

SUEZ CEMENT GROUP (SCGC)

BOARD OF DIRECTORS' REPORT

ON THE BUSINESS RESULTS AS AT

31st March 2013

The Board of Directors is pleased to present to the Board Members the quarterly Report for financial period ended 31 March 2013.

On behalf of the Board of Directors, the Chairman is proud to present to the shareholders the Board of Directors' report on the Company's achievements and success for the financial for the period ended 31 March 2013.

Cement Sales During First Quarter 2013

(K Tons)

Description	Domestic cement sales		Export cement sales		Total	
	2013	2012	2013	2012	2013	2012
Suez Cement Company	800,0	927,5	-	0,8	800,0	928,3
Tourah cement Company	558,3	796,1	-	14,5	558,3	810,6
Helwan cement company(gray)	671,4	553,5	43,1	99,7	714,5	653,2
Total Gray	2029,7	2277,1	43,1	115,0	2072,8	2392,1
Helwan cement company(wait)	30,0	30,1	31,2	40,9	61,2	71,0

SCGC Production

Egypt grey produced 13.3 million tons of cement during the period ended March 2013, comparing with 14.5 million ton in YTD March 2012. The following comparative table Shows the level of cement production of the Suez Cement group companies for the 1st quarter 2013 compared with the 1st quarter 2012.

Cement & Clinker Production During First Quarter 2013

(K Tons)

Description	Gray Cement		Clinker	
	2013	2012	2013	2012
Suez Cement Company	848.4	925.8	717.7	675.2
Tourah cement Company	577.1	812.5	396.3	685.5
Helwan cement company(gray)	723.1	637.3	663.1	696.6
Total Gray	2148.6	2375.6	1777.1	2057.3
Helwan cement company(wait)	68.8	69.4	76.2	52.6

FINANCIAL POSITION AND BUSINESS RESULTS ON 31/03/2013

First: The Financial Position on 31/03/2013

The total net amount of the balance sheet items at the end of March 2013 reached LE 9969 Million compared to LE 9683 Million in the previous year 2012. The following table shows the progress of the financial position of the Group compared with the previous year.

M EGP

Description	<u>31/03/2013</u>	<u>31/12/2012</u>
Net assets	9969	9683
Net fixed assets and under construction projects	3929	3954
Issued capital	909	909
Total equity	6948	7083
Non- controlling interest	614	673
Total provisions	772.8	764.7

Second: Business Results of the Group during the period ended March 2013

The Group realized a gross profit of 294 M EGP compared with 31 March 2012 to 267 M EGP.

M EGP

Description	<u>2013</u>	<u>2012</u>
Sales (activity revenues)	1273	1227
Current Gross Profit	294	267
Operating Income	256	219
Net Profit After Non-Controlling Interest	221	141

Third: Reserves

The total reserves at end of 31 March 2013 amounted to 2666.2 M EGP, distributed as follows:

- 454,6 M EGP (legal reserve)
- 2199,8 M EGP (general reserve)
- 11, 8 M EGP (capital reserve)

Fourth: Provisions

Total provisions amounted to LE 772.8 million in 31 March 2013 as follows:

	<u>MEGP</u>
taxes disputes	175.9
Site restauration	49.5
Judicaël disputes	67.6
training subsidies fund	134.9
Earl retirement	2.3
Gas claims for Tourah Plant	51
Environment provision	1.5
Other Claim	<u>3.5</u>
Sub Total	<u>486.2</u>
Plus: provisions deducted directly from the related assets	
<i>Inventories provision</i>	213.4
<i>Doubtful débets</i>	<u>73.2</u>
Sub Total	<u>286.6</u>
Total Provisions	<u>772.8</u>