

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

**Interim Consolidated Financial Information (Unaudited)
31 March 2010**

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

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Consolidated Financial Information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Mobile Telecommunications Company K.S.C. (the Parent Company) and its subsidiaries (together called "the Group") as at 31 March 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

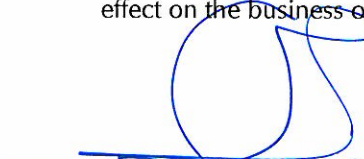
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

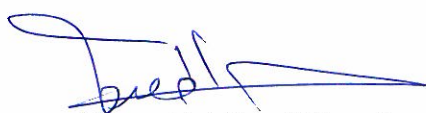
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies' Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the three month period ended 31 March 2010 that might have had a material effect on the business of the Group or on its financial position.



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Condensed Consolidated Statement of Financial Position as at 31 March 2010 (Unaudited)

	Note	Unaudited 31 March 2010	Audited 31 December 2009	Unaudited 31 March 2009
KD '000				
Assets				
Current assets				
Cash and bank balances	3	165,854	267,175	391,172
Trade and other receivables		289,973	405,434	344,924
Inventories		14,925	32,554	31,956
Investments – at fair value through profit or loss		8,533	7,464	8,572
		479,285	712,627	776,624
Assets of disposal group classified as held for sale	4	2,545,175	-	-
		3,024,460	712,627	776,624
Non current assets				
Deferred tax assets		-	134,049	95,700
Investments – available-for-sale		99,470	98,492	88,303
Investment in associates		153,678	165,771	212,714
Interest in a jointly controlled entity		42,751	44,063	49,051
Loans to an associate		142,707	141,996	83,963
Property and equipment		807,973	2,151,768	2,094,402
Intangible assets		1,420,999	2,245,453	2,336,128
Other financial assets		-	2,539	2,437
		2,667,578	4,984,131	4,962,698
Total Assets		5,692,038	5,696,758	5,739,322
Liabilities and Equity				
Current liabilities				
Trade and other payables	5	383,695	939,944	1,172,855
Due to banks		352,745	536,472	276,239
		736,440	1,476,416	1,449,094
Liabilities of disposal group classified as held for sale	4	1,044,948	-	-
		1,781,388	1,476,416	1,449,094
Non current liabilities				
Due to banks		1,202,916	1,615,994	1,782,954
Deferred tax liabilities		-	38,704	30,683
Other non current liabilities		193,386	87,166	162,851
		1,396,302	1,741,864	1,976,488
Equity				
Attributable to the Parent Company's shareholders				
Share capital	6	429,246	428,285	427,518
Share premium		1,697,785	1,691,105	1,690,772
Treasury shares	8	(567,834)	(567,834)	(567,834)
Legal reserve		147,989	147,989	127,788
Voluntary reserve		63,091	63,091	63,091
Foreign currency translation reserve		(51,099)	(21,174)	(37,962)
Treasury shares reserve		1,967	1,967	1,967
Equity issue transaction cost of associate		(1,824)	(1,814)	(1,841)
Investment fair valuation reserve		2,524	(7,719)	(13,624)
Share based compensation reserve		19,123	18,361	21,580
Hedge reserve		(45,809)	(49,298)	(65,372)
Retained earnings		645,185	593,643	485,607
		2,340,344	2,296,602	2,131,690
Non- controlling interests		174,004	181,876	182,050
Total equity		2,514,348	2,478,478	2,313,740
Total Liabilities and Equity		5,692,038	5,696,758	5,739,322

The accompanying notes are an integral part of this interim consolidated financial information.

This interim consolidated financial information was approved and authorized for issue by the Board of Directors on 13 May 2010.


Asaad Ahmed Al Banwan
Chairman


Nabeel Bin Salamah
Chief Executive Officer

Condensed Consolidated Statement of Income – three months ended 31 March 2010 (Unaudited)

	Note	Three months ended 31 March	
		2010	2009 (Restated)
		KD'000	
Continuing operations			
Revenue		329,674	300,121
Cost of sales		(85,166)	(79,444)
Gross profit		<u>244,508</u>	<u>220,677</u>
Distribution, marketing & operating expenses		(65,773)	(41,853)
General and administrative expenses		(38,422)	(21,178)
Depreciation and amortization		(39,749)	(37,095)
Provision for doubtful debts		(1,121)	(749)
Operating profit		<u>99,443</u>	<u>119,802</u>
Interest income		3,670	2,124
Income/ (loss) from investment securities	9	425	(5,650)
Share of loss of associates		(12,939)	(17,115)
Share of loss of jointly controlled entity		(1,312)	-
Other income		2,970	6,189
Finance cost		(23,591)	(21,321)
Gain on currency revaluation		9,254	5,521
Board of Directors' remuneration		(8)	(8)
Contribution to Kuwait Foundation for Advancement of Sciences		(533)	(787)
National Labour Support Tax and Zakat		(1,177)	(2,140)
Profit for the period before income tax		<u>76,202</u>	<u>86,615</u>
Income tax expense		(9,151)	(7,091)
Profit for the period from continuing operations		<u>67,051</u>	<u>79,524</u>
Discontinued operations			
Loss for the period from discontinued operations	4	(12,622)	(4,976)
Profit for the period		<u>54,429</u>	<u>74,548</u>
Attributable to:			
Shareholders of the Parent Company		51,542	75,727
Non-controlling interests		2,887	(1,179)
		<u>54,429</u>	<u>74,548</u>
Earnings/ (loss) per share from continuing and discontinued operations	10		
Basic – Fils			
From continuing operations		15	19
From discontinued operations		(2)	1
		<u>13</u>	<u>20</u>
Diluted – Fils			
From continuing operations		15	18
From discontinued operations		(2)	1
		<u>13</u>	<u>19</u>

The accompanying notes are an integral part of this interim consolidated financial information.

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

**Condensed Consolidated Statement of Comprehensive Income – three months ended 31 March 2010
(Unaudited)**

	Three months ended 31 March	
	2010	2009 (Restated)
	<u>KD'000</u>	
Profit for the period	54,429	74,548
Other comprehensive income		
Exchange differences on translating foreign operations	(30,156)	59,255
Net unrealised gain/ (loss) on available-for-sale investments	11,381	(7,858)
Net realised (gain)/ loss transferred to statement of income on available-for-sale investments (net of impairment losses)	(1,138)	3,435
Cash flow hedges	3,489	(4,990)
Share based compensation	762	1,185
Share of other comprehensive income of an associate	(10)	(95)
Total comprehensive income for the period	<u>38,757</u>	<u>125,480</u>
Total comprehensive income attributable to:		
Shareholders of the Parent Company		
From continuing operations	80,759	176,970
From discontinued operations	<u>(44,658)</u>	<u>(49,836)</u>
	<u>36,101</u>	<u>127,134</u>
Non controlling interests		
From continuing operations	8,253	9,371
From discontinued operations	<u>(5,597)</u>	<u>(11,025)</u>
	<u>2,656</u>	<u>(1,654)</u>

The accompanying notes are an integral part of this interim consolidated financial information.

Condensed Consolidated Statement of Changes in Equity – three months ended 31 March 2010 (Unaudited)

	Equity attributable to Parent Company's Shareholders										Non-controlling interests	Total		
	Share capital	Share premium	Treasury shares	Legal reserve	Voluntary reserve	Foreign currency translation reserve	Treasury shares reserve	Equity issue transaction cost of associate	Investment fair valuation reserve	Share based compensation reserve			Hedge reserve	Retained earnings
Balance at 1 January 2010	428,285	1,691,105	(567,834)	147,989	63,091	(21,174)	1,967	(1,814)	(7,719)	18,361	(49,298)	593,643	181,876	2,478,478
Exercise of share options	961	6,680	-	-	-	-	-	-	-	-	-	-	-	7,641
Cash dividends (2009)	-	-	-	-	-	-	-	-	-	-	-	-	(10,528)	(10,528)
Total comprehensive income for the period	-	-	-	-	-	(29,925)	-	(10)	10,243	762	3,489	51,542	2,656	38,757
Balance at 31 March 2010	429,246	1,697,785	(567,834)	147,989	63,091	(51,099)	1,967	(1,824)	2,524	19,123	(45,809)	645,185	174,004	2,514,348
Balance at 1 January 2009	427,240	1,690,772	(567,834)	127,788	63,091	(97,692)	1,967	(1,746)	(9,201)	20,395	(60,382)	625,014	181,717	2,401,129
Exercise of share options	278	-	-	-	-	-	-	-	-	-	-	(183)	-	95
Cash dividends (2008)	-	-	-	-	-	-	-	-	-	-	-	(192,474)	(7,639)	(200,113)
(Purchase)/ sale of shares from non controlling interests	-	-	-	-	-	-	-	-	-	-	-	(22,477)	9,626	(12,851)
Total comprehensive income for the period	-	-	-	-	-	59,730	-	(95)	(4,423)	1,185	(4,990)	75,727	(1,654)	125,480
Balance at 31 March 2009	427,518	1,690,772	(567,834)	127,788	63,091	(37,962)	1,967	(1,841)	(13,624)	21,580	(65,372)	485,607	182,050	2,313,740

The accompanying notes are an integral part of this interim consolidated financial information.

Condensed Consolidated Statement of Cash Flows – three months ended 31 March 2010 (Unaudited)

	Three months ended 31 March	
	2010	2009
	<u>KD'000</u>	
Cash flows from operating activities		
Profit for the period before income tax of continuing and discontinued operations	60,721	81,116
Adjustments for:		
Depreciation and amortization	107,664	98,076
Interest income	(4,749)	(2,539)
Loss/ (income) from investment securities	(425)	5,650
Share of loss of associates	12,939	17,115
Share of loss of jointly controlled entity	1,312	-
Finance cost	38,352	36,274
(Gain)/ loss from currency revaluation	(5,829)	18,441
Operating profit before working capital changes	209,985	254,133
Increase in trade and other receivables	(46,947)	(62,207)
Decrease/ (increase) in inventories	1,871	(1,529)
Decrease in trade and other payables	(2,614)	(20,929)
Cash generated from operations	162,295	169,468
Paid to Kuwait Foundation for Advancement of Sciences	-	(2,841)
Income tax paid	(20,618)	(11,240)
<i>Net cash from operating activities</i>	<u>141,677</u>	<u>155,387</u>
Cash flows from investing activities		
Purchase of investments	-	(33)
Investment in a subsidiary	-	(18,583)
Investment in a jointly controlled entity	-	(26,298)
Proceeds from sale of investments	67	7,093
Acquisition of property and equipment (net)	(96,664)	(110,091)
Acquisition of intangible assets	(74)	(850)
Licence fee paid	(35,963)	-
Interest received	4,743	2,539
Dividend received	156	-
<i>Net cash used in investing activities</i>	<u>(127,735)</u>	<u>(146,223)</u>
Cash flows from financing activities		
Capital contribution – employees stock option	7,641	94
(Repayments to)/ borrowings from banks (net)	(7,402)	55,988
Loan to an associate	(10)	-
Dividends paid to Parent Company's shareholders	(191)	(124)
Dividends paid to minority shareholders of subsidiaries	(9,372)	(2,284)
Finance cost	(30,752)	(40,641)
<i>Net cash (used in)/ from financing activities</i>	<u>(40,086)</u>	<u>13,033</u>
Net (decrease)/ increase in cash and cash equivalents	(26,144)	22,197
Effect of foreign currency translation	1,342	1,104
Cash and cash equivalents at beginning of period	267,175	367,871
Cash and cash equivalents at end of period (Note 3)	<u><u>242,373</u></u>	<u><u>391,172</u></u>

The accompanying notes are an integral part of this interim consolidated financial information.

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 22 other countries (31 December 2009 - Kuwait and 22 other countries; 31 March 2009 - Kuwait and 22 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

This interim consolidated financial information is prepared in accordance with IAS 34: Interim Financial Reporting. The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2009.

This interim consolidated financial information does 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.

Opening balances for the period ended 31 March 2010 are subject to shareholders' approval in the forthcoming annual general meeting.

Zain Africa BV

On 30 March 2010, the Group entered into a legally binding definitive Share Sale Agreement (SSA) with a major mobile telecom operator based in India to sell its wholly owned subsidiary Zain Africa BV based on an enterprise valuation of US\$ 10.7 billion (KD 3.08 billion). This is subject to receiving appropriate approvals. Under the SPA, the consideration will be fully settled in cash, of which US\$ 8.3 billion (KD 2.39 billion) will be paid upon closing and US\$ 700 million (KD 202 million) will be paid one year thereafter. The buyer will also assume US\$ 1.7 billion (KD 490 million) of Zain Africa BV's consolidated net debt obligations. Accordingly the Group's investment in Zain Africa BV has been presented as a 'Disposal Group' based on International Financial Reporting Standard (IFRS) 5 – "Non current Assets Held for Sale and Discontinued Operations" (See Note 4).

Saudi Mobile Telecommunications Company (SMTC)

SMTC incurred a net loss of Saudi Riyals 0.66 billion (KD 51 million) for the three month period ended 31 March 2010 (31 March 2009 – KD 59 million) and has accumulated losses of Saudi Riyals 6 billion (KD 461 million) as of that date (31 March 2009 – KD 233 million). SMTC's current liabilities also exceed current assets by Saudi Riyals 5.2 billion (KD 400 million) as of 31 March 2010 (31 December 2009 – KD 375 million; 31 March 2009 – KD 1 billion).

SMTC's reviewed financial information for the first quarter ended 31 March 2010 disclose that they have been prepared on a going concern basis as its management is of the opinion that its efforts to secure funding to meet its obligations in the normal course of operations will be successful.

The Group is also contingently liable for guarantees amounting to US\$ 774 million (KD 223 million) as of 31 March 2010 (31 December 2009 - KD 222 million; 31 March 2009 – Nil) relating to loan and other vendor financing availed by SMTC.

Notes to the Interim Consolidated Financial Information - 31 March 2010 (Unaudited)

Mobile Telecommunications Company Lebanon S.A.R.L.(MTCL)

On 30 January 2009, the Parent Company signed a new Network Management Agreement (NMA) with the Republic of Lebanon. This agreement expired on 30 January 2010 and was renewable for an additional year. On 1 February 2010, the NMA was extended for a period of six months up to 30 June 2010. The NMA may be further extended twice, for a period of three months each. The financial statements of MTCL are prepared on a going concern basis as the management believes that any potential adjustments to the presentation and amounts in the statement of financial position arising from expiry of the NMA may not be significant.

Celtel Burkina Faso S.A.

The telecom licence of Celtel Burkina Faso expires in May 2010 and negotiations are currently in progress to renew the licence. The Group is of the opinion that the licence will be renewed on payment of a fee negotiated and agreed with the telecom regulator and it is therefore appropriate to report the operations in Burkina Faso as a going concern; and no impairment loss provision is required.

Financial support to associate and group companies

The Group has committed to provide working capital and other financial support to Atheer Telecom Iraq Limited, Sudanese Mobile Telephone (Zain) Company Limited, SMTC, Zain Africa BV, Celtel Nigeria Ltd., Celtel Gabon Ltd. and Celtel Kenya Ltd. whose working capitals are in deficit and certain other subsidiaries of Zain Africa BV that are in breach of their financial loan covenants. Based on business plans, the Group does not expect these conditions will have a material adverse impact on the operations of these Group companies.

Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2010. 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 2009.

3. Cash and bank balances

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

	<u>Unaudited</u> 31 March 2010	<u>Audited</u> 31 December 2009	<u>Unaudited</u> 31 March 2009
	<u>KD '000</u>		
Cash on hand and at banks	108,555	169,277	229,953
Short-term deposits maturing within three months	57,299	97,898	161,219
Cash and bank balances	<u>165,854</u>	<u>267,175</u>	<u>391,172</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise of balances grouped as follows:

	<u>Unaudited</u> 31 March 2010	<u>Unaudited</u> 31 March 2009
	<u>KD '000</u>	
Continuing operations	165,854	307,802
Discontinued operations (Note 4)	76,519	83,370
Cash and cash equivalents	<u>242,373</u>	<u>391,172</u>

Notes to the Interim Consolidated Financial Information - 31 March 2010 (Unaudited)

4. Assets and liabilities of disposal group classified as held for sale and discontinued operations

The assets and liabilities related to Zain Africa BV which have been presented as held for sale are as follows (See Note 1):

Cash flows from discontinued operations

	Three months ended 31 March	
	2010	2009
	KD'000	
Operating cash flows	33,253	62,069
Investing cash flows	(48,913)	(81,337)
Financing cash flows	841	35,382
Total cash flows	<u>(14,819)</u>	<u>16,114</u>

Assets of disposal group classified as held for sale

	Unaudited	Audited	Unaudited
	31 March	31 December	31 March
	2010	2009	2009
KD '000			
Cash and bank balances	76,519	-	-
Trade and other receivables	160,124	-	-
Property and equipment	1,339,843	-	-
Intangible assets	801,150	-	-
Other assets	167,539	-	-
	<u>2,545,175</u>	<u>-</u>	<u>-</u>

Liabilities of disposal group classified as held for sale

	Unaudited	Audited	Unaudited
	31 March	31 December	31 March
	2010	2009	2009
KD '000			
Trade and other payables	422,216	-	-
Due to banks	588,380	-	-
Other liabilities	34,352	-	-
	<u>1,044,948</u>	<u>-</u>	<u>-</u>

Analysis of the result of discontinued operations of disposal group is as follows:

	Three months ended 31 March	
	2010	2009
	KD'000	
Revenue	242,988	265,605
Expenses	(173,447)	(174,076)
Depreciation and amortization	(67,915)	(60,981)
Interest income	1,079	415
Finance cost	(14,761)	(13,722)
Loss on currency revaluation	(3,425)	(23,962)
Loss before tax	<u>(15,481)</u>	<u>(6,721)</u>
Income tax expense	2,859	1,745
Loss for the period	<u>(12,622)</u>	<u>(4,976)</u>

Notes to the Interim Consolidated Financial Information - 31 March 2010 (Unaudited)

	Three months ended 31 March	
	2010	2009
	<u>KD'000</u>	
(Loss)/ profit for the period attributable to		
Shareholders of the Parent Company	(7,606)	3,052
Non controlling interests	(5,016)	(8,028)
Loss for the period	<u>(12,622)</u>	<u>(4,976)</u>

Cumulative income or expense recognised directly in equity relating to disposal group classified as held for sale

	Three months ended 31 March	
	2010	2009
	<u>KD'000</u>	
Attributable to shareholders of the Parent Company		
Foreign currency translation reserve	(37,052)	(52,888)
Attributable to Non controlling interests		
Foreign currency translation reserve	(581)	(2,997)
Total	<u>(37,633)</u>	<u>(55,885)</u>

5. Trade and other payables

This includes dividend of KD 7,387,000 (31 December 2009 - KD 7,638,000; 31 March 2009 - KD 198,541,000) payable to the shareholders of the Parent Company.

6. Share capital

The authorized share capital as of 31 March 2010 is 4,297,371,670 shares (31 December 2009 – 4,297,371,670; 31 March 2009 - 4,297,371,670) of 100 fils each.

The issued and fully paid up share capital as of 31 March 2010 consists of 4,292,462,411 shares of 100 fils each (31 December 2009 – 4,282,853,505 shares of 100 fils each; 31 March 2009 - 4,275,183,146 shares of 100 fils each).

At the extraordinary general meeting held on 30 March 2009, the Parent Company's shareholders approved decrease in authorized share capital by 5,123,576 shares and then to increase it by 22,188,524 shares to 4,297,371,670 shares .

7. Dividend

The Board of Directors, subject to the approval of shareholders, recommended distribution of a cash dividend for the year ended 31 December 2009 of 170 fils per share (2008 - 50 fils per share) to the registered shareholders as of the date of the Annual General Meeting.

The annual general meeting of shareholders for the year ended 31 December 2008 held on 30 March 2009 approved distribution of cash dividends of 50 fils per share.

Notes to the Interim Consolidated Financial Information - 31 March 2010 (Unaudited)

8. Treasury shares

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 and are carried at cost. Reserves equivalent to the cost of treasury shares held are not distributable.

	<u>Unaudited</u> <u>31 March</u> <u>2010</u>	<u>Audited</u> <u>31 December</u> <u>2009</u>	<u>Unaudited</u> <u>31 March</u> <u>2009</u>
Number of shares	425,711,648	425,711,648	425,711,648
Percentage of issued shares	9.92%	9.94%	9.96%
Market value (KD '000)	578,968	434,226	297,998
Cost (KD '000)	567,834	567,834	567,834

9. Investment income

	<u>Three months ended</u> <u>31 March (Unaudited)</u>	
	<u>2010</u>	<u>2009</u>
	<u>KD'000</u>	
Gain/ (loss) from investments "at fair value through profit or loss"	1,063	(1,316)
Realised loss from investments 'available -for-sale'	(1,146)	(3,852)
Impairment loss	-	(1,133)
Dividend income	508	651
	<u>425</u>	<u>(5,650)</u>

10. Earnings/ (loss) per share

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

	<u>Three months ended</u> <u>31 March (Unaudited)</u>	
	<u>2010</u>	<u>2009</u>
	<u>KD'000</u>	
Profit for the period attributable to shareholders		
From continuing operations	59,148	72,675
From discontinued operations	(7,606)	3,052
	<u>51,542</u>	<u>75,727</u>
	Shares	Shares
Weighted average number of shares in issue	3,866,750,763	3,849,471,498
Effect of dilution	11,321,918	48,468,088
Weighted average number of shares in issue outstanding during the period adjusted for the effect of dilution	<u>3,878,072,681</u>	<u>3,897,939,586</u>
	Fils	Fils
Earnings/ (loss) per share – Basic		
From continuing operations	15	19
From discontinued operations	(2)	1
	<u>13</u>	<u>20</u>
	Fils	Fils
Earnings/ (loss) per share – Diluted		
From continuing operations	15	18
From discontinued operations	(2)	1
	<u>13</u>	<u>19</u>

11. 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 Iraq. The Group's operations in Sub-Saharan Africa are classified as a disposal group in accordance with IFRS 5 (Notes 1 and 4). This forms the basis of the geographical segments.

Notes to the Interim Consolidated Financial Information - 31 March 2010 (Unaudited)

	31 March 2010						Total
	Kuwait	Jordan	Bahrain	Lebanon	Sudan	Iraq	
Segment revenues	85,199	34,612	20,429	7,313	81,561	100,560	KD '000 329,674
Net profit before interest and tax	32,216	11,683	5,820	2,784	42,930	31,006	126,439
Interest income	-	394	73	15	1,030	-	1,512
Finance cost	-	-	(32)	-	(1,464)	(10,077)	(11,573)
Income tax expense	-	(2,872)	-	(428)	(2,648)	(3,203)	(9,151)
Net profit after interest and tax	32,216	9,205	5,861	2,371	39,848	17,726	107,227
<i>Unallocated items:</i>							
Investment income							425
Share of loss of associates							(12,939)
Share of loss of jointly controlled entity							(1,312)
Others							(26,350)
Profit for the period from continuing operations							67,051
Loss for the period from discontinued operations							(12,622)
Profit for the period							54,429
Segment assets	216,628	205,731	65,585	11,646	1,077,204	1,018,157	2,594,951
<i>Unallocated items:</i>							
Investment securities at fair value through profit or loss							8,533
Investment securities available for sale							99,470
Investment in associates							153,678
Interest in a jointly controlled entity							42,751
Loans to an associate							142,707
Others							104,773
Consolidated assets of continuing operations							3,146,863
Assets of disposal group classified as held for sale							2,545,175
Consolidated assets							5,692,038
Segment liabilities	79,451	31,878	27,644	7,974	97,548	297,798	542,293
<i>Unallocated items:</i>							
Due to banks							1,555,661
Others							34,788
Consolidated liabilities of continuing operations							2,132,742
Liabilities of disposal group classified as held for sale							1,044,948
Consolidated liabilities							3,177,690
Net consolidated assets							2,514,348
Capital expenditure of the continuing operations incurred during the period	3,726	1,033	2,926	8	28,233	10,409	46,335
Unallocated							410
Capital expenditure of the discontinued operations							46,745
Total capital expenditure incurred during the period							49,993
Depreciation and amortization							96,738
Unallocated							
Total depreciation and amortization of the continuing operations	7,385	4,014	1,831	4	8,516	16,346	38,096
							1,653
							39,749

Notes to the Interim Consolidated Financial Information - 31 March 2010 (Unaudited)

	31 March 2009							
	Kuwait	Jordan	Bahrain	Lebanon	Sudan	Iraq	Sub-Saharan Africa	Total
								KD '000
Segment revenues	83,479	31,011	18,055	5,410	67,620	94,546	-	300,121
Net profit before interest and tax	33,250	9,862	4,959	870	37,773	25,460	-	112,174
Interest income	330	834	92	15	270	-	-	1,541
Finance cost	-	(558)	(174)	-	(2,209)	(6,853)	-	(9,794)
Income tax expense	-	(2,772)	-	(147)	(1,302)	(2,870)	-	(7,091)
Net profit after interest and tax	33,580	7,366	4,877	738	34,532	15,737	-	96,830
Unallocated items:								
Investment income								(5,650)
Share of loss of associates								(17,115)
Others								5,459
								79,524
								(4,976)
								74,548
Profit for the period from continuing operations								
Loss for the period from discontinued operations								
Profit for the period								
Segment assets	218,041	233,416	62,486	8,317	957,212	1,062,218	2,471,967	5,013,657
Unallocated items:								
Investment securities at fair value through profit or loss								8,572
Deferred tax assets								95,700
Investment securities available for sale								88,303
Investment in associates								212,714
Interest in a jointly controlled entity								49,051
Loan to an associate								83,963
Others								187,362
								5,739,322
Consolidated assets								
Segment liabilities	66,012	31,319	20,132	5,216	145,520	494,977	423,206	1,186,382
Unallocated items:								
Due to banks								2,059,193
Deferred tax liabilities								30,683
Others								149,324
								3,425,582
Consolidated liabilities								2,313,740
Net consolidated assets								
Capital expenditure incurred during the period								109,708
Unallocated								1,233
								110,941
Total capital expenditure								
Capital expenditure incurred during the period	9,103	4,661	1,487	-	19,892	9,476	65,089	
Unallocated								
Total depreciation and amortization								
Depreciation and amortization	6,122	5,047	1,380	3	7,410	15,734	-	35,696
Unallocated								1,399
								37,095
Total depreciation and amortization of continuing operations								

Notes to the Interim Consolidated Financial Information - 31 March 2010 (Unaudited)

12. Related party transactions

The Group has entered into transactions with related parties on terms approved by management. Transactions and balances with related parties (in addition to those disclosed in other notes) are as follows:

Transactions

	Three months ended 31 March (Unaudited)	
	2010	2009
	KD'000	
Management fee (included in other income)	2,688	1,886
Interest income on loans to an associate	2,124	-

	Unaudited 31 March 2010	Audited 31 December 2009	Unaudited 31 March 2009
	KD '000		
Trade and other receivables	6,753	3,090	3,755
Trade and other payables	3,031	1,021	1,376
Due to banks	37,137	39,859	45,719

Key management compensation

	Unaudited 31 March 2010	Audited 31 December 2009	Unaudited 31 March 2009
	KD '000		
Salaries and other short term employee benefits	1,351	6,133	1,402
Post employment benefits	196	891	195
Share based payments	381	3,604	593

13. Commitments and contingencies

	Unaudited 31 March 2010	Audited 31 December 2009	Unaudited 31 March 2009
	KD '000		
Capital expenditure:			
Continuing operations	84,400	258,906	251,307
Discontinued operations	179,532	-	-
Capital expenditure - share of associates	15,591	38,033	13,810
Uncalled share capital of investee companies	412	411	474
Letters of credit:			
Continuing operations	43,032	66,886	75,650
Discontinued operations	30,550	-	-
Letters of guarantee:			
Continuing operations	386,913	394,903	206,168
Discontinued operations	9,456	-	-

Legal proceedings have been initiated by and against some of the subsidiaries in a number of jurisdictions. On the basis of information currently available, and having taken counsel with legal advisors, 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 or the consolidated operations of the Group.

Notes to the Interim Consolidated Financial Information - 31 March 2010 (Unaudited)

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

Zain Africa and its subsidiary Celtel Nigeria are jointly or separately the defendant in several lawsuits in which another shareholder is contesting its pre-emptive right status. These cases are on going and are yet to proceed to trial. Zain Africa is of the view that the cases initiated are without merit. Given the remote probability of any adverse effect to the Group's consolidated financial position and the difficulties in estimating probable outcomes in a reliable manner, the Group determined that it was appropriate not to provide for this matter in the interim consolidated financial information.

14. Derivative financial instruments

The table below shows notional amounts of derivative financial instruments analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding and are not indicative of either market or credit risk.

At 31 March 2010:

	Notional amounts by term to maturity			
	Notional amount	Within 3 months	3-12 months	Over 1 year
				KD'000
Derivatives held for hedging:				
<i>Cash flow hedges</i>				
Interest rate swaps	1,210,440	-	-	1,210,440

At 31 December 2009:

	Notional amounts by term to maturity			
	Notional amount	Within 3 months	3-12 months	Over 1 year
				KD'000
Derivatives held for hedging:				
<i>Cash flow hedges</i>				
Interest rate swaps	1,204,980	-	-	1,204,980

At 31 March 2009:

	Notional amounts by term to maturity			
	Notional amount	Within 3 months	3-12 months	Over 1 year
				KD'000
Derivatives held for trading:				
Foreign currency swaps	10,752	10,752	-	-
Derivatives held for hedging:				
<i>Cash flow hedges</i>				
Interest rate swaps	1,164,000	-	-	1,164,000

15. Comparative figures

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