# Second Quarter 2007 Results

**Alexandria, 6th August 2007 –** Lecico Egypt (Stock symbols: LECIq.L; LECI LI; LCSW.CA; LECI EY) announces its consolidated results for the second quarter of 2007.

## Highlights

### 2Q 2007

- Lecico revenue up 29% to LE 239.5 million (66.2% from sanitary ware)
- Sanitary ware revenue up 39% to LE 158.6 million, driven by 16% growth in volumes to 1.38 million pieces (66.6% exports)
- Tile revenue up 13% to LE 80.9 million, while volumes are up by 4% to 5.1 million square meters
- EBIT up 15% to LE 40.2 million, margin down 2 percentage pts to 16.8%
- Net profit up 41% to LE 27.5 million, margin up 1 percentage pt to 11.5%

### 1H 2007

- Lecico revenue up 37% to LE 471.0 million (67.4% from sanitary ware)
- Sanitary ware revenue up 52% to LE 317.4 million, driven by 26% growth in volumes to 2.76 million pieces (67.2% exports)
- Tile revenue up 14% to LE 153.7 million, driven by a 8% growth in volumes to 9.9 million square meters
- EBIT up 18% to LE 75.3 million, margin down 2.5 percentage pts to 16.0%
- Net profit up 39% to LE 50.9 million, margin up 0.1 percentage point to 10.8%

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “I am pleased to report that the turnaround that began in the second half of 2006 continues with Lecico recording record highs in sales and gross profits in the second quarter of 2007. We also show good year-on-year growth in profits across the P&L, despite tighter margins as a result of our continued investments in expanding our sales footprint, brand portfolio, production capacity and corporate depth.

“In addition to the excellent work of our various sales teams in helping generate record levels of customer demand, I also wish to recognize the excellent work of both our sanitary ware and tile factories in keeping costs down despite the significant increase in energy and input prices we have seen over the past 12 months.

“With the company again operating at full capacity, our most immediate challenge is to roll out our expansion projects as quickly as possible to rapidly meet the increasing demand for Lecico products in most of our markets. Over the medium term – once our capacity expansions are up and running – we remain focused on integrating Sarreguemines and tapping new markets in Europe and the Middle East.

“I am confident that most of our new capacities will come on-line over the rest of the year and this should allow us to continue delivering year-on-year top-line growth in the second half.”

Elie Baroudi, Lecico Egypt MD, added, “As our Chairman has mentioned, we continue to look forward to a good year with all indicators pointing towards continued strong demand for our products.

“Demand for our products in export markets was the main driver of top-line growth in the first half of this year, and is also expected to be the main driver for the second half. We are seeing strong demand in most of our major markets but particularly in outsourcing to Sanitec, sales in the UK and France and sales to the UK DIY market.

“We have also experienced a pick-up in sales in Egypt. We hope this will continue in the second half with the roll-out of new decorated products designed primarily for the domestic market and our continued investment in developing our distributors’ showrooms and product offerings.

“Our Lebanese operations continue to deliver quite strong results despite the prevailing political uncertainty. Our risks are somewhat limited by the high sales recorded in the first quarter and the likelihood that our operations will continue to benefit from the 12-month tile anti-dumping measures enacted in September 2006.

“Th sequential recovery in our margins is also heartening and – as mentioned by the Chairman – is largely attributable to volume and efficiency gains in both our tile and sanitary ware operations.

“However, there remains a strong risk of further energy price increases in the short-term and we are consequently continuing to focus on efficiency-led cost improvement in all our factories. Furthermore, the challenges of rolling out new capacity and investing in people and processes to better serve our customers are likely to have negative cost implications in the short term.

“We remain focused on our longer-term objectives: continue expanding into new markets, improving market share in existing markets, and focusing on optimizing quality and improving production efficiencies.”

## Lecico Revenue and Profitability

| Profit and loss statement highlights | | | | | | |
|---|---|---|---|---|---|---|
| | 2Q | | % | 1H | | % |
| (LE m) | 2007 | 2006 | 07/06 | 2007 | 2006 | 07/06 |
| Sanitary ware | 158.6 | 114.2 | 139% | 317.4 | 209.1 | 152% |
| Tiles | 80.9 | 71.5 | 113% | 153.7 | 134.5 | 114% |
| **Net sales** | **239.5** | **185.8** | **129%** | **471.0** | **343.5** | **137%** |
| Sanitary ware/net sales (%) | 66.2% | 61.5% | 4.7% | 67.4% | 60.9% | 6.5% |
| Cost of sales | (154.6) | (119.4) | 129% | (307.9) | (221.0) | 139% |
| Cost of sales/net sales (%) | (64.6%) | (64.3%) | 0.2% | (65.4%) | (64.3%) | 1.0% |
| **Gross profit** | **84.9** | **66.4** | **128%** | **163.2** | **122.5** | **133%** |
| Gross profit margin (%) | 35.4% | 35.7% | (0.3%) | 34.6% | 35.7% | (1.0%) |
| Distribution and administration (D&A) | (44.7) | (29.9) | 150% | (86.8) | (58.3) | 149% |
| D&A/net sales (%) | (18.7%) | (16.1%) | 2.6% | (18.4%) | (17.0%) | 1.4% |
| Net other operating income | 0.0 | (1.7) | - | (1.0) | (0.6) | - |
| Net other operating income/net sales (%) | 0.0% | (0.9%) | 0.9% | (0.2%) | (0.2%) | - |
| **EBIT** | **40.2** | **34.8** | **115%** | **75.3** | **63.7** | **118%** |
| EBIT margin (%) | 16.8% | 18.7% | (2.0%) | 16.0% | 18.5% | (2.5%) |
| **Net profit** | **27.5** | **19.5** | **141%** | **50.9** | **36.6** | **139%** |
| Net profit margin (%) | 11.5% | 10.5% | 1.0% | 10.8% | 10.7% | 0.1% |

### 2Q 2007: Revenue-led growth despite a squeeze on profit margins

Revenue grew 29% year-on-year in the second quarter to reach LE 239.5 million, driven by the impact of the consolidation of Sarreguemines, as well as increased activity in other export markets and Egypt. The sales mix is continuing to shift towards sanitary ware, which represented 66.2% of the quarter's revenues versus 61.5% during the same period of 2006.

This revenue growth in the second quarter has helped grow gross profit 28% to reach LE 84.9 million. Gross profit margin was down 0.3 percentage points year-on-year at 35.4% on the back of lower sanitary ware margins, primarily as a result of impact of higher energy costs and consolidating Sarreguemines. Excluding Sarreguemines, gross margin in Q2 was 36.7%, up 1 percentage point on the same period for 2006.

Proportional distribution and administration (D&A) expenses increased from 16.1% of net sales in the second quarter of 2006 to 18.7% in the first quarter of 2007. In absolute terms, D&A expenses increased by 50% to LE 44.7 million. The majority of this increase came from Sarreguemines consolidation as well as general distribution expenses, as Lecico has invested in penetrating new markets and better serving existing customers.

Sarreguemines is forecasted to continue to boost Lecico's top-line and average prices but at lower margins due to its higher cost base. At present, the business is in a recovery phase, working to regain its customer base after going into receivership last year, but it is expected to add value at the operating line in coming years.

Net other operating income was zero down from a LE 1.7 million loss in the same period last year largely as a result of LE 1.5 million in provisions booked in the second quarter of 2006.

EBIT grew by 15% year-on-year to reach LE 40.2 million for the second quarter of 2007, with the EBIT margin down 2.0 percentage points at 16.8%.

Net financing expenses were up 56.0% year-on-year during the second quarter of 2007 to reach LE 10.3 million. Interest income was flat year-on-year at LE 5.3 million in the second quarter and interest expenses were up by 32% year-on-year to LE 15.6 million on the back of rising debt to finance capital expenditure and working capital needs.

Lecico recorded a LE 1.1 million foreign exchange gain during this quarter compared to LE 0.2 million during the same period in 2006.

Lecico's tax charges for the quarter were LE 2.3 million versus LE 8.1 million for the same period last year. The income tax charge in the second quarter of 2006 was unusually high because – as previously reported – Lecico took advantage of a law allowing Egyptian companies to settle all tax-related court disputes at a portion of their face value. This settlement gave rise to an additional tax accrual of LE 6 million last year.

Net profit grew by 41% year-on-year to reach LE 27.5 million, with the net profit margin growing 1 percentage point to 11.5%, compared with 10.5% in the same period last year.

### 1H 2007: Strong recovery year-on-year despite margin pressure

Although at a reduced pace in relation to the first quarter, strong revenue growth continued in the second quarter resulting in a 37% year-on-year growth for the first half. A large part of this growth came from the consolidation of Sarreguemines; excluding this acquisition, revenue growth would have been up only 20% year-on-year.

Gross profits grew 33% to LE 163.2 million with gross margin for the first half falling 1 percentage point to 34.6%. Excluding Sarreguemines, gross margin was 35.4%, down 0.3 points.

Proportional D&A expenses were up 1.4 percentage points year-on-year to 18.4% of net sales. Net other operating income showed a loss of LE 1.0 million compared to a LE 0.6 million loss for the same period last year.

EBIT profits for the period grew 18% year-on-year to reach LE 75.3 million, with the EBIT margin falling 2.5 percentage points to 16.0%.

Net financing expenses were LE 17.9 million in the first half of 2007 compared to LE 13.3 million. Total foreign exchange gains for the first half reached LE 1.8 million compared to a loss of LE 0.1 million in the same period last year.

Net profit grew 39% year-on-year to reach LE 50.9 million, with margins for the period up 0.1% to 10.8%.

## Segmental analysis

### Sanitary ware

**2Q:** Sanitary ware sales volume increased by 16% or 189,000 pieces to 1.4 million pieces driven by continued growth in exports and good growth in Egypt. Sarreguemines contributed 90,000 pieces and LE 31.1 million to the export growth in the second quarter.

Sanitary ware revenues were up 39% year-on-year at LE 158.6 million. Exports represented 66.6% of volumes for the quarter up from 63.3% in the second quarter of 2006. Sales in Lebanon reduced year-on-year in the second quarter because of high demand in the first quarter of 2007 in advance of an announced price increase on the first of March.

Average sanitary ware prices rose 20% year-on-year to LE 114.7 per piece, largely on the back of the consolidation of Sarreguemines. Prices also benefited from exchange rate variances (estimated at around 4%) but this was somewhat diluted through a change in destination mix.

Average cost per piece was up 24% year-on-year at LE 72.8 per piece. Excluding Sarreguemines, average cost per piece in the first quarter would have been up only 2% year-on-year despite the effects of significant energy price increases enacted in Egypt in July of 2006 and its consequent general price inflation. Production efficiencies have helped to mitigate these increases.

Sanitary ware gross profit margin fell by 2.1 percentage points year-on-year in the second quarter of 2007 to reach 36.5% and gross profits rose 31% to LE 57.9 million.

| **Sanitary ware segmental analysis** | | | | | | |
|---|---|---|---|---|---|---|
| | 2Q | | % | 1H | | % |
| (LE m) | 2007 | 2006 | 07/06 | 2007 | 2006 | 07/06 |
| Sanitary ware volumes (000 pcs) | | | | | | |
| Egypt (000 pcs) | 433 | 371 | 117% | 787 | 741 | 106% |
| Lebanon (000 pcs) | 29 | 68 | 42% | 119 | 118 | 101% |
| Export (000 pcs) | 921 | 756 | 122% | 1,858 | 1,331 | 140% |
| **Total sanitary ware volumes (000 pcs)** | **1,383** | **1,194** | **116%** | **2,765** | **2,189** | **126%** |
| Exports/total sales volume (%) | 66.6% | 63.3% | 3.4% | 67.2% | 60.8% | 6.4% |
| | | | | | | |
| **Sanitary ware revenue** | **158.6** | **114.2** | **139%** | **317.4** | **209.1** | **152%** |
| Average selling price (LE/pc) | 114.7 | 95.6 | 120% | 114.8 | 95.5 | 120% |
| Average cost per piece (LE/pc) | 72.8 | 58.7 | 124% | 73.2 | 58.7 | 125% |
| Sanitary ware cost of sales | (100.7) | (70.1) | 144% | (202.4) | (128.6) | 157% |
| Sanitary ware gross profit | 57.9 | 44.1 | 131% | 115.0 | 80.5 | 143% |
| Sanitary ware gross profit margin (%) | 36.5% | 38.6% | (2.1%) | 36.2% | 38.5% | (2.3%) |

**1H:** The year-to-date sanitary ware sales volume is the highest ever for a half year, primarily as a result of organic and acquisition-driven export sales growth.

Average sanitary ware prices are up 20% year-on-year to LE 114.8 per piece.

Average cost per piece was up 25% year-on-year at LE 73.2 per piece.

Sanitary ware gross profit margin fell by 2.3 percentage points year-on-year in the first half of 2007 to reach 36.2% but gross profits grew 43% to LE 115.0 million.

## Tiles

**2Q:** Tile sales volumes grew by 4% year-on-year in the second quarter, to reach a new record level for Lecico at 5,073 million square meters.

At the same time average net prices increased 8% year-on-year to reach LE 15.9 per square meter, due to an increased proportion of export sales as well as better average selling prices in Egypt arising out of product mix.

Despite realizing gains from in-house production of frit and higher volumes, average cost per square meter increased 5% largely because of changing product mix and the inflationary impact of the energy price increases the government enacted in July 2006.

Nevertheless, gross profits for the quarter were up 21% year-on-year at LE 27 million and the segment's gross margin increased 2.2 percentage points to reach 33.4%.

| **Tile segmental analysis** | | | | | | |
|---|---|---|---|---|---|---|
| | 2Q | | % | 1H | | % |
| (LE m) | 2007 | 2006 | 07/06 | 2007 | 2006 | 07/06 |
| Tile volumes (000 sqm) | | | | | | |
| Egypt (000 sqm) | 3,345 | 3,551 | 94% | 6,809 | 6,813 | 100% |
| Lebanon (000 sqm) | 309 | 257 | 120% | 671 | 403 | 166% |
| Export (000 sqm) | 1,419 | 1,060 | 134% | 2,441 | 1,973 | 124% |
| **Total tile volumes (000 sqm)** | **5,073** | **4,868** | **104%** | **9,921** | **9,189** | **108%** |
| Exports/total sales volume (%) | 28.0% | 21.8% | 6.2% | 24.6% | 21.5% | 3.1% |
| | | | | | | |
| **Tile revenue** | **80.9** | **71.5** | **113%** | **153.7** | **134.5** | **114%** |
| Average selling price (LE/sqm) | 15.9 | 14.7 | 108% | 15.5 | 14.6 | 106% |
| Average cost per sqm (LE/sqm) | 10.6 | 10.1 | 105% | 10.6 | 10.1 | 106% |
| Tile cost of sales | (53.9) | (49.2) | 109% | (105.4) | (92.5) | 114% |
| Tile gross profit | 27.0 | 22.3 | 121% | 48.2 | 42.0 | 115% |
| Tile gross profit margin (%) | 33.4% | 31.2% | 2.2% | 31.4% | 31.2% | 0.1% |

**1H:** Tile sales volumes grew by 8% year-on-year in the first half of 2007 to reach 9,921 million square meters.

The growth in sales was generated primarily in Lecico's export markets and Lebanon continuing to benefit from the 12-month anti-dumping measures enacted in September

2006. Exports accounted for 24.6% of total sales volumes, compared with 21.5% in the same period last year.

Average tile prices improved 6% year-on-year to reach LE 15.5 per square meter.

The segment's gross profits rose 15% to reach LE 48.2 million in the first half of 2007 with margins up 0.1 percentage point to reach 31.4%.

## Financial position

The value of Lecico's assets have risen 8% since the beginning of the year to reach LE 1,637.1 million, driven primarily by continued investments in Lecico's expansion program and increases in receivables and inventories.

Total liabilities grew 11% to LE 932.5 million on the back of an LE 56.5 million increase in gross debt and LE 34.2 million increase in payables. Net debt to equity reached 0.61x as of 30 June, 2007.

## Recent developments and outlook

**Outlook for 2007:** Demand in most of Lecico's core markets looks likely to remain buoyant in the second half and opportunities in new markets and with new customers look promising. We continue to be aggressive in overseas markets and we are encouraged by the growth in our UK sales particularly to builders' merchants. In France sales are up sharply on last year and we are focused on improving levels of customer service and raising our brand image.

Given this demand strength, we expect the key drivers for performance in the second half to be how quickly we can benefit from the roll out of new capacity, develop new product ranges in sanitary ware and tiles and continue to improve efficiency and reduce costs.

However, as previously witnessed, performance is also dependent on several external and unpredictable factors, chief among them are energy prices in Egypt. The Egyptian government has signaled that they intend to continue raising energy prices, but the timing and magnitude of future increases remain unknown. In Lebanon, concerns over political stability remain an issue in light of ongoing political stalemate and the upcoming Presidential elections in October of this year.

Overall, results for the coming six months are going to be shaped by the quality challenge of satisfying demand from the new capacities as they go through a "settling in" period.

**Capacity expansion and capital investment:** Lecico started production at its new tile line in the first quarter of 2007, using its additional pressing and firing capacity to allow for essential maintenance on some older production lines. That essential maintenance has been expanded and consequently we now expect to see the full benefit of this additional capacity in the fourth quarter of the year only.

The new sanitary ware plant is now operating its first one million piece line at an annual capacity of around 600,000 pieces and that should ramp up to full capacity production in the fourth quarter. After that we will progressively grow to 2.0 million pieces per annum at that site and are targeting initial operation of the second line at the end of the first quarter of 2008. The roll out of these new capacities is a priority for Lecico.

Lecico's board has also approved the establishment of a new decorating plant – International Ceramics – in Borg El Arab. This project should cost around USD 1 million dollars as the roller kiln at the center of this plant will be imported from Sarreguemines and the land was acquired earlier by Lecico. The operation of this plant before the end of the first half of 2008 will allow International Ceramics to qualify for a 10-year tax exemption under grandfather clauses for the old tax law. We expect the plant to be operational by the end of the second quarter of next year and is expected to have a capacity to decorate approximately 400,000 pieces per annum, freeing up that firing capacity in the existing plants in Borg El Arab. Currently Lecico produces around 100,000 decorated pieces per annum.

## About Lecico

Lecico (Stock symbols: LECIq.L; LECI LI; LCSW.CA; LECI EY) is a leading producer of export-quality sanitary ware in the Middle East and one of the largest tile producers in Egypt and Lebanon, with over 45 years of experience in the industry and decades of experience as an exporter to developed markets.

Lecico benefits from significant cost advantages in labour, energy and investment costs resulting from its economies of scale and location in Egypt and Lebanon. Lecico's marketing strategy is to use its cost advantages to target the mass market with high quality pieces at competitive prices.

Lecico exports over half its sanitary ware production and has a significant presence in the United Kingdom and other European markets. Most of the Company's exports are done under the Lecico brand, although it also produces for other European brands. Lecico has a strategic relationship with Sanitec, a leading producer of sanitary ware in Europe, and benefits from this relationship through information sharing, extensive knowledge transfer programs and significant outsourcing contracts for Sanitec's brands.

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## Forward-looking statements

This release may contain certain "forward-looking statements", relating to the Company's business, which can be identified by the use of forward-looking terminology such as "will", "planned", "expectations", "forecast" or similar expressions, or by discussions of strategy, plans or intentions. Such statements may include descriptions of investments planned or currently under development by the company and the anticipated impact of these investments. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results that may be expressed or implied by such forward-looking statements.

## Lecico Egypt consolidated income statement

| Income statement | 2Q | | % | 1H | | % |
|---|---|---|---|---|---|---|
| (LE m) | 2007 | 2006 | 07/06 | 2007 | 2006 | 07/06 |
| **Net sales** | **239.5** | **185.8** | **129%** | **471.0** | **343.5** | **137%** |
| Cost of sales | (154.6) | (119.4) | 129% | (307.9) | (221.0) | 139% |
| **Gross profit** | **84.9** | **66.4** | **128%** | **163.2** | **122.5** | **133%** |
| Gross margin (%) | 35.4% | 35.7% | (0.3%) | 34.6% | 35.7% | (1.0%) |
| | | | | | | |
| Distribution expenses | (21.7) | (11.3) | 191% | (40.3) | (22.8) | 176% |
| Administrative expenses | (23.0) | (18.6) | 124% | (46.5) | (35.4) | 131% |
| Other Operating income | 1.9 | 0.3 | 679% | 2.3 | 1.6 | 139% |
| Other Operating expenses | (1.8) | (1.9) | 95% | (3.3) | (2.2) | 152% |
| **Operating profit (EBIT)** | **40.2** | **34.8** | **115%** | **75.3** | **63.7** | **118%** |
| Operating (EBIT) margin (%) | 16.8% | 18.7% | (2.0%) | 16.0% | 18.5% | (2.5%) |
| | | | | | | |
| Investment revenues | 1.1 | 1.0 | 109% | 1.1 | 1.1 | 95% |
| Interest revenues | 5.3 | 5.3 | 100% | 10.9 | 10.5 | 103% |
| Financing expenses | (15.6) | (11.9) | 132% | (28.8) | (23.8) | 121% |
| Foreign currencies exchange differences | 1.1 | 0.2 | 563% | 1.8 | (0.1) | - |
| **Profits before tax and minority (PBTM)** | **32.1** | **29.5** | **109%** | **60.2** | **51.4** | **117%** |
| PBTM margin (%) | 13.4% | 15.9% | (2.5%) | 12.8% | 15.0% | (2.2%) |
| | | | | | | |
| Income tax | (1.7) | (7.5) | 23% | (3.8) | (8.7) | 43% |
| Deferred tax | (0.6) | (0.6) | 102% | (0.9) | (2.4) | 38% |
| **Net Profit after tax (NPAT)** | **29.7** | **21.3** | **140%** | **55.6** | **40.3** | **138%** |
| NPAT margin (%) | 12.4% | 11.5% | 0.9% | 11.8% | 11.7% | 0.1% |
| | | | | | | |
| Employee profit participation | (2.2) | (1.8) | 122% | (4.4) | (3.6) | 122% |
| **Net profit before minority interest** | **27.5** | **19.5** | **141%** | **51.2** | **36.7** | **140%** |
| Minority interest | 0.0 | 0.0 | - | (0.3) | (0.0) | 1074% |
| **Net Profit** | **27.5** | **19.5** | **141%** | **50.9** | **36.6** | **139%** |
| Net profit margin (%) | 11.5% | 10.5% | 1.0% | 10.8% | 10.7% | 0.1% |

## Lecico Egypt consolidated balance sheet

| Balance Sheet<br>(LE m) | 30-Jun-07 | 31-Dec-06 | 6m 07/FY06 (%) |
|---|---|---|---|
| Cash and short-term investments | 278.1 | 263.8 | 105% |
| Inventory | 359.8 | 325.2 | 111% |
| Receivables | 255.5 | 225.2 | 113% |
| Related parties -debit balances | 56.2 | 40.9 | 137% |
| **Total current assets** | **949.6** | **855.1** | **111%** |
| Net fixed assets | 554.2 | 447.3 | 124% |
| Intangible assets | 17.3 | 17.1 | 101% |
| Prepaid long-term rent | 0.5 | 0.6 | 90% |
| Projects in progress | 110.4 | 196.8 | 56% |
| Available for sale investments | 4.3 | 4.3 | 100% |
| Long-term notes receivable | 0.8 | 1.2 | 65% |
| **Total non-current assets** | **687.5** | **667.3** | **103%** |
| **Total assets** | **1,637.1** | **1,522.4** | **108%** |
| Banks overdraft | 428.6 | 464.5 | 92% |
| Current portion of long-term liabilities | 75.1 | 56.4 | 133% |
| Trade and notes payable | 87.8 | 69.5 | 126% |
| Other current payable | 98.2 | 82.3 | 119% |
| Related parties -credit balances | 3.7 | 8.4 | 44% |
| Provisions | 12.5 | 11.4 | 110% |
| **Total current liabilities** | **706.0** | **692.6** | **102%** |
| Long-term loans | 199.9 | 126.2 | 158% |
| Other long-term liabilities | 8.9 | 10.2 | 87% |
| Provisions | 9.9 | 6.2 | 160% |
| Deferred tax | 7.8 | 6.9 | 113% |
| **Total non-current liabilities** | **226.4** | **149.4** | **152%** |
| **Total liabilities** | **932.5** | **842.1** | **111%** |
| **Minority interest** | **6.4** | **5.1** | **127%** |
| Issued capital | 95.0 | 100.0 | 95% |
| Treasury stock | (8.0) | (60.7) | 13% |
| Reserves | 314.6 | 368.8 | 85% |
| Retained earnings | 245.6 | 187.9 | 131% |
| Net profit for the year | 50.9 | 79.2 | 64% |
| **Total equity** | **698.2** | **675.3** | **103%** |
| **Total equity, minorities and liabilities** | **1,637.1** | **1,522.4** | **108%** |

## Lecico Egypt consolidated cash flow statement

| Cash flow statement (LE m) | 1 H 2007 | 1 H 2006 | % 07/06 |
|---|---|---|---|
| **Cash Flow from operating activities** | | | |
| Net profit for the period | 50.9 | 36.6 | 139% |
| Depreciation and translation adjustment | 26.6 | 19.6 | 136% |
| Intangible assets amortisation and translation adjustment | 0.1 | 0.0 | - |
| Income tax expense | 3.8 | 8.7 | 43% |
| Deferred income tax | 0.9 | 2.4 | 38% |
| Prepaid rent expense | 0.1 | 0.1 | 67% |
| Provided provisions and translation adjustment | 1.8 | 0.7 | 251% |
| Impairment of inventory | 0.1 | 1.5 | - |
| Employee share in net profit | 4.4 | 3.6 | 123% |
| Increase in minority interest | 1.4 | 0.2 | 689% |
| Increase (decrease) in translation reserve | 1.6 | 0.6 | 265% |
| Increase in Inventory | (34.7) | (27.1) | 128% |
| Increase in Receivables | (45.4) | (68.1) | 67% |
| Increase (decrease) in Payables | 28.5 | 25.7 | 111% |
| Utilised Provisions | (0.8) | (0.7) | 120% |
| Paid income tax | (2.3) | (1.7) | - |
| Payments for acquiring current investment | 8.3 | (32.7) | - |
| **Net cash from operating activities** | **45.2** | **(30.6)** | **-** |
| **Cash flow from investing activities** | | | |
| Additions to fixed assets and projects | (47.1) | (72.5) | 65% |
| Intangible assets | (0.2) | (0.2) | 117% |
| Proceeds from sales of fixed assets | 0.0 | 0.2 | - |
| Increase (decrease) in long-term notes receivable | 0.4 | (4.2) | - |
| **Net cash from investing activities** | **(46.8)** | **(76.7)** | **61%** |
| **Cash flow from financing activities** | | | |
| Increase (decrease) in long-term loans | 73.7 | 86.0 | 86% |
| Increase (decrease) in current portion of long term liabilities | 18.7 | 26.3 | 71% |
| Decrease in other long-term liabilities | (1.3) | (2.2) | 59% |
| Increase in treasury stock | (7.1) | (22.9) | 31% |
| Payments for employees' share in net profit | (4.9) | (3.5) | 140% |
| Dividends paid | (19.0) | (60.0) | 32% |
| **Net cash from financing activities** | **60.2** | **23.7** | **254%** |
| **Net change in cash & cash equivalent during the period** | **58.5** | **(83.6)** | **-** |
| Net cash and cash equivalent at beginning of the period | (437.5) | (157.1) | 279% |
| **Net cash and cash equivalent at the end of the period** | **(379.1)** | **(240.7)** | **157%** |