

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND THE YEAR
ENDED DECEMBER 31, 2009 AND
INDEPENDENT ACCOUNTANTS' LIMITED
REVIEW REPORT**

**MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)
INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH
AND YEAR ENDED DECEMBER 31, 2009**

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INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

January 18, 2010

To the Shareholders of Mobile Telecommunications Company Saudi Arabia
(A Saudi Joint Stock Company)

We have reviewed the accompanying interim balance sheet of Mobile Telecommunications Company (A Saudi Joint Stock Company) (the "Company") as of December 31, 2009 and the related interim statement of operations for the three-month period ended December 31, 2009 and for the year then ended, and the interim statements of changes in shareholders' equity and cash flows for the year ended December 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 standards established 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. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, 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 opinion, we draw attention to Note 1 to the interim financial statements. The Company incurred a net loss of Saudi riyals 3.1 billion for the year ended December 31, 2009 and has accumulated losses of Saudi riyals 5.4 billion as of that date. Also, at December 31, 2009, the Company's current liabilities exceeded its current assets by Saudi riyals 4.9 billion. Further, as explained in Note 4 to the interim financial statements, the lenders have provided waiver for noncompliance with certain covenants for the year ended December 31, 2009 under the Syndicated Murabaha Financing subject to Company principally providing revised financial milestones for the quarters ending December 31, 2010 for lenders' approval. The Company is currently engaged with the lenders in providing such information, based on its current financial forecasts, in order to be in compliance with such quarterly covenants. These conditions indicate that the Company's ability to meet its obligations as they become due and to continue as a going concern depends upon the Company's ability to arrange adequate funds in a timely manner as well as to successfully negotiate revision of certain covenants for the quarters ending December 31, 2010 in order for such borrowing to continue to be classified as non-current. The management of the Company believes that negotiations with the lenders to obtain consent on such revised covenants and the Company's efforts to arrange adequate funds in a manner which will permit the Company to meet its obligations as they become due in the normal course of operations will be successful. Accordingly, the accompanying financial statements have been prepared under the going concern basis.

PricewaterhouseCoopers Al Juraid

By: 

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License Number 366

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)
Interim balance sheet
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	As at December 31,	
		2009 (Unaudited)	2008 (Audited)
Assets			
Current assets			
Cash and cash equivalents		505,792	583,450
Accounts receivable		1,007,247	317,669
Inventories		39,422	59,832
Prepayments and other receivables		297,475	220,632
		<u>1,849,936</u>	<u>1,181,583</u>
Non-current assets			
Property and equipment		3,846,700	2,408,987
Intangible assets		22,133,477	23,074,860
		<u>25,980,177</u>	<u>25,483,847</u>
Total assets		<u>27,830,113</u>	<u>26,665,430</u>
Liabilities			
Current liabilities			
Accounts payable		1,814,792	413,799
Accrued and other liabilities		2,028,378	564,050
Deferred revenue		251,259	251,623
Due to related parties		542,563	534,189
Notes payable		2,152,219	1,847,544
Advances from shareholders - current portion	3	-	314,890
Syndicated Murabaha financing from banks	4	-	9,164,001
		<u>6,789,211</u>	<u>13,090,096</u>
Non-current liabilities			
Advances from shareholders - non-current portion	3	2,914,000	1,849,110
Syndicated Murabaha financing from banks	4	9,494,023	-
Employee termination benefits		10,400	4,396
		<u>12,418,423</u>	<u>1,853,506</u>
Total liabilities		<u>19,207,634</u>	<u>14,943,602</u>
Shareholders' equity			
Share capital	5	14,000,000	14,000,000
Accumulated losses		(5,377,521)	(2,278,172)
Total shareholders' equity		<u>8,622,479</u>	<u>11,721,828</u>
Total liabilities and shareholders' equity		<u>27,830,113</u>	<u>26,665,430</u>
Contingencies and commitments	7		

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

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)
Interim statement of operations
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended December 31, 2009	Three-month period ended December 31, 2008	Year ended December 31, 2009	For the period from March 12, 2008 to December 31, 2008
Note	(Unaudited)	(Unaudited and Unreviewed)	(Unaudited)	(Audited)
Revenue	895,380	424,401	3,004,052	505,196
Cost of revenue	(539,854)	(393,219)	(2,127,026)	(488,737)
Gross profit	355,526	31,182	877,026	16,459
Operating expenses				
Distribution and marketing	(339,617)	(413,916)	(1,573,741)	(1,021,382)
General and administrative	(84,912)	(90,393)	(375,898)	(260,082)
Depreciation and amortization	(366,464)	(310,222)	(1,394,310)	(434,714)
Loss from operations	(435,467)	(783,349)	(2,466,923)	(1,699,719)
Other income (expenses)				
Commission income	243	13,660	1,316	65,339
Financial charges	(221,337)	(159,877)	(633,742)	(225,532)
Loss before pre-operating expenses	(656,561)	(929,566)	(3,099,349)	(1,859,912)
Pre-operating expenses - net	-	-	-	(418,260)
Net loss for the year/period	(656,561)	(929,566)	(3,099,349)	(2,278,172)
Loss per share (Saudi Riyals):				
• Loss from operations	6 (0.31)	(0.56)	(1.76)	(1.21)
• Non-operating loss	6 (0.16)	(0.10)	(0.45)	(0.11)
• Net loss	6 (0.47)	(0.66)	(2.21)	(1.63)

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

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)
Interim statement of changes in shareholders' equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
<u>Unaudited</u>			
January 1, 2009	14,000,000	(2,278,172)	11,721,828
Net loss for the year	-	(3,099,349)	(3,099,349)
December 31, 2009	<u>14,000,000</u>	<u>(5,377,521)</u>	<u>8,622,479</u>
<u>Audited</u>			
March 12, 2008	14,000,000	-	14,000,000
Net loss for the period	-	(2,278,172)	(2,278,172)
December 31, 2008	<u>14,000,000</u>	<u>(2,278,172)</u>	<u>11,721,828</u>

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

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)
Interim cash flow statement
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Year ended December 31, 2009	For the period from March 12, 2008 to December 31, 2008
	(Unaudited)	(Audited)
Cash flow from operating activities		
Net loss for the year/period	(3,099,349)	(2,278,172)
<u>Adjustments for non-cash items</u>		
Provision for doubtful debts	82,461	14,557
Provision for doubtful advances	-	8,000
Depreciation and amortization	1,394,310	434,791
<u>Other adjustments</u>		
Commission income	(1,316)	(65,339)
Financial charges	633,742	225,532
<u>Changes in working capital</u>		
Accounts receivable	(772,039)	(332,226)
Inventories	20,410	(59,832)
Prepayments and other receivables	(76,843)	(228,632)
Accounts payable	1,400,993	413,799
Accrued and other liabilities	1,405,820	564,050
Deferred revenue	(364)	251,623
Employee termination benefits	6,004	4,396
Net cash generated from (utilized in) operating activities	993,829	(1,047,453)
Cash flow from investing activities		
Purchase of property and equipment	(1,840,393)	(2,497,791)
Additions to intangible assets	(51,932)	(23,421,370)
Proceeds from sale of property and equipment	1,685	523
Commission income received	1,316	65,339
Net cash utilized in investing activities	(1,889,324)	(25,853,299)
Cash flow from financing activities		
Notes payable	304,675	1,847,544
Advances from shareholders	750,000	2,164,000
Due to related parties	8,374	534,189
Proceeds from Syndicated Muarabaha financing from banks - net	330,022	9,164,001
Share capital contribution	-	14,000,000
Financial charges paid	(575,234)	(225,532)
Net cash generated from financing activities	817,837	27,484,202
Net (decrease) increase in cash and cash equivalents	(77,658)	583,450
Cash and cash equivalents at beginning of year/period	583,450	-
Cash and cash equivalents at end of year/period	505,792	583,450

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

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A Saudi Joint Stock Company)
Notes to the interim financial statements for the year ended December 31, 2009
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

Mobile Telecommunications Company Saudi Arabia (the "Company" or "Zain - KSA"), provides mobile telecommunication services in the Kingdom of Saudi Arabia in which it operates; purchases, delivers, installs, manages and maintains mobile telephone services.

The Company is a Saudi Joint Stock Company established pursuant to the 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 Hijra years. The head office of the Company is situated in Riyadh, Kingdom of Saudi Arabia.

The Company incurred a net loss of Saudi riyals 3.1 billion for the year ended December 31, 2009 and has accumulated losses of Saudi riyals 5.4 billion as of that date. Also, at December 31, 2009, the Company's current liabilities exceeded its current assets by Saudi riyals 4.9 billion. Further, as explained in Note 4 to the interim financial statements, the lenders have provided waiver for noncompliance with certain covenants for the year ended December 31, 2009 under the Syndicated Murabaha Financing subject to Company principally providing revised financial milestones for the quarters ending December 31, 2010 for lenders' approval. The Company is currently engaged with the lenders in providing such information, based on its current financial forecasts, in order to be in compliance with such quarterly covenants. These conditions indicate that the Company's ability to meet its obligations as they become due and to continue as a going concern depends upon the Company's ability to arrange adequate funds in a timely manner as well as to successfully negotiate revision of certain covenants for the quarters ending December 31, 2010 in order for such borrowing to continue to be classified as non-current. The management of the Company believes that negotiations with the lenders to obtain consent on such revised covenants and the Company's efforts to arrange adequate funds in a manner which will permit the Company to meet its obligations as they become due in the normal course of operations will be successful. Accordingly, the accompanying financial statements have been prepared under the going concern.

The registered address of the Company is P.O. Box 295814, Riyadh 11351, Kingdom of Saudi Arabia.

These interim financial statements were approved by the Management on January 18, 2010.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying interim financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants ("SOCPA"). These interim financial statements should be read in conjunction with the annual financial statements for the period ended December 31, 2008.

The significant accounting policies used for the preparation of the interim financial statements mentioned below are in conformity with the accounting policies described in the audited financial statements for the period ended December 31, 2008.

2.2 Period of the financial statements

The Company's financial year begins on January 1 and ends on December 31 of each Gregorian year. The interim financial statements have been prepared in accordance with SOCPA's Standard of Interim Financial Reporting, 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. The accompanying interim financial statements include all adjustments, comprising mainly of normal recurring accruals, considered necessary by the management to present a fair statements of financial position, results of operations and cash flows.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
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Notes to the interim financial statements for the year ended December 31, 2009
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

2.4 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.5 Foreign currency translations

(a) Reporting currency

These financial statements are presented in Saudi Riyals which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, which were not significant for 2009 and 2008, are recognized in the statement of operations.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

2.7 Accounts receivable

Accounts receivable are shown at their net realizable values, which represent billed and unbilled usage revenues net of allowances for doubtful accounts. A provision against doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the statement of operations and reported under "general and administrative expenses". When account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "general and administrative expenses" in the statement of operations.

2.8 Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is determined using weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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2.9 Property and equipment

Property and equipment are carried at cost less accumulated depreciation except capital work in progress which is carried at cost. Depreciation is charged to the statement of operations, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of operations.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the statement of operations as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.10 Intangible assets

License fee is stated at cost less accumulated amortization. The amortization period is 25 Hijra 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 life 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.

2.11 Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of operations. Impairment losses recognized on intangible assets are not reversible.

2.12 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the statement of operations.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
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2.13 Capital leases

The Company accounts for property and equipment acquired under capital leases by recording the assets and the related liabilities. These amounts are determined on the basis of the present value of minimum lease payments. Financial charges are allocated to the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on assets under capital leases is charged to the statement of operations applying the straight-line method at the rates applicable to the related assets.

2.14 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

2.15 Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

2.16 Zakat

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Provision for zakat, if any, is charged to the statement of operations. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.17 Employee termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and charged to the statement of operations. The liability is calculated at 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 stated in the laws of Saudi Arabia.

2.18 Revenues

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, 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.

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2.19 Distribution, marketing, general and administrative expenses

Distribution, marketing and general and administrative expenses include direct and indirect costs not specifically part of cost of revenue as required under generally accepted accounting principles. Allocations between distribution, marketing and general and administrative expenses and cost of revenue, when required, are made on a consistent basis.

2.20 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.

3 Advances from shareholders

The founding shareholders have provided advances to the Company. In accordance with the arrangements agreed with the shareholders during the third quarter of 2009, the outstanding balance at December 31, 2009 carries finance cost calculated at 4.25% plus 3 months Saudi Inter Bank Offering Rate ("SIBOR") and 6.75% plus 6 months SIBOR for advances made in Saudi Riyals and United States dollar ("US\$"), respectively.

The following is a breakdown of the advances from shareholders as at December 31:

	2009	2008
Mobile Telecommunications Company K.S.C	1,859,397	1,109,397
Faden Trading & Contracting Est.	314,890	314,890
Saudi Plastic Factory	301,365	301,365
Rakisa Holding Company	136,984	136,984
Almarai Company	109,587	109,587
Ashbal Al-Arab Contracting Est.	109,587	109,587
Al Jeraisy Development Company Limited	54,793	54,793
Al Sale Al Sharkiyah Company Limited	27,397	27,397
	<u>2,914,000</u>	<u>2,164,000</u>
Less current portion	-	(314,890)
Non-current portion	<u>2,914,000</u>	<u>1,849,110</u>

The non-current portion of the advances at December 31, 2009 including accrued financial charges is not scheduled for repayment until after August 2011.

4 Syndicated Murabaha financing from banks

A Syndicated Murabaha facility of approximately Saudi Riyals ("SR") 9.75 billion, net of financing principally calculated at 4.25% plus 3 or 6 months SIBOR for the SR originated debt and London Inter Bank Offer Rate (LIBOR) for the United States dollar ("US\$") originated debt, was arranged by the Banque Saudi Fransi ("Murabaha facility") to refinance the previous financing outstanding at December 31, 2008 of SR 9.16 billion. This facility consists of a SR portion totaling SR 7.09 billion and a US\$ portion totaling US\$ 710 million (SR 2.66 billion).

Financing charges are payable in quarterly or semi-annual installments over two years. The principal amount is payable in one bullet payment on Aug 12, 2011.

Financial covenants imposed by the lending banks are:

- Negative pledge on all revenues and assets;
- Loans and guarantees restrictions to customers, distributors, dealers, retailers, wholesalers and employees;
- No further financial indebtedness, *pari passu*, insurance on all assets; and
- Compliance with various financial milestones across time.

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

Notes to the interim financial statements for the year ended December 31, 2009

(All amounts in Saudi Riyals thousands unless otherwise stated)

At December 31, 2009 the Company was in noncompliance with certain covenants. However, the lenders provided waiver for such noncompliance subject to Company principally providing revised financial milestones for the quarters ending December 31, 2010 for lenders' approval. The Company is currently engaged with the lenders in providing such information based on its current financial forecasts in order to be in compliance with such quarterly covenants. The management of the Company believes that negotiations with the lenders to obtain consent on such revised covenants will be successful.

5 Share capital

The share capital of the Company as of December 31, 2009 and 2008 was comprised of 1.4 billion shares stated at Saudi Riyals 10 per share owned as follows:

Shareholders	Number of shares	Share Capital
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

6 Loss per share

Loss per share has been computed by dividing the operating loss, non-operating items - net and net loss for each period by the weighted average number of shares outstanding during each of the period which was 1.4 billion shares.

7 Contingencies and commitments

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 at December 31 are comprised of the following:

	2009	2008
Within 12 months	1,971,829	2,760,007
Within 2 to 5 years	1,194,929	1,056,084
Over 5 years	-	22,073
	3,166,758	3,838,164

The Company also leases sites, technical buildings and offices in connection with its operations. The lease commitments relating to such operating leases at December 31 are as follows:

	2009	2008
Within 12 months	475,746	99,625
Within 2 to 5 years	874,964	305,250
Over 5 years	487,148	455,310
	1,837,858	860,185

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(A Saudi Joint Stock Company)

Notes to the interim financial statements for the year ended December 31, 2009

(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

8 Segment information

The Company commenced commercial activities on August 26, 2008 and since commencement of activities, the Company's operations are substantially from mobile phone services. Accordingly, segment information is not applicable.

9 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 first quarter of year ended December 31, 2009. As of December 31, 2009, the Company's zakat base is negative and the Company has incurred losses. No zakat has therefore been provided for during the year ended December 31, 2009.