ASEC CEMENT COMPANY

Q3 – 2009

Message to Shareholders

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Dear Shareholders,

The third quarter of the year has been characterized by a number of significant developments in our Group of companies. Apart from the evident progress on the industrial front in Sudan & Algeria, we were successful in securing additional funds for the completion of the two projects. Most importantly, we have been able to conclude a medium term facility for 50 million dollars in Sudan and sign a major agreement for equity funding of 53 million dollars in Djelfa with the Hayel Saeed Group, one of the biggest industrial conglomerates in the whole MENA region. Other accomplishments on the permits and authorizations front were also evident both in Algeria and Egypt projects.

To demonstrate our achievements for the past few months, let us first begin with Takamol, our Greenfield plant in Sudan. The situation has improved to a great extent for the last three months; civil works are now almost at the end with the exclusion of the administration building, internal roads and some finishing. Water pipelines are now connecting our plant to the Nile and tests are underway. Roads connecting plant site to transportation network are now under construction and we expect to have them completed before year end. ASCOM, which has already been assigned the role of the quarries manager, has definitely recovered initial delays. Finally for the power plant, two of the five generator sets are already on site, while the remaining three are in Port Sudan ready to be delivered; the whole off-shore part is done. However, for the on-shore scope, we are trying to speed up works in order to recover some delays occurred during the first phase. Overall, we expect to be able to start production of clinker by the end of the year with cement production following a few months later. Additionally, the organization structure of the plant has been approved and we are now entering into the recruitment phase. Two significant accomplishments are the agreement with ASEC Engineering for the technical management of the cement plant, and the agreement with Global Energy for the technical management of the power plant. It is also worth noting that Global will invest 18 million dollars of equity into the captive power plant of Takamol becoming the first shareholder.

In Djelfa, our Greenfield plant in Algeria, civil works are in full swing with 55% completion by the end of September. As announced previously, we have altered the original concept of the project with priority given to the construction of the first line only, and the second line shifted in time by 14 – 18 months beyond the operation of the first one. Steel fabrication is also progressing steadily and a new contract with ARESCO has just been signed. FLS is also continuing with the fabrication of the equipment. In view of the current boost in demand for cement in Algeria, market conditions continue to show a situation of strong deficit in cement supply, a situation that will be advantageous to our project. Another important development is the concession of the environmental permit after a long process which lasted for more than one year. Having obtained the environmental permit, we shall now work on the construction permit which we hope to be able to obtain before the end of the year. This one will be the final and remaining document we are still missing in order to complete the necessary authorizations of the project.

Aside from Djelfa, major changes also took effect in Zahana, our operating company in Algeria. These included the installation of new pipes already in place to improve on cement losses. In addition, new electrical tunnel and new electrical substation have now been built, with internal asphalted roads under construction, and a number of buildings being refurbished. On the production side, we have been able to improve cement volumes over the previous year by about 11 per cent at the end of September with sales increasing by 12 per cent. We are now working very hard for the next overhaul which has been moved from the end of 2009 to the beginning of 2010 in order not to lose production in the final months of the year. A special emphasis has been laid on the production and sale of SRC cement, a higher-margin product than the ordinary OPC cement to improve cash flows. Finally, all procedures to launch the construction of the new line of 4,500 tpd of clinker have begun and we expect to be ready to operate it 36 months from now. We realize that this is an ambitious target given the difficulties of the rules and regulations of the public sector plants in Algeria, however, with these two new investments, the upgrading (new line) and the revamping (existing lines), we will be able to transform Zahana into one of the most important cement plants in Algeria.

Concerning Egypt, Misr Qena, a company which we participate in with 28 per cent of its shares, is still showing an outstanding performance both in terms of sales and profits, which can be attributed in large to the very strong growth in demand and the efficient management of the plant, commissioned in 2002. Net profits in the first six months of the year grew by 25 per cent over 2008 notwithstanding the fact that exports have been banned by the Egyptian Government. Expectations for the full 2009 are also very favorable as it can also be seen by the increase in the value of the shares which moved from 80 EGP to more than 90. As announced in our previous report, we are now entering into the ready mix business together with Misr Qena through the incorporation of ASEC Ready Mix, with 55 per cent represented by ASEC, and the remaining 45 per cent by Misr Qena. A part from its estimated economic value, this initiative should further strengthen the relationship between our two companies.

Always in Egypt, we are now advancing with the Minya project. After more than one year we have been able to obtain the environmental approval from the competent Ministry; we are now at the end of the permitting phase. With these important milestones achieved, we have now moved to the financing of the project. Minya will be a plant with a capacity of 4,500 ton per day of clinker with a total investment cost (including license, capitalized expenses and interests) of a little more than 320 million dollars. We expect to fund the project with a debt to equity ratio of 60 to 40. Equity investors and banks have expressed interest in participating in the project and we hope to be able to launch it by the first quarter of 2010.

On the funding side, as briefly mentioned at the beginning, relevant progresses have been made. Last July we signed a syndicated loan for 50 million dollars in equivalent Sudanese pounds with a group of local banks. The syndication was led by the Sudanese Egyptian Bank and it was the first in the country. Now we are finalizing the documents and the procedures in order to proceed with Sharia-complaint financing, the only possible solution in Sudan.

At the same time the agreement with Global will result in an additional 18 million dollars for the completion of the captive power plant. With both transactions we have secured the necessary funding for completion of Al Takamol project. In Djelfa, the agreement with Hayel Saeed Group for 53 million dollars equity investment is indeed an important strategic development and we believe that this deal will only be the first one and new ones might follow. Regarding the debt funding, we are moving in parallel with local banks and with International Institutions (IFC and African Development Bank) and we hope that everything will be in place by the beginning of 2010.

Giorgio Bodo

Chief Executive Officer