



## First Quarter 2021 Results

**Alexandria, 26<sup>th</sup> May 2021** – Lecico Egypt (Stock symbols: LCSW.CA; LECI EY) announces its consolidated results for the first quarter 2021.

### **Highlights**

#### **1Q 2021**

- Lecico revenue up 21% to LE 600.5 million (59.7% from sanitary ware).
- Sanitary ware revenue up 17% to LE 358.2 million, volumes up 24% to 1.2 million pieces (70.6% exports).
- Tile revenue up 24% to LE 216.4 million, volumes up 24% to 5.4 million square meters (19.3% exports).
- Brassware revenue up 63% to LE 25.9 million, sales volume up 45% to 26,524 pieces.
- EBIT profit of LE 10.4 million compared to EBIT loss of LE 28.2 million in 1Q 2020.
- Net loss of LE 16.8 million compared to net loss of LE 72.1 million in 1Q 2020.

Lecico Egypt Chairman, Gilbert Gargour commented, “Lecico continues to deliver improved results in a global environment where strong demand – particularly in Europe – is lifting a lot of manufacturing results. Our customers, competitors and suppliers have all seen a steady and strong improvement in demand since last Summer and we expect this to continue as covid restrictions ease with the rollout of vaccinations in the quarters ahead.

“Aside from some Ramadan related headwinds in the second quarter, Lecico will continue to build on those numbers in the coming year. We are continuing to bring in new staff and ramp up our sanitary ware capacity and we have a strong pipeline of new business under development in sanitary ware exports. I am optimistic that these trends will continue for Lecico and management will deliver a significant improvement year-on-year in 2021.”

Taher Gargour, Lecico Egypt CEO, added, “In the first quarter, Lecico posted improved gross margins and gross profits in all segments, giving us our best quarterly operating results for the last two years.

“We continue to benefit from strong sales and economies of scale from increased activity. As in the second half of 2020, demand continued to outpace production for most of our industry globally and Lecico has also struggled to keep up with demand.

“Our production is up marginally on the previous quarter but up by over 30% on the same quarter last year driving our lowest unit cost of sales and highest gross margin in over two years in our key product segments.

“In the quarter, Lecico also benefitted from LE 13.1 million exceptional gain as our new contracts for gas forgave us some of the penalties and extra charges for overuse in past years.

“Thanks to this improved performance and an extraordinary income, the Company reported its first pre-tax profit and lowest net loss in over two years.

“We generated cash and further reduced debt over the quarter with stronger cash flows from operations and despite some stock building and receivables growth.

“This strong start puts us on good footing for 2021, although we face a seasonal slowdown and reduced capacity in the second quarter due to Ramadan.

“We expect a drop-in activity and increased losses in the second quarter as Ramadan effects both demand and productivity. We are also facing a sharp increase in plastics, packaging and shipping costs as we go into this quarter which is expected to increase sanitary ware costs and tile costs by around 5%. Lecico has raised prices in Egypt and the Middle East to begin offsetting this increase from the start of the second quarter and we are beginning to raise prices in Europe although this remains constrained by low overall inflation and contracts with large customers in our export markets.

“Lecico still has a lot to do to continue improving our margins in sanitary ware and see overheads fall as a proportion of sales as we continue to grow sales volumes and revenues in the quarters ahead. We also are taking a close look at how to restructure our corporate profile to reduce our tax charges.

“Lecico’s task ahead remains to ramp up production and maximize sales while working towards continuous improvement in our management of costs, working capital and cashflows. A lot of our success in this is dependent on external factors, but rest assured that the entire Lecico management team will continue to work towards the best possible results in these focus areas in any situation.”

## Lecico Revenue and Profitability

### Profit and loss statement highlights

(LE m)	1Q		%
	2021	2020	
Sanitary ware	358.2	305.5	117%
Tiles	216.4	175.2	124%
Brassware	25.9	15.9	163%
<b>Sales</b>	<b>600.5</b>	<b>496.5</b>	<b>121%</b>
Sanitary ware/sales (%)	59.7%	61.5%	(1.9%)
Cost of sales	(500.7)	(439.4)	114%
Cost of sales/sales (%)	(83.4%)	(88.5%)	(5.1%)
<b>Gross profit</b>	<b>99.8</b>	<b>57.1</b>	<b>175%</b>
Gross profit margin (%)	16.6%	11.5%	5.1%
Distribution and administration (D&A)	(87.1)	(72.9)	120%
D&A/sales (%)	(14.5%)	(14.7%)	(0.2%)
Net other operating income/ (expense)	(2.3)	(12.4)	19%
Net other operating income/ (expense) sales (%)	(0.4%)	(2.5%)	(2.1%)
<b>EBIT</b>	<b>10.4</b>	<b>(28.2)</b>	-
EBIT margin (%)	1.7%	-	-
<b>Net profit (loss)</b>	<b>(16.8)</b>	<b>(72.1)</b>	<b>23%</b>
Net profit margin (%)	-	-	-

### 1Q 2021: Sales rebound drives significant reduction in losses

Lecico reported a continued recovery in sales year-on-year as most markets continue to bounce back and the onboarding of new customers and new designs helped build demand and Lecico continued to ramp up its sanitary ware capacity with new staff brought in over the previous quarter.

Lecico revenues for the first quarter increased by 21% year-on-year to reach LE 600.5 million (1Q 2021: LE 496.5 million) with higher revenues in all segments. Local revenues were up 21% year-on-year to reach LE 272.1 million (1Q 2020: LE 224.8 million) and export revenues were up 21% year-on-year to reach LE 328.4 million (1Q 2020: LE 271.7 million).

Quarter-on-Quarter revenues decreased by 2% (4Q 2020: LE 615.3 million). Local revenues decreased 4% quarter-on-quarter to reach LE 272.1 million (4Q 2020: LE 283.5 million) and export decreased 1% quarter-on-quarter to reach LE 328.4 million (4Q 2020: LE 331.7 million).

Lecico's cost of goods sold increased by 14% year-on-year to LE 500.7 million (1Q 2020: LE 439.4 million) as a result of the increase in production volumes by around 32% compared to the same period last year.

Quarter-on-Quarter the cost of goods sold decreased by 3% (4Q 2020: LE 517.9 million) largely as a result of the increase in production volumes by around 3%.

Lecico's gross profit for the first quarter increased 75% year-on-year to LE 99.8 million (1Q 2020: LE 57.1 million). Lecico's gross profit margin increased 5.1 percentage points to 16.6% compared to 11.5% in the same period last year. Gross profit in all segments improved.

Quarter-on-quarter gross profit increased by 2% (4Q 2020: LE 97.4 million) and Lecico's gross margin increased 0.8 percentage points (4Q 2020: 15.8%).

In absolute terms, distribution and administration (D&A) expenses increased by 20% to LE 87.1 million (1Q 2020: LE 72.9 million), and proportional D&A expenses were down by 0.2 percentage points to 14.5% (1Q 2020: 14.7%).

Quarter-on-quarter distribution and administration (D&A) expenses increased by 25% (4Q 2020: LE 69.7 million) and proportional D&A expenses were up by 3.2 percentage points (4Q 2020: 11.3%).

Lecico reported LE 2.3 million in net other operating expense which included LE 13.1 million exceptional income from natural gas refund compared to net other operating expenses of LE 12.4 million in the same period last year. Excluding this exceptional income, Lecico would have reported a net other operating expense of LE 15.4 million in 1Q 2021.

Quarter-on-quarter Lecico reported LE 2.3 million in net other operating expense compared to net other operating expenses of LE 41.6 million in 4Q 2020 due to provisions taken at the end of 2020 against longer-term receivables.

Lecico reported EBIT profit of LE 10.4 million compared to EBIT loss of LE 28.2 million in 1Q 2020. Lecico also reported an EBIT loss in 4Q 2020 LE 13.9 million.

Net financing expenses were down 67% year-on-year to reach LE 13.2 million (1Q 2020: LE 40 million) primarily due to the significant reduction in both debt levels and interest rates year-on-year, as well as the decrease in exchange variance loss by LE 4 million.

Quarter-on-quarter net financing expenses increased 114% (4Q 2020: LE 6.2 million) as Lecico recorded a significant exchange variance gain in 4Q 2020.

Lecico reported net tax charge of LE 12.5 million in the first quarter versus tax charge LE 5.3 million in the same period last year.

Lecico reported net loss of LE 17 million in the first quarter compared to a net loss of LE 72.1 million in the same period last year. Quarter-on-quarter, Lecico's net loss decreased 51% (4Q 2020: LE 28.2 million net loss).

## Segmental analysis

### Sanitary ware

**1Q:** Sanitary ware sales volumes increased by 24% (up 233,164 pieces). Local volumes increased by 38% (up 97,562 pieces), export sales volumes increased by 25% (up 170,154 pieces), but sales volumes in Lebanon decreased by 89% (down 34,552 pieces).

Quarter-on-quarter total sales volumes increased by 2% (up 29,124 pieces). Sales in Egypt increased 18% (up 54,522 pieces), but export volumes decreased 2% (down 18,184 pieces) and sales in Lebanon decreased by 62% (down 7,213 pieces).

Average sanitary ware prices decreased by 5% year-on-year at LE 293.7 per piece (1Q 2020: LE 309.6). Quarter-on-quarter average prices were marginally higher by 1% (4Q 2020: LE 290.5).

Revenues were up 17% year-on-year at LE 358.2 million (1Q 2020: LE 305.5 million). Quarter-on-quarter revenues were up 4% (4Q 2020: LE 345.9 million).

Average cost of sales per piece was down 8% year-on-year at LE 258.5 per piece primarily as a result of the increase in production. Production was up 47% year-on-year. Quarter-on-quarter, the average cost of sales was up 1% (4Q 2020: LE 256.9 per piece) and production was up 5%.

Gross profit increased 47% year-on-year to reach LE 43 million compared to gross profit LE 29.3 million in the same period last year. Gross margin increased 2.4 percentage points to reach 12% (1Q 2020: 9.6%).

Quarter-on-quarter gross profit increased by 7% (4Q 2020: LE 40.1 million) and the gross margin increased by 0.4 percentage points (4Q 2020: 11.6%).

Sanitary ware segmental analysis	1Q		%
	2021	2020	
Sanitary ware volumes (000 pcs)			
Egypt (000 pcs)	354	256	138%
Lebanon (000 pcs)	4	39	11%
Export (000 pcs)	861	691	125%
<b>Total sanitary ware volumes (000 pcs)</b>	<b>1,220</b>	<b>986</b>	<b>124%</b>
Exports/total sales volume (%)	70.6%	70.1%	0.6%
<b>Sanitary ware revenue (LE m)</b>	<b>358.2</b>	<b>305.5</b>	<b>117%</b>
Average selling price (LE/pc)	293.7	309.6	95%
Average cost per piece (LE/pc)	258.5	279.9	92%
Sanitary ware cost of sales	(315.3)	(276.1)	114%
Sanitary ware gross profit	43.0	29.3	147%
Sanitary ware gross profit margin (%)	12.0%	9.6%	2.4%

## Tiles

**1Q:** Tile sales volumes increased 24% year-on-year (up 1 million square meters) to reach 5.4 million square meters. Local volumes increased 38% (up 1.2 million square meters), but Lebanon sales decreased 62% (down 30,148 square meters) and export sales volumes decreased 12% (down 138,291 square meters).

Quarter-on-quarter sales volumes decreased 12% (down 767,063 square meters). Local volumes decreased 5% (down 228,176 square meters), export volumes decreased 31% (down 473,052 square meters) and Lebanon volumes decreased 78% (down 30,148 square meters).

Average net prices per square meter are flat on the same period last year at LE 39.9. Quarter-on-quarter average prices were up 1% (4Q 2020: LE 39.6).

Tiles revenues were up 24% year-on-year at LE 216.4 million (1Q 2020: LE 175.2 million). Quarter-on-quarter revenues were down 12% (4Q 2020: LE 245 million).

Average costs of sales decreased by 9% year-on-year to reach LE 31.2 per square meter (1Q 2020: LE 34.2 per square meter). Tile production increased by 17% compared to the same period last year. Cost reduction was further supported by cheaper gas for tiles, cost cutting measures in Egypt and the impact of a strengthening currency on fx-based costs. Quarter-on-quarter average costs were down 2% (4Q 2020: LE 31.8).

Gross profit for the quarter reached LE 46.9 million compared to gross profit LE 25.2 million in the same period last year. Gross margin increased 7.3 percentage points (1Q 2020: 14.4%).

Quarter-on-quarter gross profit decreased by 2% (4Q 2020: LE 47.9 million) but the gross margin increased 2.1 percentage points (4Q 2020: 19.5%).

	1Q		%
	2021	2020	
Tile volumes (000 sqm)			
Egypt (000 sqm)	4,363	3,153	138%
Lebanon (000 sqm)	18	48	38%
Export (000 sqm)	1,046	1,184	88%
<b>Total tile volumes (000 sqm)</b>	<b>5,427</b>	<b>4,386</b>	<b>124%</b>
Exports/total sales volume (%)	19.3%	27.0%	(7.7%)
<b>Tile revenue (LE m)</b>	<b>216.4</b>	<b>175.2</b>	<b>124%</b>
Average selling price (LE/sqm)	39.9	39.9	100%
Average cost per sqm (LE/sqm)	31.2	34.2	91%
Tile cost of sales	(169.5)	(150.0)	113%
Tile gross profit	46.9	25.2	186%
Tile gross profit margin (%)	21.7%	14.4%	7.3%

## Brassware

**1Q:** Sales volumes for the first quarter 2021 increased by 45% to reach 26,524 pieces (1Q 2020: 18,288 pieces). Quarter-on-quarter sales volumes decreased by 2% (4Q 2020: 27,150 pieces).

Average net prices were up 12% to reach LE 974.6 per piece (1Q 2020: LE 868.2). Quarter-on-quarter prices increased by 8% (4Q 2020: LE 898.5) due to product mix.

Revenue for the quarter increased 63% year-on-year to reach LE 25.9 million (1Q 2020: LE 15.9 million). Brassware accounted for 4.3% of the quarter's revenues, compared to 3.2% in the same period last year. Quarter-on-quarter revenues increased by 6% (4Q 2020: LE 24.4 million).

Average cost per piece decreased 17% to LE 600.4 per piece (1Q 2020: LE 724.9 per piece) reflecting changing mix. Quarter-on-quarter average cost per piece increased 9% (4Q 2020: LE 551.2 per piece).

Gross profit for the quarter increased by 279% year-on-year to reach LE 9.9 million (1Q 2020: LE 2.6 million) and the gross margin increased 21.9 percentage points to 38.4% (1Q 2020: 16.5%). Brassware accounted for 9.9% of the quarter's gross profits compared to 4.6% in the same period last year.

Quarter-on-quarter gross profit increased by 5% (4Q 2020: LE 9.4 million), but the gross margin decreased 0.8 percentage points (4Q 2020: 38.7%). Brassware accounted for 9.7% of gross profits in 4Q 2020.

	1Q		%
	2021	2020	
Brassware volumes ( pcs)			
Egypt ( pcs)	26,524	18,288	145%
Export ( pcs)	-	0	-
<b>Total brassware volumes ( pcs)</b>	<b>26,524</b>	<b>18,288</b>	<b>145%</b>
Exports/total sales volume (%)	0.0%	0.0%	0.0%
 <b>Brassware revenue (LE m)</b>	 <b>25.9</b>	 <b>15.9</b>	 <b>163%</b>
Average selling price (LE/pc)	974.6	868.2	112%
Average cost per piece (LE/pc)	600.4	724.9	83%
Brassware cost of sales	(15.9)	(13.3)	120%
Brassware ware gross profit	9.9	2.6	379%
Brassware gross profit margin (%)	38.4%	16.5%	21.9%

## **Financial Position**

The value of Lecico's non-current assets decreased by 1% at the end of March 31, 2021 to reach LE 1,645.5 million (2020: LE 1,669.1 million).

The value of Lecico's current assets increased by 8% at the end of March 31, 2021 to reach LE 1,710.8 million (2020: LE 1,583.8 million) primarily as a result of the increase in cash, inventory and receivables during the first quarter of 2021.

Total liabilities increased by 7% to reach LE 1,803.1 million (2020: LE 1,686.8 million) primarily as a result of the increase in payables.

Gross debt decreased 6% or LE 47.1 million to reach LE 788.2 million compared to LE 835.3 million at the end of 2020.

Net debt decreased 12% or LE 82.4 million to reach LE 633.5 million compared to LE 715.8 million at the end of 2020.

Net debt to equity at the end of March 2021 was improved at 0.42x compared to 0.47x at the end of 2020.

Working capital increased 1% or LE 0.4 million to reach LE 637.3 million compared to LE 636.9 million at the end of 2020 primarily due to the increase in payables.

## Recent developments and outlook

**Outlook for 2Q and the rest of 2021:** The recovery in demand seen in the second half of 2020 and the first quarter of 2021 is expected to continue over the rest of the year. The resurgence of the coronavirus over the winter and the measures taken to control it do not seem to be making a significant negative impact on sales at the start of the year.

Export growth in Europe – which saw a sharp recovery in the second half – is expected to continue and we see exports recover to above pre-coronavirus levels in 2021.

As markets and demand recover, Lecico is gradually ramping up production but being careful to keep costs low and limit the roll back of cost cutting measures enacted to deal with the fallout of the coronavirus. At the same time, safety measures put in place to minimize the risk to our staff which added to our costs of operations remain in place.

However, the second quarter of 2021 will be challenging. Ramadan is expected to slow sales and production during the quarter. The Company is also facing a spike in brass, plastics and packaging costs combined with a spike in shipping costs as part of a global trend of inflation. Lecico has raised prices in Egypt and the Middle East to partially offset this and is looking into increasing prices in Europe but it is unclear when the Company will be able to fully pass on these cost increases.

Despite these challenges in the second quarter, management is cautiously optimistic – despite the many risks and unknown variables around the coronavirus - that the improvement seen in the second half will continue in the year ahead with management expecting the average quarterly results for 2021 to show an improvement from the results of the fourth quarter disregarding seasonal issues in any individual quarter.

**Lecico Lebanon restructuring update:** The crisis in Lebanon continues to make the market extremely unpredictable and limits activity. Additionally, Lecico Lebanon has been effectively barred from trading for most of January and February by lockdowns reaction to COVID-19.

Lecico Lebanon has moved in 2021 to 100% cash payment model as the subsidiary has effectively paid off all its banks' debts and now needs to generate hard currency cash to repay suppliers.

Lebanon's macroeconomic and political outlook for 2021 remains extremely uncertain. If the economic environment in 2021 remains largely as it was in 2020, Lecico Lebanon is expected to return to limited profitability and begin repaying Lecico Egypt for old balances of goods now that banks have essentially been paid off.

However, any forecast of Lecico's Lebanese business, in light of the economic and political uncertainty in the country, is subject to extreme variation. We have seen this disruption clearly in the start of the year and how this affects our forecasts will be determined by the appetite of the market once lockdown is lifted as well as where policy goes in the months ahead.

As the situation stabilizes Lecico Lebanon may need to change its business restructuring plan to adjust to any new market realities. Lecico Lebanon will do its best to be flexible and adaptive to the current environment to avoid as much as possible the risks these changes raise and to get the best benefit out of the opportunities it presents.

Management intends to continue to update investors on the progress of restructuring on a quarterly basis in the Results Newsletter.

## **About Lecico**

Lecico (Stock symbols: 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, with over 50 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 manufacturing base in Egypt. 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 a number of leading 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.

## Lecico Egypt consolidated income statement

Income statement (LE m)	1Q		%
	2021	2020	
<b>Sales</b>	<b>600.5</b>	<b>496.5</b>	<b>121%</b>
Cost of sales	(500.7)	(439.4)	114%
<b>Gross profit</b>	<b>99.8</b>	<b>57.1</b>	<b>175%</b>
Gross margin (%)	16.6%	11.5%	5.1%
Distribution expenses	(46.2)	(32.0)	144%
Administrative expenses	(41.0)	(40.9)	100%
Other Operating income	19.5	2.8	707%
Other Operating expenses	(21.8)	(15.2)	144%
<b>Operating profit (EBIT)</b>	<b>10.4</b>	<b>(28.2)</b>	-
Operating (EBIT) margin (%)	1.7%	-	-
Investment revenues	1.1	0.0	-
Finance income	0.5	0.8	72%
Finance expense	(13.7)	(40.7)	34%
<b>Loss before tax and minority (PBTM)</b>	<b>(1.7)</b>	<b>(68.2)</b>	<b>2%</b>
PBTM margin (%)	-	-	-
Income tax	(13.8)	(5.1)	271%
Deferred tax	1.3	(0.2)	-
<b>Net Loss after tax (NPAT)</b>	<b>(14.2)</b>	<b>(73.4)</b>	<b>19%</b>
NPAT margin (%)	-	-	-
Minority interest	(2.6)	1.4	-
<b>Net Loss</b>	<b>(16.8)</b>	<b>(72.1)</b>	<b>23%</b>
Net profit margin (%)	-	-	-

## Lecico Egypt consolidated balance sheet

Balance Sheet (LE m)	31-Mar-21	31-Dec-20	21/20 (%)
Cash	154.7	119.4	129%
Inventory	870.5	833.7	104%
Receivables	685.7	626.8	109%
Related parties -debit balances	(0.0)	4.0	0%
<b>Total current assets</b>	<b>1,710.8</b>	<b>1,583.8</b>	<b>108%</b>
Net fixed assets	1,599.6	1,628.8	98%
Intangible assets	20.0	20.2	99%
Projects in progress	14.2	5.4	266%
Available for sale investments	5.9	5.9	100%
Long-term notes receivable	5.7	8.8	65%
<b>Total non-current assets</b>	<b>1,645.5</b>	<b>1,669.1</b>	<b>99%</b>
<b>Total assets</b>	<b>3,356.3</b>	<b>3,252.9</b>	<b>103%</b>
Banks overdraft	743.9	717.2	104%
Current portion of long-term liabilities	85.5	86.1	99%
Trade and notes payable	464.7	410.2	113%
Other current payable	454.2	413.4	110%
Related parties -credit balances	0.2	0.8	24%
Provisions	1.9	0.4	495%
<b>Total current liabilities</b>	<b>1,750.4</b>	<b>1,628.0</b>	<b>108%</b>
Long-term loans	30.1	34.9	86%
Other long-term liabilities	1.2	2.3	52%
Provisions	7.8	6.7	116%
Deferred tax	13.6	14.9	92%
<b>Total non-current liabilities</b>	<b>52.6</b>	<b>58.8</b>	<b>89%</b>
<b>Total liabilities</b>	<b>1,803.1</b>	<b>1,686.8</b>	<b>107%</b>
<b>Minority interest</b>	<b>35.3</b>	<b>30.0</b>	<b>118%</b>
Issued capital	400.0	400.0	100%
Reserves	1,432.6	1,433.9	100%
Retained earnings	(297.8)	(77.2)	386%
Net Loss for the year	(16.8)	(220.6)	8%
<b>Total equity</b>	<b>1,518.0</b>	<b>1,536.1</b>	<b>99%</b>
<b>Total equity, minorities and liabilities</b>	<b>3,356.3</b>	<b>3,252.9</b>	<b>103%</b>

## Lecico Egypt consolidated cash flow

Cash flow statement (LE m)	1Q		
	2021	2020	21/20
<b>Cash Flow from operating activities</b>			
Net Loss for the period before tax	(1.7)	(68.2)	2%
Fixed assets depreciation	30.4	27.2	112%
Intangible assets amortization	0.2	0.2	95%
Capital gains (loss)	0.00	(0.0)	0%
Gain (Loss) of selling other investment	0.0	1.1	0%
Impairment of intangible assets	0.0	2.4	0%
Provided provisions	14.0	8.5	165%
Impairment of inventory	0.0	(0.0)	0%
Impairment of Receivables	4.5	-	-
Difference result from discounting of long term notes receivables	(0.4)	(0.6)	63%
Employee share in net profit	17.7	15.3	116%
Increase (Decrease) in translation reserve	(0.2)	4.4	-
<b>Gain / (Loss) from operating</b>	<b>64.5</b>	<b>(9.8)</b>	
(Increase) Decrease in Inventory	(36.9)	17.2	-
(Increase) Decrease in Receivables	(59.3)	10.7	-
Increase (Decrease) in Payables	69.0	10.7	646%
Income tax paid	(4.4)	(3.5)	125%
Utilized Provisions	(11.4)	(5.1)	225%
<b>Net cash from operating activities</b>	<b>21.5</b>	<b>20.2</b>	-
<b>Cash flow from investing activities</b>			
Additions to fixed assets and projects	(10.0)	(11.1)	90%
Net change in available for sale investments	0.0	4.9	0%
Proceeds from sales of fixed assets	0.0	158.3	0%
Increase (Decrease) in long-term notes receivable	3.5	(0.5)	-
<b>Net cash from investing activities</b>	<b>(6.5)</b>	<b>151.6</b>	-
<b>Cash flow from financing activities</b>			
Increase (Decrease) in long-term loans	(4.8)	(6.0)	80%
Payment for leased assets	(1.7)	(0.5)	317%
<b>Net cash from financing activities</b>	<b>(6.5)</b>	<b>(6.6)</b>	<b>99%</b>
<b>Net change in cash &amp; cash equivalent during the period</b>	<b>8.5</b>	<b>165.3</b>	<b>5%</b>
Net cash and cash equivalent at beginning of the year	(597.7)	(1,057.2)	57%
<b>Net cash and cash equivalent at the end of the period</b>	<b>(589.3)</b>	<b>(891.9)</b>	<b>66%</b>