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LIST OF ACRONYMS

CA	Central Auditing Agency
CE	Central Bank of Egypt
AMA	Capital Markets Authority
REP	Reform Program
RES	Reform Scheme
	represented by the period 1-July to 30-June
	Government of Egypt / Arab Republic of Egypt
	Company
	Venture
	Ministry of Foreign Trade
MOEF	Ministry of Economy & Foreign Trade
MOIS	Ministry of Trade & Supply
PE	Ministry of Public Enterprise
NA	Not Available
PBSIC	Public Business Sector Information Center
PE	Public Enterprise
PEO	Public Enterprise Office
PIP	Privatization Implementation Project
US	United States
USAID	United States Agency for International Development

I INTRODUCTION

The first quarter of 2003 was one of the most challenging periods to work on privatization in Egypt. Although a number of factors continued to challenge the promotion of new investment in Egypt, of which the most significant was political tension in the Middle East region, the Government of Egypt (GOE) took a number of steps in its privatization efforts.

The most significant development during the first quarter was the selection of eight local investment promoters engaged to assist in selling eight companies in accordance with the privatization-by-capitalization program. This program focuses on the strategic investment as the principal criterion of investor selection, as appropriate for the privatization of certain weaker or capital-starved holding company affiliates. Investment and participation in the privatization program should be seen as a positive step by the GOE in its commitment to move toward a more competitive economic market.

Other equally important activities during the period include the approval for sale of two major assets for EGP 15 million, the negotiation of the sale of Misr Hotels Company, continued discussion and consideration of resolving high levels of debt in Law 203 companies through debt securitization, as well as approval from the Ministerial Committee and Privatization Ministerial Committee to proceed with the privatization of public shareholding in additional thirty-three joint ventures.

The following report provides an overview of the activities relevant to the privatization program during the quarter ended 31 March 2003, as well as historic data. This information is intended to provide a better understanding of these activities within three main sections of the report: Ministry of Public Enterprise, Recently Selected Companies for Privatization, and Privatization Development with related and detailed information on Law 203 and joint venture companies.

1- مقدمة:

كان الربع الاول من عام 2003 من أكثر الفترات التي شكات تحديا كبيرا للعمل في الخصخصة في مصر. و على الرغم من وجود عدة عوامل كانت بمثابة تحديا مستمرا للترويج للاستثمارات الجديدة في مصر و التي يعتبر من اهمها حالة التوتر السياسي السائدة في منطقة الشرق الاوسط الا ان الحكومة المصرية استطاعت ان تخطو للامام في جهودها في برنامج الخصخصة.

و يعد الاحتفاظ بثماني شركات محلية متخصصة في الترويج للاستثمار للمساعدة في بيع 8 شركات ضمن برنامج الخصخصة عن طريق برنامج الخصخصة بزيادة راس المال يعد من اهم التطورات التي حدثت خلال الربع الاول من عام 2003. و هذا البرنامج يعتمد في عملية المفاضلة و الاختيار فيما بين المستثمرين عند خصخصة بعض الشركات التابعة الضعيفة و الأكثر حاجة الى ضخ للاموال يعتمد على مدى رغبة المستثمر في ضخ رؤوس اموال جديدة للاستثمار في تلك الشركات. يمكن النظر الى ان مشاركة مروجي الاستثمار في برنامج الخصخصة هو خطوة ايجابية من جانب الحكومة المصرية في التزامها بالتحرك نحو تطبيق اقتصاديات السوق التنافسي او السوق الحر.

و هناك أنشطة اخري بذات الاهمية تمت خلال ذات الفترة و التي تتضمن الحصول على الموافقة لبيع اثنين من الاصول الرئيسية ب 16,5 مليون جنيه مصري ، و ذلك الى جانب المفاوضات لبيع شركة مصر للفنادق و كذا الجهود المبذولة في المناقشات المستمرة للوصول الى الطريقة المثلى لتخفيض مستويات المديونية الحالية للشركات الخاضعة للقانون رقم 203 و ذلك من خلال ترويق الديون. هذا كله الى جانب الحصول على موافقة كلا من اللجنة الوزارية و اللجنة الوزارية للخصخصة للمضى في خصخصة حصة المال العام في 33 شركة مشتركة اضافية.

و يعرض هذا التقرير صورة عامة للانشطة المتعلقة ببرنامج الخصخصة خلال الربع الاول من عام 2003 و المنتهي في 31 مارس. و يعرض كذلك بيانات تاريخية. و يهدف هذا التقرير الى بيان و عرض واضح لهذة الانشطة من خلال 3 اجزاء يشكلهم هذا التقرير و هي : وزارة قطاع الاعمال العام ، الشركات المختارة حديثا للخصخصة ، تطور خصخصة الشركات الخاضعة للقانون رقم 203 و الشركات المشتركة شاملا المعلومات التفصيلية.

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MINISTRY OF PUBLIC ENTERPRISE

The Ministry in coordination with the Public Enterprise Office, is responsible for the privatization activities for Law 203 as well as certain JV companies transferred from the Ministry of Foreign Trade. This section provides a description of activities of the privatization program related to Law 203 and JV companies to include recent privatizations, activities of the companies, efforts to reduce debt, impact of the change of the exchange rate, status of privatization by capitalization, and tender announcements.

II.1 Companies Privatized

On March 17, 2003 the Privatization Ministerial Committee approved the sale of two floating hotels “Isis” and “Osiris” to a Saudi investor for LE 16.5 million. A condition of the sale is the injection of an additional LE 1.5 million for needed modernization of the floating hotels as well as daily docking fees of LE 250 per night per floating hotel (without services). These floating hotels were previously leased under a five-year agreement in Apr-2000 but were terminated prior to their sale.

II.2 Privatization Efforts with Law 203 and JV Companies

During the first quarter of year 2003, the level of activities being pursued by the GPE and potential investors within the privatization program slowed. The most significant reason for this decrease in activity reflects the slowly global economic recession and the concern about the potential impact a conflict in Iraq would have on the region.

Despite these circumstances, the GPE continued its efforts to move the privatization program forward. There has been recent activity to negotiate the sale of Misr Hotels Company, letters of interest received by the GPE and approval to continue to proceed with an additional thirty-three joint venture companies. Ministerial Committee and Privatization Ministerial Committee.

- Negotiations continued with an investor to sell 100% of **Misr Hotels Company** of which the GOE owns 70.5%. Although the sale was initially announced in April 2002, the Ministerial Committee fully approved proceeding with the sale in February 2003. Since the Ministerial Committee previously announced that the sale of remaining stakes in companies traded in the stock market must be through a public Offering, the Misr Hotels Extraordinary General Assembly recommended sale by a purchase offer system.¹ Misr Hotels has interests in five joint venture companies including:

Table 1
Misr Hotels Participation in JV companies

Company	Participation
Smailia Tourist Investment Co.	11.6%
Misr International for Tourist Real Estate Development	5%
Rowad Oasis for Tourism Development	5%
Rowad Egypt for Tourism Investment	25%

¹ Purchase offer allows any new investor to present a better offer than the one announced until the end of the announcement period.

Company	Participation
Misr Hotels for Tourism	2%

The Ministry of Finance and Misr Hotels Company continue to negotiate a settlement for a disputed amount of LE 180 million. The two parties agreed in principle that the proceeds (exceeding LE 65 per share) from the investor for an amount equal to the disputed level would be put into an escrow account until a final resolution is found.

- The Trade HC received letters of intent from Spanish and other investors to lease **Omar Effendi Company** with an option to buy at the end of the lease period, which ranges from two to five years. The HC is reviewing the letters of intent.
- On 24 February 2003, the Privatization Committee approved the

Proceed with the negotiations for the sale of Misr Hotels through a tender offer.

Privatize eight companies through recapitalization of which the basis of valuation for the first will be on an adjusted book value and three (EINA, and Engineering Automotive) would be on market value.

Sale of the public stock in three JVs to include **Sohag El Wataneya for Food Industries, Imhousine Misr, and Dar Mayo for Publishing.**

- On 7 March 2003 the Privatization Committee met and approved the:
 - Sale of six Misr Hotels floating hotels to a Saudi investor – as noted above. The six hotels were owned by the HC for Tourism.
 - Sale of the HC's investment in 33 JVs of which 10 companies were transferred to the Law 203 portfolio after selling a majority stake.

II.2.1 Other Investments Privatization

Misr Drama and Movie Production Co. (Law 203 company) and the Egyptian Cinema Production City (Cinema Body in the Egyptian City Company for Media Production – a JV) agreed to:

- Management contracts in ten cinemas for 25 years starting in January 2004. The agreement amount is an annual minimum of LE 3.66 million with annual increases of 20% starting in year six. The Cinema Body is responsible for all operating expenses.

- | | |
|------------|---------------------------|
| 1 Normandi | 6 El Horreya |
| 2 Radobis | 7 El Andalos – Ras El Bar |
| 3 Sphinx | 8 Strand – Alexandria |
| 4 El Hamra | 9 Cairo (in-door) |
| 5 Fontana | 10 Heliopolis (in-door) |

- Lease seven cinemas for 25 years for an annual amount of LE 4 million with annual increases of 5%. The agreement allows for a three-year grace period and a requirement of a capital investment of LE 30 million.

1	Lido - Cairo	5	Hadikat El Nasr
2	Opera – Cairo	6	Rax – Alexandria
3	Honolulu (in-door)	7	Al Ahram (out-door)
4	Honolulu (out-door)		

II.3 Recent Efforts to Settle Law 203 Bank Debts

The GOE continues to consider solutions to settle high levels of debt residing in Law 203 companies. Although representatives have not found an amicable solution with an estimated LE 27 billion outstanding debt, **Law 203 companies owe to public sector banks**, negotiations continue for a comprehensive repayment plan. Currently, efforts are being made with the National Bank of Egypt, Banque Misr, Banque du Caire, Alexandria Bank, and the National Investment Bank to reach a settlement through securitization of debts. The types of mechanisms being reviewed

include short-term bonds guaranteed by the Ministry of Finance to finance LE 15 billion. These bonds would have an annual interest rate of 10%. The Ministry is also studying zero-coupon bonds to finance LE 12 billion. The estimated interest accrues on the debt securities.

The GOE prepared a draft memorandum of understanding for these above-mentioned financial instruments that will be presented and discussed with the Ministry of Finance and public sector banks. The GOE is also studying other options for servicing the debt. According to the Public Business Sector Information Center, the amount of debt by holding company ending FY 2002 is:

Table 2
Debt of Law 203 Companies (and Affiliates) by Holding Company

Holding Company	Outstanding Debt (LE million)			Annual Interest Expense (LE million)	
	FY 2001	FY 2002	Change	FY 2001	FY 2002
Textile Spinning and Weaving	9,050	11,227	24.1%	1,347	1,598
Trade	1,036	1,139	9.9%	117.5	127.3
Engineering	1,898	2,026	6.7%	158.9	181.5
Metallurgical	6,425	7,002	9.0%	529.0	579.4
Chemicals	2,268	2,657	17.2%	183.6	197.4
Pharmaceutical	395	435	10.3%	31.9	43.0
Food	1,801	1,790	-0.6%	122.5	137.5
National Construction	1,784	1,457	-18.3%	99.0	88.4
Housing, Tourism and Cinema	146	117	-20.1%	4.2	2.2
Transport ²	42	63	50.4%	2.4	3.2
Total	24,844	27,913	12.4%	2,596	2,958

Source: PBO (document of Public Business Sector Information Center)

Figures reported previously were revised by the HCs for comparative reasons.

¹ Import and Export was privatized in Jul-2001 and excluded from the Trade HC FY2002. Trade HC numbers are accordingly different in data provided by the PBS.

² FY 2001 and FY 2002 comparative figures exclude data of the Egyptian Shipbuilding and Repair Company sold to the Armed Forces as per the Extraordinary GA decision dated 2001.

II.4 Impact of Exchange Rate Policy on the Performance of Law 203 Companies and Privatization

The most change in the GOE's foreign exchange policy has positively and negatively affected companies operating in Egypt. The PE estimates that based on the current condition of a depreciated (20-25%) Egyptian pound, the impact expected by Law 203 companies and the privatization program include:

- More attractive selling price of Law 203 companies to foreign investors. This is expected to increase foreign investors interest in Egypt.

- Competitive advantage for companies exporting products manufactured with high domestic content, while a disadvantage for companies that rely on imports.

- Advantage for companies relying on operations in Egypt to service foreign clients, while an advantage to companies with substantial exports made with high domestic content.

As a result of the depreciating Egyptian Pound and its impact on inflation, Minister Mokhtar Khattab decided to fix the price of more than twenty consumer products. According to the GOE, the related cost of this decision, calculated as the difference between market sales and actual cost, will be financed from Law 203 companies' profits.

II.5 Privatization by Capitalization – Current Status

Implementation of the new "privatization by capitalization" program, approved late 2002 by the High Ministerial Committee for Privatization, proceeded rapidly in the first quarter of 2003. Local *investment promoters* were engaged to assist in selling eight companies in accordance with the program – refer to table below for the results of this selection process. The technique focuses on *new capital investment as the principal criterion of investor selection*, as it is appropriate for the privatization of companies needing substantial new capital investment to ensure their survival and turnaround. The method explicitly undertakes to effect debt reduction where excessive debt levels are an impediment to privatization.

The technique is designed to set an adjusted price for shares to be sold for the purpose of raising the required additional capital. The investor is not obliged to buy existing shares held by the government holding company if new capital investment is sufficient to give the investor majority ownership. Prices of new shares are set at an adjusted book value, except for SE, AF and EDFINA, reflecting primarily land revaluations, using the square meter value in the nearest new industrial community, and debt reductions. The resulting price is intended to be attractive to investors. Nevertheless, this adjusted book value approach can result in overpricing of some of the weaker companies for which it is intended, and in these cases other techniques for setting reserve prices must be considered.

Table 3

Promoters Selected for Privatization

Company	Promoter Selected
FINA for Services of Funds	Ernst & Young
Al Nasr Electronics Electronic Apparatus SAE - NEEAS	Egyptian Abroad
Al Nasr Glass Products NARCUBIN	Global Capital – OSAF
Al Nasr Engineering Manufacturing Company - AE/C	Cairo Capital Group
Al Nasr Textile and Chemicals	PKF – Delta
Egyptian General Company for Railway Wagons and Coaches SE/AF	PIA/ZAROUK BDO/NBE
Al Nasr Cotton Hamada Spinning and Weaving	Compu Egypt
Al Nasr Hamoudeya Spinning and Weaving	Global Capital – OSAF

II.6 Tender Announcements

During the first quarter of 2003, EGOH announced the sale of two floating hotels – as referred above in the section for companies privatized.

Table 4

Announcement during the First Quarter – 2003

Company Name	For Sale	Tender Opened	Tender Closed	Status
Egyptian General Co. of Tourism and Hotels - EGOH	Assets (Isis & Osiris floating hotels)	4-Feb-03	19-Feb-03 postponed 25-Feb-03	The Ministerial Committee approved the sale for LE 16.5 million to a Saudi investor.

Source: PEO; compilation and presentation by PIP

The Food Holding Company rejected as too low a purchase offer from British company IDC to acquire its 34% ownership in **Bisco Misr Company** at LE 88 million or LE 14 per share. The Food HC cited that although the offer was based on the stock market value, the market did not reflect the real value of the company's shares.

The following table is an update of an announcement published in the fourth quarter of 2002.

Table 5

Status of Late Tender Announcements in Fourth Quarter – 2002

Company Name	For Sale	Tender Opened	Tender Closed	Status
Al Nasr Glass & Crystal	Yassin and Matorod production lines	1-Sep-02	15-Oct-02	Approval in process for the best offer for Yassin Factory and Board of Directors considering offers below reserve price for Matorod

Source: PEO; compilation and presentation by PIP

II.7 Illustrative Public Announcements

Privatization related public announcements disseminated in the press during the reported period are translated and presented hereafter.

Abou Tartour Project for Lease

Aly El Saeedy, Minister of Industry stated that preparations are under way for the offer of the Abou Tartour project in the New Valley for lease in an international tender in order to realize the maximum benefit possible from this phosphate production project. The Minister added that preparations are being made for the necessary promotion operations required in cooperation with an international expert house specialized in this field. *AL AHRAM, PAGE 17 FEBRUARY 22, 2003.*

Continues Efforts to Restructure Delta Steel and the Iron and Steel Companies

Despite several years having passed since the implementation of a structural reform program in the public enterprise sector companies in the program continues but the pace has considerably slowed. In an interview with Adel El Danaf, Chairman of the Metallurgical Industries Holding Company, El Danaf stated that restructuring plans were focused on specific companies at the forefront including Delta Steel Company, which is undergoing technical restructuring to increase its production capacity from 160,000 tons of steel annually to 500,000 tons. El Danaf stated that the Iron and Steel Company is another example of a company that is undergoing technical and financial restructuring, adding that the company's third furnace had been modernized at a cost of LE 300 million, with financing provided partially through supplier facilities and company resources. *AL AHRAM, PAGE 16 FEBRUARY 23, 2003*

Court Settles ASEC's Payment of the Remainder of Dues in the Helwan Cement Deal

For the first time since the startup of the privatization program in Egypt, the Metallurgical Industries Holding Company went to court regarding a claim

that the remaining share in Helwan Cement which represents a total of LE 47.103 million has not been settled. Adel El Danf, Chairman of the Metallurgical Industries Holding Company stated to Al Alam El Youm that the courts began a review of the case and a hearing was postponed until 19- March-2003. *AL ALAM EL YOUN, PAGE 1 FEBRUARY 26, 2003*

New Court Case to Stop the Merger of Helwan Cement into ASEC Cement

A shareholder in Helwan Cement filed a court case to stop the merger of Helwan Portland Cement into ASEC Cement. The shareholder, Mohamed Ayouti, who owned approximately 1% of Helwan Cement shares, filed the case because ASEC had not settled the remainder of the payments due in the Helwan Cement transaction. The Metallurgical Industries Holding Company and a number of investors have not been able to influence ASEC to settle. An extraordinary general assembly meeting has not been held to approve the merger of Helwan Portland Cement into ASEC. *AL ALAM EL YOUN, PAGE 1 MARCH 1, 2003*

Cemex Injected \$175 Million into Assiut Cement

The Mexican company Cemex injected approximately \$175 million into the Assiut Cement to increase production capacity. The company's chairman indicated that the company had already invested \$50 million for the implementation of an Early Retirement Scheme while the remaining \$125 million was invested in developing the company's production capacity². *AL ALAM EL YOUN, PAGE 1 FEBRUARY 25, 2003*

Banks and Insurance Companies Offer their Joint Venture Interests for Sale

² Assiut Cement was privatized in 1999

Insurance companies and banks will begin to offer their holdings in approximately 350 joint ventures for sale within the framework of the privatization program. Insurance companies and banks are seeking to offer companies for sale through granting facilities to buyers and reliance on promoters as well as capitalization increases. The holding companies are expected to carry the debt burdens of these companies as well as the liabilities associated with settling the surplus of privatization. *AL AKHBAR, PAGE 12 FEBRUARY 19, 2003*

International Promotion of the Offer of Misr Aluminum Privatization

The Metallurgical Industries holding company is reporting that the performance of affiliated companies for the first six months of the fiscal year 2003 to include Misr Aluminum is improving following an increase in aluminum prices in international commodity markets. The report also indicates that Citibank will promote the company internationally to major international companies, whether for the purpose of leasing the company or selling partially or entirely to investors. *AL AHRAM, PAGE 6 FEBRUARY 21, 2003*

External Promotion Tours for Sale of Public Enterprise Sector Companies

A group of subscription and underwriting companies started external tours in the Arab area and Europe with the intention of revealing investor interest and directing

them towards available investment opportunities in Egypt. Mohamed Youssef, Board member of Unicap Promotion and Underwriting Company indicated that promotion companies operating in the market had started to submit promotion offers for a number of companies offered for sale within the framework of the privatization program. Unicap submitted promotion offers for three companies, including Neesae, Semaf and Narobeen. *AL ALAM EL YOUM, PAGE 8 FEBRUARY 19, 2003*

Spinning and weaving Workers Emergency Fund to Provide Aid Upon Suspension of Work

The General Syndicate for Workers in the Spinning and Weaving Sector is studying the establishment of an emergency fund for workers in the sector in order to pay workers for the days in which work is suspended in accordance with labor legislation and laws. El Sayed Rashed, Chairman of the Egyptian Labor Union, stated that the fund would start operations following an approval by the general assembly and benefit a total of 30 public sector affiliated companies in addition to private sector companies. The fund is expected to provide emergency payments to 200,000 workers. *AL AHRAM, PAGE 14 MARCH 3, 2003*

III RECENTLY SELECTED COMPANIES FOR PRIVATIZATION

The following section provides an overview of the Law 203 and JV companies recently selected by the COE for privatization. These companies will be offered by the COE starting in the next quarter and are in addition to companies currently being offered for sale.

III.1 Selected Law 203 Companies

The COE is offering eight Law 203 companies through the privatization by capitalization program as referred in Section 1.5. These companies include Automotive Engineering Manufacturing (SEM), EDFINA, NEEASAE, NAROUBIN, Destek, Kora, Hamam Spinning and Weaving, and Mahmoudeya Spinning and Weaving.

III.1.1 Automotive Engineering Manufacturing Company - AEMC

The Automotive Engineering Manufacturing Company was established as an independent company in July 2000 after being spin-off from El Nasr Automotive Manufacturing Company. AEMC specializes in producing, assembling and manufacturing a wide variety of commercial vehicles to include trucks, buses, and agricultural tractors, as well as engines and spare parts. Manufacturing is in cooperation with internationally recognized companies under license and supply agreements for both the domestic and export markets. AEMC also manufactures contracts for third parties. The company is located in Wady Heliwan and Cairo.

III.1.2 The General Egyptian Co. for Railway Wagons and Coaches - SEMAF

SEMAF was established in November 1955 as a manufacturer and assembler of a wide range of rolling stock to meet the railway requirements for freight and passenger coaches. SEMAF is the only Egyptian producer of carriages and rolling stock for the railway, metro, and tram systems.

Similar rolling stock is produced and refurbished to meet the requirements of the expanding rapid transport system, urban metro and tram systems. In addition, SEMAF manufactures light and heavy engineering products and equipment for the rail transport sector. SEMAF also has capabilities for the design and manufacture of specifically built rolling stock and carriages, as well as a range of light and heavy steel structures.

III.1.3 EDFINA for Preserved Foods

EDFINA was established in 1956 as a private food processing company, nationalized in 1961, and finally registered as an affiliate of the Food Industries Holding Company in 1991, under Law 203. EDFINA is one of the oldest Egyptian food processing companies with a wide variety of products. Food processing is one of the largest industries potential for both domestic and export growth in Egypt.

Currently, juices represent approximately 43% of EDFINA sales while other product lines include preserved vegetables, legumes, and fruits, as well as frozen fish and tomato paste. EDFINA also owns and rents several retail outlets.

III.1.4 El Nasr for Rubber Products - NAROUBIN

NAROUBIN operates the only automated plant in Egypt that specializes in the production of a wide range of rubber products (excluding car tires) and is ISO 9002 accredited. NAROUBIN competes in an import competitive market and primarily produces conveyor, transmission, and v-belts, pressure and wrapped hoses, cylinder coating and tank lining, molded goods, flooring, and latex products.

III.1.5 El Nasr Electric and Electronic Apparatus S.A.E. - NEEASAE

NEEASAE was established in 1930 under the name of Philips Orient, a Dutch joint stock company. In 1961, 50% of Philips Orient's capital was nationalized and renamed El Nasr for Electric and Electronic Appliances. In January 1998, the Engineering Industries Holding Company acquired the remaining 50% share held by Philips. NEEASAE is the largest producer of a full range of electric lamps to include regular glass lamps (also known as GLS, fluorescent lamps, or tubular lamps (TL) and energy-saving fluorescent lamps (energy-saving tubular lamps (LED)).

III.1.6 Dyestuff and Chemicals

Dyestuffs and Chemicals, founded by the GOE in 1963 and considered to be of strategic importance, manufactures and supplies dyestuffs to local dyeing and spinning companies. Dyestuffs and Chemicals primarily produce dyes, chemicals, and pesticides and market its byproducts (sulfuric acid) to clients. They also offer fabrication services and wholesale imports. Due to significant competition from Asian countries and ineffective management decisions to make changes, domestic and international market shares have decreased. Facing these difficulties, the current management is implementing an aggressive program to restructure the company financially as well as to reduce production costs.

III.1.7 El Mahmoudeya Spinning and Weaving

El Mahmoudeya Spinning and Weaving was established in May 1999 after splitting from Kafr El Dawar Spinning and Weaving Company and is located in the city of El Mahmoudeya about 50 km from Alexandria. El Mahmoudeya specializes in the spinning of cotton, polyester, and viscose blends and currently has 14,400 spindles producing an average of 1000 meters per day with an average count of NE 25.

III.1.8 Kom Hamada Spinning and Weaving

Kom Hamada Spinning and Weaving was established in May 1999 after it was split from Kafr El Dawar Spinning and Weaving Company and is located in

city of Kom Hamada about 65 km from Alexandria. Kom Hamada is engaged in the spinning of cotton and polyester fibers and blends with 30000 bales producing an average of 14 tons per day with an average count of NE 25.

Kom Hamada's customer base is located in the Delta region, Alexandria, and Bahig. Kom Hamada customers export terry fabrics produced by weaving the cotton yarns purchased from the company thus reflecting the confidence in the quality of the yarns supplied.

III.2 Selected JV Companies

During the quarter, the Ministerial Privatization Committee approved offers to sell 33 JV companies. These companies operate in nine sectors and have an aggregate paid-in capital of LE 6.6 billion, which represents approximately 13% of the total paid-in capital³ from the JV portfolio of companies. The public sector paid-in capital of these 33 selected companies is LE 3.7 billion. The following two tables provide details of paid-in capital and public sector ownership of these selected JV companies.

Table 6
JV Companies offered for sale classified into sectors

Sector	Paid-in Capital Total LE millions	Public Ownership Amount LE millions	Public Ownership Percent of Total PIC
1	1,318	598	45%
2	10	4	39%
3	801	653	81%
4	224	127	57%
5	8	3	38%
6	2,826	1,817	64%
7	537	107	20%
8	469	107	23%
9	460	107	23%
TOTAL	6,603	3,700	56%

PIC = Paid in Capital

Source: PEO

As shown in the following tables, JV companies in the Metallurgical, Chemical and Food sectors have the highest paid-in capital at 43%⁴ of the total paid-in capital. And companies in four of the nine sectors (Food, Metallurgical, Housing, and Tourism) have public ownership of greater than 50%.

Table 7
JV companies selected for sale by the Ministerial Committee March 2003

Company	Sector	Paid-in Capital LE millions	Percent of Public Sector Ownership
1 Abu Kir Fertilizer Co	Chemical	184	54%

³ The entire JV portfolio of companies has an estimated LE 50 billion paid-in capital.

⁴ Includes the amounts LE 2.8 billion, LE 1.3 billion, and LE 0.8 billion.

	Company	Sector	Paid-in Capital LE millions	Percent of Public Sector Ownership
2	Egyptian Fertilizer *	Chemical	674	46%
3	Egyptian Chemical & Industrial Co.	Chemical	260	39%
4	Paints & Chemical Industries (Painco)	Chemical	200	44%
5	Misr Mechanical & Electrical Production Co. Kahromica	Electrical Contracting	10	39%
6	Delta for Sugar	Food	299	88%
7	Egyptian Food Company- Bisco Misr	Food	46	50%
8	Egyptian Starch & Glucose	Food	46	59%
9	El Dakahla for Sugar	Food	250	100%
10	National Company for Corn Products	Food	160	56%
11	Arab Contractors for Investment	Housing	36	88%
12	Arab Investments Co. for Development	Housing	16	38%
13	El Shams for Housing & Development	Housing	21	79%
14	Nasr City for Housing & Development	Housing	80	25%
15	United for Housing & Development	Housing	21	27%
16	Mahra El Bahariya Investments & Development	Housing	50	94%
17	El Sunehi Gas Co.	Refining	8	38%
18	Alexandria Co. for Petroleum Products	Petroleum	200	84%
19	Alexandria Petroleum - A.P.O.C	Petroleum	820	100%
20	Egyptian Iron & Steel Co. for Iron & Steel (Ekhheila)	Metallurgical	1,701	45%
21	Egyptian Iron & Steel - cemco	Metallurgical	23	38%
22	Egyptian Co. for Reinforced Concrete	Metallurgical	22	40%
23	Misr Iron & Steel Co.	Metallurgical	60	80%
24	Medical Professional Company for Medicines	Pharmaceutical	313	26%
25	Egypt for Medicine Industries Company - S.M.I.	Pharmaceutical	224	38%
26	El Khayma El Khayma Co. for Spinning & Weaving	Textile	469	34%
27	Arab Contractors for Tourism & Hotels Investments	Tourism	50	100%
28	Egyptian Contractors for Tourism Projects - E.C.T.P.	Tourism	105	22%
29	Misr Contractors for Tourism & Real Estate Investments	Tourism	60	99%
30	Rowad Oasis for Tourism Development	Tourism	18	18%
31	Rowad Misr for Tourism Investments	Tourism	87	48%
32	Semiramis Company for Hotels	Tourism	100	29%
33	Tourism Development	Tourism	40	72%
TOTAL			6,652	
* Paid-in capital of US\$ 118 million, stated in LE equivalent at a rate of LE 5.71 / USD				

Source: PEO

Table 8

JV companies approved for sale by the Ministerial Committee March 2003 (data as of FY 2002 unless otherwise stated)

<i>Company</i>	<i>Sales</i>	<i>Net Profit</i>	<i>Equity</i>	<i>Total Assets</i>	<i>Total Bank Debts</i>	<i>Profit Margin</i>	<i>Return on Equity</i>	<i>Return on T. Assets</i>	<i>B. Debt/T. Assets</i>
Chemical Sector									
Egyptian Fertilizer Co	931,890	338,372	1,215,735	2,271,468	311,037	36.3%	27.8%	14.9%	13.7%
Egyptian Fertilizers ⁵ *	68,776	20,500	138,666	288,176	122,849	29.8%	14.8%	7.1%	42.6%
Egyptian Chemical & Industrial Co	222,032	47,795	503,598	789,193	155,567	21.5%	9.5%	6.1%	19.7%
Egyptian Chemical Industries (P&I)	140,603	62,513	427,583	559,976	84,080	44.5%	14.6%	11.2%	15.0%
Electrical Contracting Sector									
Egyptian Mech. & Elec. Projects Co - Arabica	108,260	7,817	44,308	132,766	17,623	7.2%	17.6%	5.9%	13.3%
Food Sector									
Delta for Sugar *	413,148	86,227	445,099	779,786	144,875	20.9%	19.4%	11.1%	18.6%
Egyptian Food Company- Bisco - El Nasr	110,831	24,097	64,877	116,029	1,545	21.7%	37.1%	20.8%	1.3%
Egyptian Starch & Glucose *	99,655	15,512	61,285	89,912	0	15.6%	25.3%	17.3%	0.0%
El Dakahla for Sugar	226,098	26,762	208,675	551,871	244,828	11.8%	12.8%	4.8%	44.4%
National Company for Corn Products	184,193	16,841	(8,716)	275,077	226,695	9.1%	-193.2%	6.1%	82.4%
Housing Sector									
Arab Contractors for Investment	27,404	11,169	77,860	208,149	17,265	40.8%	14.3%	5.4%	8.3%
Arab Investments Co. for Development	23,207	14,344	60,753	101,670	1,000	61.8%	23.6%	14.1%	1.0%
El Shams for Housing & Development	13,616	7,118	72,228	200,050	27,213	52.3%	9.9%	3.6%	13.6%
Nasr City for Housing & Development	100,841	50,103	210,999	758,946	6,435	49.7%	23.7%	6.6%	0.8%
United for Housing & Development	13,684	7,643	21,787	59,525	0	55.9%	35.1%	12.8%	0.0%
Zahraa El Masadi for Investments & Development	23,731	19,043	82,344	254,071	6,732	80.2%	23.1%	7.5%	2.6%
Maritime Transportation Sector									

⁵ Values in US\$

Company	Sales	Net Profit	Equity	Total Assets	Total Bank Debts	Profit Margin	Return on Equity	Return on T. Assets	B. Debt/T. Assets
El Suez Canal Co.	19,133	1,361	28,967	34,439	0	7.1%	4.7%	4.0%	0.0%
Metals and Petroleum Sectors									
El Suez Canal Co. for Petroleum Products	NA	NA	NA	NA	NA	NA	NA	NA	NA
El Suez Canal Co. General Oil - A/OC	NA	NA	NA	NA	NA	NA	NA	NA	NA
El Suez Canal Co. National Co for Iron & Steel - Bekheila*	2,202,747	(260,203)	1,701,210	7,969,907	4,579,238	-11.8%	-15.3%	-3.3%	57.5%
El Suez Canal Co. for Porcelain - Aracemco	70,952	4,743	43,012	85,618	0	6.7%	11.0%	5.5%	0.0%
El Suez Canal Co. for Prefabricated Concrete	49,602	15,516	75,088	159,770	138	31.3%	20.7%	9.7%	0.1%
El Suez Canal Co.	428,273	134,244	600,529	1,288,413	0	31.3%	22.4%	10.4%	0.0%
Pharmaceutical Sector									
Medical Profession Company for Medicines	279,970	39,375	386,334	492,375	3,595	14.1%	10.2%	8.0%	0.7%
Super Egypt for Pharmaceutical Industries - Sedico	77,190	12,179	251,749	329,346	49,658	15.8%	4.8%	3.7%	15.1%
Textile Sector									
El Suez Canal Co. & Olivara for Spinning & Weaving UNIRAB	269,965	14,228	494,791	743,353	70,672	5.3%	2.9%	1.9%	9.5%
Tourism Sector									
Rowad Oasis for Tourism & Hotels Investments **	14,345	6,764	56,203	71,405	2,069	47.2%	12.0%	9.5%	2.9%
Rowad Oasis for Tourism Projects - Julupe	NA	NA	NA	NA	NA	NA	NA	NA	NA
Rowad Oasis for Tourism & Real Estate Investments	10,588	18,226	105,744	185,286	164	172.1%	17.2%	9.8%	0.1%
Rowad Oasis for Tourism Development	NA	NA	NA	NA	NA	NA	NA	NA	NA
Rowad Oasis for Tourism Investments *	15,875	12,035	102,943	187,484	0	75.8%	11.7%	6.4%	0.0%
Semiramis Company for Hotels	32,994	29,611	152,907	194,994	0	89.7%	19.4%	15.2%	0.0%
Rowad Oasis for Tourism Development *	5,768	5,177	55,136	60,017	0	89.7%	9.4%	8.6%	0.0%

Source: PEO

* Date as of FY 2001

** Date as of FY 2000

IV ANNEX A – PRIVATIZATION DEVELOPMENT

The following provides an overview of the developments in privatization in Egypt with Law 203 and JV companies. This section is divided into six parts to provide an historical description of privatizations of Law 203 and JV companies, proceeds collected and distributed, and a brief history of the basis for Law 203 and JV companies.

IV.1 Privatization of Law 203 Companies

During 2003, the GOE announced a privatization by capitalization program to divest its interests in companies that are considered less than attractive by investors. Although this nascent program is not a new concept, its implementation by the PEO is expected to have positive results by the end of fiscal year 2003.

As of this first quarter, there were 134 privatizations divesting interests of greater than fifty-one percent and 59 other transactions selling less than fifty-one percent interest and leases. The following table summarizes the number and types of privatizations per year since the beginning of the GOE privatization program.

Table 9
Number and Types of Privatizations Ending March 2003

Year	Majority Privatization (>51% sold)				Partial Privatization & Leases				
	Anchor Investor	Majority IPO	ESA	Liquidation	Majority Total	Minority IPO	Asset Sales	Leases	Partial Total
1991				4	4				
1992				1	1				
1993				1	1				
1994	3		7	2	12	1			1
1995		1	3	2	6	6			6
1996	3	14		1	18	6	1		7
1997	3	14	3	3	23	2	1	2	5
1998	2	8	12	6	28	1	3		4
1999	9		5	7	21		4	8	12
2000	5	1		3	9		6	8	14
2001	3		2	2	7		3	1	4
2002	1		2	1	4		4		4
2003							2 ¹		2
Total	29²	38³	34	33	134	16	24	19	59

¹ Two floating hotels, Isis & Osiris, are privatized but not yet reported by the PEO.

² Includes four transactions transferred to another public sector – refer to Table 10 for details.

³ Includes three transactions transferred to another public sector – refer to Table 10 for details.

Source: PEO; compilation and presentation by PIP

Companies sold to public sector but not privatized

The following table highlights companies transferred to public entities but not privatized. These transfers (also referred to as sales by the PEO) of Law 203 companies that should not be defined as privatization.

Table 10

Law 203 Companies Transferred to another Public Sector Ending FY 2002

<i>Affiliated Company</i>	<i>Receiving Company</i>	<i>% Sold</i>	<i>Comments</i>
United for Housing	Construction	10.1	Remaining percent owned by a government authority.
About Kir Fertilizers	Engineering Industries	2.8	Remaining percentage owned by other government authorities
Al Nasr Casting	Metallurgical Industries	32.5	Debt Equity Swap with a publicly owned bank.
Ramess Agriculture	Cotton	100.0	100% sold to the Egyptian Endowment Authority Fund. Refer to Annex B for details.
Aralco Textiles	Textiles	100.0	A 100% production line was sold to the Egyptian Endowment Authority Fund after the general assembly decided to liquidate the company. Refer to Annex B for details.
Al Nasr Transformers (Al Naco)	Electricity Distribution (previously)	90.0	90% sold to a majority (90.0%) public-owned joint venture company.
Egyptian Ship Building and Repair	Transport	100.0	100% sold to the Maritime Force based on the company's net book value.

Source: PEO; Compilation and presentation by PIP

IV.2 Privatization of Joint Ventures

Beginning in 1999, as referred below, the GOE took an active role in monitoring transaction activity with JV companies. As of this first quarter, nine transactions closed with a value of more than LE 1.3 billion. Refer to the following table a list of these transactions.

Table 11

JV Transactions from January 2000 to December 2002

<i>Company</i>	<i>Date of Sale</i>	<i>Public Sector Shares Sold</i>	<i>Remaining State Share (%)</i>	<i>Value of Sale in LE Thousands</i>
Egyptian American Insurance Co.	Aug. 2000	98%	0	39,073
Egyptian British Bank	Sep. 2000	6%	5%	63,473
Upper Egypt Industrial Co.	Oct. 2000	14%	9%	217
Sonata Food Industries (SONAFI)	Dec. 2000	10%	0	3,600
Ab Financial for Exchange	Feb. 2001	25%	0	1,100
East Tourism Projects & Ambulances	Feb. 2001	10%	0	140
Al-Nasr Amereyah Spinning and Weaving*	Apr. 2002	Lease	N/A	850,000
Egyptian Glass Company - EGC	Jun. 2002	67%	0	206,360

<i>Company</i>	<i>Date of Sale</i>	<i>Public Sector Shares Sold</i>	<i>Remaining State Share (%)</i>	<i>Value of Sale in LE Thousands</i>
Gezira Hotels and Tourism Company - Gezira Sheraton Hotel**	Nov 2002	64.9%	0	181,015
Deal Standard	Sept 2003			
Mayo Publishing House				
TOTAL				1,344,978
* Lease with an option to buy during the first five years. Value of sale is an estimate (includes LE and US\$ stated in LE) based on the option to buy being exercised in the fifth year. Reported value approximated and will be updated when more information is available.				
** Represents two privatization transactions with approximately 241,000 shares (or 65%) at \$162 per share or LE 181,015. Recent year public sector share privatized was US\$ 867 or 23% of total selling value. The total selling value of the company would be priced at LE 279 million.				
Source: PEO, Compilation and presentation by PIP				

IV.3 Proceeds from Privatization

Proceeds are transferred to the Restructuring Fund

At the beginning of the privatization program, all proceeds were distributed to the Ministry of Finance (one-third) and the privatizing holding company (one-third). In December 1999, a Prime Minister decree no. 4328 changed the distribution pattern to transfer 50% of the proceeds to the Law 203 Restructuring Fund instead of the privatizing holding company and 50% to the Ministry of Finance.

The purpose of the Restructuring Fund is to support various activities of the privatization program. As shown in the following table, the settlement of law-203 company bank debt and early retirement consumed the majority (50%) of the funds.

Table 12
Use of Proceeds as of September 2002

<i>Description</i>	<i>Sep. 30, 2001</i>	<i>Change</i>	<i>Sep. 30, 2002</i>
Proceeds Collected			
Cash inflow from privatization proceeds			14,293
Dividends paid from privatizing companies			396
Total	14,669	20	14,689
Proceeds Used			
Transfers to the Ministry of Finance	(6,628)		(6,628)
Setting banks' debts	(4,488)	(25)	(4,513)
Early retirement, compensations, & wages of losing companies	(2,683)	(22)	(2,705)
Technical & administrative reform	(554)	(16)	(570)
Various uses	(8)		(8)
Total	(14,361)	(63)	(14,424)
Balance of the restructuring fund	308	(43)	265

Source: PEO; Compilation and Presentation by PIP (LE million)

IV.4 Proceeds from JV Privatization

The proceeds from JV transactions are paid to the company shareholders/owners. The shareholders are generally represented through a bank or insurance company.

IV.5 History of Law 203 Companies

Since the inception of the privatization program in 1991, the Ministry of Public Enterprise has reduced its portfolio of Law 203 companies from 314 to 176. This reduction has come from transfers to other ministries, anchor sales, initial public offers through the stock market, sold to the Employee Shareholding Association, as well as through liquidations and mergers and consolidations of companies.

The following table and graph summarize the development of Law 203 companies ending December 2002. Transaction details by company and privatization method are illustrated in Figures 1 to 4 below.

Original Law 203 Portfolio

Table 13

Distribution of Law 203 Companies March 2003

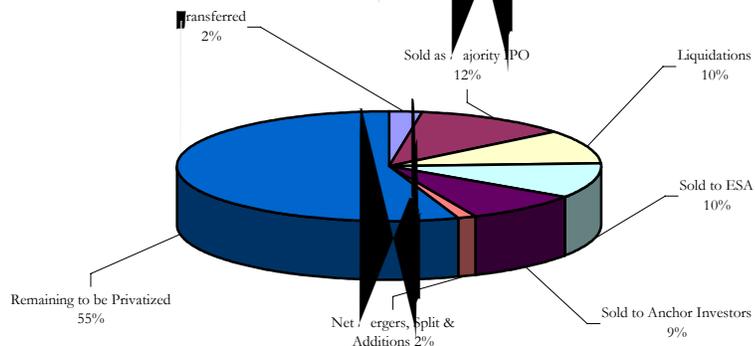
Description	Distribution
Law 203 Companies	314
Transferred to other Ministries of Electricity	-8
Sold to Anchor Investors	-29
Sold as majority IPO	-38
Sold to ESA/ management Buy-out	-34
Liquidations	-33
Net Mergers, Splits and Additions	+3
Remaining to be Privatized	175*

Distribution of Law 203 Companies

Source: PEO; Compilation and presentation by PIP

*+1 representing Gianaklis factory. This sale represent a major factory but id classified in the PEO privatization report as "Anchor Sale" not "Asset Sale"

Privatization Overview by percentage



Law 203 Portfolio Status

IV.6 History of Joint Ventures

Laws of JV companies

A joint venture company can be established (1) under the investment Law 43 of 1974 and its amendment concerning the investment of Arab and foreign funds, (2) the joint stock company law 159 of 1981, or (3) the investment and free zone law 8 of 1999. Under law, all JVs are considered private sector companies even if the public-sector ownership exceeds 51% of its paid-in capital.

Legal Basis of Privatizing Egypt's joint ventures

The presidential decree no. 341/96 provides the basis for the GOE to privatize by means of decreasing its ownership in JVs to include banks and insurance companies. A decrease in ownership does not necessarily mean a reduction to zero percent but rather to achieve the GOE's objective to increase private sector participation as well as stimulate reform and restructuring to increase market responsiveness, efficiency and profitability. This objective is consistent with the GOE's strategy to increase private sector participation in the economy that can compete with global markets.

The purpose of the Joint Venture Valuation Committee

In December 1999, the Ministry of Foreign Trade⁶ through a privatization unit was responsible for creating the JV portfolio. This responsibility was transferred from the Ministry of Trade and Supply (MOTS) to the Ministry of Economic Planning (MPE) in the previous year. A JV valuation committee was created in the previous year. The Minister of Economy and Foreign Trade in January 2000, suggested and approved privatization of public sector companies. The committee's task was to conduct technical valuations, evaluate market value of companies, suggest fair prices. The implementation of the privatization program was implemented through a series of measures and reform programs that included representatives from the Ministry of Public Enterprise, the Central Accounting Agency (CAA), and the Capital Market Authority (CMA).

As per the Prime Minister decrees (No. 1502 and 1500), the Ministry of Public Enterprise is currently in-charge of selling public participation in any joint venture company in which a Law 203 HC or affiliate has an ownership interest. Furthermore, the Divestiture Committee in charge of divesting and valuing public sector shares in JVs has been reformulated.

⁶ Previously the Ministry of Economy and Foreign Trade and/or the Ministry of Economy

V ANNEX B – PRIVATIZATION & LAW 203 DATA STATISTICS

The following section provides relevant notes to information provided in figures one to eight.

V.1 Definitions

Majority Privatization

The terms used in the following tables for majority privatization are defined as follows:

- **Sales to Anchor Investors** lists companies in which over 51% of shares have been sold to a strategic investor. The table gives the date(s) of sale, amount held by the private sector, the company's ESA, the residual stakes still held by the holding company, and the total value of the sale.
- **Majority Public Offerings/Share Sales** provides details on companies sold through the stock market to the private sector. The remaining Holding Company's share should be less than 50%. The table gives the name of the company, date(s) of sale, amounts sold to the private sector, company's ESA, and the remaining HC share.
- **Majority sales to Employee Shareholding Associations (ESA) /Management** lists the companies in which over 51% of the shares were sold to the company's employees and/or management. The table provides the date, value and percentage of sale. The ESA usually has between 5 and 10 years to pay the HC for the company and accumulate board credits.
- **Company Liquidations** lists companies that have incurred losses of

more than 50% of its paid-in capital and the Extraordinary General Assembly has approved to assign and liquidate. Values are not available due to long period of time required to complete the liquidation process.

Minority Privatization

A minority privatization to include **Minority Public Offering and Assets Sales** occurs when the transfer of ownership to the private sector is less than 50% of the paid-in capital. In cases where successive minority privatizations and/or asset sales add up to 51% these are noted as a privatization. For example, Ameriya Cement was initially reported as a minority IPO sale but later reclassified as a majority privatization.

A **lease** is considered a privatization activity if the aggregate annual payments are equal or greater than its book value and there is an irrevocable commitment to buy.

V.2 Highlighted Notes

- During the fourth quarter 2002, the PEO updated their review of transactions through December 31, 2002. The source of information contained within these tables is from the PEO. Companies whose shares were sold in tranches are reported in the year of the largest or most significant sale. The year in which the sale is recorded is given and tranche sales are shown with parentheses.
- **Arabia United Stevedoring** and **Bisco Misr** are also reported as

majority IPO however less than 51% of the company is in private sector hands. The ownership of the ESA and the private sector total to more than 51%.

- **Amoun Shipping Agencies, Abou Simbel Shipping Agencies, Memphis Shipping Agencies, and Egyptian Irrigation** are reported as privatized through ESAs while less than 50% is held by the ESA but over 51% is held by both the ESA and the private sector.

- The buyer of **Abu Zaabal Fertilizers** will lease the company for a period of three years before buying the company. The PEO recorded this transaction as lease with a purchase option. The contract was signed and the government received collateral to guarantee buyer commitments. Moreover, the Bags factory owned by the **National Plastic Company** is a two-year lease for this production asset ending with a sale.

- There are 38 companies shown as being sold as a majority IPO in the following table but less than 51% of the paid-in capital for **United Housing, Abou Kir Fertilizers, and El Nasr Casting** is in private sector.

- Out of the 2 recorded companies sold to anchor investors, **Ramsis Agriculture, and Arak for Carpets** were sold to the Egyptian Endowment Fund (EEF). Ramsis Agriculture is to be liquidated after delivery to the EEF. **El Nasr Transport** was sold to a JV owned by a major public sector shareholder. Moreover, **Egyptian Ship Building and Repair** was sold to the Maritime Force.

- **Misr Aluminium Co. – Darphala factory** is reported by the PEO as a long-term lease. However, during 2002, the Metallurgical Industries HC terminated the contract due to noncompliance with the agreement terms and conditions – nonpayment of lease payments from the lessee.

- **Alexandria for Cooling** will be liquidated rather than sold to an anchor investor. This company was reclassified during 2002.

V.3 Other Relevant Notes

- Values are rounded to the nearest million and (totals) may include rounding errors.
- The biggest sale value and percentage is reported in the years without brackets and other years indicate minor sale percentage.
- The date given in the approval column identifies when a company's general assembly approved the change to Law 159.
- When percentages do not add to 100%, the information has not been provided.

V.4 Statistical Achievements

The information in the figures below provides detailed statistics on privatization achievements.

- The sale of Isis and Osiris Floating Hotels is not yet recorded by the PEO

The PEO is currently updating the status of companies privatized with respect to their transfer to Law 159.

Figure 1
Majority Privatization: Sales to Anchor Investors

	Name of Company	Date of Contract	Private Sector	ESA	Remaining HC Share	Total Sale Value (LE millions)	Approval to Law 159
1	Pepsi Cola	11/4/1994	90.00%	10.00%	0.00%	131	16-12-94
2	Coca Cola	20-04-94	90.00%	10.00%	0.00%	286	16-12-94
3	Nasr Boiler	27-09-94	100.00%	0.00%	0.00%	16	6-12-1994
4	Elwan for Air Transformers (Elmaco)	25-02-96	90.00%	0.00%	10.00%	115	13-07-96
5	Elwan for Air Transformers	10/11/1996	90.00%	0.00%	10.00%	40	30-06-97
		(4-08-99)	10.00%	-	0.00%		
6	Elwan for Beverages	13-11-96	90.00%	10.00%	0.00%	298	18-02-97
7	Elwan for Mechanical and Electrical Projects (Kahromica)	19-06-97 (26-08-97)	61.00%	10.00%	29.00%	103	18-09-97
8	Modern Textiles (Bolivara)	30-06-97	100.00%	0.00%	0.00%	33	N/A
9	Delta Industries (Ideal)	Dec-97	90.00%	10.00%	0.00%	311	5-1-1998
10	Kaha for Preserved foods	Aug-98	90.00%	10.00%	0.00%	154	Feb-01
11	El Wadi for Exporting Agricultural Products	17-11-98	68.00%	27.00%	5.00%	122	18-12-98
12	Nobareya for Seeds Production - Nobaseed	24-02-99	100.00%	0.00%	0.00%	103	20-04-99
13	Gianaclis	4/3/1999	100.00%	0.00%	0.00%	32	N/A
14	Beni Suef Cement	5/7/1999	76.00%	5.00%	19.00%	427	29-08-99
		(2-02-00)	19.00%	-	0.00%	100	
15	Delta Sand Bricks	5/7/1999	90.00%	10.00%	0.00%	62	25-09-99
16	Arabia Foreign Trade	Aug-99	90.00%	10.00%	0.00%	15	27-04-00
17	Assiut Cement	Nov-99	77.00%	10.00%	13.00%	1,197	1-1-1999
		(Jun-00)	13.00%	-	0.00%	183	
18	Alexandria Cement	30-11-99	90.00%	10.00%	0.00%	670	1-01-00
19	Industrial Gases	22-12-99	90.00%	10.00%	0.00%	60	1-01-00
20	Telephone Equipment	Dec-99	80.00%	10.00%	10.00%	100	12-01-00
		14-02-00	10.00%	-	0.00%	11.4	
21	Mahal for Portland Cement	(9-01-00)					
		(5-01-00)	76.40%	5.00%	18.60%	1,226	1-01-00
22	Elwan for Electricity Industry	3/2-2000	90.00%	0.00%	10.00%	94	Feb-00
*	Assiut Cement	Mar-00	29.00%	0.00%	0.00%	527	1-10-1998
23	Elwan for Agriculture	30-01-00	100%	-	-	161	Oct-98
24	Egyptian Engineering & Equipment (ICAR)	Jun-00	90.00%	10.00%	0.00%	25	15-07-00
25	Alexandria Confectionary	Aug-00	90.00%	0.00%	10.00%	28	Nov-99
26	Egyptian Gypsum	8/2/2001	90.00%	0.00%	10.00%	83	7-12-2000
27	Arab for Carpets	5/7/2001	100%	-	-	50.1	14-4-2001
28	Abou Zaabal Fertilizer	23-11-01	0.00%	0.00%	100%	182.8	13-1-1999
29	Egypt Shipbuilding and Repair	Jan-00	100%	0%	0%	17.5	Nov-02
Total						6,964	

Source: PEO

* Total sale is recorded as majority IPO

Figure 2
Majority Privatization: Majority Public Offering

	Name of Company	Date of Sales	Private Sector	ESA	Remaining HC Share	Total Sale Value (LE Millions)	Approval to Law 159
1	United Arab for Spinning & Weaving*	(1994) 1998	60.40%	6.90%	32.70%	121	5-5-1997
2	Ameriyah Cement	(1994) 1998	61.00%	10.00%	0.00%	768.2	1-10-1998
3	Alex. For Spinning & Weaving	(1994) 1998	94.60%	5.40%	0.00%	82.4	5-3-1998
4	Egyptian Electrical Cables	(1994) 1997	95.00%	5.00%	0.00%	320.8	8-12-1997
5	Extracted Oils	30/03-95	42.53%	8.54%	48.93%	85	26-04-98
6	Plastics & Chemicals (Pachin)*	(1994) 1997	53.75%	8.00%	38.25%	691.8	3-10-1997
7	El Mansour Portland Cement	(9/1/95) 12/11/99	47.20%	5.00%	47.80%	541	4-1-1997
		(6/1/01)	47.80%	-	0.00%	661.2	
8	El Mansour Housing (& Construction)	12/11/1996	3.11%	7.00%	0.00%	5	21-05-96
9	El Mansour Fertilizers	7/11/96	2.80%	0.00%	0.00%	20	See Notes
10	El Mansour Housing & Construction	13-05-96	64.94%	10.00%	25.06%	189.6	30-06-96
11	El Mansour Special & Industrial Co	26-05-96	64.70%	10.00%	25.30%	70	30-06-96
12	El Mansour Starch & Glucose	18-06-96	51.03%	10.00%	38.97%	67.6	10-9-1996
13	El Mansour Weaving Mills	30-06-96	51.00%	10.00%	39.00%	177.1	30-10-96
14	El Mansour (Plastics and Prefabricated Houses)	Sep-96	55.67%	8.90%	35.43%	33.9	28-09-96
15	El Mansour for Insecticide	Sep-96 (Feb-01)	70.00%	5.00%	25.00%	59.5	28-09-96
			25.00%	-	0.00%		
16	El Mansour Oil & Soap	7/8/1996	50.92%	10.00%	39.08%	73.2	17-09-96
17	El Mansour Cotton Ginning	Sep-96	90.00%	10.00%	0.00%	87.1	21-12-96
18	El Mansour Flour Mills	9/1/1996 (03-1999)	90.00%	10.00%	0.00%	59.1	25-11-96
19	El Mansour Flour Mills	4/11/1996	51.00%	10.00%	39.00%	165.3	4-11-1996
20	El Mansour Flour Mills	18-11-96	51.00%	10.00%	39.00%	109.9	18-11-96
21	El Mansour Cotton Ginning	Jan-97	90.00%	10.00%		294.8	27-07-97
22	El Mansour for Free Shops	2/2/1997	87.40%	10.00%	2.60%	132.7	21-05-97
23	El Mansour Housing (& Construction)	24-03-97	69.38%	10.00%	0.00%	117.8	29-04-97
24	El Mansour Cement & Engineering	30-04-97	88.00%	10.00%	0.00%	104.4	21-05-97
25	El Mansour Agricultural Eng.	14-05-97	79.38%	20.00%	0.62%	26.9	21-06-97
26	El Mansour ABO	11/6/1997	63.00%	0.00%	7.00%	196.9	18-05-96
27	El Mansour Middle East Co. for Paper S/O	22-06-97	75.00%	0.00%	25.00%	54.8	19-08-97
28	El Mansour for Egypt Contracting	6/5/1997 (4-07-98)	75.00%	10.00%	15.00%	15	29-06-97
29	El Mansour for Dehydrated Agricultural Products	11/8/1997	90.00%	10.00%	0.00%	23.6	14-12-96
30	El Mansour for Contracting	15-09-97	70.00%	10.00%	20.00%	33.2	16-11-97
31	El Mansour for Industrial & Engineering Projects	29-10-97	80.00%	10.00%	10.00%	299.1	30-12-97
32	El Mansour for Casting	Dec-97	0.00%	32.50%	0.00%	47.5	24-11-97
33	El Mansour for Ahmadiya Contracting	17-01-98	69.75%	10.00%	20.25%	54.4	15-02-98
34	El Mansour for El Shams Contracting	Oct-98	50.46%	5.00%	44.54%	30.8	13-10-98
35	El Mansour for El Nasr Works	24-05-98	70.67%	10.00%	19.33%	104.6	30-06-98
36	Arabian United Stevedoring	5/16/1998 11/8/1998	29.50%	21.95%	49.00%	16.6	11-1-1999
37	Bisco for El Mansour (Second Branch for ESA)	(Jun-00) 5/26/1998	45.69%	9.30%	45.01%	88.7	Oct-98
			-	8%	37.01%		
38	Cairo Co. for Oil & Soap	Jul-00	61%	0.00%	39.00%	33	Jul-98
Total						6,064	

Source:: PEO

* Values were revised by the PEO

Figure 3
Majority Privatization: Majority Sales to ESAs

	Name of Company	Date of Contract	Private Sector	ESA	Remaining HC Share	Total Sale Value (LE Millions)	Approval to law 159
1	Consulting Office for Irrigation	25-Jan-94	4.00%	95%	1.00%	1.3	27-04-94
2	Kom Omara	15-Jun-94	4.73%	95%	0.27%	70.1	27-04-94
3	General Land Reclamation	11-Jun-94	4.86%	95%	0.14%	60	27-04-94
4	Egyptian Real Estate	16-Nov-94	4.70%	95%	0.30%	45.7	27-04-94
5	General Mechanical Excavation	16-Nov-94	4.76%	95%	0.24%	23.4	27-04-94
6	Egyptian Dredging	12-Jul-94	4.17%	95%	0.83%	18.5	27-04-94
7	Upper Egypt Dredging	12-Jul-94	4.80%	95%	0.20%	8	27-04-94
8	Regwa	1-Mar-95	4.77%	95%	0.23%	28.3	27-04-94
9	Arabia for Land Reclamation	1-Jul-95	4.77%	95%	0.23%	61.2	27-04-94
10	El Beheim	16-Feb-95	3.20%	95%	1.80%	49	27-04-94
11	El Nile for Irrigation	15-Nov-97	-	95%	5.00%	27.2	18-10-98
12	El Nile for Irrigation	15-Nov-97	-	95%	5.00%	24.1	24-10-98
13	El Nile for Irrigation	15-Nov-97	-	95%	5.00%	27.3	18-10-98
14	Hamietta Mills	1-Jul-98	0.10%	90%	9.90%	48.6	27-06-99
15	Markeya Mills	7-Jul-98	0.10%	90%	9.90%	38.7	4-3-1999
16	El Sidiq Mills	27-Jul-98	0.10%	90%	9.90%	13	19-09-99
17	El Sidiq Mills	26-Jun-98	0.10%	90%	9.90%	11.5	30-10-99
18	El Sidiq Mills	26-Sep-98	0.10%	90%	9.90%	21.8	8-8-1999
19	Shahin Mills	10-Mar-98	0.10%	90%	9.90%	36.7	27-06-99
20	Alexandria Mills	10-Oct-98	0.10%	90%	9.90%	26.8	10-7-1999
21	Airline Supplies & Contracting	19-Oct-98	-	51%	49.00%	16.4	5-11-1998
22	Shipping Agencies	11-Apr-98 30-Jan-99	51.00%	44%	5.00%	25.9	11-3-1999
23	Shipping Agencies	11-Apr-98 (30/01/99)	51.00%	44%	5.00%	26	11-3-1999
24	Shipping Agencies	11-Apr-98 30-Jan-99	51.00%	44%	5.00%	43.3	11-3-1999
25	Martrans	11-Oct-98	44.00%	51%	5.00%	42.7	11-3-1999
26	El Hagg Agricultural	3-Jan-99	0.00%	95%	5.00%	18	14-03-99
27	Egyptian Transportation	1-Jan-99	60.00%	30%	10.00%	5.2	14-03-99
28	Shipping Agencies	7-Jan-99	0.13%	95.00%	4.87%	11.8	25-12-99
29	Shipping Agencies	7-Jan-99	0.08%	95.00%	4.92%	17.7	25-12-99
30	Suez Ship Agent & Auto. Stevedoring	24-Oct-99	0.19%	61.88%	6.69%	21.8	1-2-2000
31	Marbey Mills	Jul-01	0.00%	90%	10%	51.2	19-7-2001
32	Marbey for Export & Import	30-Jul-01	0.00%	95%	5.00%	17.9	1-11-1998
33	United for Trade	19-Feb-02	0.00%	98%	2%	4.9	2-11-2002
34	Arab Textiles	19-Feb-02	0.00%	98%	2%	5.8	2-11-2002
Total						950	

Source: PEO

Figure 4
Majority Privatization: Liquidations

	Name of Company	Date	Liquidator
1	Upper Egypt Agricultural*	17-04-90	Eng. Farouk
2	West Nile Delta Agricultural*	10-11-1991	Eng. Mohamed Madab
3	Middle Delta Agricultural*	10-11-1991	Eng. Mohamed
4	Al Nahda Agricultural*	26-11-91	Eng. Mohamed
5	El Nile for Corps Export*	7-1-1992	Eng. Mohamed
6	Cairo for Building & Prefab Houses	15-06-93	Eng. Mohamed
7	South Bahir Agricultural*	28-02-94	Eng. Mohamed
8	Faraskor for Wood	7-5-1994	Eng. Mohamed - Abdel Aziz Hareedi
9	General for Foundations	23-02-95	Eng. Mohamed Abdel Fattah
10	General for Contracting & Sanitary Works	23-02-95	Eng. Mohamed
11	High Dam for Civil Works*	18-03-96	Eng. Mohamed Nour
12	Analtext	26-08-97	Eng. Mohamed
13	Pre-Fabricated Houses	5-11-1997	Eng. Mohamed
14	General for Contracting	1997	Eng. Mohamed Rashid
15	General for Contracting	1-7-1998	Eng. Mohamed
16	General for Contracting & Services	13-07-98	Eng. Mohamed
17	General for Contracting & Services	15-09-98	Eng. Mohamed
18	General for Contracting & Services	28-09-98	Eng. Mohamed
19	General for Contracting & Services	17-10-98	Eng. Mohamed
20	Egyptian for Leather Processing	25-11-98	Eng. Mohamed
21	Sand Bricks	6-2-1999	Eng. Mohamed
22	Egyptian General Contracting	11-9-1999	Eng. Mohamed
23	General Co. for Production & General Services	11-9-1999	Eng. Mohamed
24	Egyptian Co. for Meat Production and Dairy	23-09-99	Eng. Mohamed
25	North Bahir Agricultural Co.	25-09-99	Eng. Mohamed
26	Egyptian Gypsum Quarries & Marble - Gemco	14-10-99	Eng. Mohamed
27	Al Nasr Refractories - Gemco	29-12-99	Eng. Mohamed
28	General Co. for Engineering Works	8-5-2000	Eng. Mohamed
29	Egyptian Refractories	13-02-00	Eng. Mohamed
30	United Poultry Products	24-06-00	Eng. Mohamed
31	Egyptian Electrical Equipment (Maher)	Jan-01	Eng. Mohamed
32	Egyptian Company for Metal Trade (Segal)	Jan-01	Eng. Mohamed
33	Alexandria for Cooling	13-8-2002	Ahmed Ibrahim Ismail

Source: PEO

* Liquidation Complete

Figure 5
Privatization Achievements: Minority Public Offerings

	Name of Company	Date of Contract	Private Sector	ESA	Remaining HC Share	Total Sale Value (LE Millions)
1	Arab Bureau Des	24-Jul-94	5.00%	40.00%	55.00%	4
2	Isir for Chemicals	Jan-95	51.10%	0.00%	48.90%	65.4
3	South Cairo Mills	29-May-95	33.42%	8.25%	58.32%	135.9
4	Western Bob	22-Jun-95 (06-02-1997)	28.70%	5.00%	66.30%	549
5	Propo-H	15-Mar-95	10.47%	9.53%	72.86%	134.7
		14-Mar-96	7.14%			
6	Chemical & Pharmaceuticals	1995	30.00%	10.00%	60.00%	51.7
7	Pharmaceuticals	1998	23.30%	10.00%	66.70%	54.6
8	Middle Egypt Mills	10-Apr-96	30.07%	10.00%	59.93%	32.3
9	South Cairo Mills	26-May-96	30.00%	10.00%	60.00%	29.8
10	Pharmaceuticals	Sep-96	30.00%	10.00%	60.00%	47.5
11	Pharmaceuticals	Sep-96	30.00%	10.00%	60.00%	18.2
12	Pharmaceuticals	28-Oct-96	30.00%	10.00%	60.00%	148.2
13	Pharmaceuticals	Nov-96	30.00%	10.00%	60.00%	61.9
14	Pharmaceuticals	29-Jun-97	30.00%	10.00%	60.00%	125.1
15	Isir Aluminum	1997	8.00%	0.0%	92.00%	221
16	Okhtar Ibrahim	24-Jun-98	3.45%	10.00%	86.55%	75.6
Total						1,755

Source: PEO

Figure 6
Privatization Achievements: Production Assets Sold

	Sold Assets Statement	Owner	Date of Selling/ Contracting	Value (LE millions)
1	Cairo Sheraton	EGOPH	14-Nov-96	350
2	Al Borg Hotel	Egyptian Hotels	6-Nov-97	6
3	San Stepheno Hotel: Lands and Premises	Egyptian Hotel	Aug-98	271
4	Siklam Factory	N/A	27-Aug-98	19.5
5	Distillation Factory	Egyptian Korom	8-Oct-98	26
6	Plastic Factory in Kabari	National Plastics	22-Jun-99	2.53
7	Kowar Grinding Balls Factory	Delta	Aug-99	28
8	Production Line for Yoghurt & Ice Cream	Plastic Factory Victorya	24-Nov-99	0.6
9	Basatin Factory	Sabi Company	30-Nov-99	14
10	Spinning Factory in Ghamara	Cairo Metal Products	22-Jan-00	0.6
11	Nile Hotel	N/A	Feb-00	49
12	Agriculture Dehydration factory	Giana	Jun-00	3.7
13	Orange and Olive Production	Giana	Jun-00	0.5
14	Steel Factory	Alex Metal Products	Jul-00	11
15	Home Appliances Factory	Neesa Company	Dec-00	19.3
16	Steel Factory	Alex Metal Products	Jan-01	25
17	Factory for Steel Enamel Sheets	Cairo Metal Products	Jan-01	2.65
18	Tray Factory	Alex Glass and Crystal	30-Mar-01	10.5
19	Medical Ampoules Factory	El Nasr Glass and Crystal	Apr-02	20
20	Shobra Armenian Factory	Cairo Metal Products	Apr-02	8.5
21	Liquid Batteries factory	National Plastics	May-02	1.2
22	Bags factory	National Plastics	May-02	2
23	Isis Floating Hotel	EGOPH	Mar-17	8.9
24	Osiris Floating Hotel	EGOPH	Mar-17	7.6
Total				888

Source: PEO

**Figure 7
Privatization Achievements: Multiyear Leases**

Year	Name of Leased Assets	Company Name	Date of Contract	Annual Lease in LE (unless otherwise stated)	Duration (years)	Total in LE Million (unless otherwise stated)	Management Company *
1	Spinning & Weaving Factory	El-Dakhlia for Spinning & Weaving	5-Feb-97	1,560,000	5	7.8	N/A
2	New Weaving Factory (Khorosrod-Kalshay)	Industrial Shops for Spinning & Cotton (Esco)	15-Feb-97	\$750,000 +3% net FOB for raw material	10		N/A
3	First Group: Radio (Cairo)-Al Chark (Cairo)-Radio (Alex)-El Horeya (Alex)-El Horeya (Port-Said)		20-Feb-99	2,200,000	20	44	N/A
4	Second Group: Begal (Cairo)-El Dooxy (Cairo)-Winter Rio (Alex)-Summer Rio (Alex)-Opera (Shag)	El Horeya Company for Distribution & Cinema Show Rooms	20-Feb-99	2,600,000	20	52	N/A
5	Third Group: Diana (Cairo)-El Normandy (Cairo)-Ferial (Cairo)-El Ahli (Damanhour)-El Horeya (Ishid)		20-Feb-99	2,500,000	20	50	N/A
6	El Horeya El Kamh Factory	El Sharkeya for Spinning & Weaving	1-Jul-99	9,000,000	5	45	N/A
7	String Dye Factory		Sep-99	336,000	5	1.68	N/A
8	Fibers Factory	Cairo Dyeing & Preparation	Oct-99	1,600,000	5	8	N/A
9	Cinema Studios		2-Jan-00	379,000	20	7.58	N/A
10	Cinema Studios		Feb-00	2,100,000	20	42	N/A
11	Cinema Studios	El Horeya Studios and Cinema Production	Feb-00	2,250,000	20	45	N/A
12	Cinema City Studios		Feb-00	5,400,000	20	108	N/A
13	Floating Hotels Anni & Hotob		9-Feb-00	\$1,200,000	5	\$6	N/A
14	Floating Hotels Isis & Osiris	Egyptian Hotels & Resorts	19-Feb-00	\$672,000	5	\$3.36	N/A
15	Floating Hotels Mut & Aton		3-May-99	\$1,000,000	5	\$5	N/A
16	Textile Factory—Sadat	GY/CO	19-Feb-01	2,000,000	4	8	N/A

Source: IFC
 * Holding Companies reported data

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