

## **SUEZ CEMENT GROUP (SCGC)**

### **BOARD OF DIRECTORS' REPORT**

### **ON THE BUSINESS RESULTS AS AT**

**30<sup>st</sup> June 2012**

The Board of Directors is pleased to present to the Board Members the quarterly Report for financial period ended 30 June 2012.

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 2012

### **Cement Sales During First Half 2012**

(Thousand Tons)

Description	Domestic cement sales		Export cement sales		Total	
	2012	2011	2012	2011	2012	2011
Suez Cement Company	1,722	1,990	1	-	1,723	1,990
Tourah cement Company	1,532	1,725	15	1	1,547	1,726
Helwan cement company( gray )	1,163	1,511	187	-	1,350	1,511
<b>Total Gray</b>	<b>4,417</b>	<b>5,226</b>	<b>203</b>	<b>1</b>	<b>4,620</b>	<b>5,227</b>
Helwan cement company( white )	63	68	90	99	153	167

### **SCGC Production**

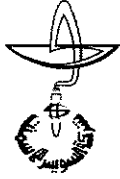
Egypt grey produced 26.5 million tons of cement during the period ended June 2012, comparing with 24.3 million ton in YTD June 2011. The following comparative table shows the level of cement production of the Suez Cement group companies for the first half of 2012 compared with the first half of 2011.



**Cement & Clinker Production During First Half of 2012**

(Thousand Tons)

Description	Grey Cement		Clinker	
	2012	2011	2012	2011
Suez Cement Company	1,705	1,970	1,550	1,576
Tourah cement Company	1,542	1,722	1,334	1,328
Helwan cement company( gray )	1,347	1,515	1,424	1,344
<b>Total Gray</b>	<b>4,594</b>	<b>5,207</b>	<b>4,308</b>	<b>4,248</b>
Helwan cement company(white )	152	169	130	145



## **FINANCIAL POSITION AND BUSINESS RESULTS ON 30/06/2012**

### **First: The Financial Position on 30/06/2012**

The total net amount of the balance sheet items at the end of June 2012 reached LE 9393 Million compared to LE 9661 Million in the previous year 2011. The following table shows the progress of the financial position of the Group compared with the previous year.

M EGP

<u>Description</u>	<u>30/06/2012</u>	<u>31/12/2011</u>
Net assets	9393	9661
Net fixed assets and under construction projects	3942	3931
Issued capital	909	909
Total equity	7022	7136
Non- controlling interest	644	635
Total provisions	736	755

### **Second: Business Results of the Group during the period ended June 2012**

The Group realized a gross profit of 526 M EGP compared with 30 June 2011 to 750 M EGP.

M EGP

<u>Description</u>	<u>2012</u>	<u>2011</u>
Sales (activity revenues)	2401	2756
Current Gross Profit	526	750
Operating Income	423	655
Net Profit After Non-Controlling Interest	266	412



### Third: Reserves

The total reserves at end of 30 June 2012 amounted to 2663.5 M EGP, distributed as follows:

- 454,6 M EGP (legal reserve)
- 2199,8 M EGP (general reserve)
- 9,1 M EGP (capital reserve)

### Fourth: Provisions

Total provisions amounted to LE 736 million in 30 June 2012, as follows:

		<u>MEGP</u>
	30/6/2012	31/12/2011
taxes disputes	155	179
Site restauration	43	47
Judicaël disputes	63	67
training subsidies fund	128	123
Earl retirement	7	9
Gas claims for Tourah Plant	51	51
Water Company Claims	=	=
Sub Total	<u>447</u>	<u>476</u>
Plus: provisions deducted directly from the related assets		
Inventories provision	213	<u>206</u>
Doubtful débats	<u>76</u>	<u>73</u>
Sub Total	<u>289</u>	<u>279</u>
Total Provisions	<u>736</u>	<u>755</u>