ARABIAN CEMENT COMPANY (S.A.E.)

INDEPENDENT AUDITORS' REPORT
AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Grant Thornton Mohamed Hilal **Mansour & Co. PricewaterhouseCoopers**

ARABIAN CEMENT COMPANY (S.A.E.)

Separate financial statements - For the year ended 31 December2013

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Independent auditors' report

To: The Shareholders of Arabian Cement Company S.A.E

Report on the separate financial statements

We have audited the accompanying separate financial statements of Arabian Cement Company S.A.E which comprise the separate balance sheet as of 31 December 2013 and the separate income statement, separate statement of changes in equity and separate cash flows statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the separate financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

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

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

The Shareholders of Arabian Cement Company S.A.E
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Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations.

Report on other legal and regulatory requirements

The Company keeps proper financial records, which includes all that is required by the law and the Company's statute, and the accompanying financial statements are in agreement therewith, the Company applies a proper costing system, and the inventory counts were taken in accordance with recognised practices.

The financial information included in the Board of Directors' report was prepared in compliance with Companies Law number 159 of 1981 and its executive regulations and is in agreement with the Company's accounting records.

Hossam Mohamed Hillal
R.A.A. 5101
E.F.S.A. 147
Grant Thornton Mohamed Hilal

Ahmed Gamal El-Atrees
R.A.A. 8784
E.F.S.A. 136
Mansour & Co. PricewaterhouseCoopers

4 February 2014
Cairo

Grant Thornton - Mohamed Hilal
Public Accountants

ARABIAN CEMENT COMPANY (S.A.E.)

Separate balance sheet - At 31 December 2013

(All amounts are in Egyptian Pounds)

	Notes	2013	2012
Assets			
Non-current assets			
Property, plant and equipment - net	5	2,646,689,878	2,796,272,199
Projects under construction	6	138,435,045	8,904,106
Intangible assets - net	7	154,182,258	176,702,257
Investments in subsidiaries	8	9,176,307	9,176,307
Investment in Joint ventures	9	31,250	-
Total non-current assets		**2,948,514,738**	**2,991,054,869**
Current assets			
Inventory	10	96,167,941	67,328,362
Debtors and other debit balances	11	35,193,027	335,507,294
Due from related parties	12	17,233,616	10,693,258
Cash and bank balances	13	157,924,145	161,058,277
Total current assets		**306,518,729**	**574,587,191**
Current Liabilities			
Provisions	14	7,110,829	924,665
Current tax liablities		518,278	-
Trade payables and other credit balances	15	314,491,610	241,961,435
Due to related parties	12	1,921,649	800,016
Borrowings	16	337,970,515	346,848,480
Current portion long-term liabilities	17	69,438,000	69,438,000
Total current liabilities		**731,450,881**	**659,972,596**
Net deficit in working capital		**(424,932,152)**	**(85,385,405)**
Total invested funds		**2,523,582,586**	**2,905,669,464**
Represented in:			
Equity			
Paid up capital	18	757,479,400	757,479,400
Retained earnings		213,095,391	359,262,002
Legal reserve	19	118,779,986	76,926,051
Total equity		**1,089,354,777**	**1,193,667,453**
Non-current liabilities			
Borrowings - long-term portions	16	520,680,947	787,545,305
Deferred income tax liability	20	336,991,446	317,094,706
Long-term liabilities	17	576,555,416	607,362,000
Total non-current liabilities		**1,434,227,809**	**1,712,002,011**
Total equity and non-current liabilities		**2,523,582,586**	**2,905,669,464**

The accompanying notes on pages 7 – 33 form an integral part of these separate financial statements.

Sherif Salib

Sherif Salib
Chief Financial Officer

Jose Maria

Jose Maria Magrina
Chief Executive Officer

3 February 2014
Independent auditors' report attached

ARABIAN CEMENT COMPANY (S.A.E.)

Separate statement of income - For the year ended 31 December 2013

(All amounts are in Egyptian Pounds)

	Notes	2013	2012
Sales - net	21	2,063,597,952	1,853,916,620
Cost of sales	22	(1,377,643,360)	(1,187,034,781)
Gross profit		**685,954,592**	**666,881,839**
General and administrative expenses	23	(67,253,245)	(60,424,642)
Provisions	14	(6,338,531)	-
Other income	24	13,516,433	6,176,168
Profit from operation		**625,879,249**	**612,633,365**
Finance cost - net	25	(186,924,881)	(169,312,613)
Net profit before income tax		**438,954,368**	**443,320,752**
Income tax expense	26	(20,415,018)	(44,140,750)
Profit for the year		**418,539,350**	**399,180,002**
Basic earning per share	27	**54.62**	**51.91**
Diluted earning per share	27	**1.09**	**1.04**

The accompanying notes on pages 7 – 33 form an integral part of these separate financial statements.

ARABIAN CEMENT COMPANY (S.A.E.)

Separate statement of changes in equity - For the year ended 31 December 2013

(All amounts are in Egyptian Pounds)

	Share capital	**Legal reserve**	**Retained earnings**	**Total**
Balance at 1 January 2012	**757,479,400**	**37,008,051**	**135,577,327**	**930,064,778**
Net profit for the year	-	-	399,180,002	**399,180,002**
Transfer to legal reserve	-	39,918,000	(39,918,000)	-
Dividends declaration	-	-	(135,577,327)	**(135,577,327)**
Balance at 31 December 2012	**757,479,400**	**76,926,051**	**359,262,002**	**1,193,667,453**
Balance at 1 January 2013	757,479,400	76,926,051	359,262,002	**1,193,667,453**
Net profit for the year	-	-	418,539,350	**418,539,350**
Transfer to legal reserve	-	41,853,935	(41,853,935)	-
Dividends declaration	-	-	(522,852,026)	**(522,852,026)**
Balance at 31 December 2013	**757,479,400**	**118,779,986**	**213,095,391**	**1,089,354,777**

The accompanying notes on pages 7 – 33 form an integral part of these separate financial statements.

ARABIAN CEMENT COMPANY (S.A.E.)

Separate cash flows statement - For the year ended 31 December 2013

(All amounts are in Egyptian Pounds)

	Notes	2013	2012
Cash flows from operating activities			
Net profit before tax		438,954,368	443,320,752
Interest income	25	(1,468,411)	(2,825,543)
Interest expense	25	119,696,449	132,248,520
Depreciation expense	5	165,239,601	163,078,306
Amortization of intangible assets	7	22,519,999	22,519,712
Provisions	14	6,338,531	
Gain from sale of property plant and equipment		-	1,475,906
		751,280,537	**759,817,653**
Changes in working capital			
Debtors and other debit balances		2,645,187	(19,171,944)
Inventory		(28,839,579)	(4,464,515)
Trade payables and other credit balances		20,692,263	50,328,596
Due from related Parties		(6,540,358)	(5,187,737)
Provisions used		(152,367)	(79,888)
Due to related parties		1,121,633	(534,041)
Net cash from operating activities		**740,207,316**	**780,708,124**
Cash flows from investing activities			
Interest income	25	1,468,411	2,825,543
Purchase of property, plant and equipment	5	(8,989,939)	(8,291,512)
Additions in projects under construction		(80,264,156)	(20,922,288)
Proceeds from sale of property plant and equipment		-	25,000
Investments in subsidiaries and joint ventures	9	(31,250)	(9,126,807)
Net cash flows used in investing activities		**(87,816,934)**	**(35,490,064)**
Cash flows from financing activities			
Payments of license liability		(68,096,000)	(86,780,000)
Payments of borrowings		(275,742,323)	(268,292,897)
Interest paid		(119,696,449)	(132,248,520)
Dividends Paid		(191,989,742)	(197,670,654)
Net cash flows from financing activities		**(655,524,514)**	**(684,992,071)**
Net (decrease) increase in cash and cash equivalents		**(3,134,132)**	**60,225,989**
Cash and cash equivalents at beginning of the year	13	161,058,277	100,832,288
Cash and cash equivalents at end of the year	13	**157,924,145**	**161,058,277**

The accompanying notes on pages 7 – 33 form an integral part of these separate financial statements.

1. General information

Arabian Cement Company S.A.E. ("the company") was established as a joint stock company on 21 February 1999 under Law No. 8 of 1997 and the company is registered in the commercial register under number 13105 in Cairo on 3 April 2005, which was changed to No. 53445 on 16 August 2012 as the company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza Egypt to be Villa 56 El Gihaz Street, fifth Settlement, New Cairo, Egypt.

The 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 main shareholder of the company is Aridos Jativa – Spanish Company and it owns 60% of the company's share capital.

The financial statements have been approved for issue by the chief executive officer. The general assembly of shareholders has the power to amend the financial statements after being issued.

2. Accounting policies

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

A. Basis of preparation

The financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) and applicable laws and regulations which have been consistently applied to all years presented, unless otherwise stated. The financial statements have been prepared under the historical cost measurement basis.

The preparation of financial statements in conformity with EAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Note 4 disclose the significant accounting estimates used and personal judgement applied in the preparation of the financial statements.

The Company has prepared these separate financial statements in accordance with local regulations. The Company has also prepared consolidated financial statements in accordance with EAS 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 stand-alone financial statements, subsidiaries are accounted for and classified by cost method.

User of these separate financial statements should read them together with the Company's consolidated financial statements as at and for the year ended 31 December 2013 in order to obtain full information on the financial position, results of operations and changes in equity of the Group as a whole.

The EAS requires the reference to the IFRS when there is no EASs, or legal requirement that explain the treatment of specific balances and transactions.

B. Foreign currency translation

(1) 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.

(2) 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

C. Property, plant and equipment

All property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of assets excluding land, which is not depreciated.

Estimated useful lives of assets are as follows:

Building	10 – 20 years
Vehicles	5 – 7 years
Machinery and equipment	20 years
Technical installations	20 years
IT equipment and software and other installation	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.

Repairs and maintenance are charged to the income statement during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset or the estimated useful life of the renovation, whichever is less.

D. Projects under construction

Recognition of project under construction by cost and is recognized as fixed assets when it meets 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 carrying amount and the difference is recognized in income statement.

E. Intangible assets

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

F. Investment in subsidiaries

Subsidiaries are entities over which the Company owes 50% voting rights, or over which the Company has power to govern the financial and operating policies, such investments are presented in the separate financial statements by cost.

The cost basis requires recording the investment in subsidiaries by the acquisition cost and investment income based on recorded limited to dividends recognized over those profits is considered recovery of the investments and it is recorded as a decrease in the investment cost.

G. Investments in Joint ventures

Investment in Joint ventures is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

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

H. Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of income for the period for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash flows.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. Impairment losses are also reversed to release the impairment amount that is equal to the depreciation for the period of the impaired balance. The reversals are recorded in statement of income.

I. Financial assets

(i) Classification

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

1. Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

2. Held for maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than:

1. those that the entity upon initial recognition designates as at fair value through profit or loss
2. those that the entity designates as available for sale; and
3. those that meet the definition of loans and receivables.

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

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

(ii) Reclassification

The Company may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification

Financial assets (continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Measurement and subsequent measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At the balance sheet date, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held to maturity, loans and receivables are carried at amortised cost using the effective interest method

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognized in the income statement in the year in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Company's right to receive payments is established.

Changes in the fair value of monetary securities debt instruments (bonds, treasury bills) denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Company's right to receive payments is established.

The Company assesses at balance sheet date whether there is an objective evidence that a financial asset or a Group of financial assets is impaired.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

J. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the moving average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

The needed provision are determined with the value of the slow moving, obsolete and damaged inventory items, according to the management's estimates.

K. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than granted credit limits) is considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

L. Cash and cash equivalents

Bank overdraft are included within borrowings in the current liabilities in the balance sheet.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks with original maturities of three months or less.

M. Share capital

Ordinary shares are classified as equity.

N. Borrowings

Borrowings are recognised initially at the amount of the proceeds received, net of transaction costs incurred. Loans are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over year the borrowings.

The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at the initial recognition and subsequently recorded at an amortised cost basis until extinguished on conversion or maturity of the bonds whichever the lower. The remainder of the proceeds are allocated to the conversion option, which is recognised in shareholders' equity.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

O. Current and deferred income taxes

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

P. Trade payables

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

Q. Leases

1) Finance lease

Leases are accounted for under Law 95 of 1995 if the lessee is not obliged to purchase the asset at end of the lease period, the lease contract is recorded in the relevant register with the Companies Authority, the contract gives the option to the lessee to buy the asset at a specific date and amount and the period of the contract represents at least 75% of the useful life of the asset or if the present value of total lease payments represents at least 90% of the asset value.

For leases within the scope of Law 95 of 1995, lease costs including maintenance expense of leased assets are recognized in the statement of income in the period incurred. If the Company elects to exercise the purchase option on the leased asset, the option cost is capitalised as property, plant, and equipment and depreciated over their expected remaining useful lives on a basis consistent with similar assets.

2) Operating lease

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.

R. Employee benefits

(1) 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 recognised as a dividend distribution through equity and as a liability when approved by the Company's shareholders. No liability is recognised for profit sharing relating to undistributed profits.

(2) Pension obligations

For defined contribution plans, the Company pays contributions to the Public Authority for Social Insurance 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 year in which they are due and as such are included in staff costs.

S. Provisions

Provisions are recognised 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.

T. 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 recognises 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 bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement and after eliminating the Company's internal sales.

(a) Sales of goods

Sales of goods are recognised when entity has delivered products to the wholesaler, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the Company warehouse or in the wholesalers locations depending on the agreements. Accordingly, the risks and benefits have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales are made on a short credit term basis..

(b) Interest income

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

(c) Dividends revenue

Dividends revenue recognized on maturity.

U. Dividends

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

V. Comparatives

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

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

3. Financial risk management

(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

i. 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:

	Assets	Liabilities	2013 Net	2012 Net
US Dollars	14,178,083	(585,899,417)	**(571,721,334)**	**(419,933,615)**
Euro	1,161,096	(400,798)	**760,298**	**257,442**

ii. 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.

iii. Cash flow and fair value interest rate risk

The company's interest rate risk arises from loans. Loans issued at variable rates expose the company to cash flow interest rate risk. There is no loans issued at fixed interest rate.

Loans and borrowings with variable interest rate that is subject to the changes of interest rate as of 31 December 2013 is amounting to LE 1,344,275,462 (2012: LE 1,670,993,785).

The company has financial assets generating interest exposed to the changes in interest rate amounting to LE 1,402,489 at the date of balance sheet (2012: LE 99,704,057).

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 cash.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

(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.

In order to maintain an optimum the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total trade and other payables and borrowings, less cash and cash equivalents. Total capital is calculated as equity in addition to total debt.

The gearing ratio at 31 December 2013 was as follows:

	2013	2012
Borrowings	858,651,462	1,134,393,785
Long-term liabilities	576,555,416	607,362,000
Trade and other payables	314,491,610	241,961,435
Long-term liabilities – current portion	69,438,000	69,438,000
Due to related parties	1,921,649	800,016
Less: cash and cash equivalents	(157,924,145)	(161,058,277)
Net debt	**1,663,133,992**	**1,892,896,959**
Total equity	1,089,354,777	1,193,667,453
Total capital	**2,752,488,769**	**3,086,564,412**
Gearing ratio	**60%**	**61%**

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

(3) Fair value estimation

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

4. Critical accounting estimates and judgments

(1) Critical accounting estimates and assumptions

Estimates and adjustments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a. Property and equipment – useful life

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

b. Income tax

The Company is subject to corporate income tax. The Company 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

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

(2) Critical Judgements in applying the Group accounting policies

In general, applying the Group accounting policies does not require judgments (apart from those involving estimates refer to in Note 4-1) that have significant effects on the amounts recognized in the financial statements.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

5. Property, plant and equipment - net

	Land	Buildings	Vehicles	Machinery & equipments	Technical & other installations	IT equipments & software	Office fixtures & fittings	31 December 2013	31 December 2012
Cost									
Balance at 1 January	50,243,436	492,896,028	5,984,782	2,560,536,878	126,019,387	7,592,250	3,177,198	**3,246,449,959**	**3,215,678,736**
Additions	-	1,823,607	210,100	1,731,231	2,948,945	588,741	1,687,315	**8,989,939**	**8,291,512**
Transfer from project under constructions	-	918,667	-	5,748,674	-	-	-	**6,667,341**	**24,317,615**
Disposals	-	-	-	-	-	-	-	**-**	**(1,837,904)**
Balance at 31 December	**50,243,436**	**495,638,302**	**6,194,882**	**2,568,016,783**	**128,968,332**	**8,180,991**	**4,864,513**	**3,262,107,239**	**3,246,449,959**
Accumulated depreciation									
Balance at 1 January	-	39,460,857	2,197,717	372,283,591	30,438,952	5,190,212	606,431	**450,177,760**	**287,436,452**
Depreciation charge	-	26,587,895	989,884	128,739,186	7,100,155	1,578,332	244,149	**165,239,601**	**163,078,306**
Disposals	-	-	-	-	-	-	-	**-**	**(336,998)**
Balance at 31 December	**-**	**66,048,752**	**3,187,601**	**501,022,777**	**37,539,107**	**6,768,544**	**850,580**	**615,417,361**	**450,177,760**
Net book value	**50,243,436**	**429,589,550**	**3,007,281**	**2,066,994,006**	**91,429,225**	**1,412,447**	**4,013,933**	**2,646,689,878**	**2,796,272,199**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Property, plant and equipment – net (continued)

The Company has assets related to finance lease (cars) 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

Following is a listing for these contracts:

	2013	2012
5 years contracts		
Total contracted lease payments	47,211,506	44,784,376
Bargain purchase value	1 EGP	1 EGP
Average useful life	5 years	5 years
Annual lease payments	9,442,301	8,956,877

6. Projects under construction

	2013	2012
Balance at 1 January	8,904,106	12,299,433
Additions	126,250,498	20,922,288
Advances to suppliers	9,947,782	-
Transfer to property, plant and equipment	(6,667,341)	(24,317,615)
Balance at 31 December	**138,435,045**	**8,904,106**

These projects under construction represents the following Categories:

	2013	2012
Buildings	23,456,326	2,944,314
Machinery and equipments	104,048,911	5,748,675
Technical and other installations	982,026	211,117
Advances to suppliers	9,947,782	-
Total	**138,435,045**	**8,904,106**

Project under construction represents the additions made for buildings, machinery and equipments which will be used in the installation of the alternative energy generation lines, which are expected to be capitalized within the year of 2014.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

7. Intangible assets – net

	2013	2012
Cost		
Balance at 1 January	225,200,000	225,200,000
Balance at 31 December	**225,200,000**	**225,200,000**
Amortization:		
Balance at 1 January	(48,497,743)	(25,978,031)
Amortization charge for the year	(22,519,999)	(22,519,712)
Balance at 31 December	**(71,017,742)**	**(48,497,743)**
Net book value at 31 December	**154,182,258**	**176,702,257**

The intangible asset represents the Electricity supply contract made with the Ministry of Electricity where by the Ministry of Electricity will specify the Electricity needs for the industrial projects that requires heavy consumption of Electricity and provide these needs either by construction of a new stations or using current stations and the projects will pay the required fees determined by the ministry. Which amounted to LE 217.2 millions.

And it was agreed to be paid as follows:

15% Down payment equivalent to LE 32.58 million
85% Will be paid as follows and including installment interest of 10% annually:

- 120 monthly installment payable at the beginning of each month starting April 2010 with amount of LE 1.220 million per installment.
- 120 monthly installment payable at the beginning of each month starting February 2011 with an amount of LE 1.342 million per installment.

In addition to LE 8 million which represents other costs related to the agreement paid in full and the total agreement cost became LE 225.2 million.

8. Investment in subsidiaries

	Country of incorporation	Share %	2013	2012
Andalus Concrete S.A.E.	Egypt	99.96%	9,126,807	9,126,807
ACC for Management and Trading Company L.L.C.	Egypt	99%	49,500	49,500
Total			**9,176,307**	**9,176,307**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

9. Investment in joint ventures

	Country of incorporation	Ownership	2013	2012
Andalus Reliance for Mining	Egypt	50%	31,250	-
			31,250	**-**

Andalus Reliance for Mining S.A.E. was incorporated on 14 November, 2013 and it had not started operations till the date of issuance of the financial statements.

10. Inventory

	2013	2012
Spare parts	26,017,015	23,374,822
Raw material	39,974,708	8,523,553
Finished goods	7,277,043	24,111,118
Packing materials	21,719,302	9,644,609
Work in process	1,179,873	1,674,260
Total	**96,167,941**	**67,328,362**

11. Debtors and other debit balances

	2013	2012
Advances payments to suppliers	17,791,351	36,898,394
Letter of credit	14,300,435	-
Payments under dividends distributions to employees	1,077,606	5,951,269
Other debit balances	974,209	21,140
Sales taxes receivable	583,565	506,357
Employees imprest	431,812	378,274
Letters of guarantee coverage	34,049	34,049
Payments under dividends distribution to shareholders	-	291,717,811
Total	**35,193,027**	**335,507,294**

Payments under dividends distributions to shareholders represents the payments made to the shareholders under the dividends distributions in advance, and these amounts settled during the year 2013.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

12. Related parties transactions

Due from related parties:

	2013	2012
ACC for Management and Trading Company	1,916,050	-
Andalus Concrete Company	14,291,049	9,610,478
Cementos San Juan Company – Chili	1,026,517	1,082,780
Total	**17,233,616**	**10,693,258**

Due to related parties:

	2013	2012
Cementos La union – Spain	1,520,851	12,326
Aridos Jativa Company	400,798	462,622
ACC for Management and Trading Company	-	325,068
Total	**1,921,649**	**800,016**

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

Company name	Relation type	Transaction nature	Transaction amount 2013	Transaction amount 2012
Andalus Concrete	Subsidiary	Sales	8,608,906	5,726,090
		Cash payments	(3,928,335)	(2,609,706)
Aridos Jativa Company	Main shareholder	Services	1,271,490	1,151,787
		Cash payments	(1,451,359)	-
ACC for Management and Trading Company	Subsidiary	Services	20,112,550	10,096,344
Cementos San Juan Company – Chili	Subsidiary of the parent Company	Purchase	-	11,645,577
Cementos La Union – Spain	Subsidiary of the parent Company	Services	700,392	3,898,325

ACC for Management and Trading Company renders managerial services for Arabian Cement Company.

Andalus for Concrete Company purchases cement materials and products which are used for manufacturing and trading concrete and construction materials.

Amounts paid for the members of the board of directors:

	2013	2012
Board remunerations	11,552,201	11,020,286
Salaries and wages	5,426,577	4,907,956

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

13. Cash and bank balances

	2013	2012
Current accounts in EGP	137,962,708	48,993,414
Current accounts in foreign currency	13,413,910	11,460,826
Bank deposits	1,402,489	99,704,057
Cash on hand	5,145,038	899,980
	157,924,145	**161,058,277**

	2013	2012
Average interest rates for bank deposits – USD	0.06%	0.04%
Average interest rates for bank deposits – EGP	6%	6%
Maturity period for bank deposits	30 days	30 days

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

	2013	2012
Cash and bank balances	157,924,145	161,058,277
Restricted cash	(108,847,106)	(99,704,057)
	49,077,039	**61,354,220**

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

14. Provisions

	Other provisions	
	2013	2012
Balance at 1 January	924,665	1,004,553
Additions during the year	6,338,531	-
Used during the year	(152,367)	(79,888)
Balance at the end of the year	**7,110,829**	**924,665**

Other provisions
Other provisions relate to claims expected to be made by a third party in connection with the Company's operations. The information usually required by accounting standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with that third party. These provisions are reviewed by management every year and the amount provided is adjusted based on latest development, discussions and agreements with the third party.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

15. Trade payables and other credit balances

	2013	2012
Advance payment from customers	91,644,154	84,689,068
Trade payables	94,383,696	66,691,969
Accrued development fees	54,433,940	50,260,812
Dividends payable to shareholders	33,193,204	-
Accrued interest	18,722,545	16,360,341
Taxes	14,360,710	15,918,294
Retention	6,165,801	5,959,672
Accrued expenses	1,587,560	1,929,279
Accrued customers rebates	-	152,000
Total	**314,491,610**	**241,961,435**

Accrued development fees
As per law No. 147 for the year 1984, a fee for development of the country's resources is imposed as a license to use mines. These fees amounted to LE 27 for each ton of clay used by the cement production factory with a rate of 0.3 ton for each ton of cement.

In July 2011, these fees changed to be LE 15 for each ton of cement produced and this represents the minimum amount to be paid as per the law.

16. Borrowings

	2013	2012
Current portion from loans	337,970,515	346,848,480
Non-current portion from loans	520,680,947	787,545,305
Total	**858,651,462**	**1,134,393,785**

These loans are represented in the following:

	2013	2012
First loan	290,713,966	412,097,781
Second loan	454,014,526	542,288,178
Third loan	108,234,034	180,007,826
Fourth loan	5,688,936	-
Total	**858,651,462**	**1,134,393,785**

First Loan
On September 2006, the Company has obtained a loan facility from the National Bank of Egypt of US $103.9 millions.

The loan is for 10 years with 2 years grace period with interest rate 1.6% plus Libor during the first five years and 1.7% during the following five years. The repayments of the principal are to be made on a semi-annual basis and the first installment is dated 1 April 2009.

Borrowings (continued)

In 31 January 2008, the Bank approved to increase the loan to be US $149 million to cover the increase in the investment cost, in addition to financing 15% of the industrial license fee.

The loan granted with a commercial mortgage over the assets as a security.

Second Loan

In 31 January 2008, the bank also approved a new facility of US $142 million to finance the second production line as well as 25% of the second line's industrial license fee; an equivalent amount of US $57 millions will be utilized in Egyptian Pounds

The loan for the second production line is for 10 years with 2 years grace period with interest rate 1.5% plus Libor (2011: 1.5% plus libor) for the US $ portion of the loan and 11% for the Egyptian Pounds portion of the loan. The repayments of the principal are to be made on a semi-annual basis and the first installmentis dated 1 September 2011.

Third Loan

On 22 February 2011, the Company obtained a new loan facility from the National Bank of Egypt amount to 265 million Egyptian pound to finance the construction of a clinker mill, the loan is for 5 years including a grace period of 18 months with 2% interest above the corridor rate. The repayments of the loan are to be made on a semi-annual basis starting no later than 6 months after the grace period.

The loan is guaranteed by the following:

1. Increase the commercial mortgage over the assets to include the assets related to the project subject to this finance (mills unit) on the condition that the commercial loan to be finalized within three months maximum after starting operations of the projects.
2. The loan granted with commercial mortgage for the bank benefit as a guarantee for this finance along with the prior given credit facilities amount to US $291,944 million over the assets (tangible & intangible) of the Company's factory.

Fourth loan:

On 20 June 2013, the company obtained a loan facility from the National bank of Egypt which is amounted to 70 million Egyptian pounds in order to contribute in the financing of 70% of the gross investment cost which is amounted to 100 million Egyptian pounds, which is needed for new project held by the company for the purpose of using the solid and agricultural wastes as an alternative fuel beside the natural gas in the process of manufacturing.

1. The loan period is 6 years starting from the date of withdrawal, and the company is committed to pay the loan among 16 equal quarter annually instalments each one is amounted to 4,375,000 Egyptian pounds.

2. Amounted to LE 5,688,936 withdrawal transactions till the date of issuing the financial statements.

The Company has a grant from the bank by 20% of the value of the financing amount from the bank, in case of meeting the following conditions:

a. The utilization of the loan in the objectives determined and agreed as per the contract.
b. Application for the financing conditions including the payment terms.
c. Obtaining the required certificate from the environmental affairs department which indicates the pollution reduction.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

17. Long-term liabilities

Long-term liabilities – current portion

	2013	2012
Operating license	50,976,000	50,976,000
Electricity fees	18,462,000	18,462,000
	69,438,000	**69,438,000**

Long-term liabilities

	2013	2012
Operating license	434,648,000	485,624,000
Long term liabilities – electricity fees	104,618,000	121,738,000
Long-term notes payables	37,289,416	-
	576,555,416	**607,362,000**

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 first 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 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 CBE.

Electricity fees
Arabian Cement Company operating license stipulate that the Company should provide its own power generation facility. The Ministry of Electricity suggested that instead of building a captive plant, a fee of LE 217.2 million should be paid to the ministry to allow new cement plants to connect to the national grid and a payment of 15% down payment amount to 32.580 million Egyptian pound was made by the Company and the remaining 85% will be paid through monthly installments over a period of 10 years plus a 10% annual interest and the first installement will start in April 2010. In addition to LE 8 million which represent other costs related to the agreement and will be paid over four quarterly based installment to ended by 1 February 2011.

Long-term notes payables
The long-term notes payables presents the value of the installments due within the upcoming year, these amounts are due to the suppliers that are working on the construction of the alternative energy generation lives which were not finalized till the date of issuance of the financial statements.

The liability is paid based on semi-annual installements that are equal in value, the last installements is due on December 2016 with an interest rate of 7% for the alternative fuel generation line and 9.5% for the every generation line by the use of coal. .

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

18. Capital

	2013	2012
Issued capital represented in 7,574,794 share of par value LE 100 each	757,479,400	757,479,400
Paid up capital	757,479,400	757,479,400

Arabian Cement Company was established on 3 April 2005 with issued and paid up capital of LE 75,000,000 and based on the decision of the Extraordinary General Assembly Meeting, the issued capital has increased by LE 31,250,000 so the total issued capital became LE 106,250,000. This increase was fully paid and registered in the commercial register on 15 September 2005.

Based on the decision of the Extraordinary General Assembly Meeting dated 28 January 2006, the issued capital has increased by LE 224,662,500, so the total issued capital became LE 330,912,500, this increase was fully paid and registered in the commercial register on 22 February 2006.

Based on the decision of the Extraordinary General Assembly Meeting dated on 10 January 2008, the issued capital has increased by LE 312,266,900 so the total issued capital became LE 643,179,400, an amount of LE 78,066,725 was paid during 2008 so the paid up capital became LE 408,979,225 in 2008. The rest of the amount related to the capital increase amount to LE 156,133,450 was paid in 2009 so the total paid up capital became LE 565,112,675 in 2009 and this increase was registered in the commercial register on 8 November 2009.

Based on the decision of the Extra Ordinary General Assembly Meeting dated 25 November 2009, the issued capital was increased by an amount of LE 114,300,000 so the total issued capital became LE 757,479,400, payments under capital increase in 2009 amounted to LE 80,787,719 and LE 111,579,006 in 2011, this increase was registered in the commercial register on 29 September 2011. So, the total issued and paid up capital became LE 757,479,400.

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 the 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.

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

20. Deferred income tax liability

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

	Deferred tax liabilities	
	2013	**2012**
Property, plant ,equipment and intangible assets	336,991,446	317,094,706
Net deferred tax	**336,991,446**	**317,094,706**

The movement of the deferred tax liability is as follows:

	2013	2012
Balance at 1 January	317,094,706	272,953,956
Deferred tax charged to the income statement (Note 26)	19,896,740	44,140,750
Balance at 31 December	**336,991,446**	**317,094,706**

21. Sales - net

	2013	2012
Local sales	2,211,379,824	1,896,500,685
Export sales	48,458,746	98,710,205
Services	36,805,350	41,995,563
Sales discounts and returns	(233,045,968)	(183,289,833)
	2,063,597,952	**1,853,916,620**

22. Cost of sales

	2013	2012
Materials	1,161,855,139	934,356,164
Manufacturing depreciation	165,239,602	163,078,306
Electricity supply agreement amortization	22,519,999	22,519,712
Overhead cost	56,868,199	71,545,114
Change in inventory	(28,839,579)	(4,464,515)
	1,377,643,360	**1,187,034,781**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

23. General and administrative expenses

	2013	2012
Salaries and wages	29,264,260	28,622,876
Professional services	22,690,385	14,350,272
Security and cleaning services	3,781,285	3,575,769
Rentals	3,687,009	4,790,287
Other expenses	1,782,174	1,902,534
Transportations	1,634,345	1,125,529
Advertising and public relations	1,377,189	2,922,206
Hospitality	727,725	546,271
Training	615,054	509,575
Telephone and fax	576,127	398,181
Medical insurance	387,299	288,434
Bank charges	249,973	391,743
Subscription fees	226,994	283,974
Repairs and maintenance	107,876	151,079
Research and development	79,657	120,700
Utilities	65,893	445,212
Total	**67,253,245**	**60,424,642**

24. Other income

	2013	2012
Compensation*	12,805,800	-
Other income	710,633	6,176,168
	13,516,433	**6,176,168**

* The insurance company paid LE 12,805,800 as a compensation for Arabian Cement due to loss occurred due to the stoppage of the machine.

25. Finance cost - net

	2013	2012
Foreign exchange (loss)	(68,696,843)	(39,889,636)
Loan interest expense	(62,390,449)	(74,942,520)
Operating license interest expense	(45,024,000)	(45,024,000)
Electricity agreement interest expense	(12,282,000)	(12,282,000)
Interest income	1,468,411	2,825,543
	(186,924,881)	**(169,312,613)**

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

26. Income tax

	2013	2012
Deferred income tax	19,896,740	44,140,750
Current income tax (Note 20)	518,278	-
	20,415,018	**44,140,750**

	2013	2012
Net income before tax	438,954,368	443,320,752
Tax calculated at applicable tax rate of 25% (2012:20% for the first 10 million EGP and 25% for the rest of the amount above 10 million EGP)	109,738,592	110,330,188
Provision used	(38,092)	(19,972)
Non-taxable income	(94,285,482)	(68,816,890)
Expenses non-deductible for tax purposes	5,000,000	2,647,424
	20,415,018	**44,140,750**

27. Earning per share

	2013	2012
Net profit for year	418,539,350	399,180,002
Employee's share in dividends	(4,774,650)	(5,951,269)
Net profit for year to distributed among shareholders	**413,764,700**	**393,228,733**
Weight average number of shares	7,574,794	7,574,794
Basic earning per share	**54.62**	**51.91**

	2013	2012
Net profit for year	418,539,350	399,180,002
Employee's share in dividends distributions	(4,774,650)	(5,951,269)
Net profit for year to distributed among shareholders	**413,764,700**	**393,228,733**
Weight average number of shares (Note 29)	378,739,700	378,739,700
Diluted earning per share	**1.09**	**1.04**

28. Contingent liabilities

At 31 December 2013, 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 amounted to LE 34,049 covered with an amount of LE 34,049.

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 financial statements:

(1) Corporate tax

- The Company is subject to corporate tax regulations which is based on tax law No. 91 for the year 2005 and the amendment listed by law No. 11 for the year 2013, based on this amendments the tax rate for the year 2013 is 25% instead of 20% for the first 10 million and 25% for the remaining which was applied for the year 2012.

- The Company enjoys a tax exemption for a period of 5 years starting from the fiscal year following the start up of the production of the Company's operation. This period was determined by the General Authority for Free Zones and Investments to start from 22 April 2008. Consequently, the Company is exempted from corporate tax for the period from 1 January 2009 till 31 December 2013.

- For the years from 2006 till 2008 the company has been hypothetically accounted due to statute of limitation.

- The Company prepares tax return according to income tax laws and regulations and submits them on a timely basis as stated by the law, from 2009 till 2012.

(2) Sales tax

- The sales tax was inspected till December 2011 and the Company paid the final settlement.
- The Company submits tax return on a timely basis and the Company's books have not yet inspected from the years 2012 and 2013.

(3) Stamp tax

- The stamp tax was inspected till the year 2011 and the Company paid the final settlement.
- The Company's books have not yet been inspected for the years 2012 and 2013.

(4) Payroll tax

- Payroll tax was inspected till 2007 by the Tax Authority and final settlement was reached with the Tax Authority.
- Payroll tax was not inspected for the years from 2008 to 2013 till the financial statement date.

29. Subsequent events:

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 extra-ordinary 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 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.