CREATING PERSPECTIVE

ARABIAN CEMENT العربية للاسمنت

ANNUAL REPORT 2014

CONTENTS

ACC AT A GLANCE

The Arabian Cement Company is among Egypt's leading cement companies, accounting for c. 8% of the country's total production.

2008

ACC began operations in 2008 as a joint venture between Cementos La Union (CLU) and a group of Egyptian investors. The company was originally established in 1997 by a group of Egyptian entrepreneurs

PUBLICLY TRADED

ACC's May 2014 IPO was 18.5x over-subscribed on the retail tranche and 11.3x over-subscribed on the private placement tranche

5 MN TONS

Produces 5 mtpa of top-quality cement on two production lines

STRATEGIC LOCATION

Positioned in a new facility with fully integrated operations in Suez, near suppliers, shipping channels, and key customers

AL MOSALAH

ACC's primary brand, Al Mosalah cement, enjoys undisputed prestige and is widely considered to be among the best cements produced in Egypt

INTERNATIONAL

Building on its success in Egypt, ACC will establish a cement grinding facility in Brazil in a joint venture with Cementos Relampago

SAFE

ACC is ISO 9001:2008 and OHSAS 18001:2007 certified

8%

ACC holds a leading position with c. 8% of the market

ALTERNATIVE FUELS

In 2014, ACC invested to build the necessary infrastructure to allow it to substitute nearly 100% of current energy requirements for a mix of solid and alternative fuels

Production & Delivery

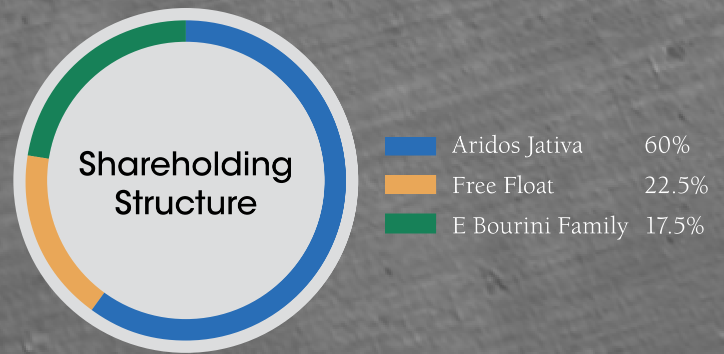
ACC outsources its manufacturing functions through several O&M contracts, including:

- NLSupervision, a subsidiary of FLSmidth, for clinker production.
- Reliance Heavy Industries (RHI) for the operation of the quarry and cement production.

Meanwhile the company maintains a highly-qualified internal supervision team and adheres to international safety and quality standards.

ACC distributed 30% of its production through its in-house distribution platform, making use of its Express Wassal delivery service and its budding warehouse network.

- Express Wassal: A full transportation service established to penetrate high demand scattered markets; control product flow to non-designated markets; ensure favorable price positioning; and reduce dependence on Egypt's fragmented and unreliable transportation sector.
- Warehouses: ACC is the sole cement player in Egypt to own warehouses to distribute cement. Benefits of this network to ACC include proximity to its customers, ability to more quickly respond to market changes, and enhanced regional market share.



NOTE FROM THE CEO

Dear shareholders,

The year 2014 was challenging, thrilling, and ultimately, for Arabian Cement Company, fruitful.

The country started the year somewhat sluggishly, with slow growth and what might be termed a hangover from the ups and downs of 2013, as well as a continuation of nationwide fuel shortages. By the end of the year, the economy had started to grow, consumer confidence was on the rise, leading to an uptick in construction activity, and fuel was once again becoming steadily available — albeit at lower volumes than needed. This gave us a great deal of optimism for a potential boom year in 2015, to be kicked off by the Egypt Economic Development Conference (EEDC) in March and bolstered by the 2H 2015 launch of projects announced at that very well-attended event.

As with Egypt, ACC began the year slowly, but by the end of 2014 we achieved a 21% increase in revenues, an 18% increase in revenues per ton, 8% growth of gross profit, and 19% growth of gross profit before taxes. One-time costs associated with our Initial Public Offering and more importantly the expiration of our tax-exempt status saw our bottom line drop to EGP 373 million in the year. That said, despite a drop of five percentage points, our net profit margin was a healthy 15%.

The year just passed was also one of operational growth. In late 2013, anticipating an ongoing fuel crisis, our Board of Directors approved the installation of the equipment necessary to allow our factory to operate on coal and alternative fuels. We completed work on that project in 2014, the first Egypt-based company to do so, and we are currently aiming for a rate of c. 70% coal and c. 30% RDF.

Prior to this accomplishment, the greatest challenge for the year was sourcing energy; fuel shortages led to an unfortunate 20% year-on-year reduction in clinker production as our 2014 utilization rates fell to 62% from 77% in 2013. I would like to note that both are on the rise following our successful conversion of our facilities to run mostly on coal and alternative fuels.

To counter the impact of falling production, we chose to import c. 1 million tons of clinker, a move that allowed us to increase our cement production by 4% over 2013 (with an 83% utilization rate) to reach 4.161 million tons for the year. This, together with a lean improvement in market demand and our successful marketing strategy, allowed us to increase our sales volumes by 3% and prices by 18% y-on-y.

With regards to our non-operational developments, the headline achievement of 2014, of course, was our IPO. We were the first company in Egypt to go public following the 2011 revolution, and our USD 110 million offering was very well received, generating almost USD 1.5 billion in orders. We offered in two tranches and the retail tranche was 18.5x over-subscribed, while the private-placement tranche — which attracted the notice of savvy, sophisticated domestic and global players alike — was 11.3x over-subscribed.

I believe we demonstrated that investor confidence in us is well-placed when we were then ranked as the most successful and best-performing company in the building materials sector that year, according to industry rankings.

The year also saw us launch our international expansion when our Board unanimously approved a joint venture with Cementos Relampago to establish a facility in Brazil. We intend to build a cement grinding facility with a total production capacity of 230,000 tons per year, which we anticipate to be sold largely on the local market, given Brazil's strong demand for quality product.

In addition to pushing our borders across oceans, we are also expanding our domestic presence and control over our supply chain with the establishment of another Andalus Ready Mix batch plant. This downstream expansion is intended to enhance our revenue and grow our customer base through sales of concrete.

It is noteworthy here that although bagged sales are the dominant choice for Egyptian cement purchases — with 90% of all sales being bagged cement — we are confident that expanding our footprint into the fast-growing ready mix concrete industry will be of strategic importance as the Egyptian construction industry matures.

In fact, that industry is poised to mature and grow, supported by a rejuvenated investment climate and solid fundamentals. The majority of inputs needed for cement production are available locally and Egyptian varieties tend to be of very high quality as well. Even more importantly, consumption in 2014 reached 51.3 million tons, a 4% increase over consumption in 2010 despite the colossal challenges our industry faced in those intervening years. With renewed international direct investment, strongly boosted by projects announced at the EEDC, we are confident that ACC is, like our industry, poised to grow.

As we expand capacity and push our borders outward, we will do so with the well-being of our employees and our communities in mind. In 2014, we increased the number of hours employees spend in training — job training to improve performance and career prospects as well as safety training — and launched the process for some key management system and international standards certifications, including the IMS ISO 9001:2008, BS OHSAS 18008:2007, ISO 140001:2004, and EnMs ISO 50001:2011.

We have also turned our attention to the Egyptian community as a whole, supporting the Hope Village Society in their development of the "Dream Building" project, an initiative that helps provide shelter for more than 300 orphans through its properties across Egypt. Since the program's inception in 2010, ACC has donated over 365 tons of cement for construction works and is committed to seeing the project to its end. Furthermore, as part of our efforts in supporting the economy and alleviating the hardships unemployment presents to young Egyptians, ACC together with Nahdet El-Mahrousa have created a program to support aspiring entrepreneurs build enterprises that are scalable and that will in turn create job opportunities. In 2015, ACC allocated EGP 1.3 million for this project to be utilized as seed grants for qualifying candidates.

Looking ahead, I can tell you with confidence that Egypt holds true potential, and we are optimistic that the country is on the right track for economic growth, social stability, and a positive security environment, although it will likely take a few years to reach its real potential. I expect that ACC will maintain its leadership position in the industry and continue to outperform its peers, while actively exploring opportunities for expansion and growth in the medium to long term.

This achievement will be supported by our foresight in converting our kilns to alternative fuel use, which, of course, frees us from the capricious supply chain of natural gas — we can now source fuel on the open market, and are capable of producing at full capacity on 70% coal and 30% RDF.

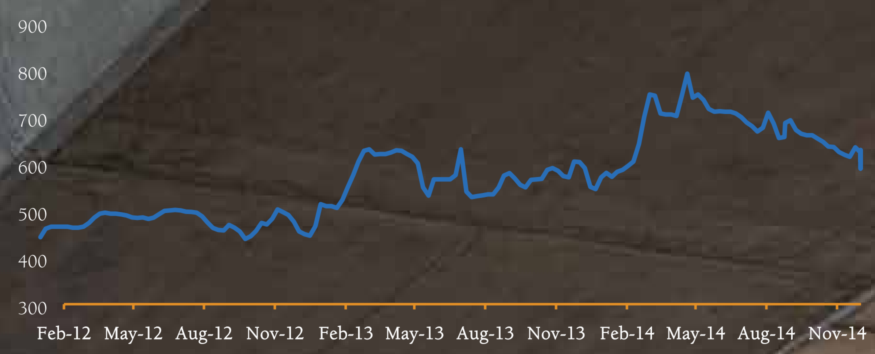
In closing, I would like to thank our shareholders for their support and our Board of Directors for having the foresight to undertake what have proven to be highly strategic expansions. Likewise, I would like to thank our management team for their dedication and devotion to the methodical and successful implementation of the Board's vision. I look forward to the year to come and reporting back to you at the close of 2015 on the results of our ambitious plans.

Jose Maria Magrina
Chief Executive Officer

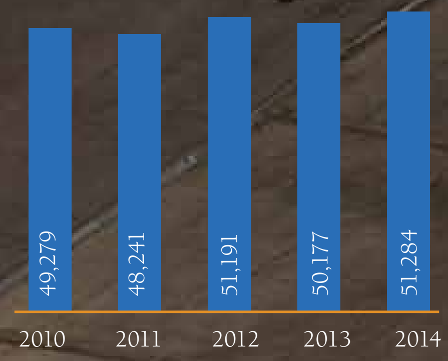
A SNAPSHOT OF THE EGYPTIAN CEMENT INDUSTRY

The Egyptian cement industry is underpinned by solid macro fundamentals — including Egypt's diverse economy and a young, growing population — as well as industry-specific growth drivers.

Average Retail Prices
(EGP / Ton)



Domestic Consumption
(Mn Tons)



ATTRACTIVE DEMOGRAPHICS

90mn+ Egyptians, 60% of whom are under the age of 25

RESILIENT CEMENT DEMAND

Cement consumption stood at 49 mtpa in 2010 and reached 51 mtpa, 50 mtpa and 51.3 mtpa in 2012, 2013 and 2014, respectively, despite notable decreases in GDP growth rates since 2011

GROWING

Rapid population growth + increasing marriage rates put pressure on a real estate market already struggling to meet demand — particularly from low- and middle-income earners

INFRASTRUCTURE INVESTMENT

Given Egypt's need for job growth and an infrastructure network deteriorating due to decades of underinvestment, the GOE has prioritized infrastructure spending

LOW URBANIZATION RATES

Egypt's urbanization rate in 2012 was only 43.7%, considerably below regional averages, a trend seen as encouraging ongoing demand for cement

GDP PER CAPITA

A projected annual GDP growth rate of 5% over the coming five years is seen as a potentially strong driver of cement demand in the future

10th

Egypt is the 10th largest cement producer in the world, contributing c. 1.4% of global production

69

Egypt's producers have a combined capacity of c. 69 mtpa — a figure that is expected to reach 75 mtpa as two new production lines come online in the medium term

21

Egypt's cement sector is well-structured and consists of 21 cement companies; the GOE has temporarily stopped issuing new licenses in response to recent fuel shortages

90%

Bagged cement dominates the market with c. 90% of all sales; bulk cement trails

ARABIAN CEMENT OVERVIEW

ACC produces 5 million tons of highest-quality cement, with its brands enjoying undisputed prestige.

OVERVIEW OF ARABIAN CEMENT COMPANY

Arabian Cement Company's unique approach to managing production, distribution, and sales and marketing has allowed the company to become among the top four market players in only a few short years, even as it commands a premium for its most popular brand.

ACC is one of the leading producers of cement in Egypt, with an 8% market share in FY14. The company produces four types of cement at its facility in Suez, which are then either bagged and branded or sold in bulk. Its focus, however, is predominantly on the production, marketing, and distribution of its premium brand cement, Al Mosalah, which accounted for c. 89% of sales in FY14.

Its Suez production facility is among the largest and most modern clinker and cement plants in Egypt, with two lines and a total production capacity of 5 million tons per annum (mtpa). The facility is served by a limestone quarry only 2.8 km away, from which a conveyer belt delivers limestone to the production lines. Other raw materials are also easily sourced, as the plant is strategically located near three seaports and the country's road network.

ACC's distribution network is one of the country's most efficient and expansive, extending to the majority of Egyptian governorates. Sales are made through distributors, wholesalers, and retailers, while a dedicated sales and distribution team made up of experienced professionals maintains close relationships with the customers and keeps a sharp eye on market developments. ACC is primarily an Egypt-focused company at this time, although it is actively working to expand internationally, and currently more than 95% of its sales are made domestically.

Cementos La Union, which in 2004 acquired an indirect 60% stake in the company, is an international leader in the cement industry. This relationship gives ACC unparalleled access to CLU's extensive industrial know-how and also provides management with significant strategic support.

Rather than requiring management to be bogged down in the day-to-day operations of the quarry and production facility, ACC subcontracts the operation and maintenance of its contracted quarry and cement production to Reliance Heavy Industries (RHI) and the operation and maintenance of clinker production to NLSupervision (NLS), the operation and maintenance affiliate of FLSmidth, all leading participants in the cement sector.

This outsourcing strategy enables management to focus on the long-term strategic operational decisions for the business as well as its sales and marketing efforts. This gives ACC a distinct competitive advantage over its peers in the industry and is credited with the rapid growth of the company's brand recognition and market share.

Furthermore, this strategy also ensures a more efficient and reliable production process as costs are set per units of production volume.

In late 2012, Arabian Cement's Board approved the installation of equipment to provide the production facility with the ability to run solely on alternative fuel (primarily RDF) and solid fuel (coal). The installation was completed in 2014, and ACC's plant is now able to substitute 100% of its natural gas and diesel requirements with alternative and solid fuels, offering a buffer against the country's significant shortages of natural gas.

| Overview of ACC | Our Strategy

OUR STRATEGY

Arabian Cement Company is targeting a position among the top brands in the Egyptian market while expanding production in Egypt and abroad through strategic M&A transactions

Medium-term strategy

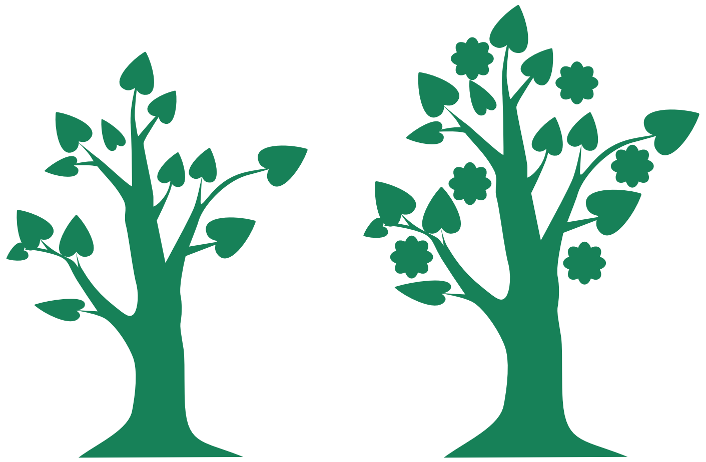
1 2 3

In the medium-term, management's key *focus is on achieving a flexible, reliable fuel supply.* In particular, via the reduction of the company's dependence on natural gas by outfitting the facility to operate solely on coal and alternative fuel, management seeks to give ACC flexibility in sourcing fuel to ensure its ability to run its operations in an efficient and cost-effective manner. Reliable fuel supplies should enable the company to increase capacity utilization with the aim of achieving the facility's full capacity in due course.

Management is also focused on plans to develop its commercial activities. This will see efforts to keep ACC's brands among the top in the market while maximizing profitability. On a blended basis, Arabian Cement Company currently commands the second highest price of cement across all governorates, and management strongly believes that through its experienced commercial team on the ground, it can grow and maintain good relations with customers, encouraging brand loyalty. Furthermore, by continuing to grow the company's Express Wassal service, ACC can maintain its premium price positioning.

These moves are designed to improve profitability, and management intends to *continue to pay a healthy dividend stream while optimizing its capital structure.* Historically, ACC has had a c.70% payout ratio for dividends. ACC is quite liquid, characterized by low levels of debt, a strong balance sheet, and steady cash flows. Management intends to seek to maintain an optimized capital structure with high levels of liquidity while at the same time paying dividends to shareholders.

Long-term strategy



4 5

The long-term focus for management is to *expand the business upstream and downstream.* The upstream expansion is planned to enhance ACC's procurement of raw materials including clay and gypsum at attractive costs through its joint venture ARM. The company also intends to increase revenue and grow its customer base through sales of ready-mix cement via its subsidiary, Andalus for Concrete. Although bagged sales currently dominate the Egyptian cement industry, management believes that expanding supply into the ready mix concrete industry will be of strategic importance as the Egyptian construction industry matures.

Key Investment Themes

ACC's strategy is punctuated by a number of key investment themes, most notable of which is the outsourcing of facility management to strategic partners who bring world-class expertise to the table. This allows our leadership to focus on managing the business in the most profitable manner. Taking advantage of the flexibility afforded by outsourcing of the mundane day-to-day operations of the production facility, management is able to focus on strategic decisions with a view to reducing costs and increasing volume through medium-term and long-term strategy moves.

A major theme of investment for ACC's long-term growth strategy is non-organic growth: the company is actively seeking to expand domestically and globally via M&A transactions with promising producers.

To that end, in November 2014, ACC announced that the Board of Directors unanimously approved a joint venture with Cementos Relampago, an affiliate of Cementos La Union (ACC's majority shareholder), to establish a cement grinding facility in northwest Brazil with a total production capacity of 230,000 tons per year. Total investment in the new project is approximately EUR 23 million, 50% of which will be financed with the remaining provided as paid-in capital. ACC's contribution is EUR 7 million, representing 60% of the total paid-in capital.

Unique Value Proposition

Strong and Dynamic Management Team

Under the guidance of its expert leadership, ACC has become one of the leading players in the Egyptian cement market in the four years since the start of commercial production of cement, reaching a market share at end-FY14 of 8%. Management is constantly looking for ways to improve and develop the business, with an eye on proactive rather than reactionary moves.

New, Strategically Located Facility with Integrated Operations

The company's new, state-of-the-art production facility is located in close proximity to the domestic sources of the raw materials it needs for production, reducing supply disruptions and resulting in lower transportation costs. Furthermore, the plant is strategically located near a number of national highways and within 30 km of Ain Sokhna Port, the most modern port in Egypt, and 65 km of Adabiya and Suez ports, facilitating receipt of imported raw materials and fuel as well as the export of production.

Outsourcing the Production Process while Maintaining a Highly Qualified Internal Supervisory Team

ACC outsources operational management of the limestone quarry and cement production to RHI and clinker production to NLS, leading providers of operational management for the cement industry. The company also employs a shadow management team in house to continuously monitor the production process, with the aim of increasing efficiency and optimizing production processes. ACC's outsourcing strategy allows management, through a supervisory team, to focus on aspects of the business other than the day-to-day operation of the plant.

Management is able to place particular focus on, among other things, the longer-term strategic operational decisions for the business, refining its sales and marketing strategy and seeking out business development and growth opportunities that create value for shareholders, giving it an advantage over its competitors.

Diverse Energy Sources

ACC has implemented an energy substitution initiative with an investment of approximately EGP 246 mn to reduce its dependency on Egypt's unreliable natural gas supply, in addition to reducing its exposure to the expected increase in natural gas prices. ACC is among the first cement companies in Egypt to commission a solid fuel mill for Refuse Derived Fuels (RDF), which it did in November 2013, and another mill for coal which was commissioned in May 2014. ACC's Solid Fuel and Alternative Fuel initiatives enable the company to completely substitute solid fuel and alternative fuel for natural gas, thereby providing a more reliable fuel supply that should enable the plant to maximize its production capacity.

In-House Distribution Platform

ACC's distribution platform, Express Wassal, together with the company's nationwide network of warehouses, allows ACC to penetrate high-demand, scattered markets while ensuring favorable price positioning and reducing the company's dependence on Egypt's fragmented and unreliable transportation sector.

Low Customer Concentration

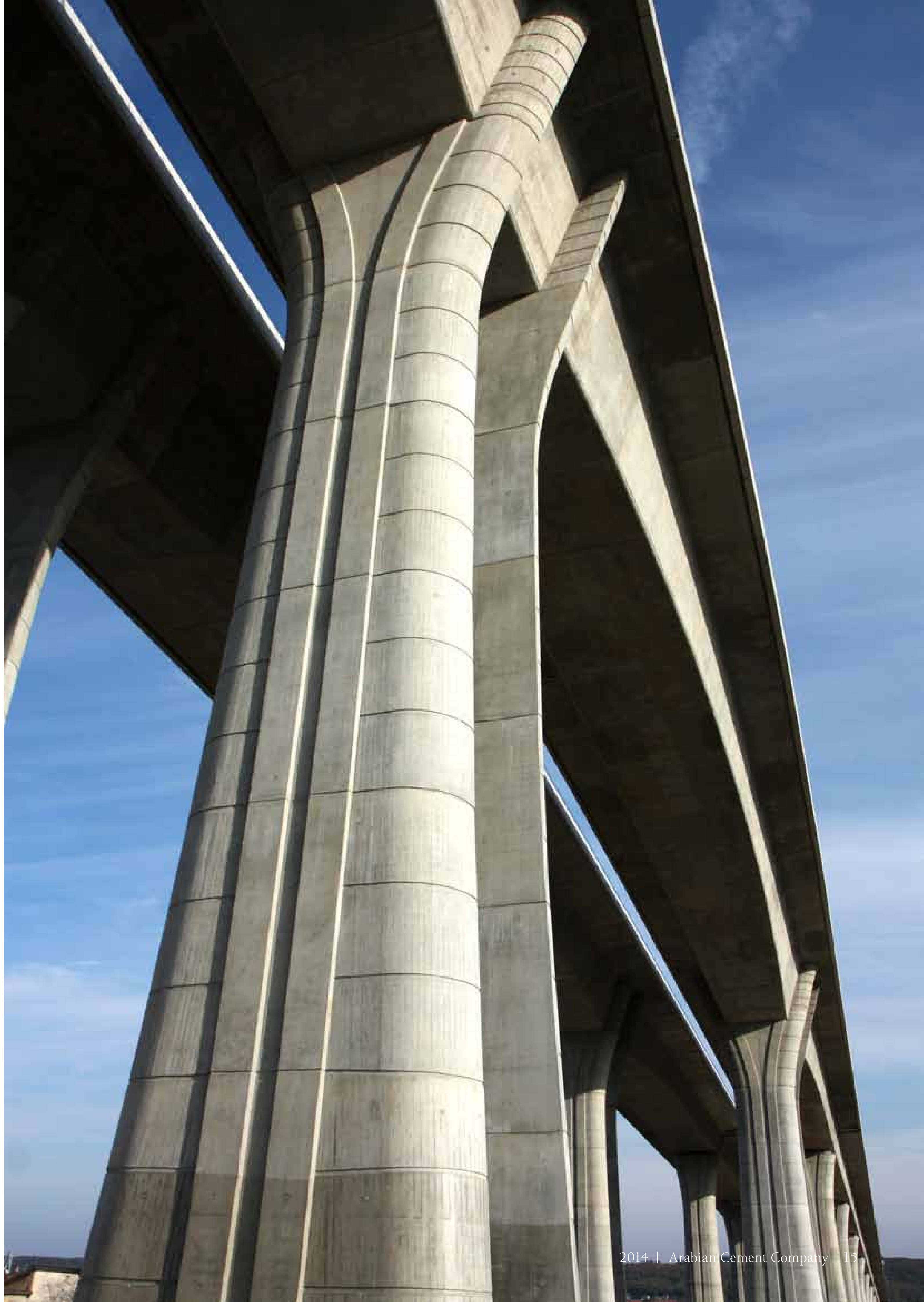
A key strategy of the sales and marketing team is to maintain a well-balanced customer base with a low concentration level. This prevents customers from having the leverage to demand credit terms or influence over pricing or terms.

Higher Profitability with Ability to Absorb Price Fluctuations

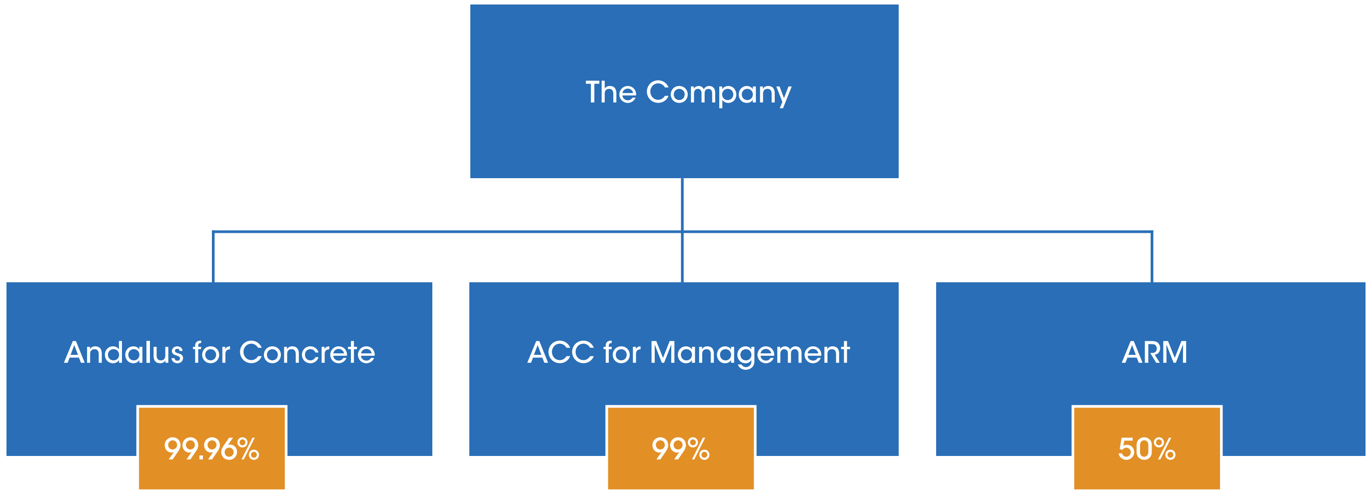
ACC continues to outperform the majority of its peers, with the second highest EBITDA per ton among listed peers in 2014. This excellent performance provides the company with a buffer to absorb any increases in costs and also ensures healthy profitability levels in the future.

Strong Cash Flow Generation

Very high levels of cash generation coupled with a history of high dividend payout ratio of 70% over the past three years.



CORPORATE STRUCTURE



Andalus for Concrete

Andalus for Concrete offers ACC vertical integration and allows it to secure market share through the use of its products in large-scale construction projects. The company specializes in all aspects of concrete products, including standard mixes, high strength mixes, and special concrete specifications. Andalus for Concrete uses ACC's brand Al Mosalah as the main component for its production of concrete. Andalus operates two ready mix plants in new urban developments around Cairo (New Giza in west Cairo and 5th Settlement in east Cairo) and has plans to expand its operations to 10 plants. Andalus for Concrete is an Egyptian joint stock company which was registered on the commercial register on October 24, 2009 for a 25-year period, which is due to expire on October 25, 2034.

ACC for Management

ACC for Management is a service company responsible for providing labor and human resources to Arabian Cement Company, including administrative, accounting, feasibility, and restructuring services. These services are provided by ACC for Management through the secondment to ACC of employees with experience in sales, transport, accounting, and cement production in return for a monthly fee paid by the company to ACC for Management. ACC for Management is an Egyptian limited liability company that was registered on the commercial register on May 16, 2011 for a 25-year period which is due to expire on May 15, 2036.

ARM

ARM is an Egyptian joint stock company that has concessions for clay and gypsum quarries which it supplies to ACC for its cement production. Further plans are in place to have ARM supply other manufacturers once operations ramp up.

PRODUCTION

2.8 km-long
limestone conveyor belt (30,000 tpd)

Managed through a centralized modern and technologically advanced control room

Located on c. 1.5 million sqm of land owned by ACC

Each production line includes:

- One raw material vertical grinding mill (520 tph)
- A five-stage pre-heater, kiln, and cooler system (currently producing between 6,600-7,000 tpd each)
- One clinker silo (35,000 tons)
- Two horizontal cement mills (two per line) (190 tph)
- Two cement silos (16,000 tons each)
- A packing unit comprising 3 x 120 tph packers and four bulk loading outlets, two for each silo
- One palletizer of 225 tph connected to the packing unit

Arabian Cement Company's state-of-the-art, strategically located production facility is one of the newest cement production facilities in Egypt. It was commissioned by FLSmidth, a leading international provider of cement production consultancy with over 130 years of experience, and employs the latest modern technologies in cement production. The facility's efficient technology and production techniques (including lower thermal consumption and lower electricity consumption per unit of production) result in higher margins for ACC compared to our peers.

The facility has two production lines fed by a 2.8-km-long limestone conveyor belt (capacity of 30,000 tons per day) and a manufacturing capacity of 5 million tons per annum (mtpa).

The facility is strategically located between the country's most populous and fastest-growing city, Cairo, and the country's most modern port with deep water facilities, Ain Sokhna, Red Sea. The plant also enjoys close proximity to two other ports: Adabiya, which is approximately 45 km away, and the Suez Port, which is 65 km away. Perhaps more importantly, given that the lion's share of production is sold domestically, the plant's location offers easy access to the national highway network through which it distributes its products nationwide.

Raw materials are easily obtained from nearby limestone, clay, and gypsum quarries. The company is able to obtain limestone from the quarry through its renewable utilization contract with the Suez Quarry Department of the Suez governorate.

In late 2013, the company began adapting its production process to allow it to operate on coal and alternative fuels as a hedge against the ongoing shortage of natural gas in Egypt.

An important part of this is the installation of a solid fuel mill, which was completed in 2014, to allow it to operate solely on coal if need be; the company will maintain a maximum target of 70% coal in its fuel mix going forward.

The Manufacturing Process

The company's cement manufacturing process can be divided into three stages: limestone mining, clinker production, and cement production.

ACC's limestone mining operations are carried out in the limestone quarry c. 2.8 km from the facility. A crusher with a capacity of 1,200 tons per hour (tph) is also located in the quarry. Under an operational management agreement, RHI is responsible for the operation of the quarry and the geological mapping and analysis. RHI also carries out planning for future works including all drilling and transporting limestone to the crusher hopper.

The limestone, after being mixed with the clay and crushed in the crusher, is transported via conveyor belt to the production facility. It and other raw materials are mixed and transported via conveyor belts to the raw material vertical grinding mills for each production line, each of which has a grinding capacity of 500 tph. After grinding, the materials are ready to be made into clinker.

Clinker is formed by passing the ground raw materials through a five stage pre-heater, kiln, and cooling system (currently producing between 6,600-7,000 tons per day (tpd) for each of the two lines). The raw material mixture is burned and melted, and forms pebbles in a rotating kiln.

Under another operational management agreement, NLS is responsible for the technical management, operation, and maintenance of the machinery involved in the clinker production at the facility, including receiving raw materials, transportation of limestone from the quarry on the conveyor belt, mix storage, raw grinding, burning, and cooling to produce and store clinker. NLS also manages the fire suppression system, including the management of the facility's firefighting network and trucks.

Clinker is transported to clinker silos (one per line) by conveyor belts and is then extracted from the silo and fed into horizontal cement mills (two mills per line) with a capacity of 190 tph each. The cement mills contain iron balls of various sizes that grind clinker and other components when the mills rotate. The resultant ground cement is then fed to the cement silos (two per line) by a belt bucket elevator.

Cement bags of 50 kg each are packed at the packing station by three packing machines per line, each with a capacity of 120 tph. The full cement bags are then loaded on the trucks at a rate of more than 2,400 bags per hour. Bulk cement is pumped into cement trucks via feeding tubes located directly under each cement silo at a rate of 250 tph. In 2013, ACC produced c. 3.99 million tons of bagged cement and 139,000 tons of bulk cement.

Under its operational management agreement with the company, RHI is responsible for the operation (including technical management) and maintenance of the machinery and equipment of the cement production at the plant, including clinker extraction machinery, grinding, cement storing, packaging, and dispatch of cement in addition to the required maintenance, including the supply of all necessary spare parts.

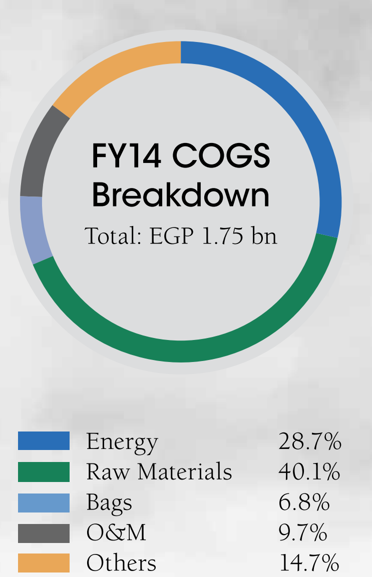
Mirror Management Supervision

Although ACC has outsourced day-to-day operations, it does employ a management team to closely supervise the respective teams for RHI and NLS. This management team consists of production and process, maintenance, and quality control departments and allows the company to:

- Optimize operational performance.
- Concentrate on eliminating bottle necks, implementing improvements, and investing in expansion projects.
- Maintain ACC's assets in the best operational conditions.
- Maintain the quality, machinery maintenance, and operational performance of the facility.
- Ensure that ACC maintains in-house the skills required to take over the operations should it choose not to renew operational management agreements.

PROCUREMENT

Arabian Cement Company has a dedicated team responsible for raw material purchases, which has developed long-term relationships with key suppliers as part of its effort to ensure the quality and cost effectiveness of the materials purchased. In particular, the company's policy of sourcing from several suppliers increases its bargaining power. Purchases are made primarily in EGP, with the exception of natural gas, which is quoted in USD but paid in EGP, as well as slag, imported clinker, imported coal, and bags.



| Overview of ACC | Sales & Marketing

SALES & MARKETING

ACC's brands are well-positioned in the Egyptian market, leading the company to securely hold a premium price position on its most popular brand, Al Mosalah. Management supports this position with periodic marketing campaigns in the Greater Cairo and Delta regions.

ACC's goal is for its commercial operations to be a benchmark of quality and customer service in the Egyptian cement industry. To that end, it maintains a dedicated sales team of 44 sales and distribution professionals on the ground analyzing the market and ensuring customer satisfaction. Sales are made through a broad network of distributors, wholesalers, and retailers.

A key component of the company's customer service efforts are regular customer visits by members of the sales team. These visits serve to enhance ACC's understanding of the market and customer needs, thus strengthening its relationships with its existing customers while also attracting new clients. Management considers these customer meetings to be a key activity that maintains ACC's price position and market share.

After Sales Services

The company provides daily customer support and services through its 24/7 call center and after sales assistance.

Brands

ACC has three primary brands of cement — Al Mosalah, Al Tahrir, and Al Sadd — and also sells unbranded cement in bulk. The three brands are different types of cement and priced at different points, allowing ACC to provide products for as many segments as possible of the Egyptian cement industry while maintaining its leadership position in the premium segment.

Management's focus on branding has been quite successful, leading to ACC being widely perceived as a leading cement producer in the Egyptian market, and has enabled the company to achieve a market share of 8% of the domestic market in quite a short amount of time and despite the entrance of new market players following 2012.

The results of an independent market survey in 2012 showed that Al Mosalah-branded cement was one of the top five cement brands in the Greater Cairo and Delta regions in terms of customer awareness.

AL MOSALAH	AL TAHRIR	UNBRANDED BULK SALES
Contribution to Sales in FY14	Contribution to Sales in FY14	Contribution to Sales in FY14
88%	9%	3%
Type: OPC Cem I, 42.5N	Type: OPC Cem II/A-S 42.5N	Type: OPC Cem I, 42.5N, OPC Cem II/A-S 42.5N, Sulphate Resisting
Premium Price Point	Affordable Price Point	Affordable Price Point

Express Wassal

Express Wassal is a full transportation service for bulk and/or packaged products provided by the company's fleet of 25 trucks as well as by third-party business partners. Arabian Cement Company launched Express Wassal in 2011, which is based at the company's plant and delivers cement to both wholesale warehouses and directly to end-user consumers.

Express Wassal is a particularly key component of the company's distribution network, reducing ACC's dependency on external transport in Egypt, which is highly fragmented and can be unreliable. Express Wassal also allows ACC more control over its product flow, brand positioning, and pricing, by enabling the company to control region-based sales and minimize price pressures caused by excess supply. Furthermore, Express Wassal provides ACC with a convenient way to penetrate the pockets of high-demand markets that are scattered nationwide. Having its own fleet also provides ACC with insight into the operational costs associated with transportation, allowing it to better gauge third-party transportation rates.

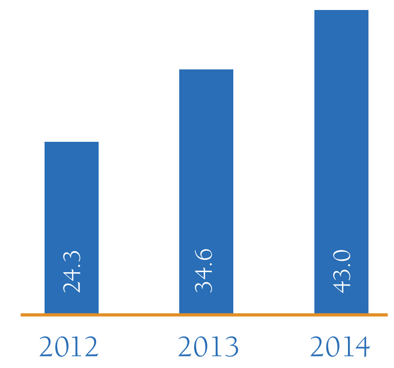
Warehouses

Arabian Cement is in the process of establishing a nationwide network of warehouses which will function both as distribution hubs and sales points.

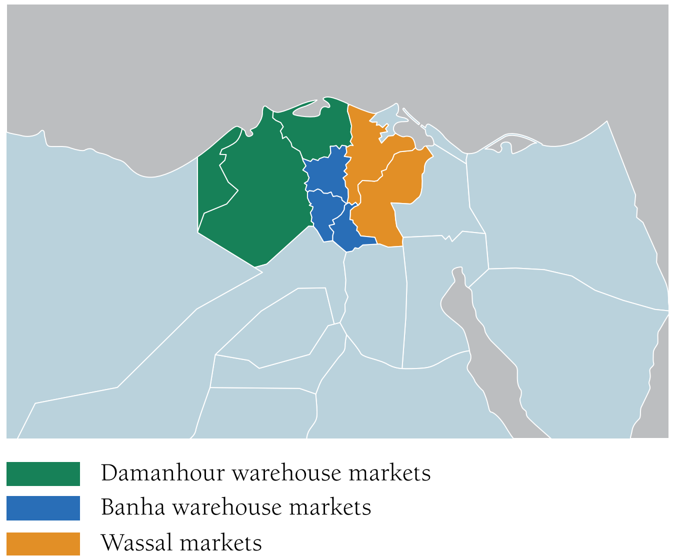
The first of these, located in Banha approximately 60 km north of Cairo in the Nile Delta region, has been operational since 2013, while the second opened in Damanhour in late 2014.

Currently, Arabian Cement Company is the only cement producer in Egypt with its own warehouse facilities. These facilities give ACC an edge over its peers, as they afford the company greater flexibility for customers, improved delivery times, and reduced lead time. They also enable the company to respond quickly to market changes, maintain its market share, and secure a price premium to ex-factory. Storing product in warehouses also results in a more efficient utilization of the company's fleet of trucks.

Express Wassal Volumes (% of Sales)



Warehouse Market Coverage



KEY MILESTONES OF 2014

The year 2014 was pivotal for Arabian Cement Company as the company saw its IPO on the Egyptian Exchange (EGX) 18.5x oversubscribed and also laid the groundwork for an expansion into Brazil's promising cement market.

Expansion into Brazil

As part of its international expansion strategy, Arabian Cement Company's Board of Directors has unanimously approved a joint venture with Cementos Relampago, an affiliate of Cementos La Union (ACC's majority shareholder), to establish a cement grinding facility in northwest Brazil with a total production capacity of 230,000 tons per year. Total investment in the new project is approximately EUR 23 million, 50% of which will be financed, with the remaining provided as paid-in capital. ACC's contribution is EUR 7 million, representing 60% of the total paid-in capital.

First IPO in Egypt Since 2011

Arabian Cement Company's USD 110 million IPO was heavily oversubscribed, generating nearly USD 1.5 billion in total orders split across the retail (18.5x oversubscribed) and private placement (11.3x oversubscribed) tranches. The rate of subscription was widely seen as both a testament to interest in the company and renewed confidence in the Egyptian market as a whole. Management is confident that investors will not be disappointed.

85.2 MN
Combined offering of 85,202,200 shares

EGP 9.00
per international offer share

22.5%
of issued share capital

USD 110 MN
offering size

USD 1.5 BN
Nearly USD 1.5 billion in total orders

18.5x
over-subscription

1ST
IPO in Egypt since 2011, closing date on May 18, 2014

HEALTH, SAFETY, & ENVIRONMENT

Arabian Cement Company takes HSE issues very seriously, going above and beyond the requirements of Egyptian and international best practices to ensure the safety and well-being of staff and the community while also seeking to have as minimal an impact as possible on the surrounding environment.

Certifications

Year	Management System / International Standard	Status
2010	QMS(1) 2011 ISO 9001:2008	Certified
2013	SMS BS OHSAS 18001:2007	Certified
	EMS ISO 14001:2004	Certified
2014	IMS ISO 9001:2008	Certified
	BS OHSAS 18008:2007	Certified
	ISO 14001:2004	Certified
2015	EnMs ISO 50001:2011	In progress

Regulatory and Environmental Matters

ACC strives to operate its facilities in accordance with local laws, standards, and regulations while applying leading environmental management systems. The company conducts environmental audits for all facilities in accordance with a routine schedule and in connection with all acquisitions and divestments.

Safety

The company has a strong health and safety performance track record, with no fatalities having occurred and only a limited number of other minor incidents during the last two years.

The company has implemented a safety training observation program or "STOP system," which is a comprehensive, behavior-based safety program designed to improve safety awareness and make safe behavior and workplace conditions part of the work culture. It teaches managers, supervisors, and team leaders how to observe people as they work. By talking with people to acknowledge safe acts and correct unsafe acts, workers are encouraged to follow safe work practices.

The STOP system has the following advantages:

- Frequent scheduled safety observations
- Incorporates regular communications about safety
- An educational approach
- Helps to prevent injuries and occupational illnesses
- Ensures that all supervisors and team leaders are responsible and accountable for the safety of their employees
- Aims to make safety second nature.

Management believes the company is one of only two companies in Egypt to implement this system.

Emissions Levels are Well Below International Standards

Pollutant	ACC Lines*	Egypt / World Bank Standard**
Total Suspended Particulate for Cement+	6.7 – 61.5	100
Nitrogen Oxides (NOX)	153 – 549	600
Sulfur Dioxide (SO2)	0.1 – 1.3	400
Carbon Monoxide (CO)	11.5 – 124.6	250

* *ACC emission levels based on average maximum and minimum emissions of both cement lines for 2013*
** *Emission limit as per Law No. 4 for the year 1994 (Law for the Environment)*
\+ *Average suspended particulate for both cement lines' main electrostatic precipitator*

Safety Statistics

Number of Near Misses

MANAGEMENT DISCUSSION & ANALYSIS

PERFORMANCE

Management's Analysis

In 2014, revenues were EGP 2.5 billion, a 21% increase over EGP 2.06 billion in 2013, primarily driven by price increases coupled with a slight increase in volumes. Profit before taxes in the year increased by 19% compared to 2013, reaching EGP 522 million. However, the expiration of the company's tax exemption status saw net profit fall 11% y-o-y to EGP 373 million, while net profit margin was down 5 percentage points to 15%.

Despite serious challenges regarding fuel scarcity, it was a good year overall in terms of the company's operational and financial performance. The greatest challenge this year was the availability of energy. Utilization rates nationwide have been adversely impacted by the ongoing fuel shortages, although ACC's earlier efforts to counter this impact by converting facilities to run mostly on coal and alternative fuels have seen utilization rates begin to rise toward the end of the year and into 2015.

Fuel shortages led to a 20% y-on-y drop in clinker production, leading to a utilization rate of 62%, compared to 77% in 2013. However, through importing clinker, the company increased cement production by 4% over 2013 (with an 83% utilization rate), to reach 4.161 million tons. This, in addition to slight improvements in market demand and our marketing strategy, allowed us to increase our sales volumes by 3% and prices by 18% over 2013.

The presence of severe fuel shortages also had an impact on gross margins, as COGS increased with the need to import clinker to allow the company to meet market demand. Gross margins accordingly eased 4 percentage points to 38%.

The breakdown of ACC's energy sources during 2014 was as follows: 55% natural gas and diesel and 5% refuse-derived fuel (RDF), with the balance (40%) being coal and petcoke.

SG&A spending increased 58% y-on-y in 2014 to EGP 107 million on the back of non-recurring fees associated with the IPO and the marketing campaign which accompanied the offering. The company increased its delivered quantities through its Express Wassal service, which came at an additional cost. That said, management was able to maintain an SG&A/sales ratio of 4% compared to 3% in 2013.

Together, these factors saw EBITDA increase 2% y-o-y to EGP 832 million with a healthy EBITDA of 33%. Due to the expiration of ACC's tax exemption status, the company incurred corporate income tax expenses of EGP 135 million in 2014, based on the increased rate of 30%. The company also witnessed a 62% decline in FX losses to EGP 26 million. As a result, ACC's net profit came to EGP 373 million, which is a relatively smaller decline of 11% y-o-y, while net profit margin was 15%, a decline of 5 percentage points compared to 2013.

The company's balance sheet was strengthened this year, with a 20% reduction in outstanding debt and an improvement in the debt/equity ratio to 1.

Outlook

Management is very confident that the Egyptian market offers strong growth potential, as signs are evident that the country is on the right course for continued economic growth and political stability. With more infrastructure and housing projects in the pipeline, in addition to a return of FDI and corporate investment, management believes that the coming years will prove to be quite fruitful.

Key Financial Statement Highlights of FY14

21% rise in revenues to EGP 2,499 mn	8% growth in GP to EGP 940 mn
18% increase in Rev/ton to EGP 605	83% cement utilization
2% increase in EBITDA to EGP 832 mn	19% growth in profit before tax (PBT)
1.45x Debt/EBITDA	4% SG&A/Sales

CORPORATE GOVERNANCE

The Board of Directors consists of four executive members and three non-executive members for a total of seven. Directors hold office until a qualified successor is elected or the duration of their term of service expires.

Mr. Generoso Bertolin Agustin
Chairman

Mr. Bertolin has over 15 years of experience in the cement industry gained during his career at CLU. Bertolin chairs several of Cementos La Union Group's subsidiaries.

Mr. Wahid Abou Bakr Ahmed El-Ebiary
Vice Chairman

Mr. El-Ebiary has over 40 years of experience in the cement sector, having worked at various firms in Spain and Egypt in the sales and marketing of cement.

Mr. Ricardo Vela Ibanez
Director

Mr. Vela has 20 years of experience gained at CLU as a General Manager. His efforts have contributed to the group's internationalization, and he has held several board posts at the group's subsidiaries including ACC.

Mr. Salvador Viguer
Director

Mr. Viguer has over 30 years of management experience and is currently the Chief Financial Officer of CLU and Bertolin Group. He has played a key role in the group's growth, expansion, and corporate strategies.

Mahmoud El-Gammal
Director

Mr. El-Gammal has years of experience in the construction and real estate industries, having served as the CEO for New Giza and Chairman of Galalah for Touristic Investment.

Eng. Khaled AbuBakr
Director

Eng. Abubakr is a veteran of the power and gas industry in Egypt, with over 30 years of experience. He is the co-founder of TAQA Arabia, a leading Egyptian energy distributor and marketer of retail petroleum products.

Mr. Jose Maria Magrina Vadillo
Chief Executive Officer

Mr. Magrina is an executive Board member and Chief Executive Officer of the company. He joined ACC in 2005 with over 19 years of professional experience under his belt.

| Corporate Governance |

Arabian Cement Company is in compliance with the corporate governance rules applicable to listed entities. ACC has formed an audit committee and designated it with the necessary powers set out in the Egyptian Exchange's (EGX) listing rules.

Audit Committee

In accordance with the EGX's listing rules, the Board has formed an audit committee, comprised of three members. The audit committee is chaired by Mr. Salvador Veguer Roger and is comprised of Mr. Maged Hosny Mohamed El-Sayed and Mrs. Elena Bertolin. According to the EGX's listing rules, the primary functions of the audit committee are as follows:

- Reviewing the internal control procedures of the company and the implementation thereof.
- Examining the accounting policies applied by the company and the changes resulting from applying new accounting policies.
- Reviewing the internal audit mechanisms, tools, procedures, plans, results, and the internal audit reports, as well as monitoring the implementation of its recommendations in relation thereto.
- Reviewing the periodic administrative reports submitted to various administration levels and the methods of preparation and the timing of presentation thereof.
- Reviewing the procedures of preparing and auditing:
- Interim and annual financial statements;
- Public subscription notices and private placement memoranda related to securities issued by the company; and
- Pro-forma financials including pro-forma cash flow statements and pro-forma income statements.
- Reviewing the draft financial statement before presentation to the Board and before they are sent to the auditor.
- Presenting proposals regarding the appointment of auditors and the determination of their fees, and considering matters relating to their resignation or dismissal, in a manner consistent with applicable law.
- Opining on engaging the auditors to perform services to the company other than auditing its financial statements and determining their fees for such services, and ensuring this does not prejudice their independence.
- Reviewing the auditor's report on the financial statements and discussing the notes and reservations included therein with the auditor, and monitoring the manner in which they are addressed, and working towards resolving differences of opinion between the company's management and the auditor.
- Ensuring that a report is submitted to the Board by a specialized independent expert concerning the nature of the transactions concluded by the company with related parties and the extent to which they prejudice the interests of the company and its shareholders.

The Board is required to adopt the audit committee's recommendations within 15 days of receiving a notice of recommendations. If the Board does not follow the recommendation within 60 days of the notice of recommendations, the chairman of the audit committee must notify both the EFSA and the EGX.

PARTICIPATING IN SUSTAINABLE DEVELOPMENT

At Arabian Cement Company we are constantly looking for ways to contribute to our local community. We attribute our success not only to the quality of our products, but also to our efforts at being a responsible member of society.

ACC is keen to support initiatives that contribute to the long-term wellbeing of the community, and in particular those that offer a better life for underprivileged children, improve orphan shelters and offer more opportunities for the youth.

Hope Village

ACC proudly supports the Hope Village Society, and has been involved in its development of the "Dream Building" project since the project's inception in 2010. Hope Village Society initiatives include securing shelter for more than 300 orphans through its properties across Cairo, 10th of Ramadan and Alexandria. The Dream Building project aims at serving as an integrated shelter for all the Hope Village orphans; ACC provided the cement needed to complete the project.

ACC donated 300 tons of cement to the Dream Building project in 2012, and donated over 65 tons more in the following years. The project has reached 40% completion and ACC will continue its support until the entire development is compete. ACC will also continue its support for future Hope Village Society initiatives, as we work together to create a better future for Egypt's children.

"Khaleeha Suessi" CSR Program

Unemployment is a pressing concern in Egypt, particularly among Egyptian youth. Recent statistics have found that three out of every four unemployed Egyptians are between the ages of 15 and 29. To reverse this disturbing trend, it is essential to match job-seeking young people with potential employers, and to ensure that aspiring entrepreneurs are given the opportunity to build enterprises, which will in turn create additional employment opportunities.

ACC partnered with Nahdet el- Mahrousa and created a program to mobilize shared resources and expertise and encourage a vibrant and competitive environment in which entrepreneurship can thrive. ACC has allocated EGP 1.3 million for this project in 2015.

The program will build capacity for and locate relevant existing social enterprises (organizations that apply commercial strategies to maximize improvements in human and environmental well-being), offering financial support to those proposing new and innovative ways of tackling Egypt's most pressing issues, while also fostering Egyptian industry and creating job opportunities. In doing so, we hope to empower these early-stage social enterprises to move beyond the start-up stage and become financially sustainable, scalable, and successful, with a long-term impact in whichever field they address.

As a first step, we have designed a one-year program to be implement in Suez, Egypt. During the incubation program NM and ACC will select and support 5-7 social entrepreneurs, whose ideas have the potential to have a positive impact on economic challenges and opportunities in the Suez region.

The program will run in the following stages:

1. Opening an application round & organizing information sessions on social entrepreneurship
2. Screening and short-listing a total of around 30 entrepreneurs (around 15 teams)
3. Working with the shortlisted candidates to develop their ideas for 2.5 months (Discovery phase)
4. Organizing a selection panel
5. Selecting a total of 5-7 social entrepreneurs based on their performance during the Discovery phase and based on the selection panel decision
6. Conducting a full incubation program (including seed funding) for the selected 5-7 finalists
7. Conducting a final evaluation

The program will provide capacity building, technical support, and an operating infrastructure to sponsored social enterprises. Social enterprises will be guided in the creation of business, funding, and marketing plans. The program will directly train social entrepreneurs in technical skills—such as management,

fundraising, and public relations—and provide direct access to technical experts for legal, financial, human resources, and communications support. Social entrepreneurs will be provided direct access to resource and funding opportunities, as well as offer a supporting operating infrastructure, including a legal umbrella, shared equipped office space, and IT infrastructure.

Winning candidates will have ideas for social enterprises that address the root causes of social problems through creative and untried approaches, and that will be able to achieve financial sustainability and national scalability.

The ACC Social Entrepreneurship Program will provide selected social entrepreneurs with a financial grant award to start or scale up their social enterprise. Seed grants will be offered on a competitive basis, based on the recommendations of an evaluation panel, and will be awarded to teams with a strong business plan, a successful pilot, and/or an initial proof-of-concept.

Expected Outcomes:

- Incubating 5-7 social enterprises for a period of one year and providing them with the resources needed to build sustainable ventures, tackling the most pressing issues in Suez.
- Training around 30 aspiring young social entrepreneurs on the basics of entrepreneurship and social entrepreneurship during an intense entrepreneurship bootcamp.
- Spreading awareness and know-how on social entrepreneurship among youth in Suez.

This exciting program will allow ACC to identify, support, and provide funding to innovative social enterprises focused on job creation in Egypt. The project's emphasis on creative projects that develop new approaches to boosting employment, especially for marginalized youth, in the Suez governorate, is a key differentiator from other sustainability programs in the country and we are confident that it will prove to be successful.

KEY SHAREHOLDERS & INVESTORS INFORMATION

Arabian Cement Company was established as an Egyptian joint stock company under the Investment Law in 1997. In 2004, CLU acquired a majority shareholding stake in ACC.

Share Information

Date of Listing	24 March 2014
Number of Listed Shares	378,739,700
Par Value / Share	EGP 2
Issued Capital	EGP 757,479,400
Paid-Up Capital	EGP 757,479,400

Corporate Information

Year Founded	1997
Commercial Registration Number	53445
Fiscal Year	January : December
Law of Governance	Law No. 230 of 1989 and amended by Law No. 8 of 997 and its implementing regulations and amendments
Auditor Name	Grant Thornton
Purpose of Company	Production of different types of clinker and cement as well as other sub products and building materials. Mining concessions and mining of building material-related products. Transport of all the company's products.
Headquarters	56 El Gihaz Street, New Cairo
Subsidiaries	Andalus for Concrete (99.96%)
	ACC for Management (99%)
	ARM (50%)

CAPEX Overview

In 2014, ACC invested EGP 80 million in CAPEX, with an expected outlay of EGP 70 million in 2015. The money was primarily invested in the conversion of factories to operate on alternative fuels, among other various investments.

Looking ahead, maintenance CAPEX is included in the O&M fees per ton that the company pays. That said, ACC pays non-operational maintenance CAPX of c. EGP 50 million annually.

For more Information Please Contact:
Investor Relations:
IR@arabiancementcompany.com
arabiancementcompany.com

Stock Closing Price

EGP / Share

FINANCIAL STATEMENTS

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Translation from Arabic Arabian Cement Company

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders
Arabian Cement Company (S.A.E)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statement of Arabian Cement Company and its subsidiaries (S.A.E) " the group" which comprise the consolidated financial position of as of December 31, 2014 and the related consolidated statements of income, consolidated cash flows and consolidated changes in owners' equity for the year then ended, and summary of significant accounting polices and other disclosures.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT

The consolidated financial statements are the responsibility of the Company's Management. The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance to the Egyptian accounting standards and within the view of the current Egyptian laws and regulations, also management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements weather due to errors or fraud. The management's responsibility includes selection and implementation of appropriate accounting policies and making accounting estimates that are reasonable in circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and within the view of the current Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arabian Cement Company (S.A.E) as of December 31, 2014 and of its financial performance and its consolidated cash flows for the year then ended in conformity with the Egyptian accounting standards and within the view of the Egyptian law and regulations.

WITHOUT QUALIFYING OUR OPINION

As disclosed in note (28) from the accompanying notes to the consolidated financial statements, decision of the president of the Arab Republic of Egypt has been issued by law No. 53 of year 2014, which has been published in the official gazette on June 30, 2014 to amend certain provisions of the corporate income tax law, which the related executive regulations has not been issued until the date of this report, the group's management applied the provisions of this law based on its best interpretation. The amounts and results may differ when reliable information becomes available on the issuance of the executive regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The company keeps proper accounting records which include all that is required by law and the status of the company and the accompanying consolidated financial statements are in agreement therewith and the company's management undertook the inventory physical count as of the date of the consolidated financial statements in accordance with the norms of the physical count practice. The financial information contained in the report of the board of Directors' report as required by the companies law No. 159 for the year 1981 and its executive regulations, is in agreement with the company's accounting records within the limit that such information is recorded therein.

Hossam Mohamed Hilal, ESAA
Grant Thorton - Mohamed Hilal
Cairo March 8, 2015

ARABIAN CEMENT COMPANY STANDALONE FINANCIAL POSITION STATEMENT

AS OF DECEMBER 31, 2014

	31/12/2014 EGP	31/12/2013 EGP
Non-current Assets		
Property plant and equipment (net)	2,665,349,407	2,646,689,878
Projects under construction	98,414,243	138,435,045
Intangible assets (net)	131,662,259	154,182,258
Investment in subsidiaries	9,176,307	9,176,307
Investment in Joint ventures	31,250	31,250
Total non-current Assets	**2,904,633,466**	**2,948,514,738**
Current Assets		
Inventory	201,038,220	96,167,941
Debtors and other debit balances	48,380,430	46,929,998
Due from subsidiaries and related parties	17,353,443	17,233,616
Cash and Bank Balances	156,060,447	157,924,145
Total Current Assets	**422,832,540**	**318,255,700**
Current Liabilities		
Provisions	8,770,069	7,110,829
Current tax liabilities	134,923,345	518,278
Creditors and Other credit balances	324,232,904	326,228,581
Due to subsidiaries and related parties	5,558,323	1,921,649
Long - term loans - current portion	294,065,338	337,970,515
long-term liabilities-current portion	69,438,000	69,438,000
Total Current Liabilities	**836,987,979**	**743,187,852**
Net deficit in Working capital	**(414,155,439)**	**(424,932,152)**
Total investment	**2,490,478,027**	**2,523,582,586**
Total investments to be financed as follows:		
Equity		
Issued and paid up capital	757,479,400	757,479,400
Legal Reserve	129,447,589	118,779,986
Retained Earning	408,189,557	213,095,391
Total Equity	**1,295,116,546**	**1,089,354,777**
Non-current liabilities		
Borrowings - Long term portions	341,739,770	520,680,947
Deferred income tax liability	351,118,999	336,991,446
Long term liabilities	502,502,712	576,555,416
Total non-current Liabilities	**1,195,361,481**	**1,434,227,809**
Total Equity and non-current liabilities	**2,490,478,027**	**2,523,582,586**

Chief Financial Officer
Allan Hestbech

Chief Executive Officer
Jose Maria Magrina

ARABIAN CEMENT COMPANY STANDALONE INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 EGP	2013 EGP
Net sales	2,498,734,060	2,063,453,231
Less:		
Cost of sales	(1,749,586,118)	(1,377,643,360)
Gross Profit	**749,147,942**	**685,809,871**
(Less) / Add		
General and administrative expenses	(106,482,652)	(67,253,245)
Provisions	(2,584,364)	(6,338,531)
Unused provisions	555,431	0
Capital Losses	(87,139)	0
Other income	1,223,200	13,661,154
Profit from Operation	**641,772,418**	**625,879,249**
(Less):		
Finance cost - net	(119,590,956)	(186,924,881)
Net profit of the year before income tax	**522,181,462**	**438,954,368**
Income Tax	(149,050,898)	(20,415,018)
Net profit of the year after income tax	**373,130,564**	**418,539,350**
Earnings per share of the year	**0.98**	**1.10**

Chief Financial Officer
Allan Hestbech

Chief Executive Officer
Jose Maria Magrina

ARABIAN CEMENT COMPANY STANDALONE CASH FLOWS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 EGP	2013 EGP
Cash Flow From Operating Activities:		
Net profit before income tax	**522,181,462**	**438,954,368**
Adjustments to Reconcile Net Profit to Net Cash Flows from Operating Activities		
Fixed assets depreciation	168,130,074	165,239,601
Intangible assets' amortization	22,519,999	22,519,999
Credit interest	(826,015)	(1,468,411)
Provision other than depreciation	2,584,364	6,338,531
Unused provision	(555,431)	0
Foreign exchange (loss)	25,856,362	68,696,843
Debit interest	94,560,609	119,696,449
Capital Losses	87,139	0
operating profit before changes in working capital	**834,538,563**	**819,977,380**
(Increase) in inventory	(104,870,279)	(28,839,579)
(Increase) Decrease in debtors and other debit balances	(1,450,432)	2,645,187
(Increase) in due from subsidiaries and related parties	(119,827)	(6,540,358)
Increase in creditors and other credit balances	31,197,527	20,692,263
Increase in due to subsidiaries and related parties	3,636,674	1,121,633
Paid Tax	(518,278)	0
Used provision	(369,693)	(152,367)
Net Cash flows generated from operating activities	**762,044,255**	**808,904,159**
Cash Flow From Investing Activities:		
Acquisition of property plant and equipment	(22,863,920)	(8,989,939)
Acquisition of projects under construction	(124,382,438)	(80,264,156)
Proceeds from sale of property plant and equipment	390,418	0
Interest income	826,015	1,468,411
Investments in subsidiaries and joint ventures	0	(31,250)
Net cash (used in) investing activities	**(146,029,925)**	**(87,816,934)**
Cash Flow From Financing Activities:		
Payments of operation and electricity license	(74,052,704)	(68,096,000)
Paid interest	(94,560,609)	(119,696,449)
Payments of borrowings	(222,846,354)	(275,742,323)
Paid Dividends	(200,561,999)	(191,989,742)
Net cash (used in) financing activities	**(592,021,666)**	**(655,524,514)**
Changes in cash and cash equivalents during the year	23,992,664	65,562,711
Foreign exchange (loss)	(25,856,362)	(68,696,843)
Cash and cash equivalents at the beginning of the year	157,924,145	161,058,277
Cash and cash equivalents at the end of the year	**156,060,447**	**157,924,145**

Chief Financial Officer
Allan Hestbech

Chief Executive Officer
Jose Maria Magrina

ARABIAN CEMENT COMPANY CONSOLIDATED FINANCIAL POSITION STATEMENT
AS OF DECEMBER 31, 2014

	Notes	31/12/2014 EGP	31/12/2013 EGP
Non current Assets			
Property plant and equipment (net)	3	2,676,733,351	2,653,318,452
Projects under construction	4	99,410,072	143,613,902
Intangible assets (net)	5	139,936,479	162,456,478
Investments in Joint ventures	6	0	31,250
Total non-current Assets		**2,916,079,902**	**2,959,420,082**
Current Assets			
Inventory	7	201,761,865	96,510,807
Due from subsidiaries and related parties	8	827,715	1,026,517
Debtors and other debit balances (Net)	9	56,679,974	52,395,355
Cash and Bank Balances	10	159,366,746	161,152,693
Total Current Assets		**418,636,300**	**311,085,372**
Current Liabilities			
Provisions	11	8,770,069	7,110,829
Income Tax liabilities	22	135,158,769	518,278
Creditors and Other credit balances	12	329,010,326	327,970,660
Long - term loans - current portion	14	294,065,338	337,970,515
Long - term liabilities - current portion	15	69,438,000	69,438,000
Due to subsidiaries and related parties	8	3,905,131	1,921,649
Total Current Liabilities		**840,347,633**	**744,929,931**
Net (deficit) in Working capital		**(421,711,333)**	**(433,844,559)**
Total investment		**2,494,368,569**	**2,525,575,523**
Total investments to be financed as follow			
Equity			
Issued and paid up capital	13	757,479,400	757,479,400
Legal Reserve		129,463,619	118,792,048
Retained Earning		410,755,576	214,078,006
Total parent's shareholder's Equity		**1,297,698,595**	**1,090,349,454**
Non-Controlling interests	23	9,159	4,336
Total		**1,297,707,754**	**1,090,353,790**
Non current liabilities			
Long term loans	14	341,739,770	520,680,947
Long term liabilities	15	502,502,712	576,555,416
Deferred income tax liability	16	352,418,333	337,985,370
Total non-current Liabilities		**1,196,660,815**	**1,435,221,733**
Total equity and non-current liabilities		**2,494,368,569**	**2,525,575,523**

* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (28) are integral part of these financial statements and must be read with them.
* Independent Auditor's Report is accompanying.

Chief Financial Officer
Allan Hestbech

Chief Executive Officer
Jose Maria Magrina

ARABIAN CEMENT COMPANY CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	31/12/2014 EGP	31/12/2013 EGP
Net sales	17		
Less:			
Cost of sales	18	(1,784,610,553)	(1,398,812,119)
Gross Profit		**735,976,216**	**676,640,312**
(Less) / Add			
General and administrative expenses	19	(91,030,115)	(57,082,529)
Provisions	11	(2,584,364)	(6,338,531)
unused provision	11	555,431	0
Impairment in Trade Debtors		(147,782)	0
Other Income	20	1,223,200	13,516,433
Total Operating Expenses		**(91,983,630)**	**(49,904,627)**
Profit from Operation		**643,992,586**	**626,735,685**
Less:			
Finance cost - net	21	119,590,956	186,930,833
Capital loss		87,139	0
Net profit of the year before income tax		**524,314,491**	**439,804,852**
Income Tax	22	149,591,732	20,486,537
Net profit of the year after income tax		**374,722,759**	**419,318,315**
Distributed as follows:			
parent company's share if profit		374,717,936	419,316,999
Non-Controlling interests	23	4,823	1,316
Net profit of the year after income tax		**374,722,759**	**419,318,315**
Earnings per share of the year	24	**0.98**	**1.10**

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ARABIAN CEMENT COMPANY CONSOLIDATED CHANGE IN EQUITY STATEMENT
AS OF DECEMBER 31, 2014

	Paid up Capital EGP	Legal Reserve EGP	Retained Earning EGP	Total parent's shareholder's Equity EGP	Non-Controlling interest EGP	Total Owners' Equity and Minority interests EGP
Balance as of January 1, 2013	**757,479,400**	**76,938,113**	**359,466,968**	**1,193,884,481**	**3,020**	**1,193,887,501**
2013 Profit	0	0	419,316,999	419,316,999	1,316	419,318,315
Transfer to Legal Reserve	0	41,853,935	(41,853,935)	0	0	0
Dividends	0	0	(522,852,026)	(522,852,026)	0	(522,852,026)
Balance as of December 31,2013	**757,479,400**	**118,792,048**	**214,078,006**	**1,090,349,454**	**4,336**	**1,090,353,790**
Balance as of January 1, 2014	**757,479,400**	**118,792,048**	**214,078,006**	**1,090,349,454**	**4,336**	**1,090,353,790**
2014 Profit	0	0	374,717,936	374,717,936	4,823	374,722,759
Transfer to Legal Reserve	0	10,671,571	(10,671,571)	0	0	0
Dividends	0	0	(167,368,795)	(167,368,795)	0	(167,368,795)
Balance as of December 31,2014	**757,479,400**	**129,463,619**	**410,755,576**	**1,297,698,595**	**9,159**	**1,297,707,754**

* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (28) are integral part of these financial statements and must be read with them.
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Chief Executive Officer
Jose Maria Magrina

ARABIAN CEMENT COMPANY CONSOLIDATED CASH FLOWS STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	2014 EGP	2013 EGP
Cash Flow From Operating Activities:			
Net profit before income tax		524,314,491	439,804,852
Adjustments to Reconcile Net Profit to Net Cash Flows from Operating Activities			
Fixed assets depreciation	3	169,433,043	166,203,962
Intangible assets' amortization	5	22,519,999	22,519,999
Credit interest	21	(826,015)	(1,468,411)
Currency exchange	21	25,856,362	68,702,795
Debit interest	21	94,560,609	119,696,449
Provision	11	2,584,364	6,338,531
Unused of Provision	11	(555,431)	0
Impairment in Trade Debtors		147,782	0
Capital Gain (Loss)		87,139	0
operating profit before changes in working capital		**838,122,343**	**821,798,177**
(Increase) in inventory		(105,251,058)	(29,005,307)
Decrease in due from subsidiaries and related parties		198,802	604,811
(Increase) Decrease in debtors and other debit balances		(4,432,401)	254,670
Increase in creditors and other credit balances		34,232,870	22,135,277
Increase in due to subsidiaries and related parties		1,983,482	41,636
Used provision	11	(369,693)	(152,367)
Paid income tax		(518,278)	(37,762)
Net Cash flows generated from operating activities		**763,966,067**	**815,639,135**
Cash Flow From Investing Activities:			
Acquisition of fixed assets		(23,743,402)	(9,032,410)
Acquisition of projects under construction		(125,378,267)	(85,117,763)
Proceeds from sale of property plant and equipment		390,418	0
Acquisition of Investment in subsidiaries and joint ventures		31,250	(31,250)
Interest income		826,015	1,468,411
Net cash (used in) investing activities		**(147,873,986)**	**(92,713,012)**
Cash Flow From Financing Activities:			
Payments of operation and electricity license		(74,052,704)	(68,096,000)
Paid interest		(94,560,609)	(119,696,449)
Payment of bank loans		(222,846,354)	(275,794,580)
Dividends paid		(200,561,999)	(191,989,742)
Net cash (used in) financing activities		**(592,021,666)**	**(655,576,771)**
Changes in cash and cash equivalents during the Year		24,070,415	67,349,352
Currency exchange		(25,856,362)	(68,702,795)
Cash and cash equivalents at the beginning of the Year		161,152,693	162,506,136
Cash and cash equivalents at the end of the year	10	**159,366,746**	**161,152,693**

* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (28) are integral part of these financial statements and must be read with them.

* Independent Auditor's Report is accompanying.

Chief Financial Officer
Allan Hestbech

Chief Executive Officer
Jose Maria Magrina

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1- INCORPORATION AND PURPOSE:

1.1 Incorporation:

- **Arabian Company for Cement**

- Arabian Cement Company S.A.E. ("the company") was established as a joint stock company on 5 March 1997 under Law No. 230 for the year 1989 and law no. 95 for the year 1992 according to the decision of the president of General Authority for Investment and Free Zone (GAFI) number 167 for the year 1997.
- The company is registered in the commercial register under number 13105 in Cairo on 3 April 2005, which was changed to No. 53445 on 16 August 2012 as the company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza Egypt to be Villa 56 El Gihaz Street, fifth Settlement, New Cairo, Egypt.
- The main shareholder of the company is Aridos Jativa – Spanish Group and it owns 60% of the Group's share capital.
- The consolidated financial statements have been approved for issue by the board of directors meeting dated 8/3/2015. The general assembly of shareholders has the power to amend the financial statements after being issued.

1-2 Company's period:

Company's period is 25 years starting from the date of registering in the commercial register.

1-3 Company's Main Purpose:

The company's objectives are the manufacturing and sale of clinker, cement and the other related products and usage of mines and extraction of all mining materials required for the production of construction materials and road transportation for all the company's product.

1-4 Registration in stock market:

- **Registration of company shares in stock market**

- Capital's shares had been registered in Egyptian stock market with approval of the registration committee held on 24/3/2014. Company's shares had been included in data base on 25/3/2014, company's shares registration data have been adjusted after stock splitting by the par value on 17/4/2014.

- **Registering company's shares in central security**

- Company's shares had been registered according to central depository and registry system in Misr for Central Clearing on 19/1/2014 and had been adjusted as a result of stock splitting share's par value on 17/4/2014.

2- SIGNIFICANT ACCOUNTING POLICIES:

- The principal accounting policies adopted in the preparation of these financial statements are Summarized below:

2.1 Basis of preparation:

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) and applicable laws and regulations. The consolidated financial statements have been prepared under the historical cost measurement basis.
- The preparation of consolidated financial statements in conformity with EAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Note (2-28) discloses the significant accounting estimates used and personal judgement applied in the preparation of the consolidated financial statements.
- The EAS requires the reference to the IFRS when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

2.2 Basis of consolidation:

The consolidated financial statements as of 31 December 2014 included the financial statements of the following subsidiary:

Company name	Investment %	Legal structure
ACC for Management and Trading	99%	L.L.C.
Andalus Concrete	99.96%	S.A.E.
Andalus Reliance for Mining	50%	S.A.E.

A. Subsidiaries

- Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.
- Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.
- The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.
- Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.
- The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.
- Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.
- Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

B. Transactions and non-controlling interest

- The group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the group. Disposals to non-controlling interests result in gains and losses for the group that are recorded in the equity. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.
- If the losses applicable to the minority in a consolidated subsidiary exceed the non-controlling interest in the subsidiary's equity, the excess, and any future losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

C. Associates

- Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.
- Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.
- The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.
- The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.
- When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.
- Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

D. Joint Ventures

- Joint venture is a contractually agreed sharing of control over an economic activity , joint control exists only when operational, financial and strategic decisions related to the activity require the unanimous consent of the parties sharing control.
- The application of proportionate consolidation means that the statement of financial position of the venturer includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The income statement of the venturer includes its share of the income and expenses of the jointly controlled entity, while investment recorded as available for sale are accounted for it using Egyptian Accounting Standard number (32) "Non-current Assets Held for Sale and Discontinued Operations"
- Arabian Cement Company's Joint Venture investment is represented in the following:

Company	Ownership %
Andalus Reliance for Mining	50%

2.3 Foreign currency translation:

A. Functional and presentation currency

- Items included in the financial statements of the Group are measured using the currency the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Egyptian Pounds which is the Group's functional and presentation currency.

B. Transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Property, plant and equipment:

- All property, plant, and equipment are stated at historical cost less accumulated depreciation, historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for use condition.
- Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of assets excluding land, which is not depreciated.
- Estimated useful lives of assets are as follows:

Asset Description	Depreciation years
Machinery and equipment	20
Technical installations	20
Buildings	10:20
Vehicles	5:7
IT equipment and software and other installations	3:5
Office furniture and fixtures	16

- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date
- Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.
- Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset and are included in income from operations.
- Repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Minor renovations are depreciated over the remaining useful life of the related asset or the estimated useful life of the renovation, whichever is less.
- Cost of machinery and equipment included operating license cost for each production line separately according to the estimated useful life for the line.

2.5 projects under construction:

- Projects under construction were recorded at cost, and recognized as property, plant and equipment upon the fulfilment of conditions for recognition of property, plant and equipment. When the value of the projects under construction exceeds the recoverable value, the value of the projects under construction is reduced to the recoverable value and the differences are recorded within the income statement.

2.6 Intangible Assets:

A. Goodwill

- Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.
- The management annually assesses whether there is any indication of impairment in the goodwill value. If such indications exist, an analysis is preformed to assess whether the carrying amount of goodwill is fully recoverable. Impairment losses on goodwill are charged to the statement of income and are not reversed.
- Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.
- Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit directly from the business combination in which the goodwill arose.

B. Electricity generation agreement

- The expenditure is directly attributable to the Electricity Generation fees agreement. These expenditures have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight–line method to allocate these costs over 10 years.

2.7 Investments in joint ventures:

- Investment in Joint ventures is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Group's investments in Joint ventures are accounted for using the cost method of accounting whereby an interest in a jointly controlled entity is initially recorded at cost and less any impairment, impairment is estimated for each investment separately.

2.8 Impairment of non-financial assets;

- Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of income for the period for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell or its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash flows.
- Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. Impairment losses are also reversed to release the impairment amount that is equal to the depreciation for the period of the impaired balance. The reversals are recorded in statement of income.

2.9 Financial assets:

i. Classification

- The Group classifies its financial assets in the following categories: at fair value through profit or loss, held for maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

A. Financial assets at fair value through profit or loss:

- Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.
- Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

B. Held for maturity;

- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than:
  - Those that the entity upon initial recognition designates as at fair value through profit or loss
  - Those that that the entity designates as available for sale; and
  - Those that meet the definition of loans and receivables.

C. Loans and receivables:

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables have been included in the balance sheet with debtors and other debit balances.

D. Available-for-sale financial assets:

- Available-for-sale financial assets are non-derivatives that are either designated in this category at acquisition date or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

ii. Reclassification

- The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification
- Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

iii. Measurement and subsequent measurement

- Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset.
- Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.
- Financial assets carried at fair value through profit or losses are initially recognised at fair value and transaction costs are expensed in the income statement.
- Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.
- At the balance sheet date, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held to maturity, loans and receivables are carried at amortised cost using the effective interest method.
- Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognized in the income statement in the year in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.
- Changes in the fair value of monetary securities debt instruments (bonds, treasury bills) denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.
- Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

- The Group assesses at balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired.
- When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

2.10 Inventories:

- Inventories are stated at the lower of cost or net realizable value. Cost is determined using the moving average method. The cost of finished goods and work in progress comprises raw materials. Direct labor, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses, The needed provision are determined with the value of the slow moving, obsolete and damaged inventory items, according to the management' s estimates.

The company evaluates inventory elements as follows

a. Raw materials : cost (Moving average)
b. Spare parts : cost (Moving average)
c. Finished goods : is measured at the lower of manufacturing cost or net realizable value, the manufacturing cost comprises raw materials, direct labour and cost includes an appropriate share of overheads based on normal operation capacity.

2.11 Trade receivables:

- Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.
- A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than granted credit limits) is considered indicators that the trade receivable is impaired.
- The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

2.12 Cash and cash equivalents:

- Bank overdrafts are included within borrowings in the current liabilities in the balance sheet.
- For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks with original maturities of three months or less.

2.13 Share capital:

- Ordinary shares are classified as equity.

2.14 Borrowings:

- Borrowings are recognised initially at the amount of the proceeds received, net of transaction costs incurred. Loans are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over year the borrowings.
- The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at the initial recognition and subsequently recorded at an amortised cost basis until extinguished on conversion or maturity of the bonds whichever the lower. The remainder of the proceeds are allocated to the conversion option, which is recognised in shareholders' equity.
- Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Current and deferred income taxes:

- The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

- Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.
- Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.16 Trade payables:

- Trade payables are generally carried at the fair value of goods or services received from others, whether invoiced or not. Where material, goods and services received and trade payables are initially recognised at the present value of expected cash outflows using the market rate of interest for similar borrowings. Thereafter, trade payables are carried at amortized cost.

2.17 Leases:

1) Finance lease:

- Leases are accounted for under Law 95 of 1995 if the lessee is not obliged to purchase the asset at end of the lease period, the lease contract is recorded in the relevant register with the Companies Authority, the contract gives the option to the lessee to buy the asset at a specific date and amount and the period of the contract represents at least 75% of the useful life of the asset or if the present value of total lease payments represents at least 90% of the asset value.
- For leases within the scope of Law 95 of 1995, lease costs including maintenance expense of leased assets are recognized in the statement of income in the period incurred.
- If the Group elects to exercise the purchase option on the leased asset, the option cost is capitalized as property, plant, and equipment and depreciated over their expected remaining useful lives on a basis consistent with similar assets.

2) Operating lease:

- Operating lease contracts represents any lease contract which lesser has ownership risks and benefits.
- Payments made under operating leases (net of any incentives received from the lesser) are charged to the statement of income on a straight-line basis over the period of the lease.

2.18 Employee benefits:

Profit sharing:

- The company pays the lesser of 10% of its cash dividends as profit sharing to its employees or the employees' annual basic salary. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Group's shareholders. No liability is recognized for profit sharing relating to undistributed profits.

Pension obligations:

- For defined contribution plans, the Group pays contributions to the Public Authority for Social Insurance plans on a mandatory basis. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

2.19 Provisions:

- Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
- If the effect of the time value of the money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

2.20 Revenue recognition:

- Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns or rebates.
- The Group recognizes revenue when significant risks and rewards of ownership of the goods are transferred to the buyer and when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods

- Sales of goods are recognized when entity has delivered products to the wholesaler, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the Group warehouse or in the wholesaler's locations depending on the agreements. Accordingly, the risks and benefits have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- No element of financing is deemed present as the payments of the majority of sales are collected in advance.

Interest income

- Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective interest rate method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount.

Dividends revenue

- Dividends revenue recognized on maturity.

2.21 Expenses:

- Expenses are measured according to the recognition of all operating expenses, including administrative expenses and overheads which are reflected in the consolidated income statement in the financial period where there have been those expenses according to the accrual basis.

2.22 Cost of borrowing:

- The group records the cost of borrowing in the consolidated statement of income in the financing expenses on the period which it occurs, except the cost of borrowing that directly related with construction of or production of a fixed asset qualify to be capitalized with this cost and it depreciated during the life time of the asset .

2.23 Transactions with related parties:

- The group's records all transactions with the related parties in the context of their regular book keeping and applying the same principles for dealing with others.

2.24 Cash flow statements:

- Consolidated cash flow statement is prepared in accordance with the indirect method.

2.25 Dividends:

- Dividends are recorded in the Group's financial statements in the year in which they are approved by the Group's shareholders.

2.26 Comparative figures:

- Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

2.27 Financial risk management:

1) Financial risk factors:

- The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's efforts are addressed to minimize potential adverse effects of such risks on the Group's financial performance. The Group does not use derivative instruments to hedge specific risks.

A. Market risk:

i) Foreign exchange risk:

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from future commercial transactions and assets and liabilities in foreign currencies at the date of the consolidated financial statements.

The below table shows the foreign currency positions:

	Assets EGP	Liabilities EGP	31/12/2014 Net EGP	31/12/2013 Net EGP
US Dollars	19,884,109	(457,479,773)	(437,595,664)	(571,721,334)
Euro	2,613,340	(25,520,792)	(22,907,453)	760,298

- The exchange rate during the Year:

	Actual price 31/12/2013	Actual price 31/12/2014
EGP : USD	6.978	7.1801
EGP : EURO	9.633	8.6150

ii) Price risk:

- The group has no investment in quoted equity securities. Therefore company is not exposed to the fair value risk due to changes in prices.

ii) Interest rate risk

- Interest risk represent in change on interest price on the company's obligation for the banks, which is loans over drafts and credit facilities with variable interest rate, amounted to EGP 1,086,453,108 as of December 31, 2014 against EGP 1,344,275,462 as of December 31, 2013.
- No loans with fixed interest rate.

B. Credit risk:

- The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Financial institutions that the Group deals with are only those enjoying high credit quality.

C. Liquidity risk:

- Prudent liquidity risk management implies maintaining sufficient cash.

2) Capital risk management:

- The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain an optimum capital structure to reduce the cost of capital.
- The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total trade and other payables and borrowings, less cash and cash equivalents. Total capital is calculated as equity in addition to net debt.
- The gearing ratio at 31 December 2014 was as follows:

	31/12/2014	31/12/2013
Borrowings	635,805,108	858,651,462
Long-term liabilities	502,502,712	576,555,416
Trade and other payables	329,010,326	327,970,660
Long-term liabilities – current portion	69,438,000	69,438,000
Due to related parties	3,905,131	1,921,649
Less: cash and cash equivalents	(159,366,746)	(161,152,693)
Net debt	**1,381,294,531**	**1,673,384,494**
Total equity	1,297,707,754	1,090,353,790
Total capital	**2,679,002,285**	**2,763,738,284**
Gearing ratio	**52%**	**61%**

- The decrease in the gearing ratio is mainly due to the payments of loan and borrowings during the year.

(3) Fair value estimation:

- The fair value of financial assets or liabilities with maturities date less than one year is assumed to approximate their carrying value. The fair value of financial liabilities – for disclosure purposes – is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2.28 Critical accounting estimates and judgments

Critical accounting estimates and assumptions

- Estimates and adjustments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

1) Property and equipment – useful life:

- The property and equipment owned by the Group have long lives that extend to 20 years. To ensure the use of reliable estimates, the management has benchmarked the useful lives of its owned assets with estimates made by other entities and with those estimates developed internally by its technical resources. Management, in line with the requirements of Egyptian Accounting standards, reviews the useful lives of property and equipment regularly, to ensure consistency with its estimate, or otherwise, revise the remainder of useful lives as appropriate.

2) Income tax:

- The Group is subject to corporate income tax. The Group estimates the income tax provision by using the advice of an expert. In case there are differences between the final and preliminary results, these differences will affect the income tax and deferred tax provision in these years.

3) Intangible assets – useful life:

- The Company capitalized the expenditure that is directly attributable to the electricity generation fees agreement. These expenditures have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight–line method to allocate these costs over 10 years.

4) Impairment of goodwill:

- The management annually assesses the goodwill to determine the existence of impairment in the carrying amount. If the carrying amount of the goodwill is higher than its recoverable amount, the carrying amount will be reduced and the impairment losses will be charged to the statement of income and cannot be reversed.

2) Critical Judgments in applying the Group accounting policies

- In general, applying the Group accounting policies does not require judgments (apart from those involving estimates refer to in Note (2-28) that have significant effects on the amounts recognized in the consolidated financial statements.

2.29 Legal Reserve:

- In accordance with the companies' law no. 159 of 1981 and the Company's Articles of Association, 10% of annual net profit is transferred to legal reserve. Upon the recommendation of the board of Directors, the Company may stop such transfers when the legal reserve reaches 50% of the issued capital. The statutory reserve is not eligible for distribution to shareholders.
- Estimated ratios was as follow:

Company	Ratio
Arabian Cement Company	10%
Andalous Concrete	10%
ACC for Management and Trading	5%

3- FIXED ASSETS:

	Land	Building	Vehicles	Machinery and equipment	Other installations	Computer and software	Furniture, fixtures and office equipment	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
COST:								
Balance at 31 December 2013	50,243,436	495,886,666	13,449,691	2,570,800,437	129,011,456	8,934,328	4,994,040	3,273,320,054
Additions	0	9,224,188	4,403,486	2,477,615	4,995,467	1,365,219	1,277,427	23,743,402
Dispositions	0	0	(863,784)	0	0	(10,400)	0	(874,184)
Transfer from projects under construction	0	14,258,444	3,545,345	30,370,390	121,304,518	0	103,400	169,582,097
Balance at 31 December 2014	**50,243,436**	**519,369,298**	**20,534,738**	**2,603,648,442**	**255,311,441**	**10,289,147**	**6,374,867**	**3,465,771,369**
Accumulated depreciation:								
Balance at 31 December 2013	0	66,065,134	6,423,658	501,516,550	37,572,773	7,501,787	921,700	620,001,602
Depreciation for the year	0	27,155,392	1,988,923	130,028,435	8,240,761	1,430,945	588,587	169,433,043
Dispositions Depreciation for the year	0	0	(388,725)	0	0	(7,902)	0	(396,627)
Balance at 31 December 2014	**0**	**93,220,526**	**8,023,856**	**631,544,985**	**45,813,534**	**8,924,830**	**1,510,287**	**789,038,018**
Net book value as of December 31,2014	**50,243,436**	**426,148,772**	**12,510,882**	**1,972,103,457**	**209,497,907**	**1,364,317**	**4,864,580**	**2,676,733,351**
Net book value as of December 31,2013	**50,243,436**	**429,821,532**	**7,026,033**	**2,069,283,887**	**91,438,683**	**1,432,541**	**4,072,340**	**2,653,318,452**

* There is a commercial and real state mortgage with first-class rank for the benefit of the National Bank of Egypt as a guarantee for loans granted by the bank and the company's land and all current and future buildings and constructions and the material and moral elements of the company's factory as disclosed in detail in note (14).

** According to the loans contracts granted by the National Bank of Egypt the company insured for the benefit of the bank an insurance policy against all potential risks on the company's factory and the production lines by 110% of the full amount of the loans and the bank is the first and only beneficiary of this policy with a value of EGP 3,993,315,842.

*** The company has insurance for its benefit on silos by EGP 4,600,000 cars by EGP 909,250 and Katamia Villa by EGP 6,600,000.

Property, plant and equipment-net (continued):

- The Group has assets related to finance lease based on contracts under Law No. 95 for the year 1995, which states that these assets should not be classified as fixed assets according to the accounting policy (2-17)

5 years contracts	31/12/2014	31/12/2013
Total contracted lease payments	49,549,083	47,211,506
Bargain purchase value	1 EGP	1 EGP
Average useful life	5 years	5 years
Annual lease payments	9,516,691	9,442,301

4- PROJECTS UNDER CONSTRUCTION:

	31/12/2014	31/12/2013
Balance at 1 January	143,613,902	9,229,356
Additions	121,552,211	131,104,105
Advance to suppliers	3,826,056	9,947,782
Transfer to property , plant and equipment	(169,582,097)	(6,667,341)
Total	**99,410,072**	**143,613,902**

These projects under construction represent the following categories:

	31/12/2014	31/12/2013
Building	12,748,477	23,456,326
Machinery and equipment	81,751,998	109,227,768
Technical and other installations	1,083,541	982,026
Advance to suppliers	3,826,056	9,947,782
Total	**99,410,072**	**143,613,902**

5- INTANGIBLE ASSETS (NET):

	*Electricity supply agreement	**Goodwill	Total
Costs			
Balance at December 31	225,200,000	8,274,220	233,474,220
Additions during the year	0	0	0
Balance at 31/12/2014	225,200,000	8,274,220	233,474,220
Amortization			
Balance at December 31 Balance at December 31	(71,017,742)	0	(71,017,742)
year Amortization	(22,519,999)	0	(22,519,999)
Balance at 31/12/2014	**(93,537,741)**	**0**	**(93,537,741)**
Net Book Value 31/12/2014	**131,662,259**	**8,274,220**	**139,936,479**
Net Book Value 31/12/2013	**154,182,258**	**8,274,220**	**162,456,478**

* The power supply contract represents the value of the contract with the Ministry of Electricity, where the Ministry of Electricity identifies the needs of heavy industrial projects and arranging their needs, either through the establishment of new stations or already established ones, while the cost of investments will be paid by the company to what have been determined by the ministry, and the cost been agreed upon those arrangements is a value of EGP 217.2 millions, where payment has been agreed as shown below:

a) 15% advance payment equivalent to EGP 32.58 million.
b) 120 monthly instalments due on the first of every month from April 2010 amounted to EGP 1.220 million per each instalment.
c) 120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each instalment.
d) In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid in four quarterly instalments. And the last instalment to be in 1st of February 2011.

** In December 2012, Arabian Cement Company acquired 99.96% from the shares of Andalus for Concrete through purchase. Such transaction resulted in a goodwill amounted to EGP 8,274,220,which represents the surplus of the acquisition cost compared to the value of the net assets of the acquired company.

6. INVESTMENTS IN JOINT VENTURES:

	Country of incorporation	Ownership	31/12/2014	31/12/2013
Andalus Reliance for Mining	Egypt	50%	0	31,250
Total			**0**	**31,250**

- Andalus Reliance for Mining has been consolidated as it started its activity.

7. INVENTORY:

	31/12/2014	31/12/2013
Finished goods	28,472,017	7,277,043
Spare parts	27,224,041	26,201,222
Packing materials	26,249,417	21,719,302
Raw materials	119,331,413	40,133,367
WIP	484,977	1,179,873
Total	**201,761,865**	**96,510,807**

8. RELATED PARTIES TRANSACTIONS:

Due from subsidiaries and related parties:

	31/12/2014	31/12/2013
Cementos La Unión Chile, S.A.	420,637	1,026,517
Cementos Santo Domingo	407,078	0
Total	**827,715**	**1,026,517**

Due to subsidiaries and related parties:

	31/12/2014	31/12/2013
Cementos la union– Spain	2,156,734	1,520,851
Andalus Reliance for Mining	1,653,193	0
Aridos Jativa	95,204	400,798
Total	**3,905,131**	**1,921,649**

The following represents the nature and value of main transactions between related parties during the year:

	Relation type	Transaction Nature	2014	2013
Aridos Jativa	Main shareholder	Services	1,397,247	1,271,490
Cementos La Union – Spain	Subsidiary of the parent company	Purchases	2,171,142	700,392
Hormiunion , S.L.	Subsidiary of the parent company	Purchase	767,685	0
Cementos Santo Domingo	Subsidiary of the parent company	Sales	656,957	0

- Aridos Jativa Company renders consulting services for Arabian Cement Company.
- Cementos La Union – Spain renders technical support services and supplying assets for Arabian Cement Company.
- Hormiunion, S.L. Company supplied new batch plant for Andalus Concrete and Arabian Cement Company paid on its behalf, while Andalus Concrete paid this amount to Arabian Cement Company during 2014.
- Arabian Cement Company sold silos to Cementos Santo Domingo.

Amounts paid for the members of the board of directors during the year:

	2014	2013
Board allowance	16,111,169	14,895,727
Salaries and wages	7,173,556	6,931,319
Total	**23,284,725**	**21,827,046**

9. DEBTORS AND OTHER DEBIT BALANCES (NET):

	31/12/2014	31/12/2013
Trade Debtors	4,092,187	2,486,992
Advance to Suppliers	23,172,087	11,707,359
Letter of Credit	532,986	14,300,435
Deposits with others	18,532,389	18,532,389
Payments under dividends distributions to employees	4,902,600	2,911,468
Imprest – Employee's loan	514,009	647,121
Letter of guarantee cover	34,049	34,049
Withholding Tax	5,024,473	800,703
Other debit balances	22,976	974,839
Total	**56,827,756**	**52,395,355**
Less:		
Impairment in Trade Debtors	(147,782)	0
Net	**56,679,974**	**52,395,355**

10. CASH AND BANK BALANCES:

	31/12/2014	31/12/2013
Cash on hand	2,469,502	5,190,182
Current Account – Local Currency	113,427,939	141,146,112
Current account – Foreign Currency	21,669,800	13,413,910
Bank deposits	21,799,505	1,402,489
Total	**159,366,746**	**161,152,693**

	31/12/2014	31/12/2013
Average interest rates for bank deposits – USD	0.06%	0.06%
Average interest rates for bank deposits – EGP	7%	6%
Maturity period for bank deposits	243 days	30 days

For the purpose of preparation of cash flow statement, cash and cash equivalent include:

	31/12/2014	31/12/2013
Cash and bank balances	159,366,746	161,152,693
Restricted cash	(54,576,681)	(108,847,106)
Total	**104,790,065**	**52,305,587**

The restricted cash represents the instalment for the loans payments to be paid during 2014.

11. PROVISIONS:

	Balance at 31/12/2013	Additions during the year	Unused during the year	Used during the year	Balance at 31/12/2014
Provision	7,110,829	2,584,364	(555,431)	(369,693)	8,770,069
Total	**7,110,829**	**2,584,364**	**(555,431)**	**(369,693)**	**8,770,069**

- The provisions relate to expected claims from some parties relates to the activities of the company, as the management reviews those provisions annually and adjusting the amount allocated in accordance with the latest developments, discussions and agreements with those parties. Also, the disclosure information about provision allocation is not according to the accounting standards because the management believes that this may strongly affect the consequences of negotiations with those parties.

12. CREDITORS AND OTHER CREDIT BALANCES:

	31/12/2014	31/12/2013
Advance payment from customers	118,634,063	91,746,348
Trade Payable	137,629,081	107,843,024
Accrued development fees	35,771,621	54,433,940
Dividends payable to shareholders	0	33,193,204
Taxes	15,022,216	14,151,939
Accrued customers rebates	177,630	0
Accrued interest	8,349,110	18,722,545
Retention	6,224,626	6,165,801
Accrued expenses	7,201,979	1,713,859
Total	**329,010,326**	**327,970,660**

Accrued development fees:

- As per law no. 147 for the year 1984, a fee for development of the country's resources is imposed as a license to use mines.
- These fees amounted to LE 27 for each ton of clay used by the cement production factory with a rate of 0.3 ton for each ton of cement at a minimum of LE 15 for each ton of cement produced and this represent the minimum amount to be paid as per the law.

13. CAPITAL:

	31/12/2014	31/12/2013
Authorized capital	757,479,400	757,479,400
Issued capital	757,479,400	757,479,400
number of shares	378,739,700	378,739,700
par value per share	2	2
Issued and paid-up capital	**757,479,400**	**757,479,400**

- On 23 January 2014, the company's management held an Extra-ordinary General Assembly Meeting in which a decision was approved for the stock split through modifying the par value of the company's share as a prelude for the listing of the company in the Egyptian stock exchange market. The extraordinary general assembly approved on modifying the par value of the share to be 2 EGP instead of EGP 100.
- In addition to the mentioned above, the Extra-ordinary General Assembly Meeting approved updating article number (6) from the article of association which states that the capital of the company amounted to EGP 757,479,400 distributed among 7,574,794 shares the par value for each share is EGP 100 to be distributed among 378,739,700 shares the par value for each share is EGP 2.

14. BORROWINGS:

	31/12/2014	31/12/2013
Current portion from loans	294,065,338	337,970,515
Non- current portion from loans	341,739,770	520,680,947
Total	**635,805,108**	**858,651,462**

These loans are represented in the following

	31/12/2014	31/12/2013
First loan	227,188,125	290,713,966
Second loan	335,159,098	454,014,526
Third loan	22,578,914	108,234,034
Fourth loan	50,878,971	5,688,936
Total	**635,805,108**	**858,651,462**

First loan:

- In September 2006, the Company has obtained a loan from the National Bank of Egypt amounted to USD 103.9 million. On 31 January 2008, the Bank approved to increase the loan to be USD 149 million to cover the increase in the investment cost, in addition to finance 15% of the operating license cost.
- The loan duration is 10 years including 2 years grace period with interest rate 1.6% plus Libor during the first five years and 1.7% plus Libor during the following five years.

Second loan:

- On 31 January 2008, the company has obtained a loan from National Bank of Egypt amounted to USD 142 million to finance the second production and 25% of the second line's operating license cost, loan included a portion by Egyptian Pounds equivalent to USD 57 million.
- The loan duration is 10 years including 2 years grace period with interest rate 1.5% plus Libor for the USD portion of the loan and 11% for the Egyptian Pounds portion.

Third loan:

- On 22 February 2010, the Company obtained a loan from the National Bank of Egypt amounted to EGP 265 million to finance around 70% of the investment cost of the clinker mill.
- The loan duration is 5 years including a grace period of 18 months with 2% interest above the corridor rate.

Fourth loan:

- On 20 June 2013, the company has obtained a loan from the National bank of Egypt amounted to EGP 70 million to finance 70% of the total investment cost which amounted to EGP 100 million, which is needed for new project held by the company for the purpose of using the solid and agricultural wastes as an alternative fuel for the natural gas in the process of manufacturing, the financing shall be used in suppliers and contractors payments.
- The loan duration is 6 years starting from the first withdrawing, with a rate by 2% plus corridor with a minimum rate 12%, in addition to a monthly commission.
- The company shall enjoy a grant by 20% of the value of the financing amount from the bank, in case of meeting the following conditions:
  a. The utilization of the finance in its purpose.
  b. Commitment to the financing conditions including the payments terms.
  c. Issuing the required certificate from the environmental affairs department, which indicates the pollution reduction according to the study.

The loan is guaranteed by the following:

- There is a first degree with excellence real estate mortgage for the National Bank of Egypt as a guarantee for all loans and facilities granted by the bank. The mortgage is on the company's land and all current and future buildings and constructions, and not sell, mortgage, waive, lease, or provide power of attorney to sell or mortgage only after obtaining the prior written consent from the bank
- There is a first degree with excellence commercial mortgage for the National Bank of Egypt on the company's plant tangible and intangible assets.
- The company is committed not to allow exit of the major shareholders in the project (especially the Spanish company) only after payment of the loan (the third loan) granted to the bank by the company, while allowing Egyptian side to increase the share capital through the purchase of the Spanish party but the Spanish party share should not be less than 51% of company's capital, also the company should not do any changes to the nature of its activities or its legal form or structure of ownership only after obtaining the prior written consent from the bank.
- The company is committed to issue insurance policies against the dangers of fire, physical damage, business interruptions and machinery failures on all assets owned by the company subjected to this loan contract within 110 % of the full loan's amount, and concede these policies to the bank as first and sole beneficiary.

15. LONG TERM LIABILITIES:

Long-term liabilities – current portion

	31/12/2014	31/12/2013
Operating license*	50,976,000	50,976,000
Electricity fees**	18,462,000	18,462,000
Total	**69,438,000**	**69,438,000**
Long-term liabilities		
Operating license *	399,672,000	434,648,000
Long term liabilities – Electricity fees **	86,156,000	104,618,000
Long term notes payable ***	16,674,712	37,289,416
Total	**502,502,712**	**576,555,416**

*** Operating license:**

- As per the country's policies to obtain a license for cement factory, the general industrial Development association approved on issuing a license to the company amount to LE 281.4 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual installments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt - CBE.

- The above mentioned value will be also applied for the second line and a 25% is to be paid as an advance payment and residual amount will be settled over a period of 3 years according to the interest rate determined by Central Bank of Egypt- CBE.

**** Electricity fees:**

- Arabian cement company operating license stipulate that the company should provide its own power generation facility. The Ministry of Electricity suggested that instead of building a captive plant, a fee of LE 217.2 million should be paid to the ministry to allow new cement plants to connect to the national grid.
- 15% down payment Amounted to EGP 32.580 million was paid by the company and the remaining 85% will be paid as follows:
- 120 Monthly installments amounted to EGP 1.220 million per installment including interest and the 1st installment will start April 2010.
- 120 Monthly installments amounted to EGP 1.342 million per installment including interest and the 1st installment will start February 2011.
- In addition to EGP 8 million which represent the amount of 2 ordinary cells, will be paid over four quarterly based install-ment to ended by 1 February 2011

***** Long – term notes payable**

- The long – term notes payables presents the value of the installment due after next year, these amounts are due to the suppliers that are working on the construction of the alternative fuel which were not finalized till the date of issue of the financial statements.
- The liability is paid based on semi-annual installments that are equal in value, the last installment is due on December 2016 with an interest rate of 7% for the alternative fuel generation line and 9.5% for the coal project.

16. DEFERRED INCOME TAX LIABILITIES:

Deferred income tax represents tax expenses on the temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements:

	31/12/2014	31/12/2013
Property, plant, equipment and intangible assets	352,418,333	337,985,370
	352,418,333	**337,985,370**

- The movement of the deferred tax liability is as follows:

	31/12/2014	31/12/2013
Balance at 1 January	337,985,370	318,107,130
Deferred tax charged to the income statement (Note 22)	14,432,963	19,878,240
Balance for the year	**352,418,333**	**337,985,370**

17.NET SALES:

	2014	2013
Local sales	2,809,558,372	2,223,234,303
Export sales	4,045,800	48,458,746
Services	42,460,919	36,805,350
Total sales	**2,856,065,091**	**2,308,498,399**
Less		
Sales discount	(335,478,322)	(233,045,968)
Net sales	**2,520,586,769**	**2,075,452,431**

18. COST OF SALES:

	2014	2013
Raw material	1,606,615,844	1,166,317,916
Manufacturing depreciation	169,431,156	166,172,336
Over head cost	90,913,832	72,641,447
Amortization charge for electricity supply agreement	22,519,999	22,519,999
Change in inventory	(104,870,278)	(28,839,579)
Total	**1,784,610,553**	**1,398,812,119**

19- GENERAL AND ADMINISTRATIVE EXPENSES:

	2014	2013
Professional services	28,477,178	12,066,883
Salaries and wages	33,283,948	29,282,407
Advertising and public relations	10,197,105	1,377,189
Rentals	3,336,422	3,687,009
Transportation	3,699,316	1,634,345
Security and cleaning services	5,056,495	3,781,285
Other	6,979,651	5,253,411
Total	**91,030,115**	**57,082,529**

20- OTHER INCOME:

	2014	2013
Compensation	0	12,805,800
Other income	1,223,200	710,633
Total	**1,223,200**	**13,516,433**

- The compensation income for the year from 1/1/2013 till 31/12/2013 represents compensation paid by the insurance company amounted to EGP 12,805,800 as a compensation for Arabian Cement Company due to loss occurred due to the stoppage of the first production line.

21- FINANCE COST - NET:

	2014	2013
Foreign exchange (loss)	(25,856,362)	(68,702,795)
Loan interest	(36,113,430)	(62,390,449)
Operation licence interest	(45,024,000)	(45,024,000)
Electricity agreement interest	(12,282,000)	(12,282,000)
Long-term notes payable interest	(1,141,179)	0
Interest income	826,015	1,468,411
Net	**(119,590,956)**	**(186,930,833)**

22- INCOME TAX:

		2014	2013
Deferred income tax (Note 16)		14,432,963	19,878,240
Current income tax		135,158,769	608,297
Total		**149,591,732**	**20,486,537**
Effective tax rate			
Net profit before income tax		524,314,491	
Tax using current tax rates	**30%**	157,147,200	
Add:			
Accounting depreciation and amortization		191,953,042	
Expenses non-deductible for tax purpose		7,232,364	
Provision		2,732,146	
Capital Loss		87,139	
Less:			
Taxable depreciation		274,090,539	
Used Provision		555,431	
Tax bracket		**451,673,212**	
Income tax according to effective tax rate	**25.8%**	**135,158,769**	

- The Company has calculated the income tax for the financial year ended 31 December 2014 in accordance with the Egyptian tax law at annual rate of 25% of taxable net income, in addition to the provisions of the presidential Decree to issue the law No. 44 for year 2014 issued on 4/6/2014, which would impose a temporary annual tax for three years by 5% on the excess of one million Egyptian Pounds of the taxable` net income.

23- NON-CONTROLLING INTERESTS:

Non-Controlling interest amounted to EGP 8,566 as of 31/12/2014 which represents the percentage of 0.04% at Andalus concrete and 1% at ACC for Management Company.

	Capital	Non-Controlling interest for acquired subsidiary	Retained Earning	31/12/2014	31/12/2013
Balance at 1 January	2,500	(1,672)	3,508	4,336	3,020
Net Profit for the year	0	0	4,823	4,823	1,316
	2,500	**(1,672)**	**8,331**	**9,159**	**4,336**

24- EARNINGS PER SHARE OF THE YEAR:

	2014	2013
Net profit for the year	374,717,936	419,316,999
Employee`s share in dividends distribution	(4,902,600)	(2,911,468)
Distributable net profit for the year	**369,815,336**	**416,405,531**
Weighted average number of shares for the year	378,739,700	378,739,700
Diluted Earnings per share of the year	**0.98**	**1.10**

- Earnings per share calculated before deducting the legal reserve.

25- CONTINGENT LIABILITIES:

- At 31 December 2014, the group had contingent liabilities in respect of bank and other guarantees in addition to other aspects arising from the ordinary course of business from which it is anticipated that no material liabilities will arise. Through the ordinary course of business letters of guarantee are issued by the Company to third parties amounted to LE 34,049 covered with an amount of LE 34,049. As well as the unrecovered portion of letter of credit amounted to EGP 1,288,924.

26- TAX POSITION:

- Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority.
- Below is a summary for the tax position of the company as the date of preparing consolidated financial statements:

Arabian Cement Company

Corporate income tax:

- The Company enjoys a tax exemption for a period of 5 years starting from the Fiscal year following the start up of the production of the Company's operation. This period was determined by the General Authority for Free Zones and Investments to start from 22 April 2008, consequently, the Company is exempted from corporate tax for the period from 1 January 2009 till 31 December 2013.
- The Company prepares Tax return according to income tax laws and regulations and submits them on a timely basis as stated by the law.

Sales tax:

- The sales tax was inspected till December 2013 and the company paid the final settlement.
- The Company submits tax returns on a timely basis.

Stamp tax:

- The stamp tax was inspected till 2011 and the company paid the final settlement.

Payroll tax:

- Payroll tax was inspected till 2010 by the tax authority and the company paid the final settlement.
- Payroll tax for 2011 till consolidated financial statements date was not inspected.

Accrued development fees:

- The company pays due Development fees for cement produced from local clinker. However, the company did not pay development fees for cement produced from imported clinker, and there is a dispute in front of the General Authority for Development Fees during 2013/2014. The amount due for previous years has been referred to the appeal committee, and a decision is not issued as yet.

subsidiary companies

a) Andalus Concrete

Corporate tax

- The Company prepares and submits its tax returns according to income tax law number 91 for the year 2005 and its regulations and submits them on a timely basis as stated by the law and no inspection was performed till now.
- The Company did not renew its tax card ended October 25, 2010 due to the lack of company's site acquisition support documents.

Sales tax

- The company submitted and settled tax returns on a timely basis and no inspection was performed till now.

Payroll tax

- The company is paying the payroll taxes on a timely basis and no inspection was performed till now.

b) ACC for Management and Trading

Corporate income tax:

- Tax authority did not inspect the company's books as the company was established in 16 may 2011 and the first financial year for the company and the returns for the period ended 31 December 2013 were submitted on time the company was not inspected till the date of financial statements

Payroll tax:

- The company was not inspected since its inspection on 16 May 2011 till the date of the consolidated financial statement.

c) **Andalus Reliance for Mining**

Corporate income tax:

- Tax authority did not inspect the company's books as the company was established in 14 November 2013 and the first financial year for the company.

Payroll tax:

- The company was not inspected since its inspection on 14 November 2013 till the date of the consolidated financial statement.

27- CAPITAL COMMITMENT:

- The Capital Commitment as of 31/12/2014 related to fixed assets acquisition amounted to EGP 27,970,880.

28- TAX LAW AMENDMENTS:

- Decision of the president of the Arab Republic of Egypt has been issued by law No. 53 of year 2014, which has been published in the official gazette on June 30, 2014 to amend certain provisions of the corporate income tax law, which the related executive regulations has not been issued until the date of this report, the company's management is using the best accounting estimates in light of the interpretation of the articles of this law. Those estimates, the values and the results may differ if reliable information available after the issuance of the executive regulations of this law.

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