ORASCOM CONSTRUCTION

ANNUAL REPORT 2015

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AT A GLANCE - A TRACK RECORD OF GROWTH

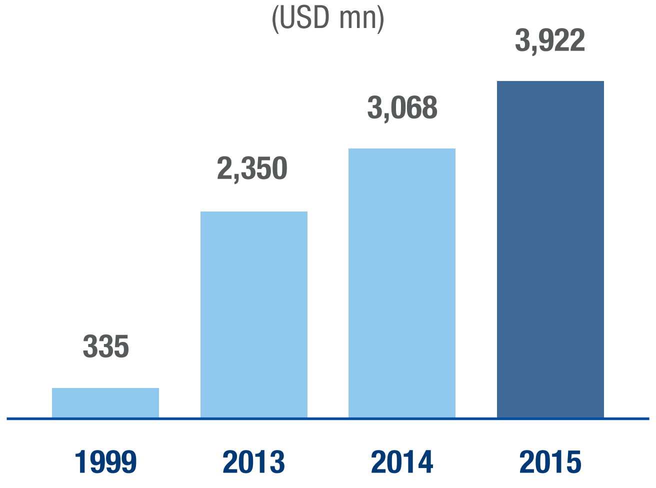
Orascom Construction Limited is a leading global engineering and construction contractor primarily focused on infrastructure, industrial and high-end commercial projects in the Middle East, North Africa, the United States and the Pacific Rim. The Group also develops and invests in infrastructure opportunities.

Orascom Construction Limited's (OCL or the Group) roots extend back to the 1950s when the company was founded as a general contractor in Upper Egypt. Since then, the Group has significantly grown its operations and geographical reach to become a global engineering and construction group with a leading market position in the MENA's and United States' infrastructure and industrial sectors.

Over the course of the 60+ years since its establishment, the Group has witnessed key milestones in its growth trajectory, both organic and through acquisitions, that helped shape it into the global contractor it is today. These milestones include: its initial public offering (IPO) on the Egyptian Exchange (EGX) as Orascom Construction Industries (OCI S.A.E.) in the late 90s; the strategic drive to achieve over 50% of the group's revenue from outside Egypt in 2002 and; most recently in 2015 its demerger from OCI N.V. and consequent dual listing on NASDAQ Dubai and the EGX.

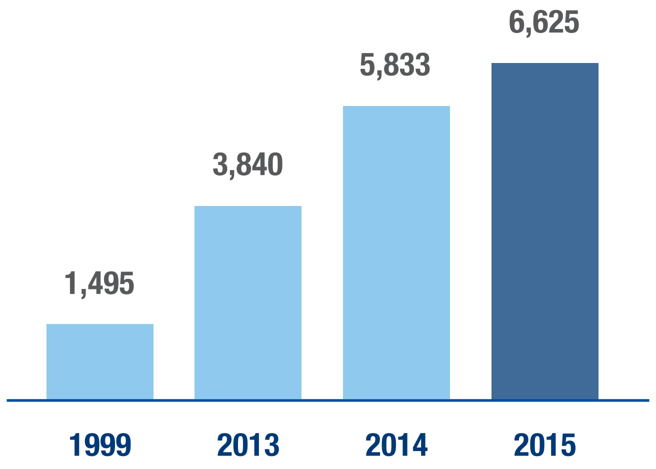
Today, Orascom Construction Ltd. operates through three distinct key brands: Orascom Construction (OC), Contrack Watts and The Weitz Company, with a combined backlog across its markets of USD 6.7 billion as of 31 December 2015. The company's core brands are also complemented by OCL's 50% stake in the BESIX Group — a Belgium based, global multi-service group offering engineering, procurement and construction services — bringing the Group's total proforma backlog to USD 8.4 billion. OCL also develops and invests in infrastructure projects and owns a portfolio of subsidiaries and affiliates that operate in industries complimentary to construction.

Revenue Progression*
(USD mn)



* All figures prior to 2015 are pro-forma

Backlog Progression*
(USD mn)



60 years
of contracting experience

58,000
employees

10
countries where OCL has executed projects

USD **3.9** bn
revenues for FY 2015

USD **6.7** bn
construction backlog as of FY2015

USD **4.8** bn
new awards in FY2015

Infrastructure
as strategic investment opportunities to create recurring cash flow

50%
stake in the BESIX Group with EUR 3.2 billion of backlog

Dual Listing
first dual listing on NASDAQ Dubai and EGX

NOTE FROM THE CEO

Dear Shareholders & Partners

We are pleased to publish our first annual report since the demerger from OCI N.V. and our dual listing on NASDAQ Dubai and the Egyptian Exchange. The demerger has provided us with a flexible platform to better focus on strengthening our EPC business while simultaneously building a portfolio of infrastructure investments that open a new stream of recurring cash flows going forward. We view the addition of recurring cash flows to our business as a natural part of Orascom's evolution that will substantially contribute to our growth prospects.

On the operational side, 2015 was both eventful and challenging as we worked diligently to achieve a number of exciting milestones.

We recorded a backlog of USD 6.7 billion for 2015 — with new contract awards reaching USD 4.8 billion, led primarily by Egypt and the United States — and continued to assert our position as the contractor of choice across our markets. In doing so, we acquired quality contracts across all sectors, including industrial, power, transportation and others, through innovative financing options, partnerships with international partners and, more importantly, steady and outstanding quality execution of projects.

We are particularly proud of our performance on Egypt's "Fast Track" power generation program, where we delivered 1,500 MW of power in a record period of eight months from contract signature. Building on this accomplishment, we also secured another 10,000 MW under construction in Egypt during 2016 and 2017; among these are the two largest gas-fired, combined cycle power plants of their kind in the world with a capacity of 4,800 MW each. Meanwhile, we continued to add significant work in Egypt across the transportation sector (including the Cairo Metro as well as key roads, bridges and airports); we are part of the joint venture building three landmark tunnels below the Suez Canal; and we look forward to a significant pipeline of work going forward in the power, transportation, industrial and commercial sectors.

Also in MENA, we are closely monitoring our Saudi Arabian operation to maintain our success and navigate the current market, as we believe in its long term potential. Algeria, where we have been present since 2002, continues to provide us with a stable source of industrial business. We have made significant progress on a cement plant currently under execution and have added two new projects to our backlog during the first quarter of 2016. We also continue to opportunistically pursue new projects in other MENA markets including Kuwait, the UAE and Iraq.

Complementing our MENA operations, our United States business units, Weitz and Contrack Watts are growing and contributed USD 1.6 billion to the backlog. Particularly, Weitz increased its backlog by 75% during the year and Contrack Watts is well positioned to pursue a pipeline of U.S. federal programs of more than USD 3 billion. We are working to grow our backlog in the United States to naturally complement our MENA business and, in parallel, aim to leverage our experience and relationships in the MENA infrastructure sector to enhance our position in the U.S. market.

Our financial results highlight the strength of our MENA business, where we reported EBITDA of USD 313 million during 2015. Key metrics for our regional business, including backlog, revenue, profitability and working capital, emphasize our strong positioning for sustained growth.

While we are very pleased with the continued performance of Weitz and Contrack Watts, which are set to further expand in the U.S. and complement our MENA growth, our U.S. operations together recorded negative EBITDA of USD 615 million, impacted by a loss on the Iowa Fertilizer Company project where we have worked to mitigate the challenging issues to avoid further losses. Our results thus reflect what we believe are appropriate accounting measures related to this project to position the Group for a stable growth path going forward.

Looking Ahead

I would like to thank all of our employees in different regions for their dedicated hard work, and the management team for its commitment and leadership.

We will continue to work diligently to improve our performance, both strengthening our competitive edge and developing new ones as part of our effort to more significantly drive sustainable growth.

Our primary goal is to expand our EPC business in our primary markets while, over the medium term, creating a sustainable portfolio of concessions. These equity investments will provide us with recurring cash flows and EPS accretion while generating construction revenue for the group. We already have a strong base in the New Cairo Wastewater Treatment Plant, Egypt's first public-private partnership. We have also taken significant strides in the renewable energy and wastewater treatment sectors in Egypt.

Throughout, we will maintain a strict focus on quality projects that will generate results that meet our shareholders' expectations, with particular emphasis on infrastructure, particularly power, transportation and road work.

In the MENA region, we are targeting populous areas with strong fundamentals that drive infrastructure and industrial investment. The region's highly underdeveloped infrastructure, coupled with the need to support young, growing populations, will continue to strengthen the construction market.

Furthermore, as part of our drive to achieve sustainable growth across Orascom's footprint, we continue to focus on pursuing quality concessions where our equity contribution creates construction revenue for the Group and provides it with recurring cash flows. Internally, we are also working on better integrating our U.S. business to capitalize on existing synergies and improve the cost structure within the Group.

We have also embarked on several initiatives to nurture and develop a number of our talented, promising staff to prepare them to lead the Group in the future.

Looking ahead, we expect profitability to recover in 2016, starting with the first quarter, which already indicates revenue of approximately USD 900 million and positive consolidated EBITDA.

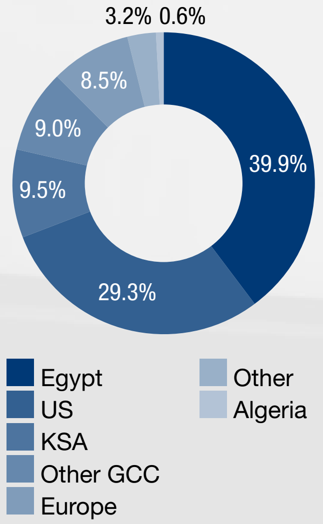
In summary: We are confident in the Group's fundamentals — and adamant about achieving our targets of creating value for our shareholders and employees alike.

Osama Bishai
Chief Executive Officer

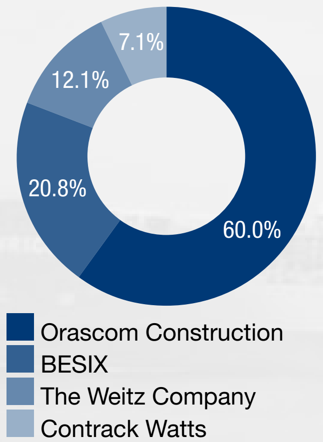
GEOGRAPHIC DIVERSIFICATION

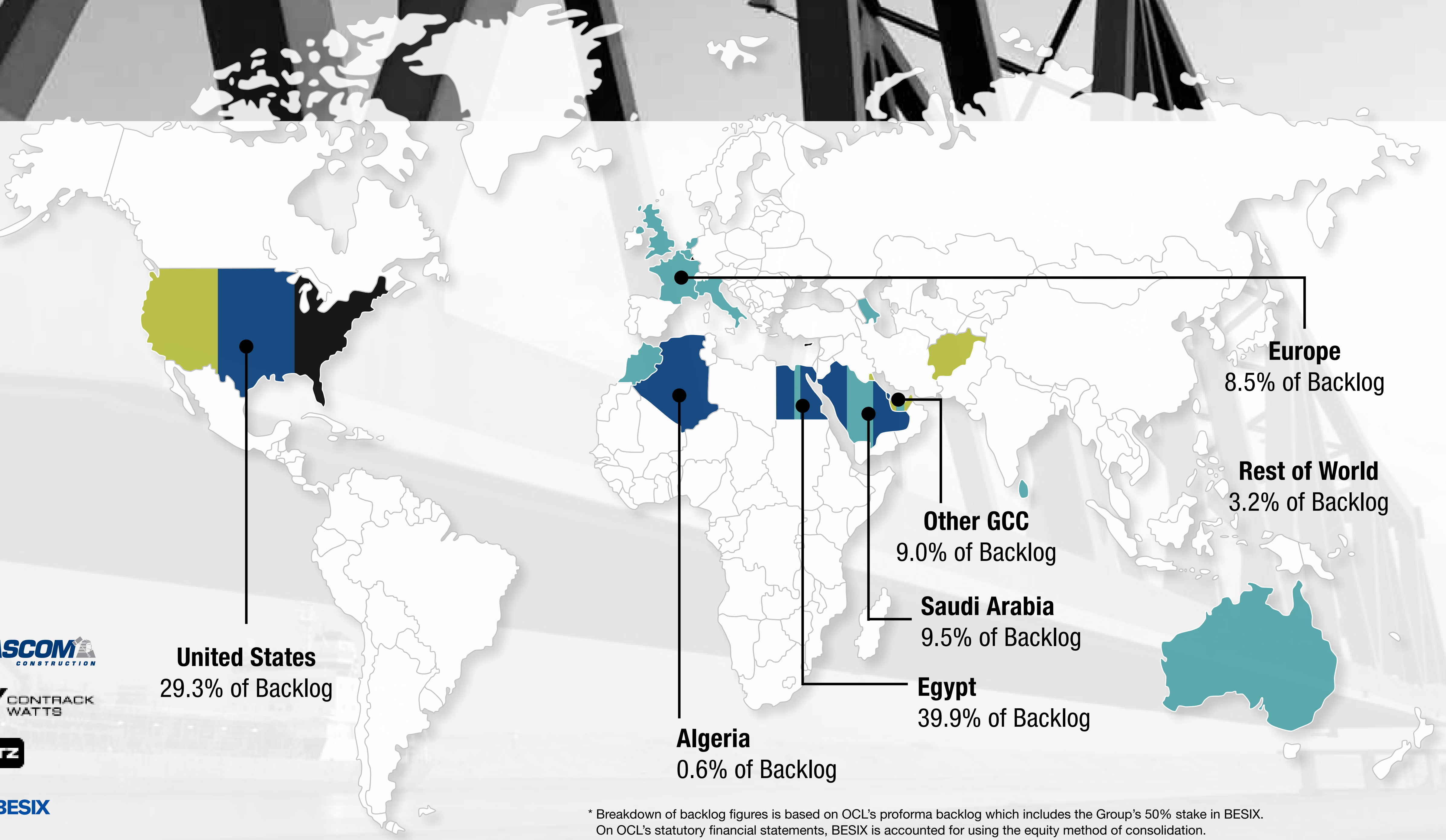
Through its three main subsidiaries and 50% stake in the BESIX Group, OCL engages in engineering and construction activities across a wide range of geographies and consistently ranks among the world's top global contractors.

Backlog by Geography

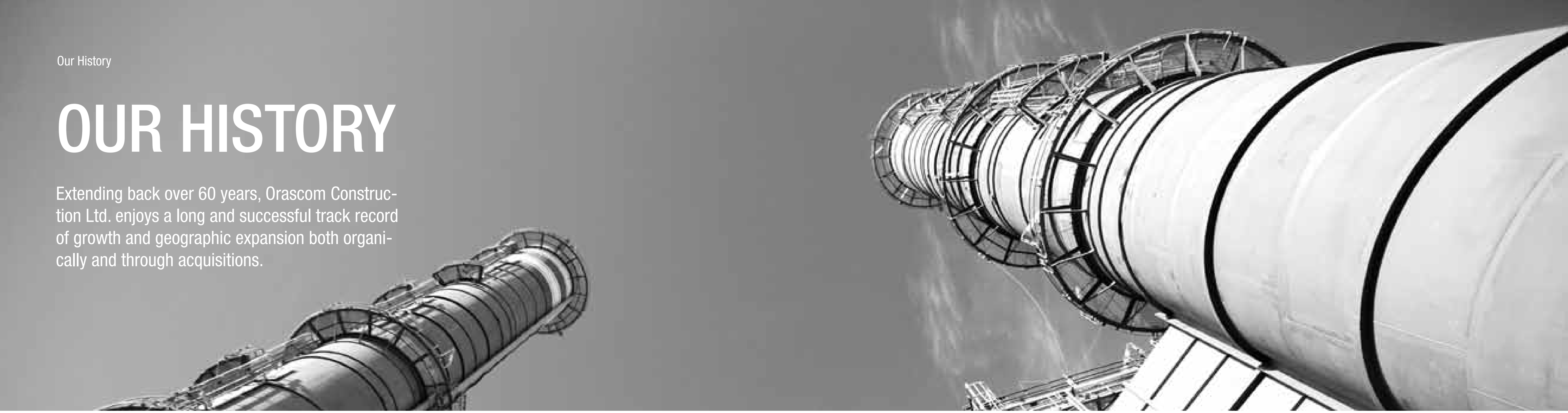


Backlog by Brand





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



OUR HISTORY

Extending back over 60 years, Orascom Construction Ltd. enjoys a long and successful track record of growth and geographic expansion both organically and through acquisitions.

1950
Onsi Sawiris establishes a construction company in Upper Egypt.

1961
The business is nationalized and Mr. Sawiris leaves for Libya to continue his construction career.

1976
Mr. Sawiris returns to Egypt to found Orascom Onsi Sawiris & Co. (OOSC) as a general contractor and trading company.

1985
OOSC establishes its first overseas company, Contrack International LLC (Contrack) in Virginia, US.

1990
OOSC establishes itself as Egypt's leading private sector building materials and construction contractor.

1995
Onsi Sawiris transfers management control to his son, Nassef Sawiris, who embarks on an ambitious diversification strategy.

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. launches an initial public offering of its shares on the 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
OCI S.A.E. announces the 50-50 Action Plan aimed at having 50% of consolidated revenue generated from outside Egypt by 2005.

2003
OCI S.A.E. is recognized as a top 225 International and Global Contractor by ENR.

2004
OCI S.A.E. acquires a 50% shareholding in the BESIX Group in a leveraged buyout with management, adding significant exposure to the European and Gulf construction markets.

2007
After becoming a top 10 worldwide player with 35 million tons of capacity, OCI 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 fertilizers investments including the Egyptian Fertilizer Company (EFC) and EBIC.

2010
Founded Orascom Saudi Limited (OSL), a 60% owned joint venture with Saudi Bin Ladin Group targeting infrastructure and industrial projects in the Kingdom of Saudi Arabia.

2012
OCI S.A.E. acquires The Weitz Company (Weitz), a US-based general contractor, and establishes a strong presence in the United States construction market.

2013
Watts Constructors, a former Weitz wholly owned subsidiary is consolidated into Contrack due to the complementary nature of their activities — forming Contrack Watts.

2014
In November 2014, the board of directors of OCI N.V. announced its intention to separate the construction and fertilizers businesses and to demerge the former into a DIFC company.

2015
Orascom Construction Limited is demerged from OCI N.V. and dually listed on the EGX and NASDAQ Dubai.

HIGHLIGHTS OF 2015

The year 2015 has seen Orascom Construction Limited witness several key milestones that further cemented the company's position as a global contractor of choice, and left it well-positioned to capture future growth and continue delivering on its strategy.

The Demerger

Among the key highlights of 2015 was Orascom Construction Limited's demerger from OCI N.V. in March 2015 through the latter's spin-off of its engineering and construction business into a DIFC company dually listed on NASDAQ Dubai and the Egyptian Exchange (EGX).

Separation of Businesses

With the acquisition of OCI S.A.E. shares by OCI N.V., the Netherlands based group — listed on the NYSE Euronext in Amsterdam — controlled a leading global natural gas-based fertilizer and industrial chemicals and construction conglomerate with projects and investments around the world. Consequently in November 2014, the board of directors of OCI N.V. announced its intention to separate the fertilizer and construction businesses of OCI N.V. through spinning-off and seeking a dual-listing for the latter.

This demerger resulted in the fertilizer and construction businesses being owned by two, separately-listed companies. OCI N.V. which continues to be listed on the Euronext Amsterdam and holds the fertilizer business, and Orascom Construction Limited which was admitted to trading on the NASDAQ Dubai and the EGX and holds the construction business.

The Rationale

Management believes that the demerger has many benefits for the group and its stakeholders including:

- Streamline shareholder base: Creates two separately listed pure-play companies offering distinct investment propositions, each with clear market valuations. This serves to attract a wider investor base and boost liquidity in each company's shares.
- Business transparency: Improved visibility allows for better understanding of each company's business, prospects and the impact of sector-focused events on their performance.
- Flexibility: Provides greater flexibility for each business to manage its own resources and pursue strategic options appropriate to its markets.
- Growth opportunities: Allows each business to actively participate in consolidation opportunities and value-accretive partnerships and joint ventures in their respective markets.
- Efficient capital structure: Enables each business to adopt a capital structure, balance sheet and financing strategy which will more efficiently meet their individual requirements.
- Enhanced credit profile: Improves lenders' ability to evaluate each independent business, thereby increasing balance sheet effectiveness.
- Improved management focus: Sharpens management focus, helping the two businesses to maximize their performance and make full use of their available resources.
- Alignment of incentives: Aligns management's and employees' rewards more directly with business and stock market performance, helping to attract, retain and motivate the best people.

Setting the Benchmark in Power Generation

In June 2015, Orascom Construction achieved a world record in power generation following the completion of the first phase of Assiut & West Damietta Power Plants in Egypt.

Assiut Power Plant, Egypt

On the heels of the Egyptian Government's enactment of an infrastructure development plan that would see the nation's power generation capacity increase by some 30,000 MW by 2020, OC is participating in the construction of four power plants with a total capacity of 11,850 MW.

While the development plan would secure Egypt's energy needs going forward, the government needed to immediately address the current power shortages that have stifled both industry and the population's everyday life since 2011, and thus deciding to fast track the build-out of the USD 1.12 billion Assiut & West Damietta Simple Cycle Power Generation Plants with capacities of 1,000 MW and 500 MW, respectively. A consortium between General Electric and OC was awarded the contract and commenced engineering/construction work in mid-December 2014. By June 2015, the consortium was able to deliver in record time phase one of the project, adding a total of 625 MW to the national grid at Assiut, followed by full connection at both plants by November 2015, ahead of schedule and setting an industry precedent for planning, procurement and construction. The consortium was then awarded in December 2015 the conversion of both power plants from simple to combined cycle at a value of USD 650 million.

Meanwhile, OC was also awarded in June 2015 a contract to build two state-of-the-art combined cycle power plants in Egypt with a combined generation capacity of 9,600 MW. The EUR 4.0 billion contract will be implemented through a consortium with Siemens, and once complete each power plant will be the largest gas-fired combined cycle in the world and the most efficient in Egypt, operating on natural gas and with light fuel as a backup.

Strengthening US Foothold

Through OCL's US based subsidiary the Weitz Company, the Group continues to strengthen its presence in this primary market with several key projects awarded and completed in 2015.

Park West student housing at Texas A&M University, US

Since the Group's acquisition of the Weitz Company in 2012, it has actively worked for the aggressive expansion of Weitz's backlog, which currently stands at USD 1.0 billion, a 3.5x growth since December 2012. In 2015, the Weitz Company managed to maintain the same growth trajectory having been awarded several key projects including:

Texas A&M University: The Weitz Company was selected as the designer and contractor for the USD 245 million Park West, a new student housing project at the Texas A&M University in College Station, and the largest student housing complex in the US to date with a capacity to accommodate 3,402 students.

Heron's Key: A not-for-profit senior housing and service organization, Heron's Key is situated on 19 acres in the Harbor Hill community of Gig Harbor, Washington. The campus development by the Weitz Company, valued at USD 84 million, will include 184 independent living apartments, 10 duplex-style cottages, 14 assisted living suites and 45 skilled nursing private rooms.

Forum at Fitzsimons: The Weitz Company was awarded in August works on the USD 68 million Forum at Fitzsimons, a mixed-use development containing 397 rental homes and 28,000 square feet of restaurant and retail space located in Aurora, Colorado.

Trillium Woods Continuing Care Retirement Community: The Weitz Company successfully completed this year works on the Trillium Woods Project in Plymouth, Minn., an USD 91 million Continuing Care Retirement Community (CCRC). The approximately 500,000 square foot facility consists of a 50,000 sqft commons building, 58,000 sqft foot health center building, and three independent living buildings totaling 392,000 sqft.

GROUP OVERVIEW

OUR BRANDS

Orascom Construction Ltd. operates under three distinct and separate brands: Orascom Construction, Contrack Watts and The Weitz Company. Our core brands are supported by a 50% stake in the BESIX Group and a number of subsidiaries and affiliates in complementary industries to construction.

Orascom Construction Limited
ENR Top 250 International Contractors # 40

100% Orascom Construction	100% Contrack Watts	100% The Weitz Company	50% The BESIX Group*
ORASCOM CONSTRUCTION	CONTRACK WATTS	WEITZ	BESIX
Established in 1950, Orascom Construction is the MENA region's leading EPC contractor, targeting large, complex and demanding industrial, commercial and infrastructure projects, from power and wastewater treatment plants to hotels and museums.	Founded in 1985, Contrack Watts is based in Virginia, United States and has been a preferred contractor to the US Government for the last 10 years.	With a track record spanning over 160 years, The Weitz Company is one of the oldest commercial contractors in the US.	Established in 1909 in Belgium, the BESIX Group is a global multi-service EPC contractor. Orascom Construction Ltd. holds a 50% stake in BESIX through a joint leveraged buyout in partnership with BESIX management since 2004.
Core Markets: Egypt, Saudi Arabia, Algeria and the United States	**Core Markets:** United States (including Pacific Rim) and MENA	**Core Markets:** United States	**Core Markets:** MENA, Europe, and the United States
Expertise: Infrastructure and Industrial projects and select high-end commercial projects	**Expertise:** EPC services and facilities maintenance for federal and infrastructure projects	**Expertise:** Commercial, industrial, infrastructure, and plant services construction projects	**Expertise:** Infrastructure and high-end commercial projects

* The BESIX Group is accounted for using the equity method


Assiut Power Plant, Egypt


Kuraymat Power Plant, Egypt


New Cairo Wastewater Treatment, Egypt

Orascom Construction

Orascom Construction is a leading engineering, procurement and construction contractor active across the United States, the Middle East and Africa.

Orascom Construction (OC) is based in Cairo, Egypt and is an engineering, procurement and construction contractor with over 60 years of construction expertise targeting large industrial, commercial and infrastructure projects for public and private clients, principally in the MENA and US regions.

Emphasizing on turn-key contracting, OC's track record ranges from water treatment plants and power stations to five star hotels and office skyscrapers. OC has earned a reputation for safely delivering quality work under difficult conditions on schedule and at competitive prices, and prides itself on the ground-breaking quality of its work.

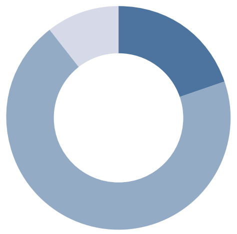
USD **5.0** bn
FY 2015 Backlog

40,093
Employees

100.0%
Ownership

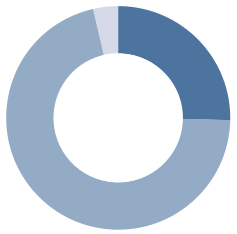
0.015
LTIR

2015 Backlog by Client



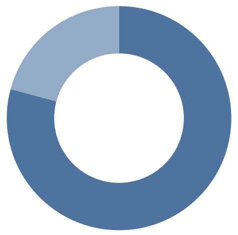
Client	%
Public	69.2%
Private	10.2%
OCI N.V.	20.6%

2015 Backlog by Sector



Sector	%
Industrial	26.0%
Infrastructure	70.5%
Commercial	3.5%

2015 Backlog by Region



Region	%
MENA	79.4%
US	20.6%


Apra Harbour, Guam


Guam Hospital, Guam


Waterfront Bridge, Bahrain

Contrack Watts

Founded in 1985, Contrack Watts is a leading international construction company based in Virginia, United States.

Contrack Watts is a wholly-owned subsidiary of the Group. Established in 1985 and based in Virginia in the United States, Contrack undertakes engineering, procurement and construction services as well as facilities operation and maintenance primarily on institutional and infrastructure projects throughout the Middle East and Central Asia.

Following the Group's acquisition of the Weitz Company in 2012, Watts Constructors, a former Weitz wholly owned subsidiary focused on federal projects in the United States and the Pacific Rim, was merged into Contack due to the complementary nature of their activities — forming Contrack Watts.

Contrack Watts holds accreditations from the Association of General Contractors (AGC) and the Society of American Military Engineers (SAME), which are renewed annually.

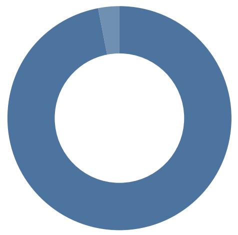
USD **0.6** bn
FY 2015 Backlog

5,366
Employees

100.0%
Ownership

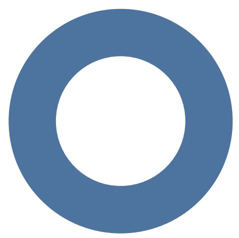
0.41
LTIR

2015 Backlog by Client



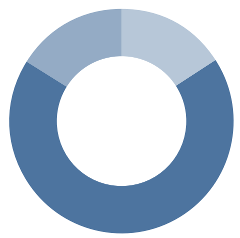
Client	%
Public	96.6%
Private	3.4%

2015 Backlog by Sector



Sector	%
Infrastructure	100.0%

2015 Backlog by Region



Region	%
US	68.3%
MENA	15.3%
Other	16.4%

WEITZ


Breakers Beach Club, US


Phoenix Sky Train, US


Max Plank Florida Institute, US

The Weitz Company

Founded in 1855, the Weitz Company (Weitz) is a full-service general contractor, design-builder, construction manager and millwright specialist based in Des Moines, Iowa.

The Weitz Company is one of the oldest commercial general contractors in the United States with over 160 years of experience, and targets commercial, industrial, infrastructure, and plant services construction projects. The Weitz Company's primary markets are within the borders of the United States.

The Group acquired 100% of Weitz in 2012 as a platform for entry into the US's industrial and infrastructure markets, and to support the construction of the OCI Fertilizer & Chemicals Group's projects in the US. Prior to the acquisition, the majority of Weitz's projects were in the commercial sector with some industrial and infrastructure works. However, Weitz has been expanding into the industrial sector through subcontracted work on the Iowa Fertilizer Company from Orascom E&C — our US subsidiary established in 2013 to develop OCI N.V.'s chemicals growth in the US. In 2015, Weitz's backlog grew by 75% to USD 1.0 billion, a 3.5x increase since its acquisition. The Group expects Weitz to continue on this growth trajectory as it captures a larger share of the market.

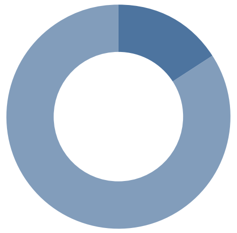
USD 1.0 bn
FY 2015 Backlog

1,120
Employees

100.0%
Ownership

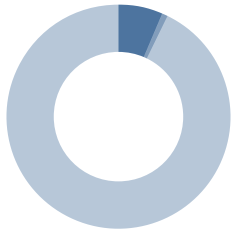
0.2
LTIR

2015 Backlog by Client



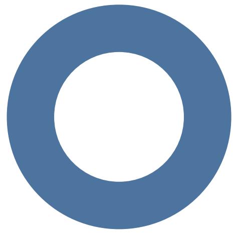
Client	%
Public	15.5%
Private	84.5%

2015 Backlog by Sector



Sector	%
Industrial	6.6%
Infrastructure	0.8%
Commercial	92.6%

2015 Backlog by Region



Region	%
United States	100.0%

BESIX


Ferrari World, UAE


Lanaye Lock, Belgium


Burj Khalifa, UAE

The BESIX Group

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

The BESIX Group business unit is a 50%-owned investment, jointly acquired by OCI S.A.E. and the management of BESIX through a 50/50 leveraged buy-out in 2004. The group operates in the construction, real estate and concession sectors in 19 countries across the Middle East, Benelux, France, Australia and Central and North Africa. BESIX's 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 several concessions in PPP and design, build, finance and maintain/operate (DBFM) contracts in the Middle East and Europe. The Belgium-based contractor and OCL have collaborated on several projects in the past due to the complementary nature of their capabilities, allowing OCL to gain access to specialty projects in the high-end commercial and marine sectors. Our most recent partnerships are the Grand Egyptian Museum (the world's largest archaeological museum) and Mall of Egypt (a premier super-mall in Egypt spanning 160,000 square meters).

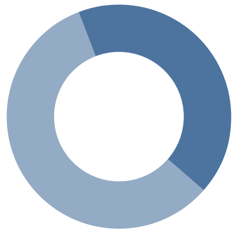
EUR 3.2 bn
100% of FY 2015 Backlog

15,000
Employees

50.0%
Ownership

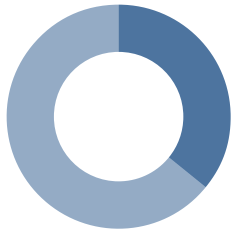
1.7
LTIR

2015 Backlog by Client



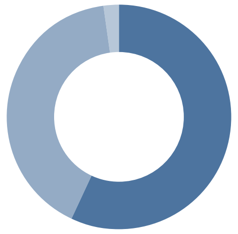
Client	%
Public	42.3%
Private	57.6%

2015 Backlog by Sector



Sector	%
Infrastructure	36.1%
Commercial	63.9%

2015 Backlog by Region



Region	%
MENA	57.4%
Europe	41.8%
Other	1.8%

OUR MARKETS

Orascom Construction Limited's two main markets are the Middle East/North Africa (MENA) region and the United States.

MENA

The Group's principal markets in the MENA region are predominantly classified as young, populous emerging countries with increased demand for utilities and social infrastructure and historical under investment in infrastructure and industrial sectors that should offer immense opportunities for contractors. Orascom Construction Limited's arms operating in the MENA region include Orascom and Contrack Watts.

The common theme throughout the MENA region is economic growth driven largely by public and private spending on industrial, infrastructure and commercial projects aimed at supporting these countries' growing populations. Demographic fundamentals in OCL's MENA markets are solid, with a total population exceeding 200 million growing at average annual rate of 2.2%. The region's high demand for infrastructure and industrial investment coupled with a growing need to address high unemployment rates bode well for the region's construction market and its growth trajectory.

Within MENA, the recent decline in oil prices has seen both oil exporting and importing countries revise their future growth expectations and economic outlook. Growth in certain GCC countries is expected to slow down in the short term, as governments initiate fiscal consolidation owing to oil-price induced budget deficits, while others are pressing ahead with their construction and infrastructure plans. GDP growth for the GCC region is expected to remain flat at 3.2% in 2016 before increasing to 3.4% the following year according to the World Bank's MENA Quarterly Economic Brief on January 2016 (MENA QEB).

Meanwhile, oil-importing economies are set to somewhat benefit from lower oil prices through the reallocation of spending on energy subsidies to more growth enhancing investments. In that regard, Egypt began slashing fuel subsidies by some 30% in 2014, with plans to reduce the figure from the 6.3% of GDP recorded in 2014 to 1.3% by 2019. GDP for the Arab World's most populous country is projected at 3.8% in 2016 and 4.4% in 2017, according to World Bank's MENA QEB.

United States

Lower energy prices, lower inflation, steady GDP growth, increased consumer confidence, strong housing starts and unemployment of about 6% are expected to support construction spending in the United States through 2018. The construction sector is projected to rise by 6.6% in 2016 and the total non-residential market spending by approximately 5% each year through 2018, mainly driven by educational, commercial and manufacturing projects. Meanwhile, residential market spending has indicated a positive trend in housing starts with USD 1 million in October 2014, expected to grow by 10% annually.

1 World Bank's MENA Quarterly Economic Brief on January 2016
2 US Census Bureau
3 United States Army Corps of Engineers

Nagaa Hammadi Barrage, Egypt

The United States Army Corps of Engineers (USACE) has proposed power purchase agreements of USD 7 billion for renewable energy sources over a period of 30 years, while transportation spending is expected to be supported by the "Fix-it-First" program, a government plan to repair bridges across the country. With limitations being put on transport infrastructure by fiscal battles in the US Congress, future spending is likely to be shaped by the political environment and public sector funding gaps likely to be resolved using private sector involvement.

Given the low-risk, mature nature of the US market relative to that of the MENA region, profitability margins are significantly lower on average yet they are more predictable. Meanwhile, economic and demographic characteristics of MENA translate into higher infrastructure spending, which favors OC's market positioning in some of its core markets like Egypt.

Highlights from Our Key Markets

Egypt, OCL's original home market, is where the company has been in operation for over 60 years and has achieved much success in complex industrial and large-scale infrastructure and commercial projects, such as the world's longest double-swing rail bridge, the country's first solar power plant and the country's largest retail spaces, and more recently the Grand Egyptian Museum, the world's largest archaeological museum. In 2015, OCL established itself as the contractor of choice for large-scale power projects with the fast-track addition of 1,500 MWs to the country's national grid as well as securing contracts for an additional capacity exceeding 10,000 MW. OCL has also played a pivotal role in the development of the nation's transport infrastructure through its continued works on the Cairo Metro since the early 1980s to date, as well as through its recent activities in upgrading Egypt's road network.

OCL's activities in the rest of **MENA** span across the infrastructure, industrial and commercial sector. In **Saudi Arabia**, operations began in 2003 and were rejuvenated in 2011 with the launch of Orascom Saudi Limited (OSL), targeting essential infrastructure and social infrastructure projects. OCL's largest projects include the infrastructure work at the King Abdulaziz Airport in Jeddah, and South Security Border road. Meanwhile, in the **UAE** where OCL operates through both OC and Contrack, the Group has executed several industrial, large-scale infrastructure and specialist foundation works projects, including Al-Reem Island for Bunya and Al-Tamouh Investments, New York University piling works at Saadiyat Island for Al-Futtaim Carillion, and is currently constructing the Hub Zero in Dubai, a high-tech, interactive gaming center with dining and retail options. The Group's presence in the Emirati market was further strengthened through its 2004 acquisition of BESIX; some of BESIX's most substantial projects include Burj Khalifa (the world's tallest building), Abu Dhabi State Guest Reception Terminal, the Cleveland Clinic, the Ferrari Park Experience and two water treatment concessions. Since 2001, OCL has completed nearly 40 projects in **Algeria** across a variety of sectors, including power, railways, water desalination, petrochemicals and cement power, railways, water desalination, petrochemicals and cement. Past accomplishments include the Hamma seawater desalination plant in Algeria, Africa's largest desalination plant and the second largest of its kind in the world, the 360 kilometer Méchéria—Béchar railway line, and several other rail projects through Medrail, our joint venture with France's TSO. Currently, OCL is working on the Ain El-Kebira Cement Plant, with a capacity of 6,000 tons of clinker per day (TPD) and in 2016 signed two additional industrial and infrastructure projects.

OCL exists in the **US** market through Contrack Watts, typically contracted by the US government, the Weitz Company, to acquire and maintain a strong market presence, and Orascom E&C to strengthen operations. Through its engineering and construction group and the formation of IFCo and Natgasoline, OCL established itself as a significant industrial contractor in the US, as well as a substantial commercial and federal player. OCL's success as a construction contractor in executing the first world-scale fertilizer complex in the US in about 25 years and one of the largest new methanol plants in the US puts it in a unique position to capitalize on future opportunities in the US construction market. Furthermore, OCL is leveraging its experience in the infrastructure sector in the MENA region to increase its foothold in the US market.

South Security Border Road, Saudi Arabia

Al-Reem Island for Bunya, UAE

Ain Kebira Cement Plant, Algeria

OUR STRATEGY

OCL's strategy is guided by five key pillars with the aim of maintaining its market leadership, expanding its geographic footprint and delivering top and bottom line growth to maximize shareholder value.

Strategic Market and Geographic Expansion as an EPC Contractor

OCL aims to expand its market presence as an EPC contractor in its core markets in MENA and the US through several avenues, namely strengthening activities in our key infrastructure and industrial sectors, selective pursuit of well-funded projects where we hold a competitive edge and capitalizing on our proven financing track record across various sectors.

Establish and Leverage Strategic Partnerships and JVs

The Group has maintained an active strategy of working in partnership with industry leaders to complement and expand its capabilities. Historically, these relationships have enabled us to participate in some of MENA's largest construction projects and maintain a strong market position. OCL's 50% investment in the BESIX Group is a clear example of this strategy being put to action, where both companies have pursued opportunities and participated in projects beyond each other's core competencies. The Group will further deploy this strategy and leverage its MENA relationships in its effort to expand its US foothold. Additionally, we always consider strategic tuck-in acquisitions that enhance our core competencies and add valuable human resources to our construction team as was the case with our acquisition of The Weitz Company in 2012.

Pursue Value Accretive Investment Opportunities

A key pillar of our strategy is leveraging our investment track record in cement, ports, fertilizer and wastewater treatment to identify and pursue new investment opportunities that provide stable cash flows and further scope for growth. By directly investing in infrastructure opportunities using a Build-Own-Operate (BOO) model, OCL is able to generate construction revenue and cash flow during the contracting phase followed by recurring cash flow once the project is operational. This strategy is already being implemented where Orascom Construction is a co-owner and co-developer of the New Cairo Wastewater Treatment Plant, Egypt's first PPP, and the company is currently pursuing other power and water opportunities. We also aim to replicate this model in the US to support expansion and complement our MENA business.

Commitment to Excellence

It is our firm belief that behind every successful company is a continued commitment to quality, safety, the environment and ethical business practices. At OCL, maintaining a safe and healthy workplace for all our employees and putting our expertise to work for the benefit of our clients, our partners and the communities in which we operate is at the heart of how we do business. That is why at OCL we choose to implement global best practice when it comes to safety standards, training and development.

Delivering Shareholder Value

Since its establishment in the 1950s, the Group has remained committed to creating shareholder value at every stage of its ambitious journey of becoming a leading private sector contractor and an incubator of high-value industrial businesses. This unwavering commitment is at the core of our strategy and is instilled in our management and founding shareholders who continue to propel the Group into the next phase of its sustainable growth trajectory.

OPERATIONAL REVIEW

Throughout 2015, Orascom Construction Ltd executed numerous large and complex projects that add to the group's core competencies and enhance its regional and global market positioning.

MENA

Orascom Construction Ltd.'s arms operating in the MENA region include Orascom Construction and Contrack Watts.

Orascom Construction

Power Generation in Egypt

Our power unit delivered tremendous results during 2015. We are very pleased with the landmark projects added to our backlog and their execution ahead of schedule. In 2015 alone, we connected 2,000 MW to Egypt's national power grid and are currently executing power plants with a total capacity exceeding 10,000 MW.

Assiut & West Damietta Simple Cycle Power Plants

Our first accomplishment was the fast-track delivery as an EPC contractor of the Assiut and West Damietta power plants, each with a power generation capacity of 1,000 MW and 500 MW respectively. As part of a consortium with General Electric, engineering and construction work began mid-December 2014, with initial connection taking place five and a half months later at Assiut and full connection at both plants in seven and eight months, both ahead of schedule. Our share of the EPC contracts amounted to approximately USD 642 million.

Building on this success, our consortium was further awarded two contracts to convert the Assiut & West Damietta Power Plants from simple to combined cycle, increasing their power generation capacity by 50% with no additional fuel intake. Our share of the contracts amounted to USD 420 million. Both power plants will be completed on an EPC + finance basis whereby OC helps arrange a competitive financing package on behalf of the client.

Assiut Power Plant, Egypt

Monkhafad El Qattara Road, Egypt

New Capital & Burullus Combined Cycle Power Plants

In June, an Orascom/Siemens consortium was awarded two contracts to build the largest gas-fired, combined cycle power plants in the world and the most efficient in Egypt, each with a capacity of 4,800 MW. One power plant will be located on the Mediterranean Coast, north of Burullus Lake in the Kafr El-Sheikh governorate, and the other in the new capital city development. Our combined share of the contracts is EUR 1.6 billion. These projects are also under execution on an EPC + finance basis.

Phase 2 of the 6th of October Open Cycle GT Power Plant

As a subcontractor, OC successfully finished works in May on Phase 2 of the 6th of October Open Cycle GT Power Generation Plant. Our scope was to carry out the civil works, steel structure erection and electro-mechanical installations for a 588 MW power generation project worth USD 29 million. OC has also completed in 2012 phase 1 of the 6th of October Simple Cycle Power Plant with a generation capacity of 600 MW.

New Assiut Barrage and Hydropower Plant

Works on the New Assiut Barrage and Hydropower Plant are progressing on schedule with completion date expected by year-end 2017. Awarded in May 2012 to a consortium between OC, the Arab Contractors and VINCI, the USD 355 million project one of the country's mega projects that is co-financed by the Egyptian Government and the German Development Bank. OC's scope of work includes the construction of a new barrage across the Nile River, a 32 MW powerhouse, as well as an administration and other ancillary buildings.

Greater Cairo Metro Line III, Egypt

OC has played an integral role in the development of Cairo's Metro, partnering with other local and international contractors since the late 1980s on several packages for Lines II and III.

In 2015, we built on this track record by signing three new packages for the third phase of Line III, covering civil, track electro-mechanical work. Our partners in these projects are comprised of Arab Contractors, VINCI, Bougyues and Colas Rail.

This milestone project is a repeat business experience with the NAT for Orascom, now well-positioned for future metro awards.

The Grand Egyptian Museum, Egypt

OC and BESIX are currently constructing the Grand Egyptian Museum, which will be one of the largest and most important museums in the world. Awarded in January 2012 with a contract value of USD 810 million, the museum will host about 100,000 artifacts, presenting a chronological account of the past 7,000 years of Egypt's ancient history. The Grand Egyptian Museum complex project contains three main areas: exhibition galleries, a 1000-seat conference center and a landscaping and commercial retail and restaurants area. It also includes a conservation center and a large area for hosting outdoor activities.

Roads, Bridges & Airport Runways, Egypt

In addition to securing Egypt's future energy needs, the Egyptian Government's infrastructure development program also encompasses upgrading the nation's infrastructure map as a means of supporting future economic growth, and a key pillar of which is upgrading the national roads network.

Grand Egyptian Museum, Egypt

Accordingly, OC was awarded and has executed several projects in this important field including four contracts valued at USD 293 million that encompass upgrading 45 kilometers of the Wadi Elnatron / Elalamin Road (sector 1), constructing the 80 kilometer Beni Sweef / El Zaafarana Road, constructing the 130 kilometer El Kattara Lowland Highway and constructing Phase 1 of the Rod Elfarag Axis with a length of 29 kilometers. In January, OC successfully completed concrete and steel works on El Moshier Road Bridge located over the intersection of the Ring Road with the 90th Road in New Cairo, and delivered works on Katameya Bridge located over the intersection of Ring Road with Ain El Sokhna Road. Both contracts were awarded in end of 2013 with a total value of USD 31 million. OC also punctually delivered works on El Waha Bridge, a concrete and steel bridge located above the NA Road. The project started in September 2014 and was scheduled for completion over about eight months.

Additionally, the company was awarded projects across several of the nation's airports such as the USD 32 million upgrade of the Cairo International Airport Runway, the development of Hurghada's International Airport with works including the construction of a complete airfield, as well as lighting, power supply and storm water drainage systems.

Legoland, Dubai

In the UAE, the OC-BESIX joint venture is making headway with the main construction works of Phases 2 & 3 of Legoland as part of the Dubai Parks and Resorts Project, with a total value of about USD 111 million. On track to be completed during 2016, the project will be the first Legoland Park in the Middle East featuring over 15,000 Lego model structures made from more than 60 million Lego bricks, in addition to over 40 interactive rides, shows and attractions. The scope of phases 2 and 3 includes construction of the substructure, superstructure, building envelope, MEP and finishes for a total of 45 buildings.

Contrack Watts

Tension Fabric Hangar, Bahrain

In September, the USACE in Bahrain awarded Contrack Watts the design and construction works of a new tension fabric hangar and airfield paving to accommodate and support the P-8A aircraft. Works are scheduled for completion in October 2017.

Mina Salman Quay Wall at Naval Support Activity, Bahrain

In October, Contrack Watts-Nass JV started a construction contract for repairs to Mina Salman Quay Wall at Naval Support Activity Bahrain. Scheduled to be accomplished by the end of 2017, the scope of works includes providing the labor, management, supervision, tools, materials, and equipment necessary to repair/construct and modernize the Mina Salman Quay Wall.

Army Prepositioned Stocks Facilities (APS-5 Warehouses), Kuwait

Contrack Watts is also carrying on with works on the Army Prepositioned Stocks Facilities (APS-5 Warehouses) located in Camp Arifjan in Kuwait for USACE. Works on this USD 55 million project include the construction of nine pre-engineered humidity-controlled storage warehouses, fire detection and suppression systems, intrusion detection system installation, interior communication systems and vehicle hardstand areas outside each warehouse. Works began in 2013 and are scheduled for completion in the third quarter of 2016.

Bahrain Waterfront Development Program

In August, Contrack Watts successfully completed design and build works on Phase 3 of Bahrain Waterfront Development Program valued at USD 39 million. As a prime contractor, Contrack Watts was responsible for managing and executing all project works, providing all material-related quality assurance for all works executed, monitoring and controlling the whole project performance throughout the project life cycle and providing all project technical data. In addition, Contrack Watts was also responsible for bidding, awarding, managing and coordinating all subcontractors involved in the project as well as all labor and equipment. Works started in the first quarter of 2012.

United States

Orascom Construction Ltd.'s arms operating in the US include Orascom E&C, Contrack Watts and the Weitz Company.

Orascom E&C

The Iowa Fertilizer Plant, US

In the United States, Orascom E&C (100% owned subsidiary based in the US) is executing works on a turn-key basis on the Iowa Fertilizer Plant, designed to be the first world-scale nitrogen-based fertilizer plant in the country in nearly 25 years. Awarded in September 2012, the project is scheduled for completion in 2016. The plant will help the United States reduce its dependence on imported fertilizer, producing between 1.5 and 2 million tons of nitrogen fertilizer per year. Once completed, the plant will benefit farmers by saving them millions of dollars annually. The project employed about 2,000 workers during the construction phase and is currently creating 165 permanent jobs post-construction.

Iowa Fertilizers Company, US

Jack Trice Stadium, US

Natgasoline LLC Project, US

Orascom E&C continues its works on the Natgasoline LLC Project, a Greenfield world-scale methanol production complex being developed in Beaumont, Texas, awarded in January 2014. The plant is expected to have a capacity of up to approximately 1.75 million metric tons per year. It will be one of the world's largest methanol production facilities based on nameplate capacity. The project will use state-of-the-art Lurgi MegaMethanol® technology and will incorporate the best available environmental control technology. Works are scheduled for completion in 2017.

Contrack Watts

Satellite Communications Earth Terminal Station Facility, US

This USD 39 million project includes a 43,000 square feet satellite communications operations center, a 6,880 square feet command/administration support center, a 5,736 square feet repair and utilities building and a 2,000 square feet covered storage shed. The project will house space for electronic equipment, operations and systems maintenance support areas, technical control center, network operations center among several other facilities. The project is scheduled for completion by June 2016.

The Weitz Company

Ozark Mountain Poultry Feed Mill

Design and construction works on the Ozark Mountain Poultry Feed Mill are progressing as scheduled. Once completed, the feed mill will process a maximum capacity of 12,000 tons per week, working five days a week, 24 hours a day. Design for the facility was done by Weitz Professional Services, the company's in-house design experts.

Phase Two of Timber Ridge, US

Awarded by Life Care Services in October 2014, the Weitz Company continues its works on Phase 2 of Timber Ridge, a CCRC and mountain lodge-style designed retirement community with resort-like amenities, located over 10 acres in Issaquah, Washington. Works on phase 2 are scheduled to be completed by 2016 at a value of USD 95 million.

Jack Trice Stadium, US

The Weitz Company was selected in August to work on the improvement of the Jack Trice Stadium. The project included replacement of the 2,918 south end zone bleacher seats and 6,000 hillside seats, construction of a 47,000-square-foot two-story club to serve 3,000 patrons, and club and suite spaces. After completion, Jack Trice Stadium is the third largest Big 12 stadium. Works were executed over five months.

Signature Flights, US

Works on Signature Flights were accomplished as scheduled in September. The Weitz Company was selected in 2014 as the general contractor for the USD 64 million Signature Flight Support's new terminal and hangers located at the San Joes International Airport in San Jose, California.

BESIX

BESIX maintain a wide geographic footprint covering Europe, MENA, Sub-Saharan Africa, South East Asia and Australia.

Maintaining a Home Market Footing

In BESIX's home market of Belgium, the group executed numerous residential and commercial real estate projects characterized by innovative designs and offering the best in energy-efficiency such as the Cadiz Residence in Antwerp, the Kotville in Bruges and the 56,000 sqm Docks Bruxsel, a shopping and entertainment mall in Brussels.

Additionally, the group was active in the civil, industrial and marine engineering field having achieved progress on the Mechelen Railway Bypass and Tangent, a total of 15 structures, including two tunnels under the existing train lines, a tunnel under the Leuvense Vaart canal and a number of complex railway bridges. Other projects where BESIX is active include the maintenance center for the Brussels Public Transport Company (MIVB-STIB) in Haren, the design and build of a 370 meter long quay port in Zeebrugge (Hanze Terminal), the renovation and deepening of the northern quay port in the Fifth Harbour dock in Antwerp and the Fourth Lanaye Lock, a massive 225 meter by 25 meter lock, extending over a 14 m drop.

An Eclectic Mix in the Netherlands

BESIX continues to build a diverse mix of exciting and inventive projects in different sectors and industries across the Netherlands, including the Tilburg railway station, the OV railway Terminal in Utrecht, the Ring Road in Parkstad and the Radar Tower Neeltje Jans, a project that won the 'betonprijs'-award in the 'constructive design' category. On the DBFM market in the Netherlands, BESIX continues to be successful with the start of the works for the Limmel flood barrier, which will be followed by a 30-year maintenance contract and the award of the Beatrix lock project in Nieuwegein in proximity to Utrecht.

BESIX Marks Return to Cameron

During 2015, BESIX returned to the Cameroon to work on Quay 51 in the port of Douala, the country's main hub for gas imports. The 165 meter landing in the estuary of the river Wouri connects to Quay 52, which was refurbished by BESIX in 2011. The first carrier docked in April 2015 and it is foreseen that the works will be completed in the summer of 2016.

Investments Drive UAE & Qatar Business

In the United Arab Emirates and Qatar, commercial construction is on the rise following the surge of investments in the build-up to the 2020 World Expo and 2022 FIFA World Cup, with the retail and hospitality sectors rolling out large-scale developments. In 2015, BESIX and Six Construct worked on various theme parks and super-malls, including among others Hub Zero, Ferrari World and Yas Theme Park. This momentum is sustained by the local governments' increased focus on economic diversification and public infrastructure projects. Furthermore, BESIX and Six Construct are also active on iconic buildings such as the Abu Dhabi National Oil Company (ADNOC) headquarters in Abu Dhabi, the Al Zorah resort in Ajman and the renovation and expansion of the Khalifa International Stadium in Qatar.

ADNOC headquarters, UAE

New Awards in 2015

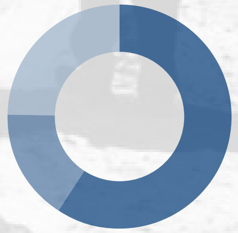
In 2015, OCL continued to aggressively pursue expansion opportunities as an EPC contractor, pushing forward with existing plans for further growth in its main markets in MENA and the US. The Group continued to actively deliver on its strategy, having secured various new awards across its far-reaching footprint in its key infrastructure, industrial and commercial sectors.

During the year, OCL was awarded a total of USD 4.8 billion for a number of large-scale projects within its core competencies. Leading the pack in Egypt was the EUR 1.6 billion contract for the construction of the two largest combined power plants in the world in Egypt. Furthermore, the Group continued its rapid expansion in the US with Weitz and Contrack Watts signing approximately USD 1.4 billion in new awards. The Group's newly-awarded contracts in 2015 both enhanced the quality and grew the size of the backlog, having grown to USD 8.4 billion after adding the Group's 50% share in BESIX.

Snapshot of OCL's Backlog in 2015

Brand	Value
Orascom Construction	USD 5.0 bn
Contrack Watts	USD 0.6 bn
The Weitz Company	USD 1.0 bn
Total	USD 6.7 bn
The BESIX Group	USD 1.8 bn
Total Proforma Backlog	USD 8.4 bn

OCL's Proforma Backlog by Sector in 2015



Sector	%
Infrastructure	57.0%
Industrial	16.4%
Commercial	26.6%

CONCESSIONS & INFRASTRUCTURE INVESTMENTS

OCL pursues a growing portfolio of infrastructure investments alongside its construction business as a means of generating recurring income and adding value to shareholders.

The Group is currently pursuing value accretive concessionary contracts that are sources of stable long-term cash flows. These include PPPs and BOO structures in which we are able to participate as standalone brands or in consortiums.

We benefit from an attractive structure whereby we are the builders, owners and operators of an infrastructure asset. This creates an investment opportunity that yields recurring cash flows and provides construction revenue for the Group. Funding for these investments is secured through non-recourse project financing from local and international financial institutions, leveraging the Group's experience and relationships.

The company has a proven record of accomplishment in this regard, including the incubation of the cement, port and fertilizer businesses, as well as its current infrastructure project, the New Cairo Wastewater Treatment Plant. OCL's investments provide new backlog for the Group and once complete produce recurring cash flows until sold, typically at a high-margin profit. In 1999, our first cement subsidiary, Egyptian Cement Company, began commercial operations with a total annual capacity of 1.5 million tons. By 2007, it had grown to a top 10 worldwide player with 35 million tons of capacity in 12 emerging market countries, and an additional 10 million tons under construction. In December of that year, we announced an agreement with Lafarge SA for the divestment of our Cement Group at an enterprise value of USD 15 billion. OCI distributed USD 11 billion in cash dividends to shareholders that year and retained USD 2 billion as seed money for investments in new industries.

The following year, OCI used the proceeds to acquire 100% of Egyptian Fertilizers Company (EFC) from Abraaj Capital and an additional 30% of Egypt Basic Industries Corporation (EBIC), of which we had already acquired a 30% stake in 2005. Building onto this since 2005, OCI is currently one of the world's largest nitrogen fertilizer producers with a production capacity of about 8.4 million metric tons. Growth initiatives will raise our global capacity by almost 50% to 12.5 million tons in 2017.

New Cairo Wastewater Treatment Plant

Orascom Construction and Aqualia (a leading wastewater management company based in Spain) established Orasqualia, in 2009. Orasqualia was awarded the concession for the construction, operation and maintenance of the New Cairo Wastewater Treatment Plant, Egypt's first PPP, with a capacity to pump 250,000 cubic meters a day and serve 1 million people.

The project was initiated by the New Urban Communities Authority (NUCA) and was tendered by the Egyptian Ministry of Housing, Utilities and Urban Development in coordination with the Ministry of Finance as a 20-year PPP. Orasqualia's success established a blueprint for Egypt's PPP legislation and was awarded in 2010 both "Water Deal of the Year" by Global Water Intelligence and "PPP African Deal of the Year" by Euromoney/Project Finance Magazine. Construction was completed in 2013 and operations began in the fourth quarter of that year.

Egyptian Fertilizers Company, Egypt

Select Current Opportunities

Current opportunities in the works include the development of conventional and renewable power plants, a second wastewater treatment facility, as well as efforts to replicate the MENA investment model in the United States, targeting long-term concessions.

OCL is ideally positioned to develop and own Abu Rawash Wastewater Treatment Plant in Egypt, which would make the project the second wastewater treatment PPP for the Group. The consortium would add a secondary treatment unit to an existing 1.2 million cubic meter per day (cm/d) facility and build another advanced treatment unit with a capacity of 400,000 cm/d, bringing the plant's total treatment capacity to 1.6 million cm/d. The new facilities will serve 5.5 million people once operational. We expect additional PPP ventures in the future as Egypt continues to increase cooperation between the public and private sectors to deliver major infrastructure projects.

In accordance with plans announced by the Egyptian government to increase cooperation between the public and private sectors in order to deliver major infrastructure projects, OCL expects to add additional PPP ventures in the pipeline, and plans to continually implement its current business model which has proven successful thus far.

In addition to the PPP scheme, OCL is also progressing on the development of wind and solar power plants through the Egypt's feed-in-tariff program and build-own-operate tenders.

Egyptian Fertilizers Company, Egypt

New Cairo Wastewater Treatment Egypt

CONSTRUCTION MATERIALS & PROPERTY MANAGEMENT

As a leader in the regional construction industry, we recognize the need for responsible investments that bolster and complement our businesses so to enhance Orascom Construction Limited's production capabilities and services network. Accordingly, the Group targets investment opportunities in companies that focus on the manufacturing of fabricated steel products, glass curtain walling, paints and concrete pipes, as well as investments in two facilities management companies.

Construction Materials Portfolio

National Steel Fabrication (NSF)

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

United Paints & Chemicals (UPC)

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

Alico Egypt

Alico was established in 1999 as a joint venture between the Group and Alico UAE. A frontrunner in the market, the company manufactures and installs glass, aluminum, and architectural metal works for building projects. Based in Egypt, Alico has a total production capacity of 250,000 square meters, and provides services in core markets, primarily in Egypt and North Africa, for landmark projects including but not limited to, the Nile City Towers complex, Heliopolis Citystars complex, San Stafano Hotel, Cairo International Airport, Borg el Arab Airport and several buildings at the prestigious Smart Village business park.

United Holding Company (UHC)

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

National Pipe Company (NPC)

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

SCIB Chemical

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

Management Portfolio Companies

Suez Industrial Development Company (SIDC)

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

Contrack FM

Established in 2004, Contrack FM is Egypt's premier facility and property management services provider. The company provides a full range of operations and maintenance services to clients across Egypt with plans to expand to Saudi Arabia.

Contrack FM specializes in the provision of hard and soft services for high value facilities in the commercial, retail industries and health care, as well as in hospitality support functions industry. Hard services include all the technical engineering, as well as architectural and civil maintenance and asset preservation services. Soft services include security, housekeeping, specialist facade cleaning and pest control services.

Ownership	2015 Revenues	Employees
National Steel Fabrication (NSF)		
100%	USD 73.6 mn	1,707
United Paints & Chemicals (UPC)		
56.5%	USD 9.8 mn	157
Alico Egypt		
100%	USD 12.6 mn	580
United Holding Company (UHC)		
56.5%	USD 59.9 mn	712
National Pipe Company (NPC)		
40%	USD 10.6 mn	688
SCIB Chemical		
14.7%	USD 58.6 mn	700
Suez Industrial Development Company (SIDC)		
60.5%	USD 46.7 mn	130
Contrack FM		
100%	USD 22.0 mn	3,306

MANAGEMENT DISCUSSION & ANALYSIS

Financial Highlights

USD millions	2015
Revenue	**3,882.4**
Cost of Sales	(4,093.7)
Gross Loss	(211.3)
Operating Loss	**(355.6)**
Income Tax	49.7
Non-Controlling Interest	13.4
Net Income Attributable to shareholders	**(347.8)**
Basic Earnings Per Share	(2.95)
EBITDA	**(302.4)**
Total Assets	3,235.9
Total Equity	560.5
Gross Interest - Bearing Debt	439.4
Net Debt	(135.5)
Capital Expenditure	**88.4**

Revenues

OCL's consolidated revenue reached USD 3,882.4 million in 2015, with USD 2,030.2 million (52%) of which being generated from the MENA region and the balance coming from the US.

EBITDA

While the Group's strong performance in the MENA region resulted in an EBITDA of USD 312.5 million, consolidated EBITDA for the whole group was negative. Included in MENA is a one-off gain of USD 38.4 million for the positive outcome of the Group's arbitration against Golden Pyramids Plaza for the City Stars project in Egypt. Excluding this gain, EBITDA for the MENA region stands at USD 274.1 million, representing a margin of 13.5%.

Consolidated Group performance was negatively impacted by a one-off loss in our US operations, with its impact being reflected on costs of sales and gross profit.

Selling, General and Administrative Expenses

SG&A expenses as a percentage of revenue were 5.1% in 2015. This includes provision expenses amounting to USD 50.0 million. Excluding these provisions, SG&A as a percentage of revenue would have been 3.8%.

Income Tax

Income taxes consist of current taxes for the year in relation to the MENA region. Included in income taxes is tax benefit in the amount of USD 90 million recorded in respect of the losses recorded in the US region.

Net Financing Cost

Net finance costs consist of interest income, gain or loss on foreign exchange and interest expense on interest-bearing liabilities. Finance income stood at USD 27.5 million which includes USD 19.4 million in interest income and a USD 8.1 million gain on foreign exchange. Finance costs stood at USD 48.8 million which include USD 34.1 million in interest expenses and a USD 14.7 million loss on foreign exchange.

Number of Employees

During the financial year ending 31 December 2015, the number of staff employed in the group amounted 58,173 comprising 25,384 permanent employees and 32,789 temporary employees.

Income Statement

	2015	
USD millions	MENA	US
Revenue	2,030.2	1,852.2
Cost of Sales	(1,696.4)	(2,397.3)
Gross Profit (Loss)	333.8	(454.1)
EBITDA	312.5	(614.9)
EBITDA Margin	15.4%	(33.2%)
Operating Profit (Loss)	261.6	(617.2)
Income Tax	(44.6)	94.3
Minorities	11.4	2.0
Net Income Attributable to Shareholders	175.4	(523.2)

Cash Flow

USD millions	2015
Profit for the year	**(334.4)**
Adjustments:	
Depreciation of PPE and Amortization	53.2
Changes in Working Capital	412.7
Changes in Provisions	119.2
Dividends Received from Equity Accounted Investees	23.1
Other Cash Flows from Operating Activities	(72.6)
Cash Flow from Operating Activities	**201.2**
Investments in Property, Plant and Equipment	(88.4)
Other Cash Flows from Investing Activities	9.1
Cash Flow from Investing Activities	**(79.3)**
Proceeds from Share Issuance (net of transaction cost)	168.7
Proceeds from Borrowings	602.7
Repayment of Borrowings	629.3
Other Cash Flows from Financing Activities	(27.6)
Cash Flow from Financing Activities	**114.5**
Net Increase in Cash and Cash Equivalents	**236.4**
Cash and Cash Equivalents at 1 January	**368.9**
Currency Translation Adjustments	30.4
Cash and Cash Equivalents at 31 December 2015	**574.9**

Cash Flow from Operating Activities

Cash inflows from operating activities in 2015 totaled USD 201.2 million, principally generated by our operating companies in the MENA region and changes in working capital items.

Cash Flow from Investing Activities

Cash used in investing activities reached USD 79.3 million, as capital expenditure in 2015 reached USD 88.4 million mainly attributable to MENA. Other cash flows from investing activities are related to proceeds from sale of property, plant and equipment.

Cash Flow from Financing Activities

Cash inflow from financing activities totaled USD 114.5 million, primarily related to the new shares issued on EGX in March 2015.

Net Debt

USD millions	31-Dec-15	01-Jan-15
Long-Term Interest-Bearing Debt	26.3	30.8
Short-Term Interest-Bearing Debt	413.1	435.2
Gross Interest-Bearing Debt	**439.4**	**466.0**
Cash and Cash Equivalents	574.9	368.9
Net Debt	**(135.5)**	**97.1**

The Group is cash positive at year-end 2015, partly a result of advance payments received. When projects are executed these advances will gradually be absorbed.

Balance Sheet

USD millions	31-Dec-15	01-Jan-15
Total Non-Current Assets	768.4	735.7
Total Current Assets	2,467.5	2,053.0
Total Assets	**3,235.9**	**2,788.7**
Shareholder's Equity	484.4	727.7
Non-Controlling Interest	76.1	76.7
Total Equity	**560.5**	**804.4**
Total Non-Current Liabilities	47.4	71.7
Total Current Liabilities	2,628.0	1,912.6
Total Liabilities	**2,675.4**	**1,984.3**

Non-Current Assets

Our non-current assets are at a comparable level compared to our opening balance sheet level. Property, plant and equipment stood at USD 280.2 million at 31 December 2015, with total additions purchased during the year amounting to USD 88.4 million. Our investments in associates amount to USD 339.4 million, reflecting a decrease of approximately USD 50 million attributable to foreign exchange differences and dividends received. The value of our associates represents primarily our investment in BESIX Group. At year-end 2015, the Group recorded deferred tax assets of USD 102 million, primarily related to carry forward losses in the US which the Group expects to realize via future profits in the years 2016-2019.

Current Assets

Current assets increased to USD 2,467.5 million compared to USD 2,053.0 million as of 1 January 2015. The increase relates to trade and other receivables and cash and cash equivalents. Trade receivables increased by USD 92.6 million as a result of invoices due partly from increasing operating activities. Furthermore, outstanding contractual project-related retentions by customers increased from USD 137.0 million to USD 277.5 million as operating activities increased. Cash and cash equivalent amounts to USD 574.9 million due to a certain extent to advance payments received form customers.

Equity

The movement in equity primarily relates to the net loss recorded in 2015 (USD 347.8 million) and the new shares issued on the EGX in March 2015 (USD 185.3 million).

Current Liabilities

Current liabilities increased to USD 2,628.0 million compared to USD 1,912.6 million as of 1 January 2015 due to increased operational activities. This is reflected in trade payables (+USD 291.4 million) and advance payments from customers (USD 200.1 million). Furthermore, the increase relates to a higher level of provisions (USD 158.7 million) primarily a result of additional provisions recorded in respect of onerous contracts in US. Taxes payable increased to USD 52.6 million in line with the strong performance in the MENA region.

Outlook

For the year 2016, we expect a significant improvement in EBITDA and net income driven by:

- A continuation of the good performance in the MENA region. The Group added new infrastructure and power projects during 2015 which will be partially executed in 2016.
- The one-off loss related to our US operations already identified and includes any possible charges that could arise in the future with regards to the concerned projects. We expect finalization of said projects will require funding from the Group, resulting in an expected increase in net debt.
- We expect total capital expenditure of approximately USD 50 million, with the majority earmarked for our growth in the MENA region.

OUR PEOPLE

Orascom Construction Limited views its ability to retain and attract knowledgeable and experienced employees who are able and passionate about providing customers with the highest quality of products and services as one of its greatest strengths. The company's notable reputation coupled with its leading market position attracts high caliber employees who we provide with many management and career opportunities to further their individual growth. To this end we strive to secure our employees' continued loyalty by offering competitive salaries, bonuses, and benefit packages. We also have an employee share ownership program in place.

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

Training and Development

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

Learning and Development (L&D) Unit

The L&D Unit is responsible for identifying the training needs of employees to support the objectives of the organization, and for facilitating tailored training programs to meet the growing needs of the business. The L&D Unit delivers training programs to all eligible Orascom Construction employees in order to:

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

Post Graduate Studies

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

In-house Training Programs

Initiated by the HR management team, Transfer of Knowledge is the umbrella campaign launched as a series of in-house courses and programs made available to OC staff members by their colleagues. 2015 saw 300 courses in technical and soft skills delivered by 12 employees who previously trained in various programs, making them eligible to share their knowledge with their colleagues.

Additionally, Contrack Watts also has numerous training programs in place that are designed to provide comprehensive vocational training and employment opportunities for the local employees in the countries within which it operates. One such example includes its training of Afghani workers at the Construction Training Center in Kabul. Participants learned US safety and quality control methods for communications, networking, electrical workings, plumbing, painting, masonry, steel work, HVAC, welding and carpentry.

In 2015, The Weitz Company focussed on on boarding new operational employees to critical procedures, such as cost management, and on training existing employees to harness fundamental skills in communication and conflict management.

As we look toward the future of the company, we want to ensure a strong leadership base. Resultantly, in 2015 we rolled out three levels of a leadership program alongside a superintendent development program. Participants from the leadership program completed two-thirds of the program and will graduate in Spring 2016. The superintendent development program participants completed their first training session and will continue with annual opportunities for development.

OC Academy

Established in 2009, the OC Academy encourages individuals to seek opportunities for professional growth and enrichment by providing an array of training and learning platforms. The OC Academy's Talent Management Unit focuses on developing the capabilities and competencies of new and experienced employees by delivering training programs tailored to meet changing business requirements and to improve operational performance. All training programs are held on site and job-related.

Talent Program

The OC Academy has a vocational Talent Program aimed at engineering graduates with up to 2 years of experience working in the field. To date, the Academy's Talent Program has graduated 130 professional engineers over 5 batches. Participants rotate for an average of 24 months through different key projects and departments in our Group, in order to develop a detailed understanding of our business, increase their knowledge and develop their on-site skills. Participants are also offered the prerequisite courses for the Project Management Professional Diploma.

Leadership Programs

The OC Academy's Leadership Program is a competitive management development program designed to identify and retain excellent employees by providing a continuous platform of training that helps see the company's business potential fulfilled while simultaneously offering feedback to employees so they may better their individual growth and career trajectories.

The OC Future Leaders Program is designed to prepare high caliber professionals for a future leadership role at Orascom Construction through an intensive managerial and technical development track, varying from three to five years. The program, which aims to secure our management succession plan, is available to all employees who demonstrate consistently exceptional performance.

Onsi Sawiris Institute for Vocational Training

The Onsi Sawiris Institute for Vocational Training trains and introduces young talent to the business at an operational level.

Through the OC Academy and the Onsi Sawiris Institute for Vocational Training, we hope to provide our people and our business with the best possible development opportunities available.

Commitment to Quality and Safety

Orascom Construction Limited understands that quality and safety are key factors considered by its consumers when contracting for its services and products. Accordingly, we are committed to the continuous improvement of customer satisfaction by not only maintaining the premium quality of products and services that we offer, but by acting on every opportunity to further enhance them.

OCL is committed to meeting and exceeding the international product stewardship and health, safety, quality and environment standards while also making use of the best technologies to minimize our environmental footprint and promote sustainable business practices.

Quality

OCL has implemented stringent quality control programs for each of its operations and complies with a number of international standards. Our management system and procedures are designed to ensure that all the requirements needed to attain quality improvements are met. We also emphasize the importance of personnel training, organization and activity planning, and subcontractor selection as essentials for accident prevention measures.

OCL is ISO 9001 certified, a key indicator and testament of the Group's dedication to providing the highest standard of products and services.

HSE

Safety is a significant concern for both Orascom Construction Limited and its customers. Accordingly, we have established general HSE procedures for our projects and work sites, in addition to being ISO 14001 & OHSAS 18001 certified.

We are responsible for the safety of our employees and are fully committed to providing a safe and unpolluted working environment that meets the most stringent international benchmarks. Our goal is to achieve leadership in HSE and occupational health standards in the regions in which we operate. We have integrated this goal into our corporate values, the programs and policies of each of our businesses, joint ventures and into our operational practices at construction sites.

Our Lost Time Injury Rate (LTIR) statistics are as follows:

LTIR	2012	2013	2014	2015
Orascom	0.016	0.014	0.016	0.015
Contrack Watts	-	0.230	0.340	0.410
Weitz	0.200	0.300	0.300	0.200

Orascom Construction

We have received a number of safety awards and letters from notable international partners and clients in recognition of our efforts to ensure quality and safe and sustainable practices. In 2015, Orascom Construction reached more than 117 million man-hours worked in infrastructure, commercial, and industrial projects, as well as 1.5 million man-hours in our workshops.

Industry	Hours worked
Infrastructure	41,972,303
Commercial	63,093,906
Industrial	12,922,464
Workshops	1,499,589

HSE Training Division

The HSE Training Division, in collaboration with the Human Resources Department, is responsible for organizing the HSE training sessions that are designed to raise and reinforce HSE awareness and involvement in the program implementation.

In 2015 more than 1,300 participants attended the courses managed by the Corporate HSE Training Team. Our employees also attended around 17,000 training sessions including inductions, toolbox meetings and pre-task briefs, among others,.

Year	2012	2013	2014	2015
Number of trainees	1,041	1,239	1,414	1,321

HSE Site Audits

HSE audits are a contractual requirement. The purpose of the audit is to assess compliance with our policy. Internal reports are generated, and a detailed report is forwarded to the project manager and the corporate HSE director for review. 100% of internal inspections are completed to schedule. Our internal HSE audit team conducted 154 project site audits, 42 environmental audits and 34 environmental measurements this year.

Orascom Construction obtained the "Integrated Management System Certificate" which commands an outstanding commitment to health, safety and environmental standards. We have received strong audit results that reflect a solid relationship between the site management and the HSE teams, as well as their meticulous understanding and management of risk elements during every stage of project development.

Each of our construction brands has developed stringent rules and regulations that are implemented and enforced on all projects and that are tailored to meet the unique environments of the locations in which we operate.

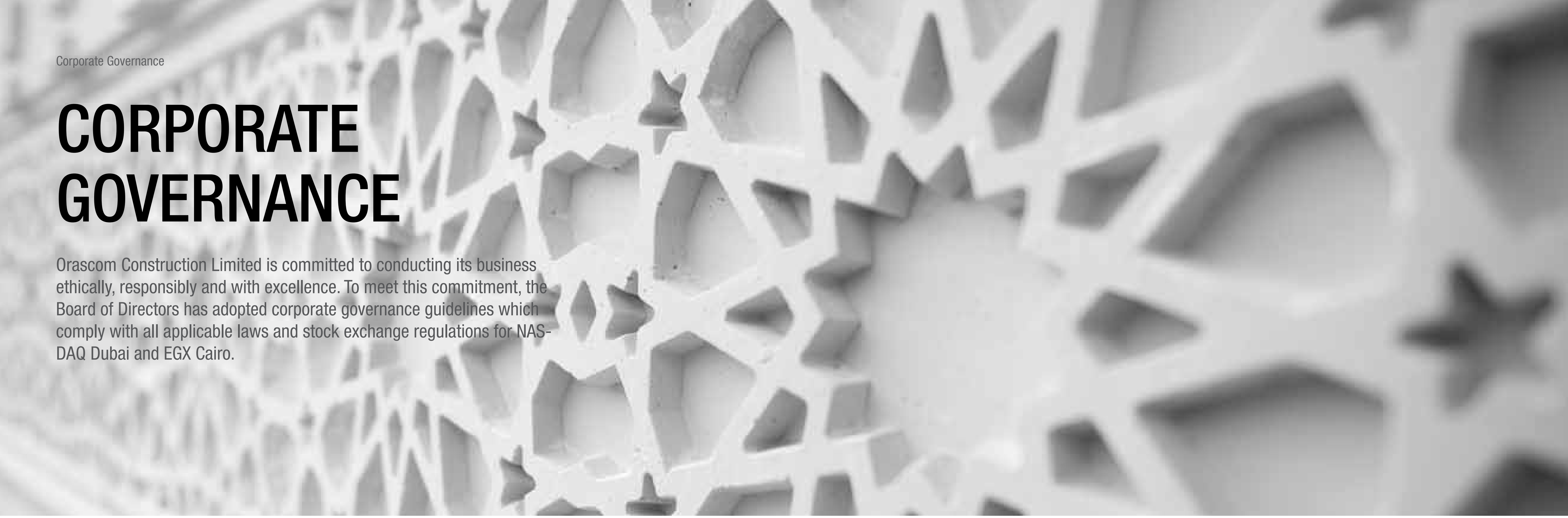
Contrack Watts

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

The Weitz Company

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

Weitz offers training to all employees on hazard communications, fall protection, trenching and electrical safety. Additionally, in 2015 all senior management participated in a "Safety Boot Camp" to reaffirm understanding of the importance of safety standards. All projects continued to receive weekly safety inspections performed by our project teams and safety managers.



CORPORATE GOVERNANCE

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

Our Board of Directors

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

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

Nassef Sawiris

Chairman — Non-Executive Director

Nassef Sawiris joined the Group in 1982, became the Chief Executive Officer of OCI N.V.'s predecessor, Orascom Construction Industries (OCI S.A.E.), in 1998 and was appointed Chairman of OCI S.A.E. in 2009. Mr. Sawiris is currently Chief Executive Officer of OCI N.V. He also serves as a board member of BESIX SA, a board member of Lafarge Holcim (having previously served on Lafarge S.A.'s board since 2008), a member of the Cleveland Clinic's International Leadership Board Executive Committee since 2011, and in 2013 he became a member of the University of Chicago's Board of Trustees.

Mr. Sawiris holds a BA in Economics from the University of Chicago, USA.

Osama Bishai

Chief Executive Officer — Executive Director

Osama Bishai joined the Group in 1985 and has held the position of Managing Director of the Construction Business since 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 USA. Mr. Bishai currently spearheads the Group's efforts to create a long-term concessions portfolio and is leading the growth of the US business. Mr. Bishai is a board member of BESIX Group.

Mr. Bishai holds a Bachelor of Science degree in Structural Engineering from Cairo University and a Construction Management Diploma from the American University in Cairo.

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.

Azmi Mikati

Independent Non-Executive Director

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

Mr. Mikati holds a Bachelor of Science degree from Columbia University, United States.

Sami Haddad

Independent Non-Executive Director

Sami Haddad, the CEO of Banque de Crédit National, has decades of experience in both the private and public sectors, specifically in finance, politics and academia. Mr. Haddad worked for the International Finance Corporation, part of the World Bank Group for more than 20 years in a variety of positions including Director of the MENA region, based in Cairo. In 2005 he became Minister of Economy and Trade in Lebanon, a position which he held for three years. Mr. Haddad was also General Manager of Byblos Bank from 2008 to 2014.

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

Salman Butt

Non-Executive Director

Mr. Butt joined OCI S.A.E. as CFO in 2005. He is an international banker with over 20 years of banking experience. He was Head of Investment Banking for the Samba Financial Group in Saudi Arabia from 2003-2005. For 18 years prior to this, he worked with Citibank in Pakistan, Hong Kong, the United Kingdom, Egypt and Saudi Arabia. Mr. Butt is currently the Chief Financial Officer of OCI N.V.

Mr. Butt holds a Master's degree in Business Administration from the University of Texas at Austin, USA, and a Bachelor of Science degree in Industrial Engineering from the Middle East Technical University, Ankara, Turkey.

Arif Naqvi

Non-Executive Director

Arif Naqvi is the Founder and Group Chief Executive at The Abraaj Group which he established in 2002 and has since grown the company to become among the leading private equity firms in the world. Mr. Naqvi has over three decades of experience of investing in public and private companies and in 2011, Private Equity International named him one of the 50 most influential people in the global private equity industry.

He is a Trustee of the Interpol Foundation and is on the Board of the United Nations Global Compact. He is also a Columbia Global Leadership Council member and is an Honorary Fellow of the Royal College of Art in London. Mr. Naqvi has been the recipient of numerous awards, including the Oslo Business for Peace Award, the highest form of recognition given to individual private sector leaders for fostering peace and stability through business, and the Sitara-i-Imtiaz, a prominent civilian honor awarded by the Government of Pakistan.

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

CORPORATE GOVERNANCE STRUCTURE

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

Audit Committee

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

Members:

1. Sami Haddad - Chair
2. Salman Butt - Member
3. Arif Naqvi - Member
4. Khaled Bichara - Member

Remuneration Committee

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

Members:

1. Khaled Bichara - Chair
2. Nassef Sawiris - Member
3. Azmi Mikati - Member

Nomination Committee

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

Members:

1. Sami Haddad - Chair
2. Nassef Sawiris - Member
3. Azmi Mikati - Member

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. Separate committees may be set up by our Board of Directors to consider specific issues when the need arises.

Shareholders

Orascom Construction Limited Board of Directors

Audit Committee | **Remuneration Committee** | **Nomination Committee**

Shareholders' Rights

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

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

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

External Auditor

The General Meeting of Shareholders appoints the external auditor. The Audit Committee recommends to the Board the external auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition the Audit Committee evaluates the functioning of the external auditor. On January 27, 2015, the General Meeting appointed KPMG as external auditor for the company for the financial year 2015.

Report of the Board of Directors

Composition and Independence

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

Assessment and Evaluation of the Board

The Board concluded that the composition, the processes and the scope of its activities and the personal contribution of each member has been satisfactory in 2015. A formal evaluation will be performed every three years with the aid of an external consultant. This process will be initiated starting 2017.

Board Meetings

The Board met three times during 2015. In addition several conference calls were held. The issues on which the Board focused during the year comprised:

- Discussion of the Group, strategy, focus markets and plans;
- Discussion of the performance of the business;
- Approval of Company Board by laws, terms of reference of audit, remuneration and nomination committees;
- Approval of corporate governance documents including the insider trading code, code of ethics, code of business principles and conduct and whistle-blower policy;
- Discussion of potential business;
- Discussion of the auditors and audit approach for the year 2015;
- Discussion of business strategy for 2016;
- Approval of key financing, operational, investment activities and other business developments; and
- Approval of the quarterly external reporting.

The Audit Committee Report

The Audit Committee consists of four (Non-Executive) members who are mandated with monitoring and supervising activities related to the Company's financial, internal audit, compliance and tax performance. Three Audit Committee meetings were held in 2015.

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

- Financial statements and non-financial information for 2015;
- Financing strategy;
- The functioning of the Company's internal control processes, the internal audit function and audit approach;
- Litigation and major legal cases such as GPP and Sidra cases;
- Risk Analysis and Management; and
- Approval of the Auditors Independence Policy.

Financial Reporting and External Auditor

The company's external auditor is KPMG. The external auditor attended all Audit Committee meetings in 2015. The external auditors also attended the Audit Committee in April 2016 during which the financial statements were reviewed by the Committee. The Board prepared and approved an Auditors Independence Policy for the external auditor on 18 November 2015 which will be applied in 2016.

The Remuneration Committee Report

The Board and the Remuneration Committee approved a Long-Term Incentive Plan (LTIP) designed to attract, motivate and retain key employees in the organization by providing market competitive compensation packages. Target awards will be granted annually to executives, 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 and cash flow from operations. The first award will take place after the announcement of 2015 results.

Risk Management and Controls

Introduction

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

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

Strategic: As a leading player in our markets, we are able to take certain calculated strategic risks that create opportunities to maximize our ability to deliver outstanding value to our shareholders. Our ability to adapt our risk management to meet the requirements of our diversified exposure to emerging and developed markets is key to maintaining our success.

Operational: We aim to minimize operational risks while maximizing our ability to capitalize on our leadership positions in our markets. We strive to maximize operational efficiency while fostering a safe and entrepreneurial environment for our employees.

Financial: We implement a prudent financial and reporting strategy to maintain a strong financial position. Our key financial policies are described in the notes to the financial statements.

Compliance: All employees are bound by our Code of Business Principles and Conduct, and Code of Ethics, which we are in the process of embedding throughout the company. It is in the values of the company and its employees to act with honesty, integrity and fairness to foster a business climate that maintains such standards. We strive to comply with applicable laws and regulations everywhere we do business.

Key Risk Factors

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

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

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

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

Risk	Mitigate
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 adequate levels of working capital and liquidity are maintained, unfavorable market conditions in a country may adversely affect our financing costs, hinder our ability to achieve additional financing, hinder our ability to refinancing existing debt, and/or postpone new projects. This could therefore have an adverse effect on business prospects, earnings and/or our financial position.	We maintain a strong financial position and strive to maintain our creditworthiness with our creditors. Our treasury department closely monitors our cash position and credit lines to ensure our financial flexibility. We have also diversified our funding sources to avoid dependence on a single market.
Currency Fluctuations: Significant changes in the exchange rates of operational currencies, which include the USD, the Yen, the Euro, the Egyptian Pound, and the Algerian Dinar, can have a material effect on the reported and actual financial performance of a specific construction project and the company.	We assess on a project-by-project basis the remaining currency exposures, taking into account contractual in and outflows and clauses. On a case-by-case basis, we hedge significant remaining exposures. It should be noted that no financial instruments are available to directly hedge the EGP 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, this includes regions where corrupt behavior exists that could impair our ability to do business in the future or result in significant fines or penalties. Our ability to manage regulatory, tax and legal matters and to resolve pending matters within current estimates may impact our results.	We closely monitor the legal developments in each of our markets. Our Code of Business Principles and Conduct, and Code of Ethics set out our commitment to comply with the laws and regulations of the countries in which we operate. It is in the values of the Company and its employees to act with honesty, integrity and fairness to foster a business climate that maintains such standards. We strive to comply with applicable laws and regulations everywhere we do business.
Ability to Maintain Our Health, Safety & Environment (HSE) Standards: HSE is a vital aspect of our business. We have a deep commitment to maintaining our strong HSE track record. Despite the nature of our businesses, we aim to prevent every accident through stringent HSE rules, standards and training programs.	We implement strict HSE training and operating disciplines 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 2015 were:

Code of Conduct: OCL is committed to conducting all business activities responsibly, efficiently, transparently, and with integrity and respect toward 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 OCL is expected to conduct his or her self while carrying out his or her duties and responsibilities on behalf of OCL.

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

Insider Trading Policy: The Insider Trading Policy applies to all employees, officers and directors of OCL and prohibits every employee from using insider information to a transaction in OCL securities, or executing a transaction in OCL securities if that transaction may reasonably appear to have been executed while the employee was in possession 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 on their financial performance, new awards and operating issues. These monthly reports are reviewed centrally by Group Controlling and discussed in the monthly review meetings with responsible management by the Chief Executive Officer and Chief Financial Officer.

The Board of Directors is given a full financial, operational, and strategic update by the Chief Executive Director at each Board meeting.

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

Periodic Internal Audits are conducted 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, to be compliant with our codes and policies and that proper internal controls have been maintained through the financial year.

Statement of Directors

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

The Directors are required to prepare the Consolidated Financial Statements for 2015. These statements give a true and fair view of both the state of affairs of OCL and its subsidiaries as at the end of the financial year, and the profit and loss for the financial year 2015.

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

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

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

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

Board of Directors

CORPORATE SOCIAL RESPONSIBILITY

Over the last 62 years, we have grown from a small family business to a global leader in our industries. Throughout the journey, we have always done our utmost to contribute to the economic and social wellbeing of the communities we operate in. We continue to match our growth in operations with a tangible impact toward the communities around us by providing a sustainable success model for human development. We believe the key to this is a high quality, well-rounded education that promotes critical thinking and entrepreneurship.

Accordingly, we have allocated time and resources for the entire education value chain, from building, renovating, and refurbishing schools and training facilities, to the funding of training and scholarship programs for teachers and students, financing and coordinating exchange programs between Egyptian and American institutions and the sponsorship of extracurricular educational programs and competitions.

Onsi Sawiris Scholarship Program

The Onsi Sawiris Scholarship Program was established in 2000 and has since sponsored the undergraduate and graduate studies of stellar Egyptian students at leading institutions including University of Chicago, Harvard, Stanford, Wharton, University of California – Berkeley, and Massachusetts Institute of Technology (MIT). Students are provided with a full scholarship including tuition fees, living expenses, health insurance and travel fees and are obligated to return to Egypt upon completing their programs to contribute to the country's economic development for a minimum of two years.

The Onsi Sawiris Scholarship Program stemmed from of a vision to cultivate a group of highly educated and skilled leaders who would provide a long–lasting positive impact on the Egyptian economy. To achieve this mission more efficiently, the program now focuses on providing full scholarships to recipients pursuing Master of Business Administration or Construction Management graduate programs at top-tier universities in the United States, in addition to an undergraduate scholarship restricted to the University of Chicago and Stanford University.

The OCL–AUC Upper Egypt Youth Scholarship

Each year, the OCL-AUC Upper Egypt youth scholarship provides five tuition scholarships to underprivileged high school graduates who have achieved academic excellence and exhibit potential as future leaders. The recipients are identified from eight governorates in Upper Egypt, where families would not otherwise be able to afford an education at the American University in Cairo (AUC). In addition to strong academic performance, recipients must demonstrate a commitment to serve the socio-economic development needs of their communities. By funding these scholarships to AUC, the OCL-AUC Upper Egypt youth scholarship provides recipients with the skills and education in economic-related fields that are crucial to fulfilling their potential to positively impact their communities and Egypt as a whole.

Raising Standards for Better Schooling

In line with our commitment to social development through education and its advocacy of having safe schools for children, OCL, together with the Ministry of Education, was assigned to inspect all public schools in the Giza and Red Sea area, resulting in a comprehensive report that listed the standing of every school and necessary reparations needed for each. The report was uploaded to the Ministry of Education website. OCL has inspected 1,155 Giza schools and 157 Red sea schools. The exercise was done over a period of four months involving OCL employees from various departments.

As part of its continuing pledge to improve and support education, OCL has assumed responsibility for the renovation of the main hall in Cairo Universities' Faculty of Economics & Political Science department, bringing it up to state-of-the-art standards, doing the same for the department's meeting room and salon.

Reimagining Infrastructure

In 2015, OCL reaffirmed its long-standing commitment to the beautification of Egypt by working on the engineering, procurement and construction of the Garden City road, together with its landscape upgrade. Another similar initiative was the renovation of the main cafeteria building in Orman Garden in Giza.

Fueling Dialogue for Meaningful Change

AMENDS

OCL has acted as the lead sponsor of The American Middle Eastern Network Dialogue (AMENDS) conference since its inception three years ago. AMENDS is a student initiative that enables the most promising youth agents from across the Middle East, North Africa, and United States to learn from each other, advance their work and share, through TED-talk style presentations, their ideas and experiences with the world.

ENACTUS Egypt

For the tenth year in a row, OCL has worked with ENACTUS Egypt (formerly known as SIFE). ENACTUS is a global organization active in 36 countries and 1,600 universities. They are a partnership between business and higher education institutions preparing the next generation of entrepreneurs and business leaders to create a better world for future generations. ENACTUS Egypt reaches 5,000 Egyptian students yearly, representing 50 Egyptian private and national universities. Business students form teams that tailor projects to solve world problems, concentrating on five main areas: market economics, entrepreneurship, business ethics, success skills and financial literacy. The program helps aspiring entrepreneurs, struggling business owners, low-income families and children see their ambitions fulfilled. 2015 saw OCL renew its partnership with Enactus Egypt and the firm has launched the "Thematic Competition on Improving Livelihoods", where students in Egyptian universities volunteer to implement outreach projects during the academic year; aiming to empower, raise the standard of living and enhance the quality of life for people in need. In 2015, the students carried out 86 projects that had a direct impact on the lives of 29,638 Egyptians.

OCL has also sponsored the Egyptian National competitions where national university champions are identified. In 2015, Cairo University was announced the Enactus National Champion, and it went on to represent Egypt at the Enactus World Cup, held in Johannesburg, South Africa. The team reached the semifinals of the competition.

Egypt won the Enactus World cup twice, the first in 2009 in Germany and the second in 2010 in the US. In 2012 Egypt was the runner up in Washington. OCL was one of the largest companies to contribute to the competition as one of the major sponsors of the program, and it provided valuable advice and guidance to the National Champion.

Injaz Egypt

Since 2009, we've remained a long-standing supporter of Injaz Egypt; we launched a company-wide initiative in partnership with Injaz Egypt, an organization dedicated to bringing private sector involvement into the development and delivery of a curriculum tailored to encourage student empowerment and entrepreneurship. OCL donates an average of USD 50,000 per year to Injaz and has trained 30 teachers in five underprivileged public schools to further the skills needed for them to better connect with their students to enhance the knowledge that will help their pupils succeed outside the classroom. Through various Injaz programs, OCL has positively affected the lives of more than 4,000 students to date.

In 2015, we partnered with Injaz to launch and sponsor the Technological Colleges Initiative to which we have pledged USD 45,000. With our patronage, this initiative has enabled critical education and employment opportunities for Egypt's youth, especially those enrolled in technological colleges. This initiative focused on developing entrepreneurship and work readiness skills by introducing a customized curriculum to 55 teams of students in eight technical colleges from seven governorates across the nation. Upon the completion of the program, teams take part in the company program. The company program will propel the top 10 teams toward successful and prosperous futures by awarding seed funding to winners that will effectively enable them to establish their proposed projects and workshops. We additionally support the organization's work by holding a seat on the board of Injaz Egypt.

Expanding the Horizon for Healthcare

OCL has also been engaged in the active development of social healthcare throughout Egypt where basic healthcare needs are lacking in many rural areas. OCL has paid particular attention to the treatment of hepatitis C, a disease which affects over 15% of Egyptians. OCL funded the establishment of an interferon unit to treat hepatitis C at Suez Hospital in the governorate of Suez, Egypt. The donation covered the unit's construction and all medical equipment, including a state-of-the-art laboratory, ultrasound equipment, a PCR Machine and an endoscopy unit. OCL has also donated funds to several other non-profit organizations dedicated to the cause.

In addition, OCL's commitment to improve medical education was the driving force behind the inception of the "Karim Camel Toueg International Fellowship in Hepatology", an initiative explored in partnership with the Cleveland Clinic. The fellowship was established in 2011 in memory of OCI Board Member Karim Camel-Toueg. The fellowship provides Egyptian doctors with the opportunity to spend one year as a fellow at the Cleveland Clinic's Hepatology Center, gaining the best-in-class patient experiences, learning superior clinical outcomes and acquiring excellence in research and education. Three fellowships have been awarded to date.

Sawiris Foundation

The Group has been one of the primary sources of funding of the Sawiris Foundation (www.sawirisfoundation.org) since its inception.

The Sawiris Foundation for Social Development works toward the improvement of society by enabling people to help themselves. It deals in projects that are innovative, that answer socioeconomic needs, and that clearly demonstrate potential for success so they may be promoted as a model to be replicated and adapted by other institutions.

Incubating Cultural Development

OCL funded a festival in Suez, one of many celebratory initiatives to support children with special needs. A myriad of song and dance shows are held for children to take part in and enjoy, in an endeavor to promote creative ways for them to express themselves. The festival took place near one of our site locations in Suez, reinforcing our desire to create impact wherever we have a footprint. 2015 saw OCL continuing its support of orphans in the Suez area as well.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Orascom Construction Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orascom Construction Limited ("the Company") and its subsidiaries ("the Group"),which comprise the consolidated statement of financial position as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion above, management has elected to present the unaudited opening balances for the statement of financial position as at 1 January 2015. These opening balances were derived from the audited consolidated financial statements of OCI N.V. for the year ended 31 December 2014.

KPMG LLP

KPMG LLP
Freddie Edward Cloete
Partner In-charge
Dubai, United Arab Emirates
Date: 21 April 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

$ millions	Note	31 December 2015	1 January 2015
Assets			
Non-current assets			
Property, plant and equipment	(7)	280.2	272.3
Goodwill	(8)	13.8	12.4
Trade and other receivables	(9)	33.0	57.7
Equity accounted investees	(10)	339.4	389.4
Deferred tax assets	(11)	102.0	3.9
Total non-current assets		**768.4**	**735.7**
Current assets			
Inventories	(12)	203.4	184.3
Trade and other receivables	(9)	1,194.9	868.5
Contracts work in progress	(13)	485.4	614.4
Current income tax receivables		8.9	16.9
Cash and cash equivalents	(14)	574.9	368.9
Total current assets		**2,467.5**	**2,053.0**
Total assets		**3,235.9**	**2,788.7**
Equity			
Share capital	(15)	118.0	-
Share premium		772.8	-
Reserves	(16)	(81.2)	(17.0)
(Accumulated losses) retained earnings		(325.2)	744.7
Equity attributable to owners of the Company		**484.4**	**727.7**
Non-controlling interest	(17)	76.1	76.7
Total equity		**560.5**	**804.4**
Liabilities			
Non-current liabilities			
Loans and borrowings	(18)	26.3	30.8
Trade and other payables	(19)	13.8	33.2
Deferred tax liabilities	(11)	7.3	7.7
Total non-current liabilities		**47.4**	**71.7**
Current liabilities			
Loans and borrowings	(18)	413.1	435.2
Trade and other payables	(19)	1,075.2	712.3
Advanced payments from construction contracts		598.4	398.3
Billing in excess of construction contracts	(13)	278.4	251.5
Provisions	(20)	210.3	102.7
Income tax payables		52.6	12.6
Total current liabilities		**2,628.0**	**1,912.6**
Total liabilities		**2,675.4**	**1,984.3**
Total equity and liabilities		**3,235.9**	**2,788.7**

The notes on pages 73 to 103 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 21 April 2016 and signed on their behalf by:

-- Director

-- Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

$ millions	Note	31 December 2015
Revenue	(25)	3,882.4
Cost of sales	(21)	(4,093.7)
Gross loss		**(211.3)**
Other income	(22)	53.9
Selling, general and administrative expenses	(21)	(198.2)
Operating loss		**(355.6)**
Finance income	(23)	27.5
Finance cost	(23)	(48.8)
Net finance cost		**(21.3)**
Net loss arising from a business combination	(30)	(12.2)
Income from equity accounted investees (net of tax)	(10)	5.0
Loss before income tax		**(384.1)**
Income tax	(11)	49.7
Net loss for the period		**(334.4)**
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences		(65.2)
Other comprehensive loss, net of tax		**(65.2)**
Total comprehensive loss		**(399.6)**
loss attributable to:		
Owners of the Company		(347.8)
Non-controlling interest	(17)	13.4
Net loss		**(334.4)**
Total comprehensive income attributable to:		
Owners of the Company		(409.6)
Non-controlling interest	(17)	10.0
Total comprehensive loss		**(399.6)**
Earnings per share (in USD)		
Basic earnings per share	(24)	(2.95)

The notes on pages 73 to 103 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

$ millions	Note	Share capital (15)	Share premium	Reserves (16)	(accumulated losses) retained earnings	Equity attributable to owners of the Company	Non-controlling interest (17)	Total equity
Balance at 1 January 2015		-	-	(17.0)	744.7	727.7	76.7	804.4
Net profit / (loss)		-	-	-	(347.8)	**(347.8)**	13.4	**(334.4)**
Other comprehensive income		-	-	(61.8)	-	**(61.8)**	(3.4)	**(65.2)**
Total comprehensive income		**-**	**-**	**(61.8)**	**(347.8)**	**(409.6)**	**10.0**	**(399.6)**
Establishment of the Company	(15)	0.1	-	-	-	**0.1**	-	**0.1**
Capital in kind reduction of OCI N.V.	(15)	105.0	617.1	-	(722.1)	**-**	-	**-**
Dividends	(17)	-	-	-	-	**-**	(5.8)	**(5.8)**
Change in non-controlling interest		-	-	-	-	**-**	(4.8)	**(4.8)**
New shares issued	(15)	12.9	172.4	-	-	**185.3**	-	**185.3**
Treasury shares acquired	(16)	-	-	(2.4)	-	**(2.4)**	-	**(2.4)**
Transaction costs		-	(16.7)	-	-	**(16.7)**	-	**(16.7)**
Balance at 31 December 2015		**118.0**	**772.8**	**(81.2)**	**(325.2)**	**484.4**	**76.1**	**560.5**

The notes on pages 73 to 103 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

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

The notes on pages 73 to 103 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015

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

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

2. Basis of preparation

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

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

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

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

The financial statements have been authorised for issue by the Company's Board of Directors on 21 April 2016.

2.2 Demerger of Construction and Engineering business

2.2.1 General
On 6 November 2014, the Board of Directors of OCI N.V. announced its intention to seek a dual listing for the Engineering & Construction business of OCI N.V., through the separation of OCI's Engineering & Construction business from OCI's Fertilizer & Chemicals business ("the Demerger"). The Board of Directors of OCI N.V. confirmed its intention to implement the Demerger at its meeting on 10 December 2014.

The Demerger 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. The Demerger has resulted in the Engineering & Construction and Fertilizer & Chemicals businesses being owned by two, separately-listed companies. OCI N.V. remains listed on Euronext Amsterdam and owns the Fertilizer & Chemicals business and OCL is dual-listed on the Nasdaq Dubai and the Egyptian Exchange and owns the Engineering & Construction business.

2.2.2 Transfer of the Construction activities
The transfer of the Construction activities into OCL was not a business combination under IFRS 3 and therefore did not result in any change of economic substance as far as OCL and the construction activities are concerned. Accordingly, the consolidated financial statements of OCL are a continuation of the construction activities of OCI N.V. The consolidated financial statements will reflect any difference in share capital and net assets contributed as an adjustment to equity. OCL does not recognize this adjustment in any component of equity that may be required to be reclassified to profit or loss at a later date.

2.2.3 Ongoing relationship between OCL and OCI N.V.
After the Demerger, OCI N.V. and OCL each operate as separately listed companies. There are no cross-directorships, other than Nassef Sawiris who is Chief Executive Officer of OCI N.V. and chairman of OCL, and Salman Butt, who is Chief Financial Officer of OCI N.V. and non-executive director of OCL. The senior management teams of OCI N.V. and OCL are different and all agreements between the two companies are executed based on agreed terms.

OCL's objective is to increase self-generated opportunities in the future to replace the work awarded by OCI N.V. However, OCL and OCI N.V. are party to continuing commercial arrangements, in particular, in relation to the construction of certain fertilizer plants. The existing commercial arrangements were entered into on agreed terms and are not materially different from the terms on which OCL has contracted with other customers.

2.2.4 Shared services agreement

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

2.2.5 Conditional sale agreement

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

2.2.6 Tax indemnity agreement

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

2.2.7 Construction contracts

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

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

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

Notes to the Consolidated Financial Statements

3. Summary of significant accounting policies

3.1 Consolidation

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

Subsidiaries

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

Transactions eliminated in the consolidated financial statements

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

3.2 Discontinued operations / assets held for sale

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

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

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

3.3 Business combinations

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

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

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

Non-controlling interests

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

3.4 Associates

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

3.5 Joint arrangements

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

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

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

3.6 Foreign currency translation

Foreign currency transactions

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

Foreign currency operations

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

3.7 Financial instruments

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

Financial instruments at fair value through profit or loss

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

Embedded derivatives

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

Other non-trading derivatives

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

Derivatives designated in a hedge relationship

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

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

Cash flow hedges

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

Loans and receivables

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

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

Available-for-sale financial assets

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

Cash and cash equivalents

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

3.8 Share capital

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

3.9 Property, plant and equipment

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

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

Finance leases

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

Property, plant and equipment under construction

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

Depreciation

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

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

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

Borrowing costs

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

3.10 Goodwill

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

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

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

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

3.11 Inventories

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

3.12 Impairment of assets

Non-derivative financial assets

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

Derivative financial assets

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

Non-financial assets

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

Notes to the Consolidated Financial Statements

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

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

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

Onerous contracts
A provision for onerous contracts 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 onerous contracts 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 Company. If it is probable that an obligation to the Group exists, which will result in an outflow of resources and the amount of the outflow can be reliably estimated, a provision is recognized.

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

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

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

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

3.19 Income tax

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

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

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

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

3.20 Segment reporting

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

3.21 Consolidated statement of cash flows

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

3.22 Earnings per share

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

3.23 Subsequent events

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

4. New accounting standards and policies

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

4.1 Standards, amendments, revisions and interpretations effective to the OCL in 2015

As these are the first Consolidated Financial Statements of the Orascom Construction Group, there are no effects of IAS 8 with respect the adoption of any standards, amendments and revisions to existing standards and interpretations.

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

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

IFRS 14 'Regulatory Deferral Accounts'
The Standard was issued in January 2014 and is effective from 1 January 2016, with earlier application permitted. IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. IFRS 14 will not have an impact on the consolidated financial statements, because OCL is not a first-time adopter.

IFRS 15 'Revenue from Contracts with Customers'
The Standard was issued in January 2014 and is effective from 1 January 2017. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The group does not expect a significant impact from the application of this standard.

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 require 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.

Amendments to IAS 1 'Disclosure Initiative'
The amendments issued on 18 December 2014 are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. OCL is currently investigating the impact of the amendments.

Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
The amendments issued on 11 September 2014 are effective for annual periods beginning on or after 1 January 2016. When a parent

losses control of a subsidiary in a transaction with an associate or joint venture, there is a conflict between the existing guidance on consolidation and equity accounting. In response to this conflict and the resulting diversity in practice, the amendments requires the recognition of the full gain when the assets transferred meet the definition of a business combination under IFRS 3. OCL is currently investigating the impact of the amendments.

Amendments to IAS 27 'Equity Method in Separate Financial Statements'
The amendment to IAS 27 issued on 12 August 2014 will be effective for reporting period starting on or after 1 January 2016, but is subject to EU endorsement. In some countries, local regulations require entities to apply the equity method for accounting for investments in subsidiaries in their separate financial statements. The amendment allows for the use of the equity method. OCL does not currently apply IFRS for its separate financial statements.

Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortization'
The amendments issued on 12 May 2014 are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. These amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. OCL is currently investigating the impact of the amendments.

Amendments to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations'
The amendment was issued on 6 May 2014 and will be effective for reporting periods starting on or after 1 January 2016. The amendment states that, where a joint operator acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, it must apply all of the principles on business combinations accounting as set out in IFRS 3 Business Combinations, and other standards. In addition, the joint operator must disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendment will only affect OCL's consolidated financial statements if the entity would enter into a significant joint operation.

5. Critical accounting judgement, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

In case of onerous contracts 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 Company periodically reviews the status of these proceedings with both the internal and external legal counsels.

Revenue recognition on construction contracts

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

Income taxes

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

Asset held sale for sale, discontinued operations

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

6. Financial risk and capital management

Overview

The Group has exposure to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

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

Notes to the Consolidated Financial Statements

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 2015
Trade and other receivables (excluding prepayments)	(9)	1,214.7
Contract work in progress	(13)	485.4
Cash and cash equivalents	(14)	574.9
Total		**2,275.0**

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

$ millions	31 December 2015
Middle East and Africa	811.0
Asia and Oceania	63.5
Europe and United States	340.2
Total	**1,214.7**

6.2 Liquidity risk

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

The availability of cash is monitored internally at Group level, on an ongoing basis by the corporate treasury department. The following are the contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting.

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

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

6.3 Market risk

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

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

Foreign exchange translation exposure

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

OCL is not exposed to the Saudi riyal, UAE dirham and the 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 the Euro, US Dollar, Egyptian Pound, Saudi Riyal, Algerian Dina and Arabic Emirate 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 2015 $ millions	EUR	EGP
Cash and cash equivalents (including loans and borrowing)	(86.8)	9.7
Trade and other receivables	51.3	38.1
Trade and other payables	(18.0)	(48.2)

Significant rates

The following significant exchange rates applied during the year ended 31 December 2015:

	Average 2015	Closing 31 December 2015	Opening 1 January 2015
Egyptian Pound	0.1296	0.1275	0.1398
Saudi Riyal	0.2665	0.2661	0.2664
Arabic Emirates Dirham	0.2723	0.2723	0.2723
Algerian Dinar	0.0100	0.0093	0.0114
Euro	1.1089	1.0845	1.2155

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 2015, 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 5.34 million of the profit of the year ended 31 December 2015.

31 December 2015 $ millions	Change in FX rate*	Effect on profit before tax**	Effect on equity**
EUR - USD	10%	(5.30)	28.98
EGP - USD	10%	(0.04)	-

* 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 2015
Effect on profit before tax for the coming year	+100 bps	(1.5)
	- 100 bps	1.5

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

Categories of financial instruments

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

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

6.4 Capital management

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

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

7. Property plant and equipment

$ millions	Land	Buildings	Equipment	Fixtures and fittings	Under construction	Total
Cost	16.0	138.4	418.8	136.3	7.9	717.4
Accumulated depreciation	-	(31.6)	(304.5)	(109.0)	-	(445.1)
At 1 January 2015	**16.0**	**106.8**	**114.3**	**27.3**	**7.9**	**272.3**
Movements in the carrying amount:						
Additions purchased during the period	0.5	1.0	56.2	22.0	8.7	88.4
Additions acquisition of a subsidiary (see note 30)	0.5	0.6	0.6	0.2	-	1.9
Disposals	(0.6)	(0.3)	(6.3)	(0.4)	-	(7.6)
Depreciation	-	(4.1)	(37.9)	(11.2)	-	(53.2)
Transfers and others	(0.1)	0.4	0.6	0.4	(2.9)	(1.6)
Effect of movement in exchange rates	(1.7)	(10.0)	(5.5)	(2.2)	(0.6)	(20.0)
At 31 December 2015	**(1.4)**	**(12.4)**	**7.7**	**8.8**	**5.2**	**7.9**
Cost	14.6	127.0	396.4	138.4	13.1	689.5
Accumulated depreciation	-	(32.6)	(274.4)	(102.3)	-	(409.3)
At 31 December 2015	**14.6**	**94.4**	**122.0**	**36.1**	**13.1**	**280.2**

8. Goodwill

$ millions	Goodwill
Cost	12.4
At 1 January 2015	**12.4**
Movements in the carrying amount:	
Additions	1.4
Impairment	-
At 31 December 2015	**1.4**
Cost	13.8
Impairment	-
At 31 December 2015	**13.8**

Goodwill as at 1 January 2015, relates to the acquisition of Weitz in 2012. 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.

Goodwill was tested for impairment in the 4th Quarter of 2015 or whenever an impairment trigger exists. No impairment was recorded in the year 2015. The impairment test is based on cash-flow projections of the five year plan. Key assumptions used in the projections are:

- Revenue growth: based on expected growth in 2016 as a result of development in backlog and expected general market growth in the USA.
- Margin development: based on actual experience and management's longer-term projections.

The terminal value was calculated using a long-term average market growth rate of 2.5%. The estimated cash flows are discounted to their present value using a weighted average cost of capital of 9.7%. An increase or decrease of 100 basis points in the assumed WACC or the terminal growth rate would not have resulted in an impairment.

On 2 April 2015, the Group acquired Alico, (see Note 30), resulting in USD 1.4 million of goodwill.

Notes to the Consolidated Financial Statements

9. Trade and other receivables

$ millions	31 December 2015	1 January 2015
Trade receivables (gross)	536.2	438.6
Allowance for trade receivables	(37.3)	(32.3)
Trade receivables (net)	498.9	406.3
Trade receivables due from related parties (Note 28)	176.5	171.5
Prepayments	13.2	17.6
Derivative financial instruments	1.5	8.5
Other tax receivable	37.4	30.4
Supplier advanced payments	116.5	84.4
Other investments	12.5	8.4
Retentions	277.5	137.0
Other receivables	93.9	62.1
Total	**1,227.9**	**926.2**
Non-current	33.0	57.7
Current	1,194.9	868.5
Total	**1,227.9**	**926.2**

The carrying amount of 'Trade and other receivables' as at 31 December 2015 approximates its fair value.

In the opening balance a reclassification for project related retentions has been made from non-current to current for an amount of USD 59.5 as these retentions are part of the normal cycle of the project.

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 2015
Neither past due nor impaired	322.6
Past due 1 - 30 days	84.6
Past due 31 - 90 days	53.4
Past due 91 - 360 days	52.9
More than 360 days	22.7
Total	**536.2**

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behavior 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 period ended 31 December 2015 was as follows:

$ millions	2015
At 1 January	(32.3)
Unused amounts reversed	2.3
Amount formed	(7.1)
Exchange rates differences	(0.2)
At 31 December	**(37.3)**

Derivative financial instruments include the following:
Foreign exchange contracts
The group entered into forward exchange contracts to hedge its currency risk exposure to the Japanese Yen and the EURO in certain projects. As at 31 December the remaining notional amounts of these contracts are 67.4 million USD related to the YEN and 27.5 million USD related to the EUR. The foreign exchange contracts have a fair value of USD 1.3 million in aggregate. The group does not apply hedge accounting, therefore all fair value changes related to these financial instruments are recognized in profit and loss.

10. Equity accounted investees

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

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

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

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

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

31 December 2015 $ millions	BESIX Group (50%)
Assets	1,159.5
Liabilities	(873.7)
Net assets	**285.8**
Construction revenues	1,208.3
Construction cost	(1,208.7)
Net result	**(0.4)**

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

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

On 2 April 2015, the Group's equity interest in one of its associates, Alico, increased from 50% to 100% and Alico became a subsidiary from that date (see note 30).

The following table summarizes the financial information of the Orascom Construction Group's significant associates (100%) including BESIX, El Yamama, National Pipe Company, all of Weitz's associates, Egyptian Gypsum Company and Sidra Medical Centre:

$ millions	31 December 2015
Assets	1,265.3
Liabilities	(925.9)
Net assets	**339.4**
Income	1,228.7
Expenses	(1,223.7)
Net profit	**5.0**

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

11. Income taxes

11.1 Income tax in the statement of profit or loss

The income tax on profit before income tax amounts to USD 49.7 million and can be summarized as follows:

$ millions	31 December 2015
Current tax	47.9
Deferred tax	(97.6)
Total income tax in profit or loss	**(49.7)**

11.2 Reconciliation of effective tax rate

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

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

$ millions	31 December 2015	%
Loss before income tax	(384.1)	-
Tax calculated at weighted average group tax rate	157.2	(41.0)
Unrecognized tax losses	(133.9)	34.9
Recognition of previously unrecognized tax losses	14.5	(3.8)
Expenses non-deductible	(2.8)	0.7
Other	14.7	(3.8)
Total income tax in profit or loss	**49.7**	**(12.9)**

11.3 Deferred income tax assets and liabilities

The majority of the deferred tax assets "net" of USD 94.7 million relate to carried forward tax losses. The carried forward losses recognized in the statement of financial position are expected to be realized in the period 2016-2019.

12. Inventories

$ millions	31 December 2015	1 January 2015
Finished goods	1.7	1.2
Raw materials and consumables	176.5	157.3
Fuels and others	18.0	16.3
Real estate	7.2	9.5
Total	203.4	184.3

During the year ended 31 December 2015, the total write-downs amount to USD 2.0 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 2015	1 January 2015
Costs incurred on incomplete contracts (including estimated earnings)	13,572.8	10,906.0
Less: billings to date (Net)	(13,365.8)	(10,543.1)
Total	207.0	362.9
Presented in the consolidated statements of financial position as follows:		
Construction contracts in progress - current assets	485.4	614.4
Billing in excess on construction contracts - current liabilities	(278.4)	(251.5)
Total	207.0	362.9

14. Cash and cash equivalents

$ millions	31 December 2015	1 January 2015
Cash on hand	1.0	0.5
Bank balances	523.6	288.9
Restricted funds	8.0	9.8
Restricted cash	42.3	69.7
Total	574.9	368.9

Restricted funds

The restricted amounts mostly relate to letters of credits of Orascom E&C (USD 4.7 million) and Alico (USD 0.6 million) and to letters of guarantee of OCI SAE (USD 0.7 million), Alico (USD 0.2 million), National Steel Fabrication (USD 1.1 million) and other Group entities (USD 0.7 million).

Restricted cash

Restricted cash relates to amounts withheld in relation to amounts restricted for use by a bond agreement of Weitz for an amount of USD 6.3 million and USD 36.0 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:

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

16. Reserves

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

Treasury shares

During the year ended 31 December 2015 the company has acquired 280,113 shares.

	31 December 2015
Number of shares acquired	280,113
Cost of acquiring the shares (in millions of USD)	4.2
Average cost per share (EGP)	**108.71**

OCL started a process to cancel the 280,113 treasury shares and reduce the capital of the Company accordingly.

17. Non-controlling interest

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

18. Loans and borrowings

Borrowing Company	Type of loan	Interest rate	Date of maturity	Long term portion	Short term portion	Bank facilities	Total
Orascom Construction	Secured	USD: LIBOR + 2.28 - 4.00% EUR: LIBOR + 2.21 - 5.00% EGP: Corridor + 9.75 - 12,95%	Annual	-	-	299.0	299.0
Orascom Saudi	Secured	Saibor + 2.75%	Annual	0.3	22.3	-	22.6
	Secured	Saibor + 2.00%	Annual	-	-	70.6	70.6
Orascom Construction Industries - Algeria	Secured	Variable 6.5%	-	0.1	36.0	-	36.1
The Weitz Group, LLC	Unsecured	Multiple rates	March 2018	30.4	3.5	-	33.9
Other	-	Multiple rates	-	-	0.8	3.0	3.8
Total as per 1 January 2015				30.8	62.6	372.6	466.0

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

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.

The Orascom Construction Limited loan (USD 134 million) was subsequently settled on 1 February 2016.

Certain covenants apply to the aforementioned borrowings.

19. Trade and other payables

$ millions	31 December 2015	1 January 2015
Trade payables	661.2	369.8
Trade payables due to related party (Note 28)	31.8	24.3
Other payables	62.8	99.8
Accrued expenses	181.9	173.0
Deferred revenues	3.0	8.8
Other tax payables	4.7	10.3
Derivative financial instruments	0.2	-
Retentions payables	141.2	55.7
Employee benefit payables	2.2	3.8
Total	**1,089.0**	**745.5**
Non-current	13.8	33.2
Current	1,075.2	712.3
Total	**1,089.0**	**745.5**

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 2015	14.7	29.3	58.7	102.7
Provision formed	8.3	136.0	14.4	158.7
Provision used	-	(21.4)	(17.4)	(38.8)
Provision no longer required	(1.5)	(0.9)	(1.5)	(3.9)
Others	(0.2)	(0.2)	3.6	3.2
Effect of movement in exchange rates	(0.9)	(2.9)	(7.8)	(11.6)
At 31 December 2015	**20.4**	**139.9**	**50.0**	**210.3**

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 2015
Changes in raw materials and consumables, finished goods and work in progress	3,492.1
Employee benefit expenses (ii)	620.3
Depreciation, amortization	53.2
Maintenance and repairs	30.0
Consultancy expenses	8.5
Other	87.8
Total	**4,291.9**

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

ii. Employee benefit expenses

$ millions	31 December 2015
Wages and salaries	544.7
Social securities	9.5
Employee profit sharing	6.2
Pension cost	6.5
Other employee expenses	53.4
Total	**620.3**

During the year ended 31 December 2015, the average number of staff employed in the Group converted into full-time equivalents amounted to 25,384 permanent and 32,789 temporary employees.

22. Other income

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

Orascom Construction Industries S.A.E. and Consolidated Contractors International Co. SAL filed an arbitration claim against Golden Pyramids Plaza amounting to USD 38.4 million, regarding the performance of its obligations relating to the City Stars Project. Taken into account the court developments in 2015 and based on the view of our legal advisor, the amount awarded has been recognised as other income.

23. Net finance cost

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

Notes to the Consolidated Financial Statements

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

$ millions	31 December 2015
Total interest income on financial assets	19.3
Total interest expenses on financial liability	(34.1)

24. Earnings per share

i. Basic

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

ii. Weighted average number of ordinary shares calculation

shares	2015
Issued ordinary shares as at 9 March 2015	105,056,927
Effect of treasury shares held	(280,113)
Effect of new shares issued at 11 March 2015	12,984,565
Number of ordinary shares outstanding at 31 December	**117,761,379**

As Orascom Construction Limited received the Construction Business as a capital in kind contribution from OCI N.V. as at 9 March 2015, the number of shares at this date have been used in the calculation of the weighted average number of ordinary shares instead of the number of ordinary shares as at 1 January 2015 (which were nil).

25. Segment reporting

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

Business information for 31 December 2015

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

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

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

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

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

26. Contingencies

26.1 Contingent liabilities

26.1.1 Letters of guarantee / letters of credit

Letters of guarantee issued by banks in favor of others as at 31 December 2015 amount to USD 1,265.3 million (1 January 2015: USD 1,025.0 million). Outstanding letters of credit as at 31 December 2015 (uncovered portion) amount to USD 26.2 million (1 January 2015: USD 72.5 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 2015, mechanic liens have been received in respect of one of our US projects for a total of USD 131.2 million.

26.1.2 Litigations and claims

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

26.1.3 Administrative court against Suez Industrial Development Company

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

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

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

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

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

26.1.5 Court against former owner of Weitz

The previous owner of The Weitz Company ('Weitz') filed a variety of claims against Weitz arising out of alleged breaches of the Separation Agreement and Buy-Sell Agreements executed upon his departure from Weitz. He also filed a claim for tortious interference with contract against Orascom Construction Industries S.A.E., arising out of the same alleged breaches of the Separation Agreement and Buy-Sell Agreements. Weitz filed a motion for summary judgment on the ground that the proper purchase price had been paid for his stock pursuant to the Separation Agreement and Buy-Sell Agreements.

On 6 February 2015, the court dismissed all claims filed by the previous owner against both Weitz and Orascom Construction Industries S.A.E.

On 11 February 2015, the previous owner filed a notice of appeal to the Supreme Court of Iowa from the final order entered following the trial and from all adverse rulings and orders against the previous owner and in favor of the Weitz defendants. The alleged legal and factual basis for the appeal have not yet been set out by the claimant. Currently, the Company's management cannot make a reliable estimate of the outcome of the appeal and in accordance with IAS 37 has disclosed the litigation as a contingent liability.

26.1.6 Sidra Medical Center

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

In July 2014, the consortium received a Notice of Termination from the Qatar Foundation for Education, Science & Community Development ("the Foundation). In relation to this termination, the Foundation claims damages for material amounts from the associates. The claim and asserted damages have not yet been substantiated by the Foundation. At this stage, the Company believes there is no merit to the claim and intends to vigorously oppose the claim. The Company issued a counter claim for asserted damages and claimable costs. The matter has been referred to the UK court of arbitration. Although the Company and their lawyers expect a favorable outcome, there is, given the fact that the arbitration is in its initial phase, uncertainty associated with these matters. OCL management considered the views of their external lawyer who stated that even if the associate would be successful in arbitration, enforcing rights against the Foundation will be time consuming and complex process. At 31 December 2015, OCL has valued its interest in the associate at nil and carries a USD 17.2 million liability for expected costs including legal fees.

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 2015
Less than one year	9.1
Between one and five years	3.5
Total	**12.6**

ii. Amount recognized in profit or loss

$ millions	31 December 2015
Rent	8.5
Vehicles	0.8
Machinery and equipment	17.6
Total	**26.9**

Notes to the Consolidated Financial Statements

28. Related party transactions

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2015:

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

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

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 2015, 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 Executive management personnel amounts for the year ended 31 December 2015 to an amount of USD 10.0 million.

30. List of principal subsidiaries, associates and joint ventures

Companies	Country	Percentage of interest	Consolidation method
Cementech Limited	BVI	100.00	Full
Orascom Construction Industries Algeria Spa	Algeria	99.90	Full
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	Saudi Arabia	60.00	Full
Contrack International Inc	USA	100.00	Full
Orascom E&C USA	USA	100.00	Full
Orascom Construction USA Inc	USA	100.00	Full
Orascom Investments	Netherlands	100.00	Full
The Weitz Group LLC	USA	100.00	Full
Orascom for Solar Energy	Egypt	60.00	Full
Orascom for Wind Energy	Egypt	100.00	Full

Acquisition of Aluminium & Light Industries Co Ltd (Alico)

The Group already held 50 % shareholding interest in Aluminium & Light Industries Co Ltd (Alico). On 2 April 2015, the Group acquired the remaining 50 % of the share capital of Aluminium & Light Industries Co Ltd (ALICO) and thereby obtained control. As a result of the acquisition, the Group is expected to increase its presence in Egypt and reduce costs through economies of scale.

The following table summarises the consideration paid for the acquisition of the remaining 50 % shareholding interest in Alico and the fair value of net assets acquired at the acquisition date.

$ millions	2 April 2015
Cash consideration transferred	4.4
Fair value of previously held interest in Alico before business combination	3.7
Total consideration	**8.1**
Less: Fair value of identifiable net assets	(6.7)
Goodwill	**1.4**

The goodwill of USD 1.4 million arising from the acquisition is attributable to synergies and economies of scale expected from combining the operations of the Group and Alico. The Group recognised a gain of USD 3.7 million as a result of remeasuring at fair value its 50 % shareholding interest held before the business combination. As part of the acquisition of additional 50 % shareholding interest in Alico, the Group evaluated its pre-existing relationship with Alico and had written down the net carrying value of the inter-company receivables from Alico amounting to USD 15.9 million to its estimated recoverable amount.

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

Dubai, UAE, 21 April 2016

The Orascom Construction Limited Board of Directors,

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

CONTACT US

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