



## **Lebanon management fees waived for 2006**

CMS waives management fee for Lebanon for a second year to show support for Lecico subsidiary and shareholders.

**Alexandria, 29 August, 2006** – As a gesture of solidarity with Lecico Lebanon and to underline its commitment to aligning its interests with shareholders, CMS has decided to waive its management fee from Lecico Lebanon for the entire year of 2006.

“The war in Lebanon this year is expected to hurt the economy greatly and our Lebanese subsidiary with it. The temporary closure of our plant and the disruption this conflict has caused will put a great strain on our subsidiary and have an impact on our performance as a group,” comments Gilbert Gargour, Lecico Egypt’s Chairman and CEO. “While we are already restarting operations in Lebanon, we estimate the return to normal working conditions may take some time given the damage done to the country and economy in the past months.

“In view of this, CMS has decided to waive its Lebanese management fees for the second year running. We hope this gesture will help Lecico Lebanon better absorb the shocks from recent events. CMS felt that this voluntary goodwill gesture was also a way to underline our commitment to Lecico’s shareholders that CMS will not benefit at their expense in difficult times.”

CMS receives a management fee from all of Lecico Egypt’s manufacturing companies in return for the provision of management, marketing, financial and technical consultancy services.

The management fee is calculated at 1.6% of gross sales for Lecico Egypt and Lecico Lebanon. In 2005, the Lecico Lebanon management fee would have been around LE 1.7 million, had it been accrued. At the consolidated level, the effect of waiving this management fee will be a reduction in administration expenses for the year and a write-back of provisions for management fees from the first half.

## 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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