Full Year 2008 Results

Alexandria, 3 March 2009 – Lecico Egypt (Stock symbols: LECIq.L; LECI LI; LCSW.CA; LECI EY) announces its consolidated results for the Full year of 2008.

Highlights

FY 2008

- Lecico revenue up 9% to LE 1080.7 million (60.2% from sanitary ware)
- Sanitary ware revenue down 3% to LE 651.0 million, with volumes down 6% to 5.3 million pieces (57.8 % exports)
- Tile revenue up 34% to LE 429.6 million, with a 16% growth in volumes to 24.9 million square meters
- EBIT up 10% to LE 172.0 million, margin Flat at 15.9%
- Net profit up 2% to LE 108.8 million, margin down 0.7 percentage pts to 10.1%

4Q 2008

- Lecico revenue down 11 % to LE 233.5 million (53.7 % from sanitary ware)
- Sanitary ware revenue down by 30% to LE 125.5 million, with volumes down 26% to 1.1 million pieces (57.2 % exports)
- Tile revenue up 31% to LE 108.1 million, while volumes are down by 2 % to 5.9 million square meters
- EBIT down 16% to LE 34.7 million, margin down 1.0 percentage pts to at 14.8%
- Net profit down 47% to LE 15.1 million, margin down 4.3 percentage pts to 6.5%

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “Despite a poor fourth quarter, Lecico finishes 2008 with a solid profit for the year. As we have feared all along, the global crisis has continued to affect our sanitary ware business in Europe. However the growth in sales volume in Egypt in both product lines has helped to partially mitigate the effect.

“The downturn has been exacerbated by the sharp drop in Sterling and Euro in the fourth quarter. This has strongly impacted our export revenues and profitability. The company is focusing on improving efficiency and cutting spending to offset this.

"2009 will be a challenging year in all aspects; with markets slowing in Europe and the Middle East, however our fundamentals remain solid and I remain confident that Lecico will come through these extraordinary times relatively stronger and more competitive, providing our company with exciting opportunities to expand our OEM business and our export footprint.

Furthermore, we are seeing some positive moves by the Egyptian government to support the economy in general and specifically some industries including the ceramic industry by reducing energy prices in 2009 which will result in cost saving in both the tiles and sanitary ware segments.

"I am aware that our shareholders have seen further decline in Lecico's share price recently in line with Egyptian stock market's overall performance. We have taken this opportunity to purchase additional treasury shares which we intend to distribute to remaining shareholders thus increasing their relative ownership in the company at what I am convinced will prove attractive prices in due course."

Elie Baroudi, Lecico Egypt MD, added, "I am pleased to report a 9% year-on-year revenue growth, driven primarily by strong demand for tiles in local and regional markets. Sanitary ware also performed well in Egypt and other Middle Eastern markets but exports to Europe remained under pressure due to the economic slowdown in these markets and the anticipated reduced outsourcing by Sanitec.

"Gross profits for the year were up 10% and operating profits similarly rose 10% with overall margins held fairly constant around 2007 levels despite the higher costs of doing business, including higher energy prices, higher labor costs and other inflationary increases. The company was able to achieve this through improved efficiency and better sales mix.

"While our operating profit showed good growth in difficult conditions, the growth in net profits for the year was only 2%, as a result of lower foreign currency exchange gains in 2008 compared to the previous year. Excluding foreign exchange gains, net profits growth would have been 7.7% for the year.

While we expect 2009 will be a difficult year with weakening demand for sanitary ware in most markets and export revenues impacted by continued weakness in Sterling and Euro we remain confident that Lecico will continue to expand into new markets and aggressively gain market share in the year head, positioning itself to benefit from these challenging markets.

At the same time, management realizes that these are difficult times and we will be looking carefully at our overall cost structure with initiatives being taken to reduce costs that are not essential to the growth of the business."

Lecico Revenue and Profitability

Profit and loss statement highlights	4Q		%	FY		%
(LE m)	2008	2007	08/07	2008	2007	08/07
Sanitary ware	125.5	179.0	70%	651.0	667.9	97%
Tiles	108.1	82.3	131%	429.6	321.5	134%
Net sales	**233.5**	**261.3**	**89%**	**1080.7**	**989.5**	**109%**
Sanitary ware/net sales (%)	53.7%	68.5%	(14.8%)	60.2%	67.5%	(7.3%)
Cost of sales	(152.4)	(169.7)	90%	(701.1)	(643.1)	109%
Cost of sales/net sales (%)	(65.2%)	(64.9%)	0.3%	(64.9%)	(65.0%)	(0.1%)
Gross profit	**81.2**	**91.6**	**89%**	**379.5**	**346.3**	**110%**
Gross profit margin (%)	34.8%	35.1%	(0.3%)	35.1%	35.0%	0.1%
Distribution and administration (D&A)	(42.4)	(44.6)	95%	(195.9)	(180.3)	109%
D&A/net sales (%)	(18.2%)	(17.1%)	1.1%	(18.1%)	(18.2%)	(0.1%)
Net other operating income/ (expense)	(4.1)	(5.8)	71%	(11.6)	(9.2)	127%
Net other operating income/ (expense) net sales (%)	(1.8%)	(2.2%)	0.5%	(1.1%)	(0.9%)	(0.1%)
EBIT	**34.7**	**41.2**	**84%**	**172.0**	**156.9**	**110%**
EBIT margin (%)	14.8%	15.8%	(1.0%)	15.9%	15.9%	0.1%
Net profit	**15.1**	**28.3**	**53%**	**108.8**	**107.0**	**102%**
Net profit margin (%)	6.5%	10.8%	(4.3%)	10.1%	10.8%	(0.7%)

FY 2008: Revenue Growth driven by tile volumes and general price increases

Revenue grew 9% year-on-year for 2008. Sales growth was driven by a 34% increase in tiles revenue, attributed to strong demand and increased prices. Tiles revenues as a proportion of total sales increased in 2008 to 39.8% versus 32.5% in 2007. Sanitary ware revenue was down 3%, mainly due to the large drop in volumes outsourced by Sanitec, which was partially mitigated by growth in sales in Egypt and regional export markets.

Gross profits grew 10% to LE 379.5 million with gross margin for 2008 slightly higher by 0.1 percentage points to 35.1% with the drop in sanitary ware margins offset by improved margins on tiles.

Proportional D&A expenses were down by 0.1 percentage point year-on-year to 18.1% of net sales. Net other operating expenses were LE 11.6 million compared to LE 9.2 million for the same period last year.

EBIT for the period grew 10% year-on-year to reach LE 172.0 million, with the EBIT margin flat at 15.9%.

Net financing expenses were LE 39.0 million compared to LE 39.5 million for the same period last year. Total foreign exchange gains for the year is LE 5.7 million compared to a gain of LE 11.3 million in the same period last year.

Net profit grew 2% year-on-year to reach LE 108.8 million, profit margin down 0.7 percentage points to 10.1%.

4Q 2008: Sanitary ware exports hit by demand slump and exchange rate weakness

Revenue was down by 11% year-on-year in the fourth quarter, to reach LE 233.5 million. Sales declined primarily due to the weak performance of the sanitary ware segment with the drop in volumes outsourced by Sanitec compounded by a sharp slowdown in export markets and the impact of a weaker sterling and euro on average prices. The performance of the sanitary ware segment has been partially offset by tiles performance, with continued strong demand and the impact of increased tile prices.

Gross profit declined 11% to reach LE 81.2 million. Gross profit margin was down 0.3 percentage points year-on-year at 34.8%. This decline in gross profit margin was mainly attributed to a 4.7%.decrease in sanitary ware margins.

Proportional distribution and administration (D&A) expenses were up to 18.2% of net sales compared to 17.1% in quarter four 2007. However, in absolute terms, D&A expenses were down 5% to LE 42.4 million.

Net other operating expense was LE 4.1 million compared to LE 5.8 in the same period last year.

EBIT fell 16% year-on-year to reach LE 34.7 million for the quarter, with the EBIT margin falling 1.0% to 14.8%.

Net financing expenses were up 28% year-on-year during the fourth quarter to reach LE 14.1 million. Interest income was down 66% year-on-year and interest expense was down by 3% as a result of financial restructuring to mitigate foreign exchange risks.

Lecico recorded LE 2.2 million foreign exchange gain during this quarter compared to LE 4.6 million gains during the same period in 2007.

Lecico's tax charges for the quarter were LE 4.5 million versus LE 4.1 million for the same period last year.

Net profit was down by 47% to reach LE 15.1 million, with the net profit margin decreasing 4.3 percentage points to 6.5%, compared with 10.8% at the same period last year.

Segmental analysis

Sanitary ware

FY: Sanitary ware sales volumes were down 6% or 315,000 pieces to 5.3 million pieces. There was growth year-on-year in Middle East markets while sales volumes outsourced by Sanitec dropped significantly from 1.2 million pieces in 2007 to 0.63 million pieces in 2008.

The strongest growth came from Egypt, up 21% or 0.35 million pieces to reach 2.1 million pieces in 2008.

Revenues were down 3% year-on-year to reach LE 651.0 million. Exports represented 57.8% of volumes, down from the 64.8% for 2007.

Average sanitary ware prices rose 3% year-on-year to LE 122.7 per piece, with selective price increases being somewhat offset by geographic sales mix and the strengthening of the Egyptian pound against the Sterling and the Euro.

Average cost was up 7% year-on-year at LE 81.0 per piece, largely as a result of an overall cost inflation in Egypt, particularly energy and labor costs.

Sanitary ware gross profit margin down by 2.5 % percentage points year-on-year to reach 34% and gross profits down 9% to LE 221.5 million.

Sanitary ware segmental analysis						
	4Q		%	FY		%
(LE m)	2008	2007	08/07	2008	2007	08/07
Sanitary ware volumes (000 pcs)						
Egypt (000 pcs)	402	442	91%	2,063	1,711	121%
Lebanon (000 pcs)	50	101	50%	177	269	66%
Export (000 pcs)	604	881	69%	3,063	3,638	84%
Total sanitary ware volumes (000 pcs)	**1,056**	**1,424**	**74%**	**5,304**	**5,619**	**94%**
Exports/total sales volume (%)	57.2%	61.9%	(4.7%)	57.8%	64.8%	(7.0%)
Sanitary ware revenue	**125.5**	**179.0**	**70%**	**651.0**	**667.9**	**97%**
Average selling price (LE/pc)	118.8	125.7	94%	122.7	118.9	103%
Average cost per piece (LE/pc)	80.4	79.2	102%	81.0	75.5	107%
Sanitary ware cost of sales	(85.0)	(112.8)	75%	(429.5)	(424.2)	101%
Sanitary ware gross profit	40.5	66.2	61%	221.5	243.8	91%
Sanitary ware gross profit margin (%)	32.3%	37.0%	(4.7%)	34.0%	36.5%	(2.5%)

4Q: Sales volumes were down 26% year-on-year in the fourth quarter with a slight decrease in Egypt and Europe and a 67% decline in volumes sold to Sanitec..

Average sanitary ware prices were down 6% year-on-year in the fourth quarter to LE 118.8 per piece mainly due to the weakness of the Sterling and Euro against the Egyptian pound.

Average cost per piece rose 2% year-on-year at LE 80.4 per piece, largely as a result of an overall cost inflation in Egypt, particularly energy and labor costs.

Sanitary ware gross profit margin dropped 4.7 percentage points to reach 32.3% for the quarter, with gross profits down 39% at LE 40.5 million.

Sanitary ware export:

The Middle East market has shown good growth driven by exports to Libya, Jordan and Iraq however the drop in Sanitec volumes by 0.6 million pieces has reduced sanitary ware export volumes by 16% compared to 2007.

Sanitary ware exports by destination (000s pieces)	31-Dec-08	% of total	31-Dec-07	% of total	% 08/07
UK	1,052	34%	1,072	29%	98%
Sanitec	639	21%	1,244	34%	51%
France	556	18%	580	16%	96%
Ireland	62	2%	105	3%	58%
Europe	143	5%	127	4%	112%
Middle East	456	15%	330	9%	138%
Other	155	5%	180	5%	86%
Total exports	**3,063**	**100%**	**3,638**	**100%**	**84%**

Tiles

FY: Tile sales volumes grew by 16% year-on-year in 2008, to reach 24.9 million square meters, a record high for Lecico.

The growth in tile sales was supported by the expansion in production capacity coupled by a strong demand for tiles in both Egypt and Lebanon.

Average sales prices rose 15% year-on-year to reach LE 17.2 per square meter, reflecting price increases in most markets.

There was a 7% increase in average cost per square meter mainly due to higher energy and labor costs in Egypt.

Gross profit for the year was up 54% year-on-year at LE 158.0 million and the segment's gross margin increased 4.9 percentage points to reach 36.8%.

Tile segmental analysis	4Q		%	FY		%
(LE m)	2008	2007	08/07	2008	2007	08/07
Tile volumes (000 sqm)						
Egypt (000 sqm)	4,352	4,523	96%	17,713	15,073	118%
Lebanon (000 sqm)	514	217	237%	1,958	1,205	163%
Export (000 sqm)	1,079	1,340	81%	5,276	5,183	102%
Total tile volumes (000 sqm)	**5,946**	**6,080**	**98%**	**24,946**	**21,461**	**116%**
Exports/total sales volume (%)	18.2%	22.0%	(3.9%)	21.1%	24.2%	(3.0%)
Tile revenue	**108.1**	**82.3**	**131%**	**429.6**	**321.5**	**134%**
Average selling price (LE/sqm)	18.2	13.5	134%	17.2	15.0	115%
Average cost per sqm (LE/sqm)	11.3	9.3	121%	10.9	10.2	107%
Tile cost of sales	(67.4)	(56.8)	119%	(271.6)	(218.9)	124%
Tile gross profit	40.7	25.4	160%	158.0	102.7	154%
Tile gross profit margin (%)	37.6%	31.0%	6.6%	36.8%	31.9%	4.9%

4Q: Tile sales volumes fell 2% year-on-year in the fourth quarter of 2008 to reach 5.9 million square meters.

Growth in revenue was primarily due to increased prices. Exports accounted for 18.2 % of total sales volumes, compared with 22% in the same period last year

Average tile prices improved 34% year-on-year to reach LE 18.2 per square meter.

The segment's gross profit rose 60% to reach LE 40.7 million in the fourth quarter of 2008 with margins up 6.6 percentage points to reach 37.6%.

Financial position

The value of Lecico's assets decreased 2% year-on-year to reach LE 1,657.5 million, driven primarily by a decrease in cash and receivables used in the reduction of bank borrowings. This decrease was partially offset by an increase in inventory and fixed assets.

Total liabilities remained essentially unchanged at LE 929.7 million although certain balance sheet financial restructuring took place with a decrease in long terms bank loans offset by an increase in other long term liabilities for the buy back of treasury shares from Sanitec.

Overall, net debt to equity showed a slight decline to 0.56x.

Recent developments and outlook

Outlook for 2009: The year ahead is likely to be shaped by continuation of the global economic slowdown and the direction of the Egyptian Pound against the Dollar, Sterling and Euro. Lecico will be actively working to grow its market share, enter new markets and control costs to minimize the impact of the slowdown and position the company to take advantage of new opportunities arising from the changing environment. We are encouraged by preliminary signs.

Recent weakness in Sterling and Euro: The Egyptian pound strengthened by approximately 26% against the sterling and 12% against the euro over the last twelve months. This strengthening has led to a reduction in our average export prices to these markets (in Egyptian pound terms) and has negatively impacted the profitability of these exports despite a corresponding reduction in the cost of some imported raw materials and inputs.

Capacity expansion and capital investment: As part of its efforts to conserve cash and maintain its strong balance sheet and financial position the company has decided to put on hold over the next few months all major CAPEX plans except for committed projects. This decision will be reviewed again in light of market developments.

Dividend proposal, AGM

Lecico will hold its AGM at its sanitary ware plant in New Borg El Arab City, 3rd Industrial Zone, Alexandria, on Thursday, April 2nd, 2009 at 2:00 pm. Lecico extends its invitation to attend to all shareholders.

Lecico will be presenting a review of its annual financial performance as outlined in this document at the AGM. The Board of Directors' are proposing a 10% dividend issue from treasury stock that will increase the remaining shareholders' ownership of the company by the same factor.

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 labor, 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.

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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.

Press Release

Lecico Egypt consolidated income statement

Income statement	4Q		%	FY		%
(LE m)	2008	2007	08/07	2008	2007	08/07
Net sales	**233.5**	**261.3**	**89%**	**1080.7**	**989.5**	**109%**
Cost of sales	(152.4)	(169.7)	90%	(701.1)	(643.1)	109%
Gross profit	**81.2**	**91.6**	**89%**	**379.5**	**346.3**	**110%**
Gross margin (%)	34.8%	35.1%	(0.3%)	35.1%	35.0%	0.1%
Distribution expenses	(16.1)	(13.6)	118%	(85.5)	(75.8)	113%
Administrative expenses	(26.3)	(31.0)	85%	(110.4)	(104.4)	105%
Other Operating income	1.2	0.3	381%	4.3	3.1	139%
Other Operating expenses	(5.3)	(6.2)	87%	(15.9)	(12.3)	130%
Operating profit (EBIT)	**34.7**	**41.2**	**84%**	**172.0**	**156.9**	**110%**
Operating (EBIT) margin (%)	14.8%	15.8%	(1.0%)	15.9%	15.9%	(0.0%)
Investment revenues	(0.2)	0.0	(829%)	1.1	1.2	92%
Interest revenues	1.9	5.6	34%	14.6	21.7	67%
Financing expenses	(16.0)	(16.6)	97%	(53.6)	(61.2)	88%
Foreign currencies exchange differences	2.2	4.6	48%	5.7	11.3	50%
Profits before tax and minority (PBTM)	**22.6**	**34.9**	**65%**	**139.8**	**130.0**	**107%**
PBTM margin (%)	9.7%	13.3%	(3.6%)	12.9%	13.1%	(0.2%)
Income tax	0.1	(1.9)	(3%)	(13.5)	(7.9)	172%
Deferred tax	(4.6)	(2.2)	213%	(6.3)	(5.6)	112%
Net Profit after tax (NPAT)	**18.0**	**30.8**	**58%**	**119.9**	**116.5**	**103%**
NPAT margin (%)	7.7%	11.8%	(4.1%)	11.1%	11.8%	(0.8%)
Employee profit participation	(2.4)	(2.2)	109%	(9.6)	(8.8)	109%
Net profit before minority interest	**15.6**	**28.6**	**55%**	**110.3**	**107.7**	**102%**
Minority interest	(0.5)	(0.3)	150%	(1.5)	(0.7)	210%
Net Profit	**15.1**	**28.3**	**53%**	**108.8**	**107.0**	**102%**
Net profit margin (%)	6.5%	10.8%	(4.3%)	10.1%	10.8%	(0.7%)

Lecico Egypt consolidated balance sheet

Balance Sheet (LE m)	31-Dec-08	31-Dec-07	FY08/FY07 (%)
Cash and short-term investments	196.0	293.9	67%
Inventory	431.2	370.2	117%
Receivables	207.3	235.7	88%
Related parties -debit balances	28.3	57.1	50%
Total current assets	**862.8**	**956.9**	**90%**
Net fixed assets	698.6	585.1	119%
Intangible assets	17.6	17.3	101%
Prepaid long-term rent	2.4	2.8	87%
Projects in progress	71.4	130.1	55%
Available for sale investments	4.6	4.1	110%
Long-term notes receivable	0.2	0.3	50%
Total non-current assets	**794.7**	**739.7**	**107%**
Total assets	**1,657.5**	**1,696.6**	**98%**
Banks overdraft	419.5	412.5	102%
Current portion of long-term liabilities	80.4	99.0	81%
Trade and notes payable	68.6	85.0	81%
Other current payable	98.6	81.2	121%
Related parties -credit balances	5.9	4.3	138%
Provisions	17.3	19.9	87%
Total current liabilities	**690.2**	**701.9**	**98%**
Long-term loans	97.8	204.2	48%
Other long-term liabilities	113.2	11.5	984%
Provisions	9.6	8.5	112%
Deferred tax	18.9	12.6	150%
Total non-current liabilities	**239.5**	**236.8**	**101%**
Total liabilities	**929.7**	**938.7**	**99%**
Minority interest	**9.4**	**8.8**	**107%**
Issued capital	200.0	100.0	200%
Treasury stock	(112.2)	(8.0)	-
Reserves	330.9	310.5	107%
Retained earnings	190.9	239.6	80%
Net profit for the year	108.8	107.0	102%
Total equity	**718.4**	**749.1**	**96%**
Total equity, minorities and liabilities	**1,657.5**	**1,696.6**	**98%**

Lecico Egypt consolidated cash flow statement

Cash flow statement (LE m)	FY 2008	FY 2007	% 08/07
Cash Flow from operating activities			
Net profit for the period	108.8	107.0	102%
Depreciation and translation adjustment	70.0	56.1	125%
Intangible assets amortisation and translation adjustment	0.5	0.2	209%
Income tax expense	13.5	4.4	307%
Deferred income tax	6.3	5.6	113%
Prepaid rent expense	0.3	0.2	175%
Capital gains	(0.3)	(0.1)	299%
Provided provisions and translation adjustment	10.1	10.0	101%
Impairment of inventory	2.5	3.2	78%
Reversal of expired provision	(0.1)	0.0	0%
Employee share in net profit	9.6	8.8	109%
Increase in minority interest	0.6	3.7	16%
Increase (decrease) in translation reserve	13.0	(2.3)	(564%)
Increase in Inventory	(63.6)	(48.0)	132%
Increase in Receivables	56.0	(44.9)	(125%)
Increase (decrease) in Payables	(8.3)	22.9	(36%)
Utilised Provisions	(10.4)	(1.1)	949%
Paid income tax	(7.7)	(6.9)	112%
Increase (Decrease) in Other Long Term Liabilities	(2.5)	1.3	(193%)
Payments for acquiring current investment	122.5	(0.1)	(122468%)
Net cash from operating activities	**320.7**	**120.3**	**267%**
Cash flow from investing activities			
Additions to fixed assets and projects	(125.6)	(129.7)	97%
Intangible assets	(0.7)	(0.4)	186%
Net change in available for sale investments	(0.4)	0.1	(421%)
Proceeds from sales of fixed assets	1.1	0.2	575%
Increase (decrease) in long-term notes receivable	0.2	0.9	17%
Net cash from investing activities	**(125.5)**	**(128.9)**	**97%**
Cash flow from financing activities			
Increase (decrease) in long-term loans	(106.4)	78.1	(136%)
Increase (decrease) in current portion of long term liabilities	(18.7)	42.6	(44%)
Proceeds from sales of treasury stock	17.1	0.0	0%
(Increase) Decrease in treasury stock	(8.0)	(7.1)	112%
Difference result from discounting of other long term liabilities	10.3	0.0	0%
Payment related to cancel treasury stock	0.0	(0.4)	0%
Dividends to Treasury Stock	0.0	0.0	0%
Dividends paid	(72.1)	(22.4)	322%
Net cash from financing activities	**(177.7)**	**90.8**	(196%)
Net change in cash & cash equivalent during the period	**17.5**	**81.9**	**21%**
Net cash and cash equivalent at beginning of the period	(355.5)	(437.5)	81%
Net cash and cash equivalent at the end of the period	**(338.0)**	**(355.5)**	**95%**