



MISR FOR CENTRAL CLEARING, DEPOSITORY AND REGISTRY



ANNUAL REPORT



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MONETARY AUTHORITY OF SINGAPORE
MASB FOR CENTRAL CLEARING, DEPOSITARY AND PAYMENTS

ANNUAL REPORT

2006



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Mr. Mohamed Helwan Abdel Salameh
Chairman and Managing Director



Mr. Nagui Shouky
Board Member (representing
Cairo and Alexandria Stock
Exchanges)



Dr. Faruk Essam Abdel Hany
Managing Director



Mr. Osama Eisa Amer
Board Member (representing
El Solar Holdings Co.)



Dr. Tamer Hassan Hassan
Board Member (representing
Al National Bank of Egypt)



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



Mr. Yusef Mubler Abdel Hamed
Board Member (representing
AUC Bank)



Mr. Amr Abdel Kader Youssef
Board Member (representing
Wentek Holdings Co.)



Mr. Hossain M. Barakat Al Ghandy
Board Member (representing
Commercial International
Banking Co.)

BOARD OF DIRECTORS



Introduction



In 2006, MCDR celebrated its tenth anniversary where the company had attempted to introduce its services to the market with high-level quality and low cost.

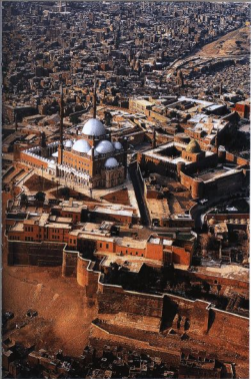
Not only MCDR highly performed its charged services, but it always seeks continuous development of its all standing mechanisms as well as creating new mechanisms through which MCDR can be able to enhance the market's performance and efficiency.


In a record time, MCDR founded the Settlement Guarantee Fund and innovated new systems for buying and selling transactions, such as "Same Day Trade", "Margin Trade", "Investment Manager" and "Registered and Beneficial owner" systems.

Moreover, MCDR develops the settlement system in order to finalize mechanisms related to the innovated ones to fulfill the market's needs. Thus, MCDR has been able to conclude transactions on securities on (T+0) for "Same Day Trade" services, (T+1) for governmental Bonds and (T+2) for companies listed on the stock exchange and the central depository system, efficiently and with high velocity.

These excellent results are not momentary, but due to conscious conceptions and well-planned policy adopted by the company's board in order to convey the latest international technology in the field of central depository and registry. Accordingly, MCDR has been trusted among shareholders inside and outside.

Beside its internal achievements, MCDR uses its technological abilities and its human cadres to introduce services inside and outside in various fields and information spread. In addition MCDR participates in establishing and developing other securities markets in the Arab region represented in signing an agreement with the Libyan market to fix studies, by-laws and training courses.





Chairman's Speech

2006



Dear members and participants

First of all, I would like to thank MCDR shareholders for their precious trust in the board's capability in applying administrative and financial policies and implementing future plans as well as working on developing the applied systems which in return contribute to improving both the company's and the market's performance and adaptation to the continuous variables.

One of the main factors of MCDR's success during the past years is the ability of MCDR's systems in adapting to the new mechanisms recommended by The Capital Market Authority such as "Registered and Beneficial owner", "Dematibus accounts", "Lending and borrowing" along with several various mechanisms. Besides, MCDR's ability to modify all applied systems in the Central Depository system to accommodate with these mechanisms.

2006 witnessed a great leap in the activity volume as by the end of this year, number of the registered issuing companies was 1144 entities with nearly total nominal value 210.5 Billion Egyptian Pounds and capital value 697.5 Billion Egyptian Pounds. MCDR distributed cash dividends for 295 issuing companies with approximate total value 23 Billion Egyptian Pounds with an increase 30% compared to the previous year. Also, MCDR executed 300 corporate actions including free shares distribution, modifying the nominal value of shares, merger and acquisition operations.

1997
to
2005



Moreover, number of settled transactions was 6.8 million transactions on 18.8 billion shares, with total value 273 billion Egyptian Pounds and with an increase 78% compared to the previous year.

Thanks to its wide experience in the capital market, MCDR plays a remarkable role regionally and internationally, and it is obviously seen in the cooperation with all emerging securities markets in the Arab region in order to finalize the main structure of these markets. As a result, a bilateral cooperation agreement between MCDR and Libya was signed where MCDR will provide with the sufficient technical and legal support necessary to establish the documental structure to operate the Libyan market.

In order to deeply emphasize cooperation with external institutions, MCDR participated in several meetings and conferences such as settlement and payments conference held in Dubai, ANNA conference in Zurich -Switzerland, FEAS conference in Turkey, CSD9 in Korea where MCDR participated in two workshops and other international conferences.

Starting of the Board's faith in the human cadres, MCDR participated in various training courses aiming at developing its personnel's performances in different fields such as: finance and investment, accounting, law, information technology, etc ...

Finally, I and my colleagues at MCDR promise to continue working on applying the most advanced international techniques in order to improve and develop MCDR on both regional and international levels, through communicating with the different parties in the market aiming at enhancing the Egyptian market's efficiency.

All thanks to MCDR's employees for the effort exerted in order to increase the company's efficiency to the level of worldwide international companies, all thanks as well to the general assembly for its continuous support together with all shareholders to the management and employees.

Chairman and Managing Director
Mohamed Abdel Salam





Features of 2006

January

Launching and operating the 'registered owner and beneficiary owner' system as well as organizing training courses for companies authorized to practice such activity.

Launching 'Short Sell' and 'Lending and borrowing' systems.

February

In a ceremony held in Frankfurt - Germany on 23rd February, 2006, MCDR was awarded the Arch of Europe for Quality and Technology from the BD as international assessment institution. The award was received by Mr. Mohamed Abdel Salem - Chairman and Managing Director.

Launching and operating systems and central PCs concerning the E-signature project.

Developing MCDR's Web site on the internet from ASP to GSP.


April

Accelerating data transfer (1 GB/second) between MCDR's two branches at El Gharbia St. and Talat Harb in Cairo.

June

Operating the auto system of the "Demibus Account" and giving necessary training courses for intermediaries authorized from the CMA to practice that activity.

Ciphering Data on MCDR's internal information network (Intranet).



July

Concluding automated and documentary systems which are necessary for operating the Investor Protection Fund (IPF).

Signing a cooperation agreement between the Libyan Capital Market and the Egyptian Capital Market represented in MCDR in order to establish an integrated Libyan capital market including activities of the CMA, stock exchange and central depository.

Studying the establishment of an Information Technology company to introduce services for financial institutions and brokerage firms in the field of IT services.

MCDR was granted license no. (1) to practice the activity of E-signature including the issuance of E-signature cards and electronic authentication certificates.

August

Linking clearing banks with the Depository automatically, thus, allowing MCDR to be aware of cash and settlement accounts' balances of brokerage firms registered by banks.

November

MCDR in cooperation with intermediaries operates "FIX" system in order to block securities for selling.

December

MCDR participates in "Borsa Step x Step" annual conference organized by the stock exchange.

Re-evaluating MCDR's risks by Thomas Murray where the company's risk rate have been reduced from level (B) to level (A)

Establishing a private website of AMEDIA on the Internet including the purpose of establishment, targets, information about each member and the way of participation (www.amedia.org.eg).





**MCDR's
contribution to
developing new
systems and mech-
anisms in the
capital market**



Each concerned party in the market plays its role effectively, it is remarkable in the role played by the CMA in issuing legislations and laws necessary to activate the market and to convey the international securities markets. MCDR exerted its best to translate the CMA's legislation into practice presented by automated systems and applied tools. Thus, MCDR was responsible for organizing training courses concerning the different cadres in the market so that they can deal with such systems and tools.

Beneficial and registered owner:

After the CMA has approved regulations regarding this activity, MCDR established automated and documentary systems necessary to operate the beneficial and registered owner system. One of the system's main characteristics is reducing the cost of executing transactions through merging the beneficial shareholders' orders and unifying execution prices for the beneficiaries' interest. Besides, it encourages investors as it keeps the secrecy of transactions through veiling the owner's true name in executed transactions. Moreover, it allows the majority of shareholders to attend the issuers' general assemblies meetings by allowing registered owners to attend on behalf of beneficial owners.

Omnibus Accounts

On 14/9/2006, the CMA legislated trading through Omnibus Accounts in order to achieve the utmost effectiveness for portfolio management firms. Thus, it allows such firms to invest their shareholders' money fairly and efficiently as well as achieving the highest return according to the shareholder's investment policy.

Despite that the system has been recently operated, number of licensed brokerage firms to practice that activity are fifteen (15).

Short Sell

One of the most important regulations issued by the CMA is "Short Sell", where MCDR has been charged to establish and manage this system.

It adds a new investment tool which enables the shareholders to achieve additional profit represented in the yield of lending his securities. Moreover, it allows other shareholders to sell their borrowed securities to maintain profits resulting from the difference between the cost of borrowing and the yield of sold borrowed securities. In addition, this system complies with implementing the international standards in attracting more foreign investments which accelerates securities turnover in order to enhance the market's efficiency.

E-signature

MCDR was granted license no. (1) from the 'Information Technology Industry Development' authority to practice the activity of E-signature. Accordingly,



MCDR has become the first electronic certification authority in Egypt.

MCDR's role can be outlined in issuing Digital Signatures and Digital Authentication Certificates.

The company concluded the necessary infrastructure to commence the activity represented in PCs, operating systems and the E-law and was surveyed by a private committee from the CMA.

Automated systems have been prepared to link the E-signature automated systems with the automated operating systems applied in the activities of central clearing, depository and registry at MCDR in order to organize and regulate these activities. First, the activity will be only restricted to members of the central depository such as brokerage firms, custodians and other securities firms, besides non banking financial firms. Then it will be introduced to all natural or non-legal people in Egypt.

Cooperation with other Arab Securities Markets

After a severe competition with other Arab countries and thanks to its regional and international wide reputation, MCDR signed an agreement with the Libyan authority to establish the Libyan capital market. The agreement included a frame of necessary regulations and operations systems to operate the market as well as training the Libyan cadres on implementing these systems.

MCDR held training courses from 17 November till 28 December 2006 for Libyan candidates so that they can be able to operate the market's mechanism. These courses included lectures introduced by several experts in the capital market and academic professors in economics. Moreover, the courses set field visits for financial companies and institutions as well as entities



working in the Egyptian capital market.

The trained cadres have set primary operations systems in the market where systems were checked and amended by MCDR.

Technical support for members and participants

Starting of its pivotal role in the Egyptian market and continuous seek to introduce the technical support to enlighten market's participants with recent developments, MCDR has achieved the following:

1. Introduced continuous and intensive training courses for all concerned parties in the market including courses held for cadres working at brokerage firms regarding "Same day trade".

2. Introduced training courses for employees working at custodian banks.

3. Held experimental sessions which aimed at testing "Lending and Borrowing" system in cooperation with the Stock Exchange as well as introducing experimental sessions aiming at testing the e-trade where MCDR in coordination with the stock exchange updated brokerage firms' systems to facilitate the application of these systems and mechanisms.

4. Modified auto-block system securities to match with the (boms) system along with adding the IVR.

5. Introduced technical support for issuers participating in the IVR through developing the IVR system according to recent developments.

Athletic activity:

The football team reached the Egyptian companies' league finals held at Alexandria and scored the second position. The team is now playing in the first series

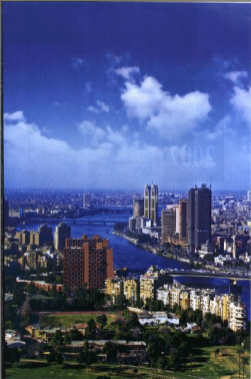


and will participate in the 2007 league finals that will take place in Port Said.

MCDM's team for games football is now playing in the companies' league and will participate in championship that will take place in Port Said.

The basketball team reached the finals of the Egyptian companies' league that will take place in Port Said.








Prospective
plans
of
2007

1- Operating securities lending and borrowing system.

2- Inaugurating new windows for cash dividends at new bank branches such as:

- Petrosia bank – Helwan Branch.
- Petrosia bank – Shobra Branch.
- Some branches of Bank of Alex.

3- Constructing our new administrative premises at Al Tagamo El Kharas, to include:

- Main securities vault on nearly 4000 m.
 - DR center.
 - Alternate communications and IT center in case of any risks concerning the main network.
 - Integrated Information Center divided into units in order to serve brokerage firms and custodians.
 - Areas for social and entertainment purpose for employees and members.
 - Meetings and conferences Halls.
- 

• Cultural and scientific Library (books, CDs, Tapes, films, Internet, ...)

4- Cooperating with an International scientific institution in the field of specialized training regarding capital markets.

3- Foundation of the first Egyptian economic satellite channel in participation with several financial and media institutions. The channel aims at spreading economic information and news among shareholders so as to enhance their economic awareness.

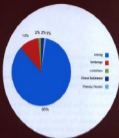
6-Founding an IT company "Nile for Technology and Information Dissemination". The new born company aims at designing automated operating systems necessary for brokerage firms, custodians and other financial institutions in front and back office or what so called (FIX Gas Way) which is necessary to e-trade systems.

Other founders are some entities such as companies working in the field of PCs applications or other communications and networks along with Arab and Egyptian financial institutions.

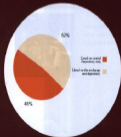


Members and Participants

By the end of 2006, number of total members and participants was 1344 (1144 participants) and (200 Members).



Statistics of 2006



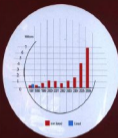
Deposited securities ratio to the listed ones in the Stock Exchange

By the end of 2006, number of centrally deposited securities was 1144 including number of 595 securities listed in the Stock Exchange.

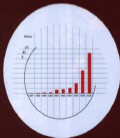


Number of settled transactions on deposited and undeposited securities

2006 has witnessed a remarkable leap in transactions settled on deposited securities, where number of settled transactions was 6817432 with an increase about 62% compared to previous year, (6816886 settled transactions on deposited securities and 536 settled on undeposited securities).
Development of number of settled shares of deposited securities

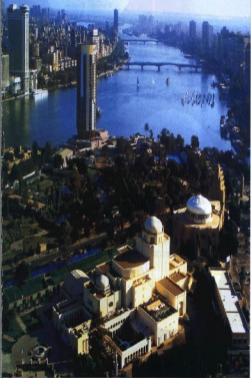


Statistics of 2006



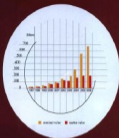
Development of number of settled shares of deposited securities

Number of traded deposited securities increased to 4 179 072 760 shares with an increase 83% compared to previous year.

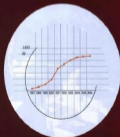


Nominal and Market capital of deposited securities

Nominal capital value of deposited securities was 210534808556 EGP with an increase 7% and the market capital value was 697537829636 Egyptian pounds with an increase 27% compared to previous year.



Statistics of 2006



Development in number of registered issuers

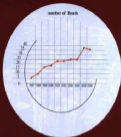
By the end of 2006, number of registered issuers was 1144 issuers with an increase 2% compared to previous year.



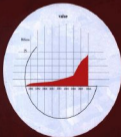
Development in number of deposited Bonds

By the end of 2006, number of bonds registered in the Central Depository was 26 by a decrease 2.7% compared to previous year as 7 new bonds were registered and 8 bonds were totally redeemed.

Development in number of deposited Bonds

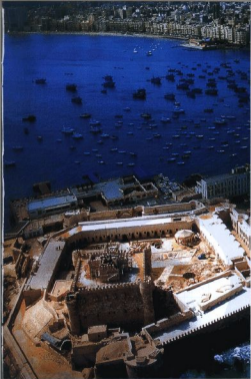


Statistics of 2006



Development of cash dividends value paid through MCDR's windows

Throughout 2006, number of securities cash dividends paid by MCDR increased remarkably as cash dividends value was 2,000,000,000 BGP with an increase 30% compared to previous year.

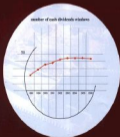


Development of shareholders' number received their cash dividends through MCDR

Number of shareholders received their cash dividends through MCDR was 540684 throughout 2006 with an increase 64% compared to previous year.

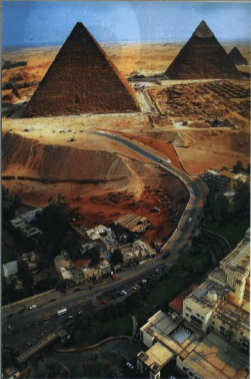


Statistics of 2006



Development in number of cash dividends windows

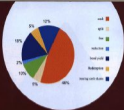
By the end of 2006, number of MCDR's cash dividends windows increased to be 43 windows all over Egypt.



Corporate actions executed through MCDR on behalf of the issuers

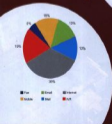
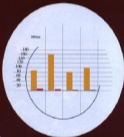
Cash dividends-Split-Free shares distribution-Redemption-Bond Yield-Redemption-issuing cash shares

By the end of 2006, number of corporate actions executed through MCDR was 605.



Statistics of 2006

Development of SGF's capital through 2006



Services Introduced to Shareholders


Number of shareholders benefiting from the IVR services increased to be nearly 44000 with an increase 37% compared to previous year.





**AUDITORS'
REPORT TO THE
SHAREHOLDERS
AND MEMBERS
OF SETTLEMENT
GUARANTEE
FUND**

We have audited the amended consolidated financial statements of Miar for Central Clearing, Depository & Registry Company S.A.E. represented in amended consolidated balance sheet as of 31 December 2006, and the related amended consolidated statements of income, changes in shareholders' equity and cash flows for the period from 1 September 2005 to 31 December 2006 according to the decision of the Ordinary General Assembly meeting dated 23 May 2007. These amended consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these amended consolidated financial statements based on our audit.



We conducted our audit in accordance with Egyptian and International Standards on Auditing and the requirements of relevant local laws and regulations. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the amended consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the amended consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall amended consolidated financial statements presentation. We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We believe that our audit provides a reasonable basis for our opinion on the amended consolidated financial statements.

In our opinion the amended consolidated financial statements, referred to above, and the related notes present

fairly, in all material respects, the financial position of the company as of 31 December 2006, and the results of its operations and its cash flows for the period from 1 September 2005 to 31 December 2006 in conformity with Egyptian Accounting Standards and the relevant local laws and regulations.

Without qualifying our opinion, we would like to draw attention to the fact that the profit distribution account was amended according to the decision of the Ordinary General Assembly meeting dated 23 May 2007.

The company maintains proper books of accounts which comply with the requirements of the law and the company's Articles of Association, and the financial statements are in agreement therewith. The physical count of shares deposited into the Central Depository was carried out by the company's management in accordance with the applied procedures.

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

Auditors

**Muhammed Amal Sayed
Ahmed Taha M. Khaded**

**R.A.A. 1047 Chartered Accountants
R.A.A. 5136**


BALANCE SHEET 31 December 2006

	note	31/12/2006 L.E.
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4	33,370,353
Long term investments	5	5,025,395
CURRENT ASSETS		
Trade and other receivables – Net	6	24,949,887
Trading investments	8	206,006,893
Cash	9	76,507,513
Dividends' coupons - at banks	9	1,429,679,107
Total current assets		<u>1,737,143,800</u>
CURRENT LIABILITIES		
Trade and other payables	10	25,764,478
Dividends coupons payable	11	1,429,679,107
Dividends payable		37,041,500
Claims provision	12	38,883,691
Total current liabilities		<u>1,531,369,206</u>
Working capital		<u>205,774,594</u>
Total investment		<u>244,069,942</u>
Financed as follows:		
<small>SHAREHOLDERS' EQUITY AND RESERVES OF THE COMPANY (CONTINUED)</small>		
Share capital	13	40,000,000
Legal reserve	14	4,992,001
Statutory reserve	15	14,848,019
General accumulation	16	99,972,149
Special accumulation	17	38,512,322
Retained earnings		45,745,451
Total finance of investment		<u>244,069,942</u>
CONTRA ACCOUNTS	24	<u>607,240,011,195</u>



STATEMENT OF INCOME

	note	31.12.2016 (16 months) L.E.
Services revenue	18	126,511,140
Cost of services	19	(69,997,060)
Gross profit		56,514,080
Other income	20	80,499,533
OPERATING INCOME		<u>137,013,593</u>
General and administrative expenses	21	(15,051,418)
Provisions other than depreciation	22	(22,122,150)
		<u>(37,173,573)</u>
NET PROFIT FOR THE PERIOD		<u>99,840,020</u>

**AMENDED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital L.E.	Legal Reserve L.E.	Statutory reserve L.E.
Balance at 1 September 2005	18,750,000	1,563,543	-
Issue of new shares	21,250,000	-	-
Increase in general accumulation	-	-	-
Dividend for restructuring	-	(1,563,543)	-
Dividend payments	-	4,992,000	-
Transfer to statutory reserve	-	-	14,848,019
Use from Special accumulation	-	-	-
Balance at 31 December 2006	40,000,000	4,992,000	14,848,019

General accumulation L.E.	Special accumulation L.E.	Retained Earnings L.E.	Total L.E.
54,465,107	42,110,315	12,228,109	129,117,074
-	-	-	21,250,000
45,507,042	-	-	45,507,042
-	-	99,840,020	99,840,020
-	-	(4,696,669)	(8,260,212)
-	-	(4,992,001)	-
-	-	(14,848,019)	-
-	-	(37,641,930)	(37,641,930)
-	(8,342,052)	-	(8,342,052)
-	4,744,059	(4,744,059)	-
99,972,149	38,512,322	45,745,451	244,069,942

General accumulation L.E.	Special accumulation L.E.	Retained Earnings L.E.	Total L.E.
54,465,107	42,110,315	12,228,109	129,117,074
-	-	-	21,250,000
45,507,042	-	-	45,507,042
-	-	99,840,020	99,840,020
-	-	(4,696,669)	(8,260,212)
-	-	(4,992,001)	-
-	-	(14,848,019)	-
-	-	(37,641,930)	(37,641,930)
-	(8,342,052)	-	(8,342,052)
-	4,744,059	(4,744,059)	-
99,972,149	38,512,322	45,745,451	244,069,942



STATEMENT OF CASH FLOWS

	Note	31/12/2006 (16 months) I.E.
OPERATING ACTIVITIES		
Net profit for the period		99,846,000
Adjustments for:		
Depreciation of property, plant and equipment	22	8,995,756
Provisions other than depreciation		22,172,155
Operating profit before working capital changes:		130,957,911
Trade and other payables		620,325
Dividends coupons payables		1,041,287,272
Trade and other receivables		(8,968,902)
Tax paid		(2,447,972)
Claims paid		(88,637)
Net cash from operating activities		1,281,260,417
INVESTING ACTIVITIES		
Disposal of property, plant and equipment		4,479
Long term investments		(6,741)
Trading investments		(182,004,285)
Purchases of property, plant and equipment		(25,419,500)
Net cash used in investing activities		(207,446,045)
FINANCING ACTIVITIES		
Dividends paid		(6,260,212)
Increase in share capital		21,250,000
Increase in general accumulation		45,507,042
Increase in special accumulation		(8,342,052)
Net cash from financing activities		52,154,778
INCREASE IN CASH AND CASH EQUIVALENT		1,126,069,150
Cash and cash equivalent at beginning of the period		404,100,080
Cash and cash equivalent at end of the period	9	1,530,169,230