

**Etiihad Etisalat Company**  
**(Joint Stock Company)**  
**Interim Condensed Financial Statements**  
**March 31, 2007**  
**With Review Report**



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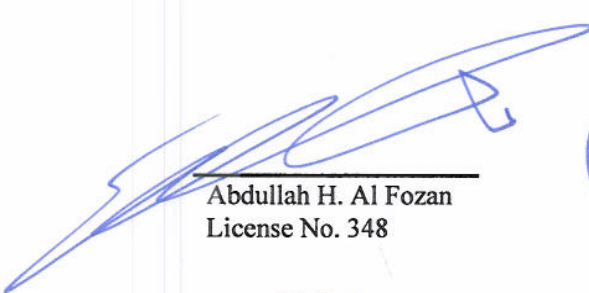
### LIMITED REVIEW REPORT

**To: The shareholders  
Etihad Etisalat Company (Joint Stock Company)  
Riyadh, Saudi Arabia**

We have reviewed the accompanying interim balance sheet of **Etihad Etisalat Company – Joint stock company** (the “Company”) as at 31 March 2007, and the related statements of income, changes in shareholders’ equity and cash flows for the three months period then ended, together with notes from (1) through (20) which form an integral part of these financial statements. These interim financial statements have been prepared by the management and submitted to us together with all the information and explanations which we required.

Our review was limited in accordance the standard for review of interim financial information issued by the Saudi Organisation for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data and making inquiries from persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted 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 limited review, we are not aware of any material modifications that should be made to the accompanying interim financial statements of **Etihad Etisalat Company** for them to be in conformity with the generally accepted accounting standards appropriate to the circumstances of the Company.

  
Abdullah H. Al Fozan  
License No. 348



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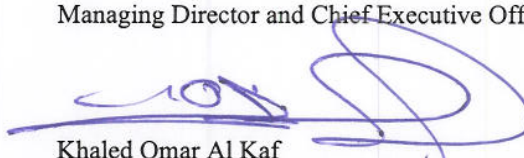
**Ethiad Etisalat Company**  
**(Joint Stock Company)**  
**Balance Sheet**  
As of March 31, 2007  
(Saudi Riyals' 000)

	<u>Notes</u>	<u>31/3/2007</u> <u>Unaudited</u>	<u>31/3/2006</u> <u>Unaudited</u>
<b><u>Assets</u></b>			
<b><u>Current assets</u></b>			
Cash and cash equivalents	(3)	720 614	54 781
Accounts receivable (net)	(4)	1 109 055	570 095
Inventories		30 307	19 814
Other current assets	(5)	730 024	394 525
<b>Total current assets</b>		<b>2 590 000</b>	<b>1 039 215</b>
<b><u>Non current assets</u></b>			
Property and equipment (net)	(6)	4 061 711	2 735 334
License acquisition fees (net)	(7)	11 671 793	12 185 259
<b>Total non current assets</b>		<b>15 733 504</b>	<b>14 920 593</b>
<b>Total assets</b>		<b>18 323 504</b>	<b>15 959 808</b>
<b><u>Liabilities &amp; shareholders' equity</u></b>			
<b><u>Current Liabilities</u></b>			
Short-term loans	(8)	-	7 435 847
Current maturity of long term loan	(8)	188 330	-
Creditors	(9)	1 680 895	706 610
Due to related parties	(10)	236 895	178 216
Other current liabilities	(11)	461 122	228 877
Accrued expenses	(12)	2 028 681	1 936 501
<b>Total current liabilities</b>		<b>4 595 923</b>	<b>10 486 051</b>
<b><u>Non current liabilities</u></b>			
Provision for employees' end of service benefits		15 448	3 647
Founding shareholders' loan	(8)	-	1 600 000
Long term loan	(8)	8 928 544	-
<b>Total non current liabilities</b>		<b>8 943 992</b>	<b>1 603 647</b>
<b>Total liabilities</b>		<b>13 539 915</b>	<b>12 089 698</b>
<b><u>Shareholders' equity</u></b>			
Paid up capital	(1)	5 000 000	5 000 000
Accumulated losses		( 216 411)	(1 129 890)
<b>Total shareholders' equity</b>		<b>4 783 589</b>	<b>3 870 110</b>
<b>Total liabilities &amp; shareholders' equity</b>		<b>18 323 504</b>	<b>15 959 808</b>

Chief Financial Officer:

  
Thamer Mohammed Al Hosani

Managing Director and Chief Executive Officer:

  
Khaled Omar Al Kaf

The accompanying notes (1) through (20) form an integral part of these condensed financial statements.

**Etihad Etisalat Company****(Joint Stock Company)****Income Statement**

For the period from January 1, 2007 to March 31, 2007

**(Saudi Riyals'000)**

	<u>Notes</u>	<u>From 1/1/2007</u> <u>To 31/3/2007</u> <u>Unaudited</u>	<u>From 1/1/2006</u> <u>To 31/3/2006</u> <u>Unaudited</u>
Services revenue	(13)	1 876 715	1 126 539
Cost of providing services	(14)	(889 427)	(521 072)
<b>Gross margin</b>		<u>987 288</u>	<u>605 467</u>
<b>Operating expenses</b>			
Selling and marketing expenses	(15)	(130 377)	( 141 305)
General and administrative expenses	(16)	(206 994)	( 119 671)
Depreciation and amortization	(6,7)	(242 062)	( 200 944)
Provisions		(36 935)	( 13 007)
<b>Total operating expenses</b>		<u>( 616 368)</u>	<u>( 474 927)</u>
<b>Operating income</b>		<u>370 920</u>	<u>130 540</u>
Financing costs		(128 784)	(94 609)
Other income		8 474	1 558
<b>Net income for the period</b>		<u>250 610</u>	<u>37 489</u>
<b>Basic earnings per share</b>	(17)	<u>0.50</u>	<u>0.075</u>

The accompanying notes (1) through (20) form an integral part of these condensed financial statements.



**Etihad Etisalat Company**  
**(Joint Stock Company)**  
**Cash Flow Statement**  
For the period from January 1,2007 to March 31, 2007  
(Saudi Riyals '000)

	<u>Notes</u>	<u>From 1/1/2007</u> <u>To 31/3/2007</u> <u>Unaudited</u>	<u>From 1/1/2006</u> <u>To 31/3/2006</u> <u>Unaudited</u>
<b><u>Cash flows from operating activities</u></b>			
Net income for the period		250 610	37 489
<i>Adjustments to reconcile net income to net cash from operating activities:</i>			
Amortization of license acquisition fee	(7)	128 367	128 367
Depreciation	(6)	113 695	72 577
Provision for employees' end of service benefits		2 670	1 007
Provision for doubtful accounts		34 265	12 000
Borrowing cost		118 803	87 718
Operating income before changes in working capital		<u>648 410</u>	<u>339 158</u>
<b><u>Changes in working capital</u></b>			
Accounts receivable		( 404 092)	(415 273)
Inventories		7 741	12 261
Other current assets		( 13 336)	388 240
Creditors		164 519	(202 480)
Due to related parties		57 560	(15 431)
Other current liabilities		140 828	10 860
Accrued expenses		341 525	(197 012)
Cash generated from / (used in) operations		<u>943 155</u>	<u>( 79 677)</u>
Payment of employees' end of service benefits		(318)	(10)
Payment of borrowing cost		( 506 272)	-
Net cash generated from / (used in) operating activities		<u>436 565</u>	<u>( 79 687)</u>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property and equipment	(6)	( 327 874)	(50 704)
Net cash used in investing activities		<u>( 327 874)</u>	<u>( 50 704)</u>
<b><u>Cash flows from financing activities</u></b>			
Payment of short-term loan	(8)	(7 523 100)	-
Payment of founding shareholders' loans	(8)	(1 600 000)	-
Proceeds from syndicate bank loan	(8)	9 187 500	-
Net cash provided by financing activities		<u>64 400</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		173 091	( 130 391)
Cash and cash equivalents at the beginning of the period		<u>547 523</u>	<u>185 172</u>
Cash and cash equivalents at the end of the period	(3)	<u>720 614</u>	<u>54 781</u>

The accompanying notes (1) through (20) form an integral part of these condensed financial statements.

**Etihad Etisalat Company**  
**(Joint Stock Company)**  
**Statement of Changes in Shareholders' Equity**  
For the period from January 1, 2007 to March 31, 2007  
(Saudi Riyals'000)

	<b>Capital Unaudited</b>	<b>Accumulated losses Unaudited</b>	<b>Total Unaudited</b>
Balance as of 1/1/2006	5 000 000	(1 167 379)	3 832 621
Net income for the financial year ended December 31, 2006	—	700 358	700 358
<b>Balance as of 31/12/2006</b>	<b>5 000 000</b>	<b>( 467 021)</b>	<b>4 532 979</b>
Net income for the financial period ended March 31, 2007	—	250 610	250 610
<b>Balance as of 31/3/2007</b>	<b>5 000 000</b>	<b>( 216 411)</b>	<b>4 783 589</b>

The accompanying notes (1) through (20) form an integral part of these condensed financial statements.

**Etihad Etisalat Company**  
**(Joint Stock Company)**  
**Notes to the Condensed Financial Statements**  
For the period from January 1, 2007 to March 31, 2007  
(Saudi Riyals'000)

**1. ORGANIZATION AND ACTIVITIES**

Etihad Etisalat Company ("the Company"), a Saudi Joint Stock Company formed pursuant to the Council of Ministers resolution number 189 dated 23/6/1425H (corresponding to 10 August 2004G) and Royal Decree number M/40 dated 2/7/1425H (corresponding to 18 August 2004G) under commercial registration number 1010203896 dated 14 December 2004. The Company is considered the second authorized provider of mobile telecommunication services in the Kingdom of Saudi Arabia.

The main activity of the Company is to establish and operate public wireless telecommunications network in the Kingdom of Saudi Arabia. The Company has started its commercial operations on 25 May 2005.

The company issued 100 million shares at par value SR 50. Per Capital Market Authority resolution # 2006-154-4 on 27 March 2006 a share split was implemented on April, 8<sup>th</sup> 2006 where by the share was split into five shares at par value SR 10 each and accordingly the company issued shares are currently 500 million shares. The Emirates Telecommunications Corporation - Etisalat, UAE holds 35% of the shares and 6 Saudi shareholders hold 45% of the shares. The remaining 20% of the share capital is held by the public.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with standards issued by Saudi Organization for Certified Public Accountants (SOCPA). The significant accounting policies adopted are as follows:

**a) Accounting convention**

The financial statements, expressed in Saudi Riyals, are prepared under the historical cost convention using the accrual basis of accounting and the going concern concept.

**b) Cash and cash equivalents**

For the purpose of reporting cash flows, cash and cash equivalents represent cash in hand and balance with banks including time deposits having maturity of three months or less from acquisition date.

**c) Accounts receivable, net**

Accounts receivable are stated at estimated net realizable value after allowances have been made for doubtful amounts.

Allowance for doubtful accounts is calculated based on aging of account receivables and the company previous experience in collecting receivables.

**d) Inventories**

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



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**e) Provisions**

A provision is recognised in the financial statements when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

**f) Property and equipment**

Property and equipment, except land are stated at cost less accumulated depreciation. Land and capital work in progress are stated at cost. Routine repair and maintenance costs are expensed as incurred.

Depreciation on property and equipment is charged to income using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given below for each class of assets.

	<u>Rates</u>
Telecommunication equipment	5 – 10 %
Leasehold improvements	10 %
Computer, office equipment and furniture	20 %
Vehicles	20 %

Major renewals and improvements are capitalized if they increase useful life and efficiency of property and equipment. Minor repairs and renewals are expensed when incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in the income statement.

**g) Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date whenever there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses, if any, are recognised in the income statement.

**h) License acquisition fees**

License acquisition fees are amortised over 25 years which is the regulatory life of the license. Amortization is charged to income statement from the date of granting the license. The capitalized license acquisition fee is reviewed on each reporting date to determine any impairment in the recorded value.

**i) Creditors**

Liabilities to trade suppliers and contractors are recognised for amounts to be paid in the future for equipment and goods or services received.



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**j) Provision for employees' end of service benefits**

The provision for Employees' end of service benefits are calculated and accrued in accordance with the Saudi Labor and Workmen's Law, as well as company personnel policies.

**k) Zakat**

Zakat is calculated in accordance with the Department of Zakat and Income Tax ("DZIT") regulations, and are accrued for and charged to income statement.

**l) Foreign currency transactions**

Transactions denominated in foreign currencies are translated to Saudi Arabian Riyals at the rates of exchange prevailing at the dates of the respective transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at exchange rates prevailing on that date. Gains and losses resulting from changes in exchange rates are recognized in Statement of Income.

**m) Expenses**

Selling and marketing expenses are those, which specifically relate to selling and marketing of the Company's products, and include costs relating mainly to commission and advertising. All other expenses other than cost of providing services are classified as general and administrative expenses.

The Company changed its commission arrangements with its distributors this year whereby some types of commissions are deducted directly on the exchange of goods.

**n) Government Charges**

Government charges represent fees and charges as stipulated in the license agreements and paid against the right of use of telecommunication services in the Kingdom including frequency fees. These fees are recognized in the related periods during which they are used.

**o) Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value. Fair value is determined on the basis of objective evidence at balance sheet date.

**p) Interconnection Cost**

Interconnection costs represent national and international interconnection charges paid to local and foreign operators. Interconnection cost is recognized in the period when relevant calls are made

**Etihad Etisalat Company**  
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**q) Revenue Recognition**

Revenue, in respect of telecommunications services is accounted for in the year when the services are rendered and is stated net of discounts and rebates for the period.

**r) Operating leases**

Payments made under operating lease are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the income statement as deduction from the total lease expense.

**3. CASH AND CASH EQUIVALENTS**

	<u>31/3/2007</u>	<u>31/3/2006</u>
Cash in hand	471	581
Cash at banks	720 143	54 200
	<u>720 614</u>	<u>54 781</u>

**4. ACCOUNTS RECEIVABLE, NET**

	<u>31/3/2007</u>	<u>31/3/2006</u>
Subscribers	295 281	140 399
* Allowance for doubtful accounts	(111 958)	(62 000)
	<u>183 323</u>	<u>78 399</u>
Other telecom operators	776 040	384 092
Distributors	149 692	107 604
	<u>1 109 055</u>	<u>570 095</u>

\* Movement in the allowance for doubtful account for the period are as follows:

	<u>31/3/2007</u>	<u>31/3/2006</u>
Balance as at 1 <sup>st</sup> January	77 693	50 000
Additions during the period	34 265	12 000
	<u>111 958</u>	<u>62 000</u>

**5. OTHER CURRENT ASSETS**

	<u>31/3/2007</u>	<u>31/3/2006</u>
Prepaid expenses	167 352	112 731
Suppliers advances	206 649	84 979
Accrued revenue	255 211	180 371
Staff advances	2 306	2 515
Others	98 506	13 929
	<u>730 024</u>	<u>394 525</u>

**Etihad Etisalat Company**  
(Joint Stock Company)

**Notes to the Condensed Financial Statements**

For the period from January 1, 2007 to March 31, 2007  
(Saudi Riyals'000)

**6. PROPERTY AND EQUIPMENT (NET)**

<u>Cost</u>	Land	Telecommunication equipment	Computer equipment & software	Office equipment & Furniture	Vehicles	Leasehold Improvements	Capital work in progress	Total
Cost as at 1/1/2007	6 745	2 541 477	319 439	139 585	684	180 085	1 064 558	4 252 573
Additions for the period	—	559 832	2 012	9 672	—	5 131	(248 773)	327 874
<b>Total cost as at 31/3/2007</b>	<b>6 745</b>	<b>3 101 309</b>	<b>321 451</b>	<b>149 257</b>	<b>684</b>	<b>185 216</b>	<b>815 785</b>	<b>4 580 447</b>
<b>Accumulated depreciation</b>								
Accumulated depreciation as at 1/1/2007	—	278 368	62 641	32 592	335	31 105	—	405 041
Depreciation for the period	—	85 707	16 318	7 270	23	4 377	—	113 695
<b>Accumulated depreciation as at 31/3/2007</b>	<b>—</b>	<b>364 075</b>	<b>78 959</b>	<b>39 862</b>	<b>358</b>	<b>35 482</b>	<b>—</b>	<b>518 736</b>
<b>Net book value as at 31/3/2007</b>	<b>6 745</b>	<b>2 737 234</b>	<b>242 492</b>	<b>109 395</b>	<b>326</b>	<b>149 734</b>	<b>815 785</b>	<b>4 061 711</b>
<b>Net book value as at 31/3/2006</b>	<b>6 745</b>	<b>1 957 291</b>	<b>153 007</b>	<b>25 875</b>	<b>237</b>	<b>61 794</b>	<b>530 385</b>	<b>2 735 334</b>



**Etihad Etisalat Company**  
**(Joint Stock Company)**  
**Notes to the Condensed Financial Statements**  
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**7. LICENSE ACQUISITION FEES (NET)**

	<b>Mobile telecommunication service license fees</b>	<b>3G license fees</b>	<b>Other licenses</b>	<b>Total license fees</b>
Cost as at 1/1/2007	12 210 000	753 750	15 489	12 979 239
Additions for the period	—	—	—	—
Cost as at 31/3/2007	<u>12 210 000</u>	<u>753 750</u>	<u>15 489</u>	<u>12 979 239</u>
<b>Less:</b>				
Accumulated amortization as at 1/1/2007	1 110 064	67 724	1 291	1 179 079
Amortization for the period	120 652	7 457	258	128 367
Accumulated amortization as at 31/3/2007	<u>1 230 716</u>	<u>75 181</u>	<u>1 549</u>	<u>1 307 446</u>
<b>Balance as at 31/3/2007</b>	<u><b>10 979 284</b></u>	<u><b>678 569</b></u>	<u><b>13 940</b></u>	<u><b>11 671 793</b></u>
<b>Balance as at 31/3/2006</b>	<u><b>11 461 890</b></u>	<u><b>708 396</b></u>	<u><b>14 973</b></u>	<u><b>12 185 259</b></u>

**8. LOANS**

On March 14, 2007, the Company signed long term Islamic financing agreements with a group of local, regional and international banks for US\$ 2.875 billion (SAR 10.782 billion). The structure of the Islamic Financing is based on selling the airtime minutes to participating banks and re-distributing the minutes to subscribers on behalf of banks.

The facility agreements signed were:

- (a) Airtime Financing Facility US\$ 2.450 billion (SAR 9.1875 billion)
- (b) Working Capital Murabaha Facility US\$ 200 million (SAR 750 million)
- (c) Financial Support Murabaha Facility US\$ 225 million (SAR 843.75 million)

The Airtime Financing Facility was fully drawn on March 29, 2007 amounting to SAR 9.1875 billion to repay the maturing obligations i.e., Short Term Bridge Loan Facility of SAR 7.1 billion and founding shareholders' loans (except SAR 157 million pertaining to one of the founding shareholder is held in a reserve account with the Agent Bank due to the lack of clear payment instructions from the shareholder).

The tenure of the loan is 6 years with semi-annual un-equal installments, the first installment due on December 31, 2007. The final installment will be a balloon payment of 33% of long term loan on December 31, 2012. The murabaha profit is payable on quarterly basis.

Long term loan is presented after deducting initial unamortised financing cost and by adding accrued murabaha profit.

**9. CREDITORS**

	<u><b>31/3/2007</b></u>	<u><b>31/3/2006</b></u>
Trade payables	940 867	230 336
Capital expenditure payables	740 028	476 274
	<u><b>1 680 895</b></u>	<u><b>706 610</b></u>

**Etihad Etisalat Company**  
(Joint Stock Company)  
**Notes to the Condensed Financial Statements**  
For the period from January 1,2007 to March 31, 2007  
(Saudi Riyals'000)

**10. RELATED PARTY TRANSACTIONS**

The Company entered into a management agreement with the Emirates Telecommunication Corporation (Etisalat) as its operator effective from 14 August 2004. The agreement requires Etisalat to provide services comprising of executive and senior management services, implementation of the network roll-out programme, management of the capital investment programme, provision of customer operations, execution of saudization, establishment of national distribution channels, and licensing of the intellectual property rights. The company pays an annual management fee of SAR 37.5 million (USD 10 million) for services provided under the agreement. The term of the agreement is for a period of seven years and can be automatically renewed for successive periods of five years unless the company serves a 6 month notice of termination or Etisalat serves a 12 month notice of termination prior to the expiry of the applicable period.

<u>Name</u>	<u>Nature of transactions</u>	<b>Transactions during the period ended</b>	
		<u>From 1/1/2007 to 31/3/2007</u>	<u>From 1/1/2006 to 31/3/2006</u>
Emirates Telecommunication Corporation	-Management fees	9 375	9 375
	-Reimbursable costs to seconded staff	12 481	21 873
	-Telecom services	53 115	51 086
Emirates Data Clearing House	-Roaming services	656	2 687

The outstanding balances as at March 31, 2007 are as follows: -

<u>Name</u>	<u>31/3/2007</u>	<u>31/3/2006</u>
Emirates Telecommunication Corporation	233 166	175 462
Emirates Data Clearing House	3 729	2 687
Receivable from Riyadh Cable Company	—	67
	<u>236 895</u>	<u>178 216</u>

**The nature of the related party relationships is as follows:**

- **Emirates Telecommunication Corporation**  
Direct shareholder with 35 % equity in the company.
- **Emirates Data Clearing House**  
Affiliated company of Etisalat Group, UAE.
- **Riyadh Cable Company**  
Direct shareholder with 6 % equity in the company.

**11. OTHER CURRENT LIABILITIES**

	<u>31/3/2007</u>	<u>31/3/2006</u>
Deferred revenue	452 322	223 258
Others	8 800	5 619
	<u>461 122</u>	<u>228 877</u>



**Etihad Etisalat Company**  
(Joint Stock Company)  
**Notes to the Condensed Financial Statements**  
For the period from January 1,2007 to March 31, 2007  
(Saudi Riyals'000)

**12. ACCRUED EXPENSES**

	<u>31/3/2007</u>	<u>31/3/2006</u>
Telecommunication equipment suppliers	1 041 540	1 160 036
Other telecommunication operators	406 083	523 389
Leave salaries	17 018	8 398
Staff training accrual	6 627	3 211
Selling and marketing costs	139 456	47 472
Others	417 957	193 995
	<u>2 028 681</u>	<u>1 936 501</u>

**13. SERVICES REVENUE**

	<u>From 1/1/2007 to 31/3/2007</u>	<u>From 1/1/2006 to 31/3/2006</u>
Activation fees	11 178	9 360
Rental fees	81 580	36 726
Usage	1 429 548	837 186
Interconnect revenue	315 583	222 458
Visitor roaming	21 262	20 272
Others	17 564	537
	<u>1 876 715</u>	<u>1 126 539</u>

**14. COST OF PROVIDING SERVICES**

	<u>From 1/1/2007 to 31/3/2007</u>	<u>From 1/1/2006 to 31/3/2006</u>
Consumption of inventories	35 863	16 163
Interconnection expenses	424 624	216 961
National and international roaming cost	20 477	120 831
Transmission and international gateway cost	70 504	44 676
License fees	13 611	7 337
Government revenue share	204 166	73 888
Frequency charge and rental	9 547	789
Technical repair & maintenance cost	74 252	20 303
Sites rental	31 830	15 330
Others	4 553	4 794
	<u>889 427</u>	<u>521 072</u>

**15. SELLING AND MARKETING EXPENSES**

	<u>From 1/1/2007 to 31/3/2007</u>	<u>From 1/1/2006 to 31/3/2006</u>
Advertising and commissions	126 123	135 238
Others	4 254	6 067
	<u>130 377</u>	<u>141 305</u>



**Etihad Etisalat Company**  
**(Joint Stock Company)**  
**Notes to the Condensed Financial Statements**  
For the period from January 1,2007 to March 31, 2007  
(Saudi Riyals'000)

**16. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>From 1/1/2007</u> <u>to 31/3/2007</u>	<u>From 1/1/2006</u> <u>to 31/3/2006</u>
Staff expenses	115 006	60 460
Rental	9 580	6 782
Professional services	18 577	4 657
Travelling and accommodation	4 435	2 995
Management fees	9 375	9 375
Seconded staff costs	13 247	21 873
Remuneration and allowances to board members	154	63
Others	36 620	13 466
	<u>206 994</u>	<u>119 671</u>

**17. EARNING PER SHARE**

Earning per share is calculated by dividing the net income attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

**18. ZAKAT**

No Zakat has been provided in the accompanying financial statements for the period ended March 31, 2007 as the Zakat base is negative and the adjusted result for the period is still loss.

**19. CAPITAL COMMITMENTS**

Capital commitments represent the fixed assets contracts entered into and not yet executed at the balance sheet date which amounted to SR 2.077 billion as at March 31, 2007 (SR 2.375 billion as at March 31, 2006).

The Company entered in strategic partnership to build, deploy, and operate the latest fiber optics network on turn key project under the name Saudi National Fiber Network with 12,600 kilometer length around the Kingdom. The project ownership is shared between The Company and two other partners. The Company entered in the project with the aim of supporting and complementing its mobile network services by enabling it to provide other services of highly sophisticated technologies.

The total cost of the network is about one billion Saudi Riyals and The Company share is one third of this amount. The project is being constructed and deployed in phases composed of seven rings, rings one and two are expected to be ready for service by the end of April 2007 and the other five rings will be completed by December 2007. The estimated cost of the first two rings is 300 million Saudi Riyals of which The Company's share is 100 million Saudi Riyals.

**20. COMPARATIVE FIGURES**

Some of the comparative figures in the financial statements have been reclassified to be consistent with the classification of the financial statements as at March 31, 2007.