

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

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

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

**30<sup>st</sup> June 2015**

The Board of Directors is pleased to present to the Board Members the quarterly Report for financial period ended 30 June 2015.

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 2015.

#### **Basic Data:**

- Suez Cement Company established as a joint stock company, governed by the investment law no.43 for year 1974 and its executive rules. The company's authorized capital amounted to MEGP 3,600 while the paid up and issued capital amounted to EGP 909,282,535 fully paid, The company producing all kinds cement and any other products related to cement industry as well as any other building material and construction supplies.
- Listing has been made on the commercial register under no.181134 – Cairo – dated 6/3/1977.
- Share par value EGP 5 which has been listed on the Egyptian Stock Exchange dated 8/2/1995.

#### **Investor Relations:**

- Investor Relations officer: Mr. Mohamed Ibrahim Mohamed Ibrahim – Finance Manager.

#### **External Auditors:**

- Allied for Accounting & Auditing (E &Y) – Mr. Nabil A. Istanbuli (RAA.5947 – EFSAR.71) and Mr. Emad H. Ragheb (RAA.3678 – EFSAR.42). Appointed on 31<sup>st</sup> March, 2015.

### About Company's Shareholding structure:

- 5% or more shareholders as at 30-6-2015.

Name	No. of Shares	%
MENAF SAS	47,373,830	26.05%
Ciments Francies	22,485,545	12.36%
CIMENTS DU MAROC CIMAR	21,210,577	11.66%
Abd Elmenam Rashed Abd Elrahman	14,392,167	7.91%
GAZELLE	13,842,701	7.61%
TERCIM S A S	9,100,000	5.00%

### Last formation of the Board of Directors:

Name	Position	Representing	status
Omar A. Mohanna	Chairman	Ciments Francies	Non - Executive
Augustino Nuzzolo	Board Member	Ciments Francies	Non - Executive
Bruno Carre	Managing Director	CIMENTS DU MAROC CIMAR	Executive
Mohamed Chaibi	Board Member	CIMENTS DU MAROC CIMAR	Non - Executive
Andrea Dentoni	Board Member	TERCIM S A S	Non - Executive
Giovanni Ferrario	Board Member	MENAF SAS	Non - Executive
Ali Ihsan Kucukoglu	Board Member	MENAF SAS	Executive
Khaled Abu Bakr	Board Member	MENAF SAS	Non - Executive
Raed I. Al Mudaiheem	Board Member	Elmohedeb Alliance.	Non - Executive
Mohamed I. Khan	Board Member	Abd Elmenam Rashed Abd Elrahman	Non - Executive
Alaa Mohamed Ahmed	Board Member	Public Sector	Non - Executive

### Board of Directors Meetings:

- (3) BOD Meetings were held during the year 2015.

### Last Formation of the Audit Committee:

Name	Position	Representing
Omar A. Mohanna	Chairman - President	Suez Cement Co.
Khalid Abo Bakr	Board Member - Member	MENAF SAS
Alaa Mohamed Ahmed	Board Member - Member	Public Sector

### **Audit committee tasks:**

- Examine the company's financial statements in the light of the prevailing accounting standards, studying and discussing the auditor's report before submitting to the Board of Directors.
- Examine and review the periodic administrative reports submitted to the different administrative levels, how this reports are developed, and the times they are presented.
- Examine and review the internal audit existing mechanisms, and its instruments, procedures, plans and results.
- Examine and review the company's internal control procedures. Methods and rules of assets control and its compliance assurance. Examine and evaluate the administrative procedures in that regard.

### **Audit committee meetings:**

- (3) Audit committee meetings were held during 2015, all reports of the committee had been submitted to the BOD with no substantial observations.

### **Cement Sales During First half 2015**

(Thousand Tons)

Description	Domestic cement sales		Export cement sales		Total	
	2015	2014	2015	2014	2015	2014
Suez Cement Company	1,806	1,713	-	-	1,806	1,713
Tourah cement Company	654	817	-	-	654	817
Helwan cement company( gray )	1,478	1,516	11	177	1,489	1,693
<b>Total Gray</b>	<b>3,938</b>	<b>4,046</b>	<b>11</b>	<b>177</b>	<b>3,949</b>	<b>4,223</b>
Helwan cement company( wait )	58	56	31	63	89	119

### **SCGC Production**

Egypt grey produced 27 million tons of cement during the period ended June 2015, comparing with 26 million ton in YTD June 2014. The following comparative table Shows the level of cement production of the Suez Cement group companies for the first half 2015 compared with the first half 2014.

## Cement & Clinker Production During First Half 2015

(Thousand Tons)

Description	Gray Cement		Clinker	
	2015	2014	2015	2014
Suez Cement Company	1,793	1,735	1,662	1,218
Tourah cement Company	651	820	483	499
Helwan cement company( gray )	1,485	1,670	1,416	1,258
<b>Total Gray</b>	<b>3,929</b>	<b>4,225</b>	<b>3,561</b>	<b>2,975</b>
Helwan cement company( whait )	89	122	144	146

## FINANCIAL POSITION AND BUSINESS RESULTS ON 30/06/2015

### First: The Financial Position on 30/06/2015

The total net amount of the balance sheet items at the end of June 2015 reached LE 10,522 Million compared to LE 10,726 Million in the previous year 2014. The following table shows the progress of the financial position of the Group compared with the previous year.

M EGP

Description	<u>30/06/2015</u>	<u>31/12/2014</u>
Net assets	<b>10,522</b>	<b>10,726</b>
Net fixed assets and under construction projects	<b>4334</b>	<b>4453</b>
Issued capital	<b>909</b>	<b>909</b>
Total equity	<b>6759</b>	<b>7190</b>
Non- controlling interest	<b>670</b>	<b>676</b>
Total provisions	<b>726,4</b>	<b>754</b>

## **Second: Business Results of the Group during the period ended June 2015**

The Group realized a gross profit of 353 M EGP compared with 30 June 2015 to 684 M EGP.

M EGP

<u>Description</u>	<u>Jan.-June 2015</u>	<u>Jan.-June 2014</u>
Sales (activity revenues)	<b>2866</b>	<b>3171</b>
Current Gross Profit	<b>353</b>	<b>684</b>
Operating Income	<b>162</b>	<b>491</b>
Net Profit After Non-Controlling Interest	<b>119</b>	<b>312</b>

## **Third: Reserves**

The total reserves at end of 30 June 2015 amounted to 2668,8 M EGP, distributed as follows:

- 454,6 M EGP (legal reserve)
- 2199,8 M EGP (general reserve)
- 14,4 M EGP (capital reserve)

#### **Fourth: Provisions**

Total provisions amounted to LE 726.4 million in 30 June 2015 as follows:

	<u>MEGP</u>
taxes disputes	226,8
Site restauration	46,1
Judicaël disputes	34,4
training subsidies fund	88,2
Gas claims for Tourah Plant	51,0
Other Claim	<u>1,4</u>
Sub Total	<u>447,9</u>
Plus: provisions deducted directly from the related assets	
<i>Inventories provision</i>	174,5
<i>Doubtful débets</i>	<u>104,0</u>
Sub Total	<u>278,5</u>
Total Provisions	726,4
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