



ASEC CEMENT COMPANY

Q4 – 2009

Message to Shareholders



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Dear Shareholders,

The year 2009 was a turning point for ASEC Cement. The many challenges that presented themselves during the course of the year were a true test of the validity of our business model and the strength of our management team. We were able to adapt and achieve remarkable results despite the financial crisis and political upheaval that impacted our investments. The company has been successful on multiple fronts including the advancement of our greenfield projects, the consolidation of our position in Misr Qena Cement and the improvement of our operations in Zahana.

Our two greenfield investments, Takamol and Djelfa, underwent marked improvements in 2009. We are very pleased to report that the construction process on Takamol, our greenfield plant in Sudan, is nearly complete and we are now approaching the production phase, which is expected to commence in 2Q 2010.

Indeed, Takamol should be viewed as an articulated industrial complex that not only includes a 1.6-million ton capacity cement plant, but also a 42-megawatt electrical power plant, a water intake and treatment facility, 15 kilometers of water pipelines and 15 km of roads on the west bank of the Nile. This cluster of state-of-the-art industrial facilities, which is strategically located within close proximity to limestone quarries, will give us a strong competitive advantage in a market that holds vast potential for cement.

Various measures have already been taken to prepare for the start of operations at Takamol, most importantly, the signing of three strategic contracts with ASEC Engineering, Nile Petroleum and Global Energy. We will capitalize on the expertise and capabilities of ASEC Engineering, the company that will assume the role of technical manager once the plant is up and running. To ensure a steady and reliable supply of power, a 20-year off-take agreement was finalized with Global Energy, a shareholder and manager of the power plant. Nile Petroleum, Sudan's largest oil company, will supply heavy fuel for both the cement and the power plants. We strongly believe that Takamol is well positioned to become the most technologically advanced cement plant in Sudan.

Djelfa, our second greenfield project located in central Algeria, is also advancing steadily with almost 80% of the civil works and the majority of the steel fabrication completed. Demand for cement in Algeria will continue to be robust in the years to come, making Djelfa an ideal place for investment. It's also worth noting that within the next few years the Algerian government plans to build a new town less than 100 km away from Djelfa, a move that will make our plant even more attractive. Djelfa is also significant in that it will be the last sizeable Algerian investment in which a foreign company is allowed to take a majority interest. In recent months, the Algerian government introduced new legislation that limits foreign ownership of Algerian assets to a maximum of 49%.

In Zahana, where we have a strategic 35% stake with management rights, numerous efforts have been made to improve the efficiency and working environment of the plant. New cement pipes, compressors and an electric tunnel are now in place. We have also devoted much attention to the infrastructure of the plant; internal roads have been paved, a new administration building has been completed and the remainder of the complex has been refurbished. Overall, the improvement has been quite significant although this has only partially translated into better economic performance (cement production rose by only 5 %). Procedural complications due to the fact that Zahana is still considered part of the public sector caused major delays in the arrival of important spare parts for the dry production line. As a result, the overhaul that was planned for Q4 2009 has been postponed to Q1 2010. Once the overhaul is complete, we anticipate that production will rise by 30 % for the dry kiln. On a separate front, we are also moving

ahead with the tender offer for a new 4,500 tons per day (tpd) line of clinker so that we may increase total installed capacity of the cement plant as per the signed management agreement with the Algerian government.

We have been able to increase our stake in Misr Qena to 27.55% of total shares, thus allowing ASEC Cement to become the single largest shareholder in the company. ASEC Cement was then able to obtain Board and Executive Committee representation and hence consolidate at equity this important participation. Misr Qena has continued its exceptional performance with increased output at just over 120% of installed capacity, retaining its position as one of the most profitable cement companies in Egypt.

We have also been able to strengthen our relationship with Misr Qena through a joint venture in a new ready mix business in Upper Egypt in which ASEC Cement holds a 55% stake and Misr Qena the remainder. We hope that this venture, which will launch during the first half of 2010, will open the door to further cooperation on significant projects in the future.

Our third greenfield project in Minya is in progress with a launch date scheduled during the third quarter of 2010. All necessary permits and authorizations have been obtained including the final environmental approval, which was delayed for reasons beyond the control of ASEC Cement. We are currently moving very quickly to complete the funding of the project. Once funding is complete we will proceed with the signing of the various contracts.

As far as Kurdistan and Syria are concerned, we will maintain the licenses that we have acquired and revisit opportunities in the two countries in 2011.

Giorgio Bodo

Chief Executive Officer