OCI N.V

Condensed Consolidated Interim Financial Statements

For the period ending 30 June 2013

OCI N.V.

Unaudited Condensed Consolidated Statement of Financial Position

(In millions of USD)	Notes	30-Jun 2013	31-Dec 2012
Assets			
Non-current assets			
Property, plant and equipment	(7)	3,790.6	3,485.6
Intangible assets and goodwill	(8)	1,481.5	1,493.2
Trade and other receivables		125.2	104.9
Equity-accounted investees		87.4	70.2
Other investments		75.4	66.8
Deferred tax assets		5.2	4.6
Total non-current assets		**5,565.3**	**5,225.3**
Current assets			
Inventories		419.8	384.1
Other investments		1,438.2	1,213.7
Trade and other receivables		2,544.0	2,484.8
Cash and cash equivalents		754.8	979.0
Assets held for sale	(9)	369.8	371.8
Total current assets		**5,526.6**	**5,433.4**
Total assets		**11,091.9**	**10,658.7**
Equity			
Share capital	(10)	208.7	191.6
Share premium		1,194.2	0.0
Reserves		(49.5)	706.9
Retained earnings		55.9	947.7
Equity attributable to owners of the company		**1,409.3**	**1,846.2**
Non-controlling interests		619.1	187.0
Total equity		**2,028.4**	**2,033.2**
Liabilities			
Non-current liabilities			
Loans and borrowings	(13)	3,408.5	2,243.4
Trade and other payables		78.9	103.6
Provisions		42.3	43.1
Deferred tax liabilities		330.3	278.5
Total non-current liabilities		**3,860.0**	**2,668.6**
Current liabilities			
Loans and borrowings	(13)	2,068.1	2,573.4
Trade and other payables		2,312.8	2,042.5
Provisions		150.3	154.7
Income tax payable	(14)	672.3	1,186.3
Total current liabilities		**5,203.5**	**5,956.9**
Total liabilities		**9,063.5**	**8,625.5**
Total equity and liabilities		**11,091.9**	**10,658.7**

* The notes on pages from 5 to 23 are anintegral part of these condensed consolidated interim financial statements.

OCI N.V.

Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the six months ended 30 June

(In millions of USD)	Notes	2013	2012
Continuing operations			
Revenues		3,096.3	2,627.0
Cost		(2,666.1)	(2,074.8)
Gross profit		**430.2**	**552.2**
Other income		20.9	37.2
Distribution expenses		(7.5)	(13.4)
Administrative expenses		(214.4)	(167.0)
Other expenses		(3.5)	(2.7)
Results from continuing operating activities		**225.7**	**406.3**
Transaction expenses	(3)	(80.0)	0.0
Financing income & expenses			
Finance income		139.9	21.0
Finance cost		(144.1)	(106.8)
Net finance cost		**(4.2)**	**(85.8)**
Share of profit of equity-accounted investees (net of tax)		8.6	7.5
Profit before tax		**150.1**	**328.0**
Income tax (expense)	(14)	(52.5)	(97.7)
Profit from continuing operations		**97.6**	**230.3**
Discontinued operations			
Profit from discontinued operations (net of tax)		0.0	0.0
Profit for the period		**97.6**	**230.3**
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value in available-for-sale financial assets		2.9	0.2
Effective portion of changes in fair value of cash flow hedges		(14.0)	(1.4)
Foreign currency translation differences - foreign operations		(48.7)	(52.6)
Tax on other comprehensive income		0.0	0.0
Other comprehensive income for the year, net of tax		**(59.8)**	**(53.8)**
Total comprehensive income for the period		**37.8**	**176.5**
Profit Attributable to:			
Owners of the Company		55.9	201.7
Non-controlling interests		41.7	28.6
Profit for the period		**97.6**	**230.3**
Total comprehensive income attributable to:			
Owners of the Company		10.6	147.9
Non-controlling interests		27.2	28.6
Total comprehensive income for the period		**37.8**	**176.5**
Earnings per share			
Basic earnings per share (in USD)	(12)	0.41	0.98
Diluted earnings per share (in USD)	(12)	0.41	0.98
Earnings per share - continuing operations			
Basic earnings per share (in USD)	(12)	0.41	0.98
Diluted earnings per share (in USD)	(12)	0.41	0.98

* The notes on pages from 5 to 23 are an integral part of these condensed consolidated interim financial statements.

OCI N.V.
Unaudited Condensed Consolidated Financial Statements of changes in Equity
For the six months ended 30 June, 2013

(In millions of USD)	Share Capital	Share premium	Legal Reserve	Other Reserves	Reserve for own shares	Retained earnings	Total	Non controlling interests	Total Equity
Balance as 1 January 2013	**191.6**	**0.0**	**98.3**	**697.9**	**(89.3)**	**947.7**	**1,846.2**	**187.0**	**2,033.2**
Impact of reverse takeover	0.0	0.0	0.0	0.0	0.0	(447.5)	(447.5)	447.5	0.0
Release of legal reserve	0.0	0.0	(98.3)	0.0	0.0	98.3	0.0	0.0	0.0
Release of reserve for own shares	0.0	0.0	0.0	0.0	89.3	(89.3)	0.0	0.0	0.0
Release of retained earnings in reserve				509.2		(509.2)	0.0		0.0
Restated balance as 1 January 2013	**191.6**	**0.0**	**0.0**	**1,207.1**	**0.0**	**0.0**	**1,398.7**	**634.5**	**2,033.2**
Total comprehensive income for the period 2013									
Profit for the period	0.0	0.0	0.0	0.0	0.0	55.9	55.9	41.7	97.6
Total other comprehensive income	0.0	0.0	0.0	(45.3)	0.0	0.0	(45.3)	(14.5)	(59.8)
	-		-	(45.3)	-	55.9	10.6	27.2	37.8
Reverse takeover	17.1	1,194.2	-	(1,211.3)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(30.9)	(30.9)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(11.7)	(11.7)
	17.1	1,194.2	-	(1,211.3)	-	-	-	(42.6)	(42.6)
Balance as 30 June 2013	**208.7**	**1,194.2**	**-**	**(49.5)**	**-**	**55.9**	**1,409.3**	**619.1**	**2,028.4**

OCI N.V.
Unaudited Condensed Consolidated Financial Statements of changes in Equity
For the six months ended 30 June, 2012

(In millions of USD)	Share Capital	Share premium	Legal Reserve	Other Reserves	Reserve for own shares	Retained earnings	Total	Non controlling interests	Total Equity
Balance as 1 January 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 2013									
Profit for the period	-		-	-	-	201.7	201.7	28.6	230.3
Total other comprehensive income	-		-	(53.8)	-	-	(53.8)	-	(53.8)
	-	-	-	(53.8)	-	201.7	147.9	28.6	176.5
Own shares sold	-		-	-	28.3	-	28.3	-	28.3
Dividends	-		-	-	-	-	-	(38.2)	(38.2)
Changes in ownership interests in subsidiaries	-		-	-	-	-	-	(6.8)	(6.8)
	-	-	-	-	28.3	-	28.3	(45.0)	(16.7)
Balance as 30 June 2012	**191.6**	**-**	**98.3**	**604.1**	**(88.0)**	**2,514.3**	**3,320.3**	**176.9**	**3,497.2**

* The notes on pages from 5 to 23 are an integral part of these condensed consolidated interim financial statements.

OCI N.V.

Unaudited Condensed Consolidated Statement of Cash Flows

For the Six months ended 30 June

(In millions of USD)	Notes	2013	2012
Cash flows from operating activities			
Profit for the period		97.6	230.3
Adjustments for:			
Depreciation and amortization		141.7	119.3
Interest income		(10.9)	(12.9)
Interest expenses		143.1	102.4
Forex exchange		(128.0)	(3.7)
Share of profit of equity-accounted investees		(8.6)	(7.5)
(Gain) on sale of property, plant and equipment		(2.2)	(3.6)
Tax expense		52.5	97.7
		285.2	**522.0**
Changes in:			
Inventories		(35.7)	38.5
Trade and other receivables		(99.2)	(99.1)
Assets held for sale	(9)	2.0	(0.1)
Trade and other payables		(71.6)	(32.7)
Net provisions and allowances formed		19.5	23.7
Provisions		(13.7)	(90.0)
Cash generated from operating activities		**86.5**	**362.3**
Interest paid		(143.1)	(102.4)
Taxes paid	(14)	(514.7)	(88.8)
Net cash used in operating activities		**(571.3)**	**171.1**
Cash flows from investing activities			
Interest received		10.9	12.9
Proceeds from sale of property, plant and equipment		8.8	24.3
Paid for investments		(233.1)	(4.7)
Acquisition of property, plant and equipment and assets under construction		(482.1)	(276.5)
Net cash used in investing activities		**(695.5)**	**(244.0)**
Cash flows from financing activities			
Proceeds from loans and borrowings		2,197.7	246.4
Payments of loans and borrowings		(1,537.9)	(128.2)
Other long term liabilities		(24.7)	(36.1)
Non-controlling interests		421.3	0.0
Own shares		17.1	28.3
Dividends paid		(30.9)	(38.2)
Net cash from financing activities		**1,042.6**	**72.2**
Net decrease in cash and cash equivalents		**(224.2)**	**(0.7)**
Cash and cash equivalent at 1 January		979.0	1,051.7
Cash and cash equivalent at 30 June		**754.8**	**1,051.0**

* The notes on pages from 5 to 23 are an integral part of these condensed consolidated interim financial statements.

1. Reporting entity

OCI N.V. ("OCI" or the Company) was established on 2 January 2013 as a public limited liability company incorporated under the laws of the Netherlands, with its head office located at Mijnweg 1, 6167AC Geleen. OCI is registered in the Dutch commercial register under No. 56821166 dated 02/1/2013. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures. The Group is primarily involved in construction and manufacturing of fertilizers.

2. Basis of presentation

(a) Statement of Compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2012.
These interim financial statements were authorized for issue by the Company's Board of Directors on 28 August 2013. These interim financial statements are unaudited.

(b) Judgments and estimates

In preparing these interim financial statements, Management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying value of the assets or liabilities affected. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3. Reverse takeover and Group restructuring

- On 2 January 2013, OCI Overseas Holding Limited (indirectly owned by Orascom Construction Industries S.A.E.) established OCI N.V. with authorized capital amounting to EUR 225 thousand and issued capital, paid up in full, amounting to EUR 45 thousand.

- On 17 January 2013, OCI Overseas Holding Limited transferred its ownership of OCI Construction Holding Limited and OCI Fertilizer Holding Limited to OCI N.V. As a result, OCI N.V. became the owner of most of the investments of Orascom Construction Industries (S.A.E) outside Egypt and North Africa, including the following companies:
    - Egypt Basic Industrial Corporation (EBIC),
    - Iowa Fertilizer Company, Inc,
    - OCI Beaumont,
    - OCI Nitrogen,
    - Contrack Group, and
    - Besix Group

- On 18 January 2013, OCI N.V. launched an exchange offer to acquire all of the outstanding Regulations global depositary receipts (GDRs) of Orascom Construction Industries S.A.E. (OCI) in exchange for ordinary shares in OCI N.V. At the close of the offer on 21 February 2013, GDR holders holding a total

of 156,722,280 GDRs (being 99.0% of OCI's GDRs and representing 75.7% of total shares outstanding) accepted to exchange their GDRs for OCI N.V. shares. The transaction positioned OCI N.V. as the parent company to OCI with ownership of 75.7% as of 30th June 2013.

- On 18 February 2013, in addition to the exchange offer of the Global Depository Receipts (GDRs); the Company formally filed a Mandatory Tender Mixed Offer to acquire all the outstanding ordinary shares of Orascom Construction Industries (S.A.E) listed in the Egyptian Stock Exchange with the Egyptian Financial Supervisory Authority (EFSA). The offer included the option of a cash purchase price of EGP 280 per share (equivalent to USD 41.69) or the option to exchange the ordinary share of Orascom Construction Industries (S.A.E) by the ordinary share of OCI N.V. at a ratio of 1:1. The approval of EFSA on the proposed offer was delayed until the Company settled the tax dispute with the Egyptian Tax Authority (Note 14).

- On 3 June 2013 and subsequent to the settlement of the tax dispute, the Company submitted an updated file for the Mandatory Tender Mixed Offer. In the updated file, the cash purchase price was reduced to EGP 255 per share (equivalent to USD 36.52 per share). The reduction in purchase price reflected the drop in valuation as a result of the tax settlement.

- On 25 June 2013, the Egyptian Financial Supervisory Authority (EFSA) approved the Mandatory Tender Mixed Offer submitted by OCI N.V. to acquire all the outstanding ordinary shares of Orascom Construction Industries (S.A.E) listed on the Egyptian Stock Exchange amounting to 50,196,181 shares of the company's issued ordinary shares totalling 208,938,419 shares which represent 24.024% of the total shares of Orascom Construction Industries (S.A.E) after excluding the number of employees share option plan amounting to 2,019,958, which did not respond to the Mandatory Tender Mixed Offer.

- On 28 July 2013, the Mandatory Tender Offer closed, resulting in the exchange of 15,144,488 shares of Orascom Construction Industries (S.A.E) with shares of OCI N.V., and purchasing of 29,180,180 shares of Orascom Construction Industries (S.A.E).

  After exchanging the Global Depository Receipts (GDRs) of Orascom Construction Industries (S.A.E) and closing the Mandatory Tender Offer, as at the issuance of these condensed financial statements, OCI N.V. became the main shareholder of Orascom Construction Industries (S.A.E), owning 97.44% with 201,616,948 shares of the ordinary shares of Orascom Construction Industries (S.A.E). The remaining shares of the Company represents 0.47% in the form of Global Depository Receipts (GDRs) listed on the London Stock Exchange, 0.51% in the form of American Depository Receipts (ADRs), listed on the New York Stock Exchange, and 1.58% in the form of shares listed on the Egyptian Stock Exchange. The percentage of ownership of Orascom Construction Industries (S.A.E) in OCI N.V. was reduced to 0.02% as a result of the share capital issued by OCI N.V. of 201,616,948 shares.

The Company has undertaken that subsequent to the closing of the Mandatory Tender Mixed Offer and for a period of six months, to purchase shares of Orascom Construction Industries (S.A.E) from shareholders who wish to sell their shares at a price of EGP 255 per share. The total commitment of the Company under this undertaking is EGP 835 million (USD 119 million).

Investment Agreements

The Company has entered into Investments Agreements in order to finance the cash alternative offered under the Mandatory Tender Mixed Offer. These agreements have been entered into by OCI N.V. with

the following: US Investors; Cascade Investments, L.L.C. (Cascade), Davis Selected Advisers, L.P. (Davis), Southeastern Asset Management, Inc. (Southeastern) for a total value up to USD 1 billion. The US Investors have made arrangements to issue Stand By Letters of Credit (SBLC) to support their funding. The Sawiris Family and Abraaj have provided commitments to finance the Mandatory Tender Mixed Offer in excess of USD 1 billion.

It was a condition of the agreements that in case the required cash for the Mandatory Tender Mixed Offer was less than USD 1 billion, the US investors would have the priority to subscribe to shares before the Sawiris Family and Abraaj. If the cash requirement under the Mandatory Tender Mixed Offer was more than USD 1 billion, the Sawiris Family and Abraaj would meet the cash needs of OCI N.V. for which they have issued SBLCs for in excess of USD 1 billion. The SBLCs issued by Sawiris Family and Abraaj amounted to USD 1.5 billion in the first filing with EFSA (first commitment). Subsequently, when the Company submitted the updated filing on 3 June 2013, the SBLCs were reduced to USD 300 million (second commitment) due to the reduction of the offer purchase price and receiving irrevocable undertakings from major shareholders to swap shares.

At the closing of the Mandatory Tender Mixed Offer, the Company issued 29,180,180 new shares to the US Investors at a price of USD 32.5 per share for a total cash value of USD 948,355,850. Sawiris Family and Abraaj did not subscribe to shares and received a commission of USD 56 million (Sawiris Family) and USD 28 million (Abraaj) respectively, totalling USD 84 million. The USD 75 million or 5% break-up fee related to the first commitment is payable to Sawiris Family and Abraaj and is recorded under "Transaction expenses" in the statement of Income for the period ending 30 June 2013. The remainder USD 9 million or 3% commission related to the second commitment will be recorded in fiscal year 2013 when incurred.

Equalization Agreement

On 17 January 2013, OCI N.V. and Orascom Construction Industries (S.A.E) have entered into an equalization agreement. The equalization agreement was subsequently amended on 29 April 2013 to reflect certain conditions that were requested by EFSA.

The purpose of this agreement is to ensure that the issued shares of OCI N.V. have the full economic rights of the ordinary shares of Orascom Construction Industries (S.A.E), except the shares owned by both companies in each other's capital. Accordingly, the shareholders of OCI N.V. and Orascom Construction Industries (S.A.E) will receive the same dividend on their outstanding shares in addition to consolidating their profits up to the limit required to carry out the dividends.

However, the dividend will not include amounts that have been set aside or restricted because of any tax claims outside the ordinary course of business or those amounts relating to any financial year prior to the financial year ended 31 December 2013.

The net assets of both companies will be available in the case of the liquidation of either company. These assets would be used to pay the dividends to the shareholders of the liquidated party on the basis of the net assets of both companies and distributed or set aside for the shareholders of both companies.

The equalization agreement became effective on the listing date of OCI N.V. shares on the Amsterdam Stock Exchange NYSE/Euronext Amsterdam and is applied for the financial year 2013 in accordance with the Dutch laws and regulations.

The Group accounts for the equalization agreement as a profit sharing agreement; under this agreement, OCI S.A.E. minority shareholders are entitled to an equal profit (and net asset) sharing compared to OCI N.V. shareholders and therefore, the Company recognizes non-controlling interest within its consolidated equity equal to the interest held by the minority shareholders in OCI S.A.E. As at 30 June 2013, the non-controlling interest represented 24.26% of the outstanding shares of OCI SAE, which was subsequently reduced after the close of the Mandatory Tender Mixed Offer to 2.55%.

Transaction Costs

In order to incorporate the Company in the Netherlands and its subsequent registration on the NYSE Euronext Amsterdam, the GDR swap offer and the swap portion of the Mandatory Tender Mixed Offer, the Company incurred professional advisory fees amounting to USD 5 million, which were expensed as incurred. The Company also incurred transaction costs related to the cash portion of the Mandatory Tender Mixed Offer amounting to USD 17 million which are considered an integral part of the equity transaction and will be debited to the share premium reserve in shareholders' equity in the statement of financial position as at 31 December 2013.
The USD 75 million or 5% break-up fee, related to the first commitment payable to the Sawiris Family and Abraaj were expensed in the period ended 30 June 2013

Basis of presentation

The Company has accounted for the transaction using the guidance included in IFRS3 in respect to reversed acquisition accounting. Assets and liabilities have been recognized upon consolidation at their consolidated carrying amounts in OCI SAE under EU-IFRS prior to transition. The comparable figures 2012 have been derived from the financial statements of OCI SAE. No goodwill is recognized or step-up accounting has been applied. The information in the following table summarises the amounts of the assets acquired and the liabilities assumed that were recognised at the acquisition date.

(In USD millions)	**31/12/2012**
Property, plant and equipment	3,485.6
Intangible assets	1,493.2
Other non- current assets	246.5
Current assets	5,433.4
Current liabilities	(5,956.9)
Non - current liabilities	(2,668.6)
Net Assets	**2,033.2**

4. Significant Accounting Policies

General

With reference to note 2 of these interim financial statements, the interim financial statements have been prepared in accordance with IAS 34 Financial Reporting and consequently, they do not include all the information required for a complete set of IFRS financial statements. The accounting policies applied in the Company's annual consolidated financial statements have been in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and are summarized in Appendix A.

Changes in Accounting Policies

The group has adopted new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2013. For a list of details, refer to paragraph 1.20 in Appendix A

5. Group segment reporting

The Group determines and presents operating segments on the information that internally is provided to the Executive Committee, our chief operating decision maker during the period. 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.

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, and other manufacturing facilities for the steel, pharmaceutical and consumer goods industries among others. Infrastructure projects include airports, roads, railways, power plants and water plants. Commercial projects include buildings, hotels, and other high end mixed use projects.

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, Egypt, and Algeria, with a fertiliser plant under construction in 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 2015 (excluding the Greenfield development in Brazil), the Fertiliser Business's estimated total capacity is expected to reach 8.6 million metric tons per annum of saleable nitrogen-based fertilisers, comprising:

- 2.37 million metric tons of anhydrous ammonia;
- 3.06 million metric tons of granular urea;
- 1.40 million metric tons of calcium ammonium nitrate (CAN); and
- 1.76 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 0.19 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.

Information about reportable segments:

						For six months ended
(In millions of USD)	**Construction**		**Fertilizer**		**Total**	
	30-Jun-13	30-Jun-12	**30-Jun-13**	30-Jun-12	**30-Jun-13**	30-Jun-12
External revenues	**1,745.2**	1539.3	**1,351.1**	1,087.7	**3,096.3**	2,627.0
Inter-segment revenue	**120.9**	9.0	**-**	-	**120.9**	9.0
Reportable segment - profit before tax	**22.5**	97.2	**189.8**	278.6	**212.3**	375.8
(In millions of USD)	**Construction**		**Fertilizer**		**Total**	
	As at 30 June 2013	As at 31 Dec, 2012	**As at 30 June 2013**	As at 31 Dec 2012	**As at 30 June 2013**	As at 31 Dec 2012
Reportable segment assets	**4,092.8**	4,135.8	**6,999.1**	6,522.9	**11,091.9**	10,658.7
Reportable segment liabilities	**3,729.2**	3,828.1	**5,334.3**	4,797.4	**9,063.5**	8,625.5

Reconciliation of reportable segment profit or loss	**For six months ended 30 June**	
	2013	**2012**
Total profit or loss reportable segments before tax	212.3	375.8
Profit or loss before tax for other business activities and operating segments	-	-
Elimination of inter-segment profits	**(5.3)**	(0.3)
Unallocated corporate expenses	(56.9)	(47.5)
Profit before tax	**150.1**	**328.0**

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 revenue.

6. Seasonality of Operations

The OCI Fertilizer Group's results are inherently dependent on seasonal fluctuations in demand as governed by major crop planting and harvesting seasons. Weighted average netback prices tend to be higher during the Northern and Southern Hemispheres' planting seasons, translating into generally stronger first and fourth quarters. In addition, industrial sales of methanol and ammonia are more evenly distributed throughout the year, thereby contributing to stability in sales. Our global sales and diversified product mix – both as fertilizers and industrial products – mitigate the impact of any one region's seasonal fluctuations.

The OCI Construction Group's results are not generally affected by seasonal demand fluctuations given the nature of longer project lifecycles. In addition, because of the generally warm and dry climate in the areas of operations, the construction activity levels are not significantly affected by weather conditions.

7. Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired assets with a cost of $482.1 million (six months ended 30 June 2012: USD 276.5 million). Other assets with a carrying amount of USD 6.6 million were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: USD 20.7 million), resulting in a gain on disposal of USD 2.2 million (six months ended 30 June 2012: gain of USD 3.6 million), which is included in 'other income' in the condensed consolidated statement of profit or loss and other comprehensive income.

Capital Commitments

As at 30 June 2013, the Group entered into contracts to buy property, plant and equipment for USD 1.39 billion, of which USD 1.09 billion represents capital commitments pertaining to the Group's company in the United States of America (USA) (Iowa Fertilizer Company).

8. Intangible assets and goodwill

(In million USD)	Goodwill	Intangible Assets	Total
Cost			
Balance at 31 December 2012	1,423.0	70.20	1,493.2
Changes in book value:			
Acquisitions through business combinations		0.5	0.5
Effect of movements in exchange rates	0.7	(1.40)	(0.7)
Amortization for the year		(11.5)	(11.5)
Balance at 30 June 2013	**1,423.7**	**57.8**	**1,481.5**

Allocation of the goodwill

The goodwill balance is predominantly in the fertilizers business which amounted to USD 1,407.2 million as of 30 June 2013 (2012: USD 1,407.5) and the remaining balance amounted to USD 16.5 million as of 30 June 2013 (2012: 15.5 million).

Impairment testing of goodwill

Goodwill is tested at least annually for impairment. Goodwill is allocated to the group operating divisions. The main carrying amount of goodwill relates to the Egyptian Fertilizers of which the goodwill at acquisition amounted to USD 1.7 billion and is allocated to the cash generating unit which had a carrying value of USD 2.3 billion. In the year ended 31 December 2012, and due to the amendment of the gas supply agreement mentioned in Note 15, an impairment loss was recognized for goodwill in the amount of USD 418 million.

Key assumptions used in discounted cash flow methodology

The cash flows are projected over a 5 year period. The Key assumptions used in calculating recoverable amounts are operational assumptions, discount rates and the terminal value growth rates.

The keys operational assumptions in 2013 are:

- Production and sales volumes are planned at full capacity beyond 2013 and over the projection period;
- Selling prices are based on external broker outlook of Urea product prices
- Sales mix between exports and local sales assumed to be constant over the projection period;
- Gas price is based on the pricing formula stated in the amendment to the gas supply agreement

Discount rate

The discount rates applied averaged 10.60% and, 10.75% over the periods 2013, and 2012 respectively. The discount rates were estimated based on industry weighted average cost of equity estimated at an average of 12.74% and 12.45% over the years 2013, and 2012, respectively. Debt leverage averaged 24% and 20% in the years 2013, and 2012, respectively. Market post tax interest rate applied was 3.93%.

Terminal value growth rate

A long term growth rate into perpetuity has been estimated by management at 2.5% (2.5% in December 2012).

Based on the impairment test, the recoverable amount for EFC was estimated to be higher than the carrying amount, and therefore no impairment charge is needed.

All other CGUs were not tested for impairment because there were no impairment indicators as at 30 June 2013.

Sensitivity to changes in assumptions

The Company's management identified the recoverable amount of EFC based on a several assumptions related to future production and sales volumes. These volumes depend on the natural gas quantities available for production, while the estimated cost depends on the gas price from the gas supplier. The gas price assumed is based on the pricing formula stated in the amendment to the gas supply agreement. Additionally, the lack of availability of the necessary volume of gas for the production capacity of the company will reflect negatively on the volume of the production, sales and thus the profitability of the company.

9. Assets held for sale

Assets held for sale comprise mainly of the investment in Gavilon Company (USA) ("Gavilon"). The group presented the whole investment in Gavilon with a shareholding of 16.8% as assets held for sale. Efforts of selling the investment began during the fourth quarter of 2011. As at 31 December 2012, the total investment's carrying value was USD 368.5 million.

On 29 May 2012 Marubeni Corporation (Marubeni) - Japan - announced to reach an agreement with the shareholders of Gavilon to acquire the entire company's shares for USD 3.6 billion subject to obtaining all required regulatory approvals.

On 5 July 2013 and before completing the process of selling, Gavilon restructured its energy activity and established a new company named Gavilon Energy LLC, and transferred the energy activity to the new company. Gavilon Energy LLC Company was sold to the shareholders of Gavilon with the same percentage of ownership in the company. Under this sale agreement, OCI Fertilizer Holding Limited acquired 16.8% of the ownership of Gavilon Energy LLC.

On 5 July 2013, after restructuring of the energy activity, the selling deal was completed with a total value of USD 2.6 billion, and OCI Fertilizer Holding Company sold their entire stake of both companies; Ospraie Super Trade Blocker Inc. and Ospraie Super Fertilizer Blocker which have a share in Gavilon with a value at USD 485.0 million.

10. Share capital

The Company was incorporated on 2 January 2013 with authorized capital amounting to EUR 225 thousand and issued capital, paid up in full, in the amount of EUR 45 thousand, owned by OCI Overseas Holding Limited (indirectly owned by Orascom Construction Industries S.A.E.). As of 30th June 2013, the Company's authorized share capital increased to EUR 300 million and the issued capital, paid up in full, has increased to EUR 156,767,280, divided into 156,767,280 shares at the par value per share of EUR 1 per share (one Euro per share). The issued share capital has increased through the exchange of the Global Depository Receipts (GDRs) of Orascom Construction Industries S.A.E., listed in London Stock Exchange, with the ordinary shares of the Company.

In EUR	**As at 30 June**	
Shares	**2013**	**2012**
Number of shares at 1 January	-	-
Establishment of Company	45,000	-
Number of issued shares *	156,722,280	-
On issue at 30 June - fully paid	**156,767,280**	**-**
At 30 June in USD million	**208.7**	-

*Refer to Note 3 for details on share swap transaction.

11. Dividends

No dividends were declared for the period ended 30 June 2013.

12. 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 June 2013 was based on the profit attributable to ordinary shareholders of USD 55.9 million (2012: USD 201.7 million) and weighted average number of ordinary shares of 137.7 million (2012: 205.1 million).

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 June 2013 was based on the profit attributable to ordinary shareholders of USD 55.9 million (2012: USD 201.7million) and weighted number of ordinary shares outstanding after adjusting the effects of all dilutive positional ordinary shares of 137.7 million (2012: 205.1 million).

13. Loans and borrowings

In May 2013, Iowa Fertilizer Company issued tax-exempt bonds according to a disaster recovery program in the central region of United States of America for USD 1.2 billion with average yield of 5.12% per annum. The structure of the transaction was the following:

- US$ 390 million term bonds maturing in 12/01/2019 yielding 4.8%
- US$ 366 million term bonds maturing in 12/01/2022 yielding 5.1%
- US$ 429 million term bonds maturing in 12/01/2025 yielding 5.3%

The bond proceeds were used to refinance the short term loan, which was outstanding on 31 December 2012.

On 21 May 2013, OCI Beaumont entered into a USD 360.0 million senior secured term loan credit facility with a group of lenders and Bank of America, N.A., as an administrative agent. The term loan facility is comprised of two term loans in the amounts of USD 125.0 million (the "Term A-1 Loan") and USD 235.0 million (the "Term A-2 Loan"), respectively.

Borrowings under the term loan facility are unconditionally guaranteed by OCI USA. The Term A-1 Loan matures on the earlier of the consummation of the initial public offering of OCI Partners LP and 31 December 2013. The Term A-2 Loan matures on the earliest of (i) 31 December 2013, (ii) the consummation of the initial public offering of OCI Partners LP or (iii) the incurrence of new term loan financing. All of the USD 125.0 million proceeds from the Term A-1 Loan were used to fully refinance the credit facility. Approximately USD 230.0 million of proceeds from the Term A-2 Loan were distributed to the sole member of the company and approximately USD 5.0 million of proceeds from the Term A-2 Loan were used to pay for bank fees, accrued interest and legal fees associated with the term loan facility.

In May 2013, OCI Fertilizers B.V., has entered into a loan agreement with J.P. Morgan for the amount of USD 400 million, with a maturity date of 18 September 2013. The loan carries an interest rate of LIBOR + 6.925%.

As at 30 June 2013, the Company complied with all of its financial debt covenants.

During the six-months period ending 30 June 2013 the most significant movements in loans and borrowings (both current and non-current) relate to new loans issued and assumed for USD 2.2 billion and loan repayments of USD 1.5 billion.

In millions of USD	Currency	Interest rate nominal	Face value	Carrying amount	Year of maturity
New Issues					
Tax exempt Bonds issued	USD	4.80%	399.8	399.8	12-Jan-19
Tax exempt Bonds issued	USD	5.10%	366.0	366.0	12-Jan -22
Tax exempt Bonds issued	USD	5.30%	429.0	429.0	12-Jan -25
Subtotal Bonds issued			1,194.8	1,194.8	
Secured bank loan assumed	USD	4.20%	125.4	125.4	2013
Secured bank loan assumed	USD	3.80%	235.8	235.8	2013
Unsecured bank loan assumed	SAR	Fixed 3%	89.6	89.6	Mar-14
Unsecured bank loan assumed	USD	6.925%+ LIBOR	399	402.6	18-Sep-13
Bank overdraft			149.5	149.5	
Total amounts for new issues	-	-	**2,194.1**	**2,197.7**	-
Repayments					
Secured bank loan	EUR	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	(3.4)	(3.4)	23-Jan-25
Secured bank loan	USD	3.5% over LIBOR	(6.3)	(6.3)	Dec-17
Secured bank loan	EGP	3% over corridor declared by central bank	(4.8)	(4.8)	2025
Secured bank loan	EUR	EUROBOR + 1.75%	(4.4)	(4.4)	2014
Secured bank loan	EUR	1.75% + EURIBOR	(37.9)	(37.9)	2016
Secured bank loan			(95.3)	(95.3)	Oct-16
Secured bank loan	USD	5.21% over LIBOR	(126.0)	(126.0)	2013
Secured bank loan	DZD	Variable 5.8%	(0.4)	(0.4)	2014
Unsecured bank loan assumed	USD	2.05 +LIBOR	(4.4)	(4.4)	2013
Unsecured bank loan assumed	USD	Fixed 7.3%	(10.1)	(10.1)	Jul-13
Unsecured bank loan assumed	USD	3.25%	(0.2)	(0.2)	Jul-05
Unsecured bank loan assumed	USD	3.25% + LIBOR	(0.2)	(0.2)	Oct-14
Bank overdraft		Variable	(50.4)	(50.4)	
Repayment of short term portion long term loans	USD		(1,194.1)	(1,194.1)	
Total amounts for repayments	-	-	**(1,537.9)**	**(1,537.9)**	-

14. **Income taxes**

Tax expense is recognized based on Management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2013 was 35% (six months ended 30 June 2012: 30%). The change in effective tax rate was due to higher percentage of profits from tax jurisdictions with higher tax rates.

Egypt Tax Dispute

OCI N.V.'s subsidiary OCI S.A.E settled a tax dispute with the Egyptian Tax Authority ("ETA") in April 2013 for taxes pertaining to years 2007 to 2010. In particular the ETA claimed that OCI S.A.E owes taxes related to the sale of its cement listed subsidiary Orascom Building Materials Holding (OBMH) in 2007.

OCI S.A.E continues to hold its position that it did not violate any laws but has reached a settlement amount following months of challenging negotiations. In conjunction with this agreement, the ETA has determined that there was no tax evasion by the Company and is exonerating management and the Company from any wrongdoing related to the transaction.

In April 2013, OCI S.A.E reached a settlement with the ETA whereby the Company will pay EGP 7.1 billion (equivalent to USD 1.01 billion based on the exchange rate as at 30 June 2013) over a 5-year period starting with an initial payment of EGP 2.5 billion (equivalent to USD 360 million) paid in May 2013, EGP 900 million (equivalent to USD 128 million) to be paid in December 2013 and six equal installments of EGP 450 million (equivalent to USD 64 million) and two final installments of EGP 500 million (equivalent to USD 71 million) in 2017. Currently, OCI has EGP 182 million (equivalent to USD 26 million) of tax credits with the ETA that will be set off against future tax payments. OCI N.V. lent OCI S.A.E the necessary funds to finance the initial payment. The net balance of the tax settlement was reflected in the 2012 financial statements. The outstanding balances as at 31 December 2012 and 30 June 2013 are shown under income tax payable in the current liabilities section in the statement of financial position. The income statements for the years 2013 to 2017 will reflect interest expense and foreign exchange gain or loss on the outstanding balance.

15. **Contingent liabilities**

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 a reliable estimate can be made of the amount of the obligation, and legal counsels foresee a future obligation to settle such contingencies

Litigation

- A major portion of the business of Contrack International 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 has filed a suit against all partners of the Joint Venture contending that it is entitled to refund US $332million from the partners representing all the contract funds paid for these projects plus damages and civil penalties. On 11 July 2013, the Company signed a settlement agreement with the American authorities in the amount of USD 3.5 million to settle all liabilities and claims. The settlement amount is fully accounted for as at 30 June 2013.

Settlements

- 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 Fertilizers 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.

  On 16 May 2013, the court rendered its award in favour of EFC and concluded that the terms of the agreement; specifically the contractually agreed-upon natural gas price and volume of supply are valid, legally binding, and apply to the exclusion of any contrary pricing decrees. Notwithstanding the final arbitral award, OCI N.V.'s management recognized that it was in the best interest of both parties to reach an amicable settlement on the basis of new mutually-agreed-upon commercial terms in the form of an amendment to the gas supply agreement. On 6 August 2013, EFC reached a preliminary agreement on the amendment to its existing natural gas supply agreement with GASCO. The new amendment defines a natural gas pricing formula that is contingent upon a definite volume of gas supply to the plant as well as the weighted-average selling price (WAP) of urea. The formula generates, in case of supply of above 55% and up to 110% of the agreed upon volume of natural gas, a gradual increase in the price of natural gas linked to WAPs of urea, which can reach up to a natural gas supply cost of USD 6.6/ MMBTU.

Arbitration

- 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 USD 211 million (of which OCI's share is 50%). The Company did not provide for this arbitration as management believes the claim not to be likely payable. The Company also believes that expected indemnities will surpass any delay penalties it might be subject to.
- Besix is involved in two disputes which relate to Burj Khalifa tower through the Joint-Venture Besix SA - Samsung - Arabtec (Besix share = 35%). A claim was filed by the JV to EMAAR Properties for AED 1.83 billion equivalent to USD 0.5 billion (Besix share = AED 640 million equivalent to USD 147.3million) for extensions of time and additional costs. The claim filed by the JV 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 JV is in the process to resolve the dispute amicably. In case the ICC arbitration is considered by the JV or launched by EMAAR based on their summon of February 13, 2011, then the JV will update their claims with legal and experts assistances which would last 6 to 8 months and cost around USD 6.0 million. Management believes this will be unlikely and therefore did not provide for this amount in its statements.

Other Disputes

- 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. The Holding Company for Metallurgical Industries is refusing to repossess IBSF and its assets, therefore the execution of the court's judgment is pending as at 30 June, 2013. All assets of IBSF have been written off, accordingly, the execution of the court's judgment does not have an impact on the financial position of the Company as at 30 June 2013.

- A decision was issued against Suez Industrial Development Company which operates in the field of land development in the North West of the Suez Gulf of Suez for the cessation of dealings on any of its allocated plots of land as of mid-November 2011 until the investigations, conducted by the Public Fund Prosecution and Military Prosecution and relating to the allocation and sale of lands located in the North West of Suez Gulf, are over. On 28 May 2012, the Company has submitted a request to the Dispute Settlement Committee at the General Authority of Investment and Free Zones to disregard the said decision. On 25 July 2012 the Company challenged the said decision before the Administrative Court and a hearing is scheduled to take place on 1 September 2013. On 22 April 2013, another decision was issued by the Ministerial Group Committee for Investment Dispute Settlement verifying the land contracts entered into by the Company and ratified by Suez Governorate. Management estimated total value of this claim to be USD 25 million. The Company did not provide for this amount as management believes the claim to be not likely payable.

16. Related parties transactions

In reference to the proposed offer made by OCI N.V. on 18 January 2013 to acquire 100% of the issued share capital of Orascom Construction Industries S.A.E., The Sawiris Family and Abraaj, both shareholders of OCI N.V., each committed to provide stand-by funding to OCI N.V. at a maximum commitment of USD 1 billion and USD 500 million respectively. The commitments provided by both The Sawiris Family and Abraaj were to be used subsequent to the first USD 1billion required to satisfy cash elections under the offer to acquire 100% of OCI S.A.E., which will be funded by investors other than The Sawiris Family and Abraaj. In consideration for the commitment agreements, OCI N.V. agreed to pay both The Sawiris Family and Abraaj a commission of 8.0 per cent on their respective maximum commitments. A break-up fee of 5.0% applied to the agreement should the acquisition offer not be launched before close of business on 16 April 2013. In reference to the 27 June 2013 announcement of OCI N.V.'s tender offer to acquire 100% of OCI S.A.E.'s share capital, on the 2 and 5 of June 2013, OCI N.V signed renewed commitments from both The Sawiris Family and Abraaj to provide stand-by funding at a maximum commitment of USD 200 million and USD 100 million respectively, after the first USD 1 billion required to satisfy cash elections under the offer are funded by investors other than The Sawiris Family and Abraaj. OCI N.V. agreed to pay both The Sawiris Family and Abraaj a commission of 3.0% on their respective maximum commitments. At the close of the tender offer on 28 July 2013, the USD 1 billion had not been exceeded and no draw down on the commitments from The Sawiris Family or Abraaj had taken place. In relation to both sets of commitments above, OCI N.V. owed The Sawiris Family USD 56 million and Abraaj USD 28 million representing the break-up fee on the initial maximum commitment and commission on the subsequent maximum commitment. As at 30 June 2013 the first commitment totaling USD 75 million has been accrued in the statement of financial position, in "Trade and other payables" and was expensed in the statement of profit and loss under "Transaction expenses". The remaining USD 9 million will be accrued for in the second half of fiscal 2013, as the close of the tender offer occurred post period ended 30 June 2013.

As mentioned in Note 13, OCI Fertilizers B.V. has entered into a loan agreement with J.P. Morgan for the amount of USD 400 million in May 2013. Another loan was also entered into with JP Morgan by OCI overseas Holding Limited for the amount of USD 30 million. This loan matures July 2013, with an interest rate of LIBOR + 7.00%. Both loans are supported by an entity beneficially owned by Mr. Nassef Sawiris.

17. Share based compensation

Share based compensation expense amounted to USD 8 million and USD 6 million in the first six months of 2013 and 2012 respectively. As at 30 June, 2013, OCI N.V had not yet established a share option programme, therefore the following share based expense relates solely to OCI SAE's share option programme.

The following is a summary of the outstanding shares as at 30 June 2013:

Outstanding share balance as at 31 December 2012	2,019,958
Number of options granted	0
Number of options exercised	0
Outstanding share balance as at 30 June 2013	**2,019,958**

18. Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk

Concentration of credit risk associated with accounts receivable, holdbacks receivable and unbilled revenue is limited by the Company's diversified customer base and its dispersion across different business and geographic areas. As at 30 June 2013 the Company had USD 2,154 million in trade receivables that were past due. Of this amount, USD 1,912 million was over 60 days past due, against which, the Company has recorded an allowance for doubtful accounts of USD 0.03 million.

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

	As at 30 June 2013			
(In millions of USD)	**Carrying Amount**	**Contractual cash flow**	**Less than one year**	**More than one year**
Non derivative financial liabilities				
Secured bank loans	4,291.2	4,916.4	1,125.7	3,790.7
Unsecured bank loans	1,185.4	1,357.8	275.5	1,082.3
Trade payable and others	2,391.7	2,391.7	2,312.8	78.9
Derivative financial liabilities				
Forward exchange contracts used for hedging	0.8	0.87	0.17	0.62

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.

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.

Carrying amounts versus fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

In millions of USD	**Total carrying amount**	**Fair value**
		30 June 2013
Cash and cash equivalents	754.8	754.8
Trade and other receivables	2,669.2	2,669.2
Financial assets in foreign treasury bills	1,438.2	1,438.2
Forward exchange contracts used for hedging	(0.8)	(0.8)
Secured bank loans	(2,216.0)	(2,216.0)
Unsecured bank loans	(677.9)	(677.9)
Trade payables	(2,391.7)	(2,391.7)
Current portion of long-term loans	(661.3)	(661.3)
Bonds-LT	(1,194.8)	(1,194.8)
Bank overdraft	(726.6)	(726.6)

Fair Value Hierarchy

IFRS 7 “Financial Instruments: Disclosures” enhances disclosures about fair value measurements. Fair value is defined as the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm’s length transaction. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

Level 1 ‐ Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 ‐ Inputs other than level 1 inputs that are observable for assets and liabilities, either directly or indirectly.

Level 3 ‐ Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

In millions of USD	**Level 1**	**Level 2**	**Level 3**	**Total**
				30 June 2013
Marketable Securities		12.2		12.2
Financial assets in foreign T-Bills	-	1,426.0	-	1,426.0
Total assets	-	**1,438.2**	**-**	**1,438.2**
Forward exchange contracts used for hedging	-	(0.8)	-	(0.8)
Total liabilities	**-**	**(0.8)**	**-**	**(0.8)**

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between all levels of the fair value hierarchy during the six months ended 30 June 2013.

19. Subsequent events

On 5 July 2013 OCI Fertilizers Holding Company divested its entire ownership in Gavilon in return for cash and new shares in Gavilon Energy. For further details, refer to Note 9.

On 28 July 2013, the second Mandatory Tender Mixed Offer was closed, resulting in the exchange of 15,144,488 shares of Orascom Construction Industries (S.A.E) with shares of OCI N.V, resulting in OCI N.V. owning 97.44% of OCI S.A.E. For further details, refer to Note 3 "Reverse takeover and Group restructuring".

On 7 August 2013, EFC signed a preliminary amendment to existing Natural Gas Supply Agreement with Egyptian Natural Gas Company (GASCO), for further details refer to Note 15"Settlements".

20. Risks & Uncertainties

The most material risks and uncertainties are set out in the Offering Circular of 18 January 2013 and the supplements of 24 January and of 28 July 2013. As announced, settlement has been reached about the tax dispute in Egypt.

With respect to the most important risks and insecurities for the second half of 2013, significant uncertainties remain about the future political and economic environment in Egypt following the recent removal of the president of Egypt, Mohamed Morsi. On 3 July 2013, Abdul Fatah al-Sisi announced a road map for the future, stating that Morsi was removed after demonstrations were held across Egypt calling for President Morsi's resignation from office. After Morsi's removal the head of the Constitutional Court was appointed the Interim President of Egypt.

Changes in the economic and political environment in Egypt could have an adverse impact on our business. For the quarter ending on 31 December 2012, our construction operations and fertilizer sales in Egypt comprised approximately 11.9% of consolidated revenues. 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 nationalization, 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.

Appendix A

Significant Accounting Policies

With reference to note 2 of these interim financial statements, the interim financial statements have been prepared in accordance with IAS 34 Financial Reporting and consequently, they do not include all the information required for a complete set of IFRS financial statements. The accounting policies applied in the Company's annual consolidated financial statements have been in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and are summarized in this Appendix A

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 million except when otherwise indicated.

1.1 Basis of consolidation

The consolidated financial statements include the accounts of OCI N.V. and its subsidiaries. Subsidiaries are companies over which OCI N.V. 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. Subsidiaries are consolidated 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 the group obtains control. 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.

1.2 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 using the exchange rate at the reporting 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 US Dollars at rates of exchange 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.

1.3 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 (EIR), less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance cost in the income statement.
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.

Restricted Cash

To Restricted cash is where specific restrictions exist on the Company's ability to use this cash. Restricted cash includes cash which has been deposited as collateral for letters of credit issued by the Company.

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. At each reporting date, the Group assess whether there is objective evidence that an investment or a group of investments should be impaired.
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. In other cases, the amounts recognized as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. 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.

1.4 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.

1.5 Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets or periods proceeding the dates the assets are available for their intended use. All other borrowing costs are recognized as Finance cost in the period in which they are incurred

1.6 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 1.1 Basis of consolidation).

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.

1.7 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.

1.8 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.

1.9 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.

1.10 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. Value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget which are then 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.

1.11 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.

1.12 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. Contract costs include all amounts that relate directly to the specific contract, are attributable to contract activity, and are specifically chargeable to the customer under the terms of the contract. Examples of such costs include direct material, labor and equipment costs, borrowing costs and those indirect costs relating to contract performance such as indirect labor and supplies, depreciation on construction assets, tools and repairs. The stage of completion is assessed by reference to surveys of work performed; based on the ratio of costs incurred to date over estimated total costs at the end of the reporting period. Changes in estimated total costs are reflected in the percentage of completion of applicable construction projects in the same period as the change in estimate occurs.
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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 New standards and interpretations not adopted

The following are the major new amendments in standards not yet effective and not early adopted:
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 2014.

IFRS 11, "Joint arrangements" 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 and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2014.

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.

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 2014.

1.20 Changes in accounting policies

The group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2013.

IFRS 7 (amendment), "Financial instruments": Disclosures effective for annual periods starting on or after 1 July 2011, promotes transparency in the reporting of transfer transactions and improves 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.

IFRS 13, "Fair value measurement" effective on 1 January 2013: IFRS establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 18).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

IAS 19 (amendment), "Employee benefits" was amended in June 2011 and is effective 1 January 2013. The impact on the Group is 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). Previously, the Group determined interest income on the plan assets based on their long-term rate of expected return. The change had no significant impact on the measurements of the Groupbased on their long-term ra

As a result of the amendments to IAS 1, the Group has modified the "presentation of items of other comprehensive income" in its condensed consolidated statement of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly. The adoption of the amendment to IAS 1 has no impact on the recognized assets, liabilities and comprehensive income of the Group.