

Arabian Cement Company
"An Egyptian Joint Stock Company"
Separate Interim Financial Statements
For the period ended March 31, 2015
And Limited Review Report

Limited Review Report
for the Separate Interim Financial Statements

To: The Board of directors of Arabian Cement Company
"An Egyptian Joint Stock Company"

Introduction

We have reviewed the accompanying separate interim balance sheet of Arabian Cement Company "An Egyptian Joint Stock Company" as of March 31, 2015 and the related separate interim statements of income, changes in Shareholders' equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our review.

The separate financial statements for the year ended December 31, 2014, has been audited by another auditor whose report dated March 8, 2015 expressed an unqualified opinion on these financial statements including two emphasis of matters paragraphs.

Scope of Review

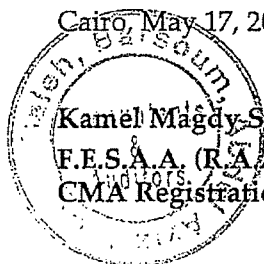
We conducted our review in accordance with Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate interim financial position of Arabian Cement Company "An Egyptian Joint Stock Company" as of March 31, 2015, and its separate financial performance and its separate cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Cairo, May 17, 2015



A handwritten signature in black ink, appearing to read "Saleh".

Arabian Cement Company
"An Egyptian Joint Stock Company"
Separate Balance Sheet
As of March 31, 2015

	<u>Notes</u>	<u>March 31, 2015</u> <u>EGP</u>	<u>December 31, 2014</u> <u>EGP</u>
<u>Non-current assets</u>			
Fixed assets (net)	(5)	2 639 381 815	2 665 349 407
Projects under construction	(6)	97 044 467	98 414 243
Intangible assets (net)	(7)	126 109 381	131 662 259
Investment in subsidiary	(8)	9 176 307	9 176 307
Investment in joint ventures	(9)	31 250	31 250
Total non-current assets		2 871 743 220	2 904 633 466
<u>Current assets</u>			
Inventory	(10)	293 330 713	201 038 220
Debtors and other debit balances	(11)	94 011 392	48 380 430
Due from related parties	(12)	16 938 564	17 353 443
Cash and bank balances	(13)	195 651 666	156 060 447
Total current assets		599 932 335	422 832 540
<u>Current liabilities</u>			
Provisions	(14)	8 770 069	8 770 069
Current tax liabilities		159 007 426	134 923 345
Creditors and other credit balances	(15)	420 998 049	324 232 904
Dividends payable	(30)	200 732 041	--
Due to related parties	(12)	2 811 702	5 558 323
Long-term loans-current portion	(16)	353 201 884	294 065 338
long-term liabilities-current portion	(17)	69 438 000	69 438 000
Total current liabilities		1 214 959 171	836 987 979
(Deficit in) working capital		(615 026 836)	(414 155 439)
Total investment		2 256 716 384	2 490 478 027
<u>Financed by:</u>			
<u>Shareholders' equity</u>			
Issued and paid up capital	(18)	757 479 400	757 479 400
Legal reserve	(19)	156 093 042	129 447 589
Retained earnings		178 626 879	35 058 993
Net profit of the period / year		56 025 850	373 130 564
Total shareholders' equity		1 148 225 171	1 295 116 546
<u>Non-current liabilities</u>			
Borrowings - long term portions	(16)	269 436 430	341 739 770
Deferred income tax liability	(20)	357 118 999	351 118 999
Long term liabilities	(17)	481 935 784	502 502 712
Total non-current liabilities		1 108 491 213	1 195 361 481
Total finance of working capital and non-current assets		2 256 716 384	2 490 478 027

- The accompanying notes form an integral part of the separate financial statements and to be read therewith.

Chief Financial Officer
Allan Hestbech

Chief Executive Officer
Jose Maria Magrina

-Limited review report attached.




Arabian Cement Company
"An Egyptian Joint Stock Company"
Separate Income Statement
For the three months period ended March 31, 2015

	<u>Notes</u>	<u>Period ended</u> <u>March 31, 2015</u> <u>EGP</u>	<u>Period ended</u> <u>March 31, 2014</u> <u>EGP</u>
Net sales	(21)	585 300 706	528 623 719
Less:			
Cost of sales	(22)	<u>(425 571 371)</u>	<u>(328 464 804)</u>
Gross operating profit		159 729 335	200 158 915
(Less) / Add			
General and administration expenses	(23)	(24 229 366)	(20 102 105)
Other operating income		390 282	205 778
Credit interest		163 746	82 844
Net operating profit		136 053 997	180 345 432
(Less)			
Finance costs	(24)	(19 399 115)	(22 609 813)
Foreign exchange rate differences		<u>(30 544 951)</u>	<u>(2 318 715)</u>
Net profit of the period before income tax		86 109 931	155 416 904
Income tax	(25)	<u>(30 084 081)</u>	<u>(38 995 303)</u>
Net profit of the period after income tax		56 025 850	116 421 601
Earnings per share of the period	(26)	<u>0.15</u>	<u>0.30</u>

- The accompanying notes form an integral part of the separate financial statements and to be read t

Chief Financial Officer
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Arabian Cement Company
"An Egyptian Joint Stock Company"
Separate Statement of Changes in Equity
For the period ended March 31, 2015

<u>Description</u>	<u>Notes</u>	<u>Capital</u>		<u>Legal reserve</u>		<u>Retained earnings</u>		<u>Net profit of the period</u>		<u>Total</u>	
		<u>EGP</u>		<u>EGP</u>		<u>EGP</u>		<u>EGP</u>		<u>EGP</u>	
Balance as of January 1, 2014		757 479 400		118 779 986		213 095 391		--		1 089 354 777	
Dividends distribution		--		--		(23 077 605)		--		(23 077 605)	
Net profit for the period		--		--		--		116 421 601		116 421 601	
Balance as of March 31, 2014		757 479 400		118 779 986		190 017 786		116 421 601		1 182 698 773	
Balance as of January 1, 2015		757 479 400		129 447 589		408 189 557		--		1 295 116 546	
Transfer to legal reserve	(30)	--		26 645 453		(26 645 453)		--		--	
Dividends distribution	(30)	--		--		(202 917 225)		--		(202 917 225)	
Net profit for the period		--		--		--		56 025 850		56 025 850	
Balance as of March 31, 2015		757 479 400		156 093 042		178 626 879		56 025 850		1 148 225 171	

- The accompanying notes form an integral part of the separate financial statements and to be read therewith.

Chief Financial Officer
Allan Hestbech



Chief Executive Officer
Jose Maria Magrina



Arabian Cement Company
"An Egyptian Joint Stock Company"
Separate Cash Flow Statement
For the period ended March 31, 2015

	<u>Note</u>	<u>Period ended</u> <u>March 31, 2015</u> <u>EGP</u>	<u>Period ended</u> <u>March 31, 2014</u> <u>EGP</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before tax		86 109 931	155 416 904
<u>Adjusted by:</u>			
Fixed assets depreciation	(5)	42 744 203	41 177 107
Intangible assets' amortization	(7)	5 552 878	5 552 877
Credit interest		(163 746)	(82 844)
Debit interest		19 399 115	22 506 078
Operating profit before changes in working capital		153 642 381	224 570 122
(Increase) in inventory		(92 292 493)	(46 684 108)
(Increase) in debtors and other debit balances		(47 816 146)	(25 560 219)
Decrease in due from related parties		414 879	1 708 349
Increase / (decrease) in creditors and other credit balances		95 969 422	(43 222 775)
(Decrease) in due to related parties		(2 746 621)	(439 730)
Net cash flows generated from operating activities		107 171 422	110 371 639
<u>Cash flows from investing activities</u>			
Acquisition of property plant and equipment		(4 120 364)	(2 508 402)
Acquisition of projects under construction		(10 315 787)	(13 966 364)
Interest income		163 746	82 844
Net cash flows (used in) investing activities		(14 272 405)	(16 391 922)
<u>Cash flows from financing activities</u>			
Payments of operation and electricity license		(20 566 928)	(20 301 692)
Paid interest		(19 574 076)	(22 506 078)
Net change in borrowings	(13)	(13 166 794)	(67 374 279)
Paid dividends		--	(23 077 605)
Net cash flows (used in) financing activities		(53 307 798)	(133 259 654)
Net change in cash and cash equivalents during the period		39 591 219	(39 279 937)
Cash and cash equivalents at the beginning of the period		156 060 447	157 924 145
Cash and cash equivalents at the end of the period	(13)	195 651 666	118 644 208

- The accompanying notes form an integral part of the separate financial statements and to be read therewith.

Chief Financial Officer

Allan Hestbech



Chief Executive Officer

Jose Maria Magrina



Arabian Cement Company
An Egyptian Joint Stock Company
Notes to the Separate Interim Financial Statements
For the period ended March 31, 2015

1. Incorporation and purpose

1.1 Incorporation

- Arabian Cement Company, an Egyptian Joint Stock Company ("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 No. 13105 in Cairo on 3 April 2005, which was changed to No. 53445 on 16 August 2011 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 Company and it owns 60% of the company's share capital.
- The separate interim financial statements were approved by the board of directors and authorized for issue on 17 May 2015.

1.2 Company's period

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

1.3 Activities

- 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, the company may carry out other projects or amend its purpose according to the Investment Incentives and Guarantees Law.

1.4 Registration in stock market

Registration of company shares in stock market

- The shares of the company's capital were registered in Egyptian stock market with approval of the registration committee held on March 24, 2014. The company's shares were included in data base on March 25, 2014. The company's shares registration data were adjusted after stock splitting by the par value on April 17, 2014.

Registering company's shares in central security

- The company's shares were registered according to central depository and registry system in Misr for Central Clearing on January 1, 2014 and were adjusted as a result of stock splitting share's par value on April 17, 2014.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these separate interim financial statements are summarized below:

2-1 Basis of preparing

- The separate financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and applicable laws and regulations. The separate financial statements have been prepared under the historical cost measurement basis.
- The preparation of separate financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Note (4) discloses the significant accounting estimates used and professional judgment applied in the preparation of the financial statements.
- User of these separate financial statements should read them together with the company's consolidated financial statements as at and for the year ended March 31, 2015 in order to obtain full information on the financial position, results of operations and changes in equity of the company as a whole.
- The company has prepared these separate financial statements in accordance with local regulations. The company prepares consolidated financial statements in accordance with EASs for the company and its subsidiaries (the "Group"). In the consolidated financial statements, subsidiary undertakings – which are those companies in which the company, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations – have been fully consolidated. The consolidated financial statements can be obtained from the Head Office of the company. In these separate financial statements, subsidiaries are accounted for and presented using the cost method.
- The EASs require referral to International Financial Reporting Standards (IFRSs), when no EASs or legal requirements exist to address certain types of transactions and events.

2-2 Foreign currency exchange

Functional and presentation currency

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

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 monetary liabilities denominated in foreign currencies are recognized in the income statement.

2-3 Fixed assets and their depreciation

- Fixed assets 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:

<u>Asset description</u>	<u>Estimated useful lives</u>
Machinery and equipment	20 years
Technical installations	20 years
Buildings	10 : 20 years
Vehicles	5 : 7 years
IT equipment and software and other installations	3 : 5 years
Office furniture and fixtures	16 years

- 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 in the income statement.
- Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major overhauling 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, and it is depreciated over its estimated useful life or the remaining useful life of the related asset, whichever is less.
- Cost of machinery and equipment included operating license cost, issued by Industrial Development Authority, for each production line separately according to the estimated useful life for the line.

2-4 Projects under construction

Projects under construction are carried at cost and is recognized as fixed assets when they meet the conditions of recognition of fixed assets, and when the value of project under construction exceeds the carrying amount, the cost of project under construction is impaired to the excepted recoverable amount and the difference is recognized in the income statement.

2-5 Intangible assets

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

2-6 Investment in subsidiaries

Subsidiaries are entities over which the company owns more than 50% of the voting rights, or over which the company has power to govern the financial and operating policies. Such investments are presented and carried at cost in the financial statements including the acquisition cost, in case there is a decline in investment value than its book value (impairment), the book value is adjusted by the decline amount and charged to the income statement for each investment.

2-7 Investment 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. Joint ventures are accounted for using the cost method whereby the investment is recognized at cost less impairment. Impairment determined on an individual basis for each type of investment and is recognized in the income statement.

2-8 Impairment of non-financial assets

- Fixed assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of income when the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separate 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (net after depreciation) in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

2-9 Inventories

Inventories are stated at the lower of cost and 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. The net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The required provision is determined to write down 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 and net realizable value, the manufacturing cost comprises raw materials, direct labour and cost includes an appropriate share of overheads based on normal operation capacity.

2-10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise cash on hand and demand deposits with original maturities of three months or less.

2-11 Capital

Ordinary shares are classified as equity.

2-12 Borrowing

- Borrowings are recognized initially at the amount of the proceeds received, net of transaction costs incurred. Loans are subsequently stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the separate statement of income over period the borrowings.
- Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2-13 Current and deferred income tax liability

- 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 in accordance with the tax 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 realized or the deferred income tax liability is settled.
- Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2-14 Trade payables

Trade payables are generally carried at the fair value of goods or services received from others, whether invoiced or not.

2-15 Lease

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 company elects to exercise the purchase option on the leased asset, the option cost is capitalized as fixed assets and depreciated over their expected remaining useful lives on a basis consistent with similar assets.

Operating lease

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

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2-16 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 company's shareholders. No liability is recognized for profit sharing relating to undistributed profits.

Pension obligations

For defined contribution plans, the company pays contributions to the Public Authority for Social Insurance -under Law No. 79 of 1975 and its amendments - plans on a mandatory basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the period in which they are due and as such are included in staff costs.

2-17 Provisions

- Provisions are recognized when the company 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.

2-18 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 company's activities. Revenue is shown net of sales tax, returns or rebates.
- The company 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 company and when specific criteria have been met for each of the company's activities as described below. The company makes its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a- Sales of goods

Sales of goods are recognized when the company 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 are delivered either from the company's warehouse or locations as specified in the agreements, and accordingly, the risks and benefits are transferred to the wholesaler, and if the wholesaler has accepted the products in accordance with the sales contract, the company 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.

b- Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on timely basis, by reference to the effective interest rate applicable. When a financial asset is impaired, the company reduces the carrying amount to its recoverable amount.

c- Dividends income

Dividend income from investment is recognized when the shareholder's right to receive payment has been established.

2-19 Borrowing cost

The borrowing cost is charged as expenses in the income statement for the period during which the company has incurred this cost, with the exception of those costs directly related to the acquisition, construction or production of qualifying assets, which are capitalized on the cost of those assets.

2-20 Transactions with related parties

The transactions between the company and its related parties are made at the company's usual list prices in accordance with the terms as approved by the board of directors.

2-21 Cash flow statement

Cash flow statement is prepared in accordance with the indirect method.

2-22 Dividends

Dividends are recognized in the company's financial statements in the year in which they are approved by the company's shareholders.

2-23 Comparatives figures

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

3. Financial risk management

3-1 Financial risk factors

- The company'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 company's efforts are addressed to minimize potential adverse effects of such risks on the company's financial performance.
- The company does not use derivative instruments to hedge specific risks.

a- Market risk

Foreign exchange risk

- The company 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 financial statements.

- The below table shows the foreign currency positions

<u>Description</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net value at</u>	<u>Net value at</u>
	<u>EGP</u>	<u>EGP</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
USD	116 019	(488 123 949)	(488 007 930)	(437 595 664)
EUR	1 477 612	(18 380 853)	(16 903 241)	(22 907 453)

- The exchange rate during the year was as follows:

	<u>Actual price</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
EGP : USD	7.6301	7.1801
EGP : EURO	8.2659	8.6150

Price risk

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

Interest rate risk

- Interest risk represents in change on interest price on the company's obligations represented by loans and operating license, with variable interest rates, amounting to EGP 1 060 542 314 as of March 31, 2015 against EGP 1 086 453 108 as of December 31, 2014.
- No loans with fixed interest rate exist.

b- Credit risk

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

C- Liquidity risk

Prudent liquidity risk management implies maintaining sufficient level of cash.

3-2 Capital risk management

- The company's objectives when managing capital are to safeguard the company'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.
- The company monitors capital based on 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 total debt.
- The gearing ratio was as follows:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Loans	622 638 314	635 805 108
Long term liabilities	481 935 784	502 502 712
Creditors and other credit balances	420 998 049	324 232 904
Long term liabilities-current portion	69 438 000	69 438 000
Due to related parties	2 811 702	5 558 323
Less: Cash and equivalent	<u>(195 651 666)</u>	<u>(156 060 447)</u>
Net Debt	<u>1 402 170 183</u>	<u>1 381 476 600</u>
Equity	<u>1 148 225 171</u>	<u>1 295 116 546</u>
Capital	<u>2 550 395 354</u>	<u>2 676 593 146</u>
Net Debt / Capital	<u>%55</u>	<u>%52</u>

3-3 Fair value estimation

The company's management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair value.

4. Critical accounting estimates and judgments

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 company makes estimates and assumptions concerning the future. Actual results may differ from these estimates.

4-1 Fixed assets - useful life

The fixed assets owned by the company 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 fixed assets regularly, to ensure consistency with its estimate, or otherwise, revise the remainder of useful lives as appropriate.

4-2 Income tax

The company is subject to corporate income tax, and it 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.

4-3 Intangible assets - useful life

The company capitalizes the expenditure that is directly attributable to the electricity generation fees agreement. This expenditure has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate these costs over 10 years.

5. Fixed assets

	<u>Land</u>		<u>Building</u>		<u>Vehicles</u>		<u>Machinery and equipment</u>		<u>Other installations</u>		<u>Computer and software</u>		<u>Furniture, fixtures and office equipment</u>		<u>Total</u>	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<u>Cost:</u>																
Balance at January 1, 2015	50 243 436	519 041 986	9 734 584	2 598 648 716	255 222 623	9 528 000	6 080 870	3 448 500 215								
Additions	--	3 681 212	--	--	1 127 816	68 420	213 600	5 091 048								
Transfer from projects under construction	--	4 947 811	--	1 330 632	5 407 120	--	--	11 685 563								
Balance at March 31, 2015	50 243 436	527 671 009	9 734 584	2 599 979 348	261 757 559	9 596 420	6 294 470	3 465 276 826								
<u>Accumulated depreciation:</u>																
Balance at January 1, 2015	--	93 198 200	3 779 687	630 829 999	45 765 198	8 178 246	1 399 478	783 150 808								
Depreciation charge	--	6 825 124	324 340	32 051 341	3 223 375	198 065	121 958	42 744 203								
Balance at March 31, 2015	--	100 023 324	4 104 027	662 881 340	48 988 573	8 376 311	1 521 436	825 895 011								
Net book value at March 31, 2015	50 243 436	427 647 685	5 630 557	1 937 098 008	212 768 986	1 220 109	4 773 034	2 639 381 815								
Net book value at December 31, 2014	50 243 436	425 843 786	5 954 897	1 967 818 717	209 457 425	1 349 754	4 681 392	2 665 349 407								

* 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, to the company's land, all current and future buildings and constructions, and the material and moral elements of the company's factory as disclosed in detail in (Note No.16).

** 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 insured for its benefit on cars by EGP 1 799 750 and Katamia Villa by EGP 6 600 000.

Fixed assets (continued)

The company 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 policies number (2-15).

<u>5 years contracts</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Total contracted lease payments	47 939 993	49 549 083
Bargain purchase value	1	1
Average useful life	5 years	5 years
Lease payments during the year	2 317 651	9 516 691

6. Projects under construction

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Balance at 1 January	98 414 243	138 435 045
Additions	7 237 415	120 556 382
Advance to suppliers	3 078 372	3 826 056
Transfer to property, plant and equipment	(11 685 563)	(164 403 240)
Total	97 044 467	98 414 243

– These projects under construction represent the following categories:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Building	3 293 335	12 748 477
Machinery and equipment	89 559 044	80 756 169
Technical and other installations	1 113 716	1 083 541
Advance to suppliers	3 078 372	3 826 056
Total	97 044 467	98 414 243

– Projects under construction represent the additions made for building, machinery, and equipment, which will be used in the installation of the alternative energy generation lines, which are expected to be capitalized within the year of 2015.

7. Intangible assets (net)

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Cost	225 200 000	225 200 000
<u>Accumulated amortization</u>		
Balance at January 1 st	(93 537 741)	(71 017 742)
Amortization for the period/year	(5 552 878)	(22 519 999)
Balance	(99 090 619)	(93 537 741)
Net Book Value	126 109 381	131 662 259

* Intangible assets represent 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 million, 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 by EGP 1.220 million per each premium.
- c) 120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each premium.
- 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.

8. Investments in subsidiaries

	<u>Country of incorporation</u>	<u>Share %</u>	<u>March 31, 2015 EGP</u>	<u>December 31, 2014 EGP</u>
Andalus Concrete Company	Egypt	99.96%	9 126 807	9 126 807
ACC for Management and Trading Company	Egypt	99%	49 500	49 500
Total			9 176 307	9 176 307

9. Investments in joint ventures

<u>Company</u>	<u>Country of incorporation</u>	<u>Ownership</u>	<u>March 31, 2015 EGP</u>	<u>December 31, 2014 EGP</u>
Andalus Reliance for Mining Company	Egypt	50%	31 250	31 250
Total			31 250	31 250

10. Inventory

	<u>March 31, 2015 EGP</u>	<u>December 31, 2014 EGP</u>
Finished goods	99 988 134	28 472 017
Spare parts	27 527 685	26 920 189
Packing materials	24 968 299	26 249 417
Raw materials	139 927 088	118 911 620
WIP	919 507	484 977
Total	293 330 713	201 038 220

11. Debtors and other debit balances

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Advance to suppliers	67 875 208	23 145 030
Deposits with others	18 532 389	18 532 389
Add tax	3 862 117	3 397 395
Letter of credit	1 725 075	532 986
Employees dividends-down-payment	1 165 236	2 185 184
Imprest – employee’s loan	768 482	357 130
Other debit balances	48 836	196 267
Letter of guarantee cover	34 049	34 049
Total	94 011 392	48 380 430

12. Related parties transactions

Due from subsidiaries and related parties:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Andalus Concrete Company	14 675 036	15 061 875
Cementos La Unión Chile, S.A. Company	420 637	420 637
Cementos Santo Domingo Company	407 078	407 078
ACC for Management and Trading Company	1 435 813	1 463 853
Total	16 938 564	17 353 443

Due to subsidiaries and related parties

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Cementos La Union – Spain Company	--	2 156 734
Aridos Jativa Company	--	95 204
Andalus Reliance for Mining Company	2 811 702	3 306 385
Total	2 811 702	5 558 323

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

<u>Company</u>	<u>Relation type</u>	<u>Transaction nature</u>	<u>Volume of transactions</u>	
			<u>March 31, 2015</u>	<u>March 31, 2014</u>
Andalus Concrete	Subsidiary	Sales	4 920 765	3 000 463
Aridos Jativa Company	Main shareholder	Services	208 754	370 779
ACC for Management and Trading Company	Subsidiary	Services	9 941 712	6 980 533
Andalus Reliance for Mining Company	Joint Ventures	Purchase	8 942 288	--

- Andalus for Concrete Company purchases cement materials and products from Arabian Cement Company which are used for manufacturing and trading concrete and construction materials.
- Aridos Jativa Company renders consulting services for Arabian Cement Company.
- ACC for Management and Trading Company renders managerial 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.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.
- Arabian Cement Company sold silos to Cementos Santo Domingo.

Amounts paid for the members of the board of directors during the period / year

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Board allowance	4 307 864	16 111 169
Salaries and wages	1 881 600	7 173 556
Total	6 189 464	23 284 725

13. Cash and bank balances

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Cash on hand	5 796 476	2 026 922
Current Account – local currency	167 404 395	110 564 286
Current account – foreign currency	601 290	21 669 734
Bank deposits	21 849 505	21 799 505
Total	195 651 666	156 060 447

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Average interest rates for bank deposits – USD	0.45%	0.06%
Average interest rates for bank deposits – EGP	6%	7%
Maturity period for bank deposits	190 Days	243 Days

Cash and cash equivalent includes restricted cash as follows:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	148 010 441	101 483 766
Restricted cash*	47 641 225	54 576 681
Total	195 651 666	156 060 447

* The restricted cash represents the instalment for the loans payments to be paid during 2015. The company did not pay the instalment due on the 1st of March 2015 from the second loan amounting to EGP 39 710 367 in addition to interest. The reason for non-payment is that the company's bank was unable to secure the foreign currency for the settlement. Until the foreign currency is available, the bank has restricted a balance covering this settlement.

14. Provisions

	<u>Balance at</u> <u>31 December 2014</u>	<u>Additions</u> <u>during the</u> <u>year</u>	<u>Reversal</u> <u>during the</u> <u>year</u>	<u>Used</u> <u>during the</u> <u>year</u>	<u>Balance at</u> <u>31 March 2015</u>
Provisions	8 770 069	--	--	--	8 770 069
Total	8 770 069	--	--	--	8 770 069

– The provisions related to expected claims from some parties relates to the activities of the company. The company's management reviews those provisions periodically and adjusting the amount allocated in accordance with the latest developments, discussions and agreements with those parties.

15. Creditors and other credit balances

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Trade payable	226 393 848	133 688 153
Advance payment from customers	88 570 282	118 570 719
Accrued development fees	51 882 547	35 771 621
Accrued customers rebates	21 414 083	177 631
Taxes	13 343 878	14 592 633
Accrued interest	8 174 149	8 349 110
Retention	5 405 428	6 224 626
Accrued expenses	4 843 150	6 858 411
Fixed assets creditors	970 684	--
Total	420 998 049	324 232 904

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 EGP 27 for each ton of clay used by the cement production factory with a rate of 1/3 ton for each ton of cement at a minimum of EGP 15 for each ton of cement produced and this represents the minimum amount to be paid as per the law.

16. Borrowings

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Current portion from loans	353 201 884	294 065 338
Non- current portion from loans	269 436 430	341 739 770
Total	622 638 314	635 805 108

- These loans are represented in the following:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
First loan	240 168 292	227 188 125
Second loan	321 012 022	335 159 098
Third loan	—	22 578 914
Fourth loan	61 458 000	50 878 971
Total	622 638 314	635 805 108

First loan

- On 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
 - * The utilization of the finance in its purpose.
 - * Commitment to the financing conditions including the payments terms.
 - * 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.

17. Long term liabilities

Long-term liabilities – current portion

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Operating license*	50 976 000	50 976 000
Electricity contract**	18 462 000	18 462 000
Total	69 438 000	69 438 000

Long-term liabilities

Operating license*	386 928 000	399 672 000
Long term liabilities – Electricity contract**	81 540 500	86 156 000
Long term notes payable***	13 467 284	16 674 712
Total	481 935 784	502 502 712

* 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.
- On 22 January 2015, the Industrial Development Authority accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently at the court.

** Electricity contract

- 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 by EGP 32.580 million was paid by the company and the remaining 85% will be paid as follows
- 120 Monthly installments amounted by EGP 1.220 million per installment including interest and the 1st installment will start April 2010.
- 120 Monthly installments amounted by 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 installments to end 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.

18. Capital

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
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	<u>2</u>	<u>2</u>
Issued and paid-up capital	<u>757 479 400</u>	<u>757 479 400</u>

- 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.

19. 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.

20. 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 separate financial statements

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Property, plant, equipment and intangible assets	357 118 999	351 118 999
Total	<u>357 118 999</u>	<u>351 118 999</u>

The movement of the deferred tax liability is as follows

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Balance at 1 January	351 118 999	336 991 446
Deferred tax charged to the income statement (Note No.25)	6 000 000	14 127 553
	<u>357 118 999</u>	<u>351 118 999</u>

21. Net Sales

	<u>Three months ended</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Local sales	745 448 634	565 851 358
Export sales	--	2 744 265
Services	11 656 726	8 819 359
Total sales	<u>757 105 360</u>	<u>577 414 982</u>
Less		
Sales discount and returns	(171 804 654)	(48 791 263)
Net sales	<u>585 300 706</u>	<u>528 623 719</u>

22. Cost of sales

	<u>Three months ended</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Raw material	451 575 325	311 786 085
Manufacturing depreciation	42 744 202	41 177 108
Electricity supply agreement amortization	5 552 877	5 552 877
Overhead cost	17 991 462	16 632 842
Change in inventory	(92 292 495)	(46 684 108)
	<u>425 571 371</u>	<u>328 464 804</u>

23. General and administrative expenses

	<u>Three months ended</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Professional services	8 251 595	8 438 004
Salaries and wages	9 627 563	7 685 655
Security and cleaning services	756 082	1 042 666
Rentals	967 252	885 222
Transportation	693 983	315 111
Advertising and public relations	2 619 935	948 060
Other expenses	1 312 956	787 387
	<u>24 229 366</u>	<u>20 102 105</u>

24. Finance cost (net)

	<u>Three months ended</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Loan interest expense	(5 072 615)	(7 658 666)
Operation licence interest expense	(11 256 000)	(11 256 000)
Electricity agreement interest expense	(3 070 500)	(3 070 500)
Long-term notes payable interest expense	--	(624 647)
	<u>(19 399 115)</u>	<u>(22 609 813)</u>

25. Income tax

	<u>Three months ended</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Deferred income tax (Note No.20)	6 000 000	2 900 007
Current income tax	24 084 081	36 095 296
Total	30 084 081	38 995 303

26. Earnings per share of the year

Earnings per share calculated before deducting legal reserve.

	<u>Three months ended</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for year	56 025 850	116 421 601
Employees share in the dividends*	(407 849)	(1 155 161)
Distributable net profit for the year	55 618 001	115 266 440
Weighted average number of shares	378 739 700	378 739 700
Earnings per share of the year	0.15	0.30

* Employees' share in the dividends of the three months ended March 31, 2015 was estimated based on average dividends paid to the employee during 2013 and 2014.

27. 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 separate interim financial statements:

Corporate income tax

- The company enjoys a tax exemption for a period of 5 years starting from the Fiscal year following the startup of the production of the Company's operation. This period was determined by the General Authority for Free Zones and Investments to start from April 22, 2008, consequently, the Company is exempted from corporate tax for the period from January 1, 2009 till December 31, 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 company's books 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.

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 was issued where the dispute has been transferred to the court. The company's management has not provided any provision concerning this issue, based on its assessment of the court ruling results.

28. Capital commitment

The capital commitment as of March 31, 2015 related to fixed assets acquisition amounted to EGP 18 390 935.

29. Contingent liabilities

At March 31, 2014, the company 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, the unrecovered portion of letter of credit amounted to EGP 1 344 358.

30.Dividends distribution:

On March 25, 2015, the General Assembly meeting of the company approved the profits distribution for the financial year ended December 31, 2014 as the following:

Description	Amount
	<u>EGP</u>
Net profit for the year ended December 31, 2014	373 130 564
Retained earnings from 2013	213 095 391
Dividends to shareholders during 2014	(164 027 396)
Dividends to employee during 2014	(3 341 399)
Legal reserve*	(37 313 056)
Available profit for distribution	<u>381 544 104</u>
Distributed as the following:	
Shareholders' share on the dividends	(200 732 041)
Employees' share on the dividends	(2 185 184)
Carried forward retained earning	<u><u>178 626 879</u></u>

* During 2014, the company allocated 10% from the net profit for the period from January 1, 2014 till June 30, 2014 in the amount of EGP 10 667 603 as part from the legal reserve for the year 2014.

31.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.



Chief Financial Officer
Allan Hestbech

Chief Executive Officer
Jose Maria Magrina

