

SUEZ CEMENT GROUP (SCGC)

BOARD OF DIRECTORS' REPORT

ON THE BUSINESS RESULTS AS AT

30st SEPTEMBER 2015

The Board of Directors is pleased to present to the Board Members the quarterly Report for financial period ended 30 Sep. 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 Sep. 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 31st March, 2015.

About Company's Shareholding structure:

- 5% or more shareholders as at 30-9-2015.

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 Dentone	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
Abdel Hakim Kassem	Board Member	Public Sector	Non - Executive
Dina Khayyat	Board Member	Independent	Non - Executive
Mounir Soliman	Board Member	Independent	Non - Executive

Board of Directors Meetings:

- (4) 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:

- (4) 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 Jan. – Sep. 2015

(Thousand Tons)

Description	Domestic cement sales		Export cement sales		Total	
	2015	2014	2015	2014	2015	2014
Suez Cement Company	2,701	2,567	6	-	2,707	2,567
Tourah cement Company	1,006	1,203	-	-	1,006	1,203
Helwan cement company(gray)	1,979	2,189	36	180	2,015	2,369
Total Gray	5,686	5,959	42	180	5,728	6,139
Helwan cement company(wait)	86	84	41	99	127	183

SCGC Production

Egypt grey produced 38.8 million tons of cement during the period ended Sep. 2015, comparing with 38.2 million ton in YTD Sep. 2014. The following comparative table Shows the level of cement production of the Suez Cement group companies for the period ended 30 Sep. 2015.

Cement & Clinker Production During the period ended 30 Sep. 2015

(Thousand Tons)

Description	Gray Cement		Clinker	
	2015	2014	2015	2014
Suez Cement Company	2,685	2,587	2,444	1,596
Tourah cement Company	1,006	1,206	902	690
Helwan cement company(gray)	2,006	2,344	1,836	1,893
Total Gray	5,697	6,137	5,182	4,179
Helwan cement company(white)	125	180	207	183

FINANCIAL POSITION AND BUSINESS RESULTS ON 30/09/2015

First: The Financial Position on 30/09/2015

The total net amount of the balance sheet items at the end of Sep. 2015 reached LE 10229 Million compared to LE 10726 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

<u>Description</u>	<u>30/09/2015</u>	<u>31/12/2014</u>
Net assets	10229	10726
Net fixed assets and under construction projects	4284	4453
Issued capital	909	909
Total equity	6718	7190
Non- controlling interest	663	676
Total provisions	743.4	754

Second: Business Results of the Group during the period ended Sep. 2015

The Group realized a gross profit of 373 M EGP compared with 30 Sep. 2014 to 833 M EGP.

M EGP

<u>Description</u>	<u>Jan – Sep 2015</u>	<u>Jan – Sep 2014</u>
Sales (activity revenues)	4043	4613
Current Gross Profit	373	833
Operating Income	56	544
Net Profit After Non-Controlling Interest	69	364

Third: Reserves

The total reserves at end of 30 Sep. 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 million in 30 Sep. 2015 as follows:743.4

	<u>MEGP</u>
taxes disputes	243,8
Site restauration	46.1
Judicaël disputes	34.6
training subsidies fund	87.5
Gas claims for Tourah Plant	51,0
Other Claim	<u>1,4</u>
Sub Total	<u>464,4</u>
Plus: provisions deducted directly from the related assets	
<i>Inventories provision</i>	171.5
<i>Doubtful débets</i>	<u>107,5</u>
Sub Total	<u>279,0</u>
Total Provisions	743.4
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