Arabian Cement Company

"An Egyptian Joint Stock Company"

Consolidated Interim Financial Statements

For the Period Ended March 31, 2015

And Limited Review Report

Deloitte.

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Limited Review Report for the Consolidated Interim Financial Statements

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

Introduction

We have reviewed the accompanying consolidated interim balance sheet of Arabian Cement Company "An Egyptian Joint Stock Company" as of March 31, 2015 and the related consolidated 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 consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

The consolidated 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 one emphasis of matter paragraph.

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 matter 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 consolidated interim financial statements do not present fairly, in all material respects, the consolidated interim financial position of Arabian Cement Company "An Egyptian Joint Stock Company" as of March 31, 2015, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Cairo, May 24, 2015

K. Saleh

Kamel Magdy Saleh FCA
F.E.S.A.A. (R.A.A. 8510)
CMA Registration No. "69"

Arabian Cement Company

"An Egyptian Joint Stock Company"

Consolidated Statement of Financial Position

As of March 31, 2015

	Notes	March 31, 2015 EGP	December 31, 2014 EGP
Non-current assets			
Fixed assets (net)	(5)	2 650 436 704	2 676 733 351
Projects under construction	(6)	98 040 296	99 410 072
Intangible assets (net)	(7)	134 383 601	139 936 479
Total non-current assets		**2 882 860 601**	**2 916 079 902**
Current assets			
Inventory	(8)	294 195 345	201 761 865
Debtors and other debit balances (net)	(9)	107 264 654	56 679 974
Due from related parties	(10)	827 715	827 715
Cash and bank balances	(11)	198 918 412	159 366 746
Total current assets		**601 206 126**	**418 636 300**
Current liabilities			
Provisions	(12)	8 770 069	8 770 069
Current tax liabilities		159 093 871	135 158 769
Creditors and other credit balances	(13)	428 268 846	329 010 326
Dividends payable	(28)	200 732 041	--
Long-term loans-current portion	(14)	353 201 884	294 065 338
long-term liabilities-current portion	(15)	69 438 000	69 438 000
Due to related parties	(10)	2 545 911	3 905 131
Total current liabilities		**1 222 050 622**	**840 347 633**
(Deficit in) working capital		**(620 844 496)**	**(421 711 333)**
Total investment		**2 262 016 105**	**2 494 368 569**
Financed by:			
Shareholders' equity			
Issued and paid up capital	(16)	757 479 400	757 479 400
Legal reserve		156 109 072	129 463 619
Retained earnings		181 192 898	36 037 640
Net profit of the period / year		57 368 321	374 717 936
Total shareholders' equity		**1 152 149 691**	**1 297 698 595**
Non-controlling interest	(23)	**10 867**	**9 159**
Total shareholders' equity and non-controlling interest		**1 152 160 558**	**1 297 707 754**
Non-current liabilities			
Borrowings - long term portions	(14)	269 436 430	341 739 770
Long term liabilities	(15)	481 935 784	502 502 712
Deferred income tax liability	(17)	358 483 333	352 418 333
Total non-current liabilities		**1 109 855 547**	**1 196 660 815**
Total finance of working capital and non-current assets		**2 262 016 105**	**2 494 368 569**

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

Chief Financial Officer	Chief Executive Officer
Allan Hestbech	Jose Maria Magrina

-Limited review report attached.

Arabian Cement Company
"An Egyptian Joint Stock Company"
Consolidated Income Statement
For the Three Months Ended March 31, 2015

	Notes	Period ended March 31, 2015 EGP	Period ended March 31, 2014 EGP
Net sales	(18)	594 354 357	532 072 507
Less:			
Cost of sales	(19)	(439 056 677)	(334 512 207)
Gross operating profit		**155 297 680**	**197 560 300**
(Less) / Add			
General and administration expenses	(20)	(18 388 531)	(16 857 032)
Other operating income		390 282	205 778
Credit interest		163 746	82 844
Net operating profit		**137 463 177**	**180 991 890**
(Less)			
Finance costs	(21)	(19 399 115)	(22 609 813)
Foreign exchange rate differences		(30 544 952)	(2 318 715)
Net profit of the period before income tax		**87 519 110**	**156 063 362**
Income tax	(22)	(30 149 081)	(39 112 351)
Net profit of the period after income tax		**57 370 029**	**116 951 011**
Attributable to:			
Owners of the parent		**57 368 321**	**116 949 942**
Non-controlling interest	(23)	**1 708**	**1 069**
Net profit of the period after income tax		**57 370 029**	**116 951 011**
Earnings per share of the period	(24)	**0.15**	**0.31**

- The accompanying notes form an integral part of the consolidated 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"
Consolidated Statement of Changes in Shareholders' Equity
For the Three Months Ended March 31, 2015

Description	Notes	Capital	Legal reserve	Retained earnings	Net profit of the period	Total shareholders' equity	Non-controlling interest	Total
		EGP	EGP	EGP	EGP	EGP		
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**
Transfer to legal reserve		-	3 968	(3 968)	-	-	-	-
Dividends distribution		-	-	(23 077 605)	-	(23 077 605)	-	(23 077 605)
Net profit for the period		-	-	-	116 949 942	116 949 942	1 069	116 951 011
Balance as of March 31, 2014		**757 479 400**	**118 796 016**	**190 996 433**	**116 949 942**	**1 184 221 791**	**5 405**	**1 184 227 196**
Balance as of January 1, 2015		**757 479 400**	**129 463 619**	**410 755 576**	**-**	**1 297 698 595**	**9 159**	**1 297 707 754**
Transfer to legal reserve	(28)	-	26 645 453	(26 645 453)	-	-	-	-
Dividends distribution	(28)	-	-	(202 917 225)	-	(202 917 225)	-	(202 917 225)
Net profit for the period		-	-	-	57 368 321	57 368 321	1 708	57 370 029
Balance as of March 31, 2015		**757 479 400**	**156 109 072**	**181 192 898**	**57 368 321**	**1 152 149 691**	**10 867**	**1 152 160 558**

- The accompanying notes form an integral part of the consolidated 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"
Consolidated Statement of Cash Flows
For the Three Months Ended March 31, 2015

	Note	Period ended March 31, 2015 EGP	Period ended March 31, 2014 EGP
Cash flows from operating activities			
Net profit for the period before tax		87 519 110	156 063 362
Adjusted by:			
Fixed assets depreciation	(5)	43 090 452	41 429 741
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		**155 397 809**	**225 469 214**
(Increase) in inventory		(92 433 480)	(47 353 701)
(Increase) in debtors and other debit balances		(52 918 843)	(26 480 556)
Decrease in due from related parties		-	133 026
Increase / (decrease) in creditors and other credit balances		98 462 797	(42 355 268)
(Decrease) in due to related parties		(1 359 221)	(439 730)
Net cash flows generated from operating activities		**107 149 063**	**108 972 985**
Cash flows from investing activities			
Acquisition of fixed assets		(4 137 558)	(2 860 389)
Acquisition of projects under construction		(10 315 787)	(13 974 624)
Interest income		163 746	82 844
Net cash flows (used in) investing activities		**(14 289 599)**	**(16 752 169)**
Cash flows from financing activities			
Payments of operation and electricity license		(20 566 928)	(20 301 692)
Paid interest		(19 574 076)	(22 506 078)
Net change in borrowings	(11)	(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		**39 551 666**	**(41 038 838)**
Cash and cash equivalents at the beginning of the period		159 366 746	161 152 693
Cash and cash equivalents at the end of the period	(11)	**198 918 412**	**120 113 855**

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

Chief Financial Officer	Chief Executive Officer
Allan Hestbech	Jose Maria Magrina

Arabian Cement Company
An Egyptian Joint Stock Company
Notes to the Consolidated 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 capital.
- The consolidated interim financial statements were approved by the board of directors and authorized for issue on 24 May 2015.
- The consolidated interim financial statements as of March 31, 2015 includes the following companies:

Company	Classification	Ownership and voting as of March 31, 2015	Ownership and voting as of December 31, 2014
ACC for Management & Trading	Subsidiary	99%	99%
Andalus Concrete	Subsidiary	99.96%	99.96%
Andalus Reliance for Mining	Joint venture	50%	50%

- It will be referred for Arabian Cement Company, its subsidiaries and the joint venture as (The group)

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 24 March 2014. The company's shares were included in data base on 25 March 2014. The company's shares registration data were adjusted after stock splitting by the par value on 17 April 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 19 January 2014 and were adjusted as a result of stock splitting share's par value on 17 April 2014.

2. Significant accounting policies

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

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards (EASs) issued by the Ministry Decision Number 243 for the year 2006 and in the light of the Egyptian Laws and Regulations.

The EASs require referral to International Financial Reporting Standards (IFRSs) when no EASs or legal requirements exist to address certain types of transactions.

2.2 Basis of preparation

The consolidated interim financial statements have been prepared on the historical cost basis.

2.3 Basis of consolidation

The accompanied consolidated financial statements include the assets, liabilities and the results of Arabian Cement Company (the parent company) and all subsidiaries that are controlled by the parent company, hereunder referred to as the "group", under the following consolidation basis:

- All intra-group transactions, balances, unrealized income and expenses are eliminated in full on consolidation.
- The cost of acquisition has been eliminated in Arabian Cement Company against its share in subsidiaries equity.

Minority interest, represent their share in the equity and results of the entities that are controlled by the parent company and is classified as a separate line item in the consolidated financial statements added to it their share in the results of operation of these companies.

2.4 Cost of acquisition

The cost of acquisition represents the total cost incurred by the parent company to acquire the investments in its subsidiaries, and is classified as follows:

a) The fair value of the assets and liabilities owned by the company at the acquisition date to the extent of the parent company's interest acquired on that date.

b) If the acquisition cost exceeds the parent company's share in the fair value of the assets and liabilities of the subsidiaries, the difference is treated as positive goodwill and recorded as intangible assets in the long term assets and is decreased by any impairment in its value on a regular basis.

c) If the fair value of the assets and liabilities of the acquired subsidiaries in the acquisition date exceeds the acquisition cost, the difference treated as negative good will and totally recorded in the consolidated income statement as a bargain purchase gain.

2.5 Non consolidation

Subsidiaries will not be consolidated in the consolidated financial statements when:

- The parent company intends to have a temporary control on the subsidiary and there is an intention to dispose the subsidiary in the near future.
- The subsidiary company is operated under long term strict constraints which materially limited its ability from transferring any funds to the parent company.

2.6 Subsidiary companies

Arabian Cement Company (ACC) an Egyptian joint stock company (Parent company) owns subsidiary companies which have been consolidated in the consolidated financial statements as of March 31, 2015 which are as follows:

Company	**% Ownership**	**Nature of operation**
ACC for Management and Trading	99%	Providing managerial restructuring services for the companies, transportation for goods, preparation of feasibility studies to projects, projects management and general trading
Andalus Concrete	99.96%	Constructing and operating factory for manufacturing cement and concrete products along with trading in concrete and other constructions materials
Andalus Reliance for Mining	50%	Quarrying for the extraction of raw materials for clay, kaolin, gypsum, sand and general supplies.

2.7 Joint venture

Joint venture is 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 financial statements of the venture includes its share of assets, liabilities, income and expenses of the jointly controlled entity. In case there are transactions within the Group, profits and losses are eliminated up to the parent company's share in the joint venture.

Arabian Cement Company's joint venture investment is represented in the following:

Andalus Reliance for Mining: 50%

2.8 Foreign currency exchange

Functional and presentation currency

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

2.9 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:

Asset description	Estimated useful lives
Machinery and equipment	20 years
Technical installations	20 years
Buildings	10 : 20 years
Vehicles	5 : 7 years
IT equipment, software and other installations	3 : 5 years
Office furniture, fixtures and officer equipment	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, it is depreciated according to the estimated useful life for the line.

2.10 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.

2.11 Intangible assets

A- Goodwill

Goodwill arising out of the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

B- Electricity supply Agreement

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.

2.12 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.

2.13 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 income statement 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.

2.14 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 group evaluates inventory elements as follows

a. Raw materials: cost (moving average)

b. Spare parts: cost (moving average)

c. Finished goods: 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.

2.15 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.

2.16 Capital

Ordinary shares are classified as equity.

2.17 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 income statement 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 consolidated balance sheet date.

2.18 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 consolidated 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.

2.19 Trade payables

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

2.20 Lease

a- 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 in addition to the period of the contract represent 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 income statement 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.

b- Operating lease

Operating lease contracts represent 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 income statement on a straight-line basis over the period of the lease.

2.21 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 a reduction in 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.

2.22 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.

2.23 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.

1. **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.

2. **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.

3. **Dividends income**

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

2.24 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.

2.25 Transactions with related parties

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

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

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

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

2.29 Legal Reserve:
In accordance with the Companies' Law No.159 of 1981 and the Company's Articles of Incorporation, 10% of annual net profit is transferred to legal reserve. The company shall 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		**10%**
Andalus Concrete		**10%**
ACC for Management and Trading		**5%**

3. Financial risk management
3.1 Financial risk factors
- The group 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 efforts are addressed to minimize potential adverse effects of such risks on the group financial performance.
- The group does not use derivative instruments to hedge specific risks.

a) Market risk

1. 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 financial statements.
- The below table shows the foreign currency positions:

Description	Assets	Liabilities	Net value at March 31, 2015	Net value at December 31, 2014
	EGP	EGP	EGP	EGP
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 period/year was as follows:

	Actual price	
	March 31, 2015	**December 31, 2014**
EGP : USD	7.6301	7.1801
EGP : EURO	8.2659	8.6150

2. **Price risk**

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

3. **Interest rate risk**

   Interest risk is represented in change on interest price on the group 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 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 level of cash.

3.2 Capital risk management

The group objectives when managing capital are to safeguard the group 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 group 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:

	March 31, 2015 EGP	December 31, 2014 EGP
Loans	622 638 314	635 805 108
Long term liabilities	481 935 784	502 502 712
Creditors and other credit balances	428 268 846	329 010 326
Long term liabilities-current portion	69 438 000	69 438 000
Due to related parties	2 545 911	3 905 131
Less: Cash and equivalent	(198 918 412)	(159 366 746)
Net Debt	1 405 908 443	1 381 294 531
Equity	1 152 160 559	1 297 707 754
Capital	**2 558 069 002**	**2 679 002 285**
Net Debt / Capital	**%55**	**%52**

3.3 Fair value estimation

The group 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.

a- Fixed assets - useful life

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

b- Income tax

The group 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.

c- **Intangible assets - useful life**

The group 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.

d- **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 income statement and is not reversed subsequently.

5. 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 January 1, 2015	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
Additions	--	3 681 213	--	10 285	1 127 816	68 420	220 508	5 108 242
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**	**527 998 322**	**20 534 738**	**2 604 989 359**	**261 846 377**	**10 357 567**	**6 595 375**	**3 482 565 174**
Accumulated depreciation:								
Balance at January 1, 2015	--	93 220 526	8 023 856	631 544 985	45 813 534	8 924 830	1 510 287	789 038 018
Depreciation charge	--	6 826 738	590 645	32 112 986	3 226 788	200 659	132 636	43 090 452
Balance at March 31, 2015	--	**100 047 264**	**8 614 501**	**663 657 971**	**49 040 322**	**9 125 489**	**1 642 923**	**832 128 470**
Net book value at March 31,2015	**50 243 436**	**427 951 058**	**11 920 237**	**1 941 331 388**	**212 806 055**	**1 232 078**	**4 952 452**	**2 650 436 704**
Net book value at 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**

* 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.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 insured for its benefit on Silos by 4 600 000 EGP, cars by EGP 1 799 750 and Katamia Villa by EGP 6 600 000.

Fixed assets (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 policies number (2-20).

5 years contracts	March 31, 2015	December 31, 2014
	EGP	EGP
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 period / year	2 317 651	9 516 691

6. Projects under construction

	March 31, 2015	December 31, 2014
	EGP	EGP
Balance at 1 January	99 410 072	143 613 902
Additions	7 237 415	121 552 211
Advance to suppliers	3 078 372	3 826 056
Transfer to property, plant and equipment	(11 685 563)	(169 582 097)
Total	**98 040 296**	**99 410 072**

- These projects under construction represent the following categories:

	March 31, 2015	December 31, 2014
	EGP	EGP
Building	3 293 335	12 748 477
Machinery and equipment	90 554 873	81 751 998
Technical and other installations	1 113 716	1 083 541
Advance to suppliers	3 078 372	3 826 056
Total	**98 040 296**	**99 410 072**

- 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)

	Electricity Supply agreement*	Goodwill**	Total
	EGP	EGP	EGP
Costs			
Balance at March 31, 2015	**225 200 000**	**8 274 220**	**233 474 220**
Amortization			
Balance at January 1, 2015	(93 537 741)	--	(93 537 741)
Period amortization	(5 552 878)	--	(5 552 878)
Balance at March 31, 2015	**(99 090 619)**	**--**	**(99 090 619)**
NBV at March 31, 2015	**126 109 381**	**8 274 220**	**134 383 601**
NBV at December 31, 2014	**131 662 259**	**8 274 220**	**139 936 479**

* 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 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.

** 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.

8. Inventory

	March 31, 2015	December 31, 2014
	EGP	EGP
Finished goods	99 988 134	28 472 017
Spare parts	28 084 008	27 224 041
Packing materials	24 968 299	26 249 417
Raw materials	140 235 397	119 331 413
WIP	919 507	484 977
Total	**294 195 345**	**201 761 865**

9. Debtors and other debit balances (net)

	March 31, 2015	December 31, 2014
	EGP	EGP
Advance to suppliers	67 953 988	23 172 087
Deposits with others	18 532 389	18 532 389
Employees dividends-down-payment	7 239 377	4 902 600
Withholding tax	5 549 628	5 024 473
Trade debtors	5 155 372	4 092 187
Letter of credit	1 725 075	532 986
Imprest – employee's loan	1 107 460	514 009
Other debit balances	115 098	22 976
Letter of guarantee cover	34 049	34 049
Total	**107 412 436**	**56 827 756**
Less:		
Impairment	**(147 782)**	**(147 782)**
Net	**107 264 654**	**56 679 974**

10. Related parties transactions

Due from related parties:

	March 31, 2015	December 31, 2014
	EGP	EGP
Cementos La Unión Chile, S.A. Company	420 637	420 637
Cementos Santo Domingo Company	407 078	407 078
Total	**827 715**	**827 715**

Due to related parties

	March 31, 2015	December 31, 2014
	EGP	EGP
Cementos La Union – Spain Company	--	2 156 734
Andalus Reliance for Mining Company	1 405 851	1 653 193
Aridos Jativa Company	--	95 204
Reliance Heavy Industrial	1 140 060	--
Total	**2 545 911**	**3 905 131**

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

Company	Relation type	Transaction nature	Volume of transactions March 31, 2015	Volume of transactions March 31, 2014
Aridos Jativa Company	Main shareholder	Services	208 754	370 779
Andalus Reliance for Mining Company	Joint Ventures	Purchase	8 942 288	--
Reliance Heavy Industrial	Related party	Purchase and Services	8 022 881	--

- Aridos Jativa Company renders consulting services for Arabian Cement Company.
- Reliance Heavy Industrial sells raw materials to Andalus Reliance for Mining Company, and Andalus Reliance for Mining Company supervise to Reliance Heavy Industrial.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.

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

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

11. Cash and bank balances

	March 31, 2015 EGP	December 31, 2014 EGP
Cash on hand	5 869 359	2 469 502
Current Account – local currency	170 598 192	113 427 939
Current account – foreign currency	601 356	21 669 800
Bank deposits	21 849 505	21 799 505
Total	**198 918 412**	**159 366 746**

	March 31, 2015	December 31, 2014
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:

	March 31, 2015 EGP	December 31, 2014 EGP
Cash and bank balances	151 277 187	104 790 065
Restricted cash*	47 641 225	54 576 681
Total	**198 918 412**	**159 366 746**

* 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.

12. Provisions

	Balance at 31 December 2014	Additions during the year	Reversal during the year	Used during the year	Balance at 31 March 2015
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 group. The group's management reviews those provisions periodically and adjusting the amount allocated in accordance with the latest developments, discussions and agreements with those parties.

13. Creditors and other credit balances

	March 31, 2015 EGP	December 31, 2014 EGP
Trade payable	232 789 886	137 629 081
Advance payment from customers	88 570 282	118 634 063
Accrued development fees	51 882 547	35 771 621
Accrued customers rebates	21 414 083	177 630
Taxes	13 785 170	15 022 216
Accrued interest	8 174 149	8 349 110
Retention	5 405 428	6 224 626
Accrued expenses	5 276 617	7 201 979
Fixed assets creditors	970 684	--
Total	**428 268 846**	**329 010 326**

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 represent the minimum amount to be paid as per the law.

14. Borrowings

	March 31, 2015	December 31, 2014
	EGP	EGP
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:

	March 31, 2015	December 31, 2014
	EGP	EGP
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

- 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

	March 31, 2015	December 31, 2014
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 stipulates 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 payable represent 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. Capital

	March 31, 2015	December 31, 2014
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.

17. 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 consolidated financial statements

	March 31, 2015 EGP	December 31, 2014 EGP
Property, plant, equipment and intangible assets	358 483 333	352 418 333
Total	**358 483 333**	**352 418 333**

The movement of the deferred tax liability is as follows

	March 31, 2015 EGP	EGP
Balance at 1 January	352 418 333	337 985 370
Deferred tax charged to the income statement (Note No.22)	6 065 000	14 432 963
	358 483 333	**352 418 333**

18. Net Sales

	Three months ended	
	March 31, 2015	March 31, 2014
	EGP	EGP
Local sales	754 363 628	569 300 145
Export sales	--	2 744 265
Services	11 795 383	8 819 359
Total sales	**766 159 011**	**580 863 769**
Less		
Sales discount and returns	(171 804 654)	(48 791 262)
Net sales	**594 354 357**	**532 072 507**

19. Cost of sales

	Three months ended	
	March 31, 2014	March 31, 2014
	EGP	EGP
Raw material	464 035 704	313 447 249
Depreciation	43 090 446	41 427 483
Overhead cost	18 670 145	21 438 299
Electricity supply agreement amortization	5 552 877	5 552 877
Change in inventory	(92 292 495)	(47 353 701)
	439 056 677	**334 512 207**

20. General and administrative expenses

	Three months ended	
	March 31, 2015	March 31, 2014
	EGP	EGP
Professional services	2 304 459	4 320 747
Salaries and wages	9 635 793	8 529 224
Advertising and public relations	2 619 935	984 060
Rentals	1 037 681	885 222
Transportation	693 983	315 111
Security and cleaning services	756 082	1 042 666
Other expenses	1 340 598	780 002
	18 388 531	**16 857 032**

21. Finance cost

	Three months ended	
	March 31, 2015	March 31, 2014
	EGP	EGP
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
	19 399 115	**22 609 813**

22. Income tax

	Three months ended March 31, 2015 EGP	Three months ended March 31, 2014 EGP
Deferred income tax (Note No.17)	6 065 000	2 987 287
Current income tax	24 084 081	36 125 064
Total	**30 149 081**	**39 112 351**

23. Non- Controlling interest

Non – Controlling interest amounted to EGP 10 867 as of March 31, 2015 which represents the percentage of 0.04% from Andalus Concrete Company and 1% from ACC for Management Company

	Capital	Non – Controlling interest for acquired subsidiaries	Retained Earning	March 31, 2015	December 31, 2014
	EGP	EGP	EGP	EGP	EGP
Beginning balance	2 500	(1 672)	8 331	9 159	4 336
Net Income for the period	--	--	1 708	1 708	4 823
Ending balance	**2 500**	**(1 672)**	**10 039**	**10 867**	**9 159**

24. Earnings per share of the period

Earnings per share are calculated before deducting legal reserve.

	Three months ended March 31, 2015 EGP	Three months ended March 31, 2014 EGP
Net profit for period	57 368 321	116 949 942
Employees share in the dividends*	(407 849)	(1 155 161)
Distributable net profit for the period	**56 960 472**	**115 794 781**
Weighted average number of shares	378 739 700	378 739 700
Earnings per share of the period	**0.15**	**0.31**

* 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.

25. Contingent liabilities

At March 31, 2015, 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.

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 group as the date of preparing consolidated interim 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 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 in the legal due time.

Sales tax

The sales tax was inspected and settled till December 2013.

The company submits tax returns on a regular basis.

Stamp tax

The company's books was inspected and settled till 2011.

Payroll tax

Payroll tax was inspected and settled till 2010.

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.

Subsidiary companies:

a) Andalus Concrete

Corporate Tax

The company prepares its tax return according to income tax laws and regulations and submits them in the legal due date, and no inspection was performed yet.

Sales Tax
The company submitted and settled tax returns on a timely basis and no inspection was performed yet.

Stamp Tax
No inspection was performed yet.

Payroll Tax
The company is paying the payroll taxes on a timely basis and no inspection was performed yet.

b) **ACC for Management and Trading**

Corporate income Tax
The company prepares its tax return according to income tax laws and regulations and submits them in the legal due date, and no inspection was performed yet.

Sales Tax
The company submitted and settled tax returns on a timely basis and no inspection was performed yet.

Stamp Tax
No inspection was performed yet.

Payroll Tax
The company is paying the payroll taxes on a timely basis and no inspection was performed yet.

c) **Andalus Reliance for Mining**

Corporate income Tax
The company prepares its tax return according to income tax laws and regulations and submits them in the legal due date, and no inspection was performed yet.

Sales Tax
The company submitted and settled tax returns on a timely basis and no inspection was performed yet.

Stamp Tax
No inspection was performed yet.

Payroll Tax
The company is paying the payroll taxes on a timely basis and no inspection was performed yet.

27. Capital commitment

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

28. Dividends distribution:

On 25 March 2015, the General Assembly meeting of the group approved the profits distribution at December 31, 2014 as the following:

Description	Amount EGP
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	**381 544 104**
Distributed as the following:	
Shareholders' share on the dividends	(200 732 041)
Employees' share on the dividends	(2 185 184)
Carried forward retained earning	**178 626 879**

* 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

29. 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 30 June 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 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