OCI
Annual Report
2017

OCI

www.oci.nl

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OCI is a global producer and distributor of natural gas-based fertilizers and industrial chemicals based in the Netherlands serving agricultural and industrial customers around the world. OCI is a leading global nitrogen fertilizer producer with over 9.6 million metric tons of capacity. OCI is also on track to become one of the world's largest methanol producers with almost 3.7 million tons of capacity.

OCI N.V. (OCI) is listed on Euronext in Amsterdam

Performance Review

$ million unless otherwise stated	2017	2016
Revenue	**2,251.5**	1,906.5
Gross profit	**320.4**	221.1
Adjusted EBITDA	**634.3**	466.5
Adjusted net income (loss) attributable to shareholders	**(27.3)**	22.1
Earnings/(loss) per share ($)	**(0.495)**	0.802
Total assets	**7,143.6**	7,260.3
Total equity	**1,442.0**	1,778.0
Gross interest-bearing debt	**4,677.6**	4,586.0
Net debt	**4,446.6**	4,193.8
Capital expenditure	**147.3**	735.9

Safety First

Improvement in groupwide Total Recordable Injury Rates in 2017 by

19%

2017 increase in revenues by

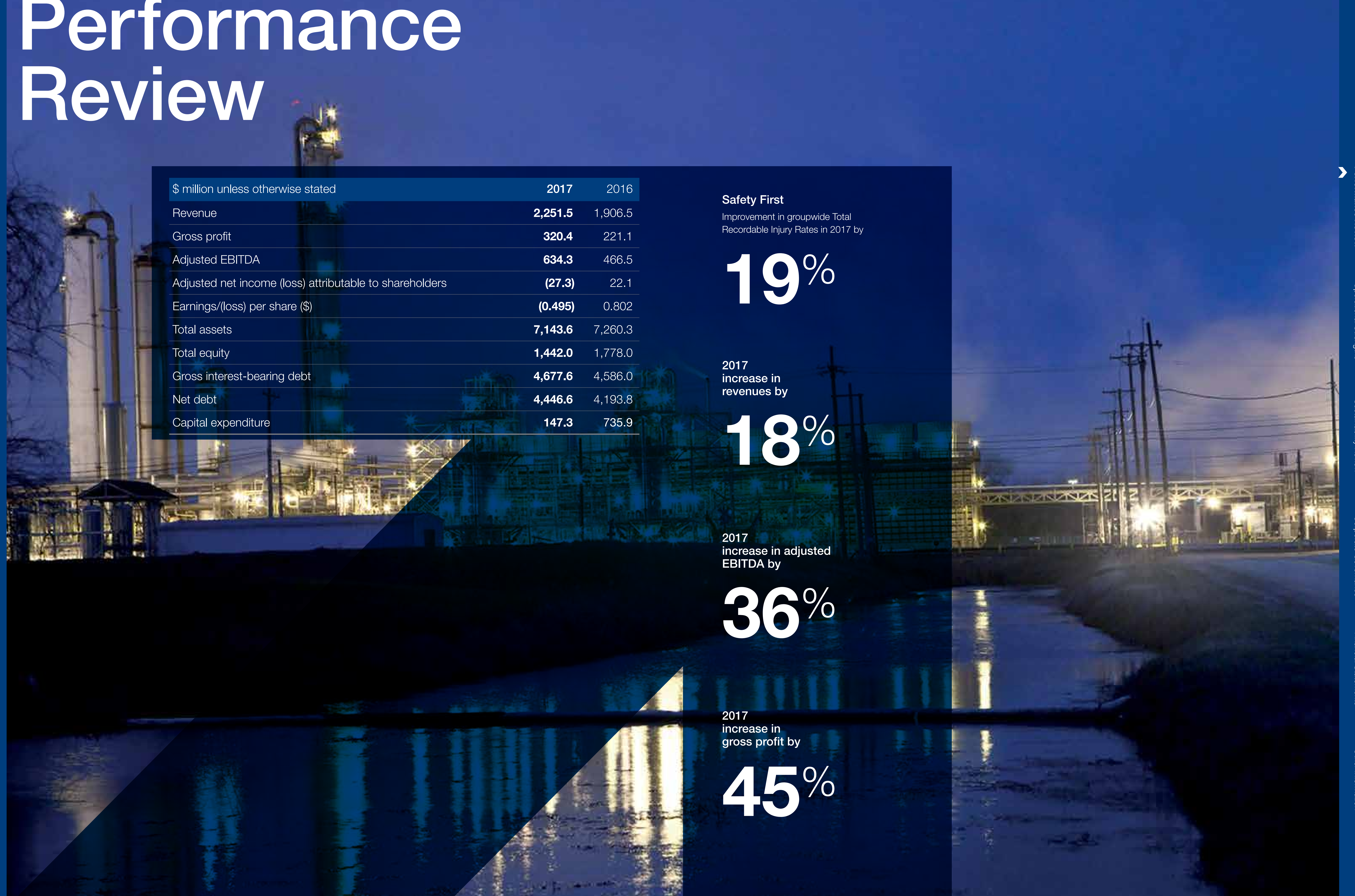
18%

2017 increase in adjusted EBITDA by

36%

2017 increase in gross profit by

45%



OUR BUSINESS

Our Strategy

Promoting excellence in every aspect through our expertise, efficiency, attention to detail and passion.

Creating exceptional value based on the depth of our financial resources, our local knowledge and our technical expertise.

Ensuring our employees enjoy a safe and encouraging workplace through a strong focus on health and safety in every aspect of our operations.

Investing in our people and operations to match global standards and maintaining a commitment to develop our host communities.

Our Core Strengths

Our people – their expertise, hunger for knowledge and passion to excel. Above all, their loyalty and commitment to OCI.

Our resources – capital resources that enable us to respond faster than our competitors.

Our experience – a tradition of excellence and achievement.

Our entrepreneurial attitude – a strong appetite for investment and diversification to grow our business and create outstanding returns to shareholders.

Our Communities

We are proud to be a trusted corporate citizen dedicated to growing our business responsibly and minimizing our carbon footprint wherever possible.

Our People

We believe our employees are fundamental to our success and are committed to investing in their development.

Our Global Reach

We serve agricultural and industrial customers around the world through both our own production and third party traded products.

Performance

Best in class margins driven by our competitive strengths

Operations

State-of-the-art, well maintained and strategically located assets

Sustainability

Focus on environmentally sound solutions

Production assets

Warehousing capacity

Distribution / JVs

We aspire to be a leader in our industries providing clean, environmentally sound solutions to our customers

Group highlights

In 2017, our combined group revenue was

$2.3 Bn

In 2017, we sold

8.7 metric tons

of products in more than

57 countries

In 2017, we sold approximately 5% of global traded urea, 12% of global traded UAN, 13% of global traded CAN, 9% of methanol demand in the USA and Western Europe, and 10% of global melamine sales.

Our Products

We produce anhydrous ammonia, granular urea, CAN, UAN, methanol, melamine and DEF, serving global agricultural and industrial customers.

THE YEAR AT A GLANCE

2017 highlights

April

+ Iowa Fertilizer Company (IFCo), the first greenfield nitrogen plant to be built in the United States in 30 years, begins production.

May

+ Board of Directors approves BioMCN M2 refurbishment, which is expected to add 456 thousand tons of methanol capacity to OCI's portfolio upon commissioning in 2018.

July

+ Egypt Basic Industries Corporation (EBIC) resumes exports upon receipt of its jetty at Sokhna Port. EBIC had given the Egyptian government access to its jetty in 2015, allowing Egypt to dock floating storage and regasification units (FSRU's).

September

+ IFCo produces at above nameplate capacity for the first time.

October

+ Hassan Badrawi assumes the position of Chief Financial Officer

December

+ OCI acquires minority shares in OCI Partners LP, taking ownership to 88.25%.
+ Egyptian Fertilizers Company (EFC) achieves record production year.
+ BIoMCN achieves record production year since acquisition.

LETTER TO SHAREHOLDERS

Our commitment to creating value for our shareholders is absolute

Dear Shareholders,

We produced a record amount of nitrogen fertilizers and industrial chemicals during the year, resulting in record total sales volumes of 8.7 million metric tons, despite a shutdown of our plant in Algeria and a drop in third party traded volumes. Sales volumes of our own-produced products increased by 20% to a record 7.4 million metric tons.

We did this against a backdrop of depressed and highly volatile fertilizer markets, with selling prices for some of our fertilizer products reaching multi-year low levels. However, this was successfully mitigated by our increasingly diversified product portfolio, with our results benefiting from healthy markets for our industrial chemicals, which went from strength to strength throughout the year.

Our growth projects are nearing completion

We are now in the final stages of an ambitious capital expenditure program through which we will have grown from a single urea plant 10 years ago into a globally diversified low-cost producer of nitrogen fertilizers and industrial chemicals. With the majority of our capex behind us, we are focused on generating significant value from our well-invested asset base.

We expect to start reaping the benefits in 2018 through a volume-driven step-up in revenues. This growth will partly be the result of our growth initiatives and partly from a promising outlook for our existing facilities.

IFCo, our new nitrogen fertilizer facility in the United States, started up in 2017 and we expect it to continue its ramp-up and achieve stable utilization rates in 2018. We also expect our two remaining growth projects to start production this year: Natgasoline is nearing completion and is expected to commence production in the second quarter, and the refurbishment of the BioMCN M2 methanol plant is on track to start production in the fourth quarter.

In addition, our facilities in North Africa have returned to high production levels. In Egypt, we already ramped up our urea facility EFC to record production levels in 2017 as there are now no more shortages of natural gas in the country; our ammonia plant EBIC achieved high utilization in the second half of the year following the return of its dedicated export jetty; and our plant in Algeria restarted production in December 2017 following a 7-month unplanned shutdown, at significantly higher levels than prior to the shutdown. Together we expect our facilities in North Africa to produce at significantly higher levels in 2018 onwards.

Health & Safety first

Such growth cannot be achieved without our focus on the health and safety of all our employees. I am pleased with our outstanding safety results in 2017, where four out of seven operating plants achieved zero recordable injury rates during the year, and five achieved zero lost time injury rates. We are outperforming the industry average by approximately 75%, demonstrating the strength of our commitment to operational excellence at all our facilities. We are proud of every employee's diligence and attention to safety, which has brought our total recordable injury rate down by 64% over the last four years, despite several turnaround programs across our sites, the debottlenecking project at OCI Beaumont in 2015, the ramp-up of production in North Africa, and the start-up at IFCo. Safety remains our number one priority, and we continue to target zero incidents every year.

Committed to sustainability

We believe our leading global position gives us the opportunity to encourage sustainable practices in our industries and communities. Our nitrogen fertilizer products will be farmers' main tool to increase crop yields, and our industrial chemicals play an increasingly important role in developing cleaner fuels.

We endeavour to be a trusted corporate citizen in each of our communities and maintain strong community ties through open dialogue, local employment, and tailored social development programs.

We believe in the importance of business transparency as a tool to effect change and sustainability grow our business, and are proud to issue our first Sustainability Report incorporated within this Annual Report as part of our efforts to be a global steward.

A diversified global player

Once Natgasoline in Texas begins production and our refurbishment of M2 at BioMCN in the Netherlands is complete this year, we will have completed a $5 billion growth program through which we have developed a diversified production footprint both in terms of product mix and plant location. Our product portfolio will be equally split between nitrogen fertilizers and industrial chemicals, with no single product contributing more than 25% of our production capacity.

We pride ourselves on occupying leading positions in our key products: we are the world's fourth largest nitrogen fertilizer producer, Europe's second largest CAN producer, the world's largest melamine producer, and the world's fifth largest methanol producer and largest European producer once our new capacity comes on-stream.

We are growing our footprint in diesel exhaust fluid (DEF), a product that is growing on the back of environmental legislation and does not have seasonality sales patterns like fertilizers. We more than doubled our DEF capacity at IFCo in the beginning of 2018 and successfully produced DEF in Egypt, with the first shipments already executed.

State-of-the-art assets with highly competitive production costs

Our facilities are on average the youngest in the industry with approximately 50% of our production capacity under five years old, which supports above-average utilization rates and low maintenance costs. Our production capacity is also highly flexible and can focus on high value-added urea derivatives such as melamine and diesel exhaust fluid, in addition to downstream nitrates.

Our facilities are all strategically situated in premium commanding locations, with 43% of our capacity located in the United States, 26% in Europe, and 31% in North Africa once all new capacities are up and running. Our strategic locations are all close to our end customers and allow us to benefit from a leading position on the global cost curve, with abundant access to sustainably low cost natural gas.

Maximizing netbacks through a global commercial strategy

Our state-of-the-art, geographically advantageous, and diversified production footprint facilitates a global approach to commercial strategy, which allows us to leverage logistical advantages, our global distribution network, and long-term customer relationships to deliver strong netbacks. Our global sales and marketing organization is supported by excellent distribution and logistics capabilities, allowing us to reach customers around the world while maximizing returns.

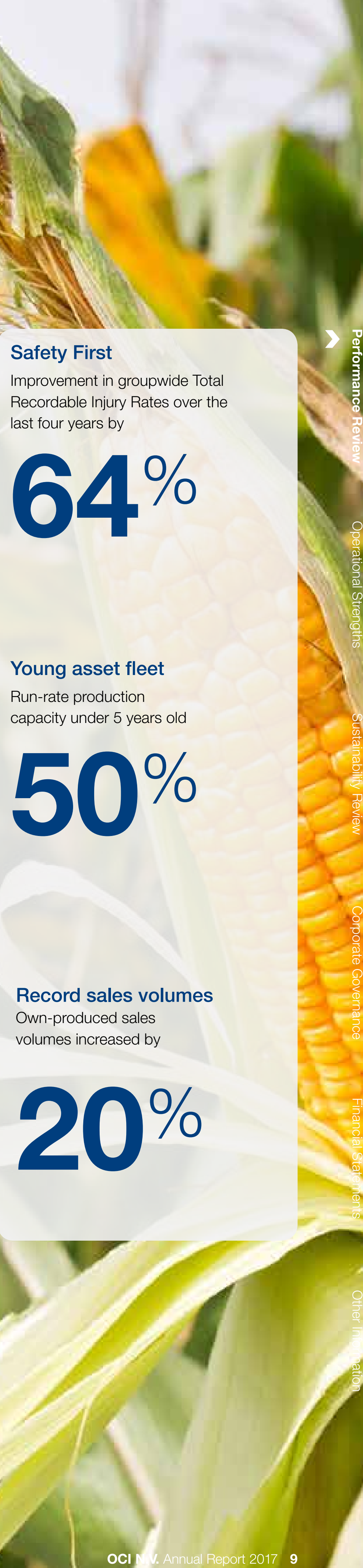
Achieving our investment grade profile

Starting 2018, we expect OCI to achieve significant free cash flow generation following the completion of our growth initiatives and ramp-up to run-rate volumes. In parallel to maximizing our production capacity and cash flow generation, optimizing our capital structure through lowering our cost of debt and extending maturities is a primary objective for OCI in 2018.

To that end, we have already successfully exchanged IFCo's 2019 and 2022 bonds for longer maturities and lower coupon rates; we refinanced OCI Partners with an upsized $455 million Term Loan B facility, priced 250 bps below the previous facility, extending the maturity by approximately six years and upstreaming $217 million to the parent company; and we are in the process of concluding a refinancing of debt facilities at EFC, which is expected to reduce the cost of debt and extend maturities. We plan to opportunistically evaluate other financing opportunities.

With our growth capex effectively completed and our capital structure optimization plans underway, we are well positioned to rapidly deleverage our balance sheet to achieve an investment grade profile within the next two to three years.

Nassef Sawiris
Chief Executive Officer



Safety First
Improvement in groupwide Total Recordable Injury Rates over the last four years by

64%

Young asset fleet
Run-rate production capacity under 5 years old

50%

Record sales volumes
Own-produced sales volumes increased by

20%

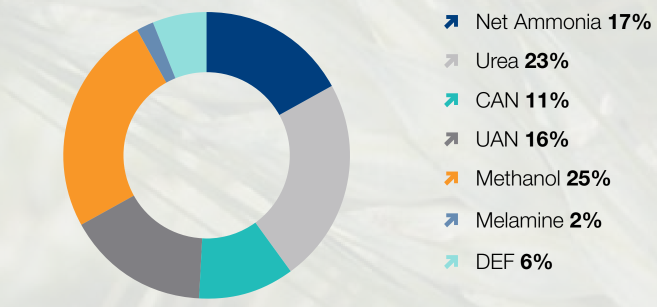
YEAR IN REVIEW

STRATEGIC OBJECTIVES	2017 KEY ACHIEVEMENTS	2018 TARGETS
OPERATIONAL EXCELLENCE	• Record production volumes achieved at EFC and BioMCN, and near record volumes achieved at OCI Nitrogen and OCI Beaumont. • Resumption of EBIC exports in July resulted in 118% increase in production volumes in 2017 as compared to 2016. • Good progress on improving reliability achieved at Sorfert, particularly during the fourth quarter, paving the way for stable performance going forward. • Excellent HSE results across the group, with 8% lower lost time (LTIR) and 19% lower total recordable (TRIR) injury rates achieved despite the start-up at IFCo.	• Complete planned turnarounds and production reliability improvement projects to maximize utilization rates across product portfolio. • Continue to strive towards achieving no recordable injuries across our plants, and continue to invest in best available technology as part of our commitment to being an environmental steward.
COMPLETION OF GROWTH PROJECTS	• Successful start-up of Iowa Fertilizer Company in April. • Natgasoline was 95.8% complete as at 31 December 2017. • Refurbishment of BioMCN M2 approved by the Board of Directors and project is on track.	• Completion of Natgasoline in the second quarter and BioMCN M2 in the fourth quarter. • Continue to opportunistically diversify our production portfolio with a focus on industrial chemicals, such as doubling DEF capacity at IFCo.
GLOBAL COMMERCIAL STRATEGY	• Welcomed a new Global Commercial Director to cement groupwide alignment of sales and marketing activities. • Implemented a group-wide strategic decision to limit both the quantity of forward contracted sales, and participation in the annual 'fill season' selling program in North America. • Focused on producing and marketing our higher premium swing products in Europe and the United States thereby maximizing nitrogen returns.	• Integrate Natgasoline and BioMCN's M2 methanol volumes into our sales and marketing platform. • Optimize logistics and storage capabilities wherever possible to maximize market reach.
OPTIMIZING OUR DEBT CAPITAL STRUCTURE	• Acquired an additional 8.4% of OCIP in December, taking total ownership to 88.25%. • IFCo launched a consent solicitation and exchange for its 2019 and 2022 term bonds for longer maturities with aim to reduce debt service and improve senior debt coverage. This was successfully completed in January 2018, resulting in a $379 million reduction in third party debt service between 2019-2022, a 16bps reduction in coupon rates, and more flexibility in cash reserve requirements.	• Following the completion of our growth CAPEX program, we plan to optimize our debt capital structure with a focus on simplification and long-term cost benefit.

During 2017, we had three strategic priorities: asset performance reliability and growth project progress, proactive commercial decision-making, and debt capital structure optimization.

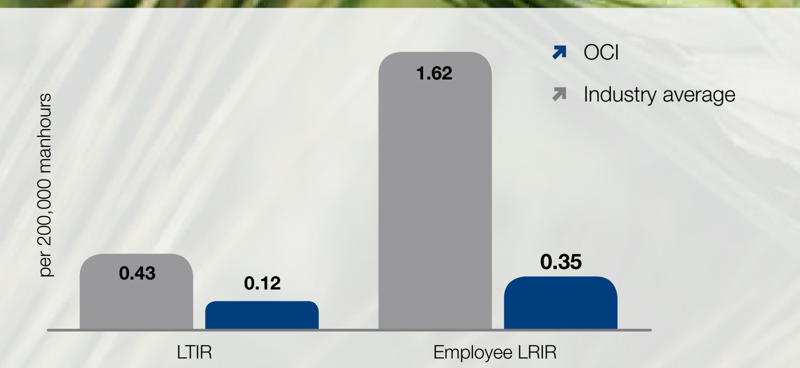
DIVERSIFIED PRODUCT MIX

Diversified run-rate portfolio mitigates against product and industry seasonality



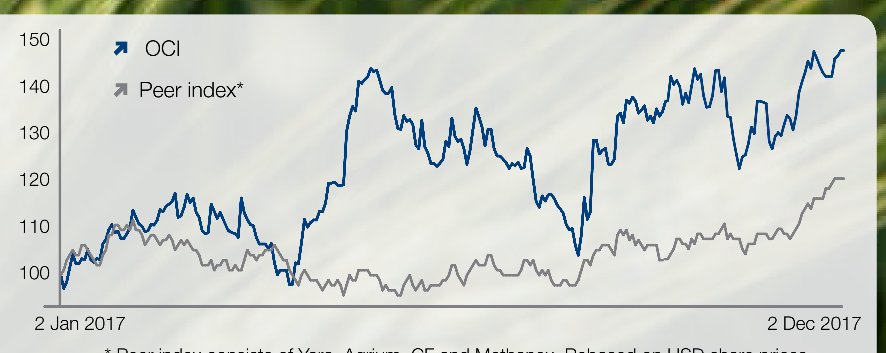
SAFETY FIRST

Our safety record is **75%** better than industry average



OUTPERFORMED PEERS

44% increase in share price vs. peer index* of **19%** on USD basis



* Peer index consists of Yara, Agrium, CF and Methanex. Rebased on USD share prices.

YEAR IN REVIEW
Production and sales

Focus on ensuring asset performance reliability with the aim of maximizing free cash flow generation

Focus on asset performance reliability

Our total sales volumes increased by 507 thousand tons during the year, primarily as a result of the successful start-up of our greenfield nitrogen fertilizer plant in Iowa, and the ramp-up of our Egyptian ammonia and urea capacity.

Start-up of IFCo

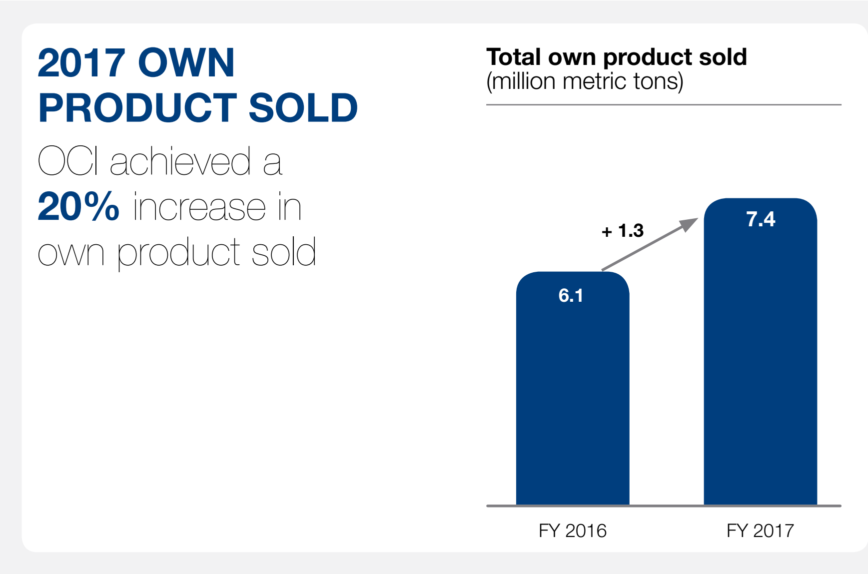
IFCo, our greenfield nitrogen fertilizer plant in Wever, Iowa, started production in April and exceeded nameplate capacity for the first time in September. Despite some normal ramp-up fluctuations that were quickly addressed to ensure reliability, the plant has consistently demonstrated its ability to produce well above nameplate capacity and its ability to quickly respond to market changes through flexible production, which allows us to focus on cash margin optimization by product.

As the first greenfield world-scale natural gas-based fertilizer plant built in the United States in nearly 30 years, IFCo will be a key player in the effort to reduce the United States' dependence on imported fertilizers by providing a stable, domestic supply of fertilizer using industry-leading technology and environmentally sustainable processes.

Production Ramp-up in Egypt

With Egypt's return to natural gas supply self-sufficiency, our Egyptian facilities achieved a 42% increase in production over 2016. EFC produced steadily during the year and achieved record production levels after a scheduled turnaround in August, averaging 104% utilization rates in the fourth quarter. The August turnaround also resulted in an 18% improvement in energy efficiency.

EBIC regained access to its export jetty allowing it to resume shipments in July, and has since consistently produced at utilization rates above 90%. EBIC allowed the Egyptian government to use its jetty in 2015, allowing Egypt to dock floating storage and regasification units (FSRU's). With the start-up of BP's West Nile Delta and ENI's Zohr gas fields in 2017, Egypt is slated to increase natural gas output by 50% in 2018 and is on-track to become self-sufficient by the end of the year.



Sorfert reliability plan

The merchant ammonia line was impacted by an unforeseen event, which required a seven month shutdown while replacement parts were procured, delivered and installed. All major issues were addressed by December 2017.

Operational excellence in the Netherlands and Texas

BioMCN achieved record production in 2017, increasing by 27% year-on-year. The plant has produced with no downtime since completing a turnaround in May 2016. OCI Nitrogen achieved a 5% increase in total sellable production during the year, despite the fourth quarter being impacted by required ammonia and melamine plant repairs. OCI Beaumont has often exceeded design capacity since completing its debottlenecking project in 2015.

'000 metric tons	2017	2016	%▲
Own product			
Ammonia	1,478	1,442	3%
Urea	2,525	1,917	32%
Calcium Ammonium Nitrate (CAN)	1,189	1,029	16%
Urea Ammonium Nitrate (UAN)	753	426	77%
Total fertilizer	**5,945**	**4,814**	24%
Methanol	1,285	1,181	9%
Melamine	153	149	2%
Total industrial chemicals	**1,438**	**1,330**	8%
Total own product sold	**7,383**	**6,144**	20%
Traded third party			
Ammonia	250	220	13%
Urea	102	115	-11%
UAN	158	78	102%
Ammonium Sulphate (AS)	784	1,613	-51%
Total traded third party product	**1,294**	**2,026**	-36%
Total own product and traded third party	**8,677**	**8,170**	6%

2017 SALES

OCI achieved a **6%** increase in total sales volumes

YEAR IN REVIEW
Growth projects

Focus on ensuring growth projects are on-track

IFCo construction
100% complete

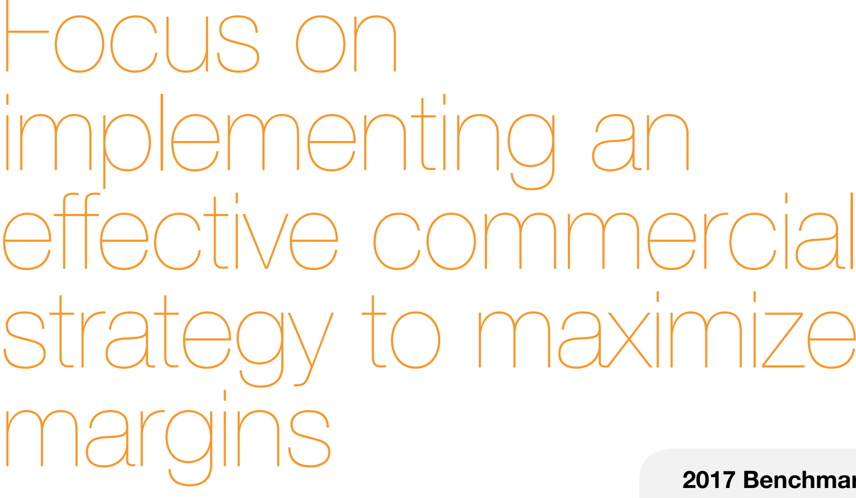
BioMCN M2 refurbishment
On schedule

	IFCo	Natgasoline	BioMCN M2
	✓		
2017 progress	Completed construction and successfully began production in April 2017	Construction was largely on-track during 2017, despite some delays due to Hurricane Harvey The site was not materially damaged, but the hurricane impacted construction activities for approximately three weeks Natgasoline was at 95.82% overall completion as at 31 December 2017	Refurbishment of BioMCN's second methanol plant (M2) was approved by the OCI Board in 2017 The project is on schedule and on budget as at 31 December 2017
2018 actions	IFCo is expected to achieve its first full year of operations in 2018 with continued focus to improve reliability and performance	Methanol production is expected in Q2 2018	M2 is on track to commission in Q4 2018

Natgasoline construction
96% complete

YEAR IN REVIEW

Global commercial platform



Focus on an Integrated Global Commercial Strategy

We began restructuring our global commercial activities in 2016 as part of our overall strategy to streamline our operations wherever possible. During 2017, we focused on implementing an integrated global commercial strategy to best position our nearly 10 million tons of nitrogen fertilizer capacity, and our growing industrial chemicals portfolio. We implemented changes that consolidated our commercial strategy, facilitated communication across our product and sales lines, and strengthened our adaptability to global market changes.

Maximizing returns through strategic commercial initiatives

Restructuring our global commercial operations

- We restructured our global commercial organization to achieve group-wide alignment of sales and marketing activities.
- We implemented a group-wide strategic decision to limit both the quantity of forward contracted sales, and participation in the annual 'fill season' selling program in North America, in order to help create a more stable environment for nitrogen fertilizer prices and as a result better serve our customers.

Capitalizing on our strategic market reach and flexible product mix

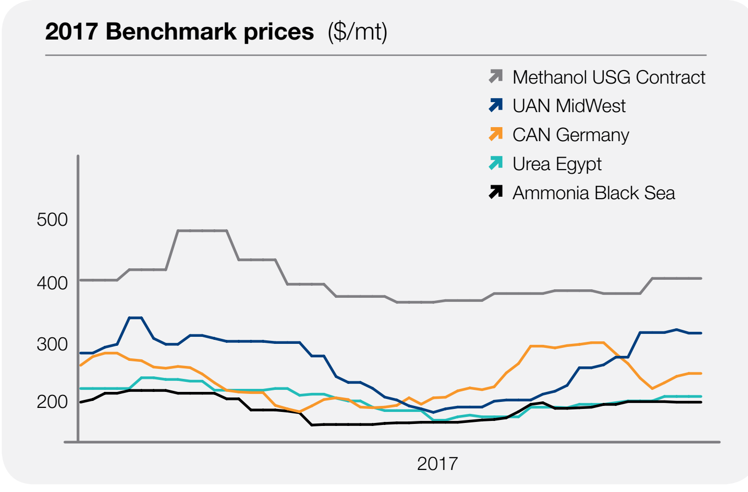
- We focused on producing and marketing our higher premium swing products in Europe and the United States by prioritizing CAN production at OCI Nitrogen, and downstream products over granular urea at IFCo.
- Having built solid urea market shares in key deficit markets through our supply chain management arm, we were well prepared to place our returning capacity from EFC and our new urea capacity from IFCo. Our additional capacity replaced the third party product traded in previous years without impacting our ability to achieve good netbacks, while allowing us to reduce traded urea which typically sell at lower margins.

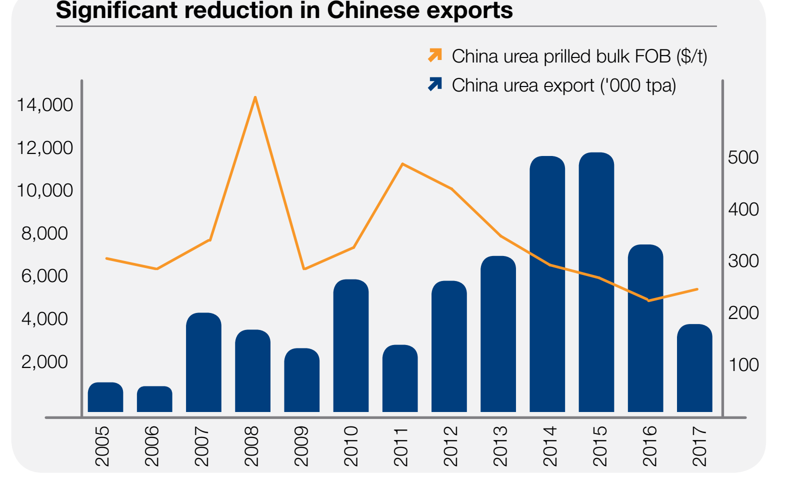
Improving our resilience through an increasingly diversified product portfolio and geographic mix

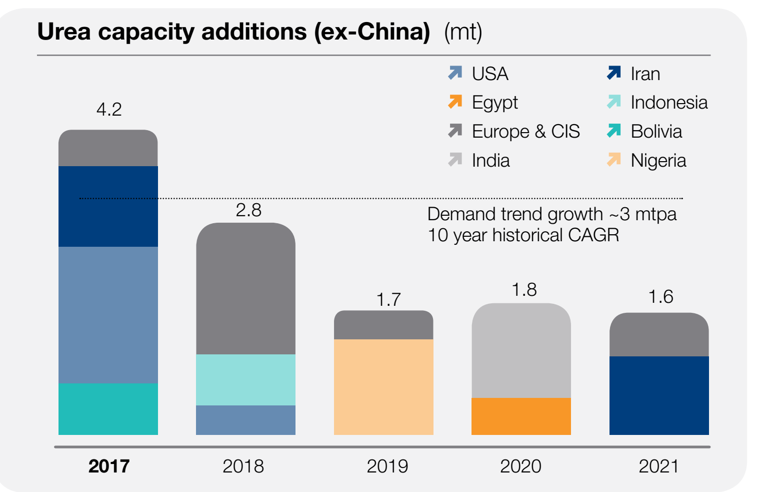
- Our portfolio is becoming increasingly diversified, both by product and by the location of our assets. Once our methanol growth projects come onstream in 2018, no product will represent more than approximately 25% of our total capacity and will be split as 43% in the USA, 26% in Europe, and 31% in North Africa.
- During the year, we added DEF to our portfolio, and achieved a 8% increase in sales volumes of own product industrial chemicals. Melamine continued to perform well, achieving steady price increases and sales volumes during the year.
- In addition, our DEF and methanol capacity can be used in various ways to significantly reduce greenhouse gas emissions and help meet the standards set by the United States Clean Air Act and the European Union's Renewable Energy and Emissions Directives. These applications can result in additional demand growth for our industrial chemicals in the future.

Adapting to 2017 market developments

- Nitrogen fertilizer markets were volatile in 2017. Prices remained well below historical mid-cycle levels and were amongst the lowest reached since 2004. However, we continued to benefit from on average sustainably low natural gas prices in our core markets, which allowed us to maintain healthy margins despite the soft nitrogen fertilizer prices throughout a large part of 2017.
- Urea markets began to recover towards the end of the third quarter, with benchmark prices in the US and North Africa increasing by 27% from trough levels in May to the end of the year, primarily due to low global inventory levels, demand growth, and structurally lower Chinese exports. On average, our urea benchmark prices were higher in 2017 than in 2016.
- Ammonia prices remained depressed for a longer period than urea and despite an increase of 74% from the trough levels to the end of the year, benchmark ammonia prices were on average lower in 2017 than in 2016.
- We believe nitrogen supply additions peaked in 2017. We expect incremental demand to outpace global urea capacity additions over at least the next four years and exports from China to stay at structurally lower levels going forward, with potential rebounds in exports capped by environmental curtailments and increased focus on profitability of the industry.
- Our optimized global commercial organization and our ability to rapidly adapt our production mix allowed us to effectively react to market volatility, by for example focusing on downstream products such as DEF during a time when other nitrogen product prices are depressed. We will continue to develop our commercial strategy with the aim to create a more stable environment for nitrogen fertilizer prices and as a result serve our customers better.
- Methanol markets were significantly stronger with benchmark contract prices up 48% in 2017 as compared to 2016, benefiting from additional demand from Methanol-to-Olefins (MTO) producers in China supported by higher oil and olefin prices, increased global construction activity, and tighter supply.
- We expect global methanol demand to remain underpinned by chemical self-sufficiency and new MTO facilities commissioning in China, increased demand for downstream products for building materials and the use of methanol in fuel applications and gas blending. Limited new global capacity additions are expected compared to demand growth.
- With our methanol growth projects coming on-stream in 2018, we will be the world's 5th largest methanol producer. Our global low-cost methanol presence, coupled with our partnership with the world's 2nd largest methanol producer in Natgasoline, well positions us to maximize our reach into all major markets and returns.
- Melamine prices continued to increase in 2017 and into 2018. Melamine demand remains healthy across all sectors and regions, primarily due to strong underlying economic growth and solid demand from the construction and automotive industries.



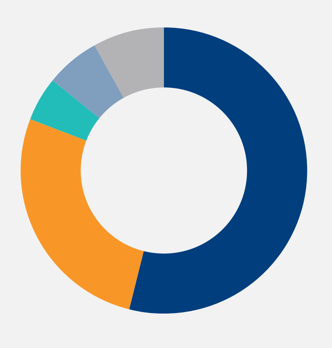




YEAR IN REVIEW
Financial performance

2,879 employees in 2017

2017 revenue split by geography



- Europe **54%**
- North America **27%**
- South America **5%**
- Middle East and Africa **6%**
- Asia **8%**

$m	2017	2016
Revenue	**2,251.5**	**1,906.5**
Cost of sales	(1,931.1)	(1,685.4)
Gross profit	320.4	221.1
Gross profit margin	14.2%	11.6%
Adjusted EBITDA[1]	**634.3**	**466.5**
EBITDA margin	28.2%	24.5%
Operating profit – reported	148.3	304.5
Net income	**(103.6)**	**167.9**
Basic earnings per share	(0.495)	0.802
Operating profit as reported	148.3	304.5
Depreciation and amortization	330.9	317.2
EBITDA	**479.2**	**621.7**
APM adjustments for:		
Expenses related to expansion projects	28	75.2
Sorfert shutdown[2]	95.5	-
EBIC impact of unavailability of export jetty	15.4	-
Impact of hurricane Harvey on OCI Partners	3.2	-
Settlement of claims	11.0	-
Termination fee	-	(150.0)
Transaction costs	-	24.8
Result on sale of 50% and deconsolidation of Natgasoline	-	(107.9)
Other	2.0	2.7
Total adjustment at EBITDA level	**155.1**	**(155.2)**
Adjusted EBITDA	**634.3**	**466.5**

[1] OCI uses a few Alternative Performance Measures ('APM') to provide a better understanding of the underlying developments of the performance of the business. The APMs are not defined in IFRS and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. A detailed reconciliation between APM and IFRS is included in one of the next paragraphs.

[2] Loss of revenue resulting from the shutdown is expected to be covered by insurance (less deductibles). Potential insurance proceeds have not yet been reflected in the 2017 Financial Statements.

2017 v 2016	Performance drivers
Revenue +18%	Sales Volumes • 6.2% increase total volumes sold driven by a 20.2% increase in own product sales. • Volumes driven by start-up of IFCo, record volumes at EFC and the return of EBIC's utilization levels to in excess of 90% since regaining access to its export jetty in July 2017, and a continued strong performance at BioMCN. • Partially offset by a decrease in sales volumes out of Algeria as a result of the unplanned shutdown at Sorfert, which required one ammonia line to be shut down for repairs from May to December. Sales Prices: • General improvement in average pricing for the majority of our products as compared to 2016, particularly driven by a 46% improvement in global benchmark methanol prices and a 9% increase in melamine prices. • Average nitrogen fertilizer benchmark prices increased for most products in 2017 compared to 2016, but were volatile and reached trough levels during the summer of 2017.
Gross profit +45%	• Gross profit increased 44.9% from $221.1 million in 2016 to $320.4 million in 2017. • Cost of sales increased 14.6% from $1,685.4 million in 2016 to $1,931.1 million in 2017 due to higher production volumes and higher natural gas costs in the United States and Europe. • Cost of sales as a percentage of revenue improved from 88.4% in 2016 to 85.8% in 2017. • Average annual Dutch TTF natural gas spot prices increased by 24% to €17.33/MWH, Houston Ship Channel spot prices increased by 21% to $2.97/MMBtu, and Henry Hub spot prices increased by 19% to $2.96/MMBtu.
Adjusted EBITDA +36%	Adjusted EBITDA is an Alternative Performance Measure (APM) that intends to give a clear reflection of underlying performance of OCI's operations. APM adjustments in 2017 relate to: • Expenses of $28 million related to IFCo until recognition of revenue and depreciation in OCI's consolidated results in Q4 2017; • Adjustments for Sorfert shutdown of $95.5 million caused by the unplanned shutdown at Sorfert from May to December 2017. The losses resulting from the shutdown in 2017 is expected to be covered by business interruption insurance, subject to a 45-day deductible. A first installment of $20 million has already been finalized with the insurers in Q1 2018. The insurance proceeds have not yet been reflected in the 2017 Financial Statements; • Adjustments for EBIC losses include $15.4 million due to the unavailability of EBIC's jetty at Sokhna Port in Egypt during January to July 2017. In order to allow Egypt to import LNG, EBIC allowed the Egyptian government to use its jetty to dock floating storage and regasification units ("FSRUs"), which meant the facility produced ammonia at reduced rates from January 2017 until July 2017; • The impact of Hurricane Harvey on OCI Beaumont of $3.2 million adjustment includes costs incurred by OCI Beaumont while unable to produce due to inventory constraints and reduced marine traffic caused by the temporary closure of the Sabine-Neches waterway due to the hurricane; • Settlement of claims of $11.0 million related to a liability due to Lafarge S.A. (now LafargeHolcim) due to an indemnity provided in December 2007 during the sale of assets; • Other APM adjustments of $2.1 million represent losses on the sale of assets at OCI Partners; a decrease in the fair value of a natural gas hedge of $1.0 million; offset by gains on the sale of Gavilon of $0.7 million and of available-for-sale investments (Abu Qir) of $0.4 million.

YEAR IN REVIEW
Financial performance
continued

Dividend policy

OCI has a flexible dividend policy designed to balance the availability of funds for dividend distribution with pursuing growth opportunities that generate attractive returns. Over the past few years, OCI has pursued two large greenfield projects in the US, which required high capital expenditure. Accordingly, the Board of Directors has not announced a dividend for FY 2017.

Board of Directors has not announced a dividend for FY 2017

$m	2017	2016
Reported net income attributable to shareholders	**(103.6)**	**167.9**
Adjustments for:		
Adjustments at EBITDA level	155.1	(155.2)
Expenses related to expansion projects	9.7	-
Forex gain/loss on USD exposure	4.9	(48.7)
Egypt idled expenses	-	11.3
Recognition of previously unused tax losses BioMCN	(32.8)	-
Minority interest in Sorfert	(55.0)	-
Other	-	3.3
Tax effect of adjustments	(5.6)	43.5
Total adjustments at net income level	**76.2**	**(145.8)**
Adjusted net income attributable to shareholders	**(27.3)**	**22.1**

2017 v 2016	Performance drivers
Selling, general & administrative (SG&A) expenses -28%	• SG&A expenses were $160.9 million in 2017, a decrease of 28.2% compared to $224.1 million in 2016. • The decrease was primarily due to the reduction of costs related to the construction of IFCo, and other one-off costs incurred in 2016. • SG&A costs in Egypt decreased by approximately 33.0% as compared to 2016 as a result of the devaluation of the Egyptian Pound following the government's decision to float the currency in November 2016. • Excluding expenses related to expansion projects, SG&A as a percentage of revenue decreased to 5.9% in 2017 from 7.8% in 2016.
Operating profit -51%	• Operating profit was $148.3 million in 2017, a decrease of 51.3% from $304.5 million in 2016. • The decrease was primarily due to non-recurring income in 2016 as a result of the sale of 50% of Natgasoline and the termination fee for the CF Industries transaction. • This was partially offset by the decrease in other expenses and decrease in SG&A expenses.
Finance income and expense	• Finance income decreased 55.3% from $352.2 million in 2016 to $157.3 million in 2017. This was primarily attributable to a $174.1 million decrease in foreign exchange gains in 2017 to $151.5 million compared to $325.6 million in 2016, primarily related to the revaluation of intercompany balances in foreign currencies, for which the statement of profit or loss impact is not eliminated in the consolidated financial statements. • Finance cost was $405.4 million in 2017, a decrease of 6.3% compared to $432.5 million in 2016. The decrease was primarily due to a $20.2 million decrease in interest expense on financial liabilities measured at amortized cost in 2017 to $222.0 million as compared to $242.2 million in 2016, in addition to a $9.1 million decrease in foreign exchange loss to $180.3 million in 2017 compared to $189.4 million in 2016 due to the revaluation of intercompany balances in "finance income". • Net interest expense amounted to $216.7 million in 2017, approximately at the same level as in 2016.
Income Tax	• We recorded $3.1 million in gain on income tax in 2017 as compared to a loss of $48.7 million in 2016. • The gain was primarily due to a loss before income tax of $105.9 million, resulting in a current tax loss of $17.2 million, offset by a deferred tax gain of $20.3 million. • Our net effective tax rate for 2017 was 2.9%, as compared to 21.8% for 2016. This was primarily due to unrecognized tax assets of $84.8 million primarily attributable to IFCo start-up costs, OCI USA Inc, and OCI S.A.E.; $64.2 million in income not subject to tax; and $56.0 million in non-deductible expenses. • Income tax also included the recognition of previously unused tax losses of $32.8 million at BioMCN due to a more positive outlook for the methanol business.
Net Income	Adjusted net loss (after non-controlling interest) was $27.3 million in 2017, compared to income of $22.1 million in 2016. APM adjustments in net income level were: • APM adjustments in EBITDA of $155.1 million, adjusted for Sorfert minority interest of $55.0 million and tax effects of APM adjustments in EBITDA of $5.6 million. • Expenses related to the non-consolidated Natgasoline project of $9.7 million. • Foreign exchange losses $4.9 million. • The recognition of previously unused tax losses at BioMCN of $32.8 million due to a more positive outlook for the methanol business.

YEAR IN REVIEW
Financial performance continued

2017 v 2016	Performance drivers
Cash flows from operating activities -44%	• Included in the net profit 2016 was $107.9 million result on the deconsolidation of Natgasoline, which did not have a cash impact. • Decrease in the impact from changes in working capital $150.3 million added back. • The net profit in 2016 of $174.6 million decreased to a loss of $102.8 million in 2017, a change of $277.4 million.
Cash flows from investing activities +36%	• Dividends from equity-accounted investees of $22.6 million in 2017 compared to $6.7 million in 2016. • $588.6 million less investments in property, plant and equipment than in 2016. We have completed the majority of our growth capital expenditures, with the most significant remaining project being the rehabilitation of M2 at BioMCN. • Repayment of shareholders loan by Natgasoline of $511.0 million in 2016.
Cash flows from financing activities +44%	• Repayments of borrowings were $1,423.6 million less than in 2016. • Proceeds from borrowings were $1,334.2 million less than in 2016. • Acquisition of non-controlling interest of OCI Partners $61.1 million in 2017.
Gross debt +2%	• Increase due to IFCo working capital facility drawn $35.0 million. • Increase due to new OCI N.V. facility $48.1 million. • Decrease due to Sorfert due to weakening of the DZD and repayments of $85.8 million. • Increase due to the translation effect of Euro-denominated loans into USD as a result of the appreciation of the Euro from 31 December 2016 to 31 December 2017.
Cash & cash Equivalents -41%	• Repayment of loans of $288.9 million vs proceeds from loans of $140.1 million • Sorfert shut-down in 2017 reducing cash generated.
Net debt +5%	• Decrease in the cash and cash equivalents. • Increased total debt.

Condensed consolidated statement of cash flows for the years ended 31 December

$m	2017	2016
Cash and cash equivalents at 1 January	**391.5**	**787.0**
Cash flows from operating activities	181.7	322.6
Cash flow (used in) investing activities	(146.8)	(229.9)
Cash flows (used in) financing activities	(213.6)	(378.4)
Net cash flows (used in)	**(178.7)**	**(285.7)**
Currency translation adjustments	18.2	(109.8)
Cash and cash equivalents at 31 December	**231.0**	**391.5**

Net debt as at 31 December

$m	2017	2016
Long-term interest-bearing debt	3,844.5	4,322.2
Short-term interest-bearing debt	833.1	263.8
Gross interest-bearing debt	**4,677.6**	**4,586.0**
Cash and cash equivalents	231.0	392.2
Net debt	**4,446.6**	**4,193.8**

Outlook

With the completion of our capital expenditure program, we believe that we are poised to achieve significant EBITDA growth and cash flow generation on the back of our reduced capital expenditures and our ramp-up to run-rate production volumes, driven by both our new capacity and our North African assets achieving high utilization rates:

- We expect IFCo to continue its ramp-up and achieve stable utilization rates in 2018;
- Natgasoline is nearing completion and is expected to commence production in Q2 2018;
- The refurbishment of the BioMCN's second methanol line is on track to start production in Q4 2018;
- With no more logistical constraints, EBIC is expected to deliver a full year of high utilization;
- We expect a significant step-up in volumes at Sorfert, which has been running at utilization rates of around on average 87% since December, significantly higher than prior to the shutdown. We expect to receive business interruption insurance payments in 2018, of which a first installment of $20 million has been finalized.

Total capital expenditure for 2018 is expected to be in the range of $250 to $300 million, of which $150 to $200 million is maintenance capex and the balance is growth capex, primarily for the refurbishment of BioMCN's second line. For 2019 and beyond, total capital expenditure is expected to be in the range of $150 to $200 million.

Operational Strengths

Our competitive strengths lie in our high quality production assets, our global low cost advantage, and our strategic locations with access to strong distribution and logistics capabilities

Maximum proven capacities[1] ('000 metric tons)

Plant	Country	Ownership[2]	Ammonia gross	Ammonia Net[3]	Urea	UAN[4]	CAN	Total Fertilizer for sale	Methanol	Melamine[5]	DEF	Total Fertilizer & Chemicals for sale
Egyptian Fertilizers Company	Egypt	100%	876	-	1,648	-	-	**1,648**	-	-	-	**1,648**
Egypt Basic Industries Corp.	Egypt	60%	730	730	-	-	-	**730**	-	-	-	**730**
OCI Nitrogen	Netherlands	100%	1,184	350	-	730	1,542	**2,622**	-	219	-	**2,841**
Sorfert Algérie	Algeria	51%	1,606	803	1,259	-	-	**2,062**	-	-	-	**2,062**
OCI Beaumont[6]	USA	88.25%	357	357	-	-	-	**357**	913	-	-	**1,270**
BioMCN[7]	Netherlands	100%	-	-	-	-	-	**-**	952	-	-	**952**
Iowa Fertilizer Company[8]	USA	100%	883	195	437	1,566	-	**2,198**	-	-	820	**3,018**
Natgasoline	USA	50%	-	-	-	-	-	**-**	1,825	-	-	**1,825**
Total MPC			**5,636**	**2,435**	**3,344**	**2,296**	**1,542**	**9,617**	**3,690**	**219**	**820**	**14,346**

[1] Capacities are maximum proven capacity (MPC). Natgasoline capacity is estimated based on design capacity of 5,000tpd, and BioMCN's M2 capacity is estimated on design capacity of 1,250tpd.
[2] Capacities in table not adjusted for OCI's stake in considered plant.
[3] Net ammonia is estimated remaining capacity after downstream products are produced.
[4] Excludes EFC UAN swing capacity of 325 ktpa; OCI Nitrogen max. UAN capacity cannot be achieved when producing max. CAN capacity.
[5] Split as 164 ktpa in Geleen and 55 ktpa in China (Chinese capacity does not account for 49% stake and exclusive right to off-take 90%).
[6] OCI Beaumont debottlenecking initiative completed in April 2015.
[7] Acquired June 2015, second line currently being refurbished.
[8] IFCo capacities apart from net ammonia are maximum capacities and cannot all be achieved at the same time.

OCI NITROGEN

OCI Nitrogen is Europe's second largest CAN producer and the world's largest melamine producer

Annual production capacity

UREA AMMONIUM NITRATE
0.73
Million tons

MELAMINE
0.22
Million tons

ANHYDROUS AMMONIA
1.18
Million tons

CALCIUM AMMONIUM NITRATE
1.54
Million tons

We are capable of producing over 2 million metric tons of sellable fertilizer and chemicals products annually through nine interconnected plants located on a fully integrated production site in Geleen, the Netherlands. Our melamine production capacity in Geleen is complemented by a 49% stake in a melamine production facility in China.

World-class production complex

All of OCI Nitrogen's plants utilize efficient technology from proven global technology providers coupled with proprietary nitric acid and melamine proven technology.

Since our acquisition of the OCI Nitrogen assets from Royal DSM B.V. in 2010, we have fully revamped the facilities through a five-year capital expenditure program launched to upgrade the complex to its current state. As a result of this maintenance and replacement program, OCI Nitrogen is a world-class production complex performing at excellent utilization, reliability and efficiency and emissions rates. OCI Nitrogen consistently ranks amongst the top plants globally in terms of energy efficiency.

The capital investment program also added nearly 500 thousand metric tons of production capacity through various improvement and debottlenecking initiatives of OCI Nitrogen's CAN, UAN and melamine plants.

Diversified product portfolio

As Europe's second largest CAN producer and the world's largest melamine producer, OCI Nitrogen benefits from excellent brand recognition with owned trade names including Nutramon®, Exacote®, and Melafine®. Its diversified product portfolio, which includes ammonia, CAN, UAN and melamine, is fully flexible, allowing us to maximize production of certain swing products depending on global supply and demand.

Strategic location with strong distribution and logistics

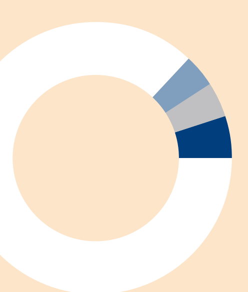
OCI Nitrogen has developed a comprehensive and highly efficient distribution and logistics network through pipeline, road, rail and shipping, with access to both Stein harbor and Rotterdam port.

The majority of OCI Nitrogen's product is distributed out of Stein harbor through dedicated CAN and AS barge loaders and a direct pipeline connection to the plant's ammonia and UAN lines. Access to Stein harbour allows OCI Nitrogen to streamline its import/export activities and ensures supply security in the event of unplanned downtime. As one of the largest inland ports in the Netherlands, Stein harbor provides links to the seaports of Rotterdam, Terneuzen, Antwerp and Ghent as well as efficient river connections to Belgium, France, Netherlands and Germany.

OCI Nitrogen's distribution infrastructure also includes OCI Terminal Europoort (OTE), an ammonia terminal at Rotterdam port. OTE consists of two ammonia tanks of 15 thousand metric ton capacity each, protected by a surrounding concrete wall. OTE is capable of receiving up to 0.55 million metric tons per year (mtpa) of ammonia and delivering up to 0.45 mtpa. Access to Rotterdam port through OTE also allows our wholly owned distribution arm, OCI Fertilizer Trade and Supply (OFTS), to trade third party ammonia around the world.

OCI Nitrogen is also able to distribute ammonia by rail. Our leased rail tank car (RTC) fleet in Geleen consists of approximately 250 RTCs, and is the largest ammonia RTC fleet in Europe. Fertilizers and melamine are also trucked across Europe, supported by access to warehousing capacity around Europe of nearly 650 thousand metric tons.

2017 Sales
By region



Europe **86%**
North America **4%**
South America **4%**
Other **6%**

Ownership
100%

OCI PARTNERS LP
(OCI Beaumont)

We have fully rehabilitated the facility achieving a 25% increase in ammonia and methanol production capacity

Annual production capacity

METHANOL
0.91
Million tons

ANHYDROS AMMONIA
0.33
Million tons

OCI Partners LP is a master limited partnership that owns and operates OCI Beaumont, an integrated methanol and ammonia production facility that is strategically located on the Texas Gulf Coast near Beaumont.

The Partnership is headquartered in Nederland, Texas. OCI Partners LP is listed on the NYSE in New York under the symbol "OCIP" and we own 88.25%.

World-class production complex

Since acquiring OCI Beaumont in 2011, we have fully rehabilitated the facility and debottlenecked both lines, achieving a 25% increase in ammonia and methanol production capacity. Our investments in the facility have also resulted in reduced energy consumption, and greener ammonia and methanol production through the implementation of state-of-the-art Best Available Control Technology (BACT), a pollution control standard mandated by the United States Clean Air Act.

The integrated methanol-ammonia facility uses Lurgi GmbH's Low Pressure Methanol technology and Haldor Topsoe technology. It is one of the world's largest merchant methanol producers.

Strategic location on gulf coast

OCI Beaumont is strategically located on the Texas Gulf Coast, which provides advantageous access and connectivity to established infrastructure and transportation facilities, including pipeline connections to adjacent customers and port access with dedicated methanol and ammonia export barge docks. OCI Beaumont has connections to one major interstate and three major intrastate natural gas pipelines that provide access to significantly more natural gas supply than the facility requires and flexibility in sourcing natural gas feedstock. OCI Beaumont also has a state-of-the-art ammonia and methanol truck loading facility on-site, providing flexibility to reach customers effectively. The facility also includes two ammonia tanks with a total capacity of 33 thousand metric tons and two methanol storage tanks with a total capacity of 42 thousand metric tons.

2017 Sales
By region

North America
100%

Ownership
88.25%

IOWA FERTILIZER COMPANY (IFCo)

IFCo was first envisioned in November 2011 as part of the Company's strategic expansion into the United States

IFCo is a wholly owned nitrogen fertilizer complex in Wever County, Iowa. IFCo began operating in April 2017 and can produce produce north of 1.5 million metric tons of nitrogen fertilizers and diesel exhaust fluid per year.

Annual production capacity

UREA AMMONIUM NITRATE
1.57
Million tons

GRANULAR UREA
0.44
Million tons

ANHYDROUS AMMONIA
0.88
Million tons

DIESEL EXHAUST FLUID
0.82
Million tons

IFCo is the first greenfield, world-scale natural gas-based fertilizer plant built in the United States in nearly 30 years. Peak construction activity created over 3,000 jobs and the plant has created approximately 200 permanent jobs.

World-class production complex

IFCo is one of the largest nitrogen fertilizer plants in the United States based on design capacity and utilizes proven state-of-the-art production process technologies from world leaders. IFCo has licensed its ammonia production technology from Kellogg Brown & Root (KBR), a leading supplier of ammonia technology; its urea production technology from Stamicarbon B.V. (Stamicarbon), the world's largest licensor of urea production technology; and urea granulation, UAN and nitric acid technologies from ThyssenKrupp Uhde. By using premium technology suppliers, IFCo benefits from greater reliability, efficiency and flexibility in the production of nitrogen products.

Diversified product portfolio

IFCo's diversified nitrogen fertilizer product portfolio includes 1.6 million metric tons of UAN, 883 thousand metric tons of ammonia, and 437 thousand metric tons of granular urea, in addition to 328 thousand metric tons of diesel exhaust fluid, a fuel additive used to lower harmful nitrogen oxide emissions and improve fuel economy. The facility's design provides significant flexibility in determining the relative production amounts of its various nitrogen products and therefore allows IFCo to maximize production of swing products in response to changes in market dynamics and to maximize netback prices.

Strategic location with strong distribution and logistics

IFCo is strategically located in southeastern Iowa, adjacent to the Iowa-Illinois border and in the center of the Midwest Corn Belt, the largest market in the United States for direct application nitrogen fertilizer products.

IFCo's proximity to its core markets allows us to optimize logistics infrastructure with nearby access to truck, rail and potentially barge transportation. With the goal of optimizing logistics infrastructure, IFCo currently leases 476 railcars for use in product delivery. IFCo's on-site storage capacity includes 100 thousand metric tons of ammonia, 30 thousand metric tons of urea, and 80 thousand metric tons of UAN and 41 thousand metric tons of DEF. IFCo's physical location in the center of the Midwest Corn Belt provides a strategic location and transportation cost advantage compared to other producers who must ship their products over greater distances to our core market. The combination of IFCo's transportation options, proximity to customers and on-site storage capacity allows for advantageous flexibility to reach customers effectively. In addition to truck and rail access, IFCo is located within four miles of the Mississippi River and can expand its distribution network to include barge through the construction of barge facilities.

2017 Sales
By region

North America
100%

Ownership
100%

NATGASOLINE LLC

Natgasoline LLC is a greenfield world-scale methanol production complex currently under construction in Beaumont, Texas

Annual production capacity

METHANOL

1.83

Million tons

OCI and its partner, Consolidated Energy Limited (CEL)/G2X, each own 50% stakes. The plant is expected to have a capacity of up to approximately 1.75 million metric tons per year, and is expected to begin production in 2018. At peak construction, Natgasoline LLC created approximately 2,000 construction jobs and will create approximately 108 permanent jobs.

World-class production complex

Natgasoline will be one of the world's largest methanol production facilities based on nameplate capacity. The project will use proven state-of-the-art Lurgi MegaMethanol® technology and will incorporate 'Best Available Environmental Control Technology (BACT). Located on the same industrial site as OCI Beaumont, Natgasoline has access to industrial gases, workshops and laboratories and will capitalize on technical support and synergies with OCI Beaumont. Natgasoline will also leverage OCI Beaumont's engineers' and operators' operational know-how given their extensive experience in running, maintaining, rehabilitating and debottlenecking a methanol plant. Our partner is a global leader in methanol and will contribute key management personnel and will provide technical leadership in the startup, operations and maintenance of the facility.

Once Natgasoline is on-stream, it will leverage the partners' significant methanol sales and marketing experience as leading methanol players as well as their existing relationships both in the domestic market and around the world.

Strategic Location with Strong Distribution and Logistics

Natgasoline is strategically located on the Texas Gulf Coast with access to excellent distribution and logistics infrastructure. The plant is located near six existing natural gas pipelines, and is expected to receive natural gas from two pipelines owned by Golden Triangle (GTS) that run through the project site. Accordingly, the facility has several options to receive gas given GTS's connection to six existing pipelines.

Natgasoline has entered into a 15-year Terminal Services Agreement with Phillips 66 Gulf Coast Properties LLC and a Pipeline Transportation Services Agreement with Phillips 66 Pipeline LLC for the required outbound logistics. Under the P66 agreements, Phillips 66 will construct, operate and own three new methanol storage tanks with capacity of 50 thousand metric tons each at their Beaumont methanol terminal. Phillips 66 will also construct approximately seven miles of pipeline from Natagsoline to the terminal, which will be equipped for the loading of methanol onto both deep-sea marine vessels and barges. Natgasoline has also leased two deep-sea methanol tankers.

Ownership

50%

BIOMCN

BioMCN is the first company in the world to produce and sell industrial quantities of high quality bio-methanol, a second generation biofuel.

Annual production capacity

METHANOL

0.95

Million tons

Established in 1974, BioMCN owns two methanol plants: M1 and M2. M1 is capable of producing 496 thousand metric tons per year, and is Europe's fourth largest plant. M2 is under refurbishment, and is expected to be capable of producing 456 thousand metric tons per year once operational in 2018.

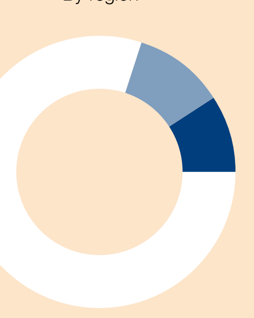
Bio-methanol Pioneer

BioMCN produces two types of methanol: bio-methanol and regular (also known as grey) methanol. Bio-methanol is produced from bio-gas sourced from waste digestion plants through the national gas grid by purchasing bio-gas certificates to label methanol as bio-methanol. BioMCN is a leader in bio-methanol innovations by continuously developing innovative processes and new feedstock.

Strategic Location with Strong Distribution and Logistics

BioMCN is located at the Chemical Park Delfzijl, The Netherlands. The plant site is connected to the national natural gas grid operated by GTS B.V. The GTS grid is connected to the integrated North West European network, supplied by a number of players including GasTerra, Statoil and Gazprom. The plant has easy logistical access to major European end markets via road, rail, barge and sea freight, allowing it to efficiently reach customers across Western Europe.

2017 Sales
By region



Europe **80%**
North America **11%**
Other **9%**

Ownership
100%

SORFERT ALGÉRIE

The plant is strategically located in the Arzew industrial complex in northwest Algeria 35 km east of Oran, near three Algerian ports

Sorfert Algérie is a 51%-owned joint venture between OCI and Algeria's state-owned oil and gas authority, Sonatrach.

Annual production capacity

ANHYDROUS AMMONIA
1.60
Million tons

GRANULAR UREA
1.26
Million tons

World-class production complex
Sorfert is one of the largest integrated nitrogen fertilizer producers in North Africa, capable of producing 1.26 million metric tons of granular urea and 1.6 million metric tons of gross anhydrous ammonia per year. The ammonia capacity is split between two lines, one dedicated to urea production and the other producing merchant capacity. OCI constructed the plant in partnership with Uhde, which supplied the state-of-the-art proven process technology.

Strategic location with strong distribution and logistics
The plant is strategically located in the Arzew industrial complex in northwest Algeria 35 kilometers east of Oran, near three Algerian ports. Sorfert enjoys access to two export jetties at Arzew Port and Bethioua Port with a direct ammonia pipeline to the port, and exclusive access to urea export logistics. Sorfert's access to flexible infrastructure that allows for exports around the world at favorable freight time and cost, coupled with its competitive production costs, maximizes its ability to reach its customers effectively at competitive prices.

Sorfert's storage capacity includes a 100 thousand metric ton urea warehouse on-site, and a 15 thousand metric ton ammonia tank on-site, and two ammonia tanks at Bethioua port of 30 thousand metric tons each.

As a local Algerian company, Sorfert provided significant employment opportunities during its construction and continues to do so as an operational plant.

2017 Sales
By region

- Europe **54%**
- South America **24%**
- North Africa **10%**
- Asia **12%**

Ownership
51%

EGYPTIAN FERTILIZERS COMPANY (EFC)

The production lines were constructed by OCI in 2000 and 2006 in collaboration with Uhde

Annual production capacity

GRANULAR UREA

1.65

Million tons

World-class production complex

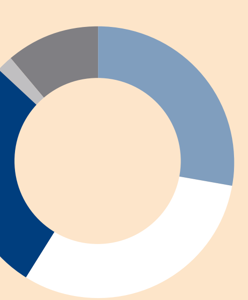
The plant is capable of producing 1.65 million metric tons per year through two identical production lines. The production lines were constructed by OCI in 2000 and 2006 in collaboration with Uhde, which supplied the state-of-the-art proven process technology. The facility also includes a 325 thousand metric ton per year urea ammonium nitrate blending unit, which was added on-site in 2010. EFC was fully acquired in 2008.

Strategic location with strong distribution and logistics

EFC is located at the port of Ain Al Sokhna, Egypt's deepest port, approximately 55 kilometers south of the Suez Canal at the heart of the global East-West trade route. This gives EFC a freight cost advantage over other Middle Eastern and Asian urea producers as exports from EFC do not pass through the Suez Canal. EFC is also located across the street from Egypt Basic Industries Corporation (EBIC) on the grounds of Suez Industrial Development Company's (SIDC) industrial park in Ain Sokhna, allowing both facilities to benefit from significant synergies.

The plants benefit from several tie-ins for raw materials and utilities, including water, nitrogen, waste water and CO2. The plants also share workshop facilities and spare parts. Additional tie-in initiatives are assessed and implemented wherever possible. This generates savings in capital expenditure, and allows each plant to depend on the other for backup if required.

2017 Sales
By region



- Europe **31%**
- North America **11%**
- South America **2%**
- Africa **28%**
- Asia **28%**

Ownership

100%

EGYPT BASIC INDUSTRIES CORPORATION (EBIC)

Located at Sokhna Port, EBIC's geographic location and logistics infrastructure provide a unique advantage

Annual production capacity

ANHYDROUS AMMONIA

0.73

Million tons

World-class production complex
EBIC was constructed by OCI and uses KBR's latest and commercially proven KBR Advanced Ammonia Process (KAAP) technology. The plant was established in in partnership with KBR, the Egyptian General Petroleum Corporation (EGPC), and a number of private investors. OCI completed construction of the plant in 2009 and increased its stake to 60% from 30% by buying out several minority investors

Strategic Location with Strong Distribution and Logistics
Located at Sokhna Port, EBIC's geographic location and logistics infrastructure provide a unique advantage as a cost effective exporter able to ship volumes both east and west of the Suez Canal.

EBIC owns two 40 thousand metric ton refrigerated ammonia storage tanks next to the loading jetty at Sokhna Port. EBIC also owns and operates a dedicated 1,200 metric ton per hour loading arm. The plant and port facilities are connected through an eight kilometer pipeline that continuously transports EBIC's ammonia to both storage tanks located on the jetty, which is able to accommodate vessels with maximum draft of 17 meters.

EBIC is also located across the street from Egyptian Fertilizers Company (EFC) on the grounds of Suez Industrial Development Company's (SIDC) industrial park in Ain Sokhna, allowing both facilities to benefit from significant synergies.

2017 Sales
By region

North America **86%**
North Africa **14%**

Ownership
60%

OCI SUPPLY CHAIN MANAGEMENT

Global commercial strategy

Through our strategically located supply chain management operations, we are able to directly reach our customers through a wide-reaching network developed across Europe and the Americas.

Annual warehousing capacity

1.5

Million tons

We have a coordinated global sales and marketing organization with hubs in Europe (OCI Fertilizer Trade & Supply), the United States (OCI Fertilizers USA LLC), and the United Arab Emirates (OCI Fertilizer Trading). Our global strategy allows us to effectively distribute our products as well as certain third-party products through a global distribution network with branches, agents, and strategic joint ventures across Europe, the Middle East, China, and the Americas allowing us to reach a diverse customer base across 57 countries in 2017.

Global distribution reach

We have developed a strong logistical and distribution advantage as a result of the strategic locations of all our production facilities, which are situated in the heart of high demand regions to maximize netback prices, and have access to key distribution infrastructure. Our distribution infrastructure includes a wholly owned ammonia export terminal at the port of Rotterdam, 1.5 million metric tons of owned and leased warehousing capacity across the United States, Europe, and North Africa, 726 leased rail tank cars in the United States and Europe, an 11 thousand metric ton chartered ammonia vessel, and two chartered methanol vessels with a combined capacity of 90 thousand deadweight tons. All of our production facilities have direct access to key ports and distribution hubs, including port access both east and west of the Suez Canal, and port or harbor access in Europe and the United States.

Our global presence with centralized management allows us to mitigate the effects of regional demand seasonality and maximize freight advantages across locations and product mix.

2017 Sales
By region

Ownership

100%

Sustainability Report

We seek to create a sustainable environment in which we can create value for our communities, our customers, our employees and our shareholders

INTRODUCTION

We believe our position as a leader in our industries gives us the opportunity to encourage sustainable practices and effective change

We achieved our first milestone as a nitrogen fertilizer company ten years ago when we acquired the EFC. Since then, we have grown from a single plant producing 1.3 million metric tons of urea, to a global leader with a diversified portfolio of nitrogen fertilizers and industrial chemicals capable of producing 12 million metric tons per year at seven operating plants on three continents. By the end of 2018, we will have added a further 2.3 million metric tons of methanol capacity. During the same period, the world's population has increased by nearly 1 billion people to 7.6 billion today. As the world's population grows, humanity faces serious challenges in keeping up with food demand and limiting its environmental impact.

We believe our position as a leading nitrogen fertilizer and industrial chemicals company gives us the opportunity to encourage sustainable practices in our industries and communities. Our nitrogen fertilizer products will be farmers' main tool to increase crop yields, and our industrial chemicals portfolio includes methanol, bio-methanol, and diesel exhaust fluid, each of which plays an increasingly important role in developing cleaner fuels.

We endeavour to be a trusted corporate citizen in each of our communities. We maintain strong ties to each community by encouraging open dialogue with local plant management and through our long-standing commitment to being a local employer. We also support the economic and social well-being of our communities through tailored social development programs.

Given the nature of our operations, we maintain a 'health and safety first' attitude at every plant. We invest heavily in the best available technologies to minimize our carbon footprint and develop cleaner products, and aim to achieve zero safety incidences across the group by continuously investing in our employees' training and development.

We believe in the importance of business transparency as a tool to effect change and sustainably grow our business, and are proud to issue our first sustainability report as part of our efforts to be a global steward.

With the bulk of our announced growth programs behind us, we are confident that our next phase of development will create even more value for our stakeholders, be it through operational and financial growth, reducing our environmental impact, or investing in our communities.

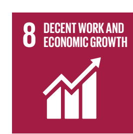
SUSTAINABILITY REPORTING

We endeavour to continually improve our performance as part of our commitment to sustainability and have set the following targets for the medium term:

1. **Operational Excellence:** as part of our overall operational reliability spending, we will continue to invest in our production facilities to minimize our environmental impact in line with applicable regulations and mandates. We will also continue to train employees in HSEQ best practices to minimize waste, incidents and near-misses wherever possible.
2. **Going Green:** we will continue to invest in developing products and initiatives to provide cleaner and more sustainable solutions to our customers.
3. **Stewardship:** we will work to improve our product and nutrient stewardship through our participation in industry associations and initiatives.
4. **Reporting:** we will work to improve our monitoring, measurement, and reporting of our impact in line with our peers and with applicable guidelines.

In addition to our internal targets, we aim to continue to make meaningful contributions to achieving global targets, such as those set by the United Nations Sustainable Development Goals (SDGs).

We believe our activities contribute to achieving the following goals, and aim to support additional goals in the future:

Goal	OCI Contribution
1 NO POVERTY; 2 ZERO HUNGER	• Our nitrogen fertilizers allow farmers to increase crop yields and improve food quality, resulting in improved food availability and improved diets. • Community engagement with local charities provides food security at a local level, which helps improve income and access to education.
	• Our industrial chemicals, namely methanol, biomethanol, and DEF, are sustainable clean fuel alternatives that can be used to significantly reduce GHG emissions versus conventional fuels.
	• Distribution of economic growth ensures the financial wellbeing of employees and the communities in which we operate. • Good workplace practices as described in our Code of Conduct and other policies promotes a safe and encouraging workplace, diversity, and equal opportunity.
	• Nutrient stewardship promotes effective crop yields that improve farmers' returns. • We strictly maintain safe, environmentally responsible production sites that protect local environments and ensure safe communities.
	• Our investment in maintaining state-of-the-art production facilities, coupled with our GHG targets allows us to minimize our emissions and consequently out impact on climate change.
	• Our investment in constructing and maintaining state-of-the-art production facilities helps minimize our GHG emissions and consequently out impact on climate change.

OUR APPROACH

Report overview

Our Sustainability Report presents the Group's sustainability performance for the year ended 31 December 2017, and includes key majority-owned subsidiaries and joint ventures as listed in our consolidated financial statements. This report covers material environmental, social, and governance topics impacting our key stakeholders, and has been prepared 'in accordance' with Core guidelines of the Global Reporting Initiative (GRI). In addition, this report implements recommendations set by the European Commission's guidelines on non-financial reporting, which reflect current global best practices and developments in sustainability reporting.

Any exceptions, restatements, or changes to data reported are noted where applicable. There are no such changes in this report.

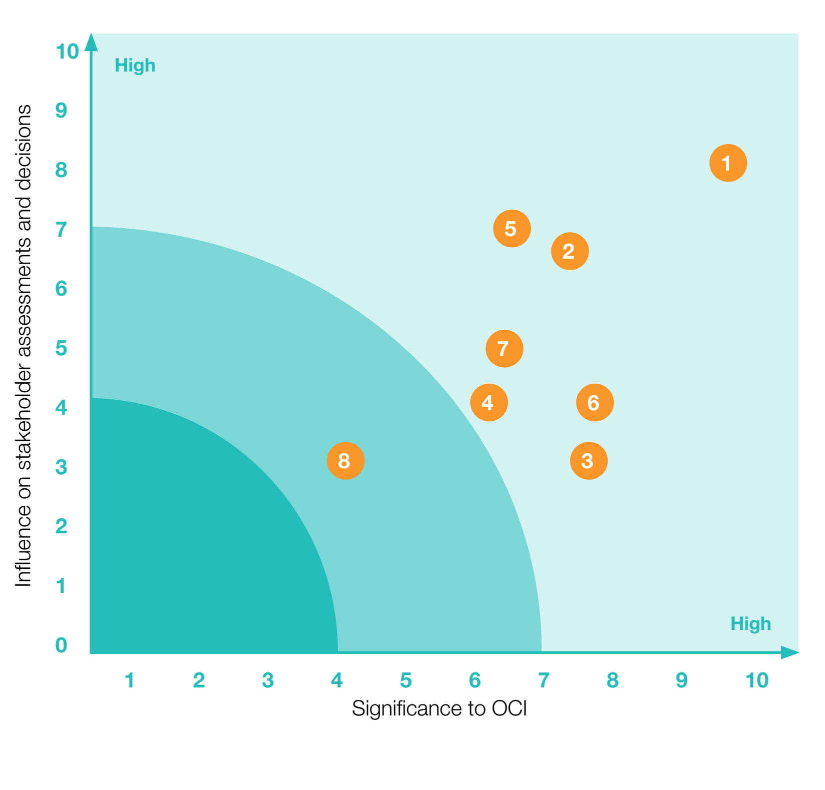
Determining material topics and boundaries

We determine material topics and boundaries by engaging with key stakeholders, benchmarking against industry peers, and considering disclosure requirements and guidelines issues by various institutions and regulatory bodies.

We asses the topics raised by the various interactions we have with stakeholders by considering both its impact on OCI, and its influence on our stakeholders. We evaluate the impact these material topics have on our global value chain, our local operations and our stakeholders to report a holistic view of how we strive to sustainably manage our business. Our assessment criteria also considered the GRI's materiality principles of sustainability context, materiality, completeness, and stakeholder inclusiveness.

Through these interactions and assessments, we have identified our key material issues and boundaries to be:

Number	Material Topic	Impact on OCI	External Impact
1	Occupational health and safety	✔	✘
2	Environmental impact and climate change	✔	✔
3	Energy efficiency	✔	✘
4	Local economic development	✘	✔
5	Food security through nutrient stewardship	✘	✔
6	Employee development	✔	✘
7	Ethics and integrity	✔	✔
8	Stakeholder engagement	✔	✔



Stakeholder Engagement

We strive to maintain an open dialogue with our stakeholders to ensure our strategy, activities, and policies are implemented responsibly, and aim to nurture our stakeholders' trust in OCI through our interactions. Our stakeholders are individuals or entities that have a link to or an interest in our activities.

Our key stakeholders include our employees, customers, investors, and communities. We engage with stakeholders on a regular basis through customer and investor meetings and calls, industry and investor conferences, customer service, employee meetings, surveys, portals and hotlines, community outreach programs, and governmental or regulatory interactions. During the year, no significant concerns were raised by our stakeholders, and corporate questions were addressed at the Annual General Meeting or on our quarterly results conference calls.

In addition to local memberships at the plant level, OCI's memberships include:

In addition to our direct stakeholder interactions, we are an active member of several industry associations where we work with our peers to sustainably improve global standards in our industries, and engage in dialogue on key global challenges related to our industries.

OUR COMMUNITIES

We are committed to working towards global food security. Through various programs, we work with our customers around the world to maximize yields, strengthen crops, and accelerate growth to meet the world's rising food demands. We also work to ensure our products are used in a way which safeguards health, occupational and public safety, the environment, and ensures security.

OUR COMMUNITIES

Food security through promoting nutrient stewardship

According to the United Nations Food and Agriculture Organization (UN FAO), the world's population is expected to reach 10 billion people by 2050 and will require current food production levels to grow by 50%, while arable land has nearly halved between 1961 and 2014.

With growing populations and declining resources, crop yield optimization through efficient fertilization is imperative to meet our global food needs.

OCI's fertilizer products help achieve sustainable agriculture by providing an effective and environmentally sound source of nitrogen, the key nutrient required for crop growth. By using nitrogen fertilizers, farmers can:

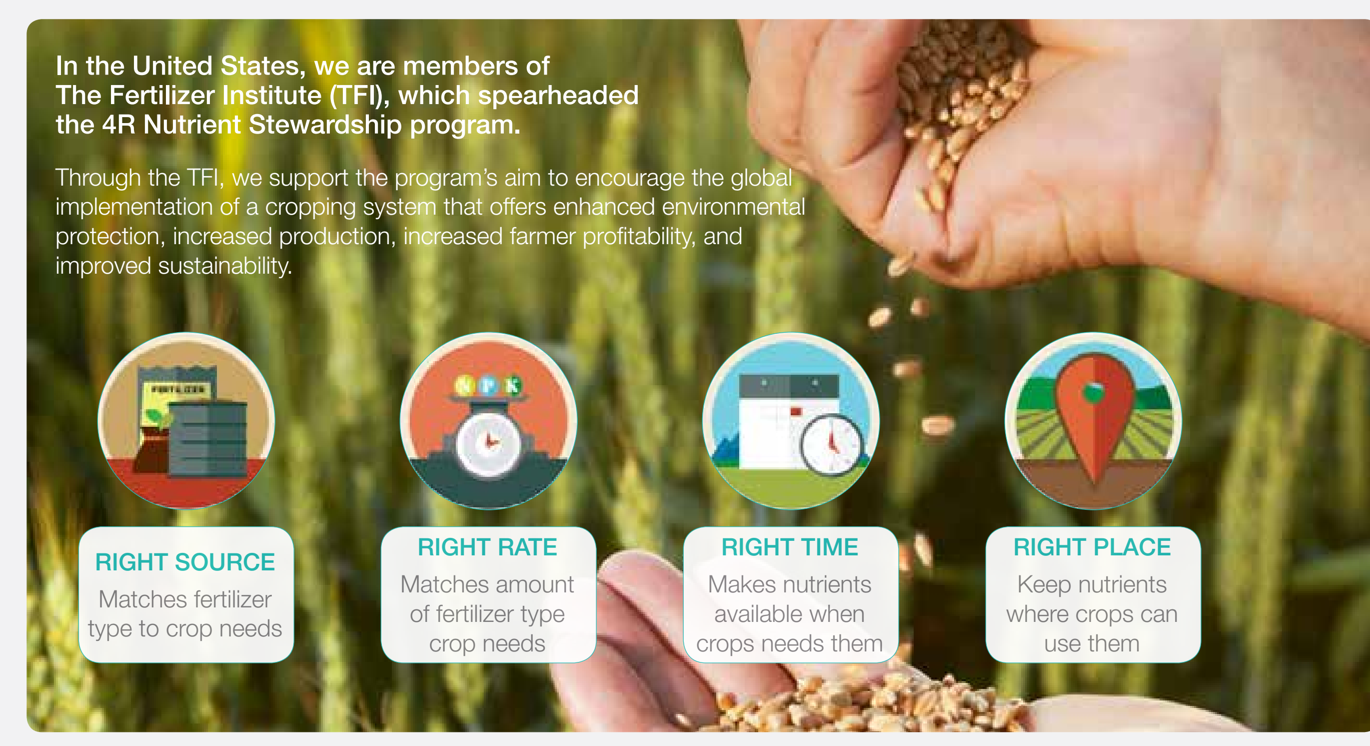
- grow more food on their land,
- reduce soil nutrient loss and improve soil quality, and
- reduce the need for new farmland to be sequestered, which therefore reduces greenhouse gas (GHG) emissions by limiting deforestation.

MAKING STRIDES THROUGH LOCAL PROGRAMS

We work directly with our customers in the Netherlands to promote sustainable agriculture and nutrient stewardship.

OCI Nitrogen has developed a farmer education program that includes a customer service portal, leaflets and brochures, and two mobile applications. Through these resources, farmers can ensure fertilizer quality is maintained through correct storage, blend products correctly, ensure spreading settings are correct to maximize even fertilization, calculate optimal fertilizer release, accurately track the weather, and receive 24/7 access to the support they need.

OCI Nitrogen also works closely with projects and organizations that encourage sustainable farming, such as the Dutch foundation Veldleeuwerik (Skylark Foundation), the French Institute for Sustainable Agriculture (IAD), Innovatiefonds voor telers (Dutch Innovation Fund for Farmers), Fertilizers Europe, and Responsible Care.



In the United States, we are members of The Fertilizer Institute (TFI), which spearheaded the 4R Nutrient Stewardship program.

Through the TFI, we support the program's aim to encourage the global implementation of a cropping system that offers enhanced environmental protection, increased production, increased farmer profitability, and improved sustainability.

Developing more effective fertilizers

We have dedicated resources to develop reliable fertilizers with superior spreading and fertigation properties. Our products are environmentally friendly and provide optimal crop nutrition due to their quality, resulting in lower nitrogen loss and increased crop yields.

Our fertilizers are produced to meet the highest physical quality standards to ensure optimal spreading efficiency, which in turn minimizes yield losses. Our granulated products, such as urea and CAN, are perfectly round and robust, making them easy to spread evenly for optimal results. Our aqueous fertilizers, primarily UAN, can be applied with fertigation and crop protection systems.

All our fertilizer products provide crops with a key macronutrient – nitrogen – the main source of protein and is essential for plant growth and development. Our downstream nitrogen fertilizers, such as CAN, contain secondary macronutrients that are essential for plant nutrition: magnesium, sulphur and calcium. These nutrients are essential for photosynthesis, the production of proteins and amino acids, and the quality and shelf life of produce.

We have invested in research and technology to develop innovative products. In 2016, OCI Nitrogen launched Exacote, a range of coated fertilizer blends of urea, CAN and AS specifically formulated for a wide range of crops and nutrient requirements. Exacote ensures the controlled release of nutrients to crops throughout the growing season resulting in fast and reliable crop growth.

Exacote has a degradable organic polymer coating that is unique to the market and provides many benefits:

Highly efficient

- Reliable polymer coating secures uninterrupted nutrition for up to 2-3 months.
- Well-balanced and stress-free crop development due to predictable nutrient release curve.
- Application of high-efficiency nitrogen fertilizer with added nutrients from CAN and AS results in higher crop yields and lower costs.

Eco-friendly

- Minimized leaching and volatilization of valuable nutrients.
- Organic-based polymer coating that degrades naturally over time.
- Less fertilizer needed to achieve the same results compared to conventional fertilizers.

Product stewardship

Product stewardship ensures that our products and their raw materials, additives and intermediate products are processed and manufactured, handled, stored, distributed and used in a way which safeguards health, occupational and public safety, the environment, and ensures security.

We use the best available technologies to minimize our carbon footprint, and implement the Product Stewardship guidelines developed by Fertilizers Europe throughout our production processes to monitor and minimize our environmental, health and safety impact from feedstock to farmer.

We comply with international standards as members of the International Fertilizer Association, Fertilizers Europe (formerly EFMA), The Fertilizer Institute (TFI), and the International Methanol Producers & Consumers Association (IMPCA), among others.

OUR COMMUNITIES
Responsible supply chain

Worldwide sales
57 countries

OCI promotes sustainable agriculture and nutrient stewardship through its supply chain, which begins with sourcing natural gas and ends at our agricultural and industrial customers. We work diligently to promote best practices across our supply chain and ensure every aspect of our business operates optimally.

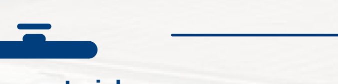
During the year, IFCo, our greenfield nitrogen fertilizer plant in Iowa, began production. IFCo adds more than 2 million metric tons (mtpa) of capacity to our production portfolio and significantly strengthens our distribution network in the heart of the Midwest Cornbelt.

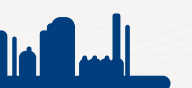
2017
Methanol sales
1.3 mt

2017
Ammonia sales
1.7 mt

2017
CAN sales
1.2 mt

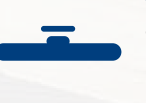
Responsible supply chain





Raw materials
Natural gas sourced from third parties

Production
12 million metric tons of capacity at 7 plants in 2017



Storage
1.5 million metric tons of owned and leased storage capacity

Distribution
- Direct pipeline access to key ports, harbours and customers
- Dedicated loading arms at each site for each products enable efficient trucking
- 726 Ammonia, UAN and DEF rail tank cars available on-site in NL and USA
- Access to major European waterways through Stein Harbour and Port of Rotterdam
- US methanol capacity strategically positioned on US Gulf
- Port access both east and west of Suez Canal in Egypt and Algeria
- Chartered one 11kt capacity ammonia vessel and two methanol vessels with a combined capacity of 90kt

Customers
- Agricultural
- Industrial

2017
Urea sales
2.6 mt

2017
Melamine sales
0.2 mt

2017
Ammonium Sulphate sales
0.8 mt

2017
UAN sales
0.9 mt

OUR COMMUNITIES
Investing in our communities

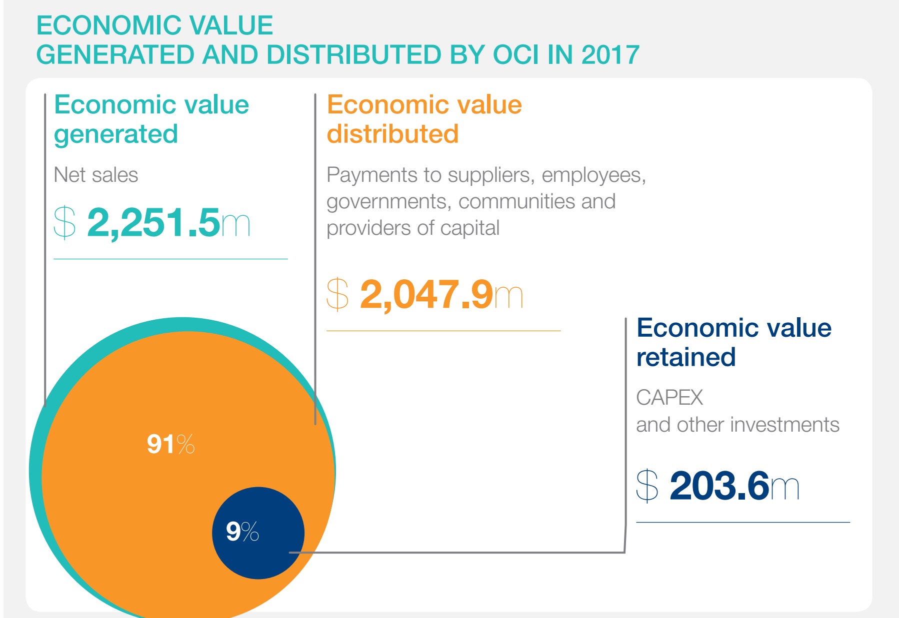
We make a conscious effort to support the economic and social well-being of our communities through strong local community engagement programs and partnerships.

We have cultivated local social development programs tailored to the specific needs of each of our communities to maximize the impact of our donations. In addition to our sponsorships and financial contributions to various causes, our employees personally invest their time in our local communities by participating in fundraisers and volunteering at events.

Economic value generated and distributed by OCI in 2017

Our operations directly and indirectly create significant economic opportunities globally in both developed and developing countries through payments for goods and services, job creation, improved farmer productivity, taxes, research and development, and donations to develop the communities in which we operate. We have invested approximately $ 5 billion in growth and improvement projects in under a decade, which has created thousands of ancillary businesses and job opportunities.

ECONOMIC VALUE GENERATED AND DISTRIBUTED BY OCI IN 2017



WORKPLACE PROFILE IN 2017

OCI total	Units	2016	2017
Total Employees	#	2,871	2,879
Full-time	#	2,822	2,832
Part-time	#	49	47
Voluntary turnover rate	%	1.7	1.9
Women total	%	7.8	8.0
Technical roles	%	1.5	1.6
Non-Technical roles	%	6.0	6.1
Employee Age Profile			
under 25	%	1.2	2.7
25-34	%	28.7	25.6
35-44	%	35.6	37.5
45-54	%	20.7	21.1
55-64	%	13.4	12.6
65+	%	0.5	0.5
Employee training and development	$/employee	388	298
Employees covered by Collective Bargaining or Unions	%	39.7	41.9
Whistleblowing Complaints		6	9

IFCo

As a key community partner in southeast Iowa and the region, IFCo has pursued its philanthropic efforts organized around the three main pillars of local economic development, agriculture, and STEM educational endeavours. The plant and its contractor donated nearly $150,000 to various causes during the year, in addition to employees generously donating time and effort to volunteering in the community.

Burlington Community School District

As part of its ongoing commitment to support schools throughout southeast Iowa, IFCo and its contractor provided $50,000 worth of supplies and equipment to the Burlington Community School District in the fall of 2017.

Tri-State Rodeo and Riverfest Fort Madison

IFCo once again sponsored the Tri-State Rodeo and Riverfest Fort Madison, two of the largest events in southeast Iowa that attract tens of thousands of attendees.

Goodwill for the Heartland

IFCo and its contractor contributed more than 100,000 pounds of materials to the Goodwill of the Heartland, which serves 19 counties in Iowa and Illinois. The donated items included office chairs, desks, tables, filing cabinets, bookcases, and more.

Caring for Lee County

IFCo and its contractor provided more than $21,000 worth of supplies and equipment to a variety of organizations in Lee County, including the City of Keokuk, Holy Trinity Catholic Schools, Lee County, Messiah Lutheran Church, and the Keokuk Area Community Foundation's K-Play Fund.

IFCo additionally donated nearly $25,000 to several organization raising awareness and support for pertinent community issues including healthcare, foodbanks, the arts, local youth extracurricular programs, and animal rights.

OUR COMMUNITIES
Investing in our communities continued

OCI Nitrogen

OCI Nitrogen supports several local causes and events in the South Limburg region, including a festival for promising artists called Mama's Price, an event focused on the history of the region called MP Feesten, the Limburg Landscape Foundation, sporting events and fundraisers.

Toon Hermans Huis

OCI Nitrogen supports a local charity called the Toon Hermans Huis, a home where cancer patients receive support and participate in activities. Several OCI Nitrogen employees raised funding for the home and for cancer research by participating in the Alpe d'HuZes, an initiative where participants run, hike or cycle the mount Alpe d'Huez in France to raise funding for cancer research.

Kennedy-Mars

OCI Nitrogen is one of the main sponsors of the Kennedy-Mars in Sittard. Kennedy-Mars is an annual 80 kilometer hike that attracts over 2,500 participants with versions held across the Netherlands.

The Sittard hike is the oldest Kennedy-Mars event and was established in 1963. The hike fits well with OCI Nitrogen's Vitality campaign, through which the plant encourages its employees to adopt a healthy lifestyle. In addition to sponsoring the event, several OCI Nitrogen employees participated in the hike.

OCI Lions

OCI Nitrogen has been the main sponsor of the OCI LIONS handball club since the 2011-2012 season. The men's teams play in the BENE-League and the Dutch premiere league.

The OCI LIONS won the Dutch national championships in 2015, 2016 and 2017, and aim to take their success beyond the Netherlands in the Europa Cup and the BENE-League. OCI Nitrogen's sponsorship will help them achieve their ambitions.

The OCI LIONS offer OCI Nitrogen significant visibility in its local community. It helps increase name recognition and promotes OCI Nitrogen as an employer. The handball matches also offer good networking possibilities with authorities and local entrepreneurs.

OCI Beaumont

OCI Beaumont has continued to support its community, focusing on organizations that strive to provide food, help seniors and families, and encourage healthy living. These organizations include the Southeast Texas Food Bank, Toys for Tots, the Sports Society for American Health, the Beaumont Independent School District, Meals on Wheels, and the Port Arthur Community Center.

In addition to its regular support, OCI Beaumont also donated resources to those impacted by Hurricane Harvey. OCI Beaumont thanks all employees who volunteered more than 3,000 hours of their time to help families whose homes were damaged by Hurricane Harvey.

Leading the Fight Against Hunger in Southeast Texas

One in every four children lives in poverty and about 15% of the elderly in Southeast Texas live in poverty. OCI Beaumont is a strong supporter of the Southeast Texas Food Bank (SETX Food Bank), which works to eliminate hunger and inadequate nutrition in Southeast Texas by providing meals to approximately 12,000 households per month.

Over the last four years, OCI Beaumont has provided approximately 210,000 meals to the needy through the SETX Food Bank, and our employees have invested their time and resources to volunteer at food drives and personally deliver essential foodstuffs. In addition to OCI Beaumont's financial contribution, our employees volunteered approximately 400 hours of their time to sort food during 2017.

We are proud of OCI Beaumont's continued commitment to improving standards of living in Jefferson County and neighbouring communities.

Toys for Tots

During the year, OCI Beaumont supported Toys for Tots in Orange and Jefferson Counties. Toys for Tots provides underprivileged children and families impacted by Hurricane Harvey with new toys for Christmas.

Through SETX food bank, we provided
210,000 meals

Volunteered to help victims of Hurricane Harvey
3,000 hours

OUR COMMUNITIES
Investing in our Communities continued

Teaching for the Future

Throughout our history, we have invested company resources in educational programs that improve the communities in which we operate. We believe that the key to encouraging tangible improvements our communities is a high-quality, well-rounded education that promotes critical thinking and entrepreneurship.

Accordingly, all our sites have endowed time and resources into the entire education value chain, from donating school supplies to needy children and rewarding high achievers to funding university scholarships and providing on-site training opportunities.

Our local operations have worked hard to encourage students of all ages to pursue an education in fields of science, technology, engineering and mathematics (STEM) through various initiatives. In 2017, more than 2,000 students and young professionals benefited from the training or education opportunities availed through the programs we participated in.

Education opportunities for
2,000 Students

OCI Nitrogen

OCI Nitrogen maintains several initiatives each year that aim to attract bright minds to STEM programs, and actively welcomes students and trainees on-site to get vital hands-on experience that will serve their education in chemistry and engineering.

Chemelot2Discover

Chemelot2Discover is an educational program that aims to introduce elementary school students to the world of chemistry and to the companies on the Chemelot site to trigger their motivation for technical and chemical education. In 2017 over 1,300 students participated in this program. Launched in 2014 by the seven companies situated at the Chemelot industrial site, the program has welcomed nearly 4,000 students to date.

Jet-Net

OCI Nitrogen participates in Jet-Net, a nationwide initiative that lets high school students aged 12-18 see for themselves how challenging, interesting and relevant STEM is in the workplace and for society. In 2017, 145 schools participated in the Jet-Net program.

To date, Chemelot2Discover program welcomed
4,000 Students

Limburg Process Technology and Maintenance Foundation

OCI Nitrogen participates in a joint initiative of companies in the field of Technology and Chemistry (PML) in affiliation with the Limburg Process Technology & Maintenance Foundation. PML organizes different activities for vocational and higher vocational students to introduce them to the position and career opportunities for process operator and maintenance technician. 477 students participated in the “process engineering week” in January 2018 consisting of a site tour and various practical activities and experiments.

OCI Nitrogen traineeships and visits

OCI Nitrogen has facilitated 22 traineeships in 2017, 20 at vocational level within manufacturing and two at higher vocational level, all in close collaboration with local educational institutions.

OCI Beaumont

OCI Beaumont encourages students at all scholastic levels, from supporting educational events at elementary schools to funding several engineering and other college scholarships. During the year, OCI Beaumont made several donations to schools in and around Beaumont to bolster interest in STEM education. Through various programs, OCI engineers spent time with students to design engineering projects, purchased computers for a robotics class, participated in teach appreciation awards, and purchased essential school supplies following Hurricane Harvey.

IFCo

Building the Dream

IFCo continued its longstanding support for Southeastern Iowa Community College’s Building the Dream program through a $50,000 donation. This initiative is helping the school build its industrial technologies training centre, health professions centre and make other critical investments to enhance facilities and training programs for students.

IFCo donated to the Building the Dream program
$50,000

OUR EMPLOYEES

Our people are fundamental to our success and represent a core tenant of our mission, vision, and values. We strive to create a safe and encouraging workplace where there is mutual trust and respect towards and amongst employees. We promote excellence in every aspect of our operations by investing in our people to foster their development and encourage their passion to excel. By investing in our people, we are investing in sustainable value creation across OCI.

A LOCAL EMPLOYER

"AT THE OUTSET OF THE IOWA FERTILIZER PROJECT, THE UNEMPLOYMENT RATE IN LEE COUNTY WAS THE HIGHEST IN THE STATE AT 8.0%. THAT IS WHY MY ADMINISTRATION FOUGHT SO HARD TO ENCOURAGE THE COMPANY TO LOCATE ITS NEW FERTILIZER PLANT IN THIS GREAT COMMUNITY. TODAY, THE COUNTY'S UNEMPLOYMENT RATE IS DOWN NEARLY THREE POINTS TO 5.3%, PROVIDING A POSITIVE AND MEANINGFUL IMPACT ON WORKING FAMILIES IN THE AREA."

Terry Branstad
United States Ambassador to China and former Iowa Governor

We are proud to have cultivated a strong community focused identity as a local employer with 2,879 employees around the world. We have a commitment to maximize the use of local resources whenever possible by drawing local people into our company and developing their skills, and by choosing local partners where possible to supply materials and other services.

Diversity

Our employment strategy has resulted in a diverse global workforce encompassing 25 nationalities located in seven countries, with diverse ethnicities, religious beliefs, cultures, ages, and other traits working together respectfully and with a shared sense of purpose.

Our Code of Conduct requires all employees to act with honest and integrity to foster a business environment that protects the rights and interests of all stakeholders. Our Code of Conduct also highlights our zero-tolerance policy for any form of harassment or bullying. Employees are required to treat all individuals with respect, tolerance, dignity and without prejudice to create a mutually respectful and positive working environment. We do our utmost to provide employees with a safe environment to address any issue directly with management, and through our Whistleblowing Policy, we also provide a confidential procedure to raise any concerns, instances of discrimination, and other breaches to our Code of Conduct.

Though we operate in traditionally male-dominated industries, we are working to improve our gender diversity in both technical and non-technical roles and at all levels of our organization. We have made significant strides in recent years, including adding a woman to our Board of Directors in 2016 in line with our Board Diversity Policy. Women as a percentage of total employees increased to 8% in 2017 from 7.9% in 2016. We will continue to work towards increasing gender diversity while continuing to hire or promote based on merit.

Fair compensation

We are mindful of the importance of ensuring all employees are fairly compensated and have crafted our local compensation frameworks using each country's living wage as the baseline. We believe that when an employee can afford their family's basic needs including discretionary income, they are more motivated to succeed. We consistently rank amongst the top quartile of employers by annual compensation in each of our communities.

Wider job creation

As a global developer of world-scale, state-of-the-art greenfield projects, we have a strong track record of wider job creation in our communities. In addition to the permanent jobs created to operate and manage our greenfield facilities, we have created more than 5,000 construction jobs in the United States, 4,500 construction jobs in Egypt, and 2,000 construction jobs in Algeria. Each facility's positive economic impact extends beyond these jobs because of the ancillary businesses that are established to provide the plant's operations and employees with services. As an example, IFCo's presence in Wever County has resulted in more than 700 ancillary jobs that helped revitalize the economy of the surrounding area and have a lasting positive impact on the region.

Our global workforce includes
25 nationalities

INVESTING IN OUR PEOPLE

We are committed to fostering an environment that encourages individuals to seek opportunities for professional growth and enrichment. We recognize the importance of training and development of new employees, improving the performance of experienced employees, and building future leadership.

To that end, we invest in our employees through training and development programs focused on professional growth and enrichment. Opportunities are tailored to the needs of each employee, and can include on-the-job practical training programs, sponsoring higher education, mentorships and leadership programs for succession planning, and online courses.

COMPREHENSIVE DEVELOPMENT PROGRAMS AT OCI NITROGEN

OCI Nitrogen has developed a comprehensive training and talent management program that aims to invest in all employees' professional development.

Novice program

All fresh graduates from university starting at OCI Nitrogen participate in our Novice program. The objectives of this program are professional and personal development and a strong start in OCI Nitrogen for our potential future managers and directors.

Talent management program

The talent management program identifies and invests in employees in any field and any level with management potential. The objective of the program is to offer talented employees with managerial education, exposure and experience to facilitate and accelerate growth to the next level.

Leadership program

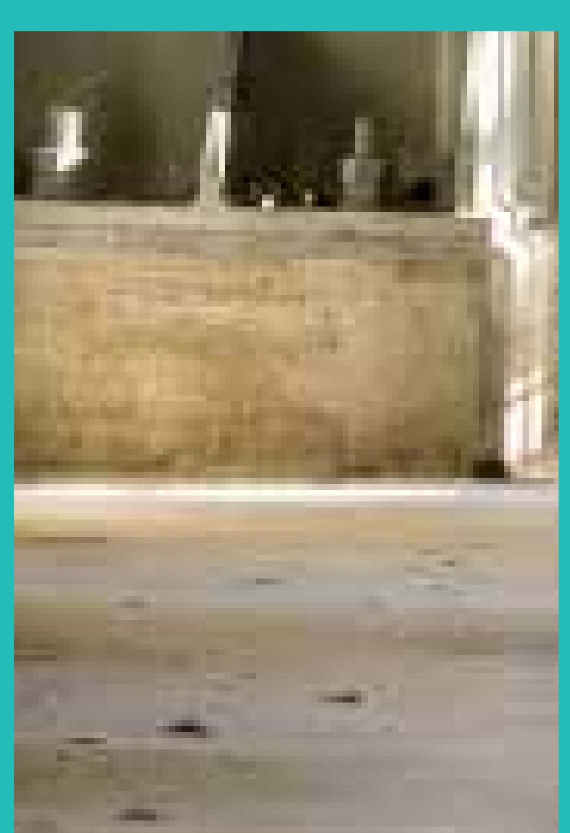
Focusing on senior managers in OCI Nitrogen, the leadership development program helps promote OCI Nitrogen's mission statement and strategy throughout the company.

Sustainable employability

To enable and stimulate sustainable employability, OCI Nitrogen organizes workshops and training related to mental and physical fitness for the job, taking into account current and future roles. OCI Nitrogen also facilitates regular vitality (medical and lifestyle) check-ups and encourages sport initiatives of employees.

HEALTH & SAFETY

We are committed to providing a safe and healthy workplace for all employees and stakeholders by implementing the highest international safety standards to avoid any potential risks to people, communities, assets or the environment. We continuously train all employees to implement the best sustainable practices. We believe that the health and safety of our employees are essential to the successful conduct and future growth of our business and are in the best interests of our stakeholders.



HEALTH & SAFETY FIRST

WE ACHIEVED EXCELLENT SAFETY RESULTS ACROSS OUR SITES DURING THE YEAR

Safety is a core focus in every aspect of our operations. Our goal is to achieve leadership in safety and occupational health standards across our operations by fostering a culture of zero injuries at all our production facilities, and continuously improving health and safety monitoring, prevention and reporting across our plants.

We have integrated this goal into our corporate values, and into the programs and policies of each of our production facilities. Safety is considered an integral part of plant operation, quality control, cost reduction and efficiency, and we are committed to providing resources to enable this.

We are committed to ensuring the occupational health and safety of all individuals at our production sites, as well as each facility's surrounding neighbourhood. To prevent accidents, we manage safety in a systematic and standardized way with clear rules and procedures based on industry standards and global best practices that are codified in the OCI Health, Safety & Environmental (HSE) Policy. Each facility further implements tailored initiatives to enhance their HSE standards depending on their specific needs and technologies.

Each company's overall performance targets include safety metrics, which are set on Lost Time Injury Rates (LTIR) and Total Recordable Incidents Rates (TRIR). In addition, HSE audits at each site periodically assess the implementation of OCI's HSE policy. OCI's Corporate HSE team reviews and monitors all facilities' site-specific programs and performance metrics, which are implemented, maintained and reported by each facility's management team in compliance with the OCI HSE policy. The Corporate HSE team also assists the sites in implementing the OCI HSE policy when required. The OCI Board HSE Committee supervises the group's overall HSE performance.

Occupational health is part of our overall HSE management, and we implement wellness programs at our production facilities to ensure that everyone working with OCI N.V. remains healthy. A Fitness for Duty Process is set up to ensure that each employee can safely perform essential physical and mental requirements of the job without creating risk to themselves, others or the environment. A Health Risk Assessment Process is in place to estimate the nature and probability of adverse health effects to people by identifying the adverse health effects that can be caused by any exposure to any hazardous agent or the work environment.

2017 safety performance

We achieved excellent safety results across our sites during the year, both compared to our internal targets and compared to the International Fertilizer Association's most recent industry averages. Four out of seven operating plants achieved zero recordable injury rates during the year, and five achieved zero lost time injury rates.

We are proud of every employee's diligence and attention to safety, which has brought our total recordable injury rate down by 64% over the last four years, despite several turnaround programs across our sites, the debottlenecking project at OCI Beaumont in 2015, the ramp-up of production in North Africa, and the start-up at IFCo. Safety remains our most important priority, and we continue to target zero incidences every year.

We held our fourth internal global OCI Process Safety conference, where various safety and risk assessment topics were discussed by our process safety experts from across our sites. The main topics in 2017 were line breaking / opening or disconnecting process equipment piping incidents, learning from incidents, and management of safeguards.

To encourage information sharing across sites, we also have regular conference calls to share experiences with a focus on process safety topics. We have also implemented a safety alert system across our sites, where incidents are discussed immediately after occurring to ensure effective communication of lessons learned.

In 2017, we implemented programs to further develop process safety awareness at all sites. We have a dedicated process safety training tailored to the types of processes at our sites, which includes case studies on industry incidents and lessons learned. During the year, Sorfert, BioMCN, and OCI Beaumont participated in this training program.

SAFETY
Cases per 200,000 hours worked

	2016	2017	4 year trend
Lost Time Injury Rate			
Total	**0.13**	**0.12**	**-25%**
Employees	0.18	0.17	-11%
Contractors	0.00	0.00	-100%
Total Recordable Injury Rate			
Total	**0.36**	**0.29**	**-65%**
Employees	0.29	0.35	-68%
Contractors	0.55	0.08	-75%

Certifications

Our assets hold global certifications recognizing the quality of our products and management processes, including ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems, and OHSAS 18001 Occupational Health and Safety Management Systems. Our North African assets are also REACH certified, and BioMCN also holds an International Sustainability and Carbon Certification (ISCC) and NTA8080 (Biomass Sustainability Certification).

PLANT CERTIFICATIONS

Plant	ISO 9001	ISO 14001	OHSAS 18001	REACH	Others
OCI Nitrogen	✔			✔	Fertilizers Europe Product Stewardship
BioMCN	✔	✔		✔	ISCC and NTA8080
OCI Beaumont	✔	✔			
IFCo					
EFC	✔	✔	✔	✔	
EBIC	✔	✔	✔	✔	
Sorfert	✔	✔		✔	

OCI BEAUMONT IS A VPP STAR SITE

OCI Beaumont's safety record is considered best in class when compared to national averages within its industry classification. As a direct result of OCI Beaumont's commitment to safety, OCI Beaumont were approved by OSHA in March 2016 as a VPP Star Site. OCI Beaumont is part of an elite group of organizations that provide exemplary occupational safety and health protection and serve as models for others. In 2017, OCI Beaumont achieved zero LTIR and TRIR.

OUR ENVIRONMENT

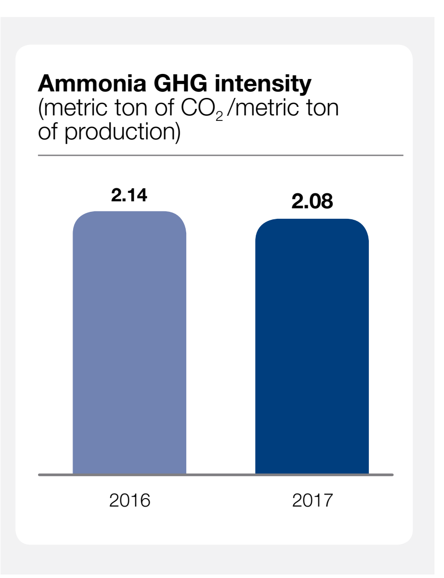
Our industrial chemicals are used in many industries to produce sustainable and environmentally sound manufacturing and energy solutions. We are committed to being an environmental steward by implementing the best technology available to minimize our environmental footprint and promote sustainable business best practices.

OUR ENVIRONMENT
Environmental excellence

With a run-rate production capacity of 14.3 million metric tons per year, we are cognizant of our responsibility to be an environmental steward by reducing our environmental footprint, and by producing environmentally sound fertilizers and industrial chemicals.

We support the Precautionary Principle by working to reduce our environmental impact. We therefore aim to minimize our energy consumption and environmental footprint while producing high quality fertilizers that allow farmers to sustainably optimize yields.

At a group-wide level, we have developed a comprehensive environmental reporting system that tracks a range of emissions and energy consumption. Our plants' efficiencies and our environmental footprint have improved year-on-year because of our continuous improvement drive. All our facilities report GHG emissions according to all 3 scopes of the GHG protocol of the World Resources Institute. Through our investments in efficiency projects our group-wide energy intensity has improved by 7% over 2015, which goes hand in hand with minimizing GHG emissions.



OCI Ammonia plants	Unit	2016	2017
Energy Consumption	TJ	122,796	130,027
Energy Intensity	GJ / metric ton gross production	37.8	36.7
OCI total			
GHG Emissions (Direct)	Million tons of CO_2 equivalent	5.6	6.6
GHG Emissions (Indirect)	Million tons of CO_2 equivalent	2.5	2.9
Total GHG Emissions	Million tons of CO_2 equivalent	8.1	9.5
GHG Intensity	Metric tons of CO_2 / total metric tons produced	0.919	0.919

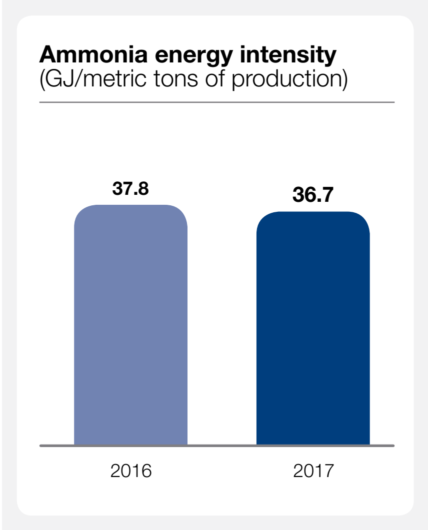
Direct emissions = Scope 1 as per Greenhouse gas protocol of the World Resources Institute.

Indirect emissions = Scope 2 (steam and electricity import/export) + Scope 3 (downstream emissions regarding CO_2 recovery, e.g. CO_2 used for urea production + upstream emissions of purchased H_2).

Total metric tons produced is not corrected for transfers.

Energy efficiency

The primary feedstock at all our production facilities is natural gas, which represents approximately 95% of our total energy use, and is predominantly used to produce ammonia. In addition to its primarily use as a feedstock, we use natural gas as a fuel in our production processes. Due to our consistent efforts to invest in best-in-class technologies at all our facilities, we have improved our overall energy efficiency, resulting in a 3% reduction in the group's year-on-year ammonia energy intensity.



Minimizing emissions

Our production facilities emit greenhouse gases (GHG) directly from the conversion of natural gas into our products, and indirectly through the generation of purchased electricity and steam.

We diligently work to minimize our GHG emissions by investing in CO_2 reduction technologies, recycling CO_2 within our downstream processes, and selling CO_2 to third parties. Our efforts are particularly evident in the improvements achieved in our ammonia and nitric acid lines. The ammonia production process is the most energy intensive in our production chain, representing 81% of our group-wide GHG emissions. Our efforts to minimize our emissions have improved our ammonia GHG intensity by 2.8% year-on-year. The overall energy intensity of our ammonia plants is in line with the global average.

We have also worked diligently to reduce nitrogen oxide (NOx) emissions, which are significantly more harmful than CO_2. As a result of our investments at OCI Nitrogen, IFCo, and OCI Beaumont, our nitrous oxide (N_2O) emissions are 10% of the global average for nitric acids plants, and our overall NOx emissions are 49% of the global average for nitric acid plants.

Each of our production facilities has invested in reducing its environmental footprint wherever possible, and several innovations have been achieved because of our commitment to the environment. These efforts include:

BACT plants in the USA:

- All of our facilities in the United States implement Best Available Control Technology (BACT), a pollution control standard mandated by the United States Clean Air Act, to minimize our environmental impact.
- OCI Beaumont installed a Selective Catalytic Reduction (SCR) Unit in 2016 to significantly reduce NOx emissions. With this system, OCI Beaumont achieves a 45% annual reduction in NOx emissions per metric ton of production.
- Both IFCo and Natgasoline are equipped with the best available emissions technology in line with BACT. IFCo is the first plant in the world to install a methanol removal unit to reduce the methanol emissions via the CO_2 off-gas stream of its ammonia plant. The ammonia plant also has a SCR de-NOx unit, and a high efficiency dust scrubber is installed in the urea plant. IFCo's state-of-the-art technology has resulted in bringing the plant's N_2O emissions to nearly zero, with residual emissions at only 2% of the world's best-in-class average, and overall NOx emissions being 19% of the global average.

Working towards the Netherlands' emissions targets

Our Dutch facilities are a driving force in reducing the Dutch chemical industry's impact on climate change, in line with the Netherlands' announced targets to reduce GHG emissions by 49% by 2030.

- OCI Nitrogen's plants all operate at excellent energy efficiency rates.
- OCI Nitrogen developed the award winning "COOL!" indirect cooling technology in 2012, which is applied into its CAN production process. This has allowed OCI Nitrogen to reduce its annual fine particle emissions from 174 metric tons to zero resulting in best-in-class performance. The innovative cooling system was awarded the Dutch Chemical Industry Association's (VNCI) Responsible Care prize in 2013, and placed in the top three for the European Business Awards for the Environment's (EBAE) 'sustainable process' prize in 2014.
- OCI Nitrogen invested in a catalyst replacement at its nitric acid plant in 2016 to reduce nitrous oxide emissions. This investment has resulted in a 75% decrease in emissions in 2016, bringing the combined nitric acid plants' emissions levels to below half the industry average.
- OCI Nitrogen is also part of a program working to reduce light pollution and lighting energy consumption at the Chemelot site. Through the implementation of an intelligent LED lighting system, the program is reducing light pollution, decreasing lighting energy consumption by 80%, and will use up 17,000 recyclable LED bulbs that last 25 years.
- BioMCN is installing a heat exchanger to recover the energy generated by the reformer's flue gases, which will be recycled to heat combustion air. This is expected to save 60% of the lost energy in flue gases of the methanol plant, thereby lowering its CO_2 emissions.

Stewardship in Egypt

- Reclaiming Water: EFC is the only plant in Egypt that has implemented a novel solution to the large quantity of water produced as a by-product of the urea manufacturing process. In 2010, the plant invested $ 1.2 million for the construction of two irrigation ponds capable of holding up to 10,000 cubic meters of water. The water is used to irrigate 50 acres of forestry near the plant in an environmentally friendly manner.
- Downstream use of carbon dioxide and other by-products: EBIC supplies EFC with the excess CO_2 produced in the manufacture of ammonia through a shared pipeline, which allows EFC to produce additional urea. In addition, both plants have been tuned to share some utilities, primarily electricity and waste water. This not only generates savings in capital expenditure, but also allows each plant to depend on the other for backup in case of a malfunction, making our operations at both plants even more reliable.

OUR ENVIRONMENT

Greener fuels

As part of our continued efforts to minimize our environmental impact and create a sustainable product portfolio, we have invested in developing green product at our production facilities in Europe and the United States.

We produce bio-methanol and Diesel Exhaust Fluid (DEF), which can be used in various ways to significantly reduce greenhouse gas emissions and help meet the standards set by the United States Clean Air Act and the European Union's Renewable Energy and Emissions Directives.

DEF, which is also known as AdBlue, is a urea solution that can be injected into Selective Catalytic Reduction (SCR) systems to lower harmful vehicle exhaust emissions from diesel engines. DEF breaks down nitrogen oxides (NOx) emissions into nitrogen gas and water vapour, thereby eliminating environmentally harmful emissions from cars, trucks, buses, and other heavy-duty vehicles. IFCo can produce more than 300 thousand metric tons of DEF a year, which can be used to reduce approximately 100 thousand tons of NOx emissions per year. IFCo expects to double its DEF production in 2018.

Bio-methanol is a second-generation biofuel. It is a highly versatile product that can be used both as a fuel and as a feedstock to produce other biofuels. Bio-methanol can either be blended with gasoline, or it can be used as a feedstock for other environmentally friendly fuels. As a direct fuel, bio-methanol does not require any technological changes to modern vehicles and can be stored, transported and sold in much the same way as petrol and diesel.

Bio-methanol can also be used as a chemical building block for a range of products, including bio-MTBE, bio-DME, bio-hydrogen and synthetic biofuels. It is also used for a variety of non-fuel applications including plastics and paints.

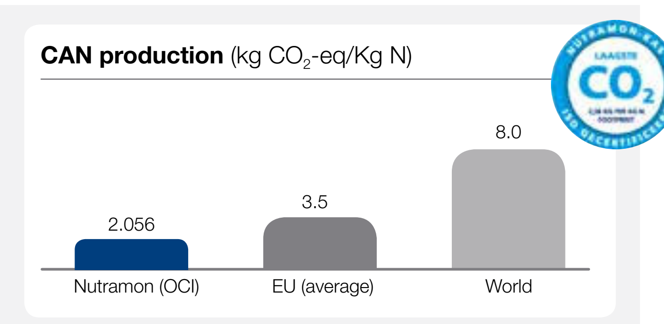
We produce bio-methanol by converting bio-gas at BioMCN in the Netherlands, and plan to produce it in 2018 at OCI Beaumont in the United States. By using bio-gas, which can be sourced from a range of waste digestion plants and other renewable sources, the process produces significantly lower GHG emissions.

How AdBlue/DEF is used

Engine
AdBlue
Exhaust's exit
NO_2 HC CO
$2NH_3 + CO_2$
Catalyst
Exhaust
N_2 CO_2 H_2O

Greener conventional products

We constantly look for ways to improve the environmental friendliness of our fertilizers and chemicals.



Calcium Ammonium Nitrate

The CAN produced at OCI Nitrogen is amongst the greenest CAN in the world with minimal NOx emissions, and with a CO_2 footprint that is 75% lower than the industry average. OCI Nitrogen's CAN is also the first to have its CO_2 footprint certified in accordance with the international Carbon Footprint Standard PAS 2050-I. As the largest CAN producer in the Netherlands, OCI Nitrogen's investments in reducing the CO_2 footprint of its CAN production has been a positive stride towards achieving the country's GHG reduction targets. In recognition of its achievement of producing CAN with the lowest CO_2 emissions in Europe, OCI Nitrogen was awarded the VNCI Responsible Care Award in 2008.

Ammonia

OCI Nitrogen is also participating in programs aimed at the long term strong reduction or elimination of the CO_2 emissions of its ammonia production:

- Green ammonia production using biogas: OCI Nitrogen has teamed up with Re-N Technology to study the development of a large-scale biogas plant on the Chemelot industrial site. The project aims to make a significant contribution to solving the problem of surplus manure in the Netherlands. At the same time, it will make OCI Nitrogen's production process more sustainable and will positively contribute to achieving the Netherlands' GHG reduction targets.
- Power to Ammonia: Last year, OCI Nitrogen formed a consortium with the Institute for Sustainable Process Technology (ISPT), Nuon, Stedin, CE Delft, Proton Ventures, TU Delft, TU Twente, AkzoNobel, and ECN to investigate converting renewable energy, such as solar or wind energy, into ammonia. The Power to Ammonia feasibility study was completed in February 2017 and concluded that CO_2 neutral ammonia produced in an electrochemical way from sustainable electricity will be a feasible alternative for ammonia produced from natural gas in the longer term, but is not currently economically feasible. The consortium has outlined an innovation and R&D plan to work towards a profitable electrification process by 2030.
- Waste streams gasification: BioMCN and OCI Nitrogen are jointly studying the feasibility to use waste stream gasification technology to make syngas that than can be converted to ammonia or methanol.

Methanol

In addition to its use as a chemical building block for countless chemicals, methanol is increasingly used in several clean energy applications, both as a direct fuel alternative, and as feedstock for other environmentally friendly fuels. Through the Methanol Institute, we support and promote the development of sustainable alternative energy applications of methanol.

METHANOL AS AN ALTERNATIVE FUEL

Vehicle fuel	Various government policies in China, Europe, New Zealand, the United States and others are encouraging the use of methanol in clean burning vehicle fuel blends.
Marine fuel	New regulations by the International Maritime Organization have driven the marine industry to develop alternatives for conventional marine fuels. Methanol is being used as a marine fuel due to its high energy efficiency and cost advantages relative to other fuels.
Dimethyl Ether (DME)	Produced from methanol, DME is used as a replacement for propane in liquid petroleum gas, and increasingly as a replacement for diesel fuel.
Biodiesel	Biodiesel is a renewable fuel produced by from methanol and vegetable oils or animal fats, and is a clean alternative to petroleum based fuels.
Fuel cels	Methanol is being used to develop different types of fuel cells with a range of applications, from personal electronics to vehicles and industrial equipment.
Electricity	Methanol can be used to power turbine engines, which bolster power generation at times of peak electricity demand.

For more information, please visit www.methanol.org

Corporate Governance

Performance Review
Operational Strengths
Sustainability Review
› Corporate Governance
Financial Statements
Other Information

Board of Directors profile

OCI N.V. (the Company) has a one-tier Board of Directors (the Board), which is responsible for the management, general affairs, strategy, and long-term success of the business as a whole. The Board comprises a majority of Non-Executive Directors and a minority of Executive Directors whose responsibility is collective, taking into account their respective roles as Executive Directors and Non-Executive Directors.

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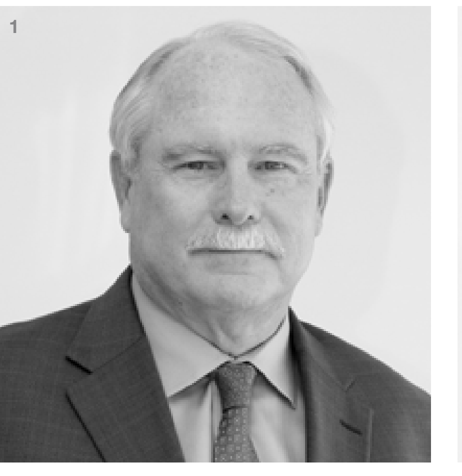
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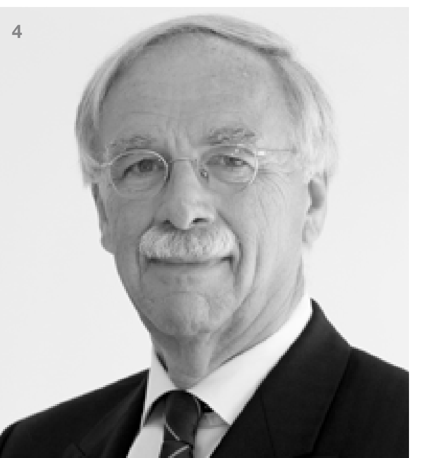
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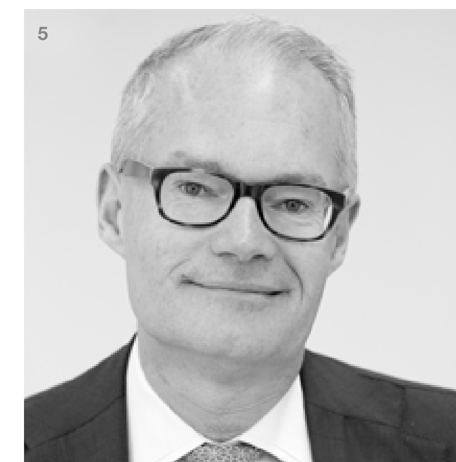
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1 **Michael Bennett** B, C
Independent Non-Executive Director and Chairman

Nationality American **Age** 64
Appointed January 2013
Reappointed Chairman June 2015
Current term of office expires 2019
Ordinary shares owned 8,500

Current external appointments
- Director, Alliant Energy Corporation*
- Director, SandRidge Energy
- Director, Morningside College

Previous relevant experience
- CEO and Director, Terra Industries Inc.
- Chairman and President, Terra Nitrogen Company L.P.
- Chairman, The Fertilizer Institute and The Methanol Institute in the United States

* Stepped down on 9 March 2018

2 **Nassef Sawiris**
Chief Executive Officer

Nationality Egyptian **Age** 57
Appointed CEO January 2013
Reappointed CEO January 2017
Current term of office expires 2018
Ordinary shares owned 62,568,647

Current external appointments
- Non-Executive Director:
  - LafargeHolcim Ltd
  - Adidas AG

Previous relevant experience
- Chairman and CEO, Orascom Construction Industries S.A.E.
- Non-Executive Director, BESIX Group
- Non-Executive Director, Orascom Construction Ltd

3 **Hassan Badrawi**
Chief Financial Officer

Nationality Egyptian **Age** 41
Appointed (acting) CFO October 2017
Appointed CFO AGM 2018
Ordinary shares owned 85,902
Current external appointments None

Previous relevant experience
- Executive Vice President of OCI N.V. since 2016
- Various leadership positions within OCI, encompassing M&A, strategy, business development and investor relations
- Prior to joining OCI in 2001, spent 3 years at a leading regional investment bank in Middle East; responsible for co-building equity research department covering several sectors including OCI

Committees: (A) Audit (B) Health, Safety and Environment (C) Nomination and Remuneration

4 **Jan Ter Wisch** A,C
Independent Non-Executive Director and Vice-Chairman

Nationality Dutch **Age** 65
Appointed January 2013
Reappointed June 2015
Current term of office expires 2019
Ordinary shares owned 10,000

Current external appointments
- Chairman, Stichting De Westberg*
- Director, Stichting Administratiekantoor Grass
- Chairman of Investment Committee, 5square MKB Fund III Coöperatieve U.A

Previous relevant experience
- Partner and Member European Tax Board, Deloitte
- Partner and Board Member, Loeff Claeys Verbeke
- Partner and Chairman of Global Tax Board, Allen & Overy

* Stepped down on 31 December 2017

5 **Sipko Schat** A,C
Senior Independent Non-Executive Director

Nationality Dutch **Age** 57
Appointed December 2013
Reappointed June 2017
Current term of office expires 2018
Ordinary shares owned 5,000

Current external appointments
- Member of the Supervisory Board
  - Rothschild & Co.
  - Rothschild Bank A.G.
  - Trafigura Group Pte Ltd
  - Vion N.V. (Chairman)
  - VanWonen Holding B.V. (Chairman)

Previous relevant experience
Member of the Executive Board, Rabobank Group

6 **Robert Jan van de Kraats** A,C
Independent Non-Executive Director

Nationality Dutch **Age** 57
Appointed June 2014
Current term of office expires 2018
Ordinary shares owned 3,725

Current external appointments
- CFO and Vice-Chairman of the Executive Board, Randstad Holding N.V.*
- Member of the Supervisory Board of Schiphol Group

Previous relevant experience
- Qualified Chartered Accountant
- Various finance and operational executive and non-executive positions in the technology, financial services and credit insurance sectors

* Stepping down on 27 March 2018

7 **Jérôme Guiraud** A,C
Non-Executive Director

Nationality French **Age** 57
Appointed June 2014
Current term of office expires 2018
Ordinary shares owned 120,190

Current external appointments
- CEO and Director, NNS Advisers Ltd
- Executive Chairman, NNS Luxembourg Sarl
- Non-Executive Director and Chairman, Orascom Construction Ltd
- Non-Executive Director BESIX Group
- Director NNS Holding Sàrl and OS Sarl Luxembourg

Previous relevant experience
- Member of the Board and Audit Committee, Lafarge SA
- 30 years of professional experience in banking and financial markets
- 15 years as a director in listed and non-listed companies

8 **Greg Heckman** B
Non-Executive Director

Nationality American **Age** 55
Appointed June 2015
Current term of office expires 2019
Ordinary shares owned 40,000

Current external appointments
- Independent Advisory Board Member, JBS USA
- Member of University of Illinois Division of Intercollegiate Athletics Campaign Steering Committee

Previous relevant experience
- President and CEO of The Gavilon Group
- Various positions at ConAgra Foods
- Director, Waitt Brands
- Managing Director Management Consulting Resources

9 **Anja Montijn-Groenewoud** B
Independent Non-Executive Director

Nationality Dutch **Age** 55
Appointed June 2016
Reappointed June 2017
Current term of office expires 2018
Ordinary shares owned None

Current external appointments
- Member Supervisory Board, Fugro N.V.
- Member of the Board, VEUO (a representative organization of listed companies which looks after the interest of companies listed at Euronext Amsterdam)

Previous relevant experience
- Various leadership positions at Accenture including:
  - managing director Resources practice in France and Benelux
  - Country Managing Director Accenture the Netherlands
  - Global Managing Director Management Consulting Resources

Chairman's letter

The Board of Directors focused on OCI's medium term strategy during the year and approved several initiatives, including a comprehensive debt capital structure optimization plan and the refurbishment of the second methanol plant at BioMCN.

Dear Shareholders,
With IFCo's successful start-up in April and both of our methanol growth projects coming on-stream in 2018, OCI has made significant strides in completing its ambitious growth program. Today, OCI is ramping up to run-rate production capacity, which will result in a substantial step-up in cash flow generation and rapid deleveraging. In anticipation of this new phase, the Board of Directors focused on OCI's medium term strategy during the year and approved several initiatives, including a comprehensive debt capital structure optimization plan and the refurbishment of the second methanol plant at BioMCN.

We continued to strengthen our corporate governance, reporting, and risk management frameworks, with initiatives including the implementation of the New Dutch Corporate Governance Code, the expansion of our sustainability reporting to enhance our transparency, revisions of our By-laws and policies, and a strategic review of OCI's succession planning and organizational design.

We also experienced the strength of our succession plan during 2017 upon the retirement of our CFO, Salman Butt. Salman was succeeded in October 2017 by Hassan Badrawi, who joined OCI in 2001 and has spearheaded the development and management of business development, mergers and acquisitions, investments, strategic planning, and investor relations at OCI. His wealth of experience, deep knowledge of OCI, and boundless energy will serve us well in this next phase of our evolution. The Board will propose Hassan's appointment as a member of the Board of Directors to the upcoming general meeting of shareholders.

I would like to thank Salman Butt for his 12 years of service to OCI. Salman was instrumental to achieving numerous transformational changes, including a $5 billion capital expenditure program, more than $14 billion of financing transactions, our redomiciliation to the Netherlands in 2013, and the construction group demerger in 2015, all while guiding OCI through periods of difficult financial and industry conditions, including the global financial crisis and the cyclical troughs in nitrogen fertilizer prices.

For the year ended 31 December 2017, the Board reports the following:

- The Board has reviewed and discussed the audited financial statements for the year 2017.
- The Board discussed with the external auditor the outcome of their performed audits in accordance with International Standards on Auditing.
- The Board has received written confirmation of the external auditor's independence.
- Based on the review and discussions referred to above, the Board has approved that the audited consolidated and Parent Company financial statements be included in the 2017 Annual Report.

The Board of Directors recommends that the General Meeting of Shareholders adopts the 2017 financial statements included in this Annual Report.

Lastly, I would like to applaud every employee at OCI for delivering excellent HSE results, maintaining strong operating rates despite several extraneous difficulties, and for continuing to extract value for OCI in every aspect of our operations. The Board is proud of OCI's achievements during 2017, and is confident that OCI's future is even brighter in 2018.

MICHAEL BENNETT
CHAIRMAN

Board report

OCI is committed to the principles of good corporate governance. The Board believes that good corporate governance practices align the interests of all stakeholders by having structures in place that ensure the business is managed with integrity and efficiency, thereby maximizing the profitability and long-term value of the company.

During 2017, the Board focused on group-wide operational excellence with the aim to achieve sustainable shareholder value, and on the implementation of certain new requirements of the new Dutch Corporate Governance Code.

Corporate Structure

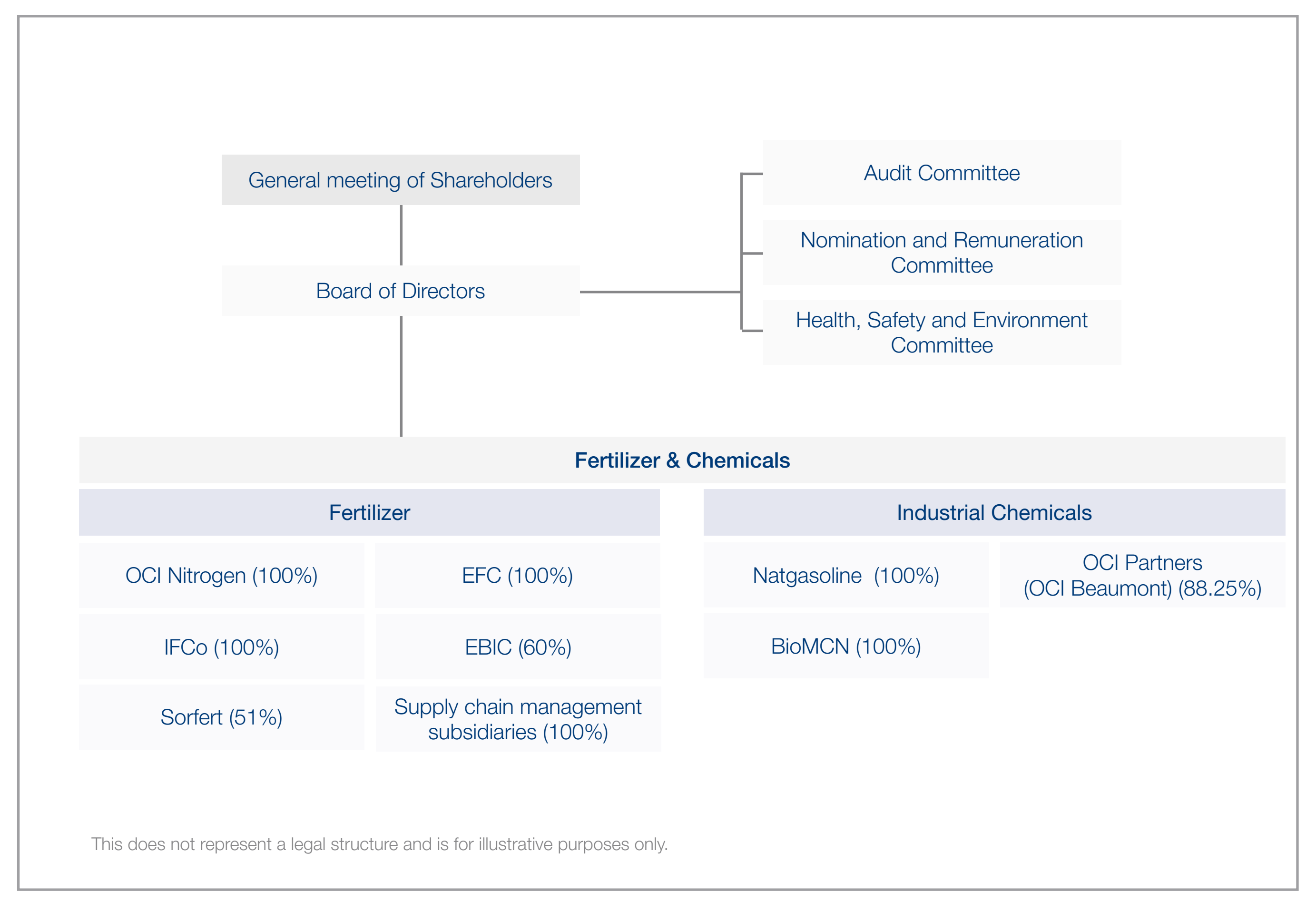
Share Structure

OCI is a public limited liability company under Dutch law, with its official seat in Amsterdam, the Netherlands. The authorized capital of the Company amounts to EUR 12 million. The authorized capital is divided into 600 million shares, with a nominal value of EUR 0.02 each. OCI's issued share capital consists of 210,306,101 ordinary shares.

The shares are registered shares. No share certificates are issued. OCI's shares are listed and quoted in Euros on NYSE Euronext's Amsterdam market. The Company reports its financial statements in US Dollars.

Organizational Structure

The below simplified corporate structure illustrates the current governance of OCI. The day-to-day operational structure is led and supervised by the Executive Directors. Each subsidiary is led by a General Manager and a Finance Director who report to the CEO and CFO respectively.



Performance Review | Operational Strengths | Sustainability Review | Corporate Governance | Financial Statements | Other Information

Board report continued

The Board of Directors

OCI has a one-tier Board, which during 2017 was composed of seven Non-Executive Directors, and two Executive Directors, being the CEO Mr. Nassef Sawiris and the CFO Mr. Salman Butt. As of the resignation of Mr. Salman Butt as CFO during 2017, Mr. Hassan Badrawi was appointed as acting CFO. Mr. Hassan Badrawi will be proposed for formal appointment as CFO during the 2018 AGM.

Apart from certain reserved matters as set out in the Articles of Association and By-laws, the Board has delegated the operational management of the business to the CEO. Matters reserved for the Board include changes in overall strategy, dividend proposals to the General Meeting of Shareholders, as well as the approval of significant transactions.

Non-Executive Directors

The role of the Non-Executive Directors is essentially supervisory in nature. One of the Non-Executive Directors fulfils the role of Chairman of the Board and is primarily responsible for the functioning of the Board and its Committees. Together with the Corporate Secretary the Chairman sets the agenda for Board meetings and takes the lead in providing an induction program for new Directors tailored to their respective needs. One of the Directors is the Senior Independent Director and acts as a trusted intermediary for the individual Directors.

Appointment of Directors

The General Meeting of Shareholders can appoint, suspend or dismiss a Director by an absolute majority of the votes cast upon a proposal of the Board. In addition, the General Meeting of Shareholders is able to nominate Directors. To do so they must put a resolution to the General Meeting of Shareholders in line with the requirements as described in the Articles of Association. As announced in the shareholders meeting in June 2016, Directors are appointed for a one-year term and are eligible for reappointment. In line with the amended Dutch Corporate Governance Code, as per 2017 Directors may not serve for more than eight years with the option to extend four times on an annual basis in case of extraordinary circumstances.

The Non-Executive Directors are selected individually for their broad and relevant experience and international profile as well as for their independence. Diversity in terms of age, background and gender are taken into account. The Board profile for Non-Executive Directors (which can be found on OCI N.V.'s website) provides guiding principles for the composition of the Board.

Shareholders' Rights and Meetings

OCI's shareholders exercise their rights through the Annual General Meeting of Shareholders in the Netherlands which is held no later than six months after the end of the Company's financial year. Additional Extraordinary General Shareholders meetings may be convened at any time by the Board of Directors or by one or more shareholders representing more than 10% of the issued share capital. Further rights of the Shareholders are detailed in the Articles of Association and the By-laws.

Votes representing shares can be cast at the General Meeting of Shareholders either personally or by proxy. No restrictions are imposed on these proxies, which can be granted electronically or in writing to the Company, or to independent third parties.

OCI's shareholders may cast one vote for each share, be it in the form of ordinary shares or American Depository Receipts. All resolutions adopted by the General Meeting of Shareholders are passed by an absolute majority of the votes cast, unless the law or the Articles of Association prescribe a larger majority.

External Auditor

The General Meeting of Shareholders appoints the external auditor. The Audit Committee recommends to the Board the external auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates the functioning of the external auditor. On 8 June 2017, the General Meeting appointed KPMG Accountants N.V. as external auditor for OCI for the financial year 2017.

Decree Article 10 EU Takeover Directive

According to the Dutch Financial Supervision Act, any person or legal entity who, directly or indirectly, acquires or disposes of an interest in the Company's capital or voting rights must immediately give written notice to the Netherlands Authority for the Financial Markets (AFM) if the acquisition or disposal of the percentage of the outstanding capital interest or voting rights exceeds or falls below certain thresholds (3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%).

OCI N.V. is aware, on the basis of the information in the registers of the Netherlands Authority for the Financial Markets (AFM), that the following shareholders possessed an interest of more than 3% on 31 December 2017:

Shareholder	Total Shareholding (Real)	Voting Rights	Date of report
Nassef Sawiris	62,568,647	62,568,647	17 November 2017
Onsi Sawiris	36,045,159	36,045,159	31 July 2013
Southeastern Asset Management, Inc.	21,429,386	21,429,386	15 June 2016
Samih Sawiris	15,527,516	15,527,516	19 February 2013
W. H. Gates III	12,725,704	12,725,704	31 July 2013
IGCF General Partner Limited	12,532,310	12,532,310	30 January 2013
Davis Selected Advisors	8,754,054	8,754,054	31 July 2013
Total	**169,582,776**	**169,582,776**	

The above information is extracted from the AFM notifications and registers website as at 31 December 2017 https://www.afm.nl/en/professionals/registers/meldingenregisters/substantiele-deelnemingen

As at 31 December 2017, 45.73% of the total shares outstanding were free-float. For details on the number of outstanding shares, see note 15 of the Consolidated Financial Statements. For details on capital structure, listings, share performance and dividend policy see 'Shareholder Information'.

The Company confirms that it has no anti-takeover instruments, in the sense of measures that are primarily intended to block future hostile public offers for its shares. Although the members of the Sawiris family have not entered into any formal shareholders agreement, they have historically coordinated their voting on the OCI shares and should therefore be regarded as parties acting in concert ("personen die in onderling overleg handelen") as defined in section 1:1 of the Dutch Financial Supervision Act. Their collective voting rights of 54.27% as at 31 December 2017 act as an implicit anti-takeover element.

Composition and independence Board

The composition of the Board strives to arm the Company with leadership that is diverse in skills, experience, and background, thereby maximizing the Board's ability to independently and critically act without emphasis on particular interests. The Board maintains independence by ensuring the majority of Non- Executive Directors including the Chairman are independent. Mr. Guiraud is considered not independent within the meaning of the Dutch Corporate Governance Code. The Board's composition, independence, competencies, and qualifications are detailed in the Board Profile and the diversity policy (available on the corporate website: http://www.oci.nl/corporate-governance/board-profile/). The Board Profile is assessed on an annual basis.

Assessment and evaluation of the Board

In 2017, OCI retained the services of Lintstock to facilitate an evaluation of the performance of the Board of Directors. Lintstock is an advisory firm that specialises in Board reviews. The first stage of the review involved Lintstock engaging with the Company Secretary to set the context for the evaluation and to tailor the survey content to the specific circumstances of OCI. The surveys were designed to follow up on, and further explore, the key themes that emerged from last year's Board evaluation.

All Board members were then invited to complete an online survey addressing the performance of the Board, its Committees and the Chairman, as well as their own individual contribution to the Board. The anonymity of the respondents was ensured throughout the process in order to promote an open and frank exchange of views.

Lintstock subsequently produced a report addressing the following areas of Board performance:

- The appropriateness of the Board's composition was assessed and Board members were asked to identify any changes that ought to be made to the profile of the Board over the next 3 - 5 years. The adequacy of the succession plans in place for the Chairman and other Non-Executive Directors was also considered.
- The Board's understanding of the views of key stakeholders, and of the markets in which the company operates, was assessed, as was the extent to which the experience of Non-Executive Directors is drawn upon for the benefit of the company. The Board's oversight of the culture and behaviours throughout the organisation was also reviewed.
- The relationships between Board members and management, and the atmosphere in and management of Board meetings, were assessed, as was the quality of the Board packs.
- The effectiveness of the Board in reviewing the company's current performance, and influencing future performance, was considered, and Board members were asked to identify areas upon which they feel the Board should spend more or less time focusing.
- The Board's oversight of the company's strategy and operational performance was considered, as was the Board's understanding of the capacity of the organization to deliver the strategy. The Board members' views as to the top strategic issues facing the company were also identified.
- The Board's focus on risk was assessed, as was the appropriateness of the company's structure at senior levels and the adequacy of succession plans for members of top management. Board members were asked to consider the top Human Resources priorities facing the company over the coming years.

As a result of the review, the Board agreed on among other things that it should continue to devote attention to succession planning for senior management, risk management and operational excellence.

Board rotation schedule

Directors shall retire periodically in accordance with a Rotation Plan agreed on by the Board, outlined in the table below, in order to avoid, as far as possible, a situation in which many Directors retire at the same time. Directors are appointed for a one-year term and are eligible for reappointment. In line with the revised Dutch Governance Code a Non-Executive Director may not serve for more than eight years with the option to extend four times on an annual basis. There is no maximum term for Executive Directors.

Name	Date of first appointment	Reappointment	Final retirement Max. 2x4 yrs
Nassef Sawiris	16 January 2013	2018	None
Salman Butt	25 January 2013	Resigned	None
Michael Bennett	25 January 2013	2019	2021
Jan Ter Wisch	25 January 2013	2019	2021
Sipko Schat	9 December 2013	2018	2021
Jérôme Guiraud	26 June 2014	2018	2022
Robert Jan van de Kraats	26 June 2014	2018	2022
Greg Heckman	10 June 2015	2019	2023
Anja Montijn	28 June 2016	2018	2024

Board report continued

Board Involvement

Members of the Board regularly visit one or more of OCI N.V.'s businesses, operations and other parts of the Company to gain greater familiarity with senior management and to develop deeper knowledge of local operations, opportunities and challenges and the business in general. In 2017 the Board visited the Iowa Fertilizer Company and was trained on Energy markets, and the New Corporate Governance Code.

Board Meetings

The Board held five meetings in 2017. During the year, the Board focused on matters contributing to medium and long-term value creation, including:

- Refurbishment second line BioMCN;
- Operational performance and cost control;
- Succession planning;
- Organizational design;
- Debt capital structure optimization;
- Merger and composition Committees;
- Crisis management;
- New Dutch Corporate Governance Code; and
- Revision By-laws and policies.

The Board continued to be involved in shaping the strategy through regular discussions, and focus on supervising the following medium to long term strategic targets:

- Target to achieve investment grade;
- Continue assessing the consolidation in the market; and
- Focus on operational efficiency and cost-saving.

Board Committees

In 2017, the Board merged the Nomination and Governance Committee with the Remuneration Committee into a Nomination and Remuneration Committee for efficiency reasons. Governance is no longer a committee matter and will be addressed by the Board as a whole. Due to the merger of the Committees and the coming into force of the new Dutch Corporate Governance Code all Terms of Reference have been revised.

The following table shows the attendance of Directors at Board and Committee meetings in 2017:

Board and Committee Attendance*	Date of appointment during the year	Board Meeting	Audit Committee	HSE Committee	Nomination and Remuneration Committee**
Nassef Sawiris	16 Jan 2013	5/5			
Salman Butt	25 Jan 2013	4/4			
Hassan Badrawi	1 Oct 2017	1/1			
Michael Bennett	25 Jan 2013	5/5		4/4	7/7
Jan Ter Wisch	25 Jan 2013	5/5	5/5	2/2	4/4
Sipko Schat	9 Dec 2013	4/5	3/5		6/6
Jérôme Guiraud	26 June 2014	5/5	5/5		4/4
RJ van de Kraats	26 June 2014	5/5	5/5		5/6
Greg Heckman	10 June 2015	4/5		4/4	1/1
Anja Montijn	28 June 2016	5/5		4/4	1/1

* The number of meetings held are pro-rated to the term of the individuals Board and Committee membership during the year.

** Due to the merger of the Nomination & Governance Committee and the Remuneration Committee, the number of meetings per member of the N&R Committee may differ.

The Audit Committee Report

The Audit Committee consists of four Non-Executive members who are mandated with monitoring and supervising activities related to the Company's financial, internal audit, compliance and tax performance. Robert Jan van de Kraats has competence in accounting or auditing ex section 2(3) of the Audit Committee Decree 2016.

Five Audit Committee meetings were held in 2017. On 15 March 2018, the 2017 full year financial results and statements were discussed. In accordance with its Charter, the Audit Committee reviewed the annual report including the 2017 financial statements and non-financial information prior to its publication.

Apart from the financial accounts, the Audit Committee reviewed and advised on:

- Risk Management and Internal Controls;
- IT and IT security;
- In-control statement and underlying in-control situation;
- Related Party Transactions;
- Tax review and policy;
- Going concern analysis in the context of the Company's expertise in financing;
- Litigation; and
- An assessment of the functioning of the external auditor, its appointment, including scope, risk analysis and materiality.

One Audit Committee meeting was dedicated to mapping and discussing the strategic risks and internal controls.

The Company's external auditor is KPMG Accountants N.V. The external auditor attended all Audit Committee meetings in 2017.

The Chairman met with the internal and external auditor in advance of every Audit Committee meeting in order to secure all relevant issues to be sufficiently addressed. The Audit Committee met with the external auditor twice during the year in absence of management.

The Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee consists of five Non-Executive members. Seven meetings were held in 2017. The Nomination and Remuneration Committee:

- Identified a new CFO;
- Assessed and discussed succession planning;
- Agreed the settlement package for the resigning CFO;
- Discussed vesting of the stock awards 2014;
- Performed and discussed a scenario analysis on the value of the outstanding share plans; and
- Set management's targets for 2018;

More information on the remuneration policy and the 2017 remuneration of the Board can be found in the Remuneration Report on page 62.

The Health, Safety and Environment Committee Report

The Health, Safety and Environment (HSE) Committee consists of three Independent Non-Executive members. Four meetings were held in 2017 including a site visit to Europoort Terminal and IFCo.

The HSE Committee:

- Discussed HSE Strategy;
- Set HSE targets for 2018;
- Assessed the 2017 HSE targets; and
- Discussed a reporting system on incidents to the HSE Committee.

More information on HSE can be found in the 2017 Sustainability Report available at www.oci.nl

New Dutch Corporate Governance Code

The New Dutch Corporate Governance Code is applied as of the 2017 financial year. The Board recommends complying with the New Code and discussing it at the 2018 AGM. OCI's current corporate governance is in compliance with the changes in the New Code except as set out below.

Compliance with the Dutch Corporate Governance Code

In accordance with the Dutch Corporate Governance Code's 'comply or explain' principle, OCI has outlined below departures from the Dutch Code to ensure full transparency.

- Provision 4.2.3: The General Meetings of Shareholders were not webcasted in 2017 for cost efficiency reasons.
- OCI does not meet the target figure on gender balance, even though when performing searches for senior management positions, recruiters are instructed to focus on female candidates. The CFO vacancy was fulfilled with an internal candidate. OCI currently has no vacancies in Non-Executive or Executive Board positions. However, in case of a vacancy we will use all efforts to find a suitable female candidate. We will also focus on adding more female managers at mid-level to increase chances of our internal pipeline delivering female senior managers.

Potential Conflicts of interest

Potential or actual conflicts of interest are governed by the Company's Articles of Association and By-Laws. A Director shall immediately report any conflict of interest or potential conflict of interest that is of material significance and may not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a potential conflict of interest with the Company. Personal loans are prohibited in our Code of Conduct. OCI complies with provisions 2.7.3 2.7.4, 2.7.5 and 2.7.6 of the Dutch Corporate Governance Code.

In December 2017, NNS Luxembourg S.à.r.l. provided OCI with a shareholder loan and a letter of credit, which are detailed in note 18 in the financial statements. The Board discussed and approved these facilities, including the main terms thereof. The CEO and Mr. Guiraud in his capacity as CEO of NNS Capital Ltd. excused themselves from participation and decision making.

Related party transactions:

The overview of the related party transactions is disclosed in the Financial Statements in note 30.

Risk management

Risk management approach

Our businesses inherently involve risks. Our management is cognizant of these risks and takes a measured mitigation approach to maximize our ability to successfully pursue sustained growth. Our Board and management foster a transparent company-wide approach to risk management and internal controls, driven by our conviction that risk management is most effective when it is aligned with our strategy, is integrated at all management levels, and is as dynamic as the industry and environments where we operate which allows us to quickly act on value creation opportunities.

Our risk management framework aligns with the Enterprise Risk Management Integrated Framework of COSO and the Dutch Corporate Governance Code and is designed to provide reasonable assurance that the risks we face are properly evaluated and mitigated, and that management is provided with all information necessary to make informed decisions.

Risk management is a company-wide activity with roles and responsibilities allocated across all levels of the group to secure our in-control position. We follow a bottom up approach to ensure that all relevant business risks are identified, managed and reported in a timely and comprehensive manner.

Board of Directors
Sets risk appetite and responsible for overseeing the Group's Internal Control, with focus on relevant risks at each Board committee

Oversight, Tone, Strategy

Executive Directors
Overall responsibility for implementing risk management, focusing on risks in relation to strategy and value creation

Operating Companies (OpCo's) Management and Internal Controls

- First line of defense responsibility for the establishment of an effective control environment based on corporate directives and policies.
- Weekly business updates to Corporate office functions.
- Detailed monthly review of performance, financials, operating issues, and key risks.
- OpCo's manage their key risks based on semi-annual risk self-assessments and quarterly updates of their business risk profiles and report to relevant Corporate functions and executive directors.
- Each OpCo has a local Internal Control Officer who is responsible for supporting local management on the effective implementation of internal controls.
- A detailed budget for each subsidiary is prepared and presented to management in the fourth quarter of each preceding year, and includes a one year forecast. Budgets are updated monthly to account for actuals, and the forecasts are updated three times a year, allowing management to make real-time assessments.
- Each year, local management sign the Non Financial Letter of Representation to certify the in-control position in relation to the Code of Conduct, Corporate policies and other non-financial requirements.
- Operational, health, safety, environmental, quality systems are in place at each subsidiary. All our subsidiaries have been awarded relevant certifications, including ISO and REACH, among others. Insurance policies are in place to provide full coverage for our various operating entities.

Corporate Management and Internal Controls

- Consolidated OCI N.V. budget and forecast is used by management to evaluate investment strategy, performance indicators, and operations.
- Each quarter, Corporate management monitors and assesses the consolidated group risk profile comprising of strategic, operational, financial and compliance risks with the involvement of key executives and corporate function heads.
- Internal Audit & Risk facilitates and supervises the risk management process, compliance with OCI's policies and controls, and proactively advises on further optimization of the internal control system.
- In collaboration with the Director Internal Audit & Risk, the CFO and Group Controller provide guidance on internal and financial controls that must exist for each process at the subsidiary and holding company levels and monitor the implementation of these controls.
- Additional control leadership from Corporate Technical and HSE, Compliance, Internal Control, Legal, Tax, Strategic Planning, and Group Controller.

Corporate Oversight

- Board of Directors is given a full financial and operational update by the Executive Directors at each Board meeting.
- Quarterly reporting by the Internal Audit & Risk department to the Audit Committee of the results from internal audits, OpCo risk assessments and Group consolidated risk dashboard. The reports highlight the assessed level of effectiveness of actions taken to mitigate the risks, the risk trends and the status for each of the individual risks.
- Internal Audit & Risk performs periodic independent internal audits to review any specific issues at the subsidiary and holding company levels. Management is consulted on performance developments and gaps and remediation plans.
- Internal Audit & Risk maintains a central repository for the monitoring of mitigating actions and trends in relation to each risk, and aides the Board in maintaining objectivity in its risk assessments.
- The progress of audit action plans is monitored by the Internal Audit & Risk department, local internal control officers and by local as well as Corporate senior management.

Operational responsibility, reporting

Our key business risks with management's assessment of each risk's potential development

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

STRATEGIC

Description
Risks that may impede our ability to achieve strategic objectives that we believe are critical to our performance and growth. These are risks that are considered strategic matters for the Board and Executive Directors, and may impact the company as a whole.

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

Below is a summary of our key business risks with management's assessment of each risk's potential development:

Risk	Trend
Economic and political conditions in the markets in which we operate	Risk decreasing
Egypt tax verdict appeal	Risk stable
Risk of adverse sovereign action	Risk stable
Ability to execute large greenfield projects on time	Risk decreasing

OPERATIONAL

Description
Risks that may impede our ability to achieve operational objectives and performance. These are risks that are typically directly managed and monitored by the local management teams of each operating company and supervised by our Executive Directors.

Risk appetite
We aim to minimize operational risks while maximizing our ability to capitalize on our leadership positions in our markets. We strive to maximize operational efficiency and stability at all facilities while fostering a safe and entrepreneurial environment for our employees and the environment in general.

Below is a summary of our key business risks with management's assessment of each risk's potential development:

Risk	Trend
Cost of production	Risk decreasing
Business continuity and competition risk	Risk stable
Commodity pricing and over-supply risk	Risk decreasing
Risks associated with our partnerships	Risk stable
Human capital	Risk stable
Cybersecurity Risk	Risk increasing

FINANCIAL

Description
Risks related to financial, accounting, and reporting controls and processes that may impede our ability to meet financial commitments, obligations, and daily operating needs.

Risk appetite
We implement a financial strategy to maintain an efficient balance sheet whilst securing good access to financing. Our key policies are described throughout the annual report.

Below is a summary of our key business risks with management's assessment of each risk's potential development:

Risk	Trend
Ability to raise debt or meet financing requirements	Risk decreasing
Currency fluctuations	Risk decreasing

REGULATORY

Description
Risks related to changes in laws and regulations, including HSE, tax, and financial reporting, and other legislation that may require changes in the way we do business.

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

Below is a summary of our key business risks with management's assessment of each risk's potential development:

Risk	Trend
Regulatory conditions in the markets in which we operate	Risk decreasing
Ability to maintain our health, safety and environment (HSE) standards	Risk decreasing

Risk Trend

Risk decreasing

Risk stable

Risk increasing

Risk management continued

Risk	Risk management approach
STRATEGIC	
Economic and political conditions in the markets in which we operate Economic and political conditions in the markets in which we operate OCI N.V. does business in both developed and emerging markets, which means that we are exposed to some countries where there is a risk of political or socioeconomic instability. Accordingly, developments in any of the countries in which we operate can create an uncertain environment for investment and business activity and may adversely impact our business.	We mitigate the impact of potential weaknesses in any single market by diversifying our presence, both in terms of sales destinations and the geographic locations of our production facilities, which are located in emerging and developed markets. Once our methanol growth projects come on-stream in 2018, our production capacity will be evenly split by geography, with 43% in the USA, 26% in Europe, and 31% in North Africa. In addition, we sell our products around the world, reaching 57 countries in 2017. We actively monitor economic, political and regulatory developments and maintain positive relationships with various governmental bodies in the countries where we operate as part of our effort to be a 'local' player in each of our markets.
Egypt tax verdict appeal In October 2012, the Egyptian Tax Authority (ETA) raised a tax evasion claim against our Egyptian subsidiary, Orascom Construction Industries S.A.E. (OCI S.A.E.). The tax dispute was related to the sale of OCI S.A.E.'s cement assets to Lafarge SA in 2007. This was filed against OCI S.A.E. despite there being no official investigation. Although OCI S.A.E. and its tax and legal advisors believed that the aforementioned transaction was exempted of tax, management entered into a settlement agreement with the ETA to resolve the tax dispute whereby EGP 7.1 billion would be paid by OCI S.A.E. over a five-year period. The agreement was followed by payment of a first installment of EGP 2.5 billion in 2013. Following the change in government, the company was fully exonerated by the Egyptian Public Prosecutor on 18 February 2014 and subsequently by the ETA's Independent Appeals Committee on 4 November 2014. The ETA appealed this decision without including new facts or documents. The appeal is ongoing.	OCI S.A.E. and its local counsel believe the likelihood of a judgment in favor of the ETA is not probable. On 13 November 2014 OCI S.A.E. announced that it would transfer its rights to EGP 1.9 billion undue paid tax amounts to the Tahya Misr social fund. Despite the ETA Independent Appeals Committee ruling in favour of OCI S.A.E., OCI S.A.E. was still held to pay EGP 900 million. OCI S.A.E. has lodged a reimbursement claim for this amount. As this dispute is a legacy case prior to the demerger of the construction group that formed Orascom Construction Limited (OCL) in 2015, any liabilities and any recoveries are shared under the Tax Claim Agreement on a 50:50 basis between OCI N.V. and OCL. As of December 31, 2017, should the ETA win their appeal, OCI's maximum share of the tax claim would be EGP 2.3 billion, which equates to approximately $128.9 million. For additional information, please refer to note 27 of our financial statements.
Risk of adverse sovereign action EFC, EBIC, and Sorfert currently represent 37% of our production capacity and will represent 31% of our production capacity once our growth projects are operational. These facilities are located in Egypt and Algeria, where we are exposed to a greater than average risk of adverse sovereign action, including overt or effective expropriation or nationalization of property, the renegotiation of contract terms, the implementation of export controls on commodities regarded by them as strategic, the placement on foreign ownership restrictions, or changes in tax structures or free zone designations.	We work closely with the governments in the countries in which we do business to maintain positive working relationships. Although there is no guarantee that the government of a location where we operate will not adopt adverse policies, we have worked to minimize this risk through watertight contracts for our assets and government agreements. Our legal team also works diligently to monitor and review our practices and any changes in laws or regulations in the countries where we operate to provide reasonable assurances that we remain in line with all relevant laws. Management has also drafted contingency plans for various unforeseen events and adverse scenarios.
Ability to execute large greenfield projects on time We are developing Natgasoline, a greenfield methanol production facility in Texas, USA, with our joint venture partner. Our ability to achieve our growth targets is in part dependent on our ability to complete growth projects on time and in line with our expected cost of construction and development.	Natgasoline is being constructed by OCL, which has more than 20 years' experience in the construction of large-scale, complex industrial projects. In addition, the project is being closely monitored by the senior management teams of both JV partners, who have each developed several large-scale greenfield projects in the past. For more information, please refer to note 30 of the financial statements.

Risk	Risk management approach
OPERATIONAL	
Cost of Production Our cost of production is primarily dependent on the availability and cost of natural gas, the primary feedstock in manufacturing our products. Our production facilities can be adversely impacted by supply interruptions, as previously seen in Egypt, where our plants experienced volatility due to the government prioritizing the supply of natural gas to the electricity sector to reduce power blackouts in the country. Our costs are also subject to fluctuations in the cost of labour, other raw materials, and foreign exchange rates.	Our success is dependent, in part, on our continued ability to manage cost fluctuations through pricing actions and cost savings. We have hedged our global exposure to natural gas price fluctuations through a mix of long-term contracts in Egypt and Algeria, and spot prices in the United States and The Netherlands, where we also take opportunistic hedge positions. We continuously identify, implement, and sustain cost improvement plans, including our outsourcing projects and those related to general overhead and workforce rationalization. Regarding supply issues in Egypt, our assets have received steady natural gas supply since 2016 when the country began importing liquified natural gas. Egypt has discovered several significant gas fields in recent years, which started production in 2017, and has announced that it expects to be self-sufficient in gas production in 2018 with plans to achieve a surplus by 2020.
Business continuity and competition risk The industries in which we operate are highly competitive. The products we manufacture are global commodities with little or no product differentiation, and customers make their purchasing decisions principally on the basis of delivered price. Our business continuity is dependent on our ability to maintain our competitive advantage.	To address these challenges, we have a balanced business model with strong diversification by product and geography. Once our methanol growth projects come on-steam, our products will be roughly evenly split between industrial chemicals and nitrogen fertilizers, and no single product will represent more than approximately 25% of our capacity. Moreover, our diversified product mix is exposed to a variety of cyclical and seasonal patterns which mitigates the impact of an individual product's fluctuations and results in a more stable revenue stream. We also occupy a leading market position in many of our products. We are the second leading producer of CAN in Europe, the leading merchant methanol producer in the United States and Western Europe, the leading global melamine producer, and the leading global bio-methanol producer. We have policies in place to respond to competitive factors and maintain mutually beneficial relationships with our key customers, in order to effectively compete and achieve our business plans. We have global sales, marketing, distribution and logistics teams that work diligently to expand our sales channels, develop new and repeat customer relationships, negotiate favorable contracts, and create market contacts by attending various industry and trade conferences. Our production and manufacturing teams also work diligently to ensure our plants operate efficiently to produce high quality products that meet or exceed international standards. Our products and processes are certified by global quality control institutions.
Commodity pricing and over-supply risk A change in market dynamics in the industries of our fertilizer and industrial chemicals production portfolio, such as over-supply, may result in lower product prices, which would adversely impact our margins.	We have a diversified production portfolio comprising two distinct sectors: nitrogen fertilizers and industrial chemicals, which contribute equally to our capacity on a run-rate basis. These sectors have inherently different industrial dynamics, including different supply/demand drivers, seasonal cycles, customers, competitors, and other factors that may affect prices. This mitigates the risk of potential downturns in any of our products or sectors. We are also geographically diversified in emerging and developed markets to reduce market-related risks.

Risk management continued

Risk	Risk management approach
OPERATIONAL	
Risks associated with our partnerships	
We participate in partnerships including Natgasoline, Sorfert Algérie and Egypt Basic Industries Corporation. Our investments in partnerships involve various economic, operational, and legal risks that are different from the risks involved in owning facilities and operations independently. In addition, our ability to apply OCI's governance and internal control standards could be affected by country specific risks and the work boundaries under our JV agreements.	The Shareholders Agreements for our partnerships include clauses that protect OCI N.V.'s economic and operating interests as much as reasonably possible. We maintain close working relationships with our partners and monitor the operating and financial results of the partnerships in which we hold minority stakes or do not have management control. In our larger partnerships, such as Natgasoline, EBIC and Sorfert, we retain management control and/or seats on each partnership's Board of Directors. In addition, we constantly review all businesses to determine whether they continue to be core assets worth retaining on a long-term basis. This is particularly applicable to businesses in which we do not have management control. If a business becomes non-core or has reached a certain level of maturity, we actively pursue monetizing the business through divestment. Finally, our Corporate Internal Audit & Risk team performs limited audit reviews of our JV operations' governance, risk management, and internal controls to provide additional assurance to our Board of Directors. During our internal control assessments and the regular financial reporting process, we identified certain governance improvement opportunities, which are inherent in the nature of our JV in Algeria. Corporate management has accordingly initiated various improvement initiatives and dedicated additional attention to comprehensively address these areas of improvement.
Human capital	
Our ability to employ, develop, and retain talented employees is essential to maintain our high-quality operations and management.	We have been able to attract, motivate and retain knowledgeable and experienced employees due to our reputation and market position, our in-house training programs, our Employee Incentive Plans (as described in note 21 of the financial statements), as well as our strategic partnerships with industry leaders, which offer employees exposure to high profile projects and advanced technologies.
Cybersecurity Risk	
Despite our IT security measures, our information technology and infrastructure may be vulnerable to cyber-attacks or breached due to unforeseen control deficiencies. Any such breach could result in business disruption or compromise our systems and result in downtime or leak of personal and/or business sensitive data adversely affecting our reputation.	We have implemented security procedures and measures that upgrade our controls in order to protect our systems and information from being vulnerable to cyber-attacks. We believe these measures and procedures are appropriate. In 2017, we initiated an internal IT task force focused on the monitoring and enhancement of our IT security capabilities across the group for both our IT infrastructures and plant process control systems. In addition, we have run numerous IT audits and engaged an external provider to assess our cyber security vulnerabilities. Our efforts have resulted in various improvement action plans which we will continue to implement to reduce our cyber risk exposure. Additionally, we continue to run future IT audits and security assessments with the supervision of Internal Audit & Risk.

Risk	Risk management approach
FINANCIAL	
Ability to raise debt or meet financing requirements	
Our ability to complete strategic acquisitions and greenfield projects or refinancing existing debt is contingent on our access to new funding. Although we strive to ensure that adequate levels of working capital and liquidity are maintained, unfavorable financial market conditions may adversely affect our financing costs, hinder our ability to achieve additional financing, and/or hinder our ability to refinancing existing debt. This could therefore have an adverse impact on our business prospects, earnings and/or our financial position.	We strive to maintain a strong financial position and creditworthiness with our creditors. We closely monitor our cash position and credit lines to ensure our financial flexibility. We have also diversified our funding sources to avoid dependence on a single market, and have staggered our debt maturity profile to reduce repayment burdens. OCI has excellent in-house financing expertise and a proven track record in both refinancing debt and accessing new funding.
Currency fluctuations	
A substantial portion of the Company's consolidated revenue, operating expenses and long-term debt is denominated in foreign currencies. Significant changes in the exchange rates of operational currencies, which include the US Dollar, the Euro, the Egyptian Pound, and the Algerian Dinar, can have a material effect on the reported and actual financial performance of the Company.	We hedge our foreign exchange cash flow risk on a consolidated basis by matching our foreign currency-denominated liabilities with continuing sources of foreign currencies.

Risk	Risk management approach
REGULATORY	
Regulatory conditions in the markets in which we operate	
Changes in laws, regulations and the related interpretations may alter the environment in which we do business. This includes changes in environmental, health and safety, competition and product-related laws and regulations, as well as changes in accounting standards and taxation requirements. In addition, this includes regions where corrupt behavior exists that could impair our ability to do business in the future or result in significant fines or penalties. Failure to comply with these HSE laws may result in substantial fines, penalties or other sanctions such as the obligation to invest in newer equipment, permit revocations or facility shutdowns. Consequently, we may experience delays in obtaining or be unable to obtain required permits, which may delay or interrupt our operations. Our ability to manage regulatory, tax and legal matters and to resolve pending matters within current estimates may impact our results.	We actively monitor regulatory developments to ensure we comply with the laws and regulations of the countries where we operate, including HSE legislation to maintain our licenses to operate. Additionally, we actively provide comments and feedback regarding proposed or draft rules when given the opportunity, specifically when the said draft rules are open for public comments.
Ability to maintain our health, safety and environment (HSE) standards	
HSE is a vital aspect at OCI N.V. We have a deep commitment to maintaining our strong HSE track record. Despite the nature of our businesses, we aim to prevent every accident through stringent HSE rules, standards and training programs.	We implement strict HSE training and operating discipline at every plant to minimize HSE risks, and closely monitor our plants through regular audits. Our safety and emissions records meet or exceed international standards, underscoring our commitment to providing our employees with a safe, secure and environmentally conscious workplace. In addition, the HSE Committee supervises our HSE activities, as described in the HSE Committee report.

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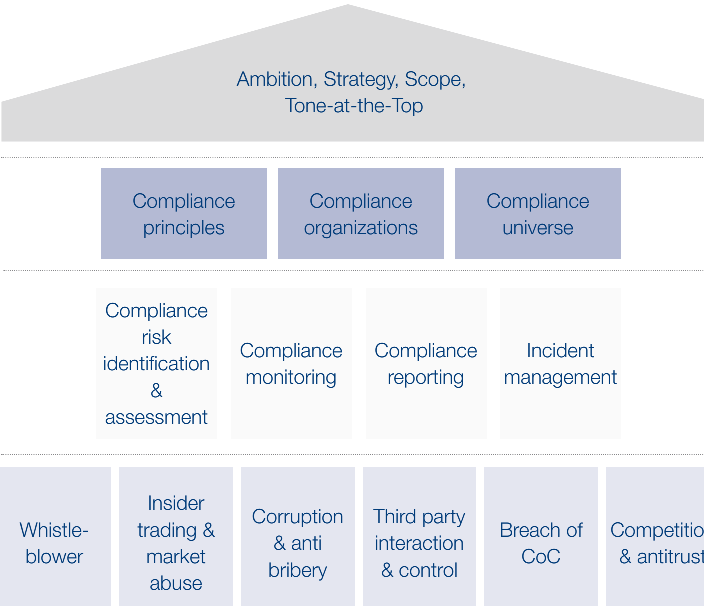
Compliance

Compliance Management

OCI strives to conduct all business activities responsibly, transparently, and with integrity and respect towards all stakeholders. These values underpin everything we do and form the essence of our Code of Conduct. Our values form the framework which defines the day-to-day attitudes and behaviors of our employees. To make those values clear the Code of Conduct outlines in specific terms what we stand for as a company and the conduct required in the workplace, in how we deal with business partners, serve our customers and also, the broader responsibilities we have to the communities in which we work and live.

The effectiveness of the Code of Conduct is monitored through our Compliance Program, which provides assurance that all employees are aware of and committed to our Code of Conduct. In conjunction with OCI's Whistleblowing Policy the Code of Conduct provides a safe and confidential procedure to raise any concerns and breaches.

OCI is subject to local, regional and international laws and regulations in countries where we conduct business. We are monitoring and adapting to significant and rapid changes in legal and compliance areas to ensure that the Code of Conduct and the Compliance Program, including internal policies and guidelines remain suited for purpose and are properly applied.



Compliance Governance

The Group Compliance Officer, in close collaboration with the Board of Directors, provides an adequate compliance framework, consisting of the Compliance Program and all its compliance activities.

The Integrity Committee, comprising of the CFO and Group Compliance Officer, handles incidents of a severe nature. In 2017 the Integrity Committee met once to discuss and handle a potential material compliance breach. No senior management was involved in the incident nor did it affect the financials. The incident was solved.

Management of Operating Companies and staff departments are responsible and accountable for raising compliance awareness within their respective businesses and departments.

During the year, several parts of the compliance program were implemented further, both by the OCI compliance community as a whole and by Operating Companies individually. This included webinars on Anti-Bribery and Corruption, Privacy and Competition & Anti-trust as well as the roll-out of an e-learning program. Through the quarterly reporting structure, the Local Compliance Officer ensures that alleged breaches of our Code of Conduct or any other compliance incidents are not only reported to Operating Companies' management for appropriate action, but also to corporate leadership.

Code of Conduct

The Code of Conduct serves as a reference document for all our employees and affiliates. In 2017 the recently amended Code of Conduct was further implemented by way of the e-learning on the Code of Conduct.

Whistleblowing policy and incident reporting channels

One of the ways to keep our promise to our employees and affiliates of creating a positive workplace environment where there is mutual trust and respect towards and amongst employees, with a shared sense of responsibility for fostering our reputation and success, is to provide the option to safely report concerns.

Employees are encouraged to promote ethical behavior and should encourage other employees to talk to supervisors or managers when in doubt about the best course of action in a particular situation. Within OCI, employees on all levels are encouraged to report, in good faith, any suspected misbehavior or malpractice to their immediate or next higher-level manager, including possible violations of laws, rules and regulations. We have facilitated this by establishing an independent anonymous reporting hotline.

All reports are handled with the utmost care and confidentiality, regardless if reported internally or via the anonymous reporting hotline. In 2017 we have again actively encouraged employees to report (potential) incidents. As a result, incident notifications increased to in total of 9 for 2017. All notifications were handled and where necessary further investigated.

Bribery and Corruption Risk

The risk of bribery and corruption is addressed in OCI's Code of Conduct. Further to that, in 2017 a separate Anti-bribery and Corruption Policy has been developed, which will be implemented in 2018. Guidance on understanding the risk of bribery and corruption has been provided to relevant employees in combination with, webinars, the e-learning on the Code of Conduct and guidance on gifts and entertainment. With regards to Third Party Due Diligence, the Group has issued guidance to screen parties on adverse media and reputational risks. The above has led to increased awareness on bribery and corruption risks, as visible in incident reports and the way management handles incidents.

Insider Trading

Members of the Board of Directors and senior management of Operating Companies are made aware of their obligations under the OCI N.V. Insider Trading Policy.

In 2017 the Group Compliance Officer set the annual agenda for closed trading periods and kept the list of permanent and incidental insiders.

Competition Risk

In 2017, emphasis was put on enhancing awareness on competition and anti-trust, by training the commercial team in a workshop setting.

Privacy and Data Protection

Throughout 2017 we continued to implement company-wide project to ensure compliance with current Privacy and Data Protection laws and to prepare for the implementation of the General Data Protection Regulation of the EU.

Compliance Controls

At the start of every year the Group Compliance Officer, in collaboration with business management, sets the annual compliance agenda. The agenda consists of continuous and new compliance activities and requirements. These activities and requirements are concrete and measurable, ad are reported internally on a quarterly basis, and can be tested on their effectiveness. Through this annual agenda compliance controls are continuously developed and enhanced for effectiveness.

In 2017 we engaged a consultant to conduct a scan on the completeness and quality of the compliance framework and program. This resulted in several recommendations which were included in the compliance program.

Non-Financial Letter of Representation (NF LoR)

At the end of the year, the CEO and CFO of each Operating Company sign the NF LoR to confirm compliance with the Code of Conduct and other corporate non-financial requirements. The outcome is reviewed by the CFO, the Group Compliance Officer and the Director Internal Audit & Risk and the results are reported to the Audit Committee and the Board of Directors.

Reported outstanding actions are followed up on by the Internal Audit department and monitored in quarterly reviews. The outcome of the NF LoR process, in combination with the internal control self- assessments, the HSE report, the Compliance Program, the Risk assessments and the performed internal audits, establishes the basis for the In Control Statement of the Board of Directors in this Report.

Remuneration report

This report provides an overview of the remuneration of the Board and explains how the remuneration policy was applied in 2017.

Introduction

The Nomination & Remuneration Committee ("the Committee") oversees the remuneration policy, plans and practices of OCI N.V. and recommends changes when appropriate. The Committee is mainly comprised of Independent Non-Executive Directors from the OCI N.V. Board of Directors.

The 2017 Remuneration Report is comprised of two sections:

1. **Current Remuneration Policy:** The remuneration policy was approved at the 2015 AGM. This governs remuneration for both Executives and Non-Executive Directors. (policy available on the corporate website: http://www.oci.nl/corporate-governance/board-profile/)
2. **Actual Remuneration:** Details of how remuneration arrangements have been operated during the past financial year and actual remuneration paid to the Executive and Non-Executive Directors.

Part 1: Current Remuneration Policy

Remuneration policy: objective and scope

The objective of OCI N.V.'s remuneration policy is to attract, motivate and retain the qualified individuals needed in order to achieve its strategic and operational objectives.

The Committee has taken the following areas into account in establishing the remuneration policy:

- International competitive market trends
- The relevant provisions of statutory requirements
- The intent to be mindful of corporate governance best practices as expressed by institutional shareholders and the interests of OCI N.V's shareholders
- The societal context around remuneration; and
- The interests of other stakeholders.

The policy is simple and transparent, and supports the interests of the Company in the medium and long term, and encourages a "pay for performance" culture.

Term of Employment and severance arrangements

The Executive Directors referred to in this Remuneration Report are the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). The details of their appointment terms are as follows:

Name	Title	Date of appointment	Notice period
Nassef Sawiris	Chief Executive Officer (CEO)	16 January 2013	3 months
Salman Butt[1]	Chief Financial Officer (CFO)	25 January 2013	3 months

[1] Salman Butt stepped down on 30 September 2017. Hassan Badrawi was appointed as CFO on 1 October 2017, we are proposing that he is appointed as a member of the Board of Directors at the 2018 AGM.

If the Company terminates a service agreement with an Executive Director other than due to an urgent cause or serious culpability, the Executive Director is entitled to a severance payment of an amount equal to 100% of an annual base salary, which is compatible with the Dutch Corporate Governance Code.

Peer groups

The Remuneration Committee consults multiple points of data when setting the remuneration policy, as well as the structure and quantum of remuneration. To ensure the competitiveness of OCI N.V.'s remuneration levels, the Committee considers, as one of the reference points, benchmark remuneration data from a peer group of international companies similar in size, complexity and scope to OCI. In addition, the Committee also refers to remuneration levels at Dutch listed companies of a similar size to OCI.

In 2015 the international peer group was reviewed following the spin-off of the Engineering & Construction group. As disclosed in the 2015 Remuneration Report, the peer group is as follows:

International labour market peer group			
Celanese	CF Industries	K + S	Koppers Holdings
Methanex	Mosaic	Olin	Potash Corp
Tessenderlo Chemie	Wacker Chemie	Westlake Chemical	

The Total Shareholder Return ("TSR") peer group (described in the LTI section below) differs to the international labour market peer group above as it is used for a different purpose. The TSR peer group is intended to reflect the market in which OCI competes for investment rather than for executive talent.

Elements of remuneration

The remuneration policy consists of five main elements:

- **Base salaries:** fixed cash compensation set in line with individual performance and contribution to Company goals with reference to external market data;
- **Short-term incentives:** performance-based annual bonus to encourage and reward the achievement of annual financial performance measures and other specified corporate objectives;
- **Matching rights** over OCI N.V. shares where Executive Directors elect to defer part of their bonus into shares for a minimum period of at least three years;
- **Long-term incentives:** share-based compensation focusing on enterprise value creation and retention; and
- **Other benefits:** simple benefit plans focusing on key needs and to support the well-being of employees.

Base salaries

The current base salaries reflect the size and international scope of the Executive Director roles as well as the caliber and experience of the individuals. Base salaries include a fixed cash allowance (amounting to 25% of the total base salary) which is designed to compensate the Executive Directors for their personal provision of key benefits such as pension, car, and life and disability insurance. Salaries have not been increased since 2013.

Short term incentives

The annual bonus is a key element of our "pay for performance" culture and is linked to pre-determined, measurable targets set and assessed by the Committee. Short-term incentives provide context for Management decisions, ensure focus on primary corporate financial, operational or strategic goals, and reward decisions that drive short-term results and support long-term strategy. The opportunities for the CEO and CFO are shown in the table below:

STI opportunity (% of base salary)			
Executive Director	Threshold performance	On-target performance	Maximum performance
CEO	30%	75%	150%
CFO	24%	60%	120%

At the beginning of each year, the Remuneration Committee establishes the performance measures and targets based on OCI's business priorities for the year. Specific targets will not be disclosed as they are commercially sensitive. At the end of the year the Committee will review performance against the targets and approve STI awards based on the performance achieved. The strategic measures will be determined and assessed by the Committee based on key priorities for the year.

For 2017, performance targets were a mix of corporate financial (60%) and operational, strategic and personal (40%) objectives. The key financial measure was Free Cash Flow.

Payment of the STI to the CEO and CFO will be at least 50% in cash (net of taxes) with the option to invest up to 50% (net of taxes) in OCI N.V. shares for a minimum period of three years. Any deferral of STI into shares will result in the award of matching share rights on a 1:1 basis to incentivise Executive Directors to increase their long-term interest in OCI.

In line with international best practice, matching rights will be adjusted to reflect any dividends paid during the vesting period. Vesting of the matching rights at the end of the holding period will normally be conditional upon the incumbent still being employed by OCI N.V. After vesting, shares arising from the matching rights (net of tax) will be held for a further two years in line with the Dutch Corporate Governance Code.

Other executives and senior managers will also be invited to participate in a similar deferred bonus and matching plan.

Payments under the STI may be reduced by up to 20% in the event that health, safety and environment ("HSE") performance is judged unsatisfactory by the Remuneration Committee, taking account of feedback from the HSE Committee. For 2017 the key measures were the Lost Time Incident Rate (LTR) and Total Recordable Incident Rate (TRIR).

Long term incentives

The Performance Share Plan ("PSP") aims to:

- Incentivise the creation of shareholder value in excess of that achieved by comparable organisations;
- Align the interests of executives with those of shareholders;
- Comply with the Dutch Corporate Governance Code; and
- Increase retention of key executives.

Executive Directors will be granted performance share awards which will vest after three years subject to the achievement of pre-specified performance targets. Vested shares (net of tax) are required to be held for a further two years after vesting in line with the Dutch Corporate Governance Code.

The number of performance shares will be calculated based on face value. This involves calculating the number of shares granted based on the share price at date of grant and a fixed percentage of base salary. The maximum award size for all Executive Directors is 100% of total salary.

Share awards under the plan are made annually, subject to complying with any closed periods. Awards are normally made on 7 February each year as a consistent course of action.

Performance targets are based on relative TSR against a peer group of companies that reflect the market in which OCI N.V. competes for investment.

As detailed in the 2015 Remuneration Report, the TSR peer group was reviewed by the Remuneration Committee with the assistance of Mercer, following the demerger of the Engineering & Construction group. The resulting TSR peer group, which is focused on fertilizer and chemicals companies, is as follows:

TSR peer group			
Agrium	Akzo Nobel	Celanese	CF Industries
Intrepid Potash	Lanxess	Methanex	Mosaic
Potash Corp	Royal DSM	Solvay	Westlake Chemical
Yara International			

The design of the plan ensures that no pay-out will be made for below-threshold performance. The plan will vest in line with the schedule detailed in the table below:

TSR vesting schedule			
Level of performance	Peer group ranking	% of award vesting	
Threshold	40th percentile	25% vesting	Straight-line vesting in between points
Target	67th percentile	100% vesting	
Maximum	90th percentile	150% vesting	

TSR calculations will be externally verified. Appropriate adjustments will be made to deal with mergers and acquisitions, demergers, rights issues and other material changes.

Remuneration report continued

Other benefits

As mentioned, the base salaries provided to the Executive Directors include a fixed cash allowance, which is 25% of the total, in lieu of pension, company car and other key benefits. No material pension benefits in excess of statutory requirements are offered and the Executive Directors are not eligible for a car benefit. The Remuneration Committee believes that this is a transparent approach.

Executive Directors receive medical insurance, use of a mobile phone, and reimbursement of business expenses. They also benefit from directors' and officers' liability insurance coverage. In addition, the CEO is able to expense the use of a private aircraft for business travel.

Loans and guarantees

No personal loans or guarantees, including mortgage loans, are offered to members of the Board.

Claw back

A "claw-back" clause is included in the terms of employment for Executive Directors. This clause would be enforced in certain situations where financial or other information used to determine the pay-out of variable remuneration is later found to be incorrect. This will be applied if needed at the discretion of the Non-Executive Directors after recommendation by the Remuneration Committee.

Non-Executive Directors

The remuneration of the Non-Executive Directors consists of fixed fee payments for Board membership and for service on the committees. The fees are not linked to the financial results of the Company. Non-Executive Directors do not receive any performance or equity-related compensation and do not accrue any pension rights with the Company. Non-Executive Directors benefit from directors' and officers' liability insurance coverage, and are not entitled to any benefits upon the termination of their appointment.

Part 2: Actual Remuneration

Termination arrangements for Salman Butt (stepped down 30 September 2017)

Salman Butt stepped down after serving 12 years as CFO on 30 September 2017. His remuneration arrangements will be treated as below:

- After his stepping down, Salman Butt will remain entitled to 9 months' base salary (including payment of 2017 STI up to and including Q4 2017), which amount remains well within the framework of the remuneration policy and the Corporate Governance Code (up to 100% of base salary)
- Deferred shares from the 2016 and 2017 bonus will be fully matched with matching rights.
- Outstanding PSP awards (2015, 2016 and 2017 Performance Shares) will be pro-rated to Salman's Termination Date (i.e. 1 July 2018) and based on performance to 30 September 2017.

We sincerely thank Salman for his contributions and achievements during his longstanding tenure at OCI. His leadership as CFO, in addition to his role as a member of the Board of Directors, was of great value during an important period of the company's growth. We wish him well.

Hassan Badrawi (CFO effective from 1 October 2017)

Hassan Badrawi was appointed as CFO on 1 October 2017 replacing Salman Butt. We are proposing that he is appointed as a member of the Board of Directors at the 2018 AGM.

Hassan has previously serviced as Executive Vice President of OCI N.V. since 2016 and joined OCI in 2001. He has held various leadership positions, encompassing M&A, strategy, business development and investor relations.

His base salary on appointment is $950,000 which includes a fixed cash allowance (25% of the total) as provided to other executive directors. He will be eligible for an STI and LTI in line with other Executive Directors. His STI opportunity will be 120% of salary and his LTI award size will be 100% of salary.

Executive Directors

The details of the individual remuneration of the Executive and Non-Executive Directors and its costs to the Company are as follows:

2017	Base salary	Annual bonus	SBC[1]	Termination benefits	Total remuneration
N. Sawiris	2,000,000	1,200,000	1,642,242	-	4,842,242
S. Butt	1,260,000	604,800	2,274,265	1,461,600	5,600,665
Total	**3,260,000**	**3,916,506**	**3,916,506**	**1,461,600**	**10,442,907**

2016	Base salary	Annual bonus[2]	SBC[3]	Total remuneration
N. Sawiris	2,000,000	3,269,430	(25,557)	5,243,873
S. Butt	1,680,000	806,400	594,562	3,080,962
Total	**3,680,000**	**4,075,830**	**569,005**	**8,324,835**

[1] The Share-based compensation for Mr. S. Butt consist of $1,266,659 share based compensation expenses recognized for plans which vested on 30 September 2017 as part of his termination.

[2] Following the announcement of the proposed merger with CF Industries, some employee option holders were unable to exercise options granted in 2011 prior to their expiry at the end of their term due to insider-trading regulations. Following the termination of the CF Industries merger, the Committee agreed to settle these employees' options on 31 August 2016 in cash as if they had been able to exercise their awards at the normal time. The CEO was treated in the same way as other employees and his 200,000 options were settled for an amount of $2,336,000. The liability recognized for these options as at 31 December 2015 of $267,000 was released in the statement of profit or loss.

[3] The share-based compensation for Nassef Sawiris exists of $756,014 share-based compensation expenses for plans in 2016 and a release in the statement of profit or loss of $781,571 for the liability recognized as at 31 December 2015 for option plans 2012 due to the remeasurement to fair value at 31 December 2016 as this was a cash-settled plan.

Base salary

The CEO's base salary of $2,000,000 remains unchanged since 2013.

The outgoing CFO's (Salman Butt) base salary remained unchanged at $1,680,000.

The Executive Directors do not receive housing allowances or other expatriate-style benefits. The base salaries of the Executive Directors include their fees for their positions on the OCI N.V. Board of Directors.

As mentioned previously, the Executive Director base salaries include a fixed cash allowance of 25% of the total in lieu of pension, car and other key benefits.

No changes to salaries for the Executive Directors are proposed for 2018.

Short term incentives 2017

For 2017, performance targets were a mix of corporate financial (60%) and operational, strategic and personal (40%) objectives. The key financial measure was Free Cash Flow.

In making a decision about the appropriate short-term incentive award for 2017, the Committee took the following factors and achievements into account:

- The 2017 free cash flow threshold target was not achieved
- Key strategic objectives for the CEO and CFO were achieved.

The payment was calculated at 40% of the maximum bonus for both the CEO and CFO which equates to 150% of salary for the CEO and 120% of salary for the CFO. In both cases the payment is below the maximum target. The HSE Committee judged the HSE performance as outstanding, so no reduction on that basis was applied.

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Long term incentives 2017

Options

As at 31 December 2017, the Executive Directors held no stock options (2016: 200,000).

Performance shares

The 2014 award vested. OCI's TSR ranked at the 43rd percentile against peers resulting in a vesting of 33.6% of salary for both Nassef Sawiris and Salman Butt. As a result, Nassef Sawiris was allocated 21,038 shares and Salman Butt 16,830 shares.

As mentioned in previous reports, OCI N.V. was in an extended closed period for the majority of 2015 and 2016, therefore LTI awards were unable to be granted at the usual time to Executive Directors. These 2015 and 2016 awards were subsequently made as soon as was practicable, on 6 September 2016, with terms as if they were granted on 1 July 2015 and 1 July 2016, respectively.

Awards made in 2017 were granted on 7 February, it is intended that this be the normal granting date for future awards as a consistent course of action.

As at 31 December 2017, the Executive Directors had been granted 313,581 conditional performance shares.

Name	Award cycle	Outstanding year-end 2016	Granted Conditional in 2017	vested in 2017	Less/more due to TSR	Outstanding year-end 2017	Value at grant date in USD[1]	Vesting date	End of lock-up period
N. Sawiris	2015	68,081	-	-	-	68,081	408,688	01-07-2018	01-07-2020
	2016	141,913	-	-	-	141,913	1,549,458	01-07-2019	01-07-2021
	2017	-	103,587	-	-	103,587	1,973,124	07-02-2020	07-02-2022
S. Butt	2015	57,188	-	-	-57,188	-	343,298	30-09-2017	30-09-2017
	2016	119,207	-	-23,682	-95,525	-	1,301,546	30-09-2017	30-09-2017
	2017	-	87,013	-48,239	-38,774	-	1,657,423	30-09-2017	30-09-2017

[1] Fair value calculated at grant date.

The 2014 matching rights vested in full on 17 November 2017. Nassef Sawiris and Salman Butt received 9,116 and 7,293 OCI N.V. matching rights and 4,558 and 3,646 OCL shares respectively.

Nassef Sawiris and Salman Butt elected to defer 50% of their 2015 bonuses. As OCI N.V. was in an extended closed period for the majority of 2015 and 2016, matching rights for these awards were unable to be granted at the usual time to Executive Directors. These 2015 deferred shares were purchased and matching rights were subsequently granted as soon as was practicable, on 23 May 2016, and will vest on 23 May 2019.

Both Nassef Sawiris and Salman Butt elected to defer 50% of their 2016 bonuses. These were granted on 12 April 2017 and will vest on 12 April 2020.

As at 31 December 2017, the Executive Directors had been granted 70,968 matching rights to bonus shares.

Name	Award cycle	Outstanding year-end 2016	Granted Conditional in 2017	Outstanding year-end 2017	Value at grant date in USD	Vesting date	End of lock-up period
N. Sawiris	2015	20,874	-	20,874	286,203	23-05-2019	23-05-2021
	2016	-	21,571	21,571	379,345	12-04-2020	12-04-2022
S. Butt	2015	14,027	-	14,027	192,324	30-09-2017	30-09-2017
	2016	-	14,496	14,496	254,925	30-09-2017	30-09-2017

Remuneration scenarios

The Remuneration Committee conducts pay scenario analysis modelling on an annual basis which investigates pay-out quantum for Executive Directors under different performance scenarios. This modelling is undertaken in order to ensure that the remuneration policy links directly with the performance of OCI N.V. and therefore, is in the interests of shareholders.

In the event that specific short term and long-term threshold performance targets are not achieved, there will be no variable pay vesting or payout for Executive Directors for the relevant period.

Internal Pay ratio 2017

The internal pay ratio of the average employee compensation and the total annual compensation of the Chief Executive Officer and the Executive Board members in 2017 was calculated based on the 2017 average employee benefits expenses of a reference group (our employees in Europe and North America) compared to the CEO's and average Executive Board members' base salary and STI. The pay ratio is 25:1 (2016: 25:1) for the CEO and on average 23:1 (2016: 23:1) for the Executive Board members.

Non-Executive Directors

The Non-Executive Director fee rates remained unchanged since 2013. There is no intention to change the fee rates in 2018.

	Main board	Audit	Remuneration/ Nomination / HSE
Chairman	260,000	25,000	10,000
Member	130,000	20,000	7,500

Non-Executive Directors are reimbursed for all reasonable costs of travel, accommodation and representation in the performance of their duties.

The Chairman received an additional fixed fee of $150,000 for service on the board of OCI Partners, a publicly- traded subsidiary of the Company in the United States.

On behalf of the Nomination & Remuneration Committee

Sipko Schat, Chairman

Declarations

Introduction

This 2017 Annual Report dated 16 March 2018 (the Annual Report) comprises regulated information within the meaning of sections 1:1 and 5:25c of the Dutch Financial Supervision Act ("wet op het financieel toezicht").

For the consolidated and the parent Company's 2017 financial statements "jaarrekening" within the meaning of section 2:361 of the Dutch Civil Code, reference is made to the financial statements. The Members of the Board of Directors have signed the 2017 financial statements pursuant to their obligation under section 2:101, paragraph 2 of the Dutch Civil Code.

The following sections of the Annual Report together constitute the Management Report ("jaarverslag") within the meaning of section 2:391 Civil Code: the Operational Review, the Corporate Governance Section, the Financial Statements and the Additional Information. For other information "overige gegevens" within the meaning of section 2:392 of the Dutch Civil Code, reference is made to the financial statements and to the section Shareholders information.

Corporate governance statement

As referred to in article 2a of the Decree laying down additional requirements for annual reports "Vaststellingsbesluit nadere voorschriften inhoud jaarverslag" effective 1 January 2010 (the 'Decree'), OCI N.V. is required to make a statement on corporate governance.

The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following sections of this Annual Report and Accounts:

- The information concerning compliance with the Dutch Code, as required by article 3 of the Decree, can be found in the section Compliance with the 'Dutch Corporate Governance Code';
- The information concerning OCI N.V.'s Risk Management and control frameworks relating to the financial reporting process, as required by article 3a(a) of the Decree, can be found in the section 'Risk Management';
- The information regarding the functioning of OCI N.V.'s General Meeting of Shareholders, and the authority and rights of OCI N.V.'s shareholders and holders of depositary receipts, as required by article 3a(b) of the Decree, can be found within the relevant sections under 'Corporate Governance';
- The information regarding the composition and functioning of OCI N.V.'s Board and its Committees, as required by article 3a(c) of the Decree, can be found within the relevant sections under 'Corporate Governance';
- The information regarding the diversity policy concerning the composition of the Board, as required by article 3a(d) of the Decree, can be found within the relevant sections of the Sustainability Report; and
- The information concerning the inclusion of the information required by the decree Article 10 European Takeover Directive, as required by article 3b of the Decree, can be found in the section 'Decree Article 10 EU Takeover Directive'.

The Dutch Corporate Governance Code was last amended on 8 December 2016 and is available at http://www.mccg.nl/.

In control statement

The Board is responsible for the design, implementation and operation of the Company's internal risk management and control systems. In discharging this responsibility, the Board has made an assessment of the effectiveness of the Company's internal control and risk management systems.

Based on this assessment and to the best of its knowledge and belief, the Board states that:

- There are no material failures in the effectiveness of the Company's internal risk management and control systems;
- The Company's internal risk management and control systems provide reasonable assurance that the Company's Annual Report does not contain any errors of material importance, although in its assessment the board identified an area of improvement in preemptively identifying and correcting a first-time financial reporting issue;
- There is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the Annual Report;
- There are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of the Company's enterprise in the coming twelve months.

The above statements do not imply that our systems and procedures provide absolute assurance as to the realization of our operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

Directors' statement pursuant to article 5:25c of the Dutch Financial Supervision Act (wet op het financieel toezicht)

In accordance with Article 5:25c of the Dutch Financial Supervision Act (wet op het financieel toezicht), OCI N.V.'s Board declares that to the best of its knowledge, (i) the 2017 financial statements provide a true and fair view of the assets, liabilities, financial position and results of the Company and its subsidiaries included in the consolidated statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU); and (ii) the annual report provides a true and fair view of the situation as at December 31, 2017, and of the Company's state of affairs for the financial year 2017, as well as the principal risks faced by OCI N.V. (iii) the Management report includes a description of the principal risks and uncertainties that the Company faces.

Non-Financial Statement pursuant to Directive 2014/95/EU

Directive 2014/95/EU on the disclosure of non-financial information requires companies to publish a non-financial statement. The relevant provision has been implemented into Dutch law through the Decree disclosure on non-financial information ('Besluit bekendmaking niet-financiële informatie') (the 'Decree'). As referred to in article 2 of the Decree, OCI is required to publish this non-financial statement.

The information regarding environmental, social and employee matters and respect for human rights as required by the Decree is incorporated in the relevant sections of the Sustainability report. The information regarding preventing anti-corruption and bribery as required by the Decree is incorporated in the Risk Management & Compliance section in this report.

Amsterdam, the Netherlands,
16 March 2018

The OCI N.V. Board of Directors

Michael Bennett, Chairman
Nassef Sawiris
Hassan Badrawi
Jan Ter Wisch
Sipko Schat
Jérôme Guiraud
Greg Heckman
Robert Jan van de Kraats
Anja Montijn

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

$ millions	Note	2017	2016
Assets			
Non-current assets			
Property, plant and equipment	(7)	5,143.2	5,231.0
Goodwill and other intangible assets	(8)	491.0	489.5
Trade and other receivables	(9)	62.0	41.1
Equity-accounted investees	(10)	626.9	653.3
Available-for-sale financial assets	(11)	50.0	42.9
Deferred tax assets	(12)	31.5	5.0
Total non-current assets		**6,404.6**	**6,462.8**
Current assets			
Inventories	(13)	190.8	141.0
Trade and other receivables	(9)	317.1	259.0
Available-for-sale financial assets	(11)	-	4.1
Income tax receivables	(12)	0.1	1.2
Cash and cash equivalents	(14)	231.0	392.2
Total current assets		**739.0**	**797.5**
Total assets		**7,143.6**	**7,260.3**
Equity			
Share capital	(15)	5.6	5.6
Share premium	(15)	6,316.3	6,316.3
Reserves	(16)	(242.9)	(112.3)
Retained earnings		(4,929.4)	(4,776.9)
Equity attributable to owners of the Company		**1,149.6**	**1,432.7**
Non-controlling interest	(17)	292.4	345.3
Total equity		**1,442.0**	**1,778.0**
Liabilities			
Non-current liabilities			
Loans and borrowings	(18)	3,844.5	4,322.2
Trade and other payables	(19)	19.3	5.6
Provisions	(20)	10.1	9.8
Deferred tax liabilities	(12)	224.6	209.1
Total non-current liabilities		**4,098.5**	**4,546.7**
Current liabilities			
Loans and borrowings	(18)	833.1	263.8
Trade and other payables	(19)	569.1	480.1
Provisions	(20)	126.9	110.7
Income tax payables	(12)	74.0	81.0
Total current liabilities		**1,603.1**	**935.6**
Total liabilities		**5,701.6**	**5,482.3**
Total equity and liabilities		**7,143.6**	**7,260.3**

The notes on pages 107 to 164 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	2017	2016
Revenue	(26)	2,251.5	1,906.5
Cost of sales	(21)	(1,931.1)	(1,685.4)
Gross profit		**320.4**	**221.1**
Other income	(22)	8.2	352.7
Selling, general and administrative expenses	(21)	(160.9)	(224.1)
Other expenses	(23)	(19.4)	(45.2)
Operating profit		**148.3**	**304.5**
Finance income	(24)	157.3	352.2
Finance cost	(24)	(405.4)	(432.5)
Net finance cost	(24)	**(248.1)**	**(80.3)**
Income from equity-accounted investees (net of tax)	(10)	(6.1)	(0.9)
(Loss) / profit before income tax		**(105.9)**	**223.3**
Income tax	(12)	3.1	(48.7)
Total net (loss) / profit		**(102.8)**	**174.6**
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets	(16)	0.6	0.7
Movement in hedge reserve	(16)	1.9	-
Currency translation differences	(16)	(146.3)	(34.6)
Currency translation differences from equity-accounted investees	(10)	2.3	(0.9)
Other comprehensive income, net of tax		**(141.5)**	**(34.8)**
Total comprehensive income		**(244.3)**	**139.8**
(Loss) / profit attributable to:			
Owners of the Company		(103.6)	167.9
Non-controlling interest		0.8	6.7
Net (loss) / profit		**(102.8)**	**174.6**
Total comprehensive income attributable to:			
Owners of the Company		(241.3)	140.9
Non-controlling interest		(3.0)	(1.1)
Total comprehensive income		**(244.3)**	**139.8**
(Loss) / earnings per share (in USD)			
Basic (loss) / earnings per share	(25)	(0.495)	0.802
Diluted (loss) / earnings per share	(25)	(0.495)	0.802

The notes on pages 107 to 164 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

$ millions	Note	Share capital (15)	Share premium (15)	Reserves (16)	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest (17)	Total equity
Balance at 1 January 2016		**4,704.9**	**1,610.7**	**(87.6)**	**(4,967.7)**	**1,260.3**	**489.5**	**1,749.8**
Net profit		-	-	-	167.9	167.9	6.7	174.6
Other comprehensive income		-	-	(27.0)	-	(27.0)	(7.8)	(34.8)
Total comprehensive income		-	-	**(27.0)**	**167.9**	**140.9**	**(1.1)**	**139.8**
Decrease in nominal value of shares	(15)	(4703.5)	4,703.5	-	-	-	-	-
Dividend to non-controlling interest	(15)	-	-	-	-	-	(129.3)	(129.3)
Impact difference in profit sharing non-controlling interest	(15)	-	-	-	-	-	7.0	7.0
Capital contribution to non-controlling interest	(15)	-	-	-	(12.5)	(12.5)	12.5	-
Treasury shares sold	(16)	-	-	2.3	-	2.3	-	2.3
Capital increase	(15)	4.2	2.1	-	-	6.3	-	6.3
Reclassification non-controlling interest	(15)	-	-	-	33.3	33.3	(33.3)	-
Share-based payments	(21)	-	-	-	2.1	2.1	-	2.1
Balance at 31 December 2016		**5.6**	**6,316.3**	**(112.3)**	**(4,776.9)**	**1,432.7**	**345.3**	**1,778.0**
Net (loss)		-	-	-	(103.6)	(103.6)	0.8	(102.8)
Other comprehensive income		-	-	(137.7)	-	(137.7)	(3.8)	(141.5)
Total comprehensive income		-	-	(137.7)	(103.6)	(241.3)	(3.0)	(244.3)
Impact difference in profit sharing non-controlling interest	(15)	-	-	-	-	-	(0.1)	(0.1)
Dividend to non-controlling interest	(15)	-	-	-	-	-	(37.9)	(37.9)
Treasury shares sold / vested	(16)	-	-	7.3	(3.0)	4.3	-	4.3
Treasury shares acquired	(16)	-	-	(0.2)	-	(0.2)	-	(0.2)
Increase shareholding OCI Partners	(15)	-	-	-	(49.2)	(49.2)	(11.9)	(61.1)
Share-based payments	(21)	-	-	-	3.3	3.3	-	3.3
Balance at 31 December 2017		**5.6**	**6,316.3**	**(242.9)**	**(4,929.4)**	**1,149.6**	**292.4**	**1,442.0**

The notes on pages 107 to 164 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	2017	2016
Net (loss) / profit		**(102.8)**	**174.6**
Adjustments for:			
Depreciation and amortization	(7),(8)	330.9	317.2
Interest income	(24)	(5.3)	(21.7)
Interest expense	(24)	222.0	242.2
Net foreign exchange (gain) and others	(24)	31.4	(140.2)
Loss on sale of scrapped property, plant and equipment	(23)	2.1	-
Share in income of equity-accounted investees	(10)	6.1	0.9
Gain on sale of available-for-sale financial assets	(22)	(0.4)	-
Impairment available-for-sale financial assets	(23)	-	3.0
Result on sale of investment	(22)	(0.7)	(2.8)
Result on sale of 50% and deconsolidation of Natgasoline	(22)	-	(107.9)
Equity-settled share-based payment transactions	(21)	3.3	2.1
Impact difference in profit-sharing non-controlling interest	(15)	(0.1)	7.0
Income tax expense	(12)	(3.1)	48.7
Changes in:			
Inventories	(13)	(28.6)	(20.8)
Trade and other receivables	(9)	(65.7)	75.5
Trade and other payables	(19)	40.0	34.1
Provisions	(20)	14.4	3.2
Cash flows:			
Interest paid	(24)	(237.6)	(250.2)
Interest received	(24)	4.7	22.2
Income taxes paid	(12)	(28.9)	(15.0)
Payment of tax dispute liability	(27)	-	(49.5)
Cash flow from operating activities		**181.7**	**322.6**
Proceeds from sale of property, plant and equipment	(7)	0.4	-
Investments in property, plant and equipment	(7)	(147.3)	(735.9)
Proceeds from sale of available-for-sale financial assets	(11)	1.5	0.4
Proceeds from sale of investment	(22)	3.5	-
Dividends from equity-accounted investees	(10)	22.6	6.7
Cash flow effect from loss of control Natgasoline	(10)	-	(12.1)
Loans to related parties	(30)	(27.5)	-
Repayment of shareholder's loan by Natgasoline		-	511.0
Cash flow (used in) investing activities		**(146.8)**	**(229.9)**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

$ millions	Note	2017	2016
Proceeds from sale of treasury shares	(16)	4.3	2.3
Purchase of treasury shares	(16)	(0.2)	-
Proceeds from borrowings	(18)	140.1	1,474.3
Repayment of borrowings	(18)	(288.9)	(1,712.5)
Debt modification costs on existing loans	(18)	(0.3)	(13.2)
Dividends paid to non-controlling interest	(17), (15)	(7.5)	(129.3)
Acquisition of non-controlling interest	(15)	(61.1)	-
Cash flows (used in) financing activities		**(213.6)**	**(378.4)**
Net cash flows (used in)		**(178.7)**	**(285.7)**
Net (decrease) in cash and cash equivalents		**(178.7)**	**(285.7)**
Cash and cash equivalents at 1 January		391.5	787.0
Effect of exchange rate fluctuations on cash held		18.2	(109.8)
Cash and cash equivalents at 31 December		**231.0**	**391.5**
Presentation in the statement of financial position			
Cash and cash equivalents	(14)	231.0	392.2
Bank overdraft	(18)	-	(0.7)
Cash and cash equivalents at 31 December		**231.0**	**391.5**

The notes on pages 107 to 164 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER

1. General

OCI N.V. ('OCI' or 'Company') was established on 2 January 2013 as a public limited liability company incorporated under Dutch law, with its head office located at Honthorststraat 19, Amsterdam, the Netherlands. OCI is registered in the Dutch commercial register under no. 56821166 dated 2 January 2013. The consolidated financial statements comprise the financial statements of the Company, its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

The Group is primarily involved in the production of nitrogen based fertilizers and industrial chemicals.

2. Basis of preparation

2.1 General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS-EU).

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

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

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

These financial statements have been authorized for issue by the Company's Board of Directors on 16 March 2018. These financial statements are subject to adoption of the Annual General Meeting of Shareholders on 24 May 2018.

2.2 Completed demerger of the Engineering & Construction Business in 2015

OCI demerged the Company's Engineering & Construction business in March 2015 ('the Demerger'). The ultimate parent company holding the demerged Engineering & Construction activities and that became listed on the Cairo and Dubai stock exchanges directly after the demerger is Orascom Construction Limited ('OCL'). The demerger was completed on 7 March 2015.

Ongoing relationship between OCI N.V. and Orascom Construction Limited

After the Demerger, OCI and OCL each operate as separately listed companies. There are no cross-directorships, other than Jerome Guiraud who is non-executive director of OCI N.V. and chairman of OCL, and Salman Butt, who was Chief Financial Officer of OCI N.V. until 30 September 2017 and non-executive director of OCL. The senior management teams of OCI N.V. and OCL are different.

Construction contracts

Subsidiaries of OCL and OCI are party to continuing commercial arrangements, for the construction of OCI's two greenfield plants in the USA, for which construction on the Iowa Fertilizer Company was completed in 2017 and construction on Natgasoline is expected to be completed in 2018, reference is made to note 30.

Shared services agreement

OCI and OCL provide certain support services to each other on an ad-hoc basis. The consideration payable is on a cost-plus basis.

Conditional sale agreement

Orascom Construction Industries S.A.E ('OCI S.A.E.') was the former parent company of the OCI Group, which was replaced by OCI N.V. in 2013 and was delisted from the Egyptian Stock Exchange in 2016. OCI S.A.E. acts as the sub holding of several Fertilizer & Chemical entities in the Group but also contains Engineering & Construction activities. As part of the demerger of the Engineering & Construction business to OCL it was also decided to legally split the activities of OCI S.A.E. into two separate legal entities. One legal entity holding the Fertilizer & Chemical entities and one legal entity holding the Engineering & Constructions business (mainly ongoing construction projects and several joint operations and joint ventures). The legal split (demerger) of OCI S.A.E. has not taken place yet.

In order to have the Engineering & Construction businesses derecognized from the OCI N.V. consolidated financial statements, a conditional sale agreement was entered into between the OCI Group and the OCL Group. The agreement is for the conditional sale of the Engineering & Construction business of OCI S.A.E. into a separate legal entity, which will be called 'Construction Egypt'. The conditional sale agreement effectively transfers control over the Engineering & Construction business from the OCI Group to the OCL Group, by passing the economic benefits and liabilities of the legal entity 'Construction Egypt', including the underlying relevant construction projects (together with the right to any dividends) from the OCI Group to the OCL Group with effect from the date of the conditional sale agreement as if the legal entity 'Construction Egypt' already existed since 30 September 2014.

The OCI Group committed to appoint management personnel in the construction operations nominated by OCL. OCL also received the right to vote on the board of directors of OCI S.A.E. in matters related to the construction business. This transfer of economic benefits, liabilities and rights will remain in force until the transfer of the 'Construction Egypt' shares have been legally formalized. Any new awarded projects will be sought through a wholly-owned subsidiary of OCL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2.2 Completed demerger of the Engineering & Construction Business in 2015 (continued)

Tax indemnity agreement

On 6 February 2015, OCL and OCI S.A.E. entered into a tax indemnity agreement. The agreement sets out each party's obligations in respect of the tax claim lodged by the tax authorities in Egypt relating to the sale of the OCI S.A.E.'s cement business to Lafarge SA in 2007 (further reference is made to note 27). The parties have agreed to equally split any liability incurred by OCI S.A.E. in relation to the Tax Claim (including the costs of dealing with the Tax Claim). In addition, to the extent that any recoveries are made in relation to the tax claim, including interest received on the funds, these will be shared between the parties on a 50%/50% basis (excluding the amount of EGP 1.9 billion (refund received in March 2015) for which it was announced that the rights will be transferred to Tahya Misr social fund in Egypt).

3. Summary of significant accounting policies

The Group has applied the accounting policies set out in note 3 consistently over both periods presented in these consolidated financial statements. No new accounting standards, amendments and revisions became applicable during 2017 that significantly impacted the consolidated financial statements. Reference is made to note 4.1.

3.1 Consolidation

The consolidated financial statements include the financial statements of OCI, its subsidiaries and the Group's interests in associates and joint ventures.

Subsidiaries

Subsidiaries are all companies to which OCI is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee, generally accompanying a shareholding of more than half of the shares issued and related voting power. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any investment retained in the former subsidiary is recognized at fair value. The fair value shall be regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Any resulting gain or loss is recognized in profit or loss including related cumulative translation adjustments accumulated in other comprehensive income. If it becomes an associate or joint venture, the interest retained is subsequently measured in accordance with the equity method. The principal subsidiaries are listed in note 34.

Transactions eliminated in the consolidated financial statements

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

Non-controlling interest

Non-controlling interest is presented as a separate component in equity. 'Profit or loss' and 'Total comprehensive income' attributable to the non-controlling interest are presented as a separate line items in the statement of profit or loss and other comprehensive income. Non-controlling interest is measured at its proportionate share of the acquiree's identifiable net assets at the balance sheet date. Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.2 Equity-accounted investees

Associates

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

Joint ventures

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

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

3.3 Business combinations

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

3.4 Foreign currency

Foreign currency transactions

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

Foreign currency translation

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

3.5 Financial instruments

The Group classifies its financial instruments in the following three categories:

- financial instruments at fair value through profit or loss;
- loans, receivables and payables at amortized cost;
- available-for-sale financial assets.

The classification depends on the nature and purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. Financial instruments are classified as current unless the remaining term of the financial instruments or the remaining term of the facility, under which the financial instruments are drawn, is 12 months or more.

Regular way purchases and sales of financial instruments are recognized on trade-date, the date on which the Group commits to purchase or sell the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Any remaining interest in such derecognized financial instrument that is retained by the Group is recognized as a separate asset or liability. Financial assets and financial liabilities are offset and presented net in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. All financial instruments are initially measured at fair value, except for equity instrument not traded in an active market and for which the fair value cannot be reliably determined. These equity instruments are measured at cost.

For the Group's policy on impairments and fair value determinations, please refer to notes 3.11 and 5.

Financial instruments at fair value through profit or loss

A financial instrument is classified at fair value through profit or loss if it is acquired principally for the purpose of selling in the short-term (held-for-trading) or if it is designated at fair value through profit or loss. This category also includes derivatives not designated in a hedge relationship. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss when incurred.

Financial instruments at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognized in profit or loss within finance income or finance expenses. Interest income from financial assets at fair value through profit or loss is included in the net gain / loss.

Loans, receivables and payables at amortized cost

Loans, receivables and payables are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost, using the effective interest method, less any impairment losses. Interest on payables, is recognized using the effective interest method in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets includes investments that have been designated as available-for-sale and financial assets that are not classified into any of the other financial instruments categories. Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term.

Transaction costs directly attributable to the transaction are included in the initial fair value upon recognition of all financial instruments not at fair value through profit or loss. Dividend income from equity instruments is recognized in profit or loss as 'finance income' when the Group's right to receive payment is established. Interest on available-for-sale debt securities is recognized using the effective interest method in the income statement. Available-for-sale financial assets are subsequently carried at fair value, except for equity instruments for which there is no active market and the fair value cannot be reliably determined. These equity instruments are measured at cost, less impairments. Gains or losses arising from changes in the fair value are recognized in other comprehensive income, net of taxes.

3.5 Financial instruments (continued)

Derivative financial instruments and cash flow hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Attributable transaction costs are recognized in profit or loss as incurred.

The Group designates certain derivatives as cash flow hedges, where it is designated for hedging a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions.

At the inception of the hedging transaction, the Group formally documents the relationship between the hedging instrument and hedged item; the risk management objectives; the strategy in undertaking the hedge transaction and the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, at both hedge inception and on an ongoing basis, of whether the hedging instruments have been and will continue to be highly effective in offsetting the changes in the fair value or cash flows of the related hedged items. Certain derivative instruments do not qualify for hedge accounting, for example commodity swaps used by the Group.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income, net of related tax, and accumulated in the hedging reserve in equity. Any gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognized in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the balance in equity is reclassified to profit or loss immediately.

Embedded derivatives

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

Compound financial instruments

Compound financial instruments are bifurcated and the components are presented separately as financial liabilities, financial assets or equity instruments.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

3.6 Cash and cash equivalents

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

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3.7 Share capital

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

3.8 Property, plant and equipment

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

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

Finance leases

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

Property, plant and equipment under construction

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

Depreciation

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

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

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

Borrowing costs

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

3.9 Goodwill and other intangible assets

Goodwill

Goodwill represents the excess of purchase price and related costs over the value assigned to the Groups' share of identifiable assets acquired and liabilities assumed of businesses acquired that were directly attributable to the legal entities comprising the Group. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

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

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

Other intangible assets

Other intangible assets with a finite useful life (licenses, customer relations, brand names and other rights that are acquired separately or through business combinations) are amortized on a straight-line basis in profit or loss over their estimated useful lives taking into account any residual value and impairment losses, from the date that they are available for use.

The estimated useful lives of intangible assets are as follows:	Years
Licenses and trade names	3 - 10
Purchased rights and other	4 - 10

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

3.10 Inventories

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

3.11 Impairment of assets

Non-derivative financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a non-derivative financial asset or a group of non-derivative financial assets is impaired. A non-derivative financial asset is considered to be impaired if the counterparty does not meet the agreed payment terms or when evidence exists that the counterpart will not be able to do so. The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is recognized for the amount by which the carrying amount of a non-derivative financial asset exceeds its estimated discounted future cash flows using the original interest rate. Impaired non-derivative financial assets are tested periodically to determine whether the estimated future cash flows have increased and the impairment has to be reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized. In the case of a financial asset classified as available-for-sale, a significant or prolonged decline in the fair value of the available-for-sale financial asset below its acquisition cost is considered as an indicator that the available-for-sale financial asset is impaired. If any such evidence exists for an available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

Derivative financial assets

Derivative financial assets are measured at fair value and the Group investigates whether the counterparty's creditworthiness gives rise to an impairment. When determining the fair value, credit value and debit value adjustments are taken into account.

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3.11 Impairment of assets (continued)

Non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by continued use. For the purposes of assessing impairment, assets are grouped based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis. Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased and the impairment be (partially) reversed. Impairment losses on goodwill are 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. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

3.12 Provisions

Provisions are recognized when a present legal or constructive obligation based on past events exists, and it is probable that an outflow of economic benefits is required to settle the obligation. If the outflow is probable, but cannot be determined reliably, the obligation is disclosed. The non-current part of provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Asset retirement obligations

The Group recognizes a provision if the Group has an obligation to restore a leased asset in its original condition at the end of its lease term and in case of legal requirements with respect to clean-up of contamination of land, and the estimate can be made reliable.

Claims and contingencies

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

Donation provision

The donation provision is recognized as a constructive obligation, the amount is undiscounted as the Group does not know the exact settlement date

3.13 Revenue recognition

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

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

3.14 Government grants

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

3.15 Operating leases

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

3.16 Finance income and cost

Finance income comprises:

- interest income on funds invested (including available-for-sale financial assets);
- gains on the disposal of available-for-sale financial assets;
- dividend income;
- fair value gains on financial assets at fair value through profit or loss;
- gains on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- interest income is recognized as it accrues in profit or loss, using the effective interest method.

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

Finance cost comprise:

- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- losses on disposal of available-for-sale financial assets;
- fair value losses on financial assets at fair value through profit or loss;
- loss on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss and expensed as incurred. Foreign currency gains and losses are recognized on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.17 Employee benefits

Defined contribution plan

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

Short-term employee benefits

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

Long-term employee benefits

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

Termination benefits

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

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3.17 Employee benefits (continued)

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The grant date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period (the vesting period) that the employees render service and becomes 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.

For cash-settled share-based compensation plans and share-based compensation plans with cash alternatives the liability is remeasured at each balance sheet date during the vesting period and for share option plans also during the exercise period.

3.18 Income tax

Current tax

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

Deferred tax

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

Deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Also, no deferred income tax is recognized regarding the initial recognition of goodwill and regarding investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

3.19 Segment reporting

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

3.20 Consolidated statement of cash flows

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

3.21 Earnings per share

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

4. New accounting standards and policies

On a regular basis, the IASB issues new accounting standards, amendments and revisions to existing standards and interpretations. These new accounting standards, amendments and revisions to existing standards and interpretations are subject to endorsement by the European Union.

4.1 Standards, amendments, revisions and interpretations that became applicable to OCI during 2017

The Group has applied the following amendments for the first time in the annual reporting period commencing 1 January 2017:

- Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealized Losses';
- Amendments to IAS 7 'Disclosure initiative'.

The adoption of these amendments did not have any impact on the amounts recognized in prior periods or in the current period. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities, see note 18 and note 47.

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

IFRS standards and interpretations thereof not yet in force which may apply to the future Group's consolidated financial statements are being assessed for their potential impact. The most important upcoming changes are:

IFRS 9 'Financial Instruments'

The standard issued on 19 November 2013 is effective for reporting periods beginning on or after 1 January 2018. IFRS 9 addresses the classification and measurement of financial assets, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 enhances the ability of investors and other users of financial information to understand the accounting of financial assets and reduces complexity. The Group has determined that the impact of IFRS 9 on the Group's financial statements will be limited. The Group is applying IFRS 9 Financial Instruments as of 1 January 2018 and will use the option to recognize any differences of previous reported carrying amounts and the new carrying amounts of financial assets and liabilities in the opening balance of retained earnings as of this date. Comparative numbers do not need to be restated under this approach. The impact from adopting the new standard on 1 January 2018 is as follows.

The new classification requirements are based on both the entity's business model for managing the financial assets and financial liabilities and the contractual cash flow characteristics of a financial asset. Depending on how an entity manages its financial assets, these should be measured at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL). The Group sells certain trade receivables under a factoring agreement to a third-party. For these selected debtors the Group will use the 'hold-to-collect-and-sell business model' as defined under IFRS 9 and will measure these receivables going forward at FVOCI. All other trade receivables in the Group will fall under the 'hold-to-collect' business model and will continue to be measured at amortized cost.

The Group's equity instruments that are currently classified as available-for-sale will satisfy the conditions for classifications as at FVOCI and hence there will be no change to the accounting for these assets. However, gains or losses realized on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings. During the 2017 financial year, USD 0.4 million of such gains were recognized in profit or loss in relation to the disposal of available-for-sale financial assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. Based on the assessment undertaken on historical data, there's no impact from the expected credit loss model. The Group will evaluate any possible impact going forward.

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4.2 Standards, amendments, revisions and interpretations not yet effective to OCI (continued)

There will be no impact on the group's accounting for financial liabilities, except for modifications of financial liabilities. That is, when a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss should be recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. Since, IFRS 9 is required to be applied retrospectively, the modification gains and losses arising from financial liabilities that are still recognized at the date of initial application (e.g. 1 January 2018) need to be calculated and adjusted through opening retained earnings on transition. The impact on equity for this adjustment will be between USD 10.0 million and USD 20.0 million.

The new hedge accounting rules under IFRS 9 will align the accounting for hedging instruments more closely with the Group's risk management practices. In general, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. The option to defer the IFRS 9 hedging model and to continue to use IAS 39's hedge accounting requirements will not be used by the Group.

IFRS 15 'Revenue from Contracts with Customers'

The standard issued on 28 May 2014 is effective for reporting periods beginning on or after 1 January 2018. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 will be implemented for the first time by the Group as of 1 January 2018 (the date of initial application). The Group will apply the modified retrospective approach with the practical expedient for applying this only to open contracts as per 1 January 2018. The Group is in the business of producing and selling nitrogen fertilizers, methanol, melamine and other natural gas based products from seven facilities. The Group has determined that the selling of these products is the main and most important performance obligation under the new accounting standard. In the circumstances that the Group is responsible for the provision of transportation (and related) services in combination with certain standard delivery conditions these qualify as a separate performance obligation, whereby the portion of revenue related to these services is accounted for over time. The expected impact of adopting IFRS 15 as of 2018 is not significant.

IFRS 16 'Leases'

IFRS 16 issued on 13 January 2016 is effective for reporting periods beginning on or after 1 January 2019, with earlier application permitted. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 introduces a single lessee accounting model. Applying that model, a lessee (like the Group) is required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss, (c) repayment of lease liabilities are presented as cash flows from finance activities.

OCI has chosen to implement IFRS 16 using the modified retrospective approach effectively 1 January 2019, not restating any comparative numbers. While applying the modified retrospective approach, OCI has elected the option to measure the right-of-use asset based on the value of the lease liability, to exclude initial direct cost of the measurement of the lease liability and to use the incremental borrowing rate to determine the present value of the remaining lease payments. The incremental borrowing rate will be determined for each lease liability as the sum of the entity specific average borrowing cost plus the mark-up or discount reflecting the risk per 'right-of-use asset class'. For portfolio leases OCI will apply a single discount rate.

The value of the operating lease commitments (as disclosed in note 29) will be recognized on a net present value basis for both the right-of-use asset and the lease liability in the statement of financial position as per 1 January 2019. OCI does not expect a significant impact on equity as per 1 January 2019, if any, as a result of the implementation of this standard.

5. Critical accounting judgment, estimates and assumptions

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

Goodwill and other intangible assets

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

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

Property, plant and equipment

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

Financial instruments

The fair value of financial instruments traded in active markets (financial instruments in the fair value hierarchy level 1) is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market with observable market prices (financial instruments in the fair value hierarchy level 2) is determined using generally accepted valuation techniques. These valuation techniques include estimates and assumptions about forward rates, discount rates based on a single interest rate, or on a yield-curve based on market conditions existing at the balance sheet date. The fair value of borrowings and interest rate swaps is calculated based on the present value of the estimated future cash flows based on the yield-curve applicable at the balance sheet date. If the financial instrument contains a floating interest rate, the future expected interest rates are determined based on forward rates. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The net carrying amount of trade receivables and trade payables is assumed to approximate the fair value due to the short-term nature. The fair value of financial instruments with no observable market prices (financial instruments in the fair value hierarchy level 3) is based on assumptions that market participants would use when pricing these asset or liability, including assumptions about risk. Assumptions about risk include the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and the risk inherent in the inputs to the valuation technique, including a risk adjustment when there is significant measurement uncertainty.

The fair value of non-current financial liabilities is estimated by discounting the future cash flows using original effective yield-curves. Unlisted equity securities in the available-for-sale category (financial instruments in the fair value hierarchy level 3) are measured at cost less impairments. A significant and prolonged decline in the fair value of the available-for-sale financial asset below its acquisition cost is considered as an indicator that the available-for-sale financial asset is impaired. If any such evidence exists for an available-for-sale financial asset, the cumulative losses previously recognized in other comprehensive income is recognized in the income statement – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income statement – is removed from other comprehensive income and recognized in the income statement.

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5. Critical accounting judgment, estimates and assumptions (continued)

Impairment financial instruments (including trade receivables)

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

Inventories

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

Provisions

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

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

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

Income taxes

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

Liquidity risk

As part of the preparation of the financial statements, the Company has assessed its liquidity risk and going concern. Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has made a number of assumptions in assessing its ability to meet its covenant requirements and satisfy obligations as they become due. Determining these assumptions requires significant judgment about future results and cash flows. Key assumptions include product pricing, gas pricing, utilization rates and the ability to arrange financing and obtain waivers for potential covenant breaches.

6. Financial risk and capital management

Overview

The Group has exposure to credit, liquidity and market risks from financial instruments. 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 these risks, additionally it also includes the Group's management of capital.

Risk management framework

The Board has oversight responsibility on the establishment and monitoring of the Group's risk management framework. Senior (local) management is responsible for the effective operation of the internal risk management and control systems. The Audit and Risk department is responsible for the facilitation and supervision of the Risk Management function, compliance with OCI Internal Control Framework and supports the Board in the exercise of their aforementioned risk management duties.

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

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

6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The Company mitigates the exposure to credit risk on outstanding cash balances by placing funds at multiple financial institutions with a sufficient credit rating. The Group's exposure to customer credit risk is monitored and mitigated by performing credit checks before selling any goods. No collateral is received. The Group establishes an allowance, if needed, for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. During the years ended 31 December 2017 and 2016, no allowance related to credit risk has been recognized, as management's assessment did not result in any significant credit risk.

As of September 2016, OCI Nitrogen B.V. ('OCI Nitrogen') entered into a factoring agreement to sell certain trade receivables up to an amount of USD 48.1 million (EUR 40.0 million). As per 31 December 2017 an amount of USD 26.4 million (2016: USD 21.2 million) of trade receivables were transferred.

With respect to transactions with financial institutions, the Group sets a minimum credit rating for the counterparties. The maximum exposure to credit risk is the carrying amount of financial instruments, for an overview reference is made to the tables financial instruments by category. There is no significant concentration of credit risk in Trade and other receivables, Available-for-sale financial assets or Cash and cash equivalents.

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

$ millions	Note	2017	2016
Trade and other receivables	(9)	379.1	300.1
Available-for-sale financial assets	(11)	50.0	47.0
Cash and cash equivalents	(14)	231.0	392.2
Total		**660.1**	**739.3**

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

$ millions	2017	2016
Middle East and Africa	76.3	77.8
Asia and Oceania	2.3	2.0
Europe	231.9	161.8
Americas	68.6	58.5
Total	**379.1**	**300.1**

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6.2 Liquidity risk

6.2.1 General

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 exclude the impact of netting agreements:

At 31 December 2017 $ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial liabilities						
Cash outflows:						
Loans and borrowings	(18)	4,677.6	5,579.7	1,051.8	3,547.9	980.0
Trade and other payables	(19)	587.0	587.0	567.7	19.3	-
Letters of guarantee	(28)	-	0.2	-	0.2	-
Derivatives	(19)	1.4	1.4	1.4	-	-
Total		**5,266.0**	**6,168.3**	**1,620.9**	**3,567.4**	**980.0**

At 31 December 2016 $ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial liabilities						
Cash outflows:						
Loans and borrowings	(18)	4,586.0	5,750.7	495.0	4,103.2	1,152.5
Trade and other payables	(19)	471.1	471.1	465.5	5.6	-
Letters of guarantee	(28)	-	0.2	-	-	0.2
Derivatives	(19)	14.6	85.9	85.9	-	-
Cash inflow:						
Derivatives	(9)	(2.5)	(72.8)	(72.8)	-	-
Total		**5,069.2**	**6,235.1**	**973.6**	**4,108.8**	**1,152.7**

The interest on floating rate loans and borrowings is based on forward interest rates at period-end. This interest rate may change as the market interest rate changes. Callable loan amounts are classified as ‘Less than one year’. The future obligations will be managed by the future incoming cash from operations, currently available non-restricted cash and cash equivalents of USD 226.1 million and unused amounts on credit facility agreements in the amount of USD 161.3 million, reference is made to note 18.

The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. This is also safeguarded by using multiple financial institutions in order to mitigate any concentration of liquidity risk.

The Company’s financing strategy is to secure finance as much as possible on an operating level. Excess cash flows from operating companies are used to fund investment projects that cannot be funded in full on operating level. OCI N.V. acts as the financing company thus limiting the number of cross relationships within the Company and maximizing flexibility to divest operating companies. The Group entered into construction agreements for Iowa Fertilizer Company (‘IFCo’) and OCI Nitrogen and the refurbishment of BioMCN B.V. (‘BioMCN’)’s second methanol plant, reference is made to note 28 ‘Capital commitments’.

6.2.1 Liquidity risk – general (continued)

The liquidity risk is monitored internally at Group level. On an ongoing basis the Group prepares liquidity forecasts to verify whether the Group is able to meet its future debt obligations. The Company has also carefully evaluated the funding of its Business Plan for at least the next 12 months from the date of issuance of the financial statements, taking into account the measures mentioned below and has applied sensitivities to the forecast level of liquidity headroom available. Key assumptions include product pricing, gas pricing and utilization rates. Management has applied these assumptions to the forecasts, which would leave sufficient liquidity headroom.

A number of actions have been taken during 2017 to safeguard and strengthen the Company’s financial position, including:

- In March 2017, EBIC refinanced the outstanding term loan in the amount of USD 49.6 million with a 4-year amortizing loan, with semi-annual installments of USD 6.3 million and a final maturity date in December 2020. The modified term loan carries an interest rate of LIBOR plus a margin of 4%. Debt modification costs were incurred of USD 0.3 million.
- In May 2017, IFCo entered into a working capital facility of USD 50.0 million, of which USD 35.0 million was drawn per 31 December 2017. The short-term facility matures in May 2018 and carries an interest rate of US Prime rate minus a margin between 1.75% - 3.15%.
- In August 2017, OCI N.V. has reset the leverage ratio for the relevant period ending 30 June 2017 to 6.75:1.00 instead of 4.75:1.00 and for the relevant period ending 31 December 2017 to 6.50:1.00 instead of 4.75:1.00. In addition, the threshold of permitted loans to project finance subsidiaries (IFCo) has increased to USD 195.0 million instead of USD 115.0 million and increased the threshold for permitted guarantees in respect of financial indebtedness of project finance subsidiaries to USD 107.5 million instead of USD 90.0 million.
- In December 2017, OCI N.V. entered into a credit facility agreement with NNS Luxembourg Sarl (a related party) for USD 48.0 million. The loan matures in July 2020 and carries an interest rate of LIBOR plus a margin of 4.25% at inception. Depending on the leverage ratio the margin varies between LIBOR plus a margin of 2.75% and LIBOR plus a margin of 4.50%.The facility is used for general corporate purposes, including the purchase of OCI Partners shares from non-controlling interests.

The Group does not have any significant debt maturing until the third quarter of 2018.

Considering the period under review, the size and complexity of the Company, the financing structure, and sensitivities to market risk, liquidity risk remains. However, the Company has a range of options to address a potential liquidity risk. After performing its assessment, Management applied judgement and, although a level of uncertainty remains, believes that the liquidity risk is limited based on the analysis and assessment of the options available to solve uncertainties.

6.2.2 Refinancing activities

Several refinancing activities have started or will take place during the first half of 2018 to optimize Group finance cost, extend debt maturity profile, and enhance the Group’s cashflow up-streaming to OCI N.V.

- On 26 January 2018, IFCo received bondholder approval to exchange USD 425.0 million of its 2019 and 2022 bonds for a new issuance of 2033 and 2037 bonds. The new bonds will be interest only until 1 June 2031 and the exchange extends the aggregate weighted average life of these bonds from 2.5 years to 16.7 years. The exchanged bonds are priced at a rate of 5.25% compared to a weighted average rate of 5.41% upon settlement for the original bonds. The bondholders also agreed to modify terms of the IFCo bonds to, among other things, permit the debt service reserve fund to be funded in full by the deposit of a standby letter of credit; permit IFCo to satisfy its obligation to fund its project operating reserve up to the required balance incrementally over a thirty-six month period; and permit the replacement of OEC’s performance security under the EPC Contract. IFCo incurred USD 12.0 million of debt issuance costs related to the bond exchange in 2018.
- On 13 March 2018, OCIP closed a new USD 455 million term loan B facility (the “Term Loan B Facility”) and USD 40 million revolving credit facility (the “Revolving Credit Facility”). The new Term Loan B Facility of USD 455.0 million has replaced and upsized OCIP’s existing USD 232 million term loan B facility and was priced at LIBOR + 425 bps, or 250 bps lower than the existing facility. The Term Loan B Facility matures in 2025, in contrast to OCIP’s replaced facility that matured in 2019. OCIP used the net proceeds of the Term Loan B Facility primarily to repay in full the USD 232.0 million previous term loan facility, and to repay in full outstanding intercompany loans from and payables due to OCI N.V. of in total approximately USD 217.0 million.
- OCI N.V. has a EUR 339 million Convertible Bond maturing in Q3 2018. The company has received and evaluated a number of proposals from leading financing institutions including loan proposals and refinancing from the capital markets. The company is confident a range of options are executable, including both loan and debt capital market solutions, alongside financing in part from internal resources. The company intends to finalise and execute the selected refinancing structure in the coming months ahead of the convertible bond maturity.

The majority of remaining current liabilities are expected to be settled in the ordinary course of business with operational cash flows.

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6.3 Market risk

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

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

Foreign exchange translation risk

Due to the Group's international presence, the Group is exposed to foreign exchange fluctuations as these affect the translation of the Group's business entities presented in foreign currencies that are different from the US dollar (which is the Group's functional currency). The currencies concerned are mainly the Euro and the Algerian dinar. Foreign exchange translation exposure is considered a part of doing business on an international level; this risk is not hedged.

Foreign exchange transaction risk

The Group entities predominantly execute their activities in their respective functional currencies. The Group is however exposed to foreign exchange transaction risk to the extent that there is a mismatch between the currencies in which sales, purchases, investments and borrowings are denominated and the respective functional currencies of the Group entities. The Group monitors the exposure to foreign currency risk arising from operating activities and enters selectively into foreign exchange contracts to hedge foreign currency exposures. The nominal amount of the foreign currency derivatives outstanding as per 31 December 2017 was USD 73.7 million (2016: USD 70.3 million). The functional currencies of the Group entities are primarily the US dollar, the Algerian dinar and the Euro. EFC and EBIC have exposure to fluctuations in the USD/EGP exchange rates.

The summary of balances of the Group's exposure to foreign exchange transaction, where the main exposure currencies are different from the functional currencies, including intercompany balances, is as follows:

At 31 December 2017 $ millions	USD	EUR	EGP
Trade and other receivables	13.4	5.5	66.8
Trade and other receivables intercompany	1,127.3	0.8	0.4
Trade and other payables	(8.7)	(1.4)	(18.1)
Trade and other payables intercompany	(40.2)	(6.4)	(3.6)
Loans and borrowings	(533.8)	-	(56.9)
Loans and borrowings intercompany	(1,133.9)	-	-
Provisions	-	-	(106.8)
Cash and cash equivalents	56.2	7.7	32.3

At 31 December 2016 $ millions	USD	EUR	EGP
Trade and other receivables	27.8	4.2	58.9
Trade and other receivables intercompany	2,150.1	0.5	-
Trade and other payables	(12.9)	(14.1)	(1.4)
Trade and other payables intercompany	(65.7)	(8.9)	(2.0)
Loans and borrowings	(342.8)	-	(55.8)
Loans and borrowings intercompany	(1,187.7)	(1.2)	-
Provisions	-	-	(104.7)
Cash and cash equivalents	180.5	2.1	54.1

The Algerian dinar is not included in the above table of foreign exchange transaction exposure, since there are no entities in the Group, which have monetary items denominated in Algerian dinar, except for Sorfert, which has the Algerian dinar as its functional currency.

6.3 Market risk (continued)

Significant rates

The following significant exchange rates applied during the year:

	Average 2017	Average 2016	Closing 2017	Closing 2016
Euro	1.1310	1.1073	1.2020	1.0517
Egyptian pound	0.0562	0.1049	0.0561	0.0550
Algerian dinar	0.0090	0.0091	0.0088	0.0090

The following tables demonstrate the sensitivity to a reasonably possible change in EUR, EGP and DZD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

31 December 2017 $ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	7 percent	41.1	-
	(7) percent	(41.1)	-
EGP - USD	7 percent	(6.0)	-
	(7) percent	6.0	-
DZD - USD	4 percent	(0.9)	-
	(4) percent	0.9	-

31 December 2016 $ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	9 percent	(72.0)	-
	(9) percent	72.0	-
EGP - USD	28 percent	(14.3)	-
	(28) percent	14.3	-
DZD - USD	4 percent	(1.5)	-
	(4) percent	1.5	-

The figures in the above overview are determined based on the currency volatility of the respective years. A significant part of the Group's exposure to foreign currency transaction risk relates to intercompany balances.

Interest rate risk

The Group's cash flow interest rate risks arise from the exposure to variability in future cash flows of floating rate financial instruments and refinancing fixed rate borrowings. The Group reviews its exposure in light of global interest rate environment. The Group has not entered into any interest rate derivative.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed rate borrowings, as follows:

$ millions	In basis points	2017	2016
Effect on profit before tax for the coming year	+100 bps	(23.1)	(22.6)
	- 100 bps	22.5	20.6

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market data, showing a lower volatility compared to prior years. The interest rate sensitivity calculation is based on the interest-bearing liabilities excluding the restricted funds of IFCo, reference is made to note 14.

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6.3 Market risk (continued)

Commodity price risk

The Group is exposed to natural gas price commodity risk as natural gas is one of the primary raw materials used in the fertilizer and chemicals production process, for those entities that buy natural gas at spot prices. The Group enters into gas hedges in order to hedge future gas price levels over a certain period of time (reference is made to note 19). This commodity hedging policy is only applied in those regions in which natural gas commodity hedging is possible. The Group did not apply hedge accounting on these instruments.

Management monitors the gas and selling prices on a daily basis using external market data provided by several data vendors. These data vendors provide historical and forecast market data. The market data is used by management to analyze the potential profit margin per product in order to make operational decisions.

The IFCo plant, which placed its assets in use as from October 2017, previously entered into a swaption (option to swap) to mitigate the potential impact of the increase in natural gas prices for a portion of the expected usage. The Group does not apply hedge accounting, therefore all fair value changes related to this financial instrument are recognized in profit or loss. The derivative entitles IFCo to an option to buy a quantity of 95,887,500 MMBtu representing 50% of expected consumption against a strike price of USD 6.0/MMBtu for the years 2015-2018 and USD 6.5/MMBtu for the years 2019-2022. As at 31 December 2017 and 2016, the fair value of the derivative amounted to almost nil for both years. The discounted value of the outstanding installments related to the gas price derivative amounting to nil and USD 14.0 million, respectively, have been netted with the fair value of the derivative. The discount rate used was 9.2% for 2016.

For the entities that are impacted by changes in natural gas prices, an increase or decrease in the average natural gas prices by USD 1 per MMBtu would impact the total annual cost of sales by USD 122.0 million and USD 93.3 million based on the capacity levels as of 31 December 2017 and 2016, respectively.

Categories of financial instruments

31 December 2017 $ millions	Note	Loans and receivables / payables at amortized cost	Derivatives at fair value	Available-for-sale financial asset at fair value	Available-for-sale financial asset at amortized cost
Assets					
Trade and other receivables	(9)	376.1	3.0	-	-
Available-for-sale financial assets	(11)	-	-	26.0	24.0
Cash and cash equivalents	(14)	231.0	-	-	-
Total		**607.1**	**3.0**	**26.0**	**24.0**
Liabilities					
Loans and borrowings	(18)	4,677.6	-	-	-
Trade and other payables	(19)	587.0	1.4	-	-
Total		**5,264.6**	**1.4**	**-**	**-**

31 December 2016 $ millions	Note	Loans and receivables / payables at amortized cost	Derivatives at fair value	Available-for-sale financial asset at fair value	Available-for-sale financial asset at amortized cost
Assets					
Trade and other receivables	(9)	297.6	2.5	-	-
Available-for-sale financial assets	(11)	-	-	25.9	21.1
Cash and cash equivalents	(14)	392.2	-	-	-
Total		**689.8**	**2.5**	**25.9**	**21.1**
Liabilities					
Loans and borrowings	(18)	4,586.0	-	-	-
Trade and other payables	(19)	471.1	14.6	-	-
Total		**5,057.1**	**14.6**	**-**	**-**

The Group has limited financial instruments carried at fair value. For derivative financial instruments, the fair value is calculated within hierarchy category level 2. Available-for-sale financial assets recognized as level 1 is USD 4.4 million (2016: USD 4.1 million), the investment in the Infrastructure and Growth Capital Fund of USD 21.6 million (2016: USD 21.8 million) was recognized as level 2 and the investment in Notore Chemical of USD 24.0 million (2016: USD 21.1 million) was recognized at amortized cost as no reliable fair value information is available, reference is made to note 11. In 2017 and 2016, there were no transfers between the fair value hierarchy categories. The fair value of loans and borrowings and receivables are disclosed in notes 18 and 9 respectively.

6.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interest of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group is required by external financial institutions to maintain certain capital requirements compared to its debt. Reference is made to note 18 for a description of financial covenants.

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

$ millions	Note	2017	2016
Loans and borrowings	(18)	4,677.6	4,586.0
Less: cash and cash equivalents	(14)	231.0	392.2
Net debt		**4,446.6**	**4,193.8**
Total equity		1,442.0	1,778.0
Net debt to equity ratio at		**3.08**	**2.36**

7. Property, plant and equipment

$ millions	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost	227.0	4,497.9	19.4	2,574.9	7,319.2
Accumulated depreciation	(39.0)	(1,352.8)	(13.5)	-	(1,405.3)
At 1 January 2016	**188.0**	**3,145.1**	**5.9**	**2,574.9**	**5,913.9**
Movements in the carrying amount:					
Additions	1.4	24.1	1.0	861.9	888.4
Disposals	-	(0.6)	(0.9)	-	(1.5)
Disposal of subsidiary	(26.9)	-	-	(1,201.4)	(1,228.3)
Reclassification	-	20.4	-	-	20.4
Depreciation	(8.5)	(295.1)	(4.4)	-	(308.0)
Transfers	0.3	96.0	2.7	(99.0)	-
Effect of movement in exchange rates	(2.9)	(49.7)	0.7	(2.0)	(53.9)
At 31 December 2016	**151.4**	**2,940.2**	**5.0**	**2,134.4**	**5,231.0**
Cost	198.2	4,562.3	19.7	2,134.4	6,914.6
Accumulated depreciation	(46.8)	(1,622.1)	(14.7)	-	(1,683.6)
At 31 December 2016	**151.4**	**2,940.2**	**5.0**	**2,134.4**	**5,231.0**
Movements in the carrying amount:					
Additions	-	31.7	1.1	202.9	235.7
Disposals	-	(2.1)	(0.4)	-	(2.5)
Depreciation	(10.9)	(315.9)	(1.9)	-	(328.7)
Reclassification	-	(16.4)	-	-	(16.4)
Transfers	400.4	1,845.8	3.9	(2,250.1)	-
Effect of movement in exchange rates	(0.9)	17.2	-	7.8	24.1
At 31 December 2017	**540.0**	**4,500.5**	**7.7**	**95.0**	**5,143.2**
Cost	598.7	6,489.4	24.2	95.0	7,207.3
Accumulated depreciation	(58.7)	(1,988.9)	(16.5)	-	(2,064.1)
At 31 December 2017	**540.0**	**4,500.5**	**7.7**	**95.0**	**5,143.2**

As at 31 December 2017, the Group has land with a carrying amount of USD 35.3 million (2016: USD 35.3 million).

Additions to assets under construction and transfers from assets under construction in 2017 mainly relates to the construction of Iowa Fertilizer Company ('IFCo'). The assets of IFCo were placed in use in October 2017.

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7. Property, plant and equipment (continued)

The reclassification in 2017 relates to spare parts that have been reclassified as inventory. The effect of movement in exchange rates in 2017 mainly relates to Sorfert and OCI Nitrogen, which have different functional currencies (Algerian dinar and Euro respectively), than the Group's presentation currency. The Algerian dinar decreased by 2.2% and the Euro increased by 14.3% against the US dollar in 2017. The capitalized borrowing costs during the year ended 31 December 2017 amounts to USD 67.9 million and relates fully to IFCo. The capitalized borrowing costs during the year ended 31 December 2016 amounted to USD 75.8 million and related to IFCo for USD 69.2 million and to Natgasoline for USD 6.6 million. The capitalized borrowing costs for both periods were substantially paid.

The difference between the additions in the above schedule and the investments in property, plant and equipment mentioned in the consolidated statement of cash flows is mainly caused by capital expenditure creditors not yet paid and capitalized borrowing costs, which are presented as part of interest expenses under cash flows from operating activities in the consolidated statement of cash flows. For capital commitments reference is made to note 28.

Property, plant and equipment of USD 3,112.0 million (2016: USD 3,033.9 million) have been pledged as security for external loans and borrowings. Of this amount USD 350.6 million (2016: USD 314.1 million) was pledged by OCI Nitrogen, USD 547.9 million (2016: 609.0 million) by OCI Partners, and USD 2,213.5 million (2016: USD 2,110.8 million) by IFCo. Reference is made to note 18.

8. Goodwill and other intangible assets

$ millions	Goodwill	Licenses and trademarks	Purchase rights and other	Total
Cost	1,811.9	71.6	36.8	1,920.3
Accumulated amortization and impairment	(1,328.6)	(66.5)	(25.6)	(1,420.7)
At 1 January 2016	**483.3**	**5.1**	**11.2**	**499.6**
Movements in the carrying amount:				
Amortization	-	(1.2)	(8.0)	(9.2)
Effect of movement in exchange rates	(0.7)	(0.1)	(0.1)	(0.9)
At 31 December 2016	**482.6**	**3.8**	**3.1**	**489.5**
Cost	1,805.5	69.5	4.4	1,879.4
Accumulated amortization and impairment	(1,322.9)	(65.7)	(1.3)	(1,389.9)
At 31 December 2016	**482.6**	**3.8**	**3.1**	**489.5**
Movements in the carrying amount:				
Amortization	-	(1.2)	(1.0)	(2.2)
Effect of movement in exchange rates	2.8	0.4	0.5	3.7
At 31 December 2017	**485.4**	**3.0**	**2.6**	**491.0**
Cost	1,808.3	79.3	5.1	1,892.7
Accumulated amortization and impairment	(1,322.9)	(76.3)	(2.5)	(1,401.7)
At 31 December 2017	**485.4**	**3.0**	**2.6**	**491.0**

Goodwill

Goodwill has been allocated to the cash generating units as follows:

Cash generating units $ millions	Reporting segment	2017	2016
Egyptian Fertilizers Company ('EFC')	North Africa	440.0	440.0
OCI Partners	OCI Partners	23.0	23.0
OCI Nitrogen	OCI Nitrogen and trading	22.4	19.6
Total		**485.4**	**482.6**

Licenses and trademarks

The licenses and trademarks mainly relate to the customer relationships, trademarks and technology assets of OCI Nitrogen. These intangible assets were identified during the acquisition of OCI Nitrogen in 2010. The useful life of the customer relationships, trademarks and technology assets are respectively 5 to 10 years, 3 years and 5 years.

8. Goodwill and other intangible assets (continued)

Purchase rights and other

The balance per year-end relates to intangible assets identified in the acquisition of BioMCN B.V. ('BioMCN') in 2015.

Goodwill impairment testing

The determination of the recoverable amounts for the cash generating units requires significant judgments and estimates, including projections of future cash flows from the businesses. The recoverable amounts have been estimated based on value in use.

The tests were carried out by discounting future cash flows to be generated from the continuing use of the cash-generating units to which the goodwill applies and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, selling price outlook per product, natural gas prices and the number of expected operating days per plant. Selling prices assumptions are based on a published independent price outlook prepared by global fertilizer experts. The other assumptions used are based on past experience and external sources, but that are unpredictable and inherently uncertain.

The impairment tests are based on specific estimates for the US dollar cash flow projections for the years 2018 to 2024 (this period captures the cyclical nature of the industry). For the subsequent years the residual values were calculated based on the average EBITDA margin of the projection period and whereby a perpetual growth rate of 1.5% was taken into account. The estimated pre-tax cash flows are discounted to their present value using pre-tax discount rates.

The following rates were applied in performing the impairment test:

	2017			2016		
Percentage	EFC	OCI Partners	OCI Nitrogen	EFC	OCI Partners	OCI Nitrogen
Pre-tax discount rate	13.4 %	8.9 %	10.0 %	13.6 %	10.5 %	11.4 %
Perpetual growth rate	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %

Result of the impairment test

For all cash generating units the recoverable values significantly exceed the carrying amounts, except for EFC. In 2017 the headroom of EFC is USD 152.0 million, compared to a headroom USD 36.0 million in 2016.

Sensitivity analysis

When performing the annual impairment test, we performed sensitivity analyses for the EFC CGU. The effect on the recoverable amount of modifications in the assumed discount rate, the perpetual growth rate and the selling prices can be summarized as follows:

$ millions	In basis points	2017	2016
Change in assumed post-tax discount rate	+ 100 bps	(93)	(89)
	- 100 bps	114	108
Change in assumed perpetual growth rate	+ 100 bps	78	62
	- 100 bps	(63)	(51)
Change in selling prices	+ 500 bps	145	133
	- 500 bps	(145)	(133)

9. Trade and other receivables

$ millions	2017	2016
Trade receivables (net)	178.4	123.6
Loans and trade receivables due from related parties (note 30)	67.9	60.3
Prepayments	24.1	25.3
Derivative financial instruments	3.0	2.5
Other tax receivables	83.1	72.1
Supplier advanced payments	22.6	10.1
Other receivables	-	6.2
Total	**379.1**	**300.1**
Non-current	62.0	41.1
Current	317.1	259.0
Total	**379.1**	**300.1**

Trade receivables amounting to USD 108.2 million (2016: USD 95.1 million) have been pledged as security for external loans and borrowings. Of this amount, USD 76.2 million (2016: USD 72.9 million), was pledged by OCI Nitrogen and USD 32.0 million (2016: USD 22.2 million) by OCIP, reference is made to note 18.

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9. Trade and other receivables (continued)

In September 2016, OCI Nitrogen entered into a factoring agreement to sell certain trade receivables. By doing so, OCI Nitrogen is able to receive cash flows from selected debtors sooner than would normally be the case. Upon transfer of the balances, OCI Nitrogen derecognizes the trade receivables, since substantially all risks and rewards of ownership are transferred to the factor. The agreement permits factoring of trade receivables up to USD 48.1 million (EUR 40.0 million). As per 31 December 2017 an amount of USD 26.4 million (2016: USD 21.2 million) of trade receivables were transferred.

The other tax receivable contains an amount of EGP 900 million (USD 50.5 million) relating to a payment made to the Egyptian Tax Authorities as part of the tax claim which will be refunded upon settlement of the tax claim. Reference is made to note 27 'OCI S.A.E. tax dispute'.

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

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

$ millions	2017	2016
Neither past due nor impaired	164.7	108.3
Past due 1 - 30 days	13.7	14.5
Past due 31 - 90 days	-	0.2
Past due 91 - 360 days	-	0.2
More than 360 days	-	0.4
Total	**178.4**	**123.6**

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available. The Group has not recognized any allowance for trade receivables.

Derivative financial instruments include the following:

$ millions	2017	2016
Commodity contracts	0.8	2.5
Foreign exchange contracts	2.2	-
Total	**3.0**	**2.5**

10. Equity-accounted investees

(i) The following table shows the movements in the carrying amount of the Group's associates and joint ventures:

$ millions	2017	2016
At 1 January	**653.3**	**33.4**
Share in income	(6.1)	(0.9)
Effect of change in control of Natgasoline	-	630.0
Dividend	(22.6)	(6.7)
Effect of movement in exchange rates	2.3	(0.9)
Other	-	(1.6)
At 31 December	**626.9**	**653.3**
Joint ventures	4.1	6.3
Associates	622.8	647.0
Total	**626.9**	**653.3**

(ii) The Group has interests in the following associates and joint ventures:

Name	Type	Participation via	Country	Participation %
Firewater LLC (Natgasoline)	Associate	Firewater B.V.	United States	50.0
Sitech Manufacturing Services C.V.	Associate	OCI Nitrogen B.V.	The Netherlands	35.0
Sitech Utility Holding Beheer B.V.	Associate	OCI Nitrogen B.V.	The Netherlands	40.0
Sitech Utility Holding C.V.	Associate	OCI Nitrogen B.V.	The Netherlands	39.9
Sitech Services B.V.	Associate	OCI Nitrogen B.V.	The Netherlands	23.0
Nitrogen Iberian Company SL.	Joint venture	OCI Nitrogen B.V.	Spain	50.0
Shanxi Fenghe Melamine Company Ltd.	Joint venture	OCI Nitrogen B.V.	China	49.0
Fitco OCI Agro S.A.	Joint venture	OCI Trade Holding B.V.	Uruguay	50.0

10. Equity-accounted investees (continued)

(iii) The following table summarizes the financial information of OCI's associates and joint ventures (on a 100% basis):

	2017			2016		
$ millions	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Non-current assets	1,960.3	0.5	1,960.8	1,632.8	3.8	1,636.6
Current assets	165.1	17.4	182.5	404.4	28.7	433.1
Non-current liabilities	(579.3)	-	(579.3)	(519.1)	-	(519.1)
Current liabilities	(280.1)	(9.6)	(289.7)	(169.8)	(19.9)	(189.7)
Net assets	**1,266.0**	**8.3**	**1,274.3**	**1,348.3**	**12.6**	**1,360.9**
Income	449.1	111.0	560.1	465.5	159.2	624.7
Expenses	(455.7)	(109.7)	(565.4)	(457.0)	(161.5)	(618.5)
Net (loss) / profit	**(6.6)**	**1.3**	**(5.3)**	**8.5**	**(2.3)**	**6.2**

Joint Ventures

The following chart summarizes the financial information of joint ventures (on a 100% basis):

	Fitco OCI Agro S.A.		Nitrogen Iberia Company SL.		Shanxi Fenghe Melamine Co. Ltd.	
$ millions	2017	2016	2017	2016	2017	2016
Non-current assets	-	-	0.3	0.3	0.2	3.5
Current assets (excluding cash and cash equivalents)	5.2	11.2	1.3	2.6	5.7	5.9
Cash and cash equivalents	0.8	5.9	0.6	0.2	3.7	3.1
Non-current liabilities	-	-	-	-	-	-
Current liabilities	(4.7)	(10.9)	(1.6)	(2.5)	(3.3)	(6.6)
Net assets	**1.3**	**6.2**	**0.6**	**0.6**	**6.3**	**5.9**
Group's share of net assets	0.7	3.1	0.3	0.3	3.1	2.9
Revenues	60.4	123.1	12.5	3.2	38.1	32.9
Impairment	-	-	-	-	(4.6)	(10.7)
Interest income	-	-	-	-	-	-
Interest expense	(0.1)	(0.2)	-	-	(0.2)	(0.5)
Profit / (loss) before taxes	1.4	3.1	-	-	-	(5.6)
Tax expense	-	-	-	0.3	-	(0.1)
Net profit / (loss)	1.4	3.1	-	0.3	-	(5.7)
Other comprehensive income	-	-	-	-	-	0.2
Total comprehensive income	**1.4**	**3.1**	**-**	**0.3**	**-**	**(5.7)**
Group's share in total comprehensive income	0.7	1.6	-	0.2	-	(2.9)
Dividends	**-**	**5.3**	**-**	-	**-**	-

Associates

Consolidated Energy AG's Investment in Firewater LLC (the holding company of Natgasoline LLC)

On 4 May 2016, Consolidated Energy AG ('CEL'), which is owned by the Proman group and its long-term partner Helm AG, acquired 50% of Natgasoline, the greenfield methanol project in Beaumont, Texas by means of a capital increase in Firewater LLC. Since this date, the Group has recognized Natgasoline, which was previously a fully consolidated subsidiary, as an associate. As of 31 December 2017, CEL has paid the full USD 630.0 million agreed capital raise through G2X Energy, Inc. (a majority owned subsidiary of CEL). Furthermore, of the additional USD 50.0 million contingency funding committed by CEL, USD 20.0 million was drawn as at 31 December 2017.

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10. Equity-accounted investees (continued)

The following chart summarizes the financial information of significant associates (on a 100% basis):

	Firewater LLC (Natgasoline)		Sitech Services B.V.		Sitech Manufacturing Services C.V.	
$ millions	2017	2016	2017	2016	2017	2016
Non-current assets	1,836.6	1,527.5	118.4	100.5	5.3	4.8
Current assets (excluding cash and cash equivalents)	12.5	245.3	19.7	26.1	75.1	74.6
Cash and cash equivalents	28.5	32.4	22.8	24.5	6.1	1.0
Non-current liabilities	(579.3)	(507.0)	-	(12.0)	-	-
Current liabilities	(64.2)	(44.7)	(129.3)	(44.5)	(86.5)	(80.4)
Net assets	**1,234.1**	**1,253.5**	**31.6**	**94.6**	**-**	**-**
Group's share of net assets	617.1	626.7	7.3	21.8	-	-
Revenues	-	-	175.7	165.8	272.9	299.5
Depreciation	(0.2)	(0.1)	(12.2)	(11.8)	(0.8)	(0.6)
Interest income	0.2	0.1	-	-	-	-
(Loss) / profit before taxes	(19.4)	(6.5)	17.1	19.9	-	-
Tax expense	-	-	(4.3)	5.0	-	-
(Loss) / profit after taxes	(19.4)	(6.5)	12.8	14.9	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**(19.4)**	**(6.5)**	**12.8**	**14.9**	**-**	**-**
Group's share in total comprehensive income	(9.7)	(3.2)	2.9	3.4	-	-
Dividends	**-**	**-**	84.8	**17.4**	**-**	**-**

Included in the associates is Firewater LLC, the holding company of Natgasoline LLC, which is a greenfield plant in Texas USA and the Sitech entities, which are used to operate at the Chemelot site in Geleen, the Netherlands, for OCI Nitrogen. The Chemelot site is also used by other companies.

At 31 December 2017, Natgasoline has capital commitments of USD 82.9 million (2016: USD 255.9 million).

11. Available-for-sale financial assets

$ millions	2017	2016
Infrastructure and Growth Capital Fund LP (Egypt)	21.6	21.8
Notore Chemical Industries (Mauritius)	24.0	21.1
Orascom Construction Limited (Dubai)	4.4	2.8
Abu Qir Fertilizer and Chemical Industries Co (Egypt)	-	1.3
Total	**50.0**	**47.0**
Non-current	50.0	42.9
Current	-	4.1
Total	**50.0**	**47.0**

The Group holds an investment in the Infrastructure and Growth Capital Fund LP. The fund is managed by the Abraaj Group.

The investment in Notore Chemical Industries (Mauritius) represents a 13.07 percent shareholding. The investment in Notore is measured at cost, as no reliable financial information is available to determine fair value.

OCI N.V. holds shares in Orascom Construction Limited, which is a related party. This investment has been reclassified from current in 2016 to non-current in 2017 as it no longer meets the requirements for current presentation.

The full investment in Abu Qir Fertilizer and Chemical Industries Co (Bloomberg ticker: ABUK:EY) was sold in 2017 and a gain on sale of USD 0.4 million was recognized and recycled through profit and loss, reference is made to note 22.

12. Income taxes

12.1 Income tax in the statement of profit or loss

$ millions	2017	2016
Current tax	(17.2)	(61.4)
Deferred tax	20.3	12.7
Total income tax in profit or loss	**3.1**	**(48.7)**

12.2 Reconciliation of effective tax rate

OCI's operations are subject to income taxes in various foreign jurisdictions. The statutory income tax rates vary from 0.0% to 42.8%, which results in a difference between the weighted average statutory income tax rate and the Netherlands' statutory income tax rate of 25.0%.

Reconciliation of the statutory income tax rate in the Netherlands with the effective tax rate can be summarized as follows:

$ millions	2017	%	2016	%
(Loss) / profit before income tax	(105.9)		223.3	
Enacted income tax rate in the Netherlands	25%		25%	
Tax calculated at the enacted Dutch tax rate	**26.5**	**25.0**	**(55.8)**	**25.0**
Effect of tax rates in foreign jurisdictions	3.1	2.9	43.5	(19.5)
Unrecognized tax assets	(84.8)	(80.1)	(61.2)	27.4
Recognition of previously unrecognized tax assets	37.2	35.1	-	-
Expenses non-deductible	(56.0)	(52.9)	(18.2)	8.2
Tax credits	15.2	14.4	2.1	(0.9)
Uncertain tax positions	(5.6)	(5.2)	-	-
Income not subject to tax	64.2	60.6	43.3	(19.4)
Dividend withholding tax not recoverable	-	-	(2.1)	0.9
Other	3.3	3.1	(0.3)	0.1
Total income tax in profit or loss	**3.1**	**2.9**	**(48.7)**	**21.8**

The effective tax rate is 2.9% (2016: 21.8%), mainly due to (i) unrecognized tax assets for an amount of USD (84.8) million mainly relating to IFCo (start-up cost), OCI USA Inc. ('OCI USA') and OCI S.A.E. not meeting the recognition criteria, (ii) income not subject to tax for an amount of USD 64.2 million and (iii) expenses non-deductible for an amount of USD (56.0) million. The expenses non-deductible mainly relate to intercompany interest paid and Lafarge indemnity paid. The income not subject to tax mainly related to intercompany interest received, foreign exchange gains on intercompany loans, dividends received and the tax free status of several entities in the Group.

12.3 Deferred income tax assets and liabilities

Changes in deferred tax asset and liabilities (net):

$ millions	2017	2016
At 1 January	**(204.1)**	**(218.2)**
Income statement	20.3	12.7
Effect of movement in exchange rates	(9.3)	1.4
At 31 December	**(193.1)**	**(204.1)**

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12.3 Deferred income tax assets and liabilities (continued)

Recognized deferred tax assets and liabilities:

	Assets		Liabilities		Net	
$ millions	2017	2016	2017	2016	2017	2016
Intangible assets	13.0	6.9	(63.3)	(57.3)	(50.3)	(50.4)
Property, plant and equipment	-	-	(126.0)	(122.8)	(126.0)	(122.8)
Inventory	2.0	0.9	(4.5)	(2.9)	(2.5)	(2.0)
Investment in partnership	-	-	(62.9)	(90.3)	(62.9)	(90.3)
Trade and other receivables	0.8	-	(11.8)	(19.7)	(11.0)	(19.7)
Loans and borrowings	33.0	34.7	(20.7)	(22.5)	12.3	12.2
Trade and other payables	0.8	1.8	(11.5)	(0.5)	(10.7)	1.3
Provisions	-	-	(10.9)	(7.2)	(10.9)	(7.2)
Uncertain tax positions	-	-	(4.6)	(1.6)	(4.6)	(1.6)
Provision for withholding tax	-	-	-	(1.6)	-	(1.6)
Operating losses carry forward	73.5	78.0	-	-	73.5	78.0
Total	**123.1**	122.3	**(316.2)**	(326.4)	**(193.1)**	(204.1)
Netting of fiscal positions	(91.6)	(117.3)	91.6	117.3	-	-
Amounts recognized in the balance sheet	**31.5**	**5.0**	**(224.6)**	(209.1)	**(193.1)**	(204.1)

Deferred tax liabilities relating to intangible assets mainly consist of goodwill of EFC. This deferred tax liability will be reversed when the asset is impaired.

Deferred tax liabilities recognized in relation to property, plant and equipment will be realized over the depreciation period of the related asset, and mainly relate to EFC (USD 95.3 million), OCI Nitrogen (USD 15.8 million) and IFCo (USD 13.8 million). Furthermore, the deferred tax liability 'investment in partnership' (USD 62.9 million) relates to OCI Partners. This deferred tax liability does not have a fixed reversal period. This partnership is a Delaware limited partnership and is a non-taxable entity. Each unit-holder in OCIP is required to take into account its own share of items of income, gain or loss of the partnership in computing its income tax obligation.

Deferred tax assets relate to temporary differences, tax credits and tax losses carry forward. Temporary differences (mainly start-up costs that have been capitalized for tax purposes) amount to USD 79.7 million and have partly been off set with deferred tax liabilities (USD 13.8 million) and have partly been provided for (USD 65.9 million). In addition, the Company has tax losses carry forward totalling USD 146.5 million, for which a valuation allowance has been recorded amounting to USD 73.0 million. The losses carry forward mainly relate to the US operations (USD 75.4 million), Dutch operations (USD 27.6 million) and Egyptian operations (USD 25.3 million).

Expiration scheme of unrecognized carry forward tax losses, tax credits and deferred temporary tax assets:

2017 $ millions	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	Unlimited	Total
Unrecognized operating losses carry forward, tax credits and temporary differences	-	0.2	17.2	1.6	43.3	77.4	**139.7**

2016 $ millions	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	Unlimited	Total
Unrecognized operating losses carry forward, tax credits and temporary differences	4.3	15.2	18.1	-	27.6	83.2	**148.4**

12.4 Income tax receivables and payables

Changes in income tax receivables and payables:

$ millions	2017	2016
At 1 January	**(79.8)**	(36.4)
Income statement	(17.2)	(61.4)
Payments / (refunds)	28.9	15.0
Effect of movement in exchange rates	(5.8)	3.0
At 31 December	**(73.9)**	**(79.8)**
Income tax receivable	0.1	1.2
Income tax payables	(74.0)	(81.0)
Total	**(73.9)**	**(79.8)**

In 2017, USD 26.0 million of payments were made by OCI N.V. on behalf of the Dutch fiscal unity.

13. Inventories

$ millions	2017	2016
Finished goods	108.9	86.4
Raw materials and consumables	19.6	21.3
Spare parts, fuels and others	62.3	33.3
Total	**190.8**	**141.0**

During 2017, the total write-downs amount to USD 1.1 million (2016: USD 0.6 million) of which USD 0.7 (2016: USD 0.6 million) relates to spare parts. During 2017 there were no reversals of write downs (2016: nil). Inventory amounting to USD 75.5 million (2016: USD 43.2 million) has been pledged as security for external loans, consisting of USD 43.9 million by OCI Nitrogen (2016: USD 35.1 million), USD 23.2 million by IFCo and USD 8.4 million by OCI Partners (2016: USD 8.1 million). Reference is made to note 18. An amount of USD 16.4 million was reclassified from 'Property, plant and equipment' to inventory spare parts in 2017. Reference is made to note 7.

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14. Cash and cash equivalents

$ millions	2017	2016
Cash on hand	0.1	0.1
Bank balances	226.0	382.9
Restricted funds	1.0	2.1
Restricted cash	3.9	7.1
Total	**231.0**	392.2

Bank balances

USD 26.9 million (2016: USD 55.2 million) of the bank balances are being held in order to settle the constructive obligation towards the Tahya Misr Fund, reference is made to note 20.

Restricted funds

In May 2013, pursuant to a Bond Financing Agreement with the Iowa Finance Authority, IFCo issued "Series 2013" bonds to finance the construction of its plant. A portion of the cash proceeds from the bonds was invested under an investment agreement with Natixis Funding Corporation and Bayern LB New York, and was restricted due to the requisition procedures in the agreement. As at 31 December 2017 and 2016, the invested amounts that are included as restricted funds had a carrying amount of nil and (2016: USD 1.1 million), respectively.

In addition, IFCo entered into a Collateral Agency and Account Agreement, dated as of 1 May 2013, with UMB Bank, N.A., which establishes certain accounts to be held by UMB Bank, N.A. for the deposit of funds related to the Series 2013 bonds. Almost nil restricted funds for bond debt service reserve requirements in accordance with the Bond Financing Agreement and the Collateral Agency and Account Agreement were held in 2017 or 2016 since the required reserve balance was fulfilled using standby letters of credit.

The remaining restricted funds of USD 1.0 million as of 31 December 2017 (2016: USD 1.0 million) are held for debt service reserve requirements related to IFCo's USD 59.7 million Credit Agreement with First Abu Dhabi Bank (formerly, National Bank of Abu Dhabi) entered into in May 2015.

Restricted cash

Restricted amounts are held as collateral against letters of credit and letters of guarantees issued.

15. Equity attributable to owners of the Company

The movements in the number of shares can be summarized as follows:

	2017	2016
Number of shares at 1 January	210,306,101	210,113,854
Number of issued shares	-	192,247
On issue at 31 December - fully paid	**210,306,101**	210,306,101
Par value per share (in EUR)	**0.02**	0.02
At 31 December (in millions of USD)	**5.6**	5.6

Movements in equity attributable to owners of the Company in 2017:

- Total dividends declared to non-controlling interest amounted to USD 37.9 million, of which USD 7.5 million related to OCIP and was paid. Sorfert declared dividends of USD 30.4 million to non-controlling interest.
- Impact difference in profit sharing non-controlling interest: In the partnership agreement of Sorfert between OCI and the partner, a profit sharing arrangement is agreed, where the other investor will receive a relatively higher portion of dividends in compensation for lower natural gas prices. As a result of this agreement the non-controlling interest decreased by USD 0.1 million during 2017.
- An amount of USD 3.3 million related to share-based compensation was recognized in retained earnings.
- In December 2017 OCI purchased shares in OCI Partners from non-controlling interests for an amount of USD 61.1 million. Following the transaction, OCI's ownership in OCI Partners increased from 79.88% to 88.25%.

15. Equity attributable to owners of the Company (continued)

Movements in equity attributable to owners of the Company in 2016:

- In the Annual General Meeting of shareholders ('AGM') held on 28 June 2016, it was proposed to decrease the issued share capital of OCI by EUR 19.98 in order to result in a nominal value of EUR 0.02 for each ordinary share. The proposal was accepted and was effected after a two-month period. The amount of the capital reduction of USD 4,703.5 million is added to the share premium reserve of the Company.
- Total dividends paid to non-controlling interest amounted to USD 129.3 million, of which USD 6.7 million related to OCIP and USD 122.6 million to Sorfert.
- Impact difference in profit sharing non-controlling interest: In the partnership agreement of Sorfert between OCI and the partner, a profit sharing arrangement is agreed, where the other investor will receive a relatively higher portion of dividends in compensation for lower natural gas prices. As a result of this agreement the non-controlling interest increased by USD 7.0 million during 2016.
- OCI waived an amount of USD 25.5 million from the dues from Sorfert related to the technical and management services that OCI provided to Sorfert. This waiver was booked as a capital contribution in Sorfert. The non-controlling interest attributable to this contribution is USD 12.5 million. A corresponding amount has been deducted from 'equity attributable to owners of the Company'.
- In January 2016, 192,247 shares in Orascom Construction Industries S.A.E. (minority shareholders of OCI S.A.E.) were swapped for OCI shares. This transaction resulted in an issuance of new shares for an amount of USD 4.2 million and an increase of share premium by USD 2.1 million.
- Reclassification non-controlling interest of USD 33.3 million relates to the update of non-controlling interest positions.
- An amount of USD 2.1 million related to share-based compensation was recognized in retained earnings.

16. Reserves

$ millions	Hedge reserve	Available-for-sale	Currency translation	Convertible note[1]	Treasury shares	Total
At 1 January 2016	-	8.4	(88.1)	31.4	(39.3)	(87.6)
Reclassification	-	2.1	(2.1)	-	-	-
Currency translation differences	-	-	(27.7)	-	-	(27.1)
Available-for-sale financial assets	-	0.7	-	-	-	0.7
Other comprehensive income	-	2.8	(29.8)	-	-	(27.0)
Treasury shares sold	-	-	-	-	2.3	2.3
At 31 December 2016	-	11.2	(117.9)	31.4	(37.0)	(112.3)
Increase in hedge reserve	1.9	-	-	-	-	1.9
Currency translation differences	-	-	(140.2)	-	-	(140.2)
Available-for-sale financial assets	-	0.6	-	-	-	0.6
Other comprehensive income	**1.9**	**0.6**	**(140.2)**	**-**	**-**	**(137.7)**
Treasury shares sold	-	-	-	-	7.3	7.3
Treasury shares acquired	-	-	-	-	(0.2)	(0.2)
At 31 December 2017	**1.9**	**11.8**	**(258.1)**	**31.4**	**(29.9)**	**(242.9)**

[1] Relates to equity component of convertible Euro-notes, net of taxes (reference is made to note 18).

OCI is a company incorporated under Dutch law. In accordance with the Dutch Civil Code, legal reserves have to be established in certain circumstances. The hedging reserve, the available-for-sale reserve, the currency translation reserve and other legal reserves are legal reserves that limit distributions to shareholders to the extent that these reserves individually have a credit balance. 'Other reserves' include amongst other the reserve for non-distributed income of minority share holdings.

Treasury shares

During the financial year ended 31 December 2017 the movement in treasury shares was an increase of 200,768.

	2017	2016
Number of shares	1,219,312	1,018,544
Average carrying value per share (USD)	24.52	36.33
Carrying value of treasury shares (In millions of USD)	**29.9**	37.0

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17. Non-controlling interest

2017 $ millions	OCI Partners LP	Egyptian Basic Industries Corporation	Sorfert Algeria Spa	Other	Total
Non-controlling interest	11.75%	40.0%	49.01%	-	-
Non-current assets	66.7	140.1	544.0	-	750.8
Current assets	6.4	27.4	55.2	9.2	98.2
Non-current liabilities	(50.1)	(13.8)	(308.5)	0.7	(371.7)
Current liabilities	(6.7)	(46.5)	(131.7)	-	(184.9)
Net assets	**16.3**	**107.2**	**159.0**	**9.9**	**292.4**
Revenues	40.3	36.5	133.7	0.4	210.9
Profit / (loss)	5.3	(4.1)	(0.4)	-	0.8
Other comprehensive income	-	-	(3.8)	-	(3.8)
Total comprehensive income	**5.3**	**(4.1)**	**(4.2)**	**-**	**(3.0)**
Dividend cash flows	**(7.5)**	**-**	**-**	**-**	**(7.5)**

2016 $ millions	OCI Partners LP	Egyptian Basic Industries Corporation	Sorfert Algeria Spa	Other	Total
Non-controlling interest percentage	20.12%	40.00%	49.01%	-	-
Non-current assets	123.5	152.0	595.0	3.0	873.5
Current assets	8.6	18.6	70.6	9.1	106.9
Non-current liabilities	(93.6)	-	(357.6)	(1.1)	(452.3)
Current liabilities	(9.2)	(58.6)	(114.8)	(0.2)	(182.8)
Net assets	**29.3**	**112.0**	**193.2**	**10.8**	**345.3**
Revenues	52.0	18.1	162.9	0.2	233.2
Profit / (loss)	(10.0)	(7.5)	24.2	-	6.7
Other comprehensive income	-	-	(7.8)	-	(7.8)
Total comprehensive income	**(10.0)**	**(7.5)**	**16.4**	**-**	**(1.1)**
Dividend cash flows	**(6.7)**	**-**	**(122.6)**	**-**	**(129.3)**

18. Loans and borrowings

$ millions	2017	2016
At 1 January	**4,586.0**	**4,902.8**
Proceeds from loans	140.1	1,474.3
Redemptions of loans	(288.9)	(1,712.5)
Redemption of bank overdrafts (net)	-	(8.7)
Amortization of transaction costs / (bond) premiums	22.7	42.8
Debt modification costs on existing loans	(0.3)	(13.2)
Effect of movement in exchange rates	188.3	(125.3)
Accrued interest	29.7	25.8
At 31 December	**4,677.6**	**4,586.0**
Non-current	3,844.5	4,322.2
Current	833.1	263.8
Total	**4,677.6**	**4,586.0**

The effect of movement in exchange rate mainly relates to EUR and DZD denominated loans, which is different from the Group's presentation currency.

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18. Loans and borrowings (continued)

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in the financial risk and capital management paragraph in note 6.

Borrowing company	Type of loan	Principal amount ($ millions)	Interest rate	Date of maturity	Carrying amount[1] ($ millions)	Long-term portion ($ millions)	Short-term portion ($ millions)	Fair value ($ millions)	Collateral / Guarantee given (if applicable)
Sorfert Algeria SPA ('Sorfert')	Secured	USD 1,007.1 (DZD 114,440.0)	Algerian bank interest rate plus rate of 1.95% per annum	June 2026	713.3	629.5	83.8	n/a	Debt service reserve account, ban for any disposal or decrease of the Company share and assets
Iowa Fertilizer Company ('IFCo')	Secured	USD 242.8 USD 365.7 USD 429.0 USD 147.2	Fixed: 5.00% Fixed: 5.50% Fixed: 5.25% Fixed 5.875%	December 2019 December 2022 December 2025 December 2027	1,138.6	1,033.5	105.1	1,199.6	Certain bank accounts, personal property of IFCo, all funds, including equity contributions of USD 762.0 million by OCI
Iowa Fertilizer Company ('IFCo')	Secured	USD 59.7	USD LIBOR + 3.0%	December 2019	32.5	19.9	12.6	32.5	Certain bank accounts, personal property of IFCo and all funds
Iowa Fertilizer Company ('IFCo')	Revolver	USD 50.0	US Prime rate -/- 1.75%-3.15%	May 2018	35.0	-	35.0	35.0	Secured by liens on IFCo's account receivables, inventory and restricted funds
Egyptian Fertilizers Company ('EFC')	Secured	USD 930.0 USD 56.9 (EGP 1,015.0)	LIBOR + 5.00% margin CBE Mid Corridor + 2.90% margin for EGP denominated borrowings	October 2019	405.7	346.5	59.2	405.7	Pledge EFC shares 99.9% owned by 'Orascom Fertilizer Plant Maintenance'. Power of Attorney for perfection of commercial and real estate mortgages. OCI will pay for shortfalls
OCI Nitrogen B.V. ('OCI Nitrogen')	Secured	USD 601.0 (EUR 500.0)	EURIBOR + a variable margin based on leverage ratio ranging 3.50%-4.50%	August 2021	533.4	475.3	58.1	533.4	Pledge of OCI Fertilizers B.V. shares in OCI Nitrogen, Pledge of moveable assets, trade receivables and company accounts, property mortgage
OCI N.V. ('OCI')	Unsecured convertible bond	USD 407.5 (EUR 339.0)	Fixed at 3.875%	September 2018	403.5	-	403.5	413.1	n/a
OCI N.V. ('OCI')	Secured	USD 660.0 (EUR 549.1)	a variable margin ranging EURIBOR + 2.25%-4.00% and LIBOR + 2.75%-4.50% based on Group's leverage ratio	July 2020	671.1	671.1	-	671.1	Pledge of shares in OCI Chem 2 B.V., which indirectly holds 50% share in Natgasoline
OCI N.V. ('OCI')	Subordinated	USD 372.7	LIBOR + margin increasing over time ranging 7.50% - 9.75%	January 2021	372.7	372.7	-	372.7	n/a
OCI N.V. ('OCI')	Unsecured	USD 48.0	LIBOR + a variable margin based on Group's leverage ratio ranging 2.75%-4.50%	July 2020	48.1	48.1	-	48.1	n/a
OCI Fertilizer Trading Ltd. ('OFT') and OCI Fertilizers Trade & Supply Ltd. ('OFTS')	Revolver	USD 105.0	LIBOR + 1.50% - 2.50%	Renewed annually	42.8	-	42.8	42.8	n/a
OCI Partners LP ('OCI Partners')	Secured	USD 450.0	USD LIBOR + 6.75% margin, with USD LIBOR Floor of 1.0%	August 2019	227.9	223.4	4.5	234.2	Secured by liens on OCI Partners' assets as well as assets of future consolidated entities
OCI Partners LP ('OCI Partners')	Revolver	USD 40.0	LIBOR + 4.75%	March 2018	16.0	-	16.0	16.0	Secured by liens on OCI Partners' assets as well as assets of future consolidated entities
Egypt Basic Industries Corporation ('EBIC')	Unsecured	USD 100.0	LIBOR + 4.00%	December 2020	37.0	24.5	12.5	37.0	n/a
Total 31 December 2017					**4,677.6**	**3,844.5**	**833.1**	**4,041.2**	
Sorfert Algeria SPA ('Sorfert')	Secured	USD 1,030.0 (DZD 114,440.0)	Algerian bank interest rate plus rate of 1.95% per annum	June 2026	815.4	729.5	85.9	815.4	Debt service reserve account, ban for any disposal or decrease of the company share and assets
Iowa Fertilizer Company ('IFCo')	Secured	USD 242.8 USD 365.7 USD 429.0 USD 147.2	Fixed: 5.00% Fixed: 5.50% Fixed: 5.25% Fixed 5.875%	December 2019 December 2022 December 2025 December 2027	1,135.5	1,135.5	-	1,131.2	Certain bank accounts, personal property of IFCo, all funds, including equity contributions of USD 762.0 million by OCI
Iowa Fertilizer Company ('IFCo')	Secured	USD 59.7	2019: USD LIBOR + 3.0%	December 2019	45.4	32.1	13.3	45.4	Certain bank accounts, personal property of IFCo and all funds
Egyptian Fertilizers Company ('EFC')	Secured	USD 930.0 USD 55.8 (EGP 1,015.0)	LIBOR + 5.00% margin CBE Mid Corridor + 2.90% margin for EGP denominated borrowings	October 2019	463.4	404.2	59.2	463.4	Pledge EFC shares 99.9% owned by 'Orascom Fertilizer Plant Maintenance'. Power of Attorney for perfection of commercial and real estate mortgages. OCI will pay for shortfalls
OCI Nitrogen B.V. ('OCI Nitrogen')	Secured	USD 525.8 (EUR 500.0)	EURIBOR + a variable margin based on leverage ratio ranging 3.50%-4.50%	August 2021	517.4	466.6	50.8	517.4	Pledge of OCI Fertilizers B.V. shares in OCI Nitrogen, Pledge of moveable assets, trade receivables and company accounts, property mortgage
OCI N.V. ('OCI')	Unsecured convertible bond	USD 356.5 (EUR 339.0)	Fixed at 3.875%	September 2018	344.3	344.3	-	347.4	n/a
OCI N.V. ('OCI')	Secured	USD 660.0 (EUR 627.5)	EURIBOR + 3.75%	July 2020	641.4	641.4	-	641.4	Pledge of shares in OCI Chem 2 B.V., which indirectly holds 50% share in Natgasoline
OCI N.V. ('OCI')	Subordinated	USD 342.8	LIBOR + margin increasing over time ranging 7.50% - 9.75%	January 2021	342.8	342.8	-	342.8	n/a
OCI Fertilizer Trading Ltd. ('OFT') and OCI Fertilizers Trade & Supply Ltd. ('OFTS')	Revolver	USD 105.0	LIBOR + 2.50%	Renewed annually	0.7	-	0.7	0.7	n/a.
OCI Partners LP ('OCI Partners')	Secured	USD 450.0	USD LIBOR + 6.75% margin, with USD LIBOR Floor of 1.0%	August 2019	230.1	225.8	4.3	230.1	Secured by liens on OCI Partners' assets as well as assets of future consolidated entities
Egypt Basic Industries Corporation ('EBIC')	Unsecured	USD 100.0	LIBOR + 3.25%	December 2017	49.6	-	49.6	49.6	n/a
Total 31 December 2016					**4,586.0**	**4,322.2**	**263.8**	**4,584.8**	

[1] As at 31 December 2017 the carrying amount of loans and borrowings excluded interest of USD 44.5 million (2016: USD 44.4 million)

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18. Loans and borrowings (continued)

Covenants

Certain loan agreements include covenants. The covenant calculations are prepared based on individual borrowing Company's financial statements at each period of twelve months ending on the last day of each financial quarter.

The definitions for calculating the covenants can be summarized as follows:

- Debt Service Coverage Ratio: Income Available (revenue earned less operating expenses) to Debt Service (net finance charges including the capital element of finance leases) or gross profit less change in working capital to interest and principal payments.
- Debt to Equity Ratio: Gross Debt (current and long-term debt obligations) to total Equity (the sole capital of the borrower).
- Cash Flow Coverage Ratio: the Excess Cash Flow available to pay current debt obligations (Debt Service). Excess Cash Flow is adjusted EBITDA further adjusted by net working capital as well as cash paid and received during the relevant period that has not already been taken into account in establishing adjusted EBITDA.
- Net Leverage Ratio: the Group's Net Debt (meaning the aggregate amount of all obligations of the Group, excluding intergroup loans and cash and cash equivalents, but including finance leases) to adjusted EBITDA.
- Interest Coverage Ratio: EBITDA, EBIT or Distribution Receipts (cash received by the borrower by way of dividends or repayments of loans) to Finance Charges (meaning finance payments in respect of borrowings including the interest element of finance leases).
- Maximum Capital Expenditure: the aggregate capital expenditure of the Group (any expenditure or obligation that creates a future benefit to the Group, excluding those related to business acquisitions and including the capital element of a finance lease) should not exceed the required threshold.
- Minimum Tangible Net Worth: the Group's Consolidated Equity minus the capitalized intangible assets and intercompany receivables of the Guarantor should exceed a required threshold.

In the event the company would not comply with the covenant requirements, the loans would become immediately due. Below is a summary of compliance with the main covenants per borrowing company:

- OCI N.V. borrowings include compliance with the following financial ratios: Debt Service Coverage Ratio, Net Leverage Ratio and Maximum Capital Expenditures. A loan amendment was obtained in in August 2017, which improved the financial covenants. As of 31 December 2017, all amended financial ratios were met.
- EFC borrowings include compliance with the following financial ratios: Cash Flow Coverage Ratio, Net Leverage Ratio and Capital expenditures should not exceed the budget. As of 31 December 2017, the Net Leverage Ratio was in breach; however, a waiver was obtained before year-end. The waiver that was obtained also waives any future covenant breaches for the Net Leverage Ratio for the remaining term of the borrowings.
- EBIC borrowings include compliance with the following financial ratios: Net Leverage Ratio, Cash Flow Coverage Ratio and Minimum Tangible Net Worth. All financial covenants were met at year end.
- OCI Nitrogen borrowings include compliance with the following financial ratios: Interest Coverage Ratio, and Net Leverage Ratio. All ratios were met as of 31 December 2017.
- OCI Partners borrowings include compliance with the following financial ratios: Interest Coverage Ratio and Net Leverage Ratio. A loan amendment was obtained in November 2016, which improved the financial covenants. As of 31 December 2017, all amended financial ratios were met.
- Sorfert borrowings include compliance with the following financial ratios: Debt Service Coverage Ratio and Debt to Equity Ratio. The Debt Service Covenants Ratio was not met per 31 December 2017, however a waiver has been obtained.
- IFCo borrowings of USD 59.7 million include compliance with a Debt Service Coverage Ratio. This ratio was in breach per 31 December 2017. However, before year-end a waiver was obtained.
- OFT and OFTS borrowings do not have financial covenants that require compliance as of 31 December 2017.

Refer to note 6.2 for additional discussion of the Company's liquidity risk. The aforementioned external borrowings include change in control clauses that enable the lenders to call the financing provided.

Fair value measurement loans and borrowings

Except for the IFCo bonds, the convertible bond and the loan of Sorfert, the fair value of all other loans and facilities is calculated within hierarchy category level 2. The bonds of IFCo and the convertible bond are measured following hierarchy category 1. The fair value of the loan of Sorfert cannot be determined as no observable market data is available.

18. Loans and borrowings (continued)

New and amended financing arrangements in 2017

EBIC

In March 2017, EBIC refinanced the outstanding term loan in the amount of USD 49.6 million with a 4-year amortizing loan, with semi-annual installments of USD 6.3 million and a final maturity date in December 2020. The modified term loan carries an interest rate of LIBOR plus a margin of 4%. Debt modification costs were incurred of USD 0.3 million.

IFCo

In May 2017, IFCo entered into a working capital facility of USD 50.0 million, of which USD 35.0 million was drawn per 31 December 2017. The short-term facility matures in May 2018 and carries an interest rate of US Prime rate minus a margin between 1.75% - 3.15%.

OCI

In December 2017, OCI entered into a credit facility agreement with NNS Luxembourg Sarl (a related party) for USD 48.0 million. The loan matures in July 2020 and carries an interest rate of LIBOR plus a margin of 4.25% at inception. Depending on the leverage ratio the margin varies between LIBOR plus a margin of 2.75% and LIBOR plus a margin of 4.50%. The facility is used for general corporate purposes, including the purchase of OCI Partners shares from non-controlling interests in December 2017, reference is made to note 15.

Proceeds from borrowings

Proceeds from borrowings in 2017 totaled an amount of USD 140.1 million, which consisted of the net proceeds of the new financing arrangements of IFCo and OCI mentioned above as well as increased existing credit facilities of OCI Partners and OFT/OFTS.

New and amended financing arrangements in 2016

Natgasoline

In connection with CEL's investment in Natgasoline (reference is made to note 10), OCI and CEL announced on 21 April 2016 that Citi and Morgan Stanley have priced and fully underwritten approximately USD 250.0 million of tax-exempt Mission Economic Development Corporation Senior Revenue Lien Bonds (Natgasoline Project), Series 2016. The funds were received by Natgasoline beginning of May 2016. USD 192.1 million of the proceeds were used to partly redeem the shareholder loan received from OCI. In August 2016 Natgasoline obtained external financing to repay the remaining outstanding balance of the shareholder loan issued by OCI. A total amount of USD 511.0 million was collected by OCI.

OCI

On 22 January 2016, OCI entered into a credit facility agreement, which has a payment in kind loan structure with regard to interest, with Nile Holding for USD 300.0 million and an amended agreement on 28 July 2016 for an additional USD 17.0 million. The credit facility agreement is subordinated to the credit facility drawn for USD 651.4 million described below. The facility was fully drawn, and was used for capital expenditures and other corporate expenses. The loan matures on 31 January 2021 and carries an interest rate of LIBOR plus a margin between 7.50% to 9.75%. Transaction costs were incurred and accrued in the amount of USD 3.0 million.

In May 2016, the Company repaid an amount of USD 190.0 million on the USD 398.2 million bridge facilities outstanding per year end 2015, from proceeds received following the USD 250.0 million Natgasoline bond issuance and CEL's investment in Natgasoline. The remaining outstanding balance of the bridge facilities has been repaid in August 2016.

On 28 November 2016, OCI refinanced its outstanding revolver facility of USD 550.0 million, by entering into a new credit facility dated 17 November 2016, which comprises a USD 290.0 million (denominated in an equivalent Euro amount) term facility loan and a USD 370.0 million revolving credit facility. The credit facility was drawn for an amount of USD 651.4 million. Net proceeds were USD 640.6 million after taking into account transaction costs in the amount of USD 10.8 million. The term facility loan will be redeemed in four semi-annual installments, starting in January 2019 and ending in July 2020. At inception of the new credit facility the interest rate is set at LIBOR plus a margin of 4.25% for the US dollar denominated loans and EURIBOR plus a margin of 3.75% for the Euro denominated loans. As per year-end 2016 the credit facility was fully drawn in Euros. The new credit facility replaces the previous one, which would originally mature in July 2017.

In November 2016, OCI entered into a credit facility agreement, which has a payment in kind loan structure with regard to interest, with NNS Luxembourg (a related party), for an amount of USD 140.0 million. The credit facility agreement is subordinated to the credit facility drawn for USD 651.4 million described above. The loan matures on 31 January 2021 and carries an interest rate of LIBOR plus a margin of 9.0%. As per year end 31 December 2016, no amounts have been drawn from this facility.

OCI Nitrogen

On 18 August 2016, OCI Nitrogen refinanced its outstanding debt of USD 315.5 million (EUR 300.0 million), by entering into a new credit facility, which comprises an amortizing USD 262.9 million (EUR 250.0 million) term loan facility A ('TLA'), a USD 262.9 million (EUR 250.0 million) term loan facility B ('TLB') and a USD 52.6 million (EUR 50.0 million) revolving credit facility. Net proceeds were USD 516.7 million after taking into account transaction costs in the amount of USD 9.1 million. The TLA will be redeemed over 5 years and the TLB will be repaid on the maturity date in 2021. The weighted average opening margin is 4.23% over EURIBOR. The new credit facility replaces the previous one, which would originally mature in October 2016.

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18. Loans and borrowings (continued)

OCI Partners

On 17 March 2016, OCI Partners extended the maturity of the revolving credit facility to 31 March 2017 and amended the covenants for its outstanding term loans and revolving credit facility for the three-month periods ending 30 June 2016, 30 September 2016, 31 December 2016 and 31 March 2017.

On 30 November 2016, OCI Partners further amended the outstanding term loans and agreed to prepay USD 200.0 million. The amendment improves the financial covenants. Debt modification costs were incurred for an amount of USD 2.2 million.

IFCo

On 28 November 2016, IFCo announced the successful completion of consent solicitation and exchange offer for the USD 1,174.0 million outstanding bonds as per year end 2015. The exchange offer involved the tendering of USD 147.0 million of aggregate principal amounts of Series 2013 Bonds maturing in December 2019 through an issuance of new Series 2016 bonds maturing in December 2026 and December 2027. The new Series 2016 Bonds were priced at 5.875% and are interest only until 2026. The amendments and exchange offer will give IFCo more flexibility going forward and will reduce its third-party debt obligations over the next 18 months by USD 142.0 million, providing significantly improved liquidity profile as the facility begins operations. As part of the consent process, IFCo also received various other consents, including the removal of a change of control default clause, certain waivers to enter into a settlement and acceleration agreement with its EPC contractor, Orascom E&C, and allowing for an increase in permissible working capital credit facility from USD 30.0 million to USD 50.0 million. Debt modification costs were incurred for an amount of USD 11.0 million.

OFT and OFTS

On 20 August 2016 OFT and OFTS amended their facility agreements, which are reported as bank overdrafts, by removing the financial covenants and releasing the guarantor.

Undrawn bank facilities

As of 31 December 2017, the Group had not drawn external bank facilities in the amount of USD 161.3 million. This relates to a trade finance facility of OFT and OFTS of USD 62.2 million, and external bank facilities of OCI Partners of USD 24.0 million, OCI Nitrogen of USD 60.1 million and IFCo of USD 15.0 million.

Convertible note terms

In September, 2013, OCI issued convertible Euro notes with proceeds of USD 466.5 million. The notes have a 5-year maturity date and a coupon rate of 3.875 percent per annum, payable semi-annually in arrears. The issued convertible notes qualify as compound financial instruments, since each note contains both an equity and liability component. These notes contain an equity component which entitles the holder to convert into shares at a conversion fixed price of EUR 34.45 per share and so contain a liability component for the issuer's obligation to pay interest and potentially, to redeem the note in cash. In March 2015, post the Demerger of the Engineering & Construction business, the conversion price was adjusted to EUR 28.4690. The conversion price was calculated based on the 5-day weighted average price ('WAP') of OCI prior to the Demerger and the 5-day WAP of OCL post the Demerger.

Transaction costs that are directly attributable for the issuance of the shares and convertible notes totaled USD 11.7 million. This includes fees and commissions paid to advisers, brokers, dealers and lawyers. These costs are allocated to the liability and equity component on a pro rata basis. The transaction costs related to the liability component will be recognized in accordance with the effective interest rate method over the term of the convertible bond and will be recognized under finance expenses in the statement of profit or loss.

19. Trade and other payables

$ millions	2017	2016
Trade payables	214.5	156.0
Trade payables due to related parties (note 30)	87.4	78.9
Accrued dividends	45.0	15.4
Other payables	80.2	45.3
Share-based payment liabilities	2.0	2.4
Accrued expenses	110.6	109.7
Accrued interest	44.5	44.4
Other tax payable	2.8	19.0
Derivative financial instruments	1.4	14.6
Total	**588.4**	**485.7**
Non-current	19.3	5.6
Current	569.1	480.1
Total	**588.4**	**485.7**

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

Derivative financial instruments include the following:

$ millions	2017	2016
Foreign exchange contract	-	0.6
Commodity contracts	1.4	-
Discounted value of outstanding installments on gas price derivative	-	14.0
Total	**1.4**	**14.6**

All derivatives included in trade and other payables are classified in the fair value hierarchy level 2.

Commodity contracts

Commodity contracts consists of gas hedges in order to hedge future gas price levels. The fair value of these contracts amounts to USD 1.4 million as per 31 December 2017.

Gas price derivative

The IFCo plant, which is operational since October 2017, previously entered into a swaption (option to swap) to mitigate the potential impact of the increase in natural gas prices for a portion of the expected usage. The Group does not apply hedge accounting, therefore all fair value changes related to this financial instrument are recognized in profit or loss. The derivative entitles IFCo to an option to buy a quantity of 95,887,500 MMBtu representing 50% of expected consumption against a strike price of USD 6.0/MMBtu for years 2015-2018 and USD 6.5/MMBtu for years 2019-2022. As of 31 December 2017 and 31 December 2016, the fair value of the derivative amounted to almost nil for both years. The discounted value of the outstanding installments related to the gas price derivative amounting to nil and USD 14.0 million, respectively, have been netted with the fair value of the derivative. The discount rate used was 9.2% for 2016.

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20. Provisions

$ millions	Claims and other provisions	Donation provision	Total
At 1 January 2017	**15.8**	**104.7**	**120.5**
Provision made during the year	14.7	-	14.7
Provision used during the year	(0.2)	-	(0.2)
Effect of movement in exchange rates	(0.1)	2.1	2.0
At 31 December 2017	**30.2**	**106.8**	**137.0**
Non-current	10.1	-	10.1
Current	20.1	106.8	126.9
Total	**30.2**	**106.8**	**137.0**

Claims and other provisions

The Group is involved in various litigations and arbitrations. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized. Reference is made to note 27 for detailed information with respect to major ongoing litigations and claims for which no provision has been recognized. Other provisions also include a take-or-pay provision on the gas contract of Sorfert.

Donation provision

On 13 November 2014, the Company announced that it had decided to transfer the rights to the amounts receivable from the first installment already paid to the Egyptian Tax Authority in 2013 of EGP 2,500 million (approximately USD 360.0 million) to the Tahya Misr ('Long Live Egypt') Fund (reference is made to note 27). No formal agreement has been drafted with the Tahya Misr Fund yet and no payments have been made to the fund. The transfer of rights has been approved by OCI's Board of Directors on 12 November 2014.

Following the guidance under IAS 37 (constructive obligations) the Company has presented the transfer of rights to the Tahya Misr Fund as a donation provision.

In March 2015, the Company received a cheque for EGP 1,904 million (approximately USD 266.2 million). At year end 2017 the carrying amount in US dollars had reduced to USD 106.8 million, due to the devaluation and weakening of the EGP since March 2015.

21. Development of cost of sales and selling, general and administrative expenses

a. Expenses by nature

$ millions	2017	2016
Raw materials and consumables and finished goods	1,398.5	1,172.2
Employee benefit expenses (b)	195.0	237.6
Depreciation and amortization	330.9	317.2
Consultancy expenses	15.4	16.7
Other	152.2	165.8
Total	**2,092.0**	**1,909.5**
Cost of sales	1,931.1	1,685.4
Selling, general and administrative expenses	160.9	224.1
Total	**2,092.0**	**1,909.5**

21. Development of cost of sales and selling, general and administrative expenses (continued)

b. Employee benefit expenses

$ millions	2017	2016
Wages and salaries	148.5	180.4
Social securities	6.5	7.3
Employee profit sharing	13.0	38.1
Pension cost	10.8	9.1
Share-based compensation expense (c)	5.3	2.1
Release remeasurement employee liability share-based payments	-	(9.5)
Other employee expenses	10.9	10.1
Total	**195.0**	**237.6**

During the financial year ended 31 December 2017, the number of key executives was 2 (2016: 2 key executives), which represents the Executive Board members; Nassef Sawiris ('CEO'), Salman Butt ('CFO') for the period until 30 September 2017 and Hassan Badrawi ('CFO') from October onwards. During the financial year ended 31 December 2017, the average number of staff employed in the Group converted into full-time equivalents amounted to 2,879 employees (2016: 2,871 employees).

c. Share-based compensation arrangements

OCI has four share-based compensation plans which are intended to (i) attract and retain the best available personnel for positions of substantial responsibility, (ii) provide additional incentive to management and employees, (iii) promote the success of the Company's business, and (iv) align the economic interests of key personnel directly with those of shareholders. Under the first two plans, stock options have been granted to management and employees. The other plans are comprised of share incentive plans.

Share option plans

As a result of the reverse takeover and Group restructuring that took place during 2013, OCI acquired the assets and liabilities of the OCI S.A.E. Stock Incentive Plan (the first plan). Under the terms of the OCI S.A.E. incentive plan, in the event of a change of control of OCI S.A.E., each outstanding option or right shall be assumed or an equivalent option, or right substituted by the successor company or a subsidiary of the successor company. In the event that the successor company refuses to assume or substitute for the option or right, all outstanding options or rights shall fully vest and become immediately exercisable. OCI elected that holders of options or rights under the OCI S.A.E. incentive plan exchange each of their existing options or rights for an option or right in respect of shares of OCI on the same terms and conditions as the existing options or rights. The options under the OCI S.A.E. plan were generally granted at the fair market value on the date of grant, vested after four years (cliff vesting) and expired after five years. On 28 August 2013, following the commencement of OCI's share trading in Euros, the options under the OCI S.A.E. plan were replaced by the Company's options and accounted for as a modification of the original grant of options. Furthermore, under existing authority, 1,529,598 shares were repurchased from employees to facilitate the administration of the OCI S.A.E. plan during the year.

On 20 December 2013, the non-executive board members of OCI adopted an additional Employees Incentive Plan (the second plan). The second plan authorized the issuance of up to 1 million shares to employees and excludes the executive directors. The exercise price of the options granted to employees is equal to the fair market value of the shares on the date of grant. The options granted under this plan generally vest after three years (cliff vesting) and expire after seven years. Employees currently hold 828,175 vested options which are exercisable as at 31 December 2017 for which payment of the purchase price could be made with a promissory note.

The Company modified the plans as at 7 March 2015 due to the demerger of the Construction business. Under the terms of the demerger, OCI shareholders received one Orascom Construction share for every two OCI shares owned. As a result of these developments, all outstanding options and matching rights held by awardees related to OCI shares have been replaced with new options and matching rights. The new option right will give the awardee a right to a cash payment equal to the increase in value of one OCI share plus ½ Orascom Construction share less the original exercise price. The new options and matching rights are cash-settled plans. The exercise price of the options and all other terms and conditions remained the same. Of the 828,175 option rights outstanding as at 31 December 2017, 520,675 are option rights held by former employees which are now employed by Orascom Construction after the demerger.

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21. Development of cost of sales and selling, general and administrative expenses (continued)

The following table summarizes information about the stock options outstanding at 31 December 2017:

Grant date	Number of options outstanding at 31 December 2017 Fertilizer	Number of options outstanding at 31 December 2017 Construction	Number of options outstanding at 31 December 2017 Total	Exercise price per share (EUR)	Remaining life as at 31 December 2017 (in years)	Number of options exercisable at 31 December 2017
31 December 2013	307,500	520,675	828,175	32.74	3.0	828,175
Total	**307,500**	**520,675**	**828,175**	-	-	**828,175**

Measurement of fair values

As a consequence of the demerger of construction on 7 March 2015 the option plans were modified from equity-settled plans into cash settled plans and as a consequence fair values are remeasured as at 31 December 2017 to determine the liability out of share option plans as at 31 December 2017. The inputs used in the measurement of the fair values at remeasurement date were as follows:

Options granted in:	2013
Fair value at 31 December 2017 (remeasurement date)	EUR 2.01
Share price at grant date	EUR 32.74
Share price at remeasurement date	EUR 24.47
Exercise price	EUR 32.74
Expected volatility (weighted average)	37.4%
Expected life (weighted average in years)	1.5
Expected dividends	none
Risk-free interest rate (based on government bonds)	0.15%
Performance conditions	none

Expected volatility has been based on the developments of the share price over the option's expected life taking into account the remaining contractual life and the effects of expected early exercise. The fair value on remeasurement date were calculated using the Black-Scholes option model.

Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans and replacement awards were as follows:

Options	Number of options 2017	Weighted-average exercise price 2017 (EUR)	Number of options 2016	Weighted-average exercise price 2016 (EUR)
Outstanding at 1 January	2,780,675	27.81	3,488,075	28.07
Forfeited during the year[1]	(1,952,500)	25.71	(707,400)	29.12
Outstanding at 31 December	**828,175**	**32.74**	**2,780,675**	**27.81**
Exercisable at 31 December	**828,175**	**32.74**	**2,780,675**	**27.81**

[1] Option plans granted in 2012 with expiry date 2 January 2017 are forfeited. During the vesting period the share price did not exceed the exercise price which was set at grant date.

The options outstanding at 31 December 2017 have an exercise price of EUR 32.74 (2016: in the range of EUR 25.45 to EUR 32.74) and a weighted-average contractual life of 3 years (2016: 1.19 years).

Performance share plans

In 2014 a new performance share plan was introduced for the Executive Board. The share plan comprises the conditional granting of shares in OCI. Each year a plan with a 3-year vesting period starts in which the Company's performance is measured on total shareholder return ('TSR') against a peer group of companies. The fair value of these awards have been calculated using Monte-Carlo simulations. The number of conditional shares corresponds to a percentage (at most 150%) of the fixed reference salary divided by the price of the share on the stock market on the first day of the vesting period. The relative ranking that OCI achieves in the peer group determines the definitive number of shares that are granted at the end of the vesting period. The remaining shares vested must be retained by the members of the Executive Board for a period of 2 years. In 2014, in total 127,652 conditional shares have been granted with a fair value of EUR 1.0 million (fair value at grant date EUR 7.90 per share, using a volatility of 49%, a risk-free rate of 0,10 percent). At 6 March 2015, 3,421 conditional shares are settled in cash and 11,975 conditional shares are forfeited, given a remaining total as at 6 March 2015 of 112,256 conditional shares. In 2015, the remaining conditional shares increased with 22% as an effect of the demerger from 112,256 to 136,953 with a fair value of EUR 886,826 (fair value at grant date EUR 6.4754 per share, using a volatility of 49.0%, a risk-free rate of 0.10%). In July 2017, at the end of the plan, the Performance share plan 2014 was vested at a TSR of 33.6% resulting in a total number of shares of 46,016 delivered to the Executive Board members.

21. Development of cost of sales and selling, general and administrative expenses (continued)

In 2015, in total 125,269 conditional shares have been granted with a fair value of EUR 0.7 million (fair value at grant date EUR 5.369 per share, using a volatility of 42.5%, a risk-free rate of (0.7) percent). At 30 September 2017, 57,188 conditional shares are forfeited.

In 2016, in total 261,120 conditional shares have been granted with a fair value of EUR 2.6 million (fair value at grant date EUR 9.833 per share, using a volatility of 38.4%, a risk-free rate of (0.6) percent). At 30 September 2017, a total of 119,207 conditional shares are vested at a TSR of 19.9% resulting in a total number of shares of 23,682 delivered.

In 2017, in total 190,600 conditional shares have been granted with a fair value of EUR 3.4 million (fair value at grant date EUR 17.710 per share, using a volatility of 39.3%, a risk-free rate of (0.7) percent). At 30 September 2017, a total of 87,013 conditional shares are vested at a TSR of 55.4% resulting in a total number of shares of 48,239 delivered.

Bonus matching plan

In 2014 a new bonus matching plan was introduced for the members of the Executive Board and Senior Management. In this plan members of the Executive Board and Senior Management are entitled to buy shares from their annual bonus. The shares will be withheld for a period of three years. After the 3-year period, the participants will receive a bonus share for each share of the plan. For the members of the Executive Board, the shares vested must be retained for a period of 2 years. In 2014 63,064 bonus matching rights were granted in the bonus matching plan. At December 2016, 418 bonus matching rights are forfeited giving a total at 31 December 2016 of 62,646 bonus matching rights with a fair value of EUR 1.2 million (with a fair value of EUR 19.07 at 31 December 2016). As a consequence of the demerger of the construction business the matching right plans of 2014 were modified into cash-settled plans. For each matching right the awardee will be entitled to a cash payment equal to the value of one OCI share plus ½ Orascom Construction share. Of the 62,646 matching rights outstanding as at 31 December 2016 18,175 are matching rights held by former employees which are now employed by Orascom Construction after the demerger. The vesting date of these rights did not change but since OCI no longer receive services for these matching rights the expenses of USD 0.1 million have been recognized as at 31 December 2016 and are no longer recognized over the remaining vesting period. In March 2017, 2,070 bonus matching rights have been forfeited. In November 2017, the bonus matching plan vested for which a total of 60,576 shares were delivered.

In 2015 a new bonus matching plan was introduced for the members of the Executive Board and Senior Management. In this plan members of the Executive Board and Senior Management are entitled to buy shares from their annual bonus. The shares will be withheld for a period of three years. After the 3-year period, the participants will receive a bonus share for each share of the plan. For the members of the Executive Board, the shares vested must be retained for a period of 2 years. In 2015 65,007 bonus matching rights were granted in the bonus matching plan. At December 2016, 825 bonus matching rights forfeited giving a total at 31 December 2016 of 64,182 bonus matching rights with a fair value of EUR 1.5 million (with a fair value of EUR 24.125 at grant date equal to the share price at grant date). In March 2017, 2,920 bonus matching rights have been forfeited giving a total at 31 December 2017 of 61,262 bonus matching rights with a fair value of EUR 1.5 million.

In 2016, 172,648 bonus matching rights were granted in the bonus matching plan with a fair value of EUR 2.1 million (with a fair value of EUR 12.22 at grant date equal of the share price at grant date). In March 2017, 10,900 bonus matching rights were granted in the bonus matching plan 2016 and in September 2017, 14,027 shares were vested, giving a total outstanding at 31 December 2017 of 169,521 bonus matching rights.

In 2017, 95,060 bonus matching rights were granted in the bonus matching plan with a fair value of EUR 1.6 million (with a fair value of EUR 16.59 at grant date equal of the share price at grant date). In September 2017, 14,496 shares were vested giving a total outstanding at 31 December 2017 of 80,564 bonus matching rights .

22. Other income

$ millions	2017	2016
Insurance claims	1.6	80.1
Result on sale of subsidiary (Natgasoline)	-	107.9
Termination fee CF transaction	-	150.0
Result on sale of Gavilon	0.7	2.8
Gain on sale of available-for-sale financial asset	0.4	-
Other	5.5	11.9
Total	**8.2**	352.7

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22. Other income (continued)

Result on sale of Gavilon

The USD 0.7 million of 'Result on sale of Gavilon' in 2017 (2016: USD 2.8 million) relates to the partial release of the escrow account created during the sales transaction of Gavilon in 2013. The amount of USD 0.7 million was collected in December 2017. During 2013, OCI Fertilizer Holding Limited ('OCI FH') sold its full ownership in Gavilon Group for a total consideration of USD 666.7 million, resulting into a gain of USD 262.1 million. As at 31 December 2017, an amount of USD 1.3 million (2016: USD 2.0 million) was still held by the buyer in the escrow account, which was created to cover any post-closing indemnity under the Sale and Purchase Agreement. It is uncertain when and what part of the remaining amount will be received. No receivable has been recognized for this amount.

Insurance claims

During financial year ended 31 December 2016, the Group received USD 80.1 million in insurance income related to fire incidents in 2015 which took place at the plant of OCI Nitrogen. In June 2016, the final settlement was received.

Result on sale of 50% and deconsolidation of Firewater LLC ('Natgasoline')

In May 2016, a controlling interest of 50% of the shares held in Firewater LLC (holding company of Natgasoline) were sold to CEL (reference is made to note 10). Subsequently, the investment in Firewater LLC was deconsolidated and the resulting gain of USD 107.9 million recognized, which was determined as follows:

$ millions	
Fair value of retained investment in Firewater LLC ('Natgasoline')	630.0
Carrying amount of Firewater's net assets	(522.1)
Resulting gain	**107.9**

Termination fee as per combination agreement with CF Industries

On 25 May 2016, OCI received a termination fee of USD 150.0 million from CF Industries ('CF') upon termination of the combination agreement to combine OCI's European, North-American and global distribution business with CF's global assets.

23. Other expenses

$ millions	2017	2016
Settlement of claims	11.0	-
CF transaction related expense	-	24.8
Repair costs	-	13.8
Impairment available-for-sale financial assets	-	3.0
Loss on gas price derivative by IFCo	1.0	2.5
Loss on sale of scrapped assets	2.1	-
Other	5.3	1.1
Total	**19.4**	**45.2**

The settlement of claims relates to a liability due to Lafarge Egypt (a related party). In December 2007, OCI S.A.E. sold OBMH S.A.E., the holding company of OCI S.A.E.'s cement assets, to Lafarge S.A. (now LafargeHolcim Ltd.) for USD 15.0 billion. OCI S.A.E. indemnified Lafarge for certain potential liabilities related to the sold assets, which in 2017 resulted in a liability due to Lafarge.

The repair costs in 2016 related to the repairs performed as a result of the fire at the factory of OCI Nitrogen in 2015.

For further information on the gas price derivative, reference is made to note 19.

24. Net finance cost

$ millions	2017	2016
Interest income on loans and receivables	5.3	21.7
Fair value gain on derivative	0.5	4.9
Foreign exchange gain	151.5	325.6
Finance income	**157.3**	**352.2**
Interest expense on financial liabilities measured at amortized cost	(222.0)	(242.2)
Fair value loss on derivative	(3.1)	(0.9)
Foreign exchange loss	(180.3)	(189.4)
Finance cost	**(405.4)**	**(432.5)**
Net finance cost recognized in profit or loss	**(248.1)**	**(80.3)**

The decrease in foreign exchange gains and losses from 2016 to 2017 mainly related to the revaluation of intercompany balances in foreign currencies, for which the statement of profit or loss impact is not eliminated in the consolidated financial statements.

25. Earnings per share

	2017	2016
i. Basic		
Net (loss) / profit attributable to shareholders	(103.6)	167.9
Weighted average number of ordinary share (Basic)	209,365,410	209,231,092
Basic earnings per ordinary share	**(0.495)**	**0.802**
ii. Diluted		
Net (loss) / profit attributable to holders of ordinary shareholders	(103.6)	167.9
Interest expense on convertible notes	anti-dilutive	anti-dilutive
Net (loss) / profit attributable to holders of ordinary shareholders based on full conversion	(103.6)	167.9
Weighted average number of ordinary shares (Basic)	209,365,410	209,231,092
Adjustment for assumed conversion of convertible notes	anti-dilutive	anti-dilutive
Adjustment for assumed equity-settled share-based compensation	anti-dilutive	-
Weighted average number of ordinary shares outstanding on the basis of full conversion	209,365,410	209,231,092
Diluted earnings per ordinary share	**(0.495)**	**0.802**

(i) Weighted average number of ordinary shares calculation

shares	2017	2016
Issued ordinary shares at 1 January	210,306,101	210,113,854
Effect of treasury shares held	(940,691)	(1,074,484)
Effect of shares issued during the year	-	191,722
Weighted average number of ordinary shares outstanding as per 31 December	**209,365,410**	**209,231,092**

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26. Segment reporting

OCI's reportable segments are consistent with how it manages the business and views the markets it serves. The reportable segments are: OCI Partners, IFCo and OCI Fertilizers USA, OCI Nitrogen and Trading, BioMCN and North Africa. The organizational structure of the segments is based on a number of factors that the chief operating decision maker ('CODM') uses to evaluate, view, and run our business operations.

Segment policy

The Company derives the results of the business segments directly from its internal management reporting system. All segments are managed separately because they require different operating strategies and use their own assets and employees.

Segment revenues includes revenues from sales to external customers and intersegment revenues. Prices for transactions between segments are determined on an arm's length basis. Profit / (loss) before tax is the primary performance measure used by our CODM to evaluate operating results and allocate capital resources among segments. Profit / (loss) before tax is also the profitability measure used to set management and executive incentive compensation goals. Corporate and other consists of share-based compensation and certain corporate general and administrative expenses that are not allocated to the segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be reasonably and consistently allocated.

A summary description of each reportable segment is as follows:

OCI Nitrogen and Trading

OCI Nitrogen has been combined with its trading activities (OFT and OFTS) into one reporting segment based on the similarities in products, customers and distribution as a result of the trading business selling products produced by OCI Nitrogen. OCI Nitrogen produces, sells and distributes nitrogen fertilizer and melamine; OFT, OFTS (both through offices in Dubai, U.A.E and Geleen, NL) trade and distribute nitrogen fertilizers. OCI Nitrogen is Europe's second largest integrated nitrates fertilizer producer and the world's largest melamine producer. In addition, the business trades nitrogen based fertilizers through FITCO OCI Agro S.A., a joint venture with Fertipar, capturing a significant share of the Brazilian ammonium sulfate ('AS') market through the joint venture.

OCI Partners

OCI Partners operates an integrated methanol and ammonia production facility that is strategically located on the Texas Gulf Coast near Beaumont. The facility has a maximum annual methanol and ammonia production capacity of approximately 912,500 and 331,000 metric tons respectively, making it one of the largest merchant methanol facilities in the United States. OCI Partners sells all production domestically; primarily to industrial customers in and around the U.S. Gulf Coast through pipeline connections to adjacent customers, port access with dedicated methanol and ammonia import / export jetties, and truck loading facilities for both methanol and ammonia.

IFCo and OCI Fertilizers USA

IFCo, which is operational since October 2017, is a greenfield nitrogen fertilizer complex in Wever County, Iowa. The plant is expected to produce approximately 1.5 - 2.0 million tons of nitrogen fertilizers and diesel exhaust fluid per year. The facility is a strategic effort to expand into the United States.

IFCo uses state of the art production process technologies from world leaders. Kellogg Brown & Root LLC, Maire Tecnimont Stamicarbon, and Uhde are supplying the process technologies for the plant. The plant has 100 thousand metric tons of ammonia storage, 120 thousand metric tons of UAN storage and 30 - 35 thousand metric tons of urea storage. The plant commenced operations in 2017.

IFCo products are sold via OCI Fertilizers USA, the Group's trading entity in the Americas.

BioMCN

BioMCN produces two types of methanol: bio-methanol and regular (also known as grey) methanol. BioMCN is one of Europe's largest methanol producers and is the first company in the world to produce and sell industrial quantities of high quality bio-methanol, a second-generation biofuel. As of 2017 BioMCN exceeds the quantitative threshold for disclosure as a reportable segment and is therefore presented separately in 2017 and the 2016 table has been restated. BioMCN was previously included in the 'Corporate and other' group.

North Africa

OCI has combined EFC, EBIC, OCI S.A.E. and Sorfert into one reporting segment based on these entities having similar regulatory environments, macroeconomic conditions, banking, insurance and public utilities. EFC is a granular urea producer in Egypt. EBIC is a state-of-the-art 0.73 million metric ton per year ammonia plant. Sorfert is a partnership with Algeria's state-owned oil and gas authority and is one of the largest nitrogen fertilizer producers in North Africa, capable of producing 1.26 million metric tons of urea and 1.6 million metric tons of gross anhydrous ammonia per year.

26. Segment reporting (continued)

Corporate and other

Within 'corporate and other' is included Firewater LLC, the holding company of Natgasoline LLC. Natgasoline is a greenfield methanol production complex being developed in Beaumont, Texas. The world-class plant is expected to have a capacity of approximately 1.75 million metric tons per year, and is expected to start production in the first half of 2018. It will be the largest methanol producer in the US-based on nameplate capacity. Firewater was partially sold on 4 May 2016 (reference is made to note 10) and control transferred. As of the date of the sales transaction, Firewater has become an associate and is no longer considered an operating or reporting segment.

2017 $ millions	OCI Partners	IFCo and OCI Fertilizers USA	OCI Nitrogen and Trading	BioMCN	North Africa	Corporate and other	Total
Segment revenues	343.3	269.8	1,296.6	184.4	726.6	3.7	2,824.4
Inter-segment revenues	(18.4)	(76.6)	(95.8)	-	(379.9)	(2.2)	(572.9)
Total revenues	**324.9**	**193.2**	**1,200.8**	**184.4**	**346.7**	**1.5**	**2,251.5**
Fertilizers	58.1	185.7	979.9	-	346.7	1.5	1,571.9
Chemicals	266.8	7.5	220.9	184.4	-	-	679.6
Total revenues	**324.9**	**193.2**	**1,200.8**	**184.4**	**346.7**	**1.5**	**2,251.5**
Income from equity-accounted investees	-	-	3.6	-	-	(9.7)	(6.1)
Depreciation and amortization	(60.3)	(29.1)	(52.9)	(10.4)	(177.2)	(1.0)	(330.9)
Finance income	-	-	6.5	-	20.4	130.4	157.3
Finance expense	(24.3)	(0.7)	(33.6)	(0.1)	(108.0)	(238.7)	(405.4)
Income tax gain / (expense)	(1.6)	1.1	(27.8)	26.5	(12.9)	17.8	3.1
Net (loss) / profit	**26.4**	**(92.4)**	**61.6**	**59.8**	**(82.5)**	**(75.7)**	**(102.8)**
Equity-accounted investees	-	-	11.5	-	-	615.4	626.9
Capital expenditures PP&E	1.1	146.1	46.4	25.5	16.6	-	235.7
Total assets	**609.6**	**2,290.9**	**704.4**	**117.7**	**2,692.9**	**728.1**	**7,143.6**

2016 $ millions	OCI Partners	IFCo	OCI Nitrogen and Trading	BioMCN	North Africa	Corporate and other	Total
Segment revenues	258.3	-	1,312.4	105.6	604.3	-	2,280.6
Inter-segment revenues	(12.0)	-	(89.3)	-	(272.8)	-	(374.1)
Total revenues	**246.3**	**-**	**1,223.1**	**105.6**	**331.5**	**-**	**1,906.5**
Fertilizers	72.0	-	992.2	-	331.5	-	1,395.7
Chemicals	174.3	-	230.9	105.6	-	-	510.8
Total revenues	**246.3**	**-**	**1,223.1**	**105.6**	**331.5**	**-**	**1,906.5**
Income from equity-accounted investees	-	-	1.7	-	-	(2.6)	(0.9)
Depreciation and amortization	(60.5)	(0.5)	(60.6)	(6.8)	(187.7)	(1.1)	(317.2)
Finance income	-	0.8	5.3	1.7	84.3	260.1	352.2
Finance expense	(45.8)	(0.4)	(18.0)	(0.2)	(102.1)	(266.0)	(432.5)
Income tax gain / (expense)	(1.0)	(0.1)	(34.1)	0.4	(15.1)	1.2	(48.7)
Net profit / (loss) from continued operations	**(49.3)**	**(78.9)**	**119.3**	**3.3**	**34.4**	**145.8**	**174.6**
Equity-accounted investees	-	-	28.1	-	-	625.2	653.3
Capital expenditures PP&E	7.5	352.1	73.5	15.1	5.2	435.0	888.4
Total assets	**654.5**	**2,137.2**	**643.0**	**62.6**	**2,683.4**	**1,079.6**	**7,260.3**

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26. Segment reporting (continued)

Geographical information of continuing operations

The geographic information below analyses the Group's revenue (by destination of the goods) and non-current assets (by the Company where the activities are being operated). OCI has no single customer that represents 10 percent or more of revenues and therefore information about major customers is not provided.

	Revenue		Non-current assets	
$ millions	2017	2016	2017	2016
Europe	1,274.5	993.5	564.5	485.6
Americas	752.2	478.5	3,388.6	3,365.5
Africa & Middle East	154.8	368.1	2,450.1	2,610.3
Asia & Oceania	70.0	66.4	1.4	1.4
Total	2,251.5	1,906.5	6,404.6	6,462.8

27. Contingencies

Contingent liabilities

Letters of guarantee / letters of credit

Letters of guarantee issued by banks in favor of others as at 31 December 2017 amounted to USD 0.2 million (2016: USD 0.2 million). Outstanding letters of credit as at 31 December 2017 (uncovered portion) amounted to nil (2016: nil).

Litigations and claims

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

Sorfert legal case

On 4 March 2018, the lower criminal court of Oran (Tribunal du pôle pénal spécialisé d'Oran) issued a judgment against Sorfert regarding an alleged violation of exchange control regulations as well as the regulation of public markets and public service delegations. The lower court ordered Sorfert to pay a fine in an amount of 5 billion Algerian dinars (about USD 43.6 million). The judgment has not yet been officially notified to Sorfert. Sorfert will appeal the case once it is officially notified to the Court of Appeal of Oran, Algeria. Sorfert disputes the validity of the judgment and intends to vigorously defend its case. During the appeal the enforcement of the judgement will be suspended. External counsels have examined OCI's legal position. No provision has been recorded related to this matter.

27. Contingencies (continued)

EBIC free zone status

On 20 April 2013, the Administrative Court ruled in favour of EBIC for the reinstatement of EBIC to its previous status as a free zone entity in Egypt. The General Authority for Investment and Free Zones ('GAFI') filed an appeal before the Administrative Court. The Court has not yet rendered a decision. OCI concluded to release the (deferred) tax liabilities totalling USD 138.2 million at 31 December 2015 and no tax filings have been done by EBIC since the filing for the year 2011. On 4 January 2018, GAFI issued an executive decision that allows for the enforcement of the Administrative Court's judgment in favour of EBIC. The decision requested the company to amend its Articles of Association to conform with applying the free zone status. EBIC has called for an EGM to amend its Articles of Association to comply with GAFI's decision and to reinstate the free zone status. Despite the calling for the EGM, EBIC's free zone status will remain subject to the outcome of the Appeal before the Administrative Court.

OCI S.A.E. tax dispute

In October 2012, the Egyptian Tax Authority ('ETA') raised a tax evasion claim against our Egyptian subsidiary, Orascom Construction Industries S.A.E. ('OCI S.A.E.'). The tax dispute related to the sale of OCI S.A.E.'s cement business to Lafarge SA in 2007. This was filed against OCI S.A.E. despite there being no official investigation. Although OCI S.A.E. and its legal and tax advisors believed that the aforementioned transaction was exempted of tax, management entered into a settlement agreement whereby EGP 7.1 billion would be paid over a 5-year period. The agreement was followed by payment of a first installment of EGP 2.5 billion in 2013. Following the change in government, the company was exonerated from the tax claim by the Egyptian Public Prosecutor on 18 February 2014 and subsequently by the ETA's Independent Appeals Committee on 4 November 2014. The ETA appealed this decision without including new facts or documents. The appeal is ongoing. OCI S.A.E. and its local counsel believe the likelihood of a judgment in favor of the ETA is not probable. On 13 November 2014 OCI S.A.E. announced that it would transfer its rights to EGP 1.9 billion undue paid tax amounts to the Tahya Misr Fund.

Despite the ETA Independent Appeals Committee ruling in favour of OCI S.A.E., OCI S.A.E. was still held to pay EGP 900 million. OCI S.A.E. has lodged a reimbursement claim for this amount.

As this dispute occurred prior to the demerger of the Engineering and Construction Group that formed Orascom Construction Limited ('OCL') in 2015, any liabilities and any recoveries are shared on a 50:50 basis between OCI N.V. and OCL. As of 31 December 2017, should the ETA win their appeal, OCI's maximum share of the tax claim would be EGP 2.3 billion, which equates to approximately USD 128.9 million.

Liens on assets of IFCo

On 19 February 2016, IFCo was named in a claim submitted by MEI, a subcontractor of Orascom Engineering and Construction ('OEC'). By way of an interim ruling in January 2018 all counts against IFCo were dismissed. MEI can still request the court to reconsider this dismissal as well as appeal the final judgment when given. Management assesses this as a low risk matter given that the EPC (Engineering, Procurement and Construction) contract with OEC was turn-key and IFCo has no direct contractual relationship with MEI. Liens have been placed on the IFCo property in the amount of USD 76.0 million, of which USD 72.2 million are liens related to the ongoing disputes between OEC and MEI. The EPC agreements require that all liens are removed from the property prior to final payment of existing contractual amounts.

Asset retirement obligations

Sorfert has a contractual asset retirement obligation in connection with the lease of its land. This asset retirement obligation is being disclosed as a contingent liability because it is not possible to determine a reliable estimate in both timing and value of this obligation.

OCI Nitrogen entered into agreements with DSM and associated company Sitech for respectively the lease of the sites (land) on which it operates its plant and site services/usage. These agreements have an indefinite term and include an asset dismantling obligation and the obligation to clean up environmental pollution occurred after zero measurement. These obligations have not been accounted for, since the company has no plans to end its business activities in the foreseeable future as such the financial impact is assessed as not material by the company management.

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28. Capital commitments

$ millions	2017	2016
IFCo	16.9	21.9
OCI Partners	-	0.4
BioMCN	37.1	0.7
OCI Nitrogen	14.9	6.1
Total	**68.9**	**29.1**

29. Operating lease commitments

The Group leases a number of office space, warehouses, computers, machinery and cars under operating leases. The leases typically run for a period of 10 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

(i) Future minimum lease payments

$ millions	2017	2016
Less than one year	15.1	20.2
Between one and five years	35.8	34.6
More than five years	4.8	29.0
Total	**55.7**	**83.8**

(ii) Amount recognized in profit or loss

$ millions	2017	2016
Lease expense	17.7	19.0
Total	**17.7**	**19.0**

Operating lease expense is recognized in either ‘Cost of sales’ or in ‘Selling, general and administrative expenses’ depending on the nature of the underlying asset.

30. Related party transactions

Transactions with related parties – Normal course of business

Transactions with related parties occur when a relationship exists between the Company, its participating interest and their directors and key management personnel. In the normal course of business, the Company buys and sells goods and services from and to various related parties (including associates) within the Group. The CEO is able to expense the use of a private aircraft for business travel.

Moreover, OCI used to own construction operations until 7 March 2015 when the Engineering & Construction business was divested into a separate legal entity incorporated under the name Orascom Construction Limited (‘OCL’) in the United Arab Emirates. The Sawiris Family, the majority shareholders of OCI, also owns the majority of the outstanding shares of OCL, which qualifies OCL and its subsidiaries to be classified as related parties. The Group has significant ongoing construction contracts with OCL Group. The transactions with the following entities of the OCL Group are presented in the financial statements as related party transactions:

- Orascom Construction Limited (‘OCL’)
- OCI Construction Holding Cyprus
- OCI Construction Cyprus
- Orascom E&C (‘OEC’)
- Contrack International Inc. (‘Contrack’)
- The Weitz Group LLC (‘Weitz’)
- OCI Egypt
- Suez Industrial Development Company

Next to this, the Group engages in transactions with its associates and joint ventures of the Group:

- Firewater LLC
- Natgasoline LLC
- Fitco OCI Agro S.A.
- Shanxi Fenghe Melamine Company Ltd.
- Nitrogen Iberian Company SL
- Sitech Manufacturing Services C.V.
- Sitech Utility Holding Beheer B.V
- Sitech Utility Holding C.V.
- Sitech Services B.V.
- Fitco OCI Agronegocios do Brazil (liquidated in 2016)

The Utility Support Group B.V. is a subsidiary of Sitech Services B.V.

Other related party transactions of the Group:

The Group engages in transactions with NNS Luxembourg Sarl.

The Group has also recognized a liability towards Lafarge Egypt related to the settlement of a claim.

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30. Related party transactions (continued)

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2017:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Loans receivables	Loans payables	Interest income	Interest expense
OCI Egypt	OCL group company	-	-	-	5.4	-	-	-	-
Contrack International	OCL group company	-	-	0.4	0.5	-	-	-	-
Orascom E&C	OCL group company	-	-	22.3	35.9	-	-	-	-
OCI Construction Cyprus	OCL group company	-	-	-	0.8	-	-	-	-
OCI Construction Holding Cyprus	OCL group company	-	-	-	0.8	-	-	-	-
Weitz	OCL group company	-	0.1	-	-	-	-	-	-
Orascom Construction Limited	OCL group company	-	3.6	1.0	1.0	-	-	-	-
Suez Industrial Development Company	OCL group company	-	-	0.2	-	-	-	-	-
Natgasoline LLC	Related via an associate	-	0.2	-	-	-	-	-	-
Fitco Agro S.A.	Joint venture	24.9	4.5	-	-	-	-	-	-
Sitech Manufacturing Services C.V.	Associate	-	-	97.9	29.0	-	-	-	-
Utility Support Group B.V.	Related via an associate	19.0	1.1	66.8	1.4	55.9	-	1.6	-
Sitech Services B.V.	Associate	-	-	6.7	1.2	-	-	-	-
OCI Nitrogen Iberian Company	Joint venture	13.6	2.4	-	-	-	-	-	-
Lafarge	Related via key management personnel	-	-	-	11.0	-	-	-	-
NNS Luxembourg Sarl	Related via shareholder	-	-	0.2	0.4	-	48.1	-	0.1
Shanxi Fenghe Melamine Co Ltd.	Joint venture	0.6	0.1	26.4	-	-	-	-	-
Total		**58.1**	**12.0**	**221.9**	**87.4**	**55.9**	**48.1**	**1.6**	**0.1**

30. Related party transactions (continued)

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2016:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Loans receivables	Loans payables	Interest income	Interest expense
OCI Egypt	OCL group company	-	-	-	11.8	-	-	-	-
Contrack International	OCL group company	-	2.9	0.2	0.1	-	-	-	-
Orascom E&C	OCL group company	-	2.9	506.2	31.1	-	-	-	-
OCI Construction Cyprus	OCL group company	-	-	-	0.7	-	-	-	-
OCI Construction Holding Cyprus	OCL group company	-	-	-	0.8	-	-	-	-
Weitz	OCL group company	-	8.7	-	-	-	-	-	-
Orascom Construction Limited	OCL group company	-	3.4	-	-	-	-	-	-
Natgasoline LLC	Related via an associate	-	0.4	-	0.1	-	-	9.2	-
Fitco Agro S.A.	Joint venture	117.6	10.9	-	-	-	-	-	-
Sitech Manufacturing Services C.V.	Associate	-	-	134.6	31.3	-	-	-	-
Utility Support Group B.V.	Related via an associate	14.9	1.2	60.4	1.2	26.8	-	1.0	-
Sitech Services B.V.	Associate	-	0.1	6.2	0.9	-	-	-	-
OCI Nitrogen Iberian Company	Joint venture	3.6	1.4	-	-	-	-	-	-
NNS Luxembourg Sarl	Related via shareholder	-	-	-	0.3	-	-	-	-
Shanxi Fenghe Melamine Co Ltd.	Joint venture	0.2	-	25.2	0.6	1.6	-	0.1	-
Total		**136.3**	**31.9**	**732.8**	**78.9**	**28.4**	**-**	**10.3**	**-**

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

Construction contracts

On 7 March 2015, OCL was demerged from the Group. The Sawiris family is a majority shareholder in both OCI and OCL. A commercial relationship will remain on-going for the construction of the Natgasoline plant and the already completed IFCo plant and debottlenecking of OCI Beaumont LLC projects.

OEC, a wholly owned subsidiary of OCL is:

- A party to an Engineering, Procurement and Construction ('EPC') contract for IFCo's 1.5 million metric ton per year fertilizer and industrial chemicals greenfield plant under construction in Iowa, USA. Under the terms of the EPC contract, the contractor is required to furnish a complete nitrogen fertilizer facility that is engineered, procured and constructed on a lump-sum fixed-price basis of USD 1,216.0 million, plus limited increases, including costs related to breaches, extraordinary subsurface conditions, certain hazardous substances, change orders, changes in law, certain work outside the boundaries of the property, specified reimbursable work and off-site and on-site training ('Contract Price'). The Contract Price is divided among certain categories of work and then further divided among specified milestones. OEC has subcontracted with Tecnimont, KBR and Uhde for state-of-the-art engineering and technology procurement. The project is funded by a combination of cash and a non-recourse project finance tax-exempt municipal bond issuance. In addition, OCI paid USD 150.0 million to OEC in July 2015 pursuant to an indemnity for certain liabilities under or in connection with the contracts within the Group. This amount was allocated to IFCo and recognized in property, plant and equipment in the second half of 2015.

  OCI and OEC entered into a settlement and acceleration agreement in 2016. The agreement addresses outstanding claims between IFCo and OEC, and provides for additional consideration of up to USD 200.0 million to accelerate commercial operations where possible. The terms and conditions of this agreement have been mutually agreed by OCI and OEC, and the necessary consents were received in November 2016.

  Of the consideration of USD 200.0 million, OCI paid USD 170.0 million to OEC during 2016. This amount was allocated to IFCo and recognized in property, plant and equipment in 2016. The assets of IFCo were placed in use in October 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

30. Related party transactions (continued)

- A party to an EPC contract for Natgasoline's 1.75 million metric ton per year methanol plant under construction in Texas, USA. Under the terms of the EPC contract, the contractor is required to furnish a complete methanol facility that is engineered, procured and constructed on a lump-sum fixed-price basis of USD 1,396.0 million plus limited increases, including costs related to breaches, extraordinary subsurface conditions, change orders, changes in law, work outside the boundaries of the property and necessary for the operation of the Facility, specified reimbursable work and off-site and on-site training and delays caused by other contractors, engineers or other person engaged to work on the plant ('Contract Price'). The Contract Price is divided among certain categories of work and then further divided among specified milestones. OEC has subcontracted with ALPC to engineer and procure the plant incorporating state-of-the-art production process technology from Lurgi MegaMethanol® technology supplied by Air Liquide's engineering & construction division, Air Liquide Global E&C Solutions. The plant is expected to begin production in the first half of 2018. The project is funded by a combination of cash and debt.

Due to the related party nature of above transactions, the terms and conditions may not necessarily be the same as transactions negotiated between third parties. Management believes that the terms and conditions of all transactions with our related parties are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

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

During 2017, we considered the members of the Board of Directors (Executive and Non-executive) to be the key management personnel as defined in IAS 24 'Related parties'. The key management personnel have not entered into any related party transactions. No other benefits or remuneration were provided to or have been entered into with above mentioned key management personnel except as disclosed below.

Remuneration of the Directors

During the financial year ended 31 December 2017, the total remuneration costs relating to the Executive Directors amounted to USD 10.8 million (2016: USD 8.3 million) consisting of the elements listed in the table below:

2017	Age	Base salary	Annual bonus	Share-based compensation[2]	Termination benefits	Total remuneration
N. Sawiris	56	2,000,000	1,200,000	1,642,242	-	4,842,242
S. Butt[1]	58	1,260,000	604,800	2,274,265	1,461,600	5,600,665
H. Badrawi[1]	41	237,500	114,000	83,620	-	435,120
Total		**3,497,500**	**1,918,800**	**4,000,127**	**1,461,600**	**10,878,027**

[1] Mr. S. Butt stepped down as Chief Financial Officer of OCI effective 30 September 2017 and Mr. H Badrawi was appointed as Chief Financial Officer of OCI as per 1 October 2017. OCI's Board of Directors will propose the appointment of Mr. Badrawi as a member of the Board of Directors to the next general meeting of shareholders to be held in June 2018.

[2] The share-based compensation for Mr S. Butt consists of USD 1,266,659 share-based compensation expenses recognized for plans which vested in September 2017 as part of his termination agreement.

2016	Age	Base salary	Annual bonus[1]	Share-based compensation[2]	Total remuneration
N. Sawiris	55	2,000,000	3,269,430	(25,557)	5,243,873
S. Butt	57	1,680,000	806,400	594,562	3,080,962
Total		**3,680,000**	**4,075,830**	**569,005**	**8,324,835**

[1] Following the announcement of the proposed merger with CF some employee option holders were unable to exercise options granted in 2011 prior to their expiry at the end of their term due to insider-trading regulations. Following the termination of the CF merger the Committee agreed to settle these employees' options on 31 August 2016 in cash as if they had been able to exercise their awards at the normal time. The CEO was treated in the same way as other employees and his 200,000 options were settled for an amount of USD 2,336,000. The liability recognized for these options as at 31 December 2015 of USD 267,000 was released in the statement of profit or loss.

[2] The share-based compensation for Nassef Sawiris consists of USD 756,014 share-based compensation expenses recognized for plans in 2016 and a release in the statement of profit or loss of USD 781,571 for the liability recognized as at 31 December 2015 for option plans 2012 due to the remeasurement to fair value at 31 December 2016 as this was a cash-settled plan.

31. Remuneration of the Board of Directors (Key management personnel) (continued)

As at 31 December 2017, the Executive Directors held nil stock options (2016: 200,000).

	Outstanding year end 2016	Granted	Exercised	Expired	Outstanding year end 2017	Exercise price	Expiration
N. Sawiris	200,000	-	-	(200,000)	-	EUR 25.45	02-01-2017
Total	**200,000**	**-**	**-**	**(200,000)**	**-**	**-**	**-**

At 31 December 2017, the Executive Directors held 317,375 conditional performance shares (2016: 499,091).

	Outstanding year end 2016	Granted conditional	Vested	Less / more due to TSR	Outstanding year end 2017	Vesting date
N. Sawiris	62,612	-	(21,038)	(41,574)	-	01-07-2017
	68,081	-	-	-	68,081	01-07-2018
	141,913	-	-	-	141,913	01-07-2019
	-	103,587	-	-	103,587	07-02-2020
N. Sawiris total	**272,606**	**103,587**	**(21,038)**	**(41,574)**	**313,581**	**-**
S. Butt	50,090	-	(16,830)	(33,260)	-	01-07-2017
	57,188	-	-	(57,188)	-	30-09-2017
	119,207	-	(23,682)	(95,525)	-	30-09-2017
	-	87,013	(48,239)	(38,774)	-	30-09-2017
S. Butt total	**226,485**	**87,013**	**(88,751)**	**(224,747)**	**-**	**-**
Total	**499,091**	**190,600**	**(109,789)**	**(266,321)**	**313,581**	**-**

As at 31 December 2017, the Executive Directors held 96,100 bonus matching shares (2016: 103,197).

	Outstanding year end 2016	Granted	Vested	Outstanding year end 2017	Vesting date
N. Sawiris	9,116	-	(9,116)	-	17-11-2017
	20,874	-	-	20,874	23-05-2019
	-	21,571	-	21,571	12-04-2020
N Sawiris total	**29,990**	**21,571**	**(9,116)**	**42,445**	**-**
S. Butt	7,293	-	(7,293)	-	30-09-2017
	14,027	-	(14,027)	-	30-09-2017
	-	14,496	(14,496)	-	30-09-2017
S. Butt total	**21,320**	**14,496**	**(35,816)**	**-**	**-**
H. Badrawi	5,732	-	(5,732)	-	17-11-2017
	9,180	-	-	9,180	15-06-2018
	36,975	-	-	36,975	23-05-2019
	-	7,500	-	7,500	12-04-2020
H. Badrawi total	**51,887**	**7,500**	**(5,732)**	**53,655**	**-**
Total	**103,197**	**43,567**	**(50,664)**	**96,100**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. Remuneration of the Board of Directors (Key management personnel) (continued)

In 2017, the total remuneration costs relating to the Non-Executive Directors amounted to USD 1,352,500 (2016: USD 1,292,500) consisting of the elements in the table below:

2017	Annual fixed fee	Audit committee membership	Additional fee	Nomination governance and remuneration committee[2]	Health safety environment committee	Total
M. Bennett[1]	260,000	-	150,000	11,250	7,500	428,750
J.A. Ter Wisch	130,000	20,000	-	8,750	3,750	162,500
S. N. Schat	130,000	20,000	-	10,000	-	160,000
A. Montijn	130,000	-	-	3,750	7,500	141,250
R.J. van de Kraats	130,000	25,000	-	7,500	-	162,500
G.A. Heckman	130,000	-	-	-	10,000	140,000
J. Guiraud	130,000	20,000	-	7,500	-	157,500
Total	**1,040,000**	**85,000**	**150,000**	**48,750**	**28,750**	**1,352,500**

[1] The additional fee for Mr. Bennett is for service on the Board of the publicly traded company OCI Partners in the US.

[2] During 2017, the Nomination governance committee was combined with the Remuneration committee.

2016	Annual fixed fee	Audit committee membership	Additional fee	Nomination governance committee	Remuneration committee	Health safety environment committee	Total
M. Bennett[1]	260,000	-	369,111	7,500	7,500	9,375	653,486
J.A. Ter Wisch	130,000	20,000	-	10,000	-	7,500	167,500
S. N. Schat	130,000	20,000	-	-	10,000	-	160,000
A. Montijn[2]	65,000	-	-	3,750	-	3,750	72,500
R.J. van de Kraats	130,000	25,000	-	-	7,500	-	162,500
G.A. Heckman	130,000	-	-	-	-	8,125	138,125
J. Guiraud	130,000	20,000	-	7,500	-	-	157,500
Total	**975,000**	**85,000**	**369,111**	**28,750**	**25,000**	**28,750**	**1,511,611**

[1] Of the additional fee for Mr. Bennett, USD 150,000 relates to his services on the Board of OCI Partners, a publicly traded subsidiary of the Group in the United States, and USD 219,911 relates to his closer supervision of the start-up of IFCo.

[2] Mrs. A. Montijn joined the Board of Directors as of 28 June 2016.

32. Subsequent events

IFCo refinancing

On 26 January 2018, IFCo received bondholder approval to exchange USD 425.0 million of its 2019 and 2022 bonds for a new issuance of 2033 and 2037 bonds. The new bonds will be interest only until 1 June 2031 and the exchange extends the aggregate weighted average life of these bonds from 2.5 years to 16.7 years. The exchanged bonds are priced at a rate of 5.25% compared to a weighted average rate of 5.41% upon settlement for the original bonds.

The bondholders also agreed to modify terms of the IFCo bonds to, among other things, permit the debt service reserve fund to be funded in full by the deposit of a standby letter of credit; permit IFCo to satisfy its obligation to fund its project operating reserve up to the required balance incrementally over a thirty-six month period; and permit the replacement of OEC's performance security under the EPC Contract.

IFCo incurred USD 12.0 million of debt issuance costs related to the bond exchange in 2018.

OCI Partners refinancing

On 19 February 2018 OCI Partners LP has priced and allocated a proposed USD 455.0 million term loan B facility (the "Term Loan B Facility") and proposed USD 40 million revolving credit facility.

The proposed new Term Loan B Facility of USD 455.0 million is expected to replace and upsize OCIP's existing USD 232 million term loan B facility and is expected to be priced at LIBOR + 425 bps, or 250 bps lower than the existing facility. The Term Loan B Facility is expected to mature in 2025, in contrast to OCIP's existing facility that matures in 2019.

OCIP intends to use the expected net proceeds of the Term Loan B Facility to repay in full OCIP's existing term loan B facility and to repay in full the outstanding intercompany loans from OCI N.V. of USD 200 million.

33. External auditors' fee

The service fees recognized in the financial statements 2017 for the service of KPMG amounted to USD 3.3 million (2016: USD 5.1 million). Other assurance services provided to the Group include tax services and agreed-upon procedures related to covenant reporting and other statutory requirements.

The amounts per service category are shown in the following table:

	Total service fee		of which KPMG Accountants N.V. (The Netherlands)	
$ millions	2017	2016	2017	2016
Audit of group financial statements	2.9	4.5	1.5	2.2
Other assurance services	0.3	0.5	-	0.5
Total assurance services	**3.2**	**5.0**	**1.5**	**2.7**
Tax services	-	-	-	-
Sundry services	0.1	0.1	-	-
Total	**3.3**	**5.1**	**-**	**2.7**

34. List of principal subsidiaries as per 31 December 2017

Companies	Country	Percentage of interest	Consolidation method
Sorfert Algérie Spa	Algeria	50.99	Full
OCI Fertilizer Trading Limited	Cyprus	100.00	Full
Orascom Construction Industries S.A.E.	Egypt	99.96	Full
Egypt Basic Industries Corporation	Egypt	60.00	Full
Egyptian Fertilizers Company	Egypt	99.90	Full
OCI Fertilizer Trade and Supply B.V.	The Netherlands	100.00	Full
OCI Nitrogen B.V.	The Netherlands	100.00	Full
BioMCN B.V.	The Netherlands	100.0	Full
Iowa Fertilizer Company LLC	USA	100.00	Full
OCI Partners LP	USA	88.25	Full

A full list of affiliated companies will be available for public inspection at the Commercial Registry in conformity with the provisions of Article 2:379 and 2:414 of the Dutch Civil Code.

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PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

$ millions	Note	2017	2016
Assets			
Non-current assets			
Property, plant and equipment		0.8	0.9
Investment in subsidiaries	(41)	7,317.7	5,583.6
Available-for-sale financial assets	(43)	4.4	-
Other receivables	(42)	-	648.1
Total non-current assets		**7,322.9**	**6,232.6**
Current assets			
Other receivables	(42)	1,026.2	1,150.0
Available-for-sale financial assets	(43)	-	2.8
Cash and cash equivalents	(44)	17.6	89.6
Total current assets		**1,043.8**	**1,242.4**
Total assets		**8,366.7**	**7,475.0**
Equity			
Share capital	(45),(15)	5.6	5.6
Share premium	(15)	6,316.3	6,316.3
Currency translation reserve		(1,254.6)	(1,972.4)
Other reserves		(97.4)	(107.8)
Retained earnings		707.4	816.7
Equity attributable to owners of the Company		**5,677.3**	**5,058.4**
Liabilities			
Non-current liabilities			
Loans and borrowings	(46)	1,621.3	1,771.7
Trade and other payables	(47)	2.0	-
Deferred tax liabilities	(53)	24.9	16.4
Total non-current liabilities		**1,648.2**	**1,788.1**
Current liabilities			
Loans and borrowings	(46)	938.3	500.1
Trade and other payables	(47)	39.4	52.5
Income tax payables		63.5	75.9
Total current liabilities		**1,041.2**	**628.5**
Total liabilities		**2,689.4**	**2,416.6**
Total equity and liabilities		**8,366.7**	**7,475.0**

The notes on pages 170 to 183 are an integral part of these parent company financials statements.

PARENT COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

$ millions	Note	2017	2016
Revenue from dividend income	(48)	35.8	508.3
Other income	(50)	1.5	153.2
General and administrative expenses	(49)	(28.9)	(20.3)
Other expenses[1]	(51)	(8.7)	(351.4)
Operating (loss) / profit		**(0.3)**	**289.8**
Finance income	(52)	211.1	200.7
Finance cost	(52)	(349.3)	(167.9)
Net finance (cost) / income	(52)	**(138.2)**	**32.8**
(Loss) / profit before income tax		**(138.5)**	**322.6**
Income tax	(53)	32.2	(40.6)
Total net (loss) / profit		**(106.3)**	**282.0**
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Currency translation differences		717.8	(170.5)
Other comprehensive income, net of tax		**717.8**	**(170.5)**
Total comprehensive income		**611.5**	**111.5**

[1] Other expenses in 2016 include impairment of investment in subsidiaries of USD 326.6 million, reference is made to note 41.

The notes on pages 170 to 183 are an integral part of these parent company financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

$ millions	Note	Share capital (15)	Share premium (15)	Revaluation reserve	Currency translation[1]	Other reserves	Retained earnings	Equity attributable to owners of the Company
Balance at 1 January 2016		**4,407.9**	**1,610.7**	**-**	**(1,801.9)**	**(112.2)**	**534.7**	**4,936.2**
Net profit		-	-	-	-	-	282.0	282.0
Other comprehensive income		-	-	-	(170.5)	-	-	(170.5)
Total comprehensive income		**-**	**-**	**-**	**(170.5)**	**-**	**(282.0)**	**(111.5)**
Capital increase	(15)	4.2	2.1	-	-	-	-	6.3
Decrease nominal amount of shares	(15)	(4,703.5)	4,703.5	-	-	-	-	-
Treasury shares sold	(16)	-	-	-	-	2.3	-	2.3
Share-based compensation	(21c)	-	-	-	-	2.1	-	2.1
Balance at 31 December 2016		**5.6**	**6,316.3**	**-**	**(1,972.4)**	**(107.8)**	**816.7**	**5,058.4**
Net (loss)	(45.2)	-	-	-	-	-	(106.3)	(106.3)
Other comprehensive income		-	-	-	717.8	-	-	717.8
Total comprehensive income		**-**	**-**	**-**	**717.8**	**-**	**(106.3)**	**611.5**
Treasury shares sold / vested	(16)	-	-	-	-	7.3	(3.0)	4.3
Treasury shares acquired	(16)	-	-	-	-	(0.2)	-	(0.2)
Share-based payments	(21c)	-	-	-	-	3.3	-	3.3
Balance at 31 December 2017		**5.6**	**6,316.3**	**-**	**(1,254.6)**	**(97.4)**	**707.4**	**5,677.3**

The notes on pages 170 to 183 are an integral part of these parent company financial statements.

[1] Legal reserve under Dutch Law.

PARENT COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

$ millions	Note	2017	2016
Net (loss) / profit		(106.3)	282.0
Adjustments for:			
Depreciation	(51)	0.2	0.2
Interest income	(52)	(83.8)	(87.7)
Interest expense	(52)	125.7	118.8
Net foreign exchange loss / (gain)	(52)	96.3	(63.9)
Dividend income from subsidiaries	(48)	-	(485.2)
Impairment on subsidiaries	(41)	-	326.6
Share-based compensation	(21c)	3.3	2.1
Income tax expense	(53)	(32.2)	40.6
Changes in:			
Other receivables	(42)	82.9	(342.9)
Trade and other payables	(47)	(5.6)	7.6
Cash flows:			
Interest paid		(39.3)	(43.8)
Interest received		0.2	11.4
Income taxes paid		(26.0)	(4.4)
Cash flow from / (used in) operating activities		**15.4**	**(238.6)**
Capital contributions to subsidiaries	(41)	(107.0)	-
Cash flow (used in) investing activities		**(107.0)**	**-**
Proceeds from sale of treasury shares	(16)	4.3	2.3
Purchase of treasury shares	(16)	(0.2)	-
Proceeds from borrowings	(18),(46)	48.0	957.6
Proceeds from borrowings from subsidiaries	(46)	39.6	524.4
Repayment of borrowings	(46)	(56.6)	(937.5)
Repayment of borrowings from subsidiaries	(46)	(23.3)	(233.0)
Cash flow from financing activities		**11.8**	**313.8**
Net (decrease) / increase in cash and cash equivalents		**(79.8)**	**75.2**
Cash and cash equivalents at 1 January		89.6	19.2
Effect of exchange rate fluctuations on cash held		7.8	(4.8)
Cash and cash equivalents at 31 December		**17.6**	**89.6**

The notes on pages 170 to 183 are an integral part of these parent company financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

35. General

OCI N.V. ('The Company' or 'OCI') was established on 2 January 2013 as a public limited liability company incorporated under Dutch law, with its head office located at Honthorststraat 19, Amsterdam, the Netherlands. OCI is registered in the Dutch commercial register under no. 56821166 dated 2 January 2013. OCI is a holding company and is tax resident in the Netherlands.

36. Basis of preparation

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS-EU).

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

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

The parent company financial statements are presented in US dollars ('USD'), which is the Company's presentation currency. The Euro ('EUR') is the functional currency of OCI. All values are rounded to the nearest tenth million (in millions of USD), except when stated otherwise.

The parent company financial statements have been authorized for issue by the Company's Board of Directors on 16 March 2018. The financial statements are subject to adoption of the Annual General Meeting of Shareholders on 24 May 2017.

37. Accounting principles applied

In the parent company financial statements, the same accounting policies have been applied as set out in the notes to the consolidated financial statements, except for the measurement of the subsidiaries as presented under 'Investments in subsidiaries' in the parent company financial statements. These policies have been consistently applied to all years presented.

38. Summary of significant accounting policies

Investments in subsidiaries

These policies have been consistently applied to all years presented.

In the parent company financial statements, investments in subsidiaries are recorded at cost less impairment. In the parent company statement of profit or loss and other comprehensive income, dividend received from investments in subsidiaries is recorded as dividend income.

Due to this application, the parent company equity and net result are not equal to the consolidated equity and net result. A reconciliation for total equity attributable to owners of the company and total comprehensive income is presented in note 45 to the parent company financial statements.

During 2017, no new standards or amendments became applicable to OCI that significantly impacted these parent company financial statements. For an overview of the amendments that became applicable and the new standards not yet applicable to OCI, reference is made to note 4 of the consolidated financial statements.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the parent company financial statements, in the period in which the dividend is approved by the Company's shareholders.

Dividend Income

Dividend income from the Company's subsidiaries is recognized when the right to receive payment is established.

39. Use of estimates and judgments

The preparation of the parent company financial statements requires management to exercise judgment and make estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company financial statements are the impairment of the investments in subsidiaries.

Impairment of investments in subsidiaries

At each balance sheet date, the Company reviews whether there is an indication that its investments in subsidiaries might be impaired.

An indication for impairment of the investments in subsidiaries may include, respectively, management's downward adjustment of the strategic plan. Further indications for impairments of its investments may include other areas where observable data indicates that there is a measurable decrease in the estimated future cash flows. These determinations require significant judgment. In making this judgment, management evaluates, among other factors, the financial performance of and business outlook for its investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If any indication for impairment exists, the recoverable amount of the investments is estimated in order to determine the extent, if any, of the impairment loss. An investment is impaired if the recoverable amount is lower than the carrying value. The recoverable amount is defined as the higher of an investment's fair value less costs to sell and its value in use.

The investments' fair value less costs to sell represents the best estimate of the amount OCI would receive if it sold its investments. The fair value of each investment has been estimated on the basis of the present value of future cash flows, taking into account costs to sell.

The determination of the investment's value in use is based on calculations using pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using estimated growth rates.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. Any impairment loss is recognized immediately in the statement of profit or loss.

Impairment losses recognized in prior periods shall be reversed only if there has been a change in the estimates or external market information used to determine the investment's recoverable amount since the last impairment loss was recognized. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

40. Financial risk and capital management

Unless stated otherwise in this disclosure note, reference is made to note 6 'Financial risk and capital management' in the notes to the consolidated financial statements.

40.1 Credit risk

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

$ millions	Note	2017	2016
Other receivables	(43)	1,026.2	1,798.1
Available-for-sale financial assets	(44)	4.4	2.8
Cash and cash equivalents	(45)	17.6	89.6
Total		**1,048.2**	**1,890.5**

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

$ millions	2017	2016
Middle East and Africa	368.9	388.9
Europe	634.8	1,027.7
Americas	22.5	381.5
Total	**1,026.2**	**1,798.1**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

CONTINUED

40.2 Liquidity risk

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

At 31 December 2017 $ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial liabilities						
Loans and borrowings	(46)	1,495.4	1,715.5	452.8	1,262.7	-
Loans and borrowings from subsidiaries[1]	(46)	1,064.2	1,157.7	525.3	632.4	-
Trade and other payables	(47)	41.4	41.4	39.4	2.0	-
Letters of guarantee	(27)	-	0.2	-	0.2	-
Total		**2,601.0**	**2,914.8**	**1,017.5**	**1,897.3**	**-**

At 31 December 2016 $ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial liabilities						
Loans and borrowings	(46)	1,328.5	1,597.9	38.6	1,559.3	-
Loans and borrowings from subsidiaries[2]	(46)	943.3	1,061.4	500.1	561.3	-
Trade and other payables	(47)	52.5	52.5	52.5	-	-
Letters of guarantee	(27)	-	0.2	-	-	0.2
Total		**2,324.3**	**2,712.0**	**591.2**	**2,120.6**	**0.2**

[1] The contractual cash flows do not include interest cash flows for the loans received from OCI Overseas Holding, BioMCN and OCI USA since these loans are repayable on demand.

[2] The contractual cash flows do not include interest cash flows for the loan received from OCI Overseas Holding Ltd., since the loan is repayable on demand.

As part of the preparation of the financial statements, the Company has assessed its liquidity risk. Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has made a number of assumptions in assessing its ability to meet its covenant requirements and satisfy obligations as they become due. Determining these assumptions requires significant judgment about future results and cash flows. Key assumptions include product pricing, gas pricing, utilization rates, and the ability to arrange financing and obtain waivers for anticipated covenant breaches. Refer to note 6.2 and note 18 of the notes to the consolidated financial statements for the Company's analyses of liquidity risk and debt covenants, respectively. Furthermore, the Company's financial liabilities include loans and borrowings from subsidiaries. Although these loans and borrowings from subsidiaries are sometimes classified as short-term due the contractual terms, the repayment date of these loans and borrowings can be controlled and determined by OCI and may be extended beyond one year.

40.3 Market risk

Foreign exchange risk

As of 31 December 2017, if the US dollar had weakened / strengthened by 7 percent against the Euro with all other variables held constant, the translation of foreign currency receivables, payables and loans and borrowings would have resulted in a increase / decrease of USD 4.8 million of the profit of the year.

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

At 31 December 2017 $ millions	USD
Other receivables	999.5
Trade and other payables	(9.2)
Loans and borrowings	(1,060.1)
Cash and cash equivalents	6.6

At 31 December 2016 $ millions	USD
Other receivables	1,774.2
Trade and other payables	(16.5)
Loans and borrowings	(842.9)
Cash and cash equivalents	86.0

The following tables demonstrate the sensitivity to a reasonably possible change in EUR-USD exchange rates, with all other variables held constant. The impact on the Company's general and administrative expenses is due to changes in the fair value of monetary assets and liabilities, including inter-company positions. The Company's exposure to foreign currency changes for all other currencies is not material.

2017 $ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	7 percent	4.8	-
	(7) percent	(4.8)	-

2016 $ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	9 percent	(99.0)	-
	(9) percent	99.0	-

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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40.3 Market risk (continued)

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed rate borrowings, as follows:

$ millions	In basis points	2017	2016
Effect on profit before tax for the coming year	+100 bps	(8.8)	(5.5)
	- 100 bps	8.8	5.5

Categories of financial instruments

2017 $ millions	Note	Loans and receivables / payables at amortized cost	Available-for-sale financial asset at fair value
Assets			
Other receivables	(42)	1,026.2	-
Available-for-sale financial assets	(43)	-	4.4
Cash and cash equivalents	(44)	17.6	-
Total		**1,043.8**	**4.4**
Liabilities			
Loans and borrowings from third parties	(46)	1,495.4	-
Loans and borrowings from subsidiaries	(46)	1,064.2	-
Trade and other payables	(47)	41.4	-
Total		**2,601.0**	**-**

2016 $ millions	Note	Loans and receivables / payables at amortized cost	Available-for-sale financial asset at fair value
Assets			
Other receivables	(42)	1,798.1	-
Available-for-sale financial assets	(43)	-	2.8
Cash and cash equivalents	(44)	89.6	-
Total		**1,887.7**	**2.8**
Liabilities			
Loans and borrowings from third parties	(46)	1,328.5	-
Loans and borrowings from subsidiaries	(46)	943.3	-
Trade and other payables	(47)	52.5	-
Total		**2,324.3**	**-**

The only financial instruments carried at fair value by the Company are available-for-sale financial assets which are measured with hierarchy level 1 of the fair value hierarchy category.

41. Investment in subsidiaries

$ millions	2017	2016
Balance at 1 January	**5,583.6**	**6,403.4**
Impairment subsidiaries	-	(326.6)
Capital contribution / (distribution)	869.1	(317.6)
Exchange rate differences	865.0	(175.6)
Balance at 31 December	**7,317.7**	**5,583.6**

Capital contributions and additions

In 2017, the following additions to the capital of the subsidiaries in the amount of USD 869.1 million have been made:

- Capital contributions were made in kind to OCI Chemicals of USD 323.4 million by settling of loans.
- On 31 March 31 2017 OCI established a new 100% subsidiary, OCI Intermediate B.V. ('OCI Intermediate') and made a capital contribution in kind of USD 438.7 million by settling loans. OCI Chemicals B.V. ('OCI Chemicals') and OCI Fertilizers B.V. ('OCI Fertilizers') were transferred to this subsidiary.
- Capital contribution to OCI Intermediate of USD 107.0 million in cash.

In 2016, the following additions/extractions to the capital of the subsidiaries in the amount of USD (317.6) million have been made:

- Reversal of the capital contribution in OCI Overseas Ltd. done in 2015 for an amount of USD (346.9) million;
- Capital contribution in the capital of OCI Chemicals of USD 17.0 million in kind by settling loans and other receivables;
- Net asset transfer shares OCI S.A.E. of USD 6.0 million;
- Contribution in the capital of Natgasoline of USD 6.3 million by waiving the interest receivable.

Impairment testing 2017

In 2017 commodity selling prices recovered and the overall business outlook for the Group was more positive than at year end 2016, hence management did not identify any impairment triggers and no impairment test was performed.

Impairment testing 2016

An impairment trigger was identified in 2016 in OCI's investments due to a further decrease in commodity selling prices. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

In accordance with IAS 36, the Group has performed an impairment test on the investments. The determination of the recoverable amounts requires significant judgments and estimates, including projections of future cash flows from the businesses. The recoverable values have been estimated based on value in use. The tests were carried out by discounting future cash flows to be generated from the continuing use of the operating entities to which the investments relate and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, selling price outlook per product, natural gas availability and the number of expected operating days per plant. Selling price assumptions are based on a published independent price outlook prepared by global fertilizer experts. The other assumptions used are based on past experience and external sources, but that are unpredictable and inherently uncertain.

The impairment tests were based on specific estimates for the USD cash flow projections for the subsequent seven years (this period captures the cyclical nature of the industry). The residual value was calculated on the basis of the last year of the projection period and whereby a perpetual growth rate of 1.5% was taken into account. In determining the pre-tax discount rate, first the post-tax average cost of capital was calculated for the underlying entities. The estimated pre-tax cash flows are discounted to their present value using a pre-tax discount rate in the range of 10.4% to14.1%.

The recoverable value of OCI Fertilizers significantly exceeded the carrying amount as at 31 December 2016, hence no impairment was recognized.

The carrying amount of OCI Chemicals exceeded the recoverable value of USD 1,702.9 million by USD 326.6 million as at 31 December 2016, for which an impairment charge was recognized in the Parent Company statement of Profit or Loss and Other Comprehensive Income.

List of subsidiaries as per 31 December 2017

Name	Country of incorporation	Ownership %
OCI Intermediate B.V.	The Netherlands	100.0
OCI UK Ltd.	United Kingdom	100.0

OCI Intermediate is a holding company which has all operating companies as subsidiaries.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

CONTINUED

42. Other receivables

$ millions	2017	2016
Receivables from subsidiaries	1,021.8	1,784.9
Receivables from related parties	3.6	12.1
Other receivables	0.8	1.1
Total	**1,026.2**	**1,798.1**
Non-current	-	648.1
Current	1,026.2	1,150.0
At 31 December	**1,026.2**	**1,798.1**

The non-current receivables have a maturity exceeding one year. The carrying amount of receivables approximates their fair value.

Specification of loans and other receivables from subsidiaries:

$ millions	Type	Interest rate	2017 Long-term	2017 Short-term	2016 Long-term	2016 Short-term
Firewater B.V.	Unsecured	Fixed at 8.0%	-	-	318.5	-
Iowa Intermediate Fertilizer Holding Corp.	Subordinated	Fixed 10.0%	-	-	329.6	-
OCI Fertilizers B.V.	Unsecured	LIBOR + 3.25%	-	-	-	374.8
OCI MENA B.V.	Unsecured	LIBOR + 1.40%	-	-	-	16.5
OCI USA Inc.	Unsecured	LIBOR + 3.25%	-	-	-	14.1
OCI S.A.E.	Unsecured	LIBOR + 3.25%	-	353.3	-	671.1
OCI Intermediate B.V.	Unsecured	LIBOR + 3.25%	-	607.5	-	-
Other receivables subsidiaries	-	-	-	61.0	-	60.3
Total			**-**	**1,021.8**	**648.1**	**1,136.8**

43. Available-for-sale financial assets

$ millions	2017	2016
Orascom Construction Limited (Dubai)	4.4	2.8
Total	**4.4**	**2.8**

Orascom Construction Limited is a related party.

44. Cash and cash equivalents

$ millions	2017	2016
Bank balances	17.6	89.6
Total	**17.6**	**89.6**

The bank balances are freely available for usage and are not restricted.

45. Equity attributable to owners of the Parent Company

45.1 Reconciliation of consolidated income and equity attributable to shareholders to Parent Company income and equity attributable to owners

$ millions	2017 Equity	2017 Profit / (loss)	2016 Equity	2016 Profit / (loss)
Consolidated equity attributable to owners of the company	1,149.6	(241.3)	1,432.7	140.9
Revaluation of subsidiaries	7,592.0	-	7,592.0	-
Difference gain on demerger	(387.8)	-	(387.8)	-
Results from subsidiaries	654.0	(2.7)	656.7	440.7
Other comprehensive income	(1,215.6)	855.5	(2,071.1)	(143.5)
Other direct equity movements	51.7	-	2.5	-
Impairment subsidiaries	(2,166.6)	-	(2,166.6)	(326.6)
Parent Company equity attributable to owners	**5,677.3**	**611.5**	**5,058.4**	**111.5**

The differences between total shareholders' equity and total comprehensive income according to the IFRS consolidated financial statements and the parent company financial statements in general relate to the accounting of investments at cost (fair value as deemed cost upon adoption of IFRS) in the parent company financial statements and subsequent impairments.

The reconciling items for equity and income are further detailed below.

Reconciling item – Revaluation of subsidiaries

The revaluation of subsidiaries of USD 7,592.0 million relates to the step up in fair value at the date of transition to IFRS, 1 January 2014.

Reconciling item – Gain on demerger

In the 2015 parent company financial statements, the demerger gain of USD 243.0 million is lower compared to the demerger gain as reported in the consolidated financial statements of USD 630.8 million as the investment is stated at cost.

Reconciling item – Results from subsidiaries

The 2017 results from investments are USD 2.7 million lower in the parent company financial statements as dividend income for 2017 is USD 35.8 million, whereas the result of the subsidiaries in the consolidated financial statements was USD 38.5 million.

The 2016 results from investments are USD 440.7 million higher in the parent company financial statements as dividend income for 2016 is USD 508.3 million, whereas the result of the subsidiaries in the consolidated financial statements was USD 67.6 million.

Reconciling item – Other comprehensive income

The reconciliation item 'Other comprehensive income' represents hedge and currency translation differences which are recognized in the consolidated financial statements but not in the parent company financial statements as the investments are stated at cost.

The 2017 difference in income of USD 855.5 million comprises USD 856.9 million of currency translation differences and USD 1.4 million of gains on cash flow hedges and available-for-sale financial assets, which do not occur in the parent company financial statements.

The 2016 difference in income of USD 143.5 million comprises USD 144.0 million of currency translation differences and USD 0.5 million of gains on cash flow hedges and available-for-sale financial assets, which do not occur in the parent company financial statements.

Reconciling item – Other direct equity movements

Other direct equity movements represent capital contributions in the minority shareholding of Sorfert, OCIP Holding, Mepco and EFC, which are not included in the parent company financial statements.

Reconciling item – Impairment subsidiaries

For details of impairment of the investments in OCI Mena B.V. and OCI Chemicals recognized in the 2016 parent company financial statements, reference is made to note 41.

45.2 Appropriation of net (loss) / profit

$ millions	2017	2016
(Deducted from) / added to retained earnings	(106.3)	282.0
Total net (loss) / profit attributable to shareholders	**(106.3)**	**282.0**

Upon adoption of this proposed net (loss) / profit appropriation, the dividend for the 2017 financial year will be nil. This proposed net (loss) / profit appropriation is in conformity with article 26 of the Company's Articles of Association.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
CONTINUED

46. Loans and borrowings

$ millions	2017	2016
Convertible note	403.5	344.3
Revolving credit facility	-	-
Term loan and revolving credit facility	671.1	641.4
NNS Luxembourg	48.1	-
Nile Holding	372.7	342.8
Sub-total third-party	**1,495.4**	**1,328.5**
OCI Overseas Holding Ltd.	524.6	500.1
OCI Nitrogen	529.4	443.2
BioMCN	8.4	-
OCI USA	1.8	-
Sub-total subsidiaries	**1,064.2**	**943.3**
Total	**2,559.6**	**2,271.8**
Non-current	1,621.3	1,771.7
Current	938.3	500.1
At 31 December	**2,559.6**	**2,271.8**

Reference is made to note 18 'Loans and borrowings' of the consolidated financial statements for detailed information on third-party loans.

$ millions	2017	2016
At 1 January	**2,271.8**	**1,884.2**
Proceeds from borrowings	48.0	957.6
Proceeds from borrowings subsidiaries	39.6	524.4
Proceeds from borrowings subsidiaries in kind	7.3	145.4
Redemptions of borrowings	(56.6)	(937.5)
Redemptions of borrowings subsidiaries	(23.3)	(233.0)
Redemptions of borrowings subsidiaries in kind	(12.0)	(129.5)
Amortization of transaction costs / (bond) premiums	12.4	22.6
Effect of movement in exchange rates	198.6	(18.3)
Accrued interest	73.8	55.9
At 31 December	**2,559.6**	**2,271.8**

Net proceeds from borrowings third-party

Proceeds from borrowings in 2017 for the Company totaled an amount of USD 48.0 million (2016: USD 957.6 million). Reference is made to note 18 of the consolidated financial statements.

Net proceeds in cash from borrowings from subsidiaries

Proceeds from borrowings from subsidiaries in 2017 includes proceeds of USD 39.6 million in cash, of which USD 7.9 million is from BioMCN, USD 18.5 million from OCI USA LLC and USD 13.2 million from OCI Overseas Holding Ltd. Proceeds from borrowings from subsidiaries also include USD 7.3 million in kind settlements, of which USD 7.2 million from OCI Overseas Holding Ltd. and USD 0.1 million from OCI USA LLC.

46. Loans and borrowings (continued)

The maturity dates of loans and borrowings from third-party are as follows:

$ millions	2017	2016
2017	-	-
2018	403.5	687.1
2019	-	-
2020	719.2	641.4
2021	372.7	-
Total	**1,495.4**	**1,328.5**

Specification of loans and borrowings from subsidiaries:

$ millions	Type	Interest %	2017 Long-term	2017 Short-term	2016 Long-term	2016 Short-term
OCI Overseas Holding Ltd.	Unsecured	LIBOR + 3.25	-	524.6	-	500.1
OCI Nitrogen	Unsecured	EURIBOR + 4.50	529.4	-	443.2	-
BioMCN	Unsecured	EURIBOR + 3.25	-	8.4	-	-
OCI USA	Unsecured	LIBOR + 3.25	-	1.8	-	-
Total			**529.4**	**534.8**	**443.2**	**500.1**

The long-term loan from OCI Nitrogen matures in 2021.

47. Trade and other payables

$ millions	2017	2016
Payables due to subsidiaries	20.2	26.5
Payables due to related parties	2.5	1.1
Share-based compensation	2.0	2.4
Other current liabilities	16.7	22.5
Total	**41.4**	**52.5**
Non-current	2.0	-
Current	39.4	52.5
Total	**41.4**	**52.5**

48. Revenue from dividend income

Revenue from dividend income in 2017 consists of USD 8.4 million from OCI Chemicals and USD 27.4 million from OCI Intermediate. Both dividends were received in cash.

49. Development of general and administrative expenses

a. Expenses by nature

$ millions	2017	2016
Employee benefit expenses (b)	14.6	4.3
Depreciation	0.2	0.2
Consultancy expenses	7.6	10.1
Other	6.5	5.7
Total	**28.9**	**20.3**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

CONTINUED

49. Development of general and administrative expenses (continued)

The expenses by nature comprise 'general and administrative expenses'.

b. Employee benefit expenses

$ millions	2017	2016
Wages and salaries	4.3	3.9
Social securities	0.2	0.1
Employee profit sharing	3.8	9.6
Pension cost	0.2	0.2
Share-based compensation expense	5.3	2.1
Release remeasurement employee liability share-based payments	-	(9.5)
Other employee expenses	0.8	(2.1)
Total	**14.6**	**4.3**

For specifications on share-based payments, reference is made to note 21c of the notes to the consolidated financial statements.

50. Other income

$ millions	2017	2016
Holding recharges	1.5	3.2
Termination fee CF	-	150.0
Total	**1.5**	**153.2**

The Company recharges certain expenses 'holding recharges' for rendered headquarter services to its subsidiaries. These recharges include but are not limited to, general corporate expenses related to finance, legal, information technology, human resources, internal audit, investor relations, treasury services and employee benefits and incentives.

51. Other expenses

$ millions	2017	2016
Impairment of investments in subsidiaries	-	326.6
Consultancy costs related to the CF transaction	-	24.8
Other	8.7	-
Total	**8.7**	**351.4**

For further information on the impairment of investments in subsidiaries reference is made to note 41.

52. Net finance cost

$ millions	2017	2016
Interest income on loans and receivables third-party	0.2	0.4
Interest income on loans and receivables related parties	-	10.9
Interest income on loans and receivables subsidiaries	83.6	76.4
Foreign exchange gain	127.3	113.0
Finance income	**211.1**	**200.7**
Interest expense on financial liabilities measured at amortized cost third-party	(81.7)	(87.6)
Interest expense on financial liabilities measured at amortized cost subsidiaries	(44.0)	(31.2)
Foreign exchange loss	(223.6)	(49.1)
Finance cost	**(349.3)**	**(167.9)**
Net finance (cost) / income recognized in profit or loss	**(138.2)**	**32.8**

53. Income tax

$ millions	2017	2016
Current tax	38.0	(27.9)
Deferred tax	(5.8)	(12.7)
Total income tax in profit or loss	**32.2**	**(40.6)**

53.1 Income tax expense

Reconciliation of the statutory income tax rate in the Netherlands with the effective tax rate can be summarized as follows:

$ millions	2017	%	2016	%
Profit / (loss) before income tax	(138.5)		322.6	
Enacted income tax rate in the Netherlands	25%		25%	
Tax calculated at statutory tax rate	**34.6**	**(25.0)**	**(80.7)**	**25.0**
Expenses non-deductible	(29.5)	21.3	(11.8)	3.7
Income not subject to tax[1]	26.1	(18.8)	129.0	(40.0)
Impairment subsidiaries[2]	-	-	(81.7)	25.3
Other[3]	1.0	(0.7)	4.6	(1.4)
Total income tax in profit or loss	**32.2**	**(23.2)**	**(40.6)**	**12.6**

[1] Income not subject to tax related to dividend income is USD 9.0 million.
[2] The impairment of subsidiaries is not subject to income tax.
[3] Related to prior year adjustments

53.2 Deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities

$ millions	2017	2016
At 1 January	**(16.4)**	**(4.5)**
Income statement	(5.8)	(12.7)
Effect of movement in exchange rates	(2.7)	0.8
At 31 December	**(24.9)**	**(16.4)**

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
$ millions	2017	2016	2017	2016	2017	2016
Intangible assets	-	6.9	-	-	-	6.9
Trade and other receivables	-	-	(11.8)	(19.7)	(11.8)	(19.7)
Loans and borrowings	-	-	(1.6)	(3.6)	(1.6)	(3.6)
Trade and other payables	-	-	(11.5)	-	(11.5)	-
Total	**-**	**6.9**	**(24.9)**	**(23.3)**	**(24.9)**	**(16.4)**
Netting of fiscal position	-	(6.9)	-	6.9	-	-
Amounts recognized in the balance sheet	**-**	**-**	**(24.9)**	(16.4)	**(24.9)**	(16.4)

Of the deferred tax liabilities at 31 December 2017, an amount of USD 13.4 million is to be settled within 12 months and an amount of USD 11.5 million after 12 months.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

CONTINUED

54. Related party balances

For an overview of the related parties, reference is made to note 30 of the consolidated financial statements. The Company has the following current account related party balances as at 31 December 2017:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Loans receivables	Loans payables	Interest income	Interest expense
Orascom Construction Limited ('OCL')	OCL group company	-	3.6	1.0	1.0	-	-	-	-
Orascom E&C	OCL group company	-	-	-	-	-	-	-	-
Weitz	OCL group company	-	-	-	-	-	-	-	-
Contrack International	OCL group company	-	-	0.3	0.3	-	-	-	-
OCI Construction Cyprus	OCL group company	-	-	-	0.8	-	-	-	-
Natgasoline	Related via an associate	-	-	-	-	-	-	-	-
NNS Luxembourg Sarl	Related via shareholder	-	-	0.2	0.4	-	48.1	-	0.1
Total		**-**	**3.6**	**1.5**	**2.5**	**-**	**48.1**	**-**	**0.1**

The Company has the following current account related party balances as at 31 December 2016:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Loans receivables	Loans payables	Interest income	Interest expense
Orascom Construction Limited ('OCL')	OCL group company	-	3.2	-	-	-	-	-	-
Orascom E&C	OCL group company	-	3.0	-	-	-	-	-	-
Weitz	OCL group company	-	3.0	-	-	-	-	-	-
Contrack International	OCL group company	-	2.9	-	-	-	-	-	-
OCI Construction Cyprus	OCL group company	-	-	-	0.8	-	-	-	-
Natgasoline	Related via an associate	-	-	0.1	0.1	-	-	-	-
NNS Luxembourg Sarl	Related via shareholder	-	-	0.2	0.2	-	-	-	-
Total		**-**	**12.1**	**0.3**	**1.1**	**-**	**-**	**-**	**-**

The current accounts consist of management fees, transferred cost and other.

55. Contingencies

Guarantees

OCI has provided financial guarantees to certain subsidiaries including EFC related to its International Finance Corporation ('IFC') bank loan. For OFT, OFTS and OCI S.A.E a comfort letter was provided by OCI.

56. Employees

The total number of employees in 2017 was 26 (2016: 25 employees).

57. Fiscal unity

OCI N.V. forms a fiscal unity with several Dutch entities for corporation tax purposes. In accordance with the standard conditions, a company and its subsidiaries that form the fiscal unity are jointly and severally liable for taxation payable by the fiscal unity. The following entities are included in the fiscal unity headed by OCI N.V.:

- OCI N.V.
- OCI Intermediate B.V.
- OCI Nitrogen B.V.
- OCI Personnel B.V.
- OCI Terminal Europoort B.V.
- OCI Fertilizers B.V.
- OCI China Holding B.V.

Amsterdam, the Netherlands, 16 March 2018

The OCI N.V. Board of Directors
Michael Bennett, Chairman
Nassef Sawiris
Hassan Badrawi "acting CFO"
Jan Ter Wisch
Sipko Schat
Jérôme Guiraud
Robert Jan van de Kraats
Greg Heckman
Anja Montijn

OTHER INFORMATION

Extract from the Articles of Association relating to Net Profit / (Loss) appropriation

Article 26. 'Profits and Distributions'.

26.1 The Board may decide that the profits realized during a financial year will fully or partially be appropriated to increase and/or from reserves.

26.2 The profits remaining after application of Article 26.1 shall be put at the disposal of the General Meeting. The Board shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.

26.3 Distributions from the Company's distributable reserves are made pursuant to a resolution of the General Meeting at the proposal of the Board.

26.4 Provided it appears from an interim statement of assets signed by the Board that the requirement mentioned in Article 26.8 concerning the position of the Company's assets has been fulfilled, the Board may make one or more interim distributions to the holders of Shares.

26.5 The Board may decide that a distribution on Shares shall not take place as a cash payment but as a payment in Shares, or decide that holders of Shares shall have the option to receive a distribution as a cash payment and / or as a payment in Shares, out of the profit and / or at the expense of reserves, provided that the Board is designated by the General Meeting pursuant to Articles 6.2. The Board shall determine the conditions applicable to the aforementioned choices.

26.6 The Company's policy on reserves and dividends shall be determined and can be amended by the Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

26.7 The Company may further have a policy with respect to profit participation for employees which policy will be established by the Board.

26.8 Distributions may be made only insofar as the Company's equity exceeds the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders and the Board of Directors of OCI N.V.

Report on the audit of the financial statements 2017 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of OCI N.V. (hereafter also referred to as 'the Company') as at 31 December 2017 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2017 of OCI N.V. based in Amsterdam.

The financial statements comprise:

1 the consolidated and parent company statement of financial position as at 31 December 2017;

2 the following consolidated and parent company statements for 2017: the statement of profit and loss and other comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

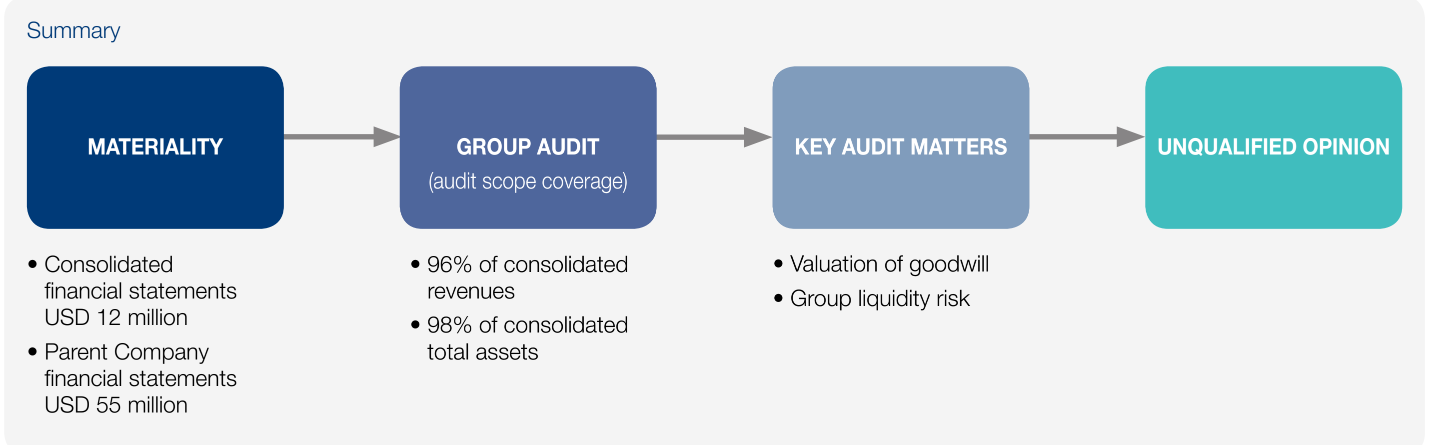
Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of OCI N.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Audit approach



INDEPENDENT AUDITOR'S REPORT
CONTINUED

Materiality

Based on our professional judgement we determined the materiality for the consolidated financial statements as a whole at USD 12 million (2016: USD 12 million). The materiality is determined with reference to consolidated revenues of which it represents 0.5% (2016: 0.6%). We consider this as the most appropriate benchmark as the company is profit oriented and because reported revenues are more stable compared to other relevant benchmarks, such as profit before tax from continuing operations.

We determined a separate materiality for our audit of the parent company financial statements. Based on our professional judgement we determined the materiality for the parent company financial statements at USD 55 million (2016: USD 55 million) using total assets as a benchmark. Given the nature of the parent company's activities; the holding and financing of investments within OCI N.V., we consider the use of the total asset benchmark most appropriate.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of USD 0.6 million (2016: USD 0.6 million) which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

OCI N.V. is at the head of a group of components. The financial information of this group is included in the consolidated financial statements of OCI N.V.

We requested 11 component auditors (2016: 9 component auditors) to perform a full scope audit of the financial information of the related component (audit of complete reporting package or statutory audit). In setting our selection we used both the relative size of the component and the likelihood for the component to include a significant risk. This resulted into an audit coverage of 96% of consolidated revenues (2016: 92%) and 98% of consolidated total assets (2016: 98%).

Furthermore, as in prior year we requested 1 component auditor to perform specified audit procedures over the component's tax positions.

We have:

- performed audit procedures ourselves at group level in respect of areas such as the annual goodwill impairment test and the assessment of group liquidity risk;
- used the work of 9 local KPMG auditors and 2 local non-KPMG auditors when auditing or performing specified audit procedures at component level; and
- performed an audit ourselves of the parent company financial statements.

We as a group audit team set materiality levels for the components, which ranged from USD 1.5 million to USD 7.5 million (2016: USD 2 million to USD 7 million), based on the mix of size and risk profile of the entities within the group.

The group audit team provided detailed instructions to all component auditors as part of the group audit, covering the significant audit areas, including the relevant risks of material misstatement identified by us, and set out the information required to be reported back to the group audit team. The group audit team visited component auditors and performed file reviews for components in Algeria and the United States of America. Telephone conferences were held with all the component auditors that were part of the group audit. During these visits and telephone conferences, the planning, audit approach, findings and observations reported to the group audit team were assessed and discussed. Any further work deemed necessary was subsequently performed by the component auditors and assessed by us.

The remaining 4% of consolidated revenues (2016: 8%) and the remaining 2% of total assets (2016: 2%) is represented by several components ('remaining entities'), none of these components individually represents more than 1% of consolidated revenues or 1% of consolidated total assets.

For these remaining entities, we performed amongst others analytical procedures at group level to validate our assessment that there are no significant risks of material misstatement included in these entities.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Compared to last year we have added our assessment of the Group liquidity risk as a key audit matter as this area relates to some significant management judgements. Last year's key audit matters about OCI's divestment of a 50% stake in Natgasoline and the valuation of subsidiaries in the parent company financial statements are no longer considered key audit matters due to the one-off nature of the divestment and the decrease in risk profile of the valuation of the subsidiaries in the parent company financial statements.

VALUATION OF GOODWILL

Description

OCI N.V. carries a significant amount of goodwill in the balance sheet (USD 485 million as per 31 December 2017). Under EU-IFRS, the company is required to test the amount of goodwill for impairment at least annually.

A significant part of the goodwill relates to the cash generating unit ('CGU') EFC (fertilizer plant in Egypt) amounting to USD 440 million with limited headroom in prior year. The remaining goodwill relates to CGUs with a considerable headroom. The CGU EFC impairment test was significant to our audit due to the complexity of the assessment process and judgments and assumptions involved which are affected by expected future market and economic developments as well as its limited headroom.

Our response

We challenged the cash flow projections included in the annual goodwill impairment test for CGU EFC. Our audit procedures included, amongst others, the involvement of a valuation specialist to assist us in evaluating the assumptions, in particular the terminal growth and pre-tax discount rates, and the valuation methodology used by OCI N.V. We furthermore assessed the appropriateness of other data used by comparing them to external and historical data, such as external market growth expectations and by analysing sensitivities in OCI N.V.'s valuation model. We specifically focused on the sensitivity in the available headroom for CGU EFC, evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount and assessed the historical accuracy of management's estimates. We assessed the adequacy of the disclosure (Note 8) to the financial statements.

Our observation

We consider management's key assumptions and estimates to be within the acceptable range and we assessed the disclosure (Note 8) to the consolidated financial statements as being proportionate.

GROUP LIQUIDITY RISK

Description

Significant contractual cash outflows of USD 1.7 billion are expected from financial liabilities that expire within the next 12 months. This includes expected repayments of loans and borrowings for USD 0.9 billion (excluding interest). The expected loan repayments include a USD 0.4 billion repayment on the convertible bond maturing in September 2018.

Management of OCI N.V. monitors liquidity forecasts and assesses refinancing options on an ongoing basis. The Group liquidity risk assessment, consisting of cash flow projections and an assessment of OCI N.V.'s refinancing potential, was significant to our audit due to the complexity of the assessment process and judgements and assumptions involved which are affected by expected future market and economic developments.

Our response

We challenged the cash flow and debt covenant projections included in the liquidity risk assessment prepared by management of OCI N.V. by comparing assumptions and data used to historical data, pricing reports from external analysts, relevant subsequent events and other relevant (external) data. We obtained management's debt refinance plans and assessed the feasibility of such plans, by inspecting external factors, such as investment proposals from several banks and recent analysts' studies. Based on our audit work and knowledge of relevant facts and circumstances, we assessed management's disclosure about the group's liquidity risk.

Our observation

We consider management's disclosure (Note 6.2) to the consolidated financial statements about the Group liquidity risk to be appropriate.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the Board of Directors' report, including reports on performance review, operational strengths, sustainability review and corporate governance;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors of OCI N.V. is responsible for the preparation of the other information, including the Board of Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

Our first appointment as statutory auditor of OCI N.V. was in 2013 to audit the 2013 financial statements. On 8 June 2017 we were reappointed by the General Meeting of Shareholders as auditor of OCI N.V. for the financial year 2017.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The non-executive board members of the Board of Directors are responsible for overseeing OCI N.V.'s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: http://www.nba.nl/ENG_oob_01 This description forms part of our independent auditor's report.

Amstelveen, 16 March 2018

KPMG Accountants N.V.

M. Meester RA

SHAREHOLDER INFORMATION

Share listing

OCI N.V.'s shares have been listed on the Euronext in Amsterdam as of 25 January 2013.

Number of outstanding ordinary shares as at 31 December 2017	210,306,101
Highest share price (EUR/share)	22.03
Average share price (EUR/share)	18.85
Lowest share price (EUR/share)	15.33
Share price at 31 December 2017 (EUR/share)	21.03
Market capitalization at 31 December 2017 (EUR billion)	4.42

Share capital

All of the Company's issued shares are ordinary shares with authorized par value of 0.02 Euros. The number of paid-up ordinary shares outstanding is disclosed in note 15 of the financial statements.

Dividend policy

OCI has a flexible dividend policy designed to balance the availability of funds for dividend distribution with pursuing growth opportunities that generate attractive returns. Over the past few years, OCI has pursued two large greenfield projects in the US, which required high capital expenditure. Accordingly, the Board of Directors has not announced a dividend for FY 2017.

Investor relations

OCI N.V. places great importance on maintaining active dialogue with existing and potential shareholders, banks, and analysts.

OCI N.V. is committed to providing relevant, high-quality and timely information to all stakeholders, and to giving current and potential shareholders, analysts and financial press broader insight into the Company and the industries in which we operate.

To this end, OCI N.V. strives to ensure that relevant information is provided equally and simultaneously to all interested parties. As per the Company's by-laws, OCI N.V. observes a 'black-out' period during which analysts' meetings and presentations to and/or direct discussions with current or potential shareholders do not take place shortly before the publication of the regular financial information.

Investor relations contact

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KEY SUBSIDIARIES AND ASSOCIATES

IOWA FERTILIZER COMPANY (100%)
Nitrogen fertilizers and diesel exhaust fluid manufacturer, USA

OCI PARTNERS LP (88.25%)
Owner and operator of OCI Beaumont, ammonia and methanol manufacturer, USA

NATGASOLINE LLC (50%)
Methanol manufacturer, USA

OCI NITROGEN B.V. (100%)
Nitrogen fertilizers and melamine manufacturer, The Netherlands

BioMCN B.V. (100%)
Methanol manufacturer, The Netherlands

SORFERT ALGÉRIE Spa (51%)
Ammonia and granular urea manufacturer, Algeria

EGYPTIAN FERTILIZERS COMPANY (100%)
Granular urea manufacturer, Egypt

EGYPT BASIC INDUSTRIES CORPORATION (60%)
Ammonia manufacturer, Egypt

OCI FERTILIZER TRADING (100%)
Supply chain management, UAE

OCI FERTILIZER TRADE & SUPPLY (100%)
Supply chain management, The Netherlands

OCI FERTILIZER USA LLC (100%)
Supply chain management, USA

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This annual report is available online at www.oci.nl

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OCI N.V. stock symbols:
OCI / OCI.NA / OCI.AS / OCINY

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