

SUEZ CEMENT GROUP (SCGC)

BOARD OF DIRECTORS' REPORT

ON THE BUSINESS RESULTS AS AT

30st June 2013

The Board of Directors is pleased to present to the Board Members the quarterly Report for financial period ended 30 June 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 30 June 2013.

Cement Sales During First half 2013

(Thousand Tons)

Description	Domestic cement sales		Export cement sales		Total	
	2013	2012	2013	2012	2013	2012
Suez Cement Company	1,583	1,723	-	1	1,583	1,724
Tourah cement Company	1,070	1,532	-	15	1,070	1,547
Helwan cement company(gray)	1,314	1,162	49	187	1,363	1,349
Total Gray	3,967	4,417	49	203	4,016	4,620
Helwan cement company(wait)	60	63	79	90	139	153

SCGC Production

Egypt grey produced 25.6 million tons of cement during the period ended June 2013, comparing with 26.5 million ton in YTD June 2012. The following comparative table

Shows the level of cement production of the Suez Cement group companies for the first half 2013 compared with the first half 2012.

Cement & Clinker Production During First Half 2013

(Thousand Tons)

Description	Gray Cement		Clinker	
	2013	2012	2013	2012
Suez Cement Company	1,637	1,705	1,346	1,550
Tourah cement Company	1,099	1,542	678	1,334
Helwan cement company(gray)	1,363	1,348	1,318	1,423
Total Gray	4,099	4,595	3,342	4,307
Helwan cement company(whait)	146	152	128	131

FINANCIAL POSITION AND BUSINESS RESULTS ON 30/06/2013

First: The Financial Position on 30/06/2013

The total net amount of the balance sheet items at the end of June 2013 reached LE 9605 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

<u>Description</u>	<u>30/06/2013</u>	<u>31/12/2012</u>
Net assets	9605	9683
Net fixed assets and under construction projects	3902	3954
Issued capital	909	909
Total equity	7123	7083
Non- controlling interest	617	673
Total provisions	771,3	764,7

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

The Group realized a gross profit of 570 M EGP compared with 30 June 2012 to 519 M EGP.

M EGP

<u>Description</u>	<u>2013</u>	<u>2012</u>
Sales (activity revenues)	2575	2401
Current Gross Profit	570	519
Operating Income	481	423
Net Profit After Non-Controlling Interest	389	266

Third: Reserves

The total reserves at end of 30 June 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 771,3 million in 30 June 2013 as follows:

	<u>MEGP</u>
taxes disputes	182,5
Site restauration	49,4
Judicaël disputes	53,9
training subsidies fund	137,3
Earl retirement	2,3
Gas claims for Tourah Plant	51
Other Claim	<u>5,5</u>
Sub Total	<u>481,9</u>
Plus: provisions deducted directly from the related assets	
<i>Inventories provision</i>	212,8
<i>Doubtful débets</i>	<u>76,6</u>
Sub Total	<u>289,4</u>
Total Provisions	<u>771,3</u>
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