



ASEC CEMENT COMPANY

Q1 – 2009

Message to Shareholders



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Dear Shareholders,

Throughout the first quarter of 2009, we have been persistent to carry on with our diverse actions in order to realize our business plan. As it has been decided in our last Boards, the focus will be on developing the two Greenfield projects already launched (Takamol and Djelfa), improving and upgrading the Zahana plant and on getting stronger influence in the management of Qena.

Zahana is for the time being our only operating plant (about 700,000 tons of cement per year), being ideally located in close proximity to Oran (the second city for importance in Algeria) and to Europe. A new management team from ASEC Cement and ASEC Engineering is already at work. The revamping process to increase production to 1.1 million tons of cement has been launched while by September we expect to launch the extension project to increase capacity to 2.8 million tons. Relationships with the Algerian counterpart have become very strong and we are all working with the same objective. We believe that in the next few years Zahana will give an important contribution to our Group.

In Djelfa, our 3.0 million clinker Greenfield project, works are progressing very well. We have been able to finalize the capital increase of ASEC Algerie for an amount of USD 35.1 million and most of the contracts have been signed. The industrial part is moving very well. On the financial side we are in talks with several financial institutions and investors in order to cover the remaining equity needs. At the same time we are discussing with local banks for raising the debt.

In Takamol (Sudan), after several months of very good results on site, we had two months of negative performance which can in part be attributed to some days lost for very bad weather conditions (sand storms) but especially due to a tense relationship between our EPC contractor and the subcontractor for the civil works. These problems have now been overcome and we are all working very hard in order to complete the plant by the beginning of 2010. It is evident how much importance we attach to this project because Takamol will be our first new plant to go into operations. All other works not directly connected to the factory like the power plant, the water plant & pipeline, roads are all under way. We have also started our activities to staff the new company.

At the end of March, Misr Qena held its shareholders meeting and for the first time we have been elected to the Board and to the Executive Committee. Our intention is to establish a growing cooperation between the two companies. Qena had excellent results in 2008 with an EBITDA margin of 50 %, well above the average of its competitors in the country. Dividend pay-out has been increased from 5 EGP per share to 8.25 EGP per share. In total this implies that ASEC Cement will be able to cash in, net of taxes, about 12 million dollars. Perspectives for 2009 are still for a year of good results.

The remaining projects (Syria, Kurdistan and Minya) have been put on hold given the current international situation. By next year we hope to be in a position to launch a new project. Meanwhile we are also finalizing the geological analyses in Ethiopia as a precondition to get a license in that country.

Finally, in the last months new managers have joined ASEC Cement and the team is almost complete.

Overall, in the last quarter we have progressed towards the realization of our goals. However, the remaining part of 2009 will be crucial and we will do our best to push ahead as fast as possible with our program. All these activities should lead to tangible results next year.

Giorgio Bodo

Chief Executive Officer