

SUEZ CEMENT GROUP (SCGC)

BOARD OF DIRECTORS' REPORT

ON THE BUSINESS RESULTS AS AT

31st December 2012

The Board of Directors is pleased to present to the Shareholders the Annual Report for financial year ended 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 year 2012.

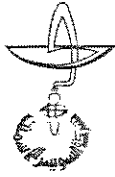
Cement Sales During year 2012

(Million Tons)

Description	Domestic cement sales		Export cement sales		Total	
	2012	2011	2012	2011	2012	2011
Suez Cement Company	3.399	3.896	0.001	0.002	3.400	3.898
Tourah cement Company	2.622	3.077	0.015	0.004	2.637	3.081
Helwan cement company(gray)	2.408	2.843	0.300	0.019	2.708	2.862
Total Gray	8.429	9.816	0.316	0.025	8.745	9.841
Helwan cement company(wait)	0.114	0.123	0.208	0.191	0.322	0.314

SCGC Production

Egypt grey produced 52.8 million tons of cement during year 2012, comparing with 48.9 million ton year 2011 , The following comparative table shows the level of cement production of the Suez Cement group companies for year 2012 compared with the year 2011.

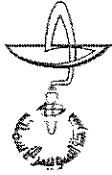


Cement & Clinker Production During year 2012

(Million Tons)

Description	Gray Cement		Clinker	
	2012	2011	2012	2011
Suez Cement Company	3.321	3.908	2.906	3.508
Tourah cement Company	2.539	3.069	2.318	2.521
Helwan cement company(gray)	2.648	2.851	2.919	2.609
Total Gray	8.508	9.828	8.143	8.638
Helwan cement company(wait)	0.313	0.317	0.241	0.286

During the year ended 31 December 2012, some substantial events took place in Egypt that impacted the economic environment which in turn could expose the Companies to various risks including sustainability of revenues, growth of business, fluctuations in foreign currencies exchange rates and valuation / impairment of assets.



FINANCIAL POSITION OF SUEZ CEMENT GROUP

AND BUSINESS RESULTS ON 31/12/2012

First: The Financial Position on 31/12/2012

The total net amount of the balance sheet items at the end of 2012 reached LE 9685 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

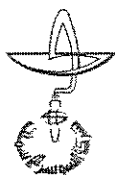
<u>Description</u>	<u>31/12/2012</u>	<u>31/12/2011</u>
Net assets	9685	9661
Net fixed assets and under construction projects	3954	3931
Issued capital	909	909
Total equity	7084	7136
Non- controlling interest	673	635
Total provisions	776	755

Second: Business Results of the Group during 2012

The Group realized a gross profit of 858 M EGP compared with year 2011 to 1087 M EGP.

M EGP

<u>Description</u>	<u>2012</u>	<u>2011</u>
Sales (activity revenues)	4597	4820
Current Gross Profit	858	1087
Operating Income	756	875
Net Profit After Non-Controlling Interest	524	569



Third: Reserves

The total reserves at end of 31 December 2012 amounted to 2665.3 M EGP, distributed as follows:

- 454,6 M EGP (legal reserve)
- 2199,8 M EGP (general reserve)
- 10,9 M EGP (capital reserve)

Fourth: Provisions

Total provisions amounted to LE 776 million in 2012, as follows:

	<u>MEGP</u>
taxes disputes	174
Site restauration	49.5
Judicaël disputes	66.8
training subsidies fund	131.5
Earl retirement	9.7
Gas claims for Tourah Plant	<u>51</u>
Sub Total	<u>482.5</u>
Plus: provisions deducted directly from the related assets	
<i>Inventories provision</i>	211.5
<i>Doubtful débets</i>	<u>82</u>
Sub Total	<u>293.5</u>
Total Provisions	<u>776</u>