

DECISION

**TRA Case Reference No. 2/05 – Viacloud Partners 2
Limited B.V.I./ Viacloud W.L.L.**

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A Decision issued by the Telecommunications
Regulatory Authority under the
Telecommunications Mergers and Acquisitions
Regulation, Regulation 3 of 2004

18 January 2006

Decision

Article 3.2(a) INAPPLICABILITY



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تنظيم
الاتصالات
Telecommunications
Regulatory
Authority

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On 24 December 2005, the Telecommunications Regulatory Authority (the “Authority”) received a notification of a proposed transaction pursuant to Article 2 of the Telecommunications Mergers and Acquisitions Regulation¹ (the “Regulation”). Under the proposed transaction, Viacloud Partners 2 Limited B.V.I. acquires, within the meaning of Article 1.2(b) of the Regulation, 55.102% shareholding of Viacloud W.L.L. by way of capital increase.

After examination of the notification, the Authority has concluded that the notified transaction does not fall within the scope of the Regulation. This decision is based on Article 3.2.(a) of the Regulation.

I. The Parties

Viacloud W.L.L. (“Viacloud”) is a Bahrain-based telecommunications company that is licensed and regulated by the Authority.

Viacloud Partners 2 Limited B.V.I. (“VP2L”) is a private company registered under the laws of the British Virgin Islands, incorporated for the sole purpose of investing in Viacloud and subscribing to the proposed transaction. VP2L has no operating experience in the field of telecommunications and is solely an investment vehicle.

The parties to the transaction are involved in the following activities:

- Viacloud Partners 2 Limited B.V.I.: *investment*
- Viacloud W.L.L.: *telecommunications*

The parties to the transaction hold the following telecommunications licenses:

- Viacloud Partners 2 Limited B.V.I.: *None*
- Viacloud W.L.L.: *IFL, ISL, VAS, ISP*

II. Bahrain Telecommunications Industry

The transaction involves a market affecting the telecommunications industry in the Kingdom of Bahrain.

¹ Regulation 3 of 2004, issued by the Telecommunications Regulatory Authority under sections 3(c)(1) and 65 of the Telecommunications Law.

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III. The Transaction

On August 21, 2005, VP2L along with the existing shareholders of Viacloud, proposed to subscribe in full to a BD 867,000 capital increase, which was authorized by the shareholders of Viacloud.

Through the process of subscribing to the Capital Increase, VP2L is to acquire 55.102% of the total outstanding shares of the Company, and the previous shareholders are to be diluted from a combined ownership stake of 100% to a combined ownership stake of 44.898%.

After examination of the notification, the Authority has concluded that the transaction does not involve a *change of control* on a lasting basis. The transaction merely involves the introduction of a new financial investor (controlled by the Voting Shareholder of Viacloud) into the shareholder base. The voting rights and control remain unchanged under the transaction.

Accordingly, the Authority has decided that the transaction does not constitute a qualifying transaction within the meaning of Article 1 of the Regulation, and therefore does not fall within the scope of the Regulation. This decision is reached pursuant to Article 3.2(a) of the Telecommunications Mergers and Acquisitions Regulation.

This decision shall be published in accordance with the provisions of the Telecommunications Mergers and Acquisitions Regulation 2004 and a copy of the same shall be served on the Parties and the Ministry of Industry and Commerce.

For the Telecommunications Regulatory Authority

A. Andreas Avgousti

General Director

18 January 2006