

**Mobile Telecommunications Company KSC and subsidiaries
Kuwait**

**Consolidated Financial Statements
31 December 2002
and
Auditors' Report**

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**Mobile Telecommunications Company KSC
Auditors' Report to the Shareholders**

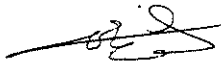
We have audited the accompanying consolidated balance sheet of Mobile Telecommunications Company KSC and subsidiaries (the Group) as at 31 December 2002, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mobile Telecommunications Company KSC and Subsidiaries as at 31 December 2002, and the consolidated results of its operations, changes in shareholders' equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards - IFRS (International Accounting Standards (IAS) and interpretations issued by International Financial Reporting Interpretations Committee (IFRIC)).

Furthermore, in our opinion, proper books of accounts have been kept by the Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements are in agreement therewith. We further report that we obtained all the information and explanations, that we required for the purpose of our audit and the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended and by the Company's Articles of Association; that an inventory was duly carried out and that to the best of our knowledge and belief, no violations of the Law of Commercial Companies of 1960 or of the Articles of Association have occurred during the year ended 31 December 2002 that might have had a material effect on the business of the Company or its consolidated financial position or results of its operations.


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Kuwait
03 February 2003

Mobile Telecommunications Company KSC and subsidiaries

Consolidated Balance Sheet as of 31 December 2002

	Note	2002	2001
		KD'000	
ASSETS			
Current assets			
Cash on hand and at banks		12,615	22,236
Short-term deposits with banks	3	59,477	44,245
Trade and other receivables	4	33,816	38,467
Inventories	5	2,174	1,672
Investments	6	29,240	10,419
Total current assets		<u>137,322</u>	<u>117,039</u>
Non-current assets			
Investments	6	103,210	103,939
Property and equipment	7	109,061	101,315
		<u>349,593</u>	<u>322,293</u>
LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTEREST			
Current liabilities			
Trade and other payables	8	<u>63,219</u>	<u>56,766</u>
Non-current liabilities			
Post employment benefits		2,208	1,699
Shareholders' equity:			
Share capital	9	49,330	49,330
Legal reserve	9	49,330	44,733
Voluntary reserve	9	44,733	44,733
Fair valuation reserve	6	10,640	2,731
Retained earnings		134,161	126,320
		<u>288,194</u>	<u>267,847</u>
Treasury shares	10	(4,028)	(4,028)
Total shareholders' equity		<u>284,166</u>	<u>263,819</u>
Minority interest		-	9
Total liabilities and shareholders' equity		<u>349,593</u>	<u>322,293</u>

These financial statements have been approved by the Board of Directors on 03 February 2003 and signed on their behalf by:

Dr.Saad Hamad Al Barrak
Director General

Ahmed Mohammed Al Nassar
Chairman and Managing Director

The accompanying notes are an integral part of these consolidated financial statements

Mobile Telecommunications Company KSC and subsidiaries

Consolidated Statement of Income – Year ended 31 December 2002

	Note	2002	2001
		KD'000	
Revenues	11	132,685	120,876
Direct costs		(52,147)	(47,574)
Gross profit		80,538	73,302
General and administrative expenses		(8,638)	(6,834)
Provision for doubtful debts		(1,806)	(2,759)
Operating profit		70,094	63,709
Interest income		2,085	2,531
Investment income		5,229	1,061
Foreign currency revaluation gains		1	939
Profit for the year before minority interest		77,409	68,240
Minority interest		-	14
Profit before board remuneration, contribution and taxes		77,409	68,254
Board of Directors' remuneration		(28)	(28)
Contribution to Kuwait Foundation for Advancement of Sciences		(765)	(1,350)
National Labour Support Tax	12	(1,574)	(1,270)
Profit for the year before extraordinary item		75,042	65,606
Extraordinary item		-	13,958
Net profit for the year		75,042	79,564
		Fils	Fils
Earnings per share	13	155	165

The accompanying notes are an integral part of these consolidated financial statements

Mobile Telecommunication Company KSC and subsidiaries

Consolidated Statement of Changes in Shareholders' Equity – 31 December 2002

	Share Capital		Legal Reserve		Voluntary Reserve		Cumulative Changes in Fair value		Retained Earnings		Treasury Shares		Total	
	KD		KD		KD		KD		KD		KD		KD	
At 31 December 2000	46,981		36,483		36,483		-		105,790		(4,028)		221,709	
Effect of adopting IAS 39	-		-		-		-		1,243		-		1,243	
Issue of bonus shares	2,349		-		-		-		(2,349)		-		-	
Cash dividends (2000 - 90%)	-		-		-		-		(41,428)		-		(41,428)	
Net profit for the year 2001	-		-		-		-		79,564		-		79,564	
Transfer to reserves	-		8,250		8,250		-		(16,500)		-		-	
Changes in fair value of available-for- sale investments	-		-		-		2,731		-		-		2,731	
At 31 December 2001	49,330		44,733		44,733		2,731		126,320		(4,028)		263,819	
Cash dividends (2001 - 130%)	-		-		-		-		(62,832)		-		(62,832)	
Net profit for the year 2002	-		-		-		-		75,042		-		75,042	
Transfer to reserves	-		4,597		4,597		-		(4,597)		-		-	
Realised (gains)/losses on available-for-sale investments	-		-		-		(144)		228		-		84	
Changes in fair value of available-for- sale investments	-		-		-		8,053		-		-		8,053	
At 31 December 2002	49,330		49,330		44,733		10,640		134,161		(4,028)		284,166	

The accompanying notes are an integral part of these consolidated financial statements.

Mobile Telecommunications Company KSC and subsidiaries

Consolidated statement of cash flows – year ended 31 December 2002

	2002	2001
		KD'000
Cash flows from operating activities		
Profit for the year before minority interest	77,409	68,240
<i>Adjustments:</i>		
Depreciation	13,289	10,268
Provision for doubtful debts	1,806	2,759
Provision for post employment benefits	823	615
Impairment loss	3,640	8,277
Interest income	(2,085)	(2,531)
Investment income	(5,229)	(1,061)
Operating profit before working capital changes	89,653	86,567
Decrease/(increase) in trade and other receivables	3,104	(11,245)
(Increase)/decrease in inventories	(502)	424
Increase in trade and other payables	6,306	10,604
Settlement of post employment benefits	(314)	(92)
Payment of Board of Directors' remuneration	(28)	(28)
Paid to Kuwait Foundation for the Advancement of Sciences	(1,635)	(1,412)
Cash flows before extraordinary items	96,584	84,818
Proceeds from U.N. Compensation Claim arising from Iraqi invasion	-	14,243
Net cash from operating activities	96,584	99,061
Cash flows from investing activities		
Decrease/(increase) in short-term deposits	39,199	(9,836)
Acquisition of investments	(18,942)	(26,190)
Proceeds from investments	13,599	15,587
Acquisition of property and equipment	(25,257)	(36,326)
Proceeds from sale of property and equipment	-	62
Interest received	1,826	2,531
Net cash from/(used) in investing activities	10,425	(54,172)
Cash flows from financing activities		
Dividends paid	(62,187)	(41,096)
Minority interest	(12)	(5)
Net cash used in financing activities	(62,199)	(41,101)
Net increase in cash and cash equivalents	44,810	3,788
Cash and cash equivalents at beginning of year	27,282	23,494
Cash and cash equivalents at end of year (Note 14)	72,092	27,282

The accompanying notes are an integral part of these consolidated financial statements

1. Incorporation and activities

The Mobile Telecommunications Company KSC (the parent) is a Kuwaiti shareholding company incorporated in 1983 in accordance with the Law of Commercial Companies. Its shares are traded on the Kuwait Stock Exchange.

The principal subsidiaries, incorporated in Kuwait are as follows:

Name of the subsidiary	Percentage of ownership
Communication & Information Consultancy Group Company K.S.C. (Closed)	100%
Etisalat Plus Company K.S.C. (Closed)	100%
E - Communication Company W.L.L.	100%

The parent and subsidiaries (the Group) provide telecommunications and paging systems services under a license from the Government of Kuwait. They are also engaged in sale of handsets and accessories and invest surplus funds in investment securities.

The registered office of the parent is at P.O. Box 22244, 13083 Safat, State of Kuwait.

2. Basis of preparation and Accounting Policies

2.1. Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards - IFRS (International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC)). These financial statements are prepared under the historical cost basis of measurement except for investments 'held for trading' and 'available for sale' which are stated at fair values.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the amounts reported in these financial statements.

Subsidiaries are those enterprises controlled by the parent. Control exists when the parent has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date that control effectively commences until the date that control effectively ceases. Equity and net income attributable to minority shareholders' interests are shown separately in the balance sheet and statement of income respectively. At the acquisition date, the minority interests are measured by the proportion of the pre-acquisition carrying amounts of the identifiable assets and liabilities of the subsidiaries.

Significant accounting policies (Contd.)

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The Group adopted IAS 39 Financial Instruments: Recognition and Measurement in 2001.

2.2. Cash and cash equivalents

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the statement of cash flows.

2.3. Inventories

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

2.4. Investments

Investments are initially recognized at cost on the settlement date. These are classified as 'held to maturity', 'held for trading' and 'available for sale'.

Held to maturity financial assets are those with fixed and determinable payments and fixed maturity, where the management has the positive intent and ability to hold them to maturity, but excludes financial assets originated by the Group. These are subsequently re-measured and carried at amortised cost using the effective yield method, less any provision for impairment. The impairment loss is recognised in statement of income.

Held for trading are those financial assets, which are acquired principally for the purpose of generating a profit from short term fluctuations in price and are subsequently measured and carried at fair value. Resultant unrealised gains and losses arising from changes in fair value are included in statement of income. This includes derivative financial instruments.

Available for sale financial assets are those which are not classified as above, and are principally those acquired to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or equity prices. These are subsequently measured and carried at fair value. Any resultant unrealised gains and losses arising from changes in fair value are taken to fair valuation reserve in equity. When the "available for sale" asset is disposed off or impaired, any prior fair value adjustments earlier reported in equity is transferred to statement of income.

Fair values of listed instruments are based on quoted closing bid prices or using the current market rate of interest for that instrument. Fair values for unlisted instruments are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity investments whose fair values cannot be reliably measured are carried at cost and adjusted for any impairment.

Significant accounting policies (Contd.)

2.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

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

	Years
Buildings and constructions	20
Machinery and equipment	5 – 10
Equipment for hire	3
Furniture	Year of purchase

Property and equipment are reviewed periodically for any impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to statement of income.

2.6 Provisions

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

2.7 Post employment benefits

The Group is liable under Kuwait's Labour Law to make payments under defined benefit plans to employees on completion of employment. This liability, which is unfunded, represents the amount payable to employees as a result of involuntary termination on the balance sheet date, and approximates the present value of the final obligation.

2.8 Treasury shares

Treasury shares consist of the parent's own shares that have been issued, subsequently acquired by the parent and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (gain on sale of treasury shares), which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, then reserves. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account.

No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Significant accounting policies (Contd.)

2.9 Accounting for leases

Where the Group is the lessee

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 lease. Payments made under operating leases are charged to statement of income on a straight line basis over the period of the lease.

2.10 Revenue

Airtime revenue is recognized based on actual usage. Revenue from prepaid call cards is deferred until such time as the customer uses the airtime. Subscription income is recognized on a time proportion basis. Other revenue from mobile communications primarily comprising of equipment and simcard starter pack sales are recognized upon delivery to customers. Interest income is recognized on a time proportion basis and dividend income is recognized when the right to receive payment is established.

2.11 Foreign currencies

The functional currency of the Group is the Kuwaiti Dinar. Foreign currency transactions are recorded at rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated to Kuwaiti Dinars at rates of exchange prevailing on that date. Resultant gains and losses are taken to statement of income.

2.12 Contingencies

Contingent assets or liabilities are not recognized in the financial statements. Contingent assets are disclosed when an inflow of economic benefits is probable and contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

3. Short-term deposits with banks

	<u>2002</u>	<u>2001</u>
		<u>KD'000</u>
Term deposits maturing within three months	59,477	5,046
Term deposits maturing within a period of more than three months and less than a year	-	39,199
	<u>59,477</u>	<u>44,245</u>

The effective interest rate on short-term deposits range between 1.50% and 3.38% per annum. (2001- 2.13% and 5.59%)

4. Trade and other receivables

	2002	2001
	KD'000	
Subscribers	38,985	40,612
Provision for doubtful debts	(13,539)	(11,799)
	<u>25,446</u>	<u>28,813</u>
Accrued income	420	462
Staff	430	4,086
Distributors	5,132	2,526
Ministry of Communication	600	600
Prepayments, advances and deposits	1,788	1,980
	<u>33,816</u>	<u>38,467</u>

5. Inventories

	2002	2001
	KD'000	
Goods for sale	6,646	6,219
Provision for obsolescence	(4,472)	(4,547)
	<u>2,174</u>	<u>1,672</u>

6. Investments

	2002	2001
	KD'000	
Current investments		
<i>Held for trading</i>		
Portfolio investments	11,990	10,419
Funds	17,250	-
	<u>29,240</u>	<u>10,419</u>
Non current investments		
<i>Available for sale</i>		
Portfolio investments	56,331	57,615
Listed equity	4,260	3,987
Funds	32,041	35,987
Unlisted equity	11,485	7,291
Impairment loss	(1,907)	(1,941)
	<u>102,210</u>	<u>102,939</u>
<i>Held to maturity</i>		
Bonds	1,000	1,000
	<u>103,210</u>	<u>103,939</u>

Mobile Telecommunications Company KSC and subsidiaries

Notes to the Financial Statements - 31 December 2002

Portfolio investments comprise of investments in listed and unlisted equity securities and bonds.

The effective interest rate of bonds held to maturity is 8.125% (2001 – 8.125%).

Available for sale investments include unlisted securities with original cost of KD 4,973,000 (2001 – KD 5,720,000) carried at cost less impairment losses since it was not possible to reliably measure its fair value.

During the year the Group recognized KD 8,053,000 (2001 – KD 2,731,000) in equity as net unrealized gain arising from fair valuation of 'available for sale' investments and transferred a loss of KD 84,000 (2001 – Nil) to statement of income arising from disposal.

7. Property and equipment

	Buildings and constructions	Machinery and equipment	Equipment for rental	Projects in progress	Total
	KD '000				
Cost					
As at 31 December 2001	11,727	157,207	530	4,187	173,651
Additions	24	3,871	-	21,362	25,257
Transfers/Adjustments	183	9,091	-	(10,703)	(1,429)
As at 31 December 2002	11,934	170,169	530	14,846	197,479
Depreciation					
As at 31 December 2001	4,058	67,749	529	-	72,336
Charge for the year	603	12,686	-	-	13,289
Impairment losses	-	3,640	-	-	3,640
Adjustments	(4)	(843)	-	-	(847)
As at 31 December 2002	4,657	83,232	529	-	88,418
Net Book Value					
As at 31 December 2002	7,277	86,937	1	14,846	109,061
As at 31 December 2001	7,669	89,458	1	4,187	101,315

Depreciation has been allocated as follows:

	2002	2001
	KD'000	
Direct costs	11,418	9,101
General and administrative expenses	1,871	1,167
	13,289	10,268

During the year the Group recognized KD 3,640,000 (2001 – KD 8,277,000) in statement of income as impairment loss of machinery and equipment.

8. Trade and other payables

	2002	2001
		KD'000
Trade payables	21,902	22,102
Subscriptions received in advance	8,007	7,807
Subscribers' deposits	3,441	3,842
Roaming partners	4,014	3,715
Accrued expenses	18,805	10,394
Directors' remuneration	28	28
Kuwait Foundation for the Advancement of Sciences	765	1,635
National Labour Support Tax	2,061	1,270
Dividend payable	2,813	2,208
Other payables	1,383	3,765
	<u>63,219</u>	<u>56,766</u>

9. Share capital and reserves*Share capital*

The authorised, issued and fully paid up share capital as of 31 December 2002 consists of 493,298,592 shares of 100 fils each (2001 – 493,298,592 shares of 100 fils each).

Legal reserve

During the year, appropriation to legal reserve has been made to the extent required to equal the share capital. This is subject to approval of shareholders as the Law of Commercial Companies and the Articles of Association permit them to discontinue transfers to legal reserve after it reaches 50% of share capital. This reserve can be utilised only for distribution of a maximum dividend of 5% in years when the retained earnings are inadequate for this purpose.

Voluntary reserve

During the year, as permitted by its Articles of Association, the parent discontinued appropriation to voluntary reserve. This is subject to approval of the shareholders. There is no restriction on distribution of this reserve.

Proposed dividend

The Board of Directors recommends distribution of a cash dividend of KD 67,665,229 being 140 fils per share (2001 - 130 fils per share), subject to the approval of the shareholders.

Mobile Telecommunications Company KSC and subsidiaries

Notes to the Financial Statements - 31 December 2002

10. Treasury shares

	<u>2002</u>	<u>2001</u>
Number of shares	9,975,530	9,975,530
Percentage of issued shares	2.02%	2.02%
Market value (KD '000)	20,151	17,357
Cost (KD '000)	4,028	4,028

These shares were acquired based on an authorization granted to the Board of Directors by the shareholders and in accordance with Ministerial Decrees No.10 of 1987 and No. 11 of 1988. Reserves equivalent to the cost of treasury shares held are not distributable.

11. Revenue

	<u>2002</u>	<u>2001</u>
	<u>KD'000</u>	
Airtime and subscription	121,081	115,939
Trading income	11,604	4,937
	<u>132,685</u>	<u>120,876</u>

12. National Labour Support Tax

This represents 2.5% of the net distributable profit payable to the Ministry of Finance under National Labour Support Law No. 26 of 2001.

13. Earnings per share

Basic earnings per share based on weighted average number of shares outstanding during the year is as follows:

	<u>2002</u>	<u>2001</u>
	<u>KD'000</u>	
Net profit for the year	75,042	79,564
	<u>Shares</u>	<u>Shares</u>
Number of shares issued and paid-up	493,298,592	493,298,592
Weighted average number of treasury shares	(9,975,530)	(9,975,530)
	<u>483,323,062</u>	<u>483,323,062</u>
	<u>Fils</u>	<u>Fils</u>
Earnings per share	155	165
Earnings per share excluding the extraordinary item	155	136

14. Cash and cash equivalents

	<u>2002</u>	<u>2001</u>
		<u>KD'000</u>
Cash on hand and at banks	12,615	22,236
Short-term deposits with banks	<u>59,477</u>	<u>5,046</u>
	<u>72,092</u>	<u>27,282</u>

15. Staff costs

At 31 December 2002, the Group employed ^{٩٧٦} 1,042 employees (2001 – 1,042). Staff costs for the year amounted to KD 12,177,000 (2001 - KD 10,949,000).

General and administrative expenses include KD 67,000 (2001 – KD 67,000) paid to the Board of Directors of Communications & Information Consultancy Company K.S.C. and KD 67,000 (2001 – Nil) paid to the Board of Directors of Etisalat Plus Company K.S.C.

16. Financial instruments and risk management and fair values

In the normal course of business, the Group uses primary financial instruments such as cash, deposits, investments, receivables and payables and as a result, is exposed to the risks indicated below.

Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest bearing financial assets and liabilities are repriced or mature are indicated in the related notes.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of fixed and short notice bank deposits, bonds and receivables. The Group's fixed and short notice bank deposits are placed with high credit rating financial institutions. Bonds held by the Group are issued by either high credit rating financial institutions or the Government of Kuwait. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

Market risk

Market risk arises due to movements in market prices of assets, interest rates and foreign currency rates. The Group manages market risk by setting limits on exposures on investments, currency and counterparty and transacting business in Kuwaiti Dinars and other major currencies with counterparties of repute.

An analysis of short-term deposits and investments by geographical location is as follows:

	2002 KD'000				2001 KD'000			
	Kuwait and Middle East	Europe	America	Total	Kuwait and Middle East	Europe	America	Total
Short-term deposits	59,477	-	-	59,477	44,245	-	-	44,245
Current investments	29,240	-	-	29,240	10,419	-	-	10,419
Non-current investments	63,643	4,846	34,721	103,210	62,436	27,195	14,308	103,939

Other risks

Other risks are mainly liquidity and cash flow risks. Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Group within the normal terms of trade. These risks are managed by placing cash with various financial institutions of high credit rating and by monitoring on a regular basis that sufficient funds are available to meet maturing obligations.

Fair value of financial instruments

At 31 December 2002, the fair values of financial instruments carried at amortised cost or at cost less impairment in the balance sheet are not significantly different from their carrying values.

17. Contingent assets - Compensation claim

The parent has submitted a claim amounting to KD 30,313,000 to the United Nations Compensation Commission (UNCC) for losses suffered as a result of the Iraqi invasion and occupation of Kuwait. A total amount of KD 15,734,000 was collected as of the balance sheet date out of the approved compensation claim as per a report issued by UNCC on 19 March 1999. The amounts collected are booked and recorded as extraordinary item when received.

The extra ordinary item is presented net of related Kuwait Foundation for Advancement of Sciences (KFAS) contribution as follows:

	2002	2001
	KD '000	
Received from United Nations Compensation Commission	-	14,243
Contribution to KFAS	-	(285)
	-	13,958

18. Commitments

The parent has decided to make a strategic investment in Jordan Mobile Telephone Services Company (Fastlink), a Jordanian registered limited liability company providing telecommunication services, by acquiring 91.596% of its issued shares. The transaction is valued at US\$ 423,900,000 (approximately KD 127,096,000) and the parent expects to complete the acquisition not later than February 2003.

Other commitments are as follows:

	<u>2002</u>	<u>2001</u>
	<u>KD '000</u>	
Capital expenditure	17,959	16,482
Uncalled share capital of investee companies	4,481	-
	<u>22,440</u>	<u>16,482</u>

19. Contingent liabilities

At the balance sheet date, the Group is contingently liable in respect of the following:

	<u>2002</u>	<u>2001</u>
	<u>KD'000</u>	
Letters of credit	2,702	1,385
Letters of guarantee	655	1,150
	<u>3,357</u>	<u>2,535</u>

20. Comparative figures

Certain of the prior year amounts have been reclassified to conform with current year presentation.