ORASCOM CONSTRUCTION

ANNUAL REPORT 2017

New Capital Power Plant, Egypt

New Assiut Barrage, Egypt

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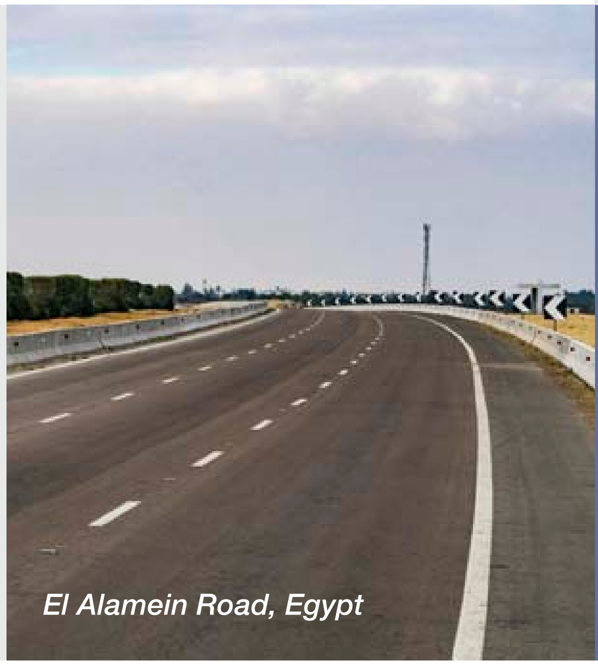
6.4 USD BN

Pro forma backlog as of FY 2017



El Alamein Road, Egypt

AT A GLANCE

Orascom Construction Limited is a leading global engineering and construction contractor with a reputation for excellence across its footprint spanning the Middle East, North Africa and the United States.

> "Orascom Construction Ltd. currently reported a pro forma backlog of USD 6.4 billion and consolidated revenues of USD 3.7 billion in 2017.

65+
Years of contracting experience

70K+
Employees

3.7 USD BN
Revenues for FY 2017

10
countries where OCL has executed operations

6.4 USD BN
pro forma backlog as of FY 2017

3.5 USD BN
pro forma new awards in FY 2017

Since its founding in 1950, Orascom Construction Limited (OCL or "the Group") has grown from a local contractor headquartered in Upper Egypt into a leading global engineering and construction group whose primary operations include infrastructure, industrial and high-end commercial projects in the MENA region and the United States (US). The Group operates through three distinct brands including MENA-based Orascom Construction (OC) as well as US-based Contrack Watts and The Weitz Company.

OCL also owns a 50% stake in the Belgium-based BESIX Group in addition to investments in infrastructure projects and a portfolio of subsidiaries and affiliates operating in industries supplemental to construction. OCL is dual-listed on NASDAQ Dubai and the Egyptian Exchange. As of 31 December 2017, OCL's pro forma backlog including its 50% share in BESIX stood at USD 6.4 billion.

New Capital Power Plant, Egypt

NOTE FROM
THE CEO

> "Our success in 2017 was driven by our focus on executing quality projects; maintaining the highest quality, safety and environmental standards; the continued build-up of our backlog; and on identifying and investing in attractive infrastructure projects.

Dear shareholders and partners,

The year 2017 highlights the robust performance of our long-term business plan. We remain focused on targeting quality projects in the Middle East and the United States across our core competencies and market segments.

Orascom continues to reinforce a leading position in the development of Egypt's infrastructure and new cities. The breadth of our involvement across the construction industry encompasses all major sectors including water, power, transportation, healthcare and the development of new areas such as the New Administrative Capital and Al Alamein City.

Furthermore, our market positioning is allowing us to still enjoy an exciting pipeline of opportunities in Egypt and the region, which are markets characterized by large populations and a pronounced need for infrastructure and industrial development. In addition, our current backlog provides us with sufficient visibility on revenue and profitability to maintain our selective approach to new projects.

Operationally, we are pleased with the progress of our projects especially in Egypt.

The power projects are progressing ahead of schedule as we currently execute 11,250 MW of capacity in Egypt. These include the two largest gas-fired combined cycle power plants in the world and Egypt's largest private sector-owned and operated wind farm.

In transportation, we are proud to be building two new tunnels beneath the Suez Canal, considered one of the most difficult projects under execution in Egypt. We are also playing a leading role in the construction of the third line of the Cairo Metro and the expansion of the nation's road network.

We are furthermore pleased with the execution of a new wastewater treatment facility, that will serve 6 million people once complete, and the two largest water desalination plants under construction in Egypt. This has positioned us well in the water sector which we began focusing on more than 18 months ago and where we expect additional activity in this growing segment.

In addition, we cemented our position as a leading contractor in the healthcare space after completing the three newest private hospital projects in Egypt, and we are also making progress on Egypt's first large-scale petrochemical refinery.

Our efforts to add quality projects in our other MENA markets are developing well, as exemplified by our new contract to expand Fujairah International Airport in the UAE announced in March 2018.

We also continue to collaborate closely with BESIX in Egypt and the region. We are proud of our joint venture's noteworthy achievement of completing a 3-km jetty in Egypt in under one year, and are pleased with the progress of our infrastructure development project at the Expo 2020 site in Dubai, UAE.

On a standalone basis, BESIX continues to showcase excellent results for a consecutive year with sustained profitability and the signing of key projects in the Middle East and Europe. We received a dividend of EUR 25 million in June 2017 for our 50% share, signaling the resilience of its operations and its leadership in its own markets.

In the United States, Weitz completed in under two years Park West, the largest student housing complex in the country at Texas A&M University, stretching across 2.2 million square feet. Weitz was awarded the Build America award by the Associated General Contractors of America for the construction of this project, highlighting the success of our project team. In addition, Weitz has proven its ability to structure innovative funding schemes for its projects' clients, such as facilitating the public-private partnership for the new Hilton Des Moines Downtown.

2017 marks the completion of construction at the Iowa Fertilizer project, a 2-million-ton nitrogen fertilizer complex that is the first of its size to be built in the US in the past 25 years. Similarly, construction at Natgasoline—the largest merchant methanol plant in the U.S.—in Beaumont, Texas will have been completed at the time of publication in April 2018. These two complex projects further strengthen our industrial track record, which encompasses petrochemicals, fertilizers and cement projects in 11 countries around the world.

In addition, we are working on optimizing our U.S. business to create a leaner and more profitable organization. A complete integration of the entire U.S. operation has been initiated and should be complete in 2018.

Mall of Egypt

The award of the new 250 MW build-own-operate wind farm in Egypt marks a milestone in our strategy to invest in infrastructure assets alongside taking EPC responsibilities. We are proud to have reached financial close in less than two months from the signing of our power purchase agreement, highlighting our experience in structuring attractive financing packages for our projects and on behalf of clients. Looking ahead, we will be very focused on growing a portfolio of infrastructure investments through which we generate construction revenue followed by recurring income streams.

Safety is at the forefront of our performance strategy. We continue to strive towards leadership in quality, safety, health and environmental standards across our markets and pride ourselves on emphasizing these principles across the Group. Regardless of the size of the mega projects we undertake and their unique challenges, safety and sustainability remain at the heart of our operations. Most recently, we were proud to have crossed 40 million man-hours at Burullus Power Plant, one of the largest power plants in the world, without Lost Time Injury (LTI), and hope to continue to lead the industry in these standards.

Lastly, we are pleased to reinforce the operational and financial resilience of our underlying long-term business. These efforts have led to the next phase of our growth as a company, and we are excited to announce a dividend distribution of 0.26 per share to shareholders.

Financials

Our financial results this year underscore the strength of our operations in Egypt and the sustainable performance shown by BESIX. We achieved significant growth in profitability and have proposed to return capital to shareholders.

EBITDA in FY 2017 more than doubled to USD 212.9 million compared to USD 99.0 million last year. Adjusted net income excluding a one-off tax-effect increased 112.5% y-o-y to USD 103.5 million. Our net income was impacted by a one-time USD 25 million non-cash charge in the fourth quarter due to the revaluation of a deferred tax asset related to the U.S. operations as result of the reduction in the corporate tax rate. Even including this charge, net income attributable to shareholders increased 61.2% y-o-y to USD 78.5 million. Furthermore, the new tax overhaul will lead to a lower consolidated effective tax rate for the Group moving forward.

Our MENA segment recorded EBITDA of USD 287.5 million at a margin of 13.5%. In addition, net income from the segment reached USD 152.1 million, signaling robust performance.

While the US segment reported a loss in FY 2017, our legacy projects are now complete and we have paved the way for future profitability. We completed construction of Iowa Fertilizer Company in 2017 and of Natgasoline in Beaumont, Texas in April 2018. In addition, we are currently optimizing our U.S. operations to reduce cost and strengthen the underlying sustainable business.

BESIX continues to deliver strong performance and growth over historical run rates. Net income contribution from our 50% stake in BESIX stood at USD 54.4 million in addition to the EUR 25 million we received. We expect BESIX to continue to deliver healthy results and build quality backlog.

Looking Ahead

Our success in 2017 was driven by our focus on executing quality projects; maintaining the highest quality, safety and environmental standards; the continued build-up of our backlog with key projects across our core competencies and markets; and on identifying and investing in attractive infrastructure projects that will provide recurring long-term value. This resilient turnaround in our business is a result of the collaborative efforts of our employees, and I am confident that we will continue as a team to deliver the best value to our shareholders.

Osama Bishai
Chief Executive Officer

GROUP **OVERVIEW**


Egyptian Refining Company, Egypt

Assiut Power Plant, Egypt

OUR HISTORY

1950-1985

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

1998-1999

- **1998:** OOSC is converted from a limited partnership into a joint-stock company and renamed Orascom Construction Industries S.A.E. (OCI S.A.E.).
- **1999:** OCI S.A.E. IPOs on Egyptian Exchange (EGX) at a value of c.USD 600 million and becomes the largest company on the EGX.
- OCI S.A.E.'s first cement subsidiary, the Egyptian Cement Company (ECC), commences operations with a total annual capacity of 1.5 million tons.

2002-2007

- **2002:** OCI S.A.E. announces the 50-05 Action Plan aimed at having 50% of consolidated revenue generated from outside Egypt by 2005.
- **2004:** OCI S.A.E. acquires a 50% shareholding in the BESIX Group, adding significant exposure to the European and Gulf construction markets.
- **2007:** OCI S.A.E. divests its cement group to Lafarge SA at an enterprise value of USD 15 billion.

2008-2012

- **2008:** Proceeds from the cement divestment are allocated to grow OCI's fertilizer investments.
- **2010:** Founded Orascom Saudi Limited (OSL), targeting infrastructure and industrial projects in the Kingdom of Saudi Arabia.
- **2012:** OCI S.A.E. acquires The Weitz Company (Weitz) and establishes a strong presence in the US construction market.

2013-2016

- **2013:** Watts Constructors, a former Weitz wholly owned subsidiary, is consolidated into Contrack — forming Contrack Watts.
- **2015:** Orascom Construction Limited is demerged from OCI N.V. and dual-listed on NASDAQ Dubai and the EGX.
- **2016:** Set the global benchmark for fast-tracked execution of power projects.
- Recorded the Group's first post-demerger profit.

2017

- OCL builds on its strategy of expanding in the concession business and enters into an agreement to develop a 250 MW wind farm in Ras Ghareb, Egypt.
- OCL strengthens its position in Egypt's water treatment sector and begins delivering works on the country's largest wastewater treatment plant in Abu Rawash executed over one phase, which will serve 6 million people when complete, as well as two new water desalination plants.

DECADES OF BUILDING **EGYPT**


Kuraymat Solar Power Plant, Egypt

Generating Power for Millions

OCL began power generation activities in 1986, including the construction of simple and combined cycle, solar, thermal, wind and hydropower plants.

+26,000 MW
Executed power generation capacity

< 8 Months
New global benchmark in the execution of fast-track power projects

4,800 MW
Generation capacity for each of the two largest combined cycle power plants awarded to an OC-Siemens Consortium


6th of October Wastewater Treatment Plant, Egypt

Harnessing Egypt's Water

OCL began working in this sector in 1989 and since then the company has been involved in various wastewater and desalination projects across the country.

C. 4 MN m^3
Daily capacity of wastewater treatment plants in Egypt

317,000 m^3
Daily capacity of seawater desalination plants in Egypt

6 MN People
To be served by the Abu Rawash Wastewater Treatment Plant, a JV between OC and Aqualia and Egypt's largest water treatment plant executed over one phase


Borg El Arab Airport, Egypt

Building a Nation's Transport Structure

Since 1985, OCL has been involved in a variety of transportation construction projects in Egypt including railway tracks, airport buildings bridges, runways, and roads.

706 KM
Constructed and renewed railway tracks across Egypt from 1985-1998

2,000 KM
Roads delivered by Orascom Road Construction in Egypt since 1999

640 M
El Fedran bridge, world's longest double swing rail bridge over the Suez Canal


Grand Egyptian Museum, Egypt

Laying Foundations for Thousands to Thrive

OCL began providing services in the healthcare industry in 1984 and has been involved in the construction and restoration of a number of hospitals, museums, antiquities, mosques and churches since then

10
Hospitals and medical centers built and refurbished throughout Egypt with a built-up area of over 146 thousand sqm

GEM
OC and BESIX involved in construction of the Grand Egyptian Museum which will be largest archaeological museum in the world, with a built-up area of 167 thousand sqm


Ministry of Communication Smart Village, Egypt

The Premium Contractor for Egyptian Real Estate

Orascom Construction has worked on a variety of premium real estate projects including residential compounds, office buildings, hotels and commercial shopping malls

12
Five-star hotels constructed and renovated in Egypt with a total of 4,735 rooms and suites

31
Office and educational buildings constructed in Greater Cairo, 22 of which are in Smart Village

865k SQM
Built-up area constructed of Cairo's largest shopping malls


Damietta LNG Plant, Egypt

The Backbone of Manufacturing in Egypt

Since 1993, Orascom Construction has participated in a variety of industrial works to construct pharmaceutical plants, cement factories and petrochemical facilities including oil and gas, fertilizer and liquefied natural gas (LNG) plants

10 MN tons
Annual capacity of seven cement production lines across Egypt

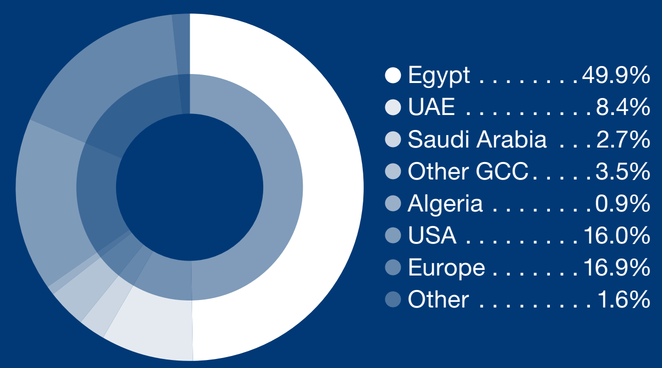
9.4k tons
Daily capacity of 4 fertilizer plants built in Egypt

1st
Pharmaceutical plant in the MENA region for AstraZeneca Pharmaceutical Plant

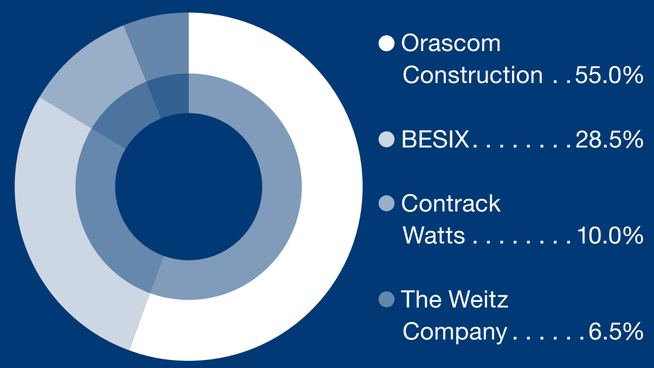
GEOGRAPHIC **DIVERSIFICATION**

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.

2017 Backlog by Geography



2017 Backlog by Brand



* This map depicts main countries of operation. 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 under the equity method.

OUR
BRANDS

The Group's three core brands, Orascom Construction, Contrack Watts and The Weitz Company, are complemented by a 50% stake in the Belgium-based BESIX Group.

Grand Egyptian Museum, Egypt

Orascom Construction

100%
Ownership

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

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

Contrack Watts

100%
Ownership

Core Markets:
USA, the Pacific Rim and MENA

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

The Weitz Company

100%
Ownership

Core Markets:
USA

Expertise:
General contractor licensed/registered in all 50 states and Washington D.C.

The BESIX Group

50%
Ownership

Core Markets:
Europe and MENA

Expertise:
Infrastructure, marine and high-end commercial projects

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

New Capital Power Plant, Egypt

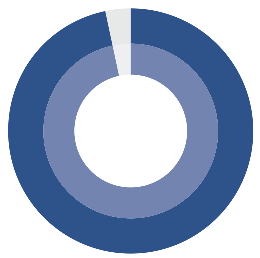
Over more than six decades Orascom Construction (OC) has developed the experience and reputation for on-schedule delivery of quality work that have allowed it to become a leader in the MENA engineering, procurement and construction sectors. OC serves both public and private sector clients who regard it as the top turnkey contractor for large-scale infrastructure, industrial and commercial projects. The company also strictly adheres to rigorous international standards for health and safety.

The brand's flagship projects span across all major segments of the construction industry in Egypt: 11,250 MW in power plants in Egypt, including the two largest natural gas-fired combined cycle power plants worldwide; the Port Said Tunnels, a key component of Egypt's development plan for the Suez Canal region; and several phases of Cairo's Metro Line III and significant portions of the country's road development program. OC also leveraged its experience in and focus on the water sector, having signed several water desalination and wastewater treatment projects in Egypt.

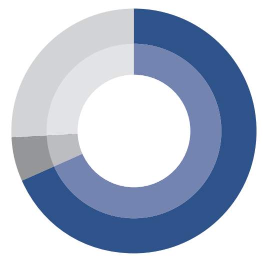
OC is also involved in several key projects in the region including King Abdulaziz International Airport in Saudi Arabia, and two cement plants in Algeria.

FY 2017 Backlog (USD MN)	3,509	Ownership	100%
Employees	70,192	LTIR	0.016

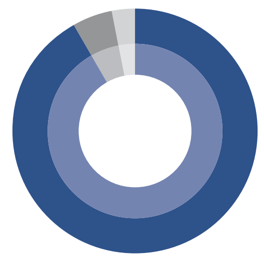
2017 Backlog by Region



2017 Backlog by Sector



2017 Backlog by Client



CONTRACK WATTS

Headquartered in Virginia, USA, international construction company Contrack Watts has been a preferred contractor of the US government for the past decade.

Broad Area Maritime Surveillance (BAMS) Forward Operational & Maintenance Hangar, US

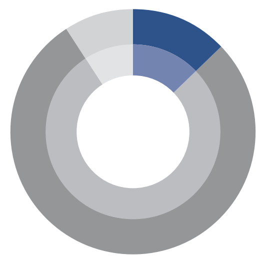
Contrack Watts core operations include engineering, procurement and construction services as well as facilities operation and maintenance mainly for US federal infrastructure projects. Founded in 1985, the Virginia-based contractor later merged with Watts Constructors – a former wholly owned subsidiary of the Weitz Company focusing on federal projects – after the Group acquired The Weitz Company in 2012.

Today Contrack Watts is known across a footprint spanning the US, Middle East and the Pacific Rim.

The Company's key projects include the Consolidated Car Rental Facility at Honolulu International Airport and a number of federal infrastructure projects in the Pacific Rim. Contrack Watts is also executing several projects in the GCC.

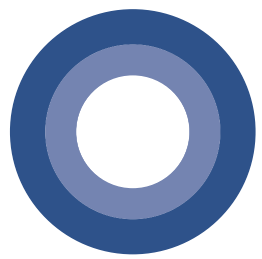
FY 2017 Backlog (USD MN)	639	Ownership	100%
Employees	1,469	LTIR	2.3

2017 Backlog by Region



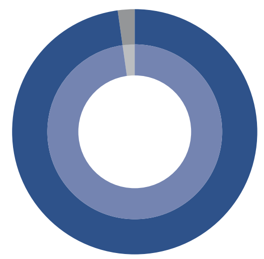
- MENA..................12.8%
- USA.....................78.0%
- Other...................9.1%

2017 Backlog by Sector



- Infrastructure 100.0%

2017 Backlog by Client



- Public........................98%
- Private......................2.0%

WEITZ

Founded in 1855, The Weitz Company is one of the longest-running commercial general contractors in the US.

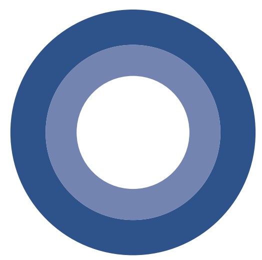
Park West, US

The Weitz Company is a full-service general contractor, design builder and construction manager based in Des Moines, Iowa, USA. Acquired by OCL in 2012, The Weitz Company previously targeted commercial sector projects as well as light industrial and infrastructure works.

Today, The Weitz Company focuses on commercial, industrial, infrastructure and plant services construction projects across the US. In the intervening years since the company's acquisition, it has gained extensive experience with complex industrial projects, including providing support to the Iowa Fertilizer Company and Natgasoline projects in the US. Now the company also serves as a point-of-entry into the US construction market. In July 2017, The Weitz Company completed works, one week ahead of schedule, on the largest student housing complex in the US at Texas A&M University. The company's key ongoing projects include private mixed-use commercial projects such as The Fifth Tower and Hilton Hotel in Des Moines, Iowa.

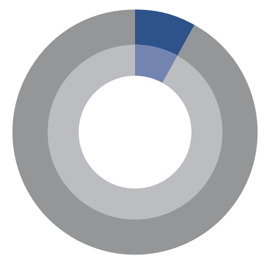
FY 2017 Backlog (USD MN)	414	Ownership	100%
Employees	882	LTIR	0.2

2017 Backlog by Region



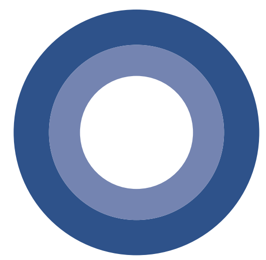
- USA....................100.0%

2017 Backlog by Sector



- Industrial 8.2%
- Commercial 91.8%

2017 Backlog by Client



- Private 100.0%

BESIX

Belgium-based BESIX Group is a multi-service company with a leading position in its construction, property development and concessions spanning primarily in MENA and Europe.

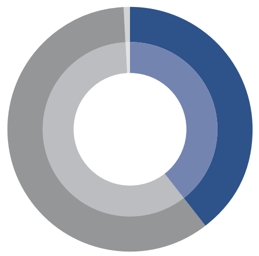
Marc Jacquet Hospital Centre, France

Founded in 1909, The BESIX Group is one of Belgium's largest contractors and a leader in the construction of high-end commercial infrastructure, marine and real estate projects. In 2004, OCL and the management of BESIX acquired the company through a 50-50 leveraged buyout. Over the past decade, OCL has collaborated with BESIX to extract synergies and develop core construction competencies in specialty projects in the commercial and marine sectors.

Today BESIX operates in over 20 countries across the Middle East, Benelux, France, Australia and Central and North Africa; BESIX employs over 14,000 people worldwide. The company also holds several concessions in PPP projects in the Middle East and Europe. Key BESIX-OC consortium projects in Egypt include the Grand Egyptian Museum (the world's largest archaeological museum), Mall of Egypt (a super mall spanning 160,000 sqm) and an LNG-receiving jetty. Across BESIX's international footprint, notable projects include LEGOLAND® in Dubai, UAE, the Burj Khalifa, Yas Island in Abu Dhabi, Dubai Canal, and Maastoren Tower, the tallest building in The Netherlands.

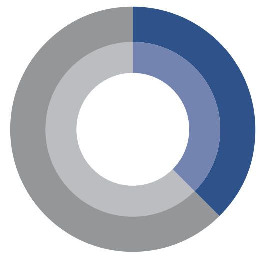
FY 2017 Backlog (USD MN)	1,818	Ownership	50%
Employees	14,944	LTIR	0.52

2017 Backlog by Region



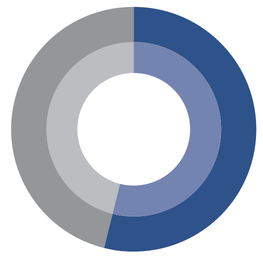
- MENA..................39.7%
- Europe 59.6%
- Other...................0.7%

2017 Backlog by Sector



- Infrastructure 37.6%
- Commercial 62.4%

2017 Backlog by Client



- Private...................... 54%
- Public 46%

OUR STRATEGY

Orascom Construction's strategy is focused around three goals: to strengthen its market leadership, expand its geographic footprint and maximize shareholder value.

Strengthen EPC Market and Geographic Position

- Expand market presence as an EPC contractor in core markets in MENA and the US
  - Strengthen activities in key infrastructure and industrial sectors
  - Carefully select and pursue well-funded projects in which we hold a competitive edge
  - Leverage our financing track record across various industries to capitalize on EPC and finance projects
- Continued commitment to strategic geographic expansion in markets with strong fundamentals
  - Focus on core MENA markets of Egypt, Saudi Arabia, Algeria and Iraq, which are characterized by young, growing populations and a need for investments in infrastructure and industry
  - Simultaneously grow US business which provides additional value at a lower risk and complements MENA business activities
  - Integrate US subsidiaries to increase profitability, competitiveness and efficiency

Establish and Leverage Strategic Repeat Clients, Partnerships and JVs

- Develop active strategic partnerships with repeat clients and industry leaders to complement and expand current capabilities, as such relationships have historically allowed the Group to contribute to some of the largest construction projects in the MENA region
- Build and strengthen relationships with repeat clients to secure new work

Pursue Accretive Investment Opportunities

- Leverage our strong investment experience in cement, ports, fertilizer and wastewater treatment to identify and pursue new opportunities
- Act as a builder, owner and operator, generating construction revenue during the contracting phase followed by recurring cash flow once projects are operational; this strategy has already been implemented at one wastewater treatment plant in operation and a 250 MW wind farm under construction

Commitment to Excellence

- Continue to focus on quality, safety, environment and ethical business practices while maintaining a safe and healthy workplace
- Put our expertise to work for the benefit of clients and partners
- Effectively engage in corporate social responsibility in the communities in which we operate

The Group's strategy is grounded in a deep commitment to excellence and fueled by an entrepreneurial drive to grow our businesses. OCL firmly believes that the integration of a commitment to quality, safety, the environment and ethical business practices into every aspect of our business model is key to our success. The Group's current strategy focuses on developing its Engineering, Procurement & Construction (EPC) operations while exploring complementary business opportunities.

Delivering Shareholder Value

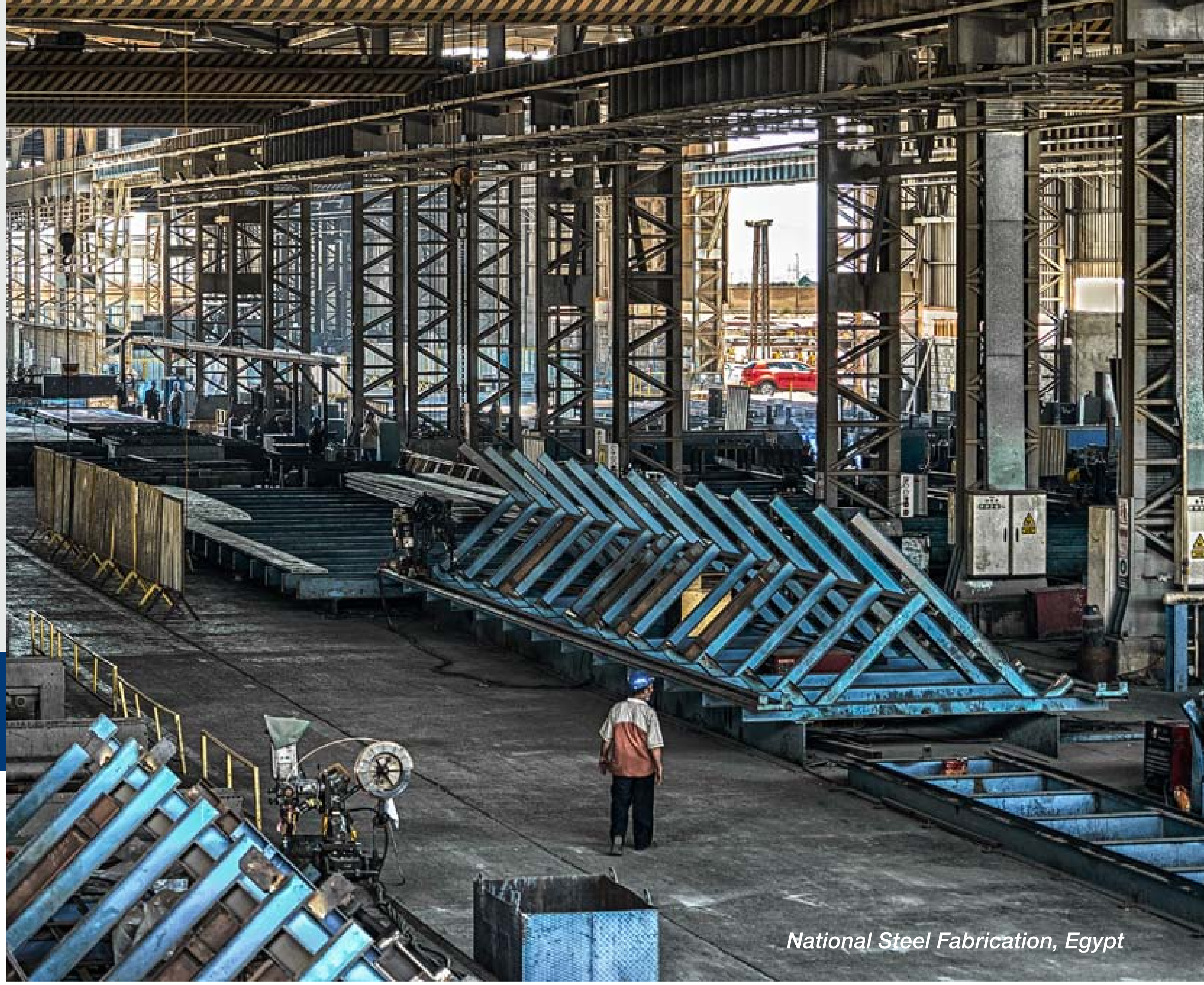
Our adherence to our strategic pillars enables us to deliver the highest value for our shareholders; we have been committed to this mission since the Group's establishment in the 1950s. A commitment to entrepreneurship has been at the heart of our strategy throughout our journey to become a leading private sector contractor and incubator of new businesses. Our founding shareholders and current management embody this commitment as they guide the Group into the next phase of its sustainable growth trajectory

CONSTRUCTION MATERIALS
& INVESTMENT

Orascom Construction Limited's investment portfolio includes companies that manufacture fabricated steel products, glass curtain walling, paints and concrete pipes as well as two facility management companies.

Construction Materials Portfolio

Company	% Ownership	Employees	2017 Revenues
National Steel Fabrication	100%	1,686	USD 54 mn
Alico Egypt	100%	610	USD 16 mn
United Holding Company	56.5%	703	USD 76 mn
United Paints & Chemicals	56.6%	157	USD 6 mn
National Pipe Company	40%	654	USD 6 mn
SCIB Chemical	14.7%	691	USD 53 mn
Contrack FM	100%	3,309	USD 13 mn
Suez Industrial Development Company	60.5%	95	USD 11 mn
Orasqualia	50%	80	USD 11 mn


National Steel Fabrication, Egypt

A Focus on National Steel Fabrication (NSF)

Headquartered in Cairo, Egypt, National Steel Fabrication (NSF) is a leader in the highly diversified field of steel fabrication and erection. This wholly owned subsidiary of OCL provides services to multiple industries, including power and energy generation, oil and gas, industrial, and bridges and heavy steel works sectors in Africa, Asia, and Europe. The company's highly complex product range include steel structures, steel collector elements, plate works, pressure vessels, boilers, heat recovery steam generators, heat exchangers, piping, tanks, and packaged skids.

NSF owns and operates four major facilities in Egypt and Algeria with a total combined production capacity of 120,000 tons annually. Its plants cover a total area of 1 million square meters. It works on cement projects, fertilizer projects, heat recovery steam generators, LNG projects, power stations, bridges and heavy steel works, military airports, and projects involving the production of pressure vessels and boilers.

Since its establishment in 1995, NSF has developed a reputation for delivering outstanding quality that meets international standards across all of its products and services. Its unrivalled production capacity, combined with its customer focused delivery schedules, enable NSF to provide its clients with complete solutions that incorporate all their project requirements, while meeting delivery schedules regardless of size or scope of project.

In collaboration with its parent company, NSF has contributed in the construction of a wide range of projects worldwide. It has provided steel works for fertilizer plants with a capacity of c. 11 million tons per year, cement plants producing more than 100 million tons per year and power plants with more than 21,000 MW of generation capacity. NSF has also worked also on OC's key projects including the Egyptian Grand Museum and the Greater Cairo Metro.

National Steel Fabrication, Egypt

Alico Egypt

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

United Holding Company (UHC)

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

United Paints & Chemicals (UPC)

UPC is Egypt's largest manufacturer of cement-based, ready-mixed mortars in powdered form. UPC's core products include mortars for plaster and skim coats, putty for smoothing cementitious substrates, decorative façade renders, tile adhesives for internal and external use, colored tile grout, sealing slurries and a flooring range. UPC's plant has a production capacity of 240,000 metric tons, and its products are widely used in Egypt and North Africa's construction industry.

National Pipe Company (NPC)

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

SCIB Chemical

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

Broad Area Maritime Surveillance (BAMS) Forward Operational & Maintenance Hangar, US

Investment Portfolio

Contrack FM

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

Suez Industrial Development Company (SIDC)

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

Orasqualia

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

Our mix of investments in the industrial and logistics sectors guarantees strong portfolio performance which will continue to be driven by the underlying growth of Egypt's economy in the coming years.

OPERATIONAL **REVIEW**

New Assiut Barrage, Egypt

MENA

Infrastructure – Orascom Construction

West Damietta Power Plant, Egypt

Power Generation in Egypt

Orascom Construction continued to cement its leading position in the EPC power construction market, making significant progress on flagship projects and awarded new mandates on the back of its world-class and timely execution.

A consortium of OC and Siemens was awarded in June 2015 two contracts to construct the Burullus and New Capital Combined Cycle Power Plants — the largest combined cycle power generation plants in the world with a capacity of 4,800 MW each. The contracts include the design, engineering, and testing, as well as a mandate to have both meet ISO standards. Works are scheduled for completion by 4Q 2018.

At the end of 2015, a consortium of OC and GE was awarded two add-on EPC contracts to convert the Assiut and West Damietta Power Plants from simple cycle to combined cycle. The contracts include all civil work as well as the installation of steam turbine generators, heat recovery steam generators, air cooled condensers, and associated auxiliaries. After conversion, the plants will have a combined capacity of 2,250 MW. Works are scheduled to be completed by 4Q 2018.

In July, Orascom Construction started civil works on the 650 MW Assiut Supercritical Steam Power Plant, including all civil, electrical, and mechanical works as well as designing, fabricating, and furnishing the plant. Completion is scheduled for 2020.

At the end of 2017, an OC consortium was awarded a 250 MW wind farm in Ras Ghareb on a build-own-operate (BOO) basis. Construction works will take approximately 24 months and upon completion, the consortium will operate and maintain the wind farm for 20 years. OC has a 20% stake in the project.

Water Treatment in Egypt

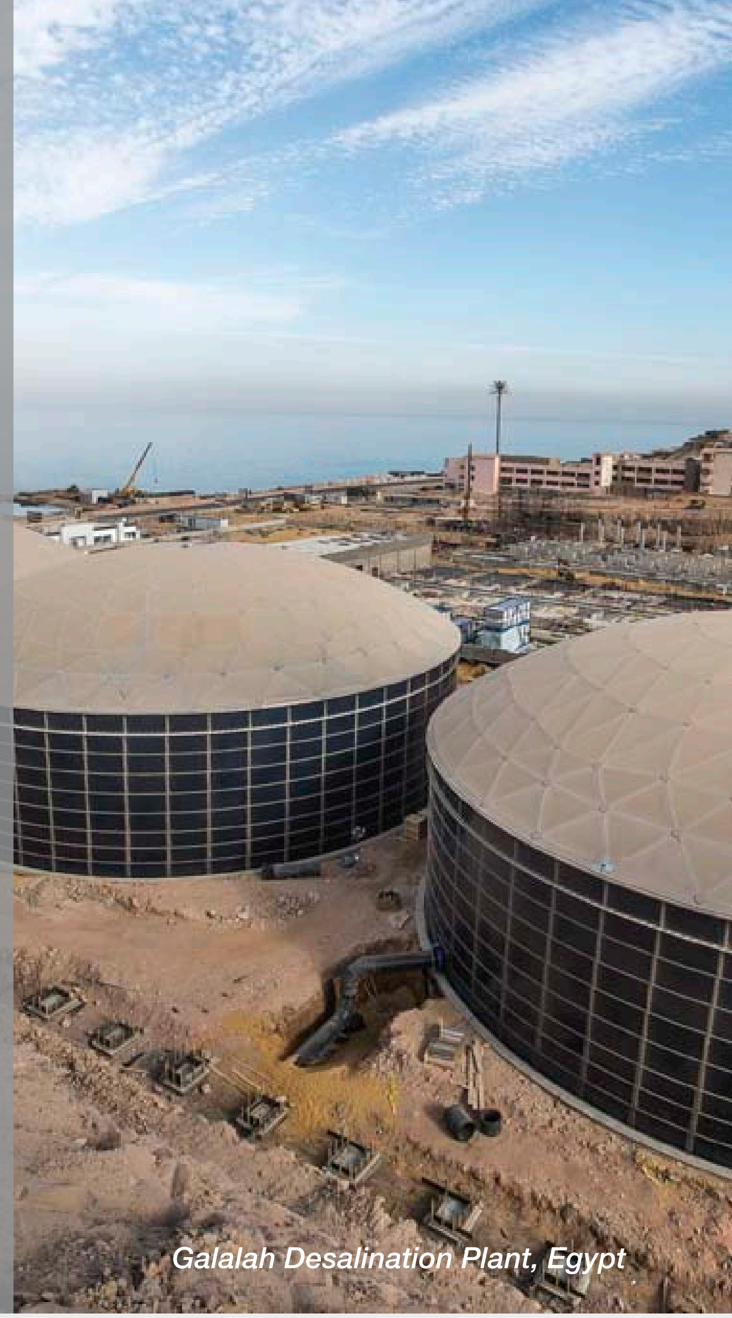
Orascom Construction continues to expand its involvement in water treatment projects, having received two new contracts in seawater desalination and wastewater treatment while continuing to deliver on its ongoing projects. These awards reaffirm OC's ability to secure quality contracts and underscores its strategy to focus on water-related projects that meet the strategic needs of this sector in Egypt.

In March, Orascom Construction and Metito were awarded works on the East Port Said Seawater Desalination Plant with a capacity of 150,000 cubic meters per day. The turnkey project includes design, operation, and maintenance for one year. Works are scheduled to be completed in 2019.

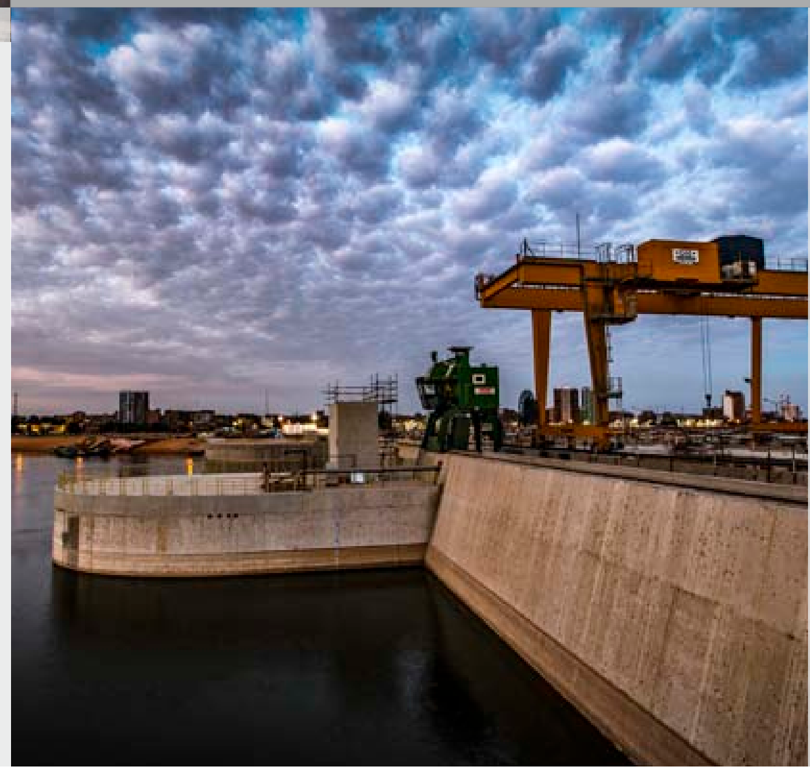
The OC-Metito consortium is pressing on with EPC works on the El Galalah Seawater Desalination Plant with a capacity of 150,000 cubic meters per day. The project was awarded in 2016 and is scheduled for completion by 4Q 2018.

Orascom Construction is also making progress on the 12,000 cubic meter Marsa Matrouh Seawater Desalination Plant, including design and build works using the reverse osmosis system. Works are scheduled for completion by 1Q 2018. Meanwhile, in 4Q 2017, OC successfully completed work on the 5,000 cubic meter Al Arish Seawater Desalination Plant.

In September, the Orascom Construction-Aqualia consortium was awarded an EPC contract to build the Abu Rawash Wastewater Treatment Plant. The project will be executed over a period of 37 months. Once complete, the facility will have a capacity of 1.6 million cubic meters per day and serve 6 million people.



Galalah Desalination Plant, Egypt



New Assiut Barrage and Hydropower Plant, Egypt

Under a joint venture agreement, an Orascom Construction joint venture successfully completed works on the New Assiut Barrage and Hydropower Plant. Construction included a barrage across the Nile consisting of navigation locks, sluiceway bays, and a 32 MW powerhouse. The project began in May 2012 and will be completed in 1Q 2018.


El Alamein Road, Egypt

Roads in Egypt

Orascom Construction plays a pivotal role in the development of Egypt's transport infrastructure, with its subsidiary Orascom Road Construction (ORC) being significantly involved in the country's road development program.

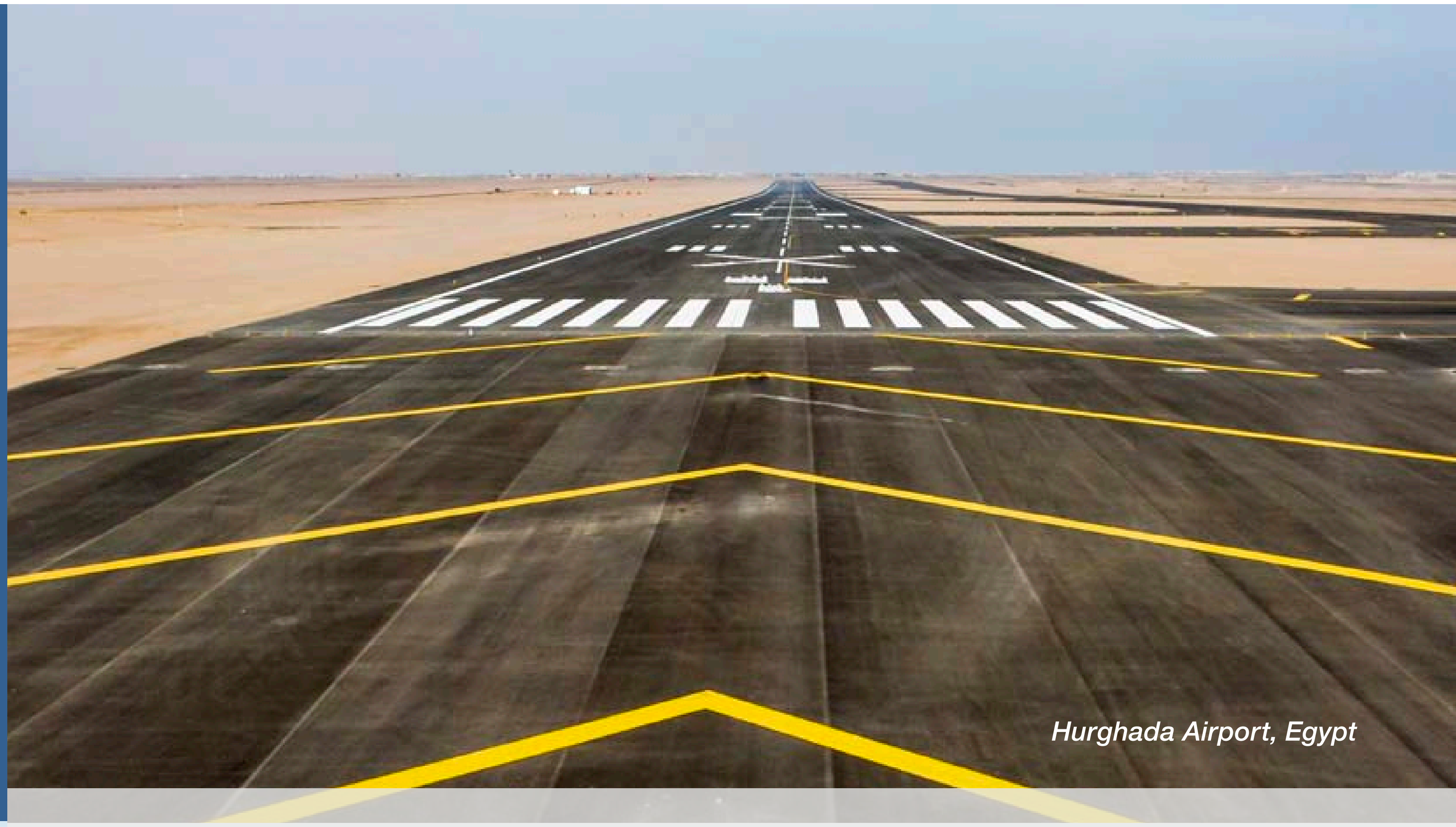
ORC successfully delivered at the end of 2017 roads with a combined length of about 200 km across Egypt, including Saad El Din El Shazly Axis, an upgrade to the Cairo-Ain El Sokhna Road, roads within the New Capital, the Alexandria-Marsa Matrouh Road, Belbis-Ismailia Road, and Wadi El Natroun-El Alamein Road.

ORC continues to work on the Sharq El Tafriaa Road and Oyoun Mousa-Sharm El Sheikh Road with a combined total length of 233 km. The projects are scheduled for completion in 2Q 2018.

Dubai Expo 2020, UAE

Works are progressing on schedule for Dubai Expo 2020. An OC-BESIX consortium is currently executing the first project to be awarded as part of the Expo 2020 event.

The consortium is responsible for road works and utility infrastructure. The project, which was awarded in 2016, is scheduled to be completed by 2018.


Hurghada Airport, Egypt

Airports in Egypt

As a leading player in the development of Egypt's infrastructure and new cities, Orascom Construction continues to build a number of runways for civil and military airports across the country.

Orascom Construction continues to work on Om Khosheib Military Airport in Egypt, including the construction of a new 3.2 km long and 45 m wide runway. Works began in October 2016 and are scheduled for completion in 2Q 2018.

In August, Orascom Construction successfully completed works to upgrade the 05L/23R Runway at Cairo International Airport, which included constructing a new 4 km long and 75 m wide runway and connecting taxiways to the relevant airfield.

OC successfully completed works on Bir Arida Military Airport, including expanding the existing runway and constructing a new one. Each runway is 3.4 km long and 75 m wide.

In June, works on the West Cairo Military Airport were successfully completed on schedule. OC was responsible for both expanding the existing runway and constructing a new one, each 3.4 km long. The company also constructed a main taxiway.

In October, OC delivered works on El Meliz Military Airport in Egypt, which included expanding the existing runway and constructing a new one, both measuring 3.4 km long and 45 m wide.

In December, works were also completed on schedule on Hurghada International Airport. The project included the construction of a new complete airfield with two runways each as well as connecting taxiways with airfield lighting.

Works on Borg El Arab International Airport in Alexandria were also completed on schedule, including the construction of a new runway 3.5 km long and 45 m wide and the main taxiway.

King Abdulaziz International Airport, KSA

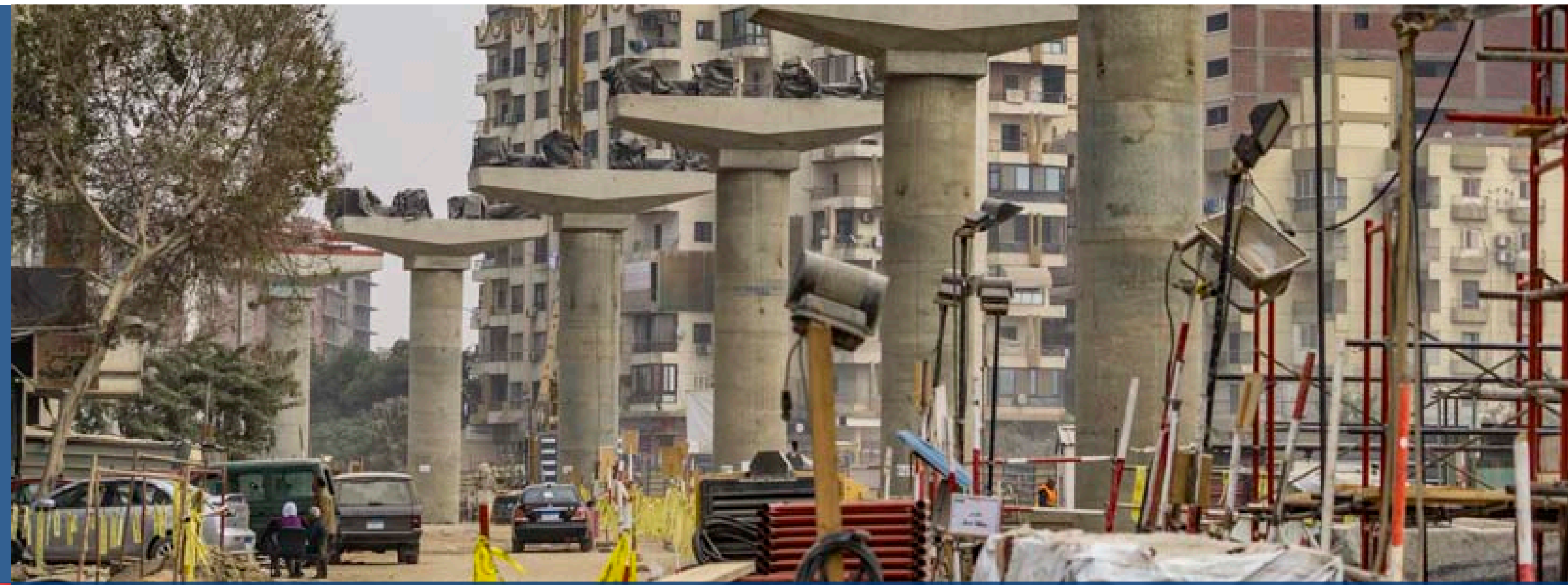
Works are progressing for King Abdulaziz International Airport in Jeddah, Saudi Arabia, where Orascom Construction was awarded two contracts to execute the infrastructure work for Phase 1 of the airport development plan.

New tunnels under the Suez Canal in Port Said, Egypt

As part of the Suez Canal Region's development plan, a consortium of Orascom Construction and Arab Contractors was awarded construction works in 2016 for submerged tunnels under the Suez Canal located 19 km south of Port Said. Works are progressing on schedule and once completed in 2020, the tunnels will serve as the main routes for logistic transportation between the East and West banks of the Canal.

East Port Said Quay Wall, Egypt

Orascom Construction successfully completed work on the East Port Said Quay Wall. Works, which began in 1Q 2016 and scheduled for completion in the 3Q 2017, included the construction of a reinforced 500 m long by 35 m wide concrete deck.



Greater Cairo Metro Line III Phases 3 and 4, Egypt

Orascom Construction continues to play an integral role in the development of the Greater Cairo Metro. A consortium of OC, VINCI, Bouygues, and Arab Contractors was awarded the civil package for the third phase of Line III, while a consortium of OC, TSO (NGE Group), and ETF — a subsidiary of Eurovia — was awarded the track works package. Phase III will stretch 18 km of tunneling and viaduct works, which will include 15 elevated, grade and underground stations. The fourth phase extends from Haroun station in Heliopolis up to Cairo International Airport and is a total length of 15.8 km over 10 stations. Works began in 2015 and are scheduled for completion in 2022.

Ain El Sokhna Product Hub, Egypt

Executed on a fast-track basis, an OC-BESIX joint venture successfully delivered in works on the Ain Sokhna Product Hub Project in record timing. The 3 km jetty was completed in under 12 months and 3 weeks ahead of schedule. The project includes both onshore and offshore facilities for the storage, loading and unloading of fuel oil, LPG, and natural gas.

Industrial – Orascom Construction

Cement Plants in Algeria

Since the establishment of its subsidiary in Algeria, Orascom Construction has executed numerous projects in the industrial sector; it continues to selectively target additional cement work in Algeria.

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

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

Ain El Kebira Cement Plant, Algeria

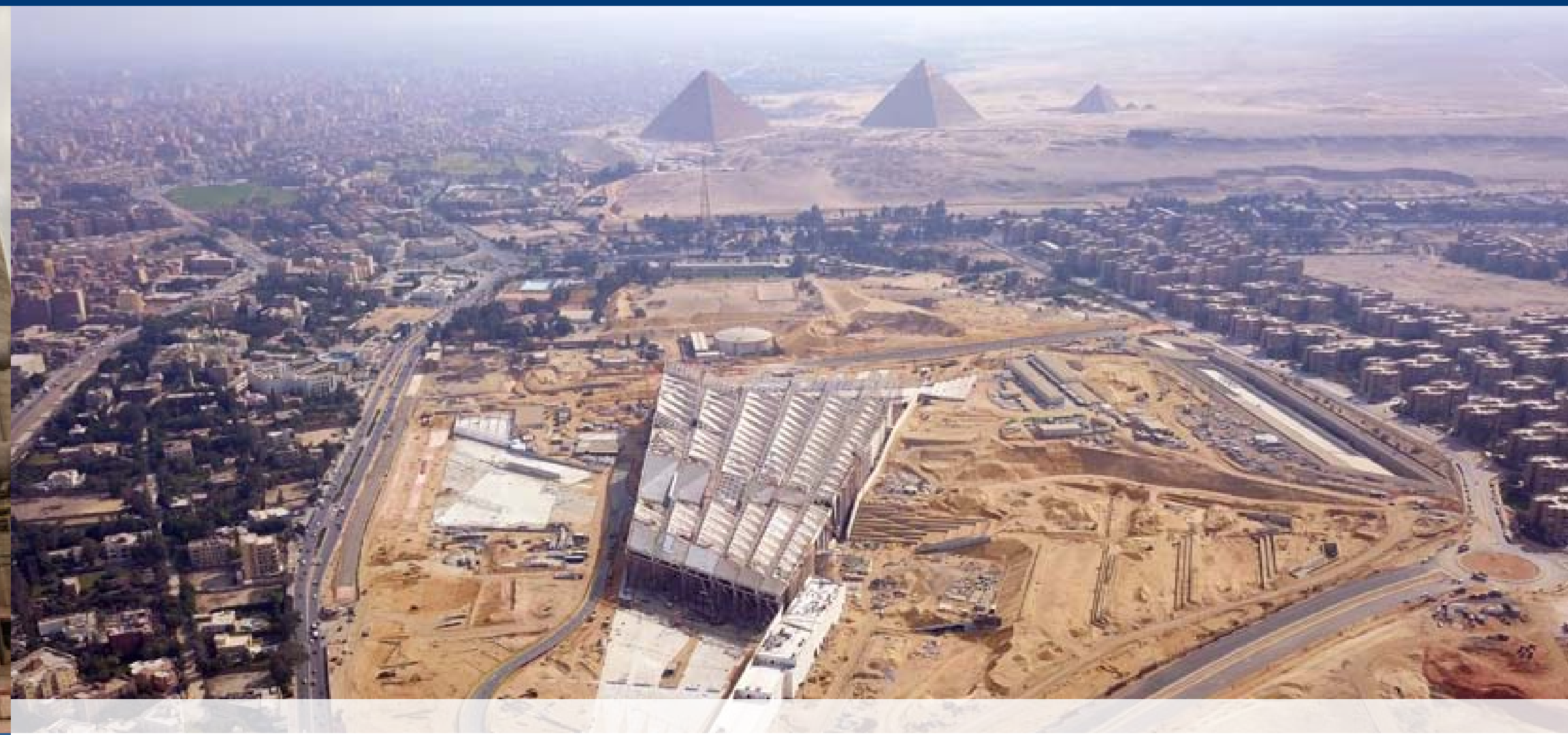
ERC Refinery Project, Egypt

The Egyptian Refining Company is Egypt's largest in-progress, private sector mega project and Africa's largest refinery, producing more than 3 million tons of Euro V diesel and jet fuel once complete. Orascom Construction was named in 2014 the subcontractor for steel structure, mechanical, and piping and civil works. The project is scheduled for completion in 2018.

Bir Seba Field Development, Algeria

The OC-GEPCO consortium is pressing on with work on Phase 2 of Bir Seba Field Development in Algeria. The project entails the engineering, procurement, construction, and commissioning of living quarters, security camps and access roads. Works are scheduled for completion in 2018.

Commercial – Orascom Construction



Egyptian Grand Museum, Egypt

Construction work on the Grand Egyptian Museum is ongoing. In 2012, the project was awarded to an OC-BESIX JV for the 117 feddan project with a total BUA of 167,000 sqm. Once completed in 2018, it will be the world's largest archaeological museum.

Residential Projects in Egypt

Orascom Construction is a preferred premium contractor among developers in Egypt.

In April, works on Grand Heights were successfully completed. Orascom Construction was responsible for all the civil works for 168 villas.

Works on Golf Views are also ongoing. In 2013, Orascom Construction was awarded a contract to carry out the construction on more than 400 residential units and complete infrastructure works on the 6th of October City compound. Works are scheduled to be completed in 2018.

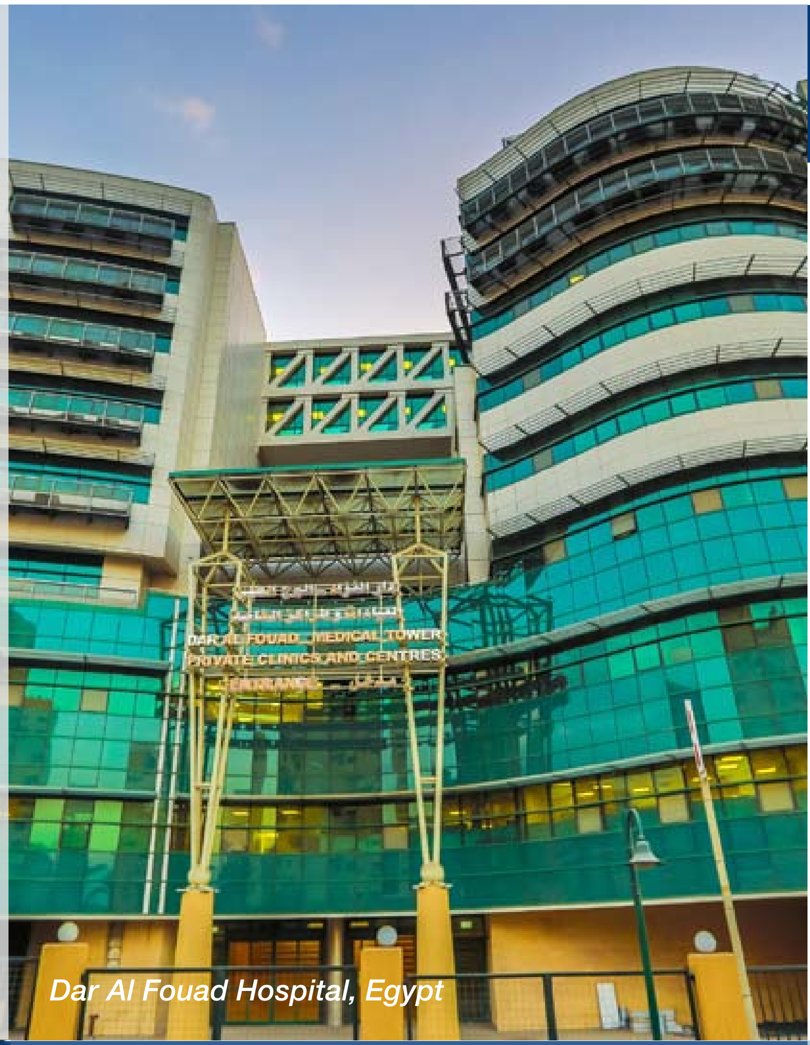
Golf Views, Egypt

Healthcare Facilities in Egypt

Orascom Construction is a leader in the development of state-of-the-art medical facilities in Egypt, having constructed several hospitals and medical centers with a combined total of 690 beds since 2012. The company recognizes the importance of its work in this sector for the country, as Egypt has a low ratio of 0.5 hospital beds per 1,000 people compared to the global average of 2.5 beds per 1,000 people. Currently, OC is delivering works on three ongoing hospital projects. The company will continue to target this high-need and high-potential sector in which it is well-positioned for future work.

In 2017, OC successfully delivered works on Kattameya International Hospital and continued to make progress on Al Salam Hospital with a target completion date of June 2018. The Al Salam Hospital project includes renovation work on a building with 341 beds, and the Kattameya Hospital project includes architectural, finishing, and electromechanical works for a building with a BUA of 21,230 sqm.

Other notable healthcare projects in Egypt include the New Dar Al Fouad Hospital in Nasr City, Cairo. The state-of-the-art hospital building consists of three basements, a ground floor and eight typical floors with a BUA of 61,000 sqm. Works have been completed in July 2017.



Dar Al Fouad Hospital, Egypt

Infrastructure – Contrack Watts

P-970 Ship Maintenance Facility, Bahrain

Contrack Watts began work in July 2016 on a design-build project for the P-970 Ship Maintenance Facility to construct a new waterfront Ship Maintenance Support Facility on Naval Support Activity NSA II at Mina Salman in Bahrain. The project calls for the design and construction of a joint Littoral Combat Ship (LCS) and Forward Deployed Regional Maintenance Center (FDRMC) waterfront facility. The project is expected to be completed in August 2018.

Mall of Egypt, Egypt

In February, an OC-BESIX joint venture completed construction work on Mall of Egypt. Located in 6th of October City, Mall of Egypt is a 200,000 sqm shopping and leisure development project including an indoor ski park, a cinema complex, retail outlets, a hypermarket, an outdoor plaza, an amusement park, a car park and other associated facilities.

Al Massah Hotel, Egypt

Works on Al Massah Hotel in the New Administrative Capital City were successfully completed in September. The project entailed the construction of a hotel made up of 270 individual rooms, 53 suites, and 47 royal suites as well as restaurants and a swimming pool over a total BUA of 91,150 sqm.

P-990 Medical/Dental Clinic, Bahrain

Contrack Watts began work in April 2016 on a project to design and construct a 5,282 sqm, two-story replacement medical and dental clinic for the P-990 Medical/Dental Clinic in Bahrain. The clinic building includes outpatient primary and selected specialty care clinics, ancillary departments, medical logistics, dental services, and administrative spaces. CWI, teamed with EYP Architecture & Engineering, completed the design and started construction. The project, which should be completed in September 2018, is anticipated to gain a LEED Silver certification.

USA

Industrial – Orascom Construction

Iowa Fertilizer Company, Iowa

Orascom Construction successfully completed in 2017 Iowa Fertilizer Plant, the first world-scale greenfield nitrogen fertilizer plant to be built in the US in the past 25 years.

Orascom Construction was the EPC contractor for the project. The plant's capacity varies from 1.7 to 2.2 million short tons (1.5 to 2 million metric tons) per year of ammonia, urea, urea ammonium nitrate, and diesel exhaust fluid.

Natgasoline, Beaumont, Texas

The Group is currently executing an EPC contract for one of the largest methanol production facilities in the world in terms of nameplate capacity. Located in Beaumont, Texas, the plant will have capacity of approximately 1.75 million metric tons per year. It will use state-of-the-art Lurgi Mega-methanol® technology and incorporate the best available environmental control technology. The plant is expected to commence production in 2Q 2018.

Infrastructure – Contrack Watts

KC-46A Depot Maintenance Complex Support Infrastructure, Tinker Air Force Base, Oklahoma

Since July 2016, Contrack Watts has been involved in construction of the support infrastructure and incidental related works on the new KC-46A Depot Maintenance Complex Support Infrastructure at Tinker Air Force Base in Oklahoma City, Oklahoma. The project includes wet and dry utilities, jet fuel lines, and electrical and communication duct banks.

Other works include a PCC apron and taxiway, roundabout, perimeter road, bridge and access road, HMA shoulders, and the removal of existing ballast. To date the project has logged a total of 122,281 man hours (452 days) with no recordable injuries. It is expected to be completed by 1Q 2018.

USARPAC Command and Control Facility Phase 2, Hawaii

Work on Phase 2 of the USARPAC Command Control Facility (C2F) is progressing as scheduled. Awarded to Contrack Watts in August 2015, the project will see the construction of a new six-story, 88,237 sqft administrative and special-use facility, with spaces including a loading dock, Destruct Room and a mechanical penthouse. The project is expected to be completed in March 2018.

P-863 Aircraft Maintenance Hangar Upgrades, Hawaii

The P-863 Aircraft Maintenance Hangar Upgrades project was awarded to Contrack Watts in September 2016. The project includes the renovation of an existing low-rise aircraft hangar, the installation of built-in equipment, such as a bridge crane with hoist in each hangar bay, and trenching of the hangar floor. Construction is progressing on schedule for an April 2019 completion, with the company having already completed temporary offices for marines, demolition of bay-side offices, and began the installation of lighting controls in the hangar bay.

P-425 Modular Storage Magazines, Guam

Despite facing numerous hang-ups, works on 28 P-425 Modular Storage Magazines at a Naval Base in Guam are progressing on time. The project was awarded to Contrack Watts in 2014 and covers, in addition to 28 magazines, the connection of electrical power systems, construction of a communication and emergency generator building as well as paving and site improvements. The company has completed precast, structural CIP, the storm water system, cohesion-less fill, the site drainage, and grading and expects the project to be completed on schedule in April 2018.

Naval Base Kitsap Repairs, Bremerton, Washington

In September 2017, Contrack Watts was awarded a contract to conduct repairs at Naval Base Kitsap in Bremerton, WA. The work includes repairs to the Dry Dock 2 perimeter portal crane rail structural support system, electrical manholes and duct banks. The project also includes the demolition of deteriorated portal crane rail components and repairs to the electrical distribution and steam condensate systems servicing Dry Dock 2. The project is expected to be completed in November 2019.

Company Operations Complex, Japan

Contrack Watts and its joint venture partner Uejo Kogyo began work in 2017 on a project for the construction of a Company Operations Complex at the Kyogamisaki military base in Japan. The project includes a Soldier Support Facility and Operations and Support Facility with covered hardstand, an Entry Control Point, administrative facilities, building information systems, Anti-Terrorism/Force Protection (ATFP) measures, and fire alarm detection with reporting systems. Construction is expected to be completed in November 2019.

Sanitary Sewer System Recapitalization, Naval Base Guam and Joint Region Marianas, Guam

In October 2017, Contrack Watts began installing new pump stations, force mains, and generators as needed for the Navy Main Base in Nimitz Hill and Naval Hospital SPS-09 at Polaris Point, SPS-23 at Victor Wharf, SPS-11 at the Navy Water Treatment Plant, SPS-12, SPS-13 and force mains at the Ordnance Annex, and SPS-21 at Sierra Wharf. The project is expected to completed in January 2020.

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

Progressing on schedule, the project entails the construction of an expanded aircraft apron at Whidbey Island. To make room for the expansion, the Sonobuoy Ready Issue and Liquid Oxygen Facilities were both demolished, with the construction of new facilities already taking place. This project is slated for completion in June 2018.

Joint Traffic Management Center, Hawaii

Awarded to Watts Constructors, construction continues on the Joint Traffic Management Center, which involves the construction of a three-story, 56,000 sqft traffic operations and administrative facility. Designed to achieve LEED Silver certification rating, the project saw mass excavation of the building footprint and probing and grouting of foundations in July. The company also placed all spread footings and wall footings and installed a data center slab in December 2017.

P-993 Transit Protection System Naval Base Kitsap, Port Angeles, Washington

Awarded to a Watts-Orion joint venture, this project entails the construction of a 22,303 sqft pile-supported approach trestle and floating pier. The project is in full swing and expected to be delivered on time in July 2018. The construction includes a trestle that will provide vehicle and pedestrian access to the pier and will transfer utility services to the pier. The scope also includes an option to construct an 8,300 sqft alert force facility with berthing space and jetty restoration work.

Honolulu Rail Transit System Traction Electrification Project, Honolulu, Hawaii

Work is progressing on track on this project to complete the Traction Electrification System (TES), with the Honolulu Authority of Rapid Transportation (HART) having recently begun testing the rail cars running under their own power on portions of the elevated guideway. Work continues on the guideway at East Kapolei and Ho'opili, including the installation of the cable tray under the guideway at the East Kapolei System Site #1, and the Operations and Service Building (OSB) for remediation and communication system work. The project is expected to be completed in December 2022.

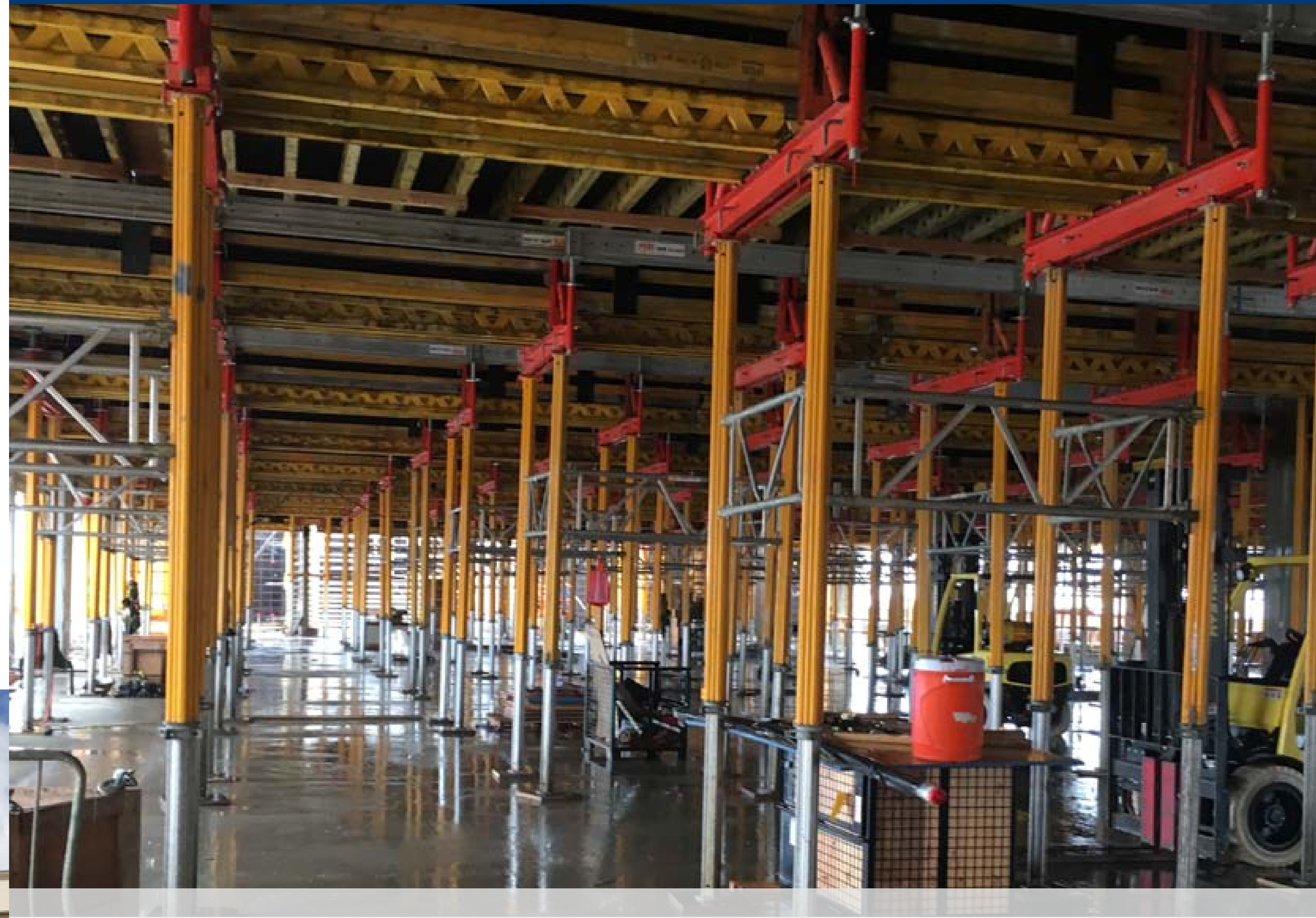
BAMS Forward Operational and Maintenance, Hangar, Guam

The company completed work in December 2017 on the P-625 Broad Area Maritime Surveillance (BAMS) Forward Operational & Maintenance Hangar. Work included the design and construction of a precast arched 53,120 sqft high-bay hangar and a two-story 25,630 sqft office facility as well as associated utilities, site work and paving to support the Navy's MQ-4C Broad Area Maritime Surveillance (BAMS)/Triton Unmanned Aircraft.

Waimano Ridge Building and Site Improvements, Pearl City, Hawaii

The company is winding down work on this project, having completed the majority of renovation works. Ongoing activities at Hale Ola include workstation electrical outlet modification, elevator modernization, and punch-list items.

Commercial – Contrack Watts



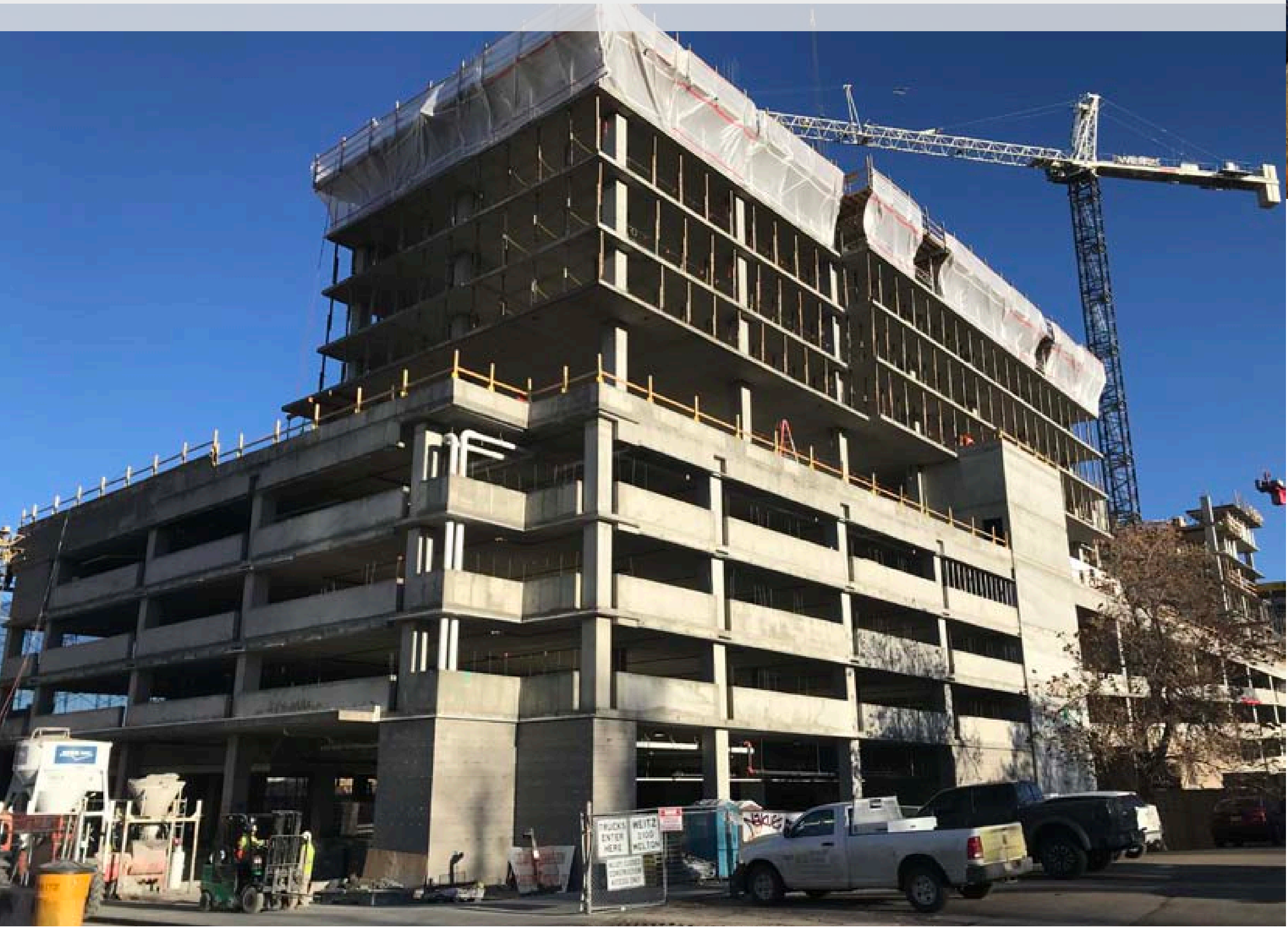
Consolidated Car Rental Facility (CONRAC), Honolulu, Hawaii

Awarded to Watts Constructors, this project entails the demolition of the existing car rental buildings and the construction of a new five-story, 1.8 million sqft cast-in-place concrete structure, consisting of vehicular parking areas, retail areas, office spaces, car wash equipment, and commercial fueling stations. The new Consolidated Rental Car Facility (CONRAC) will consolidate all rental car companies servicing the airport and include 2,250 parking stalls. Work on the project's Area A are progressing on schedule for a December 2020 overall completion date.

Commercial – The Weitz Company

Lennar 21st & Welton, Denver, Colorado

Lennar Multifamily Communities awarded The Weitz Company a contract to construct 21st & Welton, an 18-story, cast-in-place facility over a 1.57-acre site. The project requires two tower cranes to successfully deliver the 329-unit building — spanning over 486,000 sqft — and will allow the company to employ VDC/BIM capabilities. The project is expected to be completed in August 2018.



Heritage at Brentwood

The Heritage at Brentwood's new expansion will add five buildings to the Continuing Care Retirement Community, including a 97-unit independent living apartment building and an assisted living residence with with 11 units supplemented by an activities room, private dining room, pantry and new outdoor courtyard. A separate Healthy Life Center will be equipped with an indoor pool, expanded fitness room, group exercise suite, physical therapy areas and day spa with massage room. New common areas such as a dining room with a kitchen display, medical clinic, 300 plus-seat auditorium and woodworking shop will also be built. The project broke ground in October 2017 and will be completed in 1Q 2019.

Hilton Des Moines Downtown, Des Moines, Iowa

Work is progressing on the Hilton Des Moines Downtown hotel in Des Moines. The Weitz Company was awarded the project to construct the 330-room, 316,000 sqft hotel in 2016, and the project subsequently became a model for efficiency and realized cost savings. Technology, prefabrication and virtual reality have been central to the design-build project's success from its beginning, when the construction and design teams utilized a centralized cloud-based model that has streamlined the construction process. The project is expected to be completed early in March 2018.

IMT Insurance Corporate Headquarters, West Des Moines, Iowa

The project was awarded to The Weitz Company by IMT Insurance to construct its new corporate headquarters in West Des Moines, Iowa. The 88,000 sqft building will consist of three stories with an open office concept. Other features include a collaboration stair, game room, fitness center, and conference and collaboration spaces. The project is expected to be completed in November 2018.

Purina Renovation, St. Joseph, Missouri

Weitz Tecnico was awarded a design-build guaranteed maximum price contract from Purina Animal Nutrition LLC, for the extrusion plant expansion at their existing animal feed manufacturing facility in St. Joseph, Missouri. This design-build construction project follows a preliminary engineering and budgeting services contract that was awarded to Weitz Professional Services in late 2016. The project is expected to be completed in 4Q 2018.

Presbyterian Homes and Services, Council Bluffs, Iowa

Presbyterian Homes and Services awarded The Weitz Company a contract to construct the Presbyterian Homes and Services community over a 14-acre campus in Council Bluffs, Iowa. The community will feature skilled nursing, ALU, ILU, and memory support residences and amenities. The exterior is planned to include a park-like atmosphere. Completion is set for July 2020.

OPS Burke High School, Omaha, Nebraska

The Omaha Public School System awarded The Weitz Company a renovation contract for the OP S Burke High School in Omaha, Nebraska. The high school addition and renovation project includes upgrades in MEP systems, roofing, flooring, security and technology access, and building a more open layout. Work is expected to be completed in August 2018.

The Fifth, Des Moines, Iowa

Mandelbaum Properties awarded The Weitz Company a contract to construct The Fifth, a 41-story high-rise that will be located in Des Moines' downtown area. The project will cover 847,000 sqft, with the building reaching nearly 452 feet in height. The Fifth will include three floors of commercial office space and another 14 floors dedicated 128 hotel rooms. The remaining floors will incorporate apartments and amenities for residents including a rooftop outdoor recreation area, pool, fitness center and spa. An upscale movie theater and parking garage will also be attached to The Fifth. Construction is expected to begin in March 2018, with the full project scheduled to be completed in January 2020.

Fourth District Court of Appeal, West Palm Beach, Florida

Awarded to The Weitz Company by the State of Florida, the project includes a three-story courthouse building with one courtroom and the office space associated with the operation of the Florida Fourth District Court of Appeal. It also includes a four-story parking garage with a total of 334 spaces. Work was completed in December 2017.

Dry Creek Spec Office Building, Centennial, Colorado

The Weitz Company completed work on the Dry Creek Spec Office Building in 2017, which will serve as the new corporate headquarters for Arrow Electronics. Awarded by Miller Global Properties in 2015, work on this 256,000 sqft eight-level mid-rise office building included the delivery of the building's exterior and interior, the build-out of the external garage, an open ceiling deck on the eighth floor and an amenities level consisting of a full-service kitchen, fitness center, large training facility and mail room.

BESIX

BESIX continues to record performance, thanks to its geographic diversification, covering Europe, MENA, Sub-Saharan Africa, South East Asia and Australia.

BESIX Chairman & CEO

Moving Forward Under New Leadership

Kicking off 2017, BESIX Group saw the appointment of its new CEO Rik Vandenberghe, who took the helm from his predecessor Johan Beerlandt, now appointed as Chairman of the Group's Board of Directors. Later in the year, the Group also welcomed Jan Gesquière as BESIX Group's new CFO.

Landing New Contracts

Reinforcing its leading position in core markets, BESIX secured new contracts in 2017 for several major projects. In France, BESIX won a contract to construct the 56,000 m² Marc Jacquet Hospital Centre in Melun. Meanwhile in Belgium, the Group was awarded the contract to renovate the Manhattan building in Brussels and the contract to construct new headquarters for De Persgroep in Antwerp. Other key awards for BESIX in 2017 include the contract to build the Terraced Tower in the Netherlands and the Hotel Chedi Luštica Bay in Montenegro.

In the MENA region, BESIX had another strong year, pressing ahead on its large-scale projects in the UAE and securing new business in Oman and Bahrain. The Group signed a new contract for the Port of Duqm to build 1-km quay wall and two double berth jetties, and performed its concrete pour for the raft slab of the "The Tower" in Dubai Creek Harbour, which is slated to become the tallest building in the world. BESIX also secured a contract to design and build marine infrastructure, comprising mooring pontoons, cyclone moorings and access walkways, for tugboats at Australia's Port Hedland.

Solidifying Presence Across Key Regions

As part of the Group's strategy to solidify its presence, BESIX successfully completed key projects across its geographic footprint. In Europe, the BESIX teams completed works for Belgium's the 650-meter long Herstal 3 road viaducts, the award-winning Stuifduin Crematorium at Lommel and Netherland's Velsertunnel, which used an innovative combination of BIM, system engineering, 3D scanning and cutting-edge technologies to successfully renovate the country's oldest tunnel. BESIX also completed the Netherland's Lammermarkt car park and Montenegro's Luštica Bay seaside resort during the year. In Denmark, BESIX made progress on its 4-lane dual carriage way, linking the Danish towns of Frederikssund and Skibbyvej.

Meanwhile in the MENA region, BESIX launched an upgraded water treatment station in the UAE at the existing SAFI facility, recycling water for Ajman's industrial and commercial businesses, which include district cooling plants, cement factories and hydro-testing companies. The facility featured innovative tools such as a customer app, new filling areas and a shaded re-filling area with an organized queuing system to improve customer service and lower its environmental impact. Also in the UAE, the Group delivered Dubai's Bluewaters Bridge, a 350m pedestrian bridge connecting the new Bluewaters Island to the emirate's coast. In addition, a BESIX-Orascom joint venture completed a 3-km jetty in Egypt in under 12 months and 3 weeks ahead of schedule. In Doha. Qatar, Six Construct's joint venture with MIDMAC saw the reopening of Khalifa International Stadium after extensive renovations.


Dubai Creek Tower, UAE


SAFI Water Reuse Station, UAE

Real Estate and Concessions

BESIX continues to develop its real estate and concessions businesses. BESIX RED, the Group's real estate division, delivered projects in Belgium and Luxembourg, and acquired new properties in Belgium and abroad, increasing its area under development to 247,000 m^2. Furthermore, construction on BESIX's concessions projects in Europe—Limmel Lock PPP (completed Q1 2018), Beatrix Lock PPP, and A6 Almere PPP highway — progresses while the existing wastewater treatment PPP projects continue to deliver.

CONCESSIONS & INFRASTRUCTURE **INVESTMENTS**

OCL is focused on growing a sustainable business alongside its core Engineering, Procurement and Construction operations. The Group is pursuing investments in the infrastructure sector that create new construction opportunities and long-term value for shareholders.


New Cairo Wastewater Treatment Plant, Egypt

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

Through Orasqualia (established by Orascom Construction and Spanish wastewater management company Aqualia in 2009) OCL is part of another ongoing concession in Egypt. The consortium was awarded the concession to construct, operate and maintain, the New Cairo Wastewater Treatment Plant with a capacity to pump 250,000 cubic meters a day and serve 1 million people. The 20-year PPP, set the standard for Egypt's PPP legislation. Construction was completed in 2013 and operations began in the fourth quarter of that year.

The company's ability to secure new contracts such as this hinges on its proven track record in the creation of new business lines, notably in cement, port, fertilizers, and wastewater treatment.

The Group built its first cement subsidiary established in the 1990s into a worldwide player with 35 million tons of capacity in 12 emerging markets. In 2007 the Group inked an agreement with Lafarge SA to divest the Cement Group at an enterprise value of USD 15 billion, distributing USD 11 billion in cash dividends to shareholders that year and retaining USD 2 billion for investments.

The Group was also part of the construction of the new Ain Al Sokhna Port in Egypt, holding a 45% stake in what was then the only BOT privatized port in the Middle East. The Group divested in 2007, generating an IRR of 49% over an 8.5-year investment period.

OCL also built one of the world's largest nitrogen fertilizer producers by acquiring and constructing production facilities in Egypt, Algeria, The Netherlands and USA. The business was demerged in March 2015.

Future Opportunities

The Group continues to seek investments in the infrastructure sector that create new construction opportunities as well as long-term recurring cash flows and income. OCL is also expected to benefit from the MENA region's plan to pursue infrastructure projects through private investment, and is considering replicating this investment model in the United States.

MANAGEMENT **DISCUSSION & ANALYSIS**

Mall of Egypt

FINANCIAL **PERFORMANCE**

Financial Highlights

USD MN	2017	2016
Revenue	**3,678.7**	**4,033.1**
Cost of sales	(3,354.0)	(3,841.0)
Gross profit (loss)	324.7	192.1
EBITDA	**212.9**	**99.0**
Operating profit (loss)	175.7	44.0
Income tax	(122.4)	(92.1)
Net income attributable to non-controlling interest	6.6	4.3
Net income attributable to shareholders	**78.5**	**48.7**
Basic earning per share	0.67	0.41
Total assets	2,946.4	2,841.8
Total equity	402.5	302.4
Gross interest - Bearing debt	260.7	302.8
Net debt	(173.5)	(204.1)
Capital expenditure	41.8	91.7

Revenue

OCL's revenues in 2017 stood at USD 3,678.7 million with the MENA region accounting for 58% and the US contributing 42%, largely in-line with the company's revenue split for 2016. Revenues from MENA were driven by the execution of power plants and other mega infrastructure projects including the Port Said Tunnels and the Cairo Metro in Egypt. Meanwhile, Weitz and Contrack Watts accounted for 30% of total revenue while contribution from Iowa Fertilizer and Natgasoline projects for OCI N.V. decreased to 13%.

EBITDA

EBITDA recorded a significant improvement in 2017, representing over a twofold increase to USD 212.9 million versus the USD 99.0 million posted in 2016 and with an EBITDA margin of 5.8% up from 2.5% in the previous year. EBITDA growth came on the back of a solid performance in the MENA region where EBITDA reached USD 287.5 million in 2017. Meanwhile, project delays at operations in the US weighed down on EBITDA. However, construction at the Iowa Fertilizer plant was completed in 2017 and the facility is now fully operational. Additionally, construction at Natgasoline is expected to be complete in April 2018.

	2017		2016	
USD MN	**MENA**	**US**	**MENA**	**US**
Revenue	**2,130.6**	**1,548.1**	**2,123.7**	**1,909.4**
Cost of sales	(1,771.4)	(1,582.6)	(1,796.2)	(2,044.8)
Gross profit (loss)	359.2	(34.5)	327.5	(135.4)
EBITDA	**287.5**	**(74.6)**	**309.1**	**(210.1)**
Operating profit (loss)	252.7	(77.0)	258.0	(214.0)
Income tax	(75.1)	(47.3)	(74.8)	(17.3)
Non-controlling interest	6.7	(0.1)	2.4	1.9
Net income (loss) attributable to shareholders*	**206.5**	**(128.0)**	**295.2**	**(246.5)**

** MENA figures include contribution from the Group's 50% stake in BESIX amounting to USD 54.4 million in 2017 and USD 64.2 million in 2016.*

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses (SG&A) expenses totaled USD 153.9 million in 2017, down 6.3% y-o-y. Its percentage of revenue compared to 2016 was maintained.

Net Financing Cost

Net finance costs consist of interest income, gain or loss on foreign exchange transactions and interest expense on interest-bearing liabilities. Finance income in 2017 stood at USD 36.3 million (2016: USD 94.5 million), including USD 17.4 million in interest income and USD 18.9 million gain on foreign exchange. It is worth noting that foreign exchange gains of USD 65.3 million in 2016 were driven by the float of the Egyptian Pound.

Meanwhile, Finance cost in 2017 stood at USD 60.1 million (2016: USD 61.9 million), including USD 17.2 million in interest expenses and a foreign exchange loss of USD 41.9 million.

Income Tax

OCL incurred an income tax expense of USD 122.4 million in 2017 compared to USD 92.1 million in the previous year. In 2017, a non-cash tax charge of USD 45.8 million was included as a partial impairment of deferred tax assets related to the US operation, where USD 25 million was a result of the enacted tax legislation in the US.

The effective tax rate recorded 59% in 2017 primarily as a result of having taxable profits in the MENA region and tax losses in the US, in addition to the one-time charge related to the deferred tax.

Cash Flow

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

USD MN	2017	2016
Net profit for the year	85.1	53.0
Adjustments:		
Depreciation of PPE and amortization	37.2	55.0
Changes in working capital	(145.1)	297.7
Changes in provisions	(53.9)	(94.1)
Dividends received from equity accounted investees	30.0	-
Other cash flows from operating activities	48.0	(55.3)
Cash Flow from operating activities	1.3	256.3
Investments in property, plant and equipment	(41.8)	(91.7)
Other cash flows from Investing activities	11.5	9.9
Cash Flow used in investing activities	(30.3)	(81.8)
Proceeds from borrowings	133.1	82.1
Repayment of borrowings	(175.2)	(218.7)
Other cash flows from financing activities	(8.3)	(13.3)
Cash flow used in financing activities	(50.4)	(149.9)
Net (decrease) increase in cash and cash equivalents	(79.4)	24.6
Cash and cash equivalents at 1 January	506.9	574.9
Currency translation adjustments	6.7	(92.6)
Cash and cash equivalents at 31 December	434.2	506.9

Cash Flow from Operating Activities

Cash inflows from operating activities in 2017 totaled USD 1.3 million compared to USD 256.3 million in 2016. The drop was driven by negative operational cash-flows in the US which were also reflected on changes in other working capital items.

Cash Flow from Investing Activities

Cash outflows for investing activities reached USD 30.3 million in 2017 (2016: USD 81.8 million), where capital expenditure for the year recorded USD 41.8 million (2016: USD 91.7 million), and other cash proceeds relating to the sale of equipment.

Cash Flow from Financing activities

Cash outflows from financing activities totaled USD 50.4 million in 2017 (2016: USD 149.9 million) primarily for loan repayments.

Net Debt

$ millions	December 2017	December 2016
Long-term interest-bearing debt	11.3	59.6
Short-term interest-bearing debt	249.4	243.2
Gross interest-bearing debt	260.7	302.8
Cash and cash equivalents	434.2	506.9
Net debt	(173.5)	(204.1)

OCL closed 2017 with a cash-positive position partly due to advance payments received, which are to be absorbed as projects are executed, as well as a 14% y-o-y decline in the Group's gross debt.

Condensed Consolidated Statement of Financial Position as at 31 December

USD MN	2017	2016
Total non-current assets	641.3	641.4
Total current assets	2,305.1	2,200.4
Total assets	2,946.4	2,841.8
Shareholder's equity	357.9	256.9
Non-controlling interest	44.6	45.5
Total equity	402.5	302.4
Total non-current liabilities	61.1	76.7
Total current liabilities	2,482.8	2,462.7
Total liabilities	2,543.9	2,539.4

Non-Current Assets

As at 31 December 2017, OCL's non-current assets stood at USD 641.3 million (2016: USD 641.4 million), with property, plant and equipment recording USD 155.4 million and total additions purchased during the year amounting to USD 41.8 million.

In the fourth quarter of 2017, OCL conducted a fair market valuation of its land and buildings by an external party who used an open market value basis. The results showed that the fair market value exceeds the book value by a total amount of USD 101.6 million. If OCL were to adopt fair value accounting principles for its land and buildings, the Group's total equity will increase by USD 78.7 million and deferred tax liability by USD 22.9.

Investments in associates amounted to USD 421.8 million, with the majority representing the Group's investment in the BESIX Group. At year-end 2017, deferred tax assets stood at USD 34.5 million, primarily relating to carry-forward losses in the US, which OCL expects to realize against future profits in the years 2018-2021.

Current Assets

Current assets increased to USD 2,305.1 million as at 31 December 2017 (2016: USD 2,200.4 million), owing to higher inventory levels and an uptick in trade and other receivables, with the latter being driven by increased operational activities. Additionally, outstanding contractual project-related customer retentions decreased to USD 209.6 in 2017 from USD 244.7 in the previous year.

Cash and cash equivalent recorded USD 434.2 million at year-end 2017 (2016: USD 506.9 million). A total amount of USD 40.3 million is restricted cash/funds and certain other cash balances are dedicated to specific joint ventures.

Equity

Total equity at the close of 2017 recorded USD 402.5 million, up from USD 302.4 million in 2016 driven by the year's positive results as well as the effect of currency translations on equity reserves.

Current Liabilities

Current liabilities increased slightly to USD 2,482.8 million as at 31 December 2017 (2016 USD 2,462.7 million) primarily due to an increase in advances from customer of USD 484.7 million (2016: USD 382.3). Income tax payable increased to USD 80.2 million in 2017 (2016: USD 42.7 million) as a result of having taxable profits in MENA region. Additionally, provisions came in lower in 2017 following reversals related to contracts with future losses.

Number of employees

During the financial year ended 31 December 2017, the number of staff employed in the group totaled 72,543 divided into 25,108 permanent employees and 47,435 temporary employees (2016: 71,859 employees).

Outlook

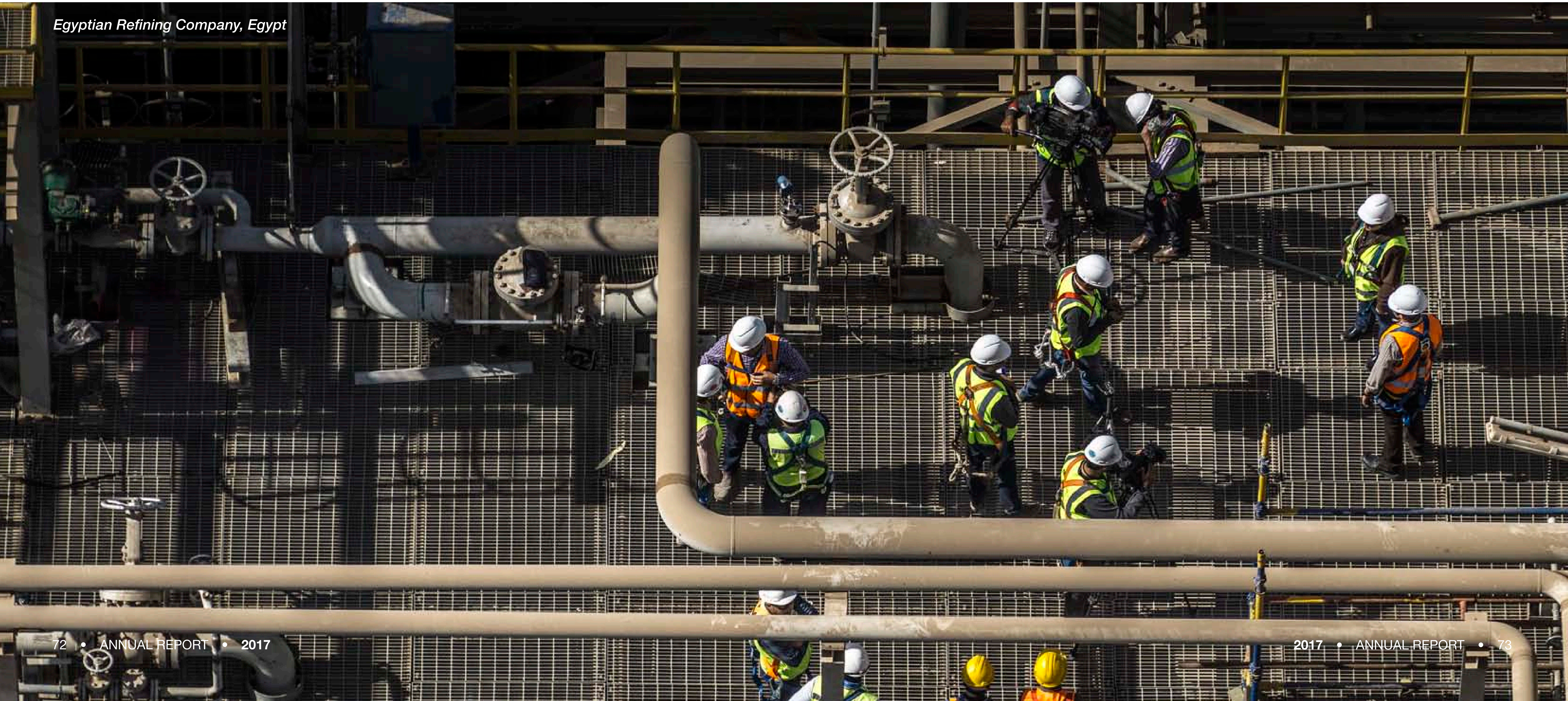
Management expects the healthy performance in the MENA segment to continue, led by operations in Egypt with continued activity in large infrastructure projects in sectors such as power, transportation and water treatment. In addition, the Group is currently working to streamline operations in the US, building a leaner organization and a sustainable long-term business that complements the Group's MENA business.

With construction completion at Natgasoline earmarked for end of April 2018, management expects the contribution from the project along with the Iowa Fertilizer plant to diminish over the course of 2018. It is worth noting that while construction at Iowa Fertilizer projects is complete and the facility is operational, there remain some pending litigation cases related to the project the outcome of which cannot yet be accurately determined.

Meanwhile, management expects the BESIX Group will continue to generate strong profitability in 2018 in parallel to maintaining a healthy backlog.

Management has earmarked approximately USD 30 million for net capital expenditure in 2018.

OUR **PEOPLE**



Egyptian Refining Company, Egypt

OUR PEOPLE

Orascom Construction Limited strives to attract and retain experienced, talented and passionate employees who provide customers with the highest quality of products and services.

Corporate Management Team (left to right)

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

In addition to hold the leading market position, OCL has a reputation for attracting high-caliber and adding value to employees' experience by providing numerous management and career opportunities that foster their individual growth. The company also retains talented employees by offering competitive salaries, bonuses and benefit packages.

Recognizing that employee satisfaction is crucial to the success of any business, OCL heavily invests in superior technologies, training and development programs to improve the knowledge and skills of its internal community.

Training and Development

OCL seeks to foster an environment in which employees continuously learn and pursue opportunities for professional growth. In line with this goal, OCL offer a comprehensive training and development programs across its footprint.

Learning and Development (L&D) Unit

The Learning and Development Unit was created to identify employees' training needs in relation to organizational objectives and facilitate tailored training programs to meet the growing needs of the business. This unit delivers training programs to all eligible OCL employees in pursuit of the following goals:

- To continually improve employees' competencies, skills and knowledge;
- To facilitate employees' development and organizational performance; and
- To create a learning organization.

Post-Graduate Studies

As part of OCL's commitment to investing in human capital and creating a work environment focused around learning and growth, the company supports its employees in pursuing their own development plans. One way OCL offers this support is through the provision of opportunities for eligible employees to continue their post-graduate education.

In-house Training Programs

OCL's HR management team has launched an in-house knowledge transfer training campaign consisting of courses and programs led by OCL staff members. Employees participate in technical and soft skills courses led by internal trainers who have in turn received the training to be able to effectively share their knowledge with colleagues.

Human Resources Development Program

This intensive managerial and technical development program prepares high-caliber employees for future leadership roles at OCL. By developing talent and promoting from within, OCL is able to create a stable succession plan and provide professional development and growth opportunities for all employees who demonstrate consistently exceptional performance and a positive attitude. The highly competitive HRDP is designed to retain excellent employees by engaging them in continuous learning and providing them with training that helps them to realize their full potential within the company.

Commitment to Quality

Orascom Construction Limited is deeply committed to meeting and, whenever possible, exceeding customers' expectations in construction work, service and delivery. We actively seek to improve customer satisfaction by reviewing and enhancing our quality and environment system on a regular basis. Our management system and procedures ensure that all requirements needed to attain quality improvement are met. In this vein, OCL is certified in ISO 9001.

Commitment to Health, Safety and the Environment

In 2017, OCL continued to adhere to the OHSAS 18001 and ISO 14001 systems in all of its projects.

Company	2017 LTIR
Orascom Construction	0.016
Contrack Watts	2.3
The Weitz Company	0.20

Orascom Construction

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

Man Hours

Total man-hours reached approximately 247 million in 2017, a 26% increase compared to the previous year.

Sector	Hours worked
Infrastructure	113,555,550
Industrial	33,719,711
Commercial	97,720,852
Workshops	1,870,498
Total	246,866,611

HSE Audits

Health and safety audits are a contractual requirement and conducted to assess compliance with OC policy. In 2017 100% of internal inspections were completed to schedule.

Initiated in 2016, the unannounced HSE audit continues to be conducted on all OC projects to determine the true status of average HSE performance on sites and detect any invisible problems.

Once again, OC achieved strong audit results in 2017, which reflect the excellent work of the HSE staff in understanding and effectively managing risk elements in all projects

Year	2015	2016	2017
Number of audits conducted	154	163	184
Number of environmental audits conducted	42	43	68
Number of environmental measurements conducted	34	46	56

HSE Training

2017 was an excellent year for training at Orascom Construction. The company successfully arranged HSE training courses including regular safety training sessions for more than 200 members of the managerial staff and 2,800 site engineers. Orascom Construction also succeeded in enhancing HSE implementation performance in all of its projects by developing mobilization procedures. The company improved environmental performance specifically by offering environmental awareness courses to site engineers. All training courses were provided by authorized in-house trainers and reputable third-party trainers.

Number of trainees who attended courses managed by the corporate HSE training team:

2014	2015	2016	2017
1,414	1,321	3,241	4,542

MENA Management Team (left to right)

***Ayman Gayar**, Managing Director, Orascom Construction UAE; **Mohamed Abdel Razik**, Executive Director Finance, Egypt **Philip Megally**, Executive Director Industrial Unit; **Engy Serag**, Contracts and Claims Director; **Ihab Mehawed**, Managing Director & Commercial Director, Orascom Construction Egypt; **Maged Abadir**, Chief Operations Officer, Executive Director Infrastructure, Heavy Civil and Roads; **Gamal Farid**, Country Manager, Algeria; **Tamer Shafik**, Business Development Director; **Khaled ElDegwy**, Concessions Director*

Trainings conducted by HSE manager	
Number of trainees	1,526
Total course hours	16,160
Trainings conducted by third party	
Number of trainees	3,016
Total course hours	30,024
On-site trainings: Inductions, toolbox meetings, pre-task briefs and others	
Total number of attendees	1,434,790
Total course hours	1,372,311
Total number of training sessions	27,349

US Management Team (left to right)

Shane Bauer, Executive Vice President of Operations (TWC); Stephen Albanna - Chief Financial Officer (CWI); Christine (Chris) McGuire - Chief Operating Officer (CWI); Wahid Hakki - Chief Executive Officer(CWI); Kevin McClain, President and Chief Executive Officer (TWC); Assem Iskander - Director of Procurement & Logistics (CWI); Jim Wells, Executive Vice President of Business Development (TWC); Jeremy Marron, Chief Financial Officer (TWC)

Contrack Watts

In 2017, Contrack Watts, Inc. and Watts Constructors launched an online monthly reporting system to record all project and office man-hours as well as monitor incidents to identify any trends in safety mishaps that may require specific additional training. Other measures included the implementation of a "safety lessons learned" and "near miss" reporting mechanisms for safety staff and the initiation of a weekly safety knowledge quiz for all site and managerial staff.

The subsidiary also assembled a team of site safety and health officers (SSHOs) to review and improve all safety documentation procedures. The improvements were reviewed by a third-party subject matter expert and then distributed across the company via its intranet.

Contrack Watts also intends to pursue a variety of additional HSE initiative and improvements in 2018 and beyond that focus on the following:

- Developing an annual Safety Operating Plan
- Establishing a Safety Committee at every regional office
- Developing a standardized safety training matrix for all operations staff
- Identifying safety best practices and processes that should be standard for all US offices (i.e. Behavior-Based Safety and iAudits)
- Defining safety leadership expectations for all employees

Greater Cairo Metro, Egypt

The Weitz Company

The Weitz Company experienced another successful year in terms of HSE and continued to implement its "All In" commitment to safety. The company recorded its lowest-ever Total Recordable Incident Rate (TRIR) at 0.8 while simultaneously exceeding industry standards for LTIR (0.2) and DART (0.4).

Additionally, The Weitz Company continued to use a Leading Indicators dashboard and Behavior-Based Safety (BBS) to support its annual performance objectives. Safety Boot Camps and Pre-Task Planning continue to drive awareness and help the company to proactively anticipate potential hazards before work is performed.

CORPORATE **GOVERNANCE**

El-Salam Hospital, Egypt

OUR BOARD **OF DIRECTORS**

Orascom Construction Ltd.'s Board of Directors provides 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 has a one-tier Board, which in 2017 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.

Nile City Towers, Egypt

Jérôme Guiraud Chairman — Non-Executive Director

Mr. Jérôme Guiraud graduated from Ecole des Hautes Etudes Commerciales in 1984 (HEC Paris). He started his career at the French Embassy in Zagreb, Croatia in 1985 as Deputy to the Commercial Attaché. He then joined the Société Générale group in the Inspection Générale department in 1986. Since 1993, he has held multiple managing positions abroad in Europe and in emerging countries, mainly on capital markets. He has also served as Country Manager and Director of various listed subsidiaries of the Société Générale Group.

He joined the NNS group in 2008. He is currently Executive Chairman of NNS Luxembourg and Chief Executive Officer of NNS Advisers (two non-listed entities). He is also a Director and member of the Audit and the Nomination Committees of OCI N.V. (a leading fertilizer company listed on the Euronext Amsterdam stock exchange) and a Non-Executive Director of BESIX (non-listed largest Belgian contracting group). He was a member of the Board of Directors and the Audit Committee of Lafarge S.A. from May 2008 until August 2016. Mr. Guiraud was born in 1961 and is a French citizen.

Osama Bishai Chief Executive Officer — Executive Director

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

Mr. Bishai played a key role in developing the construction business, particularly in the cement, infrastructure and industrial sectors, and led the development of OCI N.V.'s investments in the fertilizer industry in Egypt, Algeria and US. Mr. Bishai currently spearheads the Group's efforts to create a long-term concession portfolio and is leading the growth of its US business. Mr. Bishai is a board member of BESIX Group. Mr. Bishai holds a BSc. in Structural Engineering from Cairo University and a Construction Management Diploma from The American University in Cairo.

Azmi Mikati Independent Non-Executive Director

Mr. Azmi Mikati serves as the Chief Executive Officer of M1 Group Ltd., a diversified investments holding company spanning telecommunications, real estate, aviation, finance, retail and consumer goods. Mr. Mikati was previously 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 (a France Telecom subsidiary and the previous operator of one of two mobile networks in Lebanon). Mr. Mikati holds a BSc from Columbia University, United States.

Sami Haddad Independent Non-Executive Director

Mr. Sami Haddad has decades of experience in both the private and public sectors, specifically in finance, politics and academia. Mr. Haddad worked for the International Finance Corporation, part of the World Bank Group, for more than 20 years in a variety of positions including Cairo-based Director of the MENA region. In 2005, he became Minister of Economy and Trade in Lebanon, a position which he held for three years. Mr. Haddad was also General Manager of Byblos Bank from 2008 to 2014. Mr. Haddad holds an MA in economics from the American University in Beirut and pursued his postgraduate studies at the University of Wisconsin-Madison.

Salman Butt Non-Executive Director (Until March 2018)

Mr. Salman Butt is an international banking and finance executive with over 32 years of experience. He was the CFO and Executive Director of OCI N.V. from 2013 to 2017 and its predecessor, Orascom Construction Industries, from 2005 to 2012. Prior to that, Mr Butt was an international banker for 20 years. He was Head of Investment Banking for the Samba Financial Group in Saudi Arabia from 2003 to 2005 and worked for Citibank from 1985 to 2003 with assignments in Pakistan, Hong Kong, the United Kingdom, Egypt and Saudi Arabia. Mr. Butt holds a Master in Business Administration from the University of Texas at Austin, US, and a BSc. in industrial engineering from the Middle East Technical University, Ankara, Turkey.

Khaled Bichara Independent Non-Executive Director

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

Mustafa Abdel Wadood Non-Executive Director

Mustafa Abdel-Wadood is Managing Partner and Global Head of Private Equity at The Abraaj Group, a leading investor operating in growth markets with USD 10 billion in assets under management. He is an Executive Board Member of The Abraaj Group, a member of the Firm's Global Investment Committee, and a member of the Management Executive Committee.

Mr. Abdel-Wadood joined The Abraaj Group from EFG Hermes, where he was Chief Executive Officer for the UAE and, prior to that, Head of Investment Banking. Before this, he was Co-founder and Managing Director at Sigma Capital. Prior to that role, he spent eight years at the Orascom Group as Director of Development and Investments and was a founding Board Member of Orascom Telecom, which became a leading publicly listed emerging markets telecom operator.

Mr. Abdel-Wadood has served on the boards of several publicly listed and private companies. The World Economic Forum named Mr. Abdel-Wadood a Global Leader for Tomorrow in 2002 and a Young Global Leader in 2007. He is also a member of the Young Presidents' Organization. He studied Business Administration at the American University in Cairo and holds an MBA from Georgetown University.

OUR CORPORATE **GOVERNANCE STRUCTURE**

The Board reviews and monitors our corporate governance framework, to ensure compliance and is committed to monitoring developments in corporate governance that would improve the company's financial reporting and disclosure. To achieve these goals, the Board has established three committees: an Audit Committee, a Remuneration Committee and a Nomination Committee.

Audit Committee

The Audit Committee consists of four directors, two of whom 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. The committee also prepares and publishes an annual committee report.

Members:

1. Sami Haddad – Chair
2. Salman Butt (Until March 2018)
3. Khaled Bishara
4. Jérôme Guiraud

Remuneration Committee

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

Members:

1. Khaled Bichara – Chair
2. Azmi Mikati

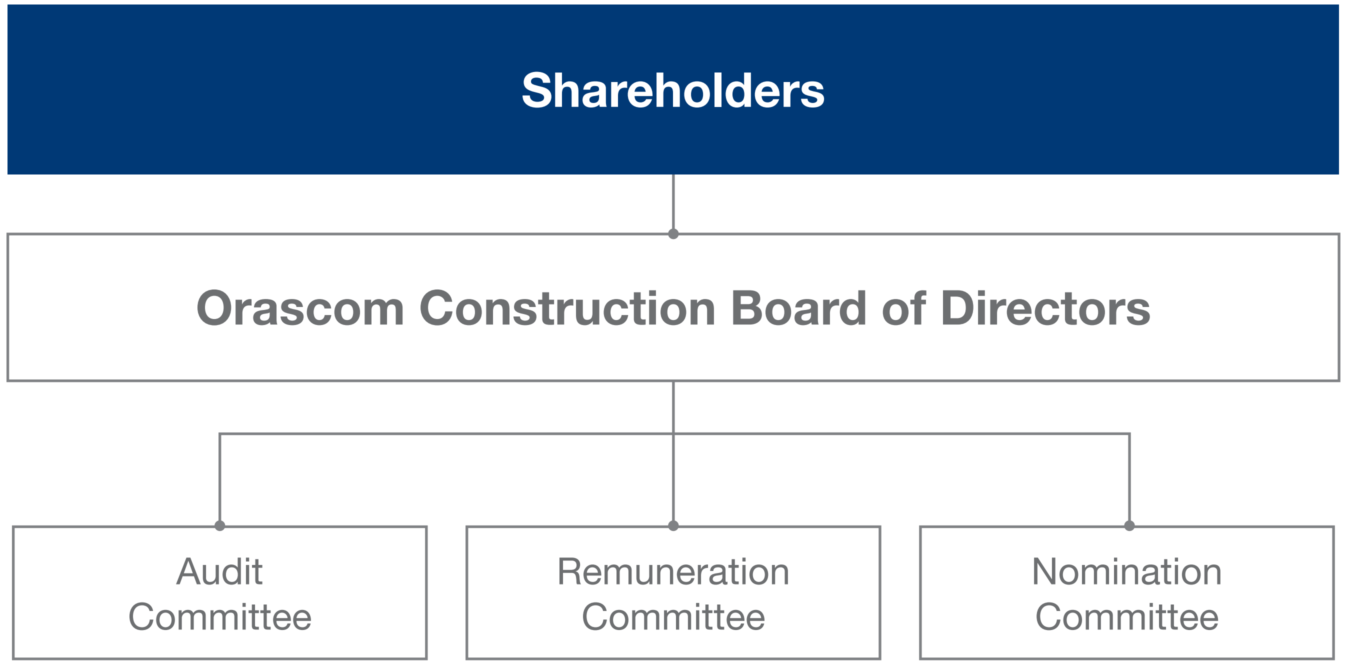
Nomination Committee

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

Members:

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

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 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 established by our Board of Directors to consider specific issues when the need arises.



Shareholders' Rights

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

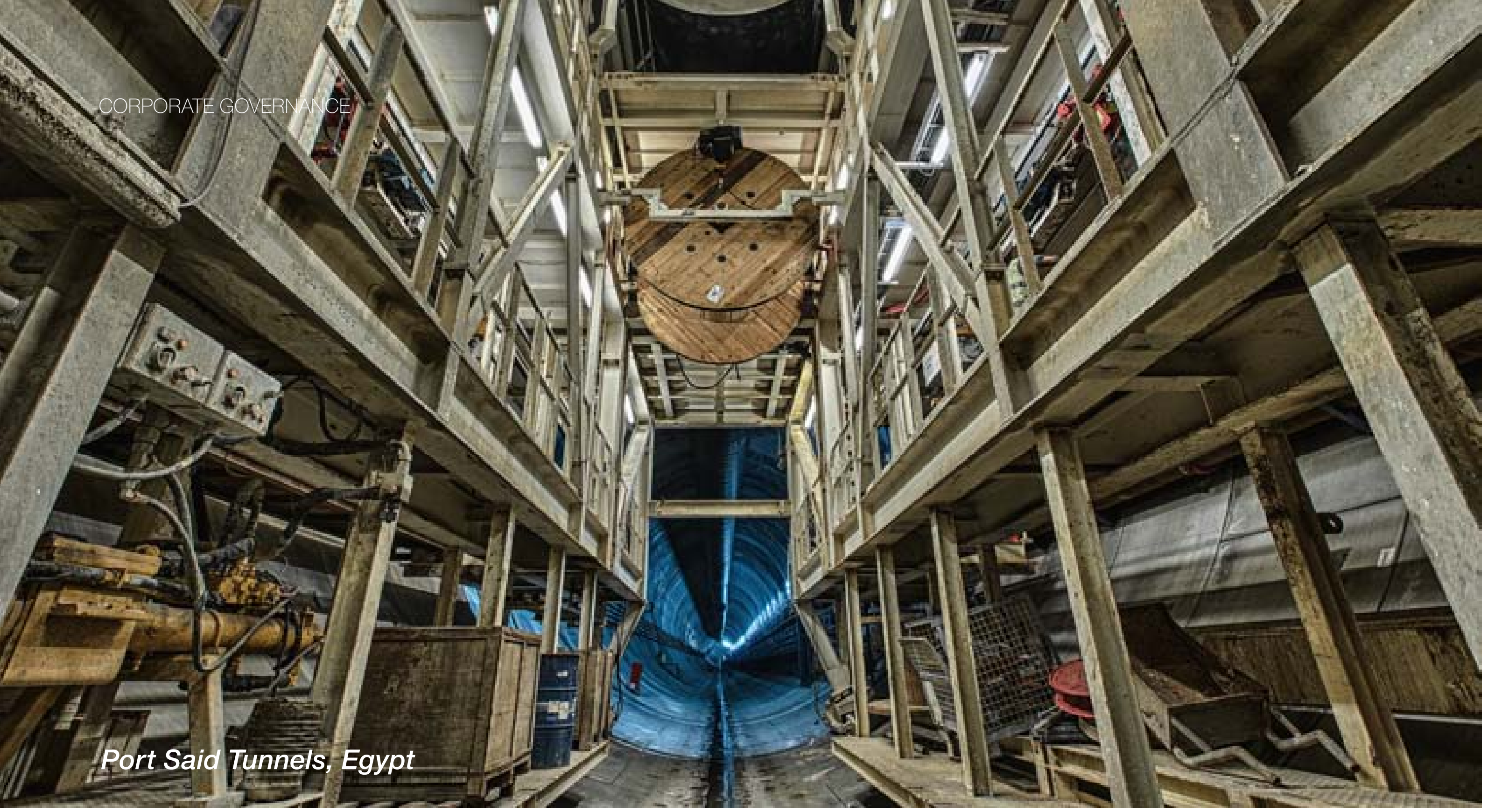
- Adoption of financial statements;
- Declaration of dividends;
- Significant changes to the company's corporate governance;
- Remuneration policies;
- Remuneration of Non-Executive Directors;
- Discharge from liability of the Board of Directors;
- Appointment of an external auditor;
- Appointment, suspension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

External Auditor

The General Meeting of Shareholders appoints an external auditor. The Audit Committee recommends to the Board an external auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates the functioning of the external auditor. On May 23rd, 2017, the General Meeting reappointed KPMG as independent external auditor for the company for the 2017 financial year.

Disclosed Shareholders as at 31 December 2017

Name	Number of Shares	Percent of Outstanding Shares
Nassef Sawiris and entities held for his benefit	33,800,439	28.9%
Onsi Sawiris and entities held for his benefit	19,315,877	16.5%
Samih Sawiris and entities held for his benefit	7,336,894	6.3%
Cascade Investment L.L.C and Bill & Melinda Gates Foundation Trust	6,787,852	5.8%
Total Outstanding Shares	**116,761,379**	



Port Said Tunnels, Egypt

Risk Management and Controls

Introduction

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

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

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

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

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

Key Risk Factors

Our key risks as perceived by management are outlined below, accompanied by an overview of how these risks are mitigated and the opportunities that can arise from these actions. The sequence in which these risks are presented in no way reflects any order of importance, chance or materiality. If any of the following risks actually occur, the company's business, prospects, financial condition or results of operations may be materially affected. Although management believes the risks and uncertainties described below are the most material risks, they are not the only risks to which Orascom Construction Limited is exposed. All of these factors are contingencies that may or may not occur. Additional risks and uncertainties not presently known to management or currently deemed immaterial may also have a materially adverse effect on the company or its operational results.

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

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

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

Grand Egyptian Museum, Egypt

Board of Directors Report

Composition and Independence

OCL's Board is intentionally composed to equip the company with leaders who possess diverse skills, experience and backgrounds, thereby maximizing the Board's ability to act independently and critically without emphasizing particular interests. The Board maintains its independence by ensuring that the majority of its Non-Executive Directors are independent.

Assessment and Evaluation of the Board

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

Board Meetings

The Board met four times during 2017 and held several conference calls. In 2017, Board discussions focused on the following issues:

- Strategy, focus markets and plans, including potential business;
- Business performance;
- Approval of the 2016 annual report and external quarterly reporting through 2017; and
- Approval of key financing, operational and investment activities as well as other business developments.

Audit Committee Report

The Audit Committee consists of four members mandated with monitoring and supervising activities related to the Company's financial, internal audit, compliance and tax performance. In 2017, the Audit Committee held four meetings.

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

- Financial reporting and non-financial information;
- Financing strategy, including mitigation of forex exposures;
- The implications of the upcoming International Financial Reporting Standards including IFRS 15;
- The functioning of the Company's internal control processes, internal audit function and audit approach;
- Effective tax rate and tax compliance;
- Litigation and major legal cases such as the MEI and Sidra cases; and
- Risk analysis and audit-related matters.

Financial Reporting and External Auditor

The company's external auditor is KPMG. The external auditor attended all Audit Committee meetings in 2017 before signing off on the year's financial statements.

Sidi Kirir Power Plant, Egypt

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 2017 were the following:

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

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

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

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

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

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

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

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

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

New Assiut Barrage, Egypt

Statement of Directors

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

The Directors are required to prepare the Consolidated Financial Statements for 2017. These Statements provide a true and fair view of the state of affairs of both Orascom Construction Limited (the "Company") and its subsidiaries (collectively the "Group") at the end of the financial year and disclose the profit and loss for the financial year 2017.

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

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

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

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

CORPORATE **SOCIAL RESPONSIBILITY**

Golf Views, Egypt

CORPORATE SOCIAL **RESPONSIBILITY**

Over 67 years we have integrated sustainable development and the social wellbeing of our largest stakeholders, our communities, into the Group's core values.

Our role as a corporate citizen has grown as our company has transformed from a small family business to a global industry leader. OCL's contributions have always been anchored by the belief that high quality, accessible education and health services form the cornerstone of any endeavor to advance sustainable social development. Throughout the years, OCL has donated substantial resources and time to the entire education chain as well as projects that safeguard the health and wellbeing of Egypt's communities.

Education

Onsi Sawiris Scholarship Program

Now in its 17th year, the Onsi Sawiris Scholarship Program continues to sponsor the undergraduate and graduate studies of stellar Egyptian students at leading higher education institutions in the United States. Students receive full scholarships covering tuition fees, living expenses, health insurance and travel fees. Scholarships are awarded on the condition that student will return to Egypt upon completing their programs to contribute to the country's economic development for a minimum of two years. In 2017, we provided scholarships to three students to attend Harvard University and the University of Pennsylvania.

The Onsi Sawiris Scholarship program stems from a vision to cultivate a group of highly educated and skilled leaders to create a long-lasting, positive impact on the Egyptian economy. To achieve this, the program now focuses on providing full scholarships to recipients pursuing a Master of Business Administration or Master of Engineering at top-tier universities in the United States, in addition to undergraduate scholarships restricted to the University of Chicago, Stanford University, Harvard University and University of Pennsylvania. Students in the program have received recognition for making the dean's lists at their respective schools and continue to make OCL proud by excelling in their academic accomplishments while engaging in diverse extracurricular activities.

The OCL-AUC Upper Egypt Youth Scholarship

As part of its drive to support youth in Upper Egypt, OCL awarded full scholarships to three new students from Minya, Aswan and Fayoum this year to pursue their undergraduate degrees in economics at The American University in Cairo. Now in its fourth year, the program identifies students with potential to become future leaders and sponsors their studies at AUC, where they gain the value of a liberal arts education and excellent student services. We take pride in the fact that two students in the scholarship program have recently been accepted into a year-aboard program at the University of Chicago that will further broaden their exposure. The OCL-AUC program has proven to be a success story. Its students have achieved academic and leadership excellence on their journeys to join the cadres of private corporations, civil society organizations, and government institutions.

Driving Engineering Education: The TU Berlin Scholarship Program

TU Berlin is the first German university to operate a campus in Egypt, and since the program's inception OCL has supported educational scholarships to pursue master's degrees in the fields of water engineering and electrical engineering to candidates who demonstrate academic and professional excellence.

The Development Association for Empowering Special Needs (DAESN)

With the goal of achieving social justice and improving the living standards of people with special needs, this year OCL continued its cooperation with DAESN by providing training for the visually impaired to improve their communication, negotiation and computer skills. We are building on our 2012 initiative establishing the first English language-learning lab for the visually impaired in the Middle East. The organization seeks to empower individuals with skills that will improve their prospects for employment and integration into society and the job market. The project has been a major success and led to the employment of tens of visual impaired people.

Injaz Egypt

Since 2009, we have acted as a long-standing supporter of Injaz Egypt, an organization that engages leaders in the private sector in delivering a dynamic and experiential curriculum to foster a spirit of entrepreneurship among students. Injaz equips Egypt's chronically unemployed youth with the professional skills and entrepreneurial attitude that will allow them to succeed in the workplace. Partnering with businesses and educational institutions across the country, Injaz has impacted scores of schools and startups and engaged thousands of corporate and individual volunteers. Through various Injaz programs, OCL has positively affected the lives of more than 668,365 students to date.

San3ety Colleges Program

Under the sponsorship of OCL, Injaz Egypt's San3ety

Colleges program has impacted nearly 4,000 technical college students across Egypt since its inception in 2015. San3ety is the first program of its kind to invest in technical college youth, and the returns on this investment are evident in the sophisticated and innovative ideas produced by program graduates.

In 2017, the San3ety Colleges program accepted 120 participants, a smaller cohort than previous years. We targeted vocational college graduates in order to guarantee participant availability and directly connect them with job opportunities. Participants gained specific and transferable skills in three phases. In Work Readiness Training, participants gained foundational professional skills, and in Technical Training with NASS Academy, they refined their technical expertise through an internationally accredited certification program. The Internship and Job Placement Assistance segment provided graduated participants with on-the-job experience through internships at Orascom Construction Limited.

The OCL Adopt-a-School Program

Orascom Construction Limited believes in the added value of community engagement and remains dedicated to enhancing education in the communities it serves. Recently OCL has adopted Al Shaheed Al Moganad Ahmed Ali Abu Kebir, a preparatory school in Gahdam, Assiut located next to the Orascom Assiut Power Plant. We have launched an effort to transform the educational experience of more than 2,000 Egyptian students at the school.

OCL pioneered an extensive model of school adoption by dedicating not only funding but also the participation of OCL employees at Assiut Power Plant Site. Employees have taken an active role by volunteering to deliver Injaz programs to students, who visited the Orascom Power Plant site and learned directly from OCL staff. OCL has revitalized the educational experience provided by the school, enhancing the curriculum to include vital employability skills obtained through Injaz Egypt's Work Readiness, Financial Literacy and Entrepreneurship Programs. Arts, sports, reading and extracurricular activities have also been launched at the school. These gains have been supported by targeted interventions for school staff, with teachers and administrators completing rigorous skills enhancement programs delivered by The American University in Cairo. In addition, arts and sports teachers received trainings to enable them to cultivate students' potential.

A complete renovation of the school's 22 classrooms, playgrounds, common areas and facilities has been completed.

Renovations have improved student safety, with repairs made to plumbing, electricity and classrooms equipped with fans and whiteboards. Recreational spaces have been enhanced to promote student health and wellness through the installation of new sports facilities and playgrounds, green spaces and a common space for eating. Most significantly, our renovations have included providing fresh water directly at the school, which has led to significant improvements in sanitary conditions and a happier student experience. Students, teachers and school administrators were invited to share their reflections on all the work done in the school over the past year in a Closing Ceremony at Orascom Construction Limited's Cairo headquarters.

American Middle Eastern Network Dialogue (AMENDS)

OCL has acted as the lead sponsor of the AMENDS conference since its inception six years ago as part of the company's belief in empowering youth and building sustainable networks for positive social change. AMENDS is a student initiative that connects youth change agents from across the Middle East, North Africa and the United States in order to learn from each other, connect with global leaders and resources, advance their work and share their ideas and experiences through TED-style talks.

The 2017 AMENDS conference was hosted by the Stanford Centre in Oxford University, United Kingdom, and it brought together 33 delegates selected by the Stanford Student Team from a pool of 500 applicants. These delegates represent 19 countries and work on a range of issues, from education policy and environmental justice to diversity and gender equality. Twenty AMENDS fellows also participated in the conference. The 2017 conference can be viewed on Stanford University's official YouTube channel.

Enactus Egypt

2017 saw OCL renew its partnership with Enactus Egypt to launch the Thematic Competition on Improving Livelihoods program. In this initiative, Egyptian universities volunteer to implement outreach projects during the academic year with the aim of empowering and improving the standard of living and quality of life of people in need. In 2017, students carried out 135 projects that directly impacted the lives of 15,045 Egyptians. Projects were judged by a group of prominent Egyptian businessmen from OCL and other multinational companies, with two projects securing wins.

The Cairo University Enactus team launched SA'ED, a project working with three startups to introduce 3D-printing into the Egyptian prosthetics market and launch the first online platform to fulfill amputees' needs. Sixteen amputees received 3D-printed hands that help them to work and perform daily activities. Menofia University's Enactus students implemented the Inpot project, which created an alternative solution to purify drinking water using effective and affordable eco-friendly materials. The projects has helped to save the country's pottery industry from extinction and provided safe drinking water for people in need.

This year, OCL also sponsored general orientation training (GOT) which brought approximately 670 student leaders and their faculty advisors from more than 49 Enactus teams in Egypt to provide a general training session to all teams. The objective of GOT is to empower teams by providing them with a fair and equal chance to acquire knowledge and guidance. The training seeks to raise the benchmark of the national competition and assure that qualified teams represent Egypt in the World Championship. OCL also sponsored the National Competition in 2017 at which Enactus Egypt teams presented their projects and were evaluated by business leaders serving as judges. Teams were ranked on their success at using business concepts to improve quality of life and living standards for those in need as well as create economic opportunities for others. Cairo University won the National Competition and was invited to compete with 35 other countries at the Enactus World Cup held in London, UK.

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

OCL is committed to promoting sustainable solutions to communities' most pressing needs. For the past seven years, the company has collaborated with the Sawiris Foundation for Social Development to fund the Coptic Centre for Training and Development in Beni Suef, which aims to improve the standard of living in 24 villages in Beni Suef governorate by providing electricity and safe drinking water; installing latrines; improving village houses; planting trees; raising awareness about health issues among families; and training local healthcare providers. Topics addressed in awareness-raising sessions with families have included family planning, child healthcare, education and female genital mutilation. As of December 2017, the project has been able to:

- Construct and install 19 turbines and contribute to the construction of 125 latrines (tank, connection and base);
- Connect 26 homes to the sewage system and contribute to the installation of 71 sewerage connections;
- Connect water to 14 homes;
- Connect electricity to 11 homes;
- Plant 236 trees for 162 houses;
- Improve the living conditions in 122 houses by upgrading walls, ceilings, tiles, doors and windows;
- Hold awareness seminars on the rights of the child and the importance of obtaining identity papers benefiting 1,089 individuals;
- Obtain 545 national ID cards and 297 mechanized birth certificates for children; and
- Distribute more than 700 schools bags to impoverished children.

Collaborations for Community Engagement

OCL collaborates with the Misr El Kheir Foundation to invest resources and provide meals for impoverished people in four governorates across Egypt (Cairo, Qena, Suhag and Alexandria) with the aim of reducing poverty, hunger and illness in these communities.

OCL also continues to support the Suez governorate through SIDC, with the goal of enriching community members' lives. This year support was focused on providing shelter food, education and entertainment for orphans. OCL employees also volunteered on a regular basis to engage directly and support the children. Additionally, OCL's United States subsidiaries provide time, resources and financial support to a variety of charitable and community organizations in order to improve the wellbeing of local community members, make a meaningful difference in the lives of others and have an enduring impact on the communities. Some of the organizations our subsidiaries support include Habitat for Humanity, United Way, Junior Achievement and Sun Health, among others.

A Focus on Healthcare

OCL is also engaged in the active development of social healthcare throughout Egypt, where many rural areas lack the ability to meet their basic healthcare needs. In particular, OCL has focused on the treatment of hepatitis C, a disease that affects over 15% of Egyptians. OCL has also donated funds to several non-profit organizations dedicated to the cause.

The Karim Camel-Toueg International Fellowship in Hepatology

To increase the number of qualified hepatologists to care for the millions of Egyptians with liver disease, OCL continues to sponsor the Karim Camel-Toueg International Fellowship in Hepatology, established in 2011 to honor the memory of OCI Board Member Karim Camel-Toueg. The fellowship provides Egyptian doctors with the opportunity to spend six months as a fellow at the Cleveland Clinic's Hepatology Center, gaining the best-in-class experience with patients, learning superior clinical outcomes and acquiring excellence in research and education.

Sawiris Foundation for Social Development

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

CONSOLIDATED **FINANCIAL STATEMENTS**

Ain El Sokhna Product Hub, Egypt

Independent Auditors' Report

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Independent Auditors' Report

To the Shareholders of Orascom Construction Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Orascom Construction Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

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

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Key Audit Matters (continued)

1 Accounting for construction contracts

Refer to notes 13 and 25 of the consolidated financial statements

Key audit matter

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

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

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

How our audit addressed the key audit matter

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

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

- evaluating the financial performance of contracts against budget, available third party evidence and historical trends;
- conducting site visits to certain higher risk or larger value contracts, physically observing the progress of individual projects and identifying areas of complexity through observation and discussion with site personnel;
- assessing the reasonableness of the Group's judgment in respect of forecast contract out-turn, contingencies, settlements and the recoverability of contract balances via reference to our own assessments based on certain quantitative and qualitative factors, historical outcomes and industry norms;

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Key Audit Matters (continued)

1 Accounting for construction contracts (continued)

How our audit addressed the key audit matter (continued)

- analyzing correspondence and other relevant documents obtained by management from customers around variations and claims and considering whether this information is consistent with the estimates made by the Group;
- inspecting selected contracts for key clauses, identifying relevant contractual mechanisms such as liquidated damages, defects liability and warranties and, assessing whether these key clauses have been appropriately reflected in the amounts recognised in the financial statements;
- assessing whether the amounts recognised in the financial statements resulting from the estimates and assumptions made represent a balanced view of the risks and opportunities pertaining to each contract position;
- considering whether provisions against contracts sufficiently reflect the level of risk, and challenging management's judgment in this area with reference to our own assessments; and
- considering the adequacy of the Group's disclosures in the consolidated financial statements in respect of contract accounting and the key risks relating to these amounts.

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

Refer to note 9 of the consolidated financial statements

Key audit matter

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

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

How our audit addressed the key audit matter

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

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Key Audit Matters (continued)

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

How our audit addressed the key audit matter (continued)

Our audit procedures included the following:

- testing the Group's credit control procedures, including the controls around credit terms, and reviewing the settlement history of customers;
- assessing the adequacy of provision created for doubtful debt by analysing receivable balances at the reporting date against which no provision for doubtful debts was created by the Group, to determine whether there were any indicators of impairment that would require the creation of additional provisions;
- testing, on a sample basis, receivable balances for which a provision was recorded to assess the reasonableness of judgments made by the Group in regards to the provision created; and
- examining arrangements and / or correspondences with external customers to assess the payment arrangement agreed with the Group debtors, and accordingly, the recoverability of the significant outstanding receivables.

3 Litigation and claims

Refer to note 26 of the consolidated financial statements

Key audit matter

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

How our audit addressed the key audit matter

Our audit procedures included the following:

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

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Key Audit Matters (continued)

4 Accounting for tax

Refer to note 11 of the consolidated financial statements

Key audit matter

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

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

How our audit addressed the key audit matter

Our approach included:

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

5 Funding/Liquidity

Refer to note 6.2 of the consolidated financial statements

Key audit matter

The Group has net current liabilities of USD 177.7 million as of 31 December 2017. The Group's management assesses the Group's ability to meet its commitments and financial obligations as they fall due in the foreseeable future.

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

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

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Key Audit Matters (continued)

5 Funding/Liquidity (continued)

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

How our audit addressed the key audit matter

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

- reviewing the cash flow projections of the Group for the financial year ending 31 December 2018 and assessing its reasonableness by referring to the Group's current operational level, its project backlog as at 31 December 2017 and the expected projects in the future;
- reviewing the management's forecast on the Group's funding requirements and existing funding lines and facilities available to the Group; and
- assessing whether appropriate disclosures have been made in the consolidated financial statements with respect to the liquidity position over a period of 12 months from the reporting date.

Other Information

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

We further report that the consolidated financial statements comply, in all material respects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009.

KPMG LLP

KPMG LLP
Freddie Cloete
Partner
Dubai, United Arab Emirates
Date: 11 April 2018

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

$ millions	Note	31 December 2017	31 December 2016
Assets			
Non-current assets			
Property, plant and equipment	(7)	155.4	158.4
Goodwill	(8)	13.8	13.8
Trade and other receivables	(9)	15.8	16.2
Equity accounted investees	(10)	421.8	371.4
Deferred tax assets	(11)	34.5	81.6
Total non-current assets		**641.3**	**641.4**
Current assets			
Inventories	(12)	232.2	167.4
Trade and other receivables	(9)	1,146.7	1,076.3
Contracts work in progress	(13)	488.8	449.2
Current income tax receivables		3.2	0.6
Cash and cash equivalents	(14)	434.2	506.9
Total current assets		**2,305.1**	**2,200.4**
Total assets		**2,946.4**	**2,841.8**
Equity			
Share capital	(15)	116.8	117.8
Share premium		761.5	768.8
Reserves	(16)	(318.8)	(348.4)
Accumulated losses		(201.6)	(281.3)
Equity attributable to owners of the Company		**357.9**	**256.9**
Non-controlling interest	(17)	44.6	45.5
Total equity		**402.5**	**302.4**
Liabilities			
Non-current liabilities			
Loans and borrowings	(18)	11.3	59.6
Trade and other payables	(19)	44.9	10.4
Deferred tax liabilities	(11)	4.9	6.7
Total non-current liabilities		**61.1**	**76.7**
Current liabilities			
Loans and borrowings	(18)	249.4	243.2
Trade and other payables	(19)	1,076.5	1,017.5
Advanced payments from construction contracts		484.7	382.3
Billing in excess of construction contracts	(13)	529.7	660.8
Provisions	(20)	62.3	116.2
Income tax payables		80.2	42.7
Total current liabilities		**2,482.8**	**2,462.7**
Total liabilities		**2,543.9**	**2,539.4**
Total equity and liabilities		**2,946.4**	**2,841.8**

The notes on pages 120 to 153 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 11 April 2018 and signed on their behalf by:

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Director Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended

$ millions	Note	31 December 2017	31 December 2016
Revenue	(25)	3,678.7	4,033.1
Cost of sales	(21)	(3,354.0)	(3,841.0)
Gross profit		**324.7**	**192.1**
Other income	(22)	4.9	16.1
Selling, general and administrative expenses	(21)	(153.9)	(164.2)
Operating profit		**175.7**	**44.0**
Finance income	(23)	36.3	94.5
Finance cost	(23)	(60.1)	(61.9)
Net finance cost		**(23.8)**	**32.6**
Income from equity accounted investees (net of tax)	(10)	55.6	68.5
Profit before income tax		**207.5**	**145.1**
Income tax	(11)	(122.4)	(92.1)
Net profit for the year		**85.1**	**53.0**
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		21.6	(291.9)
Other comprehensive income (loss), net of tax		**21.6**	**(291.9)**
Total comprehensive income (loss)		**106.7**	**(238.9)**
Net profit attributable to:			
Owners of the Company		78.5	48.7
Non-controlling interest	(17)	6.6	4.3
Net profit for the year		**85.1**	**53.0**
Total comprehensive income (loss) attributable to:			
Owners of the Company		99.8	(214.4)
Non-controlling interest	(17)	6.9	(24.5)
Total comprehensive income (loss)		**106.7**	**(238.9)**
Earnings per share (in USD)			
Basic earnings per share	(24)	**0.67**	**0.41**

The notes on pages 120 to 153 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended

$ millions	Share capital (15)	Share premium	Reserves (16)	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interest (17)	Total equity
Balance at 1 January 2016	**118.0**	**772.8**	**(81.2)**	**(325.2)**	**484.4**	**76.1**	**560.5**
Net profit	-	-	-	48.7	48.7	4.3	53.0
Other comprehensive loss	-	-	(263.1)	-	(263.1)	(28.8)	(291.9)
Total comprehensive loss	**-**	**-**	**(263.1)**	**48.7**	**(214.4)**	**(24.5)**	**(238.9)**
Dividends	-	-	-	-	-	(1.6)	(1.6)
Change in non-controlling interest	-	-	-	-	-	(4.5)	(4.5)
Other	-	-	-	(4.8)	(4.8)	-	(4.8)
Treasury shares acquired	-	-	(8.3)	-	(8.3)	-	(8.3)
Shares reduction	(0.2)	(4.0)	4.2	-	-	-	-
Balance at 31 December 2016	**117.8**	**768.8**	**(348.4)**	**(281.3)**	**256.9**	**45.5**	**302.4**
Net profit	-	-	-	78.5	78.5	6.6	85.1
Other comprehensive income	-	-	21.3	-	21.3	0.3	21.6
Total comprehensive income	**-**	**-**	**21.3**	**78.5**	**99.8**	**6.9**	**106.7**
Dividends	-	-	-	-	-	(2.2)	(2.2)
Change in non-controlling interest	-	-	-	-	-	(5.6)	(5.6)
Other	-	-	-	1.2	1.2	-	1.2
Shares reduction	(1.0)	(7.3)	8.3	-	-	-	-
Balance at 31 December 2017	**116.8**	**761.5**	**(318.8)**	**(201.6)**	**357.9**	**44.6**	**402.5**

The notes on pages 120 to 153 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended

$ millions	Note	31 December 2017	31 December 2016
Net profit for the year		85.1	53.0
Adjustments for:			
Depreciation	(7)	37.2	55.0
Interest income (including gain on derivatives)	(23)	(17.4)	(29.2)
Interest expense (including loss on derivatives)	(23)	18.2	26.9
Foreign exchange gain (loss) and others	(23)	23.0	(30.3)
Share in income of equity accounted investees	(10)	(55.6)	(68.5)
Gain on sale of property, plant and equipment	(22)	(0.9)	(6.0)
Income tax	(11)	122.4	92.1
Changes in:			
Inventories	(12)	(41.1)	36.0
Trade and other receivables	(9)	(95.9)	127.0
Contract work in progress	(13)	(39.6)	36.2
Trade and other payables	(19)	60.2	(67.8)
Advanced payments construction contracts		102.4	(216.1)
Billing in excess of construction contracts	(13)	(131.1)	382.4
Provisions	(20)	(53.9)	(94.1)
Cash flows:			
Interest paid	(23)	(16.9)	(24.4)
Interest received	(23)	17.4	29.2
Dividends from equity accounted investees	(10)	30.0	-
Income taxes paid		(42.2)	(45.1)
Cash flow from operating activities		**1.3**	**256.3**
Investments in property, plant and equipment	(7)	(41.8)	(91.7)
Proceeds from sale of property, plant and equipment		11.5	9.9
Cash flow used in investing activities		**(30.3)**	**(81.8)**
Proceeds from borrowings	(18)	133.1	82.1
Repayment of borrowings	(18)	(175.2)	(218.7)
Other long term liabilities		(0.5)	(3.4)
Purchase of treasury shares	(16)	-	(8.3)
Other		(7.8)	(1.6)
Cash flow used in financing activities		**(50.4)**	**(149.9)**
Net (Decrease) increase in cash and cash equivalents		(79.4)	24.6
Cash and cash equivalents at 1 January	(14)	506.9	574.9
Currency translation adjustments		6.7	(92.6)
Cash and cash equivalents at 31 December	(14)	**434.2**	**506.9**

The notes on pages 120 to 153 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

Orascom Construction Limited ('OCL') is a company limited by shares, incorporated with registered number 1752 in the Dubai International 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 year ended 31 December 2017 comprise the financial statements of OCL, its subsidiaries and joint operations (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

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

2. Basis of preparation

2.1 General

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

The consolidated financial statements have been prepared on the historical cost basis, except when otherwise indicated. The financial year of OCL commences on 1 January and ends on 31 December.

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

The consolidated financial statements have been authorised for issue by the Company's Board of Directors on 11 April 2018.

3. Summary of significant accounting policies

3.1 Consolidation

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

Subsidiaries

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

Transactions eliminated in the consolidated financial statements

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

3.2. Discontinued operations / assets held for sale

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

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

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

3.3 Business combinations

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

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

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

Non-controlling interests

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

3.4. Associates

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

3.5 Joint arrangements

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

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

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

3.6 Foreign currency translation

Foreign currency transactions

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

Foreign currency operations

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

3.7 Financial instruments

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

Financial instruments at fair value through profit or loss

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

Embedded derivatives

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

Other non-trading derivatives

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

Derivatives designated in a hedge relationship

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

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

Cash flow hedges

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

Loans and receivables

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

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

Available-for-sale financial assets

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

Cash and cash equivalents

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

3.8 Share capital

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

3.9 Property, plant and equipment

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

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

Finance leases

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

Property, plant and equipment under construction.

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

Depreciation.

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

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

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

Borrowing costs

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

3.10 Goodwill

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

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

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

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

3.11 Inventories

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

3.12 Impairment of assets

Non-derivative financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.17 Finance income and cost

Finance income comprises:

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

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

Finance cost comprise:

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

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

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

3.18 Employee benefits

Defined contribution plan

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

Short-term employee benefits

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

Long-term employee benefits

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

Termination benefits

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

3.19 Income tax

Current tax

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

Deferred tax

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

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

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

3.20 Segment reporting

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

3.21 Consolidated statement of cash flows

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

3.22 Earnings per share

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

3.23 Subsequent events

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

4. New accounting standards and policies

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

4.1 Standards, amendments, revisions and interpretations effective to the OCL in 2017

There are no effects with respect the adoption of any standards, amendments and revisions to existing standards and interpretations.

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

IFRS 9 'Financial Instruments'

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

IFRS 15 'Revenue from Contracts with Customers'

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

IFRS '16 Leases'

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

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

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

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

5. Critical accounting judgement, estimates and assumptions

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

Intangible assets

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

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

Property, plant and equipment

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

Financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

6 Financial risk and capital management

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

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

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

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

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

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

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

$ millions	Note	31 December 2017	31 December 2016
Trade and other receivables (excluding prepayments)	(9)	1,149.4	1,075.4
Contract work in progress	(13)	488.8	449.2
Cash and cash equivalents (excluding cash on hand)	(14)	433.0	505.8
Total		**2,071.2**	**2,030.4**

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

$ millions	31 December 2017	31 December 2016
Middle East and Africa	768.5	654.0
Asia and Oceania	165.3	140.2
Europe and United States	215.6	281.2
Total	**1,149.4**	**1,075.4**

6.2 Liquidity risk

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

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

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

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

At 31 December 2017 $ millions	Note	Carrying amount	Contractual cash flow	6 months or less	6–12 months	1–5 years
Financial liabilities						
Loans and borrowings	(18)	260.7	273.5	143.2	117.8	12.5
Trade and other payables	(19)	1,121.4	1,121.4	1,076.5	-	44.9
Advanced payments from construction contracts		484.7	484.7	484.7	-	-
Total		**1,866.8**	**1,879.6**	**1,704.4**	**117.8**	**57.4**

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

6.3 Market risk

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

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

Foreign exchange translation exposure

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

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

Foreign exchange transaction exposure

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

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

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

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

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

At 31 December 2017 $ millions	EUR	EGP
Cash and cash equivalents (including loans and borrowings)	(1.3)	3.8
Trade and other receivables	45.2	185.5
Trade and other payables	(70.7)	(136.4)

Significant rates

The following significant exchange rates applied during the year ended 31 December 2017:

	Average 2017	Closing 31 December 2017	Opening 1 January 2017
Egyptian pound	0.0563	0.0563	0.0550
Saudi riyal	0.2666	0.2666	0.2665
Arabic Emirates Dirham	0.2723	0.2723	0.2723
Algerian Dinar	0.0090	0.0087	0.0090
Euro	1.1317	1.2005	1.0517

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 2017, 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 2.6 million of the profit of the year ended 31 December 2017.

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

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

* 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 2017	31 December 2016
Effect on profit before tax for the coming year	+100 bps	(1.3)	(0.6)
	- 100 bps	1.3	0.6

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 2017		31 December 2016	
$ millions	Note	Loans and receivables at amortized cost	Derivatives at fair value	Loans and receivables at amortized cost	Derivatives at fair value
Assets					
Trade and other receivables	(9)	1,162.5	-	1,092.5	-
Cash and cash equivalents	(14)	434.2	-	506.9	-
Total		**1,596.7**	**-**	**1,599.4**	**-**
Liabilities					
Loans and borrowings	(18)	260.7	-	302.8	-
Trade and other payables	(19)	1,121.0	0.4	1,026.9	1.0
Advanced payments construction contracts		484.7	-	382.3	-
Total		**1,866.4**	**0.4**	**1,712.0**	**1.0**

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 2017	31 December 2016
Loans and borrowings	(18)	260.7	302.8
Less: cash and cash equivalents	(14)	434.2	506.9
Net debt		**(173.5)**	**(204.1)**
Total equity		402.5	302.4
Net debt to equity ratio		**(0.43)**	**(0.67)**

7. Property plant and equipment

$ millions	Land	Buildings	Equipment	Fixtures and fittings	Under construction	Total
Cost	5.0	69.9	284.1	91.0	5.2	455.2
Accumulated depreciation	-	(24.4)	(206.8)	(65.6)	-	(296.8)
At 1 January 2017	**5.0**	**45.5**	**77.3**	**25.4**	**5.2**	**158.4**
Movements in the carrying amount:						
Additions purchased during the year	0.8	1.6	16.5	19.5	3.4	41.8
Disposals	-	(1.3)	(7.5)	(2.2)	-	(11.0)
Depreciation	-	(3.0)	(22.4)	(11.8)	-	(37.2)
Transfers	-	2.5	2.0	0.1	(4.6)	-
Effect of movement in exchange rates	0.1	0.6	1.0	1.5	0.2	3.4
At 31 December 2017	**0.9**	**0.4**	**(10.4)**	**7.1**	**(1.0)**	**(3.0)**
Cost	5.9	71.9	260.3	104.4	4.2	446.7
Accumulated depreciation	-	(26.0)	(193.4)	(71.9)	-	(291.3)
At 31 December 2017	**5.9**	**45.9**	**66.9**	**32.5**	**4.2**	**155.4**

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

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

8. Goodwill

$ millions	Goodwill
Cost	13.8
At 1 January 2017	**13.8**
Movements in the carrying amount:	
Additions	-
Impairment	-
At 31 December 2017	**-**
Cost	13.8
Impairment	-
At 31 December 2017	**13.8**

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

Goodwill was tested for impairment in the 4th Quarter of 2017 or whenever an impairment trigger exists. No impairment was recorded in the year 2017. 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 2018 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 9.74%. An increase or decrease of 100 basis points in the assumed WACC or the terminal growth rate would not have resulted in an impairment.

9. Trade and other receivables

$ millions	31 December 2017	31 December 2016
Trade receivables (gross)	608.1	570.7
Allowance for trade receivables	(27.1)	(32.8)
Trade receivables (net)	581.0	537.9
Trade receivables due from related parties (Note 28)	41.9	41.8
Prepayments	13.1	17.1
Other tax receivable	65.5	27.5
Supplier advanced payments	126.0	114.2
Other investments	6.0	6.2
Retentions	209.6	244.7
Other receivables	119.4	103.1
Total	**1,162.5**	**1,092.5**
Non-current	15.8	16.2
Current	1,146.7	1,076.3
Total	**1,162.5**	**1,092.5**

The carrying amount of 'Trade and other receivables' as at 31 December 2017 approximates its fair value.

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

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

$ millions	31 December 2017	31 December 2016
Neither past due nor impaired	377.7	370.0
Past due 1 - 30 days	54.8	47.8
Past due 31 - 90 days	47.6	24.5
Past due 91 - 360 days	86.2	115.8
More than 360 days	41.8	12.6
Total	**608.1**	**570.7**

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade receivables during the year ended 31 December 2017 was as follows:

$ millions	2017	2016
At 1 January	(32.8)	(37.3)
Unused amounts reversed	6.5	4.0
Used amounts	0.1	5.0
Amount formed	(1.2)	(9.9)
Exchange rates differences	0.3	5.4
At 31 December	**(27.1)**	**(32.8)**

10. Equity accounted investees

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

$ millions	2017	2016
At 1 January	371.4	339.4
Share in results	55.6	68.5
Dividends	(30.0)	-
Effect of movement in exchange rates	24.8	(36.5)
At 31 December	**421.8**	**371.4**

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

BESIX Group (BESIX)

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

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

BESIX Group 50% $ millions	2017	2016
Assets	1,434.0	1,267.7
Liabilities	(1,035.8)	(921.1)
Net assets at 31 December	**398.2**	**346.6**
Construction revenue	1,371.7	1,315.9
Construction cost	(1,317.3)	(1,251.7)
Net profit at 31 December	**54.4**	**64.2**

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

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

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

$ millions	2017	2016
Assets	1,488.2	1,321.7
Liabilities	(1,066.4)	(950.3)
Net assets at 31 December	**421.8**	**371.4**
Income	1,382.7	1,333.7
Expense	(1,327.1)	(1,265.2)
Net profit at 31 December	**55.6**	**68.5**

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 122.4 million (31 December 2016: USD 92.1 million) and can be summarized as follows:

$ millions	31 December 2017	31 December 2016
Current tax	76.2	72.6
Deferred tax	46.2	19.5
Total income tax in profit or loss	**122.4**	**92.1**

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 2017	%	31 December 2016	%
Profit before income tax	207.5		145.1	
Tax calculated at weighted average group tax rate	(74.2)	35.8	(74.3)	51.2
Reduction in deferred tax asset due to change in tax rate and realisation	(45.8)	22.1	(14.1)	9.7
Other	(2.4)	1.2	(3.7)	2.5
Total income tax in profit or loss	**(122.4)**	**59.1**	**(92.1)**	**63.5**

11.3 Deferred income tax assets and liabilities

The majority of the deferred tax assets of USD 34.5 million (31 December 2016: USD 81.6 million) relate to carried forward tax losses. The carried forward losses recognized in the statement of financial position is expected to be realized in the period 2018-2021.

12. Inventories

$ millions	31 December 2017	31 December 2016
Finished goods	4.9	6.1
Raw materials and consumables	186.7	146.1
Fuels and others	13.8	11.8
Real estate	26.8	3.4
Total	**232.2**	**167.4**

During the year ended 31 December 2017, the total write-downs amount to USD 10.8 million (31 December 2016: USD 1.3 million), which all related to raw materials.

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

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

$ millions	31 December 2017	31 December 2016
Costs incurred on incomplete contracts (including estimated earnings)	15,574.6	12,229.0
Less: billings to date (Net)	(15,615.5)	(12,440.6)
Total	**(40.9)**	**(211.6)**
Presented in the consolidated statements of financial position as follows:		
Construction contracts in progress - current assets	488.8	449.2
Billing in excess on construction contracts - current liabilities	(529.7)	(660.8)
Total	**(40.9)**	**(211.6)**

14. Cash and cash equivalents

$ millions	31 December 2017	31 December 2016
Cash on hand	1.2	1.1
Bank balances	392.7	467.3
Restricted funds	19.4	7.0
Restricted cash	20.9	31.5
Total	**434.2**	**506.9**

Restricted funds

The restricted amounts mostly relate to letters of credits of Orascom E&C (USD 4.7 million), National Steel Fabrication (USD 0.2 million) and Alico (USD 0.5 million) and to letters of guarantee of OC (USD 13.0 million), Alico (USD 0.1 million), National Steel Fabrication (USD 0.1 million) and other Group entities (USD 0.8 million).

Restricted cash

Restricted cash relates to amounts withheld in relation to amounts restricted for use by Weitz for an amount of USD 0.4 million, and USD 20.5 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:

	2017	2016
At 1 January	117,761,379	118,041,492
Shares reduction	(1,000,000)	(280,113)
At 31 December - fully paid	**116,761,379**	**117,761,379**
At 31 December (in millions of USD)	**116.8**	**117.8**

16. Reserves

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

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

Treasury shares

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

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

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

17. Non-controlling interest

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

31 December 2017 $ million	United Holding Company	Orascom Saudi	Suez Industrial Development	Other individual insignificant entities	Total
Non-controlling interest percentage	43.5%	40.0%	39.5%		
Non-current assets	4.6	0.6	5.2	6.9	17.3
Current assets	26.1	114.4	21.6	2.8	164.9
Non-current liabilities	-	(3.9)	(13.0)	(0.1)	(17.0)
Current liabilities	(11.9)	(100.8)	(5.7)	(2.2)	(120.6)
Net assets	**18.8**	**10.3**	**8.1**	**7.4**	**44.6**
Revenue	33.1	12.8	4.2	4.4	54.5
Profit	7.0	(4.3)	0.3	3.6	6.6
Other comprehensive income	0.3	-	(0.3)	0.3	0.3
Total comprehensive income	**7.3**	**(4.3)**	**-**	**3.9**	**6.9**

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	-	-	174.3	174.3
Orascom Saudi	Secured	Saibor + 3.00%	Annual	35.1	28.1	-	63.2
Orascom Construction Industries- Algeria	Secured	Fixed 6.97%	04/2017	-	20.2	-	20.2
The Weitz Group, LLC	Unsecured	Multiple rates	Multiple	24.2	3.7	-	27.9
Contrack Watts Inc	Secured	LIBOR + 2.5%	Annual	-	-	14.9	14.9
Other	-	Multiple rates	-	0.3	-	2.0	2.3
Total as of 31 December 2016				**59.6**	**52.0**	**191.2**	**302.8**

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 19.75 - 20.75%	Annual	-	-	151.6	151.6
Orascom Saudi	Secured	Saibor + 3.00%	Annual	7.0	28.0	-	35.0
Orascom Construction Industries- Algeria	Secured	Fixed 6.97%	04/2018	-	15.6	-	15.6
The Weitz Group, LLC	Unsecured	Multiple rates	Multiple	4.1	25.8	-	29.9
Contrack Watts Inc	Secured	LIBOR + 2.5%	Annual	-	-	25.0	25.0
Other	-	Multiple rates	-	0.2	-	3.4	3.6
Total as of 31 December 2017				**11.3**	**69.4**	**180.0**	**260.7**

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

Certain covenants apply to the aforementioned borrowings.

19. Trade and other payables

$ millions	31 December 2017	31 December 2016
Trade payables	494.9	564.5
Trade payables due to related party (Note 28)	5.0	18.8
Other payables	100.6	56.4
Accrued expenses	366.2	217.9
Deferred revenues	1.5	2.4
Other tax payables	5.8	4.6
Derivative financial instruments	0.4	1.0
Retentions payables	144.9	160.4
Employee benefit payables	2.1	1.9
Total	**1,121.4**	**1,027.9**
Non-current	44.9	10.4
Current	1,076.5	1,017.5
Total	**1,121.4**	**1,027.9**

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

Retentions payable relate to amounts withheld from sub-contractors.

Derivative financial instruments include the following:

Foreign exchange contracts

The group entered into forward exchange contracts to hedge its currency risk exposure to the Japanese Yen in certain projects. As at 31 December 2017 the remaining notional amounts of these contracts are USD 6.1 million related to the YEN. The foreign exchange contracts have a fair value of USD 0.4 million. The Group does not apply hedge accounting, therefore all fair value changes related to these financial instruments are recognized in profit and loss.

20. Provisions

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

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

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 2017	31 December 2016
Changes in raw materials and consumables, finished goods and work in progress	2,930.0	3,294.0
Employee benefit expenses (ii)	467.4	578.0
Depreciation and amortization	37.2	55.0
Maintenance and repairs	17.8	17.3
Consultancy expenses	2.7	5.3
Other	52.8	55.6
Total	**3,507.9**	**4,005.2**

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

ii. Employee benefit expenses

$ millions	31 December 2017	31 December 2016
Wages and salaries	422.4	510.1
Social securities	3.5	7.5
Employee profit sharing	2.3	2.0
Pension cost	5.0	7.9
Other employee expenses	34.2	50.5
Total	**467.4**	**578.0**

During the year ended 31 December 2017, the average number of staff employed in the Group converted into full-time equivalents amounted to 25,108 permanent and 47,435 temporary employees.

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

22. Other income

$ millions	31 December2017	31 December2016
Net gain on sale of property, plant and equipment	0.9	6.0
Scrap and other	4.0	10.1
Total	**4.9**	**16.1**

23. Net finance cost

$ millions	31 December 2017	31 December 2016
Interest income on loans and receivables	17.4	29.2
Foreign exchange gain	18.9	65.3
Finance income	**36.3**	**94.5**
Interest expense on financial liabilities measured at amortized cost	(17.2)	(24.4)
Fair value loss on derivatives	(1.0)	(2.5)
Foreign exchange loss	(41.9)	(35.0)
Finance cost	**(60.1)**	**(61.9)**
Net finance cost recognized in profit or loss	**(23.8)**	**32.6**

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

$ millions	31 December 2017	31 December 2016
Total interest income on financial assets	17.4	29.2
Total interest expense on financial liabilities	**(17.2)**	**(24.4)**

24. Earnings per share

i. Basic

	31 December 2017	31 December 2016
Net profit attributable to shareholders in 1 million USD	78.5	48.7
Number of ordinary share in million (Basic)	116.8	117.5
Basic earnings per ordinary share	**0.67**	**0.41**

ii. Weighted average number of ordinary shares calculation

shares	2017	2016
Issued ordinary shares	116,761,379	117,761,379
Effect of treasury shares held	-	(250,000)
Number of ordinary shares outstanding at 31 December	**116,761,379**	**117,511,379**

25. Segment reporting

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

Business information for 31 December 2016

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

Business information for 31 December 2017

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

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

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

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

Percentage	2017	2016
Egyptian Government	46.1%	32.7%
OCI N.V. Group	12.9%	16.5%

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 2017 amount to USD 1,312.6 million (31 December 2016: USD 1,247.7 million). Outstanding letters of credit as at 31 December 2017 (uncovered portion) amount to USD 51.5 million (31 December 2016: USD 61.7 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 2017, mechanic liens have been received in respect of one of our US projects for a total of USD 95.8 million ("31 December 2016: USD 89.0 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 investigations conducted by the Public Fund Prosecution and Military Prosecution against its former employees, and relating to those lands, were concluded. On 28 May 2012, the company submitted a request to the Dispute Settlement Committee at the General Authority of Investment and Free Zones ("GAFI") to cancel the decision. On 22 April 2013, the Dispute Settlement Committee issued a decision verifying the land contracts entered into by the company and ratified by Suez Governorate. On May 2013, the company was notified of this decision by the Council of Ministers.

In parallel proceedings, 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. The hearing was postponed to 2 November 2013, at which the case was then referred to the 8th District court on grounds of jurisdiction. On 4 March 2014, the case was referred to the Commissioner to prepare a report. On 15 November 2016, the court ruled of its incompetency, and the case was referred to the administrative court in Ismailia.

For the Suez case a reliable outcome of the financial impact cannot be estimated. Given the positive decision of the Dispute Settlement
Committee, management believe that there will be an out of court settlement.

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 was one of the companies sold under the privatization scheme. Currently, the report of the Commissioner is being prepared. The hearing initially scheduled for 20 April 2015 was postponed until the report was submitted 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 favour of Egyptian Gypsum Company.

26.1.5 Sidra Medical Center

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

In July 2014, the consortium received a Notice of Termination from the Qatar Foundation for Education, Science & Community Development (the Foundation). On 23 July 2014, the Foundation commenced arbitration proceedings against the associate by serving a Request for Arbitration with the ICC (London) dated 23 July 2014. Procedural hearings and expert meetings took place, with the substantive hearing being held 23 October 2017 to 17 November 2017. In February 2018, the Arbitral Tribunal issued a partial award in respect of certain variation claims and defects, and further agreed that questions of quantum as well as the remaining matters in dispute will be addressed in three long upcoming hearings to be held in April/May 2018, October/November 2018 and March/April 2019. On 31 December 2017, OCL valued its interest in the associate at nil and carries USD 2.3 million liability for expected costs including legal fees.

In August 2017, the Foundation again served a Request for Arbitration, this time against OCI SAE with the ICC Court of Arbitration in London ("OCI Arbitration"). The claims made by the Foundation in this new arbitration arise in connection with a Parent Company Guarantee (the "PCG") issued by OCI SAE on 7 February 2018. The Foundation alleged that the terms of the PCG protect it in respect of liabilities and obligations of Contrack (Cyprus) Limited on the Project. The Foundation has not yet specified the amount/s that it claims against OCI under the PCG. OCI filed its Answer to the Request for Arbitration on 9 November 2017 asserting lack of jurisdiction, premature and inadmissible claim, and that the PCG has expired. The Terms of Reference were signed on 22 January 2018, and the Tribunal issued its first Procedural Order on 12 March 2018. The Tribunal will first determine whether it has jurisdiction in a hearing set for July 2018. In the meantime, the Foundation has been directed to file its Statement of Case in April 2018, and OCI has been directed to file its Defence in June 2018. In the event OCI's jurisdictional objections are not upheld at the July 2018 hearing, the Tribunal will issue further procedural orders regarding the balance of the dispute.

26.1.6 Iowa Fertilizer Project:

MEI filed proceedings before the courts of Davenport, Iowa, against OEC regarding part of the scope of works of the Downstream Plant at the Iowa fertilizer project. The claim was filed in relation to the Limited Notice to Proceed, where MEI seeks recovery of outstanding applications for payment. OEC denies it had any obligation to pay MEI on the basis that MEI had performed defective work and/or had not completed it works.

A status conference was held on 1 November 2017, and the litigation schedule was set by the court to include the exchange of pretrial reports and documents between the parties. The first hearing will take place in September 2018

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 2017	31 December 2016
Less than one year	0.3	7.8
Between one and five years	7.3	6.6
More than five years	6.5	6.8
Total	**14.1**	**21.2**

ii. Amount recognized in profit or loss

$ millions	31 December 2017	31 December 2016
Rent	15.3	19.2
Vehicles	12.1	14.8
Machinery and equipment	33.4	37.9
Total	**60.8**	**71.9**

28. Related party transactions

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

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

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

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

28.1 Demerger of Construction and Engineering business

28.1.1 General

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

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

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

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

28.1.2 Conditional sale agreement

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

28.1.3 Tax indemnity agreement

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

28.1.4 Construction contracts

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

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

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

On 25 November 2016, OCI N.V. and Orascom E&C USA, the EPC contractor of Iowa Fertilizer Company LLC ("IFCo") have signed a settlement and acceleration agreement. The agreement is to address outstanding claims between IFCo and Orascom E&C USA, and provide for additional consideration of up to USD 200 million to ensure commercial operations in the second half of 2017. USD 170 million has been paid before 2016 year end. 2017: 60% of aggregated losses in the US segment is attributable to the combined result of the projects under execution for the related party, OCI NV.

28.2 OCI Foundation and Sawiris Foundation

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

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

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

During the year ended 31 December 2017, we considered the members of the Board of Directors (Executive and Non-executive) and the senior management to be the key management personnel as defined in IAS 24 'Related parties'. The total remuneration of the key-management personnel amounts for the year ended 31 December 2017 to an amount of around USD 9.0 million.

30. List of principal subsidiaries, associates and joint ventures

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

Subsequent to the year-end the Board of Directors has proposed a dividend of USD 0.26 per share, which is to be approved by the shareholders at the Annual General Meeting on May 2018.

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

Dubai, UAE, 11 April 2018

The Orascom Construction Limited Board of Directors,

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

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