

DECISION

TRA case reference no. 04/07 – Kalaam Telecom Bahrain B.S.C. (c)
(Change of ownership)

TRA Merger and Acquisition Case Reference No. 04/07 – Kalaam Telecom Bahrian B.S.C. (c) (change in ownership)

A Decision issued by the Telecommunications
Regulatory Authority under the
Telecommunications Mergers and Acquisitions
Regulation, Regulation 3 of 2004

10 May 2007

Decision

Article 3.2(b) NON-OPPOSITION



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I. Background

- 1.1 On April 11 2007, the Telecommunications Regulatory Authority (“**TRA**”) received a notification of a proposed transaction pursuant to Article 2 of the Telecommunications Mergers and Acquisitions Regulation¹ (the “**Regulation**”).
- 1.2 Under the proposed transaction as notified to TRA, Kalaam Telecom Holding B.S.C. (c) (“**the Parent Company**”), the parent company of Kalaam Telecom Bahrain B.S.C. (c) licensed by the TRA (“**the Licensee**”), will increase its issued and paid up share capital, issue shares to two new shareholders and increase the shareholding of its existing shareholders.
- 1.3 The existing shareholders of the Parent Company are Kalaam Limited Company W.L.L (“**Kalaam Limited**”), registered in the Kingdom of Bahrain under the Commercial Registry (“CR”) Number 56141, and Suhayl Abdul Mohsin Al Shoaibi & Sons Holding Company Limited (“**Al Shoaibi & Sons**”), registered under the laws of the Kingdom of Saudi Arabia under corporate registration number 2051028984. Kalaam Limited holds 50.005% of the share capital of the Parent Company, while Al Shoaibi & Sons holds the remaining 49.995%. The new shareholders in the Parent Company are ABQ Investments Limited (“**ABQ**”), established and existing under the laws of the Cayman Islands under corporate registration number CF – 74438, and Ali Zaid Al Qureishi & Bros. Co (“**AZAQ**”) established and existing under the laws of the Kingdom of Saudi Arabia under corporate registration number 2050002622, (“**the Investors**”).
- 1.4 The Parent Company holds 99.99% of the current share capital in the Licensee. The remaining 0.001% of the current share capital is held by Kalaam Limited Company.
- 1.5 The Transaction will be effected through increasing the parent company’s share capital from Two Million United States Dollars (USD 2,000,000) to Three Million Six Hundred Fifty Six Thousand Two Hundred Fifty One Unites States Dollars (USD 3,656,251). Each of the Investors will subscribe to One Million Four Hundred Twenty Six Thousand Five Hundred Sixty Three (1,426,563) of the new shares. The current shareholders shall also each subscribe to One Hundred Fourteen Thousand Eight Hundred Forty Four (114,844) of the newly issued shares.
- 1.6 After the share subscription, the share ownership of the Parent Company will be as follows:

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Shareholder	Shares	Percentage of Share Capital
Kalaam Limited	1,114,844 shares	30.50695%
Al Shoaibi & Sons	1,114,844 shares	30.49695%
ABQ	713,282 shares	19.49805%
AZAQ	713,281 shares	19.49805%

II. The Parties

2.1 The parties to the Transaction are involved in the following activities:

- Kalaam Telecom Holding B.S.C. (c): *Investment*;
- Kalaam Telecom Bahrain B.S.C. (c): *Telecommunications services provider*;
- ABQ: *private equity investment in financial services*;
- AZAQ: *trading and investment*;

2.2 The parties to the Transaction hold the following telecommunications licenses:

- Kalaam Telecom Holding B.S.C.(c) : *None*;
- Kalaam Telecom Bahrain (c): *Internet Services Provider License, Individual National Fixed Services License, International Telecommunications Services License, Value Added Services Class License*;
- ABQ: *None*;
- AZAQ : *None*.

III. Bahrain Telecommunications Industry

3.1 The Transaction involves a market affecting the telecommunications industry in the Kingdom of Bahrain.

IV. The Transaction

4.1 TRA considers that, as a result of the Transaction, there will be a change, on a lasting basis, of the quality of control in the Parent Company.

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Therefore, TRA considers that the Transaction is a Qualifying Transaction for the purposes of Article 1.2 of the Regulation.

4.2 In reaching this conclusion TRA has considered, *inter alia*:

- 4.2.1 that as a result of the Transaction, Kalaam Limited and Al Shoaibi & Sons shareholdings will be diluted from 50.005% and 49.995%, respectively, to 30.50695% and 30.49698%. ABQ and AZAQ will jointly acquire 39.9961% of the shares in the Parent Company, which owns 99.99% of the Licensee. As such, TRA considers that ABQ and AZAQ will acquire an indirect interest in the Licensee; and
- 4.2.2 the rights of the parties to the proposed agreement for the sale of shares in Parent Company, and subsequent rights in the Parent Company and Licensee.

V. Competitive Assessment

- 5.1 On the basis of the information made available by the parties to TRA and without having received any comments from interested third parties, TRA has concluded that the Transaction does not raise serious doubts as to its compatibility with the Regulation.
- 5.2 In reaching this conclusion TRA has considered, *inter alia*, that representatives of ABQ and AZAQ have confirmed to TRA that ABQ and AZAQ do not have any interests in other licensed telecommunications operators in the Kingdom of Bahrain.

VI. Conclusion

- 6.1 TRA has determined pursuant to Article 3.2(b) of the Regulation that the Transaction does not raise serious doubts as to compatibility with the Regulation.
- 6.2 This decision shall be published in accordance with the provisions of the Regulation, and a copy of the same shall be served on the parties and the Ministry of Industry and Commerce.

For the Telecommunications Regulatory Authority

Alan Horne

General Director

10 May 2007