

SUDAN TELECOMMUNICATIONS CO. LTD .  
SUDATEL  
CONSOLIDATED BALANCE SHEET AS AT 31 DEC.2006

	<u>Notes</u>	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
		\$	\$
Fixed Assets	4	471,794,740	825,731,694
Intangible Assets	5	301,504,691	67,706,846
Projects Under Construction	6	59,798,614	103,839,382
Investments	7	346,721,525	330,678,489
License Cost & Deffered Expenses	8	104,496.613	25.393
Goodwill		1,896,859	12,551,081
		<u>1,286,213,042</u>	<u>1,340,532,885</u>
<u>CURRENT ASSETS: -</u>			
Inventories	9	48,930,086	27,848,945
Goods In Transit	10	33,045,846	34,183,132
Accounts Receivable	11	124,543,732	129,872,525
Other Debit & Prepayments	12	140,764,252	61,480,595
Cash and short term Investments	13	683,454,891	274,126,811
<i>Total Current Assets</i>		<u>1,030,738,807</u>	<u>527,512,008</u>
<u>Current Liabilities :-</u>			
Accounts Payable	14	26,185,809	62,801,366
Creditors & Other Credit Balances	15	13,105,754	9,530,890
Provision, Accruals & Others	16	78,128,762	38,667,602
Dividend Proposed & Payables		305,104,290	165,139,689
Short Term Loans	17	120,966,912	68,269,594
<i>Total Current Liabilities</i>		<u>543,491,527</u>	<u>344,409,141</u>
<i>Working Capital</i>		<u>487,247,280</u>	<u>183,102,867</u>
<i>Net Assets</i>		<u>1,773,460,322</u>	<u>1,523,635,752</u>

The attached notes from 1-26 form an integral part of these financial statements.

SUDAN TELECOMMUNICATIONS CO. LTD .  
SUDATEL  
CONSOLIDATED BALANCE SHEET AS AT 31 DEC.2006

	<u>Notes</u>	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
		<u>\$</u>	<u>\$</u>
Share Capital		744,929,500	744,929,500
Share Premium		292,601,044	292,601,044
General Reserve		180,993,042	104,752,866
Revaluation Reserve		-	115,000,000
Exchange Rate Reserve		71,622,320	-
Retained Earnings		375,785,678	1,244,040
		<b><u>1,665,931,584</u></b>	<b><u>1,258,527,450</u></b>
Long Term Loans	18	102,619,224	128,589,991
Provision For After Service Benefit		2,908,457	2,895,723
Minority Interest		2,001,057	133,622,588
		<b><u>1.773.460.322</u></b>	<b><u>1.523.460.057</u></b>

**Dr.AHMED MAGZOUB AHMED**  
**CHAIRMAN OF THE BOARD OF DIRECTORS**

**KAMAL HAMZA ALHASSAN**  
**MEMBER OF THE BOARD OF DIRECTORS**

The attached notes from 1-26 form an integral part of these financial statements.

SUDAN TELECOMMUNICATIONS CO. LTD .  
SUDATEL  
CONSOLIDATED PROFIT & LOSS A/C FOR THE  
Year ENDED 31 DEC.,2006

	<u>Notes</u>	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
		\$	\$
<i>Operating Income</i>	19	259,426,530	654,440,168
<i>Operating Expenses</i>	20	133,848,375	199,302,187
<i>Gross Profit</i>		125,578,155	455,137,981
<i>Other Income</i>	21	1,122,335,615	49,543,342
		1,247,913,770	504,681,323
<i>General &amp; Administrative Exp.</i>	22	77,871,985	100,621,561
<i>Consolidated Profit Before Exceptional Expenses</i>		1,170,041,785	404,059,762
<u>Exceptional Expenses :</u>			
<i>Bad Debts</i>	23	70,812,570	-
<i>Impairment of Fixed assets</i>	24	252,152,249	-
<i>Consolidated Profit Before Zakat &amp; Tax</i>		847,076,966	404,059,762
<i>Provision for Zakat</i>		37,767,281	9,433,714
<i>Provision for Tax</i>		294,852	252,616
<i>Consolidated Profit After Zakat &amp; Tax</i>		809,014,833	394,373,432
<i>Minorities Interest</i>	25	548	115,427,385
<i>Stamp Duty Of Mobitel Profit</i>		-	1,854,345
<i>Net Profit</i>		809,014,285	277,091,702

The attached notes from 1-26 form an integral part of these financial statements.

SUDAN TELECOMMUNICATIONS CO. LTD .  
SUDATEL  
CASH FLOW STATEMENT FOR THE YEAR  
ENDED 31 DEC. 2006

	<u>31 DEC. 2006</u>	<u>31 DEC. 2005</u>
	\$	\$
<b><u>OPERATING ACTIVITIES :-</u></b>		
<i>Net Profit for the Year</i>	809,014,285	277,091,702
<b><u>ITEMS NOT INVOLVING MOVEMENT IN CASH</u></b>		
Depreciation	75,955,071	105,609,659
Impairment of Fixed Assets	252,152,249	-
Establishment & Deffered Expenses	10,650	16,860
Amortization	19,020,671	2,778,737
Provision for Doubtful Debts	5,011,939	6,316,416
Provision for Declining in Value of Investments	166,278	1,000,016
Provision for After Service Benefits	2,863,374	1,765,092
Provision for Zakat	37,767,281	9,433,714
Provision for Taxation	294,852	252,616
Profits from Investments	<b>(1,120,190,303)</b>	<b>(32,737,992)</b>
	<b><u>82,066,347</u></b>	<b><u>371,526,820</u></b>
Increase (Decrease) in Trade Debtors	316,855	<b>(32,303,500)</b>
Increase (Decrease) in Other Debtors	<b>(99,227,513)</b>	<b>(32,534,264)</b>
Increase (Decrease) in Creditors & Other Credit Balanc	557,122,448	181,860,891
	<u>458,211,790</u>	<u>117,023,127</u>
<i>Net Cash Flow Provided (Used) by Operating Activities</i>	<b><u>540,278,137</u></b>	<b><u>488,549,947</u></b>
<i>Profits from Investments</i>	<b><u>1,120,028,855</u></b>	<b><u>32,737,992</u></b>
<b>Tax &amp; Zakat Paid</b>	<b><u>(69,244,692)</u></b>	<b><u>(1,194,544)</u></b>

**The attached notes from 1-26 form an integral part of these financial statements.**

SUDAN TELECOMMUNICATIONS CO. LTD .  
SUDATEL  
CASH FLOW STATEMENT FOR THE YEAR  
ENDED 31 DEC.,2006

	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES : -</u>	<u>\$</u>	<u>\$</u>
Purchases of Fixed Assets	(135,281,332)	(224,663,877)
Sale of Fixed Assets	161,110,966	-
Investment	(16,047,866)	(321,350,934)
Projects Under Construction	44,040,768	(30,272,371)
Acquisition Of Intangible Assets	(357,300,386)	(35,490,006)
Goodwill	10,654,222	2,621,261
<i>Net Cash Flow Provided (Used) in Investing Activities</i>	<u>(292,823,628)</u>	<u>(609,155,927)</u>
Dividends Paid	(326,857,505)	(125,898,579)
<u>CASH FLOW FROM FINANCING ACTIVITIES : -</u>		
Increase in Share Capital	-	282,769,828
Share Premium	-	240,000,000
Long Term Loans	(25,970,767)	46,155,884
Dividends- Proposed	(429,258,299)	(272,955,111)
Exchange Rate Reserve	71,622,322	-
General Reserve	76,240,176	27,956,193
Revaluation Reserve	(115,000,000)	-
Provision for After Service Benefits	(2,850,640)	-
Minority Interest	(131,621,531)	119,122,227
Prior Year Adjustment	(5,214,348)	(4,039,865)
<i>Net Cash Flow Provided (Used) in Financing Activities</i>	<u>(562,053,087)</u>	<u>439,009,156</u>
<i>Increase (Decrease) in Cash</i>	<b>409,328,080</b>	<b>224,048,045</b>
<i>Total Cash at The Beginning of the Year</i>	<b>274,126,811</b>	<b>50,078,766</b>
<i>Total Cash at The End of the Year</i>	<u><b>683,454,891</b></u>	<u><b>274,126,811</b></u>

The attached notes from 1-26 form an integral part of these financial statements.

SUDAN TELECOMMUNICATIONS CO. LTD .  
SUDATEL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DEC 2006

1- BACK GROUND AND ACTIVITIES :-

*Sudan Telecommunications Company Ltd. (Sudatel)* is a public holding Company registered in Sudan, under the registration number C/7484, in March 1993& commenced operations on 31st September 1993. main activity is the provision and of operation telecommunications and related services.

2- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Standards and the requirements of the Sudanese Companies Law 1925 (as amended).

*The significant accounting policies adopted are as follows :-*

A- BASIS OF PREPARATION :-

The financial statements have been prepared under the historical cost convention. The consolidated financial statements include the Assets & Liabilities and the result of operation of (Sudatel & its Subsidiaries) ; after adjusting the minority interest. All inter Company balances are eliminated.

B- FOREIGN CURRENCIES :-

Financial transactions in local currency are recorded in *Sudanese Dinar and translated to us dollars*, while those in foreign currency are recorded in their respective currencies.

These financial statements are prepared in *U. S. Dollars*

C- REVENUE & EXPENSES :-

Revenue & expenses are recognized on accrual basis.

**The attached notes from 1-26 form an integral part of these financial statements.**

**D- Non Current Assets :-**

Items of fixed assets ( property, plant & equipments) and intangible assets are stated at historical cost. The construction costs of fixed Assets include the cost of materials and other expenses.

**DEPRECIATION AND AMORTIZATION**

Freehold land is not depreciated. The cost of Fixed assets and intangible assets are depreciated and amortized as follows :-

**1-FIXED ASSETS :-**

	<u><b>Rate</b></u>	<u><b>Years</b></u>
<i>Buildings</i>	2,5%	40
<i>Net work and cables</i>	4%	25
<i>Communication Equipments</i>	10%	10
<i>Earth Station</i>	10%	10
<i>Motor Vehicles</i>	20%	5
<i>Others</i>	10%	10

**2-INTANGIBLE ASSETS :-**

<i>Sudani Establishment Exp</i>	20%	5
<i>Brand</i>	5%	20
<i>RE-Organization Cost</i>	20%	5
<i>Software</i>	20%	5
<i>License</i>	5.56%	18
<i>Sudani subsidies</i>	20%	5
<i>Staf Scheme</i>	20%	5

Additions to during the year are depreciated or amortized at 50% of the relevant rate irrespective of the date of purchase.

**The attached notes from 1-26 form an integral part of these financial statements.**

#### E- INVESTMENTS :-

Investments are carried at cost ( less any provision for redaction in value other than temporary). Investment income is recognized in the profit and loss account when it arises.

Sudatel Investments in the subsidiaries as at 31st March, 2007 as follows:-

<u>Subsidiary .</u>	<u>Date of Incorp.</u>	<u>Activity</u>	<u>Ownership</u> <u>Percentage</u> <u>%</u>
Sudanet	1997	Internet	100
Datanet	1999	Data Cloud	99
Chinguitel	2006	Telecommunication	60
Sudasat	2006	Telecommunication	51

#### F - INVENTORIES :-

Inventories are stated at the lower of cost and net realisable value after providing for any obsolete, redundant or slow moving items. Cost is determined on a weighted average basis.

#### G - ACCOUNTS RECEIVABLE

Provision is made against accounts receivable ( local Accounts) as soon as they are considered bad. The international traffic accounts are settled quarterly and no provision is provided . The general provision percentage has been restated to be 10% starting 2006 ( 17.5% in 2005).

#### H- FOREIGN CURRENCIES :-

Financial transactions are translated into U. S. Dollars at the rate of exchange prevailing at the end of the month in which the transaction has occurred. Current assets and liabilities at the Balance Sheet date are translated at the rates of exchange ruling at that date. The exchange difference are transfred to the Reserve account.

#### I- DIVIDENDS :-

Dividends are recognized as a liability in the period in which they are declared.

**The attached notes from 1-26 form an integral part of these financial statements.**

SUDAN TELECOMMUNICATIONS CO. LTD. (SUDATEL)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
For the Year ENDED 31 DEC.,2006

	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
	\$	\$
<b><u>6- PROJECTS UNDER CONSTRUCTION:-</u></b>		
OutSide Plant	8,117,076	22,333,945
Transimission and Optical Fiber	1,244,643	114,364
New Digital Switches and IN	4,289,683	21,995,382
Space Telecom Station	-	1,177,019
Rural Network.	-	1,509,505
Computer Nework & Internet	1,378,687	414,510
NGN Project	13,476,791	-
Electronic Cabines	56,512	80,094
Public Phone	-	5,786
InterConnection Billing System	-	310,576
V. Sat	121,581	866,651
Cooling & Power System	212,319	74,217
Wireless Network (wll)	27,865,482	12,748,285
Others	3,035,840	42,209,048
<b><i>Total</i></b>	<b>59,798,614</b>	<b>103,839,382</b>
<b><u>7- INVESTMENTS :-</u></b>		
<i>Represent share holding in the following Companies :-</i>		
Arab Sub Marine Cables Co.	9,815,000	9,210,000
Thuraya Satellite Telecom Co.	1,000,000	1,000,000
Rascom	1,194,120	1,194,120
Electronic Banking Services	930,563	471,563
<b><i>Total</i></b>	<b>12,939,683</b>	<b>11,875,683</b>
<b><i>Less:</i></b> Decline In Value of Investment	<b>(1,004,846)</b>	<b>(1,000,016)</b>
<b><i>Net Investments</i></b>	<b>11,934,837</b>	<b>10,875,667</b>
<b>Sudatel Investment Portfolio</b>	<b>334,786,688</b>	<b>319,802,822</b>
<b><i>Total Investment</i></b>	<b>346,721,525</b>	<b>330,678,489</b>
<b><u>8- DEFERRED EXPENSES :-</u></b>		
<i>This represent establishment expensese of Chinguitel</i>	<b>104,496,613</b>	25.393
<i>it will be debited to intangible Fixed Assets after operation</i>	<b>104,496,613</b>	25.393

es from 1-26 form an integral part of these financial statements.



AN TELECOMMUNICATIONS CO. LTD. (SUDATEL)  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
For the Year ENDED 31 DEC.,2006

	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
	\$	\$
<b>9- INVENTORIES :-</b>		
Transmission, cables & Power	17,268,914	19,776,168
Building and Maintenance Materials	685,673	690,169
Stationery	350,753	272,747
Spare Parts	63,583	3,930,867
Sudani Handset & Accessories	27,376,526	-
Fuel	35,366	12,422
Computer & Accessories	2,837,405	2,087,683
Cards	-	700,641
Others	311,866	378,248
<b>Total</b>	<b>48,930,086</b>	<b>27,848,945</b>
<b>10- GOODS IN TRANSIT :-</b>		
Cables and accessories	5,961,311	6,305,940
Transmission & Power	851,885	4,111,825
Sudani Handset & Accessories	26,232,650	23,765,367
<b>Total</b>	<b>33,045,846</b>	<b>34,183,132</b>
<b>11- ACCOUNTS RECEIVABLE :-</b>		
Customer Accounts	50,119,393	124,057,179
Other Operaters & International Traffic	79,072,490	30,949,070
Others	841,400	590,839
<b>Total</b>	<b>130,033,283</b>	<b>155,597,088</b>
<b>Less: Provision for Doubtful Debts</b>	<b>(5,489,551)</b>	<b>(25,724,563)</b>
<b>Net Accuonts Receivable</b>	<b>124,543,732</b>	<b>129,872,525</b>

es from 1-26 form an integral part of these financial statements.

AN TELECOMMUNICATIONS CO. LTD. (SUDATEL)  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
For the Year ENDED 31 DEC.,2006

	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
	\$	\$
<b><u>12- OTHER DEBIT BALANCES &amp; PREPAYMENTS :-</u></b>		
Letters of Credit Margin	11,949,883	15,346,728
Director of Taxation & Customs	800,859	-
National Telecommunication Corporation	6,706,323	-
Advance Against Guarantee	4,576,120	2,644,943
Staff Loans	5,258,988	1,804,266
Guarantees	320,845	865,616
Advance to Suppliers	5,210,751	4,773,000
Prepaid Expenses	2,030,048	5,901,790
Prepaid Rent	1,158,934	1,111,522
Accrued Income	87,676,318	28,247,874
Others	15,075,183	784,856
<b>Total</b>	<b><u>140,764,252</u></b>	<b><u>61,480,595</u></b>
<b><u>13- BANK BALANCES &amp; CASH :-</u></b>		
Cash In Hand & At Banks	133,112,420	46,652,762
Deposits	550,342,471	227,474,049
<b>Total</b>	<b><u>683,454,891</u></b>	<b><u>274,126,811</u></b>
<b><u>14- ACCOUNTS PAYABLES :-</u></b>		
Murabaha & Musharaka	15,931,478	985,736
Prepaid Income	4,604,870	4,446,798
International Traffic ( Circuits)	3,414,681	2,820,790
British Telecommunications	-	3,468,000
Due to Suppliers	194,032	14,529,935
Others	2,040,748	8,978,215
Deffered Income	-	27,571,892
<b>Total</b>	<b><u>26,185,809</u></b>	<b><u>62,801,366</u></b>
<b><u>15- CREDITORS &amp; OTHER CREDIT BALANCES :-</u></b>		
Retentions on Project In Progress	139,168	132,715
National Telecommunication Corporation	-	442,120
Social Contributions ( Bonus)	3,124,633	1,122,870
Sudan Government	-	668,582
Others	9,841,953	7,164,603
<b>Total</b>	<b><u>13,105,754</u></b>	<b><u>9,530,890</u></b>

es from 1-26 form an integral part of these financial statements.

AN TELECOMMUNICATIONS CO. LTD. (SUDATEL)  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
For the Year ENDED 31 DEC.,2006

	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
	\$	\$
<b><u>16- ACCRUALS, PROVISION &amp; OTHERS :-</u></b>		
Directors Remunerations	675,000	351,152
Staff Bonus	20,184,537	7,281,550
After Service Benefits	-	16,935
Audit Fees	99,503	41,775
Social Contributions ( Public)	4,000,000	2,933,381
Projects	4,039,575	4,746,790
Provision for Zakat & Tax	44,259,185	12,781,775
Other Provisions	-	4,688,270
Accrued Expenses	4,859,558	5,825,584
Others	11,404	390
<b>Total</b>	<b><u>78,128,762</u></b>	<b><u>38,667,602</u></b>
<b><u>17 SHORT TERM LOANS :-</u></b>		
Siemens	11,478,234	12,189,056
M. S. HES	-	26,512
Ghadag General Trading Co. Ltd.	1,000,000	3,205,381
Alcatel	2,708,893	2,857,930
Mitsubishi	29,000	29,000
Golden Telcom	8,210,638	10,826,919
I. C. D. JEDDAH	2,748,743	2,630,313
Granger	261,783	261,783
Z. T. E	13,483,280	6,045,162
United Trade & Services Limited	36,848,776	14,723,336
Emirates National Investment	4,235,815	7,070,633
Opec Fund	2,104,853	2,104,852
Net Test	41,787	38,125
Intelconsult Co.	-	58,679
Nokia	6,350,000	-
Taif	5,982,907	-
MTS	678,084	-
Mag	23,725	-
Huawei	20,260,746	5,795,693
Giza System	74,156	406,220
Comptel	531,518	-
Falcon	30,737	-
Haitham & IBC	20,132	-
Hicom	3,863,105	-
<b>Total</b>	<b><u>120,966,912</u></b>	<b><u>68,269,594</u></b>

es from 1-26 form an integral part of these financial statements.



AN TELECOMMUNICATIONS CO. LTD .(SUDATEL)  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
For the Year ENDED 31 DEC.,2006

	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
	<u>\$</u>	<u>\$</u>
<b><u>18- LONG TERM LOANS :-</u></b>		
Siemens	7,060,677	13,060,728
Alcatel	148,915	2,534,619
Ghadag General Trading Co. Ltd.	-	1,000,000
I. C. D. JEDDAH	-	2,471,550
Golden Telecom	1,454,865	4,588,900
Arab Investment Co.	-	44,125,094
Emirates National Investment	-	4,010,401
Opec Fund	3,683,492	5,788,344
Z TE	37,391,226	19,712,300
Huawei	52,880,049	31,298,055
<b>Total</b>	<b><u>102,619,224</u></b>	<b><u>128,589,991</u></b>
<b><u>19- OPERATING REVENUES</u></b>		
Telephones & Other Services	256,017,522	651,722,091
Other Operating Income	3,409,008	2,718,077
<b>Total</b>	<b><u>259,426,530</u></b>	<b><u>654,440,168</u></b>
<b><u>20- OPERATING EXPENSES :-</u></b>		
Salaries & Wages	19,746,960	22,570,543
Operation & Maintenance	7,300,004	15,717,919
Energy Expenses	8,290,192	5,616,746
Insurance	653,148	1,731,529
International Traffic Expenses	4,978,253	7,817,882
Annual Licence Fees	2,272,218	8,880,016
Frequency Spectrum Fees	2,561,590	1,019,240
Leased Lines	24,295	26,583,704
Rental & Electricity	-	3,104,433
SIM & Scratch Cards	-	5,786,022
Training & Seminars	-	140,926
Internet Band Wider Rates	267,933	217,984
Rent	383,339	-
Others	200,260	1,329,993
Dealers' Commission	11,706,135	-
UIM and scratch cards (Sudani)	5,586,460	-
Depreciation	69,877,588	98,785,250
<b>Total</b>	<b><u>133,848,375</u></b>	<b><u>199,302,187</u></b>

es from 1-26 form an integral part of these financial statements.

AN TELECOMMUNICATIONS CO. LTD. (SUDATEL)

THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
For the Year ENDED 31 DEC.,2006

	<u>31 DEC.2006</u>	<u>31 DEC.2005</u>
	\$	\$
<b><u>21- OTHER INCOME :-</u></b>		
Dividends	1,073,853	572,868
Securities and Deposits Income	103,216,903	31,837,198
Income from disposal of subsidiary	1,015,397,655	-
Discount Received	458,950	325,929
Exchange Rate (realised)	1,336	16,336,215
Gain On Sale Of Fixed Assets	1,846,475	-
Investment Income (Others)	340,443	471,132
<b>Total</b>	<b><u>1,122,335,615</u></b>	<b><u>49,543,342</u></b>
<b><u>22- GENERAL &amp; ADMINISTRATIVE EXPENSES :-</u></b>		
Salaries & Wages	2,811,545	10,142,139
Transportation	354,281	125,893
Repairs & Maintenance	1,052,835	2,231,330
Fuel	271,553	649,557
Medical Expenses	1,582,406	1,083,795
Dealers' Commission	-	4,172,961
Incentives	-	107,197
Entertainment	421,741	358,522
Training	215,684	1,048,336
Gratuities	2,863,374	617,241
Printing & Stationery	375,826	420,704
Rent	846,008	960,313
Administrative Expenses	1,344,646	2,578,474
Communication Expenses	2,205,693	2,546,848
Electricity & Water	253,819	1,456,592
Stamp	761,160	1,278,522
Postage	97,716	89,489
Advertisement	7,095,475	16,906,597
Newspapers & Refrences	17,014	25,862
Cleaning Materials	591,312	491,704
Bank Charges	1,650,954	2,384,362
Miscellaneous Expenses	2,455,642	5,079,924
Donations	706,326	1,521,772
Social & Cultural Programs	818,444	670,505
Bonus	8,488,901	5,100,240
<b>Balance B/C</b>	<b><u>37,282,355</u></b>	<b><u>62,048,879</u></b>

es from 1-26 form an integral part of these financial statements.

SUDAN TELECOMMUNICATIONS CO. LTD .

SUDATEL

THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE

For the Year ENDED 31 DEC., 2006

	<u>31 DEC. 2006</u>	<u>31 DEC. 2005</u>
	<u>\$</u>	<u>\$</u>
<i>Balance B/F</i>	<b>37,282,355</b>	<b>62,048,879</b>
Social Contribution	4,000,000	2,000,000
Social Insurance	1,815,901	1,420,803
Uniform	511,107	1,236,724
Provision for Doubtfull Debts	5,011,939	5,590,715
Provision for Declining In Value of Investment	166,278	117,563
Audit Fees	131,742	35,281
Directors' Remuneration	619,900	402,736
Fines	-	1,975
Travelling Expenses	2,862	344,642
Legal Expenses	-	882,410
Depreciation	6,077,483	7,460,245
Bad Debts	-	13,823,245
Amortization Expenses	19,020,671	2,778,737
Amotization of establishment & deferred Exp	10,650	16,861
Licences Expenses	-	1,635,390
Mileage allowance	437,604	-
Investment Fund Expenses	2,783,493	825,355
<i>Total</i>	<b><u>77,871,985</u></b>	<b><u>100,621,561</u></b>

es from 1-26 form an integral part of these financial statements.

AN TELECOMMUNICATIONS CO. LTD .(SUDATEL)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE

For the Year ENDED 31 DEC.,2006

23- Bad Debts :-

Due to the strong growth in demand for the mobile telephones fuelled by the strong competition between the three mobile operators in addition to the provision of a wireless telephone service by a new operator,

Led to a decline in the demand for the fixed landlines and an willingness by old customers to pay the amounts owed by them to Sudatel, the company has formed a committee to study this issue and a recommendation was made to the board this has resulted in the following action

	<b>US\$</b>
Total debit Written off	90,238,708
Amount written against the Provision	<u>(19,426,138)</u>
Balance to be written against P&L	<u><u>70,812,570</u></u>

24- Impirement of Fixed Assets:

Following up from the above note Sudatel has started a huge investment project in the mobile telephone technology towards the end of 2006, as well as an investment in FWT to follow the new trend and to replace the old fixed landline technology. As a result of that Sudatel has carried out an impairment exercise for all its fixed assets to determine their fair value in light of all the factors mentioned above the result is as following

	<b>US\$</b>
The fair value as at 31-12-2006	84,050,750
The net book value as at 31-12-2006	<u>(336,202,999)</u>
Impirement Loss	<u><u>(252.152.249)</u></u>

**The attached notes from 1-26 form an integral part of these financial statements.**

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
Year ENDED AS 31 DEC., 2006

25- Minoritie's interest

The 2005 figure represented the minority's interest in (Mobitel) which was disposed of in 2006

26- Capital Expenditure Committemants

The future capital committemant at the balance sheet date stood at more than \$ 40 Millions.

**The attached notes from 1-26 form an integral part of these financial statements.**

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**TORS**













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