



MISR FOR CENTRAL CLEARING, DEPOSITORY AND REGISTRY



2010



Mr. Mohamed S. Abdel Salam
Chairman and Managing
Director (Expert)



Dr. Tarek Ezzat Abdel Bary
Managing Director
(Expert)



Dr. Khaled Serry Siam
Board Member
(representing the
Egyptian Stock
Exchange)



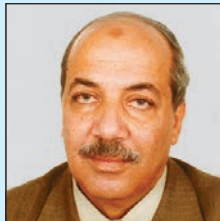
Mr. Amr Youssef Al Ganainy
Board Member
(representing
the Commercial
International Bank)



Mr. Yasser Ismail Hassan
Board Member
(representing Al Watany
Bank)



Mr. Hisham Hassan
Board Member
(representing the
Export Development
Bank of Egyptian)



Mr. Awni Abdel Aziz Youssef
Board Member
(representing Wedian
brokerage firm)



Mr. Khaled Abou Heif
Board Member
(representing AL
Tawfeek brokerage firm)



Mr. Ashraf Salman
Board Member
(representing Cairo
Capital brokerage firm)

**Board of
Directors**





MCDR Board has the pleasure to introduce the annual report of the fiscal year ended 31/2010/12/ wishing it could fulfill with a comprehensive show of MCDR's activities during 2010.

MCDR, successfully, managed its role nationally and regionally which will be crystal shown in the highlights. In addition, MCDR was keen to attend all field-related conferences in order to benefit from various experiences as well as opening security and cash accounts in foreign and international institutions in order to allow all shareholders to invest in different capital markets and to eliminate obstacles that prevent foreign shareholders from investing in the Egyptian Capital Market.



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EGP to be by the end of 2010, 511743810319 EGP with an increase of 31%. In addition, registered securities market value was 955749830457 EGP with an increase of 11% compared to 2009.

Total cash dividends distributed through MCDR was 55406048154 EGP for 615 securities (cash dividends and bond returns) with an increase of 30.74% compared to 2009.

On behalf of Issuers, MCDR executed 823 corporate actions with an increase of 15% compared to 2009.

MCDR also finalized all new systems such as; Exchange Traded Funds system and the Lending & borrowing system where MCDR is still waiting for the final license from EFSA to launch both activities. Such systems will help in developing the capital market and will introduce new financial instruments.

Last but not least, I would like to thank all my colleagues for their hard and true efforts in introducing and developing services to all parties in the Egyptian capital market and to unveil the civilized face of Egypt nationally and internationally.



Chairman and Managing
Director (Expert)

Mr. Mohamed S. Abdel Salam



2010

◆ CEO Speech



Dear shareholders and investors,
I used to address members and participants in MCDR every year, but according to peak circumstances Egypt has witnessed, represented in the great revolution of 25th of January, 2011 that totally turned Upside down the whole life in Egypt, I have to:

First: On behalf of my-self, the board members and all the employees at MCDR, I would like to pay deep condolences to mortars' families who sacrificed their lives for a life full of dignity and freedom.

Second: I would like to express my true and deep belief that Egypt will witness fruitfulness and progress in the near future thanks to the policies taken by the government to uproot all the aspects of corruption which characterized Egypt for past decades. Thus, this new policy will positively affect the investment atmosphere in Egypt as general and the Egyptian Capital Market in particular. As I am honored to be the CEO of both the Egyptian Stock Exchange and MCDR I would like to assure all the Egyptian and foreign shareholders to trust the capital market where it will witness more investments in all fields.

On the occasion of the company's 14th anniversary since MCDR launched its activity in the Egyptian Capital Market, I would like to introduce the activity of 2010.

By the end of 2010, members and participants reached (1625) divided as: (1378) issuers, (154) brokerages, (44) custodians, (29) direct settlement members, (6) beneficiary owners and (14) primary dealers. Number of settled shares increased to 92895060332 shares with an increase of 17831669994 compared to 2009.

Registered nominal capital increased by an amount of 121966507730

AUTOMATED SYSTEMS DEVELOPMENT

MCDR has adopted new techniques since its operation and has replaced all its manual systems by automated ones. So MCDR has established in-house all required systems for its operations:

- Systems for central depository represented by the clearing system, a system for securities settlement, a system for cash settlement , and a system of central depository of securities
- Systems for central registry, represented by cash dividends system through a network linked with ports of disbursement all over the Republic, as well as the systems for the implementation of corporate actions approved by the issuing companies on the stocks increases through public and private offerings and to carry out the reduction and merge, division, split and other operations.
- Developing a system to link between MCDR databases and SWIFT system in order to automatically send SWIFT messages to the following systems: General Accounting system, Investment and Finance Department, Clearing and Settlement system, Cash Dividends System and Settlement for Same Day transactions.
- Activating Clearstream systems and linking it to SWIFT for automatic issuance of SWIFT transfers without human intervention.
- Completion of the automated systems required to launch the Exchange Traded Funds (ETFs) as a new financial instrument in the Egyptian Market to increase liquidity.
- Increasing Internet connection speed in all MCDR branches, especially for subscribers who acquire records of their shareholders, investors' connections and query services provided to them.



Technical Support:

MCDR continued to provide technical support for all market participants, where programs were tested and uploaded to a number of



Replacing cash amounts deposited by the brokerage firms in the bank account of the same day trading system by a letter of guarantee in order to provide liquidity



HIGHLIGHTS

FEBRUARY

In cooperation with Nile Information Technology and Dissemination Company, MCDR participated in Cairo ICT conference, took place at Cairo international conference center.

MARCH

In cooperation with EFSA, MCDR organized a conference titled “Re-build the trust in the Arab and Middle East Markets” launched by IFIE in order to enhance investor’s awareness.

MAY

Analyzing and operating the trade auditing system for the Libyan Capital Market.

JUNE

Replacing cash amounts deposited by the brokerage firms in the bank account of the same day trading system by a letter of guarantee in order to provide liquidity.

JULY

- Developing a new internet system to receive POs from banks and brokerage firms.
- BSI institute which offers the (ISO 27001), audited the E- signature activity and the information security system applied at MCDR and praised MCDR’s accuracy in applying the ISO requirements and its commitment.
- The overall Thomas Murray CSD Rating for MCDR is A+. This Rating indicates low risks and the ability of MCDR to achieve security to all different documented and automated systems.

DECEMBER

ITIDA granted MCDR the license to operate the E- signature service which will allow MCDR to issue the E- signature certificates.



309 corporate actions were executed by registered issuers, including security nominal value split, decreasing capitals, partial and total bond consumption.

MCDR handled cash distribution for 538 securities, including 342 cash dividends, 196 bond returns through 46 bank branches across 12 governorates. The total value of distributed cash was 51 533 668 389 EGP, 667 352 907 USD, 1.449.385 Swiss Franc.

However, 15 issuing companies were delisted, out of 26 issuers that requested delisting.

Furthermore, 785 pledges were registered, while 1016 were unpledged.



The Role of Settlement Guarantee Fund (SGF) in improving performance of the Egyptian Capital Market:

MCDR has developed a number of systems used in the market: the SGF system was developed to distribute returns and subscription fees through the members' settlement accounts. Some systems were developed and others were designed for the Internal Auditing Department to enable auditing daily work of the different departments.

SGF has always played a key role in achieving stability and discipline in the Stock market, which in turn has led to attract more national and international investments. The SGF guarantees cash and securities settlements on SD. Eventually, the value and quantity of trades handled by the SGF decreased to 0.006% and 0.002% of total executed trades in 2010.

In 2010, the SGF did not intervene to cover any trade for any brokerage firm, which reflects its positive impact on the Egyptian Market.

Systems have been developed to pay back members' subscription fees in case their subscription value decreases in the SGF's



MCDR has trained a number of market participants by providing training courses for custodians, the registered owner and SWIFT



AMEDA will organized a global meeting of CSDs for the first time in April 2011 in Cape Town, South Africa

133 brokerage firms, 60 custodians and 10 issuing companies.

MCDR has trained a number of 236 of market participants by providing training courses for custodians, the registered owner and SWIFT. Also, MCDR provided training courses on Lending and Borrowing system.

The technical support department has continued to provide maintenance for all equipment used in MCDR windows in banks by replacing 35 PCs and 26 printers in different branches of banks providing the cash dividends service.



MCDR' s role on the Regional and Global fields:

MCDR has always been keen to be present on both the regional and global fields, through which it finds the opportunity to crystallize its role and its various activities in the Egyptian Market. Mr. Mohamed Abdel Salam has been elected Chairman of the World Forum for Central Depositories Associations - WFC, after having been the Chairman of the Africa and Middle East Depositories Association (AMEDA) for six years. The number of AMEDA members so far is 23 CSDs, who are now studying how to implement the proposal submitted by the Chairman to connect the region CSDs in order to facilitate the execution of dual-listing and cross-border transactions. AMEDA will organized a global meeting of CSDs for the first time in April 2011 in Cape Town, South Africa.

Globally MCDR has become a member in Linkup Markets, in February 2010.

MCDR has also organized a number of training courses for staff working in the field of capital markets in a number of Arab countries such as Iraq, Sudan, Algeria, Palestine and Libya.

MCDR'S ACTIVITY

The performance of the Egyptian Capital Market was generally very active during 2010, especially for MCDR: 221 issues were registered, including a new security, 67 increases in free coupons and 91 cash increase in public and private offerings.



2010

STATISTICS



capital. This has been achieved by adding the subscription value to the members' settlement accounts and distributing the returns of their subscriptions.



The role of the human resources in MCDR:

Believing that the HR dimension is the real capital of the company, MCDR has focused on developing its employees by providing training and skill courses in various fields, through high quality and certified centers, e.g. the American Chamber, CCIE and the Arab Academy for Banking and Financial Sciences.

247 employees from different departments have been trained to become competent calibers in the Egyptian capital market. MCDR also contributes to spreading financial culture and awareness by allowing summer training for 114 students.



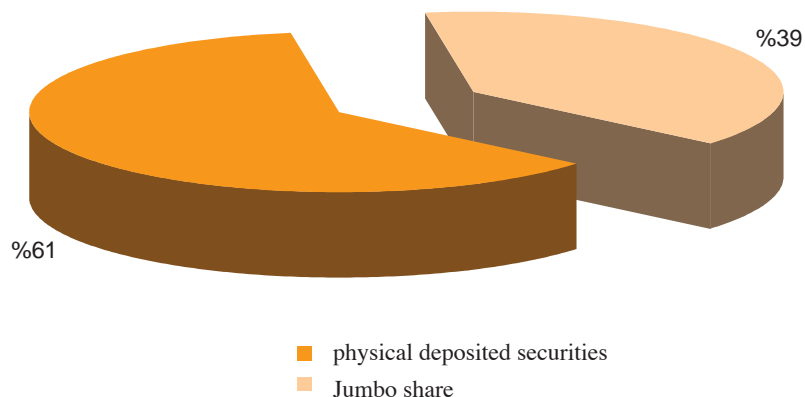
FUTURE PLANS

- Developing a system to collect members and clients subscriptions through the internet using VISA, in addition to developing another system with the National Bank of Egypt in order to enable the investors to get their cash dividends through the ATM.
- Finalizing the Back Office system for brokerage firms and operating it.
- Implementing the Linkup Market system and linking it to the company's other systems after conducting bilateral agreements with members who wish to investment in the Egyptian capital market as well as the foreign countries that attract Egyptian investors to invest in.
- Finalizing the company's landmark in the fifth district in New Cairo.
- Operating the Lending and Borrowing system.
- Moving the Disaster Recovery site from Talaat Harb to New Cairo.



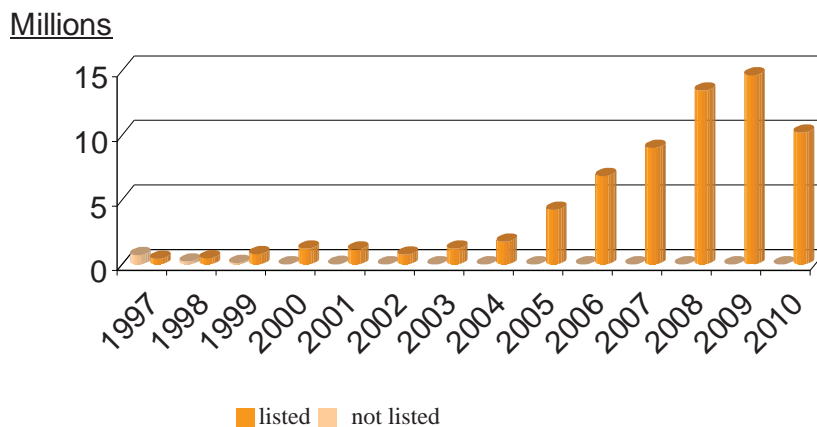
Percentage of physical to non physical securities

Number of issuers who issued stock certificates or temporary certificates is 845 issuers and issuers who have jumbo share are 533 issuers.



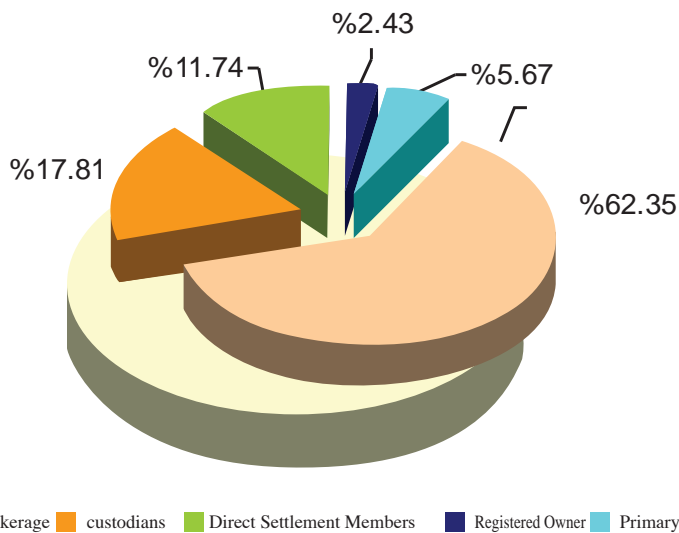
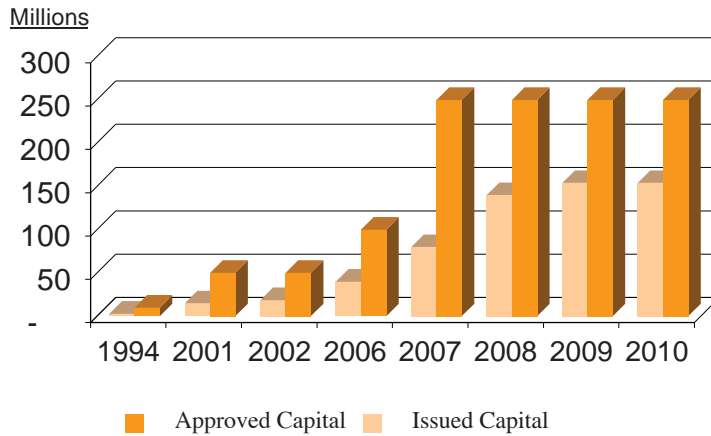
Number of settled transactions

2010 has witnessed significant decrease in number of settled transaction executed on deposited securities where settled transactions were 10192899 transactions with a decrease of 30.3% compared to the previous year.



Development of MCDR Capital since its establishment

MCDR issued and paid capital was developed from 3 Million EGP since MCDR was established in 1994 to reach by the end of 2010 154 Million EGP divided on 154000 shares with nominal value of 100 EGP per share.

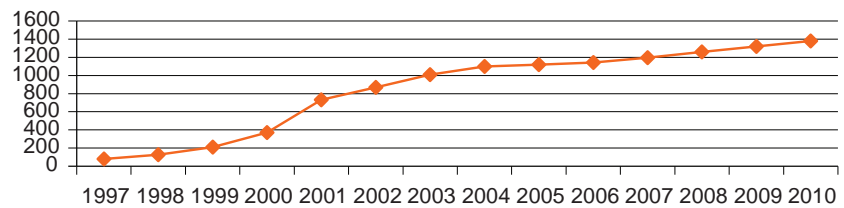


Members and Participants in the depository system

By the end of 2010, number of members and participants was 1625 including 1378 participants and 247 members.

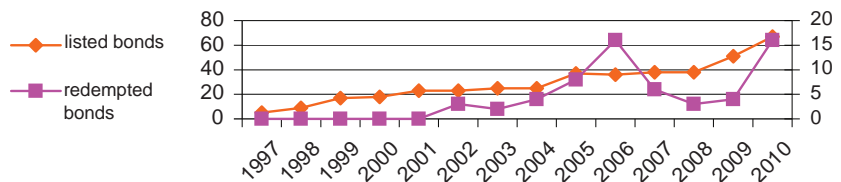
Development in the number of listed issuers

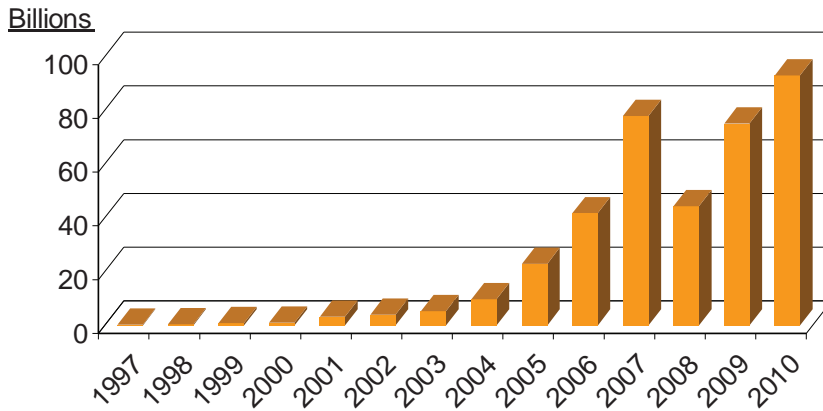
By the end of 2010, number of listed issuers was 1378 with an increase of 4.5% compared to previous year.



Development in the number of listed bonds in the central depository

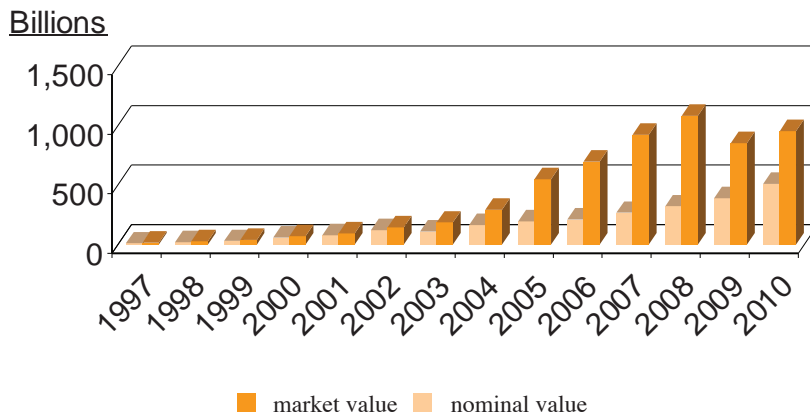
The number of listed bonds in the central depository was 67 bonds with an increase of 31.4% compared to previous year, with the total redemption of 16 bonds.





Development of number of settled securities in the central depository system

Number of settled securities increased to 92.9 Billion shares with an increase of 23.8% compared to the previous year.



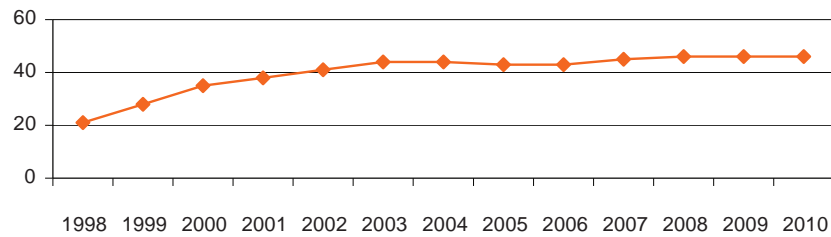
Nominal & Market Value of deposited securities

Nominal value of deposited securities was 511.7 Billion EGP with an increase of approximately 31.3 % and the market value is 955.7 Billion EGP with an increase of approximately 11.9 % compared to previous year.



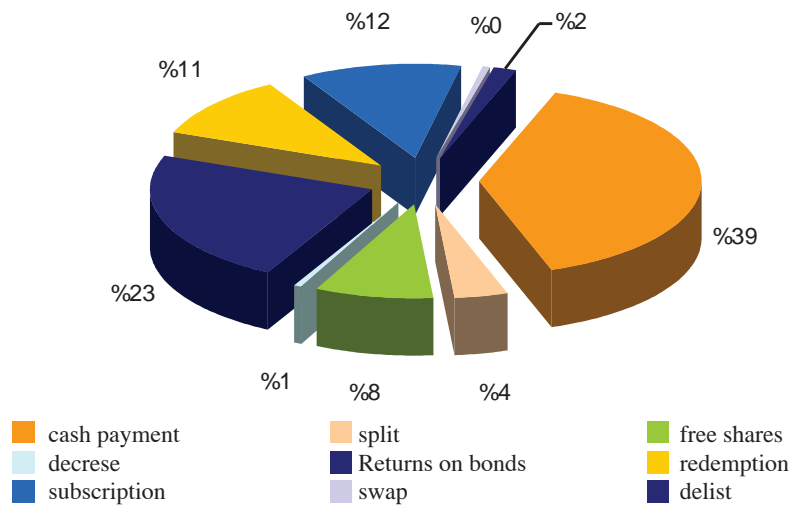
Development in the number of cash distribution windows

By the end of 2010, the number of cash distribution windows reached 46 spread all over Egypt.

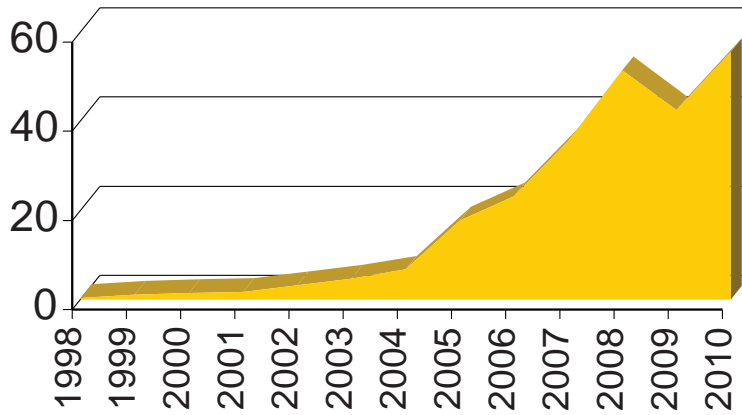


Corporate actions executed through MCDR

By the end of 2010, number of corporate actions executed by MCDR on behalf of the issuers was 842 with an increase of approximately 17.76% compared to previous year.



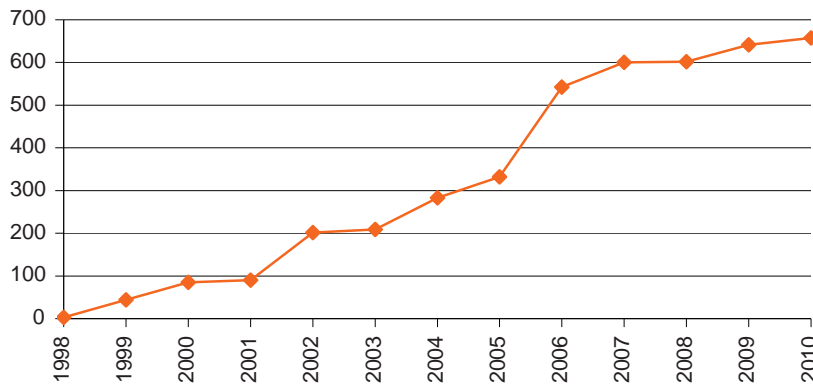
Billions



Development of paid dividends

During 2010 securities cash dividends paid through MCDR increased to 55.4 billion EGP with an increase of 30.7 % compared to previous year.

Thousands



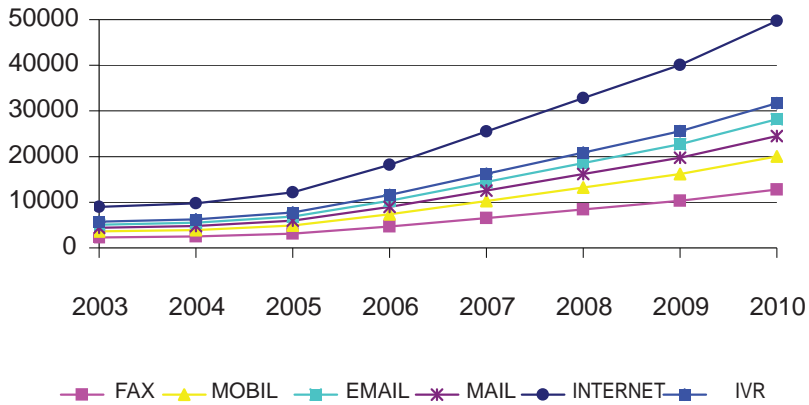
Development in the number of shareholders who received their cash dividends

The number of shareholders who received cash dividends increased to 657823 shareholders in 2010 with an increase of approximately 2.6% compared to previous year.

2010

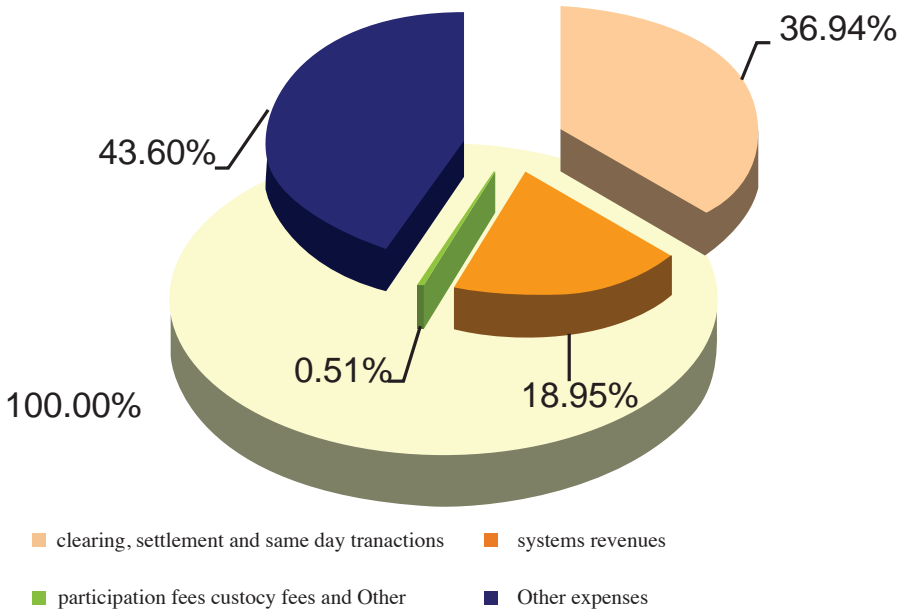
**FINANCIAL
STATEMENTS
AND AUDITORS'
REPORT
THEREON**





Services introduced to shareholders

Number of shareholders interested in the IVR service introduced by MCDR was 166869 with an increase of 24% compared to previous year.



CDR Revenue sources

Note: Numbers and statistics are from MCDR data base for 2010 and previous years.

Emphasis of Matter:

Without qualifying our opinion, we draw attention to the Note (37) of the notes to the separate financial statements, due to lack of information, the company's management was unable to disclose the effects of the subsequent events, after the separate financial statements date, on the value of some of the assets and liabilities during the coming financial periods.

Whereas, the valued assets and liabilities may vary significantly during the coming period, if the company's management was able to provide reliable indicators or proofs which can be used utilized by the company's management to identify the effect and magnitude of the subsequent events on the value of some of the assets and liabilities in the separate financial statements.

Report on Other Legal and Regulatory Requirements

The company maintains proper books of accounts that include all that is required by the Law and the company's Articles of Association, and the financial statements are in agreement therewith.

The financial information included in the Board of Directors' report, which has been prepared in accordance with the requirements of Law No. 159 of 1981 and its Executive Regulations, is in agreement with the relevant information in the company's books.

Auditors



Abdelmoneim A. Sallam

Chartered Accountant
R.A.A. 2347
EFSA 361



Taha M. Khaled

Fellow of the Institute of Chartered Accountants in England & Wales
Fellow of the Egyptian Society of Accountants and Auditors
Fellow of the Egyptian Society of Taxation R.A.A. 5136
EFSA 28

Cairo, 19 May 2011



AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
MISR FOR CENTRAL CLEARING, DEPOSITORY AND REGISTRY - S.A.E.
MEMBERS OF SETTLEMENTS GUARANTEE FUND

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Misr for Central Clearing, Depository and Registry - S.A.E. – which comprise the separate balance sheet as of 31 December 2010, and the separate statements of income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of the company's management as management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Egyptian Accounting Standards and in the light of relevant Egyptian laws and regulations – also management is responsible for the preparation and fair presentation of the financial statements for the Settlement Guarantee Fund in accordance with the Egyptian Financial Supervisory Authority Chairman's decision No. (29) dated 5th August 2004 - the management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error, This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of relevant Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance that the separate financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Misr for Central Clearing, Depository and Registry - S.A.E. as of 31 December 2010, and its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and in the light of relevant Egyptian laws and regulations, and the Egyptian Financial Supervisory Authority Chairman's decision No. (29) dated 5 August 2004.



SEPARATE STATEMENT OF INCOME

For the year ended 31 December 2010

		31 / 12 / 2010	31 / 12 / 2009
	Notes	L . E .	L . E .
Services revenue	25	120.354.798	139.382.974
Cost of services	26	(70.409.409)	(71.829.818)
Gross profit		<u>49.945.389</u>	<u>67.553.156</u>
Credit interest		41.403.232	47.850.717
Held to maturity investments return		24.822.435	25.338.945
Treasury bills and trading investments selling return		26.624.344	27.695.704
Other Income	27	2.225.971	1.014.986
		<u>145.021.371</u>	<u>169.453.508</u>
General and administrative expenses	28	(69.850.495)	(72.416.674)
Provisions	19	-	(2.177.861)
		<u>(69.850.495)</u>	<u>(74.594.535)</u>
Profit for the year before taxes		<u>75.170.876</u>	<u>94.858.973</u>
Income Tax	29	(9.743.956)	(9.222.354)
Net profit for the year after taxes	30	<u>65.426.920</u>	<u>85.636.619</u>

BALANCE SHEET

At 31 December 2010

	Note	31 / 12 / 2010 L . E .	31 / 12 / 2009 L . E .
NON CURRENT ASSETS			
Fixed assets	5	18.586.860	17.074.765
Projects under construction	6	142.975.781	130.557.319
Investment in subsidiaries	7	8.850.000	8.850.000
Investment in associates	8	8.903.500	2.903.500
Held to maturity investments	9	85.117.316	100.647.178
Available for sale investments	10	2.003.391	6.741
Investment in Risk Insurance Fund (Investor Protection Fund)	11	2.115.154	2.115.154
Intangible assets	12	2.500.000	2.500.000
Deferred tax assets	34	847.150	1.302.468
Total non current assets		<u>271.899.152</u>	<u>265.957.125</u>
CURRENT ASSETS			
Trade and other receivables	13	109.085.202	67.513.004
Trading investments	15	79.386.836	33.438.231
Cash	16	96.090.665	193.982.164
Bank balances – coupons dividends	17	1.574.893.703	573.429.094
Total current assets		<u>1.859.456.406</u>	<u>868.362.493</u>
CURRENT LIABILITIES			
Dividends coupons payable	17	1.574.893.703	573.429.094
Trade and other payables	18	78.239.149	59.145.847
Provision for risks and claims	19	25.213.228	36.277.681
Taxes payable	29	5.563.869	7.592.002
Total current liabilities		<u>1.683.909.949</u>	<u>676.444.624</u>
Working capital		<u>175.546.457</u>	<u>191.917.869</u>
Total investments		<u>447.445.609</u>	<u>457.874.994</u>
Financed as follows:			
EQUITY			
Depository and Registry activities:			
Share capital	20	154.000.000	154.000.000
Legal reserve	21	5.888.652	3.461.017
Retained earnings		46.125.058	66.043.313
Total equity for depository and registry activities		<u>206.013.710</u>	<u>223.504.330</u>
Settlement Guarantee Fund			
General accumulation	23	176.842.278	173.677.427
Special accumulation	24	46.894.580	44.276.956
Legal reserve	21	1.664.525	820.814
Retained earnings		16.030.516	15.595.467
Total equity for settlement guarantee fund		<u>241.431.899</u>	<u>234.370.664</u>
Total finance of investment		<u>447.445.609</u>	<u>457.874.994</u>
CONTRA ACCOUNTS	31	<u>934.783.063.812</u>	<u>832.253.042.281</u>

Settlement and Guarantee Fund				
General accumulation L.E.	Special accumulation L.E.	Legal Reserve L.E.	Retained Earnings L.E.	Total L.E.
161.599.544	39.197.745	1.907.341	16.066.210	458.426.135
-	-	-	(12.852.000)	(98.223.303)
-	3.214.210	-	(3.214.210)	-
-	1.907.341	(1.907.341)	-	-
-	-	-	-	-
12.077.883	-	-	-	12.077.883
-	-	-	16.416.281	85.636.619
-	(42.340)	-	-	(42.340)
-	-	820.814	(820.814)	-
<u>173.677.427</u>	<u>44.276.956</u>	<u>820.814</u>	<u>15.595.467</u>	<u>457.874.994</u>
-	-	-	(12.977.843)	(79.021.156)
-	-	-	16.874.227	65.426.920
-	-	843.711	(843.711)	-
-	2.617.624	-	(2.617.624)	-
<u>3.164.851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.164.851</u>
<u><u>176.842.278</u></u>	<u><u>46.894.580</u></u>	<u><u>1.664.525</u></u>	<u><u>16.030.516</u></u>	<u><u>447.445.609</u></u>

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Depository and Registry activities		
	Share Capital L.E.	Legal Reserve L.E.	Retained Earnings L.E.
Balance at 1 January 2009	140.000.000	13.236.798	86.418.497
Dividends	–	–	(85.371.303)
Transferred to special accumulation	–	–	–
Transferred to legal reserve	–	–	–
Share capital increase	14.000.000	(13.236.798)	(763.202)
General Accumulation increase	–	–	–
Net profit for the year	–	–	69.220.338
Used from Special Accumulation	–	–	–
Transferred to legal reserve	–	3.461.017	(3.461.017)
Balance at 31 December 2009	154.000.000	3.461.017	66.043.313
Dividends	–	–	(66.043.313)
Net profit for the year	–	–	48.552.693
Transferred to legal reserve	–	2.427.635	(2.427.635)
Transferred to special accumulation	–	–	–
General accumulation increase	–	–	–
Balance at 31 December 2010	154.000.000	5.888.652	46.125.058