OCI N.V.

a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands

This offering circular (this **Offering Circular**) concerns the first admission to listing and trading (the **Listing**) of up to 208,938,419 ordinary shares (the **Shares**) in the share capital of OCI N.V. (the **Company**), a public company with limited liability incorporated under the laws of the Netherlands, on NYSE Euronext in Amsterdam (**NYSE Euronext Amsterdam**).

The Company will, on or around the date of this Offering Circular, make an offer to acquire all of the Regulation S global depositary receipts representing ordinary shares of Orascom Construction Industries S.A.E. (**OCI Egypt**) in exchange for Shares (the **GDR Offer**). The Company intends, subject to receipt of all required regulatory approvals, to make an offer to acquire all of the ordinary shares of OCI Egypt (the **Share Offer** and, together with the GDR Offer, the **Takeover Offer**).

The Shares constitute the entire issued and outstanding share capital of the Company. Prior to the Listing, there has been no public market for the Shares. Application has been made to list all the Shares under the symbol "OCI" on NYSE Euronext Amsterdam.

Trading in the Shares on NYSE Euronext Amsterdam is expected to start on or about 25 January 2013 (the **First Trading Date**). Issue, delivery and settlement of the Shares is expected to take place on or about 30 January 2013 through the book-entry systems of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland (**Euroclear Nederland**), in accordance with its normal settlement procedures applicable to equity securities.

Investing in the Shares involves certain risks. See chapter 2 ("*Risk Factors*") of this Offering Circular for a description of certain risks that should be carefully considered by prospective investors prior to an investment in the Shares.

This Offering Circular constitutes a document published in connection with a takeover offer that contains information equivalent to that of a prospectus for the purposes of Article 4 of European Union (**EU**) Directive 2003/71/EC as amended (the **Prospectus Directive**) and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the **Dutch Financial Supervision Act**).

Distribution of this Offering Circular may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Offering Circular are urged to inform themselves of any such restrictions which may apply in their jurisdiction and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. The Company disclaims all responsibility for any violation of such restrictions by any person.

This Offering Circular is dated 18 January 2013

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1. SUMMARY

SECTION A – INTRODUCTION AND WARNINGS		
A.1	**Introduction and warnings**	This summary should be read as an introduction to this Offering Circular. Any decision to invest in the Shares should be based on a consideration of this Offering Circular as a whole and not just this summary. Where a claim relating to the information contained in this Offering Circular is brought before a court in a Member State, the plaintiff investor may, under the national legislation of that Member State, be required to bear the costs of translating this Offering Circular before the legal proceedings are initiated. Civil liability attaches only to the Company in respect of this summary (including any translation thereof) but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular, or it does not provide, when read together with the other parts of this Offering Circular, key information in order to aid investors when considering whether to invest in the Shares.

SECTION B – ISSUER		
B.1	**Legal and commercial name of the issuer**	OCI N.V. (the **Company**)
B.2	**Domicile, legal form, legislation and country of incorporation**	The Company is a public company (*naamloze vennootschap*) with limited liability incorporated under the laws of and domiciled in the Netherlands. The Company has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands.
B.3	**Key factors relating to the nature of the Group's operations and its principal activities and markets**	Orascom Construction Industries S.A.E (**OCI Egypt**) is an international nitrogen fertiliser producer and construction contractor, with projects and investments across Europe, the Americas, the Middle East, North Africa and Central Asia. *Construction Business* The Construction Business is a construction contractor with projects and investments across North Africa, the Middle East, Europe and Central Asia. Our business is among the top ten largest construction contractor businesses in the MENA region based on revenue for the year ended 31 December 2011. The Construction Business has completed, or is currently executing, projects in over 25 countries across North Africa, the Middle East, Europe and Central Asia. The Construction Business operates under three business units, consisting of: • Orascom Construction: established in 1976 with origins dating back to 1950 and based in Cairo, Orascom Construction is an engineering, procurement and construction contractor with over 60 years of construction experience targeting large industrial, commercial and infrastructure projects for public and private

		clients principally in the MENA region. • Contrack: established in 1985 and based in Virginia in the United States, Contrack undertakes engineering, procurement and construction services, as well as facilities operation and maintenance primarily on institutional and infrastructure projects throughout the Middle East and Central Asia. • The BESIX Group: established in 1909 and based in Brussels, the BESIX Group is also an engineering, procurement and construction contractor and undertakes major commercial, industrial and infrastructure projects in 19 countries throughout Europe, the Middle East and northern and central Africa. The Construction Business also has investments in manufacturers of fabricated steel products, glass curtain walling, concrete pipes, cement-based ready mixed mortars and construction chemicals as well as investments in two property management companies. In addition, on 12 December 2012, OCI Egypt completed the acquisition of the Weitz Company, a United States general contractor. *Fertiliser Business* The Fertiliser Business owns and operates nitrogen-based fertiliser production facilities in the Netherlands, the United States, and Egypt, with fertiliser plants under construction in Algeria and the United States, a proposed Greenfield facility under development in Brazil, and a minority investment in a fertiliser business in Nigeria. The Fertiliser Business also owns and operates nitrogen-based downstream or related chemical production facilities in the United States, the Netherlands, China, and Indonesia. The Fertiliser Business also has an international distribution platform spanning from the Americas to Asia. Upon the commissioning of all planned construction, development and expansion activities in 2013 (excluding the Greenfield facilities under development in Brazil and the United States), the Fertiliser Business's estimated total sellable production capacity is expected to comprise: Nitrogen-based fertilisers: • 2.2 million metric tons of anhydrous ammonia; • 2.75 million metric tons of granular urea; • 1.45 million metric tons of calcium ammonium nitrate; and • 0.25 million metric tons of urea ammonium nitrate. Downstream products: • 0.75 million metric tons of methanol; and • 0.25 million metric tons of melamine.

		The Fertiliser Business will also distribute up to 1.75 million metric tons of ammonium sulphate through: • an off-take distribution contract for 0.75 million metric tons of ammonium sulphate, renewed annually since 2010, for a DSM N.V. subsidiary; and • 1 million metric tons from Lanxess N.V.
B.4a	**Most significant recent trends affecting the Company and industries in which it operates**	The following are the most significant recent trends affecting the Construction Business: • Increased competition in core markets: the Construction Business has seen a general increase in competition in tenders due to fewer projects being tendered in its markets of operation, including Qatar, the UAE, Algeria and Egypt. Fewer projects are currently being tendered due to the impact of the global recession, which has reduced the number of private clients tendering industrial and commercial projects, and has caused public clients to tender large scale infrastructure work more prudently. • Increased focus on market diversification: the Construction Business has stepped up efforts to diversify its markets and is currently pursuing more work in Saudi Arabia and Morocco. Kuwait, Bahrain and Iraq are medium-term growth markets being pursued. • Increased awards activity in Egypt: post-revolution, Egypt has been a strong source of awards for the Construction Business as the country has tendered several infrastructure projects to boost the economy. Egypt is expected to continue to tender infrastructure work and has relaunched its Public-Private Partnership programme, which will cover healthcare, roads, water, and wastewater project. The following are the most significant recent trends affecting the Fertiliser Business: • Growing population consuming more protein per capita: according to the United Nations Food and Agriculture Organization (UN FAO), the world population is expected to increase by 10% by 2020. Population growth, together with improving economics in key emerging markets, has resulted in an increased protein intake and therefore higher demand for annual crop feedstock. We believe that yields are likely to improve through increased fertiliser application. • Growing population consuming more cereal per capita: cereal production is projected to increase significantly to cover food and protein needs of the world's growing population. According to the UN FAO, cereal demand is forecasted to grow by 15% by 2020 due to rising food demand and higher bio-fuel production. As demand for cereal and livestock-feed increases at a pace that is faster than the population growth, farmers will be required to produce higher yielding harvests. This is likely to require more fertiliser application, leading to increasing nitrogen fertiliser

		demand. • Changing diet favours nitrogen fertiliser: Growth in the global gross domestic product leads to a change in diet; growing populations consume more food. The rising demand for meat-produce will increase the demand for animal feed. As approximately eight kilograms of grain are required for each kilogram of meat consumption, this is likely to require more fertiliser application, leading to increasing nitrogen fertiliser demand. OCI Egypt expects the strongest growth to occur in India and sub-Saharan Africa, as farmers become increasingly aware of the importance and positive effect of fertiliser application on crops in improving harvest yields. • Declining arable land: decline in the available global arable land requires harvest yields to be higher. We believe that this can only be achieved through more intensive fertiliser application, which is likely to be the primary method of increasing yields.
B.5	**Description of Group and the Company's positioning within the Group**	The Company is the holding company of a Group that includes the following operating entities (held directly or indirectly by the Company): <u>Construction business:</u> Orascom Construction Contrack The BESIX Group The Weitz Company <u>Fertiliser Business:</u> Egyptian Fertilizers Company (EFC) Egypt Basic Industries Corporation (EBIC) OCI Nitrogen OCI Beaumont Iowa Fertilizer Company Sorfert Algérie
B.6	**Persons who, directly and indirectly, have an notifiable interest in the Company's capital or voting rights**	The following table identifies the interests of those persons who, directly or indirectly, as at 17 January 2013 (being the latest practicable date prior to the publication of this Offering Circular) have an interest above 1% in the share capital of the OCI Egypt. The percentage of share capital is calculated on 206,918,461 total ordinary shares outstanding. The remaining 2,019,958 shares are held as treasury shares under OCI Egypt and do not contribute to OCI Egypt's capital.

Name of shareholder	Number of shares and GDRs	Class of shares	Percentage of share capital
Nassef Sawiris	59,490,375	Ordinary shares	28.8%
Onsi Sawiris	36,020,210	Ordinary shares	17.4%
Samih Sawiris	18,645,405	Ordinary shares	9.0%
Infrastructure & Growth Capital Fund L.P. (a fund managed by Abraaj Capital)	12,532,310	Ordinary shares	6.1%
Genesis Investment Management LLP	11,030,338	Ordinary shares	5.3%
Lazard Asset Management LLC	10,678,699	Ordinary shares	5.2%
Abu Dhabi Investment Authority	4,802,100	Ordinary shares	2.3%
OCI ESOP Ltd	3,138,020	Ordinary shares	1.6%
BlackRock Fund Advisors	2,918,055	Ordinary shares	1.4%
The Vanguard Group Inc.	2,530,641	Ordinary shares	1.2%
Schroder Investment Management Ltd.	2,010,046	Ordinary shares	1.0%
International Finance Corporation	1,149,425	Ordinary shares	0.6%

	Different voting rights	No different voting rights will apply.
	Direct and indirect ownership of or control over the Company and nature of such control	The Shares held by those major shareholders rank *pari passu* in all respects with the other Shares.
B.7	**Selected historical key financial information**	The following table presents selected consolidated financial information for OCI Egypt as of and for the years ended 31 December 2011, 2010 and 2009 and as of and for the nine months ended 30 September 2012. This selected financial information should be read in conjunction with the financial statements. The financial statements are presented in USD with all amounts rounded to the nearest one decimal place.

CONSOLIDATED INCOME STATEMENTS	For the nine months ended 30 September (unaudited)		For the year ended 31 December (audited)		
(USD million)	**2012**	**2011**	**2011**	**2010**	**2009**
Revenues	3,999.1	4,092.9	5,511.3	4,723.4	3,829.9
Cost	(3,126.6)	(3,035.7)	(4,122.2)	(3,585.2)	(3,023.2)
Gross profit	872.5	1,057.2	**1,389.1**	**1,138.2**	**806.7**
Other income	38.5	30.7	46.3	17.8	37.7
Administrative and distribution expenses	(270.9)	(276.7)	(363.2)	(410.0)	(278.8)
Other expenses	(2.7)	(2.5)	(4.7)	(0.1)	(0.2)
Operating profit	**637.4**	**808.7**	**1,067.5**	**745.9**	**565.4**
Profit before tax	**536.8**	**735.6**	**926.0**	**656.1**	**486.8**
Profit from continued operations	**380.5**	**532.8**	**663.9**	**510.3**	**398.5**
Profit attributable to the equity holders of the parent	**328.2**	**521.0**	**635.7**	**503.3**	**388.3**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	As at 30 September (unaudited)		As at 31 December (audited)		
(USD million)	**2012**	**2011**	**2011**	**2010**	**2009**
Non-current assets	5,589.2	5,429.7	5,729.7	5,913.9	5,228.2
Current assets	4,232.2	3,926.1	3,626.1	3,406.5	3,202.8
Assets classified as held for sale	376.2	376.6	376.6	11.6	25.2
Total assets	10,197.6	9,732.4	**9,732.4**	**9,332.0**	**8,456.2**
Equity of entities contributed in kind	3,473.7	3,144.1	3,144.1	3,060.4	2,960.2
Non-controlling interests	201.7	193.3	193.3	179.9	136.8
Total	**3,675.4**	**3,337.4**	**3,337.4**	**3,240.3**	**3,097.0**
Non-current liabilities	2,823.7	3,165.7	3,574.0	3,530.3	3,239.6
Current liabilities	3,698.5	3,229.3	2,821.0	2,561.4	2,119.6
Total liabilities and net investment	**10,197.6**	**9,732.4**	**9,732.4**	**9,332.0**	**8,456.2**

CONSOLIDATED STATEMENTS OF CASH FLOWS	For the nine months ended 30 September (unaudited)		For the year ended 31 December (audited)		
(USD million)	**2012**	**2011**	**2011**	**2010**	**2009**
Cash and cash equivalents at the beginning of the period	**1,051.7**	**973.0**	**973.0**	**1,080.2**	**1,503.5**
Net cash provided by/(used in) operating activities	516.4	419.6	319.1	360.8	666.9
Net cash provided by/(used in) investing activities	(486.0)	(314.4)	(369.3)	(633.1)	(836.1)
Net cash provided by/(used in) financing activities	153.0	465.8	128.9	165.1	(254.1)
Net increase/(decrease) in cash and cash equivalents	183.4	571.0	78.7	(107.2)	(423.3)
Cash and cash equivalents at the end of the period	**1,235.1**	**1,544.0**	**1,051.7**	**973.0**	**1,080.2**

B.8	**Selected key pro forma financial information**	Not applicable, no pro forma financial information is included in this Offering Circular.
B.9	**Profit forecast**	Not applicable, no profit forecast is included in this Offering Circular.

B.10	**Nature of any qualifications in the audit opinions on the historical financial information**	Not applicable, there are no such qualifications.
B.11	**Explanation if insufficient working capital**	The Company believes that the working capital of the Group is sufficient for its present requirements; that is, for at least 12 months following the date of this Offering Circular.
	SECTION C – SECURITIES	
C.1	**Type and class** **Security identification number**	Ordinary registered shares Symbol: "OCI", ISIN code: NL0010387437 Common code: 087808963
C.2	**Currency**	The Shares will be denominated in EUR, but will trade in USD. The Company is in the process of setting up a structure to enable the Shares to trade in EUR as well as in USD. The Company will announce further details as and when available.
C.3	**Number of shares issued, par value per share**	At incorporation of the Company, the number of Shares issued amounted to 45,000 with a par value of EUR1 each. Up to 208,938,419 Shares of EUR1 each are to be issued in connection with the offering.
C.4	**Rights attached to the Shares**	The Shares carry full dividend rights for the year ending 31 December 2013. Shareholders are entitled to one vote per Share at General Meetings. The rights of the holders of Shares will rank *pari passu* with each other with respect to voting rights and dividend rights. Pursuant to the Articles of Association, the pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. A resolution of the General Meeting to restrict or exclude pre-emptive rights can only take place at the proposal of the Board. With respect to an issuance of Shares pursuant to a resolution of the Board, the pre-emptive rights can be restricted or excluded by a resolution of the Board if and insofar as the Board is designated to do so by the General Meeting. A resolution of the Board to restrict or exclude pre-emptive rights can only be taken with the consent of the majority of the non-executive directors. The authority of the Board to limit or exclude pre-emptive rights can only be exercised if at that time the authority to issue Shares is in full force and effect. The authority to limit or exclude pre-emptive rights may be extended in the same manner as the authority to issue Shares. If there is no designation of the Board to limit or exclude pre-emptive rights in force, the general meeting of shareholders shall have the authority to limit or exclude such pre-emptive rights. The Board is authorised to limit or exclude pre-emptive rights until

		31 December 2014. This authorisation concerns all authorised but unissued shares in the Company's share capital at any time. Resolutions of the General Meeting: (i) to restrict or exclude pre-emptive rights; or (ii) to designate the Board as the competent body that has authority to limit or exclude pre-emptive rights, require at least a two-thirds majority of the votes cast in a meeting of Shareholders, if less than 50% of the issued share capital is present or represented.
C.5	**Selling and transfer restrictions**	All Shares are registered shares. A transfer of a Share or of a restricted right thereto requires an instrument intended for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer. A Share becomes a deposit share by transfer or issuance to Euroclear Nederland or an intermediary, recording in writing that the Share is a deposit share. The deposit share must be recorded in the Company's shareholders' register in the name of Euroclear Nederland or the relevant intermediary, stating in writing that it is a deposit share. Deposit shareholders are not recorded in the Company's shareholders' register. Deposit shares can only be delivered from a collective depot or giro depot with due observance of the related provisions of the Dutch Securities (Bank Giro Transactions) Act. The transfer by a deposit shareholder of its book-entry rights representing deposit shares must be effected in accordance with the provisions of the Dutch Securities (Bank Giro Transactions) Act. The same applies to the establishment of a right of pledge and the establishment and transfer of a usufruct on these book-entry rights.
C.6	**Listing and admission to trading**	Application has been made to list the Shares on NYSE Euronext Amsterdam. Listing and trading of the Shares on NYSE Euronext Amsterdam will commence on the First Trading Date.
C.7	**Dividend policy**	OCI Egypt has historically attempted to maintain a flexible bi-annual dividend policy, whilst taking into account all investments, growth prospects, and other liabilities. The Board expects to maintain a flexible dividend policy with a view to balancing the availability of funds for dividend distribution with pursuing growth opportunities that generate solid returns.
SECTION D – RISKS		
The following is a summary of what the Company currently believes are the essential risks associated with investing in the Company, the Group and the Shares. This list does not include all the potential risks the Group faces and consequently, prospective investors should consider carefully, together with the other information in this Offering Circular, the factors and risks as described in chapter 2 of this Offering Circular ("*Risk Factors*") before investing or trading in the Shares.		
D.1	**Risks specific to the Company and the Group and its industry**	• On 26 September 2012 and 11 October 2012, the company received letters from the Tax Authority stating that the full amount of the capital gain (not only part of the gain) that resulted from the sale of Orascom Building Materials Holding (a

		former subsidiary of the Company) to Lafarge amounting to USD11.4 billion (equivalent to Egyptian Pounds 68.8 billion) was taxable. The management of the Company and its tax and legal advisors believe that no capital gain tax on the transaction is due. This dispute has not been resolved with the Tax Authority as at the date of issuing this Offering Circular. • In certain jurisdictions in which we operate, the developing legal system and new legislation can create an uncertain environment for investment and business activity. • Significant uncertainties remain about the future political and economic environment in Egypt following the recent revolution and the inauguration of the new government. Changes in the economic and political environment in Egypt could have an adverse impact on our business. We are exposed to the risk of adverse sovereign action which may include nationalisation. One example of adverse sovereign action is the Egypt tax dispute discussed above. • Continued hostilities and unrest in the Middle East and North Africa or changes in the economic and political environment in the Middle East and North Africa could have an adverse impact on our business. • Failure to comply with existing laws and regulations or directives contained in the findings of government inspections, or increased governmental regulation of our operations, could result in substantial additional compliance costs or sanctions. • The Group does business in locations where it is exposed to a greater-than-average risk of adverse sovereign action. • The Group is subject to political, social and economic risks in the countries in which it operates. • Emerging markets are generally subject to greater risk than more developed markets and actual and perceived risks associated with investing in emerging economies could dampen foreign investment in the countries in which we operate. • We operate in a number of jurisdictions, any of which could change its fiscal, tax or foreign exchange laws in a way that could unfavourably affect our financial status. • The Group's facilities could be exposed to catastrophic events, including natural disasters, terrorist attacks or war, over which we have no control. • The Group is subject to regulatory and policy-related risks in the countries in which it operates. • We operate in regions where corrupt behaviour exists that could impair our ability to do business in the future or result in significant fines or penalties. • We may have difficulty raising additional capital in the future on favourable terms, or at all, which could impair our ability to operate our business or achieve our growth objectives. • Expansion of our businesses may result in unanticipated adverse

		consequences. • We are exposed to risks associated with our joint ventures. • Deterioration of global market and economic conditions could have a material adverse effect on the Group's business, financial condition and results of operations. • Interest rate risk due to significant presence in emerging markets. • We could be impacted by acrimonious employees relations, which could adversely affect our operations. • If we are unable to attract and retain qualified managers and skilled employees, we will be unable to operate efficiently, which could reduce our results of operations, cash flows and liquidity. • Economic downturns could reduce capital expenditures in the industries the Construction Business serves, which may result in a decrease in demand for its services. • The construction industry is highly competitive, which may reduce our market share and harm our financial performance. • Currency risk due to our geographic diversification. • Amounts included in our backlog may not result in actual revenue or translate into profits, and its backlog is subject to cancellation and unexpected adjustments and therefore is an uncertain indicator of future operating results. • The Company's use of the percentage-of-completion accounting method for construction contracts could result in a reduction of previously recorded profits. • The Company may not accurately estimate the costs associated with its services provided under fixed-price contracts, which could impair the Company's financial performance. • The Construction Business is dependent on third-party suppliers. • Delays in the completion of projects may subject us to delay penalties or impact our ability to successfully negotiate contract variations and claims. • Warranty claims resulting from our services could have a material adverse effect on the Construction Business. • Potential inflation in local economies may affect some customers' ability to pay for our services, and it may also adversely affect the stability of the construction markets in those countries. • The Construction Business may be affected by difficult work sites and environments, which could cause delays and result in additional costs. • We are subjected to hazards that could result in liabilities and weaken our financial condition. • Our operations may impact the environment or cause exposure to hazardous substances, and our properties may have environmental contamination, which could result in material

		liabilities. • The Fertiliser Business is dependent on natural gas, which is subject to a high level of price volatility. • The Fertiliser Business is cyclical, resulting in periods of industry oversupply during which its results of operations tend to be negatively impacted. • The Fertiliser Business's products are global commodities, and we faces global competition from other fertiliser producers. • We rely in part on third-party providers of transportation services and equipment, which subjects us to risks and uncertainties beyond our control that may adversely affect our operations. • The Fertiliser Business is seasonal and is affected by adverse weather conditions and the spending patterns of its customers, exposing us to variable quarterly results. • The Fertiliser Business is subject to numerous environmental and health and safety laws and regulations, as well as potential environmental liabilities, which may require it to make substantial expenditures. • Our operations are dependent on numerous required permits, approvals and meeting financial assurance requirements from governmental authorities. • Future regulatory restrictions on greenhouse gas emissions in the jurisdictions in which the Fertiliser Business operates could materially adversely affect our operating results. • Our inability to predict future seasonal fertiliser demand accurately could result in excess inventory, potentially at costs in excess of market value, or product shortages. • Acts of terrorism and regulations to combat terrorism could negatively affect our business. • Any operational disruption at any of our facilities as a result of equipment failure, an accident, adverse weather, a natural disaster or another interruption could result in a reduction of sales volumes and could cause us to incur substantial expenditures. A prolonged disruption could materially affect the cash flow we expect from a facility. • The Fertiliser Business's results of operations are highly dependent upon and fluctuate based upon business and economic conditions and governmental policies affecting the agricultural industry. These factors are outside of our control and may significantly affect our profitability. • The acquisition by the Company of GDRs representing a significant proportion of the share capital of OCI Egypt may lead to the OCI Shares being delisted from the Egyptian Stock Exchange. If that were to be the case, there is a possibility that Egyptian holders of OCI Shares will start legal proceedings as a result of the Takeover Offer. However, it is more likely that such a shareholder will accept the offer to exchange its OCI Shares.

D.3	**Risks specific to the Shares**	• Substantial trading activity in the Shares after the completion of the Takeover Offer, or the prospect of such activity, could materially and adversely affect the price of the Shares. • The Shares could be subject to price fluctuations.
	SECTION E – OFFERING	
E.1	**Net proceeds and estimated expenses**	There are no proceeds. The costs relating to the Listing are approximately USD185 million.
E.2a	**Reasons for the Listing and use of proceeds**	The Board believes that completion of the Takeover Offer, establishing the Company as the parent company of OCI Egypt and its subsidiaries and admitting the Shares to listing and trading on NYSE Euronext Amsterdam will have many benefits for the Group and its stakeholders including: (i) **Share liquidity:** A listing on NYSE Euronext Amsterdam will allow for increased share liquidity and will serve to attract a wider investor base. (ii) **Flexibility**: The transaction will allow the Group to have more flexibility in formulating and pursuing its global strategy in both the fertilizer and construction businesses. In addition, the listing will allow the Company access to new investors allowing it to pursue its current investment mandate. (iii) **Enhanced credit profile**: A listing on NYSE Euronext Amsterdam will allow the Company deeper access to capital markets such as the Eurobond market. In addition, the Company expects to attain higher credit ratings from global rating agencies facilitating its debt financing. (iv) **Growth opportunities**: The transaction will raise the Group's profile in the international investment community and hence generate more growth opportunities. (v) **International governance**: The international listing further underscores the Group's commitment to international governance and financial control standards according to which it operates its business. (vi) **Exposure**: The listing will reduce the Group's exposure to risks related to domiciliation in Egypt, which is currently experiencing issues regarding economic and political stability.
E.3	**Terms and conditions of the Listing**	Application has been made to list up to 208,938,419 Shares on NYSE Euronext Amsterdam. Listing and trading of the Shares on

		NYSE Euronext Amsterdam will be expected to commence on 25 January 2013 and issue, delivery and settlement will be expected to take place on 30 January 2013. The Shares will be traded under the symbol "OCI", barring unforeseen circumstances, and will be priced in USD. The Company is in the process of setting up a structure to enable the Shares to trade in EUR as well as in USD. The Company will announce further details as and when available. The ISIN code will be "NL0010387437". The transfer of Shares will take place through the book-entry systems of Euroclear Nederland. The Shares will be registered Shares which are entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Securities (*Bank Giro Transactions*) Act. Application has been made for the Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities. The Shares will rank *pari passu* in all respects and will be eligible for any dividends which the Company may declare on the Shares. Rabobank will act as Listing Agent. The Listing is governed by Dutch law.
E.4	**Interests material to the Listing (including conflicting interests)**	Rabobank is the Listing Agent. It and/or its affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary transactions in the ordinary course of their business with the Company or any parties related to the Company, in respect of which they may, in the future, receive fees and commissions, and in respect of which sharing of information is restricted for reasons of confidentiality by internal procedures or by rules and regulations, including those issued by the AFM. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors and the Company.
E.5	**Person or entity offering to sell the securities and lock-up arrangements**	Not applicable
E.6	**Dilution**	Not applicable
E.7	**Estimated expenses charged to the investors by the Company**	Not applicable, no expenses have been/will be charged to the investors by the Company in relation to the Listing.

2. RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Offering Circular, before making an investment decision with respect to investing in the Shares. If any of the following risks actually occurs, the Company's business, prospects, financial condition or results of operations may be materially adversely affected. In that case, the value of the Shares may decline and investors may lose all or part of the value of their investments.

Although the Company believes that the risks and uncertainties described below are the most material risks and uncertainties, they are not the only ones it may face. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also have a material adverse effect on its business, results of operations or financial condition and may negatively affect the price of the Shares.

The sequence in which these risks are presented in no way reflects any order of importance, chance or materiality.

Prospective investors should carefully review the entire Offering Circular and should form their own views before making an investment decision with respect to the Shares. Before making an investment decision with respect to any Shares, prospective investors should also consult their own financial, legal and tax advisers to carefully review the risks associated with an investment in the Shares and consider such an investment decision in light of the prospective investor's personal circumstances.

2.1 Risks relating to the countries in which we operate

Significant uncertainties remain about the future political and economic environment in Egypt following the recent revolution and the inauguration of the new government. Changes in the economic and political environment in Egypt could have an adverse impact on our business.

For the year ended 31 December 2011, our construction operations and fertiliser sales in Egypt comprised 12.5% of consolidated revenues. As a result of political unrest, protests, riots and street demonstrations that began on 25 January 2011 in the Egyptian capital of Cairo and other major cities in Egypt, former Egyptian president Hosni Mubarak stepped down as president with effect from 11 February 2011, following which the Egyptian Supreme Council of the Armed Forces (the "**Council**") took control of government operations. On 13 February 2011, the Council announced that the Egyptian constitution would be suspended, both houses of parliament would be dissolved, and that the military would rule for six months until elections could be held. On 19 March 2011, Egypt held a constitutional referendum with respect to, among other things, how parliamentary elections would be carried out, judicial supervision of elections and presidential term limits. On 28 November 2011, Egypt held parliamentary elections, and on 23 January 2012, the first session of the parliament was convened. On 29 January 2012, Egypt held the Shura Council elections and, on 29 February 2012, the first session of the Shura Council was convened. On 3 March 2012, a joint session of the two councils was held to start the process of electing an assembly of 100 members to draft the new constitution (the **First Constitutional Assembly**). In parallel, the process for nomination of presidential candidates was launched on 10 March 2012 and in June 2012, elections were held and Mohammed Morsi of the Muslim Brotherhood Freedom and Justice Party was declared President of Egypt.

On 10 April 2012, the Egyptian Administrative Court ruled for the invalidity of the First Constitutional Assembly as it conflicted with Article 60 of the Constitutional Declaration.

Accordingly, the parliament then elected a new Constitutional Assembly in order to draft a new Egyptian constitution (the **Second Constitutional Assembly**). On 14 June 2012, the Supreme Constitutional Court (the **SCC**) judged the law governing parliamentary elections unconstitutional as it violated the principles of equality and equal opportunity and consequently the parliament was dissolved. In the absence of Parliament, President Morsi maintains the legislative powers in addition to executive powers, until the formation of a new parliament.

Following the dissolution of parliament, the military issued a series of decrees undermining the presidency. However, in August President Morsi forced the retirement of the defence minister Mohamed Tantawi; the army chief of staff, Sami Anan; and several senior generals. In addition, in 22 November 2012 he issued a decree granting himself broad powers beyond court review. The SCC postponed its much-awaited ruling on the legitimacy of the Second Constitutional Assembly in response to supporters of President Morsi blocking judges from entering their building. As a result, the main association of Egyptian judges announced that 90% of its members would refuse to monitor the referendum set for 15 December 2012 on the draft constitution. The position of the judges did not affect the date set for the referendum, however, and Egyptians voted in favour of the constitution. On 26 December 2012, President Morsi signed into law Egypt's new constitution.

Further changes in the political, economic and social conditions or other relevant policies of the Egyptian government, such as changes in laws or regulations, export restrictions, restrictions on foreign exchange transfers, expropriation of our assets or resource nationalisation, and/or forced renegotiation or modification of contracts with government-controlled companies could materially and adversely affect our respective business, financial condition, results of operations and/or prospects.

Egypt tax dispute

The Company filed its corporate tax returns for the years 2007 to 2010 on the due dates according to corporate tax law No. 91 for the year 2005 and paid the due corporate tax for these years. The tax returns for the years 2007 to 2010 were inspected and the inspection revealed a substantial tax dispute. The Company received Tax Form (19) with the tax assessment in 2012 and appealed before the Tax Authority Internal Appeal Committee. The main disputed item in the year 2007 relates to the taxation of gain on sale of Orascom Building Materials Holding (a former subsidiary of the Company) to Lafarge. The company obtained the tax assessment (Tax Form "19") for a part of the gain amount to USD3.8 billion (equivalent Egyptian Pounds 22.8 billion). The inspection also revealed a dispute in the year 2008 regarding the foreign exchange gain, which was agreed with the Internal Appeal Committee to be re-examined. The Company also discussed the remaining tax differences with the Tax Authority and resolved part of the differences. The remaining unresolved differences were insignificant. On 26 September 2012 and 11 October 2012, the Company received letters from the Tax Authority stating that the full amount of the capital gain (not only part of the gain) that resulted from the sale amounting to USD11.4 billion (equivalent to Egyptian Pounds 68.8 billion) was taxable. The management of the Company and its tax and legal advisors believe the aforementioned sale of the shares transaction was settled for cash and the exemption of tax is in accordance with item 8 of article 50 of the tax law No. 91 for the year 2005 and that such exemption is unconditional and unrestricted. In addition, the said shares were fully and unconditionally registered on the stock exchange in accordance with the registration rules applicable at the time the transaction was executed. Therefore, no capital gain tax on the transaction is due. This dispute has not been resolved as at the date of issuing this Offering Circular.

Continued hostilities and unrest in the Middle East and North Africa or changes in the economic and political environment in the Middle East and North Africa could have an adverse impact on our business.

For the year ended 31 December 2011, the operations of the Group in the Middle East and North Africa (excluding Egypt) comprised 18.7% and 11.3% respectively of its consolidated revenues. Protests which began on 18 December 2010 in Tunisia have led to a wave of demonstrations and protests in several countries in the MENA region.

It is difficult for us to predict the consequences of political and socio-economic change that may be brought about as a result of the unrest and hostilities, or what the implications of such changes will be on our operations given that legislative, tax and business environments can be altered quickly and dramatically. Accordingly, our ability to operate our businesses regularly and our willingness to commit new resources or investments may be affected or disrupted, potentially with corresponding reductions in revenue, more aggressive taxation policies, increases in other expenses (such as employee healthcare), restrictions on repatriating funds and difficulties in recruiting staff, which may have a material adverse effect on our business, financial condition, results of operations and/or prospects.

The Group does business in locations where it is exposed to a greater-than-average 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 nationalisation of property. In the past, the Egyptian government has gone through periods of nationalism and adopted protective policies, including the nationalisation of major private enterprises such as the Suez Canal Company. Furthermore, relatively high commodity prices and other factors in recent years have resulted in increased resource nationalisation in some countries, with governments repudiating or renegotiating contracts with, and expropriating assets from, companies that are producing in such countries. Our assets could be considered strategic resources in some of the jurisdictions in which we operate. Governments in these countries may decide not to recognise previous arrangements if they regard them as no longer being in the national interest. Governments may also implement export controls on commodities regarded by them as strategic or place restrictions on foreign ownership or operation of strategic assets. One example of adverse sovereign action is the Egypt tax dispute discussed above. Though as of the date of this Offering Circular no such nationalisations, expropriations or export controls have been proposed, there can be no assurance that the government will not adopt such policies going forward. Expropriation of assets, renegotiation or nullification of existing agreements, leases or permits by the governments of counties in which we operate, could all have a material adverse effect on our business, results of operations, financial condition and/or prospects.

The Group is subject to political, social and economic risks in the countries in which it operates.

Including the countries mentioned above, a substantial part of our assets and operations are currently located in jurisdictions which are, have been, or could in the future be subject to political, economic and social instability. Our operating results are and will be affected by any economic, social and political developments that affect each of the countries in which we operate and, in particular, by the level of economic activity. For example, in Egypt, during the reign of Hosni Mubarak, the former Egyptian president, the Egyptian government embarked on an economic reform programme. Despite this programme, the government continues to exercise significant influence over many aspects of the economy through direct public ownership of enterprises and regulation of market conditions. Economic, social and political instability leads to incertitude over future economic conditions, policy decisions and economic conditions. There may be adverse political or economic conditions that influence operations of the business of the Group and policy decisions that affect the Group. For example, a factory may be shut down due to a policy decision. In addition, any further reform may be affected by political interference and disagreements within the executive branch of the government. The global downturn also significantly added to the deficit spending of certain governments in countries where the Group does business and has called into question the creditworthiness of some countries. As a result, it is difficult to predict what effect this may have on our business (see also "*Emerging markets are generally subject to greater risk than more developed markets and actual and perceived risks associated with investing in emerging economies could dampen foreign investment in the countries in which we operate*" below). While recent economic and political reforms have been implemented in several of the Group's markets, no assurance can be given as to whether these reforms will be long lasting.

Furthermore, our businesses could be affected by socio-political instability in the countries in which we operate. As a result of operating in certain locations which could be subject to heightened risks, our local subsidiaries may incur substantial costs in maintaining the safety of their personnel, property and equipment. For example, in addition to the countries mentioned above, certain other North African and Middle Eastern, as well as certain Asian and South American countries, have experienced serious political and economic instability within the past few years, and such instability may continue to arise from time to time in countries in which the Group has operations. It is difficult for us to predict where or when a significant change in the political leadership or regime within a given country may occur, or what the implications of such a change will be on its operations given that legislative, tax and business environments can be altered quickly and dramatically. The foregoing factors could have a materially negative impact on our ability to continue to grow our businesses in these markets and/or could have a material adverse effect on our business, financial condition, results of operations and/or prospects, as well as our reputation.

Emerging markets are generally subject to greater risk than more developed markets and actual and perceived risks associated with investing in emerging economies could dampen foreign investment in the countries in which we operate.

The disruptions recently experienced in the capital markets in some of the markets in which we operate have led to reduced liquidity and increased credit risk for certain market participants and have resulted in a reduction of available financing. Companies located in countries in emerging markets may be particularly susceptible to these disruptions and reductions in the availability of credit or increased financing costs, which could result in financial difficulties. In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in these markets and, as such, any factors that impact market confidence. For example, a decrease in credit ratings or state or central bank intervention in one market could affect the price or availability of funding for entities within any of these markets. Moreover, during such times, companies operating in emerging markets can face severe liquidity constraints as foreign funding resources are withdrawn or reduced. Thus, whether or not the countries in which we operate are relatively stable, financial turmoil in any emerging market country, some of which recently have experienced significant political instability (including terrorism), could seriously disrupt our businesses. Any such disruption could adversely affect our business, financial condition, results of operations and/or prospects.

We operate in a number of jurisdictions, any of which could change its fiscal, tax or foreign exchange laws in a way that could unfavourably affect our financial status.

The Group holds interests in operating subsidiaries in various jurisdictions. No assurance can be given that the laws or administrative practices relating to taxation (including the current position as to withholding taxes on dividends from these subsidiaries, and tax concessions in certain operations), foreign exchange control or other regulations in these jurisdictions will not change. Any such change could have a material adverse effect on our financial affairs, our ability to receive funds from our subsidiaries and our business, financial condition, results of operations and/or prospects.

The Group's facilities could be exposed to catastrophic events, including natural disasters, terrorist attacks or war, over which we have no control.

We may be exposed to the effects of natural or man-made disasters and other potentially catastrophic events, such as fire, earthquakes, major accidents, armed conflicts, hostilities and acts of terrorism; all of which are beyond our control.

The continued threat of terrorist activity and other acts of war, or hostility, have significantly increased the risk of political, economic and social instability in some of the geographic areas in which the Group operates. It is possible that further acts of terrorism may occur in the markets in which we operate and such acts of terrorism could be directed against our property and personnel. Although, to date, we have not experienced any property losses or material adverse effects on our results of operations or financial condition as a result of terrorism, political instability or war, no assurances can be given that we will not be impacted by such events in the future.

We may also face civil liabilities or fines in the ordinary course of our business as a result of damages to third parties caused by natural and man-made disasters. These liabilities may result in us being required to make indemnification payments in accordance with applicable laws to the extent and in the amount that such indemnification payments are not covered by our insurance policies.

While we seek to take precautions against such disasters, maintain disaster recovery strategies and purchase levels of insurance coverage that we regard as commercially appropriate, should any damage occur and be substantial, we could incur losses and damages not recoverable under insurance policies in force, which could have a material adverse effect on our business, results of operations and financial condition.

The Group is subject to regulatory and policy-related risks in the countries in which it operates.

Some of the countries in which the Group operates have implemented currency control restrictions and, in particular, rules surrounding the repatriation of dividends to foreign investors. There can be no guarantee that existing legislation will have no adverse impact on our revenues to the extent that we are prevented from receiving dividends from our subsidiaries or that our subsidiaries will not incur problems with external financing or supply contracts with foreign companies as a result of applicable legislation. Currency control restrictions and restrictions on the repatriation of dividends imposed on the Company or its subsidiaries may adversely affect our business, financial condition, results of operations and/or prospects.

We operate in regions where corrupt behaviour exists that could impair our ability to do business in the future or result in significant fines or penalties.

The Group does business, and may continue to do business in the future, in countries and regions where governmental corruption has been known to exist, and where the Group may face, directly or indirectly, corrupt demands by officials, or the risk of unauthorised payments or offers of payments by one of its employees or consultants. Our existing safeguards and any future improvements may prove to be not fully effective in preventing such unauthorised payments, and our employees and consultants may engage in conduct for which we might be held responsible. While the Company is committed to conducting business in a legal and ethical manner, there is a risk of violating either the UK Bribery Act 2010 or legislation promulgated pursuant to the 1997 Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or other applicable anti-corruption regulations that generally prohibit the making of improper payments to foreign officials for the purpose of obtaining or keeping business. Violation of these laws may result in severe criminal or civil sanctions or other liabilities that could materially damage the Company's reputation and, therefore, the Company's business, results of operations and financial condition.

2.2 Risks relating to the legal systems in which we operate

In certain jurisdictions in which we operate, the developing legal system and new legislation can create an uncertain environment for investment and business activity.

Some of the jurisdictions in which we operate are still developing the legal framework required to support a market economy. The following risk factors relating to these legal systems create uncertainty with respect to the legal and business decisions that we make, many of which uncertainties do not exist in countries with more developed market economies:

- inconsistencies between and among the constitution, federal law, presidential and governmental and ministerial decrees, and conflicts between federal, regional and local legislation;
- lack of fully developed corporate and securities laws;
- lack of judicial and administrative guidance on interpreting legislation;
- gaps in the regulatory structure due to delay or absence of implementing legislation;
- the relative inexperience of judges and courts in interpreting legislation;
- lack of an independent judiciary;
- difficulty in enforcing court orders;
- a high degree of discretion on the part of governmental authorities, which could result in arbitrary actions such as suspension or termination of our licences; and
- under-developed bankruptcy procedures that are subject to abuse.

The rapid evolution of these legal systems in ways that may not always coincide with market developments can result in ambiguities, inconsistencies and anomalies in the law and judicial practice. These weaknesses affect our ability to protect our rights under our licences and contracts, or to defend ourselves against claims by others, including challenges by regulatory and governmental authorities in relation to our compliance with applicable laws and regulations and could have a material adverse effect on our business, financial condition, results of operations and/or prospects.

Failure to comply with existing laws and regulations or directives contained in the findings of government inspections, or increased governmental regulation of our operations, could result in substantial additional compliance costs or sanctions.

Our operations and properties are subject to regulation by various government entities and agencies in connection with obtaining and renewing various licences and permits, as well as with ongoing compliance with existing laws, regulations and standards. Government authorities often have the right to, and frequently do, conduct periodic inspections of our operations and projects. Any such future inspections may conclude that we or any of our subsidiaries have violated laws, decrees or regulations, and we may be unable to refute such conclusions or remedy the violations. Our failure to comply with existing laws and regulations or directives contained in the findings of government inspections may result in the imposition of fines or penalties or more severe sanctions including the suspension, amendment or termination of our licences and permits, or in orders that we cease certain business activities, or in criminal and administrative penalties against our officers. Any such decisions, requirements or sanctions, or any increase in governmental regulation of our operations, could increase our costs and have a material adverse effect on our business, financial condition, results of operations and/or prospects.

2.3 Risks relating to our businesses generally

We may have difficulty raising additional capital in the future on favourable terms, or at all, which could impair our ability to operate our business or achieve our growth objectives.

In the event that our cash balances and cash flow from operations, together with borrowing capacity under our credit facilities, become insufficient to make investments, make acquisitions or provide needed additional working capital in the future, we could require additional financing from other sources. Our ability to obtain such additional financing will depend in part upon prevailing capital market conditions, as well as conditions in our businesses and our operating results, and those factors may affect our efforts to arrange additional financing on terms that are satisfactory to us. The market volatility in recent years has created downward pressure on stock prices and credit capacity for certain issuers, often without regard to those issuers' underlying financial strength, and for financial market participants generally. If adequate funds are not available, or are not available on acceptable terms, as could be the case if current levels of market disruption and volatility continue or worsen, our ability to access the capital markets could be adversely affected, and we may not be able to make future investments, take advantage of acquisitions or other opportunities, or respond to competitive challenges.

Expansion of our businesses may result in unanticipated adverse consequences.

We routinely consider possible expansions of our businesses in new and current markets. Major investments in our businesses, including as a result of acquisitions, partnerships, joint ventures or other major investments require significant managerial resources, which may be diverted from our other activities and may impair the operation of our businesses. The risks of any expansion of our businesses through investments, acquisitions, partnerships or joint ventures are increased due to the significant capital and other resources that we may have to commit to any such expansion, which may not be recoverable if the expansion initiative to which it was devoted is ultimately not implemented. As a result of these and other factors, including general economic risk, we may not be able to realise our projected returns from any future acquisitions, partnerships, joint ventures or other investments.

We are exposed to risks associated with our joint ventures.

We participate in joint ventures and other partnerships including Sorfert Algérie, Egyptian Basic Industries Corporation, Gavilon and Notore Chemical Industries, the BESIX Group, Alico Egypt, United Paints & Chemicals, United Holding Company, National Pipe Company, SCIB Chemical, Orasqualia, and the Suez Industrial Development Company. Our partners may share or have majority control over the operations of these ventures. As a result, our investments in joint ventures involve risks that are different from the risks involved in owning facilities and operations independently. These risks include the possibility that our joint ventures or our partners have economic or business interests or goals that are or become inconsistent with our business interests or goals; are in a position to take action contrary to our instructions, requests, policies or objectives; subject the joint venture to liabilities exceeding those contemplated; take actions that reduce our return on investment; or take actions that harm our reputation or restrict our ability to run our businesses. In addition, the Company may become involved in disputes with its joint venture partners, which could lead to impasses or situations that could harm the joint venture, which could reduce the Company's revenues or increase its costs.

Deterioration of global market and economic conditions could have a material adverse effect on the Group's business, financial condition and results of operations.

A slowdown of, or persistent weakness in, economic activity caused by a deterioration of global market and economic conditions could adversely affect the Group's businesses in the following ways, among others: conditions in the credit markets could impact the ability of our customers and their customers to obtain sufficient credit to support their operations; the failure of our customers to fulfil their purchase obligations could result in increases in bad debts and impact our working capital; and the failure of certain key suppliers could increase our exposure to disruptions in supply or to financial losses. The Group may also experience declining demand and falling prices for some of its products due to its customers' reluctance to replenish inventories. The overall impact of a global economic downturn on the Group is difficult to predict, and its business could be materially adversely impacted as a result.

Interest rate risk due to significant presence in emerging markets.

Due to the Group's presence in emerging markets, it is subject to high interest rates and substantial volatility, and therefore needs to actively manage interest rate risk to limit any negative impact on its cash position arising from fluctuations in interest rates. A failure to manage this interest rate risk could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

We could be impacted by acrimonious employee relations, which could adversely affect our operations.

None of our employees are represented by a labour union; however, our employees in certain European countries are represented by a works council in their respective locations as required by local law. Although we consider our employee relations to be good, we cannot be certain that disputes with employees or employee representatives of works councils will not occur in the future. Such disputes could impact employee performance and workplace relations which could have a material adverse effect on our business and results of operations.

If we are unable to attract and retain qualified managers and skilled employees, we will be unable to operate efficiently, which could reduce our results of operations, cash flows and liquidity.

Our businesses are labour intensive and given the nature of the highly specialised work the Group performs or is involved in, many of its employees are trained in and possess specialised technical skills. Accordingly, it can be difficult for us to find qualified and affordable personnel. We may be unable to hire and retain a sufficient skilled labour force necessary to support our operating requirements and growth strategy. Our labour expenses may increase as a result of a shortage in the supply of skilled personnel and we may also be forced to incur significant training expenses if we are unable to hire employees with the requisite skills. Additionally, our businesses are managed by a number of key executive and operational officers and are dependent upon retaining and recruiting qualified management. Labour shortages, increased labour or training costs, or the loss of key personnel could materially adversely affect our results of operations, cash flows and liquidity.

2.4 Risks relating to our Construction Business

Economic downturns could reduce capital expenditures in the industries the Construction Business serves, which may result in a decrease in demand for its services.

The demand for the Construction Business's services has been, and will likely continue to be, cyclical in nature and vulnerable to general downturns in the global economy. Given the recent financial markets turmoil, our customers may not have the ability to fund capital expenditures for infrastructure, or may have difficulty in obtaining financing, which may result in cancellations of projects or deferrals of projects to a later date. Such cancellations or deferrals could result in decreased demand for our services and could materially adversely affect our results of operations, cash flows and liquidity.

In addition, our customers are affected by economic downturns that decrease the need for our services or the profitability of those services. Slowdowns in real estate, fluctuations in commodity prices and decreased demand by end-customers for services could affect our customers and their capital expenditure plans. To mitigate against the impact of potential slowdowns, we continually monitor our customers' industries and their relative health compared to the economy as a whole. Additionally, during the current economic downturn and in any future downturn, our customers may not have the ability or desire to continue to fund capital expenditures for infrastructure or may determine to outsource less work. A decrease in any of these projects or any other services which we provide could materially adversely affect our results of operations, cash flows and liquidity.

The construction industry is highly competitive, which may reduce our market share and harm our financial performance. A10.6.5

The construction industry is highly fragmented, and we compete with other companies in most of the markets in which we operate, ranging from small independent firms servicing local markets to larger firms servicing regional and national markets. There are relatively few barriers to entry into certain of the markets in which we operate and, as a result, any organisation that has adequate financial resources and access to technical expertise and skilled personnel may become one of our competitors.

Most of our customers' work is awarded through a bid process. Consequently, price is often the principal factor in determining which service provider is selected, especially on smaller, less complex projects. Smaller competitors are sometimes able to win bids for these projects based on price alone due to their lower costs and financial return requirements. If we are unsuccessful in bidding on these projects, or if our ability to win such projects requires that we accept smaller margins, then our results of operations, cash flows and liquidity could be materially and adversely affected.

Currency risk due to our geographic diversification.

The Group operates in a large number of geographic markets and as a result its construction backlog is exposed to a wide range of currencies, including USD, EUR, DZD, EGP, JPY and USD-pegged Middle Eastern currencies, which exposes the Group to potential currency risk. Although this currency risk is currently naturally hedged due to the basket of currencies the backlog is comprised of, if this were to change and we were unable to manage this currency rate risk, this could have a material adverse effect on our business, financial condition, results of operations and/or prospects.

Amounts included in our backlog may not result in actual revenue or translate into profits, and our backlog is subject to cancellation and unexpected adjustments and therefore is an uncertain indicator of future operating results.

Our backlog is based on our estimates of awarded, signed and ongoing contracts which have not yet completed and therefore may not result in actual receipt of revenue in the originally anticipated period, or at all. In addition, contracts included in our backlog may not be profitable. We may experience variances in the realisation of our backlog because of project delays or cancellations resulting from weather conditions, other project deferrals or delays, scope adjustments, external market factors and economic factors beyond our control. If our backlog fails to materialise, our results of operations, cash flows and liquidity would be materially and adversely affected. Accordingly, our backlog as of any particular date is an uncertain indicator of future earnings.

The Company's use of the percentage-of-completion accounting method for construction contracts could result in a reduction of previously recorded profits.

Under the Company's accounting policies, it measures and recognises a large portion of its revenues and profits under the percentage-of-completion accounting methodology for construction contracts. This methodology allows the Company to recognise revenues and profits rateably over the life of a construction contract, without regard to the timing of receipt of cash payments, by comparing the amount of the costs incurred to date against the total amount of costs expected to be incurred. The effect of revisions to estimated costs, and thus revenues, is recorded when the amounts are known and can be reasonably estimated. These revisions can occur at any time and could be material. On a historical basis, the Company believes that it has made reasonably reliable estimates of the progress towards completion on its long-term contracts. However, given the uncertainties associated with these types of contracts and inherent in the nature of the Company's industry, it is possible for actual costs to vary from estimates previously made, which may result in reductions or reversals of previously recorded profits.

The Company may not accurately estimate the costs associated with its services provided under fixed-price contracts, which could impair the Company's financial performance.

A substantial portion of the Construction Business's revenue is derived from fixed-price contracts. Under these contracts, the Company assumes the risk that the costs associated with its performance may be greater than anticipated. Profitability will be reduced if the actual costs to complete a contract exceed original estimates. The Company's profitability is therefore dependent upon its ability to accurately estimate the costs associated with its services. These costs may be affected by a variety of factors, such as lower than anticipated productivity, conditions at the work sites differing materially from what was anticipated at the time it bid on the contract and higher costs of materials and labour. These variations, along with other risks inherent in performing fixed price contracts, may cause actual revenue and gross profits for a project to differ from those originally estimated and, as a result, certain agreements or projects could have lower margins than anticipated, or losses if actual costs for the Company's contracts exceed its estimates, which could reduce the Company's profitability, cash flows and liquidity.

The Construction Business is dependent on third-party suppliers.

The Construction Business sources the majority of materials and supplies from third-party suppliers. The use of third-party suppliers exposes us to potential liabilities that may arise in cases where such third-party suppliers fail to meet pre-agreed budgets and timelines of a particular project. The materials and supplies used in many of our projects are required to conform to high quality specifications. The use of third-party suppliers also increases the demands on our quality control personnel and exposes us to risks that the materials purchased from such suppliers may not meet necessary quality standards and consequently result in delays in correcting any deficiencies. To the extent that we are unable to rely on these third-party suppliers, either due to an adverse change in our relationships with them, increases in the cost of their goods and services, or a supplier's inability to provide us with materials in a timely manner or of the necessary quality, the Construction Business could be adversely affected through higher costs or the resulting potential inability to service its customers, which could have a material adverse effect on our business, financial condition, results of operations and/or prospects.

Delays in the completion of projects may subject us to delay penalties or impact our ability to successfully negotiate contract variations and claims.

If we are unable to complete a contract within the agreed timeframe, the relevant client may be entitled to levy penalties under the terms of its relevant agreement, which could have a material adverse effect on our business, financial condition, results of operations and/or prospects.

Warranty claims resulting from our services could have a material adverse effect on the Construction Business.

We generally warrant the work we perform for varying periods of time following substantial completion of a project, subject to further extensions of the warranty period following repairs or replacements. Whilst we do, in respect of projects which we believe are characterised by a higher degree of risk associated with potential warranty claims, make provisions for such potential claims, such provisions may not be sufficient to cover the costs associated with potential warranty claims (and warranty claims may be made relating to matters in respect of which we have not made any provision). The costs associated with any such warranty claims, including any warranty-related legal proceedings, could have a material adverse effect on our results of operations, cash flows and liquidity.

Potential inflation in local economies may affect some customers' ability to pay for our services, and it may also adversely affect the stability of the construction markets in those countries.

Our operations are dependent upon the economies of the markets in which we have interests. These markets are in countries with economies in various stages of development or structural reform, some of which are subject to rapid fluctuations in terms of consumer prices, employment levels, gross domestic product and interest and foreign exchange rates. We may be subject to such fluctuations in the local economies and to the effect of such fluctuations on the ability of customers to pay for our services and on our ability to increase our customer base in such affected countries. In addition, these fluctuations may affect the ability of the market to support our existing interests or any growth in our operations. It is also possible that a period of significant inflation in any of the markets in which we operate could adversely affect our business, financial condition, results of operations and/or prospects.

The Construction Business may be affected by difficult work sites and environments, which could cause delays and result in additional costs.

We perform work under a variety of conditions, including, but not limited to, difficult and hard to reach terrain and difficult site conditions. Performing work under such conditions can result in project delays or cancellations, potentially causing us to incur additional, unanticipated costs, reductions in revenues or the payment of liquidated damages.

Some of our projects involve challenging engineering, procurement and construction phases that may occur over extended time periods, sometimes over several years. We may encounter difficulties in engineering, delays in designs or materials provided by the customer or a third party, equipment and material delivery delays, schedule changes, delays from customer failure to timely obtain rights-of-way, weather-related delays and other factors, some of which are beyond our control, but which impact our ability to complete a project within the original delivery schedule. In some cases, delays and additional costs may be substantial and we may be required to cancel a project and/or compensate the customer for the delay. We may not be able to recover any of such costs. Any such delays or cancellations, defects or errors or other failures to meet customer expectations could result in damages claims substantially in excess of the revenue associated with a project. Delays or cancellations could also negatively impact our reputation or relationships with our customers, which could adversely affect our ability to secure new contracts.

We are subjected to hazards that could result in liabilities and weaken our financial condition.

Construction projects undertaken by us expose our employees to electrical lines, pipelines carrying potentially explosive materials, heavy equipment, mechanical failures, transportation accidents, adverse weather conditions and the risk of damage to equipment and property. These hazards can cause personal injuries and loss of life, severe damage to or destruction of property and equipment and other consequential damages and could lead to suspension of operations and large damages claims. In addition, if serious accidents or fatalities occur, or our safety record were to deteriorate, we may be restricted from bidding on certain work and obtaining other new contracts and certain existing contracts could be terminated. The occurrence of accidents in our business could result in significant liabilities, employee turnover, increased project costs, or harm our ability to perform under our contracts or enter into new contracts with customers, which could materially reduce our revenue, profitability and liquidity.

Our operations may impact the environment or cause exposure to hazardous substances, and our properties may have environmental contamination, which could result in material liabilities.

Our operations are subject to various environmental laws and regulations, including those dealing with the handling and disposal of waste products, polychlorinated biphenyls (**PCBs**), fuel storage and air quality. Certain of our current and historical construction operations have used hazardous materials and, to the extent that such materials are not properly stored, contained or recycled, they could become hazardous waste. We may be subject to claims under various environmental laws and regulations and/or common law doctrines for toxic torts and other damages, as well as for natural resource damages and the investigation and clean-up of soil, surface water, groundwater, and other related occurrences. Such claims may arise, for example, out of current or former conditions at project sites, current or former properties owned or leased by us, and contaminated sites that have always been owned or operated by third parties. Liability may be imposed without regard to fault and may be strict, joint and several, such that we may be held responsible for more than our share of any contamination or other damages, or even for the entire share, and may be unable to obtain reimbursement from the parties causing the contamination.

2.5 Risks relating to the Fertiliser Business

The Fertiliser Business is dependent on natural gas, which is subject to a high level of price volatility.

Natural gas is the principal raw material used to produce nitrogen fertilisers. The Group uses natural gas as a feedstock to produce urea, ammonia, calcium ammonium nitrate (**CAN**), urea ammonium nitrate (**UAN**), melamine, methanol, and ammonium sulphate (**AS**). Natural gas comprises a significant portion of the total cost of our nitrogen fertilisers production.

We have long-term gas supply agreements for our production plants in Egypt and Algeria. These long-term supply agreements have pricing structures that are customary to the industry and are based on varying pricing formulae linked to product prices, step-function temporal price increases, and/or linkages to end-product selling prices. We may be subject to risks resulting from unilateral actions by our counterparties that could lead to disputes and sovereign-related risks such as unilateral government decisions that may cause disruption of production activities and consequently materially adversely affect our results of operations, cash flows and liquidity.

Our production operations in the Netherlands procure the required natural gas supplies through various spot-based contracts from the European natural gas market, in addition to other contracts that are based on formulae linked to a basket of oil and oil-related commodities. As such, we are subject to risks associated with volatility of the natural gas spot market as a result of supply-demand balances and other external factors such as weather conditions, market sentiment in relation to future supplies, storage and throughput capacity of suppliers, import duties, levies and other forms of taxation to which suppliers may be subject which are passed through, and volatility in prices of oil and oil-related commodities. Each of these factors is subject to a multitude of drivers that make it difficult to forecast such prices. The constant changes in natural gas prices may from time to time impact the profitability of the business and adversely change its competitiveness vis-à-vis peer producers in the industry on an international level.

Our subsidiary in the US procures its natural gas through short-term supply agreements from existing pipeline network suppliers based on market prices and arms'-length transmission charges. In the US market, recent discoveries of natural gas reserves, including shale gas, and the rapid improvement in shale gas extraction techniques may result in increased competitiveness of producers in the US (including increased investments in Greenfield and Brownfield production plants) that adversely affect the competitiveness of our Fertiliser Business in the US. US gas prices are also subject to a multitude of external factors (including those listed in the preceding paragraph). We may from time to time engage in hedging activities using financial instruments for our natural gas supplies which may negatively affect our average procurement price for our natural gas during certain periods.

The Fertiliser Business is cyclical, resulting in periods of industry oversupply during which its results of operations tend to be negatively impacted.

Historically, selling prices for the Fertiliser Business's products have fluctuated in response to periodic changes in supply and demand conditions. Demand is affected by population growth, changes in dietary habits, non-food usage of crops, such as the production of ethanol and other biofuels, and planted acreage and application rates, among other things. Supply is affected by available capacity and operating rates, raw material costs and availability, government policies and global trade. Periods of high demand, high capacity utilisation and increasing operating margins tend to result in investment in production capacity, which may cause supply to exceed demand and selling prices and capacity utilisation to decline. Future growth in demand for fertiliser may not be sufficient to absorb excess industry capacity. During periods of industry oversupply, the Fertiliser Business's results of operations tend to be affected negatively as the price at which it sells its products typically declines, resulting in possible reduced profit margins, write-downs in the value of its inventory and/or temporary or permanent curtailments of production.

The Fertiliser Business's products are global commodities, and we face global competition from other fertiliser producers.

We are subject to price competition from our competitors. Fertilisers are global commodities, with little product differentiation, and customers make their purchasing decisions principally on the basis of delivered price and to a lesser extent on customer service and product quality. We compete with many producers, including state-owned and government-subsidised entities. Consolidation in the fertiliser industry has increased the resources of several of our competitors. Such consolidation could continue and our competitive position could suffer to the extent we are not able to expand our own resources either through investments in new or existing operations or through acquisitions, joint ventures or partnerships. Global fertiliser capacity continues to grow, with capacity added in markets such as China where predominantly nitrogen fertilisers are produced using coal. Although Chinese producers are not competitively positioned relative to producers with access to competitive natural gas, Chinese exports may still have a negative seasonal impact on selling prices (despite the policy of the Chinese Government to impose high export duties). Seasonal activity by Chinese producers may adversely affect our results of operations and financial condition. We also face competition from other nitrogen fertiliser producers in the Middle East, Europe, the United States and Latin America who, depending on market conditions, fluctuating input prices, geographic location and freight economics, may take actions at times with respect to price or selling volumes that adversely affect the sales and consequently our operations and financial condition.

We rely in part on third-party providers of transportation services and equipment, which subjects us to risks and uncertainties beyond our control that may adversely affect our operations.

We rely on railroad, trucking, pipeline, river barge, and ocean vessel companies to transport raw materials to our manufacturing facilities, to deliver finished products to our distribution system and to ship finished products to our customers. We also lease rail cars from rail car owners in order to ship raw materials and finished products. These transportation operations, equipment and services are subject to various hazards, including extreme weather conditions, work stoppages, delays, accidents such as spills and derailments and other accidents and other operating hazards. These transportation operations, equipment and services are also subject to environmental, safety, and regulatory oversight. Due to concerns related to accidents, terrorism or the potential use of fertilisers as explosives, local and national governments could implement new regulations affecting the transportation of our raw materials or finished products. If we are delayed or are unable to ship our finished products or obtain raw materials as a result of these transportation companies' failure to operate properly, or if new and more stringent regulatory requirements are implemented affecting transportation operations or equipment, or if there are significant increases in the cost of these services or equipment, our sales revenues and/or cost of operations could be adversely affected. In addition, increases in our transportation costs, or changes in such costs relative to transportation costs incurred by our competitors, could have an adverse effect on our revenues and results of operations.

The Fertiliser Business is seasonal and is affected by adverse weather conditions and the spending patterns of its customers, exposing us to variable quarterly results.

Weather conditions that delay or intermittently disrupt field work during the planting and growing seasons may cause agricultural customers to use different forms of nitrogen fertiliser, which may adversely affect demand for the forms that we sell or may impede farmers from applying our fertilisers until the following growing season, resulting in lower demand for our products. Adverse weather conditions following harvest may delay or eliminate opportunities to apply fertiliser in the autumn. Weather can also have an adverse effect on crop yields, which lowers the income of growers and could impair their ability to purchase fertiliser from our customers.

The Fertiliser Business is subject to numerous environmental and health and safety laws and regulations, as well as potential environmental liabilities, which may require it to make substantial expenditures.

We are subject to numerous environmental and health and safety laws and regulations in the jurisdictions in which we operate, including laws and regulations relating to minimum standards for environmental protection; the generation, treatment, storage, disposal and handling of hazardous substances and wastes; the clean-up of hazardous substance releases and the demolition of existing plant sites upon permanent closure. As a fertiliser company working with chemicals and other hazardous substances, our business is inherently subject to spills, discharges or other releases of hazardous substances into the environment. Certain environmental laws impose joint and several liabilities, without regard to fault, for clean-up costs on persons who have disposed of or released hazardous substances into the environment. Given the nature of the Fertiliser Business, we may incur liabilities under environmental clean-up laws at our current or former facilities, adjacent or nearby third-party facilities or offsite disposal locations. The costs associated with clean-up activities that we may be required to conduct or finance may be material. Additionally, we may become liable to third parties for damages, including personal injury and property damage, resulting from the disposal or release of hazardous substances into the environment. Violations of environmental and health and safety laws can result in substantial penalties, court orders to install pollution-control equipment, civil and criminal sanctions, permit revocations and facility shutdowns. Environmental and health and safety laws change rapidly and have tended to become more stringent over time. As a result, we may not always be in compliance with all environmental and health and safety laws and regulations. Future environmental and health and safety laws and regulations or more vigorous enforcement of current laws and regulations, whether caused by violations of environmental and health and safety laws by the Group or other chemical fertiliser companies or otherwise, may require us to make substantial expenditures. Additionally, our costs to comply with, or any liabilities under, these laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

Our operations are dependent on numerous required permits, approvals and meeting financial assurance requirements from governmental authorities.

The Group holds numerous environmental and other governmental permits and approvals authorising operations at each of its facilities. Expansion of our operations is predicated upon securing the necessary environmental or other permits or approvals. A decision by a government agency to deny or delay issuing a new or renewed material permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations at the affected facility and on our business, financial condition and results of operations. In certain cases, as a condition to procure such permits and approvals or as a condition to maintain existing approvals, we may be required to comply with regulatory financial assurance requirements. The purpose of these requirements is to assure local or national government agencies that we will have sufficient funds available for the ultimate closure, post-closure care and/or reclamation at our facilities. Additional financial assurance requirements or other increases in local regulations and taxes could have a material adverse effect on our business, financial condition and results of operations.

Future regulatory restrictions on greenhouse gas emissions in the jurisdictions in which the Fertiliser Business operates could materially adversely affect our operating results.

Currently, the Group is subject to climate change regulations in the jurisdictions in which it operates. There are uncertainties as to the nature, stringency and timing of future climate change regulations. More stringent greenhouse gas (**GHG**) limitations, if they are enacted, are likely to have significant impacts on the fertiliser industry due to the fact that our production facilities emit GHGs such as carbon dioxide and nitrous oxide. Regulation of GHGs may require us to make changes in our operating activities that would increase our operating costs, reduce our efficiency, limit our output, require us to make capital improvements to our facilities, increase our costs for or limit the availability of energy, raw materials or transportation, or otherwise materially adversely affect our operating results.

Our inability to predict future seasonal fertiliser demand accurately could result in excess inventory, potentially at costs in excess of market value, or product shortages.

The fertiliser business is seasonal. The strongest demand for the Fertiliser Business's products occurs during the spring planting season, with a second period of strong demand following the autumn harvest. We and/or our customers generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. Seasonality is greatest for ammonia due to the short application season and the limited ability of our customers and their customers to store significant quantities of this product. The seasonality of fertiliser demand results in the Fertiliser Business's sales volumes and net sales being the highest during the spring and its working capital requirements being the highest just prior to the start of the spring season. The Fertiliser Business's quarterly financial results can vary significantly from one year to the next due to weather-related shifts in planting schedules and purchasing patterns. If seasonal demand is less than we expect, we may be left with excess inventory that will have to be stored (in which case our results of operations will be negatively impacted by any related increased storage costs) and/or liquidated (in which case the selling price may be below its production, procurement and storage costs). The risks associated with excess inventory and product shortages are particularly acute with respect to our nitrogen fertiliser business because of the highly volatile cost of natural gas and nitrogen fertiliser prices and the relatively brief periods during which farmers can apply nitrogen fertilisers.

Acts of terrorism and regulations to combat terrorism could negatively affect our business.

Like other companies with major industrial facilities, our plants and ancillary facilities may be targets of terrorist activities. Many of these plants and facilities store significant quantities of ammonia and other items that can be dangerous if mishandled. Any damage to infrastructure facilities, such as electric generation, transmission and distribution facilities, or injury to employees, who could be direct targets or indirect casualties of an act of terrorism, may affect our operations. Any disruption of our ability to produce or distribute our products could result in a significant decrease in revenues and significant additional costs to replace, repair or insure our assets, which could have a material adverse impact on our financial condition and results of operations. In addition, due to concerns related to terrorism or the potential use of certain fertilisers as explosives, local, state, federal and foreign governments could implement new regulations impacting the security of our plants, terminals and warehouses or the transportation and use of fertilisers. These regulations could result in higher operating costs or limitations on the sale of our products and could result in significant unanticipated costs, lower revenues and/or reduced profit margins.

Any operational disruption at any of our facilities as a result of equipment failure, an accident, adverse weather, a natural disaster or another interruption could result in a reduction of sales volumes and could cause us to incur substantial expenditures. A prolonged disruption could materially affect the cash flow we expect from a facility.

The equipment at any of our facilities could fail and could be difficult to replace. A facility may be subject to significant interruption if it were to experience a major accident or equipment failure or if it were damaged by severe weather or a natural disaster. Significant shutdowns at a facility could significantly reduce the amount of product available for sale, which could reduce or eliminate profits and cash flow from our operations. Repairs to a facility in such circumstances could be expensive, and could be so extensive that the facility could not economically be placed back into service. It has become increasingly difficult to obtain replacement parts for equipment and the unavailability of replacement parts could impede our ability to make repairs to a facility when needed. We currently maintain property insurance, including business interruption insurance, but we may not have sufficient coverage, or may be unable in the future to obtain sufficient coverage at reasonable costs. A prolonged disruption at a facility could materially affect the cash flow we expect from the facility. In addition, operations at any of our facilities are subject to hazards inherent in chemical processing. Some of those hazards may cause personal injury and loss of life, severe damage to or destruction of property and equipment and environmental damage, and may result in suspension of operations and the imposition of civil or criminal penalties. As a result, operational disruptions at any of our facilities could materially adversely impact our business, financial condition, results of operations and cash flow.

The Fertiliser Business's results of operations are highly dependent upon and fluctuate based upon business and economic conditions and governmental policies affecting the agricultural industry. These factors are outside of our control and may significantly affect our profitability.

The Fertiliser Business's results of operations are highly dependent upon business and economic conditions and governmental policies affecting the agricultural industry, which we cannot control. The agricultural products business can be affected by a number of factors. The most important of these factors for the Fertiliser Business's markets are:

- weather patterns and field conditions (particularly during periods of traditionally high nitrogen fertiliser consumption);
- global trade dynamics for nitrogen fertilisers, including logistics and seasonality of demand;
- current and projected grain inventories and prices of world-wide grain markets; and
- governmental policies, including farm and biofuel policies, which may directly or indirectly influence the number of acres planted, the level of grain inventories, the mix of crops planted or crop prices.

International market conditions, which are outside of our control, may significantly influence the Fertiliser Business's operating results. The international market for nitrogen fertilisers is influenced by such factors as the relative value of the USD and its impact upon the cost of importing nitrogen fertilisers, foreign agricultural policies, the existence of, or changes in, import or foreign currency exchange barriers in certain foreign markets, changes in the hard currency demands of certain countries and other regulatory policies of foreign governments, as well as the laws and policies of the markets in which we operate that affect its foreign trade and investment.

2.6 Risks relating to the Shares

Substantial trading activity in the Shares after the completion of the Takeover Offer, or the prospect of such activity, could materially and adversely affect the price of the Shares

Following the completion of the Takeover Offer, there may be substantial trading activity in the Shares in the public markets. This may occur where previous shareholders in OCI Egypt who have accepted the Takeover Offer do not wish to hold Shares or may not be able to hold Shares as a result of their own portfolio requirements and preferences. A high level of trading activity may lead to volatility in the price of the Shares and significant selling pressure may adversely affect the price of the Shares. Declines in the market price of the Shares may impair the Company’s ability to raise capital through an offering of securities in the future.

The Shares could be subject to price fluctuations

A number of factor outside the control of the Company may impact the long-term performance and the price of the Shares, including investor sentiment and local and international stock market conditions. Investors should recognise that the price of the Share may fall as well as rise.

2.7 Risks relating to the Takeover Offer

The acquisition by the Company of GDRs representing a significant proportion of the share capital of OCI Egypt may lead to the OCI Shares being delisted from the Egyptian Stock Exchange. If that were to be the case, there is a possibility that Egyptian holders of OCI Shares will start legal proceedings as a result of the Takeover Offer. However, it is more likely that such shareholders will accept the offer to exchange their OCI shares.

3. IMPORTANT INFORMATION

Potential investors are expressly advised that an investment in the Shares entails certain risks and that they should therefore carefully review the entire contents of this Offering Circular. Furthermore, before making an investment decision with respect to any Shares, potential investors should consult their stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Shares and consider such an investment decision in light of the potential investor's personal circumstances.

3.1 Responsibility statement

Potential investors should only rely on the information contained in this Offering Circular and any supplement thereto.

Potential investors should not assume that the information in this Offering Circular is accurate as of any date other than the date of this Offering Circular. No person is or has been authorised to give any information or to make any representation in connection with the Listing, other than as contained in this Offering Circular. If any information or representation not contained in this Offering Circular is given or made, the information or representation must not be relied upon as having been authorised by the Company, or any of its affiliates. The delivery of this Offering Circular at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Offering Circular is correct as of any time since its date.

The Company accepts responsibility for the information contained in this Offering Circular. The Company declares that having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Rabobank in its capacity as Listing Agent does not accept any responsibility whatsoever for this Offering Circular or the content thereof, nor for any other statement made or purported to be made in connection with this Offering Circular, the Company, the Shares or the Listing. Accordingly Rabobank disclaims any and all liability, whether arising in tort or otherwise, in respect of this Offering Circular or any such statement.

3.2 Potential conflicts of interest

Rabobank is the Listing Agent. It and/or its affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary transactions in the ordinary course of their business with the Company or any parties related to the Company, in respect of which they may, in the future, receive fees and commissions, and in respect of which sharing of information is restricted for reasons of confidentiality by internal procedures or by rules and regulations, including those issued by the AFM. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors and the Company.

3.3 Presentation of financial and other information

The Company is newly incorporated, and its financial history does not cover OCI Egypt's businesses, as it only recently acquired majority control over OCI Egypt. This affects the ability of an investor to make an informed assessment of the Company's businesses. As a consequence, the Company is to be treated as having a "complex financial history" as meant in Commission Regulation (EC) 211/2007. In order to assist investors in making an informed assessment, this

Offering Circular includes audited consolidated financial statements of OCI Egypt for the financial years ended 31 December 2011, 2010 and 2009 and unaudited consolidated financial statements of OCI Egypt for the nine months ended 30 September 2012.

However, the Company did not in fact operate as the ultimate holding company in the past and therefore, the financial statements of OCI Egypt included in this Offering Circular are an approximation of what the Company's financial results of operations, financial position and cash flows might have been had the Company operated as the ultimate holding company during the periods presented. The most notable adjustments that would have to be made to the financial statements in order to obtain a better approximation to that situation include:

- line item "minority interests" attributable to outside OCI Egypt shareholders who have not tendered into the Takeover Offer;
- any intercompany effects because of changes in the Group structure;
- differences in the share capital line item of the balance sheet; and
- differences between the requirements under Dutch law and Egyptian law regarding the provision of a legal reserve.

Unless otherwise indicated, financial information relating to OCI Egypt as at and for the years ended 31 December 2011, 31 December 2010 and 31 December 2009, and as at and for the nine months ended 30 September 2012, presented in this Offering Circular:

- is presented in USD; and
- has been prepared in accordance with IFRS as adopted by the European Union.

Certain figures contained in this Offering Circular, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row of a table contained in this Offering Circular may not conform exactly to the total figure given for that column or row. Any financial information in this Offering Circular is unaudited, unless explicitly indicated otherwise.

This Offering Circular includes details of the backlog of the Construction Business. Backlog is the total value of awarded, signed and ongoing contracts which have not completed. These figures are unaudited and based on management's calculations.

3.4 Incorporation by reference

The Articles of Association are incorporated in, and form part of, this Offering Circular and can be obtained free of charge on the Company's website at www.ocinv.nl.

Prospective investors should only rely on the information that is provided in this Offering Circular or incorporated by reference into this Offering Circular. No other documents or information, including the contents of the Company's website (www.ocinv.nl) or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Offering Circular.

3.5 Forward-looking statements

Certain statements contained in this Offering Circular that are not historical facts are "forward-looking statements". This Offering Circular contains forward-looking statements in chapter 2 ("*Risk Factors*"), chapter 7 ("*Business*"), chapter 8 ("*Selected Financial Information*") and chapter 9

("*Operating and Financial Review*"), which are based on the Company's beliefs and projections and on information currently available to the Company. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualised", "goal", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing the Company and its subsidiaries. Such risks, uncertainties and other important factors include, among others, those discussed in chapter 2 ("*Risk Factors*") of this Offering Circular. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from those described in this Offering Circular as anticipated, believed, estimated or expected. The Company urges investors to read chapter 2 ("*Risk Factors*"), chapter 7 ("*Business*"), chapter 8 ("*Selected Financial Information*") and chapter 9 ("*Operating and Financial Review*") of this Offering Circular for a more complete discussion of the factors that could affect the Company's future performance and the industries in which the Company operates.

3.6 Enforcement of civil liabilities

The ability of an overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands. All of the directors and executive officers of the Company and certain of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Company or to enforce against them in US courts a judgment obtained in such courts.

The United States and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by US courts based on civil liability would not be directly enforceable in the Netherlands. However, if the party in whose favour such final judgment is rendered brings a new suit in a competent court in the Netherlands, that party may submit to the Dutch court the final judgment that has been rendered in the United States. A judgment by a federal or state court in the United States against the Company will neither be recognised nor enforced by a Dutch court but such judgment may serve as evidence in a similar action in a Dutch court.

3.7 Restrictions

General

The Listing, the distribution of this Offering Circular, any related materials and the making of an offer by way of Listing may in certain jurisdictions other than the Netherlands, including, but not limited to, the United States, be restricted by law.

The content of this Offering Circular is not to be considered or interpreted as legal, financial or tax advice. Persons into whose possession this Offering Circular or any related materials comes should inform themselves about (including, without being limited to, consulting their professional advisers) and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Company does not accept or assume any responsibility or liability for any violation by any person of any such restrictions.

United States

The Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act.

No offer is being made, directly or indirectly, in or into the United States or to any US person, as defined in Regulation S under the US Securities Act, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of the United States. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offering Circular and any related documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from the United States.

Persons receiving this Offering Circular or such other documents must not distribute or send them in, into or from the United States, or use such mails or any such means, instrumentality or facilities for any purpose directly or indirectly in connection with the Listing.

European Union

In relation to each Member State which has implemented the Prospectus Directive (each, a **Relevant Member State**) no offer to the public of Shares has been made nor will it be made in any Relevant Member State.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

3.8 Third-party information

Information concerning our industry and competitors cited to third parties (including through subscription services) in this Offering Circular (**Third Party Information**) has been sourced from parties we believe to be independent. We have relied on the accuracy of Third Party Information without independent verification,. We confirm that Third Party Information has been accurately reproduced and that as far as we are aware and able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

3.9 Market data

Market data used in this Offering Circular, including statistics in respect of the Company's competitors' sales volumes and market share and including, without limitation, in chapters 9

("*Operating and Financial Review*") and 7 ("*Business*"), has been extracted from official and industry sources.

Such information, data and statistics may be approximations or estimates or use rounded numbers. Where information has been sourced from a third party, this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the Company has identified the source of the information in the relevant section of this Offering Circular. The Company notes that these independent sources do not accept liability for the accuracy of any such information.

In particular, the Company has cited the United Nations Food and Agriculture Organization (UN FAO), FMB, Fertecon, Engineering News Record (ENR), MEED (Middle East research data and analysis newsletter), and other independent sources which, in each case, are independent sources. The Company confirms that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, some of the information contained in this document has been extracted from the official data of Egyptian and other government agencies. The official data published by Egyptian regional and local and other governments are substantially less complete or researched than those of Western countries. Official statistics may also be produced on different bases than those used in Western countries. Any discussion of matters relating to Egypt and other jurisdictions in this Offering Circular is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information. The veracity of some official data released by the Egyptian and other governments may be questionable.

In this Offering Circular, certain statements are made regarding the Company's competitive position and market leadership. The Company believes these statements to be true based on market data and industry statistics regarding the competitive position of certain of the Company's competitors.

4. THE TAKEOVER OFFER

4.1 Introduction

The Company will, on or around the date of this Offering Circular, make the Takeover Offer. The Takeover Offer consists of two separate, and independent, elements:

(i) an offer to acquire all of the Regulation S global depositary receipts representing ordinary shares of OCI Egypt (**OCI GDRs**) in exchange for Shares (the **GDR Offer**); and

(ii) an offer to acquire all of the ordinary shares of OCI Egypt (**OCI Shares**) in exchange for Shares or cash (the **Share Offer**).

The Board believes that completion of the Takeover Offer, establishing the Company as the parent company of OCI Egypt and its subsidiaries and admitting the Shares to listing and trading on NYSE Euronext Amsterdam will have many benefits for the Group and its stakeholders including:

(i) **Share liquidity**: A listing on NYSE Euronext Amsterdam will allow for increased share liquidity and will serve to attract a wider investor base.

(ii) **Flexibility**: The transaction will allow the Group to have more flexibility in formulating and pursuing its global strategy in both the fertilizer and construction businesses. In addition, the listing will allow the Company access to new investors allowing it to pursue its current investment mandate.

(iii) **Enhanced credit profile**: A listing on NYSE Euronext Amsterdam will allow the Company deeper access to capital markets such as the Eurobond market. In addition, the Company expects to attain higher credit ratings from global rating agencies facilitating its debt financing.

(iv) **Growth opportunities**: The transaction will raise the Group's profile in the international investment community and hence generate more growth opportunities.

(v) **International governance**: The international listing further underscores the Group's commitment to international governance and financial control standards according to which it operates its business.

(vi) **Exposure**: The listing will reduce the Group's exposure to risks related to domiciliation in Egypt, which is currently experiencing issues regarding economic and political stability.

4.2 GDR Offer

(a) Expected timetable of principal events

The timetable below lists certain expected key dates for the GDR Offer.

Each of the times and dates in the timetable below is subject to change, which will be announced in a press release.

Event	**2013**
Announcement of the GDR Offer	18 January
Publication of the Offer Document	18 January

Publication of this Offering Circular	18 January
First Closing Date (subject to the Conditions being satisfied or waived)	24 January
First Trading Date	25 January
First settlement of the GDR Offer (subject to the Conditions being satisfied or waived)	30 January
Second Closing Date (subject to the Conditions being satisfied or waived)	12.00 noon (New York time)/5.00 p.m. (London time) on 31 January
Second settlement of the Offer (subject to the Conditions being satisfied or waived)	12.00 noon (New York time)/5.00 p.m. (London time) on 5 February
Expiration Time	12.00 noon (New York time)/5.00 p.m. (London time) on 7 February *Please note that, in relation to OCI GDRs, each Clearing System and each direct and indirect participant in those systems will establish its own cut-off date and time for giving instructions to accept the GDR Offer, which will be earlier than the Expiration Time*
Expected announcement of the level of acceptances of the GDR Offer	8 February
Final settlement of the GDR Offer (subject to the Conditions being satisfied or waived)	12 February

(b) Subscription

OCI GDR Holders who wish to accept the GDR Offer must do so in accordance with the terms and conditions set forth in the exchange offer document containing the GDR Offer (the **Offer Document**).

The GDR Offer Document is expected to be published on or around the date of this Offering Circular and will be made available when published to eligible participants on the Company's website (www.ocinv.nl). The press release in relation to the GDR Offer, issued on or around the date of this Offering Circular, does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of the Company, nor shall any part of it nor the fact of its distribution form part of or be relied on in connection with any contract or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of the Company.

(c) Exchange terms

OCI GDR Holders who accept the GDR Offer will be entitled to receive one Share for each one OCI GDR validly tendered.

For the avoidance of doubt, no cash offer for the OCI GDRs is being made under the GDR Offer and the GDR Offer is not available to holders of Rule 144A GDRs and American depositary shares representing ordinary shares of OCI Egypt (**OCI ADSs**). Eligible holders of OCI ADSs or Rule 144A GDRs who wish to tender their OCI ADSs or Rule 144A GDRs must withdraw such OCI ADSs or Rule 144A GDRs from the applicable depositary facility and participate in the Share Offer. In addition, the Company may, in its sole discretion, take such action as it may deem necessary to comply with the laws of any Restricted Jurisdiction so that the GDR Offer may be extended to, or acceptance accepted from, OCI GDR Holders in any such jurisdiction.

(d) Exercise period

The GDR Offer is expected to close at 12.00 noon (New York time)/5.00 p.m. (London time) on 7 February 2013 (the **Expiration Time**).

(e) Conditions of the GDR Offer

The GDR Offer is conditional upon, among other things, valid acceptances of the GDR Offer being received by not later than the Expiration Time in respect of OCI GDRs representing not less than 60 per cent. (or such lower percentage as the Company may decide) in nominal value of the OCI Shares.

Other matters which the GDR Offer is conditional on are set out in the Offer Document each of which may be waived by the Company at any time, in whole or in part, in its sole discretion.

(f) Irrevocable undertakings to accept the GDR Offer

The Sawiris Family and The Abraaj Group have irrevocably undertaken to accept or procure the acceptance of the GDR Offer in respect of their OCI GDRs. As at 17 January 2013 (being the latest practicable date prior to publication of this Offering Circular), these irrevocable undertakings related to 123,542,976 OCI GDRs representing, in aggregate, approximately 59.7 per cent. of the OCI Shares.

(g) Announcement of results

As soon as reasonably practicable after the Business Day following the Expiration Time or the day on which the GDR Offer becomes wholly unconditional or is revised or is extended, the Company will make an appropriate announcement through a Regulatory Information Service. Such announcement will state the total number of OCI GDRs which the Company may count towards the satisfaction of the Acceptance Condition and the percentage of OCI GDRs represented by this figure.

(h) Delivery, clearing and settlement

The OCI Shares to be issued to OCI GDR Holders who validly accept the GDR Offer (**Accepting OCI GDR Holders**) will be delivered to the accounts of Euroclear and Clearstream and credited to the accounts of Accepting OCI GDR Holders or their nominees with Euroclear or Clearstream in accordance with procedures set out in the Offer Document.

The OCI Shares to be delivered to Accepting OCI GDR Holders will be issued by the Company on or about the day of Listing and delivered as provided for in the Offer Document.

(i) Termination of Deposit Agreements and de-listing

If the GDR Offer becomes or is declared wholly unconditional, and sufficient acceptances under the GDR Offer are received and/or sufficient OCI GDRs are otherwise acquired, the Group may terminate, subject to receipt of all required approvals, following completion of the Share Offer, the existing GDR and ADS Deposit Agreements relating to the OCI GDRs and the OCI ADSs and apply for the cancellation of the listing of the OCI GDRs on the Official List and for the cancellation of trading of the OCI GDRs on the London Stock Exchange.

Settlement of the GDR Offer and termination of the Deposit Agreement will lead to reduced liquidity in and market value of the OCI GDRs and OCI ADSs. De-listing will reduce significantly the liquidity and marketability of any OCI GDRs in respect of which the GDR Offer has not been accepted. If the GDR and ADS Deposit Agreements are terminated, the Depositary will give notice to OCI GDR Holders and OCI ADS Holders that cancellation of the facility will occur. Upon cancellation, if an OCI GDR Holder or OCI ADS Holder does not request delivery to it of the OCI Shares underlying its OCI GDRs or OCI ADSs (as the case may be) within the time specified by the relevant Deposit Agreement, such shares will be sold on behalf of the such holder by the Depositary and the net proceeds of sale returned to such holder upon surrender of its OCI GDRs or OCI ADSs (as the case may be) and deduction of a cancellation fee of USD 0.05 per OCI GDR or OCI ADS (as the case may be). If an OCI GDR Holder or OCI ADS Holder surrenders its OCI GDRs or OCI ADSs (as the case may be) and requests delivery of the underlying OCI Shares, the relevant OCI GDRs or OCI ADSs (as the case may be) will be cancelled and a cancellation fee of USD 0.05 per OCI GDR or OCI ADS (as the case may be) will be incurred by such holder. This cancellation fee will not be payable by OCI GDR Holders who exchange their OCI GDRs for OCI GDRs pursuant to the GDR Offer as the Company has agreed to pay the fee on their behalf.

The measures and processes described above may or may not be exercised, subject to applicable provisions of English law and regulation. The Company will make an announcement in due course in accordance with the terms of the OCI GDRs or OCI ADSs if such measures and processes are to be exercised.

4.3 The Share Offer

The Company will approach the Egyptian Financial Supervisory Authority (**EFSA**) in connection with the share offer within 48 hours after the date of this Offering Circular. The making of the Share Offer requires certain regulatory approvals including, without limitation, the approval of EFSA. The Company will announce the terms of the Share Offer as soon as reasonably practicable after the EFSA approval has been received.

In order to finance any elections made for the cash alternative under the Share Offer, the Company has entered into investment commitment letters with certain investors (including with Nassef Sawiris and The Abraaj Group). To the extent that the Company is required to make a cash payment under the Share Offer, the Company will issue Shares to the investors. Certain of the investment commitment letters provide for the Company to issue Shares to the investors irrespective of the result of the Share Offer. The investment commitment letters include customary representation and warranties from the Company.

Depending on the timing of the Share Offer, we anticipate using this same Offering Circular for purposes of informing the shareholders and to seek admission to listing on NYSE Euronext Amsterdam for the Shares issued in connection with that offer. If appropriate we will publish a supplement describing significant developments in the interim, if any.

4.4 Holders of ADSs

OCI ADS Holders and Rule 144A GDR Holders will not be invited to participate in either the GDR Offer or the Share Offer and OCI ADS Holders and Rule 144A GDR Holders should be advised that the applicable depository facilities may be terminated upon close of the GDR Offer. Eligible holders of OCI ADSs or Rule 144A GDRs who wish to tender their OCI ADSs or Rule 144A GDRs must withdraw such OCI ADSs or Rule 114 GDRs from the applicable depository facility and participate in the Share Offer.

5. THE LISTING

5.1 Shares to be listed

This Offering Circular concerns the Listing of up to 208,938,419 Shares.

5.2 Expected timetable

The timetable below lists certain expected key dates for the Listing:

First Trading Date	25 January 2013
Issue, delivery and settlement	30 January 2013

The Company may adjust the dates, times and periods given in the timetable above and throughout this Offering Circular. If the Company should decide to adjust dates, times or periods, it will notify NYSE Euronext and the AFM and issue a press release and, if required, place an advertisement in a Dutch national daily newspaper.

Any other material alterations will be published in a press release on the Company's website and in a supplement to this Offering Circular. Although this is not required under Dutch law for a document published in connection with a takeover offer that contains information equivalent to that of a prospectus, the Company will conform to legislation applicable to updating requirements for prospectuses in this respect.

5.3 Listing and trading

Application has been made for the listing of the Shares on NYSE Euronext Amsterdam. The Shares will be traded under the symbol "OCI", barring unforeseen circumstances, and will be priced in USD. The Company is in the process of setting up a structure to enable the Shares to trade in EUR as well as USD. The Company will announce further details as and when available. The ISIN code will be " NL0010387437". The transfer of Shares will take place through the book-entry systems of Euroclear Nederland.

5.4 Issue, delivery and settlement

The Shares will be registered Shares which are entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Securities (Bank Giro Transactions) Act. Application has been made for the Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Issue, delivery and settlement of the Shares will take place on or about 30 January 2013. Delivery of the Shares will take place through the book-entry systems of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities.

The common code of the Shares is 087808963.

5.5 Ranking and dividends

The Shares will rank *pari passu* in all respects and will be eligible for any dividends which the Company may declare on the Shares. See chapter 6 ("*Dividends and Dividend Policy*") of this Offering Circular.

5.6 Roles

Rabobank will act as Listing Agent. Rabobank acts purely in a technical role as Listing Agent for the Listing, as required by the rules and regulations of NYSE Euronext Amsterdam. Rabobank is not involved in the Takeover Offer, whether as a financial adviser to the Company or otherwise, and does not offer, sell, underwrite or place any Shares. Rabobank has not been involved in the preparation of this Offering Circular, has not performed due diligence investigations and not verified the content of this Offering Circular. Rabobank does not accept any responsibility whatsoever for this Offering Circular or the content thereof, nor for any other statement made or purported to be made in connection with this Offering Circular, the Company, the Shares or the Listing. Accordingly Rabobank disclaims any and all liability, whether arising in tort or otherwise, in respect of this Offering Circular or any such statement.

5.7 Governing law

The Listing is governed by Dutch law.

5.8 Costs

The costs related to the Listing are approximately USD185 million. The bulk of this amount is underwriter and other bank fees in connection with the cash alternative for the Egyptian offer (see chapter 4.3 ("*Takeover Offer*").

6. DIVIDENDS AND DIVIDEND POLICY

6.1 General

Pursuant to Dutch law and the Articles of Association, distribution of profits only takes place following the adoption of the annual accounts from which it appears that such distribution is allowed. The Board may only make distributions to the Shareholders if and insofar as shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association.

The Board may determine what part of the profits of the Company must be added to reserves. The remaining part of the profits after the addition to reserves will be at the disposal of the General Meeting to distribute to the Shareholders pro rata to the number of Shares they hold.

Subject to Dutch law and the Articles of Association, the Board may resolve to distribute an interim dividend. See also chapter 11.12 ("*Dividends and other distributions*").

6.2 Equalisation agreement

The Company and OCI Egypt have entered into an equalisation agreement. The purpose of this agreement is to ensure that the outstanding shares in the Company and OCI Egypt (i.e. other than those held indirectly in each other's share capital) are economically equivalent. For that purpose, the Company and OCI Egypt will pay the same dividend on their outstanding shares, and will pool their profits to the extent required to enable those payments to be made.

The profit pooling will not occur to the extent any profits are depressed by spurious third party claims.

The equalisation agreement is entered into for the purpose of enabling the Takeover Offer to proceed on a 1-for-1 exchange ratio between the shares in OCI Egypt and the Shares. The equalisation agreement will terminate once the Company has acquired more than 90% of the shares in OCI Egypt or has served a one week written notice on OCI Egypt.

6.3 Dividend history

OCI Egypt has paid the following historic dividends in respect of the years ended 31 December 2011, 31 December 2010 and 31 December 2009:

25 March 2009	EGP 5.63 cash dividend
27 September 2009	USD0.80 cash dividend
29 March 2010	USD1.00 cash dividend
13 September 2010	USD1.00 cash dividend
6 April 2011	USD1.00 cash dividend
2 October 2011	USD1.10 cash dividend

6.4 Dividend policy

OCI Egypt has historically attempted to maintain a flexible bi-annual dividend policy, whilst taking into account all investments, growth prospects, and other liabilities. The Board expects to maintain a flexible dividend policy with a view to balancing the availability of funds for dividend distribution with pursuing growth opportunities that generate solid returns.

6.5 Dividend ranking of Shares

The Shares will rank equally in all respects and, after issue and delivery, will be eligible for any dividend which the Company may declare on its Shares.

6.6 Manner and time of dividend payments

Payment of any dividend on Shares in cash will be made in USD. Dividends on the Shares will be paid to Shareholders through Euroclear Nederland and credited automatically to Shareholders' accounts. There are no restrictions under Dutch law in respect of holders of Shares who are non-residents of the Netherlands. However, see chapter 15 ("*Taxation*") of this Offering Circular for a discussion of certain aspects of taxation of dividends and refund procedures for non-residents of the Netherlands.

At the proposal of the Board, the General Meeting may resolve that dividends on Shares are to be fully or partly paid in the form of Shares in the Company instead of in cash.

6.7 Uncollected dividends

A claim for any dividend declared lapses after five years after the date those dividends were released for payment. Any dividend that is not collected within this period reverts to the Company.

6.8 Taxation on dividends

The Netherlands

Dividend payments are generally subject to withholding tax in the Netherlands. See chapter 15 ("*Taxation*") of this Offering Circular for a discussion of certain aspects of taxation of dividends and refund procedures.

Egypt

The Arabic Republic of Egypt does not levy withholding tax on dividends distributed by resident companies. Dividend distributions by OCI Egypt to its shareholders should not be subject to dividend witholding tax. Generally, the Company is required to withhold 15% Netherlands dividend withholding tax in respect of dividends paid on the Shares. As a result, the withholding tax position of a shareholder who holds shares in OCI Egypt may differ from the withholding tax position of a holder of the Shares. We refer to chapter 15 of this Offering Circular ("*Taxation*") for a discussion of certain aspects of taxation of dividends and refund procedures.

7. BUSINESS

7.1 Overview of OCI Egypt

References in this chapter 7 to ***we****,* ***our*** *and* ***the group*** *are references to OCI Egypt and its subsidiaries.*

We are an international nitrogen fertiliser producer and construction contractor, with projects and investments across Europe, the Americas, the Middle East, North Africa and Central Asia.

Our Construction Business undertakes large industrial, commercial and infrastructure construction projects for public and private customers, principally in North Africa and the Middle East, and is among the top ten largest construction contractor businesses in the MENA region based on revenue for the year ended 31 December 2011 based on Engineering News Record's Top 225 International Contractors List published on 29 August 2011. In addition, OCI Egypt is listed as the top construction company in the Middle East based on the MEED 100 list published on 30 March 2012.

Our Fertiliser Business produces nitrogen-based fertilisers in Egypt, the United States, the Netherlands and Algeria for export to customers around the world and is among the top ten producers of nitrogen-based fertilisers globally based on production capacity.

During the year ended 31 December 2011, we generated USD5.5 billion in revenues, results from operating activities of USD1,067.5 million at a percentage of revenue (hereinafter referred to as **margin**) of 19.4% and EBITDA of USD1,340.3million at a margin of 24.3%.

The table below sets out a breakdown of total revenues of OCI Egypt's by geographic market together for the financial years ended 31 December 2011, 2010 and 2009 and for the nine months ended 30 September 2012:

Revenue contribution by geographic market	**9 months ended 30 September 2012**		**Financial year ended 31 December 2011**		**Financial year ended 31 December 2010**		**Financial year ended 31 December 2009**	
	USD m	%	USD m	%	USD m	%	USD m	%
Egypt	507.9	12.7%	688.9	12.5%	987.2	20.9%	892.4	23.3%
Europe	1,547.7	38.7%	2,188.0	39.7%	1,402.8	29.7%	907.7	23.7%
Middle East	859.8	21.5%	1,030.6	18.7%	973.0	20.6%	1,018.8	26.6%
North Africa	255.9	6.4%	622.8	11.3%	609.3	12.9%	517.0	13.5%
Africa	36.0	0.9%	55.1	1.0%	61.4	1.3%	38.3	1.0%
Asia	327.9	8.2%	396.8	7.2%	344.8	7.3%	325.5	8.5%
South America	188.0	4.7%	226.0	4.1%	89.7	1.9%	49.8	1.3%
North America	231.9	5.8%	143.3	2.6%	141.7	3.0%	46.0	1.2%
Other	44.0	1.1%	159.8	2.9%	113.4	2.4%	34.5	0.9%

Total	3,999.1	100.0%	5,511.3	100.0%	4,723.4	100.0%	3,829.9	100.0%

7.2 Our Construction Business

Overview of the Construction Business

The Sawiris Family has been active in the construction industry since 1950, when Mr. Onsi Sawiris first founded a construction company. In 1976, Mr. Sawiris founded Orascom Onsi Sawiris & Co (the **Predecessor Partnership**) as a general contracting and trading company. By the early 1990s, the Predecessor Partnership had established itself as a private sector building materials and construction contractor. Members of the Sawiris Family also established several building materials manufacturing companies in Egypt. In early 1998, the Sawiris Family consolidated their holdings of construction and building materials manufacturing companies into a diversified construction enterprise. In March 1998, the Predecessor Partnership was converted from a limited partnership into a joint-stock company and renamed Orascom Construction Industries S.A.E. (**OCI Egypt**).

The Construction Business is an international construction contractor with projects and investments across North Africa, the Middle East, Europe and Central Asia. Our business is among the top ten largest construction contractor businesses in the MENA region based on revenue for the year ended 31 December 2011[1]. The Construction Business has completed, or is currently executing, projects in over 25 countries across North Africa, the Middle East, Europe and Central Asia. The Construction Business currently operates under three business units, encompassing their respective operating and non-operating subsidiaries. The business units consist of:

- Orascom Construction: established in 1976 with origins dating back to 1950 and based in Cairo, Orascom Construction is an engineering, procurement and construction contractor with over 60 years of construction experience targeting large industrial, commercial and infrastructure projects for public and private clients principally in the MENA region.

- Contrack: established in 1985 and based in Virginia in the United States, Contrack undertakes engineering, procurement and construction services, as well as facilities operation and maintenance primarily on institutional and infrastructure projects throughout the Middle East and Central Asia.

- The BESIX Group: established in 1909 and based in Brussels, the BESIX Group is also an engineering, procurement and construction contractor and undertakes major commercial, industrial and infrastructure projects in 19 countries throughout Europe, the Middle East and northern and central Africa.

The Construction Business also has investments in manufacturers of fabricated steel products, glass curtain walling, paints and concrete pipes as well as investments in two property management companies.

In addition, on 12 December 2012, OCI Egypt completed the acquisition of the Weitz Company (**Weitz**), a United States general contractor based in Des Moines, Iowa. Weitz is the Construction Business's fourth business unit and will be consolidated into the Construction Business as of the fourth quarter of 2012. The impact of the acquisition on OCI Egypt's total revenue and total assets of 2012 is minimal.

[1] Based on Engineering News Record's Top 225 International Contractors List published on 29 August 2012. OCI is also listed as the top construction company in the Middle East based on the MEED 100 list published on 30 March 2012.

Weitz has three core business lines: commercial, federal, and plant services construction and is the largest contractor in the state of Iowa. The company generated USD681.5 million of revenue in 2011. Weitz had a backlog of USD399.9 million as at 30 September 2012, of which commercial work contributed 55.7%, industrial work contributed 4.7%, and federal work contributed 39.6%. As at 31 December 2012, Weitz employed 1,300 employees. The acquisition of Weitz will establish a strong strategic foothold in the United States construction market for the Construction Business.

Construction Business's international rankings

The Construction Business's brands have consistently ranked in the Engineering News Record's (ENR) ranking of the world's top 225 International Contractors based on revenue. In 2012, Orascom Construction was ranked number 111 and BESIX was ranked number 78.

Contrack and Weitz have also consistently ranked in ENR's ranking of the United States' top 400 contractors based on revenue, ranking 86 and 57 respectively in 2012.

Financial performance

Overview

The Construction Business recorded revenue of USD3.1 billion and EBITDA of USD348.6million constituting an EBITDA margin of 11.1% for the year ended 31 December 2011 and revenue of USD2.2 billion and EBITDA of USD179.2 million constituting an EBITDA margin of 8.0% for the nine months ended 30 September 2012. The Construction Business secured USD4.3 billion of new construction contracts in the year ended 31 December 2011 and USD1.5 billion of new construction contracts in the nine months ended 30 September 2012. The consolidated construction backlog was USD6.4 billion for the year ended 31 December 2011 and USD5.6 billion for the nine months ended 30 September 2012.

Backlog

The tables below set out the Construction Business's diversified backlog (or order book), which is the total value of its awarded, signed and ongoing contracts (which have not yet completed), by client, region and sector, as at 31 December 2011 and 30 September 2012:

Contribution to backlog by sector (USD millions)	31 December 2009	31 December 2010
Infrastructure	3,998.5	3,297.9
Commercial	1,689.4	1,390.9
Industrial	966.2	934.3
Total	6,654.1	5,623.1

Contribution to backlog by client (USD millions)	31 December 2009	31 December 2010	31 December 2011
Sovereign	3,594.3	3328.2	4,064.3
Private	2,917.1	2257.5	2,258.8
Intergroup	142.7	37.4	79.4
Total	6,654.1	5,623.1	6,402.5

Contribution to backlog by geography (USD millions)	As at 31 December 2009	As at 31 December 2010
Egypt	1,848.6	1,545.8
Saudi Arabia	54.5	13.0
Iraq	0.6	-
Abu Dhabi	1,005.6	844.3
Qatar	1,047.6	1,142.2
Europe	608.5	619.3
Asia	194.5	217.3
Algeria	1,312.5	774.3
Dubai	241.3	144.8
Other GCC countries	296.5	165.5
Other countries	43.9	156.5
Total	6,654.1	5,623.1

The sector and geographic breakdown of the Construction Business's backlog has a significant impact on the Construction Business's overall profitability as a result of the variability of margins between regions and sectors.

Egypt constituted the single largest market for the Construction Business, maintaining a position ranging from 28% to 34% of the backlog from 31 December 2009 until 30 September 2012. During the periods under review, the Group's backlog contribution by geographic region has diversified into new markets. The Construction Business is currently pursuing more work in Saudi Arabia and Iraq, in addition to other areas including Algeria, where we have a strong track record. During the nine months ended 30 September 2012, Saudi Arabia and Iraq constituted 20.1% of the backlog compared to a negligible contribution during the same period last year. Kuwait, Bahrain, Morocco, Libya, North America, and sub-Saharan Africa are the medium-term target growth markets.

Over the periods under review, the average general impact of revenue recognition of the backlog by sector was as follows: industrial work contributed an average gross profit margin range of 20 to 25%, infrastructure work contributed a gross profit margin range of 10 to 15%, and commercial work contributed a gross profit margin range of 8 to 13%. Private sector work is generally higher margin work compared to public sector work, and work in the MENA region is generally higher margin work than similar projects in Europe and Asia, due to lower labour costs and milder winters. Accordingly, both the nature of our backlog mix by sector and by geography will impact the Construction Business's blended gross profit margin, depending on the weighted contribution of these factors to the revenue recognised.

Breakdown of revenue

The table below sets out a breakdown of total revenues of the Construction Business by sector for the financial years ended 31 December 2011, 2010 and 2009 and for the nine months ended 30 September 2012:

Revenue contribution by sector	30 September 2012		31 December 2011		31 December 2010		31 December 2009	
	USD m	%	USD m	%	USD m	%	USD m	%
Commercial	992.0	44.5%	1,175.6	37.5%	1,043.6	30.4	1,015.2	30.3
Industrial	459.2	20.6%	987.5	31.5%	1,084.8	31.6	1,192.8	35.6
Infrastructure	778.0	34.9%	971.8	31.0%	1,301.1	37.9	1,142.6	34.1
Total	**2,229.3**	**100.0%**	**3,134.8**	**100.0%**	**3,432.9**	**100.0%**	**3,350.6**	**100.0%**

Significant revenue realising contracts

Set out below is a summary of the Construction Business's significant revenue-realising contracts from wholly-controlled entities by geography during the nine months ended 30 September 2012:

Contract	**Geography**	**Revenue realised during the nine months ended 30 September 2012 (USD million)**	**Description**
SIDRA Medical Research Center	Qatar	154.8	Part of the Education City Development in Doha, the medical center is being constructed for Qatar Petroleum Foundation and will offer clinical care as well as education and biomedical research facilities. The project is a 45/55 joint venture with OHL.
Borouge 3 Installations	UAE	74.6	This project comprises construction works for the Borouge 3 Polyolefln Units and Utilities & off-site facilities in Ruwais. The scope of work includes all piling works as well as civil and building works relating to Borouge's Polyolefin Units.
Terga Power Plant	Algeria	73.9	This 1200 MW combined cycle, gas-fired power plant has been commissioned by Algeria's electricity company. The scope includes all construction works including all civil, steel structure, marine, mechanical and electrical erection work.
Giza Noth Power Plant	Egypt	65.1	This 1500 MW combined cycle, gas-fired power plant has been commissioned by the Cairo Electricity Production Company. The scope comprises the civil works package.
El Merk Oil & Gas Processing Facility in Algeria	Algeria	47.8	This project comprises two packages for the civil and steel works packages for the El Merk oil and gas processing facility (CPF) in Block 208, 250 km south east of Hassi Messaoud in the Algerian Sahara Desert. The civil package includes all necessary

Contract	Geography	Revenue realised during the nine months ended 30 September 2012 (USD million)	Description
			infrastructure and buildings for the CPF. The steel works package includes structural steel supply and erection, piping erection, and pipe racks supply and installation.
Sorfert	Algeria	37.4	This project comprises a 2 million ton integrated fertiliser plant. Krupp Uhde is responsible for engineering and procurement and OCI Egypt for the contractor role.
Cairo Festival City	Egypt	36.1	This project will be one of Cairo's largest retail centers covering more than 400 shopping units including hypermarkets and cinemas, integrated with an outdoor retail village. The project also includes a 3 basement level car parking.
Shindand ISR Apron	Afghanistan	19.6	This project involved the construction of an Intelligence, Surveillance & Reconnaissance (ISR) Apron comprising connecting taxiways, and shoulders for ISR aircraft shelters.

Competitive strengths of the Construction Business

We believe that we have the following key strengths, providing us with a competitive advantage in the construction markets in which we operate:

Market player with a strong record of project execution and service delivery

The Group is among the top ten largest construction contractors in North Africa and the Middle East based on revenue for the year ended 31 December 2011. With over 60 years of experience in the construction industry and based on our successful record of timely and efficient execution of large and sophisticated projects, we believe that we have obtained a sustainable competitive advantage in the construction markets in which we operate. We have consistently completed large, complex and demanding projects on schedule and in accordance with international quality and safety standards.

Large geographic presence

We hold a strong position in the construction contracting markets in which we operate and are increasing our geographic presence with a particular focus on emerging markets, populous countries and countries with large surplus economies. We believe our large geographic presence has enabled us to reduce risk which has protected the Group from the full effects of the global economic downturn as, on a consolidated level, the Group is not heavily exposed to any single country or market.

Despite the global economic downturn, we have a significant current portfolio of ongoing projects worth approximately USD5.6 billion as at 30 September 2012 covering a wide variety of market segments. We believe we have developed strong network platforms in our core markets supported by an established operational presence with a local labour force which enhances our competitiveness relative to 'foreign' contractors.

Wide variety of core construction competencies

We are capable of executing large and complex projects having invested in developing a wide range of niche competencies that enhance our competitiveness. We believe this has enabled us to reduce risk and mitigate against a reduction in projects being awarded in any single market segment, has had a positive impact on profitability due to the higher margin nature of more complex work and has enhanced our competitive position. In addition, this has also allowed us to directly negotiate investment opportunities including equity investment opportunities. The variety of our ongoing projects demonstrates our wide construction competencies, which include projects relating to power, oil and gas/petrochemicals, public infrastructure, transportation, water and waste water, industrial projects, piling and foundation, marine works and residential projects.

We operate a diversified construction services business with limited outsourcing and subcontracting and own several businesses that complement the construction business. These include businesses involved in the manufacture of fabricated steel products, glass curtain walling, paints and concrete pipes. In addition, we own two property management companies. Further, in partnership with Aqualia, we were awarded Egypt's first public-private partnership (**PPP**) concession to build and operate the New Cairo Wastewater Treatment Plant, the contract value of which is approximately USD472 million. The success of this award established a blueprint for Egypt's PPP legislation. We believe our wide variety of core construction competencies has enabled us to reduce risk and mitigate the full effects of the global economic downturn on our business.

Strong track record of value creation in core markets through our project development expertise

We believe that we are the only construction contractor, in the core markets in which we operate, that also develops infrastructure and industrial projects, thereby creating value for the markets in which we operate by investing in such markets and hiring local talent. For example, in the construction of Sorfert Algérie alone, Algerians constituted 77% of the 5,630 labourers on site; we also trained 200 Algerian technicians to run the Sorfert Algérie plant during the construction period. We target markets with large populations in order to benefit from the know-how of local labour while simultaneously creating value for such markets.

We have a strong track record of reducing the time and cost of developing large and complex projects by leveraging our construction capabilities in order to maximise returns. Examples include our construction and development of the Sokhna Port Development Company, where we constructed the majority of the Group's 45 million metric ton capacity, and the Fertiliser Business, where we constructed or are constructing three of the Fertiliser Business's four production facilities.

Strong and well-established client base of both sovereign and sovereign-backed clients and large private clients with low counterparty risk

We maintain strong, long-standing relationships with our customers, who are primarily sovereign or sovereign-backed entities and include several repeat customers. As at 31 December 2011, approximately 63.5% of our customers were governments or state-owned or state-funded companies, including the Qatari Foundation (for whom we have completed or are executing projects worth approximately USD2.8 billion), several Egyptian Ministries (for whom we have completed or are executing projects worth approximately USD2.4 billion) and the United States Army Corps of Engineers and USAID (for whom we have completed or are executing contracts worth approximately USD1.3 billion). These sovereign-related clients tend to be relatively immune to macroeconomic risks compared to non-governmental private sector clients.

We perform due diligence on clients to ensure the solvency of projects and reliability of payments. The Construction Business has had limited exposure to problematic receivables in the past and, due to our solid performance record, we have received repeat orders from our strategic industrial clients which assists in reducing engineering costs and reduces the time taken to complete a project.

Our private clients are primarily contractors, engineering firms and technology providers. Examples include:

- Kellogg, Brown and Root (**KBR**), for whom we have completed or are executing projects for a combined value of approximately USD760 million, including EBIC and the Damietta LNG train in Egypt and the Skikda LNG train in Algeria;

- ThyssenKrupp Uhde (**Uhde**), for whom we have completed or are executing projects which include EFC's two production lines and the Helwan Fertiliser Company in Egypt; and

- Proctor & Gamble, for whom we have completed or are executing three projects in Egypt and Nigeria for a combined value of approximately USD33.0 million.

Due in part to its track record of repeat work from its existing client base, we believe that the Construction Business is well-positioned to capture additional opportunities from key governmental and private clients.

Large, high quality construction contract backlog that provides strong revenue visibility and maintains consistent EBITDA margins

We estimate that contract backlog (which refers to the value of signed contracts for projects under construction, from which future construction revenue is expected to be received) has increased by 864.2% since 31 December 1999 and by 17.5% since 31 December 2007, reflecting a consistent increase in backlog over the last ten years. Our historical backlog is calculated at the end of each financial quarter. As of 31 December 2011, our consolidated construction backlog was USD6.40 billion with an expected weighted average life of approximately 18 months (assuming no additional contracts are awarded to the Group). As of 30 September 2012, our consolidated construction backlog was USD5.6 billion with an expected weighted average life of approximately 18 months (assuming no additional contracts are awarded to the Group). Based on our historical backlog and our proven ability to win new contracts, we have been able to maintain our project backlog value consistently above USD5.5 billion since January 2008 with EBITDA margins consistently at or above 10.0%. We have faced minimal project cancellations over the past three years and we therefore believe that the strength of our current backlog provides a longer term indication of our future revenues. Moreover, the inherent difficulty in obtaining project contracts with entities that have stringent requirements such as governmental entities, the need for specialised expertise and our success in completing various projects for such entities, support our view that the contract backlog is indicative of future revenue visibility.

Flexible business model with the ability to share project execution risk

We have acquired sector experience through participation as a subcontractor and/or joint venture partner. As evidenced by our rankings in Engineering News Record's (ENR) International Contractors list over the last five years, as well as our rankings in the MEED 100 Special Report, we have also progressed up the value chain and are currently a leader in the Middle East and North Africa region for infrastructure construction, typically acting as the main contractor for projects or as a joint venture partner or consortium member in larger projects. When acting as the main contractor, we are able to reduce project execution risk and liabilities by engaging subcontractors on terms which mirror the main contract and also meet our strict selection criteria. By engaging subcontractors, we have further flexibility regarding our resource allocation and the use of our in-house skill set which allows us to engage in larger and more complicated projects. Subcontractors are selected according to certain established rules based on, among other things, qualification, experience and cost, which are utilised to review and rate subcontractors. We rate our subcontractors after every project according to rules and procedures established in our total quality management procedures. We maintain a preferred subcontractor list for each type of construction project.

Furthermore, several of our construction projects are undertaken through partnerships, many of which provide significant local expertise in order to facilitate timely and efficient project execution. Our history of long-standing partnerships with technology providers, engineering firms and contractors, including VINCI, Petrofac, Veolia, Alstom, FLSmidth, KBR and Uhde, assists in the replenishment of the Group's backlog.

Most of the contracts are currency neutral through the entry into hedging arrangements against any currency fluctuations and any escalations in raw material prices are hedged through long term supply agreements with suppliers, while escalation clauses are sought in all contracts.

Highly qualified and experienced management team and employees and stable shareholding structure

Our long-serving senior management team has extensive experience in the construction industry with a track record of overseeing and completing large, complex and demanding projects internationally. The experienced team implements our corporate strategy with a developed sense of risk management and business ethics practices. We also have a stable shareholding structure which has ensured continuity in corporate strategy and relationships with business partners and customers. Our majority shareholders, the Sawiris Family (including our founder, Mr. Onsi Sawiris), have a long-standing reputation in the construction industry and are committed to the business with daily operations run by professional management.

We believe that prospective customers consider the quality of our employees to be an important factor when contracting for or purchasing our products or services. We believe that we have been able to attract, motivate and retain knowledgeable and experienced employees due to our reputation, business ethics and leadership style, as well as due to our partnerships with industry leaders, which offer employees exposure to high profile projects and advanced technologies. We believe that our qualified and experienced management team and employees put us in a strong position to successfully implement our business strategy.

Our strategy for the Construction Business

Continued commitment to pursuing strategic market and geographic expansion

Our focus is on sovereign-backed large-scale infrastructure projects in MENA and the United States; specifically on populous countries with large surplus economies. To sustain economic growth and meet the needs of growing populations, we believe that MENA countries will need to continually invest a portion of their annual GDP in infrastructure. We believe that, as a well-established and respected player in the region, we are strongly positioned to take advantage of such future infrastructure projects in our core markets and we intend to further expand our geographic presence in the key areas of Saudi Arabia, Iraq, Morocco, Kuwait, Bahrain, and select African markets, while simultaneously selectively developing and investing in new businesses at attractive valuations.

We believe that our strategic approach to entering new markets, combined with our experience in successfully entering new markets to date, will enable us to successfully execute future strategic geographic expansion and ensure that revenue exposure is not concentrated in any one single market or country.

Establish and leverage strategic partnerships and joint ventures

By working in partnership with industry leaders, we have been able to expand our market segments, increase our success rate in obtaining new project work, heighten our reputation for our products and services, obtain access to advanced technologies, know-how and management experience to minimise project risks and ensure the reliable, cost-effective delivery of services to our customers. These strategic partnerships have enabled us to participate in some of MENA's larger construction projects and maintain a strong market position among local construction companies in North Africa. Examples of such partnerships include:

- our joint venture with Aqualia, gestión integral del agua S.A. based in Spain, which was awarded Egypt's first public private partnership concession, the New Cairo Wastewater Treatment Plant, for a total consideration of USD472 million;
- the construction of line three of the Cairo Metro with VINCI SA, with whom we also partnered on the Naga Hammadi barrage and hydropower plant in Egypt, the Skikda LNG train in Algeria and are currently bidding on the Assiut barrage in Egypt; and
- the partnership between Contrack and Grupo OHL (Obrascon-Huarte-Lain) S.A., based in Spain, which was awarded the contract for the construction of the Sidra Medical and Research Centre in Qatar, valued at USD2.4 billion.

We intend to maintain our relationships with such existing strategic partners and develop new partnerships with other industry leaders to strengthen and expand our geographic and market segments.

Continued commitment to quality, safety and ethical business practices

We aim to offer superior products and services that are compliant with international quality and safety standards and that exceed customer specifications and expectations. We work continually to improve our business operations using high ethical standards and effective and efficient systems and technologies in an effort to continue to meet customers' changing needs. Our commitment to quality and safety is driven by our belief that customers consider these key factors when contracting for products and services. We intend to continue to implement and strengthen our quality control mechanisms to ensure the consistent delivery of high-quality products and services and maintain various industry certifications to strengthen our position when bidding for projects to assure customers that we operate in accordance with international quality and safety standards. We also view personnel training, activity planning and subcontractor selection as essential for accident prevention and successful execution of our projects and intend to continue developing these aspects. We aim to highlight our commitment to quality and safety as important factors for successfully marketing our products and services to new and existing clients.

The business units of our Construction Business

The Construction Business operates under three distinct and separate business units, which frequently work together to leverage expertise required in large-scale industrial, infrastructure and commercial projects. The chart below summarises key information for The Construction Business's main business units:

	Orascom Construction	**The BESIX Group**	**Contrack**
Ownership	100%	50%	100%
Employees	42,505 employees	20,224 employees	7,860 employees
Core	Egypt, Algeria, United	Benelux countries and	Qatar, Bahrain and

Markets	Arab Emirates and Saudi Arabia	select African and European countries	Afghanistan
Expertise	Infrastructure and industrial projects	Marine, high-end commercial and infrastructure projects	Large-scale social infrastructure projects

The Construction Business has acquired a fourth business unit, the Weitz Company, which will be consolidated in the fourth quarter of 2012.

Orascom Construction

The Orascom Construction business unit is based in Cairo, and is an engineering, procurement and construction contractor with over 60 years of construction experience targeting large industrial, commercial and infrastructure projects for public and private clients, principally in the MENA region. Orascom Construction secured USD1.9 billion of new contracts for the year ended 31 December 2011 and USD0.9 billion of new contracts for the nine months ended 30 September 2012. Orascom Construction had an order backlog of USD2.7 billion as at 31 December 2011 and USD2.8 billion as at 30 September 2012. For the year ended 31 December 2012, Orascom Construction employed approximately 42,505 employees. Orascom Construction first obtained its ISO certification 9001:2000 for quality management its ISO certification 14001:2004 for environmental management in 2008, and renewed both in 2011. Further, in 2012, Orascom Construction received the American Society of Mechanical Engineers Stamp "A" and "P" and the relevant certificates from the American Society of Mechanical Engineers as a token of recognition of the quality of service in the construction of power plants and high pressure piping in various industrial projects.

The tables below set out the backlog by region and backlog by sector for the Orascom Construction business unit for the year ended 31 December 2011 and the nine months ended 30 September 2012:

Backlog by region	**Percentage**	
	Year ended 31 December 2011	**Nine months ended 30 September 2012**
Egypt	1,720.5	1,710.5
Middle East	699.5	1,012.9
North Africa (excluding Egypt)	275.2	88.0
Africa	1.3	9.1
Total	**2,696.5**	**2,820.5**

Backlog By Sector	**Percentage**	
	Year ended 31 December 2011	**Nine months ended 30 September 2012**
Infrastructure	2,030.0	2,177.3
Industrial	234.1	142.2
Commercial	432.4	501.0
Total	**2,696.5**	**2,820.5**

The majority of Orascom Construction's construction contracts are fixed price. Orascom Construction recognises revenue from construction contracts on a percentage realisation basis. Some industrial contracts with a large equipment procurement portion are priced on a cost-plus basis.

Orascom Construction has completed or is currently constructing the following significant projects:

Power plants	The Abu Kir Abu Qir Thermal Power Plant 2x650 megawatts (MW) gas/oil fired thermal

	power plant in Egypt. The USD256.7 million contract was awarded to an Orascom Construction-BESIX joint venture in March 2009. The project was completed in 2012.
	The Baiji 1,000MW gas turbine power plant in Iraq. The USD363 million contract to construct the plant was awarded to Orascom Construction in April 2012 and is the first major power project awarded in the country since the start of the Iraq war in 2003. The project is scheduled for completion in Q2 2014.
	The USD914.5 million contract for the Terga combined cycle power plant in Algeria was awarded to Orascom Construction in partnership with Alstom in December 2007 and is scheduled for completion in 2013.
	The Sidi Krir 750MW combined cycle power plant in Egypt. The USD101.8 million contract was awarded to an Orascom Construction-BESIX joint venture in November 2007 and was completed in October 2010.
	The Kuraymat solar power plant in Egypt. Egypt's first solar power plant was awarded to Orascom Construction at a contract value of USD106.0 million in October 2007 and was completed in May 2010.
	The Naga Hammadi barrage and 64MW hydropower plant in Egypt. The USD186.9 million contract was awarded to a VINCI-Bilfinger Berger-Orascom Construction joint venture in May 2002 and was completed in June 2008.
Petrochemicals	The USD170.0 million contract for the El Merk Central Processing facility in Algeria was awarded to Orascom Construction in May 2009 and is scheduled for completion in 2013.
	The combined USD603.2 million contracts for the Skikda LNG train in Algeria were awarded to Orascom Construction, an Orascom Construction-Trevi joint venture and an Orascom Construction-Vinci-Entrepose joint venture in March and July 2008. The project was completed in 2012.
	An EBIC0.7 million metric ton per annum (MMTPA) ammonia production facility in Egypt. The USD91.3 million subcontract was awarded to Orascom Construction in January 2006 and was completed in August 2008.
	The Sorfert Algérie 1.2 MMTPA urea and 0.8 MMTPA ammonia fertiliser production facility in Algeria. The USD160.0 million contract was awarded to Orascom Construction in June 2007 and achieved EPC completion in December 2012.
Waste and wastewater infrastructure	Intake, booster station and pipelines to the 6th of October City 1.7 mm3/day water treatment plant in Egypt. The USD387.2 million contract was awarded to an Orascom Construction Hassan Allam joint venture in October 2009 and is scheduled for completion in November 2013.
	The Assiut barrage and 32 MW hydropower plant in Egypt. The USD300 million contract was awarded to an Orascom Construction / VINCI / Arab Contractors joint venture in December 2011 and is scheduled for completion in Q4 2017.
	The Hamma water desalination plant in Egypt. The USD189.0 million contract was awarded to an Orascom Construction-BESIX joint venture in August 2005 and was completed in December 2007.
	The Aswan waste water treatment plant in Egypt. The USD59.8 million contract was awarded to an Orascom Construction-Washington Group joint venture in September 1998 and was completed in June 2002.
Transport infrastructure	The El Ferdan double swing rail and road bridge in Egypt. The USD95.9 million contract was awarded to an Orascom Construction-BESIX-Krupp consortium in January 1999 and was completed in January 2001.
	The USD132.7 million construction contract for the Cairo-Alexandria highway in Egypt awarded to Orascom Construction in May 2009. It entails upgrading the existing 160km road into a highway through two double-level u-turns and two high level bridges and the construction of a two-lane wide service road on both sides of the main road. The project is scheduled for completion in 2013.

	Line three of the Greater Cairo Metro in Egypt. The combined USD501.8 million contracts were awarded to an Orascom Construction-VINCI-Arab Contractors consortium, an Orascom Construction-Spie Rail-Alstom consortium and an Orascom Construction-Vossloh Infrastructure joint venture in July 2007 and June 2009 respectively. It is scheduled for completion in September 2013.
Buildings	The Cairo Festival City in Egypt. The USD130.6 million contract was awarded to Orascom Construction in February 2008 and is scheduled for completion in October 2013.
	The contract for the construction of over ten commercial headquarters in Smart Village in Egypt in a total aggregate amount of approximately USD172.1 million, which were completed in 2010.

The BESIX Group

The BESIX Group business unit is a 50% owned investment, jointly acquired by OCI Egypt and the management of BESIX in a 50/50 leveraged buy-out in 2004. Established in 1909 and based in Brussels, the BESIX Group is a global multi-service group offering engineering, procurement and construction services. The BESIX Group operates in the construction, real estate and concessions sectors in 19 countries across the Middle East, Benelux, France and Central and North Africa.

In addition to EPC services, the BESIX Group is active in real estate development and holds concessions in several PPPs and 'design, build, finance, and maintain/operate' contracts, through which it develops, operates and maintains projects.

The BESIX Group secured USD2.8 billion of new contracts in the year ended 31 December 2011 and USD1.5 billion of new contracts for the nine months ended 30 September 2012. The BESIX Group had an order backlog of approximately USD4.6 billion as at 31 December 2011 and USD4.1 billion as at 30 September 2012. For the year ended 31 December 2012, the BESIX Group employed approximately 20,224 employees. The BESIX Group obtained its latest ISO certification 9001:2000 for quality management in 2009 and its latest ISO certification 14001:2004 for environmental management in 2010. In addition, the BESIX Group received CO_2 conscious level 5 certification from ProRail and Foundation for Climate-Friendly Procurement and Business (**SKAO**) under the Dutch government's auspices in 2010.

The BESIX Group is proportionately consolidated into the Group's financials at 50%.

The tables below set out our share of the BESIX Group's diversified backlog by region and sector for the year ended 31 December 2011 and the nine months ended 30 September 2012:

Backlog by region	**Percentage**	
	Year ended 31 December 2011	**Nine months ended 30 September 2012**
Europe	732.5	739.4
Middle East	1,305.4	1,025.0
Rest of World	492.0	300.9
Total	**2,529.9**	**2,065.3**

Backlog by sector	**Percentage**	
	Year ended 31 December 2011	**Nine months ended 30 September 2012**
Infrastructure	795.8	434.5
Industrial	379.9	263.8
Commercial	1,354.1	1,367.0
Total	**2,529.8**	**2,065.3**

The BESIX Group's has completed or is currently constructing the following significant projects:

Transport Infrastructure	The DoDo tunnel, in Utrecht, is the Netherlands' first overland tunnel, consisting of four 1,650 metre shafts which will make it possible to channel traffic between Amsterdam and Utrecht on two five-lane carriageways.
	The second Coentunnel, in Amsterdam, which is being constructed parallel to the first Coentunnel, is expected to relieve heavy congestion during rush hour. The contract is one of Amsterdam's largest public private partnerships under a DBFM structure. The BESIX Group, which has an 18% share of the consortium that was awarded the contract, will take part in the construction of the second tunnel, renovation of the first tunnel and the maintenance of both for 30 years.
	In the UAE, the BESIX Group completed the Shamaha-Saadiyat Freeway and 1.4 km Sheikh Khalifa Bridge in October 2009. The scope of this project included the construction of a 27 km expressway with three interchanges and 17 bridges (each with ten lanes), and the provision of all associated utilities and lighting. This is part of a larger 30-bridge project to develop the transportation in and around Yas Island. This includes the Sheikh Khalifa Bridge, which is one of the largest infrastructure developments in Abu Dhabi.
	During 2010, the BESIX Group was awarded the North Manama causeway project in the Kingdom of Bahrain. The project comprises 2.42 km of causeway road on reclaimed land and 1.6 km of existing road reconstruction. This project will also include upgrades to the King Faisal highway and the al-Fateh junction.
Marine works	The BESIX Group completed one of the United Kingdom's key marine works projects, the jetty for the South Hook Liquefied Natural Gas Terminal facilities in Wales in 2008 after 30 months' work. The project included the partial demolition, full refurbishment and rebuilding of the existing jetty and construction of new berthing and mooring structures.
	In Qatar, Six Construct Qatar Branch (Six Construct), a wholly-owned subsidiary of the BESIX Group, is constructing the civil engineering package and construction of pontoons for the expansion of the Ras Laffan Port for Qatar Petroleum which was completed in 2012.
	Following the successful delivery of Morocco's Tanger Med Port in 2008, the BESIX Group was awarded the second phase, Tanger Med II, in a consortium with Bouygues, Saipem and Somagec. The project requires the construction of a 3,800 metre long main breakwater and a 1,200 metre secondary breakwater, 2,800 metres of quay, and a 150 hectare logistics platform. The port is scheduled for completion in 2015.
	In November 2009, Six Construct completed the construction of the 3.8 km quay wall, inner harbour and dredging and excavation of approximately 4 million cubic metres at Sharjah's Hamriyah Port in the UAE.
Water treatment	The BESIX Group constructed three wastewater treatment plants in the UAE. The Saja'a wastewater treatment plant in Sharjah's Al-Sajaa Industrial area required the construction of the discharge tanker and sewage treatment plant. The plant's total water treatment capacity, which will be commissioned in three equal phases, will be 300,000 cubic metres per day of wastewater. The project was completed in 2012.
	The Abu Dhabi and Al Ain wastewater treatment plants are 25-year concessions to build, own and operate the plants and are owned by the BESIX Group consortium with Veolia.
Power and industrial plants	In May 2009, the BESIX Group completed the first phase of the Georges Besse II uranium enrichment plant in the South of France. The two wings of the plant should reach a total capacity of up to 7.5 million separate work units per year in 2016, enriching uranium up to a maximum of 6%. BESIX is also constructing the plant's second phase.
	In 2010, the BESIX Group completed the construction of a natural gas-fired power plant at Emile Huchet, the existing power plant site in Saint Avold, for Siemens. The plant consists of two units, each having a capacity of 430 MW, making the facility France's largest new combined cycle plant to date.
Buildings	The BESIX Group's most high profile, high-rise commercial project is Dubai's Burj

	Khalifa, which was opened in January 2010. Standing at a height of 828 metres, the Burj Khalifa is the world's tallest man-made structure. The 160 storey multipurpose development houses a 33 floor hotel, 90 floors of residential accommodation and 37 floors of office space, including an observatory.
	In October 2009, construction of the five-star Mazagan Beach Resort in Morocco was completed. The BESIX Group and Somagec were responsible for the construction of the 500-room hotel situated on a 250 hectare property, inspired by traditional Moroccan architecture. The project required the construction of roads and utilities networks, a waste water treatment and recycling plant and landscaping.
	In Europe, the BESIX Group recently completed the construction of two high-rise towers in the Netherlands: the 165 metre Maastoren building (the country's tallest building) and the 158 metre New Orleans building (the country's tallest residential tower). The final phase of the Schiecentrale, a former power station being converted into a multifunctional office complex, was completed during 2009.
	In Antarctica, the BESIX Group was instrumental in the construction and development of the Princess Elizabeth Antarctic Research Station. The BESIX Group was one of the project's main technical sponsors and is further participating in the erection works at Utsteinen Nunatack, Antarctica.
	The contract to construct a branch of the Cleveland Clinic in Abu Dhabi was awarded to a partnership comprising the BESIX Group and Samsung in March 2010. The clinic covers an area of 400,000 cubic meters, including 200,000 cubic meters of parking areas and 375 state-of-the-art medical rooms.
	In 2010, Qatari Diar Real Estate Development awarded to Six Construct and Midmac Contracting Co in a 50/50 joint venture a contract to build an additional phase of Doha Convention Center and Tower in Qatar. The scope of work entails construction of the concrete and structural steel superstructure, electromechanical works, roof works and both internal and external finishing related to the project. The project is due for completion in 2013.

The Contrack Group. (Contrack)

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

Contrack secured USD710.3 million of new contracts for the year ended 31 December 2011 and USD22.3 million of new contracts for the nine months ended 30 September 2012. Contrack had an order backlog of USD1.2 billion as at 31 December 2011 and USD752.3 million as at 30 September 2012.

For the year ended 31 December 2012, Contrack employed approximately 7,860 employees. In 2011 the government of the United States recognised Contrack for its outstanding safety record in Afghanistan, where Contrack has logged over 63 million man hours with a Lost-Time Frequency Rate of 0.054. Contrack holds accreditations from the Association of General Contractors (AGC) and the Society of American Military Engineers (SAME), which are renewed annually. Contrack is currently working towards receiving ISO certification

The tables below set out Contrack's diversified backlog by region and sector for the year ended 31 December 2011 and the nine months ended 30 September 2012:

Backlog by region	**Percentage**

	Year ended 31 December 2011	Nine months ended 30 September 2012
Middle East	591.8	271.7
Asia	543.9	453.3
Egypt	40.4	27.3
Total	**1,176.1**	**752.3**

Backlog by sector	Percentage	
	Year ended 31 December 2011	**Nine months ended 30 September 2012**
Infrastructure	1,155.6	736.2
Commercial	20.5	16.1
Total	**1,176.1**	**752.3**

Contrack has completed or is currently constructing the following significant projects:

Institutional	Contrack's largest project, Qatar Foundation's Sidra Medical and Research Centre (**Sidra**), was awarded to a consortium comprising Contrack and OHL Spain in February 2008. When constructed, Sidra will provide clinical care, medical education and biomedical research facilities. Construction at Sidra is scheduled for completion in 2012. Work includes the construction of the main hospital, the outpatient clinic, an underground car park, a multi-storey car park and the central services building, as well as numerous ancillary buildings and facilities.
	Contrack completed the Science and Technology Park, another landmark project for the Qatar Foundation, in 2008. The project is part of the Education City development, an ambitious flagship programme being funded by the Qatar Foundation for Education, Science and Community Development.
Infrastructure	Contrack was awarded Bunya Enterprise's Al Reem Island infrastructure and roads project in Abu Dhabi in February 2008. The project includes the construction of 11km of regional roads on Al Reem Island with a total asphalt surface area of 280,000 square metres, an underground tunnel which is 600 meters long and 11 meters wide, a satellite traffic control building with all utilities to monitor and control traffic systems throughout the island, a storm water reservoir and outfall structures for the collection and discharge of storm water, a 520 metre long earth retaining wall, all underground utilities including water, irrigation, water, storm water and sewerage, all street lighting, telecommunications and IT systems and a natural gas network. The project was completed in two stages. Stage one was completed on schedule on 31 July 2009 and stage two was completed in March 2010.
	Contrack has also been a preferred contractor for the United States government since 1985, having completed works exceeding USD1.0 billion for the US Army Corps of Engineers and USAID over the last ten years in Egypt, Afghanistan, Iraq and Bahrain. Contrack was awarded a USD127.6 million contract for Camp Bastion Kandahar in June 2009, which included construction of paved aircraft apron with shoulders and three lateral taxiways; paved runway, shoulders, two ladder taxiways; and rotary-wing with two lateral connecting taxiways.

Construction materials, property management and related investments

In addition, to complement the Construction Business, the Group has investments in manufacturers of fabricated steel products, glass curtain walling, paints and concrete pipes (**Construction Materials**) and two property management companies. The Group has also established a wastewater treatment plant which is Egypt's first public-private partnership.

Construction Materials

The Construction Materials business is organised through the following subsidiaries:

- *National Steel Fabrication S.A.E. (**NSF**):* A wholly-owned subsidiary of the Company which manufactures fabricated steel products primarily for energy, petroleum, industrial and construction clients. NSF operates from two plants in Egypt with a total production capacity of 96,000 metric tons per annum.

- *Alico Egypt S.A.E. (**AE**):* A 50% owned subsidiary of the Company which manufactures and installs aluminium and glass curtain walls, doors and windows as well as architectural aluminium works primarily for building projects. AE operates from one plant in Ain Sokhna, Egypt, supplying customers primarily in Egypt and North Africa.

- *United Paints & Chemicals (**UPC**):* A 56.5% owned subsidiary of the Company, which is the largest manufacturer of cement-based ready mixed mortars in powdered form used by the construction industry in Egypt with a total production capacity of 240,000 tons. UPC operates from a plant in Egypt, supplying products to clients primarily in Egypt and North Africa.

- *United Holding Company (**UHC**):* A 56.5% owned subsidiary of the Company which is the holding company for The Egyptian Gypsum Company, which manufactures building plasters, BASF CC Egypt, which manufactures chemicals for the construction industry, and A-Build Egypt, which is a waterproofing contractor.

- *National Pipe Company (**NPC**):* A 40% owned investment of the Company which is an Egyptian manufacturer of precast concrete pipes and pre-stressed concrete cylinder pipes primarily for water transmission pipelines and wastewater force mains applications in infrastructure projects. NPC operates from two plants in Egypt with a production capacity of 86 km of concrete piping, supplying products to clients primarily in Egypt and North Africa.

- *SCIB Chemical (**SCIB**):* A 15% owned investment of the Company which manufactures decorative paints and industrial coating primarily for the construction industry. SCIB, which is majority owned by Asian Paints Ltd of India, operates two plants in Egypt with a production capacity of 120,000 kilolitres of paint per year, supplying products to clients primarily in Egypt and North Africa

<u>Orasqualia</u>

The Group and Aqualia (an international wastewater management company) established Orasqualia, Egypt's first public-private partnership, which was awarded the concession for the construction and operation of a wastewater treatment plant in New Cairo, with a capacity to pump 250,000 cubic metres a day. The project was initiated by the New Urban Communities Authority (**NUCA**) and was tendered by the Egyptian Ministry of Housing, Utilities and Urban Development in coordination with the Ministry of Finance as a 20-year public-private partnership.

The project is expected to cost USD472 million. NUCA is required to pay Orasqualia on a quarterly basis through the duration of the project. The project is fully guaranteed by the Egyptian Ministry of Finance.

<u>Property management</u>

The Group's property management business is organised through the following subsidiaries:

- *Contrack FM* (**CFM**): A wholly-owned, indirect subsidiary of OCI Egypt which is an integrated property and facilities management company providing a full range of operations and maintenance services in Egypt. CFM's services are provided to a broad range of commercial, industrial and residential real estate owners in Egypt.

- *Suez Industrial Development Company* (**SIDC**): A 60.5% owned subsidiary of the Company which is a developer, operator and utility facilitator of an 8.75 million square metre industrial park located in Ain Sokhna, Egypt. SIDC services are provided to light, medium and heavy industrial users in Ain Sokhna, including the following Group companies: EFC, EBIC, AE and NSF.

Method of selection for new projects & contracts

The Construction Business undertakes a number of key processes in relation to potential local and international projects including identification, selection, development, tender and award and performance. Although the duration of any project will vary by market segment, country and type of client (government or private), projects are generally completed within two years of the year in which the project is awarded. Prior to undertaking any local or international project, we follow a general policy to research and identify potential projects.

Projects are generally selected based on the Construction Business's core competencies, value creation and competitive advantage, together with the project's financing and contractual arrangements.

Generally, all of the Construction Business's clients are respected within their industries for their professional competence and adherence to contractual obligations. All of the Construction Business's key contracts contain international standard terms and conditions.

Marketing

The Group has a fully established and effective regional marketing strategy centred on the core competencies of its main construction brands.

The Construction Business markets its industrial, infrastructure and high-end commercial construction competencies in its markets through several strategic directives, including:

- Branding of the Construction Business’s three main construction arms: Through each brand's track record, Orascom Construction, Contrack, and BESIX have achieved a high level of brand recognition associated with high quality, complex work in several core competencies.

- Strategic partnerships: By working in partnership with domestic and international industry leaders, the Construction Business has been able to expand its business lines, obtain access to advanced technologies, create strong brand identities for its products, improve the production efficiency of its manufacturing plants, develop its human resources and reduce its financial risks. These partnerships have enabled the Construction Business to participate in some of the region's largest construction projects and maintain its position among regional construction companies.

- Repeat client relationships borne out of the Construction Business’s reputation for quality and customer service: Through the Construction Business’s track record of high quality construction capabilities, investment in state-of-the-art equipment, and strong customer service, the Construction Business has cultivated client relationships that help the Construction Business sell its products and services, generate repeat business, recruit talented new employees, and attract business partners.

- Commitment to quality and safety: The Construction Business has implemented stringent quality control programmes at each of its businesses to ensure the consistent delivery of high-quality services and products, which are key factors considered by clients who are contracting for their services or products. These certifications strengthen the Construction Business’s position when bidding for contracts by assuring customers that these businesses operate in accordance with internationally recognised quality standards. The Construction

Business also ensures thorough personnel training, activity planning and subcontractor selection to prevent accidents. The Construction Business has established general safety procedures for its project work sites and manufacturing plants.

- Management of the Construction Business: As prospective customers consider the quality of the Construction Business's employees to be an important factor when contracting for its services or products, Construction Business strives to employ, develop, and retain talented employees to maintain the Construction Business's high quality operations and management. The Construction Business has been able to attract, motivate and retain knowledgeable and experienced employees due to its reputation and market position as well as its strategic partnerships with industry leaders, which offer employees exposure to high profile projects and advanced technologies.

Suppliers

Our main competitors in the construction market vary according to the country and the market segment in which the projects are being tendered and generally include, but are not limited to, Arab Contractors Company, Saudi Binladin Group, CCC-Athens, Saudi Oger Limited, Arabtec and Hassan Allam Group.

Energy and raw materials

The main raw materials utilised by the Construction Business in its projects are general construction materials including steel, concrete, cement, asphalt and other materials based on the requirements of each project. Our main suppliers of basic construction materials vary from market to market due to our geographically diversified construction activities and also due to the different requirements of construction projects from market to market. We include cost estimates for energy and raw materials in our overall estimate provided during the tender process.

Ownership of construction and manufacturing equipment

The Construction Business benefits from a large fleet of equipment that is maintained through a strict and regular maintenance programme to ensure maximum efficiency. For the year ended 31 December 2011, equipment owned by the Construction Business had a book value of USD250.7 million, which management believes has a market value of nearly USD500 million, including 58 tower cranes, 116 mobile and crawler cranes, 329 pieces of earth moving equipment, 102 pieces of concrete equipment, 140 pieces of asphalt equipment, 53 pieces of foundation equipment and 600 other pieces of miscellaneous equipment. In core markets, we own certain of the equipment required and lease certain other more specialised pieces of equipment. For specific projects where there is a need for more equipment, we acquire or lease the equipment based on the project's financing arrangements.

Significant trends affecting the Construction Business

The following are the most significant recent trends affecting the Construction Business:

- Increased competition in core markets: the Construction Business has seen a general increase in competition in tenders due to fewer projects being tendered in its markets of operation, including Qatar, the UAE, Algeria and Egypt. Fewer projects are currently being tendered due to the impact of the global recession, which has reduced the number of private clients tendering industrial and commercial projects, and has caused public clients to tender large scale infrastructure work more prudently.

- Increased focus on market diversification: the Construction Business has stepped up efforts to diversify its markets and is currently pursuing more work in Saudi Arabia and Morocco. Kuwait, Bahrain and Iraq are medium-term growth markets being pursued.

- Increased awards activity in Egypt: post-revolution, Egypt has been a strong source of awards for the Construction Business as the country has tendered several infrastructure projects to boost the economy. Egypt is expected to continue to tender infrastructure work and has relaunched its Public-Private Partnership programme, which will cover healthcare, roads, water, and wastewater project.

7.3 Our Fertiliser Business

Overview of the Fertiliser Business

The Group entered the fertiliser industry twelve years ago as a specialised nitrogen fertiliser plant contractor. In June 2000, a ThyssenKrupp Uhde/OCI Egypt consortium completed work on a Greenfield urea/ammonia production line for Egyptian Fertilizers Company (**EFC**). In May 2004, a ThyssenKrupp Uhde/OCI Egypt consortium began work on a second production line at EFC.

In 2005, OCI Egypt and Halliburton KBR began the construction of a Greenfield 2,000 ton per day ammonia production plant for Egyptian Basic Industries Corporation (**EBIC**), the largest of its kind in Egypt. In October 2005, OCI Egypt became a 30% shareholder in EBIC as part of the Company's corporate strategy to leverage its construction skills with competitively priced gas in the Middle East and North Africa.

In 2006, OCI Egypt signed an agreement to develop, construct and operate Sorfert Algérie, a state-of-the-art greenfield nitrogenfertilisercomplex with Sonatrach, the Algerian state-owned oil and gas company. Sonatrach is Algeria's largest company and the largest oil and gas company in Africa. Upon completion, Sorfert will have the capacity to produce 1.2 million tons of urea and 0.8 million tons of anhydrous ammonia per year.

In February 2008, we announced our strategy to become a world-class producer of nitrogen-based fertilisers, which coincided with our acquisition of the remaining shares in EFC in a cash-and-shares deal with Abraaj Capital. We also increased its stake in EBIC from 30% to 60%.

In 2010, OCI Egypt acquired 100% of Royal DSM N.V.'s nitrogen fertiliser and melamine production subsidiaries, which include a fertiliser production complex in Geleen, the Netherlands, and the world's largest melamine production company with production assets in the Netherlands, Indonesia, and China. The subsidiaries were grouped as OCI Nitrogen. During the year, OCI Nitrogen acquired an ammonia terminal operator in the port of Rotterdam with a combined storage capacity of 30,000 tons. The terminal is permitted to receive up to 600,000 tons of ammonia per year and to deliver up to 550,000 tons of ammonia per year, and was renamed OCI Terminal Europoort B.V.

In 2011, OCI Egypt acquired 100% of Pandora Methanol LLC, which it renamed OCI Beaumont. The integrated ammonia-methanol plant is located on the Gulf Coast in Beaumont, Texas, United States, and is equipped with two 20,000 tons methanol storage facilities and one 18,000 tons ammonia storage facility. The plant has a pipeline connection to adjacent customers and port access with dedicated methanol and ammonia import/export jetties and will ship both products along the Gulf Coast. OCI Egypt invested north of USD200 million to fully acquire and rehabilitate the plant.

OCI Egypt has also announced plans to construct two new Greenfield production complexes in Iowa and Brazil (refer to "*Announced Greenfields*").

The Fertiliser Business owns and operates nitrogen-based fertiliser production facilities in the Netherlands, the United States, and Egypt, with fertiliser plants under construction in Algeria and the United States, a proposed Greenfield facility under development in Brazil, and a minority investment in a fertiliser business in Nigeria. The Fertiliser Business also owns and operates nitrogen-based downstream or related chemical production facilities in the United States, the Netherlands, China, and Indonesia. The Fertiliser Business also has an international distribution platform spanning from the Americas to Asia.

Upon the commissioning of all planned construction, development and expansion activities in 2013 (excluding the Greenfield facilities under development in Brazil and the United States), the Fertiliser Business's estimated total sellable production capacity is expected to comprise:

- Nitrogen-based fertilisers: 2.2 million metric tons of anhydrous ammonia;
- 2.75 million metric tons of granular urea;
- 1.45 million metric tons of calcium ammonium nitrate; and
- 0.25 million metric tons of urea ammonium nitrate.

Downstream products:

- 0.75 million metric tons of methanol; and
- 0.25 million metric tons of melamine.

The Fertiliser Business will also distribute up to 1.75 million metric tons of ammonium sulphate through:

- An off-take distribution contract for 0.75 million metric tons of ammonium sulphate, renewed annually since 2010, for a DSM N.V. subsidiary; and
- 1 million metric tons from Lanxess N.V.

The chart below sets out our actual sales volume by product line for the years ended 31 December 2009, 31 December 2010 and 31 December 2011 and 30 September 2012:

Volumes sold in 000 metric tons	**Nine months ended 30 September 2012**	**Nine months ended 30 September 2011**	**31 December 2011**	**31 December 2010**	**31 December 2009**
Ammonia	979.6	895.0	1,148.3	911.4	384.5
Urea	1,420.3	1,319.1	1,657.0	1,530.8	1,497.6
CAN	965.5	881.2	1,153.5	905.6	N.A
UAN	222.9	210.6	266.1	140.5	N/A
AS	452.4	342.3	538.6	544.0	N/A
Melamine	120.9	121.0	162.4	147.8	N/A
Methanol	129.0	N/A	N/A	N/A	N/A
Total	**4,290.6**	**3,769.2**	**4,925.9**	**4,180.1**	**1,882.1**

Competitive strengths of the Fertiliser Business

Global nitrogen-based fertiliser producer and distributor with a strong geographic presence

Over the past decade, we have grown from owning a minority share in a single nitrogen-based fertiliser plant in Egypt to becoming a top global producer by sellable capacity in 2012. We are able to distribute our and third party product through a focused global distribution network to key import markets, and our on-the-ground presence in core import markets through our production facilities provides us easy and efficient access to our customers. We believe our diversified nitrogen-based product portfolio, combined with our world-scale high quality global production capacity and effective distribution network provides us with a sustained competitive advantage over our peers.

Focused distribution network for third party and Company produced fertilisers

We have developed a strong global distribution arm through our own trading arm including OCI Fertiliser Trading (OFT) and OCI Nitrogen, and through joint ventures with global distributors and traders, including Gavilon Group and FITCO-OCI Agro. OCI Nitrogen's distribution network in Europe also contains the Spanish company NIC (Nitrogen Iberia Company) a joint venture with Gruppo Delso, the second largest distributor in Spain.

Gavilon is the largest fertiliser and grains distributor in the United States, with the ability to trade 7 million metric tons of nitrogen-based fertilisers a year. Through our joint venture with FITCO/Fertipar, we have become the second largest exporter of urea into Brazil, and have a strong presence in Uruguay. We are also an exporter of AS into Brazil through our distribution of 0.25 million metric tons of AS for a DSM subsidiary and intend to increase our presence through the distribution of 1 million tons of Lanxess-produced AS.

Through our off-take agreement with Transammonia for EBIC's production, we have a strong presence in the South East Asian ammonia market. Through OFT, our own distribution arm, and OCI Nitrogen's distribution network, we are also the second largest producer and distributor of nitrates in Europe, and a significant distributor of urea.

Large, high quality, diversified, and flexible production capacity that provides strong revenue visibility and allows us to arbitrage against product price fluctuations

Our production capacity comprises ammonia, urea, UAN, CAN, methanol, and melamine, and our distribution capacity also includes 1.75 million metric tons of AS. The diversified nature of our product portfolio allows us to successfully arbitrage between the nitrogen value of these products depending on global fertiliser prices at any given point. For example, if ammonia prices increase significantly versus urea, we can increase our ammonia sales by reducing the production of urea. Our ability to produce 1 million metric tons of methanol and melamine also allows us to mitigate against any declines in fertiliser prices, as the pricing for both products is determined by industrial markets unrelated to the agricultural market in which the nitrogen fertiliser prices are determined.

The revenues of our Fertiliser Business have increased by 268.8% since 2008, when our first fertiliser plant contributed to the Group's revenue. Our sales volumes have increased 199.5% over the same period, reflecting significant growth since the start of our fertiliser operations. We forecast the addition of approximately 2.4 million metric tons of annual capacity in 2013 through the commissioning of Sorfert Algérie and expansions at EFC and OCI Nitrogen, and another 1.5-2.0 million metric tons of annual capacity in 2015 through the commissioning of our Greenfield plant in Iowa, USA. The global nature of our plant locations allows us to quickly and effectively provide customers with our fertilisers at international prices, and the increase in our production capacity over the medium term allows us to maintain steady revenue growth irrespective of product prices.

Combination of long-term fixed price contracts and spot price supply maintains consistent EBITDA margins

Natural gas is the primary feedstock for the production of nitrogen-based fertilisers, representing approximately 40% of our production cash cost at our Egyptian fertiliser assets, approximately 50% of our production cash cost at OCI Beaumont, and approximately 70% of our production cash cost at OCI Nitrogen. Our fertiliser plants operate using both long-term natural gas contracts and spot purchases, resulting in a reasonably stable blended feedstock cost. This reduces our exposure to volatile spot market prices.

Strong and well established repeat customer base with low counterparty risk

We maintain strong, long-standing relationships with our customers, which comprise direct applicants such as large farmers, retailers, wholesalers and co-operatives, traders, distributors industrial users and our own distribution joint ventures. We have successfully maintained our customer relationships by providing a diversified portfolio of consistently high quality products, and by locating our plants either directly in the consumption markets, or near the ports from which product is exported.

We will continue to develop our geographic presence by targeting key fertiliser import markets and either developing Greenfield production assets or acquiring assets already located in these markets. We will continue to provide a diversified product portfolio to effectively be a ‘one-stop-shop’ for our customers.

Our strategy for the Fertiliser Business

Continued commitment to pursuing strategic product and geographic expansion

The Fertiliser Business comprises operating plants in Egypt, Algeria, the United States, China, Indonesia and the Netherlands, with additional Greenfield projects under development in the United States and Brazil. Our focus is on the production and distribution of nitrogen-based fertilisers and downstream or derivative products, with our current product portfolio comprising ammonia, urea, UAN, CAN, melamine, and methanol. Our Greenfield projects will add AN and DEF to our portfolio. We focus on nitrogen-based fertilisers because nitrogen-based products are the core fertilisers applied to crops, representing 70% of a crop’s annual nutrient requirements. We believe that declining arable land, combined with a growing global population and more sophisticated global dietary requirements will guarantee sustained nitrogen-based fertiliser demand for the foreseeable future. We also believe that there is potential for additional growth in fertiliser demand as farmers in agricultural markets, and in particular developing markets such as sub-Saharan Africa, begin to increase their fertiliser usage to maximise crop yields.

We are strongly positioned as a global nitrogen-based fertiliser producer and distributor to take advantage of such future demand growth, and have taken substantial steps to expand our geographic and product reach by developing two new large-scale nitrogen-based fertiliser plants in key nitrogen-fertiliser import markets, specifically the US Corn Belt and Brazil. We will also continue to pursue strategic acquisitions that offer attractive synergies and add value propositions, and have cultivated a strong track record in acquiring accretive assets, as evidenced by our latest acquisitions of Dutch and Texas-based assets.

Continued commitment to pursuing the strategic expansion of our distribution capabilities

We are well positioned to reach a global customer base through our extensive distribution capabilities, which allows us to distribute our products throughout North and South America, Europe, Africa, the Middle East, and South-East Asia. Our distribution network includes branches or offices in the United States, the United Arab Emirates, France, Spain, Germany, the Netherlands, Brazil, Uruguay, Egypt, United Kingdom, Indonesia, and China. We will continue to ddevelop a global and efficient distribution network for the business' products in strategic markets through the establishment of additional offices, distribution joint ventures, and strategic acquisitions of tuck-in distributors.

We believe that our strategic approach to developing on-the-ground presence in core import markets, combined with our experience in successfully distributing our products around the world, will enable us to successfully execute future strategic geographic expansion and ensure that revenue exposure is not concentrated in any one single market or country.

Continued commitment to health, safety, environment, quality and ethical business practices

We aim to offer superior quality products and services that are produced under and are compliant with international health, safety and environmental with international quality and safety standards and that exceed customer specifications and expectations. We work continually to improve our business operations using high ethical standards and effective and efficient systems and technologies in an effort to meet customers' changing needs. Our commitment health, safety, environment and quality y is driven by our belief that our customers, employees, communities, and other stakeholders consider these key factors when contracting for products and services. We intend to continue to implement and strengthen our quality control mechanisms to ensure the consistent delivery of high-quality products and services and maintain various industry certifications to strengthen our position in the international nitrogen-based fertiliser market. We also view personnel training as essential for accident prevention and successful production of our products and intend to continue developing these aspects. We aim to highlight our commitment to health, safety, environment, and quality as important factors for successfully marketing our products and services to new and existing clients.

The business units of our Fertiliser Business

Egyptian Fertilizers Company (EFC)

EFC is a wholly owned subsidiary of OCI Egypt located in Ain Sokhna, Egypt. Acquired from Abraaj Capital in February 2008, EFC is the largest private sector integrated nitrogen fertiliser producer in Egypt and the largest Egyptian exporter of fertiliser. EFC's original total capacity was 1.3 million tons per year of granulated urea, which was increased to 1.55 million tons per year in 2012. The additional 250,000 tons of production capacity was achieved by revamping both production lines to increase its production efficiency. For the year ended 31 December 2012, EFC employed 835 employees.

For the year ended 31 December 2011, EFC sold 1.35 million tons of granulated urea to customers in Europe, Central Asia, Egypt, and North and South America. For the year ended 31 December 2011, EFC had a global market share in the traded urea market of approximately 3.2%.

In addition, for the year ended 31 December 2011, EFC sold 14,000 tons of ammonium sulphate, produced through its toll manufacturing agreement with EFIC and from the UAN unit.

Egypt Basic Industries Corporation (EBIC)

EBIC is a 60% owned subsidiary of OCI Egypt, with the remaining 40% held by Halliburton KBR, government-owned Egyptian Natural Gas Holding Company S.A.E. (**EGAS**) and a number of private investors. EBIC runs an export-focused 0.7 million tons per year Greenfield ammonia plant located in Ain Sokhna, Egypt. Upon its commissioning in May 2009, it became the largest plant of its kind in Egypt. EBIC is the fifth largest chemical exporter in Egypt according to the Egyptian Chemical and Fertiliser Export Council's 2011 statistics. For the year ended 31 December 2012, EBIC employed 337 employees.

EBIC began its first full year of production in 2010. For the year ended 31 December 2011, EBIC sold 670,000 tons of ammonia to customers across Europe, the Middle East, Asia and the Americas. EBIC has a global market share in the merchant ammonia market of approximately 3.4%.

*Sorfert Algérie (**Sorfert**)*

Sorfert is a 51% owned subsidiary of OCI Egypt with the remaining shares held by the Algerian state-owned oil and gas conglomerate, Sonatrach. The Sorfert plant is located in Arzew, Algeria and is expected to begin commercial operations in 2013. Once fully operational, Sorfert will have a production capacity of 0.8 million tons of ammonia per year and 1.2 million tons of urea per year and will employ 836 employees.

When the Sorfert plant is fully operational, it will be North Africa's largest fertiliser production facility. Sorfert will produce anhydrous ammonia and granular urea which will be exported primarily to Western Europe, as well as North and South America. For the year ended 31 December 2012, Sorfert employed 700 employees.

OCI Beaumont

OCI Beaumont is a wholly-owned subsidiary of OCI Egypt located in Beaumont, Texas. OCI Beaumont is an integrated ammonia-methanol production complex that was fully rehabilitated in 2011. The ammonia line was commissioned in November 2011 and sold 13,500 metric tons in January 2012, its first month of sales. The methanol line commissioned in July 2012 and sold 18,000 metric tons in August 2012, its first month of sales. For the year ended 31 December 2012, OCI Beaumont employed 85 employees.

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

OCI Nitrogen

OCI Egypt acquired OCI Nitrogen, the second largest nitrates producer in Europe, from Royal DSM N.V. in May 2010. OCI Nitrogen has a sales and distribution network across Europe. For the year ended 31 December 2012, OCI Nitrogen employed 900 employees.

OCI Nitrogen is capable of producing 1.15 million metric tons of CAN, 1.1 million metric tons of gross ammonia (of which 0.45 million metric tons is merchant), 0.2 million metric tons of UAN, and 0.25 million metric tons of melamine.

The CAN unit is undergoing expansion with the expectation that it will be capable of producing 1.45 million metric tons in 2013.

OCI Nitrogen's melamine production portfolio comprises one wholly owned plant in Geleen, the Netherlands, and two melamine joint ventures in Indonesia and China. OCI Nitrogen owns 60% of the Indonesian plant with local partners PKT and Barito each owning 20%. OCI Nitrogen owns 49% in the Chinese plant, with local partner Fengxi owning 51%.

For the year ended 31 December 2011, OCI Nitrogen produced and sold 1.15 million tons of CAN, 479,000 tons of ammonia, 257,000 of UAN, 172,000 tons of granular urea produced at EFC and 162,000 tons of melamine.

OCI Nitrogen also owns OCI Terminal Europoort B.V. (**OCI TE**), an owner and operator of ammonia storage tanks with a storage capacity of 30,000 tons. OCI TE is based in Rotterdam, the Netherlands, and operates in the Netherlands, France, Germany and Belgium. OCI TE is permitted to receive up to 600,000 tons of ammonia per year and deliver up to 550,000 tons of ammonia per year. OCI TE intends to market Sorfert's ammonia fertilisers, OCI Nitrogen's excess ammonia and EBIC's ammonia.

*Notore Chemical Industries (**Notore**)*

EFC holds a 13.5% minority stake in Notore, with the remaining shares held by Oyeladuk Global Concept, Tita-Kuru Petrochemicals and Emerging Capital Partners. Notore is strategically located in Onne, Nigeria and is the country's only fertiliser plant. The plant underwent a rehabilitation program from 2008 to 2011 to upgrade the facility. In 2011, the plant produced 235,000 tons of urea and achieved its highest ever daily and monthly production rates for ammonia and urea.

Notore manufactures granulated urea and specialised bulk-blended fertilisers composed of nitrogen, phosphate and potassium (**NPK**). It has a production capacity of 0.5 million tons of urea per year and 0.8 million tons of NPK per year.

OCI Egypt's 13.5% stake in Notore is up for sale with a put option exercisable after 31 December 2012. OCI Egypt's stake is valued at USD62 million based on the current put option structure. As OCI Egypt was not provided with a liquidity event in 2012, the value of the option has increased by 15% against a one year extension.

Fertiliser trade, distribution and storage

The Fertiliser Business conducts its principal fertiliser trade, distribution and storage facilities business operations through the following entities:

<u>OCI Fertiliser Trading Limited (**OFT**)</u>

OFT is a wholly-owned subsidiary of the Group and is based in Dubai, United Arab Emirates. OFT was established to act as the Fertiliser Business's global trading arm spanning across Africa, Europe, Asia, and North and South America. The units deal in own and third party purchased product to maximise market share for all of our businesses by exporting from our manufacturing bases and deriving logistical synergies with third party product.

<u>Gavilon Group (**Gavilon**)</u>

Based in Omaha, Nebraska in the United States, Gavilon is a 16.8% owned investment of OCI Egypt and is one of the largest fertiliser distributors in the world by distribution capacity. It distributes approximately 7 million tons of fertilisers per year through 70 storage facilities and has a storage capacity of over 1.5 million tons per year. The Fertiliser Business's investment in Gavilon has allowed us to access several new markets across North and South America and Asia.

In May 2012, OCI Egypt announced the sale of its 16.8% stake in Gavilon to Japanese trading house Marubeni Corporation (**Marubeni**). Proceeds from the transaction amount to approximately USD604.8 million. Marubeni valued 100% of Gavilon's equity at USD3.6 billion. OCI Egypt initially paid USD340 million for its stake in July 2008. The transaction is expected to close during the first quarter of 2013.

Grupo Fertipar (**Fertipar**)

In March 2009, we entered into a 50/50 joint venture with Fertilizantes Ltda for the exclusive supply and import of granular urea and the non-exclusive supply and import of ammonium sulphate from Egypt. Fertipar is the second largest fertiliser distributor in Brazil.

Announced Greenfields

In 2011 and 2012, we announced plans to develop, construct, and operate two Greenfield nitrogen-based fertiliser plants in Iowa and Brazil:

Iowa Fertilizer Company

Iowa Fertilizer Company is a 100% owned nitrogen-fertiliser Greenfield production facility located in Wever, within Lee County near the Mississippi River. The plant broke ground in November 2012 and is currently under construction. The plant will produce between 1.5 and 2 million metric tons per year of ammonia, urea, UAN as well as diesel exhaust fluid (**DEF**). Construction work on the plant is scheduled for completion mid-2015.

The total investment cost is estimated to be USD1.65 billion and will be funded with a combination of equity and a tax-exempt bond issuance. The Iowa Finance Authority (IFA) has authorised Iowa Fertilizer Company to access up to USD1.2 billion in bonding capacity under its private activity tax-exempt Midwestern Disaster Area bond program. In addition, the Iowa Economic Development Authority (IEDA) board unanimously approved a comprehensive state financial incentive package expected to provide state tax relief in the order of USD100 million. The Iowa Department of Natural Resources approved the issuance of air permits for the new plant on 26 October 2012.

Iowa Fertilizer Company has also signed an agreement with the ANR Pipeline Company, a subsidiary of TransCanada Corporation, covering terms for the long term transportation of natural gas to the plant.

Joint venture with EBX in Brazil

OCI Egypt and Brazil's EBX Group have signed a 50/50 joint venture agreement to develop a nitrogen-fertiliser Greenfield production facility in Brazil. The agreement comes into effect upon receipt of a bona fide long term gas supply term sheet from EBX's oil and gas subsidiary which is currently investigating the condition of several gas field finds in Southern Brazil. The envisioned fertiliser complex would have up to 3 million tons of annual capacity producing a diversified portfolio of nitrogen-based fertilisers mainly focusing on nitrates. The project is not expected to start until 2014 if finalisation of gas negotiations is successfully achieved.

Significant Trends affecting the Fertiliser Business

The following are the most significant recent trends affecting the Fertiliser Business:

- Growing population consuming more protein per capita: according to the United Nations Food and Agriculture Organization (**UN FAO**), the world population is expected to increase by 10% by 2020. Population growth, together with improving economics in key emerging markets, has resulted in an increased protein intake and therefore higher demand for annual crop feedstock. We believe that yields are likely to improve through increased fertiliser application.

- Growing population consuming more cereal per capita: cereal production is projected to increase significantly to cover food and protein needs of the world's growing population.

According to the UN FAO, cereal demand is forecasted to grow by 15% by 2020 due to rising food demand and higher bio-fuel production. As demand for cereal and livestock-feed increases at a pace that is faster than the population growth, farmers will be required to produce higher yielding harvests. This is likely to require more fertiliser application, leading to increasing nitrogen fertiliser demand.

- Changing diet favours nitrogen fertiliser: Growth in the global gross domestic product leads to a change in diet; growing populations consume more food. The rising demand for meat-produce will increase the demand for animal feed. As approximately eight kilograms of grain are required for each kilogram of meat consumption, this is likely to require more fertiliser application, leading to increasing nitrogen fertiliser demand. OCI Egypt expects the strongest growth to occur in India and sub-Saharan Africa, as farmers become increasingly aware of the importance and positive effect of fertiliser application on crops in improving harvest yields.

- Declining arable land: decline in the available global arable land requires harvest yields to be higher. We believe that this can only be achieved through more intensive fertiliser application, which is likely to be the primary method of increasing yields.

Marketing

The Fertiliser Business markets its product in three ways: direct sales to clients via contractually agreed upon obligations, distribution via the Fertiliser Business's internal distribution arm, and off-take agreements with third party traders or distributors.

Competition

The main raw materials utilised by the Fertiliser Business are natural gas, air and water. Our main suppliers of raw materials for the Fertiliser Business are Egyptian General Petroleum Corporation (EGPC), Société Nationale pour la Recherche, la Production, le Transport, la Transformation, et la Commercialisation des Hydrocarbures s.p.a (Sonatrach), The Egyptian Natural Gas Holding Company (EGAS), GDF Suez S.A., Statoil and GasTerra B.V.

Raw materials

The main raw materials utilised by the Fertiliser Business are natural gas, air and water. Our main suppliers of raw materials for the Fertiliser Business are Egyptian General Petroleum Corporation (EGPC), Société Nationale pour la Recherche, la Production, le Transport, la Transformation, et la Commercialisation des Hydrocarbures s.p.a (Sonatrach), The Egyptian Natural Gas Holding Company (EGAS), GDF Suez S.A., Electrabel and GasTerra B.V.

7.4 Property

Construction Business

Facility	**Owned / Leased**	**Principal use**	**Site area SqM**
NSF plants	Owned	Production facility	944,000
SIDC	Owned	Industrial Development	3,500,000
Nile City Towers	Owned	Office space	22,100

Fertiliser Business

Facility	Owned / Leased	Principal use	Site area SqM
OCIN – Fertilizers - Geleen OCIN Geleen	Land leased, facility owned Owned	Production facility Office space	101,792 18,936
OCIN Melamine Geleen OCIN Ammonia Geleen	Land leased, facility owned Land leased, facility owned	Production facility Production facility	36,882 100,338
OCI Melamine China	Owned by joint venture	Production facility	41,495
OCI Melamine Indonesia	Owned by joint venture	Production facility	30,000
EFC	Owned	Production facility	383,650
EBIC	Owned	Production facility	262,400
Sorfert	Leased 25years	Production facility	337,000
OCI Beaumont	Owned	Production facility	112,900
Orascom Terminal Europort	Land leased, facility owned	Ammonia terminal	53,450

The majority of the other facilities, mainly storage warehouses, located in Egypt and the USA are owned, while those in Europe are leased.

7.5 Environment

We place great importance on environmental protection and every aspect of our business operations reflects our environmental sensitivity. We are dedicated to the protection of natural resources and minimisation of adverse effects on the environment. To date we have not suffered significant environmental issues.

A system is in place for responding to the environmental demands of the various countries where we operate. At the start-up phase of a worksite, an environmental assurance plan identifies and assesses the environmental aspects and impacts of the various activities to be undertaken and defines appropriate preventive measures.

As carbon dioxide is emitted in the production of some of our fertilizers, the Fertiliser Business and other manufacturing divisions are committed to cleaner and more efficient production processes. Our facilities are new, employ the latest technologies and meet the European Union's highest specifications for environmental safety. OCI Nitrogen has received carbon credits, and consistently performs well below Dutch and European emissions limits. Our production plants meet all environmental, safety and technical standards in accordance with all applicable legislations. We strive to maintain the lowest possible emissions levels from all of our plants and have put systems in place that allow us to recycle a significant amount of carbon dioxide back into our production process. For example, at EFC and EBIC, the plants share a pipeline that allows EBIC to supply EFC with the excess carbon dioxide produced in the manufacture of ammonia. During 2011, EBIC reduced its carbon emissions by 114 million cubic meters, a 4.6% improvement over last year. In manufacturing ammonia, EBIC would have vented its carbon dioxide into the atmosphere. The pipeline tie-in has proven to be beneficial to the environment and enables EFC to produce additional urea.

7.6 Health and safety

Construction Business

All employees are required to complete extensive safety and environment orientation programmes which include an orientation programme, employee health and safety programme and onsite safety training programmes. All employees are required to adhere to a 'buddy' system to ensure safe conduct. Orascom Construction and the BESIX Group hold ISO 9001:2008 Quality Reassurance System Certifications and ISO 14001 Environmental Management System Certifications that demonstrate the Group's commitment to quality and safety. We also adhere to Occupational Safety and Health Administration (OSHA) health and safety standards.

The Construction Business has a stringent set of rules and regulations that are implemented and enforced on all projects. Prior to the start of any construction project, a 'safety and accident prevention plan' is prepared stating the health and safety rules to be applied to the project, how to conduct work safely, and how to preserve personnel, property, and equipment. The plan includes an 'activity hazard analysis' to address the different hazards associated with the work and the means of preventing such hazards from occurring.

All of the Construction Business's subcontractors are required to abide by the same rules and regulations. Employees are provided with ongoing continuous safety training during projects, beginning with an induction session prior to arriving on site. Frequent meetings are conducted to keep the workers aware of the safety hazards associated with their specific tasks. Safety personnel are trained and certified by recognised international safety organisations, including the Occupational Safety and Health Administration, a federal agency of the United States government, and the National Examination Board in Occupational Safety and Health, an independent examining board based in the United Kingdom.

During 2011, our internal Health, Safety and Environment (HSE) audit team conducted 162 project site audits and 41 environmental audits, including surprise spot checks and scheduled reviews. The HSE Training Division also trained 941 employees during the year in collaboration with the Human Recourses Department.

In recognition of our diligent focus on health and safety, seven of our projects were recognised by our clients for achieving millions of man-hours without lost time injuries (**LTIs**) during 2011. The following diagram reflects the lost time injury rates (**LTIR**) for Orascom Construction, the BESIX Group and Contrack:

Brand	**2008 LTIR**	**2009 LTIR**	**2010 LTIR**	**2011 LTIR**	**2012 LTIR**[2]
Orascom Construction	0.082	0.033	0.024	0.014	0.009
BESIX	5.45	3.390	3.020	4.170	3.500
Contrack	0.071	0.023	0.025	0.025	0.300
Weitz	0.400	0.200	0.100	0.100	0.200

Fertiliser Business

EFC holds ISO 9001:2008 Quality Reassurance System Certifications, ISO 14001 Environmental Management System Certificates and Occupational Health and Safety Advisory Services (**OHSAS**) 18001:2007 Certifications. EFC achieved 1.36 million man hours without a Lost-Time Injury in

[2] Please note that all 2012 LTIRs are best estimates. Final LTIRs will be published in the 2012 annual report.

2010. All of our fertiliser plants are either registered or pre-registered with the European Chemicals Agency under the registration, evaluation, authorisation and restriction of chemicals (**REACH**) regulation. REACH certification is given to manufacturing plants that meet certain health and environmental standards, as well as enhancing innovation of environmentally friendly chemicals. This certifies the plant as an EU approved exporter.

As part of its commitment to implement world class safety standards, EBIC hired E. I. du Pont de Nemours and Company (DuPont), a science-based products and sustainable solutions services company, to assess and improve EBIC's safety protocols. EBIC achieved the full implementation of DuPont's recommendations in 2012.

OCI Nitrogen is member of Fertilizers Europe (formerly **EFMA**) and complies with its minimum requirements concerning "product stewardship". Product stewardship ensures that fertilisers and their raw materials, additives and intermediate products are processed and manufactured, handled, stored, distributed and used in a way which safeguards health, occupational and public safety, the environment, and ensures security. This includes supplying plant nutrients which satisfy requirements for safe food production and animal feed. OCI Nitrogen is also ISO 9001:2011 certified.

7.7 Insurance

The Construction Business maintains comprehensive insurance coverage of its assets and operations at levels which management believes to be appropriate. However, our operations are subject to certain uninsurable risks (including, but not limited to, unforeseen conditions encountered during construction, the impact of inflation upon costs and changes in political and legal circumstances in foreign countries), particularly since contracts for major projects are performed over an extended period of time. Management believes, however, that our experience in analysing purchasing trends and project needs and our use of such information in preparing and negotiating bids and purchase orders enable it to minimise such risks. We focus on carefully selecting projects that provide a sufficient margin to offer a profit as well as adequately cover the risk involved, and management believes that our extensive experience in each of our industry segments allow us to establish accurate cost estimations. To further reduce the above risks, the Construction Business seeks to include in its contracts provisions to exclude consequential damages, to cap liquidated damages, to generally limit our liability and to allow for price adjustments in the event of changes in the law that affect the project. Whenever possible, we seek to limit exposure to unforeseen events by obtaining indemnification from our customers, subcontractors and joint venture partners against certain claims relating to injury to our employees, damage to our property and consequential damages. We also generally include a cap for potential environmental damages and require our customers and subcontractors to indemnify us up to an agreed amount for certain claims and liabilities relating to environmental damage. In addition, the Construction Business obtains appropriate and specialised insurance to cover construction and financing risks for each of its projects and generally maintains comprehensive insurance covering its assets and operations at levels which management believes to be appropriate.

All of the Fertiliser Business's operating plants are covered by comprehensive insurance policies that conform to international and industry best practices. Both of our Greenfield plants under construction in the United States and Algeria have completed the negotiations for their respective insurance policies with reputable insurance companies, and these policies will be executed upon completion of the plants' construction.

7.8 Information technology

Information technology is a key component to our ability to operate efficiently. We invest in and maintain state-of-the-art information technology systems at our headquarters, branch offices, construction sites, plants, and related subsidiaries in order to support our performance and growth strategy.

Our information technology systems include both third-party applications and in-house developments tailored to maximise our performance and improve cost efficiency.

7.9 Brands and intellectual property

We carry several brands in both the Construction Business and the Fertiliser Business.

The Construction Business's brands comprise Orascom Construction Industries (OCI), Orascom Construction (OC), Contrack International LLC (Contrack), the BESIX Group (BESIX), Orascom Roads Construction (ORC), Orascom Transport, Medrail, Cementech, Orascom Saudi Limited (OSL), National Steel Fabrication (NSF), United Paints and Chemicals (UPC) and United Holding Company (UHC).

The Fertiliser Business's brands comprise Egyptian Fertiliser Company (EFC), Egypt Basic Industries Corporation (EBIC), Sorfert Algérie (Sorfert), OCI Nitrogen, OCI Agro, OCI Melamine, OCI Beaumont, Iowa Fertilizer Company, and OCI Fertiliser Trading (OFT).

Our intellectual property portfolio is comprised of more than 260 trade marks, which are registered globally and are held by various subsidiaries. We have also registered for more than 70 additional trade marks. We have registered more than 40 domain names, most of which are in use and some of which are either under construction or link to one of our functioning websites.

7.10 Risk management, internal control, integrity and compliance

We adhere to a strict risk management, internal control, integrity and compliance framework, ensuring local and international best practices, transparency and compliance objectives are achieved.

Our internal oversight functions comprise both independent and executive directors to provide a comprehensive and reliable oversight mechanism. We also employ third party auditors and monitoring. We believe that risk management, internal control, integrity and compliance frameworks are fundamental to the successful management and operations of its activities and to the execution of our strategy.

OCI Egypt's risk management, internal control, integrity and compliance frameworks incorporate international best practices and are aligned with the UN Global Compact, and are implemented by all employees, controlled subsidiaries, and joint ventures. OCI Egypt also requires its partners to observe its frameworks to the fullest extent possible.

7.11 Employees

We have an experienced and knowledgeable workforce. As of 31 December 2012, OCI Egypt has approximately 74,770employees, of which approximately 71,889 are employed by the Construction Business (including BESIX and Weitz) and approximately 2,881 are employed by the Fertiliser Business. The labour force of our Construction Business is hired based on project requirements and therefore fluctuates in size based on the Construction Business's project cycles. In core markets, key labour forces are stable and are transferred from project to project according to long term business needs. To date, we have not experienced any significant labour disputes or strikes. We believe that, overall, current relations with our employees are good.

We are committed to fostering an environment that encourages employees to seek opportunities for professional growth and enrichment. We recognise the importance of training and development of all staff, and have implemented a number of initiatives, including the OCI Academy (which focuses on training employees) and the Onsi Sawiris Institute for Vocational Training (which trains and introduces young talent to the business at an operational level).

7.12 Financing of the Group

Fertiliser Business

On 4 October 2011, we announced that our wholly-owned fertiliser subsidiaries had signed credit facilities with international, regional and local relationship banks to refinance the Group's existing credit facilities, which had significant portions maturing in 2013. The new credit facilities were put in place at the level of the Fertiliser Business companies to facilitate the creation of standalone fertiliser and construction businesses under a holding company structure.

The new facility agreements, which impacted OCI Egypt's financial statements as at 31 December 2011, comprise:

(a) At the EFC level:

(i) a USD505 million commercial facility concluded with international, regional and local banks with a scheduled maturity date in October 2016;

(ii) a USD270 million revolving credit facility, concluded with international, regional and local banks, USD170 million of this amount is in EGP equivalent with a scheduled maturity date in October 2016; and

(iii) a loan concluded with the International Finance Corporation (IFC) and international, regional and local banks mobilised by IFC with a scheduled maturity date in October 2016 split in the following tranches: (A) a term loan of USD200 million financed by IFC (tranche A); and (B) a term loan of USD125 million financed by four international, regional and local banks mobilised by IFC (tranche B).

The interest rates for the EFC debt package are dependent on facility currency and leverage ratio. Interest for USD facilities is margin over LIBOR and for the EGP facilities is margin over CBE Mid Corridor Rate. The margin is initially 3.50% per annum for any term loan and any revolving facility A loan and 2.25% per annum for any revolving facility B loan. The margin decreases on a sliding scale based on EFC’s leverage ratio. The facilities are also subject to 0.2% administrative fees per annum payable quarterly in arrears of any outstanding loan balance, and 2% arrangement fees on the total amount.

The facility agreements contain customary drawdown provisions, conditions precedent, representations, undertakings, financial and general covenants and restrictions and events of default.

(b) At the OCI Nitrogen level:

(i) a EUR400 million term loan concluded with international and regional banks, with a scheduled maturity date in October 2016; and

(ii) a EUR150 million revolving credit facility concluded with international and regional banks, available for disbursement in either USD or EUR, with a scheduled maturity date in October 2016.

The interest rate is margin over LIBOR or EURIBOR based on utilisation. The margin is initially 3% per annum, and decreases on a sliding scale based on OCI Nitrogen’s leverage ratio. The facility is also subject to a 2% arrangement fee on the total amount.

The facility agreement contains customary drawdown provisions, conditions precedent, representations, undertakings, financial and general covenants and restrictions and events of default.

(c) At the OCI Fertilizer Holding level, a three-year term loan of USD250 million, with an option to increase to USD300 million, concluded with international and regional banks.

The interest rate is margin over LIBOR. The margin is initially 3.75% per annum, and decreases on a sliding scale based on OCI Fertilizer's leverage ratio. The facility is also subject to a 2.25% arrangement fee on the USD250 million.

The facility agreement contains customary drawdown provisions, conditions precedent, representations, undertakings, financial and general covenants and restrictions and events of default.

(d) At the Iowa Fertilizer Company level, a USD1.194 billion bond financing agreement concluded between the Iowa Finance Authority and Iowa Fertilizer Company for the issue of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds to finance the acquisition of land, the development of a nitrogen fertiliser plant and certain capital improvements.

Construction Business

The Construction Business funds its operations principally through bank overdrafts, loans, cash, cash equivalents and working capital facilities, which include revolver credit facilities.

In June 2012, IFC provided a USD100 million three year Revolving Credit Facility to Orascom Construction. The loan is used to finance the operations of the company as well as ongoing and new projects and has a scheduled maturity date in June 2015. The interest rate is 2.0% over LIBOR.

7.13 Material contracts

Save as set out below, there are no contracts, not being contracts entered into in the ordinary course of business, and which are or may be material: (a) which have been entered into by OCI Egypt within the two years immediately preceding the date of this Offering Circular; or (b) which have been entered into by the Group and which contain any provision under which any such member has any obligation or entitlement which is material to OCI Egypt as at the date of this Offering Circular:

Acquisition of The Weitz Company, LLC

On 12 December 2012, OCI Egypt completed the acquisition of The Weitz Company, a United States general contractor based in Des Moines, Iowa. Weitz has three core business lines: commercial, federal, and plant services construction, and has typically ranked among the top 50 in Engineering News Record’s (ENR) Top 400 Contractors list and is the largest contractor in the state of Iowa. The company generated USD681.5 million of revenue in 2011. Weitz had a backlog of USD399.9 million as at 30 September 2012. Weitz’s current management and employees will be retained following the acquisition. The acquisition of Weitz will establish a strong strategic foothold in the United States construction market for the Construction Business.

Sale of Egyptian Container Handling Company S.A.E. and Orascom Building Materials Holding Company S.A.E.

On 30 October 2007, OCI Egypt agreed to sell its 50% stake in the Egyptian Container Handling Company S.A.E. (the parent company of Sokhna Port Development Company) to Dubai Ports World for USD372 million (the **ECHC Sale**).

On 9 December 2007, OCI Egypt agreed to sell Orascom Building Materials Holding Company S.A.E. (the parent company for subsidiaries and investments relating to cement and related industries) to Lafarge S.A. for USD12.9 billion plus the assumption by Lafarge of USD2.0 billion in debt (the **Cement Division Sale**).

Both the ECHC Sale and the Cement Division Sale completed during the first half of 2008. In both transactions, the sale and purchase agreements included customary representations, warranties, covenants and undertakings which were provided by OCI Egypt to the purchasers in respect of, amongst other things, the ownership of the sold shares, assets, subsidiaries, financial statements, compliance with laws, disputes, employment and tax.

To cover any liabilities arising out of OCI Egypt's continuing obligations under such agreements, OCI Egypt created a long-term provision in the amount of EGP1.8 billion (approximately USD300 million), which is considered by OCI Egypt's management to be sufficient to cover any actual liabilities which may arise as a result of a breach by OCI Egypt of any of the warranties or its other obligations under such agreements. Out of this amount, USD78 million was paid in Q2 2012.

Equalisation agreement

On 17 January 2013, the Company and OCI Egypt entered into an equalisation agreement. The purpose of this agreement is to ensure that the outstanding shares in the Company and OCI Egypt (i.e. other than those held indirectly in each other's share capital) are economically equivalent. For that purpose, the Company and OCI Egypt will pay the same dividend on their outstanding shares, and will pool their profits to the extent required to enable those payments to be made.

The profit pooling will not occur to the extent any profits are depressed by spurious third party claims.

The equalisation agreement is entered into for the purpose of enabling the Takeover Offer to proceed on a 1-for-1 exchange ratio between the shares in OCI Egypt and the Shares. Either party may terminate the equalisation agreement once more than 90% of the shares have been exchanged.

8. SELECTED FINANCIAL INFORMATION

8.1 Overview

The following table presents selected combined financial information for OCI Egypt as of and for the years ended 31 December 2011, 2010 and 2009 and as of and for the nine months ended 30 September 2012. This selected financial information should be read in conjunction with the financial statements. The financial statements are presented in USD with all amounts rounded to the nearest one decimal place.

CONSOLIDATED INCOME STATEMENTS	**For the nine months ended 30 September (unaudited)**		**For the year ended 31 December (audited)**		
(USD million)	**2012**	**2011**	**2011**	**2010**	**2009**
Revenues	3,999.1	4,092.9	5,511.3	4,723.4	3,829.9
Cost	(3,126.6)	(3,035.7)	(4,122.2)	(3,585.2)	(3,023.2)
Gross profit	872.5	1,057.2	**1,389.1**	**1,138.2**	**806.7**
Other income	38.5	30.7	46.3	17.8	37.7
Administrative and distribution expenses	(270.9)	(276.7)	(363.2)	(410.0)	(278.8)
Other expenses	(2.7)	(2.5)	(4.7)	(0.1)	(0.2)
Operating profit	**637.4**	**808.7**	**1,067.5**	**745.9**	**565.4**
Profit before tax	**536.8**	**735.6**	**926.0**	**656.1**	**486.8**
Profit from continued operations	**380.5**	**532.8**	**663.9**	**510.3**	**398.5**
Profit attributable to the equity holders of the parent	**328.2**	**521.0**	**635.7**	**503.3**	**388.3**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**As at 30 September (unaudited)**		**As at 31 December (audited)**		
(USD million)	**2012**	**2011**	**2011**	**2010**	**2009**
Non-current assets	5,589.2	5,429.7	5,729.7	5,913.9	5,228.2
Current assets	4,232.2	3,926.1	3,626.1	3,406.5	3,202.8
Assets classified as held for sale	376.2	376.6	376.6	11.6	25.2
Total assets	10,197.6	9,732.4	**9,732.4**	**9,332.0**	**8,456.2**
Equity of entities contributed in kind	3,473.7	3,144.1	3,144.1	3,060.4	2,960.2
Non-controlling interests	201.7	193.3	193.3	179.9	136.8
Total	**3,675.4**	**3,337.4**	**3,337.4**	**3,240.3**	**3,097.0**
Non-current liabilities	2,823.7	3,165.7	3,574.0	3,530.3	3,239.6
Current liabilities	3,698.5	3,229.3	2,821.0	2,561.4	2,119.6
Total liabilities and net investment	**10,197.6**	**9,732.4**	**9,732.4**	**9,332.0**	**8,456.2**

CONSOLIDATED STATEMENTS OF CASH FLOWS	**For the nine months ended 30 September (unaudited)**		**For the year ended 31 December (audited)**		
(USD million)	**2012**	**2011**	**2011**	**2010**	**2009**
Cash and cash equivalents at the beginning of the period	**1,051.7**	**973.0**	**973.0**	**1,080.2**	**1,503.5**
Net cash provided by/(used in) operating activities	516.4	419.6	319.1	360.8	666.9
Net cash provided by/(used in) investing activities	(486.0)	(314.4)	(369.3)	(633.1)	(836.1)
Net cash provided by/(used in) financing activities	153.0	465.8	128.9	165.1	(254.1)
Net increase/(decrease) in cash and cash equivalents	183.4	571.0	78.7	(107.2)	(423.3)
Cash and cash equivalents at the end of the period	**1,235.1**	**1,544.0**	**1,051.7**	**973.0**	**1,080.2**

9. OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the consolidated financial statements of OCI Egypt, including the accompanying notes, included elsewhere in this Offering Circular. These financial statements and the accompanying notes have been prepared in accordance with IFRS.

Some of the information in the discussion and analysis set forth below and elsewhere in this Offering Circular includes forward-looking statements that involve risks and uncertainties. See the section headed "Important Information - Forward-looking statements" and "Risk factors" in this Offering Circular for a discussion of important factors that could cause actual results to differ materially from the results described in the forward looking statements contained in this Offering Circular.

References in this operating and financial review to **we**, **our** and **the group** are references to OCI Egypt and its subsidiaries.

Basis of presentation

As described in further detail in the section “Important Information - Presentation of financial and other information”, the Company is newly incorporated, and its financial history does not cover OCI Egypt's businesses, as it will only acquire majority control over OCI Egypt shortly after the date of this Offering Circular.

In order to assist investors in making an informed assessment, this Offering Circular includes audited consolidated financial statements of OCI Egypt as of and for the years ended 31 December 2011, 2010 and 2009 and unaudited consolidated financial statements of OCI Egypt as of and for the nine months ended 30 September 2012 and 30 September 2011.

However, it should be highlighted that the Company did not in fact operate as the ultimate holding company in the past and, therefore, the OCI Egypt financial statements are not necessarily indicative of results (including, without limitation, results of operations, financial position and cash flows) that would have occurred if the Company operated as the ultimate holding company during the entire period presented. See “Important Information - Presentation of financial and other information” for further information.

Overview

OCI Egypt is an international nitrogen fertiliser producer and construction contractor, with projects and investments across Europe, the Americas, the Middle East, North Africa and Central Asia.

Our Construction Business undertakes large industrial, commercial and infrastructure construction projects for public and private customers, principally in North Africa and the Middle East, and is among the top ten largest construction contractor businesses in the MENA region based on revenue for the year ended 31 December 2011.

Our Fertiliser Business produces nitrogen-based fertilisers in Egypt, the United States, and the Netherlands for export to customers around the world.

OCI Egypt generated USD5.5 billion in revenues, results from operating activities of USD1,067.5 million at a percentage of revenue (hereinafter referred to as **margin**) of 19.4% and EBITDA of USD1,318.2 million at a margin of 23.5% for the year ended 31 December 2011.

Our Construction Business

The Construction Business has a diversified client base and has completed, or is currently executing, projects in over 25 countries across North Africa, the Middle East, Europe and Central Asia. We classify projects as industrial, infrastructure or commercial. Industrial projects include oil and gas, fertiliser and cement plants. Infrastructure projects include airports, roads, railways, power plants and water plants. Commercial projects include buildings, hotels and malls. The Construction Business currently operates under three business units:

- Orascom Construction: established in 1976 with origins dating back to 1950 and based in Cairo, Orascom Construction is an engineering, procurement and construction contractor with over 60 years of construction experience targeting large industrial, commercial and infrastructure projects for public and private clients principally in North Africa.

- Contrack: established in 1985 and based in Virginia in the United States, Contrack undertakes engineering, procurement and construction services as well as facilities operation and maintenance primarily on institutional and infrastructure projects throughout the Middle East and Central Asia.

- The BESIX Group: established in 1909 and based in Brussels, the BESIX Group is also an engineering, procurement and construction contractor and undertakes major commercial, industrial and infrastructure projects in 19 countries throughout Europe, the Middle East and northern and central Africa. OCI Egypt is a 50% shareholder in the BESIX Group, having jointly acquired BESIX with its management in a leveraged buy-out in 2005.

The Construction Business also has investments in manufacturers of fabricated steel products, glass curtain walling, concrete pipes, cement-based ready mixed mortars and construction chemicals as well as investments in two property management companies.

In addition, on 12 December 2012, OCI Egypt completed the acquisition of The Weitz Company (**Weitz**), a United States general contractor based in Des Moines, Iowa. Weitz is the Construction Business's fourth business unit and will be consolidated into the Construction Business as of the fourth quarter of 2012.

The Construction Business recorded revenue of USD3,134.8 million, results from operating activities of USD265.8 million at a margin of 8.2% and EBITDA of USD397.4 million at a margin of 12.3% for the year ended 31 December 2011.

The Construction Business secured USD4.3 billion in new construction contracts during the year ended 31 December 2011. The consolidated construction backlog (i.e. the revenues that OCI Egypt expects to receive under contracts that have been awarded and signed) was USD5.6 billion for the nine months ended 30 September 2012, USD6.4 billion for the year ended 31 December 2011, USD5.6 billion for the year ended 31 December 2010 and USD6.7 billion for the year ended 31 December 2009.

Our Fertiliser Business

The Fertiliser Business owns and operates nitrogen-based fertiliser production facilities in the Netherlands, the United States, and Egypt, with fertiliser plants under construction in Algeria and the United States, a proposed Greenfield facility under development in Brazil, and a minority investment in a fertiliser business in Nigeria. The Fertiliser Business also owns and operates nitrogen-based downstream or related chemical production facilities in the United States, the Netherlands, China, and Indonesia. The Fertiliser Business also has an international distribution platform spanning from the Americas to Asia.

Upon the commissioning of all planned construction, development and expansion activities in 2013 (excluding the Greenfield facilities under development in Brazil and the United States), the Fertiliser Business's estimated total sellable production capacity is expected to comprise:

Nitrogen-based fertilisers:

- 2.2 million metric tons of anhydrous ammonia;
- 2.75 million metric tons of granular urea;
- 1.45 million metric tons of calcium ammonium nitrate; and
- 0.25 million metric tons of urea ammonium nitrate.

Downstream products:

- 0.75 million metric tons of methanol; and
- 0.25 million metric tons of melamine.

The Fertiliser Business will also distribute up to 1.75 million metric tons of ammonium sulphate through:

- an off-take distribution contract for 0.75 million metric tons of ammonium sulphate, renewed annually since 2010, for a DSM N.V. subsidiary; and
- 1 million metric tons from Lanxess N.V.

The Fertiliser Business recorded revenue of USD2,376.5 million, results from operating activities of USD815.2 million at a margin of 34.3% and EBITDA of USD991.7 million at a margin of 41.7% for the year ended 31 December 2011.

Key factors affecting our results of operations

The major factors which have had, and are expected to continue to have, a significant impact on the results of operations and financial condition of OCI Egypt are as follows:

Competition in core markets

Our Construction Business has seen a general increase in competition in tenders in its markets of operation including (but not limited to) Egypt, Qatar, the United Arab Emirates (**UAE**), Algeria and Iraq. This is attributable to the fact that the MENA regions remain some of the most active markets globally in terms of construction tendering and hence global contractors have targeted the region aggressively. In addition, fewer private sector projects are currently being tendered due to the impact of the global recession, which has reduced the number of private clients tendering industrial and commercial projects, and has caused public clients to more prudently tender large scale infrastructure work.

Demand for construction services on large commercial, industrial and infrastructure projects

Demand for construction services on large projects is affected by changes in the general state of economic activity, foreign direct investment flows, foreign aid flows and government investment incentives. The timing of awards of major construction projects can result in significant fluctuations in OCI Egypt's revenues and earnings between periods. During 2011, there was a reduction in awards in Egypt during the first half of the year due to political unrest in the country. This was mitigated in part by increased awards in Egypt during the second half of the year, as well as increased awards in the Kingdom of Saudi Arabia, the Emirate of Abu Dhabi, and from the United States Army Corps of Engineers in Afghanistan.

Diversification of backlog

The sector and geographic breakdown of the Construction Business's backlog has a significant impact on its overall profitability as a result of the variability of margins between regions and sectors.

During the periods under review, the backlog of the Construction Business was diversified across the MENA markets, Asia and Europe. The following is the backlog breakdown by geography for the years ended 31 December 2009, 2010, and 2011, and the nine months ended 30 September 2012:

Contribution to backlog (USD millions)	**31 December 2009**	**31 December 2010**	**31 December 2011**	**30 September 2012**
Egypt	1,545.8	1967.8	1931.2	1,545.8
Saudi Arabia	13.0	801.3	768.1	13.0
Iraq	-	-	367.1	-
Abu Dhabi	844.3	757.7	430.2	844.3
Qatar	1,142.2	749.7	371.7	1,142.2
Europe	619.3	732.5	739.9	619.3
Asia	217.3	570.7	453.3	217.3
Algeria	774.3	274.3	88.2	774.3
Dubai	144.8	148.9	121.2	144.8
Other GCC countries	165.5	136.8	250.3	165.5
Other countries	156.5	262.7	116.8	156.5
Total	5,623.1	6,402.5	5,638.1	5,623.1

The following is the backlog breakdown by sector for the years ended 31 December 2009, 2010 and 2011 and the nine months ended 30 September 2012.

% contribution to backlog	**31 December 2009**	**31 December 2010**	**31 December 2011**	**30 September 2012**
Infrastructure	3,998.5	3,297.9	3,981.4	3,347.9
Commercial	1,689.4	1,390.9	1,807.0	1,884.2
Industrial	966.2	934.3	614.1	406.0
Total	6,654.1	5,623.1	6,402.5	5,638.1

Over the periods under review, the average general impact of revenue recognition of the backlog by sector was as follows: industrial work contributed an average gross profit margin range of 20% to 25%, infrastructure work contributed an average gross profit margin range of 10% to 15%, and commercial work contributed an average gross profit margin range of 8% to 13%. Private sector work is generally higher margin work compared to public sector work, and work in the MENA region is generally higher margin work than similar projects in Europe and Asia, due to lower labour costs and milder winters. Accordingly, the nature of the Construction Business's backlog mix by sector and by geography will impact its blended gross profit margin, depending on the weighted contribution of these factors to the revenue recognised.

Nitrogen fertiliser price fluctuations

The Fertiliser Business sells its products on free on board (**FOB**), cost and freight (**CFR**), cost, insurance and freight (**CIF**), free discharge (**FD**), open book, and on other bases in accordance with the agreement with the relevant distributor, trader, or direct customer. Net back selling prices for each product will vary depending on the selling basis and on the regional benchmark price used. Our profitability is affected by fluctuations in international selling prices for nitrogen fertiliser. In addition, the same product sold in one market can be sold at a different price in another market, depending on the benchmark price used, as illustrated by the different urea and ammonia prices listed below. To mitigate price fluctuations of any single product, the Fertiliser Business has a diversified product portfolio comprising ammonia, urea, urea ammonium nitrate, calcium ammonium nitrate, ammonium sulphate, methanol and melamine. The Fertiliser Business is also adding diesel exhaust fluid (**DEF**) to its portfolio.

During the periods under review, the average international selling prices for our main products were are follows:

USD/metric ton	**2009**	**2010**	**2011**	**9M 2011**	**9M 2012**
Ammonia Middle East fob	310	410	506	496	522
Ammonia Yuzhnyy fob	241	358	518	488	502
Urea Yuzhnyy fob	249	288	424	404	417
Urea Middle East fob	310	390	450	445	451
CAN Germany cif	255	258	376	379	338
UAN France fot	192	232	330	328	305
Melamine Europe fd	1,440	1,620	2,009	2,124	1,361
Methanol US Gulf Coast Spot fob	221	323	370	367	374
Ammonium Sulphate Caprolactam BS fob	103	141	210	210	213

Source: FMB and Fertecon weekly average selling prices for each benchmark listed.

Foreign currency exchange rates

A substantial portion of our consolidated revenue, operating expenses and long-term debt is denominated in foreign currencies. As such, we use USD as our functional currency. Significant changes in the exchanges rates of operational currencies (USD, Euro, Egyptian Pounds, Algerian Dinars and Japanese Yen) therefore can have a material effect on our reported and actual financial performance. OCI Egypt manages its foreign exchange cash flow risk on a consolidated basis by matching its foreign currency-denominated liabilities with continuing sources of foreign currencies.

Ability to achieve business plans

As a construction contractor and fertiliser producer, we rely on continued demand for our services, on the distribution of our products at favourable prices and on the diversity of markets and client base at favourable terms. To achieve business goals, we must develop and provide services that appeal to our customers and sell at competitive prices. Our continued success is dependent on the quality and pricing of services and operations, respecting agreed timelines, following best industry practices and on our continued positive reputation. This means we must be able to obtain and manage our resources at competitive cost. Our success is also dependent on effective bidding and marketing programs in an increasingly difficult environment and market conditions.

Our ability to obtain and execute contracts will determine the extent to which we are able to grow existing operations profitably, especially with respect to the types of projects and geographic markets (including developing markets) on which we have chosen to focus. There are high levels of competitive activity in the environments in which we operate. To address these challenges, we must respond to competitive factors, including pricing and industry terms, and carefully select our partners. We must manage each of these factors, and maintain mutually beneficial relationships with our key customers, in order to compete effectively and achieve our business plans. Since our goals include a growth component tied to acquisitions, we must manage and integrate key acquisitions, including achieving the cost and growth synergies in accordance with stated goals.

Political unrest in our key regional markets

Economic changes, terrorist activity and political unrest may result in business interruption, inflation, deflation or decreased demand for our products and services. Our success will depend in part on our ability to manage continued global political and/or economic uncertainty, especially in our significant geographic markets, as well as any political or economic disruption due to terrorist and other hostile activities. Our current construction backlog is diversified across key markets in the MENA region, Europe, Africa and Asia. This diversification has enabled us to mitigate, to an extent, unforeseen political unrest in any single market.

Political unrest in our key regional markets has affected and will continue to affect our prospects. Due to the revolution in Egypt, our Construction Business lost approximately ten days of construction site activity in its Egyptian projects during the first quarter of 2011. We also experienced delays in payments from some government projects within manageable limits (when compared to our overall portfolio). However, notwithstanding a slow tendering/award environment in Egypt, we were awarded approximately USD1.4 billion of construction contracts in Egypt alone during 2011. We anticipate that infrastructure spending has already resumed (in some cases) or will resume stimulating these markets' economies and creating immediate employment. For example, Egypt is expected to continue to tender infrastructure work and has re-launched its Public-Private Partnership (**PPP**) programme, which will cover healthcare, roads, water, and wastewater projects.

Cost pressures

Our costs are subject to fluctuations in construction and production inputs.

Construction Business

The Construction Business's costs are particularly subject to fluctuations due to changes in building material's prices, raw materials, cost of labour and foreign exchange. Our success is therefore dependent, in part, on our continued ability to manage these fluctuations through pricing actions, cost savings, sourcing decisions and sound contracting practices. For example, it is commonplace for construction contracts with clients to include cost escalation clauses which act as a hedge against unforeseen inflation in key building material prices and components related to the contract.

We also must manage our debt and currency exposure. We typically rely on natural hedges against unforeseen currency movements and the volatility of a given market's native currency. For example:

- a given construction contract will typically be denominated almost exclusively in the respective market's native currency, i.e. both revenues generated and costs incurred are in the same currency;

- some contracts could carry a USD or EUR denominated component and typically foreign currency portions of the contract act as a hedge against the volatility of a given market's native currency;

We need to maintain key manufacturing and supply arrangements, including subcontracting and sole supplier arrangements. We must implement, achieve and sustain cost improvement plans, including our outsourcing projects and those related to general overhead and workforce rationalisation.

Fertiliser Business

The Fertiliser Business’s costs are particularly subject to fluctuations due to changes in natural gas, other raw materials, cost of labour and foreign exchange. Our success is therefore dependent, in part, on our continued ability to manage these fluctuations through pricing actions, cost savings, sourcing decisions and sound contracting practices. For example, we have secured long-term, fixed price natural gas contracts for our Egyptian and Algerian fertiliser plants, and are looking to secure long-term natural gas derivative securities for our Greenfield plant in Iowa, USA.

Our exposure to currency volatility in a given market’s native currency is protected as production costs (excluding natural gas costs) are denominated in local currency in North Africa, while selling prices are in USD or EUR.

We need to maintain key manufacturing and supply arrangements, including sole supplier arrangements. We must implement, achieve and sustain cost improvement plans, including those related to general overhead and workforce rationalisation.

Regulatory environment

Changes in laws, regulations and the related interpretations may alter the environment in which we do business (for example, in 2011 the Egyptian government decided to increase the corporate income tax rate from 20% to 25%). This includes changes in environmental, competitive and product-related laws, as well as changes in accounting standards and taxation requirements. Accordingly, our ability to manage regulatory, tax and legal matters (including product liability and project performance), and to resolve pending matters within current estimates may impact on our results.

Key manufacturing facilities

Our Fertiliser Business is reliant on a limited number of key manufacturing facilities that are subject to hazards inherent in the manufacturing, transportation, storage and distribution of chemical fertilisers. We maintain property, business interruption and casualty insurance policies to mitigate the financial impact of unforeseen events.

Seasonality and weather

Due to the generally warm and dry climate in the areas of operation of our Construction Business, our construction activity levels are not significantly affected by weather conditions. Occasional exceptions to this are countries like Nigeria, were we had a rainy season in 2011, or projects in remote desert areas in Algeria and Saudi Arabia, where we witnessed some seasonal sand storms or hot weather conditions during summer time in 2011.

The fertiliser industry is inherently dependant on seasonal fluctuations in demand as governed by major crop planting and harvesting seasons. This demand can be impacted by adverse weather conditions in agricultural markets. For example, in the early spring of 2012, drought conditions in the US mid-west and the impact of La Niña on southern hemisphere yields resulted in an average month-on-month urea and ammonia price hike of 22.0% and 15.8% respectively on the back of higher speculative grains futures.

Conversely, in the summer of 2012, drought in the United States, excessive rainfall across Europe and weak monsoon rains in India all contributed to an average month-on-month urea price softening of 11.9% and an ammonia increase 4.6% on the back of significant cuts in agricultural supply forecasts.

Recent developments

Since 30 September 2012, we have had the following material developments:

- Our USD1.65 billion 1.5 to 2 million metric ton per annum Greenfield nitrogen fertiliser plant in Iowa, United States, broke ground in November 2012 and is expected to commission in the summer of 2015.

- On 12 December 2012, we completed the acquisition of The Weitz Company, a United States general contractor based in Des Moines, Iowa. Weitz has three core business lines: commercial, federal, and industrial construction, and has typically ranked among the top 50 in Engineering News Record's (ENR) Top 400 Contractors list and is the largest contractor in the state of Iowa. Weitz generated USD681.5 million of revenue in 2011. Weitz had a backlog of USD399.9 million as at 30 September 2012.

- On 10 October 2012, we were awarded a USD87 million equivalent contract to construct a new airfield at the Hurghada International Airport.

Critical accounting policies and judgments

The discussion and analysis of the consolidated results of operations and consolidated financial condition are based on the consolidated financial statements and consolidated interim financial statements which have been prepared in accordance with IFRS.

Information about significant areas of estimation; uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in Note 14 to the consolidated financial statements (Contract revenue).

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

- Estimated useful lives of property, plant and equipment
- Recoverability of financial and non-financial assets
- Provisions
- Utilisation of deferred tax assets
- Contingent liabilities

The preparation of the group's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses during the period under review. Actual results may differ from these estimates. The accounting estimates that require the more subjective judgement of management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in the financial statements are summarised below.

Detailed information regarding accounting policies applied in the preparation of the financial statements is provided in Note 3 to the consolidated financial statements and Note 3 to the consolidated interim financial statements.

Revenue recognition

Revenue from construction contracts is recognised in the statement of income under the percentage of completion method of accounting. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. OCI Egypt does not recognise the value of contract change orders until these have been formally agreed to in writing with the customer, even if the actual work requested is commenced prior to the execution of such written change order. Contract expenses are recognised as incurred unless they create an asset related to future contract activity. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Construction costs

Construction project costs include all direct material, equipment, labour, subcontract and indirect costs related to contract performance, such as indirect labour, maintenance, and applicable administrative costs. Materials, labour and equipment provided by subcontractors or joint ventures are included in revenues and costs when management believes that OCI Egypt is responsible for the ultimate acceptability of the project.

Changes in job performance, conditions, estimated profitability and final contract settlements may result in revisions to costs and revenue and are recognised in the period in which the facts requiring such revisions become known. Provisions for estimated losses on incomplete contracts are made in the period in which such losses are determined. Claims for additional contract revenue are recognised when realisation is assured and the amount can reasonably be determined. Costs and estimated earnings in excess of billings on incomplete contracts are presented as construction projects in progress in the consolidated balance sheet.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Items of property, plant and equipment are depreciated on a straight line basis over the estimated useful lives of each component, which is determined by management when the asset is acquired and is based on historical experience for similar assets, market conditions and forecasts regarding future events that could have an impact on useful life including changes in technology. Therefore, the actual economic life may differ from estimated useful life.

Provisions

A provision is recognised if, as a result of past events, the group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 recognised as a finance cost.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; or

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Construction joint ventures

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

Acquisition of subsidiaries

We account for our investments in subsidiaries and associated companies in accordance with the purchase method of accounting.

Explanation of key income statement items

For the purposes of the following discussion of our results of operations, we have aggregated certain income statement line items as discussed below.

Revenues

Construction Business

Revenues are generated mainly from construction contracts. Fee structures for construction contracts vary depending on, but not limited to, the following: (i) the type of client; (ii) the tenor of a given contract; (iii) the complexity of a given project; and (iv) the estimated cash flow cycle of a given project. Once the expected outcome of a given construction contract is estimated accurately (i.e. a reasonably predictable pattern has emerged with respect to the payment behaviours of a given client and the timeliness of payments etc.) contract revenues and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss and is reflected on the consolidated net income line.

The Construction Business also generates revenue through the sale of goods (namely construction materials) and the rendering of services (including engineering, procurement and property management).

Fertiliser Business

Revenues are generated through the sale of nitrogen-based fertiliser and downstream products, including ammonia, urea, UAN, CAN, melamine, methanol and AS. Revenue is also generated through the rendering of distribution services for the group and for third parties. Products are sold on FOB, CFR, open book, and on other bases in accordance with the group's agreement with the distributor, trader, or direct customer.

Costs

Construction Business

Costs related to construction projects, including costs related to raw materials and consumables, finished goods and work in progress, represent the largest component of the Construction Business's costs.

Construction project costs include all direct material, equipment, labour, subcontract and indirect costs related to contract performance, such as indirect labour, maintenance, and applicable administrative costs. Construction project costs also include general and administrative expenses directly related to these projects.

Fertiliser Business

Costs related to the production, sale and distribution of nitrogen-based fertiliser and downstream products, including costs related to raw materials and consumables, and finished goods, represent the largest component of the Fertiliser Business's costs.

Cost of goods produced and sold include all direct raw materials, labour, transportation and all general and administrative expenses directly related to the production and distribution of the final products.

Other income

Other income includes primarily gains and losses on the sale of property, plant and equipment, sale of scrap and expenses related to governmental grants.

Distribution expenses

Construction Business

Distribution expenses mainly relate to the transportation and delivery expenses of paints and chemicals in one of the group's subsidiaries.

Fertiliser Business

Distribution expenses mainly relate to the transportation and delivery expenses of the Fertiliser Business's final products.

Administrative expenses

The group's administrative expenses are comprised of expenses that are not directly allocated to projects or plants, including employee benefits, depreciation and amortisation of property, plant and equipment, consultancy expenses and other expenses. Employee benefits (personnel expenses) comprise the largest component of the group's administrative expenses, and include wages and salaries, employee profit share and other personnel expenses.

Net finance income/(cost)

Net finance income/(cost) consists of:

- Finance income: comprised of interest income on both unimpaired and impaired held-to-maturity investments, on available-for-sale financial assets, and on loans and receivables, as well as net foreign exchange gain.

- Finance cost: comprised of interest expense on financial liabilities (the interest and other costs the group incurs in connection with the borrowing of funds) measured at amortised cost and net foreign exchange loss.

Share of profit of equity-accounted investees

The group's share of profit of equity-accounted investees reflects the group's equity accounted share in profits from associates where the group exercises significant influence, presumed to exist when the group holds a 20% to 50% equity interest. The group's equity accounted associates are the National Pipe Company (**NPC**), in which its ownership interest is 40%, and the Egyptian Gypsum Company, which is 50% owned by the United Holding Company (**UHC**), which is a 56% subsidiary of OCI.

Income tax expense

Income tax expense is derived from the theoretical income tax that would result from applying the weighted average statutory income tax rate of the combined group entities to the group's profit before income tax. Income tax expense consists of both current and deferred tax expenses.

Results of operations

The financial data in the following table is derived from our audited financial statements and unaudited financial statements and sets forth certain profit and loss account items for the periods indicated.

	For the nine months ended 30 September (unaudited)		For the year ended 31 December (audited)		
(USD million)	**2012**	**2011**	**2011**	**2010**	**2009**
Revenues	3,999.1	4,092.9	5,511.3	4,723.4	3,829.9
Cost	(3,126.6)	(3,035.7)	(4,122.2)	(3,585.2)	(3,023.2)
Gross profit	872.5	1,057.2	**1,389.1**	**1,138.2**	**806.7**
Other income	38.5	30.7	46.3	17.8	37.7
Administrative and distribution expenses	(270.9)	(276.7)	(363.2)	(410.0)	(278.8)
Other expenses	(2.7)	(2.5)	(4.7)	(0.1)	(0.2)
Operating profit	**637.4**	**808.7**	**1,067.5**	**745.9**	**565.4**
Financing income & expenses					
Finance income	34.2	29.9	20.9	10.6	30.5
Finance expenses	(148.8)	(113.3)	(168.7)	(133.1)	(113.5)
Net finance income/(cost)	**(114.6)**	**(83.4)**	**(147.8)**	**(122.5)**	**(83.0)**
Share of profit of equity-accounted investees (net of tax)	14.0	10.3	6.3	32.7	4.4
Profit before tax	**536.8**	**735.6**	**926.0**	**656.1**	**486.8**
Income tax expense	(156.3)	(202.8)	(262.1)	(145.8)	(88.3)
Profit from continued operations	**380.5**	**532.8**	**663.9**	**510.3**	**398.5**
Profit from discontinued operation	-	45.3	45.3	44.7	13.4
Net income attributable to:					
Equity holders of the company	328.2	521.0	635.7	503.3	388.3
Minority interests share	52.3	57.1	73.5	51.7	23.6
Net income for the period	380.5	578.1	709.2	**555.0**	**411.9**

Nine months ended 30 September 2012 compared with nine months ended 30 September 2011

For the nine months ended 30 September 2012, we recorded USD4.0 billion in revenue, USD637.4 million in income from operating activities at a margin of 15.9% and USD835.8 million in EBITDA at a margin of 20.9%, compared to revenue of USD4.1 billion, USD808.7 million in income from operating activities at a margin of 19.8% and EBITDA of USD 1,011.4 million at a margin of 24.7% for the nine months ended 30 September 2011.

Revenue

Revenue from continuing operations decreased by USD 93.8 million, or 2.3%, from USD 4,092.2million for the nine months ended 30 September 2011 to USD 3,999.1 million for the nine months ended 30 September 2012. This decrease in consolidated revenue is primarily attributable to the slow startup of new projects in the backlog, coupled with the completion of several large projects in Algeria, as well as stagnant fertiliser prices during the nine months ended 30 September 2012 as compared to the same period last year, and a 35.9% drop in melamine prices.

The following table sets forth our revenue by business:

Revenue	**Nine months ended 30 September 2011 (USD millions)**	**Nine months ended 30 September 2012 (USD millions)**	**% change**
Construction	2,318.6	2,229.3	-3.9%
Fertiliser	1,774.3	1,769.8	-0.3%
Total	4,092.9	3,999.1	-2.3%

Construction Business

The fall in revenue of the Construction Business was primarily attributable to the slow start-up of new projects in the backlog, such as the Grand Egyptian Museum, coupled with the completion of several large projects in Algeria.

During the nine months ended 30 September 2012, the Construction Business's revenue was derived from the following sector contributions as compared to the nine months ended 30 September 2011:

Revenue contribution by sector	**Nine months ended 30 September 2012**	**Nine months ended 30 September 2011**
Commercial	940.9	836.5
Industrial	426.9	728.6
Infrastructure	861.5	753.5
Total	**2,229.3**	**2,318.6**
Commercial	42.2%	36.1%
Industrial	19.1%	31.4%
Infrastructure	38.6%	32.5%
Total	**100.0%**	**100.0%**

Construction revenue during the first nine months of 2012 was primarily from the following major contracts: Orascom Construction projects in Egypt, Saudi Arabia and Algeria, Contrack projects in Afghanistan, and BESIX projects in Europe, Saudi Arabia and Africa.

Fertiliser Business

The Fertiliser Business's revenue for the period ended 30 September 2012 was flat compared to the period ended 30 September 2011 primarily due to impacts on both the Group's operations and on prices.

In terms of operations, the Group was affected by a three week shutdown of one of EFC's production lines to complete its revamp, a two week partial shutdown of OCI Nitrogen's CAN line to proceed with its revamp.

In terms of prices, the Group was impacted by generally stagnant fertiliser prices during the nine months ended 30 September 2012 as compared to the same period last year, and a 35.9% drop in melamine prices. In addition, revenue was impacted by higher contribution from lower net back based sales agreements with customers in lower priced European markets as compared to Middle East FOB.

During the nine months ended 30 September 2012, the revenue of the Fertiliser Business was derived from the following sales volumes by product and the following international benchmark prices as compared to the nine months ended 30 September 2011:

Volumes sold in 000 metric tons	**Nine months ended 30 September 2012**	**Nine months ended 30 September 2011**	**% Change**
Ammonia	979.6	895.0	9.5%
Urea	1,420.3	1,319.1	7.7%
CAN	965.5	881.2	9.6%
UAN	222.9	210.6	5.8%
AS	452.4	342.3	32.2%
Melamine	120.9	121.0	-0.1%
Methanol	129.0	N/A	
Total	**4,290.6**	**3,769.2**	**13.8%**

USD/metric ton	**Nine months ended 30 September 2012**	**Nine months ended 30 September 2011**	**% Change**
Ammonia Middle East fob	522	496	5.2%
Ammonia Yuzhnyy fob	502	488	2.9%
Urea Yuzhnyy fob	417	404	3.2%
Urea Middle East fob	451	445	1.3%
CAN Germany cif	338	379	-10.8%
UAN France fot	305	328	-7.0%
Melamine Europe fd	1,361	2,124	-35.9%
Methanol US Gulf Coast Spot fob	374	367	1.9%
Ammonium Sulphate Caprolactam BS fob	213	210	1.4%

Cost of construction and goods sold

Cost of construction and goods sold increased by USD90.9million, or 3.0%, from USD3,035.7 million for the nine months ended 30 September 2011 to USD3,126.6 million for the nine months ended 30 September 2012. This is primarily due to the increase in the group's blended natural gas costs, which rose due to higher natural gas costs at OCI Nitrogen, and the commissioning of the ammonia and methanol lines at OCI Beaumont. Commissioning and ramp up of new capacity requires higher gas usage per ton and requires the allocation of normal production and S, G&A costs onto lower volumes.

Gross profit from continuing operations decreased by USD184.7 million, or 17.5%, from USD1,057.2 million for the nine months ended 30 September 2011 to USD 872.5 million for the nine months ended 30

September 2012. The gross margin decreased to 21.8% for the nine months ended 30 September 2012, as compared to 25.8% for the nine months ended 30 September 2011. This decrease was primarily attributable to lower revenue contribution during the period at higher blended production costs.

EBITDA

EBITDA decreased by USD175.7 million, or 17.4%, from USD1,011.5 million for the nine months ended 30 September 2011 to USD835.8 million for the nine months ended 30 September 2012. The EBITDA margin decreased to 20.9% for the nine months ended 30 September 2012, as compared to 24.7% for the nine months ended 30 September 2011.

The Construction Business's EBITDA decreased by USD 98.8 million, or 35.5%, from USD278.0 million for the nine months ended 30 September 2011 to USD 179.2 million for the nine months ended 30 September 2012. EBITDA as a percentage of revenue decreased to 8.0% for the nine months ended 30 September 2012, as compared to 12.0% for the nine months ended 30 September 2011. This decrease was primarily attributable to a higher contribution from commercial projects, which represented 42.2% of the revenue versus 36.1% during 2011, coupled with a decline in overall revenues by approximately 2.3%. Commercial projects contribute lower margins as compared to industrial and infrastructure projects. Infrastructure projects contributed 38.6% as at 30 September 2012, compared to 32.5% as at 30 September 2011. Industrial projects contributed19.1% as at 30 September 2012, compared to 31.4% as at 30 September 2011.

The Fertiliser Business's EBITDA decreased by USD76.9 million, or 10.5%, from USD733.5 million for the year nine months ended 30 September 2011 to USD656.6 million for the nine months ended 30 September 2012. EBITDA as a percentage of revenue decreased to 37.1% for the nine months ended 30 September 2012, as compared to 41.3% for the nine months ended 30 September 2011. The decrease in EBITDA is primarily due to lower average selling prices for melamine, higher S,G&A costs at EFC and OCI Nitrogen due to their revamp programs, and higher start-up costs for OCI Beaumont.

Depreciation and amortisation expenses are a significant component of the cost of construction and fertiliser operations. Depreciation and amortisation expenses decreased by USD4.3 million, or 2.1%, from USD202.7 million for the nine months ended 30 September 2011 to USD198.4 million for the nine months ended 30 September 2012.

The Construction Business's depreciation and amortisation expenses decreased by USD9.6 million, or 9.5% from USD101.3 million for the nine months ended 30 September 2011 to USD91.7 million for the nine months ended 30 September 2012. Depreciation and amortization decreased due to the completion of the group's capital expenditure program in 2009.

The Fertiliser Business's depreciation and amortisation expenses increased by USD 5.3 million, or 5.2% from USD101.4 million for the nine months ended 30 September 2011 to USD106.7 million for the nine months ended 30 September 2012. Depreciation and amortization increased due to the consolidation of OCI Beaumont and Sorfert.

Distribution and Administrative expenses

Administrative expenses decreased by USD5.8 million, or 2.1%, from USD276.7 million for the nine months ended 30 September 2011 to USD270.9 million for the nine months ended 30 September 2012. The decrease was primarily attributable to a reduction in employees' profit sharing recognised in the income statement as a result of no declaration of dividends in 2012. Administrative expenses as a percentage of revenue remained unchanged at 6.8% for the nine months ending 30 September 2012 and 30 September 2011.

Net finance income (cost)

Our net finance cost increased by USD31.2 million, or 37.4%, from USD83.4 million for the nine months ended 30 September 2011 to USD114.6 million for the nine months ended 30 September 2012.

Finance income increased by USD4.3 million, or 14.4%, from USD29.9 million for the nine months ended 30 September 2011 to USD34.2 million for the nine months ended 30 September 2012.

Finance cost increased by USD35.5 million, or 31.3%, from USD113.3 million for the nine months ended 30 September 2011 to USD148.8 million for the nine months ended 30 September 2012, primarily due to higher interest rates from our refinanced fertiliser group debt facilities, for which we began paying interest in 2012.

The exchange rates of EGP6.1 and EGP7.8 were used to value the monetary assets and liabilities denominated in USD and EUR respectively as at 30 September 2012, as compared to EGP6.0 and EGP7.8 as at 30 September 2011.

Share of profit of equity-accounted investees

Share of profit of equity-accounted investees increased by USD3.7 million, or 35.9%, from USD10.3 million for the nine months ended 30 September 2011 to USD14.0million for the nine months ended 30 September 2012, primarily due to a USD5.4 million increase in investment income at BESIX.

Income taxes

Our income tax expense on profit from continuing operations decreased by USD46.5million, or 22.9%, from USD202.8 million for the nine months ended 30 September 2011 to USD156.3 million for the nine months ended 30 September 2012. This decrease was primarily attributable to the decrease in net profit before tax. The effective tax rate for the nine months ended 30 September 2012 was 29.1%, as compared to 27.6% for the nine months ended 30 September 2011. The higher effective tax rate results from the consolidation of OCI Beaumont.

Discontinued operations

In the nine months ended 30 September 2011, our minority investments in Notore and Gavilon were reclassified as 'assets held for sale' and included in the income statement as 'profit from discontinued operations (net of tax)', contributing USD45.3 million. There were no discontinued operations in the nine months ended 30 September 2012.

Net income from continuing operations

Our consolidated net income decreased by USD152.3 million, or 28.6%, from USD533.1 million for the nine months ended 30 September 2011 (13.0% of revenue) to USD380.7 million (9.5% of revenue) for the nine months ended 30 September 2012.

Year ended 31 December 2011 compared with year ended 31 December 2010

For the year ended 31 December 2011, we recorded USD5,511.3 million in revenue, USD1,067.5 million in income from operating activities at a margin of 19.4% and USD1,318.2 million in EBITDA at a margin of 23.9%, compared to revenue of USD4,723.4 million, USD760.6 million in income from operating activities at a margin of 16.1% and EBITDA of USD1,019.8 million at a margin of 21.6% for the year ended 31 December 2010.

Revenue

Revenue from continuing operations increased by USD787.9 million, or 16.7%, from USD4,723.4 million for the year ended 31 December 2010 to USD5,511.3 million for the year ended 31 December 2011. This growth in consolidated revenue is primarily attributable to increased revenue from the Fertiliser Business, but was offset by a fall in revenue of the Construction Business. The following table sets forth our revenue by business:

Revenue	**Year ended 31 December 2011 (USD millions)**	**Year ended 31 December 2010 (USD millions)**	**% change**
Construction	3,134.8	3,432.9	-8.7%
Fertiliser	2,376.5	1,290.5	84.2%
Total	5,511.3	4,723.4	16.7%

Construction Business

The fall in revenue of the Construction Business was primarily attributable to a temporary slowdown in project completion rates for our Construction Business in Egypt due to political instability and the devaluation of the Egyptian Pound by 5.2% compared to the same period last year.

During the year ended 31 December 2011, the revenue of the Construction Business was derived from the following sector contributions as compared to the year ended 31 December 2010:

Revenue by sector	**2011**	**2010**
Commercial	1,175.6	1,043.6
Industrial	981.5	1,088.2
Infrastructure	971.7	1,301.1
Total	**3,134.8**	**3,432.9**
Commercial	37.5%	30.4%
Industrial	31.5%	31.7%
Infrastructure	31.0%	37.9%
Total	**100.0%**	**100.0%**

Construction revenue during the year was primarily from the following major contracts: Orascom Construction projects in Egypt, Saudi Arabia and Algeria, Contrack projects in Afghanistan, and BESIX projects in Europe, Saudi Arabia and Africa.

Fertiliser Business

The increase in revenue of the Fertiliser Business was primarily attributable to higher volumes and prices across its product portfolio. In addition, OCI Nitrogen was consolidated for the full year in 2011 as opposed to the nine months beginning 1 April 2010.

During the year ended 31 December 2011, the revenue of the Fertiliser Business was derived from the following sales volumes by product and the following international benchmark prices as compared to the year ended 31 December 2010:

Volumes sold in 000 metric tons	31 December 2011	31 December 2010	% Change
Ammonia	1,148.3	911.4	26.0%
Urea	1,657.0	1,530.8	8.2%
CAN	1,153.5	905.6	27.4%
UAN	266.1	140.5	89.4%
AS	538.6	544.0	-1.0%
Melamine	162.4	147.8	9.9%
Total	**4,925.9**	**4,180.1**	**17.8%**

USD/metric ton	2010	2011	% Change
Ammonia Middle East fob	410	506	23.4%
Ammonia Yuzhnyy fob	358	518	44.7%
Urea Yuzhnyy fob	288	424	47.2%
Urea Middle East fob	390	450	15.4%
CAN Germany cif	258	376	45.7%
UAN France fot	232	330	42.2%
Melamine Europe fd	1,620	2,009	24.0%
Methanol US Gulf Coast Spot fob	323	370	14.6%
Ammonium Sulphate Caprolactam BS fob	141	210	48.9%

Cost of construction and goods sold

Cost of construction and goods sold increased by USD537.0 million, or 15.0%, from USD3,585.2 million for the year ended 31 December 2010 to USD4,122.2 million for the year ended 31 December 2011. This is primarily due to the consolidation of OCI Nitrogen for the full year in 2011 as opposed to the nine months beginning 1 April 2010, as well as the consolidation of OCI Beaumont, which underwent extensive rehabilitation work throughout the year. OCI Nitrogen is a higher cost producer than our North African plants due to its procurement of natural gas partially through oil linked contracts and partially from the European spot market. The rehabilitation of OCI Beaumont's ammonia and methanol lines also contributed to our cost of goods sold due to the required testing phases at each line.

Gross profit

Gross profit from continuing operations increased by USD250.9 million, or 22.0%, from USD1,138.2 million for the year ended 31 December 2010 to USD1, 389.1 million for the year ended 31 December 2011. The gross profit percentage of revenue increased to 25.2% for the year ended 31 December 2011, as compared to 24.1% for the year ended 31 December 2010.

EBITDA

EBITDA increased by USD3353 million, or33.4%, from USD1,005.0 million for the year ended 31 December 2010, to USD1,340.3 million for the year ended 31 December 2011. EBITDA as a percentage of revenue increased to 24.3% for the year ended 31 December 2011, as compared to 21.3% for the year ended 31 December 2010.

The Construction Business's EBITDA decreased by USD103.3 million, or 22.9%, from USD451.9 million for the year ended 31 December 2010 to USD348.6 million for the year ended 31 December 2011. EBITDA as a percentage of revenue decreased to 11.1% for the year ended 31 December 2011, as compared to 13.2% for the year ended 31 December 2010. This decrease was primarily attributable to a higher contribution from commercial projects, which represented 37.5% of the revenue versus 30.4% during 2011, coupled with a decline in overall revenues by approximately 7.6%. Commercial projects contribute lower margins as compared to industrial and infrastructure projects. Commercial projects contributed 37.5% as at 31 December 2011, compared to 30.4% as at 31 December 2010. Industrial projects contributed 31.5% as at 31 December 2011, compared to 31.6 as at 31 December 2010. Infrastructure projects contributed 31.0% as at 31 December 2011, compared to 37.9% as at 31 December 2010.

The Fertiliser Business's EBITDA increased by USD428.6 million, or 79.3%, from USD553.1 million for the year ended 31 December 2010 to USD991.7 million for the year ended 31 December 2011. EBITDA as a percentage of revenue decreased to 41.7% for the year ended 31 December 2011, as compared to 42.9% for the year ended 31 December 2010. The increase in EBITDA is primarily due to higher average selling prices for our fertiliser products year-on-year.

Depreciation and amortisation expenses are a significant component of the cost of construction and fertiliser operations. Depreciation and amortisation expenses increased by USD13.7 million, or 5.3% from USD259.1 million for the year ended 31 December 2010 to USD272.8 million for the year ended 31 December 2011.

The Construction Business's depreciation and amortisation expenses decreased by USD 13.1 million, or 9.0% from USD 144.9 million for the year ended 31 December 2010 to USD 131.8 million for the year ended 31 December 2011. Depreciation and amortization decreased due to the completion of the group's capital expenditure program in 2009.

The Fertiliser Business's depreciation and amortisation expenses increased by USD 26.8 million, or 23.5% from USD 114.2 million for the year ended 31 December 2010 to USD 141.0 million for the year ended 31 December 2011. Depreciation and amortization increased due to the full consolidation of OCI Nitrogen during the year, as compared to its consolidation for nine months beginning 1 April in 2010.

Distribution and Administrative expenses

Administrative expenses increased by USD 46.3 million, or 11.4%, from USD 410.0 million for the year ended 31 December 2010 to USD363.2million for the year ended 31 December 2011, primarily due to an increase in employee benefit expenses and other expenses during the period. These were partially offset by decreases in other personnel and consultancy expenses. Administrative expenses as a percentage of revenue fell to 6.6% for the year ended 31 December 2011, as compared 8.7% for the year ended 31 December 2010.

Net finance income (cost)

Our net finance cost increased by USD 25.3 million, or 20.7%, from USD 122.5 million for the year ended 31 December 2010 to USD 147.8 million for the year ended 31 December 2011.

Finance income increased by USD 10.3 million, or 97.2%, from USD 10.6 million for the year ended 31 December 2010 to USD 20.9 million for the year ended 31 December 2011. The increase is due to net foreign exchange gains on investments held in Egyptian Pounds when translated into USD.

Finance costs increased by USD 35.6 million, or 26.7%, from USD 133.1 million for the year ended 31 December 2010 to USD168.7 million for the year ended 31 December 2011, primarily due to the restructuring of USD 2.2 billion worth of credit facilities on our fertiliser subsidiaries, the increase in gross debt from USD 3,030.2 million to USD 3,644.1 million, and the write-off of USD 22.2 million in fees related to the refinanced loans.

The exchange rates of EGP 6.03 and EGP 7.82 were used to value the monetary assets and liabilities denominated in USD and EUR respectively as at 31 December 2011, as compared to EGP 5.81 and EGP 7.77 as at 31 December 2010.

Share of profit of equity-accounted investees

Share of profit of equity-accounted investments decreased by USD 26.4 million, or 80.7%, from USD 32.7 million for the year ended 31 December 2010 to USD 6.3 million for the year ended 31 December 2011, due to the reclassification of Gavilon and Notore to ‘assets held for sale’.

Income taxes

Our income tax expense on profit from continuing operations increased by USD 116.3 million, or 79.8%, from USD 145.8 million for the year ended 31 December 2010 to USD 262.1 million for the year ended 31 December 2011. This increase was primarily attributable to the change in the applicable income tax rate in Egypt from 20% to 25%. The effective tax rate for the year ended 31 December 2011 was 28.3%, as compared to 22.2% for the year ended 31 December 2010. The higher effective tax rate results from a higher revenue contribution from OCI Nitrogen and BESIX, lower contribution from construction subsidiaries in Algeria and the United Arab Emirates, and the increase in the Egyptian tax rate to 25% from 20%.

Discontinued operations

In the year ended 31 December 2011, our minority investments in Gavilon and Notore were reclassified as ‘assets held for sale’ and included in the income statement as ‘Profit from discontinued operation (net of tax)’, contributing USD 45.3 million. There were no discontinued operations in the year ended 31 December 2010.

Net income from continuing operations

Our consolidated net income increased by USD153.6 million, or 30.1%, fromUSD510.3 million for the year ended 31 December 2010 (10.8% of revenue) to USD 663.9 million (12.0% of revenue) for the year ended 31 December 2011.

Year ended 31 December 2010 compared with year ended 31 December 2009

For the year ended 31 December 2010, we recorded USD 4,723.4 million in revenue, USD 760.8 million in income from operating activities at a margin of 16.1% and USD 1,019.8 million in EBITDA at a margin of 21.6%, compared to revenue of USD 3,829.9 million, USD 565.4 million in income from operating activities at a margin of 14.8% and EBITDA of USD 761.4 million at a margin of 19.9% for the year ended 31 December 2009.

Revenue

Revenue from continuing operations increased by USD 893.5 million, or 23.3%, from USD 3,829.9 million for the year ended 31 December 2009 to USD 4,723.4million for the year ended 31 December 2010. This growth in consolidated revenue is primarily attributable to increased revenue of the Construction Business and the Fertiliser Business. The following table sets forth our revenue by business:

Revenue	**Year ended 31 December 2010 (USD millions)**	**Year ended 31 December 2009 (USD millions)**	**% change**
Construction	3,432.9	3,350.6	2.5%
Fertiliser	1,290.5	479.3	169.2%
Total	4,723.4	3,829.9	23.3%

Construction Business

The increase in revenue was primarily attributable to accelerated project completion rates for the Construction Business, mainly in Algeria.

During the year ended 31 December 2010, the revenue of the Construction Business was derived from the following sector contributions as compared to the year ended 31 December 2009:

Revenue contribution by sector	2010	2009
Commercial	1,043.6	1,015.2
Industrial	1,088.2	1,192.8
Infrastructure	1,301.1	1,142.6
Total	**3,432.9**	**3,350.6**
Commercial	30.4%	30.3%
Industrial	31.7%	35.6%
Infrastructure	37.9%	34.1%
Total	**100.0%**	**100.0%**

Construction revenue during the year was primarily from the following major contracts: Orascom Construction projects in Egypt and Algeria, Contrack projects in the Gulf area, Cementech and BESIX projects in Europe, the Gulf area and Africa.

Fertiliser Business

The increase in revenue was primarily attributable to the consolidation of OCI Nitrogen for the nine month period beginning 1 April 2010, which added new products to our product portfolio, and to contribution of EBIC's first full year of operations.

During the year ended 31 December 2010, the revenue of the Fertiliser Business was derived from the following sales volumes by product as compared to the year ended 31 December 2009:

Volumes sold in 000 metric tons	31 December 2010	31 December 2009	% Change
Ammonia	911.4	384.5	137.0%
Urea	1,530.8	1,497.6	2.2%
CAN	905.6	N.A	N.A
UAN	140.5	N/A	N/A
AS	544.0	N/A	N/A
Melamine	147.8	N/A	N/A
	4,180.1	**1,882.1**	**122.1%**

USD/metric ton	31 December 2010	31 December 2009	% Change
Ammonia Middle East fob	410	310	32.3%
Ammonia Yuzhnyy fob	358	241	48.5%
Urea Yuzhnyy fob	288	249	15.7%
Urea Middle East fob	390	310	25.8%
CAN Germany cif	258	255	1.2%

UAN France fot	232	192	20.8%
Melamine Europe fd	1,620	1,440	12.5%
Methanol US Gulf Coast Spot fob	323	221	46.2%
Ammonium Sulphate Caprolactam BS fob	141	103	36.9%

Cost of construction and goods sold

Cost of construction and goods sold increased by USD 562.0million, or 18.6%, from USD 3,023.2 million for the year ended 31 December 2009 to USD 3,585.2 million for the year ended 31 December 2010. This is primarily due to the consolidation of OCI Nitrogen for the nine month period beginning 1 April 2010, which added new products to our product portfolio produced at a higher cost per ton than our North African plants.

Gross profit

Gross profit from continuing operations increased by USD 331.5 million, or 41.1%, from USD 806.7 million for the year ended 31 December 2009 to USD 1,138.2 million for the year ended 31 December 2010. The gross profit percentage of revenue increased to 24.1% for the year ended 31 December 2010, as compared to 21.1% for the year ended 31 December 2009.

EBITDA

EBITDA increased by USD 256.8 million, or 34.3%, from USD 748.2 million for the year ended 31 December 2009 to USD 1,005.0 million for the year ended 31 December 2010. EBITDA as a percentage of revenue increased to 21.3% for the year ended 31 December 2010, as compared to 19.5% for the year ended 31 December 2009.

The Construction Business's EBITDA decreased by USD 1.5 million, or 0.3%, from USD450.4 million for the year ended 31 December 2009 to USD 451.9 million for the year ended 31 December 2010. EBITDA as a percentage of revenue decreased to 13.2% for the year ended 31 December 2010, as compared to 13.4% for the year ended 31 December 2009. This decrease was primarily attributable to higher revenue contribution from infrastructure projects, which represented 37.9% of revenues versus 34.1% during 2009. Commercial projects contributed 30.4% as at 31 December 2010, compared to 30.3% as at 31 December 2009. Industrial projects contributed 31.7% as at 31 December 2010, compared to 35.6% as at 31 December 2010.

The Fertiliser Business's EBITDA increased by USD 255.3 million, or 85.7%, from USD297.8 million for the year ended 31 December 2009 to USD 553.1 million for the year ended 31 December 2010. EBITDA as a percentage of revenue decreased to 42.9% for the year ended 31 December 2010, as compared to 62.1% for the year ended 31 December 2009. The increase in EBITDA is primarily due to higher average selling prices for our fertiliser products year-on-year as well as the consolidation of OCI Nitrogen for the nine months beginning 1 April 2010.

Depreciation and amortisation expenses are a significant component of the cost of construction and fertiliser operations. Depreciation and amortisation expenses increased by USD 76.3 million, or 41.7%, from USD 182.8 million for the year ended 31 December 2009 to USD 259.1 million for the year ended 31 December 2010.

The Construction Business's depreciation and amortisation expenses increased by USD 18.7 million, or 14.8% from USD 126.2 million for the year ended 31 December 2009 to USD 144.9 million for the year ended 31 December 2010. Depreciation and amortization increased due to the completion of the group's capital expenditure program in 2009.

The Fertiliser Business's depreciation and amortisation expenses increased by USD 57.6 million, or 101.8% from USD 56.6 million for the year ended 31 December 2010 to USD 114.2 million for the year ended 31

December 2011, due to the consolidation of OCI Nitrogen for the nine month period beginning 1 April, 2010. Depreciation and amortization increased due to the consolidation of OCI Nitrogen for nine month period beginning 1 April 2010.

Distribution and Administrative expenses

Distribution and administrative expenses increased by USD 131.2 million, or 47.1%, from USD278.8 million for the year ended 31 December 2009 to USD410.0 million for the year ended 31 December 2010, primarily due to an increase in employee benefit expenses and other expenses during the period. These were partially offset by decreases in other personnel and consultancy expenses. Administrative expenses as a percentage of revenue rose to 8.7% for the year ended 31 December 2010, as compared to 7.3% for the year ended 31 December 2009.

Net finance income (cost)

Our net finance cost increased by USD 39.5 million, or 47.6%, from USD 83.0 million for the year ended 31 December 2009 to USD 122.5 million for the year ended 31 December 2009.

Finance income decreased by USD 19.9 million, or 65.2% from USD 30.5 million for the year ended 31 December 2009 to USD 10.6 million for the year ended 31 December 2010, primarily due to a drop in interest income from the depreciation of the Egyptian Pound versus the USD (0.1823 in 2009 and 0.1722 in 2010) which resulted in a foreign currency loss in 2010 versus a foreign currency gain in 2009.

Finance costs increased by USD 19.6 million, or 17.3%, from USD113.5 million for the year ended 31 December 2009 to USD 133.1 million for the year ended 31 December 2010, primarily due to the consolidation of OCI Nitrogen’s debt for the nine month period beginning 1 April 2010.

The exchange rates of EGP 5.8 and EGP 7.8 were used to value the monetary assets and liabilities denominated in USD and EUR respectively as at 31 December 2010, as compared to EGP 5.6 and EGP 7.7 as at 31 December 2009.

Share of profit of equity-accounted investees

Share of profit of equity-accounted investees increased by USD 28.3 million, or 643.2%, from USD 4.4 million for the year ended 31 December 2009 to USD 32.7 million for the year ended 31 December 2010, due to increased profits of companies accounted for by the equity method.

Income taxes

Our income tax expense on profit from continuing operations increased by USD 57.5 million, or 65.1%, from USD 88.3 million for the year ended 31 December 2009 to USD 145.8 million for the year ended 31 December 2010. This increase was primarily attributable to the consolidation of OCI Nitrogen, which pays a tax rate of 36%, and an increased contribution from higher tax rate jurisdictions. The effective tax rate for the year ended 31 December 2010 was 22.2%, as compared to 18.1% for the year ended 31 December 2009. The low effective tax rates were due primarily to the exemptions granted to the Company's foreign subsidiaries.

Discontinued operations

There were no discontinued operations in the years ended 31 December 2010 or 31 December 2009.

Net income from continuing operations

Our consolidated net income increased by USD 111.8 million, or 28.1%, from USD 398.5 million for the year ended 31 December 2009 (10.4% of revenue) to USD 510.3 million (10.8% of revenue) for the year ended 31 December 2010.

Liquidity and capital resources

Overview

We have funded our operations principally through bank overdraft, loans, cash, cash equivalents and working capital facilities, which include revolver credit facilities. We have three principal sources of short-term liquidity: (i) existing cash and cash equivalents; (ii) cash generated by operations; and (iii) short-term borrowings under credit facilities. For longer-term investments, such as PPP projects, we have access to long-term financing from financial institutions, allowing us to pursue concessionary contracts that are sources of stable long-term cash flows. Cash is used to meet continuing operating obligations, investing activities, payment of long- and short-term debt, and for distribution of profit to shareholders.

Existing cash and cash equivalents totalled USD 1,235.1 million as at 30 September 2012 as compared to USD1,051.7 million at 31 December 2011. Gross debt, representing bank facilities, short term loans and long term loans, stood at USD 4,284.7 million as at 30 September 2012 as compared to USD 4,583.1 million as at 31 December 2011. Net debt as at 30 September 2012 was USD 3,049.6 million and as at 31 December 2011 was 3,531.4 million.

Loans and borrowings

The group's current loans and borrowings include secured and unsecured bank loans. The group has also entered into secured and unsecured bank loans which are subject to customary financial incurrence covenants and contain standard cross-default clauses which provide that default or acceleration of any of the group's payment obligations under its other loans and certain other financial indebtedness specified in the loan agreements may be deemed an event of default under the bank loans. As of 30 September 2012, the group satisfied all requirements under its secured and unsecured bank loans and unsecured bank facilities.

Cash flows

The table below presents a summary of the group's cash flows for the nine months ended 30 September 2012 and 2011 and the three years ended 31 December 2011, 2010 and 2009.

	For the nine months ended 30 September (unaudited)		**For the year ended 31 December (audited)**		
(USD million)	**2012**	**2011**	**2011**	**2010**	**2009**
Cash and cash equivalents at the beginning of the period	**1,051.7**	**973.0**	**973.0**	**1,080.2**	**1,503.5**
Net cash provided by/(used in) operating activities	516.4	419.6	319.1	360.8	666.9
Net cash provided by/(used in) investing activities	(486.0)	(314.4)	(369.3)	(633.1)	(836.1)
Net cash provided by/(used in) financing activities	153.0	465.8	128.9	165.1	(254.1)
Net increase/(decrease) in cash and cash equivalents	183.4	571.0	78.7	(107.2)	(423.3)
Cash and cash equivalents at the end of the period	**1,235.1**	**1,544.0**	**1,051.7**	**973.0**	**1,080.2**

Net cash provided by/(used in) operating activities

The key components of the group's net cash from operating activities are profit from operating activities, changes in trade and other receivables and payables, and billing in excess on construction contracts.

During the period under review, the group experienced a decrease in net cash from operating activities from USD666.9 million for the year ended 31 December 2009, to USD360.8 million for the year ended 31 December 2010, to USD 319.1 million for the year ended 31 December 2011 and USD516.4 million for the nine months ended 30 September 2012.

The key driver of this decrease in net cash from operating activities during the period under review was primarily due to the reduction of overbillings related to the completion of large projects in our backlog over the periods under review.

Net cash provided by/(used in) investing activities

The key components of the group's net cash from investing activities are cash inflows associated with interest received on investments and proceeds from the sale of property, plant and equipment, as well as proceeds from the sale of investments, and cash outflows associated with the acquisition of property, plant and equipment and projects under construction.

During the period under review, the group experienced a decrease in net cash used in investing activities from USD836.1 million for the year ended 31 December 2009, to USD633.1 million for the year ended 31 December 2010, to USD 369.3 million for the year ended 31 December 2011 and net cash used in investing activities of USD 486.0 million for the nine months ended 30 September 2012. Cash used in investing activities in 2009 was primarily used for capital expenditures on Sorfert and the Construction Business's equipment procurement program, which was required for our roads business and for key equipment intensive projects awarded during the year. Cash used in investing activities in 2010 was primarily used to acquire OCI Nitrogen, and on capital expenditures for Sorfert. Cash used in investing activities in 2011 was primarily used to acquire OCI Beaumont and on capital expenditures for Sorfert, and resulted in net proceeds due to the reclassification of Gavilon and Notore.

Net cash provided by/(used in) financing activities

The key components of the group's net cash from financing activities are cash flows associated with loans and borrowings, other long term liabilities, and net capital contribution/distribution.

During the period under review, the group experienced fluctuations in net cash from or used in financing activities, with net cash used in financing activities of USD 254.1 million for the year ended 31 December 2009, becoming positive net cash from financing activities of USD165.1 million for the year ended 31 December 2010, USD128.9 for the year ended 31 December 2011 and 153.0 for the nine months ended 30 September 2012. Cash from financing activities in 2011 decreased as compared to 2010 primarily due to the acquisition of treasury shares for a total consideration of USD87.9 million.

Liabilities and indebtedness

The table below sets out the group's repayment schedule and key terms relating to its outstanding debt as of 30 September 2012:

			(USD million)			
Borrowing Company	**Lending institution**	**Interest rate**	**Outstanding amount**	**Long-term portion**	**Short term portion**	**Collateral / Guarantee given**

Orascom Construction Industries	Different banks - bank facilities	10.85% on the LE portion and 2.65% annually for the USD portion	365.9		365.9	Promissory notes guarantee
Orascom Construction	Different banks - facilities	Variable	345.5		345.5	Corporte guarantee from OCI SAE.
BESIX Group	Different banks - bank facilities	Variable	18.7		18.7	Commercial lien on the company's assets and shares in amount of EUR40.5 million
	Different banks - loans	Variable	42.7	42.7		
Orascom Construction Industries - Algeria	Loan from Citi Bank (Algeria Branch)	Variable 5.8%	68.2		68.2	Promissory notes guarantee from OCI
	Different banks - facilities	Variable 7%	48.1		48.1	Promissory notes guarantee for the full amount.
Contrack international	Different banks - facilities	Fixed %3.95	30.3		30.3	Corporte guarantee from OCI SAE.
Alico Egypt	Different banks- facilities	Variable	1.8		1.8	Corporte guarantee from OCI SAE.
Contrack Cyprus	Different banks - Overdraft and bank facilities	Variable	3.7		3.7	
Contrack International W.L.L.	HSBC - Bahrain	Variable	0.3		0.3	
EFC	International finance corporation (IFC) and loans from different banks	Variable	951.9	790.9	161.0	Pledge EFC shares 99.9% owned by "Orascom Fertlizer plant maintetence".
Sorfert Algeria SPA	Syndication loan (Algeria External Bank - Others)	Interest rate is fixed during the plant construction period to 5.95% per annum. After the construction period it will be referred to	751.3	608.0	143.3	Blocking certain bank accounts, ban for any disposal or decrease of the company share and assets.

		Algerian bank interest rate plus rate of 1.95% per annum,0.25% arrangement fees and 0.5% commitment fees .				
EBIC	Syndicated bank facility (different commercial banks)	Libor plus predetermined margin by loan agreement plus percentage calculated by loan agent according to the agreement.	93.7	71.1	22.6	Mortgaged tangible assets & intangible assets, pledge of accounts, insurnace and shares to HSBC.
	Export-import bank of USA - credit facility	0.175 over Libor semi annually, commitment fees 0.5% of the remaining facility balance, finance charge 10.32% paid in advance.	122.5	94.8	27.7	
Orasqualia for the development of wastewater treatment plant	Various Banks loans	3% over corridor declared by central bank.	44.7	43.4	1.3	Mortgaged all machinery and equipment, goodwill and industrial property rights except the land.
OCI Fertilizer Holding Cyprus	Various Banks loans	3.75% yearly over EURIBOR.	248.9	211.9	37.0	The company has the right to extend the facility up to USD 300 million and guarantees through OCI Overseas Holding Limited, Egyptian Fertlizer Trading Limited.
OCI Nitrogen	Rabobank International Bank loan	1.75% yearly over EURIBOR.	599.9	532.1	67.8	Pledge of OCI Fertilizer International shares in OCI Nitrogen, Pledge of moveable assets, trade receivables and company accounts, Property mortgage.

Pandora	Credit Agricole Bank loan	5.3%	125.0		125.0
Total at 30/9/2012			**3,863.1**	**2,394.9**	**1,468.2**

Capital expenditure

The group's capital expenditures are driven by the construction projects awarded to the group during the year and the group's various expansion, Greenfield and Brownfield projects. The group’s primary capital expenditures are associated with the acquisition of property, plant and equipment related to Greenfields, Brownfields and expansion of fertiliser plants, as well as projects under construction, such as construction cranes, bulldozers, excavators, diggers, trucks, and other related construction equipment required by the group’s projects. During the periods under review, the group made the following capital expenditures:

USD millions	31 December 2009	31 December 2010	31 December 2011	30 September 2012
Capital expenditures	902.1	925.6	423.7	386.0

The decline in capital expenditures associated with the acquisition of property, plant and equipment and projects under construction over this period was attributable to the completion of the bulk of the Construction Business’s program to acquire construction equipment during 2009 for its roads business and for key equipment intensive projects awarded during the year, and the completion of most of Sorfert’s capital expenditures throughout the periods under review.

Contingent liabilities

As part of our normal course of business, we have letters of guarantee issued by banks and outstanding letters of credit for the group and its subsidiaries in favour of clients including bid bonds, advance payments, performance and retention bonds.

Letters of guarantee issued by banks for OCI Egypt and its subsidiaries in favour of others as at 30 September 2012 amounted to USD 1.7 billion. Of this amount, the covered portion paid amounted to USD 20.6 million.

Outstanding letters of credit as of 30 September 2012 (uncovered portion) amounted to USD 47.5 million.

Dividends

The declaration or payment of dividends by OCI Egypt is dependent in part on its financial condition, results of operations, prospects, cash flow, capital requirements and reserves, the level of dividends received from the subsidiaries, and the effect of such dividend on OCI Egypt’s tax position. In April 2011, OCI Egypt paid dividends in the amount of USD 206.9 million (EGP 1,220.7 million), USD 1.00 per share (EGP 5.90 per share). In October 2011, OCI Egypt paid another dividend in the amount of USD 227.6 million (EGP 1,349.7 million), USD 1.10 per share (EGP 5.93 per share). Due to establishment of the Company, OCI Egypt has decided to postpone the payment of a dividend following the announcement of the group's financial statements for the year ended 31 December 2012 until following Listing. Following Listing, OCI NV’s Board of Directors will set out a dividend policy wherein the Company will pay out dividends if sufficient funds exist after the consideration of all other business requirements.

Construction backlog

OCI Egypt considers as “backlog” the revenues that it expects to receive under contracts that have been awarded and signed. Backlog consists of uncompleted portions of engineering and construction contracts, including our proportionate share of construction joint-venture contracts.

	For the nine months ended 30 September		**For the year ended 31 December**		
(USD billion)	**2012**	**2011**	**2011**	**2010**	**2009**
Egypt	1.9	1.4	2.0	1.6	1.9
Middle East	2.3	2.8	2.6	2.3	2.6
Africa	0.1	0.4	0.3	0.9	1.4
Europe	0.7	0.7	0.7	0.6	0.6
Asia	0.5	0.6	0.8	0.2	0.2
Total	**5.6**	**5.9**	**6.4**	**5.6**	**6.7**

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

Off-balance sheet arrangements

As of 30 September 2012, we were not a financial guarantor of obligations of any unconsolidated entity, and we were not a party to any off-balance sheet obligations or arrangements.

Quantitative and qualitative disclosure about market risk

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

- Liquidity risk.
- Market risk.
- Credit risk.

This section 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

The Board has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the Board on its activities.

The group's risk management policies are established to identify and analyse 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 group 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 group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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 its reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

				As of 30 September 2012
(In millions of USD)	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**More than one year**
Non derivative financial liabilities				
Secured bank loans	3,273.3	3,273.3	1,090.3	2,183.0
Unsecured banks	589.8	589.8	377.9	211.9
Trade payable and others	1,890.2	1,890.2	1,744.5	145.7
	5,753.3	5,753.3	3,212.7	2,540.6
Derivative financial liabilities				
Interest rate swaps used for hedging	62.2	67.9	13.7	48.5
	62.2	67.9	13.7	48.5

				As of 31 December 2011
(In millions of USD)	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**More than one year**
Non derivative financial liabilities				
Secured bank loans	3,373.9	3,865.5	885.1	2,980.4
Unsecured banks	270.2	309.5	62.8	246.7
Trade payable and others	1,834.2	1,834.2	1,626.1	208.1
	5,478.3	6,009.2	2,574.0	3,435.2
Derivative financial liabilities				
Interest rate swaps used for hedging	62.2	67.9	13.7	48.5
	62.2	67.9	13.7	48.5

				As of 31 December 2010
(In millions of USD)	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**More than one year**
Non derivative financial liabilities				
Secured bank loans	3,013.7	3,286.2	559.2	2,727.0
Unsecured banks	16.5	17.8	17.8	0
Trade payable and others	1,990.6	1,990.6	1,781.9	208.7
	5,020.8	5,294.6	2,358.9	2,935.7
Derivative financial liabilities				
Interest rate swaps used for hedging	71.1	79.7	17.1	62.6
	71.1	79.7	17.1	62.6

				As of 31 December 2009
(In millions of USD)	**Carrying amount**	**Contractual cash flow**	**More than one year**	**More than one year**
Non derivative financial liabilities				
Secured bank loans	2,061.9	2,231.2	253.6	1,977.6
Unsecured banks	411.3	444.8	444.8	0
Trade payable and others	1,738.6	1,738.6	1,548.6	190.0
	4,211.8	4,414.6	2,247.0	2,167.6
Derivative financial liabilities				
Interest rate swaps used for hedging	45.9	49.2	9.6	36.3
	45.9	49.2	9.6	36.3

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates 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 optimising the return.

Currency risk

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

(a) Foreign exchange operations risk

The group entities predominantly execute their reporting activities in their respective functional currencies. Some group subsidiaries are however exposed to foreign currency risks in connection with scheduled payments in currencies that are not their functional currencies. In general this relates to foreign currency denominated supplier payables due to capital expenditures and receivables. The group monitors the exposure to foreign currency risk arising from operating activities. The group does not use derivative financial instruments to hedge its foreign exchange exposure in relation to investments or cash flows.

As of 31 December 2011, if the functional currencies had strengthened/weakened by 10% against the USD, EUR and Egyptian pound with all other variables held constant , the translation of foreign currency receivables and payables that would have resulted in an increase/decrease of USD 4.5 million(2010: USD 18.5 , 2009 USD 10.1 million) of the profit of the year. Profit is more sensitive to movement in foreign exchange rates in 2010 than 2011 and 2009, primarily due to the increase in USD denominated financial receivables in entities with functional currency Euro.

(b) Foreign exchange translation

Due to its international presence, the group's consolidated financial statements are exposed to foreign exchange fluctuations, as these fluctuations affect the translation of the subsidiaries' assets and liabilities denominated in foreign currencies to the USD (the group presentation currency). The currencies concerned are mainly the Egyptian pound and Euro. This represents a translation risk rather than a financial risk given that these movements are posted directly to equity in the cumulative translation reserve.

The group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily the Euro, USD and EGP. The currencies in which these transactions primarily are denominated are EUR and USD.

The summary of quantitative data about the group's exposure to foreign currency risk provided to management of the group based on its risk management policy was as follows:

		As of 31 December 2011	
(In millions)	**USD**	**Euro**	**EGP**
Trade receivable	230.9	366.1	1,729.5
Trade payable	(245.7)	(215.0)	(492.9)
Loans	(483.5)	(92.8)	(2,294.8)
Net statement of Financial position	**(498.3)**	**58.3**	**(1,058.2)**

		As of 31 December 2010	
(In millions)	**USD**	**Euro**	**EGP**
Trade receivable	113.4	225.8	1,674.0
Trade payable	(422.3)	(136.3)	(357.2)
Loans	(0.3)	(0.6)	(954.6)
Net statement of Financial position	**(309.2)**	**88.9**	**362.2**

		As of 31 December 2009	
(In millions)	**USD**	**Euro**	**EGP**
Trade receivable	125.1	155.8	69.8
Trade payable	(271.0)	(138.0)	(37.8)
Loans	(387.8)	(8.7)	(391.6)
Net statement of Financial position	**(533.7)**	**9.1**	**(359.6)**

The following significant exchange rates applied during the year.

	Average			Closing		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
Euro	1.4028	1.3301	1.3922	1.2329	1.3387	1.4332
EGP	0.1684	0.1777	0.1797	0.1577	0.1722	0.1823
GBP	1.6105	1.5495	1.5592	1.4791	1.5614	1.6173
DZD	0.0136	0.0133	0.0137	0.0125	0.0133	0.0136

Interest rate risk

The group‘s interest rate risk arises from borrowings. Borrowings received at variable interest rates expose the group to cash flow interest rate risk. The risk committee reviews it in light of the global interest rate environment after consulting with a consortium of global banks.

The group analyses its interest rate exposure on a dynamic basis. The group calculates the impact on profit and loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The impact of a 0.1% interest rate shift would be a maximum increase/decrease in finance costs of USD33.4 million (2010: USD 28.3 million, 2009: USD 23.5 million).

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

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the reporting date by segment was as follows:

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Construction Business	887.9	1 659.3	1 724.9
Fertiliser Business	1 184.0	360.0	97.9
Total	**2 071.9**	**2 019.3**	**1 822.8**

Impairment losses

The aging of trade and other receivables at the reporting date that were not impaired was as follows:

	Carrying amount

(In millions of USD)	2011	2010	2009
Neither past due nor impaired	887.9	1 659.3	1 724.9
Past due 1-30 days	1 184.0	360.0	97.9
Past due 31-90 days	**2 071.9**	**2 019.3**	**1 822.8**
Past due 91-360 days	887.9	1 659.3	1 724.9
More than 360 days	1 184.0	360.0	97.9
	2 071.9	**2 019.3**	**1 822.8**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

(In millions of USD)	2011	2010	2009
Balance at 1 January	80.3	29.6	20.0
Impairment losses recognised	12.5	60.5	11.6
Foreign exchange effect and adjustments	(25.4)	(9.8)	(2.0)
Amounts written off	**67.4**	**80.3**	**29.6**
Balance at 31 December	80.3	29.6	20.0

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 interests of the Group. The Board monitors the return on capital as well as the level of dividends to ordinary shareholders.

The group's net debt to adjusted equity ratio at the reporting date was as follows:

	Year ended 31 December		
(In millions of USD)	2011	2010	2009
Total liabilities	(6,395.0)	(6,091.7)	(5,359.2)
Less: cash and cash equivalents	1,051.7	973.0	1,080.2
Net debt	**(5,343.3)**	**(5,118.7)**	**(4,279.0)**
Total equity	(3,337.4)	(3,240.3)	(3,097.0)
Net debt to equity ratio at 31 December	**1.6**	**1.6**	**1.4**

Working capital statement

The Company believes that the working capital of the Group is sufficient for its present requirements; that is, for at least 12 months following the date of this Offering Circular.

10. CAPITALISATION AND INDEBTEDNESS

The following table sets out OCI Egypt's capitalisation and indebtedness as at 30 September 2012. This table should be read in conjunction with OCI Egypt's consolidated financial statements and the notes thereto, and the interim results for the nine months ending and as at 30 September 2012 and the notes thereto, as included in this Offering Circular.

With the exception of the Iowa Fertilizer Company's USD 1.194 billion bond financing detailed on page 81 of this Offering Circular (which does not materially affect net indebtedness but would effect an increase in long term indebtedness and cash by the same amount), there has been no material change in the capitalisation or indebtedness of OCI Egypt since the consolidated financial statements of 30 September 2012. The Weitz acquisition discussed in page [80] of this Offering Circular does not have a significant effect on the capitalisation and indebtedness of OCI Egypt.

This table and the information set out in it has not been audited.

(million USD)	**As at 30 September 2012**
CAPITALISATION	
Guaranteed current debt	863.8
Secured current debt	604.4
Unguaranteed/unsecured current debt	0.0
Total current debt	**1,468.2**
Guaranteed non-current debt	0.0
Secured non-current debt	2,394.9
Unguaranteed/unsecured non- current debt	0.0
Total non-current debt	2,394.9
Share capital	191.6
Legal reserves	98.3
Other reserves	624.7
Shareholder's equity	**914.6**
Total debt and shareholder's equity	**4,777.7**
NET INDEBTEDNESS	
A. Cash & Cash equivalents[1]	1,235.1
B. Trading securities	0.0
C. Liquidity (A+B)	**1,235.1**
D. Current financial receivable	**0.0**
E. Current bank debt	802.1
F. Current portion of non-current debt	666.1
G. Other current financial debt	0.0
H. Current financial debt (E+F+G)	**1,468.2**
I. Net current financial indebtedness (H-C-D)	**233.1**

J. Non-current bank loans	2,394.9
K. Bonds issued[2]	0.0
L Other non-current loans	0.0
M. Non-current financial indebtedness (J+K+L)	**2,394.9**
N. Net financial indebtedness (I+M)	**2,628.0**

Notes:

[1] The bond issue described above has caused an increase of cash by approx. USD 1.194 billion.

[2] The bond issue described above has caused an increase of this amount by approx. USD 1.194 billion

Contingent indebtedness

Information about contingent indebtedness can be found in note 31 to the nine months financial statement on page 282 of this Offering Circular.

11. DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

Set out below is a summary of some relevant information concerning the Shares and the Articles of Association and a brief summary of certain provisions of Dutch corporate law.

This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the Articles of Association and with Dutch law. The full text of the Articles of Association is incorporated in this Offering Circular by reference and is available, in Dutch and in English, at the Company's website (see section 16.3 ("*Availability of documents*")).

11.1 General

OCI N.V. is a public limited liability company (*naamloze vennootschap*) and was incorporated under Dutch law by a notarial deed dated 2 January 2013. The Company operates under Dutch law. The Company has its statutory seat in Amsterdam, the Netherlands, with its head office at Herikerbergweg 238, 1101CM Amsterdam Zuidoost, the Netherlands. The Company is registered under the number 56821166 in the Commercial Register of the Chamber of Commerce for Amsterdam (*handelsregister van de Kamer van Koophandel en Fabrieken voor Amsterdam*). The telephone number of the Company is +31(0)205755600.

11.2 Corporate purpose

Pursuant to the Articles of Association, the Company's objects are:

(a) to incorporate, to participate in any way whatsoever in, to manage, to supervise businesses and companies;

(b) to finance businesses and companies;

(c) to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities;

(d) to render advice and services to businesses and companies with which the Company forms a group and to third parties;

(e) to grant guarantees, to bind the Company and to pledge its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties;

(f) to acquire, alienate, manage and exploit registered property and items of property in general;

(g) to trade in currencies, securities and items of property in general;

(h) to develop and trade in patents, trade marks, licenses, know-how, copyrights, data base rights and other intellectual property rights; and

(i) to perform any and all activities of an industrial, financial or commercial nature, and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

11.3 History of share capital

At incorporation of the Company, the authorised and issued capital amounted to respectively EUR225,000 and EUR45,000. The Shares have a nominal value of EUR1 each.

The General Meeting resolved to issue up to 208,938,419 Shares in connection with the Takeover Offer (being the maximum number of Shares that would be required if the Takeover Offer is accepted in full).

As soon as 60,000,000 or more Shares have been issued, article 4.1 and 4.2 of the Articles of Association come into force and the authorised capital will amount to EUR300,000,000.

All outstanding Shares are fully paid up.

11.4 Issue of Shares

Shares may be issued pursuant to a resolution of the General Meeting, except insofar as the competence to issue Shares is vested in the Board.

Shares may be issued pursuant to a resolution of the Board, if and insofar as the Board is designated to do so by the General Meeting. A resolution of the Board to issue Shares and to grant rights to subscribe for Shares can only be taken with the consent of the majority of the non-executive directors.

The scope of the Board's authority to issue Shares is determined by a resolution of the General Meeting and relates at most to all unissued Shares of the authorised capital, as applicable now or at any time in the future. The duration of this authority is also determined by a resolution of the General Meeting and is for five years at most. Designation of the Board as the body competent to issue Shares may be extended by the Articles of Association or by a resolution of the General Meeting for a period not exceeding five years in each case. The number of Shares that may be issued will be determined at the time of designation. Designation pursuant to the Articles of Association may be withdrawn by an amendment of the Articles of Association. Designation by resolution of the General Meeting cannot be withdrawn unless determined otherwise at the time of designation.

A resolution of the General Meeting to issue Shares, or to designate the Board as a body of the Company authorised to do so, can only take place at the proposal of the Board.

The Board is authorised to issue further shares in the capital of the Company and grant rights to acquire further shares in the capital of he Company until 31 December 2014. This authorisation concerns all authorised but un-issued shares in the Company's share capital at any time.

No resolution of the General Meeting or the Board is required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares.

11.5 Statutory pre-emptive rights

Pursuant to the Articles of Association, existing holders of the Shares will have pre-emptive rights in respect of future issuances of the Shares in proportion to the number of Shares held by them, unless limited or excluded as described below. Pre-emptive rights do not apply with respect to Shares issued against contributions other than in cash or Shares issued to the employees or to employees of one of the subsidiaries.

Pursuant to the Articles of Association, the pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. A resolution of the General Meeting to restrict or exclude pre-emptive rights can only take place at the proposal of the Board.

With respect to an issuance of Shares pursuant a resolution of the Board, the pre-emptive rights can be restricted or excluded by a resolution of the Board if and insofar as the Board is designated to do so by the General Meeting. A resolution of the Board to restrict or exclude pre-emptive rights can only be taken with the consent of the majority of the non-executive directors.

The authority of the Board to limit or exclude pre-emptive rights can only be exercised if at that time the authority to issue Shares is in full force and effect. The authority to limit or exclude pre-emptive rights may be extended in the same manner as the authority to issue Shares. If there is no designation of the Board to limit or exclude pre-emptive rights in force, the general meeting of shareholders shall have the authority to limit or exclude such pre-emptive rights.

The Board is authorised to limit or exclude pre-emptive rights until 31 December 2014.

Resolutions of the General Meeting: (i) to restrict or exclude pre-emptive rights; or (ii) to designate the Board as the competent body that has authority to limit or exclude pre-emptive rights, require at least a two-thirds majority of the votes cast in a meeting of Shareholders, if less than 50% of the issued share capital is present or represented.

11.6 Share repurchase

The Company may acquire fully paid-up Shares in its own capital, but only for no consideration or if: (i) the distributable part of the shareholders' equity is at least equal to the total purchase price of the repurchased Shares; and (ii) the nominal value of the Shares which the Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed half of the issued capital.

The Board needs authorisation from the General Meeting for the repurchase of Shares for consideration. This authorisation is valid for a maximum of 18 months. As part of the authorisation, the General Meeting specifies the number of Shares that may be repurchased, the manner in which the Shares may be acquired and the price limits within which the Shares may be acquired. No voting rights may be exercised by the General Meeting with respect to any Share held by the Company or by a subsidiary, or any Share for which the Company or a subsidiary holds the depositary receipts. No payment will be made on the Shares which the Company holds in its own share capital.

The Board has been authorised to repurchase Shares up to 10% of the outstanding share capital of the Company for an eighteen-month (18) period, up to and including 16 July 2014, against a repurchase price equal to the market price plus 10%.

The Board resolution to repurchase Shares in its own capital or depositary receipts thereof can only be taken with the consent of the majority of the non-executive directors.

11.7 Capital reduction

The General Meeting may, but only on the proposal of the Board, resolve to reduce the issued capital by cancelling Shares or by reducing the nominal amount of each Share by amending the Articles of Association. A resolution to cancel Shares can only relate to Shares held by the Company itself or of which it holds the depositary receipts. A resolution of the General Meeting to reduce the issued capital must designate the Shares to which the resolution relates. Reduction of the nominal value of the Shares with or without repayment shall take place proportionally on all Shares.

The General Meeting may only take a decision to reduce the capital with a majority of at least two-thirds of the votes cast if less than half the issued capital is represented.

11.8 Form and transfer of Shares

All Shares are registered shares. The Company will not issue share certificates. A transfer of a Share or of a restricted right thereto requires an instrument intended for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer.

A Share becomes a deposit share by transfer or issuance to Euroclear Nederland or an intermediary, recording in writing that the Share is a deposit share. The deposit share must be recorded in the Company's shareholders' register in the name of Euroclear Nederland or the relevant intermediary, stating in writing that it is a deposit share. Deposit shareholders are not recorded in the Company's shareholders' register. Deposit shares can only be delivered from a collective depot or giro depot with due observance of the related provisions of the Dutch Securities (Bank Giro Transactions) Act. The transfer by a deposit shareholder of its book-entry rights representing deposit shares must be effected in accordance with the provisions of the Dutch Securities (Bank Giro Transactions) Act. The same applies to the establishment of a right of pledge and the establishment and transfer of a usufruct on these book-entry rights.

11.9 General Meetings

The annual General Meeting must be held within six months following the end of each financial year, or any shorter period provided in the Articles of Association. The General Meetings can be held in Amsterdam or the municipality of Haarlemmermeer (including Schiphol Airport), the Netherlands, at the choice of those who call the meeting.

Other General Meetings of shareholders shall be held as frequently as deemed necessary by the Board. Shareholders representing at least the percentage of the issued and outstanding share capital required by law, which is currently 10%, may request that a General Meeting be convened, specifying the items for discussion. The Board must give public notice of a General Meeting or an extraordinary General Meeting, by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. The notice of the General Meeting is published on the Company's website. The availability of the notice is published by press release. The notice includes the requirements for admission to the meeting. The notice of a General Meeting must include an agenda indicating the items for discussion.

The agenda for a meeting of Shareholders must contain such items as the Board or the person or persons convening the meeting determine. The agenda shall also include any matter, the consideration of which has been requested by one or more Shareholders, representing alone or jointly with others at least such percentage of the issued capital stock as determined by Dutch law, which is currently set at one per cent. or such number of shares representing a value of EUR50 million. The request to consider such matter should be received by us no later than on the 60th day prior to the day of the meeting accompanied by a statement containing the reasons for the request.

The agenda for the general meeting of Shareholders is required to contain, among other items, items placed on the agenda in accordance with Dutch law and the Articles of Association, the consideration of the annual report, the discussion and adoption of the annual accounts, the policy regarding dividends and reserves and the proposal to pay a dividend (if applicable), proposals relating to the composition of the Board, including the filling of any vacancies on the Board, the proposals placed on the agenda by the Board, including but not limited to a proposal to grant discharge to the members of the for their management during the financial year, together with the items proposed by shareholders in accordance with provisions of Dutch law and the Articles of Association.

All shareholders will be entitled to attend the general meeting of Shareholders, to address the General Meeting and to vote, either in person or represented by a person holding a written proxy. The requirement that a proxy must be in written form is also fulfilled when it is recorded electronically.

11.10 Other

Members of the Board are authorised to attend General Meetings. They have an advisory vote. The General Meeting is presided over by the chairman of the Board. The Board may also appoint another chairman to preside over the meeting.

Under Dutch law, each Share confers the right to cast one vote at the General Meeting. Each Shareholder may cast as many votes as it holds Shares. Resolutions of the General Meeting must be adopted by an absolute majority of votes cast, unless another majority of votes and/or a quorum is required by virtue of Dutch law or the Articles of Association. Such resolutions will be mentioned in this Offering Circular.

The only persons entitled to attend and to vote at the General Meeting are persons who at the record date, which is the 28th day prior to the day of the General Meeting, have such rights and are recorded in a register so appointed by the Board. There is no specific provision in Dutch law relating to adjournment of the General Meeting.

Under Dutch law, the approval of the General Meeting is required for any significant change in the identity or the business.

11.11 Annual accounts, semi-annual accounts and quarterly statements

Annually, within four months after the end of the financial year, the Board must prepare the annual accounts and make them available for inspection by the Shareholders and other persons holding General Meeting rights at the office of the Company. The annual accounts must be accompanied by an auditors' statement, an annual report and certain other information required under Dutch law. The annual accounts must be signed by the members of the Board.

The annual accounts, the annual report, the other information required under Dutch law and the auditors' statement must be made available to the Shareholders for review as from the day of the notice convening the annual General Meeting. The annual accounts must be adopted by the General Meeting.

The Company will be required to prepare consolidated financial statements and consolidated interim semi-annual financial statements in conformity with IFRS as issued by the International Accounting Standards Board and in conformity with IFRS as adopted by the European Union. The consolidated financial statements will be authorised by the Board and audited by an independent accounting firm.

Pursuant to the Dutch Financial Supervision Act, the Company will be required to make the following periodic financial information generally available:

- the financial statements, within four months after the end of each financial year;
- the interim semi-annual financial statements, within two months after the end of the first six months of each financial year; and

- interim management reports during the first and the second half of each financial year between ten weeks after the beginning and six weeks before the end of the relevant six-month period.

The interim management reports include an explanation of the important events and transactions that took place during the relevant period and the consequences for the financial position of the Company. The interim management reports also include a general description of the financial position and the performance of the Company during the relevant period.

11.12 Dividends and other distributions

The Board may determine what part of the profit is to be appropriated to reserves. The part of the profit remaining after the addition to reserves will be at the disposal of the General Meeting to distribute to the Shareholders pro rata the number of Shares they hold. The Board shall make a proposal for that purpose.

The Board may resolve to distribute an interim dividend. Such Board resolution can only be taken with the consent of the majority of the non-executive directors.

Distributions from the Company's distributable reserves are made pursuant to a resolution of the General Meeting at the proposal of the Board.

The Company may only make distributions to the Shareholders and other persons entitled to the profit capable of distribution insofar as the Company's equity is larger than the amount of the paid-up part of the capital increased with the reserves that should be maintained pursuant to Dutch law or the Articles of Association.

No dividend will be paid on the Shares held by the Company. For the computation of the profit distribution, the Shares held by the Company will not be included.

Any entitlement to a dividend distribution by a Shareholder expires five years after the date those dividends were released for payment.

See also chapter 6 ("*Dividends and Dividends Policy*") of this Offering Circular.

11.13 Dissolution and liquidation

A resolution of the General Meeting to dissolve the Company may only be taken upon proposal by the Board. A proposal to dissolve the Company must be included in the notice convening the General Meeting. The resolution to dissolve the Company may be taken by the General Meeting with an absolute majority of the votes cast, irrespective of the represented capital.

In the event of dissolution, the business will be liquidated in accordance with Dutch law and the Articles of Association and the liquidation shall be effected by the Board. During liquidation, the provisions of the Articles of Association will remain in force to the extent possible.

The balance of the Company's assets remaining after payment of all debts and the costs of the liquidation will be distributed to the holders of Shares in proportion to the number of Shares held by each shareholder.

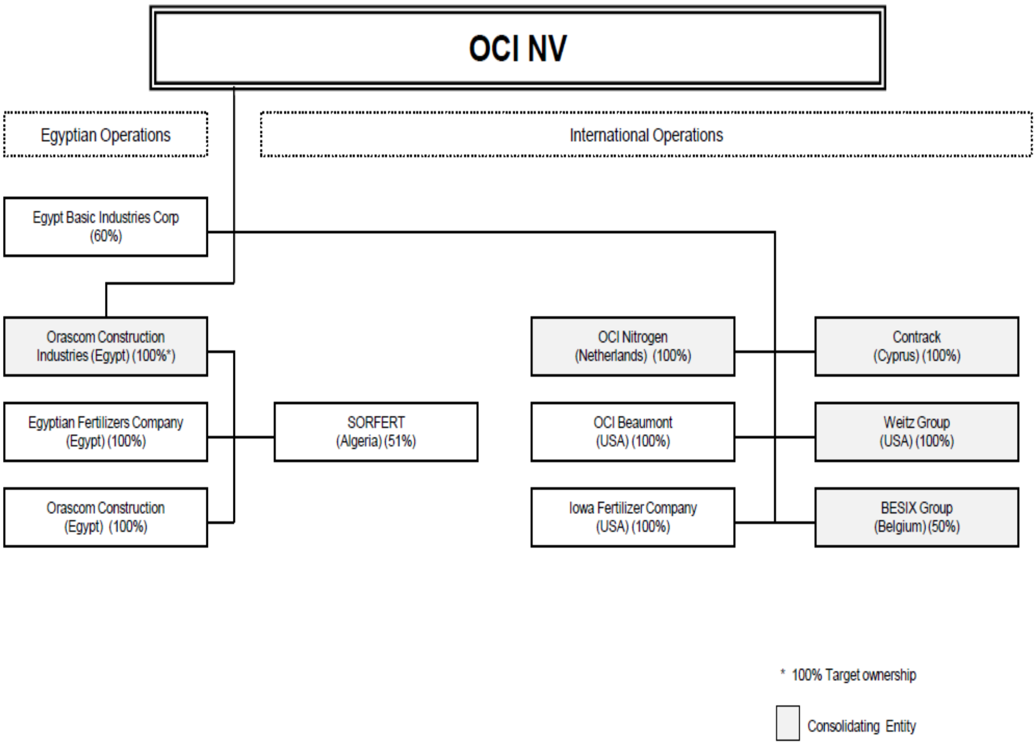
11.14 Amendment of Articles of Association

A resolution of the General Meeting to amend the Company's Articles of Association may only be taken upon proposal by the Board. A proposal to amend the Articles of Association must be included in the notice convening the General Meeting. A copy of the proposal containing the proposed amendment must be available for inspection by every Shareholder and other persons holding General Meeting rights until the end of the General Meeting.

The decision to amend the Articles of Association may be taken by the General Meeting with an absolute majority of the votes cast, irrespective of the represented capital.

11.15 Simplified corporate structure

Below is set out a simplified corporate structure chart as at the First Trading Date. The ownership of OCI N.V. in Orascom Construction Industries (Egypt) depends on the acceptance of the Takeover Offer.



11.16 Rules governing obligations of Shareholders to make a public offer

Based on Directive 2004/25/EC of the European Parliament and of the Council of the European Union (the **Takeover Directive**) each Member State should ensure the protection of minority Shareholders by obliging the person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price. The Takeover Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of each Member State provide a percentage that forms the threshold for control over companies.

Under the laws of the Netherlands, the above percentage is 30%. A person (whether acting alone or in concert) that acquires 30% or more of the voting rights of a Dutch company whose shares are admitted to trading on a regulated market must make an offer for the remaining shares of that company.

A person holding more than 30% of the Shares before the Listing is exempted as long as he or she holds and continues to hold, more than 30% of the Shares.

Furthermore, in general, it is prohibited to launch a public offer for shares of a listed company unless an offer memorandum has been approved by the AFM or another competent supervisory authority. A public offer is launched by way of publication of the approved offer memorandum.

11.17 Squeeze-out procedures

Pursuant to Section 92a, Book 2, Dutch Civil Code, a shareholder who for his own account contributes at least 95% of the issued share capital may initiate proceedings against the minority shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber of the Court of Appeal in Amsterdam (the **Enterprise Chamber**) and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to the acquiring person, such person is required to publish the same in a daily newspaper with a national circulation.

The offeror under a public offer is also entitled to start a squeeze out procedure if, following the public offer, the offeror holds at least 95% of the share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out must be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for a takeover squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable as long as 90% or more of the shares have been acquired.

The Dutch Civil Code also entitles those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the share capital and represents at least 95% of the total voting rights. In regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. This claim must also be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

11.18 Obligations to disclose holdings and transactions

Shareholders may be subject to disclosure requirements under the Dutch Financial Supervision Act. The most important disclosure requirements for the Shareholders are:

- any person who, directly or indirectly, acquires or disposes of a capital interest or voting rights in the Company must forthwith give written notice to the AFM of such capital interest and/or voting rights. This notification obligation will exist if an acquisition or disposal causes the total percentage of the capital interest and/or voting rights held to reach, exceed or fall below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Based on an amendment to the Dutch Financial Supervision Act which will enter into force as per 1 July 2013, a new threshold of 3% will be introduced;

- any person whose capital interest or voting rights in the Company reaches, exceeds or falls below a threshold due to a change in the Company's outstanding share capital, or in votes that can be cast on the Shares of the Company as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital; and

Any person with a capital interest or voting rights in the Company of at least 5% will be required to notify the AFM of any changes in the composition (actual or potential) of this interest annually within four weeks from 31 December at 24:00 hours.

Each person whose holding of capital interest and/or voting rights amounts to 5% in the Company at the Listing must forthwith notify the AFM thereof.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be taken into account: (i) Shares directly held (or acquired or disposed of) by any person, (ii) Shares (or depositary receipts for Shares) held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement, and (iii) Shares which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of including, but not limited to, on the basis of convertible bonds). Special rules apply to attribution of community of property. A holder of a pledge or right of usufruct in respect of the Shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the Shares. If a pledgee or holder of a right of usufruct acquires such (conditional) voting rights, this may trigger reporting obligations for the holder of the Shares (or depositary receipts for the Shares).

Furthermore, each member of the Board must immediately give written notice to the AFM by means of a standard form of any change in his or her holding of Shares and voting rights in the Company.

11.19 Market abuse regime

The Company's insiders as described in article 5:60 of the Dutch Financial Supervision Act are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in Shares or in securities of which the value is at least in part determined by the value of the Shares. Insiders of the Company as described in article 5:60 of the Dutch Financial Supervision Act include: (i) members of the Board; and (ii) persons who have a managerial position within the Company and in that capacity are authorised to make decisions which have consequences for the future development and prospects of the Company and can have access to inside information on a regular basis.

In addition, persons designated by the Dutch Market Abuse Decree who are closely associated with the members of the Board, or any other insider referred to above, must notify the AFM of the existence of any transaction conducted for their own account relating to the Shares of the Company or securities of which the value is at least in part determined by the value of such Shares. The Dutch Market Abuse Decree designates the following categories of persons as being closely related for the purposes of the Dutch Market Abuse Decree: (i) the spouse or any partner considered by national law as equivalent to a spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, among other things, managed or controlled by members of the Board or any other insiders referred to above.

This notification must be made no later than the fifth business day following the transaction date. The notification may be delayed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out by the persons associated with that person, reach or exceed an amount of EUR5,000 in the calendar year in question. Non-compliance with the reporting obligations under the Dutch Financial Supervision Act could lead to criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with the reporting obligations under the Dutch Financial Supervision Act may lead to civil sanctions.

The Company, the Board and other insiders will be subject to the Dutch insider trading prohibition, the Dutch prohibition on disclosing inside information and insider tipping and the Dutch prohibition on market manipulation. Shareholders may also be subject to such Dutch market abuse rules, if they conduct or effect transactions in the Shares and other financial instruments the value of which is (co)determined by the value of the Shares.

Pursuant to the Dutch Financial Supervision Act, the Company is required to adopt an internal insider trading policy which provides for, among other things, rules on the possession of, and transactions by members of the Board and employees of the Company in the Shares or financial instruments the value of which is co-determined by the value of the Shares.

12. MANAGEMENT AND EMPLOYEES

12.1 Introduction

We have a one-tier board, consisting of executive and non-executive directors. The number of executive and non-executive directors is to be determined by the General Meeting. The one-tier board structure will consist of one or more executive directors and two or more non-executive directors, as described below. The Board may appoint a non executive director as chairman of the Board and an executive director as chief executive officer. The General Meeting appointed Nassef Sawiris as chief executive officer on 16 January 2013, for a term of four years. Mr. Salman Butt has been appointed as chief financial officer for a term of four years as per the First Trading Date. Jan Ter Wisch and Arif Naqvi have been appointed as independent non-executive directors on the First Trading Date for a three-year and a two-year term respectively. Michael Bennett has been appointed as non-executive director and chairman of the Board on the First Trading Date for a three-year term.

Powers, responsibilities and functioning

Under Dutch law, the Board is collectively responsible for the general affairs of the Company. Pursuant to the Articles of Association, the Board may divide its duties among its members, with the day-to-day management of the Company entrusted to the executive directors. The non-executive directors have the task of supervising the executive directors and providing them with advice. In addition, both executive and non-executive directors must perform such duties as are assigned to them pursuant to the Articles of Association. Each director has a duty towards the Company to properly perform the duties assigned to him or her. Furthermore, each director has a duty to act in the corporate interest of the Company. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees and other stakeholders.

Pursuant to Dutch law, an executive director may not be allocated the tasks of: (i) serving as chairman of the Board; (ii) fixing the remuneration of the directors; or (iii) nominating directors for appointment. Nor may an executive director participate in the adoption of resolutions (including any deliberations in respect of such resolutions) related to the remuneration of executive directors.

Tasks that have not been specifically allocated fall within the power of the Board as a whole. These principles are reflected in the Articles of Association and Board rules. All directors remain collectively responsible for proper management regardless of the allocation of tasks.

Appointment, term and dismissal

Pursuant to the Articles of Association, directors will be appointed at the General Meeting upon nomination by the Board. The executive directors shall not participate in the discussion and decision-making process of the Board on making nominations for the appointment of directors.

A resolution to appoint a director nominated by the Board may be adopted by an absolute majority of votes cast. A nomination for appointment of a director shall state the candidate's age and the positions he holds or has held, in so far as these are relevant for the performance of the duties of a non-executive director.

A resolution from the General Meeting to appoint a director other than in accordance with a nomination by the Board, may only be adopted by an absolute majority of the votes cast, representing more than one third of the issued capital of the Company.

The General Meeting will also decide whether a director is appointed as an executive or as a non-executive director. In addition, the legal relationship between a director and the Company will not be considered an employment agreement. In the absence of an employment agreement, the director will not have certain employee rights under Dutch labour law.

Pursuant to the Articles of Association, the members of the Board will serve for a term of three years from appointment. The term of office for each director will end when his or her successor is elected and qualified, unless the number of directors has been reduced so there is no vacancy on the Board, or until his or her earlier death, resignation or removal.

In accordance with Dutch law, the Articles of Association stipulate that the General Meeting has the authority to suspend or remove members of the Board at any time, with or without cause, by means of a resolution for suspension or removal passed by an absolute majority of the votes cast. If the General Meeting adopts a resolution to remove or suspend a director without a proposal of the Board to do so, the resolution must be passed by an absolute majority of the votes cast, representing more than one-third of the issued capital. The executive directors shall not participate in the discussion and decision-making process of the Board on making nominations for suspension and removal.

Also, executive directors may be suspended by the Board, but not for longer than three months in aggregate. The executive directors shall not participate in the discussion and decision-making process of the Board on suspensions and removals.

Decision making and approvals

Pursuant to the Board rules, in principle, the Board can only adopt resolutions if at least a majority of the directors are present or represented. If possible, resolutions are adopted unanimously. If a unanimous vote is not possible, a resolution will be adopted by majority vote. In the event of a tie vote, the chairman will cast the deciding vote.

Pursuant to the Articles of Association, resolutions can also be adopted without holding a meeting, For adoption of a resolution other than at a meeting, it is required that the proposal is submitted to all directors, none of them has objected to the relevant manner of adopting resolutions and a majority of the directors has expressly consented to the relevant manner of adopting resolutions.

The Articles of Association stipulate that the General Meeting has the right to approve resolutions of the Board with regard to a significant change in the identity or business. This includes: (i) the transfer of all or substantially all of the business to a third party; (ii) the entry into or termination of a long-term cooperation with another legal entity, company or partnership by the Company or any of its subsidiaries, or as a fully-liable partner in a limited or general partnership, if such cooperation or termination is of material importance to the Company; or (iii) the acquisition or disposal by the Company or one of its subsidiaries of a participating interest in the capital of a company with a value greater than or equal to one-third of the assets as shown on the consolidated balance sheet included in the most recently adopted annual accounts.

The absence of approval of a Board resolution by the General Meeting will not affect the authority of the Board to represent the Company.

In accordance with Dutch law, the Articles of Association stipulate that the following Board resolutions need the consent of the majority of the non-executive directors:

(a) the issuance of Shares or grant of rights to subscribe for Shares, as well as to limit or exclude the pre-emption rights;

(b) a proposal to issue Shares, to designate another competent body authorised to issue shares or grant rights to subscribe for Shares, as well as to make a proposal to limit or exclude the pre-emption rights;

(c) the acquisition or alienation of Shares in the Company's own capital or depositary receipts thereof;

(d) temporarily entrust duties and powers of an executive director to another executive director, a non-executive director, a former director or another person;

(e) a resolution to determine which part of the profits (the positive balance on the profit and loss account) is added to the reserves;

(f) a proposal to make distributions from the Company's distributable reserves;

(g) a resolution to distribute an interim dividend; and

(h) a proposal to make a dividend payment on Shares wholly or partly in shares in the Company.

12.2 Members of the Board

The members of the Board are:

Name	**Year of birth**	**Position**
	Executive directors	
Nassef Sawiris	1961	Chief executive officer (as per 16 January 2013)
Salman Butt	1959	Chief financial officer (as per the First Trading Date)
	Non-executive directors	
Michael Bennett	1954	Chairman (as per the First Trading Date)
Arif Naqvi	1960	Director (as per the First Trading Date)
Jan Alberts Ter Wisch	1952	Director (as per the First Trading Date)

The business address of the members of the Board is Herikerbergweg 238, 1101CM Amsterdam Zuidoost, the Netherlands.

Biographical details of the members of the Board

Nassef Sawiris (Chief Executive Officer)

Nassef Sawiris joined OCI Egypt in 1990 and oversaw the initial public offering of OCI Egypt in 1999. Since then, Mr. Sawiris has led the international expansion of the group's construction business, directed the development and later divestment of OCI Egypt’s cement business, and overseen the rapid growth of OCI Egypt's fertilisers business. Mr. Sawiris serves as a director of Lafarge S.A

Mr. Sawiris holds a Bachelor of Arts degree in Economics from the University of Chicago, USA.

Salman Butt (Chief Financial Officer)

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

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

Michael Bennett (independent non-executive director and chairman)

Michael Bennett has 36 years' experience in the nitrogen industry and is a past Chairman of both The Fertilizer Institute and the Methanol Institute in the United States. He served as the Chief Executive Officer and a Director of Terra Industries Inc., a producer of nitrogen fertilizer products, from 2001 until its acquisition by CF Industries Holdings in April 2010. He also served as Chairman and President for Terra Nitrogen Company, L.P., a publicly listed subsidiary of Terra Industries Inc. Mr. Bennett currently serves as a director of Alliant Energy Corporation and Arclin, Inc., as well as the Chairman of the Board at Morningside College in Sioux City, Iowa.

Arif Naqvi (independent non-executive director)

Arif Naqvi is the founder and Group Chief Executive of The Abraaj Group, a leading private equity investor operating in global growth markets. Mr. Naqvi previously worked with Arthur Andersen & Co, American Express Bank, Olayan Group and The Cupola Group, which he founded in 1994. Alongside public company boards such as Aramex, Air Arabia and OCI, Mr. Naqvi is a member of numerous think-tanks and policy groups, including the WEF Arab Business Council, and is a board member of Endeavor Global, Emerging Markets Private Equity Association (EMPEA), the IMD Foundation Board and Columbia University Middle East Research Center. Mr. Naqvi is the Chair of the Middle East Centre's Advisory Board at the London School of Economics and Political Science. In 2008, Mr. Naqvi founded the AMAN Foundation and is currently the Chairman of its Board of Trustees. Mr. Naqvi holds a BA from the London School of Economics and is a recipient of the Sitara Imtiaz, the highest civilian award in Pakistan. He was born in 1960.

Jan Alberts Ter Wisch (independent non-executive director)

Jan Alberts Ter Wisch is both a lawyer and an economist. He has been a tax partner at Deloitte, Loeff Claeys Verbeke and lastly at Allen & Overy. At Deloitte he was a member of the Global Tax Policy Group and the European Tax Board and co-managing partner of its largest office in The Netherlands. At Loeff he was a member of the Board. At Allen & Overy he served as a member and Chairman of its Global Tax Board. He has a wide range of experience advising multinationals on major merger and acquisitions transactions, several of which involved the world wide co-ordination of tax advice. He lectured several years at a post-graduate course in association with Erasmus University Rotterdam and he has been a Dutch correspondent for Tax Notes International for almost 20 years. Mr. Ter Wisch holds a masters degree in Fiscal Economics and a masters degree in Civil Law and Business Law, all from Erasmus University Rotterdam.

Employment and severance agreements of executive directors

Term of employment

Executive directors have entered into service agreements for a four-year term after which the agreements are renewable. The service agreements end four years after appointment by the General Meeting, upon termination of the executive director's membership of the Board or by notice of either party. Termination by either party is possible with a three months notice period.

Severance payments

If the Company terminates a service contract with an executive director other than due to an urgent cause or serious culpability of the executive director, he or she is entitled to a severance payment of an amount equal to 100% of his or her annual gross salary.

Loans and guarantees

The Company does not grant loans or guarantees, including mortgage loans, to the members of the Board. At the date of this Offering Circular, no such loans are outstanding.

Claw-back

A "claw-back" clause is included in the service agreements of the executive directors of the Company, applicable in the situation that the financial or other information on which the pay-out of variable remuneration was based is determined to be incorrect.

Employment and severance agreements of non executive directors

Term of employment

Non executive directors have entered into service agreements for a three-year respectively a two-year term after which the agreements are renewable. The service agreements end three respectively two years after appointment by the General Meeting, upon termination of the non executive director's membership of the Board or by notice of either party. Termination by either party is possible with a thirty days notice period.

Severance payments

Non executive directors are not eligible for severance payments under the terms of their service agreements with the Company.

Loans and guarantees

The Company does not grant loans or guarantees, including mortgage loans, to the members of the Board. At the date of this Offering Circular, no such loans are outstanding.

Claw-back

As non executive directors are not entitled to variable payments, no "claw-back" clause is included in the service agreements of the non executive directors of the Company.

12.3 Remuneration

In accordance with Dutch law and the Articles of Association, the Company has a policy with respect to the remuneration of the Board. This policy is determined by the General Meeting. The authority to establish remuneration and other terms of service for executive directors is vested in the Board. The executive directors shall not participate in the discussion and decision-making on this subject. The authority to establish remuneration for non-executive directors is vested in the General Meeting.

Remuneration of the executive directors

The remuneration package for executive directors consists of a fixed remuneration and a variable remuneration.

Base salary

The chief executive officer of the Board receives a total gross annual salary of USD2,000,000.

The chief financial officer of the Board receives a total gross annual salary of USD1,000,000.

Variable income

Executive directors are entitled to an annual variable remuneration in accordance with the Company's remuneration policy as determined by the non-executive members of the Board. In line with the current remuneration policy of the Company, the executive directors can earn an annual bonus of up to 150% of their gross annual salary at the discretion of the non-executive members of the Board, depending on Company performance and individual performance.

Remuneration in 2012

Mr. Nassef Sawiris, in his capacity of chief executive director of OCI Egypt, received a fixed remuneration of USD2,000,000 for the financial year of 2012. In addition, Mr Sawiris received a variable remuneration of USD3,000,000 for the year 2011, paid out in 2012. The variable remuneration for 2012 has not yet been determined. Mr. Salman Butt in his capacity of chief financial officer of OCI Egypt received a fixed remuneration of USD1,000,000 for the financial year of 2012. Mr. Butt did not receive any variable remuneration.

Remuneration of the non-executive directors

The remuneration package for non executive directors consists of a fixed remuneration only.

Base salary

The non-executive directors each receive a remuneration of USD130,000 annually.

The chairman of the Board receives a remuneration of USD260,000 annually.

Remuneration in 2012

Mr. Arif Naqvi in his capacity of non executive director of OCI Egypt received a fixed remuneration of USD50,000 for the financial year of 2012. Mr. Bennett and Mr. Ter Wisch have not served as directors of the OCI Egypt or any of its subsidiaries and have as such not received any remuneration.

12.4 Other directorships

In addition to their directorships of the Company or the Company's subsidiaries, the directors hold, or have held, the following directorships and are or were members of the following partnerships, within the past five years:

Name	Current or former directorships/partnerships	Position still held (Y/N)
Arif Naqvi	ABRAAJ Automotive Holding Limited	N
	ABRAAJ Art Mauritius SPV Limited	N
	ABRAAJ Aqua SPV Limited	N
	ABRAAJ Buyout 1 Limited	N
	The ABRAAJ Strategic Growth Fund	N
	Aqua Consortium Limited	N
	ABRAAJ Capital Co-Investors Limited	Y
	ABRAAJ Holdings	Y
	Acibadem Saglik Yatirimlari Holding A.S.	N
	MENASA Capital Management Holdings Limited	Y
	Abraaj Capital Limited	N
	AC Logistics Holdings Limited	N
	ABRAAJ Capital SPV 8 Limited	N
	ABRAAJ Cure Co-Investors Limited	N
	ABRAAJ Cure Investments Limited	N
	ABRAAJ Directors SPV Limited	N
	Aureos Deferred Share Vehicle Limited	Y
	Abraaj Employees Limited	Y
	ABRAAJ Employees 2 SPC Limited	Y
	Aviation Fund Holdings Limited	N
	ABRAAJ General Partner II Ltd.	N
	ABRAAJ General Partner III Limited	N
	ABRAAJ General Partner IV Limited	N
	ABRAAJ General Partner V Limited	N
	ABRAAJ General Partner VI Limited	N
	ABRAAJ General Partner VII Limited	N
	ABRAAJ General Partner VIII Limited	N
	ABRAAJ Golf Resorts Holding Limited	N
	ABRAAJ Hong Kong Limited	N
	ABRAAJ Investor Coverage (Cayman) Limited	N
	ABRAAJ India Holdings Limited	N
	ABRAAJ Investment Management Limited	Y
	Air Arabia PJSC	Y
	ABRAAJ Mauritius Limited	N
	Abraaj Mauritius 2 Limited	N
	ABRAAJ Mauritius Automotive 1 Limited	N
	ABRAAJ Metro Holdings Mauritius Limited	N
	ABRAAJ Managers Limited	N
	Abraaj Mauritius Oil & Gas SPV Limited	N
	Aramex Holdings Limited	N
	ASAS Management Limited	N
	MENASA Opportunities Fund I Limited	Y
	ABRAAJ Financial Technologies Holdings Limited	N
	ABRAAJ Special Opportunities India Limited	N
	MENASA Opportunities Master Fund I Limited	Y
	ABRAAJ SPV 12 Limited	N
	ABRAAJ SPV 21 Limited	N

	ABRAAJ SPV 30 Limited	N
	ABRAAJ SPV 32 Limited	N
	ABRAAJ SPV 33 Limited	N
	ABRAAJ SPV 34 Limited	N
	ABRAAJ SPV 44 Limited	N
	ABRAAJ SPV 49 Limited	N
	ABRAAJ SPV 6 Limited	N
	DBL 1 Limited	N
	ENSHAA Holdings Limited	N
	IGCF Feeder Fund General Partner Limited	N
	Almond Holding (Cayman) Limited	N
	IGCF Investor 3 Limited	N
	IGCF Investor 4 Limited	N
	IGCF Investor 6 Limited	N
	IGCF Investor 1 Limited	N
	IGCF Investor 2 Limited	N
	IGCF Investor 5 Limited	N
	IGCF General Partner Limited	N
	IGCF SPV 1 Limited	N
	IGCF SPV 10 Limited	N
	Abraaj ASAS SPV Limited	N
	IGCF SPV 12 Limited	N
	IGCF SPV 13 Limited	N
	ABOF II Almond SPV Limited	N
	IGCF SPV 15 Limited	N
	IGCF SPV 16 Limited	N
	IGCF SPV 18 Limited	N
	IGCF SPV 19 Limited	N
	IGCF SPV 2 Limited	N
	IGCF SPV 4 Limited	N
	IGCF SPV 5 Limited	N
	IGCF SPV 6 Limited	N
	ABRAAJ Capital SPV 7 Limited	N
	IGCF SPV 9 Limited	N
	International Urea Trading Company	N
	Jumbo Co-Investors Limited	N
	KSA Private Investment Company Limited	N
	Logistics International Group Limited	N
	London Investor Limited	N
	ABRAAJ Financial Technologies Holdings 3 Limited	N
	MENASA Capital Co-Investors Limited	Y
	MENASA Asset Management Limited	N
	MENASA Capital Management Limited	Y
	Orascom Construction Industries S.A.E.	Y
	Pharmaceutical Fund Holdings Limited	N
	Ray Co-Investors (Cayman) Limited	N
	Saudi Private Investment Company Limited	N
	SERAII Hospitality Limited	N
	Serai Mauritius Holdings Limited	N
	Spinneys Pakistan Mauritius Limited	N
	Screenview Limited	N

	Cupola UK Plc	Y
	C2 Limited	N
	Cupola Employees Limited	N
	Gray Mackenzie Retail (Cayman) Limited	N
	Liban Limited	N
	Wootton Cricket Limited	Y
	Clear Sky Limited	N
	Venus Investments Limited	N
	Mars Investments Limited	N
	Lavendar Administration Limited	N
	Orchadia Limited U.A.E.	N
	MESA Investments Limited	N
	Cardfile Limited	N
	Pak Holding 1 Limited	N
	Pak Holding 2 Limited	N
	Pak Holding 3 Limited	N
	Arabtec Pakistan (Private) Limited	N
	AMN Holdings Pakistan Limited	N
	AMN Cayman Limited	N
	AMN Mauritius Limited	N
	Silverline Holdings Limited	N
	Sun Set Cove Limited (fka: Silver Holdings Limited)	N
	Orchadia SA	Y
	Middle East Fairs Limited	Y
	MEF Holdings Limited	Y
	Mena Ventures Investments Limited	Y
	United Nations Global Compact	Y
	IMD Foundation Board	Y
	Middle East Centre Advisory Board of the LSE	Y
	British Asian Trust Advisory Committee – Pakistan	Y
	Endeavour Global	Y
	Columbia University Middle East Research – CUMERC	Y
	Pearl Initiative	Y
	Ahead of the Curve	Y
	Aman Foundation	Y
	Pakistan Human Development Fund	Y
	BMA Asset Management Company Limited	N
	BMA Capital Management Limited	N
	Gems Menasa (Cayman) Limited	N
	Signature Clubs International Limited	N
	Spinneys Holdings Lebanon SAL	N
	Capital Club Bahrain WLL	N
	Capital Club Limited U.A.E.	N
	Osian's - Connoisseurs of Art Private Limited	N
	India Asia Arab Art Fund	N
	SA-1 Limited	N
	Arabtec Holdings PJSC	N
Nassef Sawiris	Director Lafarge S.A.	N
	Director Nasdaq Dubai	N
	Director NNS holding	N

	Director Dubai International Financial Exchange	N
Salman Butt	Not applicable	
Michael Bennett	Director Alliant Energy Corporation	Y
	Director Arclin, Inc	Y
	Director and Chairman of Terra Nitrogen Limited Partnership	N
	Chairman Fertilizer Institute	N
	Chairman Methanol Institute	N
	Chief Executive Officer and Director of Terra Industries Inc.	N
	Chairman and President for Terra Nitrogen Company	N
	Chairman of the Board at Morningside College in Sioux City, Iowa	Y
Jan Alberts Ter Wisch	Allen & Overy LLP	N
	Stichting OBNV	N
	Stichting Administratiekantoor Grass	Y
	Jagefrir Holdings BV	Y
	Jagefrir BV	Y
	Stichting De Westberg	Y

12.5 Equity holdings

The interests in the share capital of the Company of the directors (held directly or indirectly) were as at 17 January 2013 (being the latest practicable date prior to the publication of this Offering Circular) and are expected to be immediately following Listing as follows:

Name of shareholder	Number of shares	Class of shares	Percentage of share capital
Nassef Sawiris	59,490,375	Ordinary shares	28.7%

12.6 Employee Stock Option Plan

OCI Egypt has an existing Stock Incentive Plan designed to (i) attract and retain the best available personnel for positions of substantial responsibility, (ii) provide additional incentive to key personnel, (iii) promote the success of the OCI Egypt’s business, and (iv) align the economic interests of key personnel directly with those of shareholders. Under the terms of Stock Incentive Plan, in the event of a change of control of OCI Egypt, each outstanding option or right shall be assumed or an equivalent option or right substituted by the successor company or a subsidiary of the successor company. In the event that the successor company refuses to assume or substitute for the option or right, all outstanding options or rights shall fully vest and become immediately exercisable.

The Company intends that holders of options or rights under the OCI Egypt Stock Incentive Plan will exchange each of their existing options or rights for an option or right in respect of shares of the Company on the same terms and conditions as the existing options or rights. In respect of an exchange of shares designated to the ESOP, EFSA approval will be required.

Both Mr. Nassef Sawiris and Mr. Salman Butt have received stock option awards. They have the following outstanding stock options under the ESOP as at 17 January 2013 being the last practicable date before publishing this Offering Circular:

Name	Number of shares	Share price	Vesting date
Nassef Sawiris	190,894	EGP 124	2 January 2013
	190,000	EGP 248.71	2 January 2014
	200,000	EGP 246	2 January 2015
	200,000	EGP 207	2 January 2016
Salman Butt	100,000	EGP 133	1 April 2012

12.7 Conflict of interest

A director may not participate in deliberating or decision-making within the Board, if with respect to the matter concerned he has a direct or indirect personal interest or an interest which may have the appearance of such an interest that conflicts with the interests of the Company and the business connected with it. This prohibition does not apply if the conflict of interest exists for all directors.

A director having a conflict of interest must declare the nature and extent of that interest to the other directors. If the (potential) conflict of interest concerns all directors, this declaration must be made to the General Meeting as well.

A conflict of interest only exists if in the situation at hand the director is unable to serve the interests of the Company and the business connected with it with the required level of integrity and objectivity. If a transaction is proposed in which an affiliate of the Company also has an interest, then the mere fact that a director holds any office or other function with the affiliate concerned or another affiliate, whether or not it is remunerated, does not mean that a conflict of interest exists.

There are no arrangements or understandings in place with major shareholders, customers, suppliers or others, pursuant to which any member of the Board was appointed.

No member of the Board has a conflict of interest (actual or potential) between any duties to the Company and his private interests and/or other duties. There is no family relationship between any member of the Board or key employees.

12.8 Liability of the members of the Board

Under Dutch law, members of the Board may be liable towards the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the Company and towards third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The liability of members of the Board and other key employees is covered by a directors and officers liability insurance policy. This policy contains limitations and exclusions, such as wilful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

12.9 Indemnity

The Company will indemnify each member of the Board against any and all liabilities, claims, judgments, fines and penalties incurred by them as a result of any threatened, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative, brought by any party other than the Company itself or its group companies, in relation to acts or omissions in or related to his capacity as a member of the Board. The Company will not indemnify them with respect to claims insofar as they relate to the gaining in fact of personal profits, advantages or remuneration to which the relevant person was not legally entitled, or if the relevant person will have been adjudged to be liable for wilful misconduct or intentional recklessness.

12.10 Other information in relation to members of the Board

At the date of this Offering Circular, no member of the Board has, in the previous five years: (i) been convicted of any offences relating to fraud; (ii) held an executive function at any company at the time of or immediately preceding any bankruptcy, receivership or liquidation of such company; (iii) been subject to any official public sanction by any statutory or regulatory authority (including any designated professional body); and (iv) been the subject of any official public incrimination or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

12.11 Employees

Number of employees

The below table sets out the number of employees employed by OCI Egypt as at 31 December 2010, 31 December 2011 and 31 December 2012, as well as a breakdown of OCI Egypt's employees by business.

	31 December 2009	**31 December 2010**	**31 December 2011**	**31 December 2012**
Fertiliser Business	1,178	1,998	2,955	2,881
Construction Business	80,250	81,500	69,056	71,889
Total Group	**81,428**	**83,498**	**72,011**	**74,770**

Pension schemes

The Company does not operate a pension scheme for its employees. Certain subsidiaries of the Group (for example Contrack) operate statutory pension schemes for their employees.

12.12 Works councils and collective labour agreements

The Company does not have a works council. Certain subsidiaries of the Group (for example OCI Nitrogen) have works councils as required by applicable law.

12.13 Limitation of tasks

Under Dutch law, a director of a large Dutch NV may not hold more than two supervisory positions at another large Dutch NV,BV or foundation. The term supervisory position refers to the position of supervisory director, non-executive director or member of a supervisory body established by the articles of association. Under Dutch law, a large company is a company that fulfils at least two out of the following three criteria on two successive balance sheet dates: (1) the value of the assets according to the consolidated balance sheet with explanatory notes is, on the basis of the purchase price and manufacturing costs, more than EUR17.5 million; (2) the net turnover is more than EUR35.0 million, (3) the average number of employees is 250 or more. Supervisory positions in group companies, Dutch legal entities other than large NVs, BVs and foundations and foreign legal entities will not count toward the maximum number of supervisory positions permitted.

The Company is not a so-called large company, but all directors of the Company will nevertheless comply with these rules.

12.14 Diversity policy

Dutch law requires large NVs (see above for the explanation of this term) to pursue a policy of having at least 30% of the seats on the board be held by men and at least 30% of the seats on the board be held by women. This allocation of seats will be taken into account in connection with the following actions: (i) the appointment, or nomination for the appointment, of executive and non-executive directors; (ii) drafting the criteria for the size and composition of the board, as well as the designation, the appointment, the recommendation and the nomination for appointment of non executive directors; and (iii) drafting the criteria for the non-executive directors. Pursuant to Dutch law, if a large company does not comply with the gender diversity rules, it will be required to explain in its annual report: (i) why the seats are not allocated in a well-balanced manner; (ii) how it has attempted to achieve a well-balanced allocation; and (iii) how it aims to achieve a well-balanced allocation in the future. This rule will cease to have effect on 1 January 2016.

13. CORPORATE GOVERNANCE

The Dutch Corporate Governance Code as revised became effective on 1 January 2009, and applies to all Dutch NVs listed on a regulated market or a comparable system in a non-EEA member state. The Dutch Corporate Governance Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual reports filed in the Netherlands whether or not they are complying with the various rules of the Dutch corporate governance code that are addressed to the Board and if they do not apply those provisions, to give the reasons for such non-application. The Dutch Corporate Governance Code contains principles and best practice provisions for the Board (executives and non-executives), shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

The Company is in compliance with the provisions of the Dutch Corporate Governance Code.

14. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

14.1 Major shareholders

The following table identifies the interests of those persons who, directly or indirectly, as at 17 January 2013 (being the latest practicable date prior to the publication of this Offering Circular) have an interest above 1% in the share capital of the OCI Egypt. The percentage of share capital is calculated on 206,918,461 total ordinary shares outstanding. The remaining 2,019,958 shares are held as treasury shares under OCI Egypt and do not contribute to OCI Egypt's capital.

Name of shareholder	Number of shares and GDRs	Class of shares	Percentage of share capital
Nassef Sawiris	59,490,375	Ordinary shares	28.8%
Onsi Sawiris	36,020,210	Ordinary shares	17.4%
Samih Sawiris	18,645,405	Ordinary shares	9.0%
Infrastructure & Growth Capital Fund L.P. (a fund managed by Abraaj Capital)	12,532,310	Ordinary shares	6.1%
Genesis Investment Management LLP	11,030,338	Ordinary shares	5.3%
Lazard Asset Management LLC	10,678,699	Ordinary shares	5.2%
Abu Dhabi Investment Authority	4,802,100	Ordinary shares	2.3%
OCI ESOP Ltd	3,138,020	Ordinary shares	1.6%
BlackRock Fund Advisors	2,918,055	Ordinary shares	1.4%
The Vanguard Group Inc.	2,530,641	Ordinary shares	1.2%
Schroder Investment Management Ltd.	2,010,046	Ordinary shares	1.0%
International Finance Corporation	1,149,425	Ordinary shares	0.6%

The major Shareholders of the Company listed above do not have voting rights that differ from those of the other Shareholders.

All shareholding information is disclosed to the best of the Company's knowledge based on official filings with the Egyptian Stock Exchange dated 16 December 2012, and voluntary investor filings of their ownerships of OCI Egypt's depositary receipts.

The Sawiris Family and Abraaj Capital have irrevocably undertaken to accept or procure the acceptance of the GDR Offer in respect of their OCI GDRs. As at 17 January 2013 (being the latest practicable date prior to publication of this Offering Circular), these irrevocable undertakings related to 123,542,976 OCI GDRs representing, in aggregate, approximately 59.7 per cent. of the OCI Shares. As a result, after the exchange of the OCI GDRs and OCI Shares for Shares, the following persons will hold a capital interest in the Company exceeding 5%:

Name of shareholder	Number of Shares	Percentage*
Nassef Sawiris	59,490,375	28.8%
Onsi Sawiris	36,020,210	17.4%
Samih Sawiris	18,645,405	9.0%
Infrastructure & Growth Capital Fund L.P. (a fund managed by Abraaj Capital)	12,532,310	6.1%

* Assuming a total outstanding share capital of 206,918,461

Except as disclosed above, we are not aware of any person who, at the date of the Listing, will have an interest as beneficial owner in Shares, directly or indirectly, which represents 5% or more of the Shares.

14.2 Related party transactions

Transactions with key management personal

Key management personal compensation

Key Management includes executive and non-executive directors, the Chief Financial Officer and other managing directors considered key personal.

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Salaries and other benefits	18.1	18.9	14.5
Share based payments	12.8	13.2	10.6
Total	**30.9**	**32.1**	**25.1**

Other related parties transaction

The intra-group transactions, balances and unrealized profits or losses have been eliminated. Balances as at 31 December 2011 for non-consolidated companies and joint ventures are reported in the consolidated statements of financial position as due from affiliated companies and due to affiliated companies, and included in trade and other receivables and trade and other payables.

	Nature	**Transaction value for the year ended 31 December**			**Balance outstanding as at 31 December**		
(In millions of USD)		**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Egyptian Company for Mobile Services	Client	5.8	6.1	-	2.0	1.1	-
Nile Sugar	Client	0.1	14.6	24.0	2.4	11.7	19.1
Nile Sugar	Lending	-	-	-	22.4	23.3	24.6
Other related parties	Current account	4.7	4.5	3.7	(0.1)	(0.1)	0.4

15. TAXATION

15.1 Dutch taxation

The following summary outlines certain principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Shares, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force on the date of this Offering Circular, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

(a) holders of Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and holders of Shares of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds, or is deemed to hold: (i) an interest of 5% or more of the total issued capital of the Company or of 5% or more of the total issued capital of a certain class of shares in the capital of the Company; (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in the Company;

(b) investment institutions (*fiscale beleggingsinstellingen*);

(c) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;

(d) persons to whom the Shares and the income therefrom are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act (*Successiewet 1956*); and

(e) corporate holders of Shares who qualify for the participation exemption (*deelnemingsvrijstelling*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Dividend tax

Withholding requirements

The Company is required to withhold 15% Netherlands dividend tax in respect of dividends paid on the Shares. Under the Netherlands Dividend Tax Act 1965 (*Wet op de dividendbelasting 1965*), dividends are defined as the proceeds from shares, which include:

(f) proceeds in cash or in kind including direct or indirect distributions of profit;

(g) liquidation proceeds, proceeds on redemption of the Shares and, as a rule, the consideration for the repurchase of the Shares by the Company in excess of its average paid-in capital recognised for Netherlands dividend tax purposes, unless a particular statutory exemption applies;

(h) the par value of Shares issued to a holder of Shares or an increase in the par value of the Shares, except when the (increase in the) nominal value of the Shares is funded out of the Company's paid-in capital as recognised for Netherlands dividend tax purposes; and

(i) partial repayments of paid-in capital for tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the General Meeting has resolved in advance to make such repayment and provided that the nominal value of the Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association and the paid-in capital is recognised as capital for Netherlands dividend tax purposes.

Residents of the Netherlands

If a holder is a resident of the Netherlands or a deemed resident of the Netherlands or is an individual who has opted to be treated as a resident for the purposes of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), Netherlands dividend tax which is withheld with respect to proceeds from the Shares will generally be creditable for Dutch corporate income tax or Netherlands income tax purposes if the holder is the beneficial owner (as described below) thereof.

Non-residents of the Netherlands

If a holder is a resident of a country other than the Netherlands, and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is the beneficial owner (as described below) of the proceeds from the Shares and a resident for the purposes of such treaty, the holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Netherlands dividend tax.

A refund of the Netherlands dividend tax is available to entities resident in another EU member state, Norway, Iceland or Liechtenstein, provided that (i) these entities are not subject to corporate income tax there and (ii) these entities would not be subject to Netherlands corporate income tax, if these entities would be tax resident in the Netherlands and (iii) these entities are not comparable to investment institutions (*fiscale beleggingsinstellingen*) or exempt investment institutions (*vrijgestelde beleggingsinstellingen*).

Beneficial owner

A recipient of proceeds from the Shares will not be entitled to any exemption, reduction, refund or credit of Netherlands dividend tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely that:

(j) the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:

  (i) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend tax; or

(ii) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a reduction or refund of dividend tax; and

(k) such person or legal entity has, directly or indirectly, retained or acquired an interest in Shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

Netherlands withholding tax upon redistribution of foreign dividends

Provided certain conditions are met, the Company may retain part of the withholding tax imposed on certain qualifying dividends distributed by the Company, if the Company has itself received dividends from certain qualifying non- Netherlands subsidiaries, which dividends were subject to withholding tax upon distribution to the Company. The Netherlands withholding tax which the Company may retain is equal to the lesser of:

(l) 3% of the amount of the dividends distributed by the Company that are subject to withholding tax; and

(m) 3% of the gross amount of the dividends received during a certain period from the qualifying non- Netherlands subsidiaries.

The reduction is applied to the Netherlands dividend tax that the Company must pay to the Netherlands tax authorities and not to the amount of the Netherlands dividend tax that the Company must withhold.

Corporate and individual income tax

Residents of the Netherlands

If a holder of Shares is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Shares are attributable, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual who has opted to be taxed as a resident of the Netherlands), income derived from the Shares and gains realised upon the redemption or disposal of the Shares are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) if:

(n) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or

(o) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance by the individual of activities with respect to the Shares that exceed regular, active portfolio management (*normaal actief vermogensbeheer*).

If neither of the conditions under paragraphs (a) and (b) above applies, an individual who holds the Shares, must determine taxable income with regard to the Shares on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Shares will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a person is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (nor has opted to be taxed as a resident of the Netherlands), such person is not liable for Netherlands income tax in respect of income derived from the Shares and gains realised upon the redemption or disposal of the Shares, unless:

(p) the person is not an individual and such person; (i) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Shares are attributable; or (ii) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise which is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

    This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

(q) the person is an individual and such person: (i) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable; or (ii) realises income or gains with respect to the Shares that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands with respect to the Shares which exceed regular, active portfolio management (*normaal actief vermogensbeheer*); or (iii) is (other than by way of securities) entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

(r) Income derived from the Shares as specified under (i) and (ii) by an individual is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits in an enterprise as specified under (iii) that is not already included under (i) or (ii) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Shares) will be part of the individual's Netherlands yield basis.

Gift and inheritance tax

Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Shares by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled and is subject to Netherlands gift and inheritance tax if the donor is a or is deemed to be a resident of the Netherlands at that time.

A holder of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a gift within a 12-month period after leaving the Netherlands. The same 12-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Shares by way of a gift by, or as a result of the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax, unless in the case of a gift of the Shares by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Shares or in respect of a cash payment made under the Shares, or in respect of a transfer of Shares.

Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Shares.

16. GENERAL INFORMATION

16.1 Corporate resolutions

On 16 January 2013, the General Meeting resolved to issue up to 208,938,419 Shares, to exclude the statutory pre-emptive rights of Shareholders in relation to this issue, to grant the authority to the Board to issue further Shares until 31 December 2014 (including the right to exclude the statutory pre-emptive rights of Shareholders), to appoint Mr. Nassef Sawiris as chief executive director of the Company, to approve the listing of Shares on NYSE Euronext Amsterdam, to amend the current Articles of Association and to, among other things, authorise the Board to repurchase 10% of the issued share capital.

On 16 January 2013, the General Meeting resolved to appoint the members of the Board as set out in chapter 12.2 ("Members of the Board") of this Offering Circular as per the First Trading Date (except for Mr Nassef Sawiris who has been appointed as per 16 January 2013).

16.2 Material subsidiaries

The Company is the holding company of a Group that includes the following operating entities (held directly or indirectly by the Company):

Construction Entities:

Subsidiary	Country of incorporation	Ownership
Orascom Construction	Egypt	100%
Contrack	Cyprus	100%
The BESIX Group	Belgium	50%
The Weitz Company	USA	100%

Fertiliser Entities:

Subsidiary	Country of incorporation	Ownership
Egyptian Fertilizers Company (EFC)	Egypt	100%
Egypt Basic Industries Corporation (EBIC)	Egypt	60%
OCI Nitrogen	The Netherlands	100%
OCI Beaumont	USA	100%
Iowa Fertilizer Company	USA	100%
Sorfert Algérie	Algeria	51%
OCI Beaumont	USA	100%

16.3 Availability of documents

Copies (in print) of the deed of incorporation of the Company and the Articles of Association are available free of charge at the Company's head office at Herikerbergweg 238, 1101CM Amsterdam Zuidoost, the Netherlands, during normal business hours and in electronic form from the Company's website at www.ocinv.nl.

Copies (in print) of this Offering Circular and any supplement to this Offering Circular (if any) may be obtained at no cost from the date of this Offering Circular at the Company's head office. Alternatively, this Offering Circular can also be found electronically on the website of the Company at www.ocinv.nl.

16.4 Independent auditor

The financial statements of OCI Egypt as of and for the years ended 31 December 2009, 31 December 2010 and 31 December 2011 have been audited by KPMG Hazem Hassan Public Accountants and Consultants (**KPMG**), independent auditors, as stated in their report appearing herein. The auditor's report is unqualified. The auditors of the Company have no interest in the Company.

The address of KPMG is KPMG Building, Pyramids Heights Office Park, Km 22 Cairo/Alex Road, Giza, Cairo 12111 in Egypt. The auditors, who sign on behalf of KPMG, are certified Egyptian accountants (authorised for joint stock companies). KPMG has given, and has not withdrawn, its consent to the inclusion or incorporation by reference of its report in this Offering Circular in the form and context in which they are included.

The Company has appointed KPMG Accountants N.V., Laan van Langerhuize 1 in Amstelveen, The Netherlands as its independent auditors.

16.5 Legal proceedings

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

Save as set out below, neither the Company nor any of its subsidiaries is or has been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering at least 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

- The major portion of the business of the Company’s US subsidiary involves contracting with departments and agencies of the US Government. Such contracts are subject to audit and possible adjustment by the respective agencies. The USAID Agency has investigated the nature of the relationship and performance of a contract with an Egyptian Joint Venture of which the Company has a 40% share. The USAID Agency has filed a suit against all partners of the Joint Venture contending that it is entitled to refund USD332 million from the partners representing all the contract funds paid for these projects plus damages and civil penalties. Management has strong substantive reasons to oppose the allegations raised by the USAID Agency. The Company management has been engaged in some settlement discussions with the Government. The management of the US subsidiary is of the opinion that the ultimate resolution of any such claims and counterclaims will not have a significant impact on reported results of operations, our consolidated balance sheet and cash flows. The expected settlement of the claim is USD3 million.

- OCI Egypt initiated arbitral proceedings to settle matters of dispute with the owner of one of its projects which include the handing over date of the project and delay penalties. The estimated total value of this claim is USD211 million (of which OCI Egypt's share is 50%). We believe that we have documents and justifications to support our position. We also believe that expected indemnities will surpass any delay penalties we might be subject to. As a result, we did not form any provision in our financial statements against either a reduction in the amount due from the client or delay penalties demanded by the client. We await the final result of arbitration.

- In 2008 and in breach of the terms of the Gas Supply Agreement (GSA), the Egyptian Government represented by Egyptian Natural Gas Holding Company (EGAS), sent a letter informing EFC of its desire to change the gas supply price to USD3.00/MMBTU. In addition, the letter also stipulated that if EFC consumes more than the contractual quantities of gas, the excess consumption will be charged at USD5.00/MMBTU as of 1 January 2008. EFC refused this request and found it necessary to instigate a dispute as it had already signed two long term contacts (25 years) for the supply of natural gas with a pricing formula linked to international fertiliser prices. The contracts also state that any amendments or additions to the contract are not acknowledged or binding unless written and signed by both parties. On 13 June 2011, the gas supplier GASCO initiated arbitral proceedings against EFC. The arbitral proceedings took place and the closing statements were presented to the arbitral tribunal, which is expected to issue its award early 2013. We believe we have a strong legal position based on the contracts already at our disposal and that we have the right to account for natural gas supply according to the signed contracts.

- The sale contract of Al Nasr Company for Steam Boilers and Pressure Vessels signed between the Holding Company for Engineering Industries and Al Nasr Company for Steam Boilers and Pressure Vessels (renamed later as IBSF) as the seller and Babcock and Wilcox International Investment Inc. and allies as the buyer was invalidated by a ruling of the administrative legal court. All actions and decisions that resulted in during preparations and execution of the said sale contract were also invalidated; including the sale of IBSF assets to OCI Egypt in 2008. The high administrative court ruled on 17 December 2012 cancelling the Prime Ministerial decree approving the sale of IBSF and nullifying the initial sale transaction and all subsequent sale transactions. This ruling is final. It is worth mentioning that the Holding Company for Metallurgical Industries is refusing to repossess IBSF and its assets which means that the execution of the court's judgment is pending.

- BESIX is involved in two disputes which relate to the Burj Khalifa tower through the joint-venture BESIX SA - Samsung - Arabtec (BESIX's share is 35%). A claim was filed by BESIX SA - Samsung - Arabtec to EMAAR Properties for AED 1.83 billion equivalent to USD0.5 billion (BESIX's share is AED 640 million which is equivalent to USD147.3 million) for extensions of time and additional costs. The claim filed by BESIX SA - Samsung - Arabtec covers the period up to March 2010. On February 13, 2011, EMAAR Properties notified their counter-claim for AED 829.8 million equivalent to USD226.0 million (BESIX share AED 290.4 million equivalent to USD79.1 million). No provision has been set up in BESIX books. BESIX SA - Samsung - Arabtec is trying to resolve the dispute amicably. In case the ICC arbitration is considered by BESIX SA - Samsung - Arabtec or launched by EMAAR based on their summon of February 13, 2011, then BESIX SA - Samsung - Arabtec will update their claims with legal and expert assistance which would last between 6 to 8 months and cost around USD6.0 million.

16.6 Significant Change

There has been no significant change in the financial or trading position of the Company since 30 September 2012, the end of the last financial period for which financial information has been published.

17. DEFINITIONS

The following definitions are used throughout this Offering Circular.

Acceptance Condition	The condition to the GDR Offer that valid acceptances of the Offer being received by the Expiration Time (or such later time(s) and/or date(s) as the Company may decide) in respect of OCI GDRs representing not less than 60 per cent. (or such lower percentage as the Company may decide) in nominal value of the OCI Shares
Accepting OCI GDR Holders	The OCI GDR Holders who have given an instruction to accept the Offer
ADS	American depositary share
ADS Deposit Agreement	The deposit agreement among OCI Egypt, the Depositary and all owners and holders from time to time dated as of 3 December 2010 under which the OCI ADSs are issued
AFM	The Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*)
Articles of Association	The articles of association of the Company
AE	Alico Egypt S.A.E.
AS	Ammonium Sulphate
BESIX Group	The BESIX Group SA/NV
Business Day	A day (other than Saturdays, Sundays and public holidays in the UK) on which banks are normally open for business in the City of London
Board	The board of the Company
CAN	Calcium Ammonium Nitrate
CFM	Contrack FM
Company	OCI N.V.
Conditions	The conditions of the GDR Offer set out in Appendix 1 (*Conditions to the Offer*) of the Offer Document, and **Condition** means any one of them
Construction Business	The construction business of the Group
Construction Materials	The construction materials business of the Construction Business
Contrack	Contrack International Inc.

DEF	Diesel exhaust fluid
Depositary	The Bank of New York Mellon
Deposit Agreements	The ADS Deposit Agreement and the GDR Deposit Agreement
Dutch Civil Code	The Dutch Civil Code (*Burgerlijk Wetboek*) and rules promulgated thereunder
Dutch Financial Supervision Act	the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder
Dutch Securities (Bank Giro Transactions) Act	the Dutch Securities (Bank Giro Transactions) Act (*Wet giraal effecten verkeer*)
EBIC	Egypt Basic Industries Corporation
EFC	Egyptian Fertilizers Company S.A.E.
EFSA	Egyptian Financial Supervisory Authority
Enterprise Chamber	The Enterprise Chamber of the Court of Appeal in Amsterdam
EPC	Engineering, procurement and construction
ESOP	Employee stock ownership plan
EU	The European Union
Euroclear	Euroclear Bank S.A./N.V. as operator of the Euroclear System
Euroclear Nederland	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland, the Dutch depositary and settlement institute, a subsidiary of Euroclear
Expiration Time	12.00 noon (*New York Time*)/5.00 P.M (*London time*) on 7 February 2013
Fertipar	Grupo Fertipar
Fertiliser Business	The fertiliser business of the Group
First Closing Date	the earlier of: (a) the seventh day following the commencement of the Offer Period; and (b) sufficient acceptances of the Offer having been received to permit the Shares to be admitted to listing and trading on NYSE Euronext Amsterdam
First Trading Date	The date that trading in the Shares on NYSE Euronext Amsterdam commences, which is expected to be 25 January 2013

Gavilon	Gavilon Group LLC
GCC	Gulf Co-operation Council
GDR	Global depositary receipt
GDR Deposit Agreements	The deposit agreement between OCI Egypt and the Depositary dated 26 June 2002, as amended on 12 May 2003 under which OCI GDRs are issued
GDR Offer	The offer by the Company to acquire all of the Regulation S global depository receipts representing OCI Shares in exchange for Shares
General Meeting	The general meeting of Shareholders
GHG	Greenhouse gas
Group	The Company and its subsidiaries
IFRS	International Financial Reporting Standards
KBR	Kellog, Brown and Root
KPMG	KPMG Hazem Hassan Public Accountants and Consultants.
LTI	Lost time injury
LTIR	Lost time injury rate
Listing	The first admission to listing and trading of the Shares as described in this Offering Circular
Listing Agent	Rabobank
Member State	A member state of the European Economic Area
MENA	Middle East and North Africa
Notore	Notore Chemical Industries S.A.E.
NPK	Nitrogen, phosphate and potassium
NSF	National Steel Fabrication S.A.E.
NPC	National Pipes Company
NYSE Euronext	Euronext Amsterdam N.V.
NYSE Euronext Amsterdam	NYSE Euronext in Amsterdam
OCI ADSs	American depositary shares of OCI Egypt, each of which represents one OCI Share

OCI ADS Holders	Holders of OCI ADSs from time to time
OCI Beaumont	OCI Beaumont LLC
OCI Egypt	Orascom Construction Industries S.A.E.
OCI GDRs	Regulation S global depositary receipts representing OCI Shares
OCI GDR Holders	Holders of OCI GDRs from time to time
OCI Nitrogen	OCI Nitrogen B.V.
OCI Shares	Ordinary shares of EGP 1 each in the capital of OCI Egypt
OFT	OCI Fertiliser Trading Limited
Offer	The offer by the Company to acquire all of the OCI GDRs in exchange for Shares
Offering Circular	This offering circular dated 18 January 2013
Offer Document	The document containing the GDR Offer including any subsequent document
Official List	Official List of the UK Listing Authority
Offer Period	The period beginning on and including 18 January 2013 and ending on the latest of (i) the Expiration time; (ii) the time and date on which the GDR Offer becomes or is declared unconditional as to acceptances; and (iii) the time and date on which the GDR Offer lapses or is withdrawn
OSHA	Occupational Safety and Health Administration
PPP	Public-private partnership
Prospectus Directive	The Directive 2003/71/EC of the European Parliament and of the Council of the European Union and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State
Rabobank	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A
Regulatory Information Service	Any of the services set out in Appendix 3 to the UK Listing Rules of the UK Listing Authority
Relevant Member State	Each Member State that has implemented the Prospectus Directive
Restricted Jurisdiction	Any jurisdiction where extension or acceptance of the Offer or issuances or delivery of OCI N.V. Shares in exchange for OCI GDRs would violate the law of that jurisdiction, including Australia, Canada, Japan, South Africa and the

	United States
Sawiris Family	Onsi Sawiris, Nassef Sawiris, Samih Sawiris, investment and any companies or vehicles controlled by any of them
SCIB	SCIB Chemical
Shareholder	A holder of at least one Share in the capital of the Company
Shares	Ordinary shares in the capital of the Company with a nominal value of EUR1 each
Share Offer	The offer by the Company to acquire all of the OCI Shares in exchange for Shares or cash
SIDC	Suez Industrial Development Company
Sorfert	Sorfert Algérie S.p.A.
Takeover Offer	The GDR Offer and the Share Offer
UAN	Urea Ammonium Nitrate
UHC	United Holding Company
Uhde	Thyssenkrupp Uhde
UK Listing Rules	The rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UKLA's publication of the same name
UN FAO	United Nations Food and Agriculture Organisation
UPC	United Paints & Chemicals
US or **United States**	The United States of America, its territories and possession, any state of the United States of American and the District of Columbia
US Securities Act	The US Securities Act of 1933, as amended

SCHEDULE 1

FINANCIAL NOTES

KPMG

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Independent Auditor's Report

To the Board of Directors of

Orascom Construction Industries Company

We have audited the accompanying consolidated financial statements of Orascom Construction Industries Company, which comprise the consolidated statements of financial position as at 31 December 2011, 2010 and 2009 and the consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union 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.

Auditor's Responsibility

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

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

KPMG

Hazem Hassan

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Orascom Construction Industries Company as at 31 December 2011, 2010 and 2009 and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note No. 30 to the consolidated financial statements, which relates to the sale of the Company's investment in Orascom Building Materials Holding to Lafarge S.A in year 2007. This sale resulted in a capital gain of US$ 11.4 billion (equivalent to L.E 68.8 billion). Following the tax inspection in year 2012, the Company has a substantial dispute with the Egyptian Tax Authority regarding whether this capital gain or part thereof is subject to tax. The management of the Company and its tax advisor believe that the capital gain referred to above is tax exempted according to article No. 50 of the Egyptian Tax Law No. 91 of 2005. The ultimate outcome of the matter cannot be presently determined and, accordingly, no provision for any effects on the company that may result has been made in the consolidated financial statements.

Restriction on Distribution and Use

These consolidated financial statements are prepared to assist Orascom Construction Industries Company to meet the requirements of The Netherlands Authority for the Financial Markets. As a result, these consolidated financial statements may not be suitable for another purpose.

KPMG Hazem H

KPMG Hazem Hassan
Public Accountants and Consultants
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KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, 14 January 2013

Orascom Construction Industries (OCI)
Consolidated statements of financial position
As of 31 December

(In millions of USD)	Notes	2011	2010	2009
Assets				
Non-current assets				
Property, plant and equipment	(7)	3,323.7	3,204.6	2,733.2
Intangible assets and goodwill	(8)	1,874.2	1,884.1	1,786.9
Trade and other receivables	(9)	392.0	358.4	345.1
Equity-accounted investees	(10)	68.8	387.2	310.0
Other investments	(12)	68.8	70.1	46.1
Deferred tax assets	(30)	2.2	9.5	6.9
Total non-current assets		**5,729.7**	**5,913.9**	**5,228.2**
Current assets				
Inventories	(13)	424.4	381.7	328.6
Other investments	(12)	8.8	16.6	38.5
Trade and other receivables	(9)	2,141.2	2,035.2	1,755.5
Cash and cash equivalents	(15)	1,051.7	973.0	1,080.2
Assets held for sale	(16)	376.6	11.6	25.2
Total current assets		**4,002.7**	**3,418.1**	**3,228.0**
Total assets		**9,732.4**	**9,332.0**	**8,456.2**
Equity				
Share capital	(17)	191.6	191.6	189.9
Reserves	(18)	639.9	754.8	745.8
Retained earnings		2,312.6	2,114.0	2,024.5
Equity attributable to owners of the company		**3,144.1**	**3,060.4**	**2,960.2**
Non-controlling interests		193.3	179.9	136.8
Total equity		**3,337.4**	**3,240.3**	**3,097.0**
Liabilities				
Non-current liabilities				
Loans and borrowings	(22)	2,696.2	2,454.5	2,060.1
Trade and other payables	(23)	616.4	742.8	883.4
Provisions	(24)	42.8	189.6	179.8
Deferred tax liabilities	(30)	218.6	143.4	116.3
Total non-current liabilities		**3,574.0**	**3,530.3**	**3,239.6**
Current liabilities				
Loans and borrowings	(22)	947.9	575.7	413.1
Trade and other payables	(23)	1,478.6	1,758.3	1,522.3
Provisions	(24)	293.8	159.5	118.5
Income tax payable		100.7	67.9	65.7
Total current liabilities		**2,821.0**	**2,561.4**	**2,119.6**
Total liabilities		**6,395.0**	**6,091.7**	**5,359.2**
Total equity and liabilities		**9,732.4**	**9,332.0**	**8,456.2**

* The notes on pages from 5 to 70 are an integral part of these consolidated financial statements.

Chairman & Managing Director	Chief Financial Officer
Nassef Sawiris	Salman Butt

Auditor's report attached

Orascom Construction Industries (OCI)
Consolidated statements of comprehensive income
For the years ended 31 December

(In millions of USD)	Notes	2011	2010	2009
Continuing operations				
Revenues	(25)	5,511.3	4,723.4	3,829.9
Cost		(4,122.2)	(3,585.2)	(3,023.2)
Gross profit		**1,389.1**	**1,138.2**	**806.7**
Other income	(28)	46.3	17.8	37.7
Administrative and distribution expenses		(363.2)	(410.0)	(278.8)
Other expenses		(4.7)	(0.1)	(0.2)
Results from continuing operating activities		**1,067.5**	**745.9**	**565.4**
Financing income & expenses				
Finance income	(29)	20.9	10.6	30.5
Finance cost	(29)	(168.7)	(133.1)	(113.5)
Net finance cost	**(29)**	**(147.8)**	**(122.5)**	**(83.0)**
Share of profit of equity-accounted investees (net of tax)		6.3	32.7	4.4
Profit before tax		**926.0**	**656.1**	**486.8**
Income tax (expense)	(30)	(262.1)	(145.8)	(88.3)
Profit from continuing operations		**663.9**	**510.3**	**398.5**
Discontinued operations				
Profit from discontinued operations (net of tax)		45.3	44.7	13.4
Profit for the year		**709.2**	**555.0**	**411.9**
Other comprehensive income:				
Net change in fair value in available-for-sale financial assets		2.3	3.7	3.8
Effective portion of changes in fair value of cash flow hedges		3.2	5.5	(22.6)
Foreign currency translation differences - foreign operations		(50.7)	(26.1)	(23.1)
Tax on other comprehensive income	(30)	(2.2)	(4.2)	0.4
Other comprehensive income for the year, net of tax		**(47.4)**	**(21.1)**	**(41.5)**
Total comprehensive income for the year		**661.8**	**533.9**	**370.4**
Profit Attributable to:				
Owners of the Company		635.7	503.3	388.3
Non-controlling interests		73.5	51.7	23.6
Profit for the year		**709.2**	**555.0**	**411.9**
Total comprehensive income attributable to:				
Owners of the Company		589.1	482.2	346.7
Non-controlling interests		72.7	51.7	23.7
Total comprehensive income for the year		**661.8**	**533.9**	**370.4**
Earnings per share				
Basic earnings per share (in USD)	(21)	3.1	2.4	1.9
Diluted earnings per share (in USD)	(21)	3.1	2.4	1.9
Earnings per share - continuing operations				
Basic earnings per share (in USD)	(21)	2.9	2.2	1.8
Diluted earnings per share (in USD)	(21)	2.9	2.2	1.8

* The notes on pages from 5 to 70 are an integral part of these consolidated financial statements.

ORASCOM CONSTRUCTION INDUSTRIES COMPANY
Consolidated statements of change in equity
For the years ended 31 December 2011, 2010 and 2009

(In millions of USD)

		Attributable to owners of the Company							
	Note	Share Capital	Legal reserve	Other reserves	Reserve for own shares	Retained earnings	Total	Non controlling interests	Total equity
Balance at 1/1/2009		**197.0**	**92.6**	**1,015.6**	**(304.5)**	**2,015.4**	**3,016.1**	**90.5**	**3,106.6**
Total comprehensive income for the year 2009									
Profit		0.0	0.0	0.0	0.0	388.3	**388.3**	23.6	**411.9**
Total other comprehensive income	(30)	0.0	0.0	(41.6)	0.0	0.0	**(41.6)**	0.1	**(41.5)**
Total comprehensive income for the year 2009		**0.0**	**0.0**	**(41.6)**	**0.0**	**388.3**	**346.7**	**23.7**	**370.4**
Own shares acquired		0.0	0.0	0.0	(29.1)	0.0	**(29.1)**	0.0	**(29.1)**
Own shares retired	(17)	(7.1)	0.0	(290.2)	297.3	0.0	**0.0**	0.0	**0.0**
Dividends	(20)	0.0	0.0	0.0	0.0	(373.5)	**(373.5)**	0.0	**(373.5)**
Transferred to legal from retained earning		0.0	5.7	0.0	0.0	(5.7)	**0.0**	0.0	**0.0**
Non-controlling interest share adjustments		0.0	0.0	0.0	0.0	0.0	**0.0**	22.6	**22.6**
Balance at 31/12/2009		**189.9**	**98.3**	**683.8**	**(36.3)**	**2,024.5**	**2,960.2**	**136.8**	**3,097.0**
Balance at 1/1/2010		**189.9**	**98.3**	**683.8**	**(36.3)**	**2,024.5**	**2,960.2**	**136.8**	**3,097.0**
Total comprehensive income for the year 2010									
Profit		0.0	0.0	0.0	0.0	503.3	**503.3**	51.7	**555.0**
Total other comprehensive income	(30)	0.0	0.0	(21.1)	0.0	0.0	**(21.1)**	0.0	**(21.1)**
Total comprehensive income for the year 2010		**0.0**	**0.0**	**(21.1)**	**0.0**	**503.3**	**482.2**	**51.7**	**533.9**
Issue of ordinary shares	(17)	1.7	0.0	0.0	(1.7)	0.0	**0.0**	0.0	**0.0**
Own shares sold during the year		0.0	0.0	0.0	9.6	0.0	**9.6**	0.0	**9.6**
Dividends	(20)	0.0	0.0	0.0	0.0	(413.8)	**(413.8)**	(6.4)	**(420.2)**
Employees stock option		0.0	0.0	22.2	0.0	0.0	**22.2**	0.0	**22.2**
Non-controlling interest share adjustments		0.0	0.0	0.0	0.0	0.0	**0.0**	(2.2)	**(2.2)**
Balance at 31/12/2010		**191.6**	**98.3**	**684.9**	**(28.4)**	**2,114.0**	**3,060.4**	**179.9**	**3,240.3**
Balance at 1/1/2011		**191.6**	**98.3**	**684.9**	**(28.4)**	**2,114.0**	**3,060.4**	**179.9**	**3,240.3**
Total comprehensive income for the year 2011									
Profit		0.0	0.0	0.0	0.0	635.7	**635.7**	73.5	**709.2**
Total other comprehensive income	(30)	0.0	0.0	(46.6)	0.0	0.0	**(46.6)**	(0.8)	**(47.4)**
Total comprehensive income for the year 2011		**0.0**	**0.0**	**(46.6)**	**0.0**	**635.7**	**589.1**	**72.7**	**661.8**
Own shares acquired		0.0	0.0	0.0	(87.9)	0.0	**(87.9)**	0.0	**(87.9)**
Dividends	(20)	0.0	0.0	0.0	0.0	(437.1)	**(437.1)**	(34.6)	**(471.7)**
Employees stock option		0.0	0.0	12.8	0.0	0.0	**12.8**	0.0	**12.8**
Other Adjastments		0.0	0.0	6.8	0.0	0.0	**6.8**	0.0	**6.8**
Non-controlling interest share adjustments		0.0	0.0	0.0	0.0	0.0	**0.0**	(24.7)	**(24.7)**
Balance at 31/12/2011		**191.6**	**98.3**	**657.9**	**(116.3)**	**2,312.6**	**3,144.1**	**193.3**	**3,337.4**

* The notes on pages from 5 to 70 are an integral part of these consolidated financial statements.

Orascom Construction Industries (OCI)
Consolidated statements of cash flows
For the financial years ended 31 December 2011, 2010 and 2009

		Year ended 31 December		
(In millions of USD)	**Notes**	**2011**	**2010**	**2009**
Cash flows from operating activities				
Profit for the year		709.2	555.0	411.9
Adjustments for:				
Depreciation and amortization	(7),(8)	272.8	259.1	182.8
Net provisions and allowances formed		37.0	88.8	41.0
Interest income	(29)	168.7	133.1	113.5
Interest expenses	(29)	(13.7)	(18.0)	(24.1)
Forex exchange	(29)	1.0	11.0	5.6
Share of profit of equity-accounted investees		(51.6)	(77.4)	(17.8)
Gain from acquisition		0.0	24.0	0.0
(Gain) on sale of property, plant and equipment	(28)	(9.9)	0.0	(6.9)
Equity-settled share-based payment transactions		12.8	13.2	10.6
Tax expense		262.1	145.8	88.3
		1,388.4	**1,134.6**	**804.9**
Changes in:				
Inventories		(42.7)	(53.1)	(53.0)
Trade and other receivables		(167.5)	(101.4)	(365.0)
Assets held for sale		3.5	13.6	72.1
Trade and other payables		(555.6)	(436.1)	436.1
Provisions	(24)	(23.2)	(5.1)	(13.8)
Cash generated from operating activities		**602.9**	**552.5**	**881.3**
Interest paid		(168.7)	(133.2)	(113.5)
Taxes paid		(115.1)	(58.5)	(100.9)
Net cash from operating activities		**319.1**	**360.8**	**666.9**
Cash flows from investing activities				
Interest received		13.7	18.1	24.1
Proceeds from sale of property, plant and equipment		46.4	77.0	56.2
Proceeds from / paid for investments		1.3	(24.0)	(22.0)
Acquisition of subsidiary, net of cash acquired		0.0	(128.4)	0.0
Acquisition of property, plant and equipment and projects under construction		(430.7)	(575.8)	(894.4)
Net cash (used in) investing activities		**(369.3)**	**(633.1)**	**(836.1)**
Cash flows from financing activities				
Proceeds from loans and borrowings		2,317.5	827.4	233.9
Payments of loans and borrowings		(1,703.6)	(270.4)	(26.7)
Other long term liabilities		74.6	18.7	(58.7)
Own shares		(87.9)	9.6	(29.1)
Dividends paid		(471.7)	(420.2)	(373.5)
Net cash from financing activities		**128.9**	**165.1**	**(254.1)**
Net increase (decrease) in cash at banks and on hand		**78.7**	**(107.2)**	**(423.3)**
Cash at banks and on hand at 1 January		973.0	1,080.2	1,503.5
Cash at banks and on hand at 31 December		**1,051.7**	**973.0**	**1,080.2**

* The notes on pages from 5 to 70 are an integral part of these consolidated financial statements.

1. Reporting entity

Orascom Construction Industries S.A.E (“OCI” or the Company) is a joint stock Company with its head office in Cairo - Egypt. OCI is registered in the Egyptian commercial register under No. 19661 dated 30/3/1998. The consolidated financial statements as at and for the years ended 31 December 2011, 2010 and 2009 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in associates and jointly controlled entities. The Group is primarily involved in construction and manufacturing of fertilizers.

2. Basis of presentation

Statement of Compliance

The Consolidated Financial Statements of Orascom Construction Industries Company “OCI” and its subsidiaries (“the Group”), as at and for the years ended 31 December 2011, 2010 and 2009 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated financial statements of 2009 group consolidated financial statements are the first consolidated statements prepared in accordance with IFRS and *IFRS 1 First Time Adoption of International Financial Reporting Standards* has been applied.

The consolidated financial statements as of and for the years ended 31 December 2011, 2010 and 2009 which were approved by the Board of Directors of the Company on 14 January 2013, were prepared solely to meet the requirements of the Netherlands Authority For The Financial Markets.

Basis of measurement

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

Functional and Presentation currency

These consolidated financial statements are presented in US dollars which is the Functional Currency of the Company. All financial information presented in US dollars has been rounded to the nearest one decimal place except when otherwise indicated.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS’s requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses during the financial years. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

- Contracts revenues (Note 14)

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

- Estimated useful lives of property, plant and equipment
- Recoverability of financial and non-financial assets

- Provisions (Note 24)
- Utilization of deferred tax assets (Note 30)
- Contingent liabilities (Note 31)
- Key assumptions used in discounted cash flow projection (Note 8)

3. Summary of main accounting principles and policies

The main accounting principles and policies adopted in preparing these Consolidated Financial Statements are set out below. These policies have been consistently applied to all periods in these Consolidated Financial Statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

The consolidated financial statements include the accounts of Orascom Construction Industries SAE and its subsidiaries. Subsidiaries are companies over which Orascom Construction Industries SAE has directly and / or indirectly the power to control the financial and operating policies so as to obtain benefits.

In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in equity and in results are presented separately. Transactions between consolidated companies and intercompany balances are eliminated. Accounting policies, as set out below; have been applied consistently for all periods presented in these consolidated financial statements and by all subsidiaries.

Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the extent of control, current and potential voting rights that are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity - accounted investee or as an available for sale financial asset depending on the level of influence retained.

Associates and jointly controlled operations

Associates are those companies in which where the Group exercises significant influence, but not control, over the financial and operating policies, which is presumed to exist when the Group holds 20% to 50 % of the voting power of other entity. Jointly controlled operations are those entities over whose activities the Group has Joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates are accounted for by the equity method. Joint ventures are accounted for using the proportionate consolidation method.

The equity method is as follows:

The Group share of profit and loss of an investee is recognized in the income statement from the date when significant influence begins up to the date when that influence ceases. Investments in associates with negative shareholders equity are impaired and a provision for its losses is accrued 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 and losses generated from transactions between the Company or its subsidiaries and investees accounted for under the equity method are eliminated on consolidated financial statements level for the portion pertaining to the Group, unrealized losses are eliminated unless they represent impairment.

The proportionate consolidation method is as follows:

The application of proportionate consolidation means that the statement of financial position of the venture includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The statement of comprehensive income of the venture includes its share of the income and expenses of the jointly controlled entity. Many of the procedures appropriate for the application of proportionate consolidation are similar to the procedures for the basis of consolidation, which is set out in paragraph above.

Transactions eliminated on the consolidation

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-investee are eliminated against the investment to the extent of the Group's interest in the investee. 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 Foreign currency translation

Foreign currency transactions translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss except for the available-for-sale investments which is recognized in other comprehensive income (except on impairment in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss).

Foreign operations translation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of non-monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

3.3 Financial instruments

a) Non-derivative financial assets

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

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 the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and 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 on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, cash and cash equivalents and available- for-sale financial assets.

Financial assets at Fair value through profit and loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

b) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

c) Share capital /ordinary shares

Ordinary shares

Ordinary shares are classified as equity.

Repurchase and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the "reserve for own shares". When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

d) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. 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 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.

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, and whether the actual results of each hedge are within a range of 80% - 125%. 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.

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 affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity.

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 accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item 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. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Separable embedded derivatives

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 designed in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following

- The cost of material, direct labor;
- Any other cost incurred to bring the asset ready to its intended use, as well as any expected cost to remove the asset at the end of its useful lives and restore the site to its original condition;
- When the group has an obligation to remove the asset or restore the site on which they are located; and
- Capitalized borrowing cost.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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 and loss.

Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expenses as incurred.

All other expenditure on internally generated goodwill and other intangible assets is recognized in profit and loss as incurred.

Projects under construction

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

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it reasonably certain that the Group will obtain ownership by the end of the lease term. 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 the current and comparative years of significant items of property, plant and equipment are as follows:

	Years
Buildings	4 - 50
Machinery and equipment	3 - 25
Furniture and office equipment	2 - 10
Vehicles	3 - 5
Information systems	2 - 6.7
Tools and supplies	1.5 - 10

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

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

3.5 Intangible assets and goodwill

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, (see note 3.1).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Except for goodwill, intangible assets (licenses, customer relations, brand names and other rights) are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

	Years
Licenses, customer relations, brand names and other rights	4-10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Inventories

Inventories are measured at the lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.7 Construction contracts in progress

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. Construction contracts in progress is presented in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as billing in excess on the construction contracts in the statement of financial position.

3.8 Assets held for sale

Non-current assets, or disposal Groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal Group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal Group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal Group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3.9 Impairment of assets

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more event that occurred after the initial recognition of the asset and that loss event(s) had impact on the estimated cash flow of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

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

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

Non- financial assets

The carrying amounts of the Group’s non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.10 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

Aftercare

Provisions for aftercare (including the period between provisional and final acceptance) are recognized throughout the lifetime of the construction sites and shown as provisions as of the date of provisional acceptance. Provisions are stated at management's best estimate of the expenditure required to settle the Company's obligations.

Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognized when the land is contaminated.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision 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.

3.11 Revenue recognition

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. 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, usually transfer occurs when the product is received at the customer'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.

Services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

The Group is involved in managing forest resources, as well as performing related services. When the services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services.

Government grants

An unconditional government grant related to an asset is recognized in profit or loss as other income when the grant becomes receivable. 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.

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.

3.12 Leases

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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.

3.13 Financing income and finance cost

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, 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 acquire, gains on hedging instruments that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income. 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 costs 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, 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 using the effective interest method.

Foreign currency gains and losses are reported 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.

3.14 Employees' benefits

Certain Group subsidiaries provide pension plans, end of service remuneration plans and long-term service benefits. These pension plans qualify as defined contribution plans. The main principle is that the pension charge to be recognized in the reporting period should be equal to the pension contributions payable to the pension fund over the period. Differences are treated as either an asset or a liability. In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of commitments and it is possible to reliably estimate the amount of the commitments. For any surplus at the pension fund as at balance sheet date, a receivable is recognized if the Company has the power to withdraw this surplus, if it is likely that the surplus will flow to the Company and if the receivable can be reliably determined.

Those subsidiaries that apply end of service remuneration plans charge to the income statement for the reporting period the contribution of the Company towards that plan.

In case of long-term service benefits, other than pension plans, the subsidiary's net obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on AAA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

3.15 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.16 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 3(l)), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3.17 Segment reporting

Operating segments are reported in a manner which consistent with internal reporting information provided to the Chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company.

3.18 New standards and interpretations not adopted

The following are the major new amendments in standards not yet effective and not early adopted:

IFRS 7 (amendment), 'Financial instruments: Disclosures effective for annual periods starting on or after 1 July 2011', will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The Group is not expecting a significant impact by its adoption.

IAS 12 (amendment), 'Income taxes' introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendment will be effective on 1 January 2012 and the Group is not expecting a significant impact by its adoption.

IAS 1 (amendment) 'Financial statement presentation' will be effective for annual periods starting on or after 1 July 2012. The main changes resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. The Group is currently assessing the impact of this amendment.

IFRS 10, 'consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 11, 'Joint arrangements*'* effective on 1 January 2013 focuses on the rights and obligations of the joint arrangements rather than its legal from. Proportional consolidation of joint ventures is no longer allowed. The Group is assessing the impact of its adoption.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

IFRS 13, 'Fair value measurement' will be effective on 1 January 2013 and aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group is currently assessing the impact of this new standard.

IAS 19 (amendment), 'Employee benefits' was amended in June 2011 and will be effective on 1 January 2013. The impact on the Group will be as follows: to eliminate the corridor approach and recognize all actuarial gains and losses in OCI as they occur; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is not expecting a significant impact by its adoption.

IAS 28 'Associated and joint ventures (revised)*'* includes requirements for joint ventures and associates accounted for using the equity method following the issue of IFRS 11. The Group is currently assessing the impact of this new standard.

4. Determination of fair values

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

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

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

Equity and debt securities

The fair value of equity and debt securities, except for securities classified as held to maturity, is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

Share based payment transactions

The fair value of the employee share purchase plan is measured using Monte Carlo Sampling. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends and the risk free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Group segment reporting

The Group has two 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. For each of the strategic segments, the Group's CEO reviews internal management reports on at least quarterly basis.

OCI Construction Business

The Construction Business has a diversified client base and has completed, or is currently executing, projects in over 25 countries across North Africa, the Middle East, Europe and Central Asia. We classify projects as industrial, infrastructure or commercial. Industrial projects include oil and gas, fertiliser and cement plants. Infrastructure projects include airports, roads, railways, power plants and water plants. Commercial projects include buildings, hotels and malls.

The Construction Business also has investments in manufacturers of fabricated steel products, glass curtain walling, paints and concrete pipes as well as investments in two property management companies.

OCI Fertiliser Business

The Fertiliser Business owns and operates facilities in the Netherlands, the United States, and Egypt, with fertiliser plants under construction in Algeria and the United States, and a proposed Greenfield facility under development in Brazil. The Fertiliser Business also has an international distribution platform spanning from the Americas to Asia, and a minority investment in a fertiliser business in Nigeria. Upon the commissioning of all planned construction, development and expansion activities in 2013 (excluding the Greenfield development in Brazil), the Fertiliser Business's estimated total capacity is expected to approach 7.0 million metric tons per annum of saleable nitrogen-based fertilisers, comprising:

- 2.2 million metric tons of anhydrous ammonia;
- 2.75 million metric tons of granular urea;
- 1.45 million metric tons of calcium ammonium nitrate (CAN); and
- 0.525 million metric tons of urea ammonium nitrate (UAN).

In addition, the Fertiliser Business has the capacity to produce a portfolio of downstream products, including 0.75 million metric tons of methanol and 0.25 million metric tons of melamine. OCI Nitrogen also has an off-take distribution contract for 0.75 million metric tons of ammonium sulphate (AS), renewed annually since 2010. The Company has recently acquired the distribution rights for an additional 1 million metric tons of AS from Lanxess N.V. The Fertiliser Business has occasionally toll manufactured as at a neighbouring plant in Egypt using its own ammonia, and can also produce additional UAN of up to 0.325 million metric tons through an on-site blending facility at one of its Egyptian assets.

			Year ended 31 December 2011
(In millions of USD)	Construction	Fertilizer	Total
External revenues	3,134.8	2,376.5	5,511.3
Interest income	11.6	2.1	13.7
Interest expense	(99.0)	(69.7)	(168.7)
Depreciation and amortization	131.8	141.0	272.8
Reportable segment - profit before tax	126.1	799.9	926.0
Share of profit of equity-accounted investees	(1.0)	7.3	6.3
EBITDA *	348.6	991.7	1,340.3
Reportable segment assets	4,440.7	5,291.7	9,732.4
Equity accounted investees	41.0	27.8	68.8
Capital expenditure	84.1	339.6	423.7
Reportable segment liabilities	2,745.8	3,649.2	6,395.0

			Year ended 31 December 2010
(In millions of USD)	Construction	Fertilizer	Total

External revenues	3,432.9	1,290.5	4,723.4
Interest income	15.5	2.5	18.0
Interest expense	(82.6)	(50.5)	(133.1)
Depreciation and amortization	144.9	114.2	259.1
Reportable segment - profit before tax	239.6	416.5	656.1
Share of profit of equity-accounted investees	11.2	21.5	32.7
EBITDA *	451.9	553.1	1,005.0
Reportable segment assets	6,564.6	2,767.4	9,332.0
Equity accounted investees	40.8	346.4	387.2
Capital expenditure	186.2	739.4	925.6
Reportable segment liabilities	4,404.8	1,686.9	6,091.7

			Year ended 31 December 2009
(In millions of USD)	**Construction**	**Fertilizer**	**Total**
External revenues	3,350.6	479.3	3,829.9
Interest income	23.6	0.5	24.1
Interest expense	(99.3)	(14.2)	(113.5)
Depreciation and amortization	126.2	56.6	182.8
Reportable segment - profit before tax	261.6	225.2	486.8
Share of profit of equity-accounted investees	4.4	-	4.4
EBITDA *	450.4	297.8	748.2
Reportable segment assets	6,625.7	1,830.5	8,456.2
Equity accounted investees	31.4	278.6	310.0
Capital expenditure	310.0	592.1	902.1
Reportable segment liabilities	4,241.7	1,117.5	5,359.2

* Earnings before interest, tax, depreciation and amortization.

Management information in relation to segments depends on legal entities and products / services and is not presented geographically. In addition there are no revenues from transactions with a single external customer that amount to 10% or more of the consolidated revenues.

6. Main Acquisitions

The main acquisitions of subsidiaries that occurred in the years 2011, 2010 and 2009 are:

OCI Nitrogen (OCIN)

On 1 June 2010, Royal DSM N.V. ("DSM") and Orascom Construction Industries ("OCI") announced that OCI acquired DSM Agro (renamed in OCI Agro) and DSM Melamine (renamed in OCI Melamine) for an amount of EUR302 million (EUR153 million cash paid and EUR149 million for settlement of net liabilities by the acquired entities to DSM). OCI Agro and OCI Melamine together employ approximately 800 people. OCI Agro is a producer of ammonia and high-nitrogen fertilizers for grasslands and agricultural crops and the market leader in the Netherlands. It also ranks among the

market leaders in Germany, France and Belgium. OCI Agro, which operates a production site in Sittard-Geleen, produces about 1.6 million tons of fertilizers per year. OCI Melamine is the world's largest producer of melamine. The main application of melamine is in wood-based panels and laminates used for furniture and flooring. OCI Melamine has a plant in the Netherlands and also produces melamine in joint ventures in China (OCI 49%) and Indonesia (OCI 60%). The acquisition was structured by establishing a holding Company in the Netherlands: OCI Nitrogen B.V. This entity acquired the shares in OCI Agro, OCI Melamine and other indirect operating entities (together referred to as "the OCI Nitrogen Group") as per 31 May 2010. As of 1 June 2010, all regulatory and legal procedures were completed and the European Union Commission approved the transaction on 25 May 2010. Financial closing was reached on 31 May 2010 and consequently, the shares in DSM Agro and DSM Melamine were transferred to OCI.
In the seven months period to 31 December 2010 OCI Agro and OCI Melamine contributed revenue of USD674 million and profit of USD46 million to the Group's results.

Identifiable assets acquired and liabilities assumed at 1 June 2010

(In millions of USD)	
Property, plant and equipment	218.2
Intangible assets	81.1
Other non - current assets	67.8
Current assets	277.7
Current liabilities	(386.1)
Non - current liabilities	(38.6)
	220.1

In the seven months to 31 December 2011 the acquisition of DSM Agro and DSM Melamine contributed revenue of USD674.4 million and profit of USD49.7 million to the Group's results. If the acquisition had occurred on 1 January 2011, management estimates that consolidated revenue would have been USD1,087.0 million, and consolidated profit for the year would have been USD88.5 million.

Bargain Purchase Gain

The total consideration paid for the aforementioned acquisitions was EUR153.0 million (equivalent to USD197.0 million). The fair value of identifiable net assets in OCI Agro and OCI melamine at the acquisition date was USD220.1 million, and the resulting gain recognized in profit and loss on the acquisition date in the amount of USD23.1 million. The difference is mainly caused by a valuation of the intangible assets. The negative goodwill could be achieved as the sale was done at a low point in the cycle by a seller who no longer considered the activities as core business.

Acquisition-related costs

The Group incurred acquisition-related costs of USD6.8 million related to external legal fees and due diligence costs. These costs have been recognized in administrative expenses in the Group's consolidated statement of income.

MICRO Chemie B.V.

On July 2010, the Group acquired MICRO Chemie B.V. (renamed OCI Terminal Europoort BV) for an amount of EUR20 million (USD26 million) including a hold back account of EUR4 million (USD5.2 million) and good will recognized of USD18.6 million. MICRO Chemie B.V. owns and operates ammonia storage tanks with a combined storage capacity of 30,000 tons and has a lease for a terminal located at the port of Rotterdam in the Netherlands for a period of 25 years starting from 2002 and extendable for another 25 years upon expiration of the lease contract. The terminal has a permit to receive up to 600,000 tons per year of ammonia and to deliver up to 550,000 tons per year.

The Company believes based on certain assumptions and estimates that the fair market value of the net assets acquired does not differ significantly from their book value.

Acquisition of Weitz Company, LLC

On 12 December 2012, OCI completed the acquisition of the Weitz Company LLC, a United States general contractor based in Des Moines, Iowa, for an acquisition cost of USD52 million. Weitz has three core business lines: commercial, federal, and plant services construction, and has typically ranked among the top 50 in Engineering News Record's (ENR) Top 400 Contractors list and is the largest contractor in the state of Iowa. The Company generated USD681.5 million of revenue in 2011 and prior to the recent economic downturn generated revenues in excess of USD1.5 billion. Weitz had a backlog of USD241.0 million as at 30 September 2012. Weitz's current management and employees will be retained following the acquisition. The acquisition of Weitz will establish a strong strategic foothold in the United States construction market for the OCI Construction Group. Weitz Constructors and the federal business line of Weitz will be combined with Contrack International.

The Weitz Company will be consolidated in OCI financial statements from its acquisition date in 2012 which is 12 December 2012; the date OCI effectively took control of the Company.

The Company is continuing its review of assets acquired and liabilities assumed during the measurement period and the acquisition accounts will be revised.

7. Property, plant and equipment

Orascom Construction Industries (OCI)
Notes to the Consolidated Financial Statements - Continued
For the years ended 31 December 2011, 2010 and 2009

7. Property, plant and equipment

(In million USD)	Land and buildings	Plant and Equipment	Fixtures and fittings	Under Construction	Total
Cost					
Balance at 1 January 2009	236.9	1,415.8	33.2	776.5	2,462.4
Additions	73.5	802.6	18.7	6.5	901.3
Transfers	(5.9)	(6.9)	7.3	0.0	(5.5)
Disposals	(16.0)	(63.1)	(1.5)	0.0	(80.6)
Effect of movements in exchange rates	1.2	2.7	0.2	0.0	4.1
Balance at 31 December 2009	**289.7**	**2,151.1**	**57.9**	**783.0**	**3,281.7**
Balance at 1 January 2010	289.7	2,151.1	57.9	783.0	3,281.7
Additions	31.6	165.1	25.0	353.2	574.9
Acquisition through business combination	14.3	226.7	0.4	0.0	241.4
Transfers	(1.4)	9.8	6.3	0.0	14.7
Disposals	(11.9)	(110.3)	(7.9)	0.0	(130.1)
Effect of movements in exchange rates	(12.5)	(43.2)	(3.0)	0.0	(58.7)
Balance at 31 December 2010	**309.8**	**2,399.2**	**78.7**	**1,136.2**	**3,923.9**
Balance at 1 January 2011	309.8	2,399.2	78.7	1,136.2	3,923.9
Additions	28.9	179.8	9.8	205.2	423.7
Transfers	0.3	(40.8)	0.1	0.0	(40.4)
Disposals	(9.7)	(74.7)	(1.9)	0.0	(86.3)
Effect of movements in exchange rates	(8.1)	(56.1)	(2.7)	0.0	(66.9)
Balance at 31 December 2011	**321.2**	**2,407.4**	**84.0**	**1,341.4**	**4,154.0**
Depreciation					
Balance at 1 January 2009	48.3	315.4	13.4	0.0	377.1
Depreciation for the year	10.2	165.2	7.4	0.0	182.8
Transfers	5.7	7.4	3.0	0.0	16.1
Disposals	(2.6)	(27.9)	(0.7)	0.0	(31.2)
Effect of movements in exchange rates	0.6	3.0	0.1	0.0	3.7
Balance at 31 December 2009	**62.2**	**463.1**	**23.2**	**0.0**	**548.5**
Balance at 1 January 2010	62.2	463.1	23.2	0.0	548.5
Depreciation for the year	17.8	217.4	10.8	0.0	246.0
Transfers	1.2	0.8	5.6	0.0	7.6
Disposals	(11.1)	(36.7)	(5.3)	0.0	(53.1)
Effect of movements in exchange rates	(2.8)	(25.4)	(1.5)	0.0	(29.7)
Balance at 31 December 2010	**67.3**	**619.2**	**32.8**	**0.0**	**719.3**
Balance at 1 January 2011	67.3	619.2	32.8	0.0	719.3
Depreciation for the year	13.2	222.0	15.5	0.0	250.7
Transfers	(8.5)	(29.7)	(0.2)	0.0	(38.4)
Disposals	(2.6)	(46.1)	(1.1)	0.0	(49.8)
Effect of movements in exchange rates	(2.6)	(47.1)	(1.8)	0.0	(51.5)
Balance at 31 December 2011	**66.8**	**718.3**	**45.2**	**0.0**	**830.3**
Carrying amounts					
At 1 January 2009	**188.6**	**1,100.4**	**19.8**	**776.5**	**2,085.3**
At 31 December 2009	**227.5**	**1,688.0**	**34.7**	**783.0**	**2,733.2**
At 31 December 2010	**242.5**	**1,780.0**	**45.9**	**1,136.2**	**3,204.6**
At 31 December 2011	**254.4**	**1,689.1**	**38.8**	**1,341.4**	**3,323.7**

* Assets under construction includes machinery and equipment under installation amounted to USD 1,047.9 million as of 31 December 2011 (2010: USD 981.1 million, 2009: USD 691.5 million) belongs to Sorfert Algeria SPA which excepected to be operational during 2013.

Assets under construction include capitalized borrowing costs related to the construction of Sorfert factory in Algeria for the year ended 31 December 2011 amounted to USD62.0 million (2010: USD37.3 million, 2009: USD12.5 million). The capitalization rate is 5.95%.

OCI Beaumont

In May 2011, OCI announced the acquisition of 50% + 1 shares of an integrated ammonia methanol plant in Beaumont, Texas, USA. The plant has a production capacity of 250,000 tons of ammonia and 750,000 tons of methanol, but was a brown field that had been idle for a few years. In November 2011, OCI acquired the remaining shares of the plant. The subsidiary was renamed OCI Beaumont. Both lines were subject to a massive refurbishment project. As a result, the ammonia line became operational late 2011 and the methanol line went into operations mid-2012. Total acquisition price for 100% of the shares was USD27 million. The Company did not acquire any working capital, contracts, employees, intellectual properties, and / or intangible assets as part of the acquisition. The Company also did not assume any liabilities as part of the acquisition. The Company management concluded that this acquisition represents an acquisition of an asset that does not constitute a business and accordingly allocated the cost of acquisition of the Group to identifiable assets based on their fair values. Such transaction does not give rise to goodwill

The Company incurred costs related to advisory, legal, valuation and other professional consulting fees which were expensed and included in the Group's consolidated income statement.

8. Intangible assets and goodwill

8. Intangible assets and goodwill

(In million USD)	**Goodwill**	**Licenses and trademarks**	**Other**	**Total**
Cost				
Balance at 1 January 2009	1,801.4	0.0	0.5	1,801.9
Acquisitions through business combinations	0.8	0.0	0.0	0.8
Effect of movements in exchange rates	0.1	0.0	0.0	0.1
Other	(15.4)	0.0	0.0	(15.4)
Balance at 31 December 2009	**1,786.9**	**0.0**	**0.5**	**1,787.4**
Balance at 1 January 2010	1,786.9	0.0	0.5	1,787.4
Acquisitions through business combinations	18.6	87.8	2.9	109.3
Effect of movements in exchange rates	(0.6)	0.6	0.0	0.0
Balance at 31 December 2010	**1,804.9**	**88.4**	**3.4**	**1,896.7**
Balance at 1 January 2011	1,804.9	88.4	3.4	1,896.7
Effect of movements in exchange rates	5.6	(2.8)	(0.1)	2.7
Other	7.0	0.0	0.0	7.0
Balance at 31 December 2011	**1,817.5**	**85.6**	**3.3**	**1,906.4**
Amortization and impairment losses				
Balance at 1 January 2009	0.0	0.0	0.0	0.0
Amortization for the year	0.0	0.0	0.0	0.0
Effect of movements in exchange rates	0.0	0.0	0.0	0.0
Other	0.5	0.0	0.0	0.5
Balance at 31 December 2009	**0.5**	**0.0**	**0.0**	**0.5**
Balance at 1 January 2010	0.5	0.0	0.0	0.5
Amortization for the year	0.0	12.6	0.5	13.1
Effect of movements in exchange rates	0.0	(1.0)	0.0	(1.0)
Balance at 31 December 2010	**0.5**	**11.6**	**0.5**	**12.6**
Balance at 1 January 2011	0.5	11.6	0.5	12.6
Amortization for the year	0.0	19.5	2.6	22.1
Effect of movements in exchange rates	0.0	(1.9)	(0.2)	(2.1)
Other	(0.4)	0.0	0.0	(0.4)
Balance at 31 December 2011	**0.1**	**29.2**	**2.9**	**32.2**
Carrying amounts				
At 1 January 2009	**1,801.4**	**0.0**	**0.5**	**1,801.9**
At 31 December 2009	**1,786.4**	**0.0**	**0.5**	**1,786.9**
At 31 December 2010	**1,804.4**	**76.8**	**2.9**	**1,884.1**
At 31 December 2011	**1,817.4**	**56.4**	**0.4**	**1,874.2**

Impairment testing of good will
For the purpose of impairment testing, the goodwill is allocated to the group operating divisions. The main carrying amount of goodwill relates to the Egyptian Fertilizers Company (one of the group subsidiaries in the fertilizer segment) of which the goodwill at acquisition amounted to USD1.7 billion and as allocated to the cash generating unit amounted to USD2.3 billion. The goodwill is monitored for internal management purpose at the level of the subsidiary.

Key assumptions used in discounted cash flow methodology
The Key assumptions used in calculating recoverable amounts are operational assumptions, discount rates and the terminal value growth rates.

The keys operational assumptions in the years 2009, 2010 and 2011 are:
- Production and sales volumes are planned at 4,500 tons/day over the projection period;
- Sales mix between exports and local sales assumed to be constant over the projection period;
- The assumptions were based on the assurance of continuity of gas supplying at the contractual gas price in the long term agreements with the gas supplier.

The Cash flows are projected over the industry cycle of 10 years-. The management based its business plan in line with an external broker outlook of Urea product prices and its long term agreed gas price with the supplier.

Discount rate
The discount rates applied averaged 8.75%, 8.00% and 10.00% over the years 2009, 2010 and 2011, respectively. The discount rates were estimated based on industry weighted average cost of equity estimated at an average of 9.5%, 8.7% and 11.5% over the years 2009, 2010 and 2011, respectively . Debt leverage averaged 16%, 17% and 24% in the years 2009, 2010 and 2011, respectively. Market post tax interest rate applied was 4.1%.

Terminal value growth rate
A long term growth rate into perpetuity has been estimated by management at 1%.

Allocation of the goodwill
The goodwill balance is predominantly in the fertilizer business amounted to USD1,810.0 million as of 31 December 2011 (2010: USD1,796.8 million, 2009: USD1,778.6 million) and the remaining balance amounted to USD7.4 million as of 31 December 2011 (2010: USD7.6 million, 2009: USD7.9 million).

9. Trade and other receivables

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Trade receivables	1,149.7	1,034.0	994.4
Due from related parties (Note 33)	26.7	36.0	44.1
Prepayments	23.4	20.5	19.4
Retentions	184.8	210.6	214.2
Debtors and other debit balances *	687.3	718.2	550.7
	2,071.9	**2,019.3**	**1,822.8**
Construction contracts in progress (Note 14)	461.3	374.3	277.8
	2,533.2	**2,393.6**	**2,100.6**

Non – current	392.0	358.4	345.1
Current	2,141.2	2,035.2	1,755.5
	2,533.2	**2,393.6**	**2,100.6**

- The impairment in trade and other receivables as of 31 December 2011 in the amount of USD67.4 million is netted from trade and other receivables in the consolidated statement of the financial position (amount of USD80.3 million as of 31 December 2010 & amount of USD29.6 million as of 31 December 2009).

* The debtors and other debit balances as of 31 December 2011 include advance payments and debit balances for suppliers and subcontractors amounted to USD105.3 million and the covered portion of the letters of guarantee amounted to USD23.1 million (amount of USD76.1 million and USD22.9 million respectively as of 31 December 2010 & amount of USD66.7 million and USD22.4 million respectively as of 31 December 2009).

10. Equity – accounted investees

A summary of equity investments companies assets, liabilities, revenues, and expenses which include Egyptian Gypsum Company (50%), National Pipes Company (40%), El-Yamama United (50%) for the years ended 31 December 2011, 2010 and 2009 together with Gavilon (16.8%) as equity investment only in years 2009 and 2010 as follows:

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Assets	209.1	5,422.0	3,262.4
Liabilities	(183.1)	(3,627.5)	(1,824.5)

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Revenue	62.0	7,635.8	6,500.5
Net profit	6.8	235.0	72.0

OCI holds 35% in Osparie Super Holdeco which holds 54% in Gavilon without any majority votes.

11. Jointly controlled entities

The jointly controlled entities are proportionately consolidated in the Group financial statements; the main entities under joint control are MANOCI, Orasqualia for Development, Orasqualia for Construction and Alico, in addition to other construction joint ventures. The related assets, liabilities, revenues and expenses are as follows:

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Assets	1,595.3	1,480.4	1,610.8
Liabilities	(1,241.9)	(1,186.0)	(1,334.9)

	Year ended 31 December		
	2011	2010	2009
Revenue	1,597.6	1,427.3	1,730.1
Cost	1,489.1	1,352.5	1,637.7

The Company shares in the jointly controlled entities of contingent liabilities at 31 December 2011 amounted to USD663.0 million (2010: USD737.0 million) & (2009: USD640.0 million).

12. Other investments

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Non-current investments			
Debt securities	56.9	54.5	31.8
Held to maturity securities	11.9	15.6	14.3
	68.8	**70.1**	**46.1**

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Current investments			
Held for trading securities	8.8	16.6	38.5
	8.8	**16.6**	**38.5**

Interest-bearing available-for-sale financial assets with a carrying amount of USD56.9 million at 31 December 2011 (2010: USD54.5 million, 2009: 31.8 million).

13. Inventories

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Raw materials and consumables	198.8	192.8	167.9
Packing materials	0.4	1.7	2.7
Spare parts and fuels	52.5	48.9	41.2
Work in progress	0.8	0	24.0
Finished goods	105.4	68.9	7.7
Real estates	66.5	69.4	85.1
	424.4	**381.7**	**328.6**

No write-downs or impairment losses have been recognized in 2011, 2010 and 2009.

14. Construction contracts in progress / billing in excess of construction contracts

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Costs incurred on incomplete contracts	11,215.8	8,890.3	6,509.5
Estimated earnings	1,008.2	930.7	434.2
	12,224.0	**9,821.0**	**6,943.7**
Less: billings to date	(12,023.5)	(9,957.2)	(7,333.0)
Balance	**200.5**	**(136.2)**	**(389.3)**

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Presented in the consolidated statements of financial position as follows:			
Construction contracts in progress - current assets	461.3	374.3	277.8
Billing in excess on construction contracts - current liabilities	(260.8)	(510.5)	(667.1)
Balance	**200.5**	**(136.2)**	**(389.3)**

Aggregate costs incurred under open construction contracts and recognized profit net of recognized losses amounted to USD12,224.0 million in 2011 (2010: USD9,821.0 million, 2009: USD6,943.7 million).
In determining the revenue and cost to be recognized each year for works to be carried out on construction contracts, estimates are made to the final outcome on each contract. Management continually reviews these estimates and makes adjustments and provisions when necessary.

15. Cash and cash equivalents

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Cash on hand	2.2	1.7	1.0
Banks balances *	656.3	447.7	634.6
Call deposits *	393.2	523.6	444.6
Cash and cash equivalents	**1,051.7**	**973.0**	**1,080.2**

* Banks - current accounts and time deposits at 31 December 2011 with original maturities less than three months including USD0.2 million and USD74.8 million respectively held as collateral against letters of guarantee and loans and facilities (2010: USD34.2 million and USD111.1 million respectively, 2009: USD12.4 million and USD135.8 million respectively).

16. Assets held for sale

(In millions of USD)	As of the year ended 31/12/2011	31/12/2010	31/12/2009
Property , plant and equipment	8.1	11.6	25.2
Investments	368.5	-	-
	376.6	11.6	25.2

Gavilon Divestment

On 29 May 2012, the sale of Gavilon to Japanese Trading House Marubeni Corporation (Marubeni) was announced valuing the equity of the business at USD3.6 billion. OCI expects to receive cash proceeds of USD641.0 million for its 16.8% stake and had invested USD340.0 million for its stake in the business in mid-2008. An agreement has also been reached on the divestment of one of Gavilon's US assets to clear antitrust issues.

The investment of Gavilon represents one of the equity accounted investees which was presented until 2010 under equity accounted investees. The expected amount of the profit of this sale is approximately USD272.5 million before tax which represents the difference between the sale price and the carrying amount of the investment.

The carrying amount of the investment amounted to USD368.5 million represents the initial cost of the investment amounted to USD340.0 million in addition to the Company's share in Gavilon's 2010, 2009 and 2008 profits and losses from its date of acquisition till it was classified as held for sale.

Discontinued operations

The Company's share in Gavilon's profits in the years 2011, 2010 and 2009 are classified to discontinued operation. There is no cumulative income or expense recognized in other comprehensive income relating to the disposed investment.

17. Share capital

Authorized capital

The Company authorized capital is USD911.6 million (equivalent to L.E 5 billion).

Issued and paid capital

All of the Company's issued shares are ordinary shares with authorized par value of USD0.91 (equivalent to L.E 5).

Shares	As of the year ended 31/12/2011	31/12/2010	31/12/2009
Number of shares at 1 January	208,938,419	206,918,461	214,770,714
Number of reduction of own shares	-	-	(7,852,253)
Number of issued shares from reserves	-	2,019,958	-
On issue at 31 December - fully paid	**208,938,419**	**208,938,419**	**206,918,461**
At 31/12 in USD million	**191.6**	**191.6**	**189.9**
Equivalent in L.E million	**1,044.7**	**1,044.7**	**1,034.6**

On 30 April 2009, the Extraordinary General Assembly of the Company approved the reduction of the share capital by 7,852,253 shares. The par value of these shares amounted to USD7.1 million (equivalent to LE 39.3 million). The difference between the cost of acquisition of these shares and their par value amounted to USD290.2 million (equivalent to LE 1.62 billion) and was reduced from other reserves.

On 23 December 2009, the Extraordinary General Assembly approved the increase of the Company's issued capital by USD1.7 million (equivalent to L.E 10.1 million) which represents 2,019,958 shares under the Employee Stock Option Plan, the increase was registered in year 2010.

On 16 February 2011, the Extraordinary General Assembly of the Company approved to purchase shares up to 6,268,153 shares or their equivalent (GDRs) from the market. The maximum shares to be purchased represent 3% of the total number of outstanding shares.

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

18. Reserves

Legal reserve

According to the Company’s articles of incorporation, 5% of annual net income is set aside as a legal reserve. Setting aside this percentage stops when the total accumulated reserve reaches 50% of the Company’s issued capital. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume settling aside 5% of the annual net income until it reaches 50% of the issued share capital. This reserve is used to increase the Company’s issued capital or to cover the Company’s losses. The legal reserve amounted to USD98.3 million (equivalent to L.E 536.9 million) at 31 December 2011, 2010 and 2009.

Other reserves

According to the Company's articles of incorporation, the General Assembly can establish and use other reserves from annual net income upon a recommendation by the Board of Directors. The other reserves are used according to a decision from the ordinary general assembly based on a proposal of the Board of Directors of the Company.
The other reserves amounted to USD657.9 million at 31 December 2011 (2010: USD684.9 million, 2009: USD683.8 million).

Other reserves include the difference between the fair value of the additional shares issued in 2006 and 2008 and their par value which amounted to USD317.5 million and USD703.6 million respectively (equivalent to LE 1,815.4 million and LE 3,869.9 million respectively). The reserve was reduced by USD295.4 million (equivalent to LE 1,620.1 million) in 2009 that represented the difference between the par value and the purchase value around 7.8 million own shares.

On 30 April 2009, the Extraordinary General Assembly of the Company approved the reduction of the share capital by 7,852,253 shares. The par value of these shares amounted to USD7.1 million (equivalent to LE 39.3 million). The difference between the cost of acquisition of these shares and their par value amounted to USD290.2 million (equivalent to LE 1.62 billion) and was reduced from other reserves.

Other reserves at 31 December 2011 include the translation reserve amounted to USD78.9 million (2010: USD56.3 million, 2009: USD29.3 million) and hedging reserve amounted to USD52.9 million (2010: USD33.0 million, 2009: USD38.9 million).

Employees’ stock option reserve includes the difference between the fair value of the employees’ stock option and the predetermined value of these stock options at the grant date.

19. Reserve for own shares

The own shares balance at 31 December 2009 include 1,052,074 shares acquired by OCI ESOP Limited (one of the Group’s subsidiary).

The own shares balance at 31 December 2010 include 751,273 shares acquired by OCI ESOP Limited (one of the Group's subsidiary).
At 31 December 2011, the number of own shares are 2,990,939 GDR from the Company shares as follows:

- 1,302,500 GDR were acquired by Orascom Construction Industries according to the Company plan to acquire its shares which traded in the stock market. The acquisition cost of those shares amounted to USD55.1 million (equivalent to LE 332.5 million) till 31 December 2011.
- 1,688,439 GDR of Orascom Construction Industries was acquired by OCI-ESOP Limited - one of the Group's subsidiary.

The net cost of own shares acquired are as follows:

	As of the year ended		
	31/12/2011	**31/12/2010**	**31/12/2009**
Number of shares	2,990,939	751,273	1,052,074
Cost of acquiring the shares (In million of LE)	**713.6**	**143.0**	**200.2**
Average cost per share (LE)	238.6	190.3	190.3
Cost of acquiring the shares (In million of USD)	**114.6**	**26.7**	**36.3**
Average cost per share (USD)	38.3	35.5	34.5

In addition, there are 2,019,958 shares available under the Employee Stock Option Plan valued at the par value of USD0.91 (equivalent to L.E 5) per share with total value of USD1.7 million (equivalent to LE 10.1 million) at 31 December 2011 and 31 December 2010.

20. Dividends

The following dividends were declared by the Ordinary General Assembly of the Company to the owners o f the Company for the year ended 31 December:

	For the year ended 31 December		
	2011	**2010**	**2009**
USD2.1 per qualifying ordinary share (2010: USD2.0, 2009: USD1.8)	437.1	413.8	373.5

21. Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the year.

The calculation of basic earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders of USD635.7 million (2010: USD503.0 million and 2009 USD388.3 million) and weighted number of ordinary shares outstanding of 205.1 million (2010: 206.1 million and 2009: 205.9).

	31/12/2011			31/12/2010			31/12/2009		
	Continuing	**Discontinued**	**Total**	**Continuing**	**Discontinued**	**Total**	**Continuing**	**Discontinued**	**Total**

	operations	Operations		operations	operations		Operations	Operations	
Profits attributable to ordinary shareholders	590.4	45.3	635.7	458.6	44.7	503.3	374.9	13.4	388.3

	Year ended 31 December		
	2011	**2010**	**2009**
<u>Weighted average number of ordinary shares</u>			
Weighted average number of shares outstanding during the year (million shares)	208.9	208.9	207.0
<u>(Less):</u> weighted average number of own shares (million shares)	(3.8)	(2.8)	(1.1)
Weighted average number of shares outstanding during the year (million shares)	**205.1**	**206.1**	**205.9**

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the periods covered by the report, the Company did not have any dilutive potential ordinary shares and as such diluted and basic earnings per share are equal.

The calculation of diluted earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders of USD635.7 million (2010: USD503.0 million and 2009 USD388.3 million) and weighted number of ordinary shares outstanding after adjusting the effects of all dilutive positional ordinary shares of 206.5 million (2010: 206.7 million and 2009: 206.8 million).

	31/12/2011			**31/12/2010**			**31/12/2009**		
	Continuing operations	**Discontinued Operations**	**Total**	**Continuing operations**	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued Operations**	**Total**
Profits attributable to ordinary shareholders	590.4	45.3	635.7	458.6	44.7	503.0	374.9	13.4	388.3

	Year ended 31 December

	2011	2010	2009
Weighted average number of ordinary shares			
Weighted average number of ordinary shares - basic (million shares)	205.1	206.1	205.9
Effect of share options issued (million shares)	1.4	0.6	0.9
Weighted average number of shares outstanding during the year (million shares)	**206.5**	**206.7**	**206.8**

The average market value of the Company shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

22. Loans and borrowings

			(In millions of USD)				
Borrowing Company	**Lending institution**	**Interest rate**	**Outstanding amount**	**Long-term portion**	**Short term portion**	**Collateral / Guarantee given**	**Other**
Orascom Construction Industries	Different banks - bank facilities	10.85% on the LE portion and 2.65% annually for the USD portion	395.7		395.7	Promissory notes guarantee	Certain debt covenants exist
Orascom Construction	Different banks - facilities	Variable	45.4		45.4	Corporte guarantee from OCI SAE.	
BESIX Group	Different banks - bank facilities	Variable	35.6		35.6	Commercial lien on the company's assets and shares in amount of EUR40.5 million	Certain debt covenants exist
	Different banks - loans	Variable	37.6	37.6			
Orascom Construction Industries - Algeria	Loan from Citi Bank (Algeria Branch)	Variable 5.8%	61.2		61.2	Promissory notes guarantee from OCI	
	Different banks - facilities	Variable 7%	71.3		71.3	Promissory notes guarantee for the full amount.	
Contrack international	Different banks - facilities	Fixed %3.95	15.0		15.0	Corporte guarantee from OCI SAE.	
Alico Egypt	Different banks- facilities	Variable	2.0		2.0	Corporte guarantee from OCI SAE.	
Contrack International W.L.L.	HSBC - Bahrain	Variable	0.2		0.2		
EFC	International finance corporation	Variable	1,074.5	913.5	161.0	Pledge EFC shares 99.9% owned by	Certain debt covenants exist

	(IFC) and loans from different banks					"Orascom Fertlizer plant maintetence".	
Sorfert Algeria SPA	Syndication loan (Algeria External Bank - Others)	Interest rate is fixed during the plant construction period to 5.95% per annum. After the construction period it will be referred to Algerian bank interest rate plus rate of 1.95% per annum,0.25% arrangement fees and 0.5% commitment fees .	700.2	631.5	68.7	Blocking certain bank accounts, ban for any disposal or decrease of the company share and assets.	Certain debt covenants exist
EBIC	Syndicated bank facility (different commercial banks)	Libor plus predetermined margin by loan agreement plus percentage calculated by loan agent according to the agreement.	105.3	81.2	24.1	Mortgaged tangible assets & intangible assets, pledge of accounts, insurnace and shares to HSBC.	
	Export-import bank of USA - credit facility	0.175 over Libor semi annually, commitment fees 0.5% of the remaining facility balance, finance charge 10.32%	136.0	106.7	29.3		

		paid in advance.					
Orasqualia for the development of wastewater treatment plant	Various Banks loans	3% over corridor declared by central bank.	38.4	38.1	0.3	Mortgaged all machinery and equipment, goodwill and industrial property rights except the land.	Certain debt covenants exist
OCI Fertilizer Holding Cyprus	Various Banks loans	3.75% yearly over EURIBOR.	241.8	207.4	34.4	The company has the right to extend the facility up to USD300 million and guarantees through OCI Overseas Holding Limited, Egyptian Fertlizer Trading Limited.	Certain debt covenants exist
OCI Nitrogen	Rabobank International Bank loan	1.75% yearly over EURIBOR.	683.9	680.2	3.7	Pledge of OCI Fertilizer International shares in OCI Nitrogen, Pledge of moveable assets, trade receivables and company accounts, Property mortgage.	Certain debt covenants exist
Total At 31/12/2011			**3,644.1**	**2,696.2**	**947.9**		

			(In millions of USD)				
Borrowing Company	**Lending institution**	**Interest rate**	**Outstanding amount**	**Long-term portion**	**Short term portion**	**Collateral /Guarantee given**	**Other**

Orascom Construction Industries	Syndication loan (Misr Bank - Others) - Tranch A	1.5% over LIBOR semi-annually and 0.2% administrative commission annually and 1% default interest annualy from its due date till the payment date.	257.8	147.3	110.5	The company undertake to keep its assets and not pledge more than 10% of the groups' total assets	Certain debt covenants exist
	Syndication Revolver loan (Misr Bank - Others) - Tranch B	1.5% over LIBOR monthly or quarterly or semi-annually and 0.2% administrative commission annually and 1% default interest annualy from its due date till the payment date.	238.3		238.3		
	Syndication loan (NSGB bank - Others)	1% over LIBOR semi-annually and 0.1% administrative commission annually & 1% default compound interest in case of unpayment at its due dates	949.4	949.4		Promissory notes guarantee and loan covenants.	Certain debt covenants exist

	Bonds	Fixed 11.75% per annum	284.2	284.2		The company undertakes to keep its assets and subsidiaries	Certain debt covenants exist
	Different banks - overdraft and bank facilities	10.56% on the LE portion and 2% over LIBOR annually for the USD portion	23.6		23.6	Promissory notes	
Orascom Construction Industries - Egypt	Different banks - overdraft	Variable	1.1		1.1	Corporte guarantee from OCI SAE.	
BESIX Group	Different banks - overdraft and bank facilities	Variable	40.2		40.2	Commercial lien on the company's assets and shares in amount of EUR40.5 million	Certain debt covenants exist
	Different banks - loans	Variable	50.3	50.3			
Orascom Construction Industries - Algeria	Different banks - overdraft	Variable 7%	48.3		48.3	Promissory notes guarantee for the full amount.	
Contrack international	Different banks - overdraft	Fixed %3.95	10.0		10.0	Corporte guarantee from OCI SAE.	
National Steel Fabrication	Barclays Bank	13% fixed (L.E.) annually + 2% fixed (USD) annually include the highest monthly debit balance	5.8		5.8	Promissory notes amounted USD15 million.	
	Arab African Bank	Egyptian Central bank interest rate+2% over LIBOR	0.4		0.4	Promissory notes amounted USD100 million.	

		paid monthly +0.1% for the highest monthly debit balance			
Alico Egypt	Different banks-overdraft	Variable	1.3	1.3	Corporte guarantee from OCI SAE.
Contrack International W.L.L.	National Bank of Abu Dhabi	Variable	0.4	0.4	
United Holding Company	Different banks-overdraft	Variable	0.1	0.1	
EFC	NSGB - overdraft	1.5% over Corridor for Egyptian pounds, 2.25% annually over the monthly LIBOR price for the foreign currencies and 0.05% commissions for the highest monthly debit balance. In the event of default in payment when due, 2.5% annually over Corridor for Egyptian pounds and 3.25% annually over the monthly LIBOR price for the foreign	6.3	6.3	Promissory notes for the bank amounted USD150 million due at 31 july 2011.

		currencies .					
	BNP Paribas Egypt - overdraft	9.75% compound interest rate for Egyptian pounds,1.3 % annually over the monthly LIBOR price for the foreign currencies and 0.25% commissions for the highest monthly debit balance. In the event of default in payment when due, 1% default interest added monthly to the principal from its due date till the actual payment date .	3.6		3.6	Corporte guarantee from OCI SAE.	
Sorfert Algeria SPA	Syndication loan (Algeria External Bank - Others)	Interest rate is fixed during the plant construction period to 5.95% per annum after this period and it will be referred to	657.9	603.6	54.3	Blocking certain bank accounts, ban for any disposal or decrease of the company share and assets.	Certain debt covenants exist

		Algerian bank interest rate plus rate of 1.95% per annum,0.25% arrangement fees and 0.5% commitment fees					
EBIC	Syndicated bank facility (different banks)	Libor plus predetermined margin by loan agreement plus percentage calculated by loan agent according to the agreement	129.2	117.9	11.3	Mortgaged tangible assets & intangible assets, Pledge of accounts, insurnace and shares to HSBC.	
	Export-import bank of USA - credit facility	0.175% over Libor semi annually, commitment fees 0.5% of the remaining facility balance, finance charge 10.32% paid in advance	164.9	152.0	12.9		
Orasqualia for the development of wastewater treatment plant	Various Banks loans	Fixed 11.25% yearly	15.9	15.9		Pledge all machinery and equipment, goodwill and industrial property rights and any additions.	Certain debt covenants exist
OCI Nitrogen	Rabobank International Bank	1.75% yearly over EURIBOR	141.2	133.9	7.3	Pledge of OCI fertilizer International	Certain debt covenants exist

				in shares in OCI Nitrogen, Pledge of moveable assets, trade receivables and company accounts, Property mortgage.
Total At 31/12/2010	**3,030.2**	**2,454.5**	**575.7**	

EBIC Loan Refinancing
On 20 December 2012 the Company signed and executed credit facility agreement with ARAB BANK PLC (Bahrain Branch), ARAB BANK PLC (Egypt Branch) and EUROPE ARAB BANK PLC to borrow USD100 million with an interest rate of 3.25% over USD LIBOR and matures on the date falling five years after the date of signing the credit facility agreement. On 27 December 2012 the Company utilized the proceeds from this loan for general corporate purposes and to refinance EBIC's project finance facilities. The fair value of this cash flow hedge was reclassified to profit and loss on the same date.

New Loan of OCI Beaumont LLC (formerly Pandora Methanol LLC) "the Company"
On 26 April 2012 the Company signed and executed credit facility agreement with ABC INTERNATIONAL BANK PLC, AHLI UNITED BANK B.S.C., BANK AUDI SAL - AUDI SARADAR GROUP, CITIBANK, N.A. and CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK to borrow USD125 million with an interest rate of 4.50% over USD LIBOR and matures within 364 days from the date of signing the credit facility agreement. Parties to the credit facility agreement can extend the maturity within 60 days prior to the original maturity date. The Company utilized the proceeds from this loan to extinguish, on 30 April 2012 related party term and revolving loans of approximately USD92.5 million and to finance the Company's integrated ammonia-methanol plant in Beaumont, Texas.

23. Trade and other payables

	As of the year ended		
(In millions of USD)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Trade payables	779.7	782.6	575.1
Retention payable	60.3	57.9	46.8
Customer - Advance payments	408.3	534.1	693.4
Due to related parties (Note 33)	0.1	0.1	-
Accrued expenses	108.1	51.8	47.3
Derivative liabilities	67.9	79.7	49.2
Other payables	409.8	484.4	326.8
	1,834.2	**1,990.6**	**1,738.6**

Billing in excess on construction contracts (Note 14)	260.8	510.5	667.1
	2,095.0	**2,501.1**	**2,405.7**
Non-current	616.4	742.8	883.4
Current	1,478.6	1,758.3	1,522.3
	2,095.0	**2,501.1**	**2,405.7**

24. Provisions

As of 31 December 2011

(In millions of USD)	Warranties *	Aftercare	Legal	Other **	Total
Balance at 1/1/2011	145.0	72.9	26.0	105.2	349.1
Provision made during the year	-	16.5	8.0	-	24.5
Provision used during the year	-	(23.2)	-	-	(23.2)
Provision reversed during the year	-	(1.9)	(6.4)	(2.8)	(11.1)
Foreign currency changes and adjustments	-	5.1	(0.6)	(7.2)	(2.7)
Balance at 31/12/2011	**145.0**	**69.4**	**27.0**	**95.2**	**336.6**
Non-current	-	23.9	0.7	18.2	42.8
Current	145.0	45.5	26.3	77.0	293.8
Balance at 31/12/2011	**145.0**	**69.4**	**27.0**	**95.2**	**336.6**

As of 31 December 2010

(In millions of USD)	Warranties *	Aftercare	Legal	Other **	Total
Balance at 1/1/2010	145.0	39.2	26.2	87.9	298.3
Acquisitions through business combination	-	23.3	-	-	23.3
Provision made during the year	-	28.3	-	-	28.3
Provision used during the year	-	(5.1)	-	-	(5.1)
Provision reversed during the year	-	(0.7)	-	-	(0.7)
Foreign currency changes and adjustments	-	(12.1)	(0.2)	17.3	5.0
Balance at 31/12/2010	**145.0**	**72.9**	**26.0**	**105.2**	**349.1**
Non-current	145.0	24.2	4.8	15.6	189.6
Current	-	48.7	21.2	89.6	159.5
Balance at 31/12/2010	**145.0**	**72.9**	**26.0**	**105.2**	**349.1**

As of 31 December 2009

(In millions of USD)	Warranties *	Aftercare	Legal	Other **	Total
Balance at 1/1/2009	145.0	40.1	13.7	91.3	290.1
Provision made during the year	-	10.0	14.4	5.0	29.4

Provision used during the year	-	(4.4)	(1.3)	(8.1)	(13.8)
Provision reversed during the year	-	(5.4)	(0.8)	-	(6.2)
Foreign currency changes and adjustments	-	(1.1)	0.2	(0.3)	(1.2)
Balance at 31/12/2009	**145.0**	**39.2**	**26.2**	**87.9**	**298.3**
Non-current	145.0	15.4	4.1	15.3	179.8
Current	-	23.8	22.1	72.6	118.5
Balance at 31/12/2009	**145.0**	**39.2**	**26.2**	**87.9**	**298.3**

*** Guarantees under the agreement with Lafarge**

On 9 December 2007, Orascom Construction Industries entered into an agreement with Lafarge for the sale of shares of its cement business. Lafarge notified OCI certain indemnification claims against certain representations and warrantees set forth in the SPA agreement. OCI and Lafarge have settled most of the claims from within the existing provisions for these indemnities. There are certain long-dated indemnities which are still outstanding. The management believes that the existing provisions provide sufficient cover against these indemnities.

On 21 June 2012, OCI SAE and Lafarge SA reached a Global Settlement Agreement (GSA) for all the losses incurred by Lafarge in connection with the General Warranty Claims, GLA Warranty Claims and El Safwa Indemnity Claim. This GSA is a full and final settlement of all amounts owed by OCI to Lafarge under the Share Purchase Agreement (SPA) of Orascom Building Materials Holding of 9 December 2007. USD95 million were paid in 2012 under this GSA and around USD50 million are expected to be paid when certain conditions are met.

** Other provisions include provisions for site restoration, onerous contracts, tax claims and other provisions.

25. Revenues

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Construction contract revenue	3,041.3	3,316.5	3,268.4
Sale of goods (fertilizers and other building materials)	2,468.9	1,406.0	561.0
Rendering of services	1.1	0.9	0.5
Total revenues	**5,511.3**	**4,723.4**	**3,829.9**

26. Expenses by nature

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Cost of projects, changes in raw materials and consumables, finished goods and work in progress	3,807.5	3,261.5	2,788.8
Employee benefit expenses (personnel expenses)	255.6	244.6	184.5

Depreciation and amortization expenses	272.8	259.1	182.8
Consultancy expenses	25.0	25.1	23.5
Other expenses	129.2	205.0	122.6
Total	**4,490.1**	**3,995.3**	**3,302.2**

27. Personnel expenses

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Wages and salaries	136.7	136.9	109.2
Employee profit share	66.7	54.8	33.1
Key management personnel compensation	30.9	32.1	25.1
Pensions costs	11.5	10.1	6.8
Social security charges	9.8	10.7	10.3
Total	**255.6**	**244.6**	**184.5**

During the financial year ended 31 December 2011, the number of key executives was 19 executives (2010: 20 executives, 2009: 19 executives).
During the financial year ended 31 December 2011, the average number of staff employed in the Group converted into fulltime equivalents amounted to 72,011 employees (2010: 83,498 employees, 2009: 81,428 employees).

28. Other income

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Net gains on sale of P,P&E	9.9	0.0	6.9
Other income	36.4	17.8	30.8
Total	**46.3**	**17.8**	**37.7**

Other income amounts include scrap sales, governmental grants and others.

29. Finance income and finance costs

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Interest income on unimpaired held-to-maturity investments	3.0	3.8	11.2
Interest income on available- for- sale financial assets	0.2	0.3	0.3
Interest income on loans and receivables	10.5	13.9	12.6
Net foreign exchange gain (loss)	7.2	(7.4)	6.4
Finance Income	**20.9**	**10.6**	**30.5**
Interest expense on financial liabilities measured at amortized cost	(168.7)	(133.1)	(113.5)
Finance costs	**(168.7)**	**(133.1)**	**(113.5)**
Net finance costs recognized in profit or loss	**(147.8)**	**(122.5)**	**(83.0)**

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

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
- Total interest income on financial assets	13.7	18.0	24.1
- Total interest expenses on financial liability	(168.7)	(133.1)	(113.5)

30. Income taxes

Income tax expenses is derived as follows from the theoretical income tax that would have arisen had the weighted average statutory income tax rate of the Group entities been applied to profit before income tax.

Tax recognized in profit or loss

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Current tax expense			
Current year	(179.6)	(121.3)	(76.6)
Deferred tax expense			
Origination and reversal of temporary differences	(84.1)	(27.8)	(11.8)
Others	1.6	3.3	0.1
	(82.5)	**(24.5)**	**(11.7)**
Income tax expense	**(262.1)**	**(145.8)**	**(88.3)**

Tax recognized in other comprehensive income

	Year ended 31 December								
(In millions of USD)	**2011**			**2010**			**2009**		
	Before tax	**Tax (expenses) Benefit**	**Net of Tax**	**Before Tax**	**Tax (expenses) Benefit**	**Net of tax**	**Before Tax**	**Tax (expenses) benefit**	**Net of Tax**
Foreign currency translation differences-foreign operations	(50.7)	0	(50.7)	(26.1)	0	(26.1)	(23.1)	0	(23.1)
Effective portion of changes in cash flow hedge	3.2	(1.2)	2.0	5.5	(2.5)	3.0	(22.6)	2.0	(20.6)
Net change	2.3	(1.0)	1.3	3.7	(1.7)	2.0	3.8	(1.6)	2.2

in fair value in available-for-sale financial assets									
	(45.2)	**(2.2)**	**(47.4)**	**(16.9)**	**(4.2)**	**(21.1)**	**(41.9)**	**0.4**	**(41.5)**

Reconciliation of effective tax rate

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Profit before income tax	926.0	656.1	486.8
Enacted tax rate	25%	20%	20%
Tax calculated	231.5	131.2	97.4
Effect of tax rate in foreign jurisdictions	64.1	49.9	337.1
Tax using the domestic tax rate	**295.6**	**181.1**	**434.5**
Permanent differences	(28.9)	(37.5)	(352.8)
Reversal of unused deferred tax assets	5.6	3.8	6.6
Other differences	(10.2)	(1.6)	-
Income tax for the year	**262.1**	**145.8**	**88.3**
Effective tax rate	**28.3%**	**22.2%**	**18.1%**

* The enacted tax rate of the parent Company and some of its subsidiaries in 2009 and 2010 was 20% of the taxable income; in 2011 the rate has been increased to 25% of the taxable income.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:-

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Deductible temporary differences	7.1	12.8	12.5
Tax losses *	66.0	32.7	29.8
	73.1	**45.5**	**42.3**

* Most of the tax losses were sustained in countries with no limitation in respect of carry forwards.

Unrecognized deferred tax assets on tax losses carry forwards mainly refer to income tax loss carry forward of MANOCI (Jointly controlled group entity).

Generally the Group does not recognize deferred tax assets for temporary differences related to accruals for provisions due to uncertainties in connection with the tax treatment on such expenses, as they might be challenged by the local tax authorities. The unrecognized deferred tax assets amounted to USD22.4 million for the year ended 31 December 2011 (2010: USD11.1 million, 2009: USD10.1 million).

Recognized deferred tax assets and liabilities

(In millions of USD)	Assets			Liabilities			Net		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Property, plant and equipment	0.2	-	-	(164.7)	(94.0)	(53.6)	(164.5)	(94.0)	(53.6)
Cash flow hedge	11.4	-	-	-	-	-	11.4	-	-
Inventories	-	-	-	(10.0)	(5.8)	-	(10.0)	(5.8)	-
Intangible assets	-	-	-	(41.9)	(10.3)	-	(41.9)	(10.3)	-
Provisions	0.2	2.5	3.0	(1.5)	(0.4)	(1.6)	(1.3)	2.1	1.4
Other items	(9.6)	7.0	3.9	(0.5)	(32.9)	(61.1)	(10.1)	(25.9)	(57.2)
	2.2	**9.5**	**6.9**	**(218.6)**	**(143.4)**	**(116.3)**	**(216.4)**	**(133.9)**	**(109.4)**

Movement of deferred tax assets and liabilities

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Opening balance	(133.9)	(109.4)	(97.7)
Income statement expense (benefit)	(80.3)	(20.3)	(12.1)
Tax on other comprehensive income	(2.2)	(4.2)	0.4
Total	**(216.4)**	**(133.9)**	**(109.4)**

Egypt Tax Dispute

The Company filed its corporate tax returns for the years 2007 to 2010 on the due dates according to corporate tax law No. 91 for the year 2005 and paid the due corporate tax for these years. The tax returns for the years 2007 to 2010 were inspected and the inspection revealed a substantial tax dispute. The Company received Tax Form (19) with the tax assessment in 2012 and appealed before the Tax Authority Internal Appeal Committee.

The main disputed item in the year 2007 relates to the taxation of gain on sale of Orascom Building Materials Holding (a former subsidiary of the Company) to Lafarge. The Company obtained the tax assessment (Tax Form “19“) for a part of the gain amount to USD3.8 billion (equivalent L.E 22.8 billion). The inspection also revealed a dispute in the year 2008 regarding the foreign exchange gain, which was agreed with the Internal Appeal Committee to be re-examined. The Company also discussed the remaining tax differences with the Tax Authority and resolved part of the differences. The remaining unresolved differences were insignificant.

On 26 September 2012 and 11 October 2012, the Company received letters from the Tax Authority stating that the full amount of the capital gain (not only part of the gain) that resulted from the sale amounting to USD11.4 billion (equivalent to L.E 68.8 billion) was taxable.

The management of the Company and its tax and legal advisors believe the aforementioned sale of the shares transaction was settled for cash and the exemption of tax is in accordance with item 8 of article 50 of the tax law No. 91 for the year 2005 and that such exemption is unconditional and unrestricted. In addition, the said shares were fully and unconditionally registered on the stock exchange in accordance with the registration rules applicable at the time the transaction was executed. Therefore, no capital gain tax on the transaction is due. This dispute has not been resolved as at the date of issuing these financial statements.

31. Contingent liabilities

Letters of guarantee issued by banks for OCI and its subsidiaries in favor of others as at 31 December 2011 amounted to USD1.6 billion and the covered portion of the letters of guarantee amounted to USD20.6 million (2010: USD1.6 billion and the covered portion amounted to USD21.1 million and 2009: USD1.8 billion and the covered portion amounted to USD22.7 million).

Outstanding letters of credit as at 31 December 2011 (uncovered portion) amounted to USD33.3 million (2010: USD54.4 million and 2009: USD68.8 million).

Egyptian Basic Industrial Company ("EBIC") has entered into an agreement with Egyptian General Petroleum Corporation (EGPC) dated 25 December 2000 by which the Company is at maximum charged with USD1.25/MMBTU (Million British Thermal Unit) for natural Gas supply. Based on the Prime Minister decree no. 1795 for the year 2008 which states that energy high - consumption industrial sectors (Glass, ceramic, chemicals, steel, cement, fertilizers, aluminum and copper) are charged with USD3/ MMBTU, the distributor City Gas has been invoicing the Company with USD3 /MMBTU. Meanwhile EBIC recorded and continued paying at USD1.25 per MMBTU based on the following :

- The signed agreement between both parties as mentioned above.
- The letter sent from the Industrial Control authority stating that EBIC doesn't have the facilities for fertilizers manufacturing, but produces anhydrous ammonia, which is an intermediate chemical product used in the petrochemicals and fertilizers production.
- The letter from the Fertilizers and Chemicals Export Council stated that the anhydrous ammonia is not considered a fertilizer but used in many industries including fertilizers.
- The in-house legal counselor concluded that EBIC interpretation of the contract is correct and the Company has the legal right to receive gas at the contracted price.
- It's worth mentioning that the total price difference as at December 31, 2011 amounted to USD115 million.

Litigation

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

- The major portion of the business of the Company's US subsidiary involves contracting with departments and agencies of the US Government. Such contracts are subject to audit and possible adjustment by the respective agencies. The USAID Agency has investigated the nature of the relationship and performance of a contract with an Egyptian Joint Venture of which the Company has 40% share. The USAID Agency have filed a suit against all partners of the Joint Venture contending that it is entitled to refund USD332 million from the partners representing all the contract funds paid for these projects plus damages and civil penalties. Management has strong substantive reasons to oppose the allegations raised by Agency. The Company management has been engaged in some settlement discussions with the Government. The management of the US subsidiary is of the opinion that the ultimate resolution of any such claims and counterclaims will not have a significant impact on reported results of operations, our consolidated balance sheet and cash flows. The expected settlement of the claim is USD3 million.

- The Company initiated arbitral proceedings to settle matters of dispute with the owner of one of its projects which include the handing over date of the project and delay penalties. The estimated total value of this claim is USD211 million (of which OCI's share is 50%). The Company believes that it has documents and justifications to support its position. The Company also believes that expected indemnities will surpass any delay penalties it might be subject to. As a result, the Company did not form any provision in its financial statements against either a reduction in the amount due from the client or delay penalties demanded by the client. The Company awaits the final result of arbitration.

- In 2008 and in breach of the terms of the Gas Supply Agreement ("GSA"), the Egyptian Government represented by Egyptian Natural Gas Holding Company ("EGAS"), sent a letter informing the Egyptian Fertilizer Company ("EFC") of its desire to change the gas supply price to USD3.00/MMBTU. In addition, the letter also stipulated that if EFC consumes more than the contractual quantities of gas, the excess consumption will be charged at USD5.00/MMBTU as of 1 January 2008. EFC refused this request and found it necessary to instigate a dispute as it had already signed two long term contacts (25 years) for the supply of natural gas with a pricing formula linked to international fertilizer prices. The contracts also state that any amendments or additions to the contract are not acknowledged or binding unless written and signed by both parties. On 13 June 2011, the gas supplier GASCO initiated arbitral proceedings against EFC. The arbitral proceedings took place and the closing statements were presented to the arbitral tribunal, which is expected to issue its award early 2013. The Company believes it has a strong legal position based on the contracts already at its disposal and that it has the right to account for natural gas supply according to the signed contracts.

- The sale contract of Al Nasr Company for Steam Boilers and Pressure Vessels signed between the Holding Company for Engineering Industries and Al Nasr Company for Steam Boilers and Pressure Vessels (renamed later as IBSF) as the seller and Babcock and Wilcox International Investment Inc. and allies as the buyer was invalidated by a ruling of the Administrative Legal Court. All actions and decisions that resulted in during preparations and execution of the said sale contract were also invalidated; including the sale of IBSF assets to OCI in 2008.

  The High Administrative Court ruled on 17 December 2012 cancelling the Prime Ministerial decree approving the sale of IBSF and nullifying the initial sale transaction and all subsequent sale transactions on the Company. This ruling is final. It is worth mentioning that the Holding Company for Metallurgical Industries is refusing to repossess IBSF and its assets which mean that the execution of the court's judgment is pending.

- BESIX is involved in two disputes which relate to the Burj Khalifa tower through the

  Joint-Venture BESIX SA - Samsung - Arabtec (BESIX share = 35%).

  A claim was filed by the joint venture to EMAAR Properties for AED 1.83 billion equivalent to USD0.5 billion (BESIX share AED 640 million equivalent to USD147.3 million) for extensions of time and additional costs. The claim filed by the joint venture covers the period up to March 2010.
  On February 13, 2011, EMAAR Properties notified their counter-claim for AED 829.8 million equivalent to USD226.0 million (BESIX share AED 290.4 million equivalent to USD79.1 million). No provision has been set up in BESIX books.
  The joint venture is trying to resolve the dispute amicably. In case the ICC arbitration is considered by the joint venture or launched by EMAAR based on their summon of February 13, 2011, then the joint venture will update their claims with legal and experts assistances which would last some 6 to 8 months and cost around USD6.0 million.

32. Capital commitments

At 31 December 2011, capital commitments of the Group for purchasing PP&E amounted to approximately USD144.8 million (amount of USD234.1 million as of 31 December 2010 & amount of USD298.9 million as of 31 December 2009), and for investments USD1.9 million (amount of USD5.4 million as of 31 December 2010 & amount of USD1.3 million as of 31 December 2009).

33. Related parties transactions

Transaction with key management personnel

Key management personnel compensation

Key Management includes Executive and non-Executive Directors, the Chief Financial Officer and other Managing Directors considered key personnel.

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Salaries and other short term benefits	18.1	18.9	14.5
Share based payments	12.8	13.2	10.6
Total	**30.9**	**32.1**	**25.1**

During the financial year ended 31 December 2011, the number of key executives was 19 executives (2010: 20 executives, 2009: 19 executives).

Other related parties transaction

The intra-group transactions, balances and unrealized profits or losses have been eliminated. Balances as at 31 December 2011, 31 December 2010 and 31 December 2009 for non-consolidated companies and joint ventures are reported in the consolidated statements of financial position as due from affiliated companies and due to affiliated companies. These balances have been included in trade and other receivables (Note 9) and trade and other payables (Note 23).

	Nature	Transaction value for the year ended 31 December			Balance outstanding as at 31 December		
(In millions of USD)		**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Egyptian Company for Mobile Services	Client	5.8	6.1	-	2.0	1.1	-
Nile Sugar	Client	0.1	14.6	24.0	2.3	11.6	19.1
Nile Sugar	Lending	-	-	-	22.4	23.3	24.6
Other related parties	Current account	4.7	4.5	3.7	(0.1)	(0.1)	0.4

34. Financial instruments

Financial risk management

Overview

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

- Credit risk.
- Liquidity risk.
- Market risk.

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee; which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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 Group 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 Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the demographics of the Group's client base, including the default risk of the industry and country in which clients operate, as these factors may have an influence on credit risk.

The Risk Management Committee has established a credit policy under which each new client is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each client. These limits represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Clients that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring client credit risk, clients are grouped according to their credit characteristics, whether they are a wholesale, retail or end-user client, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group believes that the unimpaired amounts that are past due are still collectible, based on historic payment behaviour and extensive analysis of client credit risk, including underlying clients' credit ratings, when available.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

(In millions of USD)	Carrying amount 2011	2010	2009
Other investments	77.6	86.7	84.6
Trade and other receivables	2,533.2	2,393.6	2,100.6
Cash and cash equivalents	1,051.7	973.0	1,080.2
	3,662.5	**3,453.3**	**3,265.4**

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

In monitoring customer credit risk, customers are grouped according to their credit characteristics.

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, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade and other receivables at the reporting date by segment was as follows:-

(In millions of USD)	Year ended 31 December 2011	2010	2009
Construction	887.9	1 659.3	1 724.9
Fertilizer	1 184.0	360.0	97.9
Total	**2 071.9**	**2 019.3**	**1 822.8**

Impairment losses

The aging of trade and other receivables at the reporting date that were not impaired was as follows:-

(In millions of USD)	Carrying amount 2011	2010	2009
Neither past due nor impaired	21.6	85.0	28.8
Past due 1-30 days	238.6	233.0	142.2
Past due 31-90 days	105.3	65.0	247.8
Past due 91-360 days	1 614.4	1 577.9	1 358.9
More than 360 days	92.0	58.4	45.1
	2 071.9	**2 019.3**	**1 822.8**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:-

(In millions of USD)	2011	2010	2009
Balance at 1 January	80.3	29.6	20.0
Impairment losses recognized	12.5	60.5	11.6
Amounts written off	(25.4)	(9.8)	(2.0)
Balance at 31 December	**67.4**	**80.3**	**29.6**

Cash and cash equivalents

The Group held cash and cash equivalents of USD1,051.7 million at 31 December 2011 (2010: USD973.0 million, 2009: 1,080.2 million), which represents its maximum credit exposure on these assets.

Guarantees

The Group’s policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2011, 31 December 2010 and 31 December 2009 for details about guarantees reference is made to note 22 (loans and borrowings).

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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:-

As of 31 December 2011

(In millions of USD)	Carrying amount	Contractual cash flow	Less than 1 year	More than one year
Non derivative financial liabilities				
Secured bank loans	3,373.9	3,865.5	885.1	2,980.4
Unsecured banks	270.2	309.5	62.8	246.7
Trade payable and others	1,834.2	1,834.2	1,626.1	208.1
	5,478.3	**6,009.2**	**2,574.0**	**3,435.2**
Derivative financial liabilities				
Interest rate swaps used for hedging	62.2	67.9	13.7	48.5
	62.2	**67.9**	**13.7**	**48.5**

As of 31 December 2010

(In millions of USD)	Carrying amount	Contractual cash flow	Less than 1 year	More than one year
Non derivative financial liabilities				
Secured bank loans	3,013.7	3,286.2	559.2	2,727.0

Unsecured banks	16.5	17.8	17.8	0
Trade payable and others	1,990.6	1,990.6	1,781.9	208.7
	5,020.8	**5,294.6**	**2,358.9**	**2,935.7**
Derivative financial liabilities				
Interest rate swaps used for hedging	71.1	79.7	17.1	62.6
	71.1	**79.7**	**17.1**	**62.6**

				As of 31 December 2009
(In millions of USD)	**Carrying amount**	**Contractual cash flow**	**More than one year**	**More than one year**
Non derivative financial liabilities				
Secured bank loans	2,061.9	2,231.2	253.6	1,977.6
Unsecured banks	411.3	444.8	444.8	0
Trade payable and others	1,738.6	1,738.6	1,548.6	190.0
	4,211.8	**4,414.6**	**2,247.0**	**2,167.6**
Derivative financial liabilities				
Interest rate swaps used for hedging	45.9	49.2	9.6	36.3
	45.9	**49.2**	**9.6**	**36.3**

The carrying value of most of the non-derivative financial liabilities stated on the balance sheet is approximately equal to their contractual amount with the exception of loans and borrowings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates 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 operations risk

The Group entities predominantly execute their reporting activates 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 capital expenditures and receivables. The Group monitors the exposure to foreign currency risk arising from operating activities. The Group does not use derivative financial instruments to hedge its foreign exchange exposure in relation to investments or cash flows.

As of 31 December 2011, if the functional currencies had strengthened/weakened by 10% against the USD, EUR and Egyptian pound with all other variables held constant, the translation of foreign currency receivables and payables that would have resulted in an increase/decrease of USD4.5 million (2010:

USD18.5 , 2009 USD10.1 million) of the profit of the year. Profit is more sensitive to movement in foreign exchange rates in 2010 than 2011 and 2009.

Foreign exchange translation risk

Due to the international presence, the Group 's Financial Statements are exposed to Foreign exchange fluctuations as these effect the translation of the subsidiaries' assets and liabilities denominated in foreign currencies to the USD(the Group presentation currency). The currencies concerned are mainly USD, the Egyptian pound and Euro. This represents a translation risk rather than a financial risk given that these movements are posted directly to equity in the cumulative translation reserve.

Exposure to currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the euro, USDand EGP. The currencies in which these transactions primarily are denominated are euro and USD.

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

			As of 31 December 2011
(In millions)	**USD**	**Euro**	**EGP**
Trade and other receivable	230.9	366.1	1,729.5
Trade and other payable	(245.7)	(215.0)	(492.9)
Loans	(483.5)	(92.8)	(2,294.8)
Net statement of financial position	**(498.3)**	**58.3**	**(1,058.2)**

			As of 31 December 2010
(In millions)	**USD**	**Euro**	**EGP**
Trade and other receivable	113.4	225.8	1,674.0
Trade and other payable	(422.3)	(136.3)	(357.2)
Loans	(0.3)	(0.6)	(954.6)
Net statement of financial position	**(309.2)**	**88.9**	**362.2**

			As of 31 December 2009
(In millions)	**USD**	**Euro**	**EGP**
Trade and other receivable	125.1	155.8	69.8
Trade and other payable	(271.0)	(138.0)	(37.8)
Loans	(387.8)	(8.7)	(391.6)
Net statement of financial position	**(533.7)**	**9.1**	**(359.6)**

Significant rates

The following significant exchange rates applied during the year:

	Average			Closing		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
Euro	1.4028	1.3301	1.3922	1.2329	1.3387	1.4332
EGP	0.1684	0.1777	0.1797	0.1577	0.1722	0.1823
GBP	1.6105	1.5495	1.5592	1.4791	1.5614	1.6173
DZD	0.0136	0.0133	0.0137	0.0125	0.0133	0.0136

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings received at variable interest rates expose the Group to cash flow interest rate risk. The risk committee reviews it in light of global interest rate environment after consulting with a consortium of global banks.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit and loss of a defined interest rate shift. The same interest rate shift is used for all currencies.

The impact of a 1.0% interest rate shift would be a maximum increase/decrease in gain/loss of USD33.4 million (2010: USD28.3 million, 2009: USD23.5 million).

The following subsidiaries hedge their interest rate risk as follows:

OCI Nitrogen

The interest rate risk is limited to possible changes in the fair value of loans taken up and granted. These loans have a fixed interest rate over their entire term by using derivative financial instruments (interest rate swaps) to control interim or other interest rate fluctuations, the loans itself have a variable interest rate.

As from October 2010, the Company hedged 75% of its interest rate risk on its initial five year £ 100 million loan facility with Rabobank by means of an amortizing plain vanilla interest rate swap. The swap exactly followed the amortization scheme of the 5 years loan facility. Despite the fact that the 2010 loan facility has been fully repaid in 2011, the relating interest rate swap has not yet been settled in cash with Rabobank at year-end 2011. The negative market value (loss) of the interest rate swap amounts to € 0.5 million at year-end 2011. The interest rate swap has been unwounded in Q1 2012.

Egypt Basic Industrial Corporation (EBIC)

EBIC's strategy in accordance with its risk management policies and as mandated by the loan agreements is to maintain a ratio of fixed to floating rate net debt. Pursuant to this strategy, EBIC entered into multiple interest rate swaps (pay fixed/receive floating) with each of the facility lenders with a combined total notional amount equal to the total borrowing of USD351.5 million.

EBIC is hedging the risk of variability in the cash out flows caused by having a debt instrument with a variable interest rate and future fluctuations in the market interest rates as referred in note. The Company applies cash flow hedge accounting for several loans with a variable interest rate. The fair value of cash flow hedge is amounted to USD45.5 million at 31 December 2011 (2010: USD45.5 million, 2009: USD37.2 million).

Please refer also to (note 22) for early repayment for loan and hedging instrument in 2012.

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, non-redeemable preference shares, retained earnings and non-controlling interests 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 adjusted equity ratio at the reporting date was as follows:-

	Year ended 31 December		
(In millions of USD)	**2011**	**2010**	**2009**
Total liabilities	(6,395.0)	(6,091.7)	(5,359.2)
Less: cash and cash equivalents	1,051.7	973.0	1,080.2
Net debt	**(5,343.3)**	**(5,118.7)**	**(4,279.0)**
Total equity	(3,337.4)	(3,240.3)	(3,097.0)
Net debt to equity ratio at 31 December	**1.6**	**1.6**	**1.4**

35. Subsequent events

In addition to the subsequent events disclosed in notes (6, 7, 8, 22 and 24), the following events have been occurred in 2012:-

Iowa Greenfield Project

In September 2012, OCI announced plans to develop, construct, and operate a state of the art 100% owned nitrogen - fertilizer Greenfield production facility located in Wever, within Lee County near the Mississippi River. The new Company is to be named Iowa Fertilizer Company (IFCo). The plant broke ground in November 2012 and is currently under construction. The plant will produce between 1.5 to 2.0 million metric tons per year of ammonia, urea, UAN as well as diesel exhaust fluid (DEF). Construction work on the plant is scheduled for completion mid-2015.

The total investment cost is estimated to be USD1.65 billion and will be funded with a combination of equity and a tax-exempt bond issuance. The Iowa Finance Authority (IFA) has authorized IFCo to access up to USD1.2 billion in bonding capacity under its private activity tax-exempt Midwestern Disaster Area bond program. In addition, the Iowa Economic Development Authority (IEDA) board unanimously approved a comprehensive state financial incentive package expected to provide state tax relief in the order of USD100 million. The Iowa Department of Natural Resources approved the issuance of air permits for the new plant on 26 October 2012.
IFCO has also signed an agreement with the ANR Pipeline Company, a subsidiary of TransCanada Corporation, covering terms for the long term transportation of natural gas to the plant.

New Loan of OCI Beaumont LLC (formerly Pandora Methanol LLC) “the Company”

On 26 April 2012 the Company signed and executed credit facility agreement with ABC INTERNATIONAL BANK PLC, AHLI UNITED BANK B.S.C., BANK AUDI SAL - AUDI SARADAR GROUP, CITIBANK, N.A. and CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK to borrow USD125 million with an interest rate of 4.50% over USD LIBOR and matures within 364 days from the date of signing the credit facility agreement. Parties to the credit facility agreement can extend the maturity within 60 days prior to the original maturity date. The Company utilized the proceeds from this loan to extinguish, on 30 April 2012 related party term and revolving loans of approximately USD92.5 million and to finance the Company's integrated ammonia-methanol plant in Beaumont, Texas.

Amendment to tax laws in Egypt

On 6 December 2012, several tax laws amendments have been announced in Egypt which included amendments to current Corporate Tax Law, Sales Tax Law, Real Estate Tax Law and Stamp Tax Law. This announcement was followed by a statement to deactivate these amendments for an undetermined date. The Group is not expecting material impact from the adoption of these tax amendments.

36. Share based payments

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

The terms and conditions related to the grants of the share option programs are as follows:

Grant Date	Number of options in thousands	Vesting conditions	Contractual life	Exercise price	Fair value at grant date	Market price at grant date	Expected volatility	Risk free rate
Jan-06	626	4 years' service from the grant date + TSR > EGX 30	5	39.0	8.6	39.0	34%	5.0%
Jan-07	664	4 years' service from the grant date + TSR > EGX 30	5	48.3	10.3	48.3	33%	5.5%
Jul-08	478	3.5 years' service from the grant date + TSR > EGX 30	4.5	66.4	15.8	66.4	31%	7.5%
Jan-09	1163	4 years' service from the grant date + TSR > EGX 30	5	22.3	7.5	22.3	50%	10.0%
Jan-10	1276	4 years' service from the grant date + TSR > EGX 30	5	44.2	15.1	44.2	49%	12.0%
Mar-11	1489	4 years' service from the grant date + TSR > EGX 30	5	41.4	13.4	41.4	48%	10.0%

All options are to be settled by physical delivery of shares and are not entitled to any dividends.

The options outstanding as at 31 December 2011 have an exercise price in the range of USD22.3 to 66.4 (2010, USD22.3 to 66.4) (2009, USD22.3 to 66.4) and the weighted average contractual life of 4.95 years (2010, 4.93 years) (2009, 4.92 years).

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

Measurement of fair values

The fair value of the rights granted through the employees share base payments plan was measured based on Monte Carlo simulation. Expected volatility is estimated by considering historic average share price volatility.

Reconciliation of outstanding share options

Options	Share Option 2011	Share Option 2010	Share Option 2009
Balance at 1 January	3,581	2,931	2,784
Options granted during the year	1,489	(1,276)	1,163
Options exercised during the year	0	(626)	(1,016)
Balance at 31 December	**5,070**	**3,581**	**2,931**

Employee expenses
Employee expenses charged over the years 2009, 2010 and 2011 are USD12.8 million, USD13.2 million and USD10.6 million, respectively.

37. Adoption of IFRS under the EU

The Group has applied Financial Reporting Standards (IFRS) as adopted by the EU as at 1/1/2009. The Group prepares its annual consolidated financial statements under Egyptian Accounting Standards. The adoption of IFRS under the EU results in the following changes in the application of accounting policies:

Employees dividends
Employees of entities operating in Egypt under the Egyptian Companies' law are entitled to 10% of annual dividends declared. Such share of employee dividends should not exceed their annual salaries. Under the Egyptian Accounting standards the employee dividends are treated as a reduction from retained earnings in the same way dividends to share holders are treated. Under IFRS adopted by the EU, the dividends are expensed as incurred. The amount of employees dividends charged to expenses in the year 2011 is USD 67 million, (2010: USD55 million) and (2009: USD33 million).

Acquisition related costs
Acquisition related costs the Company incurs to effect a business combination are capitalized under Egyptian Accounting Standards and expensed as incurred under IFRS as adopted by the EU. The amount of acquisition related cost and the cost of registering and issuing debts eligible for capitalization and expensed as incurred under IFRS as adopted by EU in the years 2011 is USD14.5 million, (2010: USD13.5 million) and (2009: USD 21 million).

38. Group entities

	Country of domiciliation	Entity Name	Consolidation Method	Shareholding (direct/indirect) held by Orascom Construction Industries (OCI)		
				2011	2010	2009
Subsidiary	Egypt	Orascom Construction	Full	100.0%	100.0%	100.0%
Subsidiary	Egypt	Orascom Road Construction	Full	100.0%	100.0%	90.0%

Subsidiary	Egypt	Orascom for Storage & Maintenance	Full	100.0%	100.0%	50.0%
Subsidiary	Egypt	Suez Industrial Development Company	Full	60.5%	60.5%	60.5%
Subsidiary	Egypt	National Steel Fabrication	Full	100.0%	100.0%	100.0%
Jointly controlled	Egypt	Alico Egypt	Proportion	50.0%	50.0%	50.0%
Subsidiary	Egypt	United Paints & Chemicals	Full	56.5%	56.5%	59.5%
Subsidiary	Egypt	United Holding Company	Full	56.5%	56.5%	50.0%
Equity accounted investee	Egypt	National Pipe Company	Equity	40.0%	40.0%	40.0%
Jointly controlled	Egypt	Orasqualia for Development	Proportion	50.0%	50.0%	50.0%
Jointly controlled	Egypt	Orasqualia for Construction	Proportion	50.0%	50.0%	50.0%
Jointly controlled	Egypt	Orasqualia for Operation and Maintenance	Proportion	50.0%	50.0%	50.0%
Subsidiary	Egypt	OCI Construction Egypt	Full	100.0%	100.0%	100.0%
Subsidiary	Egypt	Orascom Industrial Investment	Full	100.0%	100.0%	100.0%
Subsidiary	Egypt	Contrack Facility Management	Full	100.0%	100.0%	100.0%
Subsidiary	Egypt	Egypt Basic Industries Corporation	Full	59.7%	59.7%	59.7%
Subsidiary	Egypt	Egyptian Fertilizers Company	Full	99.9%	99.9%	99.9%
Subsidiary	Egypt	Orascom Fertilizer Plant Maintenance	Full	99.9%	99.9%	99.9%
Equity accounted investee	Egypt	SCIB Chemical	Cost	14.7%	14.7%	14.7%
Subsidiary	Algeria	SOBIL Algeria	Full	100.0%	100.0%	100.0%
Jointly controlle	Algeria	Sorfert Algeria	Proportion	50.9%	50.9%	50.9%

d						
Subsidiary	Algeria	Orascom Construction Industries - Algeria	Full	100.0%	100.0%	100.0%
Jointly controlled	Algeria	Orascom Trevi Skikda	Proportion	50.0%	50.0%	50.0%
Subsidiary	Nigeria	Orascom Construction Industries - Nigeria	Full	99.0%	99.0%	99.0%
Subsidiary	KSA	OCI Saudi Arabia	Full	60.0%	60.0%	-
Equity accounted investee	KSA	El-Yamama Orascom United	Equity	50.0%	50.0%	50.0%
Subsidiary	KSA	Orascom Saudi	Full	100.0%	100.0%	100.0%
Subsidiary	Bahrain	Contrack International	Full	100.0%	100.0%	100.0%
Jointly controlled	UAE	Medrail	Proportion	50.0%	50.0%	50.0%
Subsidiary	Pakistan	OCI Pakistan	Full	100.0%	100.0%	100.0%
Subsidiary	BVI	Cementech	Full	100.0%	100.0%	100.0%

		Country of domiciliation	**Consolidation Method**	**Shareholding (direct/indirect) held by Orascom Construction Industries (OCI)**		
				2011	**2010**	**2009**
Subsidiary	BVI	OCI MEPCO Holding	Full	100.0%	100.0%	100.0%
Subsidiary	BVI	OCI Fertilizer Trading	Full	100.0%	100.0%	100.0%
Subsidiary	BVI	OCI ESOP	Full	100.0%	100.0%	100.0%
Subsidiary	BVI	OCI Fertilizer Finance	Full	100.0%	-	-
Subsidiary	BVI	OCI Nitrogen Finance	Full	100.0%	-	-
Subsidiary	BVI	OCI Nitrogen Finance II	Full	100.0%	-	-

Subsidiary	BVI	OCI Finance	Full	100.0%	100.0%	100.0%
Subsidiary	BVI	Contrack	Full	100.0%	100.0%	100.0%
Subsidiary	BVI	NSF Trading	Full	100.0%	100.0%	100.0%
Subsidiary	Netherlands	OCI Fertilizer International	Full	100.0%	100.0%	100.0%
Subsidiary	Netherlands	OCI Nitrogen	Full	100.0%	100.0%	-
Subsidiary	The Netherlands	OCI Construction International	Full	100.0%	100.0%	100.0%
Subsidiary	The Netherlands	Iapetus	Full	100.0%	-	-
Subsidiary	The Netherlands	Mena Mining	Full	100.0%	100.0%	-
Subsidiary	The Netherlands	Red Sea Holding	Full	100.0%	100.0%	100.0%
Subsidiary	The Netherlands	Micro Chemie	Full	-	100.0%	-
Subsidiary	UK	OCI UK	Full	100.0%	100.0%	100.0%
Jointly controlled	Belgium	MANOCI	Proportion	50.0%	50.0%	50.0%
Subsidiary	Luxembourg	OCI Investments	Full	100.0%	100.0%	100.0%
Subsidiary	Luxembourg	OCI Luxembourg	Full	100.0%	100.0%	100.0%
Subsidiary	Luxembourg	OC Investments	Full	100.0%	100.0%	100.0%
Subsidiary	Cyprus	OCI International	Full	100.0%	100.0%	100.0%
Subsidiary	Cyprus	OCI Overseas Holding	Full	100.0%	100.0%	100.0%
Subsidiary	Cyprus	OCI Fertilizer Holding	Full	100.0%	100.0%	100.0%
Subsidiary	Cyprus	OCI Construction Holding	Full	100.0%	100.0%	100.0%
Subsidiary	Cyprus	Contrack (Cyprus)	Full	100.0%	100.0%	100.0%
Subsidiary	Cyprus	OCI Construction	Full	100.0%	100.0%	100.0%
Subsidiar	Cyprus	OC International	Full	100.0	100.0	100.0

y				%	%	%
Subsidiary	Cayman Islands	MEPCO Cayman	Full	75.0%	75.0%	75.0%
Subsidiary	Cayman Islands	OCI Overseas Holding (Cayman)	Full	100.0%	100.0%	100.0%
Jointly controlled	France	Gavilon France	Proportion	50.0%	50.0%	50.0%
Subsidiary	USA	Contrack International	Full	100.0%	100.0%	100.0%
Subsidiary	USA	OCI Beaumont	Full	100.0%	-	-

		Country of domiciliation	**Consolidation Method**	**Shareholding (direct/indirect) held by Orascom Construction Industries (OCI)**		
				2011	**2010**	**2009**
Equity accounted investee	USA	Gavilon Holding	Cost	16.4%	16.4%	16.4%
Jointly controlled	Uruguay	Fitco OCI Agro S.A	Proportion	50.0%	-	-
Jointly controlled	Brazil	Fitco OCI Agronegocios do Brazil	Proportion	50.0%	-	-
Subsidiary	USA	Iowa Fertilizer Company	Full	100%	-	

NINE MONTH FINANCIAL STATEMENT

Orascom Construction Industries (OCI)

Consolidated statements of financial position

As of 30 September

(In millions of USD)	Notes	As of 30/9/2012	As of 31/12/2011
Assets			
Non-current assets			
Property, plant and equipment	(7)	3,498.5	3,323.7
Intangible assets and goodwill	(8)	1,860.6	1,874.2
Trade and other receivables	(9)	95.0	392.0
Equity-accounted investees	(10)	68.5	68.8
Other investments	(12)	64.7	68.8
Deferred tax assets	(30)	1.9	2.2
Total non-current assets		**5,589.2**	**5,729.7**
Current assets			
Inventories	(13)	416.6	424.4
Other investments	(12)	17.3	8.8
Trade and other receivables	(9)	2,563.2	2,141.2
Cash and cash equivalents	(15)	1,235.1	1,051.7
Assets held for sale	(16)	376.2	376.6
Total current assets		**4,608.4**	**4,002.7**
Total assets		**10,197.6**	**9,732.4**
Equity			
Share capital	(17)	191.6	191.6
Reserves	(18)	641.3	639.9
Own shares	(19)	-	0.0
Retained earnings		2,640.8	2,312.6
Equity attributable to owners of the company		**3,473.7**	**3,144.1**
Non-controlling interests		201.7	193.3
Total equity		**3,675.4**	**3,337.4**
Liabilities			
Non-current liabilities			
Loans and borrowings	(22)	2,394.9	2,696.2
Trade and other payables	(23)	536.4	616.4
Provisions	(24)	41.5	42.8
Deferred tax liabilities	(30)	241.6	218.6
Total non-current liabilities		**3,214.4**	**3,574.0**
Current liabilities			
Loans and borrowings	(22)	1,468.2	947.9
Trade and other payables	(23)	1,499.1	1,478.6
Provisions	(24)	186.2	293.8
Income tax payable		154.3	100.7
Total current liabilities		**3,307.8**	**2,821.0**
Total liabilities		**6,522.2**	**6,395.0**
Total equity and liabilities		**10,197.6**	**9,732.4**

* The notes on pages from 5 to 66 are an integral part of these consolidated financial statements.

Chairman & Managing Director	Chief Financial Officer
Nassef Sawiris	Salman Butt

Orascom Construction Industries Company (OCI)
Consolidated statements of comprehensive income
For the Period Ended 30 September

(In millions of USD)	Notes	2012 Three months from 1/7/2012 to 30/9/2012	2012 Nine months from 1/1/2012 to 30/9/2012	2011 Three months from 1/7/2011 to 30/9/2011	2011 Nine months from 1/1/2011 to 30/9/2011
Continuing operations					
Revenues	(25)	1,371.1	3,999.1	1,357.8	4,092.9
Cost		(1,051.8)	(3,126.6)	(1,036.7)	(3,035.7)
Gross profit		**319.3**	**872.5**	**321.1**	**1,057.2**
Other income	(28)	1.3	38.5	10.2	30.7
Administrative and distribution expenses		(90.8)	(270.9)	(26.0)	(276.7)
Other expenses		-	(2.7)	(0.7)	(2.5)
Results from continuing operating activities		**229.8**	**637.4**	**304.6**	**808.7**
Financing income & expenses					
Finance income	(29)	13.2	34.2	(1.2)	29.9
Finance cost	(29)	(42.0)	(148.8)	(32.3)	(113.3)
Net finance cost	**(29)**	**(28.8)**	**(114.6)**	**(33.5)**	**(83.4)**
Share of profit of equity-accounted investees (net of tax)		6.5	14.0	2.2	10.3
Profit before tax		**207.5**	**536.8**	**273.3**	**735.6**
Income tax (expense)	(30)	(58.6)	(156.3)	(61.0)	(202.8)
Profit from continuing operations		**148.9**	**380.5**	**212.3**	**532.8**
Discontinued operations					
Profit from discontinued operations (net of tax)			-	12.2	45.3
Profit for the period		**148.9**	**380.5**	**224.5**	**578.1**
Other comprehensive income:					
Net change in fair value in available-for-sale financial assets			(11.6)		(2.4)
Effective portion of changes in fair value of cash flow hedges			(23.0)		-
Foreign currency translation differences - foreign operations			(0.3)		(0.1)
Tax on other comprehensive income	(30)				
Other comprehensive income for the period, net of tax			**(34.9)**		**(2.5)**
Total comprehensive income for the period			**345.6**		**575.6**
Profit Attributable to:					
Owners of the Company			328.2		521.0
Non-controlling interests			52.3		57.1
Profit for the period			**380.5**		**578.1**
Total comprehensive income attributable to:					
Owners of the Company			295.0		518.8
Non-controlling interests			50.6		56.8
Total comprehensive income for the period			**345.6**		**575.6**
Earnings per share					
Basic earnings per share (in USD)	(21)		1.60		2.53
Diluted earnings per share (in USD)	(21)		1.59		2.52
Earnings per share - continuing operations					
Basic earnings per share (in USD)	(21)		1.60		2.31
Diluted earnings per share (in USD)	(21)		1.59		2.30

* The notes on pages from 5 to 66 are an integral part of these consolidated financial statements.

ORASCOM CONSTRUCTION INDUSTRIES COMPANY
Consolidated statements of change in equity
As of the financial Period Ended 30 September 2012

(In millions of USD)

		Attributable to owners of the Company							
	Note	Share Capital	Legal reserve	Other reserves	Reserve for own shares	Retained earnings	Total	Non controlling interests	Total equity
Balance at 1/1/2011		**191.6**	**98.3**	**684.9**	**(28.4)**	**2,114.0**	**3,060.4**	**179.9**	**3,240.3**
Total comprehensive income for the year 2011									
Profit		0.0	0.0	0.0	0.0	635.7	**635.7**	73.5	**709.2**
Total other comprehensive income	(30)	0.0	0.0	(46.6)	0.0	0.0	**(46.6)**	(0.8)	**(47.4)**
Total comprehensive income for the year 2011		**0.0**	**0.0**	**(46.6)**	**0.0**	**635.7**	**589.1**	**72.7**	**661.8**
Own shares acquired		0.0	0.0	0.0	(87.9)	0.0	**(87.9)**	0.0	**(87.9)**
Dividends	(20)	0.0	0.0	0.0	0.0	(437.1)	**(437.1)**	(34.6)	**(471.7)**
Employees stock option		0.0	0.0	12.8	0.0	0.0	**12.8**	0.0	**12.8**
Other Adjastments		0.0	0.0	6.8	0.0	0.0	**6.8**	0.0	**6.8**
Non-controlling interest share adjustments		0.0	0.0	0.0	0.0	0.0	**0.0**	(24.7)	**(24.7)**
Balance at 31/12/2011		**191.6**	**98.3**	**657.9**	**(116.3)**	**2,312.6**	**3,144.1**	**193.3**	**3,337.4**
Balance at 1/1/2012		**191.6**	**98.3**	**657.9**	**(116.3)**	**2,312.6**	**3,144.1**	**193.3**	**3,337.4**
Total comprehensive income for the Period Ended 30 September 2012									
Profit		0.0	0.0	0.0	0.0	328.2	**328.2**	52.3	**380.5**
Total other comprehensive income	(30)	0.0	0.0	(33.2)	0.0	0.0	**(33.2)**	(1.7)	**(34.9)**
Total comprehensive income for the Period Ended 30 September 2012		**0.0**	**0.0**	**(33.2)**	**0.0**	**328.2**	**295.0**	**50.6**	**345.6**
Own shares acquired		0.0	0.0	0.0	34.6	0.0	**34.6**	0.0	**34.6**
Dividends	(20)	0.0	0.0	0.0	0.0	0.0	**0.0**	(38.1)	**(38.1)**
Employees stock option		0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Non-controlling interest share adjustments		0.0	0.0	0.0	0.0	0.0	**0.0**	(4.1)	**(4.1)**
Balance at 30 September 2012		**191.6**	**98.3**	**624.7**	**(81.7)**	**2,640.8**	**3,473.7**	**201.7**	**3,675.4**

* The notes on pages from 5 to 66 are an integral part of these consolidated financial statements.

Orascom Construction Industries Company (OCI)
Consolidated statements of cash flows
For the financial Period Ended 30 September

(In millions of USD)	Notes	Period Ended 30 September 2012	2011
Cash flows from operating activities			
Profit for the Period		380.5	578.1
Adjustments for:			
Depreciation and amortization	(7),(8)	198.4	202.8
Net provisions and allowances formed		29.4	17.3
Interest income	(29)	(26.4)	(13.1)
Interest expenses	(29)	145.7	101.5
Share of profit of equity-accounted investees		(14.0)	(55.6)
(Gain) on sale of property, plant and equipment	(28)	(6.4)	0.0
Equity-settled share-based payment transactions		9.0	9.6
Tax expense		156.3	202.8
		872.5	**1,043.4**
Changes in:			
Inventories		7.8	(10.0)
Trade and other receivables		(191.8)	(239.3)
Assets held for sale		0.4	3.4
Trade and other payables		(1.4)	(261.2)
Provisions	(24)	(96.4)	(17.5)
Cash generated from operating activities		**591.1**	**518.8**
Interest paid		(145.7)	(101.5)
Taxes paid		(101.1)	(117.3)
Net cash from operating activities		**344.3**	**300.0**
Cash flows from investing activities			
Interest received		26.4	13.1
Proceeds from sale of property, plant and equipment		27.5	20.6
Proceeds from / paid for investments		18.4	1.2
Payments of purchase property, plant and equipment and projects under construction		(386.2)	(234.7)
Net cash (used in) investing activities		**(313.9)**	**(199.8)**
Cash flows from financing activities			
Proceeds from loans and borrowings		766.0	2,286.2
Payments of loans and borrowings		(547.0)	(1,277.7)
Other long term liabilities		(62.5)	30.2
Own shares		34.6	(96.2)
Dividends paid		(38.1)	(471.7)
Net cash from financing activities		**153.0**	**470.8**
Net increase (decrease) in cash at banks and on hand		**183.4**	**571.0**
Cash at banks and on hand at 1 January		1,051.7	973.0
Cash at banks and on hand at 30 September		**1,235.1**	**1,544.0**

* The notes on pages from 5 to 66 are an integral part of these consolidated financial statements.

1. Reporting entity

Orascom Construction Industries S.A.E ("OCI" or the Company) is a joint stock Company with its head office in Cairo - Egypt. OCI is registered in the Egyptian commercial register under No. 19661 dated 30/3/1998. The consolidated financial statements as at and for the interim periods ended 30 September 2012 and 30 September 2011comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and jointly controlled entities. The Group is primarily involved in construction and manufacturing of fertilizers.

2. Basis of presentation

Statement of Compliance

The Consolidated Financial Statements of Orascom Construction Industries Company "OCI" and its subsidiaries ("the Group"), as at and for the interim periods ended 30 September 2012 and 30 September 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated financial statements of 2009 group consolidated financial statements are the first consolidated statements prepared in accordance with IFRS and *IFRS 1 First Time Adoption of International Financial Reporting Standards* has been applied.

The consolidated financial statements as of and for the Period Ended 30 September 2012 which were approved by the Board of Directors of the Company on 14 January 2013, were prepared solely to meet the requirements of the Netherlands Authority For The Financial Markets.

Basis of measurement

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

Functional and Presentation currency

These consolidated financial statements are presented in US dollars which is the Functional Currency of the Company. All financial information presented in US dollars has been rounded to the nearest one decimal place except when otherwise indicated.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses during the financial years. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

- Contracts revenues (Note 14)

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

- Estimated useful lives of property, plant and equipment
- Recoverability of financial and non-financial assets

- Provisions (Note 24)
- Utilization of deferred tax assets (Note 30)
- Contingent liabilities (Note 31)
- Key assumptions used in discounted cash flow projection (Note 8)

3. Summary of main accounting principles and policies

The main accounting principles and policies adopted in preparing these Consolidated Financial Statements are set out below. These policies have been consistently applied to all periods in these Consolidated Financial Statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

The consolidated financial statements include the accounts of Orascom Construction Industries SAE and its subsidiaries. Subsidiaries are companies over which Orascom Construction Industries SAE has directly and / or indirectly the power to control the financial and operating policies so as to obtain benefits.

In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in equity and in results are presented separately. Transactions between consolidated companies and intercompany balances are eliminated. Accounting policies, as set out below, have been applied consistently for all periods presented in these consolidated financial statements and by all subsidiaries.

Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the extent of control, current and potential voting rights that are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity - accounted investee or as an available for sale financial asset depending on the level of influence retained.

Associates and jointly controlled operations

Associates are those companies in which where the Group exercises significant influence, but not control, over the financial and operating policies, which is presumed to exist when the Group holds 20% to 50 % of the voting power of other entity. Jointly controlled operations are those entities over whose activities the Group has Joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates are accounted for by the equity method. Joint ventures are accounted for using the proportionate consolidation method.

The equity method is as follows:

The Group share of profit and loss of an investee is recognized in the income statement from the date when significant influence begins up to the date when that influence ceases. Investments in associates with negative shareholders equity are impaired and a provision for its losses is accrued 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 and losses generated from transactions between the Company or its subsidiaries and investees accounted for under the equity method are eliminated on consolidated financial statements level for the portion pertaining to the Group, unrealized losses are eliminated unless they represent impairment.

The proportionate consolidation method is as follows:

The application of proportionate consolidation means that the statement of financial position of the venture includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The statement of comprehensive income of the venture includes its share of the income and expenses of the jointly controlled entity. Many of the procedures appropriate for the application of proportionate consolidation are similar to the procedures for the basis of consolidation, which is set out in paragraph above.

Transactions eliminated on the consolidation

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-investee are eliminated against the investment to the extent of the Group's interest in the investee. 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 Foreign currency translation

Foreign currency transactions translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss except for the available-for-sale investments which is recognized in other comprehensive income (except on impairment in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss).

Foreign operations translation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of non-monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

3.3 Financial instruments

a) Non-derivative financial assets

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

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 the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and 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 on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, cash and cash equivalents and available- for-sale financial assets.

Financial assets at Fair value through profit and loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

b) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

c) Share capital /ordinary shares

Ordinary shares

Ordinary shares are classified as equity.

Repurchase and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the “reserve for own shares”. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

d) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. 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 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.

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, and whether the actual results of each hedge are within a range of 80% - 125%. 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.

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 affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity.

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 accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item 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. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Separable embedded derivatives

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 designed in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following

- The cost of material, direct labor;
- Any other cost incurred to bring the asset ready to its intended use, as well as any expected cost to remove the asset at the end of its useful lives and restore the site to its original condition;
- When the group has an obligation to remove the asset or restore the site on which they are located; and
- Capitalized borrowing cost.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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 and loss.

Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expenses as incurred.

All other expenditure on internally generated goodwill and other intangible assets is recognized in profit and loss as incurred.

Projects under construction

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

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it reasonably certain that the Group will obtain ownership by the end of the lease term. 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 the current and comparative years of significant items of property, plant and equipment are as follows:

	Years
Buildings	4 - 50
Machinery and equipment	3 - 25
Furniture and office equipment	2 - 10
Vehicles	3 - 5
Information systems	2 - 6.7
Tools and supplies	1.5 - 10

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

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

3.5 Intangible assets and goodwill

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, (see note 3.1).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Except for goodwill, intangible assets (licenses, customer relations, brand names and other rights) are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

	Years
Licenses, customer relations, brand names and other rights	4-10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Inventories

Inventories are measured at the lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.7 Construction contracts in progress

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. Construction contracts in progress is presented in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as billing in excess on the construction contracts in the statement of financial position.

3.8 Assets held for sale

Non-current assets, or disposal Groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal Group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal Group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal Group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3.9 Impairment of assets

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more event that occurred after the initial recognition of the asset and that loss event(s) had impact on the estimated cash flow of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

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

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

Non- financial assets

The carrying amounts of the Group’s non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.10 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

Aftercare

Provisions for aftercare (including the period between provisional and final acceptance) are recognized throughout the lifetime of the construction sites and shown as provisions as of the date of provisional acceptance. Provisions are stated at management's best estimate of the expenditure required to settle the Company's obligations.

Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognized when the land is contaminated.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision 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.

3.11 Revenue recognition

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. 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, usually transfer occurs when the product is received at the customer'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.

Services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

The Group is involved in managing forest resources, as well as performing related services. When the services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services.

Government grants

An unconditional government grant related to an asset is recognized in profit or loss as other income when the grant becomes receivable. 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.

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.

3.12 Leases

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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.

3.13 Financing income and finance cost

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, 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 acquire, gains on hedging instruments that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income. 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 costs 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, 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 using the effective interest method.

Foreign currency gains and losses are reported 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.

3.14 Employees' benefits

Certain Group subsidiaries provide pension plans, end of service remuneration plans and long-term service benefits. These pension plans qualify as defined contribution plans. The main principle is that the pension charge to be recognized in the reporting period should be equal to the pension contributions payable to the pension fund over the period. Differences are treated as either an asset or a liability. In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of commitments and it is possible to reliably estimate the amount of the commitments. For any surplus at the pension fund as at balance sheet date, a receivable is recognized if the Company has the power to withdraw this surplus, if it is likely that the surplus will flow to the Company and if the receivable can be reliably determined.

Those subsidiaries that apply end of service remuneration plans charge to the income statement for the reporting period the contribution of the Company towards that plan.

In case of long-term service benefits, other than pension plans, the subsidiary's net obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on AAA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

3.15 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.16 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 3(l)), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3.17 Segment reporting

Operating segments are reported in a manner which consistent with internal reporting information provided to the Chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company.

3.18 New standards and interpretations not adopted

The following are the major new amendments in standards not yet effective and not early adopted:

IFRS 7 (amendment), 'Financial instruments: Disclosures effective for annual periods starting on or after 1 July 2011', will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The Group is not expecting a significant impact by its adoption.

IAS 12 (amendment), 'Income taxes' introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendment will be effective on 1 January 2012 and the Group is not expecting a significant impact by its adoption.

IAS 1 (amendment) 'Financial statement presentation' will be effective for annual periods starting on or after 1 July 2012. The main changes resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. The Group is currently assessing the impact of this amendment.

IFRS 10, 'consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 11, 'Joint arrangements' effective on 1 January 2013 focuses on the rights and obligations of the joint arrangements rather than its legal from. Proportional consolidation of joint ventures is no longer allowed. The Group is assessing the impact of its adoption.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

IFRS 13, 'Fair value measurement' will be effective on 1 January 2013 and aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group is currently assessing the impact of this new standard.

IAS 19 (amendment), 'Employee benefits' was amended in June 2011 and will be effective on 1 January 2013. The impact on the Group will be as follows: to eliminate the corridor approach and recognize all actuarial gains and losses in OCI as they occur; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is not expecting a significant impact by its adoption.

IAS 28 'Associated and joint ventures (revised)' includes requirements for joint ventures and associates accounted for using the equity method following the issue of IFRS 11. The Group is currently assessing the impact of this new standard.

4. Determination of fair values

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

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

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

Equity and debt securities

The fair value of equity and debt securities, except for securities classified as held to maturity, is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

Share based payment transactions

The fair value of the employee share purchase plan is measured using Monte Carlo Sampling. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends and the risk free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Group segment reporting

The Group has two 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. For each of the strategic segments, the Group’s CEO reviews internal management reports on at least quarterly basis.

OCI Construction Business

The Construction Business has a diversified client base and has completed, or is currently executing, projects in over 25 countries across North Africa, the Middle East, Europe and Central Asia. We classify projects as industrial, infrastructure or commercial. Industrial projects include oil and gas, fertiliser and cement plants. Infrastructure projects include airports, roads, railways, power plants and water plants. Commercial projects include buildings, hotels and malls.

The Construction Business also has investments in manufacturers of fabricated steel products, glass curtain walling, paints and concrete pipes as well as investments in two property management companies.

OCI Fertiliser Business

The Fertiliser Business owns and operates facilities in the Netherlands, the United States, and Egypt, with fertiliser plants under construction in Algeria and the United States, and a proposed Greenfield facility under development in Brazil. The Fertiliser Business also has an international distribution platform spanning from the Americas to Asia, and a minority investment in a fertiliser business in Nigeria. Upon the commissioning of all planned construction, development and expansion activities in 2013 (excluding the Greenfield development in Brazil), the Fertiliser Business's estimated total capacity is expected to approach 7.0 million metric tons per annum of saleable nitrogen-based fertilisers, comprising:

- 2.2 million metric tons of anhydrous ammonia;
- 2.75 million metric tons of granular urea;
- 1.45 million metric tons of calcium ammonium nitrate (CAN); and
- 0.525 million metric tons of urea ammonium nitrate (UAN).

In addition, the Fertiliser Business has the capacity to produce a portfolio of downstream products, including 0.75 million metric tons of methanol and 0.25 million metric tons of melamine. OCI Nitrogen also has an off-take distribution contract for 0.75 million metric tons of ammonium sulphate (AS), renewed annually since 2010. The Company has recently acquired the distribution rights for an additional 1 million metric tons of AS from Lanxess N.V. The Fertiliser Business has occasionally toll manufactured as at a neighbouring plant in Egypt using its own ammonia, and can also produce additional UAN of up to 0.325 million metric tons through an on-site blending facility at one of its Egyptian assets.

			Period ended 30 September 2012
(In millions of USD)	Construction	Fertilizer	Total
External revenues	2,229.3	1,769.8	3,999.1
Interest income	16.6	9.8	26.4
Interest expense	(46.3)	(99.4)	(145.7)
Depreciation and amortization	91.7	106.7	198.4
Reportable segment - profit before tax	67.6	469.2	536.8
Share of profit of equity-accounted investees	8.6	5.4	14.0
EBITDA *	179.2	656.6	835.8
Reportable segment assets	4,585.5	5,612.3	10,197.6
Equity accounted investees	39.5	29.0	68.5
Capital expenditure	96.5	289.5	386.0
Reportable segment liabilities	2,818.3	3,703.9	6,522.2

			Year ended 31 December 2011
(In millions of USD)	Construction	Fertilizer	Total
External revenues	2,318.6	1,774.3	4,092.9
Interest income	10.6	2.5	13.1
Interest expense	(59.1)	(42.4)	(101.5)
Depreciation and amortization	101.3	101.4	202.7
Reportable segment - profit before tax	125.6	610.0	735.6
Share of profit of equity-accounted investees	3.1	7.2	10.3
EBITDA *	278.0	733.5	1,011.5
Reportable segment assets	4,440.7	5,291.7	9,732.4
Equity accounted investees	41.0	27.8	68.8
Capital expenditure	84.1	339.6	423.7
Reportable segment liabilities	2,745.8	3,649.2	6,395.0

* Earnings before interest, tax, depreciation and amortization.

Management information in relation to segments depends on legal entities and products / services and is not presented geographically. In addition there are no revenues from transactions with a single external customer that amount to 10% or more of the consolidated revenues.

6. Main Acquisitions

Acquisition of Weitz Company, LLC

On 12 December 2012, OCI completed the acquisition of the Weitz Company LLC, a United States general contractor based in Des Moines, Iowa, for acquisition cost of USD52 million. Weitz has three core business lines: commercial, federal, and plant services construction, and has typically ranked among the top 50 in Engineering News Record’s (ENR) Top 400 Contractors list and is the largest contractor in the state of Iowa. The Company generated USD681.5 million of revenue in 2011 and prior to the recent economic downturn generated revenues in excess of USD1.5 billion. Weitz had a backlog of USD241.0 million as at 30 September 2012. Weitz’s current management and employees will be retained following the acquisition. The acquisition of Weitz will establish a strong strategic foothold in the United States construction market for the OCI Construction Group. Weitz Constructors and the federal business line of Weitz will be combined with Contrack International.

The Weitz Company will be consolidated in OCI financial statements from its acquisition date in 2012 which is 12 December 2012; the date OCI effectively took control of the Company.

The Company is continuing its review of assets acquired and liabilities assumed during the measurement period and the acquisition accounts will be revised.

7. Property, plant and equipment

(In million USD)	Land and buildings	Plant and Equipment	Fixtures and fittings	Under Construction	Total
Cost					
Balance at 1 January 2011	309.8	2,399.2	78.7	1,136.2	3,923.9
Additions	28.9	179.8	9.8	205.2	423.7
Transfers	0.3	(40.8)	0.1	0.0	(40.4)
Disposals	(9.7)	(74.7)	(1.9)	0.0	(86.3)
Effect of movements in exchange rates	(8.1)	(56.1)	(2.7)	0.0	(66.9)
Balance at 31 December 2011	**321.2**	**2,407.4**	**84.0**	**1,341.4**	**4,154.0**
Balance at 1 January 2012	321.2	2,407.4	84.0	1,341.4	4,154.0
Additions	9.5	405.8	9.7	0.0	425.0
Acquisition through business combination	0.0	0.0	0.0	0.0	0.0
Transfers	1.9	(4.2)	7.8	(38.8)	(33.3)
Disposals	(6.4)	(52.8)	(4.6)	0.0	(63.8)
Effect of movements in exchange rates	(3.2)	(20.3)	(1.2)	0.0	(24.7)
Balance at 30 September 2012	**323.0**	**2,735.9**	**95.7**	**1,302.6**	**4,457.2**
Depreciation					
Balance at 1 January 2011	67.3	619.2	32.8	0.0	719.3
Depreciation for the year	13.2	222.0	15.5	0.0	250.7
Transfers	(8.5)	(29.7)	(0.2)	0.0	(38.4)
Disposals	(2.6)	(46.1)	(1.1)	0.0	(49.8)
Effect of movements in exchange rates	(2.6)	(47.1)	(1.8)	0.0	(51.5)
Balance at 31 December 2011	**66.8**	**718.3**	**45.2**	**0.0**	**830.3**
Balance at 1 January 2012	66.8	718.3	45.2	0.0	830.3
Depreciation for the year	11.5	162.8	11.5	0.0	185.8
Transfers	0.1	(4.6)	7.9	0.0	3.4
Disposals	(3.3)	(35.5)	(3.9)	0.0	(42.7)
Effect of movements in exchange rates	(1.0)	(16.5)	(0.6)	0.0	(18.1)
Balance at 30 September 2012	**74.1**	**824.5**	**60.1**	**0.0**	**958.7**
Carrying amounts					
At 1 January 2011	**242.5**	**1,780.0**	**45.9**	**1,136.2**	**3,204.6**
At 31 December 2011	**254.4**	**1,689.1**	**38.8**	**1,341.4**	**3,323.7**
Balance at 30 September 2012	**248.9**	**1,911.4**	**35.6**	**1,302.6**	**3,498.5**

* Assets under construction includes machinery and equipment under installation amounted to USD 1,054.7 million as of 30 September 2012 (2011: USD 1,047.9 million) belongs to Sorfert Algeria SPA which excepected to be operational during 2013.

Assets under construction include capitalized borrowing costs related to the construction of Sorfert factory in Algeria for the period ended 30 September 2012 amounted to USD45.0 million (2011: USD62.0). Capitalization rate is 5.95% for both periods.

OCI Beaumont

In May 2011, OCI announced the acquisition of 50% + 1 shares of an integrated ammonia methanol plant in Beaumont, Texas, USA. The plant has a production capacity of 250,000 tons of ammonia and 750,000 tons of methanol, but was a brown field that had been idle for a few years. In November 2011, OCI acquired the remaining shares of the plant. The subsidiary was renamed OCI Beaumont. Both lines were subject to a massive refurbishment project. As a result, the ammonia line became operational late 2011 and the methanol line went into operations mid-2012. Total acquisition price for 100% of the shares was USD27 million. The Company did not acquire any working capital, contracts, employees, intellectual properties, and / or intangible assets as part of the acquisition. The Company also did not assume any liabilities as part of the acquisition. The Company management concluded that this acquisition represents an acquisition of an asset that does not constitute a business and accordingly allocated the cost of acquisition of the Group to identifiable assets based on their fair values. Such transaction does not give rise to goodwill

The Company incurred costs related to advisory, legal, valuation and other professional consulting fees which were expensed and included in the Group's consolidated income statement.

8. Intangible assets and goodwill

(In million USD)	Goodwill	Licenses and trademarks	Other	Total
Cost				
Balance at 1 January 2011	1,804.9	88.4	3.4	1,896.7
Effect of movements in exchange rates	5.6	(2.8)	(0.1)	2.7
Other	7.0	0.0	0.0	7.0
Balance at 31 December 2011	**1,817.5**	**85.6**	**3.3**	**1,906.4**
Balance at 1 January 2012	1,817.5	85.6	3.3	1,906.4
Effect of movements in exchange rates	(0.2)	(0.9)	0.0	(1.1)
Balance at 30 September 2012	**1,817.3**	**84.7**	**3.3**	**1,905.3**
Amortization and impairment losses				
Balance at 1 January 2011	0.5	11.6	0.5	12.6
Amortization for the year	0.0	19.5	2.6	22.1
Effect of movements in exchange rates	0.0	(1.9)	(0.2)	(2.1)
Other	(0.4)	0.0	0.0	(0.4)
Balance at 31 December 2011	**0.1**	**29.2**	**2.9**	**32.2**
Balance at 1 January 2012	0.1	29.2	2.9	32.2
Amortization for the year	0.0	12.6	0.0	12.6
Effect of movements in exchange rates	0.0	(0.5)	0.0	(0.5)
Other	0.4	0.0	0.0	0.4
Balance at 30 September 2012	**0.5**	**41.3**	**2.9**	**44.7**
Carrying amounts				
At 1 January 2011	**1,804.4**	**76.8**	**2.9**	**1,884.1**
At 31 December 2011	**1,817.4**	**56.4**	**0.4**	**1,874.2**
At 30 September 2012	**1,816.8**	**43.4**	**0.4**	**1,860.6**

Impairment testing of good will

For the purpose of impairment testing, the goodwill is allocated to the group operating divisions. The main carrying amount of goodwill relates to the Egyptian Fertilizers Company (one of the group subsidiaries in the fertilizer segment) of which the goodwill at acquisition amounted to USD1.7 billion and as allocated to the cash generating unit amounted to USD2.3 billion. The goodwill is monitored for internal management purpose at the level of the subsidiary.

Key assumptions used in discounted cash flow methodology

The key assumptions used in calculating recoverable amounts are operational assumptions, discount rates and the terminal value growth rates.

The keys operational assumptions in the period 30 September 2012 and 2011 are:

- Production and sales volumes are planned at 4,500 tons/day over the projection period;
- Sales mix between exports and local sales assumed to be constant over the projection period;

- The assumptions were based on the assurance of continuity of gas supplying at the contractual gas price in the long term agreements with the gas supplier.

The cash flows are projected over the industry cycle of 10 years-. The management based its business plan in line with an external broker outlook of Urea product prices and its long term agreed gas price with the supplier.

Discount rate
The after tax discount rates applied averaged 8.75%, 8.00% and 10.00% over the years 2009, 2010 and 2011, respectively. The discount rates were estimated based on industry weighted average cost of equity estimated at an average of 9.5%, 8.7% and 11.5% over the years 2009, 2010 and 2011, respectively. Debt leverage averaged 16%, 17% and 24% in the years 2009, 2010 and 2011, respectively. Market post tax interest rate applied was 4.1%.

Terminal value growth rate
A long term growth rate into perpetuity has been estimated by management at 1%.

Allocation of the goodwill
The goodwill balance is predominantly in the fertilizer business amounted to USD1,809.8 million as of 30 September 2012 (2011: USD1,810.0million) and the remaining balance amounted to USD7.0 million as of 31 December 2011 (2011: USD7.4 million).

9. Trade and other receivables

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Trade receivables	1,181.5	1,149.7
Due from related parties (Note 33)	0.7	26.7
Prepayments	27.6	23.4
Retentions	166.5	184.8
Debtors and other debit balances *	829.5	687.3
	2,205.8	**2,071.9**
Construction contracts in progress (Note 14)	452.4	461.3
	2,658.2	**2,533.2**
Non – current	95.0	392.0
Current	2,563.2	2,141.2
	2,658.2	**2,533.2**

- The impairment in trade and other receivables as of 30 September 2012 in the amount of USD61.3 million is netted from trade and other receivables in the consolidated statement of the financial position (amount of USD67.4 million as of 31 December 2011).

* The debtors and other debit balances as of 30 September 2012 include advance payments and debit balances for suppliers and subcontractors amounted to USD88.0 million and the covered portion of the letters of guarantee amounted to USD20.3 million (amount of USD105.3 million and USD23.1 million respectively as of 31 December 2011).

10. Equity – accounted investees

A summary of equity investments companies assets, liabilities, revenues, and expenses which include Egyptian Gypsum Company (50%), National Pipes Company (40%), El-Yamama United (50%) for the years ended 31 December 2011, 2010 and 2009 together with Gavilon (16.8%) as equity investment only in years 2009 and 2010 as follows:

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Assets	207.1	209.1
Liabilities	(181.3)	(183.1)

	As of the period ended September	
(In millions of USD)	**30/9/2012**	**30/9/2011**
Revenue	46.2	50.6
Net profit	14.0	10.3

OCI holds 35% in Osparie Super Holdeco which holds 54% in Gavilon without any majority votes.

11. Jointly controlled entities

The jointly controlled entities are proportionately consolidated in the Group financial statements; the main entities under joint control are MANOCI, Orasqualia for Development, Orasqualia for Construction and Alico, in addition to other construction joint ventures. The related assets, liabilities, revenues and expenses are as follows:

	As of the period ended	
(In millions of USD)	**30/09/2012**	**31/12/2011**
Assets	2,887.7	1,595.3
Liabilities	(2,112.6)	(1,241.9)

	As of the period ended September	
	30/09/2012	**30/09/2011**
Revenue	1,430.4	1,232.7
Cost	(1,322.5)	(1,142.3)

The Company shares in the jointly controlled entities of contingent liabilities at 30 September 2012 amounted to USD663.0 million (2011: USD663.0 million).

12. Other investments

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Non-current investments		

Debt securities	52.5	56.9
Held to maturity securities	12.2	11.9
	64.7	**68.8**

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Current investments		
Held for trading securities	17.3	8.8
	17.3	**8.8**

Interest-bearing available-for-sale financial assets with a carrying amount of USD52.5 million at 30 September 2012 (2011: USD56.9 million, 2009: 31.8 million).

13. Inventories

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Raw materials and consumables	187.3	198.8
Packing materials	0.5	0.4
Spare parts and fuels	55.3	52.5
Work in progress	12.1	0.8
Finished goods	101	105.4
Real estates	60.4	66.5
	416.6	**424.4**

No write-downs or impairment losses have been recognized in 30 September 2012.

14. Construction contracts in progress / billing in excess of construction contracts

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Costs incurred on incomplete contracts	12,885.8	11,215.8
Estimated earnings	1,161.7	1,008.2
	14,047.5	**12,224.0**
Less: billings to date	(13,740.4)	(12,023.5)
Balance	**307.1**	**200.5**

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2010**

Presented in the consolidated statements of financial position as follows:		
Construction contracts in progress - current assets	452.40	461.3
Billing in excess on construction contracts - current liabilities	(145.30)	(260.8)
Balance	**307.1**	**200.5**

Aggregate costs incurred under open construction contracts and recognized profit net of recognized losses amounted to USD13,740.4 million in 30 September 2012 (2011: USD12,224.0 million).
In determining the revenue and cost to be recognized each year for works to be carried out on construction contracts, estimates are made to the final outcome on each contract. Management continually reviews these estimates and makes adjustments and provisions when necessary.

15. Cash and cash equivalents

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Cash on hand	2.8	2.2
Banks balances *	956.6	656.3
Call deposits *	275.7	393.2
Cash and cash equivalents	**1,235.1**	**1,051.7**

* Banks - current accounts and time deposits at 30 September 2012 with original maturities less than three months including USD12.5 million and USD132.3 million respectively held as collateral against letters of guarantee and loans and facilities (2011: USD0.2 million and USD74.8 million respectively).

16. Assets held for sale

	As of the period ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Property , plant and equipment	7.7	8.1
Investments	368.5	368.5
	376.2	376.6

Gavilon Divestment

On 29 May 2012, the sale of Gavilon to Japanese Trading House Marubeni Corporation (Marubeni) was announced valuing the equity of the business at USD3.6 billion. OCI expects to receive cash proceeds of USD641.0 million for its 16.8% stake and had invested USD340.0 million for its stake in the business in mid-2008. An agreement has also been reached on the divestment of one of Gavilon’s US assets to clear antitrust issues.
The investment of Gavilon represents one of the equity accounted investees which was presented until 2010 under equity accounted investees. The expected amount of the profit of this sale is approximately USD272.5 million before tax which represents the difference between the sale price and the carrying amount of the investment.

The carrying amount of the investment amounted to USD368.5 million represents the initial cost of the investment amounted to USD340.0 million in addition to the Company's share in Gavilon's 2010, 2009 and 2008 profits and losses from its date of acquisition till it was classified as held for sale.

Discontinued operations

The Company's share in Gavilon's profits in the years 2011, 2010 and 2009 are classified to discontinued operation. There is no cumulative income or expense recognized in other comprehensive income relating to the disposed investment.

17. Share capital

Authorized capital

The Company authorized capital is USD911.6 million (equivalent to L.E 5 billion).

Issued and paid capital

All of the Company's issued shares are ordinary shares with authorized par value of USD0.91 (equivalent to L.E 5).

Shares	As of the period ended 30/09/2012	31/12/2011
Number of shares at 1 January	208 938 419	208 938 419
On issue at 30 September 2012 - fully paid	**208 938 419**	**208 938 419**
At 30/9/2012 in USD million	**191.6**	**191.6**
Equivalent in L.E million	**1,044.7**	**1,044.7**

On 16 February 2011, the Extraordinary General Assembly of the Company approved to purchase shares up to 6,268,153 shares or their equivalent (GDRs) from the market. The maximum share to be purchased represents 3% of the total number of outstanding shares.

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

18. Reserves

Legal reserve

According to the Company's articles of incorporation, 5% of annual net income is set aside as a legal reserve. Setting aside this percentage stops when the total accumulated reserve reaches 50% of the Company's issued capital. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume settling aside 5% of the annual net income until it reaches 50% of the issued share capital. This reserve is used to increase the Company's issued capital or to cover the Company's losses. The legal reserve amounted to USD98.3 million (equivalent to L.E 536.9 million) at 30 September 2012 and 31 December 2011.

Other reserves

According to the Company's articles of incorporation, the General Assembly can establish and use other reserves from annual net income upon a recommendation by the Board of Directors. The other reserves are used according to a decision from the ordinary general assembly based on a proposal of the Board of Directors of the Company.
The other reserves amounted to USD624.7 million at 30 September 2012 (2011: USD657.9 million).

Other reserves include the difference between the fair value of the additional shares issued in 2006 and 2008 and their par value which amounted to USD317.5 million and USD703.6 million respectively (equivalent to LE 1,815.4 million and LE 3,869.9 million respectively). The reserve was reduced by USD295.4 million (equivalent to LE 1,620.1 million) in 2009 that represented the difference between the par value and the purchase value around 7.8 million own shares.

On 30 April 2009, the Extraordinary General Assembly of the Company approved the reduction of the share capital by 7,852,253 shares. The par value of these shares amounted to USD7.1 million (equivalent to LE 39.3 million). The difference between the cost of acquisition of these shares and their par value amounted to USD290.2 million (equivalent to LE 1.62 billion) and was reduced from other reserves.

Other reserves at 30 September 2012 include the translation reserve amounted to USD100.8 million (2011: USD78.9 million) and hedging reserve amounted to USD64.0 million (2011: USD52.9million).

Employees' stock option reserve includes the difference between the fair value of the employees' stock option and the predetermined value of these stock options at the grant date.

19. Reserve for own shares

At 30 September 2012, the number of own shares are 1,720,290.0 GDR from the company shares was acquired by OCI-ESOP Limited - a subsidiary company.
The net cost of own shares acquired are as follows:

	As of the period ended	
	30/9/2012	**31/12/2011**
Number of shares	1,720,290.0	2 990 939
Cost of acquiring the shares (In millions of LE)	**381.2**	**713.6**
Average cost per share (LE)	221.6	238.6
Cost of acquiring the shares (In millions of USD)	**80.0**	**114.6**
Average cost per share (USD)	46.5	38.3

In addition, there are 2,019,958 shares available under the Employee Stock Option Plan valued at the par value of USD0.91 (equivalent to L.E 5) per share with total value of USD1.7 million (equivalent to LE 10.1 million) at 30 September 2012 and 31 December 2011.

20. Dividends

The following dividends were declared by the Ordinary General Assembly of the Company to the owners of the Company for the period ended 30 September 2012:

	As of the period ended	
	30/9/2012	**31/12/2011**
USD2.1 per qualifying ordinary share2011.	0.0	437.1

21. Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the period.

The calculation of basic earnings per share at 30 September 2012 was based on the profit attributable to ordinary shareholders of USD328.2 million (30 September 2011: USD521.0) and weighted number of ordinary shares outstanding of 205.0 million (30 September 2011: 204.5 million).

	30/9/2012			**30/9/2011**		
	Continuing operations	**Discontinued Operations**	**Total**	**Continuing operations**	**Discontinued Operations**	**Total**
Profits attributable to ordinary shareholders	328.2	0.0	328.2	475.7	45.3	521.0

	As of the period ended	
	30/9/2012	**30/9/2011**
Weighted average number of ordinary shares		
Weighted average number of shares outstanding during the period (million shares)	208.9	208.9
(Less): weighted average number of own shares (million shares)	(3.9)	(4.4)
Weighted average number of shares outstanding during the period (million shares)	**205.0**	**204.5**

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the periods covered by the report, the Company did not have any dilutive potential ordinary shares and as such diluted and basic earnings per share are equal.

The calculation of diluted earnings per share at 30 September 2012 was based on the profit attributable to ordinary shareholders of USD328.2 million (30 September 2011: USD521.0 million) and weighted number of ordinary shares outstanding after adjusting the effects of all dilutive positional ordinary shares of 206.2 million (30 September 2011: USD205.6 million).

	30/9/2012			**30/9/2011**		
	Continuing operations	**Discontinued Operations**	**Total**	**Continuing operations**	**Discontinued Operations**	**Total**
Profits attributable to ordinary shareholders	328.2	0.0	328.2	475.7	45.3	521.0

	As of the period ended	
	30/9/2012	**30/9/2011**
Weighted average number of ordinary shares		

Weighted average number of ordinary shares - basic (million shares)	205.0	204.5
Effect of share options issued (million shares)	1.2	1.1
Weighted average number of shares outstanding during the period (million shares)	**206.2**	**205.6**

The average market value of the Company shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

22. Loans and borrowings

Borrowing Company	Lending institution	Interest rate	(In millions of USD) Outstanding amount	Long-term portion	Short term portion	Collateral / Guarantee given	Other
Orascom Construction Industries	Different banks - bank facilities	10.85% on the LE portion and 2.65% annually for the USD portion	365.9		365.9	Promissory notes guarantee	Certain debt covenants exist
Orascom Construction	Different banks - facilities	Variable	345.5		345.5	Corporate guarantee from OCI SAE.	
BESIX Group	Different banks - bank facilities	Variable	18.7		18.7	Commercial lien on the company's assets and shares in amount of EUR40.5 million	Certain debt covenants exist
	Different banks - loans	Variable	42.7	42.7			
Orascom Construction Industries - Algeria	Loan from Citi Bank (Algeria Branch)	Variable 5.8%	68.2		68.2	Promissory notes guarantee from OCI	
	Different banks - facilities	Variable 7%	48.1		48.1	Promissory notes guarantee for the full amount.	
Contrack international	Different banks - facilities	Fixed %3.95	30.3		30.3	Corporate guarantee from OCI SAE.	
Alico Egypt	Different banks-	Variable	1.8		1.8	Corporate	

	facilities					guarantee from OCI SAE.	
Contrack Cyprus	Different banks - Overdraft and bank facilities	Variable	3.7		3.7		
Contrack International W.L.L.	HSBC - Bahrain	Variable	0.3		0.3		
EFC	International finance corporation (IFC) and loans from different banks	Variable	951.9	790.9	161.0	Pledge EFC shares 99.9% owned by "Orascom Fertilizer plant maintenance".	Certain debt covenants exist
Sorfert Algeria SPA	Syndication loan (Algeria External Bank - Others)	Interest rate is fixed during the plant construction period to 5.95% per annum. After the construction period it will be referred to Algerian bank interest rate plus rate of 1.95% per annum,0.25% arrangement fees and 0.5% commitment fees .	751.3	608.0	143.3	Blocking certain bank accounts, ban for any disposal or decrease of the company share and assets.	Certain debt covenants exist
EBIC	Syndicated bank facility (different commercial banks)	Libor plus predetermined margin by loan agreement plus	93.7	71.1	22.6	Mortgaged tangible assets & intangible assets, pledge of	

		percentage calculated by loan agent according to the agreement.				accounts, insurance and shares to HSBC.	
	Export-import bank of USA - credit facility	0.175 over Libor semi annually, commitment fees 0.5% of the remaining facility balance, finance charge 10.32% paid in advance.	122.5	94.8	27.7		
Orasqualia for the development of wastewater treatment plant	Various Banks loans	3% over corridor declared by central bank.	44.7	43.4	1.3	Mortgaged all machinery and equipment, goodwill and industrial property rights except the land.	Certain debt covenants exist
OCI Fertilizer Holding Cyprus	Various Banks loans	3.75% yearly over EURIBOR.	248.9	211.9	37.0	The company has the right to extend the facility up to USD300 million and guarantees through OCI Overseas Holding Limited, Egyptian Fertlizer Trading Limited.	Certain debt covenants exist

OCI Nitrogen	Rabobank International Bank loan	1.75% yearly over EURIBOR.	599.9	532.1	67.8	Pledge of OCI Fertilizer International shares in OCI Nitrogen, Pledge of moveable assets, trade receivables and company accounts, Property mortgage.	Certain debt covenants exist
OCI Beaumont	Credit Agricole Bank loan	5.3%	125.0		125.0		
Total At 30/9/2012			**3,863.1**	**2,394.9**	**1,468.2**		

			(In millions of USD)				
Borrowing Company	**Lending institution**	**Interest rate**	**Outstanding amount**	**Long-term portion**	**Short term portion**	**Collateral / Guarantee given**	**Other**
Orascom Construction Industries	Different banks - bank facilities	10.85% on the LE portion and 2.65% annually for the USD portion	395.7		395.7	Promissory notes guarantee	Certain debt covenants exist
Orascom Construction	Different banks - facilities	Variable	45.4		45.4	Corporate guarantee from	

						OCI SAE.	
BESIX Group	Different banks - bank facilities	Variable	35.6		35.6	Commercial lien on the company's assets and shares in amount of EUR40.5 million	Certain debt covenants exist
	Different banks - loans	Variable	37.6	37.6			
Orascom Construction Industries - Algeria	Loan from Citi Bank (Algeria Branch)	Variable 5.8%	61.2		61.2	Promissory notes guarantee from OCI	
	Different banks - facilities	Variable 7%	71.3		71.3	Promissory notes guarantee for the full amount.	
Contrack international	Different banks - facilities	Fixed %3.95	15.0		15.0	Corporate guarantee from OCI SAE.	
Alico Egypt	Different banks- facilities	Variable	2.0		2.0	Corporate guarantee from OCI SAE.	
Contrack International W.L.L.	HSBC - Bahrain	Variable	0.2		0.2		
EFC	International finance corporation (IFC) and loans from different banks	Variable	1,074.5	913.5	161.0	Pledge EFC shares 99.9% owned by "Orascom Fertilizer plant maintenance".	Certain debt covenants exist

Sorfert Algeria SPA	BNP Paribas Egypt - overdraft	9.75% compound interest rate for Egyptian pounds,1.3% annually over the monthly LIBOR price for the foreign currencies and 0.25% commissions for the highest monthly debit balance. In the event of default in payment when due, 1% default interest added monthly to the principal from its due date till the actual payment date .	0.0			Corporate guarantee from OCI SAE.	
Sorfert Algeria SPA	Syndication loan (Algeria External Bank - Others)	Interest rate is fixed during the plant construction period to 5.95% per annum. After the construction period it will be referred to Algerian bank interest rate plus rate of 1.95% per annum,0.25% arrangement fees and 0.5% commitment fees .	700.2	631.5	68.7	Blocking certain bank accounts, ban for any disposal or decrease of the company share and assets.	Certain debt covenants exist
EBIC	Syndicated bank facility (different commercial banks)	Libor plus predetermined margin by loan agreement plus	105.3	81.2	24.1	Mortgaged tangible assets & intangible assets, pledge of	

	Export-import bank of USA - credit facility	percentage calculated by loan agent according to the agreement. 0.175 over Libor semi annually, commitment fees 0.5% of the remaining facility balance, finance charge 10.32% paid in advance.	136.0	106.7	29.3	accounts, insurance and shares to HSBC.	
Orasqualia for the development of wastewater treatment plant	Various Banks loans	3% over corridor declared by central bank.	38.4	38.1	0.3	Mortgaged all machinery and equipment, goodwill and industrial property rights except the land.	Certain debt covenants exist
OCI Fertilizer Holding Cyprus	Various Banks loans	3.75% yearly over EURIBOR.	241.8	207.4	34.4	The company has the right to extend the facility up to USD300 million and guarantees through OCI Overseas Holding Limited, Egyptian Fertilizer Trading Limited.	Certain debt covenants exist

OCI Nitrogen	Rabobank International loan	Bank	1.75% yearly over EURIBOR.	683.9	680.2	3.7	Pledge of OCI Fertilizer International shares in OCI Nitrogen, Pledge of moveable assets, trade receivables and company accounts, Property mortgage.	Certain debt covenants exist
Total At 31/12/2011				**3,644.1**	**2,696.2**	**947.9**		

EBIC Loan Refinancing

On 20 December 2012 the Company signed and executed credit facility agreement with ARAB BANK PLC (Bahrain Branch), ARAB BANK PLC (Egypt Branch) and EUROPE ARAB BANK PLC to borrow USD100 million with an interest rate of 3.25% over USD LIBOR and matures on the date falling five years after the date of signing the credit facility agreement. On 27 December 2012 the Company utilized the proceeds from this loan for general corporate purposes and to refinance EBIC's project finance facilities. The fair value of this cash flow hedge was reclassified to profit and loss on the same date.

New Loan of OCI Beaumont LLC (formerly Pandora Methanol LLC) "the Company"

On 26 April 2012 the Company signed and executed credit facility agreement with ABC INTERNATIONAL BANK PLC, AHLI UNITED BANK B.S.C., BANK AUDI SAL - AUDI SARADAR GROUP, CITIBANK, N.A. and CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK to borrow USD125 million with an interest rate of 4.50% over USD LIBOR and matures within 364 days from the date of signing the credit facility agreement. Parties to the credit facility agreement can extend the maturity within 60 days prior to the original maturity date. The Company utilized the proceeds from this loan to extinguish, on 30 April 2012 related party term and revolving loans of approximately USD92.5 million and to finance the Company's integrated ammonia-methanol plant in Beaumont, Texas.

23. Trade and other payables

(In millions of USD)	As of the Period Ended 30/9/2012	31/12/2011
Trade payables	866.4	779.7
Retention payable	56.8	60.3
Customer - Advance payments	390.7	408.3
Due to related parties (Note 33)	-	0.1
Accrued expenses	156.6	108.1
Derivative liabilities	59.7	67.9
Other payables	360.0	409.8
	1,890.2	**1,834.2**
Billing in excess on construction contracts (Note 14)	145.3	260.8
	2,035.5	**2,095.0**
Non-current	536.4	616.4
Current	1,499.1	1,478.6
	2,035.5	**2,095.0**

24. Provisions

As of 30 September 2012

(In millions of USD)	Guarantees *	Aftercare	Legal	Other	Total
Balance at 1/1	145.0	69.4	27.0	95.2	336.6
Provision made during the period	-	4.9	8.1	6.0	19.0
Provision used during the period	(78.1)	(9.0)	(6.3)	(3.0)	(96.4)
Provision reversed during the period	(17.0)	(9.0)	(2.6)	(2.1)	(30.7)
Foreign currency changes and adjustments	-	-	-	(0.8)	(0.8)
Balance at 30/9/2012	49.9	56.3	26.2	95.3	227.7
Non-current	-	24.4	1.5	15.6	41.5
Current	49.9	31.9	24.7	79.7	186.2
Balance at 30/9/2012	49.9	56.3	26.2	95.3	396.7

As of 31 December 2011

(In millions of USD)	Warranties	Aftercare	Legal	Other **	Total

	*				
Balance at 1/1/2011	145.0	72.9	26.0	105.2	349.1
Provision made during the year	-	16.5	8.0	-	24.5
Provision used during the year	-	(23.2)	-	-	(23.2)
Provision reversed during the year	-	(1.9)	(6.4)	(2.8)	(11.1)
Foreign currency changes and adjustments	-	5.1	(0.6)	(7.2)	(2.7)
Balance at 31/12/2011	**145.0**	**69.4**	**27.0**	**95.2**	**336.6**
Non-current	-	23.9	0.7	18.2	42.8
Current	145.0	45.5	26.3	77.0	293.8
Balance at 31/12/2011	**145.0**	**69.4**	**27.0**	**95.2**	**336.6**

*** Guarantees under the agreement with Lafarge**

On 9 December 2007, Orascom Construction Industries entered into an agreement with Lafarge for the sale of shares of its cement business. Lafarge notified OCI certain indemnification claims against certain representations and warrantees set forth in the SPA agreement. OCI and Lafarge have settled most of the claims from within the existing provisions for these indemnities. There are certain long-dated indemnities which are still outstanding. The management believes that the existing provisions provide sufficient cover against these indemnities.

On 21 June 2012, OCI SAE and Lafarge SA reached a Global Settlement Agreement (GSA) for all the losses incurred by Lafarge in connection with the General Warranty Claims, GLA Warranty Claims and El Safwa Indemnity Claim. This GSA is a full and final settlement of all amounts owed by OCI to Lafarge under the Share Purchase Agreement (SPA) of Orascom Building Materials Holding of 9 December 2007. USD95 million were paid in 2012 under this GSA and around USD50 million are expected to be paid when certain conditions are met.

** Other provisions include provisions for site restoration, onerous contracts, tax claims and other provisions.

25. Revenues

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**30/9/2011**
Construction contract revenue	2,164.6	2,254.1
Sale of goods (fertilizers and other building materials)	1,832.7	1,837.8
Rendering of services	1.8	1.0
Total revenues	**3,999.1**	**4,092.9**

26. Expenses by nature

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**30/9/2011**
Cost of projects, changes in raw materials and consumables, finished	2,911.0	2,802.3

goods and work in progress		
Employee benefit expenses (personnel expenses)	183.7	197.8
Depreciation and amortization expenses	191.5	169.9
Consultancy expenses	23.4	20.8
Other expenses	90.6	124.1
Total	**3,400.2**	**3,314.9**

27. Personnel expenses

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**30/9/2011**
Wages and salaries	138.7	107.3
Employee profit share	12.2	54.6
Key management personnel compensation	22.4	27.7
Pensions costs	2.3	0.7
Social security charges	8.1	7.5
Total	**183.7**	**197.8**

During the financial period ended 30 September 2012, the number of key executives was 19 executives (2011: 19 executives).
During the financial period ended 30 September 2012, the average number of staff employed in the Group converted into fulltime equivalents amounted to 72,011 employees (2011: 72,011 employees).

28. Other income

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**30/9/2011**
Net gains on sale of P,P&E	6.4	-
Other income	62.8	36.6
Total	**69.2**	**36.6**

Other income amounts include scrap sales, governmental grants and others.

29. Finance income and finance costs

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**30/9/2011**
Interest income on unimpaired held-to-maturity investments	2.1	3.5
Interest income on available- for- sale financial assets	0.1	1.1
Interest income on loans and receivables	24.2	8.5
Net foreign exchange gain	4.7	5.0
Finance Income	**31.1**	**18.1**

Interest expense on financial liabilities measured at amortized cost	(145.7)	(101.5)
Finance costs	**(114.6)**	**(83.4)**
Net finance costs recognized in profit or loss	**(114.6)**	**(83.4)**

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

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**30/9/2011**
- Total interest income on financial assets	26.4	13.1
- Total interest expenses on financial liability	(145.7)	(101.5)

30. Income taxes

Income tax expenses is derived as follows from the theoretical income tax that would have arisen had the weighted average statutory income tax rate of the Group entities been applied to profit before income tax.

Tax recognized in profit or loss

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**30/9/2011**
Current tax expense		
Current period	(131.1)	(130.2)
Deferred tax expense		
Origination and reversal of temporary differences	(23.3)	(98.6)
Others	(1.9)	26.0
	(25.2)	**(72.6)**
Income tax expense	**(156.3)**	**(202.8)**

Tax recognized in other comprehensive income

	As of the Period Ended					
(In millions of USD)	**30/9/2012**			**30/9/2011**		
	Before tax	**Tax (expenses) benefit**	**Net of Tax**	**Before tax**	**Tax (expenses) benefit**	**Net of tax**
Foreign currency translation differences- foreign operations	(0.3)	(0.0)	(0.3)	(0.1)	(0.0)	(0.1)
Effective portion of changes in cash flow hedge	(23.0)	(0.0)	(23.0)	(0.0)	(0.0)	(0.0)
Net change in fair value in available-for-sale financial assets	(11.6)	(0.0)	(11.6)	(2.4)	(0.0)	(2.4)
	(34.9)	**(0.0)**	**(34.9)**	**(2.5)**	**(0.0)**	**(2.5)**

Reconciliation of effective tax rate

(In millions of USD)	As of the Period Ended 30/9/2012	30/9/2011
Profit before income tax	536.8	735.6
Enacted tax rate	25%	25%
Tax calculated	**134.2**	**183.9**
Effect of tax rate in foreign jurisdictions	72.9	120.4
Tax using the domestic tax rate	**207.1**	**304.3**
Permanent differences	(10.1)	(16.6)
Reversal of unused deferred tax assets	-	6.9
Other differences	(40.7)	(91.8)
Income tax for the period	**156.3**	**202.8**
Effective tax rate	**29.1%**	**27.6%**

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:-

(In millions of USD)	As of the Period Ended 30/9/2012	30/9/2011
Deductible temporary differences	2.8	0.0
Tax losses	14.9	6.5
	17.7	**6.5**

* Most of the tax losses were sustained in countries with no limitation in respect of carry forwards.

Unrecognized deferred tax assets on tax losses carry forwards mainly refer to income tax loss carry forward of MANOCI (Jointly controlled group entity).

Generally the Group does not recognize deferred tax assets for temporary differences related to accruals for provisions due to uncertainties in connection with the tax treatment on such expenses, as they might be challenged by the local tax authorities. The unrecognized deferred tax assets amounted to USD22.4 million for the period ended 30 September 2012 (2011: USD22.4 million).

Recognized deferred tax assets and liabilities

(In millions of USD)	Assets		Liabilities		Net	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Property, plant and equipment	-	0.2	(213.4)	(164.7)	(213.4)	(164.5)

Cash flow hedge	11.6	11.4	-	-	11.6	11.4
Inventories	-	-	(11.0)	(10.0)	(11.0)	(10.0)
Intangible assets	-	-	(10.8)	(41.9)	(10.8)	(41.9)
Provisions	0.2	0.2	(10.6)	(1.5)	(10.4)	(1.3)
Other items	(9.9)	(9.6)	4.2	(0.5)	(5.7)	(10.1)
	1.9	**2.2**	**(241.6)**	**(218.6)**	**(239.7)**	**(216.4)**

Movement of deferred tax assets and liabilities

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Opening balance	(216.4)	(133.9)
Income statement expense (benefit)	(23.3)	(80.3)
Tax on other comprehensive income	0.0	(2.2)
Total	**(239.7)**	**(216.4)**

Egypt Tax Dispute

The Company filed its corporate tax returns for the years 2007 to 2010 on the due dates according to corporate tax law No. 91 for the year 2005 and paid the due corporate tax for these years. The tax returns for the years 2007 to 2010 were inspected and the inspection revealed a substantial tax dispute. The Company received Tax Form (19) with the tax assessment in 2012 and appealed before the Tax Authority Internal Appeal Committee.

The main disputed item in the year 2007 relates to the taxation of gain on sale of Orascom Building Materials Holding (a former subsidiary of the Company) to Lafarge. The Company obtained the tax assessment (Tax Form "19") for a part of the gain amount to USD3.8 billion (equivalent L.E 22.8 billion). The inspection also revealed a dispute in the year 2008 regarding the foreign exchange gain, which was agreed with the Internal Appeal Committee to be re-examined. The Company also discussed the remaining tax differences with the Tax Authority and resolved part of the differences. The remaining unresolved differences were insignificant.

On 26 September 2012 and 11 October 2012, the Company received letters from the Tax Authority stating that the full amount of the capital gain (not only part of the gain) that resulted from the sale amounting to USD11.4 billion (equivalent to L.E 68.8 billion) was taxable.

The management of the Company and its tax and legal advisors believe the aforementioned sale of the shares transaction was settled for cash and the exemption of tax is in accordance with item 8 of article 50 of the tax law No. 91 for the year 2005 and that such exemption is unconditional and unrestricted. In addition, the said shares were fully and unconditionally registered on the stock exchange in accordance with the registration rules applicable at the time the transaction was executed. Therefore, no capital gain tax on the transaction is due. This dispute has not been resolved as at the date of issuing these financial statements.

31. Contingent liabilities

Letters of guarantee issued by banks for OCI and its subsidiaries in favor of others as at 30 September 2012 amounted to USD1.7 billion and the covered portion paid amounted to USD19.6 million (2011: USD1.6 billion and the margins amounted to USD 20.6 million).

Outstanding letters of credit as at 30 September 2012 (uncovered portion) amounted to USD 47.5 million (2011: USD 33.3 million).

Egyptian Basic Industrial Company (EBIC) has entered into an agreement with Egyptian General Petroleum Corporation (EGPC) dated 25 December 2000 by which the Company is at maximum charged with USD1.25/MMBTU (Million British Thermal Unit) for natural Gas supply. Based on the Prime Minister decree no. 1795 for the year 2008 which states that energy high - consumption industrial sectors (Glass, ceramic, chemicals, steel, cement, fertilizers, aluminum and copper) are charged with USD 3/ MMBTU, the distributor City Gas has been invoicing the Company with USD 3 /MMBTU. Meanwhile EBIC recorded and continued paying at USD 1.25 per MMBTU based on the following :

- The signed agreement between both parties as mentioned above.
- The letter sent from the Industrial Control authority stating that EBIC doesn’t have the facilities for fertilizers manufacturing, but produces anhydrous ammonia, which is an intermediate chemical product used in the petrochemicals and fertilizers production.
- The letter from the Fertilizers and Chemicals Export Council stated that the anhydrous ammonia is not considered a fertilizer but used in many industries including fertilizers.
- The in-house legal counselor concluded that EBIC interpretation of the contract is correct and the Company has the legal right to receive gas at the contracted price.
- It’s worth mentioning that the total price difference as at December 31, 2011 amounted to USD 115 million.

Litigation

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

- The major portion of the business of the Company’s US subsidiary involves contracting with departments and agencies of the US Government. Such contracts are subject to audit and possible adjustment by the respective agencies. The USAID Agency has investigated the nature of the relationship and performance of a contract with an Egyptian Joint Venture of which the Company has 40% share. The USAID Agency have filed a suit against all partners of the Joint Venture contending that it is entitled to refund USD 332 million from the partners representing all the contract funds paid for these projects plus damages and civil penalties. Management has strong substantive reasons to oppose the allegations raised by Agency. The Company management has been engaged in some settlement discussions with the Government. The management of the US subsidiary is of the opinion that the ultimate resolution of any such claims and counterclaims will not have a significant impact on reported results of operations, our consolidated balance sheet and cash flows. The expected settlement of the claim is USD 3 million.

- The Company initiated arbitral proceedings to settle matters of dispute with the owner of one of its projects which include the handing over date of the project and delay penalties. The estimated total value of this claim is USD211 million (of which OCI's share is 50%). The Company believes that it has documents and justifications to support its position. The Company also believes that expected indemnities will surpass any delay penalties it might be subject to. As a result, the Company did not form any provision in its financial statements against either a reduction in the amount due from the client or delay penalties demanded by the client. The Company awaits the final result of arbitration.

- In 2008 and in breach of the terms of the Gas Supply Agreement (“GSA”), the Egyptian Government represented by Egyptian Natural Gas Holding Company (“EGAS”), sent a letter informing the Egyptian Fertilizer Company (“EFC”) of its desire to change the gas supply price to USD 3.00/MMBTU. In addition, the letter also stipulated that if EFC consumes more than the contractual quantities of gas, the excess consumption will be charged at USD 5.00/MMBTU as of 1 January 2008. EFC refused this request and found it necessary to instigate a dispute as it had already signed two long term contacts (25 years) for the supply of natural gas with a pricing formula linked to international fertilizer prices. The contracts also state that any amendments or additions to the contract are not acknowledged or binding unless written and signed by both parties. On 13 June 2011, the gas supplier GASCO initiated arbitral proceedings against EFC. The arbitral proceedings took place and the closing statements were presented to the arbitral tribunal, which is expected to issue its award early 2013. The Company believes it has a strong legal position based on the contracts already at its disposal and that it has the right to account for natural gas supply according to the signed contracts.

- The sale contract of Al Nasr Company for Steam Boilers and Pressure Vessels signed between the Holding Company for Engineering Industries and Al Nasr Company for Steam Boilers and Pressure Vessels (renamed later as IBSF) as the seller and Babcock and Wilcox International Investment Inc. and allies as the buyer was invalidated by a ruling of the Administrative Legal Court. All actions and decisions that resulted in during preparations and execution of the said sale contract were also invalidated; including the sale of IBSF assets to OCI in 2008.

  The High Administrative Court ruled on 17 December 2012 cancelling the Prime Ministerial decree approving the sale of IBSF and nullifying the initial sale transaction and all subsequent sale transactions on the Company. This ruling is final. It is worth mentioning that the Holding Company for Metallurgical Industries is refusing to repossess IBSF and its assets which means that the execution of the court's judgment is pending.

- BESIX is involved in two disputes which relate to the Burj Khalifa tower through the

  Joint-Venture BESIX SA - Samsung - Arabtec (BESIX share = 35%).

  A claim was filed by the joint venture to EMAAR Properties for AED 1.83 billion equivalent to USD 0.5 billion (BESIX share AED 640 million equivalent to USD 147.3 million) for extensions of time and additional costs. The claim filed by the joint venture covers the period up to March 2010.
  On February 13, 2011, EMAAR Properties notified their counter-claim for AED 829.8 million equivalent to USD 226.0 million (BESIX share AED 290.4 million equivalent to USD 79.1 million). No provision has been set up in BESIX books.
  The joint venture is trying to resolve the dispute amicably. In case the ICC arbitration is considered by the joint venture or launched by EMAAR based on their summon of February 13, 2011, then the joint venture will update their claims with legal and experts assistances which would last some 6 to 8 months and cost around USD 6.0 million.

32. Capital commitments

At 30 September 2012, capital commitments of the Group for purchasing P.P&E amounted to approximately USD 128.8 million (amount of USD 144.8 million as of 31 December 2011), and for investments USD 1.9 million (amount of USD 1.9 million as of 31 December 2011).

33. Related parties transactions

Transaction with key management personnel

Key management personnel compensation

Key Management includes Executive and non-Executive Directors, the Chief Financial Officer and other Managing Directors considered key personnel.

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**30/9/2011**
Salaries and other short term benefits	13.4	18.1
Share based payments	9.0	9.6
Total	**22.4**	**27.7**

During the financial period ended 30 September 2012, the number of key executives was 19 executives (2011: 19 executives).

Other related parties transaction

The intra-group transactions, balances and unrealized profits or losses have been eliminated. Balances as at 30 September 2012 and 31 December 2011 for non-consolidated companies and joint ventures are reported in the consolidated statements of financial position as due from affiliated companies and due to affiliated companies. These balances have been included in trade and other receivables (Note 9) and trade and other payables (Note 23).

	Nature	Transaction value for the period/year		Balance outstanding as at	
(In millions of USD)		**30/9/2012**	**31/12/2011**	**30/9/2012**	**31/12/2011**
Egyptian Company for Mobile Services	Client	3.4	5.8	0.8	2.0
Nile Sugar	Client	0.1	0.1	0.0	2.4
Nile Sugar	Lending	-	-	0.0	22.4
Other related parties	Current account	-	4.7	-	(0.1)

34. Financial instruments

Financial risk management

Overview

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

- Credit risk.
- Liquidity risk.
- Market risk.

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee; which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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 Group 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 Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the demographics of the Group's client base, including the default risk of the industry and country in which clients operate, as these factors may have an influence on credit risk.

The Risk Management Committee has established a credit policy under which each new client is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each client. These limits represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Clients that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring client credit risk, clients are grouped according to their credit characteristics, whether they are a wholesale, retail or end-user client, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group believes that the unimpaired amounts that are past due are still collectible, based on historic payment behaviour and extensive analysis of client credit risk, including underlying clients' credit ratings, when available.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Other investments	82.0	77.6
Trade and other receivables	2,658.2	2,533.2
Cash and cash equivalents	1,235.1	1,051.7
	3,975.3	**3,662.5**

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

In monitoring customer credit risk, customers are grouped according to their credit characteristics.

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, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade and other receivables at the reporting date by segment was as follows:-

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Construction	1,018.5	887.9
Fertilizer	1,187.3	1 184.0
Total	**2,205.8**	**2 071.9**

Impairment losses

The aging of trade and other receivables at the reporting date that were not impaired was as follows:-

	Carrying amount	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Neither past due nor impaired	0.0	21.6
Past due 1-30 days	157.7	238.6
Past due 31-90 days	187.7	105.3
Past due 91-360 days	1,765.4	1 614.5
More than 360 days	95.0	92.0
	2,205.8	**2 071.9**

The movement in the allowance for impairment in respect of trade and other receivables during the Period was as follows:-

(In millions of USD)	**30/9/2012**	**31/12/2011**
Balance at 1 January	67.4	80.3
Impairment losses recognized	10.4	12.5

Amounts written off	(16.5)	(25.4)
Balance at the Period	**61.3**	**67.4**

Cash and cash equivalents

The Group held cash and cash equivalents of USD 1,235.1 million at 30 September 2012 (2011: USD 1,051.7 million), which represents its maximum credit exposure on these assets.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 30 September 2012 and 31 December 2011 for details about guarantees reference is made to note 22 (loans and borrowings).

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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:-

As of 30 September 2012

(In millions of USD)	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**More than one year**
Non derivative financial liabilities				
Secured bank loans	3,273.3	3,273.3	1,090.3	2,183.0
Unsecured banks	589.8	589.8	377.9	211.9
Trade payable and others	1,890.2	1,890.2	1,744.5	145.7
	5,753.3	**5,753.3**	**3,212.7**	**2,540.6**
Derivative financial liabilities				
Interest rate swaps used for hedging	62.2	67.9	13.7	48.5
	62.2	**67.9**	**13.7**	**48.5**

As of 31 December 2011

(In millions of USD)	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**More than one year**
Non derivative financial liabilities				
Secured bank loans	3,373.9	3,865.5	885.1	2,980.4
Unsecured banks	270.2	309.5	62.8	246.7

Trade payable and others	1,834.2	1,834.2	1,626.1	208.1
	5,478.3	**6,009.2**	**2,574.0**	**3,435.2**
Derivative financial liabilities				
Interest rate swaps used for hedging	62.2	67.9	13.7	48.5
	62.2	**67.9**	**13.7**	**48.5**

The carrying value of most of the non-derivative financial liabilities stated on the balance sheet is approximately equal to their contractual amount with the exception of loans and borrowings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates 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 operations risk

The Group entities predominantly execute their reporting activates 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 capital expenditures and receivables. The Group monitors the exposure to foreign currency risk arising from operating activities. The Group does not use derivative financial instruments to hedge its foreign exchange exposure in relation to investments or cash flows.

As of 30 September 2012, if the functional currencies had strengthened/weakened by 10% against the USD, EUR and Egyptian pound with all other variables held constant , the translation of foreign currency receivables and payables that would have resulted in an increase/decrease of USD 2.0 million(2011: USD 4.5 million) of the profit of the period. Profit is more sensitive to movement in foreign exchange rates in 2011 than 2012.

Foreign exchange translation risk

Due to the international presence, the Group ‘s Financial Statements are exposed to Foreign exchange fluctuations as these effect the translation of the subsidiaries’ assets and liabilities denominated in foreign currencies to the USD (the Group presentation currency). The currencies concerned are mainly USD, the Egyptian pound and Euro. This represents a translation risk rather than a financial risk given that these movements are posted directly to equity in the cumulative translation reserve.

Exposure to currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the euro, USD and EGP. The currencies in which these transactions primarily are denominated are euro and USD.

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

		As of 30 September 2012	
(In millions)	**USD**	**Euro**	**EGP**

Trade and other receivable	212.0	385.2	1,455.2
Trade and other payable	(17.7)	(253.2)	(745.3)
Loans	(265.6)	(23.6)	(1,592.0)
Net statement of financial position	**(71.3)**	**108.4**	**(882.1)**

			As of 31 December 2011
(In millions)	**USD**	**Euro**	**EGP**
Trade and other receivable	230.9	366.1	1,729.5
Trade and other payable	(245.7)	(215.0)	(492.9)
Loans	(483.5)	(92.8)	(2,294.8)
Net statement of financial position	**(498.3)**	**58.3**	**(1,058.2)**

Significant rates

The following significant exchange rates applied during the period:

	Average		**Closing**	
	2012	**2011**	**2012**	**2011**
Euro	1.3005	1.4028	1.2831	1.2329
EGP	0.1654	0.1684	0.1639	0.1577
GBP	1.5763	1.6105	1.6128	1.4791
DZD	0.0131	0.0136	0.0125	0.0125

Interest rate risk

The Group‘s interest rate risk arises from borrowings. Borrowings received at variable interest rates expose the Group to cash flow interest rate risk. The risk committee reviews it in light of global interest rate environment after consulting with a consortium of global banks.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit and loss of a defined interest rate shift. The same interest rate shift is used for all currencies.

The impact of a 1.0% interest rate shift would be a maximum increase/decrease in gain/loss of USD 34.9 million (2011: USD 33.4 million).

The following subsidiaries hedge their interest rate risk as follows:

OCI Nitrogen

The interest rate risk is limited to possible changes in the fair value of loans taken up and granted. These loans have a fixed interest rate over their entire term by using derivative financial instruments (interest rate swaps) to control interim or other interest rate fluctuations, the loans itself have a variable interest rate.

As from October 2010, the Company hedged 75% of its interest rate risk on its initial five year £ 100 million loan facility with Rabobank by means of an amortizing plain vanilla interest rate swap. The swap exactly followed the amortization scheme of the 5 years loan facility. Despite the fact that the 2010 loan facility has been fully repaid in 2011, the relating interest rate swap has not yet been settled in cash with

Rabobank at year-end 2011. The negative market value (loss) of the interest rate swap amounts to € 0.5 million at year-end 2011. The interest rate swap has been unwounded in Q1 2012.

Egypt Basic Industrial Corporation (EBIC)

EBIC's strategy in accordance with its risk management policies and as mandated by the loan agreements is to maintain a ratio of fixed to floating rate net debt. Pursuant to this strategy, EBIC entered into multiple interest rate swaps (pay fixed/receive floating) with each of the facility lenders with a combined total notional amount equal to the total borrowing of USD 351.5 million.

EBIC is hedging the risk of variability in the cash out flows caused by having a debt instrument with a variable interest rate and future fluctuations in the market interest rates as referred in note. The Company applies cash flow hedge accounting for several loans with a variable interest rate. The fair value of cash flow hedge is amounted to USD 45.5 million at 30 September 2012 (2011: USD 45.5 million).

Please refer also to (note 22) for early repayment for loan and hedging instrument in 2012.

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, non-redeemable preference shares, retained earnings and non-controlling interests 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 adjusted equity ratio at the reporting date was as follows:-

	As of the Period Ended	
(In millions of USD)	**30/9/2012**	**31/12/2011**
Total liabilities	(6,522.2)	(6,395.0)
Less: cash and cash equivalents	1,235.1	1,051.7
Net debt	**(5,287.1)**	**(5,343.3)**
Total equity	(3,675.4)	(3,337.4)
Net debt to equity ratio at 30 September and 31 December	**1.4**	**1.6**

35. Subsequent events

In addition to the subsequent events disclosed in notes (6, 7, 8, 22 and 24), the following events have been occurred in 2012:-

Iowa Greenfield Project

In September 2012, OCI announced plans to develop, construct, and operate a state of the art 100% owned nitrogen - fertilizer Greenfield production facility located in Wever, within Lee County near the Mississippi River. The new Company is to be named Iowa Fertilizer Company (IFCo). The plant broke ground in November 2012 and is currently under construction. The plant will produce between 1.5 to 2.0 million metric tons per year of ammonia, urea, UAN as well as diesel exhaust fluid (DEF). Construction work on the plant is scheduled for completion mid-2015.

The total investment cost is estimated to be USD 1.65 billion and will be funded with a combination of equity and a tax-exempt bond issuance. The Iowa Finance Authority (IFA) has authorized IFCo to access up to USD 1.2 billion in bonding capacity under its private activity tax-exempt Midwestern Disaster Area bond program. In addition, the Iowa Economic Development Authority (IEDA) board unanimously approved a comprehensive state financial incentive package expected to provide state tax relief in the order of USD 100 million. The Iowa Department of Natural Resources approved the issuance of air permits for the new plant on 26 October 2012.

IFCo has also signed an agreement with the ANR Pipeline Company, a subsidiary of TransCanada Corporation, covering terms for the long term transportation of natural gas to the plant.

New Loan of OCI Beaumont LLC (formerly Pandora Methanol LLC) "the Company"

On 26 April 2012 the Company signed and executed credit facility agreement with ABC INTERNATIONAL BANK PLC, AHLI UNITED BANK B.S.C., BANK AUDI SAL - AUDI SARADAR GROUP, CITIBANK, N.A. and CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK to borrow USD 125 million with an interest rate of 4.50% over USD LIBOR and matures within 364 days from the date of signing the credit facility agreement. Parties to the credit facility agreement can extend the maturity within 60 days prior to the original maturity date. The Company utilized the proceeds from this loan to extinguish, on 30 April 2012 related party term and revolving loans of approximately USD 92.5 million and to finance the Company's integrated ammonia-methanol plant in Beaumont, Texas.

Amendment to tax laws in Egypt

On 6 December 2012, several tax laws amendments have been announced in Egypt which included amendments to current Corporate Tax Law, Sales Tax Law, Real Estate Tax Law and Stamp Tax Law. This announcement was followed by a statement to deactivate these amendments for an undetermined date. The Group is not expecting material impact from the adoption of these tax amendments.

36. Share based payments

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

The terms and conditions related to the grants of the share option programs are as follows:

Grant Date	Number of options in thousands	Vesting conditions	Contractual life	Exercise price	Fair value at grant date	Market price at grant date	Expected volatility	Risk free rate
Jan-06	626	4 years' service from the grant date + TSR > EGX 30	5	39.0	8.6	39.0	34%	5.0%
Jan-07	664	4 years' service from the grant date + TSR > EGX 30	5	48.3	10.3	48.3	33%	5.5%
Jul-08	478	3.5 years' service from the grant date + TSR > EGX 30	4.5	66.4	15.8	66.4	31%	7.5%
Jan-09	1163	4 years' service from the grant date + TSR > EGX 30	5	22.3	7.5	22.3	50%	10.0%
Jan-10	1276	4 years' service from the grant date + TSR > EGX 30	5	44.2	15.1	44.2	49%	12.0%

Mar-11	1489	4 years' service from the grant date + TSR > EGX 30	5	41.4	13.4	41.4	48%	10.0%

All options are to be settled by physical delivery of shares and are not entitled to any dividends.
The options outstanding as at 30 September 2012 have an exercise price in the range of USD 22.3 to 66.4 (2011, USD 22.3 to 66.4) and the weighted average contractual life of 4.95 years (2011, 4.95 years).
The fair value of the services to be rendered by employees is measured according to the fair value of the options granted.

Measurement of fair values
The fair value of the rights granted through the employees share base payments plan was measured based on Monte Carlo simulation. Expected volatility is estimated by considering historic average share price volatility.

Reconciliation of outstanding share options

Options	**Share Option 2011**	**Share Option 2011**
Balance at 1 January	5,070	3,581
Options granted during the period	0	1,489
Balance at 30 September	**5,070**	**5,070**

Employee expenses
Employee expenses charged over the period ended 30 September 2012 and 2011 are USD 9.0 million and USD 9.6 million, respectively.

37. Adoption of IFRS under the EU

The Group has applied Financial Reporting Standards (IFRS) as adopted by the EU as at 1/1/2009. The Group prepares its annual consolidated financial statements under Egyptian Accounting Standards. The adoption of IFRS under the EU results in the following changes in the application of accounting policies:

Employees' dividends
Employees of entities operating in Egypt under the Egyptian Companies' law are entitled to 10% of annual dividends declared. Such share of employee dividends should not exceed their annual salaries. Under the Egyptian Accounting standards the employee dividends are treated as a reduction from retained earnings in the same way dividends to share holders are treated. Under IFRS adopted by the EU, the dividends are expensed as incurred. The amount of employees dividends charged to expenses in the Period 2012 is USD 12.2 million, (30 September 2011: USD 54.6 million).

Acquisition related costs
Acquisition related costs the Company incurs to effect a business combination are capitalized under Egyptian Accounting Standards and expensed as incurred under IFRS as adopted by the EU. The amount of acquisition related cost and the cost of registering and issuing debts eligible for capitalization and expensed as incurred under IFRS as adopted by EU in the period ended 30 September 2012 is USD 0.2 million and (2011: USD 14.5 million).

38. Group entities

	Country of domiciliation	Entity Name	Consolidation Method	Shareholding (direct/indirect) held by Orascom Construction Industries (OCI)	
				2012	2011
Subsidiary	Egypt	Orascom Construction	Full	100.0%	100.0%
Subsidiary	Egypt	Orascom Road Construction	Full	100.0%	100.0%
Subsidiary	Egypt	Orascom for Storage & Maintenance	Full	100.0%	100.0%
Subsidiary	Egypt	Suez Industrial Development Company	Full	60.5%	60.5%
Subsidiary	Egypt	National Steel Fabrication	Full	100.0%	100.0%
Jointly controlled	Egypt	Alico Egypt	Proportion	50.0%	50.0%
Subsidiary	Egypt	United Paints & Chemicals	Full	56.5%	56.5%
Subsidiary	Egypt	United Holding Company	Full	56.5%	56.5%
Equity accounted investee	Egypt	National Pipe Company	Equity	40.0%	40.0%
Jointly controlled	Egypt	Orasqualia for Development	Proportion	50.0%	50.0%
Jointly controlled	Egypt	Orasqualia for Construction	Proportion	50.0%	50.0%
Jointly controlled	Egypt	Orasqualia for Operation and Maintenance	Proportion	50.0%	50.0%
Subsidiary	Egypt	Orascom Construction Egypt	Full	100.0%	100.0%
Subsidiary	Egypt	Orascom Industrial Investment	Full	100.0%	100.0%
Subsidiary	Egypt	Contrack Facility Management	Full	100.0%	100.0%
	Country of domiciliation	Entity Name	Consolidation Method	Shareholding (direct/indirect) held by Orascom Construction Industries (OCI)	
				2012	2011
Subsidiary	Egypt	Egypt Basic Industries Corporation	Full	59.7%	59.7%
Subsidiary	Egypt	Egyptian Fertilizers Company	Full	99.9%	99.9%
Subsidiary	Egypt	Orascom Fertilizer Plant Maintenance	Full	99.9%	99.9%
Equity accounted investee	Egypt	SCIB Chemical	Cost	14.7%	14.7%
Subsidiary	Algeria	SOBIL Algeria	Full	100.0%	100.0%
Jointly controlled	Algeria	Sorfert Algeria	Proportion	50.9%	50.9%
Subsidiary	Algeria	Orascom Construction Industries - Algeria	Full	100.0%	100.0%
Jointly controlled	Algeria	Orascom Trevi Skikda	Proportion	50.0%	50.0%
Subsidiary	Nigeria	Orascom Construction Industries - Nigeria	Full	99.0%	99.0%
Subsidiary	KSA	OCI Saudi Arabia	Full	60.0%	60.0%
Equity accounted investee	KSA	El-Yamama Orascom United	Equity	50.0%	50.0%
Subsidiary	KSA	Orascom Saudi	Full	100.0%	100.0%
Subsidiary	Bahrain	Contrack International	Full	100.0%	100.0%

Jointly controlled	UAE	Medrail	Proportion	50.0%	50.0%
Subsidiary	Pakistan	OCI Pakistan	Full	100.0%	100.0%
Subsidiary	BVI	Cementech	Full	100.0%	100.0%
Subsidiary	BVI	OCI MEPCO Holding	Full	100.0%	100.0%
Subsidiary	BVI	OCI Fertilizer Trading	Full	100.0%	100.0%
Subsidiary	BVI	OCI ESOP	Full	100.0%	100.0%
Subsidiary	BVI	OCI Fertilizer Finance	Full	100.0%	100.0%
Subsidiary	BVI	OCI Nitrogen Finance	Full	100.0%	100.0%
Subsidiary	BVI	OCI Nitrogen Finance II	Full	100.0%	100.0%
Subsidiary	BVI	OCI Finance	Full	100.0%	100.0%
Subsidiary	BVI	Contrack	Full	100.0%	100.0%
Subsidiary	BVI	NSF Trading	Full	100.0%	100.0%
Subsidiary	The Netherlands	OCI Fertilizer International	Full	100.0%	100.0%
Subsidiary	The Netherlands	OCI Nitrogen	Full	100.0%	100.0%
Subsidiary	The Netherlands	OCI Construction International	Full	100.0%	100.0%
Subsidiary	The Netherlands	Iapetus	Full	100.0%	100.0%
Subsidiary	The Netherlands	Mena Mining	Full	100.0%	100.0%
Subsidiary	The Netherlands	Red Sea Holding	Full	100.0%	100.0%
Subsidiary	The Netherlands	Micro Chemie	Full	-	-
	Country of domiciliation	**Entity Name**	**Consolidation Method**	**Shareholding (direct/indirect) held by Orascom Construction Industries (OCI)**	
				2012	**2011**
Subsidiary	UK	OCI UK	Full	100.0%	100.0%
Jointly controlled	Belgium	MANOCI	Proportion	50.0%	50.0%
Subsidiary	Luxembourg	OCI Investments	Full	100.0%	100.0%
Subsidiary	Luxembourg	OCI Luxembourg	Full	100.0%	100.0%
Subsidiary	Luxembourg	OC Investments	Full	100.0%	100.0%
Subsidiary	Cyprus	OCI International	Full	100.0%	100.0%
Subsidiary	Cyprus	OCI Overseas Holding	Full	100.0%	100.0%
Subsidiary	Cyprus	OCI Fertilizer Holding	Full	100.0%	100.0%
Subsidiary	Cyprus	OCI Construction Holding	Full	100.0%	100.0%
Subsidiary	Cyprus	Contrack (Cyprus)	Full	100.0%	100.0%
Subsidiary	Cyprus	OCI Construction	Full	100.0%	100.0%
Subsidiary	Cyprus	OC International	Full	100.0%	100.0%
Subsidiary	Cayman Islands	MEPCO Cayman	Full	75.0%	75.0%

Subsidiary	Cayman Islands	OCI Overseas Holding (Cayman)	Full	100.0%	100.0%
Jointly controlled	France	Gavilon France	Proportion	50.0%	50.0%
Subsidiary	USA	Contrack International	Full	100.0%	100.0%
Subsidiary	USA	OCI Beaumont	Full	100.0%	100.0%
Equity accounted investee	USA	Gavilon Holding	Cost	16.4%	16.4%
Jointly controlled	Uruguay	Fitco OCI Agro	Proportion	50.0%	50.0%
Jointly controlled	Brazil	Fitco OCI Agronegocios do Brazil	Proportion	50.0%	50.0%
Subsidiary	USA	Iowa Fertilizer Company	Full	100%	-