MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA

(A Saudi Joint Stock Company)

Unaudited Interim Financial Statements for the Three Month Period Ended March 31, 2009 and the Review Report

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REVIEW REPORT

April 19, 2009

To the Shareholders of Mobile Telecommunications Company Saudi Arabia
(A Saudi joint stock company)

We have reviewed the accompanying balance sheet of Mobile Telecommunications Company (the "Company") as of March 31, 2009 and the related statements of operations and changes in equity and cash flows for the three month period ended March 31, 2009 and the related notes which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Company's management.

We conducted our limited review in accordance with the standard of interim financial statements issued by the Saudi Organization for Certified Public Accountants. A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of the review is substantially less than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in Saudi Arabia, appropriate to the circumstances of the Company.

Without qualifying our conclusion above, we draw attention to Note 14 of the financial statements related to the Company's Syndicated Murabaha financing facility, which is scheduled to be repaid on July 29, 2009. The repayment of the facility is subject to refinancing. The Company has appointed financial advisors to secure such refinancing.

PricewaterhouseCoopers Al Juraid

By: ____________________
Rashid S. Al Rashoud
License Number 366

برايس وترهاوس كوبرز الجريد
محاسبون قانونيون
ترخيص رقم ٢٥
PRICEWATERHOUSECOOPERS AL JURAID
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)

BALANCE SHEETS

		SR'000		
ASSETS	NOTES	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Current assets				
Cash and cash equivalents	3	291,306	583,450	2,421,866
Trade receivables - net	4	530,190	317,669	-
Prepaid expenses and other - net	5	396,765	220,632	211,922
Inventories	6	58,681	59,832	-
Total current assets		**1,276,942**	**1,181,583**	**2,633,788**
Non-current assets				
Property and equipment - net	7	3,097,010	2,408,987	256,938
Intangible assets - net	8	22,836,794	23,074,860	23,066,866
Total non-current assets		**25,933,804**	**25,483,847**	**23,323,804**
TOTAL ASSETS		**27,210,746**	**26,665,430**	**25,957,592**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	9	1,018,310	413,799	329,408
Accrued expenses and other	10	895,876	564,050	138,979
Due to banks		-	-	200,000
Deferred revenue		216,260	251,623	-
Due to related parties	11	534,207	534,189	501,971
Notes payable	12	2,051,469	1,847,544	-
Advances from shareholders - current portion	13	314,890	314,890	2,164,000
Syndicated Murabaha financing from banks	14	9,368,410	9,164,001	-
Total current liabilities		**14,399,422**	**13,090,096**	**3,334,358**
Non-current liabilities				
Syndicated Murabaha financing from banks		-	-	9,164,001
Advances from shareholders - non-current portion	13	1,849,110	1,849,110	-
Employees' end-of-service benefits		5,752	4,396	2,820
Total non-current liabilities		**1,854,862**	**1,853,506**	**9,166,821**
Total liabilities		**16,254,284**	**14,943,602**	**12,501,179**
Shareholders' equity				
Paid-up share capital	15	14,000,000	14,000,000	14,000,000
Accumulated losses		(3,043,538)	(2,278,172)	(543,587)
Total shareholders' equity		**10,956,462**	**11,721,828**	**13,456,413**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27,210,746**	**26,665,430**	**25,957,592**

The accompanying notes form an integral part of these financial statements.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)

STATEMENTS OF OPERATIONS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009, AND FOR PERIOD FROM MARCH 12, 2008 (DATE OF COMMERCIAL REGISTRATION) TO MARCH 31, 2008 (UNAUDITED)

	NOTES	SR'000 2009	SR'000 2008
Revenue	16	581,667	-
Cost of revenue	17	(435,688)	-
Gross profit		**145,979**	-
Expenses:			
Distribution, marketing and operating expenses	18	375,790	40,614
General and administrative expenses	19	100,106	77,107
Depreciation and amortization	7,8	325,882	1,159
Total expenses		801,778	118,880
Operating loss		**(655,799)**	**(118,880)**
Other income (expense):			
Commission income		859	7,520
Financing charges		(110,426)	(13,967)
Net other income (expense)		(109,567)	(6,447)
Loss before Pre-operating expenses - net		**(765,366)**	**(125,327)**
Pre-operating expenses - net	20	-	**(418,260)**
Net loss for the period		**(765,366)**	**(543,587)**
Loss per share:			
Operating loss	21	(0.47)	(0.09)
Net loss for the period	21	(0.55)	(0.39)

The accompanying notes form an integral part of these financial statements.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009, AND FOR THE PERIOD FROM MARCH 12, 2008 (DATE OF COMMERCIAL REGISTRATION) TO MARCH 31, 2008 (UNAUDITED)

	SR'000		
	Share capital	Accumulated losses	Total shareholders equity
2009			
Balances, at the beginning of the period	SR 14,000,000	SR (2,278,172)	SR 11,721,828
Net loss for the period	-	(765,366)	(765,366)
Balances at the end of the period	SR 14,000,000	SR (3,043,538)	SR 10,956,462
2008			
Balance, March 12, 2008	SR 14,000,000	SR -	SR 14,000,000
Net loss for the period	-	(543,587)	(543,587)
Balances, at the end of the period	SR 14,000,000	SR (543,587)	SR 13,456,413

The accompanying notes form an integral part of these financial statements.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009, AND FOR THE PERIOD FROM MARCH 12, 2008 (DATE OF COMMERCIAL REGISTRATION) TO MARCH 31, 2008 (UNAUDITED)

	SR'000	
	2009	2008
OPERATING ACTIVITIES:		
Net loss for the period	(765,366)	(543,587)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	82,477	1,236
Amortization	243,405	-
Provision for doubtful trade receivables	10,509	-
Commission income	(859)	(7,520)
Financing charges	110,426	13,967
Changes in operating assets and liabilities:		
Trade receivables	(223,030)	-
Prepaid expenses and other	(176,133)	(211,922)
Inventories	1,151	-
Trade and other payables	604,511	329,408
Accrued expenses and other	331,826	138,979
Deferred revenue	(35,363)	-
Employees' end-of-service benefits	1,356	2,820
Net cash provided by (used in) operating activities	184,910	(276,619)
INVESTING ACTIVITIES:		
Purchase of property and equipment	(770,500)	(258,174)
Intangible assets	(5,339)	(23,066,866)
Commission income received	859	7,520
Net cash (used in) investing activities	(774,980)	(23,317,520)
FINANCING ACTIVITIES:		
Due to related parties	18	501,971
Due to banks	-	200,000
Notes payable	203,925	-
Advances from shareholders	-	2,164,000
Syndicated Murabaha financing from banks	204,409	9,164,001
Share capital contribution	-	14,000,000
Financing charges paid	(110,426)	(13,967)
Net cash provided by financing activities	297,926	26,016,005
Decrease / increase in cash and cash equivalents during the period	(292,144)	2,421,866
Cash and cash equivalents, beginning of the period	583,450	-
Cash and cash equivalents, end of the period (Note 3)	291,306	2,421,866

The accompanying notes form an integral part of these financial statements.

1. INCORPORATION AND ACTIVITIES

Mobile Telecommunications Company Saudi Arabia (the "Company" or "Zain - KSA"), is a Saudi joint stock company established pursuant to Ministerial Resolutions No. 176 dated 25 Jumada I, 1428H (corresponding to June 11, 2007) and No. 357 dated 28 Dhu Al-Hijjah, 1428H (corresponding to January 7, 2008), Royal Decree No. 48/M dated 26 Jumada I, 1428H (corresponding to June 12, 2007), and Commercial Registration No. 1010246192 issued in Riyadh, Saudi Arabia on 4 Rabi Awal 1429H (corresponding to March 12, 2008), to operate as the 3rd GSM public mobile cellular and 3G public mobile cellular licensee in the Kingdom of Saudi Arabia for 25 Hijrah years. The head office of the Company is situated in Riyadh, Kingdom of Saudi Arabia.

The Company provides mobile telecommunication services in the Kingdom of Saudi Arabia in which it operates, purchases, delivers, installs, manages, and maintains mobile telephone services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Financial year - The Company's financial year begins on January 1 and ends on December 31 of each Gregorian year. However, the Company's first financial period started from the date of the Commercial Registration, which was March 12, 2008.

Basis of preparation - The Company's interim financial statements have been prepared under the historical cost convention on the accrual basis of accounting, and in compliance with the accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA"). These interim financial statements should be read in conjunction with the annual financial statements as of and for the period from March 12, 2008 to December 31, 2008. These financial statements are expressed in Saudi Riyal ("SR") and amounts are rounded off to the nearest thousand.

Use of estimates in the preparation of financial information - The preparation of the financial statements in conformity with accounting standards promulgated by SOCPA requires the use of estimates and assumptions. Such estimates and assumptions may affect the reported balances of certain assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date.

Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Pre-operating costs - Pre-operating costs are charged to the statement of operations as pre-operating expenses. If future economic benefits can be determined for certain costs, they are capitalized and subsequently amortized on a straight-line basis over a period not to exceed seven years or their expected economic lives, whichever is shorter.

Cash and cash equivalents - Cash and cash equivalents includes cash on hand and deposits held on call with banks with original maturities of three months or less.

Trade receivables - Trade receivables and other current assets are shown at their net realizable values, which represent billed and unbilled usage revenues net of allowances for doubtful accounts.

Allowance for doubtful accounts - The Company reviews its accounts receivable and other current assets for the purpose of creating the required allowances against doubtful accounts. When creating the allowance, consideration is given to the type of service rendered, customer category, age of the receivable, and the general economic situation.

Offsetting - The Company reports its assets and liabilities and income and expenses separately and does not offset the same except where such offsetting is required to reflect the true substance of the transaction or event.

Inventories - Inventories are stated at the lower of weighted average cost or the net realizable value.

Property and equipment - Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property and equipment are depreciated on a straight-line basis over their estimated economic useful lives, which are as follows:

Leasehold improvements (lease term or useful life which ever is shorter)	5 Years
Furniture and fixtures	5 Years
Office equipment	2 Years
Vehicles and other transportation equipment	5 Years
Telecommunications equipment	8 Years
Civil works (telecommunications)	15 Years
Information technology systems	2 Years
Information technology servers	5 Years

Intangible assets - License fee is measured at cost less any accumulated amortization. The amortization period is 25 Hijrah years and is primarily determined by reference to the unexpired license period, the conditions for license renewal, and whether the license is dependent on specific technologies. Amortization is charged to the statement of operations on a straight-line basis over the estimated useful lives from the commencement of service of the network.

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortized over their estimated useful lives, being 2 to 5 years. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company and that are expected to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

Costs associated with maintaining software are recognized as an expense when they are incurred.

Impairment - The Company assesses its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell as compared to its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment loss is recorded in the statement of operations.

Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount will be reversed (except for goodwill) and recorded as income in the statement of operations of the period in which such reversal is determined.

Employees' end-of-service benefits - Employees' end-of-service benefits are payable as a lump sum to all employees employed under the terms and conditions of Saudi Labor and Workman Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

Operating leases - Leases of property and equipment under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of operations on a straight-line basis over the period of the lease.

Capital leases - Leases of property and equipment where the Company assumes substantially all the benefits and risks of ownership are classified as capital leases. Assets held under capital leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a capital lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of return on the remaining balance of the liability. Finance charges are recognized in the statement of operations.

Revenue - The Company's revenue comprises revenue from mobile telecommunications. Revenue from mobile telecommunications comprises amounts charged to customers in respect of airtime usage, text messaging, the provision of other mobile telecommunications services, including data services and information provision, and fees for connecting users of other fixed line and mobile networks to the Company's network.

Airtime used by customers is invoiced and recorded as part of a periodic billing cycle and recognized as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each accounting period is accrued and unearned revenue from services provided in periods after each accounting period is deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Revenue from data services and information provision is recognized when the Company has performed the related service and, depending on the nature of the service, is recognized either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service.

Incentives are provided to customers in various forms as part of a promotional offering. Where such incentives are provided in the context of an arrangement that comprises other deliverables, revenue representing the fair value of the incentive, relative to other deliverables provided to the customer as part of the same arrangement, is deferred and recognized in line with the Company's performance of its obligations relating to the incentive. In arrangements including more than one deliverable, the arrangement consideration is allocated to each deliverable based on the fair value of the individual element. The Company generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a standalone basis.

General and administrative expenses - General and administrative expenses are treated as period costs.

Distribution, marketing and operating expenses - Distribution, marketing and operating expenses are treated as period costs.

Borrowing costs - Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, if any, are capitalized as part of the cost of the asset.

Foreign currencies - The Company's functional currency is Saudi Riyal ("SR"). Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to SR at the rates of exchange prevailing on that date. Resultant gains and losses are taken to the statement of operations.

Zakat - The Company calculates and reports the Zakat provision in its financial statements in accordance with Zakat rules and principles, and the instructions of the Department of Zakat and Income Tax in the Kingdom of Saudi Arabia. Adjustments arising from final Zakat assessments are recorded in the period in which such assessments are approved.

Reclassification - Certain amounts previously reported in the 2008 financial statements have been reclassified to conform with the 2009 presentation.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Cash in hand	460	353	-
Cash at bank	290,846	583,097	2,421,866
Total	291,306	583,450	2,421,866

4. TRADE RECEIVABLES - NET

Trade receivable, are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Customers	105,605	51,086	-
Distributors	96,278	84,956	-
Roaming	71,572	32,808	-
Other operators (interconnect)	159,814	50,286	-
Unbilled revenue	121,917	112,814	-
Staff receivables	70	276	-
	555,256	332,226	-
Less provision for doubtful accounts	(25,066)	(14,557)	-
Net	530,190	317,669	-

The movement in the provision for doubtful accounts is comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Beginning balance	14,557	-	-
Additions during the period:			
Other operators (interconnect)	8,162	6,439	-
Customers	2,347	8,118	-
Ending balance	25,066	14,557	-

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS - NET

Prepaid expenses and other current assets - net, are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Advances to suppliers and refundable deposits	127,718	62,074	152,318
Prepaid rent	52,466	56,589	58,513
Prepaid insurance	519	1,560	-
Advances for transmission lines and fiber links	136,880	75,732	-
Prepaid software license fee	1,087	1,739	-
Prepaid - other	86,095	30,938	1,091
	404,765	228,632	211,922
Less: Provision for doubtful advance	(8,000)	(8,000)	-
Net	396,765	220,632	211,922

The movement in the provision for doubtful is comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Beginning balance	8,000	-	-
Additions during the period:			
Advances to supplier	-	8,000	-
Ending balance	8,000	8,000	-

6. INVENTORIES

Inventories are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Handsets and accessories	7,278	7,240	-
Sim cards	43,600	42,203	-
Prepaid recharge cards	7,800	10,029	-
Inventory-in-transit	3	360	-
Total	58,681	59,832	-

7. PROPERTY AND EQUIPMENT - NET

Property and equipment – net are comprised of the following:

For the Three Month Period Ended March 31, 2009 (Unaudited)

	Balances at Beginning of Period	Additions	Disposals	Balances at End of Period
Cost:				
Leasehold improvements	69,269	5,113	-	74,382
Furniture, fixtures and office equipment	56,130	2,350	-	58,480
Vehicles and other transportation equipment	4,756	2,922	-	7,678
Telecommunications equipment	2,102,176	368,723	-	2,470,899
IT systems and servers	169,697	24,404	-	194,101
Capital work in progress	95,122	366,988	-	462,110
Total	2,497,150	770,500	-	3,267,650
Accumulated depreciation:				
Leasehold improvements	3,805	4,153	-	7,958
Furniture, fixtures and office equipment	3,426	1,782	-	5,208
Vehicles and other transportation equipment	422	335	-	757
Telecommunications equipment	65,115	64,595	-	129,710
IT systems and servers	15,395	11,612	-	27,007
Total	88,163	82,477	-	170,640
Property and equipment - net	2,408,987			3,097,010

For the Period from March 12, 2008 to March 31, 2008 (Unaudited)

	Balances at Beginning of Period	Additions	Disposals	Balances at End of Period
Cost:				
Leasehold improvements	-	4,728	-	4,728
Furniture, fixtures and office equipment	-	3,779	-	3,779
IT systems and servers	-	7,875	-	7,875
Capital work in progress	-	241,792	-	241,792
Total	-	258,174	-	258,174

Accumulated depreciation:				
Leasehold improvements	-	99	-	99
Furniture, fixtures and office equipment	-	201	-	201
IT systems and servers	-	936	-	936
Total	-	1,236	-	1,236
Property and equipment - net	-			256,938

8. INTANGIBLE ASSETS - NET

Intangible assets – net are comprised of the following:

	For the Three Months Ended March 31, 2009 (Unaudited)		
	Balances at beginning of period	Additions	Balance at end of period
Cost:			
License fee*	23,359,180	-	23,359,180
Computer software licenses	62,190	5,339	67,529
Total	23,421,370	5,339	23,426,709
Accumulated amortization:			
License fee	343,005	241,175	584,180
Computer software licenses	3,505	2,230	5,735
Total	346,510	243,405	589,915
Intangible assets - net	23,074,860		22,836,794

	For the Period from March 12, 2008 to March 31, 2008 (Unaudited)		
	Balances at beginning of period	Additions	Balance at end of period
License fee*	-	23,066,866	23,066,866

* Pursuant to Ministerial Resolutions No. 176 dated 25 Jumada I, 1428H (corresponding to June 11, 2007) and No. 357 dated 28 Dhu Al-Hijjah, 1428H (corresponding to January 7, 2008) and Royal Decree No. 48/M dated 26 Jumada I, 1428H (corresponding to June 12, 2007), the 3rd license to provide mobile telecommunication services within the Kingdom of Saudi Arabia over 25 Hijrah years was granted to the Company for SR 22.91 billion. The license fee also comprises an amount equal to SR 449.18 million related to financing costs which was capitalized as part of license cost in accordance with the accounting standards applicable in the Kingdom of Saudi Arabia.

9. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Trade payables	998,798	391,749	329,408
Staff payables	1,113	1,449	-
Withholding tax payables	4,629	4,188	-
Other liabilities	13,770	16,413	-
Total	1,018,310	413,799	329,408

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Interconnect	383,652	198,624	-
Vendor	226,462	167,456	138,157
Financing charges	88,590	108,680	-
Roaming	155,755	51,712	-
Employees	16,794	33,134	822
Obligations under finance lease (Note 22)	6,126	3,793	-
Other	18,497	651	-
Total	895,876	564,050	138,979

11. RELATED PARTIES

The related parties of the Company include the Zain group and its related entities (including subsidiaries and associates), shareholders who own material numbers of shares and voting interests in the Company, members of the board of directors, and senior management.

Significant transactions with related parties during the three month period ended March 31, 2009 includes the management fee paid by the Company to Zain group, amounting to SR 24.43 million (March 31, 2008: nil).

The balances due to related parties are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
MTC head office	530,946	514,738	479,463
MADA	1,977	14,873	17,180
MTC Bahrain	820	4,114	5,328
Other	464	464	-
Total	534,207	534,189	501,971

12. NOTES PAYABLE

Notes payable, are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Nokia Siemens Tietoliikenne Oy	1,574,461	1,574,461	-
Motorola Inc.	477,008	273,083	-
Total	2,051,469	1,847,544	-

13. ADVANCES FROM SHAREHOLDERS

The shareholders have provided approximately SR 2.2 billion as advances to the Company. The founding shareholders have also decided to waive the financing costs associated with these advances.

The following is a summary of the advances from shareholders:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Mobile Telecommunications Company K.S.C.	1,109,397	1,109,397	1,109,397
Faden Trading & Contracting Est.	314,890	314,890	314,890
Saudi Plastic Factory	301,365	301,365	301,365
Rakisa Holding Company	136,984	136,984	136,984
Almarai Company	109,587	109,587	109,587
Ashbal Al-Arab Contracting Est.	109,587	109,587	109,587
Al Jeraisy Development Company Limited	54,793	54,793	54,793
Al Sale Al Sharkiyah Company Limited	27,397	27,397	27,397
Total	2,164,000	2,164,000	2,164,000
Less current portion	(314,890)	(314,890)	(2,164,000)
Non current portion	1,849,110	1,849,110	-

The non current portion of the advances are not scheduled for repayment until after July 2011.

14. SYNDICATED MURABAHA FINANCING FROM BANKS

A Syndicated Murabaha facility of approximately SR 9.16 billion (net of financing calculated at 1.25% for the first year plus 3 months Saudi Inter Bank Offering Rate ("SIBOR") for the SR originated debt and London Inter Bank Offering Rate ("LIBOR") for the United States dollar ("US$") originated debt for the first year and 1.5% for the second year) was arranged by the Banque Saudi Fransi ("BSF") ("Murabaha facility") to finance part of the license fee. This facility consists of a SR portion totaling SR 7.1 billion and a US$ portion totaling US$ 547.5 million (SR 2.1 billion). Approximately SR 9.16 billion was drawn down during the period ended March 31, 2008. During the period ended March 31, 2009, approximately SR 204 million was drawn down by the Company to finance its operational activities.

Financing charges are payable in eight quarterly installments over two years. The principal amount is payable in one bullet repayment on July 29, 2009. The Murabaha facility is collateralized by securities given by some of the founding shareholders.

Financial covenants imposed by the lending banks are:

- Negative Pledge on all revenues and assets;
- Loans & Guarantees restrictions to customers, distributors, dealers, retailers, wholesalers, & employees;
- No further financial indebtedness exceeding SR 50 million, Pari Passu, insurance on all assets; and
- Compliance with various financial milestones across time.

Refinancing arrangement:

The Company has appointed financial advisors to secure a refinancing of the above facility and expects that it will obtain the necessary refinancing before the above due date.

15. PAID-UP SHARE CAPITAL

The Company's paid up share capital of SR 14 billion, consists of 1.4 billion shares with par value of SR 10 each, owned by the following shareholders:

Shareholders	Number of shares	Share capital SR'000
Mobile Telecommunications Company K.S.C.	350,000,000	3,500,000
Saudi Plastic Factory	96,250,000	962,500
Faden Trading & Contracting Est.	96,250,000	962,500
Rakisa Holding Company	43,750,000	437,500
Almarai Company	35,000,000	350,000
Ashbal Al-Arab Contracting Est.	35,000,000	350,000
Al Jeraisy Development Company Limited	17,500,000	175,000
Architectural Elite Est. for Engineering and Contracting	17,500,000	175,000
Al Sale Al Sharkiyah Company Limited	8,750,000	87,500
Total founding shareholders	700,000,000	7,000,000
Public Pension Agency	70,000,000	700,000
Saudi nationals IPO subscribed	630,000,000	6,300,000
Total	1,400,000,000	14,000,000

16. REVENUE

Revenue for the three month period ended March 31, 2009 and for the period from March 12, 2008 to March 31, 2008 is comprised of the following:

	2009 (Unaudited)	2008 (Unaudited)
Local calls	208,537	-
Interconnect	131,939	-
International calls	134,710	-
Roaming	52,281	-
Messaging and other	28,941	-
Leased Lines	563	-
Subscription	24,696	-
Total	581,667	-

17. COST OF REVENUE

Cost of sales for the three month period ended March 31, 2009 and for the period from March 12, 2008 to March 31, 2008 is comprised of the following:

	2009 (Unaudited)	2008 (Unaudited)
Interconnect charges	149,463	-
Leased lines	31,343	-
International calls cost	78,315	-
Roaming cost	107,787	-
Microwave frequency charges	18,943	-
Sim cards and prepaid recharge cards	12,665	-
Discount of prepaid recharge card	17,432	-
Government and regulatory cost	18,473	-
Other	1,267	-
Total	435,688	-

18. DISTRIBUTION, MARKETING AND OPERATING EXPENSES

Distribution, marketing and operating expenses for the three month period ended March 31, 2009 and for the period from March 12, 2008 to March 31, 2008 is comprised of the following:

	2009 (Unaudited)	2008 (Unaudited)
Employee's salaries and related benefits	18,888	7,403
Outsourcing	47,366	7,394
Consulting	1,396	8,426
Customer loyalty and retention	8,038	3,677
Dealer's commission	74,039	-
Advertising	81,522	2,495
Rentals	35,033	4,949
Communication	8,772	1,071
Systems support and licenses	2,218	27
Office supplies and cleaning	2,651	69
Printing & stationery	536	32
Utilities	6,635	796
Travel	2,302	750
Management fees (Note 11)	24,430	-
Training	223	3,340
Bad debt expense (Notes 4 and 5)	10,509	-
Other	51,232	185
Total	375,790	40,614

19. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three month period ended March 31, 2009 and for the period from March 12, 2008 to March 31, 2008 is comprised as follows:

	2009 (Unaudited)	2008 (Unaudited)
Employee's salaries and related benefits	36,597	3,698
Outsourcing	3,986	117
Consulting	55,107	72,906
Gifts	598	92
Rentals	57	33
Office supplies & cleaning	48	51
Travel	1,272	132
Entertainment	84	4
Hospitality	22	-
Subscriptions	303	9
Legal and professional	2,464	16
Bank charges	28	2
Withholding tax expense	(1,381)	-
Other	921	47
Total	100,106	77,107

20. PRE-OPERATING EXPENSES - NET

Pre-operating expenses, net incurred prior to commencement of operations are comprised of the following:

IPO costs	94,874
Employee's salaries and related benefits	83,094
Bank credit facilities commitment charges and financing charges	70,029
Consulting fees	36,092
Rent	20,833
Advertising	11,769
Depreciation	77
Legal fees	299
Other expenses	104,714
Withholding taxes	107
Pre-operating income	(3,628)
Pre-operating expenses, net	418,260

21. LOSS PER SHARE

Loss per share is calculated by dividing the operating loss, and net loss for the period by the outstanding number of shares during the period which was 1.4 billion shares.

22. CAPITAL LEASES

The Company's obligations under capital leases is comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Due:			
Within 12 months	2,327	1,413	-
Within 12-24 months	2,685	1,570	-
Within 24-36 months	1,114	810	-
Total	6,126	3,793	-

The effective rate on the capital leases range from 7.92% to 8.29% per annum. Rentals are payable in monthly installments. The Company has the option to purchase the related assets at the end of lease term. The obligations under capital leases are included in accrued expenses and other.

23. OPERATING LEASES

The Company leases sites, technical buildings and offices in connection with its operations. The lease commitments relating to such leases are as follows:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Due:			
Within 12 months	123,313	99,625	52,292
Within 2-5 years	274,458	305,250	271,815
Over 5 years	559,455	455,310	148,357
Total	957,226	860,185	472,464

24. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company has entered into arrangements with suppliers for the purchase of telecommunication equipment and with other mobile telecom companies for providing mobile cellular services. The capital commitments are comprised of the following:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Within 12 months	2,441,610	2,760,007	-
Within 2-5 years	1,421,810	1,056,084	-
Over 5 years	117,709	22,073	-
Total	3,981,129	3,838,164	-

Furthermore, the Company in the normal course of business is subject to and also pursuing lawsuits and other claims. However, these matters are not expected to have a material impact on the financial position or the results of operations of the Company.

25. SEGMENT INFORMATION

The Company commenced commercial activities on August 26, 2008. Since then, the Company's operations have substantially been from mobile phone services. As such, segmentation information is not applicable.

26. ZAKAT

In accordance with the Zakat regulations, no Zakat is due prior to the Company completing one Hijra year from the date of its Commercial Registration. The Company completed one Hijra year during the three month period ended March 31, 2009. As of March 31, 2009, the Company's zakat base is negative and the Company has incurred losses. No zakat has therefore been provided for during the three month period ended March 31, 2009.

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the management on April 19, 2009.