

**Mobile Telecommunications Company KSC and subsidiaries
Kuwait**

**Interim Condensed Consolidated Financial Statements (Unaudited)
31 March 2006**

C o n t e n t s

	Page
Review Report	1
Interim Condensed Consolidated Balance Sheet (Unaudited)	2
Interim Condensed Consolidated Statement of Income (Unaudited)	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)	6 - 11

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**Mobile Telecommunications Company K.S.C.
Kuwait**

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS


We have reviewed the accompanying interim condensed consolidated balance sheet of Mobile Telecommunications Company K.S.C. (the Parent Company) and its subsidiaries (together called "the Group") as of 31 March 2006 and the related interim condensed consolidated statements of income and cash flows for the three months period then ended. These interim condensed consolidated financial statements are the responsibility of the Parent Company's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard - 34. Furthermore, the interim condensed consolidated financial statements are in agreement with the Parent Company's books and to the best of our knowledge and belief, there were no contraventions during the period of either the Commercial Companies Law of 1960, as amended, or of the Articles of Association, which might have had a material effect on the business of the Group or on its consolidated financial position.



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Kuwait
1 May 2006

Mobile Telecommunications Company KSC and subsidiaries
Kuwait

Interim Condensed Consolidated Balance Sheet as at 31 March 2006 (Unaudited)

		Unaudited	Audited	Unaudited
		31 March	31 December	31 March
	Note	2006	2005	2005
		KD '000		
Assets				
Current assets				
Cash and bank balances		57,513	91,788	48,476
Short-term deposits		83,899	201,091	56,513
Trade and other receivables		103,201	80,021	49,942
Inventories		8,224	7,025	1,925
Investments – at fair value through profit or loss		17,586	14,566	11,930
		<u>270,423</u>	<u>394,491</u>	<u>168,786</u>
Non current assets				
Deferred tax assets		6,519	6,723	-
Investments – available-for-sale		135,931	147,111	129,561
Investment in associates		6,760	45,458	6,419
Property and equipment		578,728	426,884	212,208
Projects in progress		-	72,969	11,421
Intangible assets		1,300,033	942,752	80,970
Other financial assets		14,216	14,908	-
		<u>2,042,187</u>	<u>1,656,805</u>	<u>440,579</u>
Total Assets		<u>2,312,610</u>	<u>2,051,296</u>	<u>609,365</u>
Liabilities and Equity				
Current liabilities				
Trade and other payables	6	373,574	240,956	125,912
Due to banks		434,839	248,417	27,741
		<u>808,413</u>	<u>489,373</u>	<u>153,653</u>
Non current liabilities				
Due to banks		170,146	190,342	87,991
Deferred tax liabilities		7,454	5,879	-
Other non current liabilities		21,627	21,016	13,733
Due to minority interest holders		132,619	131,154	-
		<u>331,846</u>	<u>348,391</u>	<u>101,724</u>
Equity				
Attributable to the Parent Company's shareholders				
Share capital	7	126,182	109,723	55,422
Treasury shares	8	(15,576)	(15,576)	(4,028)
Share premium		624,465	624,465	-
Legal reserve		54,862	54,862	49,330
Voluntary reserve		54,862	54,862	44,733
Foreign currency translation reserve		3,391	2,352	(1,244)
Investment fair valuation reserve		43,160	55,540	34,266
Retained earnings		253,841	303,521	174,327
		<u>1,145,187</u>	<u>1,189,749</u>	<u>352,806</u>
Minority interest		27,164	23,783	1,182
Total equity		<u>1,172,351</u>	<u>1,213,532</u>	<u>353,988</u>
Total Liabilities and Equity		<u>2,312,610</u>	<u>2,051,296</u>	<u>609,365</u>

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

These financial statements have been approved for issue by the Board of Directors on 1 May 2006.

Asaad Ahmed Al-Banwan
Chairman



Dr. Saad Hamad Al-Barrak
Managing Director and Deputy Chairman

**Mobile Telecommunications Company KSC and subsidiaries
Kuwait**

Interim Condensed Consolidated Statement of Income – three months ended 31 March 2006 (Unaudited)

	Note	Three months ended 31 March	
		2006	2005
		KD'000	
Revenue		219,617	90,105
Cost of sales		(33,121)	(13,112)
Gross profit		186,496	76,993
Distribution, marketing & operating expenses		(58,842)	(23,539)
General and administrative expenses		(25,621)	(6,988)
Depreciation and amortization		(23,967)	(9,317)
Provision for doubtful debts		(975)	(776)
Operating profit		77,091	36,373
Interest income		2,832	1,442
Investment income	9	(309)	6,562
Share of profit of an associate	5	4,717	608
Loss on sale of shares in subsidiaries		(288)	-
Other income		275	750
Finance cost		(10,710)	(1,211)
(Loss)/gain in currency revaluation		(446)	1,309
Board of Directors' remuneration		(7)	(7)
Contribution to Kuwait Foundation for Advancement of Sciences		(596)	(422)
National Labour Support Tax		(726)	(802)
Profit for the period before income tax		71,833	44,602
Income tax expense		(10,796)	(3,585)
Profit for the period		61,037	41,017
Attributable to:			
Shareholders of the Parent Company		58,305	41,060
Minority interest		2,732	(43)
		61,037	41,017
Earnings per share-Fils	10	47	42

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

**Mobile Telecommunications Company KSC and subsidiaries
Kuwait**

Interim Condensed Consolidated Statement of Changes in Equity – three months ended 31 March 2006 (Unaudited)

	Equity attributable to the Parent Company's Shareholders							Minority interest	Total equity	
	Share capital	Share premium	Treasury shares	Legal reserve	Voluntary reserve	Foreign currency translation reserve	Investment fair valuation reserve			Retained earnings
									KD '000	
Balance at 1 January 2006	109,723	624,465	(15,576)	54,862	54,862	2,352	55,540	303,521	23,783	1,213,532
Net exchange differences	-	-	-	-	-	1,039	-	-	(127)	912
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	(12,380)	-	-	(12,380)
Net income / (expense) recognised directly in equity	-	-	-	-	-	1,039	(12,380)	-	(127)	(11,468)
Profit for the period	-	-	-	-	-	-	-	58,305	2,732	61,037
Total recognised income for the period	-	-	-	-	-	1,039	(12,380)	58,305	2,605	49,569
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Sale of shares to minority interest	-	-	-	-	-	-	-	-	1,234	1,234
Issue of bonus shares (2005)	16,459	-	-	-	-	-	-	(16,459)	-	-
Cash dividends (2005)	-	-	-	-	-	-	-	(91,526)	(458)	(91,984)
Balance at 31 March 2006	126,182	624,465	(15,576)	54,862	54,862	3,391	43,160	253,841	27,164	1,172,351
Balance at 1 January 2005	51,796	-	(4,028)	49,330	44,733	(702)	30,080	218,157	2,006	391,372
Net exchange differences	-	-	-	-	-	(542)	-	-	(18)	(560)
Realised gain on available-for-sale investments	-	-	-	-	-	-	(1,019)	(66)	-	(1,085)
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	5,205	-	-	5,205
Net income / (expense) recognised directly in equity	-	-	-	-	-	(542)	4,186	(66)	(18)	3,560
Profit for the period	-	-	-	-	-	-	-	41,060	(43)	41,017
Total recognised income for the period	-	-	-	-	-	(542)	4,186	40,994	(61)	44,577
Issue of bonus shares (2004)	3,626	-	-	-	-	-	-	(3,626)	-	-
Cash dividends (2004)	-	-	-	-	-	-	-	(81,198)	(763)	(81,961)
Balance at 31 March 2005	55,422	-	(4,028)	49,330	44,733	(1,244)	34,266	174,327	1,182	353,988

The General Assembly meeting held on 29 March 2006 approved distribution of cash dividends of 85 fils per share and bonus shares in the ratio of 15 shares for every 100 shares.

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

**Mobile Telecommunications Company KSC and subsidiaries
Kuwait**

**Interim Condensed Consolidated Statement of Cash Flows – three months ended 31 March 2006
(Unaudited)**

	Three months ended 31 March	
	2006	2005
	KD'000	
Cash flows from operating activities		
Profit for the period before income tax	71,833	44,602
Adjustments for:		
Depreciation and amortization	23,967	9,317
Interest income	(2,832)	(1,442)
Investment income	309	(6562)
Share of profit of an associate	(4,717)	(608)
Loss from sale of shares in subsidiaries	288	-
Profit on disposal of property and equipment	947	-
Finance cost	10,710	1,211
Loss/ (gain) from currency revaluation	446	(1,309)
Operating profit before working capital changes	100,951	45,209
(Increase)/ decrease in trade and other receivables	(8,234)	4,677
Decrease/ (increase) in inventories	240	(364)
Decrease in trade and other payables	(352)	(12,072)
Cash generated from operations	92,605	37,450
Board of Directors' remuneration paid	-	(28)
Paid to Kuwait Foundation for Advancement of Sciences	(1,851)	(1,239)
National Labour Support Tax paid	(2,877)	-
Income tax expense paid	(7,607)	(10,597)
<i>Net cash from operating activities</i>	<u>80,270</u>	<u>25,586</u>
Cash flows from investing activities		
Purchase of investments	(6,929)	(3,327)
Acquisition of subsidiaries (Note 16)	(311,960)	-
Proceeds from sale of investments	1,403	14,190
Acquisition of property and equipment (net)	(42,565)	(14,096)
Acquisition of intangible assets	(34,347)	(364)
Interest received	2,719	1,310
<i>Net cash used in investing activities</i>	<u>(391,679)</u>	<u>(2,287)</u>
Cash flows from financing activities		
Proceeds from bank borrowings	165,509	4,534
Dividends paid to Parent Company's shareholders	(68)	(72,033)
Dividend paid by Jordanian subsidiary to its minority shareholders	-	(763)
Finance cost	(5,447)	(957)
<i>Net cash from/ (used) in financing activities</i>	<u>159,994</u>	<u>(69,219)</u>
Net decrease in cash and cash equivalents	(151,415)	(45,920)
Effect of foreign currency translation	(52)	(449)
Cash and cash equivalents at beginning of period	292,879	151,342
Cash and cash equivalents at end of period (Note 12)	<u><u>141,412</u></u>	<u><u>104,973</u></u>

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

1. Incorporation and activities

Mobile Telecommunications Company KSC (the Parent Company) is a Kuwaiti shareholding company incorporated in 1983 in accordance with the Law of Commercial Companies of 1960. Its shares are traded on the Kuwait Stock Exchange. The registered office of the Parent Company is at P.O Box 22244, 13083 Safat, State of Kuwait.

The Parent Company and its subsidiaries (the Group) along with associates provide mobile telecommunication services in Kuwait and 18 other countries (31 December 2005 – Kuwait and 18 other countries; 31 March 2005 – Kuwait and 4 other countries) under licenses from the Governments of the countries in which they operate; purchase, deliver, install, manage and maintain mobile telephone and paging systems; and invest surplus funds in investment securities.

2. Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with IAS 34: Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2005.

These interim condensed consolidated financial statements do not contain all of the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2006. For further information, refer to the consolidated financial statements and notes thereto included in the Group's annual report for the year ended 31 December 2005.

3. Business combination

On 6 February 2006 the Group obtained control of Sudanese Mobile Telephone Company Limited, Sudan (Mobitel) by acquiring an additional 61% of its ordinary shares taking its effective ownership to 100% for a purchase consideration of US\$ 1,332,000,000 (approximately KD 389,477,000). Details of this transaction are disclosed in Note 16.

4. Subsidiaries and associates

The initial accounting of the Celtel International B.V., The Netherlands and Madacom S.A., Madagascar business acquisitions of 2005 and Mobitel, Sudan business acquisition of 2006 were made using the provisional values of the identifiable assets, liabilities and contingent liabilities. Provisional values on the date of acquisition were assigned due to the time and effort required to gather information on fair values in operations spread over 14 countries in Africa which will be determined within the first anniversary of the acquisition.

The telecom license of Atheer Telecom Limited, Iraq (Atheer) is valid until 30 June 2006 and may be renewed for a further period of three months. Atheer plans to bid for the new licence but at present there is no certainty regarding the outcome of the bid. Furthermore, Atheer's working capital is in deficit. The financial statements of Atheer has been included in these financial statements on a going concern basis as it expects to retain the licence due to its service capabilities and the commitment of its shareholders to providing financial support.

Notes to the Interim Condensed Consolidated Financial Statements - 31 March 2006 (Unaudited)

5. Investments in associates

This represents the Group's share of investments in associates accounted for using the equity method.

	<u>Unaudited</u> <u>31 March</u> <u>2006</u>	<u>Audited</u> <u>31 December</u> <u>2005</u>	<u>Unaudited</u> <u>31 March</u> <u>2005</u> <u>KD'000</u>
Balance as at 1 January	45,458	5,362	5,362
On acquisition of subsidiaries		35,062	
Capital contribution during the period	450	-	-
Share of profit for the year	4,717	25,300	608
Transferred to goodwill	(520)	(14,255)	-
Transferred from investments – available for sale	-	(9,726)	450
Foreign currency translation adjustment	(322)	3,715	(1)
Elimination – Mobitel, Sudan (Note 3)	(43,023)	-	-
Balance as at 31 March	<u>6,760</u>	<u>45,458</u>	<u>6,419</u>

6. Trade and other payables

This includes dividend of KD 95,746,000 (31 December 2005 – KD 4,288,000; 31 March 2005 – KD 13,994,000) payable to the shareholders of the Parent Company.

7. Share Capital

The authorised, issued and fully paid up share capital as of 31 March 2006 consists of 1,261,819,591 shares of 100 fils each after the bonus share issue during the period. (31 December 2005 – 1,097,234,427 shares of 100 fils each; 31 March 2005 - 554,220,967 shares of 100 fils each)

8. Treasury shares

These shares were acquired based on the 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. These shares are carried at cost. Reserves equivalent to the cost of treasury shares held are not distributable.

	<u>Unaudited</u> <u>31 March</u> <u>2006</u>	<u>Audited</u> <u>31 December</u> <u>2005</u>	<u>Unaudited</u> <u>31 March</u> <u>2005</u>
Number of shares	23,512,779	20,445,895	11,207,507
Percentage of issued shares	1.86%	1.86%	2.02%
Market value (KD '000)	75,711	71,969	43,485
Cost (KD '000)	15,576	15,576	4,028

9. Investment income

	<u>Three months ended</u> <u>31 March</u>	
	<u>2006</u>	<u>2005</u>
	<u>KD'000</u>	
(Loss)/gain from investments 'at fair value through profit or loss'	(2,166)	3,321
Realised gains from investments 'available-for-sale'	165	2,180
Dividend income	1,692	1,061
	<u>(309)</u>	<u>6,562</u>

Notes to the Interim Condensed Consolidated Financial Statements - 31 March 2006 (Unaudited)

10. Earnings per share

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

	Three months ended 31 March	
	2006	2005
	KD'000	
Net profit for the period attributable to shareholders	58,305	41,060
	Shares	Shares
Parent Company's issued and paid-up shares	1,261,819,591	995,440,698
Less : Weighted average number of treasury shares	(23,512,779)	(19,868,521)
	1,238,306,812	975,572,177
	Fils	Fils
Earnings per share	47	42

Earnings per share from operations reported for the three months ended 31 March 2005 was 76 Fils, before retroactive adjustment relating to bonus shares and rights issue.

11. Intangible assets

	Goodwill	Licence fees	Brands	Others	Total
	KD'000				
Cost					
As at 31 December 2005	924,790	30,422	17,544	2,411	975,167
Additions	-	34,306	-	41	34,347
Of subsidiary acquired	329,028	-	-	-	329,028
Transferred from investment in associate relating to Mobitel, Sudan	520	-	-	-	520
Disposals/adjustments	(4,271)	(2,930)	-	-	(7,201)
Exchange adjustments	(876)	266	-	(2)	(612)
As at 31 March 2006	1,249,191	62,064	17,544	2,450	1,331,249
Accumulated amortization					
As at 31 December 2005	17,953	13,021	-	1,441	32,415
Charge for the period	-	730	-	87	817
On disposals/adjustments	-	(2,230)	-	-	(2,230)
Exchange adjustment	91	124	-	(1)	214
As at 31 March 2006	18,044	11,645	-	1,527	31,216
Net book value					
As at 31 March 2006	1,231,147	50,419	17,544	923	1,300,033
As at 31 December 2005	906,837	17,401	17,544	970	942,752
As at 31 March 2005	79,517	856	-	597	80,970

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of acquired subsidiaries.

During the period, the main additions to goodwill arose from the acquisition of Mobitel, Sudan (refer Note 3).

Notes to the Interim Condensed Consolidated Financial Statements - 31 March 2006 (Unaudited)

12. Cash and bank balances

Cash and bank balances include the following cash and cash equivalents:

	<u>Unaudited</u> 31 March 2006	<u>Audited</u> 31 December 2005	<u>Unaudited</u> 31 March 2005 KD '000
Cash on hand and at banks	57,513	91,788	48,476
Short-term deposits maturing within three months	83,899	201,091	56,513
Bank overdraft	-	-	(16)
Cash and cash equivalents	<u>141,412</u>	<u>292,879</u>	<u>104,973</u>

13. Segmental information

The Parent Company and its subsidiaries operate in a single business segment, telecommunications and related services. Apart from its main operations in Kuwait, the Parent Company also operates through its foreign subsidiaries in Jordan, Bahrain, Lebanon, Sudan and Sub-Saharan Africa. This forms the basis of the geographical segments.

	<u>31 March 2006</u>						<u>Total</u>
	<u>Kuwait</u>	<u>Jordan</u>	<u>Bahrain</u>	<u>Lebanon</u>	<u>Sudan</u>	<u>Sub-Saharan Africa</u>	<u>KD '000</u>
Segment revenues	<u>55,317</u>	<u>32,723</u>	<u>6,900</u>	<u>3,956</u>	<u>29,212</u>	<u>91,509</u>	<u>219,617</u>
Net profit	<u>29,323</u>	<u>7,619</u>	<u>671</u>	<u>583</u>	<u>16,500</u>	<u>3,609</u>	<u>58,305</u>
Segment assets	1,583,868	155,868	36,023	4,841	163,500	1,966,903	3,911,003
Elimination adjustment							<u>(1,598,393)</u>
Consolidated assets							<u>2,312,610</u>
Segment liabilities	438,681	80,635	27,044	2,527	34,963	1,646,913	2,230,763
Elimination adjustment							<u>(1,090,504)</u>
Consolidated liabilities							<u>1,140,259</u>
Net assets							<u>1,172,351</u>
Capital expenditure incurred during the period	<u>6,757</u>	<u>37,581</u>	<u>218</u>	<u>25</u>	<u>1,600</u>	<u>359,760</u>	<u>405,941</u>
Depreciation and amortisation	<u>5,202</u>	<u>4,232</u>	<u>947</u>	<u>1</u>	<u>2,451</u>	<u>11,134</u>	<u>23,967</u>
	<u>31 March 2005</u>						
	<u>Kuwait</u>	<u>Jordan</u>	<u>Bahrain</u>	<u>Lebanon</u>	<u>Sudan</u>	<u>Sub-Saharan Africa</u>	<u>Total</u>
							<u>KD '000</u>
Segment revenues	<u>50,387</u>	<u>32,107</u>	<u>3,900</u>	<u>3,711</u>	<u>-</u>	<u>-</u>	<u>90,105</u>
Net profit	<u>32,146</u>	<u>9,013</u>	<u>(553)</u>	<u>454</u>	<u>-</u>	<u>-</u>	<u>41,060</u>
Segment assets	530,306	95,609	30,020	4,723	-	-	660,658
Elimination adjustment							<u>(51,293)</u>
Consolidated assets							<u>609,365</u>
Segment liabilities	177,499	48,309	31,184	2,840	-	-	259,832
Elimination adjustment							<u>(4,455)</u>
Consolidated liabilities							<u>255,377</u>
Net assets							<u>353,988</u>
Capital expenditure incurred during the period	<u>4,020</u>	<u>10,341</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,460</u>
Depreciation and amortisation	<u>4,691</u>	<u>3,754</u>	<u>872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,317</u>

Notes to the Interim Condensed Consolidated Financial Statements - 31 March 2006 (Unaudited)

14. Related party transactions

The Group has entered into transactions with related parties on terms approved by management.

Transactions with related parties are as follows:

	<u>Unaudited</u> <u>31 March</u> <u>2006</u>	<u>Unaudited</u> <u>31 March</u> <u>2005</u>
	<u>KD '000</u>	
Management fee (included in other income)	1,009	272

Balances outstanding with related parties are:

	<u>Unaudited</u> <u>31 March</u> <u>2006</u>	<u>Audited</u> <u>31 December</u> <u>2005</u>	<u>Unaudited</u> <u>31 March</u> <u>2005</u>
	<u>KD '000</u>		
Trade and other receivables	4,190	2,232	932
Trade and other payables	824	469	222

15. Commitments and contingencies

	<u>Unaudited</u> <u>31 March</u> <u>2006</u>	<u>Audited</u> <u>31 December</u> <u>2005</u>	<u>Unaudited</u> <u>31 March</u> <u>2005</u>
	<u>KD '000</u>		
Capital expenditure	77,118	72,008	18,770
Uncalled share capital of investee companies	2,057	2,057	7,032
Letters of credit	6,121	8,779	5,617
Letters of guarantee	273,644	274,429	5,708

The Jordan operating subsidiary - Jordan Mobile Telecommunications Services Company JSC, is a defendant in lawsuits and arbitration proceedings amounting to approximately KD 948,750 (31 December 2005 – KD 9,907,000; 31 March 2005 – KD 12,794,000). Legal proceedings have been initiated by and against some of the other subsidiaries in a number of jurisdictions. On the basis of information currently available, and having taken counsel with legal advisers, Group management is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated operations of the Group.

The Parent Company is contingently liable for a claim filed by the Ministry of Communication (MoC) seeking a fixed payment of KD 1 per month for each prepaid line. In April 2006, the Commercial Civil court issued a verdict in favor of MoC, but the Parent Company has filed an appeal against the verdict. The Parent Company believes that the verdict is currently unenforceable as it has not stipulated either the number of subscribers or the applicable period. The management has considered the above court verdict and has taken all steps necessary to ensure that it will not materially affect the financial statements.

Under several local license agreements, certain subsidiaries are committed to build local GSM networks reaching specified local coverage at agreed rates.

16. Business combination

The provisional values assigned to the identifiable assets and liabilities of Mobitel, Sudan as at the date of acquisition, which will be reviewed during the course of 2006, are shown below:

	<u>KD'000</u>
Cash and bank	8,868
Short term deposits	34,183
Trade and other receivables	4,183
Inventories	879
Property, plant and equipment	35,769
Trade and other payables	(15,858)
Post employment benefits	(262)
Provisional value of net assets	<u>67,762</u>
Purchase consideration settled in cash	382,535
Cash and cash equivalents in subsidiary acquired	(70,575)
Cash outflow on acquisition	<u>311,960</u>

Details of net assets acquired and goodwill are as follows:

	<u>KD'000</u>
Purchase Consideration	
- Cash paid	375,222
- Adjustment for cash dividend	14,255
- Direct cost relating to acquisition	7,313
Total purchase consideration	<u>396,790</u>
Less: Provisional value of net assets acquired	<u>(67,762)</u>
Goodwill arising on acquisition	329,028

The above goodwill is attributable to Mobitel's profitability and the significant synergies expected to arise from the acquisition.

From the date of acquisition Mobitel contributed revenues of KD 29,212,000 and net profit of KD 16,500,000 to the net results of the Group for the period 6 February 2006 to 31 March 2006. If the acquisition had taken place on 1 January 2006, the Group revenue and net profits would have been higher by KD 14,821,000 and KD 9,496,000 respectively.

17. Comparative figures

Certain comparative amounts have been reclassified to conform with current period presentation but with no effect on net profit or equity.