account any residual values. Finance lease assets are depreciated over the shorter of the lease term and their useful lives. If it is reasonably certain that the Group will obtain ownership by the end of the lease term, the finance lease assets are depreciated over their useful lives. Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for items of property, plant and equipment are as follows:	Years
Buildings	10 - 50
Equipment	5 - 25
Fixtures and fittings	3 - 10

Depreciation methods, useful lives and residual values are reviewed at each reporting date by the Group.

Borrowing costs
Borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognized as part of the cost of those assets. All other borrowing costs are recognized as 'Finance cost' in the period in which they are incurred.

3.10 Goodwill
Goodwill represents the excess of the cost, being the excess of the aggregate of the consideration transferred including the amount recognized for non-controlling interest, of an acquisition over the fair value of the Group's share in the net identifiable assets and liabilities assumed of the acquired subsidiary at the date of acquisition.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

Goodwill on acquisition of entities that qualify as subsidiaries is presented under 'Intangible assets'. Goodwill on acquisitions of entities that qualify as associates or joint ventures is included in 'Associates'. Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of units that are expected to benefit from the business combination through which the goodwill arose, based on past experience.

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is tested annually for impairment; an impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of the cash-generating unit is determined by the higher of its fair value less cost to sell and its value in use. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold. All other expenditures on internally generated goodwill and other intangible assets are recognized in profit or loss as incurred.

3.11 Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories 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.

3.12 Impairment of assets

Non-derivative financial assets
The Group assesses at each balance sheet date whether there is objective evidence that a non-derivative financial asset or a group of non-derivative financial assets is impaired. An impairment loss is recognized for the amount by which the carrying amount of a non-derivative financial asset exceeds its estimated discounted future cash flows using the original interest rate. Impaired non-derivative financial assets are tested periodically to determine whether the estimated future cash flows have increased and the impairment has to be reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized. In the case of a financial asset classified as available-for-sale, a significant or prolonged decline in the fair value of the available-for-sale financial asset below its acquisition cost is considered as an indicator that the available-for-sale financial asset is impaired. If any such evidence exists for an available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

Derivative financial assets
Derivative financial assets are measured at fair value and the Group investigates whether the counterparty creditworthiness gives rise to an impairment.

Non-financial assets
Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed (at least at the balance sheet date) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment is recognized as an expense in profit or loss. Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased and the impairment has to be (partially) reversed. Impairment losses on goodwill are not reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

3.13 Provisions
Provisions are recognized when a present legal or constructive obligation as a result of a past event exists, and it is probable that an outflow of economic benefits is required to settle the obligation. The non-current part of provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Warranties
A provision for warranties is recognized with respect to services performed and goods sold.

Restructuring
A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced, the Group has committed itself by public announcement or is expected to commit itself to a restructuring plan.

Contracts future loss
A provision for contracts future loss is recognized if the Group expects that the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. A provision for contracts future loss is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Legal
The Group is subject to legal and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the Group. If it is probable that an obligation to the Group exists, which will result in an outflow of resources and the amount of the outflow can be reliably estimated, a provision is recognized.

3.14 Revenue recognition

Revenues comprise the fair value of the considerations received or receivable from the sale of goods and services to third parties in the ordinary course of the Group's activities, excluding the taxes levied and taking into account any discounts granted. OCL recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to OCL and specific criteria have been met as described below.

Construction contracts
Construction contracts are stated at cost incurred and allocated result in line with the progress of the construction, less total expected losses and invoiced installments. The cost price consists of all costs which are directly related to the project and directly attributable indirect cost based on the normal production capacity. If the outcome of a contract can be estimated reliably, project revenue and cost are recognized in profit or loss based on the progress of work performed. If the outcome of a contract cannot be estimated reliably, revenue is recognized only to the extent of the contract costs incurred that are likely to be recoverable. Contracts future loss are identified by monitoring the progress of the project and updating the estimate of total contract costs, which also requires significant judgment relating to achieving certain performance standards as well as estimates involving warranty costs and estimates regarding project delays, including the assessment of responsibility splits between the contract partners for these delays. If it is probable that the total contract cost exceeds the total contract revenue, the total expected loss is recognized as an expense. The Group uses the 'percentage of completion method' to determine the appropriate amount of revenue (and cost) to be recognized in a given period. The stage of completion is measured by reference to the contract cost incurred as a percentage of total actual, compared to the estimated project cost. In case of fixed price contracts, revenue is recognized when the total contract revenue can be measured reliably, it is probable that future economic benefits will flow to the entity, both the contract cost and the stage of completion can be measured reliably at the end of the period and the contract cost attributable to the contract can be clearly identified so that actual cost incurred can be compared with prior periods. For cost plus contract revenue is recognized when it is probable that future economic benefits associated with the contract will flow to the entity and the contract cost attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably. Projects are presented in the statement of financial position as 'Contract receivables' or 'Billing in excess of construction contracts'. If the costs incurred (including the result recognized) exceed the invoiced installments, the net contract position is presented as a receivable. If the invoiced installments exceed the costs incurred (including the result recognized) the net contract position is presented as a liability.

Contracts comprising the construction of a project and the possibility of subsequent long-term maintenance of that project as separate components, or for which these components could be negotiated individually in the market, are accounted for as two separate contracts. Revenue and results are recognized accordingly in the consolidated statement of comprehensive income as construction contract revenue or the rendering of services, respectively.

Service concession arrangements
Revenue related to construction or upgrade services under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognizing revenue on construction contracts. Operation or service revenue is recognized in the period in which the services are provided by the Group. If the Group provides more than one service in a service concession arrangement, then the consideration received is allocated with reference to the relative fair values of the services delivered if the amounts are separately identifiable.

Goods sold
Revenue on goods sold is recognized, in addition to abovementioned criteria, when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership of the goods have transferred to the customer, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement, whereby usually the transfer occurs when the product is received at the customer's warehouse or the products leave the Group's warehouse; however, for some international shipments transfer occurs on loading the goods onto the relevant carrier at the port. Generally for such products the customer has no right of return.

3.15 Government grants

An unconditional government grant related to an asset is recognized in profit or loss as 'Other income' when the grant becomes receivable. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss as 'Other income' on a systematic basis in the periods in which the expenses are recognized. Other government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognized in profit or loss as 'Other income' on a systematic basis over the useful life of the asset.

3.16 Operating leases

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made by Orascom Construction Limited under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a 'straight-line' basis over the period of the lease.

3.17 Finance income and cost

Finance income comprises:
- interest income on funds invested (including available-for-sale financial assets);
- gains on the disposal of available-for-sale financial assets;
- fair value gains on financial assets at fair value through profit or loss;
- gains on the re-measurement to fair value of any pre-existing interest in an acquired business combination;
- gains on hedging instruments that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- interest income is recognized as it accrues in profit or loss, using the effective interest method.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance cost comprise:
- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- losses on disposal of available-for-sale financial assets;
- fair value losses on financial assets at fair value through profit or loss; and
- impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss are expensed as incurred.

Foreign currency gains and losses are recognized on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.18 Employee benefits

Defined contribution plan
Certain Group subsidiaries provide 'pension plans', 'end of service remuneration plans' and 'long-term service benefits'. These pension plans qualify as defined contribution plans. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits
The Group long-term employee benefits are recognized if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably to determine its present value. The discount rate is the yield at the balance sheet date on triple-A ('AAA') credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. Re-measurements are recognized in profit or loss in the period in which they arise.

Termination benefits
Employee termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. OCL recognizes termination benefits when OCL is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or when OCL is providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.19 Income tax

Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the current income tax relates to the same fiscal authority.

Deferred tax
Deferred income tax liabilities are recognized for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements ('liability' method). Deferred income tax assets are recognized for all deductible temporary differences, unused carry forward losses and unused carry forward tax credits, to the extent that it is probable that future taxable profit will be available against which the deferred income tax assets can be utilized.

Deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Also, no deferred income tax is recognized regarding the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

3.20 Segment reporting
An operating segment is a component of an entity that engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resource allocation to the segment and to assess its performance and for which discrete financial information is available. The Group determines and presents operating segments on the basis of information that internally is provided to the CODM during the period.

3.21 Consolidated statement of cash flows
The consolidated statement of cash flows has been prepared using the 'indirect' method. Cash flows in foreign currencies have been translated applying average exchange rates. Currency translation differences are shown separately in the consolidated statement of cash flows. Cash flows from investing activities consist mostly of investments and divestments in property, plant and equipment, intangible assets, and acquisitions insofar as these are paid for in cash. Acquisitions or disposals of subsidiaries are presented as acquisition of subsidiary, net of cash, acquired. Cash flows relating to capitalized borrowing cost are presented as cash flows from investment activities similar as other cash flows to acquire the qualifying asset.

3.22 Earnings per share
Earnings per ordinary share are calculated by dividing the profit or loss (net) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. In making this calculation the (ordinary) treasury shares are deducted from the number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the weighted average number of ordinary shares outstanding plus the potential increase as a result of the conversion of convertible bonds and the settlement of share-based compensation plans (share option plans). Anti-dilutive effects are not included in the calculation. With regard to the convertible notes it is assumed that these are converted in full. An adjustment is made to profit or loss (net) to eliminate interest charges, whilst allowing for effect of taxation. Regarding equity-settled share option plans it is assumed that all outstanding plans will vest. The potential increase arising from share option plans is based on a calculation of the value of the options outstanding. This is the number of options multiplied by the exercise price, divided by the average share price during the financial year. This potential increase is only applied if the option has intrinsic value.

3.23 Subsequent events
The Group assesses whether events occurring between the balance sheet date and the date of issues of the Combined Financial Statements have given rise to either adjusting events or non-adjusting events. Adjusting events are events that provide evidence of conditions that existed at the end of the reporting period and have to be recognized in the financial statements. Non-adjusting events are those events that are indicative of conditions that arose after the reporting period, these events are disclosed. Changes in estimates are only adjusted if the estimates contain errors.

4. New accounting standards and policies
On a regular basis, the IASB issues new accounting standards, amendments and revisions to existing standards and interpretations.

4.1 Standards, amendments, revisions and interpretations effective to the OCL in 2016
There are no effects with respect the adoption of any standards, amendments and revisions to existing standards and interpretations.

4.2 Standards, amendments, revisions and interpretations not yet effective to OCL

IFRS 9 'Financial Instruments'
IFRS 9 is effective for annual periods beginning on or after 1 January 2018 (tentative). IFRS 9 addresses the classification and measurement of financial assets. The publication of IFRS 9 represents the completion of the first part of a three-part project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 enhances the ability of investors and other users of financial information to understand the accounting of financial assets and reduces complexity. OCL is currently investigating the impact of IFRS 9 on the consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers'

The Standard was issued in January 2014 and is effective from 1 January 2018. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. Management, with support of external advisors, assessed the potential impact on the financial statements resulting from application of the standard. Based on this analysis no significant changes on revenue recognition are foreseen.

IFRS 16 Leases

IASB has introduced a new leases standard, IFRS 16, which supersedes IAS 17 leases. The Group is required to apply IFRS 16 with effect from 1 January 2019. The Group can choose to apply IFRS 16 before that date but only if it applies IFRS 15 Revenue from Contracts with Customers. A lessee can choose to apply the standard retrospectively to all accounting periods or as a 'big bang' at the date of initial application. The Group is not required to reassess whether existing contracts contain a lease but can choose to apply IFRS 16 to leases identified applying IAS 17, and not apply IFRS 16 to other contracts. The new standard requires the lessee to recognise the operating lease commitment on balance sheet. IFRS 16 does not require a lessee to recognise assets and liabilities for short-term leases (12 months or less), for leases ending within 12 months of the date of first applying the new standard and, for leases of low-value assets such as personal computers. Management expects the impact to be limited from an income prospective. Impact in the balance sheet will not result in a fundamental change in total assets and liabilities. it should be noted that the Group has limited exposure to financial covenants which will be affected by this standard.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendment to IFRS 2 covers the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognized for new and outstanding awards.

The amendments are effective for annual periods commencing on or after 1 January 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if the Group have the required information.

5. Critical accounting judgement, estimates and assumptions

The preparation of the financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect amounts reported in the consolidated financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the revision period and future periods, if the changed estimates affect both current and future periods. The most critical accounting policies involving a higher degree of judgment and complexity in applying principles of valuation and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the financial statements are the following:

Intangible assets

Intangible assets with finite useful lives are carried at cost less cumulative amortization and any impairment. Amortization is calculated using the 'straight-line' method based on the estimated useful lives. Management makes estimates regarding the useful lives and residual values and assumes that amortization takes place on a 'straight-line' basis. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. For intangible assets with finite useful lives, OCL assesses annually or more frequently whether indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of intangible assets, OCL makes estimates and assumptions about future cash flows based on the value in use. In doing so, OCL also makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows.

OCL tests at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts. The recoverable amount is the higher of the fair value less cost to sell and the value in use. In determining the recoverable amount, OCL makes estimates and assumptions concerning future revenues, future costs, future working capital, future investments, Weighted Average Cost of Capital (WACC) and future inflation rates.

Property, plant and equipment

Depreciation is calculated using the 'straight-line' method based on the estimated useful lives, taking into account any residual values. Management makes estimates regarding the useful lives and residual values and assumes that depreciation takes place on a 'straight-line' basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. OCL assesses annually, or more frequently, whether indicators exist that suggest that an item of property, plant and equipment might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of property, plant and equipment, OCL makes estimates and assumptions about future cash flows based on the value in use. In doing so OCL also makes assumptions and estimates regarding the discount rates to be used in order to calculate the net present value of the future cash flows.

Financial instruments

The fair value of financial instruments traded in active markets (financial instruments in the fair value hierarchy category 1) is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market (financial instruments in the fair value hierarchy category 2) is determined using generally accepted valuation techniques. These valuation techniques include estimates and assumptions about forward rates, discount rates based on a single interest rate, or on a yield-curve based on market conditions existing at the balance sheet date. The fair value of borrowings and interest rate swaps is calculated based on the present value of the estimated future cash flows based on the yield-curve applicable at the balance sheet date. If the financial instrument contains a floating interest rate, the future expected interest rates are determined based on the 'boot-strap' method. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The net carrying amount of trade receivables and trade payables is assumed to approximate the fair value due to the short term nature. The fair value of non-current financial liabilities is estimated by discounting the future cash flows using yield-curves. For unlisted equity securities in the available-for-sale category (financial instruments in the fair value hierarchy category 3) the equity-method is used as a proxy for fair value. In using the equity method, input is derived from the financial statements of the unlisted equity investments. Counterparty risk in connection with triggers for impairment is based on judgment of the financial position of the counterparty. A significant and prolonged decline in fair value of available-for-sale financial assets is depends on the average volatility of the instrument, if an instrument exceeds certain ranges in both time frame and negative volatility, a trigger for impairment is considered. This is considered on an item by item basis.

Impairment financial instruments (including trade receivables)

Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy, or has failed on the repayments of principal and interest. In other circumstances OCL uses judgment in order to determine whether a financial assets may be impaired. OCL uses judgement in order to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. For listed equity securities in the available-for-sale financial assets category, the Group uses the assumption that if the market value declined by more than 25 percent and more than 6 months, the asset is assumed to be impaired. For debt-securities, an impairment trigger exist when the counterpart fails to meet its contractual payment obligations or there is evidence that the counterpart has encountered financial difficulties. The impairment is determined based on the carrying amount and the recoverable amount. The recoverable amount is determined as the present value of estimated future cash flows using the original effective interest rate.

Inventories

In determining the net realisable value of inventories, OCL estimates the selling prices in the ordinary course of business, cost of completion and cost to sell. In doing so, OCL makes estimates and assumptions based on current market prices, historical usage of various product categories versus current inventory levels and specific identified obsolescence risks (e.g. end of life of specific goods and spare parts and the impact of new environmental legislation).

Provisions

Recognition of provisions include significant estimates, assumptions and judgements. IFRS requires only those provisions to be recognized if there is an expected outflow of resources in the near future and if the cost of these outflows can be estimated reliably. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. These judgements are subject to change as new information becomes available. The required amount of a provision may change in the future due to new developments in the particular matter. Revisions to estimates may significantly impact future profit or loss. Upon resolution, the Group may incur charges in excess of the recorded provisions for such matters.

The group uses past experiences to estimate the likelihood and cost of future warranties with respect to services provided and goods sold.

OCL recognizes a provision for restructuring regarding cost-saving restructuring measures. Provisions for restructuring include, amongst other, estimates and assumptions about severance payments and termination fees.

Provisions for asset retirement obligations, represent estimated costs of decommissioning. Due to the long time frame over which future cash outflows are expected to occur including the respective interest accretion require assumptions. Amongst others, the estimated cash outflows could alter significantly if, and when, political developments affect future laws and regulation with respect to asset retirements.

In case of contracts future loss the Group estimates the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. In doing so, the Group has to estimate the future cash flows and the discount rates used. In addition to this the Group has to estimate any possible impairments.

With respect to legal cases, the Group has to estimate the outcome of the legal cases. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. The Group periodically reviews the status of these proceedings with both the internal and external legal counsels.

Revenue recognition on construction contracts

The Group conducts a significant portion of its business under construction contracts with customers. The Group generally accounts for construction projects using the percentage-of-completion method, recognizing revenue as performance on contract progresses. This method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks, including technical, political and regulatory risks, and other judgments. Management of the operating divisions continually review all estimates involved in such construction contracts, including commercial feasibility, and adjusts them as necessary. Under the percentage-of-completion method, such changes in estimates may lead to an increase or decrease of revenues in the respective reporting period.

Income taxes

OCL is subject to income taxes in numerous jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are some transactions and calculations for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. OCL recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available for the deferred tax asset to be recovered. This is based on estimates of taxable future income by jurisdiction in which OCL operates and the period over which deferred tax assets are expected to be recoverable. In the event that actual results or new estimates differ from previous estimates and depending on the possible tax strategies that may be implemented, changes to the recognition of deferred tax assets could be required, which could impact the financial position and profit or loss.

Asset held sale for sale, discontinued operations

OCL used judgment in determining what a disposal group or a discontinued operation is and when it qualifies for reclassification according to IFRS 5 (management commitment, ready for sale / demerger, highly probable, completion within one year). In determining what is a disposal group or a discontinued operation, OCL judges whether the cash flows of the disposal group or a discontinued operation can be distinguished from the rest of the group, what determines a major line of operation and whether a single coordinated plan to dispose exists and at what date it was formally approved.

6. Financial risk and capital management

Overview

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

These risks arise from exposures that occur in the normal course of business and are managed on a consolidated company basis. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Senior management has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit Department. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

6.1 Exposure to credit risk

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The carrying amount of financial assets represents the maximum credit exposure. With respect to transactions with financial institutions, the group sets limits to the credit worthiness rating of the counterparty. The maximum credit risk is the carrying amount of financial instruments, for an overview reference is made to the tables financial instruments by category.

The major exposure to credit risk at the reporting date was as follows:

$ millions	Note	31 December 2016	31 December 2015
Trade and other receivables (excluding prepayments)	(9)	1,075.4	1,214.7
Contract work in progress	(13)	449.2	485.4
Cash and cash equivalents	(14)	506.9	574.9
Total		2,031.5	2,275.0

The major exposure to credit risk for trade and other receivables by geographic region was as follows:

$ millions	31 December 2016	31 December 2015
Middle East and Africa	654.0	811.0
Asia and Oceania	140.2	63.5
Europe and United States	281.2	340.2
Total	1,075.4	1,214.7

6.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is also safeguarded by using multiple financial institutions in order the mitigate any concentration of liquidity risk.

The availability of cash is monitored internally at Group level, on an ongoing basis by the corporate treasury department. In addition management prepared at closing date a cash flow projection to assess the ability of the Group to meet its obligations.

The following are the contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting arrangements.

At 31 December 2015 $ millions	Note	Carrying amount	Contractual cash flow	6 months or less	6–12 months	1–5 years
Financial liabilities						
Loans and borrowings	(18)	439.4	447.4	279.3	141.0	27.1
Trade and other payables	(19)	1,089.0	1,089.0	1,075.2	-	13.8
Advanced payments from construction contracts		598.4	598.4	598.4	-	-
Total		2,126.8	2,134.8	1,952.9	141.0	40.9

At 31 December 2016 $ millions	Note	Carrying amount	Contractual cash flow	6 months or less	6–12 months	1–5 years
Financial liabilities						
Loans and borrowings	(18)	302.8	308.9	146.4	100.8	61.7
Trade and other payables	(19)	1,027.9	1,027.9	1,017.5	-	10.4
Advanced payments from construction contracts		382.3	382.3	382.3	-	-
Total		1,713.0	1,719.1	1,546.2	100.8	72.1

The interest on floating rate loans and borrowings is based on forward interest rates at year-end. This interest rate may change as the market interest rate changes.

6.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to foreign currency risk arising in separate ways:

Foreign exchange translation exposure

Due to the Group's international presence, OCL's Financial Statements are exposed to foreign exchange fluctuations as these affect the translation of the subsidiaries' assets and liabilities presented in foreign currencies to the US dollar (the Group's presentation currency). The currencies concerned are mainly Egyptian Pound, Algerian Dinar and Euro. Foreign exchange translation exposure is considered a part of doing business on an international level; this risk is not actively managed, nor is it hedged.

OCL is not exposed to Saudi Riyal, UAE Dirham and Qatar Riyal. These currencies are pegged to the US dollar.

Foreign exchange transaction exposure

The Group entities predominantly execute their activities in their respective functional currencies. Some Group subsidiaries are, however, exposed to foreign currency risks in connection with the scheduled payments in currencies that are not their functional currencies. In general this relates to foreign currency denominated supplier payables due to project procurement, capital expenditures and receivables. The Group monitors the exposure to foreign currency risk arising from operating activities.

The Group is exposed to foreign exchange transaction exposure to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily Euro, US Dollar, Egyptian Pound, Saudi Riyal, Algerian Dinar and UAE Dirham.

The Group uses foreign exchange contracts to manage its foreign exchange transaction exposure. No hedge accounting is applied; therefore all fair value changes are recognised in profit and loss.

The summary of quantitative data about the Group's exposure to foreign exchange transaction exposure provided to management of the Group based on its risk management policy for the main currencies was as follows:

At 31 December 2016 $ millions	EUR	EGP
Cash and cash equivalents (including loans and borrowings)	(79.4)	29.2
Trade and other receivables	158.3	131.0
Trade and other payables	(46.8)	(23.2)

Significant rates

The following significant exchange rates applied during the year ended 31 December 2016:

	Average 2016	Closing 31 December 2016	Opening 1 January 2016
Egyptian Pound	0.1049	0.0550	0.1275
Saudi Riyal	0.2666	0.2665	0.2661
United Arabic Emirates Dirham	0.2723	0.2723	0.2723
Algerian Dinar	0.0091	0.0090	0.0093
Euro	1.1073	1.0517	1.0845

The following tables demonstrate the sensitivity to a reasonably possible change in EUR and EGP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities, including inter company positions. The Group's exposure to foreign currency changes for all other currencies is not material.

As of 31 December 2016, if the functional currencies had strengthened/weakened by 10 percent against the Euro and 10 percent against the Egyptian Pound with all other variables held constant, the translation of foreign currency receivables, payables and loans and borrowings that would have resulted in an increase/decrease of USD 16.9 million of the profit of the year ended 31 December 2016.

31 December 2016 $ millions	Change in FX rate*	Effect on profit before tax**	Effect on equity**
EUR - USD	10%	3.2	34.7
EGP - USD	10%	13.7	-

* Determined based on the volatility of last year for the respective currencies.
** Effects are displayed in absolute amounts.

Interest rate risk

The Group's cash flow interest rate risks arise from the exposure to variability in future cash flows of floating rate financial instruments. The Group reviews its exposure in light of global interest rate environment after consulting with a consortium of global banks.

The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

$ millions	In basis points	31 December 2016	31 December 2015
Effect on profit before tax for the coming year	+100 bps	(0.6)	(1.5)
	- 100 bps	0.6	1.5

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly lower volatility than in prior years.

Categories of financial instruments

		31 December 2016		31 December 2015	
$ millions	Note	Loans and receivables at amortized cost	Derivatives at fair value	Loans and receivables at amortized cost	Derivatives at fair value
Assets					
Trade and other receivables	(9)	1,092.5	-	1,226.4	1.5
Cash and cash equivalents	(14)	506.9	-	574.9	-
Total		1,599.4	-	1,801.3	1.5
Liabilities					
Loans and borrowings	(18)	302.8	-	439.4	-
Trade and other payables	(19)	1,026.9	1.0	1,088.8	0.2
Advanced payments construction contracts		382.3	-	598.4	-
Total		1,712.0	1.0	2,126.6	0.2

All financial instruments are in the fair value hierarchy category level 2, there were no transfers between the fair value hierarchy categories.

6.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interest of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group's net debt to equity ratio at the reporting date was as follows:

$ millions	Note	31 December 2016	31 December 2015
Loans and borrowings	(18)	302.8	439.4
Less: cash and cash equivalents	(14)	506.9	574.9
Net debt		**(204.1)**	**(135.5)**
Total equity		302.4	560.5
Net debt to equity ratio		**(0.67)**	**(0.24)**

7. Property plant and equipment

$ millions	Land	Buildings	Equipment	Fixtures and fittings	Under construction	Total
Cost	14.6	127.0	396.4	138.4	13.1	689.5
Accumulated depreciation	-	(32.6)	(274.4)	(102.3)	-	(409.3)
At 1 January 2016	**14.6**	**94.4**	**122.0**	**36.1**	**`13.1**	**280.2**
Movements in the carrying amount:						
Additions purchased during the year	-	1.7	57.1	24.9	8.0	91.7
Disposals	-	(0.1)	(2.5)	(1.3)	-	(3.9)
Depreciation	-	(4.2)	(34.2)	(16.6)	-	(55.0)
Transfers	-	1.3	6.4	1.7	(9.4)	-
Effect of movement in exchange rates	(9.6)	(47.6)	(71.5)	(19.4)	(6.5)	(154.6)
At 31 December 2016	**(9.6)**	**(48.9)**	**(44.7)**	**(10.7)**	**(7.9)**	**(121.8)**
Cost	5.0	69.9	284.1	91.0	5.2	455.2
Accumulated depreciation	-	(24.4)	(206.8)	(65.6)	-	(296.8)
At 31 December 2016	**5.0**	**45.5**	**77.3**	**25.4**	**5.2**	**158.4**

8. Goodwill

$ millions	Goodwill
Cost	13.8
At 1 January 2016	**13.8**
Movements in the carrying amount:	
Additions	-
Impairment	-
At 31 December 2016	-
Cost	13.8
Impairment	-
At 31 December 2016	**13.8**

On 31 July 2012, the Group acquired the Weitz Company LLC, a United States general contractor based in Des Moines, Iowa, resulting in USD 12.4 million of goodwill. The transaction was completed on 12 December 2012. On 2 April 2015, the Group acquired Alico resulting in USD 1.4 million of goodwill.

Goodwill was tested for impairment in the 4th Quarter of 2016 or whenever an impairment trigger exists. No impairment was recorded in the year 2016. The impairment test is based on cash-flow projections of the five year plan. Key assumptions used in the projections are:

- Revenue growth: based on expected growth in 2017 as a result of development in backlog and expected general market growth in the USA.
- Margin development: based on actual experience and management's longer-term projections.

The terminal value was calculated using a long-term average market growth rate of 2.5%. The estimated cash flows are discounted to their present value using a weighted average cost of capital of 9.73%. An increase or decrease of 100 basis points in the assumed WACC or the terminal growth rate would not have resulted in an impairment.

9. Trade and other receivables

$ millions	31 December 2016	31 December 2015
Trade receivables (gross)	570.7	536.2
Allowance for trade receivables	(32.8)	(37.3)
Trade receivables (net)	537.9	498.9
Trade receivables due from related parties (Note 28)	41.8	176.5
Prepayments	17.1	13.2
Derivative financial instruments	-	1.5
Other tax receivable	27.5	37.4
Supplier advanced payments	114.2	116.5
Other investments	6.2	12.5
Retentions	244.7	277.5
Other receivables	103.1	93.9
Total	**1,092.5**	**1,227.9**
Non-current	16.2	33.0
Current	1,076.3	1,194.9
Total	**1,092.5**	**1,227.9**

The carrying amount of 'Trade and other receivables' as at 31 December 2016 approximates its fair value.

Prepayments relate for the largest part to the amounts prepaid to sub-contractors, retentions related for the largest part to amounts withheld by customers resulting from contractual clauses.

The aging of gross trade receivables at the reporting date that were as follows:

$ millions	31 December 2016	31 December 2015
Neither past due nor impaired	370.0	322.6
Past due 1 - 30 days	47.8	84.6
Past due 31 - 90 days	24.5	53.4
Past due 91 - 360 days	115.8	52.9
More than 360 days	12.6	22.7
Total	**570.7**	**536.2**

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available. Substantial amounts have been received in January 2017 in relation to past dues 91-360 days.

The movement in the allowance for impairment in respect of trade receivables during the year ended 31 December 2016 was as follows:

$ millions	2016	2015
At 1 January	**(37.3)**	(32.3)
Unused amounts reversed	4.0	2.3
Used amounts	5.0	-
Amount formed	(9.9)	(7.1)
Exchange rates differences	5.4	(0.2)
At 31 December	**(32.8)**	**(37.3)**

10. Equity accounted investees

The following table shows the movement in the carrying amount of the Group's associates and joint ventures:

$ millions	2016	2015
At 1 January	339.4	389.4
Share in results	68.5	5.0
Investment / divestment	-	1.3
Dividends	-	(23.1)
Effect of movement in exchange rates	(36.5)	(33.2)
At 31 December	**371.4**	**339.4**

The entity disclosed under 'Equity accounted investees' that is significant to the Group is BESIX.

BESIX Group (BESIX)

Established in 1909 in Belgium, BESIX is a global multi-service group offering engineering, procurement and construction (EPC) services. BESIX operates in the construction, real estate and concession sectors in 15 countries focusing on Europe, Africa, the Middle East and Australia. Their core construction competencies include buildings, infrastructure and environmental projects, industrial civil engineering, maritime and port works and real estate development. In addition to EPC services, BESIX is active in real estate development and holds concessions in several Public Private Partnerships (PPP) and design, build, finance, and maintain/operate (DBFM) contracts, through which it develops, operates and maintains projects.

The below table summarizes the financial information of BESIX based on the percentage of interest the Group has in it:

BESIX Group 50% $ millions	2016	2015
Assets	1,267.7	1,159.5
Liabilities	(921.1)	(873.7)
Net assets at 31 December	**346.6**	**285.8**
Construction revenue	1,315.9	1,208.3
Construction cost	(1,251.7)	(1,208.7)
Net profit at 31 December	**64.2**	**(0.4)**

The Group has interests in a number of equity accounted investees including the following:

Name	Parent	Country	Participation %
BESIX Group	OC IHC3 B.V.	Belgium	50.0
Medrail Ltd.	Orascom Construction Holding Cyprus	UAE	50.0
Egyptian Gypsum Company	UHC	Egypt	28.3
Sidra Medical Center (see note 26)	Contrack Cyprus	Qatar	45.0
URS Contrack Pacer Forge IV	Contrack Int.	UAE	45.0
Watts - Webcor Obayashi	Contrack Int.	USA	34.0
RW Constructors LLC	The Weitz Group	USA	50.0
Alexander - Weitz	The Weitz Group	USA	49.0
National Pipe Company	OCI Construction Egypt OCI Egypt	Egypt	40.0
El Yamama	OCI Construction	KSA	50.0
Orasqualia, Orasqualia for Construction S.A.E. and Orasqualia for Maintenance	OCI Egypt	Egypt	50.0

The following table summarizes the financial information of the Orascom Construction Group's share on equity accounted investees including BESIX, El Yamama, National Pipe Company, all of Weitz's associates, Egyptian Gypsum Company and Sidra Medical Centre:

$ millions	2016	2015
Assets	1,321.7	1,265.3
Liabilities	(950.3)	(925.9)
Net assets at 31 December	**371.4**	**339.4**
Income	1,333.7	1,228.7
Expenses	(1,265.2)	(1,223.7)
Net profit at 31 December	**68.5**	**5.0**

Transaction between Group entities and associates / joint ventures

There are no significant transactions between entities of the group and the associates / joint ventures, except for the investments in and the dividends received from these associates and joint ventures.

11. Income taxes

11.1 Income tax in the statement of profit or loss

The income tax on profit before income tax amounts to USD 92.1 million (31 December 2015: USD 49.7 million) and can be summarized as follows:

$ millions	31 December 2016	31 December 2015
Current tax	72.6	47.9
Deferred tax	19.5	(97.6)
Total income tax in profit or loss	92.1	(49.7)

11.2 Reconciliation of effective tax rate

OCL's operations are subject to income taxes in various foreign jurisdictions, the statutory income tax rates vary from 0.0% to 40.0%.

Reconciliation of the effective tax rate can be summarized as follows:

$ millions	31 December 2016	%	31 December 2015	%
Profit (loss) before income tax	145.1		(384.1)	
Tax calculated at weighted average group tax rate	(74.3)	51.2	157.2	(41.0)
Unrecognized tax losses	(22.2)	15.3	(133.9)	34.9
Recognition of previously unrecognized tax losses	8.4	(5.8)	14.5	(3.8)
Expenses non-deductible	(4.3)	3.0	(2.8)	0.7
Other	0.3	(0.2)	14.7	(3.8)
Total income tax in profit or loss	(92.1)	63.5	49.7	(12.9)

11.3 Deferred income tax assets and liabilities

The majority of the deferred tax assets of USD 81.6 million (31 December 2015: USD 94.7 million) relate to carried forward tax losses. The carried forward losses recognized in the statement of financial position is expected to be realized in the period 2017-2019.In 2016 USD 10 million has been reversed.

12. Inventories

$ millions	31 December 2016	31 December 2015
Finished goods	6.1	1.7
Raw materials and consumables	146.1	176.5
Fuels and others	11.8	18.0
Real estate	3.4	7.2
Total	167.4	203.4

During the year ended 31 December 2016, the total write-downs amount to USD 1.3 million, which all related to raw materials.

The real estate relates to the land owned by Suez industrial Development Company in Egypt, which owns and develops an industrial park.

13. Contracts work in progress / billing in excess of construction contracts

$ millions	31 December 2016	31 December 2015
Costs incurred on incomplete contracts (including estimated earnings)	12,229.0	13,572.8
Less: billings to date (Net)	(12,440.6)	(13,365.8)
Total	(211.6)	207.0
Presented in the consolidated statements of financial position as follows:		
Construction contracts in progress - current assets	449.2	485.4
Billing in excess on construction contracts - current liabilities	(660.8)	(278.4)
Total	(211.6)	207.0

14. Cash and cash equivalents

$ millions	31 December 2016	31 December 2015
Cash on hand	1.1	1.0
Bank balances	467.3	523.6
Restricted funds	7.0	8.0
Restricted cash	31.5	42.3
Total	506.9	574.9

Restricted funds

The restricted amounts mostly relate to letters of credits of Orascom E&C (USD 4.7 million) and Alico (USD 0.7 million) and to letters of guarantee of OCI SAE (USD 0.7 million), Alico (USD 0.1 million), National Steel Fabrication (USD 0.3 million) and other Group entities (USD 0.5 million).

Restricted cash

Restricted cash relates to amounts withheld in relation to amounts restricted of Weitz for an amount of USD 5.8 million and USD 25.7 million pledged as collateral against loans.

15. Share capital

The movements in the number of shares (nominal value USD 1 per share) can be summarized as follows:

	2016	2015
At 1 January	118,041,492	-
Establishment of Company on 18 January 2015	-	50,000
Number of issued shares as a result of the capital in kind reduction of OCI N.V. on 9 March 2015	-	105,006,927
New issued shares on 11 March 2015	-	12,984,565
Shares reduction	(280,113)	-
At 31 December - fully paid	117,761,379	118,041,492
At 31 December (in millions of USD)	117.8	118.0

16. Reserves

$ millions	Currency translation	Treasury shares	Total
At 1 January 2015	(17.0)	-	(17.0)
Currency translation differences	(61.8)	-	(61.8)
Treasury shares acquired	-	(2.4)	(2.4)
At 31 December 2015	**(78.8)**	**(2.4)**	**(81.2)**

$ millions	Currency translation	Treasury shares	Total
At 1 January 2016	(78.8)	(2.4)	(81.2)
Treasury shares acquired	-	(8.3)	(8.3)
Shares reduction	1.8	2.4	4.2
Currency translation differences	(263.1)	-	(263.1)
At 31 December 2016	**(340.1)**	**(8.3)**	**(348.4)**

Treasury shares

During the year ended 31 December 2016, the Company has acquired 1,000,000 shares.

	31 December 2016
Number of shares acquired	1,000,000
Cost of acquiring the shares (in millions of USD)	8.3
Average cost per share (EGP)	**74.16**

On 23 January 2017, OCL canceled the 1,000,000 treasury shares and reduced the capital of the Company accordingly.

17. Non-controlling interest

31 December 2015 $ million	United Holding Company	Orascom Saudi	Suez Industrial Development	Other individual insignificant entities	Total
Non-controlling interest percentage	43.5%	40.0%	39.5%		
Non-current assets	7.5	12.4	11.5	6.8	38.2
Current assets	27.1	104.8	20.6	4.4	156.9
Non-current liabilities	-	(2.2)	-	(0.3)	(2.5)
Current liabilities	(7.9)	(93.8)	(12.4)	(2.4)	(116.5)
Net assets	**26.7**	**21.2**	**19.7**	**8.5**	**76.1**
Revenue	25.3	74.1	18.3	5.4	123.1
Profit	4.1	(4.6)	8.1	5.8	13.4
Other comprehensive income	(1.5)	-	(1.6)	(0.3)	(3.4)
Total comprehensive income	**2.6**	**(4.6)**	**6.5**	**5.5**	**10.0**

31 December 2016 $ million	United Holding Company	Orascom Saudi	Suez Industrial Development	Other individual insignificant entities	Total
Non-controlling interest percentage	43.5%	40.0%	39.5%		
Non-current assets	4.0	4.7	4.0	7.6	20.3
Current assets	21.9	104.7	10.6	3.7	140.9
Non-current liabilities	-	(14.9)	-	(0.1)	(15.0)
Current liabilities	(12.2)	(80.1)	(6.2)	(2.2)	(100.7)
Net assets	**13.7**	**14.4**	**8.4**	**9.0**	**45.5**
Revenue	43.5	27.7	0.8	5.4	77.4
Profit	8.6	(6.6)	(1.0)	3.3	4.3
Other comprehensive income	(16.9)	-	(10.3)	(1.6)	(28.8)
Total comprehensive income	**(8.3)**	**(6.6)**	**(11.3)**	**1.7**	**(24.5)**

18. Loans and borrowings

Borrowing Company	Type of loan	Interest rate	Date of maturity	Long term portion	Short term portion	Bank facilities	Total
Orascom Construction	Secured	USD: LIBOR + 2.28 - 4.00% EUR: LIBOR + 2.21 - 5.00% EGP: Corridor 9.75 - 12.95%	Annual	-	-	114.9	114.9
Orascom Saudi	Secured	Saibor + 2.75%	Annual	-	5.9	-	5.9
	Secured	Saibor + 2.00%	Annual	-	-	78.7	78.7
Orascom Construction Industries- Algeria	Secured	Variable 6.5%	03/2016	-	27.9	-	27.9
Orascom Construction Limited	Unsecured	LIBOR +3.25% per annum.		-	134.4	-	134.4
The Weitz Group, LLC	Unsecured	Multiple rates	03/2018	26.3	5.4	-	31.7
Orascom Road Construction	Unsecured	Corridor 9.75 - 12.15%	Annual	-	-	44.0	44.0
Other	-	Multiple rates	-	-	0.4	1.5	1.9
Total as per 31 December 2015				**26.3**	**174.0**	**239.1**	**439.4**

Borrowing Company	Type of loan	Interest rate	Date of maturity	Long term portion	Short term portion	Bank facilities	Total
Orascom Construction	Secured	USD: LIBOR + 2.28 - 4.00% EUR: LIBOR + 2.21 - 5.00% EGP: Corridor 9.75 - 12.95%	Annual	-	-	174.3	174.3
Orascom Saudi	Secured	Saibor + 3.00%	Annual	35.1	28.1	-	63.2
Orascom Construction Industries- Algeria	Secured	Variable 6.67%	04/2017	-	20.2	-	20.2
The Weitz Group, LLC	Unsecured	Multiple rates	Multiple	24.2	3.7	-	27.9
Contrack International	Unsecured	LIBOR + 2.5%	Annual	-	-	14.9	14.9
Other	-	Multiple rates	-	0.3	-	2.0	2.3
Total as per 31 December 2016				**59.6**	**52.0**	**191.2**	**302.8**

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in the financial risk and capital management paragraph in Note 6. The fair value of loans and borrowings approximates the carrying amount.

Certain covenants apply to the aforementioned borrowings.

19. Trade and other payables

$ millions	31 December 2016	31 December 2015
Trade payables	564.5	661.2
Trade payables due to related party (Note 28)	18.8	31.8
Other payables	56.4	62.8
Accrued expenses	217.9	181.9
Deferred revenues	2.4	3.0
Other tax payables	4.6	4.7
Derivative financial instruments	1.0	0.2
Retentions payables	160.4	141.2
Employee benefit payables	1.9	2.2
Total	**1,027.9**	**1,089.0**
Non-current	10.4	13.8
Current	1,017.5	1,075.2
Total	**1,027.9**	**1,089.0**

Information about the Group's exposure to currency and liquidity risk is included in Note 6. The carrying amount of 'Trade and other payables' approximated the fair value.

Retentions payable relate to amounts withheld from sub-contractors.

Derivative financial instruments include the following:

Foreign exchange contracts

The group entered into forward exchange contracts to hedge its currency risk exposure to the Japanese Yen in certain projects. As at 31 December 2016 the remaining notional amounts of these contracts are USD 33.7 million related to the YEN. The foreign exchange contracts have a fair value of USD 1.0 million. The Group does not apply hedge accounting, therefore all fair value changes related to these financial instruments are recognized in profit and loss.

20. Provisions

$ millions	Warranties	Contracts future loss	Other (including claims)	Total
At 1 January 2015	**14.7**	**29.3**	**58.7**	**102.7**
Provision formed	8.3	136.0	14.4	158.7
Provision used	-	(21.4)	(17.4)	(38.8)
Provision no longer required	(1.5)	(0.9)	(1.5)	(3.9)
Others	(0.2)	(0.2)	3.6	3.2
Effect of movement in exchange rates	(0.9)	(2.9)	(7.8)	(11.6)
At 31 December 2015	**20.4**	**139.9**	**50.0**	**210.3**

$ millions	Warranties	Contracts future loss	Other (including claims)	Total
At 1 January 2016	**20.4**	**139.9**	**50.0**	**210.3**
Provision formed	1.4	53.4	18.5	73.3
Provision used	-	(106.5)	(0.5)	(107.0)
Provision no longer required	(2.8)	(6.3)	(17.8)	(26.9)
Others	(0.2)	(0.2)	3.2	2.8
Effect of movement in exchange rates	(5.6)	(17.1)	(13.6)	(36.3)
At 31 December 2016	**13.2**	**63.2**	**39.8**	**116.2**

Warranties

The warranties are based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Other (including claims)

The Group is involved in various litigations and project related disputes. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized. Reference is made to Note 26 for detailed information with respect to major ongoing litigations and claims.

21. Cost of sales and selling, general and administrative expenses

i. Expenses by nature

$ millions	31 December 2016	31 December 2015
Changes in raw materials and consumables, finished goods and work in progress	3,294.0	3,492.1
Employee benefit expenses (ii)	578.0	620.3
Depreciation and amortization	55.0	53.2
Maintenance and repairs	17.3	30.0
Consultancy expenses	5.3	8.5
Other	55.6	87.8
Total	**4,005.2**	**4,291.9**

The expenses by nature comprise 'cost of sales' and 'selling, general and administrative expenses'.

ii. Employee benefit expenses

$ millions	31 December 2016	31 December 2015
Wages and salaries	510.1	544.7
Social securities	7.5	9.5
Employee profit sharing	2.0	6.2
Pension cost	7.9	6.5
Other employee expenses	50.5	53.4
Total	**578.0**	**620.3**

During the year ended 31 December 2016, the average number of staff employed in the Group converted into full-time equivalents amounted to 24,312 permanent and 47,547 temporary employees.

A Long-Term Incentive Plan ("LTIP") to attract, motivate and retain key employees in the organization by providing market competitive compensation packages has been put in place in June 2016. Under the plan target awards will be granted annually to executives and senior management and employees in critical positions or high performers. These awards will carry a 3-year vesting period. They will be focused on EBITDA, cash flow from operations and share performance. The plan is cash-settled; no transfer of equity instruments will take place under this plan.

22. Other income

$ millions	31 December 2016	31 December 2015
Net gain on sale of property, plant and equipment	6.0	4.8
Compensation	-	44.0
Scrap and other	10.1	5.1
Total	**16.1**	**53.9**

23. Net finance cost

$ millions	31 December 2016	31 December 2015
Interest income on loans and receivables	29.2	19.3
Fair value gain on derivatives	-	0.1
Foreign exchange gain	65.3	8.1
Finance income	**94.5**	**27.5**
Interest expense on financial liabilities measured at amortized cost	(24.4)	(34.1)
Fair value gain on derivatives	(2.5)	-
Foreign exchange loss	(35.0)	(14.7)
Finance cost	**(61.9)**	**(48.8)**
Net finance cost recognized in profit or loss	**32.6**	**(21.3)**

The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not measured at fair value through profit or loss:

$ millions	31 December 2016	31 December 2015
Total interest income on financial assets	29.2	19.3
Total interest expenses on financial liabilities	(24.4)	(34.1)

24. Earnings per share

i. Basic

	31 December 2016	31 December 2015
Net profit (loss) attributable to shareholders in 1 million USD	48.7	(347.8)
Number of ordinary share in million (Basic)	117.5	117.8
Basic earnings per ordinary share	**0.41**	**(2.95)**

ii. Weighted average number of ordinary shares calculation

shares	2016	2015
Issued ordinary shares	**117,761,379**	105,056,927
Effect of treasury shares held	(250,000)	(280,113)
Effect of new shares issued at 11 March 2015	-	12,984,565
Number of ordinary shares outstanding at 31 December	**117,511,379**	**117,761,379**

25. Segment reporting

The Group determines and presents operating segments on the information that internally is provided to the Chief Executive Officer during the period. The Group has three reportable segments, as described below. Each of the segments is managed separately because they require different operating strategies and use their own assets and employees. Factors used to identify the Group's reportable segments, are a combination of factors and whether operating segments have been aggregated and types of products and services from which each reportable segment derives its revenues.

Business information for 31 December 2015

$ millions	MENA	USA	Besix	Total
Total revenue	**2,030.2**	**1,852.2**	**-**	**3,882.4**
Share in profit of associates	(9.4)	2.6	(0.4)	(7.2)
Depreciation and amortization	(50.9)	(2.3)	-	(53.2)
Interest income (including gain on derivatives)	19.3	0.1	-	19.4
Interest expense (including loss on derivatives)	(32.4)	(1.7)	-	(34.1)
Result before tax	**231.8**	**(615.5)**	**(0.4)**	**(384.1)**
Investment in PP&E	**86.5**	**1.9**	**-**	**88.4**
Non-current assets	**364.9**	**117.7**	**285.8**	**768.4**
Total assets	**2,553.9**	**396.2**	**285.8**	**3,235.9**
Total liabilities	**1,695.3**	**980.1**	**-**	**2,675.4**

Business information for 31 December 2016

$ millions	MENA	USA	Besix	Total
Total revenue	**2,123.7**	**1,909.4**	**-**	**4,033.1**
Share in profit of associates	4.4	(0.1)	64.2	68.5
Depreciation and amortization	(51.1)	(3.9)	-	(55.0)
Interest income (including gain on derivatives)	29.1	0.1	-	29.2
Interest expense (including loss on derivatives)	(25.7)	(1.2)	-	(26.9)
Profit before tax	**308.2**	**(227.3)**	**64.2**	**145.1**
Investment in PP&E	**86.6**	**5.1**	**-**	**91.7**
Non-current assets	**193.9**	**100.9**	**346.6**	**641.4**
Total assets	**1,912.8**	**582.4**	**346.6**	**2,841.8**
Total liabilities	**1,552.1**	**987.3**	**-**	**2,539.4**

Segment revenues have been presented based on the location of the entity which is managing the contracts.

BESIX is presented as part of 'Associates', therefore in the above schedule only the income from associates and the asset value are reflected. For further information with respect to liabilities, revenues and cost, reference is made to note 10.

The geographic information above analysis the Group's revenue and non-current assets by the Company where the activities are being operated. The Orascom Construction Group has customers that represent 10 percent or more of revenues:

Percentage	2016	2015
Egyptian Government	32.7%	29.2%
OCI N.V. Group	16.5%	21.3%

26. Contingencies

26.1 Contingent liabilities

26.1.1 Letters of guarantee / letters of credit

Letters of guarantee issued by banks in favor of others as at 31 December 2016 amount to USD 1,247.7 million (31 December 2015: USD 1,265.3 million). Outstanding letters of credit as at 31 December 2016 (uncovered portion) amount to USD 61.7 million (31 December 2015: USD 26.2 million).

Certain of our sub-holdings have put general performance guarantees for the execution of more significant projects by our subsidiaries.

As of 31 December 2016, mechanic liens have been received in respect of one of our US projects for a total of USD 89.0 million ("31 December 2015: USD 131.2 million").

26.1.2 Litigations and claims

In the normal course of business, the Group entities and joint ventures are involved in some arbitration or court cases as defendants 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. OCL does not expect these proceedings to result in liabilities that have a material effect on the company's financial position. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized in the financial statements which is disclosed in note 20 'Provisions'. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point in time, OCL cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are typically paid over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said the cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

26.1.3 Administrative court against Suez Industrial Development Company

A decision was issued against Suez Industrial Development Company, which operates in the field of land development in the North West of the Gulf of Suez in Egypt, for the cessation of dealings on any of its allocated plots of land as of mid-November 2011 until the investigations, conducted by the Public Fund Prosecution and Military Prosecution and relating to the allocation and sale of lands located in the North West of the Gulf of Suez, are concluded. On 28 May 2012, the company has submitted a request to the Dispute Settlement Committee at the General Authority of Investment and Free Zones to cancel the said decision. On 25 July 2012, the decision issued by the Prime Minister to withdraw the plot of land allocated to the company was challenged before the Administrative Court and the hearing was postponed to 2 November 2013.

On the hearing of November 2, 2013, the hearing was referred to a different court on the grounds of jurisdiction and accordingly the case was referred to the 8th District Contracts and during the hearing of 4 March 2014 the case was referred to the commissioners to prepare their report.

During the hearing of 15 November 2016 the court ruled of its incompetency and the case has been referred to the administrative court in Ismailia

For the Suez case a reliable outcome of the financial impact cannot be estimated.

26.1.4 Administrative court against Egyptian Gypsum Company S.A.E

A lawsuit was filed before the Administrative Court against Egyptian Gypsum Company S.A.E. which operates in the field of gypsum manufacturing, to nullify a sale contract of the company on the grounds that it is one of the companies sold under the privatization scheme. Currently, the report of the commissioners is being prepared. The hearing initially scheduled for 20 April 2015 was postponed until the commissioners submit their report to the court. If the final award is against the company, the ownership of the plant will be transferred to its original owner and the company will get the sales price back. The company's management, supported by its legal expert, believes it is likely that the award will be issued in favor of Egyptian Gypsum Company.

26.1.5 Sidra Medical Center

The contract for the design and build of the Sidra Medical and Research Centre in Doha, Qatar was awarded by the Qatar Foundation for Education, Science & Community Development in February 2008 to the associate owned by Obrascón Huarte Lain (55%) and Contrack (45%), for a total contract value of approximately USD 2.4 billion. The project is more than 95% complete and is not part of the Construction Group's backlog as the project is accounted for under the equity method.

In July 2014, the consortium received a Notice of Termination from the Qatar Foundation for Education, Science & Community Development ("the Foundation). In relation to this termination, the Foundation claims damages for material amounts from the associates. The claim and asserted damages have not yet been substantiated by the Foundation. At this stage, the Company believes there is no merit to the claim and intends to vigorously oppose the claim. The Company issued a counter claim for asserted damages and claimable costs. The matter has been referred to the UK court of arbitration. Although the Company and their lawyers expect a favorable outcome, there is, given the fact that the arbitration is in its initial phase, uncertainty associated with these matters. OCL management considered the views of their external lawyer who stated that even if the associate would be successful in arbitration, enforcing rights against the Foundation will be time consuming and complex process. At 31 December 2016, OCL has valued its interest in the associate at nil and carries a USD 12.7 million liability for expected costs including legal fees.

26.1.6 ICC Arbitration between Maintenance Enterprises, Inc. and Orascom E&C USA Inc., ICC No. 22099/ZF:

On July 8, 2016, MEI filed a Request for Arbitration against OEC with the International Court of Arbitration, International Chamber of Commerce ("ICC"). MEI was a subcontractor to OEC for the construction and erection works of the Upstream Plant at the Iowa fertilizer project. In its Request for Arbitration, MEI seeks recovery of outstanding applications for payment of around USD 12.6 million plus interest. On September 6, 2016, OEC filed its Objection to Jurisdiction, Answer and Counterclaim. OEC denies it had any obligation to pay MEI the amount set forth in the Request for Arbitration on the basis that MEI had performed defective work and/or had not completed its work. OEC alleges that it suffered significant loss and damage as a result of MEI's failure to perform its contractual obligations. OEC demands payment by MEI of around USD 12.9 million. Next hearing is expected to be held in September 2017.

27. Operating lease commitments

The Group leases a number of office space, computers, machinery and cars under operating leases. The leases typically run for a period of 10 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

i. Future minimum lease payments

$ millions	31 December 2016	31 December 2015
Less than one year	7.8	9.1
Between one and five years	6.6	3.3
More than five years	6.8	0.2
Total	**21.2**	**12.5**

ii. Amount recognized in profit or loss

$ millions	31 December 2016	31 December 2015
Rent	19.2	17.0
Vehicles	14.8	11.3
Machinery and equipment	37.9	27.8
Total	**71.9**	**56.1**

28. Related party transactions

The following is a list of significant related party transactions and outstanding amounts

Related party	Relation	Revenue transactions during the period	AR and loan outstanding at period end	Purchases transactions during the period	AP outstanding at period end
Medrail	Equity accounted investee	-	5.2	-	-
OCI Beaumont	Related via Key Management personnel	4.9	-	-	-
Iowa fertilizer Company	Related via Key Management personnel	269.5	11.2	-	6.2
Natgasoline	Related via Key Management personnel	552.2	132.3	-	-
Orasqualia for the Development of the Wastewater Treatment Plant	Equity accounted investee	-	2.6	-	-
OCI N.V.	Related via Key Management personnel	-	-	-	12.3
Other		-	25.2	-	13.3
Total as at 31 December 2015		**826.6**	**176.5**	**-**	**31.8**

Related party	Relation	Revenue transactions during the period	AR and loan outstanding at period end	Purchases transactions during the period	AP and advances outstanding at period end
Medrail	Equity accounted investee	-	5.5	-	-
Iowa fertilizer Company	Related via Key Management personnel	218.2	0.8	-	5.8
Natgasoline	Related via Key Management personnel	441.9	20.1	-	-
OCI N.V.	Related via Key Management personnel	-	0.1	-	12.2
OCI SAE “fertilizer”	Related via Key Management personnel	-	11.5	-	-
Other		-	3.8	-	0.8
Total as at 31 December 2016		**660.1**	**41.8**	**-**	**18.8**

In addition to the related party transactions in the table above, the company incurs certain operating expenses for immaterial amounts in relation to services provided by related parties.

28.1 Demerger of Construction and Engineering business

28.1.1 General

The demerger from OCI N.V. was completed successfully in March 2015, with the listing of shares on Nasdaq Dubai as of 9 March 2015 and a secondary listing on the Egyptian Exchange as of 11 March 2015.

After the demerger, OCI N.V. and OCL each operate as separately listed companies. There are no cross-directorships, other than Salman Butt, who is Chief Financial Officer of OCI N.V. and non-executive director of OCL and Jérôme Guiraud who is a non-executive director in both. The senior management teams of OCI N.V. and OCL are different and all agreements between the two companies are executed based on agreed terms.

OCL and OCI N.V. are party to continuing commercial arrangements. The existing commercial arrangements were entered into on agreed terms and are not materially different from the terms on which OCL has contracted with other customers. The most relevent are listed below:

28.1.2 Shared services agreement

On 5 February 2015, OCI N.V. and OCL entered into a shared services agreement whereby each of the parties has agreed to supply certain transitional services to the other. These services include: the provision by OCI N.V. to OCL of accounting and consolidation, and any general corporate support services as required and the provision by OCL to OCI N.V. of accounting, treasury, information technology, administration, corporate human resources, and office space services. It is expected that the services will be provided for a transitional period of up to 10 to 18 months, following which each of the parties will make their own arrangements for the provision of these services. The consideration payable for the services are on a cost-plus basis.

28.1.3 Conditional sale agreement

On 5 February 2015, OC IHC 4 B.V. (a subsidiary of OCL) and OCI MENA B.V. (a subsidiary of OCI N.V.) entered into an Agreement for the Conditional Sale and Purchase of the Share Capital of Construction Egypt. Under the Conditional Sale Agreement, OCI MENA B.V. has agreed to sell to OC IHC 4 B.V. all of the shares it will receive as a result of the Egypt Demerger. These shares (the Construction Egypt Shares) will be shares in an Egyptian joint stock company (Construction Egypt) which, as a result of the Egypt Demerger, will hold the construction projects and construction business of Orascom Construction Industries S.A.E in the Middle East and North Africa which, in order to comply with local law and regulation, cannot be transferred to OCL prior to completion of the Demerger. The transfer of the Construction Egypt Shares will be conditional on the completion of the Egypt Demerger, the approval of Egyptian Financial Supervisory Authority (“EFSA”) regarding the issue of the Construction Egypt shares to OCI MENA B.V. and incorporation of Construction Egypt. In addition, OCI MENA B.V. commits to appoint management personnel in the construction operations, such personnel to be nominated by OC IHC 4 B.V.; to appoint accounting personnel responsible for the preparation of the carve out financials of the construction operations, such personnel to be nominated by OC IHC 4 B.V., and to vote on the board of directors of Orascom Construction Industries S.A.E. in matters related to the construction operations based on the recommendation of OC IHC 4 B.V. The Conditional Sale Agreement also provides for the economic benefits/liabilities of the Construction Egypt Shares including the underlying Relevant Construction Projects (together with the right to any dividends) to pass from OCI MENA B.V. to OC IHC 4 B.V. with effect from the date of the Conditional Sale Agreement as if such shares had been in existence since 30 September 2014. This transfer of economic benefit will remain in force until the earlier of completion of the Egypt Demerger and transfer of the Construction Egypt Shares to the Company and completion of all of the Relevant Construction Projects, while any new awards are sought through wholly-owned subsidiaries of OCL.

28.1.4 Tax indemnity agreement

On 6 February 2015, OCL and Orascom Construction Industries S.A.E. (a subsidiary of OCI N.V.) entered into a tax indemnity agreement which sets out the obligations of the parties in respect of the tax claim lodged by the tax authorities in Egypt relating to the sale of the Orascom Construction Industries S.A.E.’s cement business to Lafarge SA in 2007. The parties have agreed that, to the extent that any liability is incurred by Orascom Construction Industries S.A.E. in relation to the Tax Claim (including the costs of dealing with the Tax Claim), this will be shared between the parties on a 50%/50% basis. In addition, to the extent that any recoveries, including interests, are made in relation to the Tax Claim, these will be shared between the parties on a 50%/50% basis (excluding the amount of EGP 2.5 billion for which it was announced that the rights will be transferred to Tahya Misr social fund in Egypt).

28.1.5 Construction contracts

A commercial relationship between OCI N.V. and OCL will remain on-going in respect of the construction of two projects for the fertilizer business on agreed terms. Orascom E&C USA (subsidiary of OCL) is:

- party to an Engineering, Procurement and Construction (EPC) contract in respect of the Iowa Fertilizer Company (IFCo), a 2 million metric ton per annum (mmtpa) fertilizer and industrial chemicals greenfield plant under construction for OCI N.V. in Iowa, USA. Under the terms of the EPC contract, the new plant will utilize proven state-of-the-art production process technologies to produce between 1.5-2 million metric tons per year of ammonia, urea, urea ammonium nitrate (UAN) as well as diesel exhaust fluid (DEF), an environmentally friendly fuel additive; and
- party to an EPC contract for the construction of a methanol plant at Beaumont, Texas, USA for Natgasoline LLC. The plant is expected to have a capacity of up to 5,000 metric tons per day (tpd), equivalent to approximately 1.75 million metric tons per annum (mtpa).

As part of the demerger of the Orascom Construction Group, OCI N.V. and Orascom Holding Cooperatief U.A., a company that is part of OCL, entered into a letter agreement in relation to the construction contracts entered into between companies within the fertiliser business of OCI N.V. (Fertilizer Business) and companies within the construction business of OCI N.V. (Construction Business). The agreement provides that if the Construction Business incurs costs, expenses or liabilities under the Contracts or for other works and services performed or to be performed for the Fertilizer Business, which are not otherwise reimbursable to the Construction Business under the terms of the Contracts and which exceed the amounts that will, in aggregate, have been and will be payable to the Construction Business under all of the Contracts (the excess being referred to as the Aggregate Group Shortfall), OCI N.V. will pay an amount equal to the Aggregate Group Shortfall. The amount payable by OCI N.V. to the Construction Business under the agreement is capped at USD 150 million. This amount has been paid by OCI N.V. in the third quarter of 2015.

On 25 November 2016, OCI N.V. and Orascom E&C USA, the EPC contractor of Iowa Fertilizer Company LLC (“IFCo”) have signed a settlement and acceleration agreement. The agreement is to address outstanding claims between IFCo and Orascom E&C USA, and provide for additional consideration of up to USD 200 million to ensure commercial operations in the second half of 2017. USD 170 million has been paid before 2016 year end. 97% of 2016 (2015: 100%) of aggregated losses in the US segment is attributable to the combined result of the projects under execution for the related party, OCI NV.

28.2 OCI Foundation and Sawiris Foundation

The OCI Foundation invests company resources in educational programs that improve the communities in which the company operates. OCI has cultivated strong ties with several leading universities, including the University of Chicago (Onsi Sawiris Scholars Exchange Program), Stanford (The American Middle Eastern Network Dialogue) and Yale (Master of Advanced Management program and Global Network for Advanced Management program).

Furthermore, the Sawiris Foundation for Social Development also provides grants to fund projects implemented by charitable organizations, educational institutions, local government and private business.

29. Remuneration of the Board of Directors (Key management personnel)

During the year ended 31 December 2016, we considered the members of the Board of Directors (Executive and Non-executive) and the senior management of OCL and most important subsidiaries to be the key management personnel as defined in IAS 24 'Related parties'.

The total remuneration of the key-management personnel amounts for the year ended 31 December 2016 to an amount of USD 10.0 million.

30. List of principal subsidiaries, associates and joint ventures

Companies	Country	Percentage of interest	Consolidation method
Cementech Limited	BVI	100.00	Full
Orascom Construction Industries Algeria Spa	Algeria	99.90	Full
IMAGRO Construction SRL	Italy	49.90	Full
BESIX Group SA	Belgium	50.00	Equity
Aluminium & Light Industries Co Ltd	Egypt	100.00	Full
OCI Construction Limited	Cyprus	100.00	Full
Orascom Construction	Egypt	100.00	Full
Orascom Road Construction	Egypt	99.98	Full
Orasqualia for the Development of the Wastewater Treatment Plant	Egypt	50.00	Equity
National Steel Fabrication	Egypt	99.90	Full
Suez Industrial Development Company	Egypt	60.50	Full
Orascom Saudi Company	Kingdom of Saudi Arabia	60.00	Full
Contrack International Inc	USA	100.00	Full
Orascom E&C USA	USA	100.00	Full
Orascom Construction USA Inc	USA	100.00	Full
Orascom Investments	Netherlands	100.00	Full
The Weitz Group LLC	USA	100.00	Full
Orascom for Solar Energy	Egypt	60.00	Full
Orascom for Wind Energy	Egypt	100.00	Full

Furthermore, OCL has various holding companies in the Netherlands and the countries it operates in.

Dubai, UAE, 26 April 2017

The Orascom Construction Limited Board of Directors,

Jérôme Guiraud	Chairman
Osama Bishai	Chief Executive Officer
Arif Naqvi	Member
Salman Butt	Member
Sami Haddad	Member
Khaled Bichara	Member
Azmi Mikati	Member

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