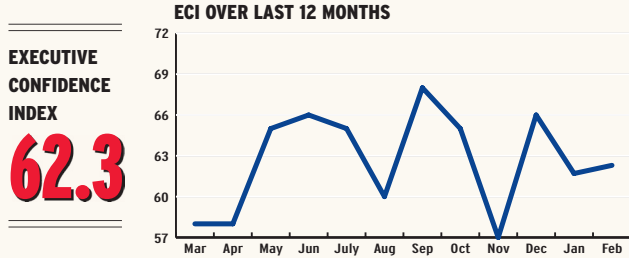


bt/Market Insight - GfK

No Pressure Whatsoever

Things are looking slightly up. Or, maybe not



We all know that the global economic crisis is far from over and we may not have even seen the worst of it yet. The mood at the World Economic Forum (WEF) in Davos last month was decidedly somber, lacking the usual backslapping and deal-making seen in years past. It is now clear that we are in for a protracted economic slump.

On the local front, the economy during 2Q08/09 saw GDP growth drop from 8% to 4.1% despite earlier forecasts for 5% growth, according to figures released by the State Information Service. Figures released by the Suez Canal Authority show that revenue from sea traffic dropped a whopping 20% in January due to a decrease in international trade and shipping companies turning to the cheaper alternative of traveling around the Cape of Good Hope. When revenues from the canal represent nearly 7% of GDP, well, that hurts. Yet amazingly, the overall confidence level of our 100-member panel of experts has risen 0.6 points during this reporting period (from January 15 to February 15).

Events of the Month

A holdover from last month is the war on Gaza, which 24% of our panel says is the most important event of the reporting period. The destruction in Gaza barely edged out the lackluster performance of the EGX, which came in a close second with 23% of the panel reporting it as the most significant event. Oddly enough, third place is occupied by Nothing/No Effect/Can't Remember, with 20% of our panel's votes.

Confidence Details

By industry size, the 33 small enterprises have seen their confidence slip from 71 points to 59 points. As for the 33 medium-sized corporations, their confidence has also dropped dramatically, from 78 points to 64 points. The rest of the panel, representing large corporations, has also been adversely affected, dropping from 77 to 62 points.

By sector, things are also looking down. The services sector, comprised of 32 members, has seen confidence drop from 79 to 67 points. The commercial sector, comprised of 30 members, has seen confidence drop from 74 to 57 points. Meanwhile, manufacturing, with 22 members, has also seen confidence fall from 75 to 66 points. Finally, the construction sector has seen confidence levels fall from 71 to 57 points.

The Economic State

Nearly half (49%) of the panel sees the economy getting worse in the coming three months, while 34% believe it will remain as it is now, which

THIS MONTH

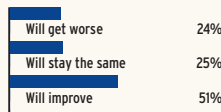
Expectations of the economy in the next three months.



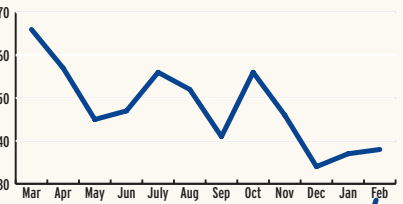
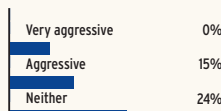
LAST 12 MONTHS



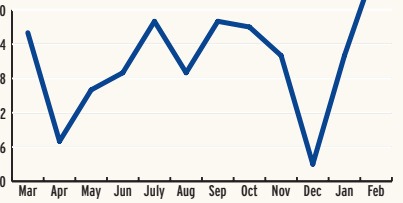
Expectations of economic development in the next two years.



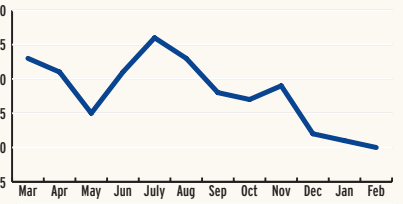
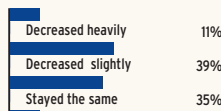
Are you being aggressive or cautious with new investments?



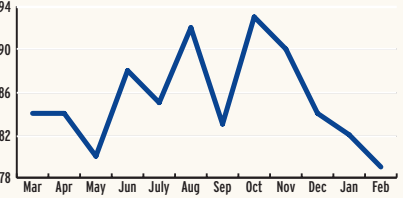
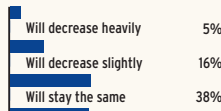
Is your business constrained by lack of finance?



How have your sales developed over the last three months?



How do you expect sales to develop in the next three months?



THE EXECUTIVE CONFIDENCE INDEX is calculated from responses to all survey questions. The bt/Market Insight - GfK Business Confidence Barometer survey was completed in February 2009 by Market Insight - GfK, a Cairo-based marketing and research consultancy, member of GfK World Group. Survey sample: 100 senior executives in industry (22%), construction (16%), commerce (30%) and services (32%). Respondents by company size: 33 with 1-50 employees, 34 with 51-99 and 33 with 100 or more.





Important Events

| Event | Importance |
|------------------------|------------|
| War on Gaza | 24% |
| EGX Performance | 23% |
| Nothing/Can't remember | 20% |
| International Events | 8% |
| New US President | 7% |

is hardly good news. The majority of reasons given were either directly or indirectly related to the global economic crisis.

Looking ahead to the next two years, the outlook is improved as 51% of the panel says that things will get better, though 31% of the panel said that it was mere optimism more than anything else. Other reasons cited include the fact that Egypt doesn't react powerfully to changes in world economies – whether positive or negative changes. The remaining 49%, who either believe that things will remain the same or get worse, cite a poor local economy and its inability to improve.

Accordingly, 42% of the panel thinks the financial crisis could be over by the end of 2009, while 11% say it will end sometime in the next two years and 28% didn't give a timeframe for when they think it will end. Those who are more pessimistic and say the crisis will take more than three years to end represent 16% of the panel.

Operations Overview

In yet another clear sign of the negative local economic environment, 44% of the panel members say their operations have been negatively impacted by the crisis. Accordingly, it seems that the majority of the panel has decided to freeze new operations during this reporting period, as 68% of the panel reported no new projects. The most inactive were medium-sized enterprises and the commercial sector. Meanwhile, 54% have reported no projects planned for the coming reporting period.

Conclusion

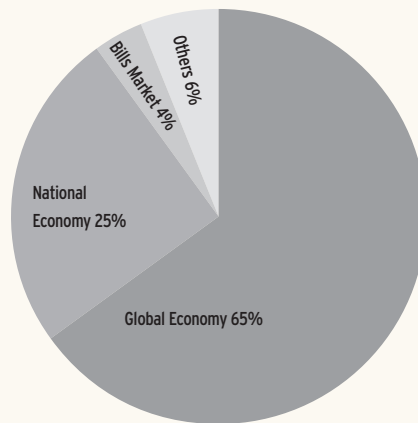
Overall, the market is still struggling more than during the previous period, despite general confidence levels rising ever so slightly. Of course the stock market and 2008

End of the Crisis

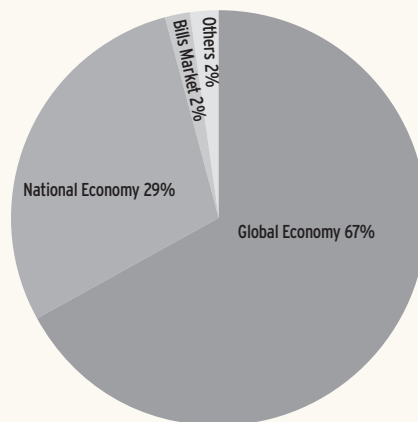
| Duration | Probability |
|-------------------|-------------|
| One Year | 42% |
| Not Specific | 28% |
| More than 2 Years | 16% |
| 2 Years | 11% |

financial results being announced by the majority of listed companies is not doing the economy any favors, with overall fears now being translated into hard figures. Here's to hoping the coming reporting period does a little better. **bt**

Factors Affecting Economic Performance During next 3 months

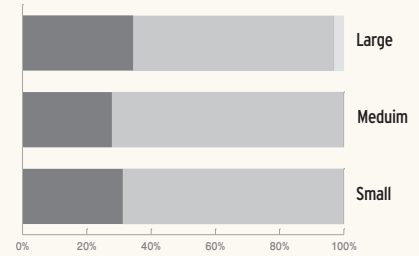


During next 2 years

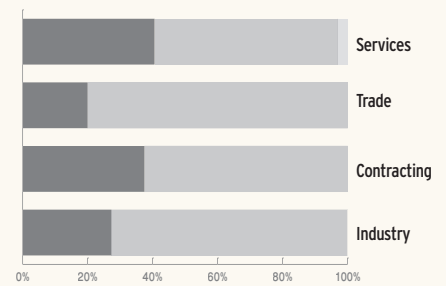


Operations Development

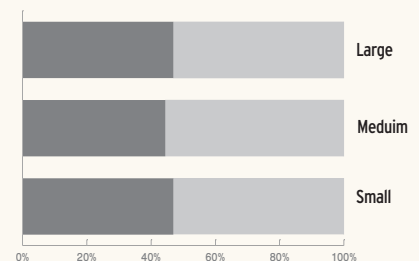
Projects executed last month? COMPANY SIZE



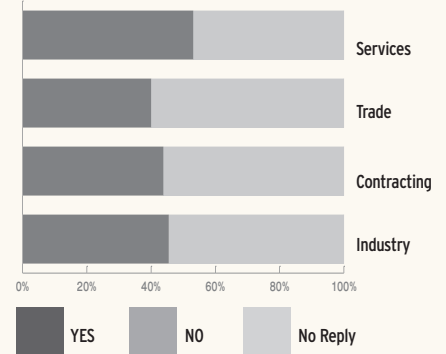
SECTOR



Projects planned for next month? COMPANY SIZE



SECTOR



YES NO No Reply

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