ORASCOM
CONSTRUCTION

ANNUAL REPORT 2018

Marsa Matrouh Desalination Plant, Egypt

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INTRODUCTION

New Assiut Barrage - 32 MW, Egypt

AT A GLANCE

65+
Years of contracting experience

87K+
Employees

3.0 USD BN
Revenues for FY 2018

10
Countries where Orascom is currently executing projects

7.0 USD BN
Pro forma backlog as of FY 2018

4.3 USD BN
Pro forma new awards FY 2018

Ain El Kebira Cement Plant, Algeria

Orascom Construction PLC is a leading global engineering and construction contractor with operations covering the infrastructure, industrial and commercial sectors, and a footprint primarily spanning the Middle East, Africa and the United States.

With roots extending back to 1950, Orascom Construction PLC (Orascom or "the Group") has built a reputation for excellence in its markets, growing from a local contractor headquartered in Upper Egypt into a leading global engineering and construction group. Orascom's operations focus on infrastructure, industrial and high-end commercial projects in the MENA region and the United States (US). In the MENA region the Group operates through Orascom Construction, while in the US the Group operates through its two operational subsidiaries Contrack Watts and The Weitz Company, which were consolidated under the same management in 2018.

Orascom also owns a 50% stake in the BESIX Group based in Belgium, maintains a portfolio of subsidiaries and affiliates operating in industries adjacent to construction, and has investments in infrastructure and concession projects.

Dual-listed on NASDAQ Dubai and the EGX, Orascom held a total pro forma backlog of USD 7.0 billion as at 31 December 2018.

Orascom Construction PLC operates through its MENA-based entity Orascom Construction and its two US-based operational subsidiaries Contrack Watts and The Weitz Company, while also owning a 50% stake in the Belgium-based BESIX Group.

NOTE FROM THE CEO

Osama Bishai
Chief Executive Officer

> We are also very pleased with the progress of our large infrastructure work in Egypt, which encompasses all major segments of the construction industry, from large-scale work in power, water and transportation to high-profile developments in the nation's New Administrative Capital.

Dear shareholders and partners,

This year marks a number of significant milestones that highlight our performance across our key markets.

In Egypt, we handed over two of the largest power plants in the world in record time, started operation of a large water desalination plant in Egypt ahead of schedule while signing several new water projects, and successfully crossed the tunnel boring machine across the Suez Canal as we advance on this landmark tunneling project.

Similarly, in the US, we received final acceptance for Natgasoline, the largest methanol production facility in the world, and the new 330-room convention center hotel in downtown Des Moines. We are also pleased that Weitz won the prestigious Build America award for its innovative work at Park West, the largest student housing complex in the US located at Texas A&M University.

Throughout the year, we remained focused on operational excellence and project controls across our markets, and have successfully executed on our strategy of targeting quality projects in Egypt and the US while diversifying into key areas in the Middle East and Africa in which we enjoy competitive advantages.

We are also very pleased with the progress of our large infrastructure work in Egypt, which encompasses all major segments of the construction industry, from large-scale work in power, water and transportation to high-profile developments in the nation's New Administrative Capital.

Furthermore, we continued to build a presence in the water sector on par with that which we achieved in power. We identified the importance of the water sector ahead of time and strategically positioned ourselves as a leading player in this segment across the full spectrum, from desalination to wastewater treatment to water infrastructure. The Group is currently executing as an EPC and O&M contractor on wastewater treatment and water desalination plants with a total capacity of approximately 2 million m^3/day and 500,000 m^3/day, respectively. In addition, we leveraged our track record and experience to take our water business beyond Egypt as we are well positioned for a wastewater treatment plant in Saudi Arabia.

We have also been selectively pursuing quality projects in the region, particularly in sectors in which we have competitive advantages. In March, we signed a contract to expand Fujairah International Airport in the UAE, building on a track record that includes more than 30 airport projects in the Middle East. Furthermore, we signed in December a contract to build two hydropower plants in Burundi, funded by the World Bank. This foreign-funded project is emblematic of our successful effort to target specific work in our areas of expertise and highlights our strategy of pursuing projects with secured financing.

65+
YEARS OF CONTRACTING EXPERIENCE

Ras Ghareb Wind Farm, Egypt

Complementing our EPC activities, construction of the 250 MW Build-Own-Operate (BOO) wind farm in Ras Ghareb, Egypt is ahead of schedule, and we are confident that the project will be commissioned by the fourth quarter of 2019. Once complete, the wind farm will be operational for 20 years and will be the first of its kind and size in Egypt. As both the contractor for and a 20%-owner of this project, we are on track to maximize returns on our investment. In addition, we are currently taking the steps necessary to develop a 500 MW wind farm in Egypt with the same French and Japanese partners and are exploring similar opportunities to both build and invest in infrastructure projects.

In the US, while our individual subsidiaries will continue to operate commercially under their unique brands, we are pleased with the progress of our efforts to integrate our full US businesses under one management team and of our restructuring measures to strengthen our operations. We are also enjoying an attractive pipeline of new opportunities and are already seeing positive results from the focused business development activities in existing and new markets. It is also worth noting that pre-construction work is already underway for a 72 MW data center in Des Moines, Iowa, positioning us well for future opportunities in this growing sector. Construction on this project is expected to start in April 2019.

KIMA Fertilizer Project, Egypt

We are also very pleased with the performance of BESIX Group, of which we own 50%. BESIX again delivered strong recurring results while expanding its backlog to its highest level in recent record. Throughout the year, BESIX signed marine, infrastructure and commercial work in its traditional European and Middle Eastern strongholds while expanding its presence in Africa with the construction of a hydroelectric power plant in Cameroon and of Africa's tallest building in Morocco. Furthermore, BESIX completed its acquisition of Watpac in Australia this year, adding another EUR 1 billion to its backlog, and generated additional returns through the divestment of its car park business in Europe.

Financials

We ended the year with a healthy consolidated backlog level of USD 4.3 billion and new awards of USD 2.3 billion made up of quality, diversified projects. Including our 50% share in BESIX, pro forma backlog stood at USD 7.0 billion.

Our FY 2018 results highlight a similarly steady performance throughout the year. The Group reported EBITDA of USD 207.1 million and a consolidated EBITDA margin of 6.9% for the year ended 31 December 2018, while net income attributable to shareholders increased 84.3% to USD 144.7 million.

These figures include a one-off USD 40.0 million provision related to a legal case with a subcontractor at the Iowa Fertilizer project in the US, which we booked in Q3 2018. Excluding this, EBITDA would have increased 16% y-o-y to USD 247.1 million and net income 135.3% y-o-y to USD 184.7 million in FY 2018.

The MENA region continued to deliver strong results, reporting EBITDA of USD 239.6 million and an EBITDA margin of 11.8% in FY 2018. While we recorded provisions throughout the year in our US business, we ended Q4 2018 with a positive outcome: We are now targeting 2019 as our first full year of profitability in the US.

BESIX contributed USD 54.7 million to our net income in FY 2018, in-line with the level in FY 2017. We also received total dividends of approximately EUR 37.5 million in 2018. We expect BESIX to continue to deliver strong results and sign key new projects in the years to come.

We also have taken tangible measures to decrease our foreign currency overdrafts in Egypt, reducing them by 47.4% y-o-y as of 31 December 2018, while continuing to aggressively monitor our cash flow and receivables in Egypt.

Dividend

I am very pleased to note that we distributed in July 2018 our first dividend to shareholders since our demerger and dual listing in March 2015. We are committed to creating long-term value for our shareholders and will proceed with our second dividend distribution during Q3 2019.

Health, Safety and Environment

We continue to maintain our focus on the highest level of quality, health, safety and environmental standards. These principles are at the forefront of our strategy and execution across the organization as we strive to make a positive impact on the communities in which we operate. Such focus allowed us to achieve over 90 million man-hours without lost time injury (LTI) on the Burullus and New Capital power plants combined, an accomplishment we are particularly proud of.

Looking Ahead

We are proud to have exceeded the targets that we set at the beginning of the year. We will continue to focus on delivering the highest quality of complex projects under extreme timelines while emphasizing the importance of health, safety and environmental dimensions across all of our work. We believe that 2018 highlights the company's strong fundamentals and speaks to the effectiveness of its strategy going forward. In sum, I look forward reporting to you 12 months from now on another year of operational and financial achievements driven by the combined effort of our talented people.

Osama Bishai
Chief Executive Officer

HIGHLIGHTS OF 2018

In 2018, Orascom Construction PLC strengthened its position as a leading EPC contractor in the MENA region's infrastructure sector, and successfully extracted favorable synergies from the consolidation of its US businesses under one management

Strengthened Presence in Water Infrastructure Projects

Building on its reputation for operational excellence in power generation, the Group identified the importance of the water sector and successfully positioned itself as a contractor of choice in the segment. Orascom is executing strategic water sector projects across the region, including desalination, wastewater treatment and water infrastructure projects; establishing itself as a leader in the sector.

Seawater Desalination

The Group is currently executing works as an EPC and O&M contractor on plants with a total capacity of 500,000 m³/day. Orascom Construction is jointly developing with Metito two seawater desalination plants each with a capacity of 150,000 m³/day, including the El Galalah Seawater Desalination Plant, currently under commissioning, as well as the East Port Said Seawater Desalination Plant which encompasses design, supply, installation, commissioning, and startup, with rights to operate and maintain the facility for one year. Additionally, Orascom Construction continues its work on the Marsa Matrouh Seawater Desalination Plant.

Wastewater Treatment

Orascom Construction is also a leader in the wastewater treatment segment, with several projects currently being executed totaling 2 million m³/day in capacity. In May 2018, a joint venture between Aqualia and Orascom Construction began EPC works on the Abu Rawash Wastewater Treatment Plant with a total capacity of 1.6 million m³/day. The Group was also awarded by NUCA the Al Alamein Wastewater Treatment Plant with a capacity of 90,000 m³ per day.

El Galalah Seawater Desalination Plant, Egypt

Water Infrastructure

In Egypt, 2018 saw Orascom Construction successfully complete works on the New Assiut Barrage and Hydropower, delivering a new barrage across the Nile River with navigation locks, sluiceway bays and a 32 MW powerhouse. The Group is also executing key water infrastructure projects ranging from pipelines to pumping stations.

Continued Success in Egypt's Power Sector

Orascom Construction continues to build on its success in the power sector. The New Capital and Burullus Power Plants were completed in record timing, setting a new benchmark for the execution of fast-track power projects. Each of these power plants will be the largest combined-cycle power plant in the world, with a capacity of 4,800 MW. This follows the Group's achievements on the initial emergency power program that saw OC complete two simple-cycle power plants with a combined capacity of 1,500 MW in under eight months, followed by their conversion into combined cycle.

Over the past three years, the Group has added 12,000 MW to Egypt's national grid as an EPC contractor.

Regional Projects

The Group has successfully leveraged its track record and expertise to pursue quality projects outside of Egypt. Key projects in 2018 include the expansion of Fujairah International Airport in the UAE in Q1 2018 and two hydropower plants in Burundi with a capacity of 54 MW.

Abu Rawash Wastewater Treatment Plant, Egypt

US Business Consolidation

At the Group's US operations, management has taken the strategic decision to consolidate its businesses there under one management and has implemented the necessary organizational restructuring to help streamline and strengthen its operation. The decision will help build a leaner and more profitable organization that can extract favorable cost and revenue synergies, while simultaneously augmenting the Group's ability to target quality projects and expand on its core strengths.

The individual subsidiaries, namely The Weitz Company and Contrack Watts, will continue to operate commercially under their unique brands, however, their resources will be pooled and their strategies more aligned from business development perspective. The new consolidated entity will combine The Weitz Company's over 150 years of industry experience in executing commercial, industrial and infrastructure projects with Contrack Watts' experience in US federal infrastructure projects and its facilities operation and maintenance services.

Orascom Construction USA's consolidated position leaves it with a footprint spanning the US and the Pacific Rim as well as US federal projects in the Middle East with a combined backlog of aproximately USD 1.0 billion.

P-993 Transit Protection System Forward Operating Location – Port Angeles, Washington

Ras Ghareb Wind Farm Concession

In 2018, the Group continued to make progress on construction of the 250 MW Build-Own-Operate (BOO) wind farm in Ras Ghareb, Egypt. As the contractor and 20% equity holder in the project, the Group is able to build its backlog of construction projects revenues, while simultaneously developing an asset that generates recurring cash flow and adds incremental value upon project completion. This falls directly in line with Orascom's growth strategy and continued focus on growing a sustainable business alongside its core EPC operations to deliver long-term value to shareholders.

The Ras Ghareb Wind Farm is being executed by a consortium between Orascom Construction PLC, France's Engie and Japan's Toyota Tsusho. The first renewable energy project of its kind and size in Egypt, the c.USD 400 million BOO project has a 20-year Power Purchase Agreement with the Egyptian Electricity Transmission Company. OC is constructing the wind farm, set for commissioning in Q4 2019, after which the consortium will operate and maintain the farm for 20 years.

This ongoing project, however, is set to be eclipsed by an even larger BOO agreement for a second wind farm in Ras Ghareb with a 500 MW generation capacity. The Group has commenced development studies on this new project with the same consortium, firmly cementing Orascom's strong position in the renewable energy sector.

Ras Ghareb Wind Farm, Egypt

GROUP OVERVIEW

Over six decades of operations and experience in the construction industry have seen Orascom Construction PLC evolve from a family-owned local contractor to an industry leader with a wide global footprint.

New Alamein Towers, Egypt

OUR HISTORY

Sharm El Sheikh Road, Egypt

1950-1985

- **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.

1998-1999

- **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.

2002-2008

- **2002:** OCI S.A.E. announces the 50-50 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.
- **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.A.E's fertilizer investments.

2010-2015

- **2010:** Founded Orascom Saudi Limited (OSL), targeting infrastructure and industrial projects in the Kingdom of Saudi Arabia.
- **2012:** OCI S.A.E. acquires The Weitz Company 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.

2016-2017

- **2016:** The Group sets the global benchmark for fast-tracked execution of power projects.
- Recorded the Group's first post-demerger profit.
- **2017:** OCL builds on its strategy of expanding in the concession business and enters into an agreement to develop a 250 MW wind farm in Ras Ghareb, Egypt.
- OCL strengthens its position in Egypt's water treatment sector and begins delivering works on the country's largest wastewater treatment plant in Abu Rawash executed over one phase, which will serve 6 million people when complete, as well as two new water desalination plants.

2018

- **2018**: Orascom Construction PLC* consolidates its position in the US market with the integration of its two US-based operational subsidiaries, The Weitz Company and Contrack Watts, under one management.
- Final acceptance received for Natgasoline project in Beaumont, Texas, the world's largest methanol production facility on a nameplate capacity basis.
- Orascom reinforces its position as an integral player in the development of Egypt's infrastructure by inaugurating ahead of schedule two of the largest power plants in the world, each with a generation capacity of 4,800 MW.
- The Group starts executing key projects in the water sector and in new cities such as the New Administrative Capital and Al Alamein.

* Orascom Construction Limited's name was changed to Orascom Construction PLC in accordance with Regulation 10.5.1 of the DIFC Companies Regulations (which came into force on 12 November 2018) and automatically converted the Group from a company limited by shares to a public company limited by shares.

OUR STRATEGY

Orascom Construction PLC's strategy is anchored by four primary pillars of strengthening its market leadership, leveraging strategic partnerships, pursuing accretive investment opportunities and a continuing commitment to excellence as it seeks to maximize shareholder value.

Strengthen Market Leadership

A key goal for Orascom is to solidify its market position both as an EPC contractor in existing markets and through continued expansion into new geographies with strong fundamentals. In its core MENA and US markets, the Group aims to strengthen its activities in key infrastructure and industrial sectors, prudently selecting and pursuing well-funded projects in which its holds a competitive edge. Orascom leverage its track record in securing financing across various industries to capitalize on EPC and finance projects.

On the geographic front, Orascom continues to focus on core MENA markets, characterized by young, growing populations and a need for infrastructure and industrial investments, such as Egypt and Iraq. Meanwhile, the Group has integrated its US operations to create a leaner organization with improved profitability, competitiveness and efficiency.

Leverage Strategic Partnerships

Orascom works to establish and build strategic partnerships, including with repeat clients and industry leaders, to complement and expand current capabilities. Such relationships and joint ventures have allowed the Group to contribute to some of the largest construction projects in the MENA region, while strengthening relationships with repeat clients helps in building a pipeline of new projects and awards.

Pursue Accretive Investment Opportunities

The Group maintains a solid track record of investing in accretive opportunities where it acts as project contractor, owner and operator, generating construction revenue during the contracting phase followed by recurring cash flow once projects are operational. Previous successes include ventures in the cement, ports, fertilizers and water industries, where the Group's experience allows it to identify and pursue new opportunities. Orascom's latest investment include a wastewater treatment plant in operation and a 250 MW wind farm under construction.

Commitment to Excellence

The Group's strategy is grounded in a deep commitment to excellence and fueled by an entrepreneurial drive to grow our businesses. Orascom firmly believes that the integration of a commitment to quality, safety, the environment and ethical business practices into every aspect of its business model is key to its success. Orascom is also effectively engaged in corporate social responsibility in the communities in which it operates.

Grand Egyptian Museum, Egypt

Delivering Shareholder Value

Orascom's adherence to its strategic pillars allows the Group to continue delivering value to its shareholders, a commitment it has honored since its establishment in the 1950s. Orascom's operational success as a leading private sector contractor and incubator of new businesses is driven by the Group's entrepreneurial principles. Our founding shareholders and current management continue to embody this commitment as they guide the Group into the next phase of its sustainable growth trajectory.

OUR FOOTPRINT

Through its two main subsidiaries and a 50% stake in the BESIX Group, Orascom Construction PLC maintains EPC operations across the globe and is consistently ranked among the world's top global contactors.

Orascom Construction	61.4%
BESIX	38.6%
Total	**100.0%**

Egypt	41.3%
UAE	10.6%
KSA	1.8%
Other MENA	2.6%
Europe	16.9%
US	13.9%
Africa	8.5%
Australia	1.0%
Other	3.4%
Total	**100.0%**

* This map depicts main countries of operation. Breakdown of backlog figures is based on Orascom Construction PLC's pro forma backlog which includes the Group's 50% stake in BESIX. On the Group's statutory financial statements, BESIX is accounted under the equity method.

OUR BRANDS

The Group operates through its MENA-based entity Orascom Construction and its two US-based operational subsidiaries, Contrack Watts and The Weitz Company. These core brands companies are supported by a 50% stake in the Belgium-based BESIX Group

New Cabinet Building at the New Administrative Capital , Egypt

100% Ownership

ORASCOM CONSTRUCTION

Core Markets:
Egypt, Algeria, UAE, Saudi Arabia and Africa

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

50% Ownership

BESIX

Core Markets:
Europe and MENA

Expertise:
Infrastructure, marine and high-end commercial projects

100% Ownership

ORASCOM CONSTRUCTION | USA

CONTRACK WATTS

WEITZ

Core Markets:
US and MENA

Expertise:
Infrastructure, including EPC services and facilities maintenance for federal projects, as well as commercial, industrial and plant services projects. Registered in all states and in Washington D.C.

Orascom Construction is a leading EPC contractor in the Middle East and Africa region that executes large, complex infrastructure, industrial and commercial projects.

Orascom Construction (OC) enjoys over six decades of industry experience and boasts a reputation for on-time and to-spec delivery of quality work. The company is regarded by both public and private sector clients as the top turn-key contractor for large-scale infrastructure, industrial and commercial projects in the Middle East and Africa region. OC holds an impeccable health and safety record thanks to strict adherence to international standards.

Orascom Construction commands a strong market position in Egypt's infrastructure sector, with flagship power projects totaling over 23,000 MW of installed capacities, including the two largest natural gas-fired combined-cycle power plants worldwide. The company is also heavily involved in the country's transport and logistical infrastructure development plan, executing key projects such as the Port Said Tunnels, a key component of the Suez Canal region's development; and several phases of Cairo's Metro Line III and significant portions of the country's road development program.

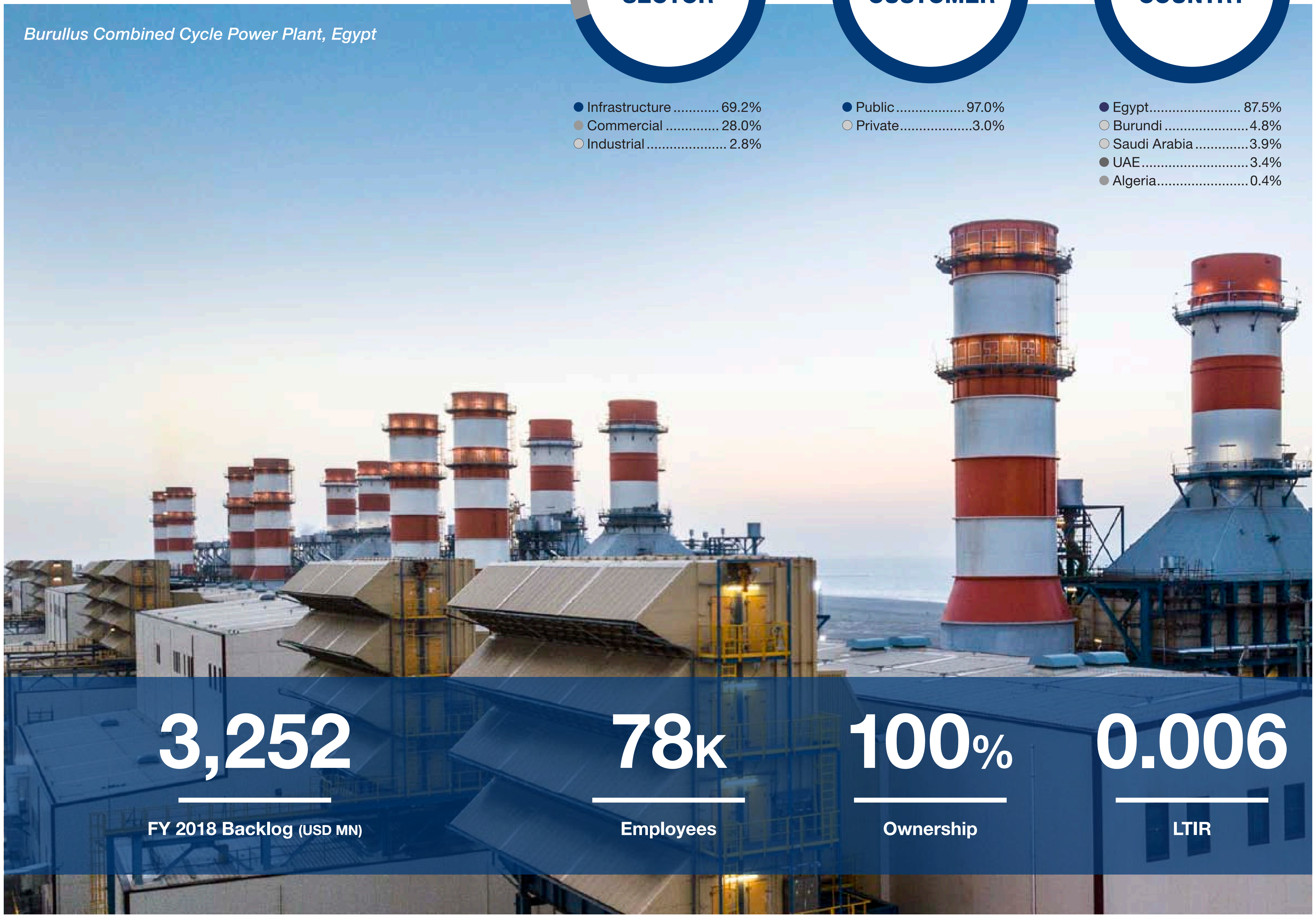
OC has been a leading player in the water sector, leveraging its reputation as a capable EPC contractor and industry experience to secure several awards, including water desalination and wastewater treatment projects in Egypt. Key projects include two desalination projects by the Red Sea, namely the El Galalah Seawater Desalination Plant and the East Port Said Seawater Plant each with a capacity of 150,000 m³ per day. OC is also undertaking several wastewater treatment projects, including the Abu Rawash Wastewater Treatment Plant and the Al Alamein Wastewater Treatment Plant. In 2018, the company successfully completed works on the New Assiut Barrage and Hydropower Plant which included a new barrage across the Nile River consisting of navigation locks, sluiceway bays and a 32 MW powerhouse.

OC is also involved in several key projects in the region, including the expansion of Fujairah International Airport in the UAE and infrastructure and industrial projects in Algeria.

- Infrastructure 69.2%
- Commercial 28.0%
- Industrial 2.8%

- Public 97.0%
- Private 3.0%

- Egypt 87.5%
- Burundi 4.8%
- Saudi Arabia 3.9%
- UAE 3.4%
- Algeria 0.4%



Burullus Combined Cycle Power Plant, Egypt

3,252	**78K**	**100%**	**0.006**
FY 2018 Backlog (USD MN)	Employees	Ownership	LTIR

ORASCOM CONSTRUCTION USA

Orascom Construction USA was established through the integration of Orascom's US operational subsidiaries, namely Contrack Watts, The Weitz Company and Orascom Engineering & Construction USA, bringing together under one management over 150 years of industry and US government experience.

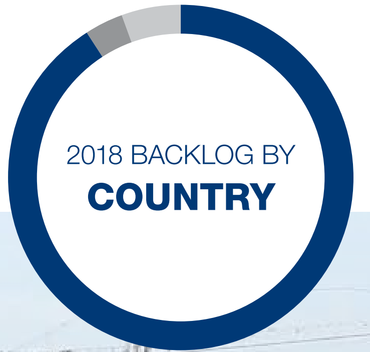
Orascom Construction USA was founded in 2018 following management's decision to integrate the Group's operations in the US under one management structure to create a leaner and more profitable organization that focuses on the Group's core strengths in the US market. The company has offices in McLean, Virginia and in Des Moines, Iowa with over two thousand employees and a combined backlog of USD 1.0 billion.

The new structure combines The Weitz Company's over 150 years of industry experience executing commercial, industrial, infrastructure and plant services construction projects across the US with Contrack Watts' position as a provider of engineering, procurement and construction services and facilities operation and maintenance. mainly for US federal infrastructure projects. Orascom Construction USA's footprint spans the US and Pacific Rim, as well as US federal projects in the Middle East.

Key projects include mixed-use commercial projects such as The Fifth Tower and Hilton Hotel in Des Moines, Iowa; the Tyson Feedmill in Humboldt, Tennessee, which is the world's second largest facility for meats processing and marketing; the Consolidated Car Rental Facility at Honolulu International Airport and a number of federal infrastructure projects in the Pacific Rim. In 2018, the company successfully delivered the Fremont Family YMCA Aquatics Center in Fremont, Nebraska, which became the largest YMCA in the US.

- Infrastructure 53.9%
- Commercial 39.7%
- Industrial 6.4%

- Public 60.8%
- Private................39.2%



- US 91.0%
- MENA..........................3.6%
- Other...........................5.4%

SOVA Apartments – Denver, Colorado

1,075	2,351	100%	0.3
FY 2018 Backlog (USD MN)	Employees	Ownership	LTIR

BESIX

The BESIX Group is one of Belgium's largest contractors, with a leading position in construction, property development and concessions markets primarily in Europe and MENA.

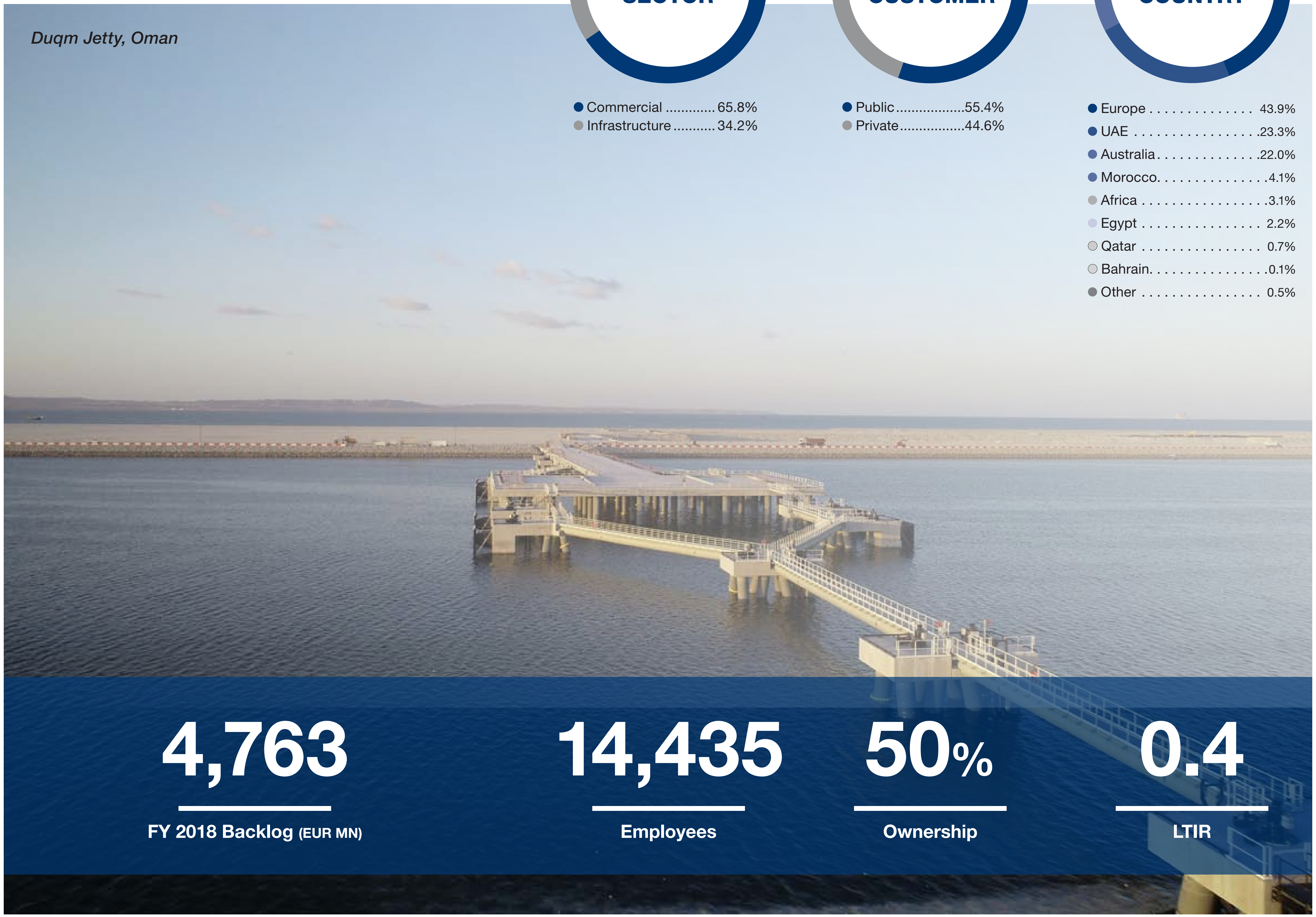
Founded in 1909, the Belgium-based BESIX Group is one of Belgium's largest contractors and a leader in the construction of high-end commercial infrastructure, marine and real estate projects. Today BESIX maintains operations in over 20 countries across Europe, including the Benelux countries, France, Australia, as well as states in the Middle East and Central and North Africa. The company also holds several concessions in PPP projects in the Middle East and Europe. As of year-end 2018, BESIX employed over 14,000 people worldwide and had a backlog of EUR 4.8 bn.

The company was acquired in 2004 by Orascom Construction PLC and BESIX management through a 50-50 leveraged buyout. Since its acquisition, Orascom has collaborated with BESIX to extract synergies and develop core construction competencies in specialty projects in the commercial and marine sectors. Key BESIX-OC consortium projects in Egypt include the Grand Egyptian Museum (the world's largest archaeological museum), Mall of Egypt (a super mall spanning 160,000 sqm) and an LNG-receiving jetty. Across BESIX's international footprint, notable projects include LEGOLAND® in Dubai, UAE, the Burj Khalifa, Yas Island in Abu Dhabi, Dubai Canal, and Maastoren Tower, the tallest building in The Netherlands.

- Commercial 65.8%
- Infrastructure 34.2%

- Public 55.4%
- Private 44.6%

- Europe 43.9%
- UAE 23.3%
- Australia 22.0%
- Morocco 4.1%
- Africa 3.1%
- Egypt 2.2%
- Qatar 0.7%
- Bahrain 0.1%
- Other 0.5%



Duqm Jetty, Oman

4,763	14,435	50%	0.4
FY 2018 Backlog (EUR MN)	Employees	Ownership	LTIR

CONSTRUCTION MATERIALS PORTFOLIO

Orascom Construction PLC holds a portfolio of construction materials and investment companies that complement the Group's core activities, including manufacturers of fabricated steel products, glass curtain walling, paints and concrete pipes as well as two facility management companies.

Orascom Construction PLC's Construction Materials & Investment Portfolio

Company	Ownership %	Employees	2018 Revenues (USD mn)
National Steel Fabrication	100%	1,610	51.5
Alico Egypt	100%	731	25.7
United Holding Company	56.5%	703	103.7
United Paints & Chemicals	56.6%	157	7.2
National Pipe Company	40%	754	16.7
SCIB Chemical	14.7%	656	51.2
Contrack FM	100%	3,261	16.5
Suez Industrial Development Company	60.5%	119	11.3
Orasqualia	50%	71	10.7
Ras Ghareb Wind Energy (Under Construction)	20%	NA	NA

Saint-Goban Gyproc (UHC subsidiary), Egypt

Construction Material Portfolio

United Holding Company (UHC)

UHC maintains a 50% stake in a conglomerate of companies manufacturing premium and diversified building materials and construction chemicals and specializing in contracting services, including BASF Construction Chemicals Egypt (BASF), Egyptian Gypsum Company (EGC) and A-Build Egypt (A-Build), all of which were established in 2000. Operating through four plants in Egypt and one in Algeria, UHC's subsidiaries cater to Egyptian and North African markets.

BASF is one of the largest producers of specialty chemicals in the Egyptian and Algerian markets, namely admixtures and construction products. The company operates two production facilities, one in Sadat City, Egypt with a production capacity of 100,000 metric tons per shift, while the second facility in Baby Aly, Algeria has a production capacity of 20,000 metric tons per shift. The Egyptian and Algerian facilities were established in 2000 and 2006, respectively. Meanwhile, UHC subsidiary EGC is the largest producer of gypsum and its derivatives in the Egyptian market, with three facilities in Sadat City, Amereya and Ballah. The company produces over 430,000 metric tons per year and holds concessions for reserves of 150 million tons. Finally, A-Build is a market-leading specialized contractor in Egypt operating in the construction protection and repair fields. A-Build's lies in several domains, including waterproofing, lining and geomembranes, thermal insulation, concrete repair, injection and fire proofing, industrial coatings and joints sealants.

Saint-Goban Gyproc (UHC subsidiary), Egypt

National Steel Fabrication

Headquartered in Cairo, Egypt, National Steel Fabrication (NSF) is a leader in the highly diversified field of steel fabrication and erection. This wholly-owned subsidiary of Orascom Construction PLC provides services to multiple industries across Asia, Africa and Europe, including power and energy generation, oil and gas, industrial, bridges and heavy steel works. The company's highly complex product range includes steel structures, steel collector elements, plate works, pressure vessels, boilers, heat recovery steam generators, heat exchangers, piping, tanks and packaged skids. Since its establishment in 1995, NSF has developed a reputation for delivering outstanding quality that meets international standards across all of its products and services. NSF owns and operates four major facilities in Egypt and Algeria with a total combined production capacity of 120,000 tons annually.

Alico Egypt

Originally established as a joint venture between Orascom Construction PLC and Alico UAE in 1999, today Alico is a leader in the manufacture and installation of glass, aluminum and architectural metal work for building projects. Alico's facilities in Egypt have a total production capacity of 250,000 sqm, and the company provides services in core markets in Egypt and North Africa. It has also provided services for a variety of landmark projects, including the Nile City Towers complex, Heliopolis Citystars complex, San Stafano Hotel, Cairo International Airport, Borg el Arab Airport and several buildings in the Smart Village business park.

United Paints & Chemicals (UPC)

UPC owns and operates the DryMix factory located in 6th of October City, Egypt. Established in 2000, DryMix is the largest manufacturer of cement-based, ready-mixed mortars in powdered form. Core products include mortars for plaster and skim coats, putty for smoothing cementitious substrates, decorative façade renders, tile adhesives for internal and external use, colored tile grout, sealing slurries and a flooring range. The plant has a production capacity of 240,000 metric tons and circa 90 thousand colors, and its products are widely used in Egypt and North Africa's construction industry.

National Pipe Company (NPC)

NPC was founded in 1993 as an Egyptian manufacturer of precast concrete pipes and pre-stressed concrete primarily for infrastructure projects. Today the company operates two plants in Egypt with a combined annual production capacity of circa 85 kilometers of concrete piping, ranging from 700 to 3,000 millimeters. Its products are distributed to clients in Egypt and North Africa.

SCIB Chemical

Since 1981, SCIB has manufactured high quality decorative paints and industrial coatings for the construction industry. The company's two plants located in Egypt have a combined production capacity of 130,000 kiloliters of paint per year. SCIB serves clients in Egypt and North Africa.

Investment Portfolio

Contrack FM

Founded in 2004, Contrack FM is Egypt's premier provider of facility and property management services. The company provides hard and soft services for high-value facilities in the commercial, retail healthcare and hospitality support functions industry in Egypt, with plans to expand to Saudi Arabia in the near future. Services offered by Contrack FM include technical engineering, architectural and civil maintenance and asset preservation services. Other services include security, housekeeping, specialist façade cleaning and pest-control.

Suez Industrial Development Company (SIDC)

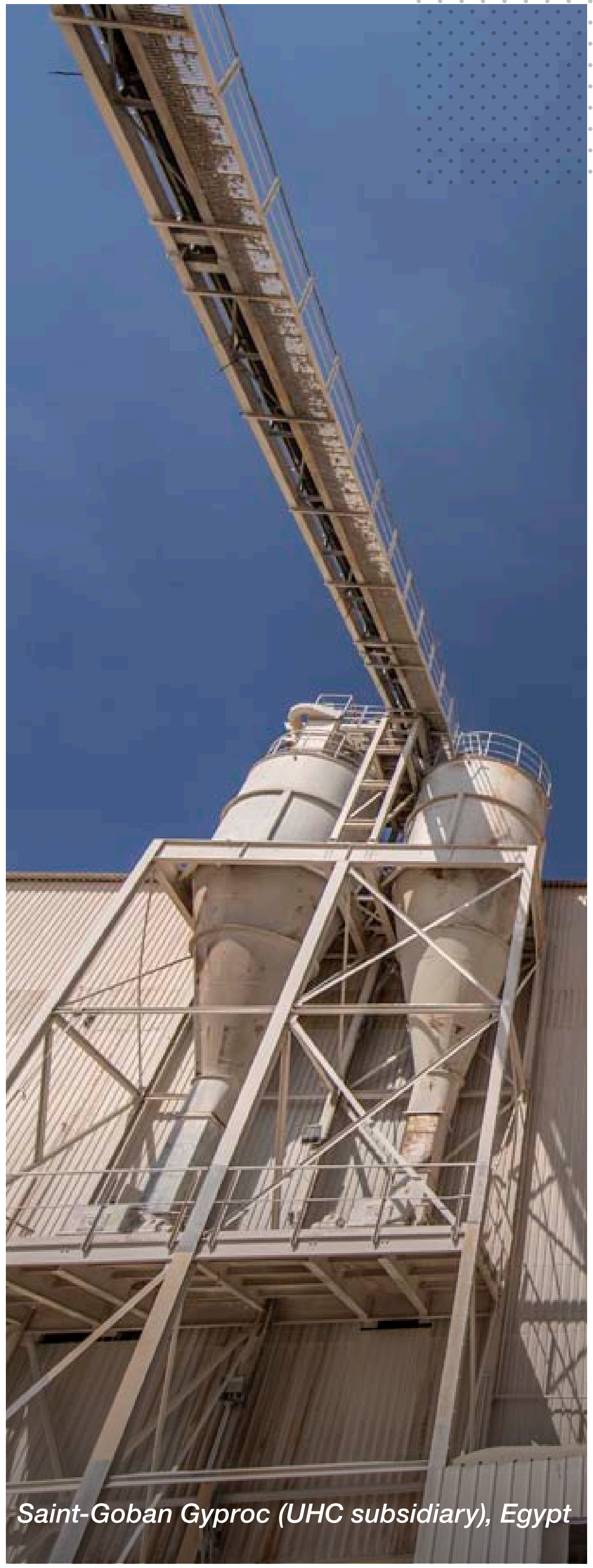
Since 1998, SIDC has been a developer, operator and utility facilitator of an 8.75 million sqm industrial park in Ain Sokhna on Egypt's Red Sea Coast. SIDC develops industrial land and provides utility services for light, medium and heavy industrial users in Ain Sokhna. The utilities network of SIDC's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

Orasqualia

Established in 2009 and set to operate until 2030, Orasqualia is a company formed between Orascom and FCC Aqualia to execute the first PPP project in Egypt. Orasqualia was awarded the concession for the construction and operation of the New Cairo Wastewater Treatment Plant, with a capacity to pump 250,000 cubic meters per day and serve 1 million people. This award established a blueprint for Egypt's PPP legislation and was named "Water Deal of the Year" by Global Water Intelligence and "PPP African Deal of the Year" by Euromoney and Project Finance Magazine in 2010. Construction works were successfully completed in 2013 and operation and maintenance works began in 2014.

Ras Ghareb Wind Energy

Orascom is co-developing a 250 MW Build-Own-Operate (BOO) wind farm in Ras Ghareb, Egypt along with French and Japanese partners. Once complete, the consortium will operate and maintain the wind farm under a 20-year power purchase agreement (PPA). Construction works by Orascom Construction are currently in progress, with commissioning expected by the second half of 2019. The project is Egypt's first renewable energy project of its type and scale.



Saint-Goban Gyproc (UHC subsidiary), Egypt

OPERATIONAL REVIEW

During 2018, Orascom Construction PLC maintained its position as a leading global construction group and an integral player in the development of Egypt's infrastructure and new cities.

El Galalah Seawater Desalination Plant - 150,000 m³/day, Egypt

MENA

Orascom Construction – Infrastructure

▲ Water Infrastructure in Egypt

A key focus for Orascom Construction in 2018 was the development of Egypt's water infrastructure assets to help secure the country's needs and ensure the provision of clean water to its millions of citizens. OC made significant progress on its existing water-related projects and on the business development front in the sector.

In 2018 Orascom Construction successfully completed works on the New Assiut Barrage and Hydropower Plant, developed under a joint venture agreement. Works included a new barrage across the Nile River consisting of navigation locks, sluiceway bays and a 32 MW powerhouse. Construction began in May 2012 and was completed in March 2018.

OC is also heavily involved in the water desalination sector, jointly developing with Metito two plants each with a capacity of 150,000 m³ per day. EPC works at the first facility, El Galalah Seawater Desalination Plant, currently under commissioning, involve the use of a reverse osmosis system. Meanwhile, works at the second turnkey facility, the East Port Said Seawater Desalination Plant, encompass design, supply, installation, commissioning, and startup, with rights to operate and maintain the facility for one year. Works started in the second quarter of 2017 and are scheduled for completion by the end of 2019.

Additionally, Orascom Construction continues its work on the Marsa Matrouh Seawater Desalination Plant. The facility will boast a capacity of 12,000 m³ per day and will use the reverse osmosis system, with OC responsible for the design and building phases.

In May 2018, a joint venture between Aqualia and Orascom Construction began engineering, procurement and construction (EPC) works on the Abu Rawash Wastewater Treatment Plant. OC's project scope includes the construction of primary and secondary treatment facilities with a total capacity of 1.6 million m³ per day. Once completed in 2021, the facility will serve 6 million people. In addition to EPC works, the joint venture will operate and maintain the facility for three years.

In September 2018, Orascom Construction began works on the New 6th of October City Treated Water Booster & Pipelines. OC's project scope includes the execution of water pipelines with diameters of 1,500 mm and 1,200 mm over an 18-month period.

OC also continues to work on the New Capital Infrastructure Project (R3, Southern Future Road and Academy Area). Our scope on the infrastructure works includes earthworks, sewage, water, irrigation and electrical networks. Works started in March 2016 and will be completed in December 2019.

A 50:50 consortium between Orascom Construction and Metito was awarded by NUCA works a contract for two water-related projects in Al Alamein City. The first project is Al Alamein Wastewater Treatment Plant, with a capacity of 90,000 m³ per day. The project was awarded in October 2018 and is scheduled for completion within 18 months. The second project is the Al Alamein Pumping Station & Force Mains. OC's scope covers the construction of main gravity lines with diameters of 1,200 mm, 1,500 mm and 1,800 mm, for a total length of 4,500 m, as well as the main pump station and a force main with a diameter of 1,000 mm and a total length of 11,500 m. Works were awarded in January 2019 and are scheduled to be completed by Q2 2020.

Water in Africa

In December 2018, Orascom Construction signed a new contract for the construction of the Jiji & Mu-luembue Hydropower Plants in Burundi. Project scope mainly includes earth works, civil works, tunneling, pipelines, 6 turbines, generators, transformers, switch-gears, road works and the operation camp. The plants are scheduled for completion in 2022.

West Damietta Power Plant, Egypt

Power Generation in Egypt

Orascom Construction is an integral player in the development of Egypt's power generation capacities and a leader in the EPC power construction market. In 2018 the company continued to strengthen this position, delivering several landmark projects and making progress on ongoing works.

In Q4 2018, a consortium of Orascom Construction and Siemens successfully delivered two of the largest combined-cycle power generation plants in the world, the Burullus and New Capital Combined-Cycle Power Plants, each with a capacity of 4,800 MW. The scope of OC's involvement included design, engineering, fabrication, delivery of materials and equipment, erection, testing, commissioning, startup, and putting each plant into service at ISO condition.

Q4 2018 also saw a consortium between Orascom Construction and General Electric finalize EPC works on the conversion of the Assiut and West Damietta Power Plants from simple-cycle to combined-cycle. Work was completed on schedule, and the combined capacity of both plants post-conversion is 2,250 MW. This achievement follows the consortium's success in 2015 at delivering both plants in their original, simple-cycle forms in record time.

Meanwhile, Orascom Construction is carrying on with civil works at the Assiut 650 MW Supercritical Steam Power Plant (aka the Walidiya Power Plant). OC's work on the project includes furnishing the entire plant, supplying technical and professional services, providing equipment and technical assistance on-site, training, and performing all operations required to design, fabricate, furnish, and enable deliveries to the site. OC is also responsible for constructing transport links to the site, as well facilities for unloading, storing, constructing, installing, testing, and startup. The scope of OC's involvement further encompasses commissioning, maintenance, and all civil, architectural, electrical and mechanical works, along with associated systems and equipment. Construction began in the third quarter of 2017 and is scheduled for completion by 2020.

At the end of 2017, a consortium between Engie, Toyota and Orascom Construction was awarded a contract to develop, construct and operate a 250 MW Wind Farm in Ras Ghareb on a Build-Own-Operate (BOO) basis. This wind farm marks the first renewable energy project of its kind and size in Egypt. Works are scheduled for completion by the end of 2019 and the consortium will operate and maintain the wind farm for 20 years upon completion.

Road to New Administrative Capital, Egypt

Roads in Egypt

In 2018 Orascom Construction subsidiary Orascom Road Construction (ORC) successfully delivered the 224 km Oyoun Moussa-Sharm El Sheikh Road, as well as the 9 km Sharq El Tafriaa Road.

ORC also continues works on Phases 1 and 2 of the New Administrative Capital's transportation infrastructure, including the construction of a main road and a service road with total lengths of 38 km and 43 km, respectively. Works are also progressing on the Al Awsaty Ismailia Bilbies Road, which include the construction of a 19 km asphalt pavement as a part of the Middle Ring Road.

Airports in Egypt

In January 2018, works on the Hurghada International Airport were completed on schedule. Project scope included the construction of a new complete airfield, composed of two runways each measuring 4 km in length and 75 m in width, with connecting taxiways and airfield lighting, power supply, and a storm water drainage system.

Meanwhile, works were also completed on the Om Khosheib Military Airport in Egypt, including the construction of a new runway measuring 3.2 km in length and 45 m in width. Works began in October 2016 and were completed in Q2 2018.

Hurghada Airport, Egypt

King Abdulaziz International Airport, Saudi Arabia

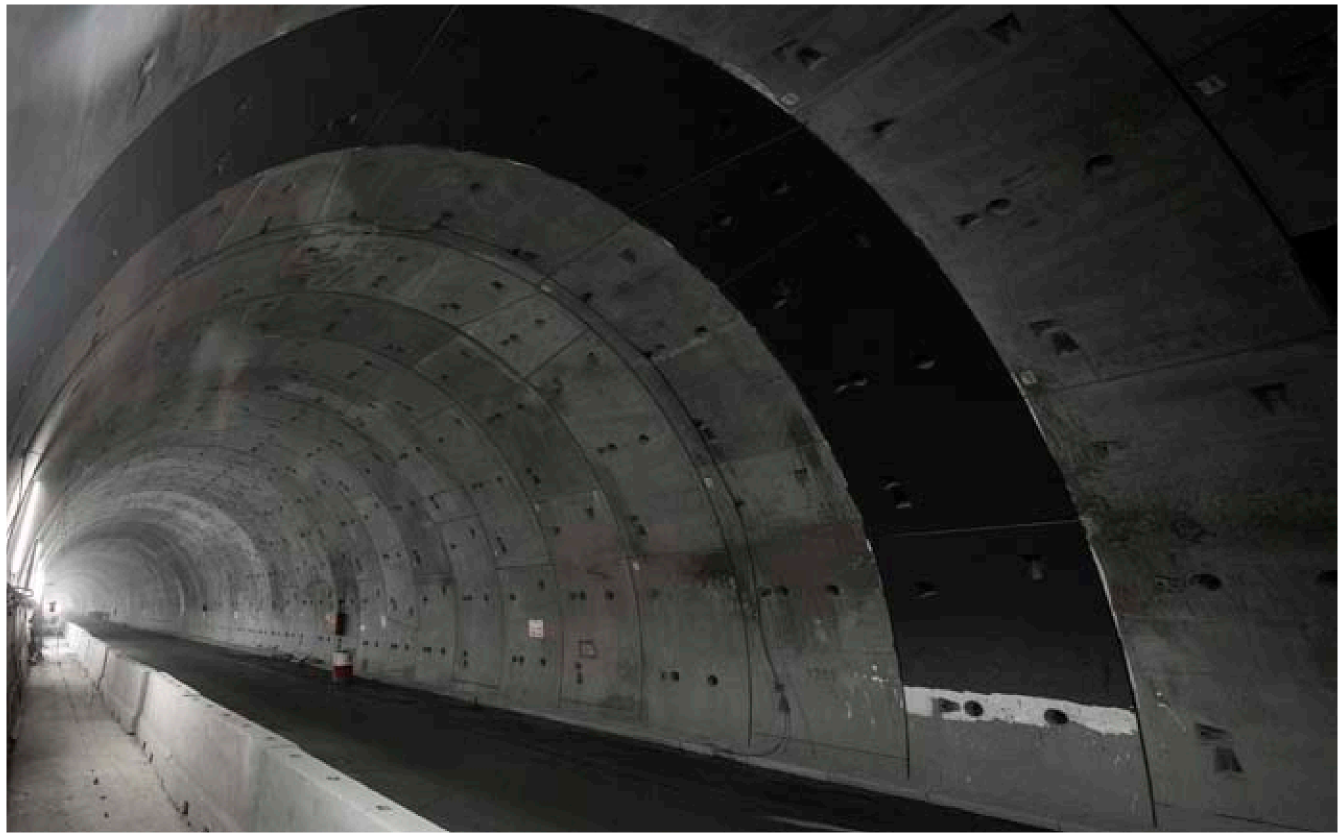
Airports in MENA

Works are progressing at the King Abdulaziz International Airport in Saudi Arabia, where Orascom Construction was awarded two contracts to execute the infrastructure works as part of phase 1 of the airport's development. The first contract included the construction of roads, utilities and tunnels, while the second contract entails additional works such as mechanical, electrical and plumbing works (MEP), a bridge, sewage lift station, street lighting, grey water pumping station, external wet utilities, as well as a parking building and gate and security buildings. Works started in 2011 and are scheduled to be completed by 2019.

In March 2018, an OC consortium was awarded a contract to expand Fujairah International Airport in the United Arab Emirates. The project's scope encompasses the main infrastructure works for the airport's expansion, including a new air traffic control tower, the extension of the existing runway, a new emergency runway, rapid exit taxiways and the airport's special systems. The airport is scheduled for completion in 2020.

Suez Canal Submerged Tunnels in Port Said – Egypt

In a joint venture with Arab Contractors, Orascom Construction continues its works on the Suez Canal Submerged Tunnels in Port Said as part of the Canal Region development plan. The tunnels' external diameters are 12.60 m, with lengths of 3.90 km for each road tunnel. Works on the tunnels started in February 2016 and are scheduled to be completed in October 2020.



Greater Cairo Metro Line III Phases 3 and 4 – Egypt

Works on phases 3 & 4 of the Greater Cairo Metro Line III are progressing on schedule. Orascom Construction and its partners were awarded the civil and electromechanical works on phase 3, which extends from El-Attaba to the Rod El-Farag axis, passing through Al-Kit Kat up to Cairo University station. The project consists of 15 stations for a total length of 18 Km. Phase 4 extends from Haroun station in Heliopolis up to Cairo International Airport, with a total length of 15.8 km and 10 stations. Works started in 2015 and are scheduled for completion in 2022.

Dubai Expo 2020 – UAE

Works on the Expo 2020 project in Dubai progressed as scheduled in 2018. A joint venture between OC and BESIX was responsible for the roads and utilities infrastructure works associated with the Expo. These include the construction of a road network, stormwater drainage, street lighting, traffic control and potable water systems, a sewerage network, main irrigation, firefighting facilities, electrical power, telecommunications, security ducts, a gas network, as well as the relocation of existing utilities. Completion of the project is expected in early 2019.

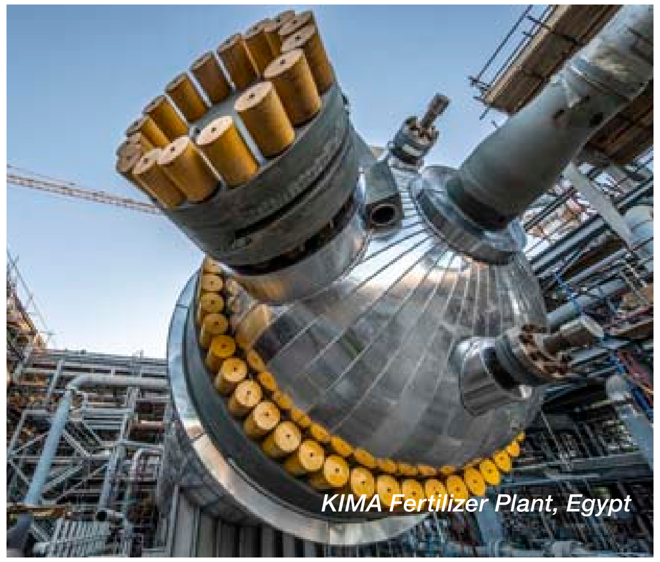
Orascom Construction – Industrial

Cement Plants in Algeria

In Q1 2018, Orascom Construction successfully completed subcontractor works on the Ain El Kebira Cement Plant in Algeria. Works included the construction of a new cement production line with a capacity of 6,000 tons of clinker per day.

Meanwhile, works on the El Beida Cement Plant in Algeria also progressed according to schedule in 2018, with completion expected for Q1 2019. Project scope included the construction and erection of a greenfield cement plant with a capacity of 6,000 tons of clinker per day.

El Beida Cement Plant, Algeria



KIMA Fertilizer Plant, Egypt

Petrochemicals in Egypt

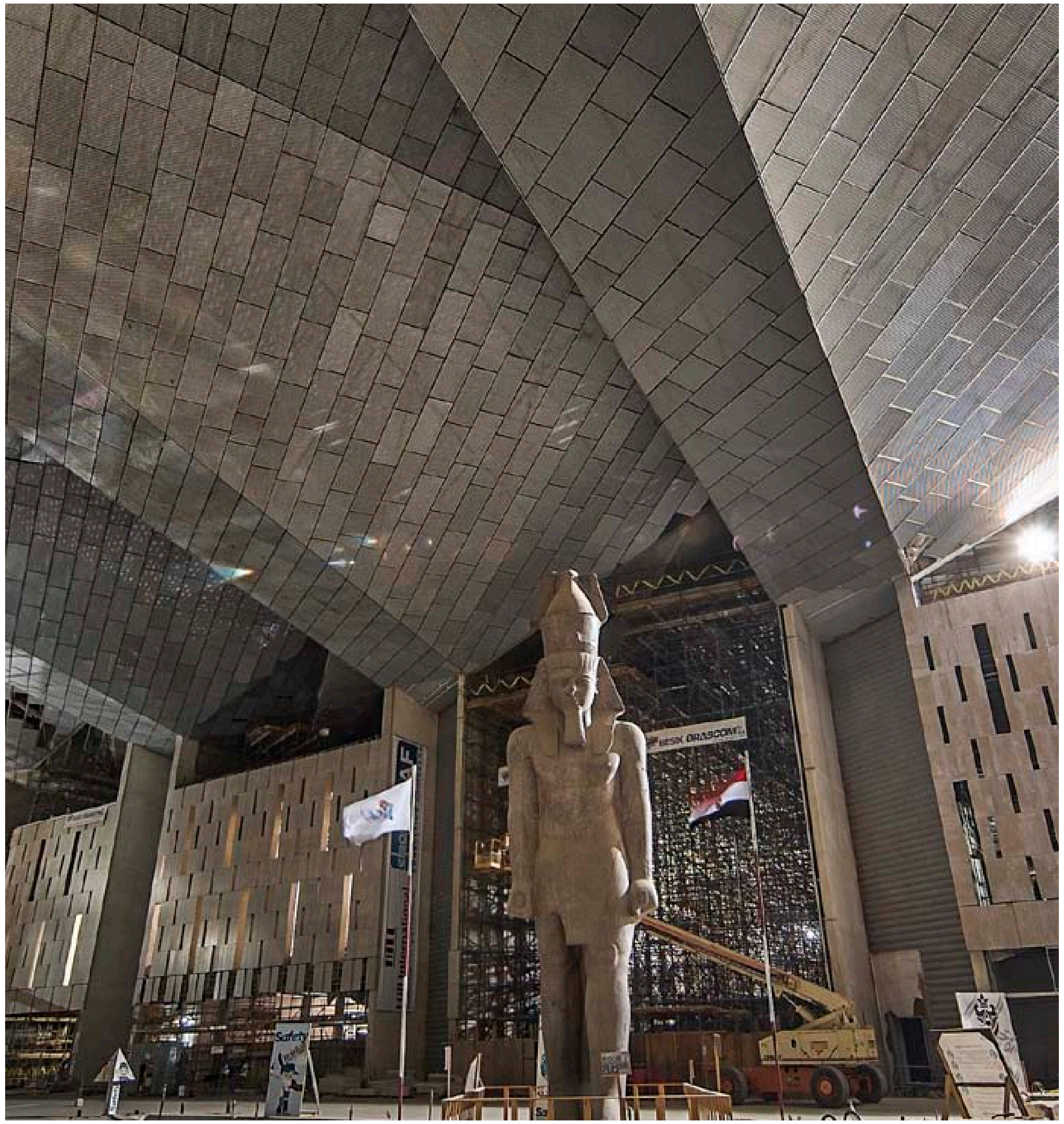
Works on the ERC Refinery Project, located in Mostorod, Egypt, were completed in Q1 2018. As a subcontractor, Orascom Construction was responsible for the steel structure and mechanical and piping works.

Orascom Construction also continues to make progress on the KIMA Fertilizer Complex as per the development schedule. The complex is composed of an ammonia production unit of 1,200 tons per day capacity, using KBR technology, in addition to a urea melt and granulation production unit with a capacity of 1,575 tons per day capacity using Stamicarbon's "Granulated Urea" technology. The plant also includes all the utilities and off-site facilities required to support the process units. Completion is expected during 2019.

Orascom Construction – Commercial

▼ The Grand Egyptian Museum – Egypt

In a joint venture with BESIX, OC continues to make progress on landmark Grand Egyptian Museum. The total land area of the project is around 491,400 m^2, with a total built-up area of 167,000 m^2 divided into three basic categories: exhibition galleries, conference center and landscaping, and commercial retail areas and restaurants. Once completed, it will be the largest archaeological museum in the world.



New Cabinet in New Administrative Capital, Egypt

▲ New Administrative Capital – Egypt

Orascom Construction is a leader in the development of Egypt's New Administrative Capital, executing several commercial buildings in addition to previously mentioned infrastructure work. Key projects include the new Ministry of Defense HQ, which includes three fully-finished buildings with a total built-up area of 520,000 m^2, tunnels of 12 km in length and two substations. OC is also executing works on the new Cabinet Building, which consists of three connected structures with a total built-up area of 81,100 m^2 as well as the external works.

Other projects include a Cultural Center which will house the New Capital's Opera with a built-up area of 45,500 m^2, and the Arts City with a built-up area of 51,000 m^2, in addition to the external areas. OC is also contracted for the city's main Cathedral consisting of a main dome 40 meters in diameter and 29 meters in height, as well as a basement church with an area of 8,400 m^2 and a precast fence with a height of 6 meters and length of 750 meters. Finally, OC is also executing works on the Al Mansoura Compound, consisting of 323 medium- and high-finished blocks with a total built-up area of around 709,000 m^2, and 350 high-finished twin houses with a total built-up area of 325,850 m^2.

▲ **Al Alamein Hotel – Egypt**

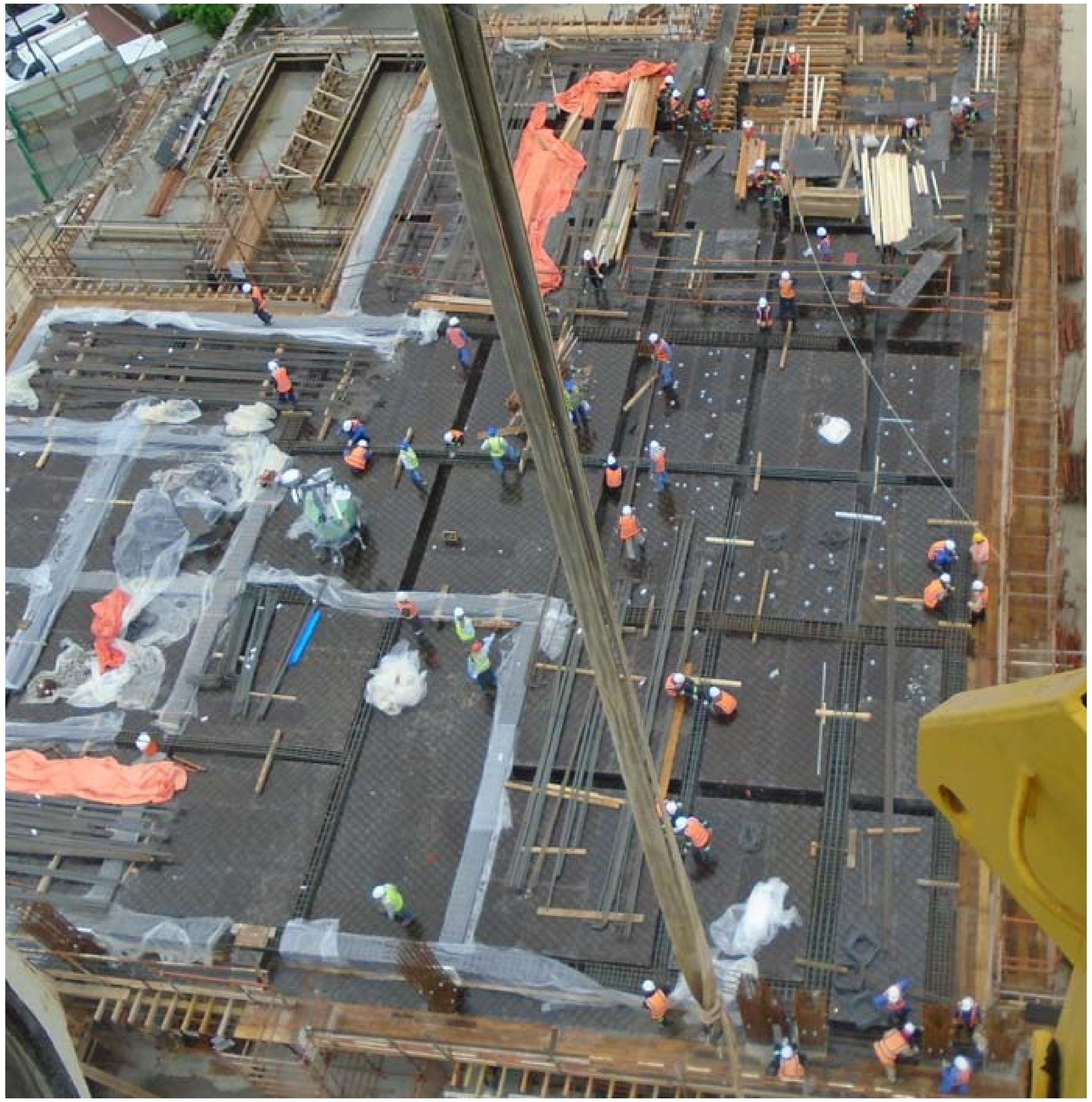
In July 2018, Orascom Construction completed works on the Al Alamein Hotel in Emaar's Marassi resort on Egypt's North Coast. Construction was completed on a fast-track basis in under eight months. As the main contractor, OC was responsible for renovating the existing hotel into a re-branded luxury 200-room hotel with state-of-the-art facilities. Orascom's on-spec delivery generated repeat business, with the company having been awarded the construction of the new marina at the resort.

Contrack Watts – Infrastructure

▲ **Quay Wall Repairs – Bahrain**

The Quay Wall Repairs JV Project at NSA, Bahrain includes the repair of 1,300 linear meters of quay walls at the Mina Salman area. The work includes deconstruction, demolition and reconstruction of the concrete cap, asphalt and concrete pavement, as well as the installation of cathodic protection and electrical and fire protection elements. The project, which is being phased to allow the areas that are not under construction to remain operational, encompasses seven phases each with its own beneficial occupancy date. Five phases were completed in January 2018, two months earlier than scheduled, while the entire project is scheduled for completion in May 2019.

Contrack Watts – Commercial



▲ **Medical/Dental Clinic Replacement – Bahrain**

Design-build works on the Medical/Dental Clinic Replacement in Bahrain are progressing on schedule. Works include the construction of a 56,000-square-foot, two-story concrete structure to provide outpatient primary and selected specialty care clinics, ancillary departments, medical logistics, physical therapy and dental services, and administrative space. The cast-in-place structure was completed in December 2018, while the precast elevation was completed in January 2019. Full project completion is planned for July 2019.

UNITED STATES

Orascom Construction – Industrial

Natgasoline – Beaumont, Texas

In March 2018, Orascom Construction successfully completed works on Natgasoline, a greenfield world-scale methanol production complex located in Beaumont, Texas. The plant's capacity is 1.8 million metric tons per year and it is one of the world's largest methanol production facilities on a nameplate capacity basis. The project uses state-of-the-art Lurgi Megamethanol® technology and incorporates the best available environmental control technology.

Contrack Watts – Infrastructure

P-259 Aircraft Apron Expansion and Supporting Facilities – Whidbey Island, Washington

Work on the P-259 Aircraft Apron Expansion and Supporting Facilities, located at Whidbey Island in Washington, were completed as scheduled in June 2018. This 326,000-square-foot concrete parking apron expansion provides space for an additional 24 P-8A aircraft and includes an open concrete slab aircraft rinse facility, a low-rise facility for P-8A sonobuoy storage and support equipment shop with a fenced asphalt holding area for ground support equipment, and space for liquid oxygen (LOX) storage/generation. The project team also demolished eight buildings on site.

P-993 Transit Protection System Forward Operating Location – Port Angeles, Washington

Awarded in 2016, work is now complete on the P-993 Transit Protection System Forward Operating Location at Ediz Hook, Port Angeles, Washington. This project included the construction of circa 22,000-square-foot, pile-supported approach trestle and floating pier. The trestle provides vehicle and pedestrian access to the pier and will transfer utility services to the pier. The fixed pier has full hotel services at each of the six berths, including power, potable water, fire protection, sewage connections, ship overboard drainage collection, fueling connections and telephone and Local Area Network (LAN) service. The fixed pier is equipped with lighting, mooring, fendering, brows, corrosion protection systems, access control and storm water protection systems. The scope of work also included the construction of a single-story, 8,300-square-foot alert force facility with berthing space for up to 28 personnel.

P-240 Marine Wing Support Squadron (MWSS) Facilities – Guam

Awarded in 2015, the P-240 Marine Wing Support Squadron (MWSS) Facilities in Guam were completed in late 2018. The design-build project included the construction of the MWSS and armory buildings, a generator building and a concrete wash rack. The 35,000-square-foot MWSS building is a blast-resistant, precast wall structure with precast double tees and roof beams, topped by concrete roof topping and fluid applied coating. The 6,400-square-foot armory building is a blast-resistant, cast-in-place concrete building. The MWSS building consists of office spaces, a maintenance bay and storage area. The armory building houses classrooms, an armory storage area and open spaces for weapons cleaning. Both buildings are pursuing LEED Silver certification.

P-518, X-Ray Wharf Improvements, Berth 1, Naval Base – Guam

Work on the P-518, X-Ray Wharf Improvements, Berth 1, Naval Base at Guam was also completed at the end of 2018. Work involved the rehabilitation and modernization of the north berth at X-Ray Wharf to provide berthing and utilities for Auxiliary Cargo and Ammunition Ship class supply vessels. The project included dredging; sheet pile bulkhead; cement/soil mix gravity wall; mooring dolphin; relocation of buoys; wharf deck; fenders; cathodic protection; potable water; bilge and oily waste treatment; sewer; fire protection and storm drain utility systems; security fencing and lighting; wharf deck lighting; and associated support buildings. The Berth 1 project included both design-bid-build (Part A, primarily in water work and waterfront structural elements) and design-build (Part B: primarily landside improvements including all utilities work) work.

Honolulu Rail Transit System – Honolulu, Hawaii

Work also continues on the Traction Electrification System for the Honolulu Rail Transit System. Completed portions include: 10 miles of guideway from East Kapolei to Aloha Stadium (segment 1); installation of the traction electrification substations for the maintenance and storage facility and stations for Waipahu, West Loch, Ho'opili, East Kapolei and Pearl Highland; and the installation of Uninterrupted Power Supplies (UPS) for West Loch Station, Ho'opili Station, UH West Oahu Station and LCC Station. Installation of the communications systems is to begin in January 2019. Nine stations are planned for interim opening in November 2020. This will be the first operational segment of the 20-mile, 21-station complete rail system. Work on the Guideway Segment 2 installation between Aloha Stadium to Middle Street began in November 2018 and is planned for completion in December 2021. Final completion for all three segments is scheduled for December 2025.

Dry Dock 2 Perimeter Portal Crane Rail Structural Support System – Bremerton, Washington

Work is progressing as scheduled for the repairs to the Dry Dock 2 Perimeter Portal Crane Rail Structural Support System located at Naval Base Kitsap, Bremerton, Washington. The scope includes the reparation of the electrical manholes and duct banks, as well as the demolition of deteriorated portal crane rail components. The project also includes repairs on the electrical distribution and steam condensate systems servicing Dry Dock 2. In addition to installing nine new substations and associated switchgear, our team is installing 25 new electrical manholes and electrical duct bank around the 900-foot long dry dock. The project involves two phases, the first of which was completed in 2018. The second phase and the overall project will be completed in November 2019.

Contrack Watts – Commercial

Nanakuli Library – Honolulu, Hawaii

Completed in April 2018, Nanakuli Library in Honolulu, Hawaii is a 17,100-square-foot, single-story library housing a circulation of nearly 40,000 volumes. Additional features include a covered breezeway entry, a business center with meeting rooms, an acoustically-treated sound/recording room, and a new outdoor amphitheater. Sustainable design elements include photovoltaic panels for electricity generation and lights on motion sensors for all rooms and between the bookshelves. Natural lighting from skylights and clerestory windows will flood the library's interior to reduce artificial lighting use. The facility has achieved LEED Silver certification.

Consolidated Car Rental Facility – Honolulu, Hawaii

Work is proceeding as scheduled on the Consolidated Car Rental Facility located at Daniel K. Inouye International Airport in Honolulu, Hawaii. This project, which will consolidate all rental car companies servicing the airport, encompasses the construction of a new five-story, 1.8 million-square-foot, cast-in-place concrete structure. The facility, to be completed in December 2020, will consist of vehicular parking areas housing 2,250 parking stalls, retail areas, office spaces, car wash equipment and commercial fueling stations. Structural concrete for the elevated decks of Area A was completed end of 2018 – at which time the project focus switched to civil, interior finishing and commissioning before progressing to Area B.

The Weitz Company – Industrial

Pipeline Foods Organic Grain Elevator – Bowbells, North Dakota

A new organic grain elevator for Pipeline Foods in Bowbells, North Dakota, was delivered on schedule in September 2018. This state-of-the-art grain terminal strengthens Pipeline Foods' distinction as the first supply chain solutions company in the US to be exclusively focused on non-GMO and organic food and feed. The centerpiece of the project is the 117-foot storage elevator that was erected in six days using the slipform construction technique.

The slipform cells were prebuilt to guarantee availability for early March 2018 demobilization following a traditionally harsh North Dakota winter. Pipeline Foods' brand reputation was also supported by ensuring the concrete design adhered to the Food and Drug Administration's Food Safety Modernization Act.

Tyson Feedmill – Humboldt, Tennessee

Works on the Tyson Feedmill in Humboldt, Tennessee, are currently progressing. The project will have the capacity to manufacture 14,000 tons of poultry feed per week. The design-build project will feature the construction of three slipform concrete structures that will be self-performed complete with flatwork concrete, millwright, equipment installation, structural steel erection and startup and commissioning. Two of the concrete structures will measure 180 feet tall while the third will be 150 feet. The feed processing facility will house two California Pellet Mill, 800-horsepower, ring-die pellet mills that are the largest in the world. Also within the project's scope is a three-story, precast concrete ancillary building. Delivery is scheduled for September 2019.

The Weitz Company – Infrastructure

Kansas City International New Airport – Kansas City, Missouri

A formal commitment was received in early 2018 for the new Kansas City International Airport in Missouri. The project is a design-build joint venture with Clark Construction and Clarkson Construction that will build a new single terminal airport at Kansas City International. The scope of work will include 39 multi-use gates on two concourses; a 6,300-space parking garage; 16,000-square-foot central utility plant; and significant airside and landside civil improvements. Construction is anticipated to start in February 2019 with a scheduled completion by end of 2022.

PHX Sky Train Phase II – Phoenix, Arizona

Design-build works on Phase II of the PHX Sky Train® guideway and maintenance facility at Phoenix Sky Harbor International Airport in Arizona were awarded in April 2018. This three-year project will extend the current guideway 2.5 miles to the airport's rental car center, add two new stations and expand the maintenance and operations facility to account for the addition of 24 train cars. The project is scheduled for completion by 2022.

The Weitz Company – Commercial

Fremont Family YMCA Aquatics Center – Fremont, Nebraska

Works on the Fremont Family YMCA Aquatics Center in Fremont, Nebraska were completed in February 2018. With the addition of this 29,745-square-foot aquatics center, the Fremont Family YMCA became the largest YMCA in the US. Inside the new recreational facility was the largest pool ever built for a YMCA in the US – a world-class Myrtha competition pool engineered to the same quality as those used during the US Olympic Swimming Trials and Summer Olympic Games. Measuring 11,204 square feet, the Fremont Family YMCA pool includes six 50-meter swim lanes and twelve 25-meter lanes with a 12-foot diving well. Its shallowest point is 3 feet 6 inches to accommodate youth swimming lessons, and there is a splash pad for younger children. The pools' total capacity is 421 swimmers.

IMT Group Corporate Headquarters – West Des Moines, Iowa

The IMT Group Corporate Headquarters in West Des Moines, Iowa was delivered in December 2018. The three-story, 85,000-square-foot building has a unique exterior façade composed of white precast, black granite, glass and red-accented metal panels that come together in a design tailored to the IMT Group's brand. This combination of materials added more than one layer of complexity to the build process.

Hawaii Venera Student Housing – Coral Gables, Florida

Awarded in February 2018, Venera is scheduled to start operations in September 2019. It will be a nine-story student housing development that covers more than 425,000 square feet near the University of Miami in Florida. The project will comprise 417 beds, 345 covered parking stalls, a fitness center and a 15,000-square-foot amenity deck. The project will also include 30,000 square feet of retail space on the ground level. Venera is scheduled to be completed in July 2021.

6900 Layton – Denver, Colorado

Located right on a major transit-oriented development light rail line, 6900 Layton in Denver, Colorado, is a 15-story, 380,000-square-foot Class AA office building that will include Fortune 500 Company Newmont Mining Corporation. It is being built to achieve LEED Gold certification and will have a large, column-free, 36,150-square-foot flexible floorplate that allows for adaptation to multiple space-planning strategies and floor-to-ceiling glass around the entire perimeter of the floorplan. 6900 Layton is a repeat business project and is expected to be completed in summer of 2020.

SOVA Apartments – Denver, Colorado

The SOVA Apartments project is a 12-story multi-unit residential project in downtown Denver, Colorado. SOVA Apartments has combined construction innovation and LEED green building to deliver maximum value to project stakeholders and future residents. The project will be delivered in February 2019, and is expected to be certified LEED Silver.

SFO Superbay Hangar Fire Suppression System Replacement – San Francisco, Californiao

Works on the SFO Superbay Hangar Fire Suppression System Replacement in San Francisco, California are progressing on schedule. The scope includes the programming, design, construction and commissioning services of this complex, multi-phased design-build project that will replace all of the wet and foam fire suppression systems in the 420,550-square-foot hangar (one of only four in the US that can house four 747 aircrafts). The project's scope of work includes building a new pump house with fire pump equipment, new generators, two new fire water supply tanks, and a new industrial waste system and tank. Construction is scheduled to be completed in July 2019.

Public Safety Building – Coral Gables, Florida

Construction started on the new public safety building in Coral Gables, Florida in December 2018. The building will function as the headquarters for the city's police department, fire department, and Emergency Operations Center (EOC). At 12,000 square feet, it will house EOC command and operations, a 911 call center/first responders' dispatch center, and the city's human resources and information technology departments. The project, which includes a 70,000-square-foot, 163-stall secured parking garage in its scope of work, is located on a tight corner site on the outskirts of downtown Coral Gables. The Project is scheduled for completion by August 2020.

Kravis Center Expansion & New Valet Parking Garage - West Palm Beach, Florida

Works on the Kravis Center Valet Garage Renovation in West Palm Beach, Florida, started in May 2018. This multi-phase, design-build expansion project is expected to be completed in November 2019.

Arizona State Veterans' Home – Yuma, Arizona

Awarded in June 2018, the Arizona State Veterans' Home in Yuma will serve veterans in southern Arizona with a new 74,000-square-foot facility that will feature 80 total units (three, 20-bed long-term care units and one, 16-bed dementia and memory care unit). Amenities will include a gift shop, a barber/beauty shop and a meditation room for the use of the residents and family members. The building's design will reflect the regional qualities of Yuma while having a homelike atmosphere. The project will run from June 2019 to October 2020 and seek LEED Silver certification.

BESIX

BESIX delivered a solid performance in 2018 as it continued to strength its position across its wide geographic footprint covering Europe, MENA, Sub-Saharan Africa, South East Asia and Australia

Accelerated Diversification Drive through Acquisition

In 2018, the BESIX Group continued to implement its strategy of sectoral and geographical diversification, executing several acquisitions to help accelerate this drive. Key transactions included the acquisition of the Australian-based construction company Watpac Limited in December 2018. Watpac has a 35-year track record in buildings construction and employs over 1,000 people across Australia. Meanwhile in Western Europe, BESIX executed several acquisitions through its various subsidiaries, including the acquisition of Mabilux SA in Luxembourg which specializes in the construction of metal structures for industrial and commercial buildings; the multidisciplinary network infrastructure builder Uniconnect Group and the Belgian-based interiors specialists Flamant Design NV, among others.

The Gotthard Hotel & Residences, Switzerland

Port of Duqm, Oman

Increased Exposure to Waste-to-Energy Projects in the UAE

In the United Arab Emirates (UAE), BESIX capitalized on its growing reputation in the field of sustainable solutions and was awarded major waste-to-energy projects. The Municipality of Dubai awarded BESIX and its partner, Hitachi Zosen Inova (Switzerland), a Build-Operate-Transfer (BOT) contract for a thermal waste recycling plant, set to be one of the largest resource recovery facilities in the world. At full capacity, it will convert 5,000 tons of solid waste per day into sufficient energy to c.120 thousand homes in the region. Additionally, the Emirates RDF Company, which is a joint-venture between BESIX, the Ajman-based Tech Group Eco Single Owner Holding and Finland-based Griffin Refineries, has signed a concession agreement with the Ministry of Climate Change and Environment to develop and operate a Refuse Derived Fuel (RDF) facility in the Emirate of Umm Al Quwain. The RDF facility will convert the waste of 550,000 residents into an alternative energy source for the cement industry.

Growing Backlog Across Europe & MENA

The BESIX Group continued to grow its backlog of specialized construction projects across Europe and the MENA region, adding some EUR 2.3 billion in new awards during 2018. In Morocco, the company was awarded the EUR 320 million contract to design and build the Mohammed VI Tower in Rabat. The 250-meter-tall structure will be one of the tallest in Africa and built to the highest environmental standards. The tower will boast several of BESIX's in-house developed innovations and will be equipped with photovoltaic panels and rainwater recovery and wastewater recycling systems. Meanwhile, BESIX's most recent awards in Europe include the EUR 984 million De Groene Boog motorway (A16) in Rotterdam, the Netherlands. The A16 project values quality of life and sustainability and is thus designed to fit seamlessly into its surroundings. The energy neeutral project will deploy extra noise-reducing asphalt as well as noise barriers and earth embankments to limit noise pollution. Meanwhile, adjoining areas will be re-landscaped and connected by cycling and walking paths.


Mohammed VI Tower, Morocco

Innovative Success Through the Unleash Program

BESIX continued to drive innovation through its Unleash program which encourages employees to present new and innovative ideas, gives them a platform from which to present them and offers opportunities to see successful ones to fruition. One of the Unleash's key initiatives is BESIX 3D which was founded in 2017 by a group of young engineers at the company. BESIX 3D has become a division within BESIX that specialises in 3D concrete printing. The technology of 3D concrete printing is an additive manufacturing process capable of producing full-scale construction and architectural components. Compared to traditional construction methods, it brings advantages such as a shorter construction time, safer working environment, higher freedom in shape, less waste and lower CO2 emissions. BESIX 3D combines the engineering and construction capabilities of a large and regionally established contractor, with the agility of a specialized team in the 3D concrete printing technology. In Europe and in the UAE, the division now provides a fully integrated solution for 3D construction projects.


BESIX 3D Cement Printing

CONCESSIONS & INFRASTRUCTURE INVESTMENTS

Orascom Construction PLC actively pursues infrastructure investment opportunities to generate recurring cash flows and build on a solid track record of delivering long-term value to shareholders

Orascom's continued focus on growing a sustainable business alongside its core engineering, procurement and construction operations is part and parcel of its growth strategy and forms a cornerstone of its commitment to deliver long-term value to its shareholders. By pursuing infrastructure investment opportunities and concessions, the Group builds its backlog of construction project revenues, while simultaneously developing assets that generate recurring cash flow and add incremental value upon project completion.

Orascom has built a solid track record of delivering on this strategy, starting with its first cement subsidiary established in the 1990s and grown into a global player with 35 million tons of capacity across 12 emerging markets. Orascom later inked an agreement with Lafarge SA in 2007 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 investments. The Group was also part of the construction of the new Ain Al Sokhna Port in Egypt, holding a 45% stake in what was then the only BOT privatized port in the Middle East. The Group divested in 2007, generating an IRR of 49% over an 8.5-year investment period.

Divestment proceeds helped fuel the Group's drive to build one of the world's largest nitrogen fertilizer producers by acquiring and constructing production facilities in Egypt, Algeria, the Netherlands and the US. The construction group was demerged from the fertilizer business was demerged in March 2015.

Current Portfolio

Ras Ghareb Wind Farm

In 2018, a consortium composed of Orascom Construction PLC, France's Engie and Japan's Toyota Tsusho signed a contract to develop, construct and operate a 250 MW wind farm in Ras Ghareb, Egypt — the first renewable energy project of its kind and size in Egypt, with a total investment cost of c. USD 400 million. The project will be executed on a Build-Own-Operate (BOO) basis under a 20-year Power Purchase Agreement (PPA) with the Egyptian Electricity Transmission Company. Orascom holds a 20% stake in the project and will execute the construction of the wind farm, which will take approximately 24 months to complete, after which the consortium will operate and maintain the wind farm for 20 years.

In July 2018, the same consortium signed an agreement to officially commence development work on a second BOO wind farm in Ras Ghareb, Egypt with a 500 MW generation capacity. This new project eclipses the ongoing 250 MW BOO wind farm as the largest renewable energy project of its type and size in Egypt. The award of a second contract affirms Orascom Construction's strength in the sector and further builds on its track record of pursuing investments in the infrastructure sector that create new construction opportunities with long-term shareholder value.

Ras Ghareb Wind Farm, Egypt

Orasqualia

Orasqualia was jointly established in 2009 by Orascom Construction PLC and Spanish wastewater management company Aqualia to execute the Egyptian government's concession to construct, operate and maintain, the New Cairo Wastewater Treatment Plant with a capacity to pump 250,000 cubic meters a day and serve 1 million people. This 20-year Public-Private Partnership (PPP) 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

The Group continues to seek investments in the infrastructure sector that create new construction opportunities as well as long-term recurring cash flows and income, leveraging its proven track record across the cement, ports, fertilizers, wastewater and renewable energy industries. Orascom is set to benefit from the prevailing infrastructure gap in the MENA region which government aims to address through private investment. The Group is also considering replicating this investment model in the US.

MANAGEMENT DISCUSSION & ANALYSIS

Port Said Tunnels, Egypt

FINANCIAL PERFORMANCE

USD MN	2018	2017
Revenue	3,013.5	3,678.7
Cost of sales	(2,673.4)	(3,354.0)
Gross profit	340.1	324.7
EBITDA	207.1	212.9
Operating profit	167.1	175.7
Income tax	(63.6)	(122.4)
Net income attributable to non-controlling interest	10.0	6.6
Net income attributable to shareholders	144.7	78.5
Basic earnings per share	1.24	0.67
Total assets	3,099.4	2,946.4
Total equity	471.5	402.5
Gross interest - Bearing debt	375.3	260.7
Net debt	(27.2)	(173.5)
Capital expenditure	50.2	41.8

Revenue

Orascom Construction PLC recorded revenues of USD 3,013.5 million in 2018 versus USD 3,678.7 million in the previous year. Operations from the MENA region accounted for 67% while US operations delivered the balance. In 2017, OC's revenue split between the MENA and the US was 58% and 42%, respectively.

In the MENA region, revenue were primarily driven by the execution of power plants and mega infrastructure projects in Egypt. Among the key projects were developments in the New Administrative Capital, the Port Said Tunnels and the Cairo Metro. Meanwhile in the US, 84% of revenue was attributable to Orascom USA (The Weitz Company and Contrack Watts) and 16% related to the execution of the last phase in the methanol plant for OC's former parent company (OCI N.V).

EBITDA

The Group reported an EBITDA of USD 207.1 million in 2018 versus the USD 212.9 posted in 2017, with EBITDA margin expanding to 6.9% compared to 5.8% in the previous year. It is worth nothing that EBITDA includes a one-off provision related to a legal case with a subcontractor at the Iowa Fertilizer project in the US for USD 40 million. Excluding this one-off charge, EBITDA would have increased to USD 247.1 million in 2018, with an EBITDA margin of 8.2%.

The MENA region continued to deliver solid performance in 2018, delivering an EBITDA of USD 239.6 million and an EBITDA margin of 11.8%. Meanwhile, operations in the US recorded an adjusted EBITDA of USD 7.5 million and an adjusted EBITDA margin of 0.7%, excluding a one-off provision expense.

	2018		2017	
USD MN	MENA	US	MENA	US
Revenue	2,032.6	980.9	2,130.6	1,548.1
Cost of sales	(1,720.9)	(952.5)	(1,771.4)	(1,582.6)
Gross profit (loss)	311.7	28.4	359.2	(34.5)
EBITDA	239.6	(32.5)	287.5	(74.6)
Operating profit (loss)	201.4	(34.3)	252.7	(77.0)
Income tax	(62.7)	(0.9)	(75.1)	(47.3)
Non-controlling interest	7.7	2.3	6.7	(0.1)
Net income (loss) attributable to shareholders*	183.8	(39.2)	206.5	(128.0)

** MENA figures include contribution from the Group's 50% stake in Besix amounting to USD 54.7 million in 2018 and USD 54.4 million in 2017.*

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses (SG&A) expenses increased to USD 181.3 million in 2018 from USD 153.9 million the previous year. SG&A expenses in 2018 included one-off amounts such as USD 10 million in legal fees related to an ongoing case in Qatar and USD 12 million in provisions.

Net Finance Costs

Net Finance Costs consist of interest income, gain or loss on foreign exchange activity and interest expense on interest-bearing liabilities.

Finance income stood at USD 23 million in 2018, which includes USD 16.2 million in interest income and USD 6.8 million gain on foreign exchange activities. Meanwhile, Finance cost stood at USD 28.1 million in 2018, which includes USD 26.2 million in interest expense and USD 1.9 million loss on foreign exchange activities.

Income Tax

Income tax expense amounted to USD 63.6 million in 2018 compared to USD 122.4 million in 2017.

The effective tax rate recorded 29.2% primarily as a result of losses in jurisdictions for which no deferred tax assets were recorded. In 2017 a non cash-tax charge of USD 45.8 million was included as a partial impairment of deferred tax assets related to the US operation, where USD 25 million was a result of the enacted tax legislation in the US in that year.

Cash Flow

Condensed Consolidated Statement of Cash Flow for the year ended 31 December

USD MN	2018	2017
Net profit for the year	**154.7**	**85.1**
Adjustments:		
Depreciation of PPE and amortization	40.0	37.2
Changes in working capital	(277.3)	(145.1)
Changes in provisions	41.0	(53.9)
Dividends received from equity accounted investees	43.2	30.0
Other cash flows from operating activities	(55.5)	48.0
Cash Flow from operating activities	**(53.9)**	**1.3**
investments in property, plant and equipment	(50.2)	(41.8)
Other cash flows from Investing activities	7.3	11.5
Cash Flow from investing activities	**(42.9)**	**(30.3)**
Proceeds from share issuance	0.0	0.0
Proceeds from borrowings	313.1	133.1
Repayment of borrowings	(198.5)	(175.2)
Dividends paid to shareholders	(30.0)	-
Other cash flows from financing activities	(16.8)	(8.3)
Cash Flow from financing activities	**67.8**	**(50.4)**
Net decrease in cash and cash equivalents	**(29.0)**	**(79.4)**
Cash and cash equivalents at 1 January	434.2	506.9
Currency translation adjustments	(2.7)	6.7
Cash and cash equivalents at 31 December	**402.5**	**434.2**

Cash Flow from Operating Activities
Cash flow from operating activities in 2018 totalled negative USD 53.9 million, compared to USD 1.3 million 2017. The negative operational cash-flow was primarily a result of operational cash-flows in the US.

Cash Flow from Investing Activities
Cash outflows from investing activities reached USD 42.9 million in 2018 (2017: USD 30.3 million), where capital expenditure for the year recorded USD 50.2 million (2017: USD 41.8 million), and other cash proceeds relating to the sale of equipment.

Cash Flow from Financing activities
Cash inflows from financing activities totalled USD 67.8 million in 2018 compared to cash outflows of USD 50.4 million in 2017, driven by proceeds from borrowings. A dividend distribution of USD 30 million (USD 0.26 per share) was paid out to shareholders in July 2018.

Net Debt

$ millions	December 2018	December 2017
Long-term interest-bearing debt	2.3	11.3
Short-term interest-bearing debt	373.0	249.4
Gross interest-bearing debt	**375.3**	**260.7**
Cash and cash equivalents	402.5	434.2
Net debt	**(27.2)**	**(173.5)**

The group maintained a net cash positive position of USD 27.2 million as of 31 December 2018 compared to USD 173.5 million as of 31 December 2017. The Group's gross debt increased by 44% y-o-y in 2018.

Condensed Consolidated Statement of Financial Position for the year ended 31 December

USD MN	2018	2017
Total non-current assets	643.7	641.3
Total current assets	2,455.7	2,305.1
Total Assets	**3,099.4**	**2,946.4**
Shareholder's Equity	431.9	357.9
Non-controlling interest	39.6	44.6
Total Equity	**471.5**	**402.5**
Total non-current liabilities	48.6	61.1
Total current liabilities	2,579.3	2,482.8
Total liabilities	**2,627.9**	**2,543.9**

Non-Current Assets
As at 31 December 2018, OC PLC's non-current assets stood at USD 643.7 million (2017: USD 641.3 million), with property, plant and equipment recording USD 159.3 million. Total additions purchased during 2018 amounted USD 50.2 million.

Investments in associates amounted to USD 419.5 million, with the majority representing the Group's investment in the BESIX group. At year-end 2018, deferred tax assets stood at USD 35.9 million, primarily relating to carry-forward losses in the US. The Group expects said losses to be realized against future profits during 2019-2022.

Current Assets
Current assets increased to USD 2,455.7 million (2017: USD 2,305.1 million) due to a higher balance of inventory and trade and other receivables, with increase in the latter being driven by increased operational activities. Additionally, outstanding contractual customer retentions decreased to USD 179.9 million in 2018 from USD 209.6 million in the previous year. Cash and cash equivalents recorded USD 405.2 million at year-end 2018 (2017: USD 434.2 million); a total amount of USD 33.5 million is restricted cash and certain other cash balances are dedicated to specific joint ventures.

Equity
The Group's total equity at year-end 2018 reached USD 471.5 million, up from USD 402.5 million as at 31 December 2017. The increase in total equity was driven by the Group's strong operational results and an almost twofold increase in net income in 2018.

Current Liabilities
Current liabilities increased to USD 2,579.3 million (2017: USD 2,482.8 million) primarily due to an increase in advances from customer amounting to USD 606 million (2017: USD 484.7 million). Additionally, provisions increased to USD 103.3 million in 2018 from USD 62.3 million in the previous year, driven primarily by the USD 40 million recorded in relation to a legal case with a subcontractor at the Iowa Fertilizer project in the US.

Number of Employees
During the financial year ended 31 December 2018, the number of staff employed at the Group totalled 87,159 (2017: 72,543), including 26,960 permanent employees and 60,199 temporary positions.

Outlook
Management expects the healthy performance delivered by the MENA segment to continue in 2019, led by operations in Egypt with continued activity in large infrastructure projects in sectors such as transportation and water treatment. The Group is also focused on diversifying its activities outside its main market of Egypt.

In 2019, we expect to benefit from the integrated operations in the US, resulting in a leaner organization and more sustainable, long-term business that complements the Group's MENA activities, in turn delivering stronger consolidated results going forward.

With construction of Natgasoline completed in 2018, the megaproject will no longer contribute to US operations. Meanwhile, the Group's only exposure to the Iowa Fertilizer project is the dispute with one subcontractor who has a lien on the Iowa project in place amounting to USD 53 million.

At the BESIX Group, management expects operations to continue generating healthy profitability in 2019 parallel to maintaining a healthy backlog and steady dividends.

Management has earmarked approximately USD 32 million for net capital expenditure in 2019.

OUR PEOPLE

Walideya Power Plant - 650 MW, Egypt

OUR PEOPLE

Orascom Construction PLC strives to provide its employees with fulfilling and meaningful work experiences, adding value to their efforts by investing in the latest technologies and in training programs that develop human capital to the fullest extent.

Corporate Management Team (left to right)

Hussein Marei, Legal Counsel Director; **Osama Bishai,** Chief Executive Officer; **Reham El-Beltagy,** Vice President and Group Treasurer; **Heba Iskander,** Corporate Development Director; **Omar Bebars,** Group Financial Controller & MENA Chief Financial Officer; **Mark Littel,** Group Chief Financial Officer; **Hesham El Halaby,** Head of Investor Relations

A key to Orascom Construction PLC's success in the Egyptian and international markets is its highly skilled team of professionals, which strikes an optimal balance between experience and fresh perspectives. The Group believes that continuous development is key to a successful career and strives to enhance the working experience through various educational and training programs. Orascom Construction PLC nurtures talent and determination: combined with a competitive remuneration system, the Group's merit-based promotion regime continues to attract employees of the highest caliber.

Organizational Development

Orascom Construction PLC offers employees comprehensive training and development programs that prepare them for the challenges of the future and smooth their career paths.

Learning and Development (L&D) Unit

Orascom Construction PLC's Learning and Development Unit is a concrete representation of the commitment the Group has made to its employees. The Unit provides employees with programs tailored to suit each officer's needs. Individual employees are placed in their respective programs in accordance with the Group's organizational objectives, adding value to their efforts and developing our capabilities to the furthest extent as the business expands.

Post-Graduate Studies

Orascom Construction PLC's commitment to developing its employees' capabilities extends to sponsoring post-graduate education for eligible employees. By empowering individuals to pursue their own development plans, the Group strives to build a working community that values learning and growth above all else.

In-House Training Programs

Qualified staff design programs and teach courses that impart technical and soft skills to up and coming employees. In-house knowledge transfer campaigns of this kind help produce a culture of learning and are a self-sustaining model for the perpetuation and development of the know-how that gives the Group an edge.

Development Programs

Orascom Construction PLC now offers structured training programs to a wide variety of employees through three channels. Catering to employees ranging from recent graduates to seasoned professionals, the programs include:

- Project Management Development Program: this program provides Site and Construction Management personnel with technical and soft skills in concrete work-related applications. Management are considered key in driving and guiding value creation, and this program is a means of ensuring they can rely on sound conceptual bases.
- LEAD Program: A two-year, rotational, fast-track program designed to establish future leaders by immersing them in live simulations that allow them to use their intuition under guidance. LEAD also exposes young employees to major running projects, providing them with the tools to develop professional, interpersonal and leadership skills.
- Blue Collar Program: targeting the boots on the ground, this program seeks to instill Orascom Construction PLC's core values of leadership, ownership, belonging and teamwork. The Group strives to create as attractive a working environment as possible, in the knowledge that the highest calibers thus attracted constitute some of the Group's most valuable assets.

Literacy

Orascom Construction PLC is firmly committed to the fight to eliminate illiteracy. Education is critical to economic development and to the wellbeing of individuals and communities, and the Group does its part to help the disadvantaged build up the self-esteem that an education brings.

Internships

The Group offers eligible undergraduate students to opportunity to gain work experience with Orascom Construction PLC, employing them for a fixed period that allows them to acquire greater knowledge and develop and workplace experience.

2018 Awards

In October 2018, Orascom Construction was recognized as the Top Employer of Choice by Engineerex', the 9th year in a row that the Group has received an employer of choice award.

Commitment to Quality

Orascom Construction PLC is deeply committed to meeting and, wherever possible, exceeding customers' expectations in construction work, service and delivery. We actively seek to improve customer satisfaction by reviewing and enhancing our quality-control and environment systems on a regular basis. Management systems and procedures at the Group ensure that all changes required to attain quality are met efficiently. In this vein, Orascom Construction PLC holds ISO 9001 certification.

Commitment to Health, Safety and the Environment (HSE)

In 2018, Orascom Construction continued to adhere to OHSAS 18001 and ISO 14001 requirements while carrying out all of its projects.

Company	2018 LTIR
Orascom Construction	0.006
Orascom Construction USA	0.3

Orascom Construction

Orascom Construction's HSE Management team regularly introduces new programs to reinforce HSE performance in engineering and construction activities and strengthen the environmental performance of its construction engineers.

Man-Hours

Total man-hours worked stood at more than 275 million by year-end 2018, an increase of 12% over the last year.

Sector	Hours Worked
Airport Projects	3,203,808
Commercial Buildings Projects	173,583,773
Power Generation Projects	40,369,255
LNG, Oil, Gas & Petrochemical Projects	5,742,872
Marine Works	458,412
Cement Projects	14,785,640
Transportation Projects	24,293,933
Water Pipelines	29,408
Wastewater Projects	3,096,280
Foundation	1,714,723
Workshops	1,656,266
Industrial	6,916,532
Total	**275,850,902**

West Damietta Power Plant, Egypt


Maged Abadir
Chief Operations Officer, Executive Director Infrastructure, Heavy Civil and Roads


Mohamed Abdel Razik
Executive Director Finance, Egypt


Philip Megally
Executive Director Industrial Unit


Ihab Mehawed
Managing Director & Commercial Director, Orascom Construction Egypt

HSE Audits

Health, Safety and Environment audits are mandatory Orascom Construction procedures that assess and measure each project's compliance with the Group's HSE standards. Since 2016, unannounced HSE audits have been continuously conducted on all OC projects to determine the true status of average HSE performance on sights and detect any hidden complications.

Year	2015	2016	2017	2018
Number of internal audits conducted	154	163	184	193
Number of environmental audits conducted	42	43	68	71
Number of environmental measurements conducted	34	46	56	64

HSE Training

Training courses are regularly organized by the HSE Training Department in collaboration with the Group's Human Resources Department. The below table represents the number of trainees that attended courses conducted by the HSE Department and by a third party organization, as well as the total hours of training received.

The spike in training attendance experienced in 2017 came as a result of management's decision to make 10-hour Occupational Health and Safety Awareness (OHSA 10) course mandatory for all site engineers. This course was run by an accredited third party training organization. In 2018, no training programs were held by third party organizations.

Year	2014	2015	2016	2017	2018
Total training hours	11,147	10,051	19,171	18,684	12,654
Training attendance for 3rd party	1	20	-	3,016	-
Training attendance in-house	1,414	1,321	3,241	1,792	1,380
Total number of trainees	1,414	1,321	3,241	4,808	1,380

Training conducted by HSE manager on site (induction, toolbox meeting, pre-task briefs and others):

Orascom Construction	2018
Total number of attendees	1,579,288
Total course hours	1,152,116
Total number of training sessions	31,644

Kevin McClain
President & Chief Executive Officer, US Operations

Jeremy Marron
Chief Financial Officer, US Operations

Shane Bauer
Executive Vice President of Operations, US Operations

Orascom Construction USA

The Weitz Company

Using its Leading Indicators Dashboard and Behavior-Based Safety (BBS) training programs, the Weitz Company recorded another outstanding year for safety. The company achieved a historically low Lost Time Incident Rate (LTIR) of 0.0 while also recording a rate of Days Away, Restricted or Transferred (DART) of 0.2. The Total Recordable Incident Rate (TRIR) for 2018 was 1.0.

A new safety requirement in 2018 was the Nothing Hits the Floor program. Intended to improve housekeeping, productivity and safety overall on projects, Nothing Hits the Floor was rolled out across the business via the safety boot camps Weitz performs annually.

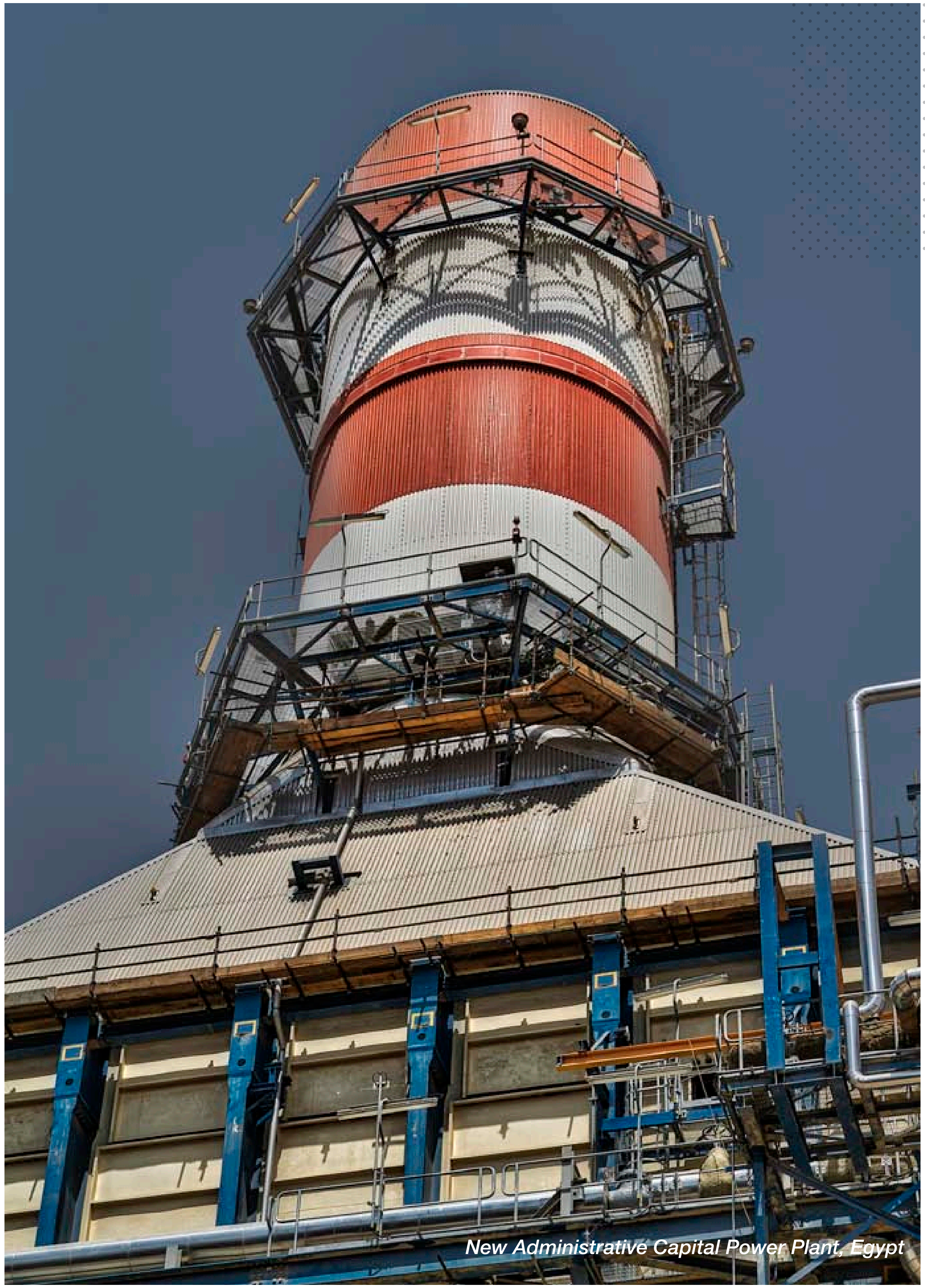
Coupling safety programs like Nothing Hits the Floor with quality W.H.A.T. Pre-Task Plans, Job Safety Analyses and BBS observations have helped The Weitz Company, which received no OSHA citations in 2018, maintain its “All In” commitment to safety with employees and clients.

Contrack Watts

Several new safety initiatives have reinforced Contrack Watts’ safety commitment and, subsequently, helped heighten awareness of safety issues on its projects. 2018 saw a 50 percent reduction in both LTIR and DART from the previous year, as well as a 26 percent decrease in TRIR. Two of the greatest enhancements made in 2018 were the creation of a Federal Safety Management System (which lays down a set of procedures to be applied across CWI projects) and the implementation of a W.H.A.T. Pre-Task Plan for federal projects modeled on the version utilized by The Weitz Company on its commercial and industrial projects.

To drive best practices and accountability, Contrack Watts also instituted monthly safety manager conference calls to share ideas for improving safety and to institutionalize a system for sharing information on related issues. This will be fortified in 2019 by Behavior-Based Safety (BBS) and ongoing employee safety training programs, including OSHA 30-hour for project managers, superintendents and project engineers.

Contrack Watts, which received no OSHA citations in 2018, will also be fully integrated into a single Leading Indicators Dashboard with Weitz in 2019. This will ensure meaningful data is being tracked and communicated while also documenting the completion percentages for required safety inspections for field operations staff.



New Administrative Capital Power Plant, Egypt

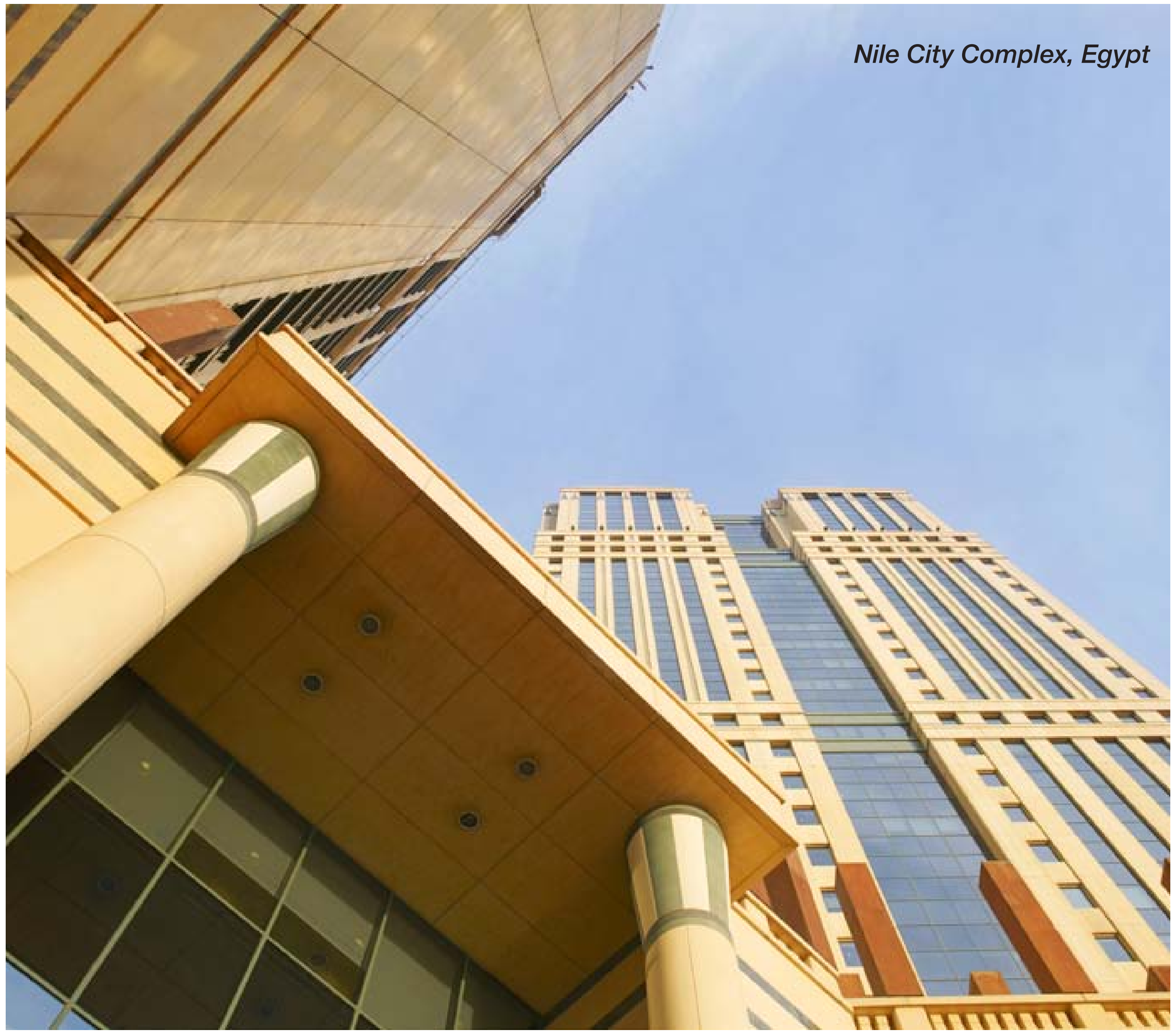
CORPORATE GOVERNANCE

Orascom Construction PLC is committed to implementing a high-standard corporate governance framework that ensures transparency, efficiency and safeguards the interest of its shareholders and the communities where it operates.

West Damietta Power Plant - 750 MW, Egypt

BOARD OF DIRECTORS

Through the Board's leadership and experience, Orascom Construction PLC conducts its business efficiently and in a manner that maximizes profitability and long-term value, while adhering to the highest levels of integrity and ethics. The Board is ultimately responsible for the adoption and development of efficient corporate governance structures and the management, performance, and the success of the company.



Nile City Complex, Egypt

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 joined the Société Générale group in 1986 and held multiple senior managing positions in Europe and in emerging countries, mainly on capital markets, then as Country manager and Director of various Société Générale group's listed and non-listed subsidiaries.

Mr. Guiraud joined the NNS group in 2008. He is currently Executive Chairman of NNS Luxembourg and Chief Operating Officer of NNS Advisers (two non-listed entities). He is also Director and Member of the Audit and the Nomination Committees of OCI.NV (a leading fertilizer company listed on the Euronext Amsterdam stock exchange) and a Board Member of BESIX Group. He was a member of the Board of Directors and the Audit Committee of Lafarge S.A. from May 2008 till August 2016.

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. He 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 concession portfolio and is leading the growth of its 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.

Mustafa Abdel-Wadood // Independent Non-Executive Director

Mr. Mustafa Abdel-Wadood has had a long career as an active investor and operator with a focus on Emerging Markets. His experience in private equity, corporate development and investments spans multiple sectors and geographies across Africa, Asia, Latin America and the Middle East. Mr. Abdel-Wadood has served on numerous boards of private and public companies including Orascom Telecom, Acibadem Healthcare, Air Arabia, EFG-Hermes, ASGC and Orascom Construction. He has also served on the Board of the Middle East Centre for the London School of Economics, the Foundation Board of IMD in Lausanne, and the Dean's Advisory Board at the American University in Cairo. He is a frequent guest speaker at conferences and has made numerous appearances on various business TV programs. Mr. Abdel-Wadood was selected by the World Economic Forum as one of the 100 Global Leaders for Tomorrow for the Year 2002 and a Young Global Leader in 2007. He holds a Bachelor's degree in Business Administration from the American University in Cairo and an MBA from Georgetown University.

Johan Beerlandt // Independent Non-Executive Director

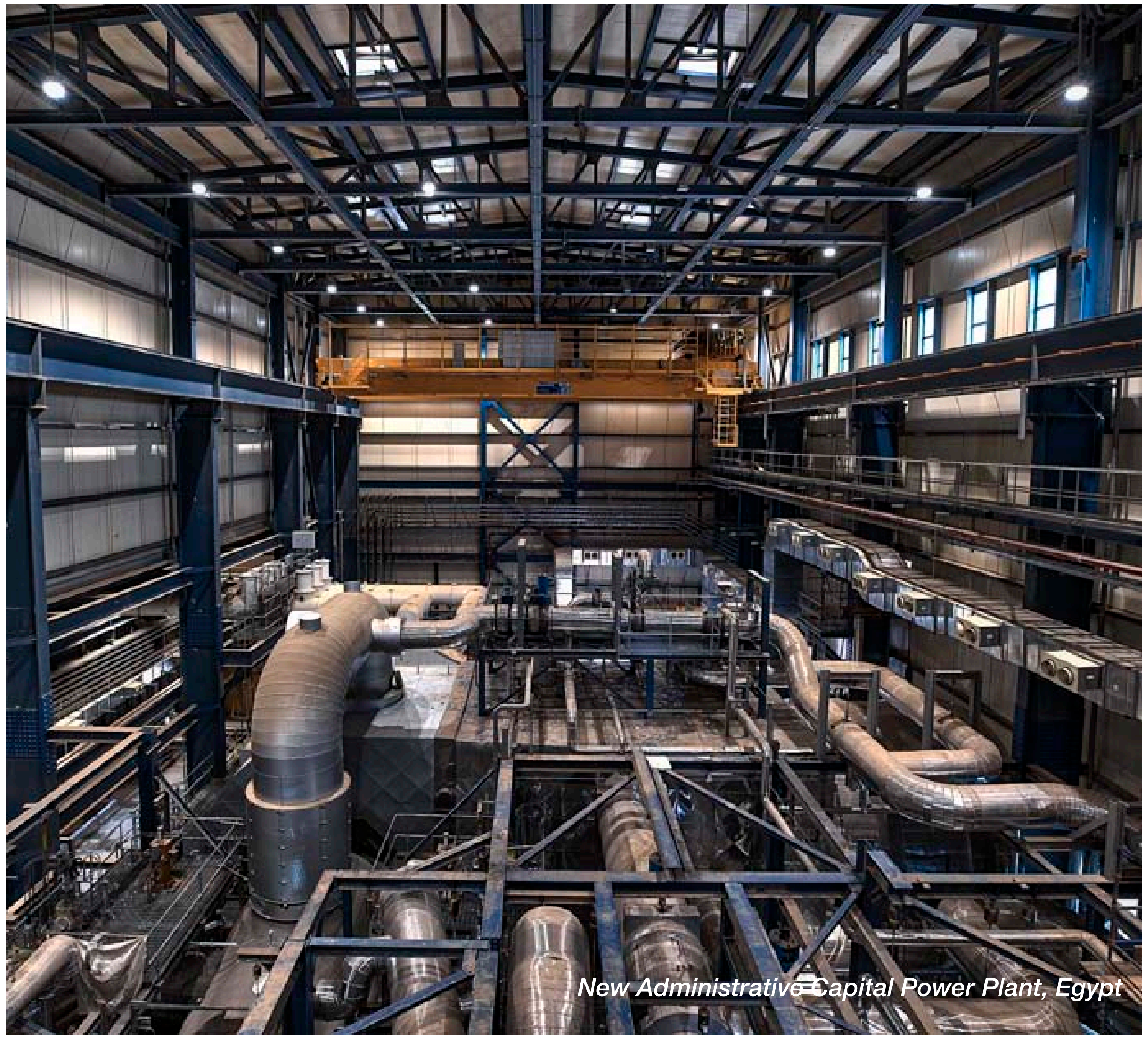
Mr. Johan Beerlandt is the Chairman of BESIX Group and former Chief Executive Officer from 2004 to 2017. He oversaw the transformation of the business into a major regional player in Europe and the Middle East. In 2004, Mr. Beerlandt was instrumental in the 50-50 leveraged management buyout of the BESIX holding company executed by BESIX management and Orascom. Mr. Beerlandt brings a wealth of knowledge and experience in regional and international construction and concessions markets to the Board.

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. Mr. Bichara was the Co-founder, Chairman and CEO of "LINKdotNET". Mr. Bichara holds a Bachelor of Science degree from the American University in Cairo.

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. He is currently the Chairman of Inventis, a management consulting company. Mr. Haddad holds an MA in economics from the American University in Beirut and pursued his postgraduate studies at the University of Wisconsin-Madison.



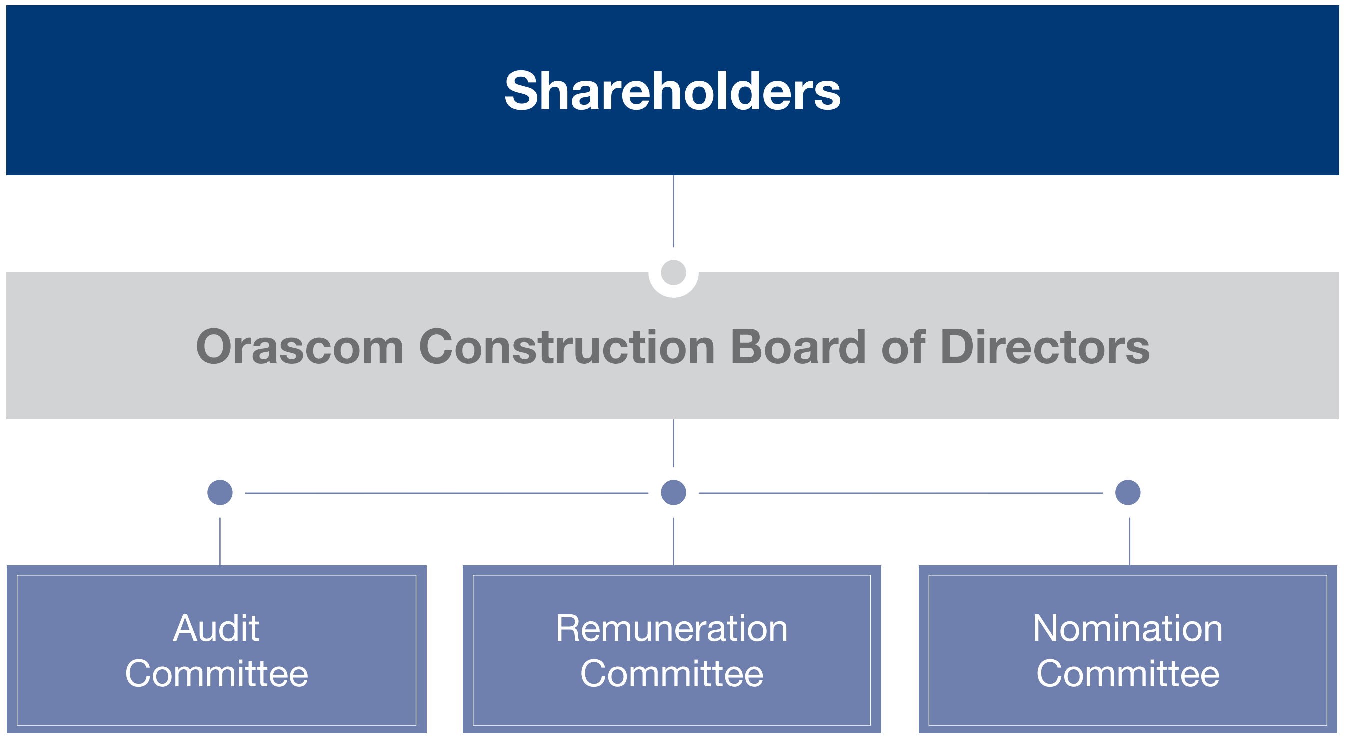
New Administrative Capital Power Plant, Egypt

OUR CORPORATE GOVERNANCE STRUCTURE

The Board reviews and monitors the company's corporate governance framework to ensure its compliance with all applicable laws and stock exchange regulations for NASDAQ Dubai and EGX Cairo, and is committed to the continuous improvement of the company's transparency and disclosure standards.

To assist with its duties, the Board of Directors has established three committees including an Audit Committee, a Remuneration Committee and a Nomination Committee. All of 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. From time to time, separate committees may be set up by our Board of Directors to consider specific issues when the need arises.

> “Orascom Construction PLC's corporate governance framework ensures its compliance with all applicable laws and stock exchange regulations for NASDAQ Dubai and the Egyptian Exchange.



Audit Committee

The Audit Committee consists of three members, of which two are independent non-executive directors. The primary purpose of the Audit Committee is:

(a) to assist the Board in its oversight of
1. the integrity of the Company's financial statements,
2. the Company's compliance with legal and regulatory requirements,
3. the independent auditor's qualifications and independence, and
4. the performance of the Company's internal audit function and independent auditors;

(b) to prepare and publish an annual committee report and such other reports to the extent required under any applicable securities laws and stock exchange regulations.

The role and responsibilities of the Audit Committee are set out in written terms of reference, and include the appointment, compensation and retention of the independent auditor, review of the Company's interim and annual financial statements with management and the independent auditor, and review of the Company's internal control and risk management systems. The Audit Committee will meet formally at least two times a year and as otherwise requested by the chairman of the Audit Committee.

Members:
- Sami Haddad – Chair
- Khalid Bichara
- Jérôme Guiraud

Remuneration Committee

The Remuneration Committee consists of two directors, of which two are independent non-executive directors. The primary purpose of the Remuneration Committee is:

(a) to assist the Board in its oversight of all matters relating to director and executive officer compensation;
(b) to prepare and publish an annual committee report on director and executive compensation and such other reports to the extent required under any applicable securities laws and stock exchange regulations.

The role and responsibilities of the Remuneration Committee are set out in written terms of reference, and include the review, evaluation and approval of director and executive officer compensation, incentive-compensation plans and equity-based plans. In determining the compensation of the directors and executive officers of the Company, the Remuneration Committee considers the Company's performance and relative Shareholder return, the compensation level of directors and executive officers at comparable companies, and the compensation of the directors and executive officers in past years. No director is solely involved in deciding their own compensation. Executive officers do not receive additional compensation for their service as an executive director. Non-executive directors receive an annual stipend and may participate in the Share-based incentive program of the Company. The Remuneration Committee will meet formally at least once a year and as otherwise requested by the chairman of the Remuneration Committee.

Members:
- Khaled Bichara – Chair
- Mustafa Abdel-Wadood

Shareholders' Rights

The company's shareholders exercise their rights through the Annual General Meeting of Shareholders held 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 issued share capital. Important matters that require the approval at the Annual General Meeting of Shareholders include the following:

- Adoption of financial statements;
- Declaration of dividends;
- Significant changes to the company's corporate governance;
- Remuneration policies;
- Remuneration of Non-Executive Directors;
- Discharge from liability of the Board of Directors;
- Appointment of an external auditor;
- Appointment, suspension or dismissal of members of the 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 an external auditor. The Audit Committee recommends to the Board an 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 21st, 2018, the General Meeting reappointed KPMG as independent external auditor for the company for the 2018 financial year.

Disclosed Shareholders as at 31 December 2018

Name	Number of Shares	Percent of Outstanding Shares
Nassef Sawiris and entities held for his benefit	33,800,439	28.9%
Onsi Sawiris and entities held for his benefit	19,319,199	16.5%
Samih Sawiris and entities held for his benefit	7,336,894	6.3%
Cascade Investment L.L.C and Bill & Melinda Gates Foundation Trust	6,787,852	5.8%
Total Outstanding Shares	**116,761,379**	

Burullus Combined Cycle Power Plant, Egypt

Board of Directors Report

Composition and Independence

Orascom Construction PLC's Board is intentionally composed to equip the company with leaders who possess diverse skills, experience and backgrounds, thereby maximizing the Board's ability to act independently and critically without emphasizing particular interests. The Board maintains its independence by ensuring that the majority of its 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 2018. Board policy states that formal evaluation will be performed every three years with the aid of an external consultant.

Board Meetings

The Board met four times during 2018 and held several conference calls. In 2018, Board discussions focused on the following issues:

- Strategy, focus markets and plans, including potential business;
- Business performance;
- Approval of the 2017 annual report and external quarterly reporting through 2018; and
- Approval of key financing, operational and investment activities as well as other business developments.

Audit Committee Report

The Audit Committee consists of three members mandated with monitoring and supervising activities related to the Company's financial, internal audit, compliance and tax performance. In 2018, the Audit Committee held four meetings. In accordance with its Charter, the Audit Committee reviewed and advised on the following issues:

- Financial reporting and non-financial information;
- Financing strategy, including mitigation of forex exposures;
- The implications of new International Financial Reporting Standards including IFRS 15 and 16;
- The functioning of the Company's internal control processes, internal audit function and audit approach;
- Effective tax rate and tax compliance;
- Litigation and major legal cases such as the MEI and Sidra cases; and
- 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 2018 before signing off on the quarterly and year-end financial statements.

Cathedral of the Nativity, New Administrative Capital, 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 of 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 occur, 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 risks to which Orascom Construction PLC is exposed. All of these factors are contingencies that may or may not occur. Additional risks and uncertainties not presently known to management or currently deemed immaterial may also have a materially adverse effect on the company or its operational results.


El Galalah Seawater Desalination Plant, Egypt

Risk Type	Risk	Mitigant
STRATEGIC	**Economic & Political Conditions:** Orascom Construction PLC operates in both developed and emerging markets, which means we are exposed to certain countries, especially in the Middle East and North 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, renegotiation of contract terms, placement of 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 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 PLC is to a certain extent dependent on a number of key clients, being the Egyptian government through its various ministries and to a lesser extent the US Federal Government.	We are diversifying in US markets through our subsidiaries. We also strive to have a stronger client base in countries other than Egypt and Saudi Arabia in the Middle East and Africa.

Risk Type	Risk	Mitigant
OPERATIONAL	**Project Costs:** Our project costs are subject to fluctuations in the costs 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 values require approval from the CEO. During the execution of 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 to clients in a timely manner. We continuously upgrade contractual terms and conditions to reflect 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 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 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 of less than 50%. If a business becomes non-core or has reached a certain level of maturity, we actively pursue monetizing it through divestment.
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.

Risk Type	Risk	Mitigant
FINANCIAL	**Currency Fluctuations:** Significant changes in the exchange rates of operational currencies, which include the US dollar, yen, euro, Egyptian pound and 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 & Conduct and Code of Ethics outline 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 2018 were the following:

Code of Conduct: Orascom Construction PLC 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 PLC is expected to conduct his/herself while carrying out his or her duties and responsibilities on behalf of Orascom Construction PLC.

Whistleblower Policy: The Whistleblower Policy applies to all employees, officers and directors of Orascom Construction PLC. Internal reporting of suspected criminal or unethical conduct by or within the company is vital to 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 PLC and prohibits every employee from using insider information on a transaction in Orascom Construction PLC securities, or executing a transaction in Orascom Construction PLC 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 by the Chief Executive Officer and Chief Financial Officer in monthly review meetings with responsible management.

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. Subsidiary budgets are updated monthly to account for actuals, and forecasts are updated at a mid-year review. These budgets and forecasts are consolidated into Orascom Construction PLC'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 PLC 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, that they are compliant with our codes and policies and that proper internal controls have been maintained through the financial year.

New Capital's Cultural Center, Egypt

Statement of Directors' Responsibility

The following statement is meant to be read in conjunction with the Auditors' responsibility section of the Independent Auditors' Report. It has been prepared in order to distinguish the respective responsibilities of the Directors and Auditors in relation to the company's Consolidated Financial Statements.

The Directors are required to prepare the Consolidated Financial Statements for 2018. These Statements provide a true and fair view of the state of affairs of both Orascom Construction PLC (the "Company") and its subsidiaries (collectively the "Group") at the end of the financial year and disclose the profit and loss for the financial year 2018.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards. To prepare these Statements, the Directors are required to select appropriate accounting policies and apply them consistently, make reasonable and prudent judgments and estimates, 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. Unless stated otherwise, the Directors use a going-concern basis in preparing the Consolidated Financial Statements.

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 necessary and reasonable steps to safeguard the Group's assets, 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 laws and regulations. The Directors consider both the Annual Report and the Consolidated Financial Statements to be fair, balanced and easy to understand. These documents provide necessary information for shareholders to assess the Company's performance, business model and strategy.


Greater Cairo Metro, Egypt

CORPORATE SOCIAL RESPONSIBILITY

Ain Sokhna Road, Egypt

Throughout our 68-year history, we have placed sustainable development and the social wellbeing of our communities at the core of our vision

Our role as a corporate citizen has continued to grow in tandem with our evolution from a small family business to a global industry leader. Our CSR contributions have always been anchored in the belief that high-quality, accessible education and health services form the cornerstone of any endeavor to advance sustainable human development. Over the years, Orascom Construction PLC has dedicated substantial resources and time to the entire education chain and several endeavors that safeguard the health and wellbeing of our communities.

2018 HIGHLIGHTS

Naga' El Fawal and El Deir Village

"Integrated Sustainable Development" Project

As part of our commitment to improving the livelihoods of Egyptians across the country with a focus on philanthropic sustainable development to empower marginalized citizens, Orascom Construction PLC is embarking on two mega development projects in Upper Egypt

Renovated and Refurbished Health Unit at Naga' El Fawal

This year Orascom Construction PLC announced a partnership with the EFG Hermes Foundation, the Sawiris Foundation for Social Development, and the Kuwaiti Initiative for the Support of the Egyptian People to rehabilitate the social fabric of Naga' El Fawal and El Deir Village in Markaz Esnaa in the Luxor Governorate. This project also aims to economically empower the community members with the greatest need.

The sustainable integrated developmental project in Naga' El Fawal and El Deir Village was designed based on a needs assessment conducted in collaboration with the Governorate of Luxor, local authorities and beneficiaries. The project will employ a holistic approach that focuses on infrastructural, health, educational and economic challenges. Once complete, the project will benefit more than 60,000 residents of Naga' El Fawal and El Deir as well as other surrounding villages.

Rapid population growth and a lack of job opportunities have contributed to a variety of challenges in the community in recent years, including high rates of poverty and unemployment as well as the degradation of housing and infrastructure conditions. This dynamic project will stimulate the local economy and rehabilitate the social fabric of the community by improving health and sanitation, providing educational and job opportunities, and upgrading community infrastructure.

Accomplishments to Date

Education

We are combatting women's illiteracy using an innovative Montessori educational approach. The project team implemented literacy programs for women and youth that are relevant to economic empowerment projects benefitting 21 women thus far. Additionally, we trained 26 trainers and teachers of local preschoolers in the Montessori educational approach.

Naga' El Fawal and El Deir Village Montessori Program, Egypt

The project teams launched an educational development after school program called Funtasia in collaboration with the Elisa Sednaoui Foundation that has provided a series of important sessions to 515 students from Naga' El Fawal school and trained 40 local school teachers. The Funtasia program helps young people develop skills that allow them to access their own creativity to find real-life solutions to personal and community challenges. Skills taught in the program include communication, openness to learning, conflict management, self-care, self–awareness, analytical thinking, discovering one's unique voice, and expression.

Healthcare and Infrastructure

We have renovated and refurbished a local health unit that services over 60,000 citizens. Additionally, the project team is building a community center that includes a nursery, sewing workshop and a training center; and we have replaced the water network used by over 10,000 citizens.

Economic Empowerment

We supported 50 families in the community in launching small businesses that allow family members to use their abilities to meet market needs and become economically empowered. Each family received training on starting a business, bookkeeping, marketing, and other skills needed to successfully manage their businesses.

Future Plans

Upcoming plans for the project include continuing to increase the skill level of the village's workforce, provide new employment opportunities with long-term potential to extend beyond the village, and facilitate meaningful economic development in surrounding communities. The project will also continue to deliver infrastructure improvements and support the critical healthcare and educational needs of the community. Additional needs will be addressed as they arise during the implementation phase.

Assiut Community Schools

Orascom Construction PLC has always been a firm believer in the idea that quality education can lead to the betterment of human lives across Egypt. Building on this idea and in line with our relentless pursuit of social change, we have collaborated with our strategic partner the Sawiris Foundation for Social Development and the Ministry of Education to establish 15 new community schools in remote, underprivileged locations in Assiut that enroll approximately 450 children. We will equip these schools to provide quality education to marginalized children who would otherwise not have access to adequate educational opportunities. Our goal is to cultivate a more knowledgeable and productive society.

We have signed a contract with The Sawiris Foundation for Social Development (SFSD) and implementing NGO The Assuit Childhood and Development Association (ACDA) to proceed with the initiative. We have identified 14 potential locations for the community schools and are preparing to move forward with construction.

Enactus Egypt

We are incredibly proud that the Egyptian team sponsored by Orascom Construction PLC was runner up at the Enactus 2018 World Cup Competition

Enactus Egypt General Orientation Training

2018 saw Orascom Construction PLC renew its partnership with Enactus Egypt and launch the "Thematic Competition on Improving Livelihoods". In this initiative, Egyptian universities volunteer to implement outreach projects during the academic year with the aim of empowering and improving the standard of living and quality of life of people in need. In 2018, Enactus Egypt students implemented 125 outreach projects that directly impacted over 25,000 Egyptians. A group of prominent Egyptian businessmen from Orascom Construction PLC and other multinational companies judged the National Competition with project "Blossom" presented by the 6th of October University as the national champion.

This year, Orascom Construction PLC also sponsored the General Orientation Training that brought together approximately 6,700 student leaders from over 48 universities representing 48 Enactus Egypt teams. The objective of the training is to empower teams by providing them with a fair and equal chance to acquire knowledge and guidance. The training seeks to raise the bar of the national competition and assure that qualified teams represent Egypt in the World Championship.

Stemming from its belief in empowering youth to reach their full potential, Orascom Construction PLC continued to sponsor the winning national team at the Enactus World Cup held in San Jose, California, US. The Egyptian team competed with teams from 36 countries. In the semi-final round, Egypt competed with the US and Irish teams, and in the final round, Egypt competed with Canada, India, and Morocco. At the end, Egypt emerged as the runner up, and Canada was announced the 2018 World Cup Champion.

The 6th of October University team won second place in the World Cup with Project "Blossom". The team worked with the village of Shoubra Bloula (meaning "jasmine village") which produces 71% of Egypt's jasmine flowers and 52% of jasmine flowers worldwide. The October 6th University Enactus team empowered residents of Shoubra Bloula to revive its jasmine industry by introducing a new eco-friendly fertilizer (Vermi compost), helping export products to foreign countries, and opening new marketing channels.

2nd Place at Enactus World Cup

Supporting Education in Egypt

Onsi Sawiris Scholarship Program

Onsi Sawiris Scholarship Program

Now in its 18th year, the Onsi Sawiris Scholarship Program continues to sponsor the undergraduate and graduate studies of stellar Egyptian students at leading US higher education institutions. Students are provided with full scholarships, including tuition fees, living expenses, health insurance and travel fees. In exchange for this support, they must return to Egypt upon completion of their programs to contribute to the country's economic development for a minimum of two years. In 2018, we provided scholarships to six students to attend Stanford University, University of Chicago, Yale School of Management, University of California Berkeley, Harvard University, and University of Pennsylvania.

The Onsi Sawiris Scholarship program was created with a vision to cultivate a group of highly educated and skilled leaders who would have a lasting positive impact on the Egyptian economy. To achieve this vision, the program now provides full scholarships to talented students pursuing Master of Business Administration or Master of Engineering degrees at top-tier US universities as well as undergraduate degrees restricted to the University of Chicago, Stanford University, Harvard University and University of Pennsylvania. We are proud to announce that some of the students have received recognition for making the deans's lists at their respective schools, and they continue to make Orascom Construction PLC proud by excelling at their academic pursuits while engaging in diverse extracurricular activities.

Driving Engineering Education - TU Berlin scholarship

Since TU Berlin became the first German university to operate a campus in Egypt, Orascom Construction PLC has provided academic scholarships to students pursing master's degrees in the fields of water engineering and electric engineering who demonstrate academic and professional excellence.

The Orascom Construction PLC–AUC Upper Egypt Youth Scholarship

As part of its drive to support youth in Upper Egypt, Orascom Construction PLC awarded its fifth round of full scholarships to students from Minya and Sohag pursuing undergraduate degrees in economics at The American University in Cairo (AUC). The program identifies students with the potential to become leaders and sponsors their studies at AUC, where they reap the benefits of a liberal arts education and excellent student services. We are incredibly proud that two scholarship recipients have been accepted into a year abroad program at the University of Chicago that will further broaden their exposure. Recipients of the Orascom Construction PLC-AUC Scholarship have consistently achieved academic and leadership excellence in their journeys to pursue careers in private corporations, civil society organizations, and governmental entities.


OC-AUC Upper Egypt Youth Scholarship

INJAZ Egypt

Since 2009, we have proudly supported INJAZ Egypt, an organization that involves the private sector in delivering a curriculum to empower student entrepreneurs. INJAZ helps Egypt's chronically unemployed youth develop skills that increase their employability. Partnering with businesses and educational institutions across the country, INJAZ has impacted scores of students, startups, and schools while simultaneously engaging thousands of corporate and individual volunteers. Through various INJAZ programs, Orascom Construction PLC has positively impacted the lives of more than 700,000 young people to date.

San3ety Graduates Initiative

Under the sponsorship of Orascom Construction PLC, INJAZ Egypt's San3ety Graduates Initiative has trained nearly 120 technical college graduates. San3ety Graduates equips participants with the skills they need to excel in the job market. A partnership with certified training institute NASS Academy gives participants a competitive edge. NASS is internationally benchmarked and accredited, and graduates receive a diploma certifying the competencies they have developed. The 2017-2018 San3ety Graduates Initiative accepted a smaller cohort than previous years – 120 participants – and targeted vocational college graduates in order to guarantee participants' availability and directly connect them with job opportunities. Participants gained critical transferrable and specific skills in four phases:

1. Work Readiness Training – Participants gained a foundational set of soft and professional skills.
2. Technical Training at NASS Academy – Participants refined their technical expertise through an internationally renowned certification program.
3. Job Shadowing – Participants visited work places and gained practical insight regarding processes and work flow. More than 50 of the initiative's participants were welcomed at the Orascom Construction PLC National Steel Fabrication (NSF) factory for job shadowing days. Program participants received an orientation session from NSF's HR Department and were introduced to employees' rights and duties as well as safety and quality measures at the factory. Additionally, participants had the opportunity to tour the factory and ask questions about the available jobs and tasks.
4. Internship and Job Placement Assistance – Graduates are supported in their search for meaningful employment. A key performance indicator for the San3ety Initiative is the high employment rate of graduates.


San3ety Safety Training


San3ety Job Shadowing

San3ety Graduate Initiative

American Middle Eastern Network Dialogue Conference

Orascom Construction PLC has acted as the lead sponsor of the American Middle Eastern Network Dialogue (AMENDS) Conference since its inception seven years ago in line with 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, connect with global leaders and resources, advance their work and share, their ideas and experiences through TED-style talks. AMENDS builds partnerships with organizations throughout the Middle East and US to identify exceptional student leaders. The conference then matches students from the Middle East with students from the US and gives each pair a mentor – either leaders in Silicon Valley or professors from Stanford and partner universities in the Middle East – who helps the students further develop their political and social initiatives before the conference.

The 2018 Conference was hosted at the Stanford Centre in Oxford, United Kingdom. The annual AMENDS Conference aims to foster relationships that transform countries as the delegates continue to do outstanding work in their communities, propelled by their passion, creativity, and drive. This year, a cohort of 24 delegates representing 17 countries joined the Stanford team for five days in late June for the seventh annual conference. AMENDS alumni also joined the conference to serve as mentors and facilitators. The initiatives this year focused on social inclusion, and delegates ranged from the founder of the first anti-human trafficking NGO in Tunisia to students seeking to reevaluate stereotypes through art. Other initiatives touched on environmental justice supporting social entrepreneurship. This year's delegate presentations can be found on the official AMENDS YouTube channel.

AMENDS 2018 Conference


Beneficiary Enjoys Improved Housing Conditions

The Coptic Centre for Training and Development (CCTD) in Beni Suef

Since 2010, Orascom Construction PLC has striven to provide adequate housing to marginalized groups. To that end, we have acted swiftly to respond to the needs of disenfranchised people in Beni Suef. In partnership with the Sawiris Foundation for Social Development, whose core vision is in harmony with ours, we have designed a project to improve the housing conditions of 120 families in 24 different villages in four centers across the governorate. Our interventions include delivering proper sewage systems, providing potable water, connecting houses to the power grid, and installing durable roofs, walls, stairs and tiles, among other services. Orascom Construction PLC has also planted around 500 trees in the targeted villages to allow people to enjoy better living conditions and assist them in realizing their potential.

Collaboration for Community Engagement

Orascom Construction PLC continues to support impoverished people in the Assiut, Qena, Suhag, and El Burulls Governorates with the aim of decreasing levels of illness, poverty and hunger. The company continues to support the Suez Governorate through our subsidiary Suez Industrial Development Company (SIDC) with the goal of enriching community members' lives. This year, SIDC's support provided shelter, food, and education for orphans and developed sports opportunities for youth in Suez Governorate.

Orascom Construction PLC's US subsidiaries provide time, physical resources, and financial support to a variety of charitable and community organizations in order to improve the wellbeing of local communities, make a meaningful difference in the lives of others, and have an enduring impact on people's lives.

A Focus on Healthcare

Orascom Construction PLC has also been highly engaged in developing social healthcare in rural areas throughout Egypt where basic healthcare needs are unmet. In particular, the company focuses on the treatment of hepatitis C, a disease which affects over 15% of Egyptians. This year, Orascom Construction PLC donated funds to several non-profit organizations dedicated to this cause.

Renovation of the Maternity Emergency Department of Kasr El Einy Hospital

Orascom Construction PLC helped renovate the Maternity Emergency Department of Kasr El Einy Hospital, a tertiary referral emergency department known for its high quality medical services. Every year, 25,000 patients with complicated cases visit this unit, most of whom cannot afford private hospitals. Those who seek care at the unit are treated for free.

The aim of these renovations was to control infection and reduce the incidence of maternal and neonatal sepsis. Orascom Constriction PLC renovated the electricity, lighting, and ventilation systems in the patients' wards and operating theaters as well as the plumbing systems and patient toilets.

The Karim Camel-Toueg International Fellowship in Hepatology

With the aim of increasing the number of qualified hepatologists available to care for the millions of Egyptians with liver disease, this year Oracom Construction PLC continued to sponsor the Karim Camel-Toueg International Fellowship in Hepatology, which was established in 2011 to honor the memory of OCI Board Member Karim Camel-Toueg. The fellowship provides Egyptian doctors with the opportunity to spend six months as a fellow at the Cleveland Clinic Hepatology Center in the US to gain valuable experience working with patients, learn about superior clinical outcomes, and acquire excellence in research and education.

Fostering Community Development

Sawiris Foundation for Social Development

Orascom Construction PLC continues to be one of the primary sources of funding for the Sawiris Foundation for Social Development (www.sawirisfoundation.org) since its inception. The Sawiris Foundation for Social Development works to improve society by empowering 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 adopted by other institutions.

San3ety Graduates Initiative

CONSOLIDATED FINANCIAL STATEMENTS

KIMA Fertilizer Plant, Egypt

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Independent Auditors' Report

To the Shareholders of Orascom Construction PLC (formerly Orascom Construction Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Orascom Construction PLC ("the Company") (formerly Orascom Construction Limited) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Auditors' 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 ("DIFC") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 period. 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 from construction contracts over time based on the progress of each construction contract. The progress of a construction contract 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 highly probable that a significant revenue reversal will not occur when the uncertainty associated with the variations are subsequently resolved.

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.

With effect from 1 January 2018, the Group adopted IFRS 15 Revenue from Contract with customers. The adoption of the new standard involved exercise of key judgements including identification of performance obligations, determination of transaction price that has to be allocated to the various performance obligations.
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:

- reviewed the accounting policies adopted by the Group and ensured these policies had been applied to individual contracts with customers appropriately
- evaluated the group's application of IFRS 15 to its contracts with customers including identification of performance obligation and allocation of transaction price to each performance obligation;
- 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 accounted in the financial statements;
- 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 Expected credit loss allowances on receivables

Refer to note 9 and note 13 of the consolidated financial statements

Key audit matter

The Group is exposed to credit risk on its receivable balances including contract receivables, contract assets, amounts due from related parties and retention receivables.

IFRS 9 – Financial Instruments was adopted by the Group on 1 January 2018 and has resulted in change in accounting for impairment from an incurred loss model to forward looking expected credit loss ("ECL") model. The determination of expected credit loss involves significant estimates and judgement.

Key areas involving judgements include current and future looking external factors, probability of default and loss given default. Due to judgement and complexities involved in the computation of ECL for determining impairment provision, there is a risk that the amount of ECL may be materially misstated.

Given the inherently judgemental nature of determining ECL and this being the first year of its application, this is considered as a key audit matter.

How our audit addressed the key audit matter

- obtaining an understanding of the Group's process for estimating ECL and assessing the appropriateness of the ECL preparation methodology and new accounting policy against the requirement of IFRS 9.
- identifying and testing key controls over the ECL model;
- assessing the reasonableness of key assumptions and judgments made by the management in determining the ECL allowances including segmentation of receivables, selection of ECL models and macroeconomic factors; and
- testing key inputs of the model, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to the historical data.

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 and 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 legislations 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 with 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.

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 123.6 million as of 31 December 2018. 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 and existing funding lines and facilities available to the Group.

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 ending 31 December 2019 and assessing its reasonableness by referring to the Group's current operational level, its project backlog as at 31 December 2018 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 IFRS and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018 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 auditors' 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 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 auditors' 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 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 auditors' 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.

Report on Other Legal and Regulatory Requirements

We further report that the consolidated financial statements comply, in all material respects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

KPMG LLP

KPMG LLP
Dubai, United Arab Emirates

Freddie Cloete
Date: 26 March 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

$ millions	Note	31 December 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	(7)	159.3	155.4
Goodwill	(8)	13.8	13.8
Trade and other receivables	(9)	15.2	15.8
Equity accounted investees	(10)	419.5	421.8
Deferred tax assets	(11)	35.9	34.5
Total non-current assets		**643.7**	**641.3**
Current assets			
Inventories	(12)	283.3	232.2
Trade and other receivables	(9)	1,243.1	1,146.7
Contracts work in progress	(13)	526.7	488.8
Current income tax receivables		0.1	3.2
Cash and cash equivalents	(14)	402.5	434.2
Total current assets		**2,455.7**	**2,305.1**
Total assets		**3,099.4**	**2,946.4**
Equity			
Share capital	(15)	116.8	116.8
Share premium		480.2	761.5
Reserves	(16)	(335.6)	(318.8)
Retained earning (accumulated losses)		170.5	(201.6)
Equity attributable to owners of the Company		**431.9**	**357.9**
Non-controlling interest	(17)	39.6	44.6
Total equity		**471.5**	**402.5**
Liabilities			
Non-current liabilities			
Loans and borrowings	(18)	2.3	11.3
Trade and other payables	(19)	43.0	44.9
Deferred tax liabilities	(11)	3.3	4.9
Total non-current liabilities		48.6	61.1
Current liabilities			
Loans and borrowings	(18)	373.0	249.4
Trade and other payables	(19)	1,025.7	1,076.5
Advanced payments from construction contracts		606.0	484.7
Billing in excess of construction contracts	(13)	410.8	529.7
Provisions	(20)	103.3	62.3
Income tax payables		60.5	80.2
Total current liabilities		**2,579.3**	**2,482.8**
Total liabilities		**2,627.9**	**2,543.9**
Total equity and liabilities		**3,099.4**	**2,946.4**

The notes on pages 117 to 157 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 March 2019 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 2018	31 December 2017
Revenue	(25)	3,013.5	3,678.7
Cost of sales	(21)	(2,673.4)	(3,354.0)
Gross profit		**340.1**	**324.7**
Other income	(22)	8.3	4.9
Selling, general and administrative expenses	(21)	(181.3)	(153.9)
Operating profit		**167.1**	**175.7**
Finance income	(23)	23.0	36.3
Finance cost	(23)	(28.1)	(60.1)
Net finance cost		**(5.1)**	**(23.8)**
Income from equity accounted investees (net of tax)	(10)	56.3	55.6
Profit before income tax		**218.3**	**207.5**
Income tax	(11)	(63.6)	(122.4)
Net profit for the year		**154.7**	**85.1**
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		(17.0)	21.6
Other comprehensive (loss) income, net of tax		**(17.0)**	**21.6**
Total comprehensive income		**137.7**	**106.7**
Net profit attributable to:			
Owners of the Company		144.7	78.5
Non-controlling interest	(17)	10.0	6.6
Net profit for the year		**154.7**	**85.1**
Total comprehensive income attributable to:			
Owners of the Company		127.9	99.8
Non-controlling interest	(17)	9.8	6.9
Total comprehensive income		**137.7**	**106.7**
Earnings per share (in USD)			
Basic earnings per share	(24)	**1.24**	**0.67**

The notes on pages 117 to 157 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended

$ millions	Share capital (15)	Share premium	Reserves (16)	Retained earnings (accumulated losses)	Equity attributable to owners of the Company	Non-controlling interest (17)	Total equity
Balance at 1 January 2017	117.8	768.8	(348.4)	(281.3)	256.9	45.5	302.4
Net profit	-	-	-	78.5	78.5	6.6	85.1
Other comprehensive income	-	-	21.3	-	21.3	0.3	21.6
Total comprehensive income	-	-	**21.3**	**78.5**	**99.8**	**6.9**	**106.7**
Dividends	-	-	-	-	-	(2.2)	(2.2)
Change in non-controlling interest	-	-	-	-	-	(5.6)	(5.6)
Other	-	-	-	1.2	1.2	-	1.2
Shares reduction	(1.0)	(7.3)	8.3	-	-	-	-
Balance at 31 December 2017	**116.8**	**761.5**	**(318.8)**	**(201.6)**	**357.9**	**44.6**	**402.5**
Net profit	-	-	-	144.7	144.7	10.0	154.7
Other comprehensive loss	-	-	(16.8)	-	(16.8)	(0.2)	(17.0)
Total comprehensive income	-	-	**(16.8)**	**144.7**	**127.9**	**9.8**	**137.7**
Share premium conversion	-	(281.3)	-	281.3	-	-	-
Dividends	-	-	-	(30.0)	(30.0)	(12.5)	(42.5)
Change in non-controlling interest	-	-	-	-	-	(2.3)	(2.3)
Other	-	-	-	(23.9)	(23.9)	-	(23.9)
Balance at 31 December 2018	**116.8**	**480.2**	**(335.6)**	**170.5**	**431.9**	**39.6**	**471.5**

The notes on pages 117 to 157 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended

$ millions	Note	31 December 2018	31 December 2017
Net profit for the year		**154.7**	**85.1**
Adjustments for:			
Depreciation	(7)	40.0	37.2
Interest income (including gain on derivatives)	(23)	(16.2)	(17.4)
Interest expense (including loss on derivatives)	(23)	26.2	18.2
Foreign exchange gain (loss) and others	(23)	(4.9)	23.0
Share in income of equity accounted investees	(10)	(56.3)	(55.6)
Gain on sale of property, plant and equipment	(22)	(1.6)	(0.9)
Income tax	(11)	63.6	122.4
Changes in:			
Inventories	(12)	(51.1)	(41.1)
Trade and other receivables	(9)	(62.3)	(95.9)
Contract work in progress	(13)	(37.9)	(39.6)
Trade and other payables	(19)	(128.4)	60.2
Advanced payments construction contracts		121.3	102.4
Billing in excess of construction contracts	(13)	(118.9)	(131.1)
Provisions	(20)	41.0	(53.9)
Cash flows:			
Interest paid	(23)	(24.9)	(16.9)
Interest received	(23)	8.0	17.4
Dividends from equity accounted investees	(10)	43.2	30.0
Income taxes paid		(49.4)	(42.2)
Cash flow (used in) from operating activities		**(53.9)**	**1.3**
Investments in property, plant and equipment	(7)	(50.2)	(41.8)
Proceeds from sale of property, plant and equipment		7.3	11.5
Cash flow used in investing activities		**(42.9)**	**(30.3)**
Proceeds from borrowings	(18)	313.1	133.1
Repayment of borrowings	(18)	(198.5)	(175.2)
Other long term liabilities		(1.9)	(0.5)
Dividends paid to shareholders		(30.0)	-
Other		(14.9)	(7.8)
Cash flow from (used in) financing activities		**67.8**	**(50.4)**
Net decrease in cash and cash equivalents		**(29.0)**	**(79.4)**
Cash and cash equivalents at 1 January	(14)	434.2	506.9
Currency translation adjustments		(2.7)	6.7
Cash and cash equivalents at 31 December	(14)	**402.5**	**434.2**

The notes on pages 117 to 157 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

Orascom Construction PLC ('OC PLC') is a Public Company, incorporated with registered number 1752 in the Dubai International Financial Center (DIFC) with its head office located at Gate Village-Building 3, DIFC, Dubai, UAE. OC PLC is dual listed on the NASDAQ Dubai and the Egyptian Stock Exchange. The consolidated financial statements for the year ended 31 December 2018 comprise the financial statements of OC PLC, its subsidiaries and joint operations (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

OC PLC was incorporated on 18 January 2015 as Orascom Construction Limited by shares and converted to a Public Company under the Law, DIFC Law No. 5 of 2018 as at 12 November 2018.

OC PLC 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,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.

This is the first set of the Group's annual financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 3.7, 3.13 and 3.15.

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

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

These consolidated financial statements are presented in US dollars ('USD'), which is OC PLC'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 March 2019.

3. Summary of significant accounting policies

3.1. Consolidation

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

Subsidiaries

Subsidiaries are all companies to which OC PLC 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 OC PLC 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 OC PLC'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 OC PLC's business which:

- has operations and cash flows that can be clearly distinguished from the rest of OC PLC;
- 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

Policy applicable before 1 January 2018
Classification and subsequent measurement Financial assets

The Group classified its financial assets into one of the following categories:

- Loans and receivables;
- Held to maturity;
- Available for sale; and
- At fair value through profit or loss.

Financial assets – Subsequent measurement and gains and losses:
Financial assets at FVTPL

Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.

Held-to-maturity financial assets

Measured at amortised cost using the effective interest method.

Loans and receivables
Measured at amortised cost using the effective interest method.

Available-for-sale financial assets
Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Policy applicable from 1 January 2018

I. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment:
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement – financial assets

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see accounting policy on impairment). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

IV. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.8. 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.

3.9. 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.

3.10. 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, fittings and scaffolding	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.

3.11. 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.

3.12. 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.

3.13. Impairment of assets

Non-derivative financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the trade receivable is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs:
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss and OCI.

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.

3.14. 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 is 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.

Onerous contract
A provision for contracts onerous 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 onerous 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.

3.15. Revenue from Contracts with Customers

The Group has adopted Revenue from Contracts with Customers (IFRS 15) with an initial application date of 1 January 2018. As a result, the Group has changed its accounting policy for revenue recognition as detailed below.

The Group applied IFRS 15 using the modified retrospective approach which requires the Company to recognize the cumulative effects of initially applying IFRS 15 as an adjustment to the opening balance of equity as at 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 - Revenue. As the application of IFRS 15 has immaterial impact on the financial statements, the Group has not made any adjustments to the statement of financial position as at 1 January 2018.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Group recognises revenue from contracts with customers based on the five steps model set out in IFRS 15:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- i The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- ii The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii The Group's performance does not create an asset with an alternative use to the Group and its an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Variable consideration
Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component
The Group evaluates significant financing component, if the period between customer payment and the transfer of goods/services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Contract modification
A contract modification occurs when the Group and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, oral, or implied by customary business practices.

The Group treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Cost of obtainment and fulfillment
The Group capitalises incremental costs to obtain a contract with a customer except if the amortisation period for such costs is less than one year.

If the costs incurred in fulfilling a contract with a customer are not in the scope of other guidance - e.g. inventory, intangibles, or property, plant and equipment - then the Group recognises an asset only if the fulfillment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
- Generate or enhance resources that will be used to satisfy performance obligations in the future; and
- Are expected to be recovered.

If the costs incurred to fulfill a contract are in the scope of other guidance, then the Group accounts for such costs using the other guidance.

The Group amortises the asset recognised for the costs to obtain and/or fulfill a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, the Group recognises these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

Revenue from sale of goods
Sales are recognised when control of the products is transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale is recognised in the statement of profit or loss on when the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from construction
As regards the Contracting business lines, the Group has carried out in-depth analysis of a set of contracts that represent material transactions and contract types. The analysis confirms the following conclusions:

- Revenue generated from most construction and service contracts is recognised as a single performance obligation involving the gradual transfer of control. This approach remains consistent with IFRS 15.
- To measure a contract's percentage of completion, the Group uses either a cost-based method or a method based on the physical percentage of completion. For contracts in which the measurement method corresponds to the physical percentage of completion, the introduction of IFRS 15 is unlikely to lead to the recognition of any material adjustments to opening equity.
- Contracting business lines may receive advances, which are mainly intended to secure and limit non-recovery risks in relation to work done for the customer. As a result, analysis has shown that the primary objective of these advances is not to meet the funding requirements of Group subsidiaries. Lastly, advances received are consumed over relatively short timeframes. In conclusion, the Group has taken the view that the IFRS 15 provisions relating to the identification of a financial activity are not met.

In the Concessions business, the Group has not identified any impact on the method for recognising revenue from concession contracts based on the current IFRIC 12 model. Analysis confirms that there is only one performance obligation during the construction phase of the Group's concession contracts. The provisions of concession contracts have not led to the identification of any distinct performance obligation relating to infrastructure maintenance and renewal works. Those works will continue to be subject to specific provisions measured and recognised in accordance with IAS 37.

3.16. 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.

3.17. 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 PLC 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.

3.18. 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.

3.19. 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. OC PLC recognizes termination benefits when OC PLC is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or when OC PLC 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.

3.20. 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.

3.21. 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.

3.22. 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.

3.23. 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.

3.24. 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 OC PLC in 2018

There are no significant 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 OC PLC

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. The actual impact of adopting the standard on 1 January 2019 may change because of the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

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, OC PLC 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, OC PLC makes estimates and assumptions about future cash flows based on the value in use. In doing so, OC PLC also makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows.

OC PLC 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, OC PLC 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. OC PLC 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, OC PLC makes estimates and assumptions about future cash flows based on the value in use. In doing so OC PLC 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 (including trade receivables and contract assets)

The implementation of business model approach under IFRS 9 require judgement to ensure that financial assets of the Group are classified in to the appropriate category. Deciding whether the classified categories will require assessment of contractual provisions that do or may change the timing or amount of the contractual cash flows.

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 OC PLC uses judgment in order to determine whether a financial asset may be impaired using new ECL model. OC PLC 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. In addition, Group also make judgments in deciding whether the measurement of expected credit loss reflect reasonable and supportable information that is available without undue cost or effort that include historical, current and forecast information.

Inventories

In determining the net realisable value of inventories, OC PLC estimates the selling prices in the ordinary course of business, cost of completion and cost to sell. In doing so, OC PLC 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.

OC PLC 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 revenue contracts with client

The Group conducts a significant portion of its business under construction contracts with customers. The Group recognizes revenue from construction contracts over time using the input method as Group believes this method faithfully represent the transfer of goods or services to the customer over the period of construction contract. 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. In addition, in determining the transaction price, the Group make significant judgment as to whether any variable consideration to be included in the contract price. The significant estimates include total contract costs, remaining costs to completion, contract price, 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.

Income taxes

OC PLC 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. OC PLC 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 OC PLC 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

OC PLC 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, OC PLC 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 2018	31 December 2017
Trade and other receivables (excluding prepayments)	(9)	1,249.4	1,149.4
Contract work in progress	(13)	526.7	488.8
Cash and cash equivalents (excluding cash on hand)	(14)	401.8	433.0
Total		**2,177.9**	**2,071.2**

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

$ millions	31 December 2018	31 December 2017
Middle East and Africa	880.3	768.5
Asia and Oceania	148.7	165.3
Europe and United States	220.4	215.6
Total	**1,249.4**	**1,149.4**

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 2017 $ millions	Note	Carrying amount	Contractual cash flow	6 months or less	6–12 months	1–5 years
Financial liabilities						
Loans and borrowings	(18)	260.7	273.5	143.2	117.8	12.5
Trade and other payables	(19)	1,121.4	1,121.4	1,076.5	-	44.9
Advanced payments from construction contracts		484.7	484.7	484.7	-	-
Total		**1,866.8**	**1,879.6**	**1,704.4**	**117.8**	**57.4**

At 31 December 2018 $ millions	Note	Carrying amount	Contractual cash flow	6 months or less	6–12 months	1–5 years
Financial liabilities						
Loans and borrowings	(18)	375.3	416.0	217.2	196.2	2.6
Trade and other payables	(19)	1,068.7	1,068.7	1,025.7	-	43.0
Advanced payments from construction contracts		606.0	606.0	606.0	-	-
Total		**2,050.0**	**2,090.7**	**1,848.9**	**196.2**	**45.6**

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, OC PLC'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.

OC PLC 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 2017 $ millions	EUR	EGP
Cash and cash equivalents (including loans and borrowings)	(1.3)	3.8
Trade and other receivables	45.2	185.5
Trade and other payables	(70.7)	(136.4)

At 31 December 2018 $ millions	EUR	EGP
Cash and cash equivalents (including loans and borrowings)	65.4	21.2
Trade and other receivables	16.6	134.2
Trade and other payables	(30.5)	(81.7)

Significant rates

The following significant exchange rates applied during the year ended 31 December 2018:

	Average 2018	Closing 31 December 2018	Opening 1 January 2018
Egyptian pound	0.0562	0.0558	0.0567
Saudi riyal	0.2666	0.2666	0.2665
Arabic Emirates Dirham	0.2723	0.2723	0.2723
Algerian Dinar	0.0086	0.0085	0.0087
Euro	1.1803	1.1427	1.2223

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 2018, 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 12.5 million of the profit of the year ended 31 December 2018.

31 December 2017 $ millions	Change in FX rate*	Effect on profit before tax**	Effect on equity**
EUR - USD	10%	2.7	39.8
EGP - USD	10%	5.3	-

31 December 2018 $ millions	Change in FX rate*	Effect on profit before tax**	Effect on equity**
EUR - USD	10%	5.1	39.5
EGP - USD	10%	7.4	-

* 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 2018	31 December 2017
Effect on profit before tax for the coming year	+100 bps	(4.1)	(1.3)
	- 100 bps	**4.1**	**1.3**

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 2018		31 December 2017	
$ millions	Note	Financial assets at amortized cost	Derivatives at fair value	Financial assets at amortized cost	Derivatives at fair value
Assets					
Trade and other receivables	(9)	1,258.3	-	1,162.5	-
Cash and cash equivalents	(14)	402.5	-	434.2	-
Total		**1,660.8**	**-**	**1,596.7**	**-**
Liabilities					
Loans and borrowings	(18)	375.3	-	260.7	-
Trade and other payables	(19)	1,068.7	-	1,121.0	0.4
Advanced payments construction contracts		606.0	-	484.7	-
Total		**2,050.0**	**-**	**1,866.4**	**0.4**

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 2018	31 December 2017
Loans and borrowings	(18)	375.3	260.7
Less: cash and cash equivalents	(14)	402.5	434.2
Net debt		**(27.2)**	**(173.5)**
Total equity		471.5	402.5
Net debt to equity ratio		**(0.06)**	**(0.43)**

7. Property plant and equipment

$ millions	Land	Buildings	Equipment	Fixtures, fittings and scaf-folding	Under construc-tion	Total
Cost	5.9	71.9	260.3	104.4	4.2	446.7
Accumulated depreciation	-	(26.0)	(193.4)	(71.9)	-	(291.3)
At 1 January 2018	**5.9**	**45.9**	**66.9**	**32.5**	**4.2**	**155.4**
Movements in the carrying amount:						
Additions purchased during the year	-	0.8	18.4	27.1	3.9	50.2
Disposals	-	(0.2)	(3.9)	(0.9)	(0.6)	(5.6)
Depreciation	-	(3.0)	(21.0)	(16.0)	-	(40.0)
Transfers	-	0.8	1.5	0.1	(2.4)	-
Effect of movement in exchange rates	(0.1)	(0.2)	(0.1)	(0.3)	-	(0.7)
At 31 December 2018	**(0.1)**	**(1.8)**	**(5.1)**	**10.0**	**0.9**	**3.9**
Cost	5.8	72.3	250.9	126.0	5.1	460.1
Accumulated depreciation	-	(28.2)	(189.1)	(83.5)	-	(300.8)
At 31 December 2018	**5.8**	**44.1**	**61.8**	**42.5**	**5.1**	**159.3**

The difference between the fair market value and the book value for the land and the buildings has been assessed in the third and fourth quarters of 2017. The fair market value valuations have been performed by an external valuator in 2017 using an open market value basis. The fair market value exceeds the book value of the land and the buildings for a total amount of USD 101.6 million. If OC PLC would change the accounting principles for the land and the buildings to fair value, equity will increase with USD 78.7 million and the deferred tax liability with USD 22.9 million.

The fair value disclosed above is categorized into Level 2 in the fair value hierarchy. The fair values had been determined mainly using the market comparison method which takes into consideration the comparable prices in the market.

8. Goodwill

$ millions	Goodwill
Cost	13.8
At 1 January 2018	**13.8**
Movements in the carrying amount:	
Additions	-
Impairment	-
At 31 December 2018	**-**
Cost	13.8
Impairment	-
At 31 December 2018	**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 2018 or whenever an impairment trigger exists. No impairment was recorded in the year 2018. The impairment test is based on cash-flow projections of the five year plan. Key assumptions used in the projections are:

i. Revenue growth: based on expected growth in 2019 as a result of development in backlog and expected general market growth in the USA.
ii. 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 dis-counted 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 2018	31 December 2017
Trade receivables (gross)	646.0	608.1
Allowance for trade receivables	(11.9)	(27.1)
Trade receivables (net)	**634.1**	**581.0**
Trade receivables due from related parties (Note 28)	52.2	41.9
Prepayments	8.9	13.1
Other tax receivable	74.5	65.5
Supplier advanced payments	176.7	126.0
Other investments	6.3	6.0
Retentions	179.9	209.6
Other receivables	125.7	119.4
Total	**1,258.3**	**1,162.5**
Non-current	15.2	15.8
Current	1,243.1	1,146.7
Total	**1,258.3**	**1,162.5**

The carrying amount of 'Trade and other receivables' as at 31 December 2018 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 2018	31 December 2017
Neither past due nor impaired	409.8	377.7
Past due 1 - 30 days	29.5	54.8
Past due 31 - 90 days	21.6	47.6
Past due 91 - 360 days	110.1	86.2
More than 360 days	75.0	41.8
Total	**646.0**	**608.1**

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.

The movement in the allowance for impairment in respect of trade receivables during the year ended 31 December 2018 was as follows:

$ millions	2018	2017
At 1 January	(27.1)	(32.8)
Unused amounts reversed	-	6.5
Used amounts	-	0.1
Amount formed	(0.5)	(1.2)
Other	15.7	0.3
At 31 December	**(11.9)**	**(27.1)**

10. Equity accounted investees

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

$ millions	2018	2017
At 1 January	421.8	371.4
Share in results	56.3	55.6
Dividends	(43.2)	(30.0)
Effect of movement in exchange rates	(15.4)	24.8
At 31 December	**419.5**	**421.8**

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	2018	2017
Assets	1,529.6	1,434.0
Liabilities	(1,135.1)	(1,035.8)
Net assets at 31 December	**394.5**	**398.2**
Construction revenue	1,572.8	1,371.7
Construction cost	(1,518.1)	(1,317.3)
Net profit at 31 December	**54.7**	**54.4**

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
Todd Sargent Weitz LLC	The Weitz Group	USA	50.0
Watts - Webcor Obayashi	Contrack Watts Inc	USA	34.0
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	2018	2017
Assets	1,585.1	1,488.2
Liabilities	(1,165.6)	(1,066.4)
Net assets at 31 December	**419.5**	**421.8**
Income	1,586.5	1,382.7
Expense	(1,530.2)	(1,327.1)
Net profit at 31 December	**56.3**	**55.6**

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 63.6 million (31 December 2017: USD 122.4 million) and can be summarized as follows:

$ millions	31 December 2018	31 December 2017
Current tax	66.3	76.2
Deferred tax	(2.7)	46.2
Total income tax in profit or loss	**63.6**	**122.4**

11.2. Reconciliation of effective tax rate

OC PLC's operations are subject to income taxes in various foreign jurisdictions, the statutory income tax rates vary from 0.0% to 28.0%.

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

$ millions	31 December 2018	%	31 December 2017	%
Profit before income tax	218.3		207.5	
Tax calculated at weighted average group tax rate	**(42.1)**	**19.3**	**(74.2)**	**35.8**
Recognised (reduction) in deferred tax asset due to change in tax rate and realisation	2.7	(1.2)	(45.8)	22.1
Other	(24.2)	11.1	(2.4)	1.2
Total income tax in profit or loss	**(63.6)**	**29.2**	**(122.4)**	**59.1**

11.3 Deferred income tax assets and liabilities

The majority of the deferred tax assets of USD 35.9 million (31 December 2017: USD 34.5 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 2019-2022.

12. Inventories

$ millions	31 December 2018	31 December 2017
Finished goods	11.1	4.9
Raw materials and consumables	238.7	186.7
Fuels and others	6.1	13.8
Real estate	27.4	26.8
Total	**283.3**	**232.2**

During the year ended 31 December 2018, the total write-downs amount to USD 9.8 million (31 December 2017: USD 10.8 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 2018	31 December 2017
Costs incurred on incomplete contracts (including estimated earnings)	17,848.1	15,574.6
Less: billings to date (Net)	(17,732.2)	(15,615.5)
Total	**115.9**	**(40.9)**

Presented in the consolidated statements of financial position as follows:

Construction contracts in progress - current assets	526.7	488.8
Billing in excess on construction contracts - current liabilities	(410.8)	(529.7)
Total	**115.9**	**(40.9)**

14. Cash and cash equivalents

$ millions	31 December 2018	31 December 2017
Cash on hand	0.7	1.2
Bank balances	368.3	392.7
Restricted funds	6.5	19.4
Restricted cash	27.0	20.9
Total	**402.5**	**434.2**

Restricted funds

The restricted amounts mostly relate to letters of credits of Orascom E&C (USD 4.7 million) and National Steel Fabrication (USD 1.1 million) and letters of guarantee of UHC (USD 0.5 million), Alico (USD 0.1 million) and OCI Algeria (USD 0.1 million).

Restricted cash

Restricted cash relates to amounts withheld in relation to amounts restricted for use by Weitz for an amount of USD 1.2 million, and USD 25.8 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:

	2018	2017
At 1 January	116,761,379	117,761,379
Shares reduction	-	(1,000,000)
At 31 December - fully paid	**116,761,379**	**116,761,379**
At 31 December (in millions of USD)	**116.8**	**116.8**

The shareholders of the Company, at the Extraordinary General Meeting (EGM) held on 9 May 2018, approved the resolution passed by the Board of Directors for reducing the Company's share premium by USD 281.3 million.

16. Reserves

$ millions	Currency translation	Treasury shares	Total
At 1 January 2017	(340.1)	(8.3)	(348.4)
Shares reduction	-	8.3	8.3
Currency translation differences	21.3	-	21.3
At 31 December 2017	**(318.8)**	**-**	**(318.8)**

$ millions	Currency translation	Treasury shares	Total
At 1 January 2018	(318.8)	-	(318.8)
Currency translation differences	(16.8)	-	(16.8)
At 31 December 2018	**(335.6)**	**-**	**(335.6)**

17. Non-controlling interest

31 December 2017 $ 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	4.6	0.6	5.2	6.9	17.3
Current assets	26.1	114.4	21.6	2.8	164.9
Non-current liabilities	-	(3.9)	(13.0)	(0.1)	(17.0)
Current liabilities	(11.9)	(100.8)	(5.7)	(2.2)	(120.6)
Net assets	**18.8**	**10.3**	**8.1**	**7.4**	**44.6**
Revenue	33.1	12.8	4.2	4.4	54.5
Profit	7.0	(4.3)	0.3	3.6	6.6
Other comprehensive income	0.3	-	(0.3)	0.3	0.3
Total comprehensive income	**7.3**	**(4.3)**	**-**	**3.9**	**6.9**

31 December 2018 $ 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	5.5	0.2	4.4	4.8	14.9
Current assets	35.6	110.8	19.7	3.0	169.1
Non-current liabilities	-	(1.0)	(10.9)	(0.1)	(12.0)
Current liabilities	(21.6)	(102.6)	(5.8)	(2.4)	(132.4)
Net assets	**19.5**	**7.4**	**7.4**	**5.3**	**39.6**
Revenue	45.1	20.0	4.5	0.7	70.3
Profit	7.5	(2.9)	1.4	4.0	10.0
Other comprehensive loss	-	-	(0.1)	(0.1)	(0.2)
Total comprehensive income	**7.5**	**(2.9)**	**1.3**	**3.9**	**9.8**

18. Loans and borrowings

Borrowing Company	Interest rate	Date of maturity	Long term portion	Short term portion	Bank facilities	Total
Orascom Construction	USD: LIBOR + 2.28 - 4.00% EUR: LIBOR + 2.21 - 5.00% EGP: Corridor 19.75 - 20.75%	Annual	-	-	151.6	151.6
Orascom Saudi	Saibor + 3.00%	Annual	7.0	28.0	-	35.0
Orascom Construction Industries-Algeria	Fixed 6.97%	04/2018	-	15.6	-	15.6
The Weitz Group, LLC	Multiple rates	Multiple	4.1	25.8	-	29.9
Contrack Watts Inc	LIBOR + 2.5%	Annual	-	-	25.0	25.0
Other	Multiple rates	-	0.2	-	3.4	3.6
Total as of 31 December 2017			**11.3**	**69.4**	**180.0**	**260.7**

Borrowing Company	Interest rate	Date of maturity	Long term portion	Short term portion	Bank facilities	Total
Orascom Construction	USD: LIBOR + 2.28 - 4.00% EUR: LIBOR + 2.21 - 5.00% EGP: Corridor 17.25 - 20.75%	Annual	-	-	286.1	286.1
Orascom Saudi	Saibor + 3.00%	Annual	-	26.2	-	26.2
Orascom Construction Industries- Algeria	Fixed 6.97%	04/2019	-	15.2	-	15.2
The Weitz Group, LLC	Multiple rates	Multiple	2.3	12.3	-	14.6
Contrack Watts Inc	LIBOR + 2.5%	Annual	-	-	24.9	24.9
Other	Multiple rates	-	-	-	8.3	8.3
Total as of 31 December 2018			**2.3**	**53.7**	**319.3**	**375.3**

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 2018	31 December 2017
Trade payables	438.9	494.9
Trade payables due to related party (Note 28)	4.4	5.0
Other payables	95.3	100.6
Accrued expenses	376.8	366.2
Deferred revenues	4.5	1.5
Other tax payables	34.5	5.8
Derivative financial instruments	-	0.4
Retentions payables	111.1	144.9
Employee benefit payables	3.2	2.1
Total	**1,068.7**	**1,121.4**
Non-current	43.0	44.9
Current	1,025.7	1,076.5
Total	**1,068.7**	**1,121.4**

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.

20. Provisions

$ millions	Warranties	Onerous contracts	Other (including claims)	Total
At 1 January 2017	13.2	63.2	39.8	116.2
Provision formed	5.7	-	10.1	15.8
Provision used	-	(42.8)	(7.3)	(50.1)
Provision no longer required	(4.2)	(4.8)	(4.6)	(13.6)
Others	0.5	(0.6)	(6.7)	(6.8)
Effect of movement in exchange rates	0.5	0.5	(0.2)	0.8
At 31 December 2017	**15.7**	**15.5**	**31.1**	**62.3**

$ millions	Warranties	Onerous contracts	Other (including claims)	Total
At 1 January 2018	15.7	15.5	31.1	62.3
Provision formed	-	2.4	47.5	49.9
Provision used	(0.1)	(2.3)	(3.7)	(6.1)
Provision no longer required	(0.1)	-	(2.5)	(2.6)
Others	-	-	0.6	0.6
Effect of movement in exchange rates	(0.6)	(0.1)	(0.1)	(0.8)
At 31 December 2018	**14.9**	**15.5**	**72.9**	**103.3**

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 2018	31 December 2017
Changes in raw materials and consumables, finished goods and work in progress	2,104.1	2,930.0
Employee benefit expenses (ii)	580.5	467.4
Depreciation and amortization	40.0	37.2
Maintenance and repairs	38.3	17.8
Consultancy expenses	9.8	2.7
Other	82.0	52.8
Total	**2,854.7**	**3,507.9**

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

ii. Employee benefit expenses

$ millions	31 December 2018	31 December 2017
Wages and salaries	488.6	422.4
Social securities	3.7	3.5
Employee profit sharing	5.5	2.3
Pension cost	6.1	5.0
Other employee expenses	76.6	34.2
Total	**580.5**	**467.4**

During the year ended 31 December 2018, the average number of staff employed in the Group converted into full-time equivalents amounted to 26,960 permanent and 60,199 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 2018	31 December 2017
Net gain on sale of property, plant and equipment	1.6	0.9
Scrap and other	6.7	4.0
Total	**8.3**	**4.9**

23. Net finance cost

$ millions	31 December 2018	31 December 2017
Interest income on loans and receivables	16.2	17.4
Foreign exchange gain	6.8	18.9
Finance income	**23.0**	**36.3**
Interest expense on financial liabilities measured at amortized cost	(26.2)	(17.2)
Fair value loss on derivatives	-	(1.0)
Foreign exchange loss	(1.9)	(41.9)
Finance cost	**(28.1)**	**(60.1)**
Net finance cost recognized in profit or loss	**(5.1)**	**(23.8)**

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

$ millions	31 December 2018	31 December 2017
Total interest income on financial assets	**16.2**	**17.4**
Total interest expense on financial liabilities	(26.2)	(17.2)

24. Earnings per share

i. Basic

	31 December 2018	31 December 2017
Net profit attributable to shareholders in 1 million USD	144.7	78.5
Number of ordinary share in million (Basic)	116.8	116.8
Basic earnings per ordinary share	**1.24**	**0.67**

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 2017

$ millions	MENA	USA	Besix	Total
Total revenue	**2,130.6**	**1,548.1**	**-**	**3,678.7**
Share in profit of associates	(0.1)	1.3	54.4	55.6
Depreciation and amortization	(34.8)	(2.4)	-	(37.2)
Interest income (including gain on derivatives)	17.3	0.1	-	17.4
Interest expense (including loss on derivatives)	(16.5)	(1.7)	-	(18.2)
Profit before tax	**234.0**	**(80.9)**	**54.4**	**207.5**
Investment in PP&E	38.4	3.4	-	41.8
Non-current assets	189.2	53.9	398.2	641.3
Total assets	**2,056.0**	**492.2**	**398.2**	**2,946.4**
Total liabilities	**1,927.3**	**616.6**	**-**	**2,543.9**

Business information for 31 December 2018

$ millions	MENA	USA	Besix	Total
Total revenue	**2,032.6**	**980.9**	**-**	**3,013.5**
Share in profit of associates	1.5	0.1	54.7	56.3
Depreciation and amortization	(38.1)	(1.9)	-	(40.0)
Interest income (including gain on derivatives)	15.8	0.4	-	16.2
Interest expense (including loss on derivatives)	(24.0)	(2.2)	-	(26.2)
Profit before tax	**199.6**	**(36.0)**	**54.7**	**218.3**
Investment in PP&E	49.7	0.5	-	50.2
Non-current assets	196.6	52.6	394.5	643.7
Total assets	**2,253.7**	**451.2**	**394.5**	**3,099.4**
Total liabilities	**2,213.2**	**414.7**	**-**	**2,627.9**

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

BESIX is presented as part of 'equity accounted investees', therefore in the above schedule only the income from equity accounted investees 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	2018	2017
Egyptian Government	51.5%	46.1%
US Federal Government	8.7%	21.0%
OCI N.V. Group	5.0%	12.9%

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 2018 amount to USD 1,164.7 million (31 December 2017: USD 1,312.6 million). Outstanding letters of credit as at 31 December 2018 (uncovered portion) amount to USD 56.7 million (31 December 2017: USD 51.5 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 2018, mechanic liens have been received in respect certain US projects for a total of USD 58.7 million ("31 December 2017: USD 95.8 million").

26.1.2. Litigations and claims

In the ordinary 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. OC PLC 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 unfavourable, 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, OC PLC 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. 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 (the "Foundation") 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 was 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 Foundation. On 23 July 2014, the Foundation commenced arbitration proceedings against the associate by serving a Request for Arbitration with the ICC (seat in London) dated 23 July 2014. Procedural hearings and expert meetings took place, with the substantive hearing being held 23 October 2017 to 17 November 2017. In February 2018, the Arbitral Tribunal issued a partial award in respect of certain variation claims and defects, and further agreed that questions of quantum as well as the remaining matters in dispute will be addressed in three long hearings, two that were held in April/May and October/November 2018, and upcoming hearings, including for procedural matters, scheduled to be held beginning January 2020 and beyond.

In August 2017, the Foundation again served a Request for Arbitration, this time in parallel proceedings against OCI SAE with the ICC (seat in London). The claims made by the Foundation in this new arbitration arise in connection with a Parent Company Guarantee (the "PCG") issued by OCI SAE on 7 February 2018. The Foundation alleged that the terms of the PCG protect it in respect of liabilities and obligations of Contrack (Cyprus) Limited on the Project. The Foundation has not yet specified the amount/s that it claims against OCI under the PCG. OCI filed its Answer to the Request for Arbitration on 9 November 2017 asserting lack of jurisdiction, premature and inadmissible claim, and that the PCG has expired. The Terms of Reference were signed on 22 January 2018, and the Tribunal issued its first Procedural Order on 12 March 2018. The Foundation filed its Statement of Case on 23 April 2018, and OCI filed its Statement of Defence on 15 August 2018. At this time, the Tribunal has not ordered the parties to take any further substantive steps.

26.1.4. Iowa Fertilizer Project

A subcontractor involved in the main mechanical and electrical erection of the Downstream Plant at the Iowa fertilizer project filed proceedings before the courts of Davenport, Iowa, against OEC regarding part of the scope of works. The claim was filed by MEI on 19 February 2017, seeking recovery of outstanding applications for payment (plus interest); retainage on paid invoices; a small tools and consumables conversion claim; and a diminution claim. OEC denied it had any obligation to pay MEI on the basis that MEI had performed defective work and/or had not completed it works, and filed a counterclaim.

A hearing was held beginning 24 September 2018, in the Southern District of Iowa court, and spanned over three weeks before a federal judge and jury. On 12 October 2018, the jury rendered a verbal verdict. The verbal verdict was in favour of MEI for an amount of USD 62.5 million plus interest. On 1 March 2019, the judge rendered the final judgement.

The verdict is subject to appeal procedures. A provision amounting to USD 40 million has been recorded at this stage. OEC is studying the outcome of the verdict and assessing grounds for appeal.

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 2018	31 December 2017
Less than one year	4.9	0.3
Between one and five years	5.3	7.3
More than five years	4.5	6.5
Total	**14.7**	**14.1**

ii. Amount recognized in profit or loss

$ millions	31 December 2018	31 December 2017
Rent	18.4	15.3
Vehicles	0.5	12.1
Machinery and equipment	45.7	33.4
Total	**64.6**	**60.8**

28. Related party transactions

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

Related party	Relation	Revenue transactions during the year	AR and loan outstanding at year end	Purchases transactions during the year	AP and advances outstanding at year end
Medrail	Equity accounted investee	-	5.2	-	-
Iowa fertilizer Company	Related via Key Management personnel	65.0	16.8	-	-
Natgasoline	Related via Key Management personnel	408.1	9.1	-	-
OCI N.V.	Related via Key Management personnel	-	1.1	-	2.6
OCI SAE “fertilizer”	Related via Key Management personnel	-	5.0	-	-
Other		-	4.7	-	2.4
Total as at 31 December 2017		**473.1**	**41.9**	**-**	**5.0**

Related party	Relation	Revenue transactions during the year	AR and loan outstanding at year end	Purchases transactions during the year	AP and advances outstanding at year end
Medrail	Equity accounted investee	-	5.2	-	-
Iowa fertilizer Company	Related via Key Management personnel	6.0	30.8	-	-
Natgasoline	Related via Key Management personnel	151.8	2.8	-	-
OCI N.V.	Related via Key Management personnel	-	1.1	-	2.4
OCI SAE “fertilizer”	Related via Key Management personnel	-	5.1	-	-
Other		-	7.2	-	2.0
Total as at 31 December 2018		**157.8**	**52.2**	**-**	**4.4**

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

Services between OCI N.V. and OC PLC Group entities in the areas of accounting, treasury, information technology, etc, are payable on a cost-plus basis.

OC PLC 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 OC PLC has contracted with other customers. The most relevent are listed below:

28.1.2. Conditional sale agreement

On 5 February 2015, OC IHC 4 B.V. (a subsidiary of OC PLC) 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 OC PLC 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 OC PLC.

28.1.3. Tax indemnity agreement

On 6 February 2015, OC PLC 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).

28.2. 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 2018, we considered the members of the Board of Directors (Executive and Non-executive) and the senior management 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 2018 to an amount of around 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 Watts 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

Subsequent to year-end 2018, the Board of Directors proposed the distribution of a dividend of USD 0.30 per share. The proposal is to be approved by the Orascom Construction PLC's shareholders at the Annual General Meeting scheduled for May 2019.

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

Dubai, UAE, 26 March 2019

The Orascom Construction PLC Board of Directors,

Jérôme Guiraud	Chairman
Osama Bishai	Chief Executive Officer
Mustafa Abdel-Wadood	Member
Johan Beerlandt	Member
Khaled Bichara	Member
Sami Haddad	Member

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