

Semi-Annual Report (January-June 2009)

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I. The Egyptian Market

The global financial and economic crisis presented significant challenges for all capital markets in the world. Despite the recovery witnessed in some of these markets, amid increasing expectations to approach an end to this crisis, on the back of the rapid bail out measures and rescue plans adopted by governments, yet the year 2009 remains a difficult year for the world financial markets.

Fairly Robust Economic Activity

The Egyptian economy was in better shape than many of its peers thanks to the economic reform program initiated since 2004, the resilient, under-leveraged banking sector as well as the remedial measures undertaken by the Egyptian government to alleviate the effects of the crisis on the economy. This has enabled the Egyptian economy to maintain a positive growth rate of 4%, albeit lower than the 7% average growth rate recorded in the past three years, compared to negative growth rates realized by other emerging & developed economies.

From another perspective, the Central Bank of Egypt (CBE) has made a series of consecutive reductions in the overnight deposit and lending rates -corridor rate- to encourage more investments. In that respect, the overnight deposit and lending rates were cut four consecutive times during the first half of 2009 to reach 9% and 10.5%, down from 11.5% and 13.5%, respectively.

The Egyptian economy performed well during the first quarter of 2009, with figures revealing a fairly good economic activity over this period. The growth rate has surged to 4.7% as opposed to 4.2% during the last quarter of 2008. The trade balance deficit retreated to US\$ 918 million down from US\$ 1.5 billion deficit during the last quarter of 2008, which was accompanied by a slight increase in the Net International Reserves (NIR), reaching US\$ 31.3 billion at the end of June 2009.

Additionally, after reaching an unprecedented double digit rates in 2008, surpassing 20%, the inflation rate declined remarkably during the first half of 2009, to culminate at 10% at the end of June 2009.

EGX Rallies Since Mid February 2009

The Egyptian market started to recoup a major part of its losses since the second half of the month of February, with EGX 30 index soaring 54% till the end of June 2009 and concluding the first six months of 2009 with 24% gains. Likewise, EGX 70 Index, encompassing mid cap companies, surged by 29% over the same first half of 2009.

Trading Aggregates Rebound

EGX has witnessed a remarkable surge in its trading records, with an average of L.E 1.5 billion worth of trading per day, over the period March-June 2009, and surpassing the L.E 2 billion level many times, up from a daily average of LE 500 million at the beginning of the year.

The Establishment of an Integrated Supervisory Authority

An integrated supervisory authority was established during the first half of 2009; the Egyptian Financial Services Authority, which merges the Capital Market Authority, the Insurance Authority as well as the Mortgage Finance Authority, together with the financial leasing, factoring and securitization activities under one entity. This move came to have in place an efficient and market oriented authority, which helps integrating the financial activities in Egypt and enhances the supervisory and regulatory roles in that respect.

Implementation of New Listing Rules

EGX new Listing Rules were set to enhance liquidity and ensure further enforcement of disclosure and corporate governance. To maintain their listing status, EGX issuers should have a minimum fully paid capital of LE 20 million, float 10% of their shares, while maintaining a minimum free float of 5%.

A 6-month grace period was granted to all listed companies till the end of 2009 to conform to EGX new listing rules.

The launch of New Indices

To better serve local as well as foreign investors, EGX has launched a set of new indices during the first half of 2009. EGX has launched EGX 70 Price Index, on 1 March 2009, which tracks the performance of the 70 active companies, after excluding the 30 most active constituent-companies of EGX 30 Index. Moreover, EGX started computing EGX 30 Index in US dollar terms; a common currency unit that helps in comparing stock exchange performances or alternative investment instruments.

Investor Education & Public Awareness

Within the framework of its investor education and public awareness campaign, the Egyptian Exchange (EGX) held its educational forum Borsa Step X Step in five governorates during the first half of 2009, targeting university students in Cairo, Benha, Mansoura, Damietta & Monoufeya. The forum was attended by more than 1000 students, whereby a series of lectures were delivered covering basics of investment and trading in the stock market, technical and fundamental analysis as well as the new products introduced to the Egyptian market. Worth mentioning that around 25,000 students have been addressed during the past four years.

Extensive Promotional Campaigns

In its endeavor to attract more investment inflows to the market, EGX has continued its extensive promotional campaigns, in particular during the period of the crisis, highlighting the Egyptian market key competitive advantages to both domestic and foreign investors. In that respect, EGX has conducted several road shows during the first half of 2009 covering London, New York and Singapore.

1. Market Performance

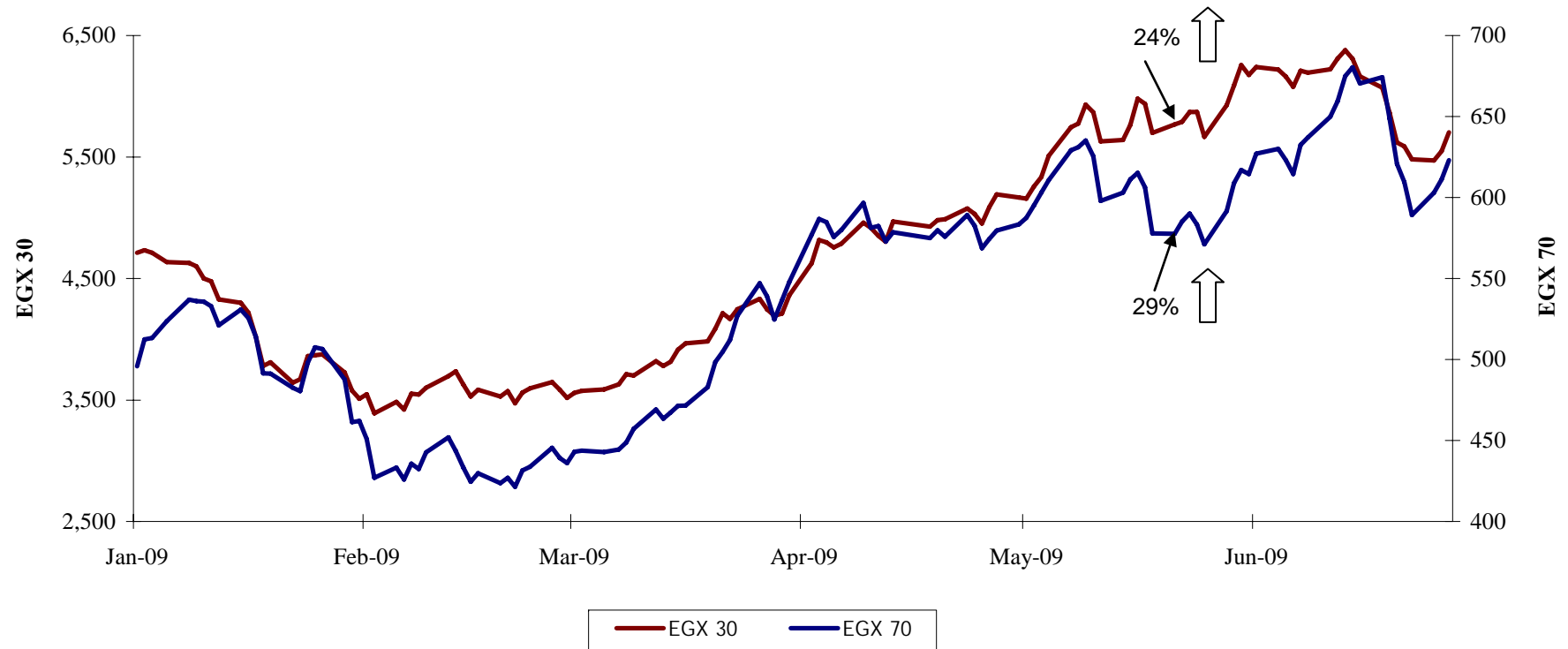
a. Market Indices Performance

Pulled down by the negative performance of stocks since mid September 2009, following the global financial crisis, the Egyptian market started the year 2009 on a negative note and continued its downward trend till mid February 2009, with EGX 30 Index touching one of its lowest levels over the past four years, lowering than 3400 points, while EGX 70 index approached the 420 points level.

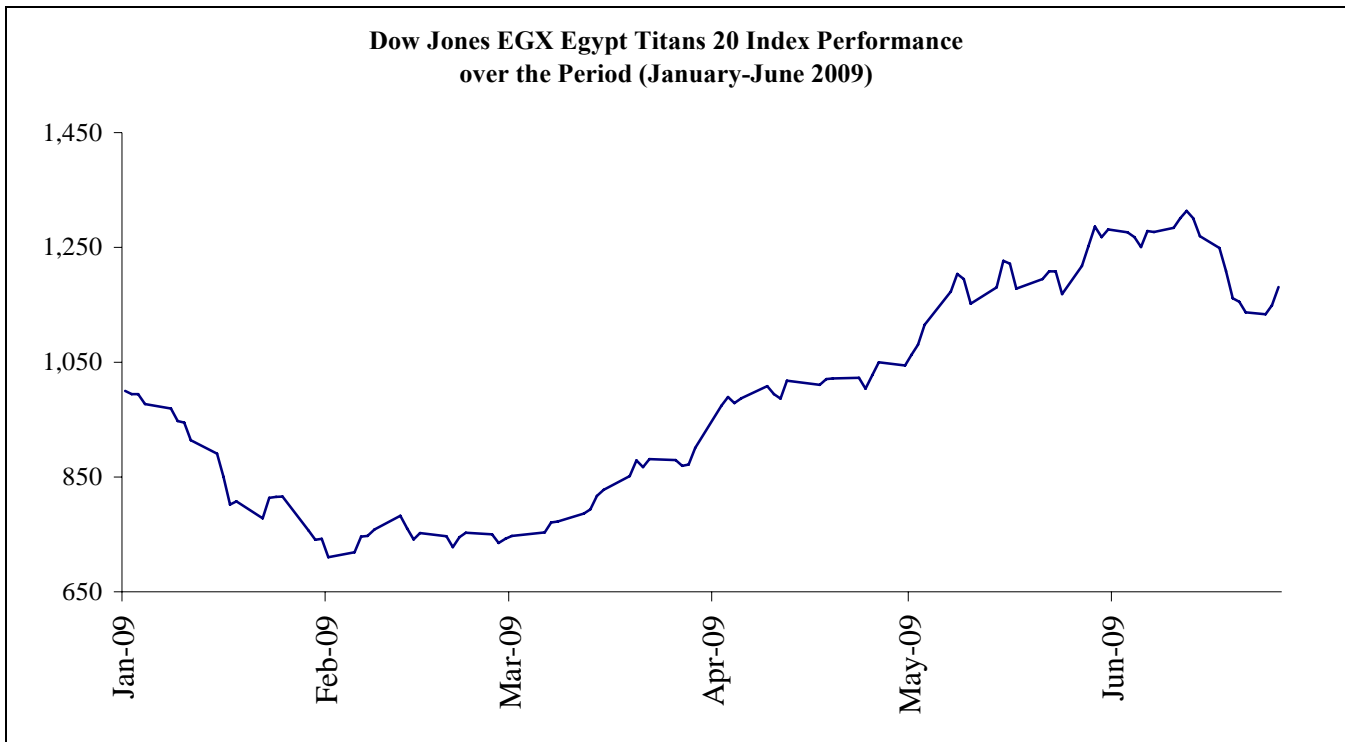
The market has, however, rebounded again since the third week of February till the month of May, recouping part of its losses, with EGX 30 index surpassing the 6000 points threshold and approaching the 6500 points threshold. Likewise, EGX 70 index surpassed the 650 points threshold; the highest levels over the last 8 months.

Meanwhile, the market has witnessed some profit taking activities during the second half of the month of June, to conclude the month at 5703 points, rising up by 24% since the beginning of the year and by 54% since mid February 2009. Likewise, EGX 70 index concluded the first half of 2009 at 580 points, recording an increase of 29% over the period under review and surging by 38% since mid February 2009.

EGX 30 Index (in Local Currency Terms) & EGX 70 Index Performance over the Period (January-June 2009)



	% Change	
	January-June 2008	January-June 2009
EGX 30 Index (in Local Currency Terms)	-6.85%	24.07%
EGX 30 Index (in US\$ Terms)	-3.68%	22.24%
EGX 70 Index	11.94%	29.20%
Dow Jones EGX Egypt Titans 20 Index	-7.86%	20.98%



b. Sectors Indices Performance

All sectors have witnessed a positive performance during the first half of 2009, with the Real Estate sector outperforming the market, surging by 53%. The sector has also stood as number one in terms of trading volume, locking in 3.6 billion securities worth LE 25 billion. This was mainly attributed to the high trading activity of TMG Holding, which captured almost 61% of the sector's trading volume, coming in first in terms of volume traded over the period.

The second and third places were booked by the Travel and Leisure sector and the Construction and Materials sector, with their indices soaring by 37% and 36%, respectively. Moreover, the Construction and Materials sector came third in terms of volume traded, recording 2.1 billion securities worth LE 14.8 billion, thanks to the good performance of Upper Egypt Contracting Company, which ranked second in terms of volume traded, acquiring 78% of the sector's volume traded.

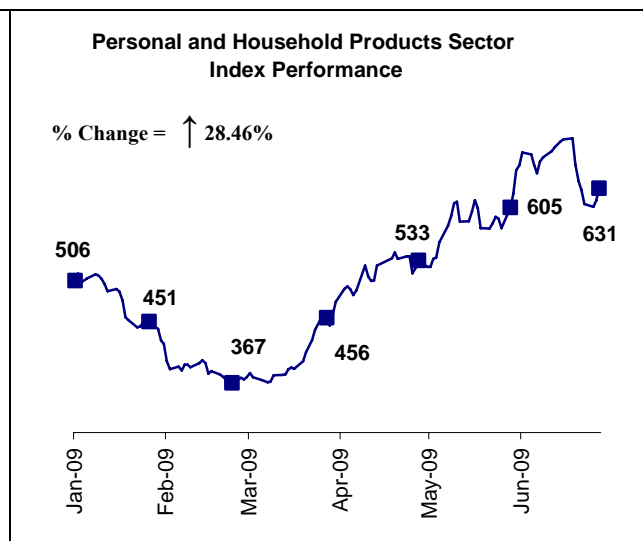
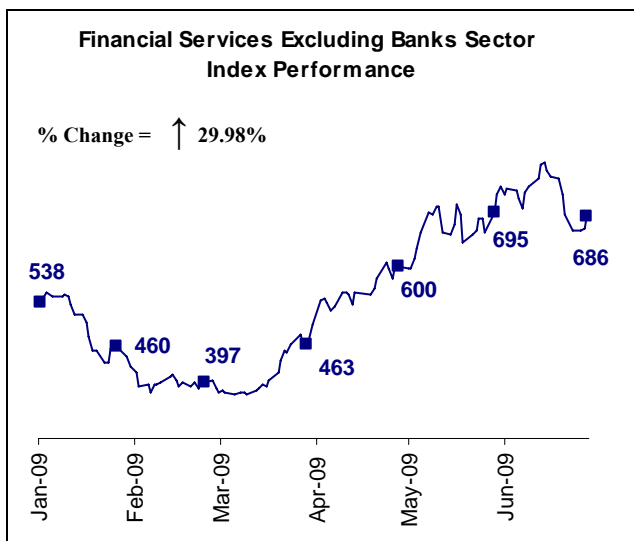
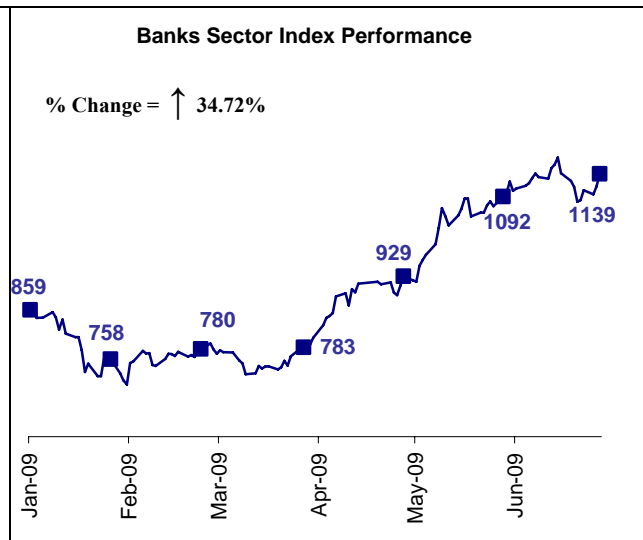
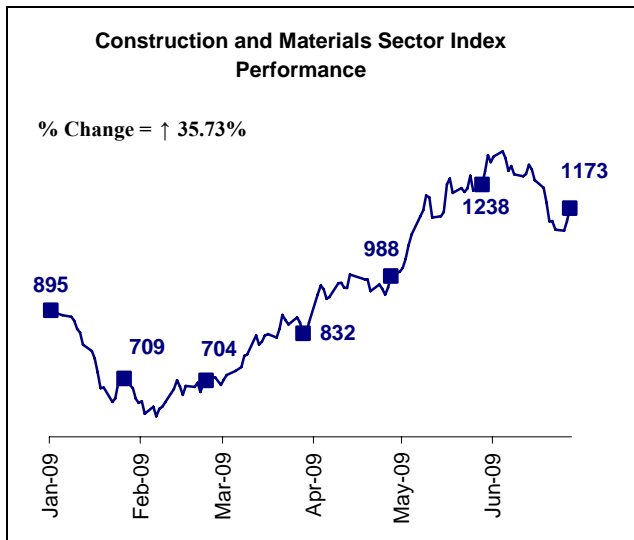
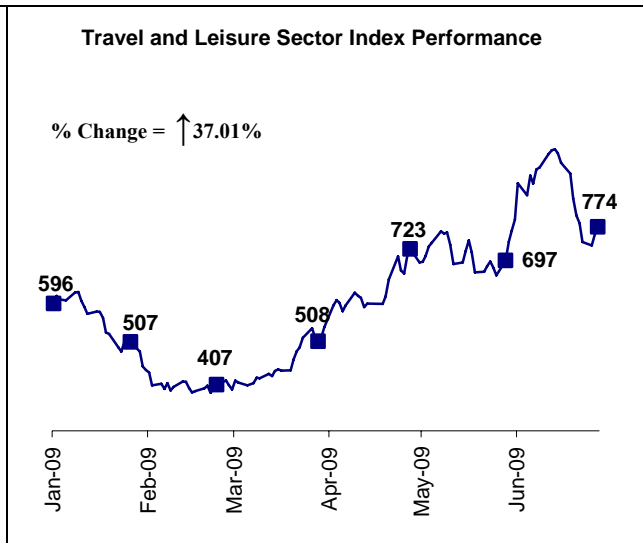
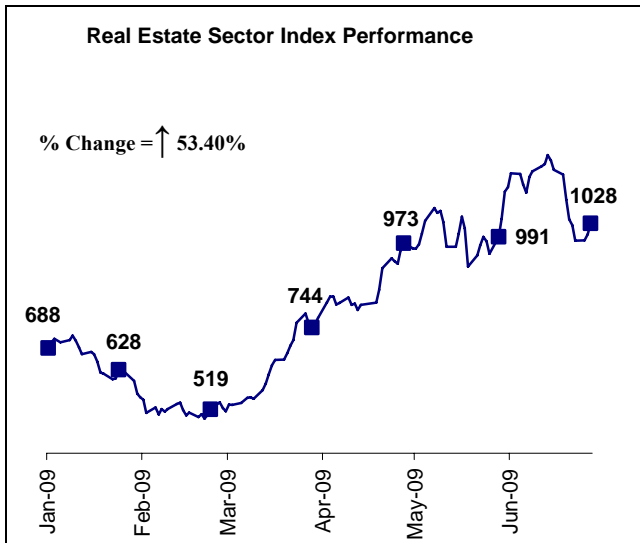
The Banks sector came fourth, rising up by 35% over the first half of the year 2009, followed by the Financial Services Excluding Banks sector, which surged by 30% over the period, ranking fifth in terms of volume traded, with 1.8 billion securities, worth LE 16.5 billion, exchanging hands.

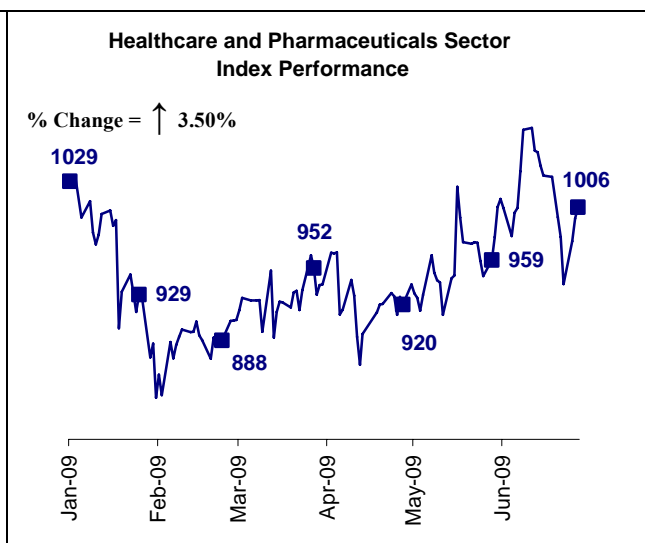
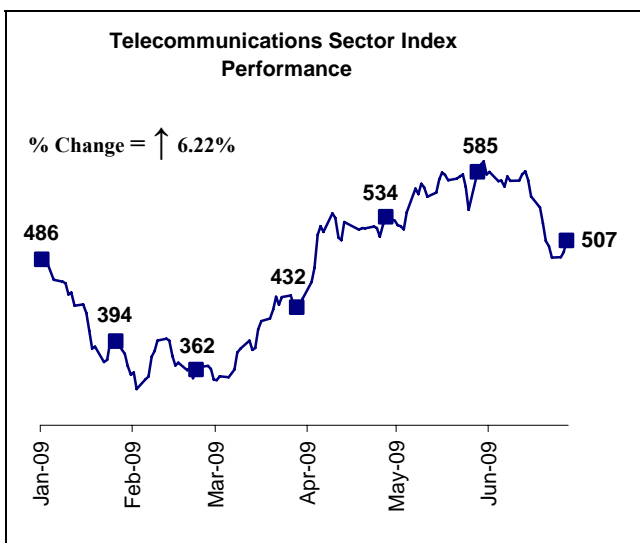
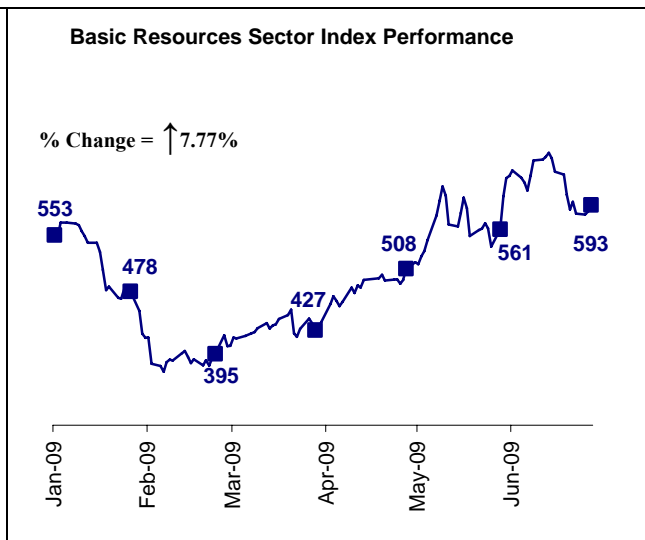
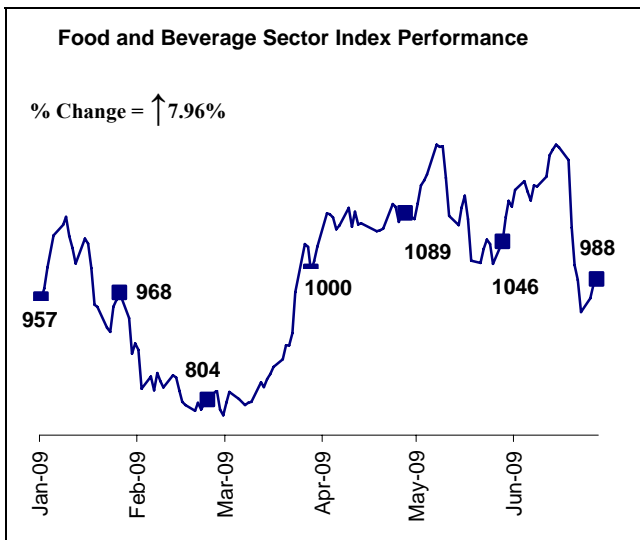
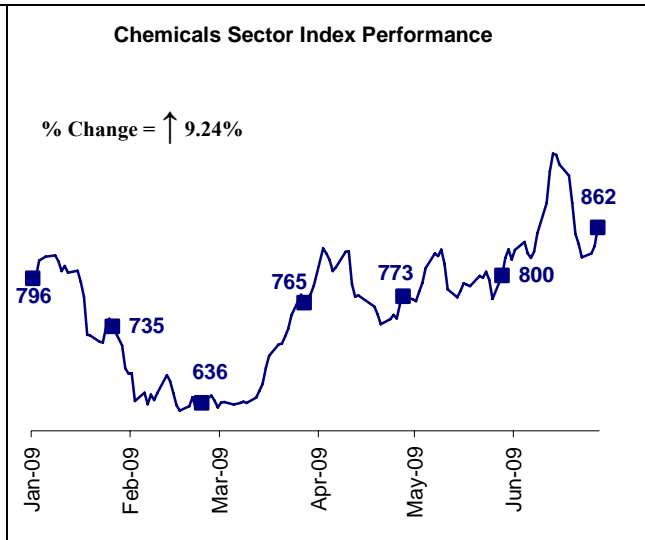
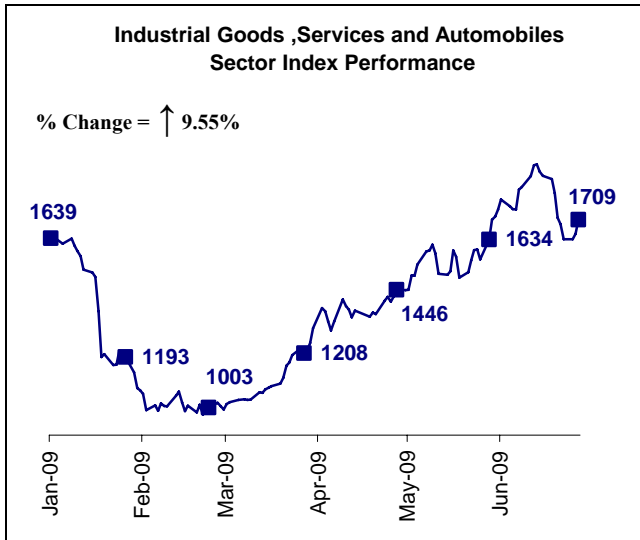
The Personal and Household Products sector stood as number six, surging by 28.5%. Moreover, the sector occupied the second place in terms of volume traded, on the back of the high trading activities of spinning and weaving companies, which booked advanced places among the ten most active companies in terms of volume traded. Arab Cotton Ginning came fifth in terms of volume traded. Additionally, Nasr Clothes & Textiles (Kabo), Alexandria Spinning & Weaving (SPINALEX) and Arab Polvara Spinning & Weaving Co. ranked seventh, eighth and tenth in terms of volume traded, respectively.

The Industrial Goods, Services and Automobiles sector came as the seventh gainer and concluded the first half of 2009 with an increase of 10%. The sector ranked fourth in terms of volume traded, registering 10 billion securities worth LE 1.9 billion, supported by the heavy activity of Egyptian Electrical Cables, which booked the third place in terms of volume traded, accounting for 77% of the sector's volume traded.

Eighth in line came the Chemicals sector, with an increase of 9%, followed by the Food and Beverage sector and the Basic Resources sector, recording an increase of 8% each.

Finally, both the Telecommunications and the Healthcare and Pharmaceutical sectors went up by a moderate 6% and 4% over the first half of 2009, respectively.





5 Most Active Sectors in Terms of Volume Traded

Sector	Trading Volume (million)	Trading Value (LE million)	Average P/E Ratio 30/06/2009	Average DY (%) 30/06/2009
Real Estate	3,617.7	24,471.8	15.59	6.53
Personal and Household Products	3,162.4	13,780.6	10.83	23.97
Construction and Materials	2,082.1	14,779.9	10.92	17.23
Industrial Goods, Services and Automobiles	1,856.1	10,200.1	12.66	24.33
Financial Services Excluding Banks	1,797.0	16,498.8	7.94	12.32

2. Trading Aggregates

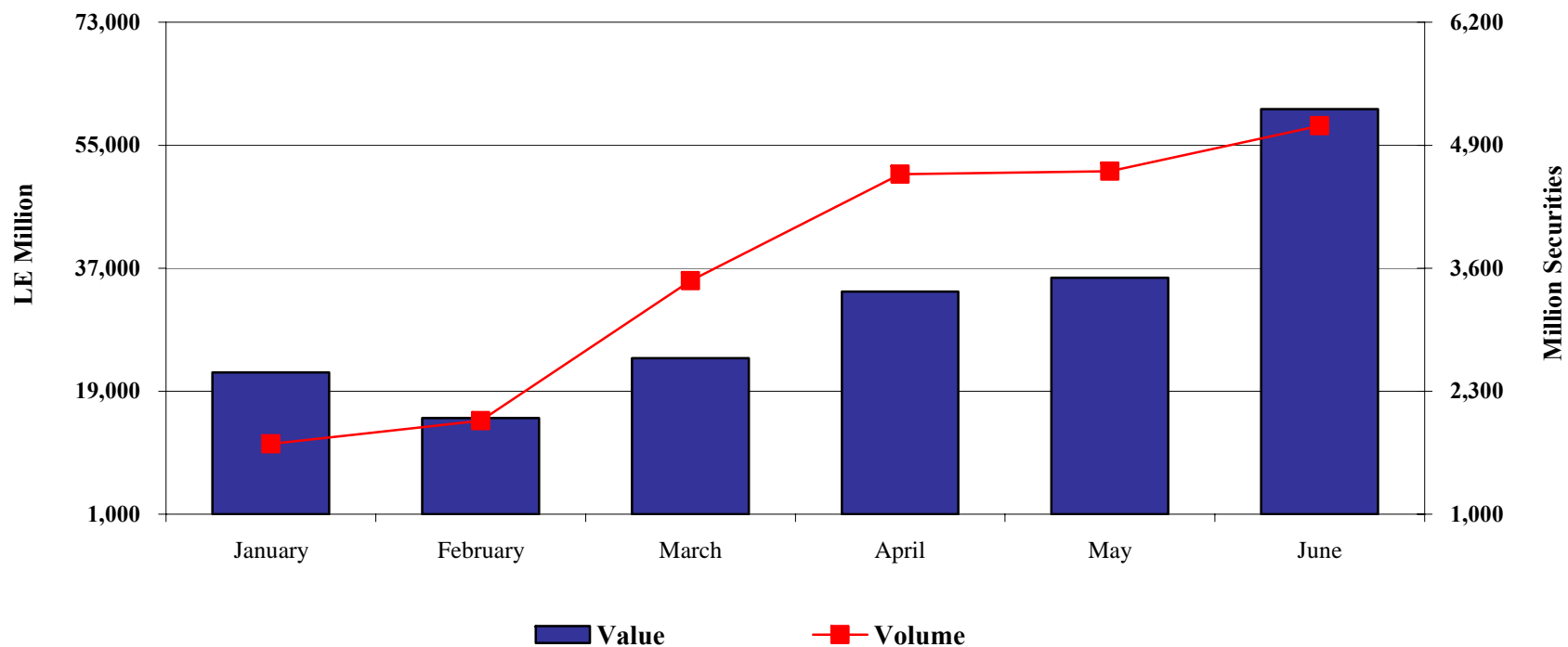
a. Total Market

The Egyptian Exchange maintained high trading records during the first half of year 2009, despite the negative impact of the global financial crisis that hit the Egyptian market together with other emerging & developed markets. The trading value amounted to LE 190 billion, as opposed to LE 397 billion during the same comparable period of last year, which witnessed the conclusion of some prominent deals, including the LE 71 billion Lafarge acquisition deal of OCI cement sector coming on top.

From another perspective, the volume traded soared to 22 billion securities during the first half of 2009, up from 15 billion securities during the same comparable period of last year. Likewise, the number of transactions registered 8.1 million during the first half of the year, which is almost the same recorded figure during the same comparable period of last year.

The number of listed companies continued to decrease, reaching 333 companies at the end of June 2009, down from 373 at the end of 2008, due the strict enforcement of EGX Listing Rules on issuers. The percentage of the total number of traded companies to listed companies reached 76% during the first half of 2009, up from 75% during the same comparable period of last year.

Monthly Trading Value & Volume over the Period (January-June 2009)



- A deal on Agriom Company for Nitrogen Products was executed in the OTC market on 11 January 2009, with a total volume of 5.4 million shares worth LE 7 billion.
- A deal on Citadel for Financial Consultancy was executed in the OTC market on 19 February 2009, with a total volume of 70 million shares worth LE 999 million.
- A deal on Bank of Alexandria was executed on 22 March 2009, with a total volume of 39 million shares worth LE 1.1 billion.
- 2 prominent deals were executed in June 2009; namely, a deal on Egyptian Fertilizers Co., with a total volume of 320 million shares worth LE 19.4 billion, in addition to a deal on National Drilling Co., with a total volume of 608 thousand shares worth LE 511 million.

Main Market Indicators over the Period (2005 - 2009)

Indicators	2005	2006	2007	2008	Jan-Jun 08	Jan-Jun 09
1. Trading Aggregates						
Total Volume Traded (billion)	5.3	9.1	15.1	25.5	14.7	21.5
Volume Traded (Listed Securities)	4.2	7.8	11.4	21.9	13.1	17.0
Volume Traded (Unlisted Securities)	1.1	1.3	3.7	3.6	1.6	4.5
Total Value Traded (LE billion)	160.6	287.0	363.0	529.6	397.3	190.1
Value Traded (listed securities)	150.9	271.1	321.5	475.9	362.2	167.4
Value Traded (unlisted securities)	9.7	15.9	41.5	53.7	35.1	22.7
Total Number of Transactions (million)	4.2	6.8	9.0	13.5	8.2	8.1
Number of Transactions (Listed Securities)	4.0	6.6	8.7	12.8	7.8	7.4
Number of Transactions (Unlisted Securities)	0.2	0.2	0.3	0.7	0.4	0.7
Average Daily Value Traded (LE million)	645	1,176	1,488	1,656	2,245	1,533
Average Daily Value Traded (Listed Securities)	606	1,111	1,318	1,436*	1,960*	1,350
Average Daily Value Traded (Unlisted Securities)	39	65	170	220	285	183
Turnover Ratio (%)**	31.1	48.7	38.7	70.3*	29.6*	31.5
Non-Arab Foreign Participation as % of Total Value Traded	16.4	16.6	19.2	20.0	18.6	10.5
Arab Participation as % of Total Value Traded	13.9	13.6	12.5	10.0	10.4	5.6
Number of Trading Days	249	244	244	244	123	124
2. Listed Companies						
Number of Listed Companies	744	595	435	373	375	333
Average Company Size (LE million)***	613	897	1,766	1,259	2,904	1,397
Number of Traded Companies	441	407	337	322	280	253
Number of Traded Companies as a % of Number of Listed Companies	59	68	77	86	75	76
Market Capitalization End of Year (LE billion)****	456	534	768	474	813	464
Market Capitalization as % of GDP	74	72	86	53	91	52

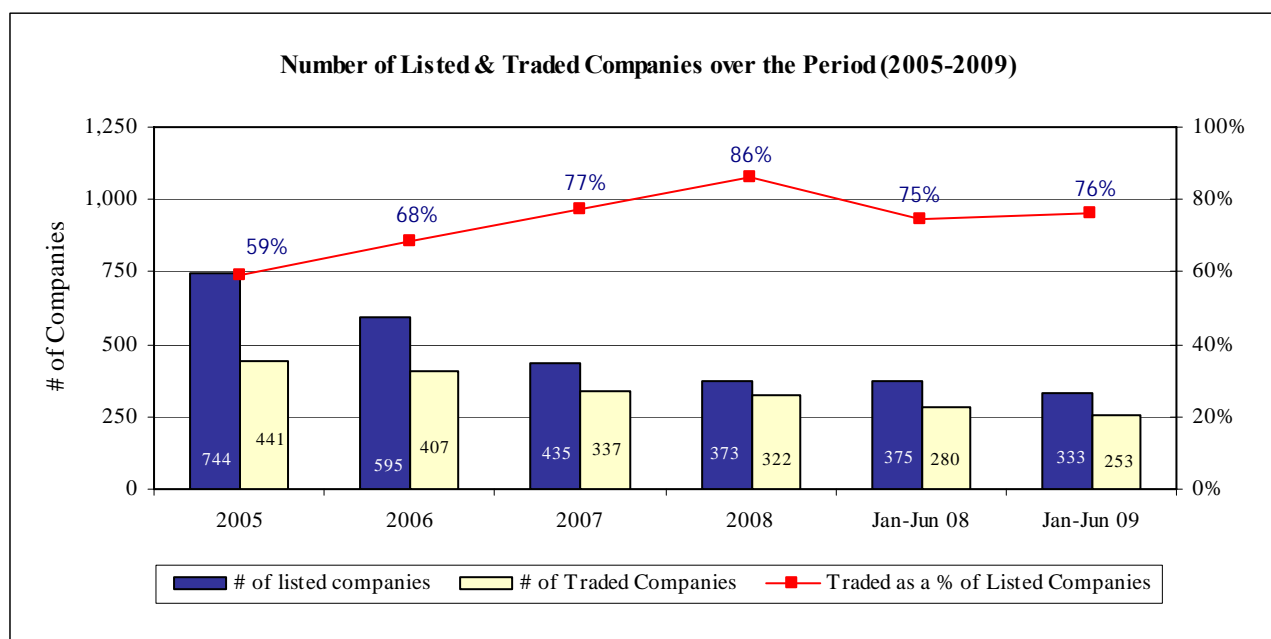
Securities include stocks, bonds and mutual funds

* After excluding deals

** Turnover Ratio (%) = value traded of listed shares / market capitalization

*** Average Company Size = market capitalization end of year / no. of listed companies

**** Market Capitalization = no. of listed shares x market price end of year



b. EGX 30 Constituents

	Trading Value (LE million)	Trading Volume (million)	Number of Transactions (Thousand)
EGX 30	89,162.9	9,146.6	3,879.2
% of Total Listed Stocks	60.8%	53.7%	52.8%

c. EGX 70 Constituents

	Trading Value (LE million)	Trading Volume (million)	Number of Transactions (Thousand)
EGX 70	21,701.5	4,265.8	2,245.3
% of Total Listed Stocks	14.8%	25.1%	30.6%

d. Companies Traded within 20% Price Limits

	Trading Value (LE million)	Trading Volume (million)	Number of Transactions (Thousand)
Companies traded within 20% Price Limits	123,628.9	16,526.4	7,211.0
% of Total Listed Stocks	84.3%	97.1%	98.1%

e. Intra-day Trading System

During the first half of the year 2009, Securities traded through the Intra-day Trading system recorded a trading volume of 3 billion securities worth LE 20.6 billion, executed over 1.1 million transactions.

TMG Holding ranked first in terms of volume traded, recording a trading volume of 746 million securities, followed by Upper Egypt Contracting, which registered a volume traded of 349 million securities, as shown in the table below, which indicates the trading statistics of the 5 most active companies in terms of volume traded according to this system.

Company Name	Trading Volume (million shares)	Trading Value (LE million)	No of Transactions
T M G Holding	746	3,313	92,857
Upper Egypt Contracting	349	676	67,041
El Nasr Clothes & Textiles (Kabo)	236	439	47,491
Pioneers Holding	229	1,636	78,475
Arab Cotton Ginning	219	1,097	61,718
Total Trades Executed through Intra-day Trading System	3,015	20,573	1,086,943
% of Total Listed Stocks	18%	14%	15%

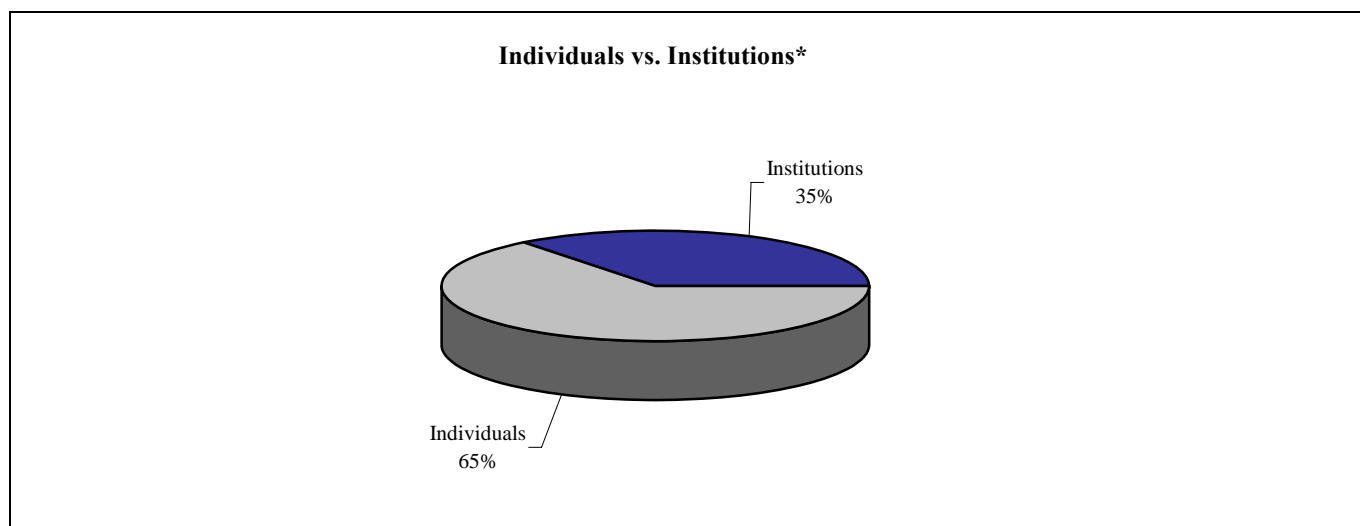
f. Brokerage Firms Eligible for Online Trading

Value Traded (LE million)		Volume Traded (million)		No. of Transactions (thousand)	
Buy	Sell	Buy	Sell	Buy	Sell
16,474	18,385	2,675	2,989	1,427	1,460

g. Market Structure

1. Individuals vs. Institutions

The retail investors accounted for 65% of the total value traded during the first half of 2009, up from 63% during the same comparable period of last year. Meanwhile, Institutional investors captured around 35% of the total value traded as opposed to 37% during the first half of 2008, after excluding deals.



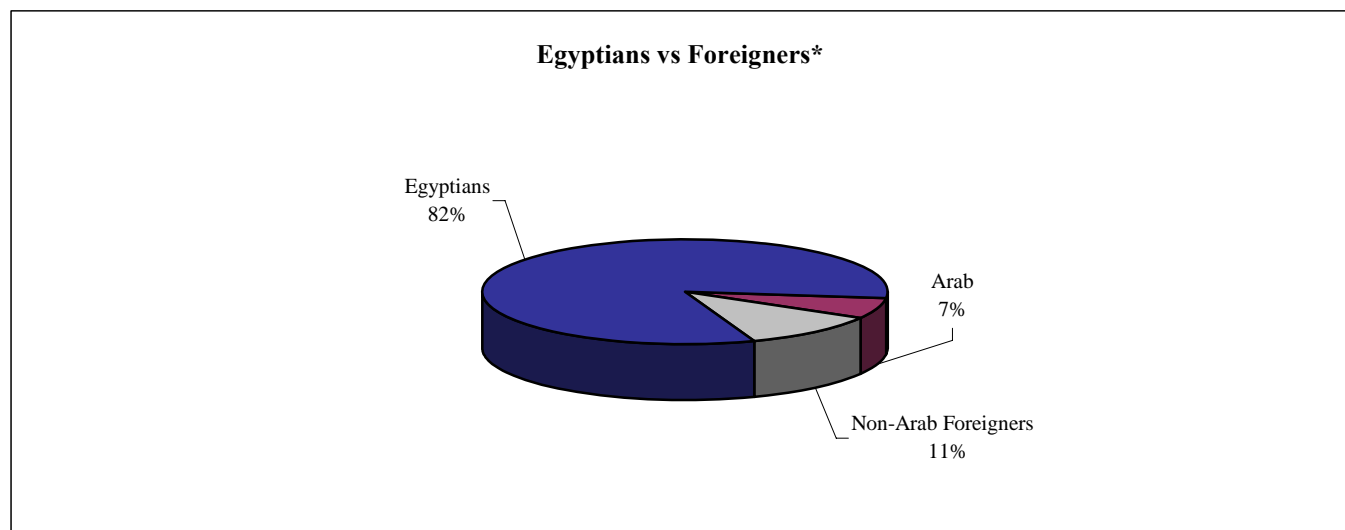
* excluding deals

2. Egyptians vs. Foreigners

During the first half of 2009, the foreigners controlled 18% of the total value traded, as opposed to 29% during the same comparable period of 2008, after excluding deals.

Arab investors acquired 7% of the total market value traded, while the remaining 11% was acquired by Non-Arab foreign investors.

Non-Arab foreign investors concluded the first half of 2009 as net buyers, with net inflows of LE 664 million compared to LE 2.5 billion net inflows during the same comparable period of last year. Meanwhile, Arab investors were net sellers, generating net outflows of LE 2.6 billion during the first half of 2009, as opposed to net inflows of LE 52 million during the same comparable period of last year, after excluding deals.



* excluding deals

h. Ten Most Active Companies in Terms of Volume Traded

Shares	Trading Volume (million)	Trading Value (LE billion)	Open Price at the Beginning of Jan 09 (LE)	Close Price at the End of Jun 09 (LE)	% Change
T M G Holding	2,212.5	9,654.1	3.06	5.23	70.92
Upper Egypt Contracting	1,621.8	3,095.8	2.37	2.42	2.11
Egyptian Electrical Cables	1,433.9	2,047.5	1.23	1.59	29.27
Egyptian for Tourism Resorts	950.1	1,973.7	1.79	2.43	35.75
Arab Cotton Ginning	889.1	4,422.0	3.72	5.72	53.76
Pioneers Holding	860.9	6,084.0	6.52	5.90	-9.51
El Nasr Clothes & Textiles (Kabo)	856.0	1,561.7	1.33	2.35	76.69
Alexandria Spinning & Weaving (SPINALEX)	715.8	1,654.1	1.77	2.43	37.29
Extracted Oils	569.5	1,157.0	1.61	2.31	43.48
Arab Polvara Spinning & Weaving Co.	495.1	2,744.7	2.77	6.21	124.19

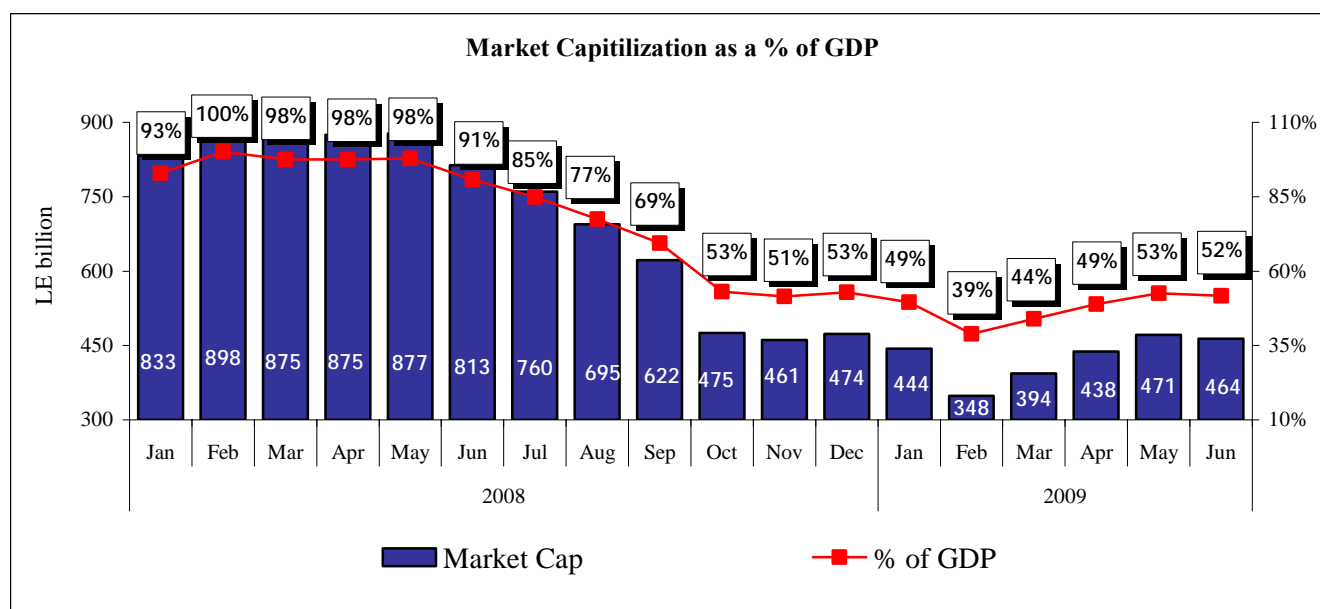
3. Market Capitalization

The total market capitalization culminated at LE 464 billion at the end of June 2009, retreating by 2.2% over the first half of 2009, as depicted in the table below. The total Market capitalization represented 52% of GDP at the end of June 2009, as illustrated in the Figure below.

Market Capitalization

In LE Billion	30/06/2009	31/12/2008	Change (%)
Total Market Cap.	463.6	474.0	-2.2%
EGX 30 Market Cap.	200.2	170.0	17.8%
EGX 70 Market Cap.	68.2	54.4	25.4%
Total Market Cap. as a % of GDP	51.7%	52.9%	

GDP used is LE 895.6 billion, according to the Ministry of Finance.



4. Bonds

The bond market has witnessed a high trading activity during the first half of 2009 compared to the same comparable period of last year. The value of bonds traded soared to LE 21 billion during the first half of 2009, as opposed to LE 13 billion during the comparable period of last year. Likewise, the volume of bonds traded jumped to 20 million bonds, up from 13 million bonds during the first half of 2008; a 54% increase.

The Government bonds, in particular the Treasury bonds issued through the Primary Dealers System, still account for the lion's share of the total bond activity, making up 99% of the total bonds value and volume traded during the first half of 2009.

Moreover, the corporate bonds witnessed a surge in their trading activity during the first half of 2009, with their value traded registering LE 37 million, up from only LE 1 million during the same comparable period of last year, and their volume traded reached 599 million bonds versus only 2000 bonds during the first half of 2008.

Trading Aggregates for Bonds over the Period (January- June 2009)

	Trading Value (LE million)		Trading Volume (thousand)	
	Jan-Jun 09	Jan-Jun 08	Jan-Jun 09	Jan-Jun 08
Government Bonds	20,651	13,319	20,024	12,959
Housing Bonds	0.01	0.1	0.1	1
Treasury Bonds	0	92	0	86
Treasury Bonds (According to Primary Dealers System)	20,651	13,227	20,024	12,872
Corporate Bonds	37	1	599	2
Total	20,689	13,320	20,623	12,961

Primary Dealers

	Trading Value (LE Million)	Number of Transactions	Average Yield to Maturity (%)	Average Current Yield (%)
Government Bonds (Oct 2011)	238	19	8.961	10.881
Government Bonds (Nov 2014)	898	35	9.512	10.657
Government Bonds (Jan 2025)	118	7	9.597	9.960
Government Bonds (Jul 2010)	484	26	9.345	9.134
Government Bonds (Aug 2009)	498	7	11.040	9.346
Government Bonds (Aug 2010)	330	8	11.771	9.635
Government Bonds (Sep 2012)	1,693	32	10.764	9.564
Government Bonds (Oct 2010)	225	13	11.652	9.429
Government Bonds (Nov 2015)	0.02	1	8.800	9.080
Government Bonds (Jan 2010)	614	19	8.672	9.031
Government Bonds (Jan 2013)	809	19	8.958	8.889
Government Bonds (Feb 2011)	1,523	14	10.522	8.892
Government Bonds (May 2010)	158	9	10.842	9.120
Government Bonds (May 2014)	313	9	8.991	9.289
Government Bonds (Sept 2014)	119	4	8.998	8.658
Government Bonds (Nov 2013)	1,859	42	9.048	8.723
Government Bonds (Jan 2016)	190	9	8.611	8.663
Government Bonds (Feb 2018)	175	20	8.875	9.002
Government Bonds (Feb 2014)	611	24	9.328	9.250
Government Bonds (May 2015)	1,001	39	9.342	10.051
Government Bonds (Jun 2016)	21	5	9.121	10.002

Government Bonds (Jan 2012)	2,649	60	10.592	11.619
Government Bonds (Feb 2009)	2,731	54	10.525	11.387
Government Bonds (Apr 2014)	1,678	44	10.428	10.505
Government Bonds (Apr 2012)	321	12	10.276	10.332
Government Bonds (Jun 2016)	1,395	27	11.157	11.084

5. GDRs

The Egyptian Financial Group Hermes Holding GDR realized the highest gain of 32% over the first half of 2009, followed by Commercial International Bank GDR, with its price jumping by 28%.

On the other hand, Lecico Egypt GDR price retreated by 38%, followed by Orascom Construction Industries, Suez Cement, Telecom Egypt and Orascom Telecom, with their GDRs prices declining by 35%, 14%, 8% and 3%, respectively. Meanwhile, Pachin, El Ezz Steel and Lakah Group GDRs prices remained unchanged.

% Change in Egyptian GDRs' Prices (January-June 2009)

	# of GDRs to local share	GDR Closing Price on 31/12/2008	GDR Closing Price on 30/06/2009	% Change in GDR prices
Commercial International Bank (CIB)	1.00	6.85	8.78	28.2%
Pachin	3.00	2.80	2.80	0.0%
Suez Cement	1.00	5.30	4.55	-14.2%
Ezz Steel	0.33	32.50	32.50	0.0%
LAKAH group*	0.33	0.44	0.44	0.0%
Egyptian Financial Group Hermes Holding	0.50	6.00	7.90	31.7%
Telecom Egypt	0.20	15.50	14.20	-8.4%
Orascom Telecom	0.20	27.29	26.60	-2.5%
Orascom Construction Industries**	1.00	50.00	32.51	-35.0%
Lecico Egypt	1.00	6.50	4.00	-38.5%
Naeem Holding	0.25	-	-	-
Palm Hills Development	0.20	-	-	-

All values in US\$

* Closing price of 03/03/2005.

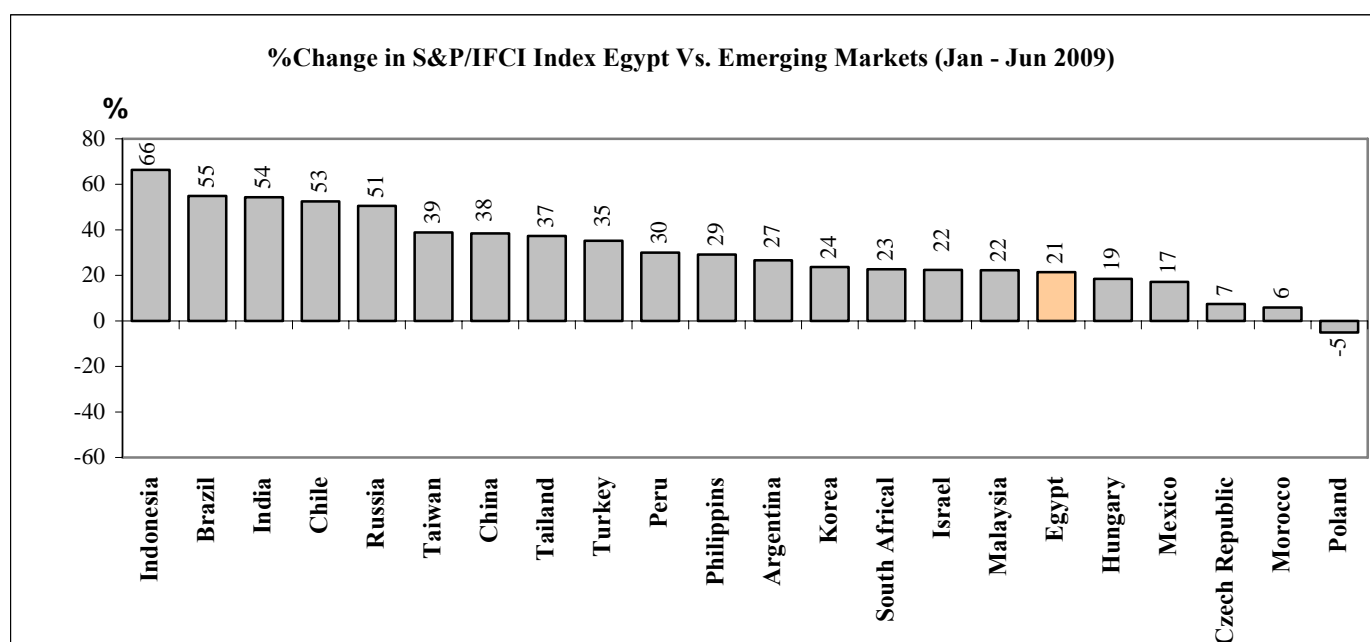
** The Conversion ratio has changed to be 1 share:1 GDR, effective May 7, 2009

II. Egypt vs. Emerging Markets

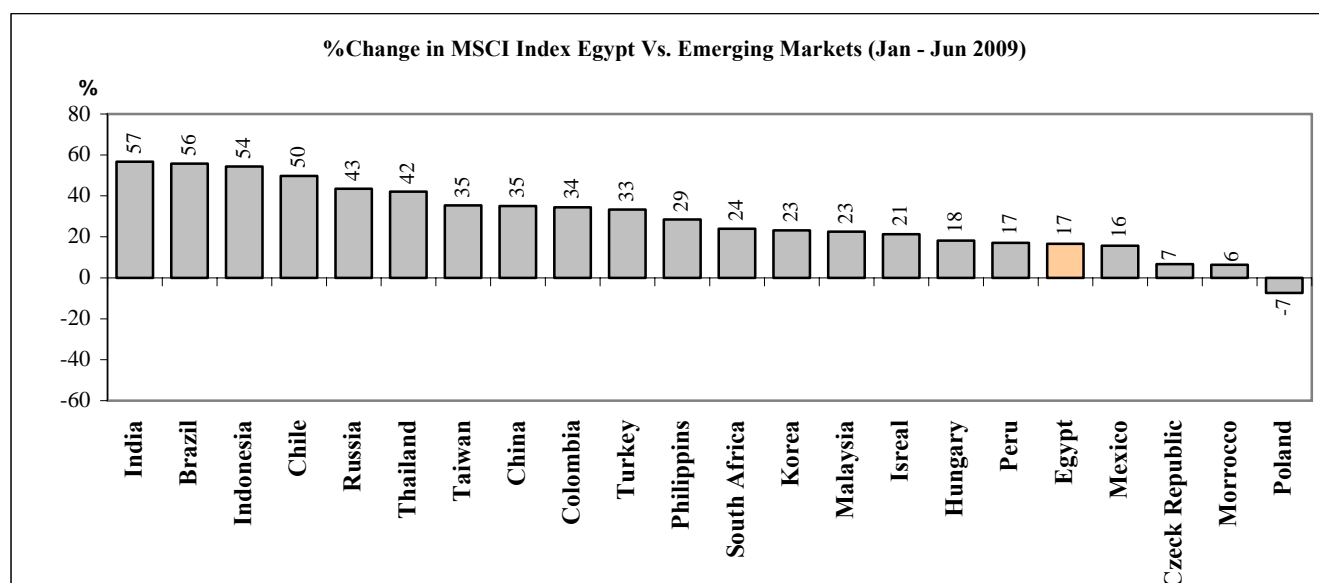
Most emerging markets were able to realize gains on their indices during the first half of 2009, with Indonesia coming on top, surging by 66% according to S&P/IFCI Index. Brazil came second, soaring by 55%, followed by India, which grew by 54%. Poland, on the other hand, has recorded the only decline of 5% over the first half of 2009.

Among the Morgan Stanley Index (MSCI) universe, all emerging ended the first half of 2009 in a positive territory, with exception to Poland, which slumped by 7% over the period. India was the best performer, with a growth of 57%, followed by Brazil and Indonesia, recording an increase of 56% and 54%, respectively.

Meanwhile, The Egyptian Exchange concluded the first half of 2009 with 21% gains, according to S&P/IFCI Index and 17% gains, according to MSCI Index.



Source: Standard & Poor's website



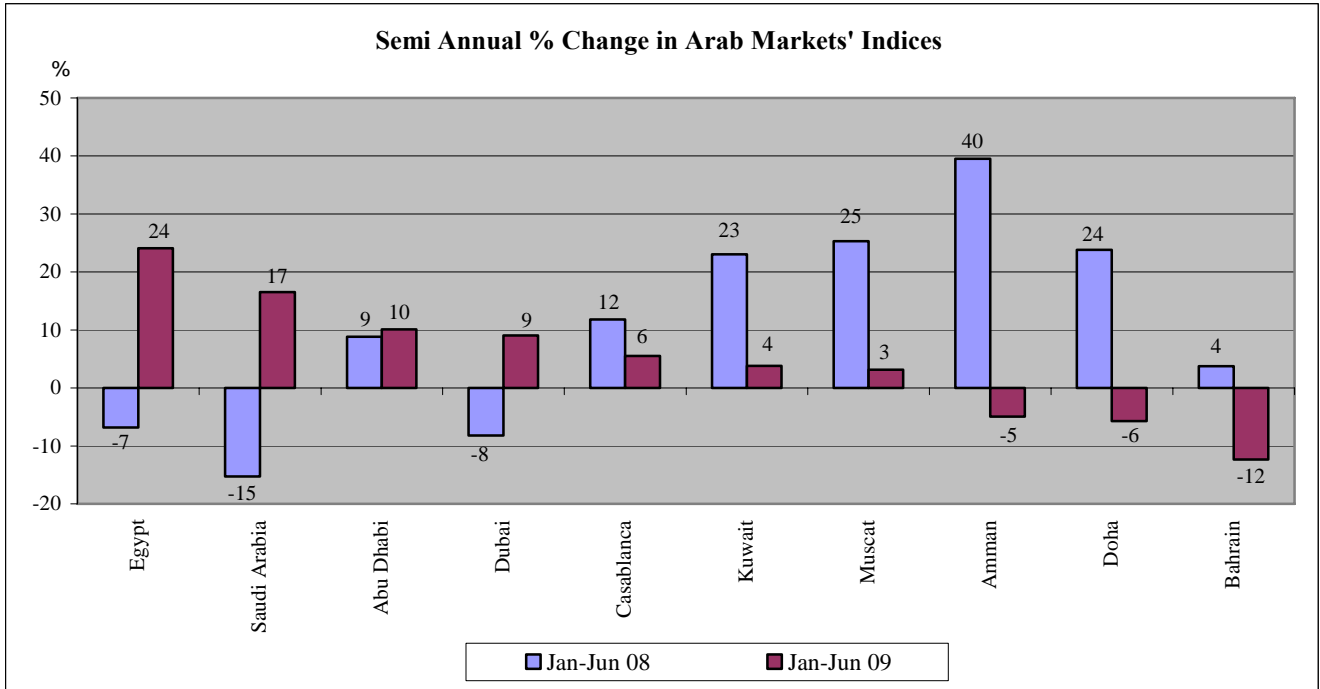
Source: Morgan Stanley website

III. Egypt vs. Arab Markets

The Arab markets have shown a mixed performance during the first half of 2009, with the majority recording gains on their indices. The Egyptian Exchange led all Arab markets, with an increase of 24%, followed by Saudi Arabia and Abu Dhabi Securities Markets, which surged by 17% and 10%, respectively. Fourth in line came Dubai Securities Market, putting on gains of 9% over the period.

On the other hand, Bahrain Securities Market was the worst performer, slumping by 12%, followed by Doha and Amman Securities Markets, with a decline of 6% and 5%, respectively.

This positive performance of Arab markets has led to a surge in the aggregate market capitalization of Arab markets during the first half of 2009, reaching US\$ 858 billion at the end of June 2009, up from US\$ 806 billion at the end of 2008; an increase of 6.5%.



Source: Arab markets websites & Reuters