

**MISR IRAN DEVELOPMENT BANK
(S.A.E.)**

**Prospectus of Misr Iran Development Bank
Second Monetary Mutual Fund
of daily yield and periodic distribution**

**Authorization No. 333 issued by
the Capital Market Authority**

1. Name of the Mutual Fund

Second Monetary Mutual Fund of Misr Iran Development Bank of daily yield and periodic distribution

2. Legal Form of the Mutual Fund

The Second Monetary Mutual Fund of Misr Iran Development Bank, having a daily yield and periodic distribution is one of the banking activities to which Misr Iran Development Bank has been licensed by virtue of the Law on Capital Market promulgated by Law No.95 for 1992, its Executive Regulations, the consent of the Central Bank of Egypt (C.B.E.) on 13.1.2005 the authorization to exercise this activity given by the Capital Market Authority No. 333 issued on 8/5/2005

3. Premises of the Mutual Fund

The premises of the Mutual Fund shall be located at the Headquarters of Misr Iran Development Bank at the Administrative Nile Tower, 21 and 23 Charles de Gaulle St. (Ex Giza St.) – Giza

4. Size of the Mutual Fund

The size of the mutual fund (M.F.) shall be L.E.200,000,000 (two hundred million Egyptian pounds) upon establishment, divided into 200 000 certificates, the nominal (par) value of each of which shall be L.E.1000 (one thousand pounds).

Upon consent thereto by the Capital Market Authority, the volume of the M.F. may be increased subject to provision of Art.175 of the Executive Regulations of the Capital Market Law, which provides that the maximum limit of the moneys of the Investors kept with the M.F. shall be twenty times as much as the amount allocated for exercise of the activity.

5. Currency of the Fund

In return for the moneys of the Investors, the Fund shall issue certificates in Egyptian pounds. This currency shall be the one used for purposes of evaluation of assets and liabilities, preparation of balance-sheets and financial statements, subscription to and redemption of M.F. certificates and upon liquidation.

6. Term of the Fund

The term of the Fund shall be twenty-five years starting from the date of authorization for the Fund to practise its activity

7. Objectives of the Fund

The Fund aims in particular at presenting a saving and investing receptacle providing daily cash liquidity via computation of a daily return on the moneys invested therein, disbursable at the first day of January and the First day of July every year. To achieve this objective, the Fund shall allow daily subscription to and redemption of the investment certificates issued by it. The Fund shall invest its moneys in short and medium-term liquid investments; e.g. bonds, treasury bills, bank deposits, finance instruments and saving certificates.

8. Investment Certificates

Upon its establishment, the Fund shall issue 200 thousand registered (nominal) investment certificates. The Bank shall subscribe to 10 thousand certificates thereof and shall float the rest for public subscription. The certificates issued shall be recorded in relevant records kept with Misr Iran Development Bank. Entry of the name of the certificate-holder in such records, shall be considered as issue of such certificates.

The nominal (par) value per each M.F. Investment certificate has been fixed at L.E. 1000 (one thousand Egyptian pounds). All certificates are indivisible and shall entitle the owners thereof to equal rights towards the Fund, each certificate representing a proportionate share in the net assets of the Fund and may not be circulated amongst the owners thereof by purchase or sale.

9. The amount allocated (set apart) for exercise of the activity:

Misr Iran Development Bank has allocated the sum of L.E.10 mn. (ten million pounds) (increasable and referred to hereinafter as the segregated amount) for the exercise of the activities so that such amount shall represent 5% of the total value of the M.F. certificates and Misr Iran Development Bank may not redeem such certificates or dispose thereof prior to expiry of the term of the Mutual Fund. In case of increase or decrease of the volume of the Fund, Misr Iran Development Bank shall be entitled to increase or decrease the amount of its participation therein, provided, however, that the percent of its participation therein shall not be less, in any case, than 5% of the number of the certificates or the sum of L.E.10 million whichever is the larger. Misr Iran Development Bank may purchase investment certificates issued by the Fund provided that the total amount of the certificates owned by it shall not be at any time higher than 25% of the total number of the certificates issued by the Fund including the segregated amount and provided further that Misr Iran Development Bank shall be entitled to have the certificates exceeding the segregated amount redeemed at any time.

10. Subscription to the investment certificates issued by the Mutual Fund:

The right to subscribe to (purchase) the investment certificates to be issued by the Mutual Fund shall be for Egyptians and foreigners alike, in accordance with the conditions included herein. The Subscriber (purchaser) shall pay in cash the amount of the certificate immediately upon coming forward for subscription or purchase. Such subscription (purchase) shall be effected by a book entry of the number of the certificates in the customer's (subscriber or purchaser) account in the records of the Fund kept with Misr Iran Development Bank.

11. The Bank receiving subscriptions

Purchase or redemption of the value of M.F. Investment certificates shall be made through the Bank receiving subscriptions which is Misr Iran Development Bank and its branches all over the Arab Republic of Egypt.

12. Minimum limit for Subscription to the Fund

The minimum limit for subscription to the Fund investment certificates shall be ten certificates and there shall be no maximum limit for subscription to such certificates. Subscribers may deal with the Fund by purchase or sale through only one instrument after completion of subscription process.

13. Duration of Subscription:

Public subscription to the Fund investment certificates shall be available 15 (fifteen) days after publication of the Subscription in two daily morning newspapers and shall last for two months. Subscription duration may be terminated 15 days after opening date for subscription even before elapse of the period fixed for subscription if the whole amount of the subscription is covered.

If the subscription period elapses, the Fund may amend the amount of the moneys desired to be invested considering the certificates covered to be enough provided that these shall not be less than 50% of the total certificates issued, in which case all the documents of the Fund shall be changed to conform to the value of the certificates subscribed to.

The authorization granted to the Fund shall lapse if it is not amended according to the preceding paragraph or if the number of the certificates subscribed to is less than 50%. The Bank, which shall have received amounts from the subscribers, shall refund them in full immediately upon demand thereof, including issue costs (Art.156 of the Executive Regulations of the capital Market Law No.95 for 1993).

14. Computation of the value of the certificate

The Fund shall invest its moneys in financial assets having fixed or floating (variable) yield. The daily return computed for each of such assets shall be taken into consideration upon evaluation of the assets, each according to its type regardless of their nominal (par) value or cost price.

Such evaluation shall be carried on according to the following equation:

The daily net value of the Fund assets equals the algebraic sum of the following:

(a) Total of the following values (it ought to be taken into account that the exchange rates announced at Misr Iran Development Bank shall be relied on for evaluation purposes upon determination of the L.E. amount equivalent to the securities issued in foreign currencies),:

- (1) total cash in hand at the Fund's treasury, bank current accounts and time-deposit accounts,
- (2) Total accrued revenues, those concerning the period preceding evaluation and those not yet collected,
- (3) Amount of treasury bills evaluated at purchase price plus the interest accrued from purchase day to evaluation day according to the interest calculated on the basis of purchase price.
- (4) Amount of bank saving certificates evaluated at purchase price plus the interest accrued for the period from purchase date or last coupon whichever is the nearer until the evaluation day.
- (5) Government bonds amount evaluated at the net closing price (closing price after deduction of the interest due for the period from last day of coupon payment until last day of trading) plus the interest accrued for the period from the last coupon to the day of evaluation
- (6) Amount of the bonds and finance instruments issued by companies, evaluated at the net closing price plus the interest accrued for the period from the last coupon to the evaluation day
- (7) The rest of the elements of the Fund assets e.g. payments made in advance less the accumulated depreciation thereof under the Egyptian Accounting Standards.

(b) The following shall be deducted from the total of the aforementioned values:

- (1) The total liabilities concerning the period preceding the evaluation which have not been yet charged

- (2) Creditor banks' accounts, the provisions made to meet special cases resulting from failure to pay by issuer(s) of bonds or finance instruments invested in.
- (3) Share of the period in the fees of the Investment Manager, Misr Iran Development Bank, Securities Depository fees, brokerage, publication expenses Auditor's fees, establishment costs and share of the period in the costs prepaid to obtain future economic benefits up to and not exceeding 2% of the net assets of the Fund and according to the Egyptian Accounting Standards.

(c) The net quotient (as per the above equation)

The algebraic sum of the above items shall be divided by the number of the investment certificates outstanding by the end of each banking workday (the number of the M.F. investment certificates allocated (segregated) for Misr Iran Development Bank shall be included)

15. Assets of the Fund

Subject to the provisions of the Law on Capital Market, promulgated by Law No.95 for 1992 and its Executive Regulations, the moneys, investments and activities of the Fund shall be segregated and independent from those of Misr Iran Development Bank and the scope of the Fund obligation towards applications for redemption of M.F. Investment certificates shall be limited to payment thereof out of the net assets of the Fund, its liabilities toward third parties having been satisfied and paid.

In order to satisfy the obligations of the Fund, no recourse may be had to assets of other mutual funds affiliated to Misr Iran Development Bank or managed by the Investment Manager (excepting cases of fraud or gross negligence). In case of investment by the Second Mutual Fund of Misr Iran Development Bank in other mutual funds it shall be entitled (like the other investors) to have recourse to the assets of such fund to satisfy the obligations towards the Second Mutual Fund of Misr Iran Development Bank of daily yield and periodic distribution. This will be possible in case of

occurrences requiring such recourse without prejudice, however, to the provisions of the laws and regulations regulating the foregoing

- Neither the heirs nor the creditors of the holder of the M.F. certificates may, under any pretext whatsoever, demand sequestration of the Fund properties, demand division or sale thereof in whole for impossibility of division or interfere in any manner in the management of the Fund.

Misr Iran Development Bank shall keep the records of the certificate-holders, the records and accounts of purchases, sales, assets, liabilities and the profits and expenses related to the activity of the Fund, all of which shall be subject to the audit of the Fund Auditors at the end of each financial period.

16. Policy of Redemption of certificates

The redemption value of the certificates of Misr Iran Development Bank Second Mutual Fund of daily yield and periodic distribution shall be determined on the basis of the share of the certificate in the net amount of the Fund Assets according to the above equation under Art. 14 hereof. The certificates confer equal rights towards the Fund and their holders share in the profits (losses) resulting from the investments of the Fund, each pro rata his/her certificate holding. The same applies to the net assets of the Fund upon liquidation. The certificate-holder (or his legal representative) may recover the amount of such certificate(s) as to which he subscribed or which he (she) purchased according to the redemption value announced on the same day of redemption at any of the branches of Misr Iran Development Bank on any banking workday. Redemption of the M.F. investment certificates shall be effected by a book entry of the number of the certificates redeemed, in the customer's account in the register of certificate-holders kept with Misr Iran Development Bank.

- The Fund may issue new investment certificates to substitute the redeemed certificates in order to be sold to those who desire to buy them through one

of the Bank branches provided that this shall be within the limits of the maximum number of the certificates which the Fund is authorized to issue.

17. Selling value of the investment certificates issued by the Fund

The selling value of the M.F. Investment certificates shall be determined on the basis of the last redemption value calculated at the end of every banking workday in the manner elaborated on under item 14 hereof. The redemption price shall be published once every week in a widely-distributed morning newspaper in addition to announcement thereof on a daily basis at all branches of Misr Iran Development Bank.

18. Return on the Certificate

The Investment Manager shall invest the moneys of the Fund in order to realize the objectives and the investment policy of the Fund, being represented in the introduction of a saving – investment instrument (receptacle) so that daily liquidity can be provided for them through reckoning a daily yield, provided that the profits exceeding the nominal value shall be distributed on the first of January and the first of July every year.

19. Profits of the Fund

The following revenues and expenses shall be included in the income statement of the Fund:

- Dividends collected and accrued as a result of investment of the Fund moneys during the period
- Interests accrued (collected or not) and any other yields accrued for the period as a result of investment of the Fund moneys
- Capital gains (losses) realized during the period resulting from sale of securities and investment certificates
- Capital gains (or losses) unrealized during the period resulting from increase (decrease) in the market value of the securities and investment certificates
- To find the net profit for the period, the following shall be deducted: share of the period in the fees of the Investment Manager, fees and Commissions of Misr Iran Development Bank, administrative expenses,

provisions formed to meet special cases resulting from failure by the issuer of bonds or finance instruments invested in to pay as well as share of the period in the costs prepaid to obtain future economic benefits within and not exceeding 2% of the net assets of the Fund and according to the Egyptian Accounting standards.

20. Marketing the investment certificates issued by the Fund

In its marketing of the investment certificates; the Fund shall depend on the following entities:

- Misr Iran Development Bank (main branch) and its branches all over the Arab Republic of Egypt
- Misr Iran Development Bank may conclude agreements for marketing the certificates, with any of the banks subject to CBE supervision provided that the Capital Market shall be informed accordingly and provided that the purpose of such agreements shall be to market the M.F. investment certificates among customers of such banks

21. Management of the Certificate-holders Register and keeping custody of Securities

Misr Iran Development Bank shall keep and manage the register of the holders of the certificates issued by the Fund and shall undertake to keep custody of the securities in which the Fund shall invest part or the whole of its moneys.

22. The Investment Manager

In application of the provisions of the Capital Market Law, requiring that the management of all the activity of the Fund shall be entrusted by the Fund to an entity experienced in the management of mutual funds, which shall be called the Investment Manager, the Bank has entrusted with the Management of the Fund Messrs. HC Securities & Investment Co. which is an Egyptian joint-stock company established under the provisions of the Investment Law No.230 for 1989 and its Executive Regulations, which law has been replaced and abrogated by the Law on Guarantees & Incentives of

Investment, promulgated by Law No.8 for 1997 as well as the Capital Market Law No.95/1992 as amended and it is recorded in the Investment Commercial Registry No.153602 Giza Commercial Registry, Sub Deposit No.6133 on 10.6.2003, holder of the Capital Market Authority license sub No. 147 on 20.5.2001 for practise of the activity of Mutual Funds Management and having its premises and elected domicile at 3 El Zohoor St., Mohandessin, Giza, represented herein by Mr. Hussein Hassan Choucri (Chairman of the Board of Directors & Managing Director)

23. The Investment Policy of the Fund

The Fund adopts an investment policy aiming at maximization of the return on the moneys invested in the Fund, maintaining such money in an easily-liquidable form, taking into account minimization of investment risks through adoption of an acceptable policy for diversification of investments by the various investment sectors and scopes. The Investment Manager shall comply with the investment guidelines and conditions provided for under the Capital Market Law, its Executive Regulations and the present prospectus.

24. The Investment Guidelines for the moneys invested in the Fund

The Investment manager shall comply with the following criteria and guidelines upon investment of the moneys of the Fund:

- Maintaining a percent not exceeding 60% of the total investments of the Fund in the form of liquid money in current or time-deposit accounts with Misr Iran Development Bank provided that the Fund shall be accorded the most favoured customer treatment through granting it the highest interest rate prevailing on the market on time-deposits.
- The percent of the money invested in Egyptian treasury bills shall not exceed 75% of the moneys invested in the Fund
- The amount invested in purchase of Egyptian treasury bonds shall not exceed 40% of the moneys invested in the Fund.
- The percent of investment in bank savings certificates issued by the banks subject to CBE control shall not exceed 40% of the moneys invested in the Fund.

- The percent of the investment in purchase of the bonds and finance instruments issued by companies shall not exceed 30% of the moneys invested in the Fund, provided that the percent of the invested moneys in any one of them shall not exceed 20%. The Investment Manager shall abide by a minimum credit rating for such instruments that shall not be less than BBB– given by one of the credit risk - rating companies approved by the Capital Market Authority.
- The percent of the investment in finance instruments, time-deposits, bonds and saving certificates (taken together as a whole) with one entity, other than government agencies, public business sector and public sector banks shall not exceed 20% of the moneys invested in the Fund.
- The percent of the investments in securities of one company shall not exceed 10% of the moneys of the Fund provided that such investment shall not exceed 15% of the securities issued by such company (Article 143/1 of the Implementary Regulations)
- The percent of the Fund investments in investment certificates issued by other mutual funds shall not exceed 10% of its moneys or 5% of the moneys of each fund invested in (Art. 143/2 of the Executive Regulations). In all cases no investment may be made in mutual funds managed by the Investment Manager or those in whose management he participates (Art. 169/8 of the Executive Regulations) or in funds established by the Bank or in which the Bank participates (Art.176 of the Executive Regulations)

25. Obligations of the Investment Manager

- (a) The Investment Manager shall commit itself to be assiduous and careful in its management of the moneys of the Fund as a careful man should be and in the manner expected of a person specialized and having a wide experience in this field. It shall avoid any act or disposal that could create a conflict of interests upon its investment of the moneys of the Fund and in particular it shall not obtain for itself, its managers or employees any gain or advantage from the operations and transactions

performed by it or have any interest whatsoever in any of the companies in whose securities it deals.

- (b) The Investment Manager shall keep independent accounts for management of the moneys invested in the Fund, which shall be set down in regular books and records in accordance with the rules and instructions determined by the Capital Market Authority
- (c) In his/its distribution of the transactions performed through the Market on the Funds managed by the Investment Manager, he/it shall exert the assiduity and attention of a careful man and shall manage such funds in a fair and just manner.
- (d) The investment Manager shall not make or fabricate fictitious operations aiming at increasing brokerage or other charges or fees
- (e) the Investment Manager shall not use the moneys of the Fund for establishment of new companies, purchase of companies under liquidation or those in a bankruptcy condition.
- (f) The Investment Manager shall allow the M.F. Auditors access to the books and documents relative to the Fund's invested moneys and shall furnish them with such data and clarifications as may be required by them within a period not exceeding three days from the date of requesting them.
- (g) The Investment Manager shall distribute and diversify the investments of the Fund to distribute the risks thereby and to ensure realization of the investment targets of the Fund.
- (h) The Investment Manager shall not exercise any banking business in the name and behalf of the Fund and in particular shall not lend or stand surety for a third party in respect of repayment of his/its debts.
- (i) The Investment Manager shall comply with and observe the principles of honesty, good faith and transparency in its transactions in the name and on behalf of the Fund.
- (j) The Investment Manager undertakes to furnish the Capital Market Authority with adequate information on the Securities in which the Fund

invests its money according to the rules included in the Executive Regulations of the Capital Market Law.

- (k) The Investment Manager undertakes to deposit on a daily basis such amounts as shall be recovered by it from the certificate – holders, depositing same in the Fund a/c with Misr Iran Development Bank
- (l) The Investment Manager may not announce or publish any incorrect or incomplete data or information about the moneys invested in the Fund, shall maintain confidentiality of the information pertaining to investments of the Fund and shall not divulge them to any third party excepting such information as shall be required by the Capital Market Gen. Authority, the regulatory or judicial entities under the provisions of the law.
- (m) The Investment Manager shall furnish the Bank with monthly reports on the performance of both the Market and the Fund.
- (n) The Investment Manager shall prepare the annual, semi-annual and quarterly financial statements of the Fund and shall furnish Misr Iran Development Bank therewith.
- (o) To meet the daily redemptions, the Investment Manager may borrow from Misr Iran Development Bank in the name of the fund provided that the amount of the loan shall not exceed 10% of the amount of the investment certificates outstanding at the time of borrowing and provided further that the loan shall be for a short tem not exceeding 12 months and provided further that the Investment Manager shall be accorded the treatment of the most favoured customer in respect of the rate of interest on loans. Borrowing from another bank, other than the establishing bank, shall be allowable on consent thereto by Misr Iran Development Bank.
- (p) The Investment Manager may establish and release bank deposits, open and close accounts, purchase and sell saving certificates treasury bills finance instruments and bonds in the name of the Fund, at Misr Iran Development Bank provided that the Fund shall be accorded the most favored Customer treatment and provided further that disposal of or

transaction on such accounts shall be by virtue of orders in writing issued by the Investment Manager.

- (Seventeen) The Investment Manager may not carry on any of the business from the transaction of which the Second Fund of Misr Iran Development Bank of daily return and periodic distribution is prohibited.
- (r) The Investment Manager may not attend the General Assemblies (Meetings) of the Companies in which the Fund invests or to represent the Fund in the Boards of Directors of such companies
- (s) Neither the Investment Manager nor its employees may subscribe to or purchase Investment certificates of the Fund whose activity is managed by it.
- (t) the Investment Manager may not invest the moneys of the Fund in certificates of another fund managed also by it.

26. Obligations of Misr Iran Development Bank

- (a) Misr Iran Development Bank shall keep independent accounts of the Fund and keep such records as shall be necessary for the good performance of the activity of the Fund.
- (b) Misr Iran Development Bank shall provide the Fund customers, who so desire, extra services under the Bank guidelines, as the Bank shall undertake to open for them all types of accounts allowed to be opened for customers, as they may avail themselves of the services offered to the Bank customers such as issue of ATM (automated teller machine) cards, checkbooks in addition to other services determined by the Bank provided that the certificate shall not bear any extra charges as a result of the guidelines set forth by the Bank.
- (c) Misr Iran Development Bank shall market the certificates which the Fund shall issue for its customers including corporations, partnerships and individuals
- (d) Misr Iran Development Bank shall manage the certificate-holders register
- (e) Misr Iran Development Bank shall keep custody of the securities in which the Fund invests part or the whole of its moneys.

- (f) Misr Iran Development Bank shall advertise the Fund in a conspicuous place at all its branches throughout the Arab Republic of Egypt, provided that such advertisement shall explain clearly the relative advantages which motivate the customers to buy the M.F. investment certificate.
- (g) Misr Iran Development Bank shall carry out an evaluation of the assets of the Fund daily to verify and check the daily evaluation performed by the Investment Manager
- (h) Misr Iran Development Bank shall publish weekly in a widely-distributed morning newspaper the redemption price of the certificates in addition to advertisement thereof daily at the Bank branches.
- (i) Misr Iran Development Bank shall undertake to accord the Fund the treatment of the most favored customer upon lending it the moneys which it needs within the legally permitted limits.
- (j) Misr Iran Development Bank shall publish an adequate summary of the reports referred to under Law No.95 for 1992 and its Executive Regulations in a widely distributed newspaper published in Arabic
- (k) Misr Iran Development Bank shall furnish the Capital Market Authority with complete weekly information on the securities in which the Fund invests its moneys according to the rules included in the Executive Regulations of the Capital Market Law.
- (l) Misr Iran Development Bank shall furnish the Capital Market Authority with such documents, and clarifications as are required by it on the activity of the Fund and the activity of the moneys invested and in particular it shall provide it with quarterly reports on the activity of the Fund and the results of its business, provided that such reports shall contain the information disclosing the correct financial position of the Fund and provided further that such reports shall be approved by the Auditors.
- (m) Misr Iran Development Bank shall undertake to segregate the moneys, investments and activities of the Fund from the moneys of the Bank

- (n) The Bank shall set apart independent accounts separate from the other activities or the deposits of the customers and shall keep such books and records as shall be necessary for practise of the Fund activity.
- (o) Misr Iran Development Bank shall inform the Investment Manager of the number of the certificates by the end of every banking workday and of the certificate-holders whose holding of M.f. Investment certificates exceed 5% of the total outstanding certificates.
- (p) Misr Iran Development Bank shall designate its representative for attendance at the General Assemblies (Meetings) of the companies in the capitals of which the Fund participates in addition to representing the Fund in the Boards of Directors of such companies.

27. Bank Fees

The Investment Manager shall pay the following fees and commissions from the Fund account to the Bank account, as the Bank shall be entitled thereto in return of its rendering services to the Fund and the Subscribers:

27.1. Fees at the rate of 0.3% (three per mill) per annum on the net assets of the Fund in return for rendering administrative services to the Fund and the certificate-holders, to be calculated on a daily basis and paid at the end of every month, provided that the Bank due amounts shall be settled after approval of the financial position of the Fund at the end of every quarter and provided that such services shall include the processing of subscription, redemption and reissuance of certificates, keeping records as well as the other work required for the Fund.

27.2. Fund Securities Depository Commission at the rate of 0.1% (one per mill) per annum on the Fund net assets to be reckoned and set apart daily and paid at the end of every month.

28. Investment Manager's Fees

In return for its management of the moneys of the Fund, the Investment Manager shall be entitled to fees on a monthly basis at the rate of 0.25% (two and a half per mill), per annum, of the net assets of the Fund on the first two hundred million pounds, and shall charge 0.225% (two and one-

fourth per mill) per annum on such other amounts as shall exceed the first two hundred million pounds. Such fees shall be computed daily, segregated and then paid to the Investment Manager at the end of every month provided that the amounts of such fees shall be approved by the Fund auditors on the periodic audit.

29. The Financial Year and the Audited Financial Statement

* The financial year of Misr Iran Development Bank Second Mutual Fund of daily yield and periodic distribution shall start on the first of January and shall end on the last of December every year

* The audit of the Fund shall be performed by two of the auditors enrolled in the relevant register at the Capital Market Authority. Both Mr. Hazem Zaky Hassan and Mr. Mohammed Ahmed Algazzar have been appointed as auditors.

* The Auditors shall be entitled severally to have access to the Fund books and request data and clarifications, verify assets and liabilities.

* Each auditor shall undertake to prepare an annual report including the results and remarks reached by him in accordance with the Egyptian Accounting and Auditing Standards.

* In addition to the provision under the preceding paragraph, the two auditors shall carry out a periodic examination, every quarter, of the Fund's financial statements for such period. The report prepared by them in this regard shall contain their opinion about the extent of reflection by the said financial statements, in a fair manner, the fund financial position and their opinion of the result of its activity, whether there is any need to introduction of significant or salient adjustments and modifications in the said financial statements, extent of compatibility of the principles of evaluation of the Fund assets and liabilities and the determination of the redemption value of the investment certificates during the period under examination with the guidelines issued by the Capital Market Authority in this connection.

* The financial statements of the Fund shall be prepared at the end of each financial year and shall be issued during the first quarter of the following

financial year. Quarterly reports on the activity of the Fund and results of its operations shall be also prepared provided that such reports shall include the financial statements of the Fund, contents of which shall be approved by the Auditors.

* Every three months, the Capital Market Authority shall be furnished with reports on the activity of the Fund and the results of its operations approved by the Auditors of the Fund, during the month next following their issue. Such reports shall include the financial statements and the data disclosing and reflecting the true financial position of the Fund according to the disclosure rules referred to under the Executive Regulations of the Capital Market Law and in accordance with the Egyptian Accounting and Auditing Standards. An adequate summary of the financial statements and the Auditors' report shall be published in two widely-distributed daily newspapers, at least one of them shall be in Arabic.

30. Periodic Disclosure of Information

Misr Iran Development Bank shall every three months furnish the customers with a statement of account indicating the activity of certificates purchase and redemption as well as the balance thereof owned by them. The holders of the investment certificates of the Second Mutual Fund of Misr Iran Development Bank, of daily yield and periodic distribution, shall be entitled to request their statement of account from the branch of Misr Iran Development Bank wherein they subscribed thereto.

31. Amendment to the Subscription Prospectus

No amendment to the main particulars and data of the prospectus of subscription to the investment certificates may be made unless after the legally prescribed measures have been taken according to provisions of the Law on Capital Market and its Executive Regulations.

32. Termination and Liquidation of the Fund

In case the number of the M.F. investment certificates falls to 25% of the total number of the certificates and if such fall continues for six consecutive months, the Fund Auditors shall notify the certificate-holders

thereof, in which case, the holders of at least 5% of the investment certificates may convoke a meeting of the certificate-holders of the Fund to deliberate on its continuity. The Meeting shall be quorate only in the presence of three-quarters of the certificate-holders and the resolutions thereof shall be adopted by the majority of two-thirds of the votes represented therein.

However, the operation of the Fund may not be suspended nor its transactions be liquidated unless after obtaining the approval thereof by the Capital Market Authority Board of Directors, after verification of the final discharge of the obligations of the Fund, according to such conditions, modalities and procedure as shall be determined by the Board of Directors of the Authority.

In such cases, Misr Iran Development Bank may terminate the Fund, on sending a notice thereof to the certificate-holders, in which case, the assets of the Fund shall be liquidated and its obligations paid and settled, while the proceeds of liquidation, after approval thereof by the Fund Auditors, shall be distributed to the holders of the certificates pro rata the proportions which their certificates respectively bear to the total certificates issued by the Fund, provided that this shall be performed during a period not exceeding nine months from the date of such notice.

33. The Group of Certificate-holders:

The Fund shall have a group of certificate-holders having as its objective the protection of the common interests of its members. The holders of at least 5% of the total number of the certificates issued for the Fund may issue an invitation for constitution of such group which shall be constituted if participation in its membership is accepted by the holders of more than one half of the number of the certificates issued.

The Group of certificate-holders shall have from among its members a legal representative, who shall be elected by absolute majority of the holders of more than one half of the number of the certificates issued.

In the procedure of convocation of the share-holders meeting, the presence and voting quorum, the provisions and rules established under Law No.95 for 1992 promulgating the Law on the Capital Market and its Executive Regulations shall be followed. The duties and obligations of the group shall be according to the provisions of the Executive Regulations of the Capital Market Law.

34. General Provisions

- (a) The items of the present prospectus shall be subject to the provisions of the Capital Market Law, promulgated by Law No.95/1992, its Executive Regulations and the resolutions of the Capital Market Authority issued in implementation thereof.
- (b) In case of any dispute arising between Misr Iran Development Bank, the Investment Manager, any of the subscribers, the investors or other transactors with the Fund, any such dispute shall be settled by the Egyptian Judicature and the competent courts of Cairo or Giza shall have jurisdiction to try and settle it.
- (c) It is noteworthy that the nature of investment in the aforementioned fields may expose the invested capital to certain trading risks ascribable to the nature of transacting therein, including the probability of change in the values of the financial investments from time to time in consequence of fluctuations in domestic and international economic and political circumstances, which are factors beyond the control of the Fund Management. Thus anyone desiring to invest his moneys in the Second Mutual Fund of Misr Iran Development Bank should consider the probability of realization of any of such risks and therefore shall take his decision to invest his moneys in the Fund on the basis of the foregoing.
- (d) Subscription to the M.F. investment certificates shall inevitably involve acceptance of the above clauses and the present prospectus. The Bank and the Investment Manager guarantee the accuracy and truth of the data and information published.

The Bank

Mr. Ismail Hassan Mohammed
 Chairman and Managing Director
 Misr Iran Development Bank
 (Signed)

The Investment Manager

Mr. Hussein Hassan Choucri
 Chairman and Managing Director
 HC Securities & Investment
 (Signed)

Auditors' Report

We have audited all the data included in the Prospectus of Subscription to the Second Mutual Fund of Misr Iran Development Bank of Daily yield and periodic distribution and hereby certify that they are in line with the provisions of Law No.85 for 1992, its Executive Regulations and the guidelines issued by the Capital Market Authority, as well as the contract concluded between the Fund and the Fund Investment Manager.

In witness hereof

Mr. Mohammed Ahmed Al Gazzar
 Auditors Register Sub No.3771
 Capital Market Authority Registry
 Sub No.17
 (Signed)

Mr. Hazem Zaky Hassan
 Auditors Register sub No.1600
 Capital Market Authority
 Registry sub No.8
 (Signed)

This Prospectus has been checked and verified by the Capital Market Authority and found conforming to the provisions of Law No.95 for 1992 and its Executive Regulations and has been approved sub No.312 dd. 12.5.2005, taking into consideration that approval by the Authority is not a ratification of the trading feasibility of the activity subject-matter thereof or of the capability of the enterprise for realization of certain results.

Seal Misr Iran Development Bank

Seal Capital Market Authority