ASEC CEMENT COMPANY

Q1 – 2010

Message to Shareholders

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Dear Shareholders,

We have continued with our unremitting endeavors during the first quarter of the year in order to realize our medium term goals. Indeed, the notable performance of Takamol works and Zahana operations does confirm the significant steps taken towards putting our business plan into action.

In Takamol, we are progressing significantly through the final testing and commissioning phase with almost all tests expected to be completed by mid June - except for major equipment requiring permanent power, and almost all civil works completed. For the power plant, supply from two out of five generators should become available by May, allowing for commissioning of remaining equipment of the cement plant, with the other three generators to be commissioned by the end of June. Fuel tanks in both cement & power plants are now filled, and on top of that we are building up strategic reserves at Port Sudan with around 29,000 tonnes. Access roads from the plant to the main roads are also completed. For the raw materials, works at the limestone quarries are going very well, while supplies of necessary additives, including gypsum and iron ore, are being delivered to the plant to insure sufficient piling for start-up. With all of this, we believe we will be able to start production of clinker in the next few weeks and cement by end of June.

In Zahana, we have been able to carry out the long awaited overhaul of the dry line which was indispensable in the revamping process that we are committed to in order to bring the dry line to its nominal production capacity over the coming years. It is worth noting that this overhaul of the dry line was originally planned to be carried out last year but was rather delayed due to lack of major parts. Unfortunately the ever more stringent regulations imposed by the Algerian Authorities had the effect of obliging public sector companies like Zahana to re-tender for imported equipment and parts, losing precious time. Yet, the rescheduled overhaul dry line that took place in Feb-Mar of this year was successful; four large kiln sections of 29 meters were replaced, and other significant interventions took place to improve the performance and reliability of the plant. What is more is that the overhaul was carried out with zero accidents and lasted for 42 days -compared to average 60 days in similar overhauls - which mark an absolute record for Zahana and for the cement industry in Algeria. Effectively, April results were very positive with an increase in clinker production of more than 40 per cent over the same month of last year. Other interventions are foreseen in the next few months in order to continue to improve the performance of the plant. On another front, we are at the end of the evaluation of different offers for the construction of a new line of 4,500 tpd of clinker and we hope to be able to sign and launch the process before the summer recess.

Misr Qena, our strategic participation with 28% stake, continues to reveal outstanding performance with an increase of sales in the first quarter of 2010 of 5% per cent over same period last year, and EBITDA margin remaining at 55%. The Egyptian cement market remains in very favorable conditions and prices are at an all time peak. Qena performance is also confirming its technical excellence and ability to control of costs. Given the positive results and the high cash generation of the company, dividends were already increased from 8.25 EGP per share to 10 EGP which implied around 15 million dollars in cash to ASEC Cement. The expectations for the whole 2010 still remain very favorable.

In the first quarter, we also advanced with our new company, Asec Ready Mix, a JV established with Misr Qena at 45 % stake and ASEC Cement with 55%, with the aim of becoming market leader in ready mix in the whole Upper Egypt region. As of now, we have finalized all the different legal procedures for the establishment of three batching plants and the first one located in Minya has entered into production at the beginning of May.

Always in Egypt, we progressed significantly in securing the funding for our Greenfield project of Minya (ANCC). We count to have the debt and equity in place by June and to be able to launch construction activities by July. At the same time, we are in the final negotiations stage with equipment supplier. Our objective is to be able to start operations on site by the third quarter of the year 2012. Once the new plant will be realized we will have a very strong position in Upper Egypt together with Qena and Asec Ready Mix.

In Djelfa, our Greenfield project in Algeria, civil works have now almost reached 90% of completion. Steel parts have now almost entirely been fabricated while FLS is completing their equipment fabrication. Market conditions continue to remain very favorable with a structural excess of demand over supply that will last for several years at least.

Finally, we are re-examining our project for another Greenfield in Kurdistan. In order to facilitate its launch we are considering the possibility of dividing the plant in two lines each of 2,500 tonnes, with the first line to be possibly launched in the second half of the year. Iraq continues to be a very favorable market with the absorption of large quantities of imports and important difficulties to expand production capacities.

Giorgio Bodo

Chief Executive Officer