



Third Quarter 2006 Results

Lecico announces 8% growth in revenues driven by sanitary ware exports. Despite war in Lebanon and higher energy prices in Egypt, net profit was flat at LE 24.7 million

Alexandria, 13 November 2006 – Lecico Egypt announced consolidated results for the third quarter of 2006. Revenue was up 8% year-on-year at LE 183.3 million driven by strong sanitary ware exports. Operating profit (EBIT) for the quarter was up 2% at LE 35.5 million (margin down 1.1 percentage points at 19.4%). This is the first EBIT growth in six quarters. The slight contraction in margins is largely attributed to war-related administrative expenses in Lebanon and higher energy prices in Egypt. Net profit was flat year-on-year at LE 24.7 million (net profit margin down 1.1 percentage points at 13.5%).

For the first nine months, Lecico reported revenue of LE 526.9 million, up 5% year-on-year. EBIT was down 13% to LE 99.8 million (margin was down 3.9 percentage points to 18.9%). Net profit was down 15% to LE 61.3 million (margin down 2.8 percentage points to 11.6%).

“The third quarter was good for Lecico. The war in Lebanon ended without any direct damage to Lecico or its staff and business has resumed. The efforts invested over the past months to increase sales of sanitary ware have begun to bear fruit and we have witnessed the highest growth rate in export volumes during that period. More usefully, our order book is growing and we are now witnessing rising interest by many of the major international groups in our OEM program” comments Gilbert Gargour, Lecico Egypt’s Chairman and CEO.

“We have also now completed the acquisition of the Sarreguemines business. This is a major development in terms of the opportunities that the acquisition allows: a better management of our European markets, branding possibilities in our main Middle Eastern markets and a substantial acceleration of our company’s presence in the lucrative and higher value market for fire clay products: kitchen sinks, large decorative pieces, shower trays...etc. This is a growing market and one that is not as competitive as that for the traditional vitreous china pieces.”

“An exciting period but not without the negative effects of poor results in Lebanon, higher energy prices and the day to day challenges that have the benefit of keeping all of us on our toes.”

Elie Baroudi, Lecico Egypt MD, added, “Despite the impact of the one-month closure of our Lebanese operation and the energy price increases in Egypt our performance in the third quarter proved to be resilient thanks to a strong pickup in sanitary ware exports. In Lebanon, while there are good signs of recovery, nevertheless, the political situation there is not yet entirely clear and we remain cautious in our outlook at the present time.”

The full statements for the period with analysis are available on Lecico’s website.

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.

For additional information, please contact:

Taher G. Gargour

Telephone: +203 518 0011

Fax: +203 518 0029

Mobile: +2012 104 1047

E-mail: tgargour@lecico.com.eg

Khaled E. Hamza

Telephone: +203 518 0011

Fax : +203 518 0029

Mobile : +2010 847 8118

E-mail : kelmahdy@lecico.com.eg

Visit our website at: www.lecicoegypt.com

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.