

Etihad Etisalat Company
(Joint Stock Company)
Interim Condensed Financial Statements
30 September 2006
With Review Report



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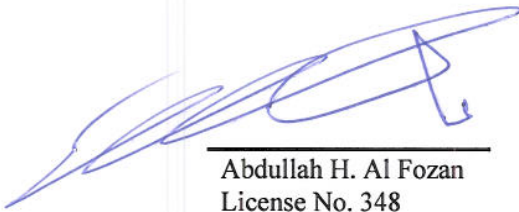
SPECIAL REVIEW REPORT

**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”) at 30 September 2006, and the related statements of income, changes in shareholders’ equity and cash flows for the period then ended, together with notes from (1) through (22) which form an integral part of these financial statements. These interim condensed financial statements are the responsibility of the Company’s management.

We conducted our review in accordance with the standard established by the Saudi Organisation for Certified Public Accountants (SOCPA) on review engagements. A 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 review, we are not aware of any material modifications that should be made to the accompanying interim condensed 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



Etihad Etisalat Company
(Joint Stock Company)
Balance Sheet
As of September 30, 2006
(Saudi Riyals' 000)

<u>Assets</u>	<u>Notes</u>	<u>30/9/2006</u>	<u>30/9/2005</u>
<u>Current assets</u>		<u>(Unaudited)</u>	<u>(Unaudited)</u>
Cash and cash equivalents	(3)	667 153	414 711
Accounts receivable (net)	(4)	1 171 695	119 604
Inventories		48 907	15 906
Other current assets	(5)	555 732	259 227
Total current assets		2 443 487	809 448
 <u>Non current assets</u>			
Property and equipment (net)	(6)	3 289 860	914 190
License acquisition fees (net)	(7)	11 928 526	12 460 442
Total non current assets		15 218 386	13 374 632
Total assets		17 661 873	14 184 080
 <u>Liabilities & shareholders' equity</u>			
<u>Current Liabilities</u>			
Short-term loans	(8)	7 721 892	7 506 088
Creditors	(9)	1 599 249	508 935
Due to related parties	(10)	237 469	124 366
Other current liabilities	(11)	343 721	157 218
Accrued expenses	(12)	1 949 993	286 250
Total current liabilities		11 852 324	8 582 857
 <u>Non current liabilities</u>			
Provision for employees' end of service benefits		6 460	1 413
Founding shareholders' loan	(13)	1 600 000	1 600 000
Total non current liabilities		1 606 460	1 601 413
Total liabilities		13 458 784	10 184 270
 <u>Shareholders' equity</u>			
Paid up capital	(1)	5 000 000	5 000 000
Accumulated losses	(19)	(796 911)	(1 000 190)
Total shareholders' equity		4 203 089	3 999 810
Total liabilities & shareholders' equity		17 661 873	14 184 080

Chief Financial Officer:


Thamer Mohammed Al Hosani

Chief Executive Officer-Member of the Board of Directors:


Khaled Omar Al Kaf

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements.

Ethihad Etisalat Company
(Joint Stock Company)

Income Statement

For the period from January 1, 2006 to September 30, 2006
(Saudi Riyals'000)

	<u>From 1/7/2006</u> <u>To 30/9/2006</u> <u>(Unaudited)</u>	<u>From 1/7/2005</u> <u>to 30/9/2005</u> <u>(Unaudited)</u>	<u>From 1/1/2006</u> <u>to 30/9/2006</u> <u>(Unaudited)</u>	<u>From 14/12/2004</u> <u>To 30/9/2005</u> <u>(Unaudited)</u>
Services revenue	(14) 1 705 375	566 410	4 281 978	624 868
Cost of providing services	(15) (748 611)	(306 414)	(1 915 578)	(361 335)
Gross margin	956 764	259 996	2 366 400	263 533
Operating expenses				
Selling and marketing expenses	(16) (170 346)	(64 009)	(486 546)	(115 654)
General and administrative expenses	(17) (199 728)	(97 768)	(467 782)	(380 623)
Depreciation and amortization	(6,7) (215 890)	(204 720)	(630 203)	(574 141)
Provisions	(28 344)	(745)	(71 532)	(1 413)
Total operating expenses	(614 308)	(367 242)	(1 656 063)	(1 071 831)
Operating income / (loss)	342 456	(107 246)	710 337	(808 298)
Financing costs	(133 287)	(61 147)	(350 236)	(220 398)
Other income	7 685	2 768	10 367	28 506
Net income / (loss) for the period	216 854	(165 625)	370 468	(1 000 190)
Earnings / (loss) per share	(18) 0.434	(0.331)	0.741	(2.000)

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements.

Etihad Etisalat Company
(Joint Stock Company)
Cash Flow Statement
For the period from January 1, 2006 to September 30, 2006
(Saudi Riyals '000)

<u>Cash flows from operating activities</u>	Notes	<u>From 1/1/2006 to 30/9/2006 (Unaudited)</u>	<u>From 14/12/2004 to 30/9/2005 (Unaudited)</u>
Net income (loss) for the period		370 468	(1 000 190)
<i>Adjustments to reconcile net income (loss) to net cash from operating activities</i>			
Amortization of license acquisition fee	(7)	385 100	503 308
Depreciation	(6)	245 103	70 833
Provision for employees' end of service benefits		3 810	1 413
Provision for doubtful debts		67 587	-
Changes in working capital:			
Accounts receivable		(1 072 461)	(119 604)
Inventories		(16 832)	(15 906)
Other current assets		227 034	(259 227)
Creditors		689 796	508 935
Due to related parties		44 218	124 366
Other current liabilities		125 672	157 218
Accrued expenses		(183 520)	286 250
Net cash generated from operating activities		885 975	257 396
<u>Cash flows from investing activities</u>			
Purchase of property and equipment	(6)	(777 757)	(985 023)
Payment for license fees	(7)	-	(12 963 750)
Net cash used in investing activities		(777 757)	(13 948 773)
<u>Cash flows from financing activities</u>			
Share capital, net		-	5 000 000
Short-term loan		373 763	7 506 088
Founding shareholders' loans		-	1 600 000
Net cash provided by financing activities		373 763	14 106 088
Net cash flows during the period		481 981	414 711
Cash and cash equivalent at the beginning of the period		185 172	-
Cash and cash equivalents at the end of the period	(3)	667 153	414 711

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements.

Ethihad Etisalat Company
(Joint Stock Company)

Statement of Changes in Shareholders' Equity

For the period from January 1, 2006 to September 30, 2006
(Saudi Riyals'000)

	<u>Notes</u>	<u>Capital</u> <u>(Unaudited)</u>	<u>Accumulated</u> <u>losses</u> <u>(restated)</u> <u>(Unaudited)</u>	<u>Total</u> <u>(Unaudited)</u>
Balance as of 14/12/2004		5 000 000	—	5 000 000
Net loss for the financial period ended December 31, 2005		—	(1 039 915)	(1 039 915)
Balance as of 31/12/2005 as previously reported		5 000 000	(1 039 915)	3 960 085
Prior year adjustment for the financial period ended December 31, 2005	(19)	—	(127 464)	(127 464)
Balance as of 31/12/2005 as restated		5 000 000	(1 167 379)	3 832 621
Net income for the financial period ended September 30, 2006		—	370 468	370 468
Balance as of 30/9/2006		5 000 000	(796 911)	4 203 089

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements.

Etihad Etisalat Company
(Joint Stock Company)
Notes to the Interim Condensed Financial Statements
For the period from January 1, 2006 to September 30, 2006
(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, is 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, which is based on GSM and 3G technologies. 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, 8th 2006 where by the share was split to 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.

c) 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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d) Accounts receivable, net

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

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	10 – 15 %
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.

Starting July 1, 2006 the Company has changed the estimated useful life for Leasehold improvements from 5 to 10 years, Computer, office equipment and furniture from 4 to 5 years and Vehicles from 3 to 5 years.

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.

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Notes to the Interim Condensed Financial Statements
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h) License acquisition fees

License acquisition fees are amortised over 25 years. 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. Starting January 1st, 2006 the Company has changed the estimate for the useful life of the license to be 25 years instead of 20 years as per SOCPA resolution.

i) 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.

j) 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.

k) 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.

l) Revenue Recognition

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

m) 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.

n) Financial Instruments

Financial assets and liabilities are recognised 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.

Etihad Etisalat Company
 (Joint Stock Company)
Notes to the Interim Condensed Financial Statements
 For the period from January 1, 2006 to September 30, 2006
 (Saudi Riyals'000)

3. CASH AND CASH EQUIVALENTS

	<u>30/9/2006</u>	<u>30/9/2005</u>
Cash in hand	10 579	270
Cash at banks	656 574	414 441
	<u>667 153</u>	<u>414 711</u>

4. ACCOUNTS RECEIVABLE, NET

	<u>30/9/2006</u>	<u>30/9/2005</u>
Subscribers	230 872	121 112
Allowance for doubtful accounts	(117 587)	(1 820)
	<u>113 285</u>	<u>119 292</u>
Other telecom operators	930 904	—
Distributors	127 506	312
	<u>1 171 695</u>	<u>119 604</u>

5. OTHER CURRENT ASSETS

	<u>30/9/2006</u>	<u>30/9/2005</u>
Prepaid expenses	142 592	83 532
Suppliers advances	142 841	67 428
Deferred expenses	8 444	5 955
Accrued revenue	251 201	92 762
Staff advances	2 467	1 404
Others	8 187	8 146
	<u>555 732</u>	<u>259 227</u>

Ethihad Etisalat Company
(Joint Stock Company)

Notes To The Financial Statements

For the period from January 1, 2006 to September 30, 2006
(Saudi Riyals'000)

6. PROPERTY AND EQUIPMENT (NET)

<u>Cost</u>	Land and Buildings	Telecommunication equipment	Computer equipment & software	Office equipment & Furniture	Vehicles	Leasehold Improvements	Capital work in progress	Total
Cost as at 1/1/2006	3 182	2 007 413	22 828	28 011	220	17 549	751 532	2 830 735
Additions for the period	17 234	311 888	273 602	77 154	280	122 210	(24 612)	777 756
Total cost as at 30/9/2006	20 416	2 319 301	296 430	105 165	500	139 759	726 920	3 608 491
<u>Accumulated depreciation</u>								
Accumulated depreciation as at 1/1/2005	—	68 625	2 290	1 951	55	607	—	73 528
Depreciation for the period	526	167 471	37 376	18 533	267	20 930	—	245 103
Accumulated depreciation as at 30/9/2005	526	236 096	39 666	20 484	322	21 537	—	318 631
Net book value as at 30/9/2006	19 890	2 083 205	256 764	84 681	178	118 222	726 920	3 289 860

Starting July 1, 2006 the Company has changed the estimated useful life for Leasehold improvements from 5 to 10 years, Computer, office equipment and furniture from 4 to 5 years and Vehicles from 3 to 5 years.

The effect of these changes on the current quarter is a lower depreciation expense of SAR 12 million and a higher net income of the same amount.

Etihad Etisalat Company
(Joint Stock Company)
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7. LICENSE ACQUISITION FEES (NET)

	GSM license fees	3G license fees	Other Licenses	Total license fees
Cost as at 1/1/2006	12 210 000	753 750	15 489	12 979 239
Additions for the period	—	—	—	—
Cost as at 30/9/2006	12 210 000	753 750	15 489	12 979 239
Less:				
Accumulated amortization as at 1/1/2006	627 458	37 897	258	665 613
Amortization for the period	361 956	22 370	774	385 100
Accumulated amortization as of 30/9/2006	989 414	60 267	1 032	1 050 713
Balance as of 30/9/2006	11 220 586	693 483	14 457	11 928 526

The amortization of the license fees (GSM and 3G) is calculated based on the unamortized cost as of January 2006 using the remaining useful life starting from acquisition date. The useful life of the license has been changed starting January 1, 2006 to 25 years instead of 20 years (as per SOCPA resolution). The effect of this change for the 9 months period is increase in net income by SAR 101.8 million and increase in the value of unamortized license by the same amount.

8. SHORT TERM LOANS

The Company has entered into a financing arrangement with a group of local and international banks (the "Syndicate"). According to the agreement, Islamic bridge financing facility equivalent to SR 8.8 billion have been granted in US Dollars and Saudi Riyals in two tranches. Tranch A, amounting to SR 5.99 billion which is secured against guarantees from the founding shareholders, has been fully used by the Company for the part payment of license fee referred in note 7. SR 0.54 billion from Tranch B has also been used by the Company for the part payment of the license acquisition fees as mentioned above. The balance of Tranch B amounting to SR 0.78 billion has also been used to purchase the required material and equipment. The final maturity of this facility was in April 2006.

The Company has settled the above mentioned loan on April 13, 2006 by raising two bridge. Syndicated Murabaha agreements amounting 7.125 billion Saudi Riyals. The new Murabaha will mature on March 29, 2007. Murabaha costs for the two agreements will be around 430 million Saudi Riyals. Furthermore, accrued Murabaha of SAR 209 million is also included under short term loan. The Tranch A is guaranteed by shareholders.

Whilst the formal repayment date for the above facility is the March 29, 2007 the Company is in the process of arranging financing to provide long term funding and settle this short term obligation.

Etihad Etisalat Company
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This funding may include issuing of additional share capital and/or long term loans. In view of the fact that the current facility is guaranteed by founding shareholders and the progress made so far in arranging long term funding the directors do not anticipate any difficulty in meeting the company's funding requirement over the next 12 month.

The Company has also obtained a loan from founding shareholders of SR 400 million to partially refinance the license acquisition fee referred in note 7. This loan will be repaid from proceeds of future capital increase.

9. CREDITORS

	<u>30/9/2006</u>	<u>30/9/2005</u>
Trade payables	883 645	88 926
Capital expenditure payables	715 604	420 009
	<u>1 599 249</u>	<u>508 935</u>

10. RELATED PARTY TRANSACTIONS

<u>Name</u>	<u>Nature of transactions</u>	<u>Transactions during the period ended</u>	
		<u>30/9/2006</u>	<u>30/9/2005</u>
Emirates Telecommunication Corporation	-Management fees	28 125	42 440
Emirates Data Clearing House	-Reimbursable costs of seconded staff	77 063	110 151
	Roaming services	8 738	—

The outstanding balances as at September 30, 2006 are as follows: -

	<u>Balance as at</u>	
<u>Name</u>	<u>30/9/2006</u>	<u>30/9/2005</u>
Emirates Telecommunication Corporation	235 180	124 352
Emirates Data Clearing House	2 222	—
Riyadh Cables	67	14
	<u>237 469</u>	<u>124 366</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.

Etihad Etisalat Company
 (Joint Stock Company)
Notes to the Interim Condensed Financial Statements
 For the period from January 1, 2006 to September 30, 2006
 (Saudi Riyals'000)

11. OTHER CURRENT LIABILITIES

	<u>30/9/2006</u>	<u>30/9/2005</u>
Deferred revenue	334 180	49 940
Others	9 541	107 278
	<u>343 721</u>	<u>157 218</u>

12. ACCRUED EXPENSES

	<u>30/9/2006</u>	<u>30/9/2005</u>
Telecommunication equipment suppliers	931 445	—
Other telecommunication operators	601 660	200 226
CITC fees	130 993	26 007
Leave salaries	12 493	3 183
Staff training accrual	5 469	—
Selling and marketing costs	78 005	19 211
Others	189 928	37 623
	<u>1 949 993</u>	<u>286 250</u>

13. FOUNDING SHAREHOLDER'S LOAN

The founding shareholders contributed SR 1.6 billion, as a non interest bearing loan for future capital requirements, which has been used for part payment of the license acquisition fee referred to in note 7.

Etiihad Etisalat Company
(Joint Stock Company)

Notes to the Interim Condensed Financial Statements
For the period from January 1, 2006 to September 30, 2006
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14. SERVICE REVENUE

	<u>From 1/7/2006</u> <u>to 30/9/2006</u>	<u>From 1/7/2005</u> <u>to 30/9/2005</u>	<u>From 1/1/2006</u> <u>to 30/9/2006</u>	<u>From 14/12/2004</u> <u>to 30/9/2005</u>
Activation fees	3 333	2 862	16 645	4 009
Rental fees	50 339	19 829	134 880	21 670
Usage	1 292 439	451 824	3 224 327	507 294
Interconnect revenue	334 140	83 328	843 339	83 328
Visitor roaming	20 461	8 567	56 549	8 567
Others	4 663	—	6 238	—
	1 705 375	566 410	4 281 978	624 868

15. COST OF PROVIDING SERVICES

	<u>From 1/7/2006</u> <u>to 30/9/2006</u>	<u>From 1/7/2005</u> <u>to 30/9/2005</u>	<u>From 1/1/2006</u> <u>to 30/9/2006</u>	<u>From 14/12/2004</u> <u>to 30/9/2005</u>
Consumption of inventories	18 895	19 259	55 333	27 149
Interconnection expenses	371 980	119 177	848 330	119 177
National and international roaming cost	83 668	88 308	340 461	88 308
CITC fees	137 321	24 082	340 379	30 215
Transmission and international gateway cost	58 878	44 774	159 324	70 828
Technical repair & maintenance cost	44 665	751	83 950	751
Rental GSM	28 180	10 063	75 831	24 907
Others	5 024	—	11 970	—
	748 611	306 414	1 915 578	361 335

Ethihad Etisalat Company
(Joint Stock Company)

Notes to the Interim Condensed Financial Statements
For the period from January 1, 2006 to September 30, 2006
(Saudi Riyals'000)

16. SELLING AND MARKETING EXPENSES

	<u>From 1/7/2006</u> <u>to 30/9/2006</u>	<u>From 1/7/2005</u> <u>to 30/9/2005</u>	<u>From 1/1/2006</u> <u>to 30/9/2006</u>	<u>From 14/12/2004</u> <u>to 30/9/2005</u>
Advertising	61 155	27 108	189 060	75 611
Commissions	105 068	33 955	282 660	33 955
Others	4 123	2 946	14 826	6 088
	170 346	64 009	486 546	115 654

17. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>From 1/7/2006</u> <u>to 30/9/2006</u>	<u>From 1/7/2005</u> <u>to 30/9/2005</u>	<u>From 1/1/2006</u> <u>to 30/9/2006</u>	<u>From 14/12/2004</u> <u>to 30/9/2005</u>
Staff expenses	105 531	35 986	239 303	69 565
Rental	7 633	7 544	21 877	15 884
Professional services	9 643	10 517	23 020	98 443
Travelling and accommodation	3 324	2 900	10 570	11 342
Management fees	9 375	9 375	28 125	42 440
Reimbursable costs to seconded staff	39 318	20 727	77 063	110 150
Remuneration and allowances to board members	137	—	1 860	—
Others	24 767	10 719	65 964	32 799
	199 728	97 768	467 782	380 623

Etihad Etisalat Company
(Joint Stock Company)
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18. EARNING / (LOSS) PER SHARE

Earning / (Loss) per share are calculated by dividing the net income / (loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

19. PRIOR YEAR ADJUSTMENTS

Suppliers' invoices of SAR 108.87 million relating to prior year, and overstated revenue recorded in prior year of SAR 18.59 million have been recorded as a prior year adjustment in these financial statements

20. COMMITMENT AND CONTINGENCIES

	<u>30/9/2006</u>	<u>30/9/2005</u>
Capital expenditure commitments	<u>2 464 968</u>	<u>2 971 085</u>

21. 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 September 30, 2006.

As the Company started commercial operation in May 25, 2005 it did not have a significant balances relating to certain assets and liabilities as at September 30, 2006. Accordingly, the comparative with 2006 show large variations.

22. ZAKAT.

No Zakat has been provided in the accompanying financial statements as the Zakat base is in negative and the company has brought forward losses which result in no Zakat obligations as at September 30, 2006.