

**Decision of the
Egyptian Financial Supervisory Authority (“EFSA”)
No. 124 for 2010 dated 1/11/2010 Regarding Rules and Procedures Governing
Split of Listed Companies**

The Board of Directors of EFSA

After review of Law No. 159 for 1981 governing Joint Stock Companies, Partnership by Shares Companies and Limited Liability Companies and Decisions issued in implementation of the said Law,

Capital Market Law No. 95 for 1992 and Decisions issued in implementation thereof,

Central Depository Law No. 93 for 2000 and its Executive Regulations,

Law No. 10 for 2009 regulating supervision over markets and non-banking financial instruments,

Presidential Decree No. 191 for 2009 regarding management of the Egyptian Stock Exchange and its financial affairs,

Decision No. 30 dated 18/06/2002 by EFSA Board of Directors issuing the Listing and De-Listing Rules, as amended,

Decided

Article (1)

The present Decision shall govern the procedures for splitting joint stock companies, which have shares listed on the Egyptian Stock Exchange.

Article (2)

Splitting a company, in application of this Decision, means the separation of assets or activities and the obligations and equity rights related thereto, into two or more separate companies. The split shall be horizontal in case the shares resulting from such split shall be owned by the same shareholders of the company with the same ownership percentages before the split, or shall be vertical in case the split is implemented through partial separation of assets or activities in a new subsidiary, owned by the company subject to the split. In both cases, the split of assets and their related obligations shall be implemented on the basis of the book value, unless EFSA approves a different valuation methodology according to the rules to be determined by EFSA in this respect. Separation of shareholders' rights in respect of capital, reserves and retained profits shall be carried out according to the resolution issued by the Extraordinary General Shareholders Meeting (“EGSM”) of the company. The continuing company as the same legal entity shall be

called “the Splitting Company” and the separated company shall be called “the Split Company”.

Execution of the split shall be effected by issuance of the shares of the Splitting Company by way of increasing or decreasing the capital in the light of the net assets of the Company post the split, through either amending the number of shares or the par value of each share, and the issuance of new shares of the Split Company in the light of the net assets allocated thereto.

Article (3)

The splitting of the company shall be made upon the proposal of its board of directors and by virtue of a resolution by its EGSM passed by a majority of 75% of the votes represented in the meeting, based on the audited financial statements or financial position used as basis for evaluation for the purpose of the split. The resolution shall include the following:

- (a) Reasons of the split.
- (b) The detailed split proposal, in particular the assets and liabilities of the companies resulting from the split.
- (c) Method of splitting the assets and liabilities.
- (d) The reference date taken as basis for the split and the proposed date for execution.
- (e) The nominal par value of the shares of the companies resulting from the split.
- (f) The position of the companies resulting from the split with respect to listing on the stock exchange, and the procedures to be carried out regarding the shareholders suffering damage by the split, in the event that one of the companies does not meet the conditions for listing on the stock exchange, through purchasing their shares at the fair value determined by an independent financial adviser.
- (g) The agreements related to the lenders’ rights post the split owing by the Splitting Company and the Split Company and the procedures taken towards the holders of all types of bonds.

Article (4)

The draft invitation to the EGSM shall be submitted to EFSA before publication, together with the following:

1. The detailed split proposal, including the draft articles of incorporation and statutes of the Split Company (ies) and the draft amendment of of the Splitting Company's statutes.
2. A declaration from the legal counsel of the company that the split resolution does not violate the obligations of the company towards its creditors, or obtaining the creditors' approval on the split.
3. The audited financial statements of the company before the split, which are taken as basis for the split together with the Auditor's report.
4. The pro-forma financial statements of each company resulting from the split on the basis of the assets and liabilities, ownership rights, revenues and expenses of the separated activities for two years prior to the split.

EFSA shall issue its approval to publish the invitation within one week from submitting the invitation and all required documents to EFSA or shall reject same provided that in the latter case its decision shall be reasoned.

Article (5)

EFSA shall approve the re-issuance of shares of the Splitting Company after amendment and the issuance of shares of the Split Company, after the ratification by the competent authority. The amendment of the capital of the Splitting Company and the registration of the Split Company shall be recorded with the commercial registry by virtue of EFSA's approval on the split.

Article (6)

The shares of the Splitting Company and the Split Company shall be registered with the shareholders register of Misr for Clearance, Depository and Registry Company ("MCDR").

Listing of the shares of the Splitting Company and the Split Company on the stock exchange shall be made by virtue of a decision by the listing committee.

The period of the company's term prior to the split starting from its incorporation shall be taken into account for the purpose of calculating the minimum period required for starting trading on the founders' shares of the companies resulting from the split.

Trading on the shares of the Splitting Company and the Split Company shall be made upon listing on the stock exchange according to the conditions provided in the listing and delisting rules, provided that the companies resulting from the split publish a disclosure report ratified by EFSA according to Article (138) of the Executive Regulations of Law No. 159 for 1981.

Article (7)

This Decision shall be published on EFSA electronic site and shall be valid and enforceable from the date of its publication. This Decision shall also be published on the Egyptian Stock Exchange screen.

[Decision published on November 12, 2010]

Dr. Ziad Bahaa El_Din
Board Chairman