MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA

(A Saudi Joint Stock Company)

Unaudited Interim Financial Statements for the Three Month and Six Month Period Ended June 30, 2009 and the Review Report

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REVIEW REPORT

July 20, 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 (A Saudi Joint Stock Company) (the "Company") as of June 30, 2009 and the related statements of operations, changes in shareholders equity and cash flows for the three month and six month period ended June 30, 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 to the accompanying financial statements which indicate that the Syndicated Murabaha financing from banks of approximately SR 9.4 billion is due for repayment on July 27, 2009. The Company's ability to continue as a going concern is subject to obtaining new financing to settle the said facility when it becomes due. The Company is currently in negotiation with several parties to secure the required financing.

PricewaterhouseCoopers Al Juraid

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

BALANCE SHEETS

		SR'000		
ASSETS	NOTES	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Current assets				
Cash and cash equivalents	3	81,768	583,450	1,850,868
Trade receivables - net	4	761,873	317,669	-
Prepaid expenses and other - net	5	413,331	220,632	309,388
Inventories	6	39,969	59,832	1,836
Total current assets		1,296,941	1,181,583	2,162,092
Non-current assets				
Property and equipment - net	7	3,241,696	2,408,987	1,173,710
Intangible assets - net	8	22,590,708	23,074,860	23,280,210
Total non-current assets		**25,832,404**	**25,483,847**	**24,453,920**
TOTAL ASSETS		**27,129,345**	**26,665,430**	**26,616,012**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	9	1,173,069	413,799	1,134,018
Accrued expenses and other	10	1,364,827	564,050	181,907
Due to bank		-	-	183,333
Deferred revenue		249,528	251,623	-
Due to related parties	11	580,685	534,189	483,664
Notes payable	12	2,121,050	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		**15,172,459**	**13,090,096**	**4,146,922**
Non-current liabilities				
Advances from shareholders - non-current portion	13	1,849,110	1,849,110	-
Syndicated Murabaha financing from banks		-	-	9,164,001
Employees' end-of-service benefits		7,977	4,396	2,325
Total non-current liabilities		**1,857,087**	**1,853,506**	**9,166,326**
Total liabilities		**17,029,546**	**14,943,602**	**13,313,248**
Shareholders' equity				
Paid-up share capital	15	14,000,000	14,000,000	14,000,000
Accumulated losses		(3,900,201)	(2,278,172)	(697,236)
Total shareholders' equity		**10,099,799**	**11,721,828**	**13,302,764**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27,129,345**	**26,665,430**	**26,616,012**

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 AND SIX MONTH PERIODS ENDED JUNE 30, 2009, AND FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2008 AND FOR PERIOD FROM MARCH 12, 2008 (DATE OF COMMERCIAL REGISTRATION) TO JUNE 30, 2008 (UNAUDITED)

	NOTES	SR'000			
		2009		2008	
		For the three month period ended June 30	For the six month period ended June 30	For the three month period ended June 30	For the period from March 12, to June 30
Revenue	16	701,520	1,283,186	-	-
Cost of revenue	17	(568,925)	(1,004,613)	-	-
Gross profit		**132,595**	**278,573**	-	-
Expenses:					
Distribution, marketing and operating expenses	18	(410,656)	(779,272)	(168,703)	(209,317)
General and administrative expenses	19	(95,130)	(202,408)	(77,570)	(104,985)
Depreciation and amortization	7,8	(333,270)	(659,153)	(2,659)	(2,828)
Total expenses		(839,056)	(1,640,833)	(248,932)	(317,130)
Operating loss		**(706,461)**	**(1,362,260)**	**(248,932)**	**(317,130)**
Other income (expense):					
Commission income		222	1,081	30,809	37,340
Unrealized gain on investment		-	-	1,478	1,478
Financing charges		(150,424)	(260,850)	(2,488)	(2,999)
Net other income (expense)		(150,202)	(259,769)	29,799	35,819
Loss before Pre-operating expenses - net		**(150,202)**	**(259,770)**	**(219,133)**	**(281,311)**
Pre-operating expenses - net	20	-	-	-	**(415,925)**
Net loss for the period		**(856,663)**	**(1,622,029)**	**(219,133)**	**(697,236)**
Loss per share:					
Operating loss	21	(0.50)	(0.97)	(0.18)	(0.23)
Non-operating loss	21	(0.10)	(0.18)	(0.16)	(0.50)
Net loss for the period	21	(0.61)	(1.16)	(0.16)	(0.50)

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2009 AND FOR THE PERIOD FROM MARCH 12, 2008 (DATE OF COMMERCIAL REGISTRATION) TO JUNE 30, 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		(1,622,029)	(1,622,029)
Balances, at the end of the period	SR 14,000,000	SR (3,900,201)	SR 10,099,799
2008			
Balance, March 12, 2008	SR 14,000,000	SR -	SR 14,000,000
Net loss for the period	-	(697,236)	(697,236)
Balances, at the end of the period	SR 14,000,000	SR (697,236)	SR 13,302,764

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 SIX MONTH PERIOD ENDED JUNE 30, 2009 AND FOR THE PERIOD FROM MARCH 12, 2008 (DATE OF COMMERCIAL REGISTRATION) TO JUNE 30, 2008 (UNAUDITED)

	SR'000	
	2009	2008
OPERATING ACTIVITIES:		
Net loss for the period	(1,622,029)	(697,236)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	169,662	2,828
Amortization	489,491	-
Provision for doubtful trade receivables	39,576	-
Loss on disposal of property and equipment	79	-
Commission income	(1,081)	(37,340)
Financing charges	260,850	2,999
Unrealized gain on investment	-	(1,478)
Changes in operating assets and liabilities:		
Trade receivables	(483,780)	-
Prepaid expenses and other current assets	(192,699)	(309,388)
Inventories	19,863	(1,836)
Trade and other payables	759,270	1,134,018
Accrued expenses and other current assets	710,257	181,907
Deferred revenue	(2,095)	-
Due to related parties	46,496	483,664
Employees' end-of-service benefits	3,581	2,325
Net cash provided by operating activities	197,441	760,463
INVESTING ACTIVITIES:		
Additions to property and equipment	(1,003,275)	(1,176,538)
Additions to intangible assets	(5,339)	(23,280,210)
Proceeds from sale of property and equipment	825	-
Commission income received	1,081	37,340
Gain on investment	-	1,478
Net cash used in investing activities	(1,006,708)	(24,417,930)
FINANCING ACTIVITIES:		
Due to bank	-	183,333
Notes payable	273,506	-
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	(170,330)	(2,999)
Net cash provided by financing activities	307,585	25,508,335
(Decrease) / increase in cash and cash equivalents during the period	(501,682)	1,850,868
Cash and cash equivalents, beginning of the period	583,450	-
Cash and cash equivalents, end of the period (Note 3)	81,768	1,850,868

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

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.

The interim financials statements have been prepared in accordance with SOCPA's standard of Interim Financial Reports, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses and losses of the period are recognized during the period.

Interim results – The results of operations for the interim period may not represent a proper indication of the annual results of operations.

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, cash with bank 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 includes 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 ("IT") systems	2 Years
Information technology ("IT") 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 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 exchange rate 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 exchange rate 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:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Cash in hand	484	353	899
Cash at bank	81,284	583,097	1,198,491
Short term investment	-	-	651,478
Total	81,768	583,450	1,850,868

4. TRADE RECEIVABLES - NET

Trade receivable, are comprised of the following:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Customers	175,271	51,086	-
Distributors	103,094	84,956	-
Roaming	86,671	32,808	-
Other operators (interconnect)	323,813	50,286	-
Unbilled revenue	127,068	112,814	-
Staff receivables	89	276	-
	816,006	332,226	-
Less provision for doubtful accounts	(54,133)	(14,557)	-
Net	761,873	317,669	-

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

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Beginning balance	14,557	-	-
Additions during the period:			
Other operators (interconnect)	18,991	6,439	-
Distributors	2,090	-	-
Customers	18,495	8,118	-
Ending balance	54,133	14,557	-

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS - NET

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

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Advances to suppliers and refundable deposits	120,681	62,074	254,155
Prepaid rent	40,234	56,589	45,984
Prepaid insurance	1,483	1,560	-
Advances for transmission lines and fiber links	172,580	75,732	-
Prepaid sponsorship	30,001	-	-
Prepaid software license fee	2,320	1,739	-
Prepaid - other	54,032	30,938	9,249
	421,331	228,632	309,388
Less: Provision for doubtful advance	(8,000)	(8,000)	-
Net	413,331	220,632	309,388

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

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 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:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Handsets and accessories	3,044	7,240	-
Sim cards	32,848	42,203	-
Prepaid recharge cards	4,077	10,029	1,836
Inventory-in-transit	-	360	-
Total	39,969	59,832	1,836

7. PROPERTY AND EQUIPMENT - NET

Property and equipment - net are comprised of the following:

	For the Six Month Period Ended June 30, 2009 (Unaudited)			
	Balances at Beginning of Period	Additions	Disposals	Balances at End of Period
Cost:				
Leasehold improvements	69,269	13,638	-	82,907
Furniture, fixtures and office equipment	56,130	3,899	-	60,029
Vehicles and other transportation equipment	4,756	2,922	(943)	6,735
Telecommunications equipment	2,102,176	479,130	-	2,581,306
IT systems and servers	169,697	23,997	(14)	193,680
Capital work in progress	95,122	479,689	-	574,811
Total	2,497,150	1,003,275	(957)	3,499,468
Accumulated depreciation:				
Leasehold improvements	3,805	8,174	-	11,979
Furniture, fixtures and office equipment	3,426	3,514	-	6,940
Vehicles and other transportation equipment	422	693	(47)	1,068
Telecommunications equipment	65,115	133,203	-	198,318
IT systems and servers	15,395	24,078	(6)	39,467
Total	88,163	169,662	(53)	257,772
Property and equipment - net	2,408,987			3,241,696

	For the Period from March 12, 2008 to June 30, 2008 (Unaudited)			
	Balances at Beginning of Period	Additions	Disposals	Balances at End of Period
Cost:				
Leasehold improvements	-	5,280	-	5,280
Furniture, fixtures and office equipment	-	8,279	-	8,279
IT systems and servers	-	14,928	-	14,928
Capital work in progress	-	1,148,051	-	1,148,051
Total	-	1,176,538	-	1,176,538

Accumulated depreciation:				
Leasehold improvements	-	225	-	225
Furniture, fixtures and office equipment	-	506	-	506
IT systems and servers	-	2,097	-	2,097
Total	-	2,828	-	2,828
Property and equipment - net	-			1,173,710

8. INTANGIBLE ASSETS - NET

Intangible assets – net are comprised of the following:

	For the Six Months Ended June 30, 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	485,031	828,036
Computer software licenses	3,505	4,460	7,965
Total	346,510	489,491	836,001
Intangible assets - net	23,074,860		22,590,708

	For the Period from March 12, 2008 to June 30, 2008 (Unaudited)		
	Balances at beginning of period	Additions	Balance at end of period
License fee*	-	23,280,210	23,280,210

* 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 (June 30, 2008: SR 142.41 million) related to financing costs which was capitalized as part of license cost.

9. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables are comprised of the following:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Trade payables	1,151,250	391,749	1,134,018
Staff payables	90	1,449	-
Withholding tax payables	5,256	4,188	-
Other liabilities	16,473	16,413	-
Total	1,173,069	413,799	1,134,018

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Interconnect	673,690	198,624	-
Vendor	297,502	167,456	63,110
Roaming	248,819	51,712	-
Financing charges	90,520	108,680	86,115
Employees	27,957	33,134	23,637
Obligations under finance lease (Note 22)	4,942	3,793	-
Other	21,397	651	9,045
Total	1,364,827	564,050	181,907

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 six month period ended June 30, 2009 includes the management fee paid by the Company to Zain group, amounting to SR 54 million (June 30, 2008: nil)

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

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
MTC head office	542,134	514,738	480,231
MADA	35,518	14,873	556
MTC Bahrain	169	4,114	2,877
Other	2,864	464	-
Total	580,685	534,189	483,664

12. NOTES PAYABLE

Notes payable, are comprised of the following:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Nokia Siemens Tietoliikenne Oy	1,574,461	1,574,461	-
Motorola Inc.	546,589	273,083	-
Total	2,121,050	1,847,544	-

13. ADVANCES FROM SHAREHOLDERS

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

The following is a summary of the advances from shareholders:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Mobile Telecommunications Company K.S.C.	1,109,397	1,109,397	1,082,000
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
Architectural Elite Est. for Engineering and Contracting	-	-	27,397
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 9.37 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$") originated debt for the first year and 1.5% for the second year) was arranged by the Banque Saudi Fransi ("BSF") ("Murabaha facility") to finance part of the license fee. This facility consists of a SR portion totaling SR 7.27 billion and a US$ portion totaling US$ 547.5 million (SR 2.1 billion). During the period ended June 30, 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 27, 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 is currently negotiating with a syndicate of banks to secure the required financing to settle the syndicated facility upon its maturity. The negotiation with the syndicate of banks is for the US$ 2.5 billion (SR 9.4 billion). As of June 30, 2009 the syndicate of banks agreed to pay US$ 1.96 billion with the condition that the majority shareholder finance the shortfall. The management and the board of directors are confident that they will secure the required financing.

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 is comprised of the following:

	2009		2008	
	For the three month period ended June 30	For the six month period ended June 30	For the three month period ended June 30	For the period from March 12, 2008 to June 30
Local calls	279,615	488,153	-	-
Interconnect	167,571	299,510	-	-
International calls	143,482	278,192	-	-
Roaming	37,212	89,493	-	-
Messaging	43,108	72,049	-	-
Leased lines	200	764	-	-
Subscription	29,264	53,957	-	-
Mobile Broadband	1,068	1,068	-	-
Totals	701,520	1,283,186	-	-

17. COST OF REVENUE

Cost of sales is comprised of the following:

	2009		2008	
	For the three month period ended June 30	For the six month period ended June 30	For the three month period ended June 30	For the period from March 12, 2008 to June 30
Interconnect charges	224,016	373,479	-	-
Leased lines	46,444	77,787	-	-
International calls	98,994	177,309	-	-
Roaming	83,620	191,407	-	-
Microwave frequency charges	19,143	38,087	-	-
Sim cards and prepaid recharge cards	19,279	31,944	-	-
Discount of prepaid recharge card	25,642	43,075	-	-
Government and regulatory cost	21,397	39,869	-	-
Other	30,390	31,656	-	-
Total	568,925	1,004,613	-	-

18. DISTRIBUTION, MARKETING AND OPERATING EXPENSES

Distribution, marketing and operating expenses is comprised of the following:

	2009		2008	
	For the three month period ended June 30	For the six month period ended June 30	For the three month period ended June 30	For the period from March 12, 2008 to June 30
Employee's salaries and related benefits	31,737	61,226	28,860	36,262
Outsourcing	24,568	47,673	61,346	73,786
Consulting	13,565	14,843	-	5,007
Customer loyalty and retention	52	8,090	18,627	22,297
Dealer's commission	80,185	154,822	-	-
Advertising	85,815	166,703	18,477	20,972
Rentals	34,376	69,408	21,759	26,708
Communication	426	827	5,466	6,061
Systems support and licenses	17,625	36,196	201	227
Office supplies and cleaning	2,510	5,138	1,779	1,848
Printing and stationery	27	367	249	280
Entertainment	72	124	519	554
Utilities	7,144	13,779	3,467	4,236
Travel	1,223	3,434	3,751	4,537
Management fees (Note 11)	29,477	53,907	-	-
Training	190	434	1,897	5,237
Bad debt expense (Notes 4 and 5)	29,067	39,575	-	-
Repairs and maintenance	50,868	93,671	9	15
Other	1,729	9,055	2,296	1,290
Total	410,656	779,272	168,703	209,317

19. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses is comprised as follows:

	2009		2008	
	For the three month period ended June 30	For the six month period ended June 30	For the three month period ended June 30	For the period from March 12, 2008 to June 30
Employee's salaries and related benefits	29,634	55,442	27,176	28,191
Outsourcing	2,644	3,964	351	477
Consulting	24,361	79,586	42,930	68,760
Gifts	6,826	8,109	36	136
Rentals	-	57	293	328
Office supplies and cleaning	137	207	359	272
System Support and license	17,173	36,203	-	-
Travel	1,127	2,491	2,113	2,254
Entertainment	421	512	154	157
Hospitality	176	198	15	1
Subscriptions	304	607	12	22
Legal and professional	3,711	6,175	-	224
Bank charges	1	29	59	61
Training	445	524	61	70
Withholding tax expense	424	(958)	3,214	3,133
Repairs and maintenance	7,097	7,848	182	182
Printing and stationery	126	377	138	185
Other	523	1,037	477	532
Total	95,130	202,408	77,570	104,985

20. PRE-OPERATING EXPENSES - NET

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

IPO costs	92,539
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	1,067
Legal fees	298
Other expenses	104,714
Withholding taxes	107
Pre-operating income	(4,617)
Pre-operating expenses, net	415,925

21. LOSS PER SHARE

Loss per share is calculated by dividing the operating loss, non-operating loss and net loss for the each 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:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Due:			
Within 12 months	2,350	1,413	-
Within 12-24 months	2,286	1,570	-
Within 24-36 months	306	810	-
Total	4,942	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:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Due:			
Within 12 months	27,007	99,625	1,198,844
Within 2-5 years	446,822	305,250	6,269,602
Over 5 years	558,391	455,310	1,642,535
Total	1,032,220	860,185	9,110,981

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:

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)	June 30, 2008 (Unaudited)
Within 12 months	2,186,204	2,760,007	1,458,414
Within 2-5 years	1,493,443	1,056,084	3,657,914
Over 5 years	117,710	22,073	10,228
Total	3,797,357	3,838,164	5,126,556

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 six month period ended June 30, 2009. As of June 30, 2009, the Company's zakat base is negative and the Company has incurred losses. No zakat has therefore been provided for during the six month period ended June 30, 2009.

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the management on July 20, 2009.