



## **Lecico increases stake in main subsidiary to 100%**

Lecico acquires 9.09% stake in its Borg El-Arab subsidiary from CIB, acquisition expected to significantly reduce minority interest expense

**Alexandria, 13 December, 2004** – Lecico Egypt S.A.E. (“Lecico”) announced today the completion of a transaction to buy 100,000 shares in its subsidiary, Lecico for Ceramic Industries S.A.E. (“LFC”), from Commercial International Bank (Egypt) S.A.E. (“CIB”). The shares represent 9.09% of LFC’s capital and increase Lecico’s stake to 100.0%.

LFC was established by Lecico in 1997 as a fully owned subsidiary controlling Lecico’s 2 million pieces per annum sanitary ware factory in Borg El Arab. LFC increased its capital by 100,000 shares in 2002 and sold those shares to CIB for EUR 5 million, under a risk capital arrangement entered into as part of the 1997 loan from the European Investment Bank (“EIB”). Under the terms of the loan, Lecico had an option to buy these shares for EUR 5 million, and the Company’s intention to do so was highlighted to the market during its recent global offering.

The acquisition of these shares should have a material impact on Lecico’s net profit for the fourth quarter and full year of 2004, as these shares have been the main component of Lecico’s historical minority interest expense. The minority stake in LFC accounted for LE 7.09 million (or 96.0%) of Lecico’s LE 7.39 million total minority interest expenses for the year ended 31 December, 2003.

As a result of the share acquisition, Lecico believes it will incur no minority interest charge for LFC in the year ended 31 December, 2004 and expects to write back all the LFC-related minority charges incurred in the first three quarters of the year in the fourth quarter.

### **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.