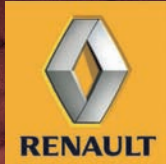


# artés

AUTOMOBILE RÉSEAU TUNISIEN  
ET SERVICES S.A. Renault cars dealership



Joint Stock Company with a fully paid capital  
of TND 25 500 000 divided into 25 500 000 shares  
of TND 1.0 each

Head quarters : 39, Av. Kheireddine Pacha  
B.P. 33 1002 - Tunis-Belvédère  
Tel.: +216 71 841 100 - Fax: +216 71 783 443  
[www.artés-renault.com](http://www.artés-renault.com)

Financial Analysis

March 2008

# Gear up

S u b s c r i b e



Rue du Lac Loch Ness, Les Berges du Lac  
1053 Tunis, Tunisia  
Tel.: +216 71 860 822 - Fax: +216 71 860 749  
[www.finacorp.net](http://www.finacorp.net)



## I - COMPANY PROFILE

ARTES, SA (Automobile Réseau Tunisien & Services) was established in 1997 following the take-over of RENAULT Tunisie (incorporated in 1947) by MZABI group.



### > BUSINESSES

ARTES is the local dealership of RENAULT and NISSAN brands, offering basically new cars, spare parts and technical assistance.

### > MARKET POSITION

ARTES is mainly involved in the commercialisation of passenger's cars which dominate the Tunisian automotive market as they represented almost 75% of total registrations in 2006. ARTES has managed to maintain a leadership position in the local market for six consecutive years. By 2006, the company commercialised 8,055 cars grabbing 31% market share.

### > DISTRIBUTION NETWORK

In recent years, ARTES has developed a comprehensive distribution network offering new cars, spare parts as well as after sale services. The network encompasses 23 agencies and 3 authorized repair/maintenance shops spread over the country.

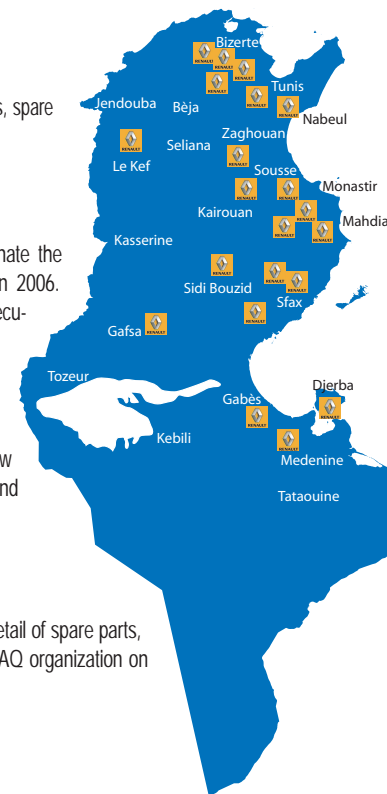
### > CERTIFICATION



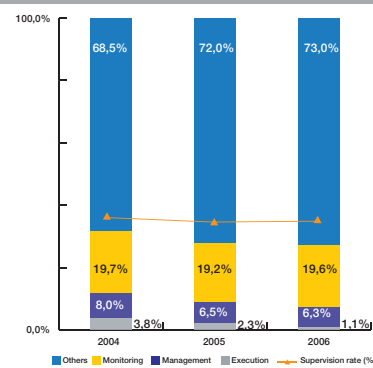
ARTES is ISO 9001 /2000 certified for its operations of distribution and retail of spare parts, car trade and After Sales Services. The certificate was delivered by AFAQ organization on May 13<sup>th</sup> 2005 and it is valid until May 12<sup>th</sup> 2008.

### > HUMAN RESOURCES

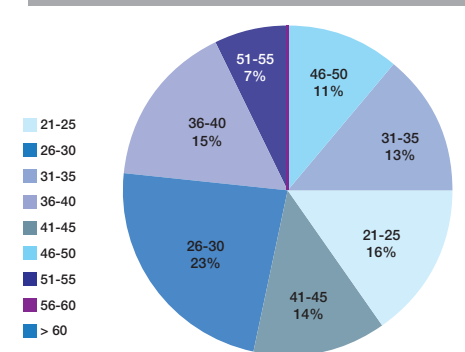
ARTES' staff was comprised of 189 employees in 2006, of which 66% are less than 40 years in age. The team includes highly skilled and experienced professionals (engineers, technicians, finance managers, accountants, salesmen...). A personnel breakdown by working category is given in the graphe below:



ARTES personnel evolution over (2004-2006)



Breakdown of ARTES Staff by Age



### > CAPITAL STRUCTURE

ARTES is a joint stock company having an authorized share capital of TND 25,500,000 divided into 25,500,000 shares with a nominal value of TND 1.00 each. The company is 99.95% owned by Mzabi group

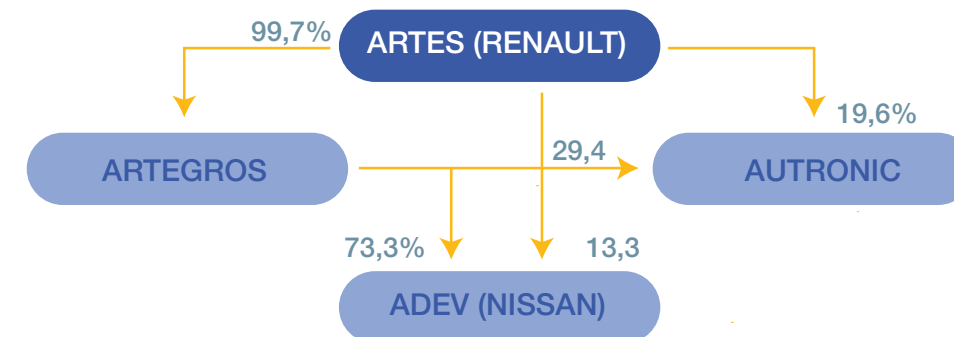
ARTES shareholding structure as on October 31<sup>st</sup> 2007.

Shareholders	Number of shares and voting rights	Nominal value (TND)	Total (TND)	%
Mr. Moncef Mzabi	8 495 580	1	8 495 580	33,32%
Mr. Mzoughi Mzabi	8 495 580	1	8 495 580	33,32%
Mr. Sadok Mzabi	8 495 580	1	8 495 580	33,32%
Ste DALMAS	1 275	1	1 275	0,01%
Ste AFRIVISION	1 275	1	1 275	0,01%
Ste ADEV	5 355	1	5 355	0,02%
Ste CODEV	5 355	1	5 355	0,02%
<b>Total</b>	<b>25 500 000</b>	<b>1</b>	<b>25 500 000</b>	<b>100%</b>

### > PARTICIPATIONS AND AFFILIATES

ARTES Group structure is constituted as follows with ARTES SA hosting the Renault cars dealership, ADEV the Nissan cars dealership and ARTEGROS representing the group's company for imports and wholesale trade of spare parts and car components of RENAULT and NISSAN brands.

ARTES also has direct and indirect ownerships aggregating to 49% in AUTRONIC as a strategic investment. AUTRONIC is a car component manufacturer in Tunisia exporting its products for OEMs worldwide.



• ARTEGROS: is a joint stock company with a TND 50,000 capital divided into 10,000 shares of TND 5.0 each. ARTEGROS is 99.7% owned by ARTES.

• ADEV (Automobile & Développement): Established in 2005, ADEV is a limited liability company with a fully paid capital of TND 150,000 divided into 1,500 shares with a nominal value of TND 100 each. The joint stakes of ARTES and ARTEGROS totalled 87%.

• AUTRONIC: Established in 2000, AUTRONIC SA is a joint stock company, of french nationality subject to the Tunisian law. It has a fully paid capital of TND 3,000,000 divided into 50,000 shares of TND 100 each. The combined stakes of ARTES and ARTEGROS in AUTRONIC is 49%.

The following tables summarize respectively ARTES, ARTEGROS and ADEV financial statements over the 2004-2006 period:

ARTES summarized financial statements, in TND

	2004		2005		2006	
Sales revenues	104 189 843	100%	139 042 583	100%	134 723 505	100%
Gross profit	15 094 697	14%	20 632 279	15%	21 099 129	16%
EBITDA	10 948 565	11%	15 975 356	11%	16 819 160	12%
Net Profit	9 521 233	9%	14 334 425	10%	15 410 424	11%
Total assets	89 053 865	100%	101 215 800	100%	113 495 280	100%
SH' Equity	38 380 218	43%	51 714 644	51%	66 125 067	58%
LT debt	0	0%	0	0%	0	0%
Net Cash	40 678 762	46%	48 815 143	48%	59 799 991	53%



ARTEGROS summarized financial statements, (in TND)

	2004		2005		2006	
Sales revenues	15 575 733	100%	15 963 392	100%	17 293 661	100%
Gross profit	5 119 554	33%	4 943 984	31%	5 588 212	32%
EBITDA	4 566 811	29%	4 366 487	27%	4 951 194	29%
Net Profit	3 610 360	23%	3 515 548	22%	3 859 412	22%
Total assets	17 689 730	100%	21 458 903	100%	25 780 646	100%
SH' Equity	13 475 799	76%	16 991 347	79%	20 850 759	81%
LT debt	0	0%	0	0%	0	0%
Net Cash	7 507 651	42%	9 591 200	45%	12 250 350	48%

ADEV summarized financial statements, (in TND)

	2005		2006	
Sales revenues	0	3 975 113	0	100%
Gross profit	0	896 281	0	23%
EBITDA	0	435 400	0	11%
Net Profit	0	271 404	0	7%
Total assets	150 000	9 874 449	150 000	100%
SH' Equity	150 000	421 404	150 000	4%
LT debt	0	0	0	0%
Net Cash	150 000	-3 447 055	150 000	-35%



## II - ARTES FINANCIAL ANALYSIS

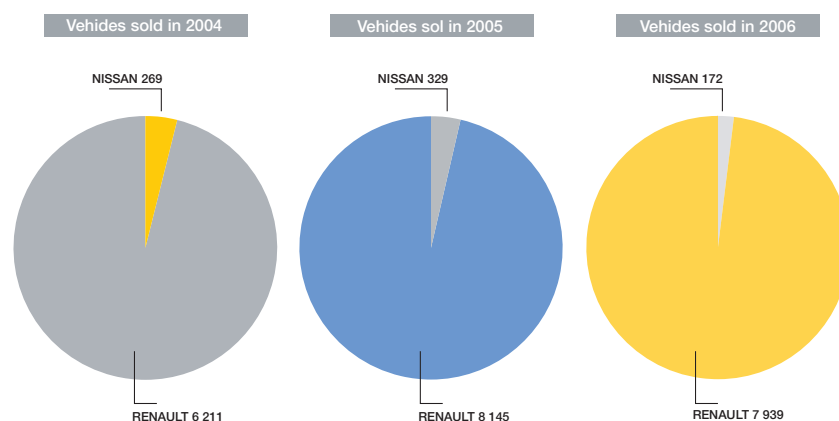
### > REVENUES UP 29% DURING 2004-2006

ARTES total revenues grew by 29% over the last couple of years as they increased from TND 104.2 million in 2004 to TND 134.7 million in 2006. This performance is essentially due to a 33% increase in new cars sales.

ARTES sales revenues break down (in TND)

	12/31/2004	12/31/2005	12/31/2006
New cars sales	94 837 699	129 238 514	126 399 826
Space parts sales	7 114 576	6 914 869	6 035 031
Engine shop revenues	1 518 108	1 495 429	1 403 744
Oil sales	37 206	224 713	225 303
Warranty sales	518 020	1 012 820	597 101
Other sales	164 234	156 238	62 499
<b>Total</b>	<b>104 189 843</b>	<b>139 042 583</b>	<b>134 723 504</b>

Sales of new cars amounted to TND 126.4 million in 2006 corresponding to 8,111 cars comparatively to 8,474 cars commercialised in 2005 and to 6,480 in 2004.



In May 2006, ARTES spanned off a part of its business, specifically that related to NISSAN brand (imports and commercialisation of new cars and spare parts under the NISSAN brand), to its affiliate ADEV which explains the decline of sales volume as well as revenues in 2006. ADEV revenues reached TND 4.0 million in 2006.

### > SUSTAINED GROWTH OF THE GROSS MARGIN

Gross margin for ARTES increased by 40% over 2004-2006, to reach TND 21.0 million in 2006 as against TND 20.6 million in 2005 and TND 15.0 million in 2004.

In parallel, gross margin ratio followed an upward trend over the same period, from 14% in 2004, to 15% in 2005 and to 16% in 2006.

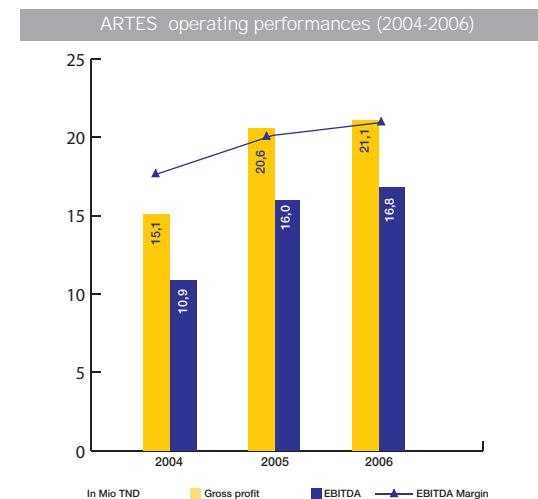
ARTES Gross Margin Growth (in DT)

	12/31/2004	12/31/2005	12/31/2006
Revenues (TND)	104 189 843	139 042 583	134 723 505
Cost of sales (TND)	89 095 146	118 410 304	113 624 375
Gross margin (TND)	15 094 697	20 632 279	21 099 129
Gross Margin (%)	14%	15%	16%

### > EBITDA GREW 54% OVER 2004-2006

EBITDA grew by 54% over the period 2004-2006, standing at TND 16.8 million in 2006 vs. TND 15.9 million in 2005 and TND 10.9 million in 2004.

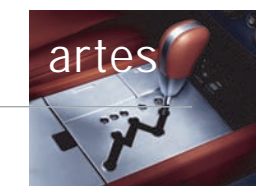
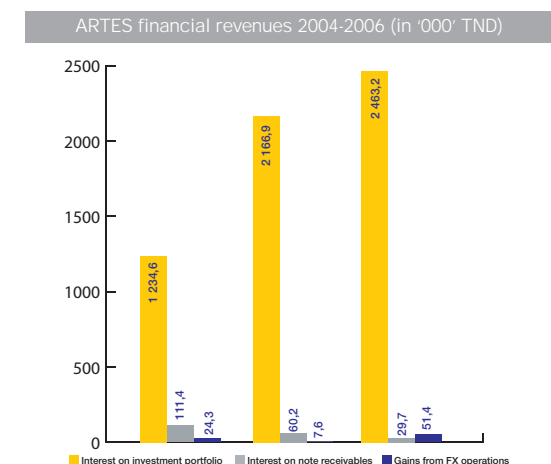
Meanwhile, the EBITDA margin increased from 10.5% in 2004 to 11.5% in 2005 and to 12.5% in 2006.



### > FINANCIAL REVENUES UP 86% OVER 2004-2006

Financial revenues are mainly made up of interests on treasury bonds. The other financial revenues are mainly forward exchange gains and interests on forward bank drafts (60days) related to new cars sales.

ARTES financial revenues increased by 86% over 2004-2006 to reach TND 2.4 million at end 2006.



> **A SUSTAINED UPWARD MOMENTUM**

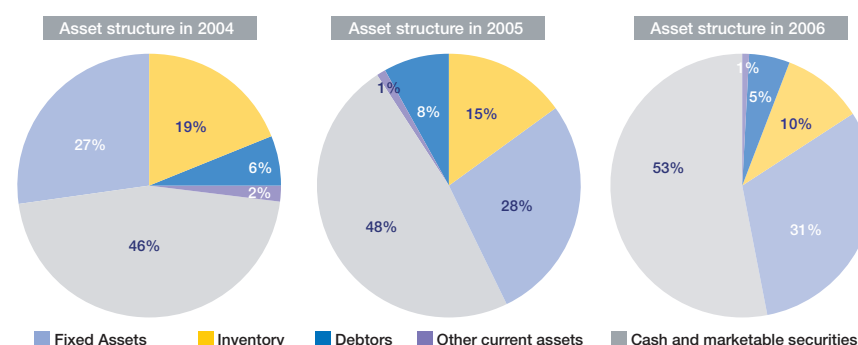
Earnings before taxes for ARTES increased substantially over 2004-2006, from TND 12.3 million in 2004 to TND 18.7 million in 2005, and to TND 19.8 million in 2006. With regard to taxation, ARTES has enjoyed an outstanding tax rebate following the reinvestment of an important part of its earnings in tax-exempted activities (notably real estate development) subject to the Tunisian Investment Incentive Code. Thus, the corporate tax rate applicable to the company was reduced to 22% in 2006. ARTES posted a net income of TND 15.4 million in 2006 comparatively to TND 14.3 million in 2005 and to TND 9.5 million in 2004, i.e a growth of 62% over the three previous years. Accordingly, the net profit margin increased from 9% in 2004, to 10% in 2005 and to 11% in 2006.

ARTES performance indicators over 2004 - 2006 (in TND)

	2004		2005		2006	
Revenues	104 189 843	100%	139 042 583	100%	134 723 505	100%
Gross profit	15 094 697	14%	20 632 279	15%	21 099 129	16%
EBITDA	10 948 565	11%	15 975 356	11%	16 819 160	12%
Net income	9 521 233	9%	14 334 425	10%	15 410 424	11%

> **ASSETS OVER-WEIGHTED BY LIQUIDITY**

ARTES total assets grew by 27% over 2004-2006, to reach TND 113.5 million by the end of 2006 as against TND 101.2 million in 2005 and TND 89.0 million in 2004. ARTES enjoys a comfortable cash position as liquidity reached TND 59.8 million in 2006 which represents 53% of total assets, comparatively to 48% in 2005 and 46% in 2004.



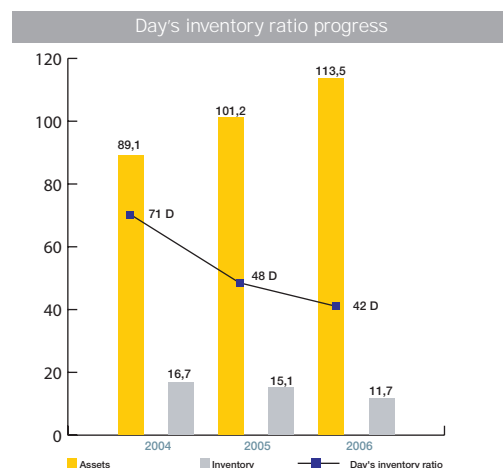
> **ARTES TANGIBLE ASSETS OFFERING POTENTIAL CAPITAL GAINS...**

ARTES owns two plots of land located in downtown Tunis offering potential capital gains:

- The first plot stretches to an area of 25 hectares. On this land ARTES has built its 3 storey building headquarters, a show room for RENAULT cars, a repair shop and a warehouse for newly imported cars. This land was posted for its historical value, i.e TND 13,800.
- The second plot of land was acquired in 2001 at a price of TND 3.0 million. Located in the dynamic business district of Al Charguia near Tunis Airport, the 3.5-hectares plot will be used to build ARTES new headquarters, a repair shop, a show room and a warehouse.

> **HIGH INVENTORIES' TURNOVER**

ARTES inventories (which are made up of new cars, spare parts and outstanding work in process of repair shop activities) witnessed a drop of 30% over the period 2004-2006, to reach TND 11.7 million at end 2006. Overall Inventory Ratio amounted to 42 days in 2006, as against 48 days in 2005 and 71 days in 2004. This 40% decline over the period was attributable to better business operations and improved reactivity to sales projections.



> **INCREASINGLY LOW-RISK TRADE DEBTOR**

Account receivables, which accounted for only 5% of total assets in 2006, reached TND 6.9 million comparatively to TND 8.4 million in 2005 and to TND 6.3 million in 2004.

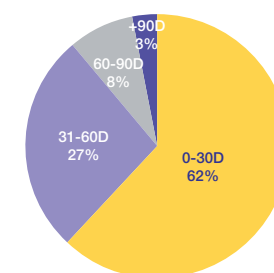
ARTES has adopted a conservative risk approach by implementing strict payment conditions (certified cheque, endorsed bill...) in order to avoid any payment default.

As a result, the days of sales outstanding totalled 14 days in 2006 vs. 17 days in 2005 and 2004.

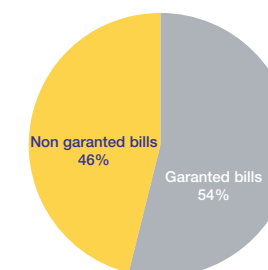
Accounts Receivables, in TND

	2004	2005	2006
Ordinary Clients	4 215 950	6 874 706	5 847 711
Clients of after sales services	1 856 222	2 255 363	1 811 019
Clients of new cars	2 359 728	4 619 343	4 036 693
Doubtful clients	959 995	820 174	792 573
Note receivables	1 170 728	767 199	285 620
Interest on note receivables	-49 912	-23 475	-8 319
Gross trade receivables	6 296 761	8 438 604	6 917 585
Provision on doubtful clients	737 554	800 003	793 520
Net trade receivables	5 559 207	7 638 602	6 124 065
Sales	120 511 357	161 726 614	152 926 626
Collection ratio	17	17	14

Account receivables breakdown as of FY06



Aged notes structure as of FY06



> **WORKING CAPITAL AND WORKING CAPITAL REQUIREMENT**

With regard to balance sheet imbalances, permanent funding is largely exceeding long term uses. The working capital reached TND 32 million in 2006 (2 times the fixed assets) as against TND 23.5 million in 2005 and TND 14.9 million in 2004. In the meantime, the Working Capital Requirement was largely negative in 2006 standing at TND (-27.8) million as against TND (-25.3) million in 2005 and TND (-25.7) million in 2004. Consequently, short term funding resources are more than sufficient for the financing of short term uses (2.5 times).

> **SIZEABLE LIQUIDITY POSITION**

ARTES has a redundant cash reserve amounting to TND 59.7 million in 2006 comparatively to TND 48.7 million in 2005 and to TND 40.8 million in 2004.

ARTES Net Financial Situation Growth (in DT)

	2004	2005	2006
Mid-term debt	40 000	40 000	40 000
Short-term debt	231 812	0	0
Total debt	271 812	40 000	40 000
Marketable securities	38 150 000	46 680 295	56 650 389
Bank	2 756 624	2 134 848	3 147 601
Cash	3 950	382	2 001
Cash & Marketable securities	40 910 574	48 815 525	59 799 991
Net Financial Situation	40 638 762	48 775 525	59 759 991





### III - OUTLOOK

#### > TUNISIAN AUTOMOTIVE MARKET SHOULD GROW BY 25% DURING THE FIVE COMING YEARS

The Tunisian automotive market is characterized by a structural excess of demand over supply. Furthermore, the Tunisian car market is expected to experience a structural change with the entry into effect of the free trade agreement Tunisia signed with the European Union. Additionally, the sector should take advantage from the Agadir agreement that sealed the setting up of a free trade zone between Morocco, Tunisia, Jordan and Egypt. Accordingly, passenger cars penetration rate should rise to 7.2 cars per 1,000 inhabitants comparatively to 3.5 cars per 1,000 inhabitants at present.

In light of these parameters, total registrations should witness a 25% growth over the period 2007-2011 (as against 19% during the five previous years), i.e a 4.6% increase per annum, to reach 45,000 new registrations by the end of 2011.

Car Registrations Growth in Tunisia over 2007-2011

	2006	2007 (est)	2008 (est)	2009 (est)	2010 (est)	2011 (est)
Total registrations	35 686	36 000	38 000	40 000	42 000	45 000

\* Source: ARTES marketing

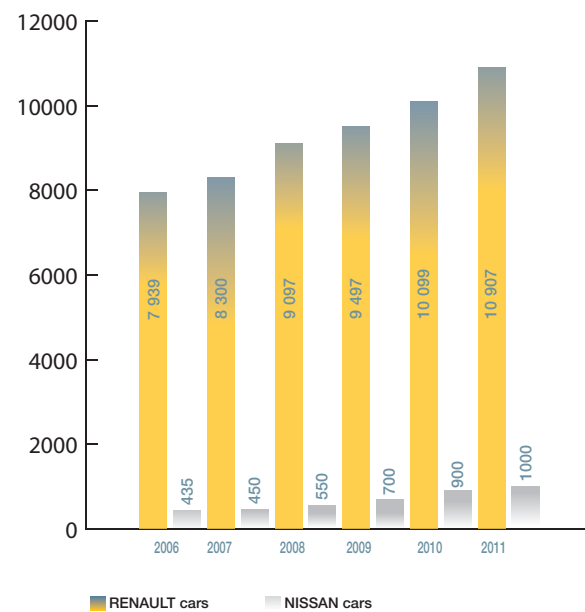
#### > ARTES SALES VOLUME TO INCREASE 6.4% YEARLY

Consistently with the expansion of the Tunisian automotive market and ARTES future commercial strategy, volume of new vehicles sold is estimated to grow at a CAGR of 6.4% during the five coming years.

Going forward the RENAULT brand is likely to maintain its leading position in the Tunisian automotive sector while keeping its market share flat for the five coming years comparatively to 2006. A marketing survey carried out recently on ARTES demand has unveiled the following points:

- ARTES boasts the largest customers' loyalty rate in the country given that 53.1% of RENAULT customers in Tunisia are faithful to the brand when renewing their cars.
- Customers of other brands are more likely to switch their cars for a RENAULT car.

ARTES group sales forecasts during 2007 - 2011 (in volume)



Assuming that the price of RENAULT and NISSAN cars will grow at a CAGR of 2%, new cars' sales (before taxes) for ARTES group over the period 2007-2011 were estimated as follows:

ARTES group new cars' sales forecasts (in TND)

	2006 (R)	2007 (est)	2008 (est)	2009 (est)	2010 (est)	2011 (est)
New cars sales - Renault brand	121 581 459	134 940 824	152 758 095	168 800 129	188 585 454	210 769 850
New cars sales - Nissan brand	7 633 242	14 792 876	18 414 273	23 905 074	31 349 798	35 529 771
Total	129 214 701	149 733 700	171 172 368	192 705 204	219 935 252	246 299 620

#### > CAPEX

Future investments are related to:

- The repair of the headquarters, of the show room and of ARTES repair shop which are located at "avenue Kheireddine-Pacha"
- The construction of a repair shop on the "Charguia-Tunis" plot
- The acquisition of industrial materials for the modernisation of the repair shop.

INVESTMENTS (in TND)

	2007	2008	2009	2010	2011	Total
Construction	0	250 000	250 000	0	0	500 000
Repair of buildings	0	900 000	900 000	0	0	1 800 000
Industrial equipment	326 337	0	1 000 000	1 500 000	2 000 000	4 826 337
Total	326 337	1 150 000	2 150 000	1 500 000	2 000 000	7 126 337

#### > DIVIDEND POLICIES

The issuers have committed to distribute TND 20,000,000 in dividends out of 2007 Net Income. Furthermore, they committed for a dividend pay-out of 80% of the Net Income from 2008 onwards. The issuers have also hinted that the permanent consolidated excess cash of ARTES shall be gradually distributed by way of distribution of reserves to the shareholders either in cash or in shares.

#### > ARTES FORECASTED RATIOS

ARTES forecasted ratios

	2006.(R)	2007.(Est)	2008.(Est)	2009.(Est)	2010.(Est)	2011.(Est)
Balance sheet structure ratios						
Liabilities / Assets	42%	42%	39%	35%	32%	30%
Shareholders' Equity / Liabilities	140%	136%	158%	184%	208%	230%
Liquidity ratio	1,7	2,3	2,5	2,7	3,0	3,2
Operating ratios						
Gross Margin	16%	16%	16%	16%	17%	17%
EBITDA Margin	12%	12%	12%	13%	14%	14%
Days inventory ratio	42	27	24	22	20	18
Collection ratio (days)	14	11	11	11	11	11
Profitability ratios						
Net income / Sales	11%	12%	12%	13%	13%	14%
ROA	14%	16%	14%	14%	14%	13%
ROE	30%	38%	30%	27%	25%	23%
EPS	0,60	0,69	0,76	0,89	1,05	1,20

#### > ARTES INDIVIDUAL BUSINESS PLAN

BUSINESS PLAN (2007-2011), in TND

	2006.(R)	2007.(Est)	2008.(Est)	2009.(Est)	2010.(Est)	2011.(Est)
Sales	134 723 505	143 584 070	162 331 821	179 406 182	200 337 035	223 792 806
Total revenues	134 723 505	143 584 070	162 331 821	179 406 182	200 337 035	223 792 806
Cost of sales	113 624 375	121 037 730	136 600 414	150 237 310	166 378 188	185 531 158
Gross profit	21 099 129	22 546 340	25 731 407	29 168 872	33 958 847	38 261 648
Personel charges	2 435 638	2 556 225	3 144 461	3 437 634	3 745 568	4 068 883
Other operating charges	1 844 331	2 153 761	2 434 977	2 691 093	3 005 056	3 356 892
E.B.I.T.D.A.	16 819 160	17 836 353	20 151 968	23 040 145	27 208 224	30 835 873
Depreciation	405 071	455 534	512 124	499 511	679 619	829 619
E.B.I.T	16 414 089	17 380 819	19 639 844	22 540 635	26 528 604	30 006 253
Financial charges	123 390	143 584	162 332	179 406	200 337	223 793
Financial revenues	2 544 300	2 796 815	3 801 901	4 782 354	5 911 066	7 249 677
Other ordinary gains	1 125 430	2 226 587	1 298 655	1 435 249	1 602 696	1 790 342
Other ordinary losses	143 610	287 168	324 664	358 812	400 674	447 586
Pre-tax profit	19 816 819	21 973 468	24 253 404	28 220 020	33 441 355	38 374 895
Corporate taxes	4 406 395	4 394 694	4 850 681	5 644 004	6 688 271	7 674 979
Net profit	15 410 424	17 578 775	19 402 723	22 576 016	26 753 084	30 699 916



## IV - ARTES Group Valuation

ARTES valuation is based on the group consolidated financial to include ARTES main operational subsidiaries. Accordingly, the consolidated projected P&L below has been consolidated from the individual companies' detailed business plans.

### > ARTES GROUP CONSOLIDATED BUSINESS PLAN

ARTES group Consolidated business plan

	2006 (R)	2007(Est)	2008 (Est)	2009 (Est)	2010 (Est)	2011 (Est)
Sales	149 542 115	171 303 661	197 199 196	221 713 502	251 491 321	280 366 637
Total revenues	149 542 115	171 303 661	197 199 196	221 713 502	251 491 321	280 366 637
Cost of sales	122 231 011	139 658 971	160 433 755	179 518 135	202 245 814	225 080 683
Gross profit	27 311 104	31 644 690	36 765 441	42 195 366	49 245 508	55 285 954
Personnel Charges	2 990 386	3 169 400	3 898 802	4 269 121	4 658 149	5 059 941
Other Operating Income / Losses	2 076 834	2 779 860	3 243 826	3 697 942	4 253 310	4 742 849
E.B.I.T.D.A.	22 243 885	25 695 430	29 622 813	34 228 304	40 334 048	45 483 163
Depreciation	724 454	455 597	512 187	499 574	679 682	829 646
E.B.I.T.	21 519 430	25 239 833	29 110 626	33 728 730	39 654 366	44 653 518
Financial Charges	115 129	449 230	539 449	660 359	820 071	923 738
Financial Revenues	2 935 042	3 125 639	3 949 889	5 279 677	6 913 399	8 820 115
Other Ordinary Income	822 375	2 012 234	1 072 626	1 189 602	1 333 273	1 491 577
Other Ordinary Losses	97 063	351 290	403 414	447 542	498 277	552 712
EBT	25 064 656	29 577 186	33 190 277	39 090 108	46 582 690	53 488 760
Corporate Taxes	5 667 083	6 675 809	7 531 743	8 905 030	10 630 671	12 209 138
Net Integrated Income	19 397 573	22 901 377	25 658 534	30 185 078	35 952 019	41 279 621
Equivalence companies share of profit	334 451	385 360	443 164	509 638	586 084	673 996
Net Consolidated Income	19 732 024	23 286 737	26 101 698	30 694 716	36 538 102	41 953 618
Minority shareholder's share	134 906	287 093	329 325	431 444	578 205	698 307
Consolidated Net Profit	19 597 118	22 999 644	25 772 373	30 263 272	35 959 897	41 255 311

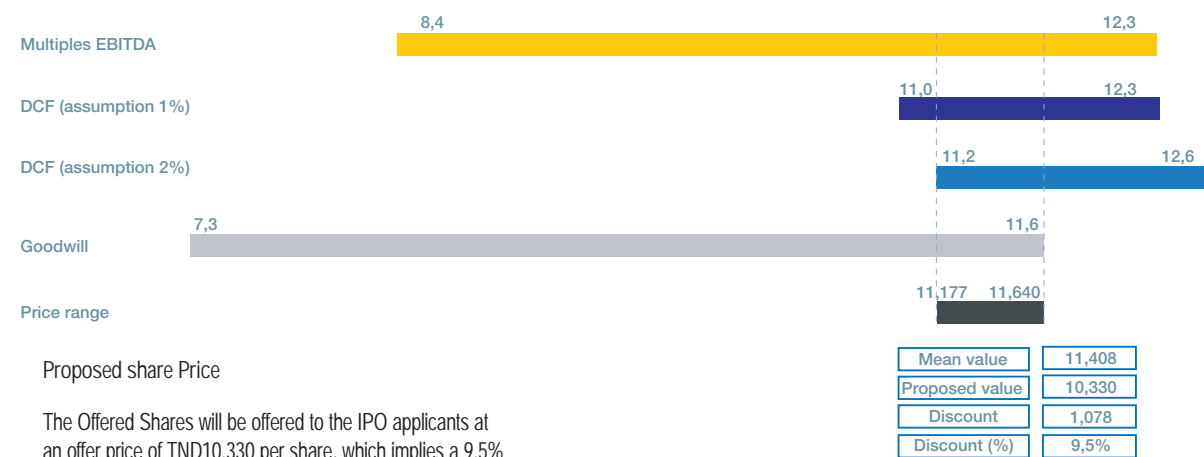
When assessing ARTES shares, three valuation methodologies were carried out:

- A cash flow method : Discounted cash flows (DCF) ;
- A Good Will method based on the Net Asset Value
- A comparables model : EV/EBITDA multiples.

The Weighted Average Cost of Capital (WACC) used in the cash flow method incorporates the following assumptions:

- A risk free rate of 6.891% (the yield on 10-year government bonds with a maturity on July 17th 2017) ;
- An average market return of 16% ;
- A beta ranging between 0.9 and 1.1 ;
- Two plausible perpetual growth rates for future cash flows, of 1% and 2% respectively.

The combination of the different valuation methodologies suggests a fair value per share ranging between TND11.177 and TND 11.640.



The Offered Shares will be offered to the IPO applicants at an offer price of TND10.330 per share, which implies a 9.5% discount comparatively to the average fair value.

# Financial statements

artés

2004 - 2006 ARTES P & L, in TND

ARTES individual P & L, in TND

	2004		2005		2006	
Sales	104 189 843		139 042 583		134 723 505	
Other operating revenues	0		0		0	
Revenues	104 189 843	100%	139 042 583	100%	134 723 505	100%
Change in inventories	1 762 234		1 673 967		3 336 826	
Cost of materials consumed	87 332 912		116 736 337		110 287 550	
Gross Margin	15 094 697	14%	20 632 279	15%	21 099 129	16%
Overhead costs	2 632 571		2 739 114		2 435 638	
Other operating costs	1 513 561		1 917 808		1 844 331	
EBITDA	10 948 565	11%	15 975 356	11%	16 819 160	12%
Depreciation and provision costs	418 010		622 052		405 071	
EBIT	10 530 555	10%	15 353 304	11%	16 414 089	12%
Interest expenses	79 980		143 891		123 390	
Interest income & Fin. Earnings	1 370 329		2 234 660		2 544 300	
Other ordinary income	634 007		1 405 900		1 125 430	
EBT	12 341 327	12%	18 764 156	13%	19 816 819	15%
Extraordinary gains/losses	0		0		0	
Taxes	2 820 094		4 429 730		4 406 395	
NET INCOME	9 521 233	9%	14 334 425	10%	15 410 424	11%

2004-2006 ARTES Balance Sheet, in TND

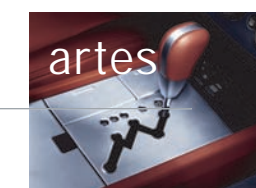
ARTES Balance sheet, in TND

	2004	2005	2006
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>	24 420 879	28 814 593	34 658 881
Net intangible assets	948 627	911 034	851 231
Net property, plant, and equipment	8 479 486	8 390 794	8 494 884
Long term investment	14 992 766	19 512 766	25 312 766
Other non current assets	0	0	0
<b>CURRENT ASSETS</b>	64 632 986	72 401 207	78 836 399
Inventories	16 730 871	15 056 904	11 720 078
Account receivables	5 559 207	7 638 602	6 124 065
Other current assets	1 432 333	890 558	1 192 264
Cash and marketable securities	40 910 575	48 815 143	59 799 991
<b>TOTAL ASSETS</b>	89 053 865	101 215 800	113 495 280
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>	38 380 218	51 714 644	66 125 067
Capital stock	500 000	500 000	500 000
Reserves	15 033 874	19 372 480	25 272 480
Other shareholders' equity	0	0	0
Retained earning	13 325 111	17 507 738	24 942 163
Net income	9 521 233	14 334 425	15 410 424
<b>LIABILITIES</b>	50 673 647	49 501 157	47 370 213
Non current liabilities	978 500	640 000	490 000
Debt	40 000	40 000	40 000
Provision for risk	938 500	600 000	450 000
Current liabilities	49 695 147	48 861 157	46 880 213
Account payables	47 025 816	45 874 198	45 844 924
Other current liabilities	2 437 520	2 986 959	1 035 288
Short term debt	231 812	0	0
<b>TOTAL LIABILITIES AND EQUITY</b>	89 053 865	101 215 800	113 495 280

2004 - 2006 ARTES Cash Flow Statement, in TND

ARTES Cash Flow Statement, in TND

	2004	2005	2006
Cash flow from operating activities			
Net income	9 521 233	14 334 425	15 410 424
Adjustments for			
*Amortizations & provisions	418 010	622 052	405 071
*Provisions reversal	(31 501)	(494 500)	(170 141)
*Change in:			
- Inventories	1 762 234	1 673 967	3 336 826
- Accounts receivables	5 138 823	(2 141 843)	1 521 019
- Other assets	(78 185)	541 776	(301 707)
- Accounts payables & other debt	(1 384 072)	(602 179)	(1 980 944)
*Other adjustments			
-Capital gains or losses on the disposal of assets	(40 662)	(40 300)	(105 160)
- Cost transfer	(92 316)	0	0
<b>Total cash flow from operating activities</b>	<b>15 213 563</b>	<b>13 893 398</b>	<b>18 115 389</b>
Cash flow from investing activities			
CAPEX	(184 086)	(277 317)	(435 702)
Fixed assets disposal	470 422	40 300	90 300
Financial investments	(3 000 000)	(4 520 000)	(5 900 000)
Gain on sale of financial assets			114 860
<b>Total cash flow from investing activities</b>	<b>(2 713 664)</b>	<b>(4 757 017)</b>	<b>(6 130 542)</b>
Cash flow from financing activities			
Dividends paid	(1 000 000)	(1 000 000)	(1 000 000)
Total cash flow from financing activities	(1 000 000)	(1 000 000)	(1 000 000)
Change in net cash	11 499 899	8 136 381	10 984 847
Net cash at beginning	29 178 863	40 678 762	48 815 143
Net cash at end	40 678 762	48 815 143	59 799 991



2004 - 2006 ARTES Group Consolidated P & L, in TND

ARTES Group Consolidated P & L, in TND

	2004	2005	2006
Revenues	119 893 236	153 327 180	151 373 985
Cost of sales	-98 613 243	-126 456 984	-123 602 040
<b>Total Gross Margin</b>	<b>21 279 993</b>	<b>26 870 196</b>	<b>27 771 945</b>
Other operating incomes	322 127	911 670	538 618
Distribution charges	-1 518 299	-1 829 995	-1 807 899
Management charges	-1 575 084	-1 770 700	-1 740 775
Other operating charges	-1 730 594	-2 102 510	-2 393 448
<b>Operating Income</b>	<b>16 778 143</b>	<b>22 078 662</b>	<b>22 368 441</b>
Net Financial charges	-31 686	-80 887	-135 254
Financial Revenues	1 714 665	2 916 197	3 952 072
Other ordinary gains	100 267	331 876	358 173
Other ordinary losses	0	0	0
<b>Pre-tax Profit</b>	<b>18 561 389</b>	<b>25 245 848</b>	<b>26 543 432</b>
Deferred taxes	- 142 605	- 109 532	50 118
Payable taxes	- 4 324 033	- 6 211 709	- 6 217 005
<b>Consolidated Companies' Net Profit</b>	<b>14 094 752</b>	<b>18 924 607</b>	<b>20 376 545</b>
Equivalence compains share of profit	253 526	371 735	334 451
<b>Net Profit</b>	<b>14 348 278</b>	<b>19 296 342</b>	<b>20 710 996</b>
Minority Interests	-356 399	-383 786	- 416 678
<b>Consolidated Net Profit</b>	<b>13 991 879</b>	<b>18 912 556</b>	<b>20 294 318</b>

2004 - 2006 ARTES Group consolidated Balance Sheet, in TND

ARTES Group Balance Sheet, in TND

	2004	2005	2006
<b>Non Current Assets</b>			
Intangible fixed assets	1 283 403	1 307 218	1 317 024
Amortization	- 334 776	- 396 184	- 465 793
Tangible fixed assets	15 115 697	15 255 628	15 391 639
Depreciation	-4 778 833	- 5 131 788	-5 290 977
Financial assets (equity method)	3 181 804	3 455 727	3 790 178
Other financial assets	860 462	933 541	857 968
Provisions	-7 110	- 7 110	-7 110
Deferred taxes	379 385	269 853	319 971
Other non current assets	-	-	-
<b>Total non Current Assets</b>	<b>15 700 031</b>	<b>15 686 885</b>	<b>15 912 900</b>
<b>Current Assets</b>			
Inventories	42 049 595	38 345 842	48 424 854
Accounts receivables	7 682 995	9 800 154	8 746 349
Provisions	-753 606	-816 055	- 809 572
Other Current Assets	2 154 790	2 056 522	2 857 568
Marketable securities	51 229 016	72 300 459	88 711 389
Cash	4 325 349	3 359 441	4 691 843
<b>Total Current Assets</b>	<b>106 688 139</b>	<b>125 046 363</b>	<b>152 622 431</b>
<b>TOTAL ASSETS</b>	<b>122 388 170</b>	<b>140 733 248</b>	<b>168 535 332</b>
Equity capital	500 000	500 000	500 000
Consolidates reserves	39 430 258	52 460 450	70 459 121
Shareholders' equity before net profit	39 930 258	52 960 450	70 959 121
Consolidated profit	13 991 879	18 912 556	20 294 318
Shareholders' equity before distribution	53 922 136	71 873 007	91 253 439
Minority interest/reserves	10 303 579	11 641 840	12 739 512
Minority interest/net profit	356 399	383 786	416 678
<b>Total Shareholders Equity</b>	<b>64 582 114</b>	<b>83 898 633</b>	<b>104 409 629</b>
<b>Liabilities</b>			
LT Debt	40 000	40 000	40 000
Provision for risks	952 000	613 500	450 000
Deferred Taxes	218 055	218 055	218 055
Account Payables	50 354 808	49 705 126	55 531 333
Other current liabilities	6 009 380	6 257 933	3 885 440
ST Debt	231 812	-	4 000 874
<b>Total Liabilities</b>	<b>57 806 055</b>	<b>56 834 614</b>	<b>64 125 702</b>
<b>Total Shareholders' equity and liabilities</b>	<b>122 388 169</b>	<b>140 733 248</b>	<b>168 535 332</b>

2004 - 2006 ARTES Group Consolidated Cash Flow Statements, in TND

ARTES Group Consolidated Cash Flow Statement, in TND

	2004	2005	2006
<b>Operating Cash Flow</b>			
Net Profit	13 991 879	18 912 556	20 294 318
Adjustment for			
* Share in the equity method integrated companies profit	-253 526	-371 735	-334 451
* Minority interests	356 399	383 786	416 678
* Amortization, depreciation & provisions	543 090	749 329	851 836
* Provisions reversal	-31 501	-494 500	-183 641
* Change in:			
Inventories	126 239	3 703 753	-10 398 332
Receivables	4 408 021	-2 600 561	584 342
Other current assets	-181 203	196 256	-899 416
Payables	-1 113 669	82 273	3 923 559
* Other adjustments :			
Charge transfer	-92 316	0	0
Capital gain/loss following Assets disposal	-40 662	-40 300	-103 577
* Deferred taxes	142 605	109 531	-50 118
* Participations revenues			97 988
<b>Total Operating Cash Flow</b>	<b>17 855 355</b>	<b>20 630 389</b>	<b>14 199 187</b>
<b>Investing Activities Cash Flow</b>			
Acquisition of Tangible and intangible Assets	-198 103	-280 263	-1 737 462
Disposal of Tangible and Intangible Assets	470 422	40 300	90 300
Acquisition of Financial Assets	-4 149 500	-6 203 079	-5 927 082
Disposal of Financial Assets	0	0	117 516
<b>Total Investing Activities Cash Flow</b>	<b>-3 877 181</b>	<b>-6 443 042</b>	<b>-7 456 729</b>
<b>Financing Activities Cash Flow</b>			
Capital increase	4 500 600	7 150 000	8 000 000
Dividends distributed & other distributions	-1 000 000	-1 000 000	-1 000 000
Loan repayment	-260 065	0	0
Loans	0	0	0
<b>Total Financing Activities Cash Flow</b>	<b>3 240 535</b>	<b>6 150 000</b>	<b>7 000 000</b>
Exchange rate fluctuation incidence			
Increase (decrease) in Cash & Cash Equivalents	17 218 709	20 337 347	13 742 458
<b>Cash &amp; Equivalent: opening balance</b>	<b>38 103 844</b>	<b>55 322 553</b>	<b>75 659 900</b>
<b>Cash &amp; Equivalent: closing balance</b>	<b>55 322 553</b>	<b>75 659 900</b>	<b>89 402 358</b>







# artés

G e a r u p