Mobile Telecommunications Company K.S.C.
Kuwait

Interim Consolidated Financial Information (Unaudited)
31 March 2009

PRICEWATERHOUSECOOPERS

Al-Ahli Bureau
Certified Accountants

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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 2009 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 2009 that might have had a material effect on the business of the Group or on its financial position.

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Kuwait
5 May 2009

Mobile Telecommunications Company K.S.C.
Kuwait

Condensed Consolidated Statement of Financial Position as at 31 March 2009 (Unaudited)

	Note	Unaudited 31 March 2009	Audited 31 December 2008	Unaudited 31 March 2008
Assets				KD '000
Current assets				
Cash and bank balances	3	391,172	367,871	290,664
Trade and other receivables		344,924	293,903	281,869
Loan to an associate	4	-	79,673	-
Inventories		31,956	30,427	25,418
Investments – at fair value through profit or loss		8,572	16,676	24,094
		776,624	788,550	622,045
Non current assets				
Deferred tax assets		95,700	88,805	68,489
Investments – available-for-sale		88,303	96,904	178,358
Investment in associates		261,765	216,389	252,156
Loan to associates	4	83,963	-	242,876
Property and equipment		2,094,402	2,026,790	1,502,967
Intangible assets		2,336,128	2,234,423	1,590,817
Other financial assets		2,437	2,378	3,637
		4,962,698	4,665,689	3,839,300
Total Assets		5,739,322	5,454,239	4,461,345
Liabilities and Equity				
Current liabilities				
Trade and other payables	5	1,172,855	908,773	499,645
Due to banks		276,239	231,138	610,047
Due to non- controlling interests		-	-	18,001
		1,449,094	1,139,911	1,127,693
Non current liabilities				
Due to banks		1,782,954	1,670,788	1,660,336
Deferred tax liabilities		30,683	30,283	33,327
Other non current liabilities		162,851	212,128	29,189
		1,976,488	1,913,199	1,722,852
Equity				
Attributable to the Parent Company's shareholders				
Share capital	6	427,518	427,240	284,348
Share premium		1,690,772	1,690,772	624,465
Treasury shares	8	(567,834)	(567,834)	(15,576)
Legal reserve		127,788	127,788	94,699
Voluntary reserve		63,091	63,091	63,091
Foreign currency translation reserve		(37,962)	(97,692)	(64,551)
Treasury shares reserve		1,967	1,967	-
Equity issue transaction cost of associate		(1,841)	(1,746)	(1,640)
Investment fair valuation reserve		(13,624)	(9,201)	68,623
Share based compensation reserve		21,580	20,395	13,253
Hedge reserve		(65,372)	(60,382)	-
Retained earnings		485,607	625,014	382,926
		2,131,690	2,219,412	1,449,638
Non- controlling interests		182,050	181,717	161,162
Total equity		2,313,740	2,401,129	1,610,800
Total Liabilities and Equity		5,739,322	5,454,239	4,461,345

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 5 May 2009.

Asaad Ahmed Al Banwan
Chairman

Dr. Saad Hamad Al Barrak
Managing Director - Deputy Chairman

Mobile Telecommunications Company K.S.C.
Kuwait

Condensed Consolidated Statement of Income – three months ended 31 March 2009 (Unaudited)

	Note	Three months ended 31 March 2009	2008
			KD'000
Revenue		567,159	453,178
Cost of sales		(160,059)	(129,972)
Gross profit		407,100	323,206
Distribution, marketing & operating expenses		(111,968)	(104,730)
General and administrative expenses		(47,430)	(42,094)
Depreciation and amortization		(98,076)	(68,271)
Provision for doubtful debts		(2,310)	(722)
Operating profit		147,316	107,389
Interest income		2,539	8,630
(Loss)/ income from investment securities	9	(5,650)	4,700
Share of (loss)/ profit of associates		(17,115)	1,926
Other income		11,676	6,150
Finance cost		(36,274)	(31,709)
Loss on currency revaluation		(18,441)	(9,241)
Board of Directors' remuneration		(8)	(7)
Contribution to Kuwait Foundation for Advancement of Sciences		(787)	(758)
National Labour Support Tax and Zakat		(2,140)	(1,766)
Profit for the period before income tax		81,116	85,314
Income tax expense		(6,568)	(11,080)
Profit for the period		74,548	74,234
Attributable to:			
Shareholders of the Parent Company		75,727	73,259
Non-controlling interests		(1,179)	975
		74,548	74,234
Earnings Per Share (EPS)	10		
Basic – Fils		20	20
Diluted – Fils		19	20

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 2009 (Unaudited)

	Three months ended 31 March	
	2009	**2008**
		KD'000
Profit for the period	74,548	74,234
Other comprehensive income		
Exchange differences on translating foreign operations	59,256	(43,717)
Net unrealised (loss)/ gains on available-for-sale investments	(7,858)	1,611
Net realised loss/ (gains) transferred to statement of income on available-for-sale investments (net of impairment losses)	3,435	(692)
Cash flow hedges	(4,990)	-
Share based compensation	1,185	1,031
Share of other comprehensive income of an associate	(95)	(1,640)
Total comprehensive income for the period	125,481	30,827
Total comprehensive income attributable to:		
Shareholders of the Parent Company	127,135	35,032
Non controlling interests	(1,654)	(4,205)
	125,481	30,827

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

Mobile Telecommunications Company K.S.C.
Kuwait

Condensed Consolidated Statement of Changes in Equity – three months ended 31 March 2009 (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		
														KD '000
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	-	-	-	-	-	-	-	-	-	-	(184)	-	94
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)	75,728	(1,654)	125,481
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
Balance at 1 January 2008	189,398	624,465	(15,576)	94,699	63,091	(26,014)	-	-	67,704	12,222	-	571,938	166,379	1,748,306
Share of put option liability - Zambia	-	-	-	-	-	-	-	-	-	-	-	-	(37)	(37)
Exercise of share options	114	-	-	-	-	-	-	-	-	-	-	-	-	114
Issue of bonus shares (2007)	94,836	-	-	-	-	-	-	-	-	-	-	(94,836)	-	-
Cash dividends (2007)	-	-	-	-	-	-	-	-	-	-	-	(167,435)	(975)	(168,410)
Total comprehensive income for the period	-	-	-	-	-	(38,537)	-	(1,640)	919	1,031	-	73,259	(4,205)	30,827
Balance at 31 March 2008	284,348	624,465	(15,576)	94,699	63,091	(64,551)	-	(1,640)	68,623	13,253	-	382,926	161,162	1,610,800

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

Condensed Consolidated Statement of Cash Flows – three months ended 31 March 2009 (Unaudited)

	Three months ended 31 March	
	2009	**2008**
		KD'000
Cash flows from operating activities		
Profit for the period before income tax	81,116	85,314
Adjustments for:		
Depreciation and amortization	98,076	68,271
Interest income	(2,539)	(8,630)
Loss/ (income) from investment securities	5,650	(4,700)
Share of loss/ (profit) of associates	17,115	(1,926)
Finance cost	36,274	31,709
Loss from currency revaluation	18,441	9,241
Operating profit before working capital changes	254,133	179,279
Increase in trade and other receivables	(62,207)	(37,649)
Increase in inventories	(1,529)	(3,958)
Decrease in trade and other payables	(20,929)	(10,888)
Cash generated from operations	169,468	126,784
Paid to Kuwait Foundation for Advancement of Sciences	(2,841)	(3,004)
Board of Directors' remuneration	-	(28)
Income tax paid	(11,240)	(17,587)
Net cash from operating activities	155,387	106,165
Cash flows from investing activities		
Purchase of investments	(33)	(20)
Investment in a subsidiary	(18,583)	-
Investment in an associate	(26,298)	-
Proceeds from sale of investments	7,093	12,739
Acquisition of property and equipment (net)	(110,091)	(106,280)
Acquisition of intangible assets	(850)	(1,625)
Interest received	2,539	9,476
Net cash used in investing activities	(146,223)	(85,710)
Cash flows from financing activities		
Capital contribution – employees stock option	94	114
Borrowings from banks (net)	55,988	285,124
Loan to an associate	-	(76,656)
Dividends paid to Parent Company's shareholders	(124)	(161,938)
Dividends paid to minority shareholders of subsidiaries	(2,284)	(983)
Finance cost	(40,641)	(33,114)
Net cash from financing activities	13,033	12,547
Net increase in cash and cash equivalents	22,197	33,002
Effect of foreign currency translation	1,104	(3,601)
Cash and cash equivalents at beginning of period	367,871	261,263
Cash and cash equivalents at end of period (Note 3)	391,172	290,664

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 2008 - Kuwait and 21 other countries; 31 March 2008 - Kuwait and 20 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.

During the period, the Group acquired 15.5% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company which is specialized in the telecom sector in that country) for US$162 million (approximately KD 47 million).

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 2008 except as noted below.

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.

During the period, the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 ‘Presentation of Financial Statements’ (Revised):

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (ie. owner changes in income) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in a performance statement (consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

IFRS 8 ‘Operating segments’:

The new standard which replaced IAS 14 ‘Segment reporting’ requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision - maker.

Saudi Arabia Saudi Mobile Telecommunications Company (SMTC)

The Group’s associate in the Kingdom of Saudi Arabia Saudi Mobile Telecommunications Company (SMTC) obtained a waiver related to the breach of some of the covenants attached to certain loan facilities but has so far not been able to re-negotiate or obtain replacement financing arrangements. SMTC’s current liabilities, which includes due to banks and a portion of shareholder loans amounting to KD 751million (31 December 2008 - KD 834 million), also exceed its current assets by KD 1 billion (31 December 2008 - KD 1 billion).The financial statements of the associate has been prepared on a going concern basis as Group and SMTC management are continuing to negotiate the borrowing terms and are of the opinion that the existing facilities will be refinanced on commercially viable terms. The carrying amount of the Group’s investment in SMTC including loans and receivables is KD 338.4 million (31 December 2008 - KD 334.6 million. The Group is also contingently liable for a guarantee of KD 118 million (31 December 2008 –KD 110 million) relating to a loan granted to a fellow member of the Saudi consortium that won the telecom license.

Chad license

The license in Chad expires in October 2009 and was extended for a further period of 10 years from that date in 2006 on payment of an additional license fee US$ 3.2 million at that time and a decree to that effect was issued. In August 2008 a decree was issued canceling the post October 2009 license and refund of US$ 3.2 million. The Group is currently seeking its reinstatement through legal and other measures. The recoverability of the carrying amount of the Chad operation of KD 41,224,000 (31 December 2008 – KD 46,546,000) is contingent on its renewal beyond October 2009. The Group has determined that it is highly probable that the October 2009 to October 2019 license extension will be reinstated and it is appropriate to report the operations in Chad as a going concern; and no impairment loss provision is required.

Investment in Wana Corporate, Morocco (Wana)

The Group's investment in Wana is accounted for as an investment in an associate since the Group is able to exercise significant influence through a joint venture agreement with parties that collectively own 31% of Wana's equity shares and voting rights. The investment in Wana is currently carried at cost net of the Group's share of post acquisition results of operations. The goodwill and fair value adjustments, if any, on acquisition will be finalized on completion of Purchase Price Allocation (PPA) within one year from the acquisition date.

Financial support to group companies

The Group has committed to provide working capital and other financial support to Atheer Iraq and Celtel Kenya whose working capital is in deficit.

Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2009. 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 2008.

3. Cash and bank balances

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

	Unaudited 31 March 2009	Audited 31 December 2008	Unaudited 31 March 2008
			KD '000
Cash on hand and at banks	229,953	171,140	185,223
Short-term deposits maturing within three months	161,219	196,731	105,441
Cash and bank balances	391,172	367,871	290,664

4. Loan to an associate

During the period, the shareholder loan of SAR 1.082 billion to SMTC has been reclassified as a long term loan repayable by July 2011. This loan is subordinate to the associate's borrowings from banks.

5. Trade and other payables

This includes dividend of KD 198,541,000 (31 December 2008 - KD 6,192,000; 31 March 2008 - KD 11,015,000) payable to the shareholders of the Parent Company.

6. Share capital

The authorized share capital as of 31 March 2009 is 4,297,371,670 shares (31 December 2008- 4,280,306,722; 31 March 2008 - 4,280,306,722) of 100 fils each.

The issued and fully paid up share capital as of 31 March 2009 consists of 4,275,183,146 shares of 100 fils each (31 December 2008 - 4,272,405,303 shares of 100 fils each; 31 March 2008 - 2,843,483,739 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 . This change will become effective on receiving regulatory approvals.

7. Dividend - 2008

The annual general meeting of shareholders held on 30 March 2009 approved distribution of cash dividends of 50 fils per share.

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.

	Unaudited 31 March 2009	**Audited** 31 December 2008	**Unaudited** 31 March 2008
Number of shares	425,711,648	425,711,648	52,903,752
Percentage of issued shares	9.96%	9.96%	1.86%
Market value (KD '000)	297,998	378,883	95,227
Cost (KD '000)	567,834	567,834	15,576

9. Investment income

	Three months ended 31 March (Unaudited)	
	2009	**2008**
		KD'000
(Loss)/ gain from investments "at fair value through profit or loss"	(1,316)	1,235
Realised (loss)/ gains from investments 'available –for-sale'	(3,852)	2,841
Impairment loss	(1,133)	-
Dividend income	651	624
	(5,650)	4,700

10. Earnings per share

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

	Three months ended 31 March (Unaudited)	
	2009	**2008**
		KD'000
Net profit for the period attributable to shareholders	75,727	73,259
	Shares	Shares
Weighted average number of shares in issue	3,849,471,498	3,600,709,822
Effect of dilution	48,468,088	16,439,028
Weighted average number of shares in issue outstanding during the period adjusted for the effect of dilution	3,897,939,586	3,617,148,850
	Fils	Fils
Earnings per share – Basic	20	20
Earnings per share – Diluted	19	20

Basic and diluted earnings per share from operations reported for the three months ended 31 March 2008 was 26 fils and 20 fils respectively, before retroactive adjustment relating to issue of rights shares in September 2008.

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, Iraq and Sub-Saharan Africa. This forms the basis of the geographical segments.

	31-Mar-09							
	Kuwait	Jordan	Bahrain	Lebanon	Sudan	Iraq	Sub-Saharan Africa	Total
								KD '000
Segment revenues	83,479	32,445	18,055	5,410	67,620	94,546	265,604	567,159
Net profit	33,580	9,862	4,959	871	37,990	23,895	(1,421)	109,736
Unallocated items:								
Interest income								2,540
Investment income								(5,650)
Share of loss of associates								(17,115)
Finance cost								(36,274)
Income tax expense								(6,567)
Others								27,878
Profit for the year								**74,548**
Segment assets	218,041	233,416	62,372	8,317	941,046	1,062,218	2,533,372	5,058,782
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								261,765
Loan to an associate								83,963
Others								142,237
Consolidated assets								**5,739,322**
Segment liabilities	66,012	28,201	20,132	4,349	136,461	480,428	368,140	1,103,723
Unallocated items:								
Due to banks								2,059,193
Deferred tax liabilities								30,683
Others								231,983
Consolidated liabilities								**3,425,582**
Net consolidated assets								**2,313,740**
Capital expenditure incurred during the year	9,103	4,661	1,487	-	19,892	9,476	65,089	109,708
Unallocated								1,233
Total capital expenditure								**110,941**
Depreciation and amortization	6,122	5,047	1,380	3	7,410	15,734	60,014	95,710
Unallocated								2,366
Total depreciation and amortization								**98,076**

	31-Mar-08							
	Kuwait	Jordan	Bahrain	Lebanon	Sudan	Iraq*	Sub-Saharan Africa	Total
								KD '000
Segment revenues	91,323	30,564	13,861	4,161	55,428	-	257,841	453,178
Net profit	41,597	9,721	2,888	998	13,472	-	36,464	105,140
Unallocated items:								
Interest income								8,630
Investment income								4,700
Share of profit of associates								1,926
Finance cost								(31,709)
Income tax expense								(11,080)
Others								(3,373)
Profit for the year								**74,234**
Segment assets	211,812	223,601	54,677	5,675	778,639	-	2,362,357	3,636,761
Unallocated items:								
Investment securities at fair value through profit or loss								24,094
Deferred tax assets								68,489
Investment securities available for sale								178,358
Investment in associates								252,156
Loan to an associate								242,876
Others								58,611
Consolidated assets								**4,461,345**
Segment liabilities	65,599	33,149	14,484	2,979	111,634	-	227,868	455,713
Unallocated items:								
Due to banks								2,270,383
Deferred tax liabilities								32,326
Others								92,123
Consolidated liabilities								**2,850,545**
Net consolidated assets								**1,610,800**
Capital expenditure incurred during the year	3,478	1,146	830	1	16,284	-	86,166	107,905
Unallocated								-
Total capital expenditure								**107,905**
Depreciation and amortization	6,073	4,022	1,168	2	3,283	-	50,329	64,877
Unallocated								3,394
Total depreciation and amortization								**68,271**

*Atheer became a subsidiary of the Group in October 2008.

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)	
	2009	**2008**
		KD'000
Management fee (included in other income)	1,886	2,493

	Unaudited	**Audited**	**Unaudited**
	31 March 2009	**31 December 2008**	**31 March 2008**
			KD '000
Trade and other receivables	3,755	4,015	38,174
Trade and other payables	1,376	3,000	-
Due to banks	45,719	42,577	-

Key management compensation

	Unaudited	**Audited**	**Unaudited**
	31 March 2009	**31 December 2008**	**31 March 2008**
			KD '000
Salaries and other short term employee benefits	1,402	5,396	961
Post employment benefits	195	685	103
Share based payments	593	4,071	516

13. Commitments and contingencies

	Unaudited	**Audited**	**Unaudited**
	31 March 2009	**31 December 2008**	**31 March 2008**
			KD '000
Capital expenditure	251,307	355,999	377,148
Capital expenditure- share of associates	13,810	37,921	6,497
Uncalled share capital of investee companies	474	396	612
Letters of credit	75,650	61,142	48,994
Letters of guarantee	206,168	233,900	506,158

Jordan Mobile Telecommunications Services Co. JSC is a defendant in lawsuits and arbitration proceedings amounting to approximately KD 220,000 (31 December 2008 – KD 114,000; 31 March 2008 - KD 403,000). 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 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.

The Parent Company is contingently liable for a claim filed by the Ministry of Communications (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 favour of MoC, but the Parent Company won an appeal against the verdict in September 2007. Pending the outcome of the appeal filed by MoC in the Supreme Court, the Parent Company's management is of the opinion that the above claim will not materially affect the Group's interim financial information.

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

Legal proceedings and claims have been initiated by and against Zain Africa in a number of jurisdictions, but on the basis of information currently available, and having taken counsel with legal advisers, 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 Zain Africa.

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 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 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:				
Cash flow hedges				
Interest rate swaps	1,164,000	-	-	1,164,000

At 31 December 2008:	**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	34,518	34,518	-	-
Derivatives held for hedging:				
Cash flow hedges				
Interest rate swaps	1,105,400	-	-	1,105,400

As of 31 March 2008, the Group had no derivative financial instruments.

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.